



Enforcement of Intellectual Property Rights and Trade

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The paper studies countries' incentives to protect intellectual property rights (IPR). IPR enforcement is U-shaped in a country's market size relative to the aggregated market size of its trade partners: small/poor countries protect IPR to get access to advanced economies' markets, while large emerging countries tend to free-ride on rich countries' technology to serve their internal demand. Asymmetric protection of IPR, strict in the North and lax in the South, leads in many cases to a higher level of innovation than universal enforcement. An empirical analysis conducted with panel data covering 112 countries and 45 years of world patents supports the theoretical predictions.