

Author's Accepted Manuscript

Compulsory Licensing and Innovation – Historical Evidence from German patents after WWI

Joerg Baten, Nicola Bianchi, Petra Moser



PII: S0304-3878(17)30002-0
DOI: <http://dx.doi.org/10.1016/j.jdeveco.2017.01.002>
Reference: DEVEC2125

To appear in: *Journal of Development Economics*

Received date: 4 June 2016
Revised date: 20 January 2017
Accepted date: 22 January 2017

Cite this article as: Joerg Baten, Nicola Bianchi and Petra Moser, Compulsory Licensing and Innovation – Historical Evidence from German patents after WWI
Journal of Development Economics
<http://dx.doi.org/10.1016/j.jdeveco.2017.01.002>

This is a PDF file of an unedited manuscript that has been accepted for publication. As a service to our customers we are providing this early version of the manuscript. The manuscript will undergo copyediting, typesetting, and review of the resulting galley proof before it is published in its final citable form. Please note that during the production process errors may be discovered which could affect the content, and all legal disclaimers that apply to the journal pertain

COMPULSORY LICENSING AND INNOVATION

– HISTORICAL EVIDENCE FROM GERMAN PATENTS AFTER WWI*

Joerg Baten^a, Nicola Bianchi^b, Petra Moser^{c†}

^a Universität Tübingen, Melanchthonstraße 30, 72074 Tübingen, Germany, CESifo, and CEPR, email: joerg.baten@uni-tuebingen.de

^b Northwestern University, Kellogg School of Management, 2001 Sheridan Road, Evanston, IL 60208, USA. email: nicola.bianchi@kellogg.northwestern.edu

^c NYU, Leonard N. Stern School of Business, Kaufman Management Center, 44 West Fourth Street, 7-69, New York, NY 10012, USA, and NBER, email: pmoser@stern.nyu.edu

JANUARY 20, 2017

Compulsory licensing allows governments to license patented inventions without the consent of patent owners. Intended to mitigate the potential welfare losses from enforcing foreign-owned patents, many developing countries use this policy to improve access to drugs that are covered by foreign-owned patents. The effects of compulsory licensing on access to *new* drugs, however, are theoretically ambiguous: Compulsory licensing may encourage innovation by increasing competition or discourage innovation by reducing expected returns to R&D. Empirical evidence is rare, primarily because contemporary settings offer little exogenous variation in compulsory licensing. We address this empirical challenge by exploiting an event of compulsory licensing as a result of World War I when the US Trading with the Enemy Act made all German-owned patents available for licensing to US firms. Firm-level data on German patents indicate that compulsory licensing was associated with a 30 percent *increase* in invention by German firms whose inventions were licensed.

* We wish to thank Tim Bresnahan, Dora Costa, Peter di Cola, Mark Duggan, Richard Epstein, Bob Hall, Walker Hanlon, Helen Kim, Wolfgang Keller, Steve Maurer, and seminar participants at the All-UC Group in Economic History, LSE, Northwestern Law, Queens, HBS, Hoover, Michigan, and UCLA for helpful comments and conversations. We are particularly grateful to Jochen Streb and Carsten Burhop for sharing copies of archival data, which allowed us to digitize the patent data. We also thank Petra Baten, Marianne Hock, Sarah Hueller, Katharina Koberski, Fred Panier, Minh Phan, Christopher Sung, and Mark Walsh for invaluable research assistance. Moser gratefully acknowledges financial support from the National Science Foundation through NSF Grant SES0921859, CAREER Grant 1151180, and CASBS. Bianchi thanks the Stanford Institute for Policy Research for financial support through the George P. Shultz Fellowship.

† Corresponding author at: NYU, Leonard N. Stern School of Business, Kaufman Management Center, 44 West Fourth Street, 7-69, New York, NY 10012. E-mail address: pmoser@stern.nyu.edu (P. Moser)

Download English Version:

<https://daneshyari.com/en/article/5094223>

Download Persian Version:

<https://daneshyari.com/article/5094223>

[Daneshyari.com](https://daneshyari.com)