Financially Constrained Innovation, Patent Protection, and Industry Dynamics

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Discussion: C. Langinier

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Questions

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- Breadth (lagging breadth): protection against imitation

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 - Industry model equilibrium (q_t, x_t, v_t)

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Findings

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 - Protection against future innovations (height) detrimental to rate of innovations and social welfare
 - Protection against imitation (breadth) beneficial for innovation and enhance social welfare
- At the industry level, financial constraints
 - reduce fraction of entrepreneurs who develop new innovations
 - increase welfare gain from IP protection
 - reduce losses from IP protection

Empirical and theoretical analysis about financing of R&D

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- Cockburn, and MacGarvie (2007) "Patents, Thickets, and the Financing of Early-Stage Firms: Evidence from the Software Industry," NBER

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- Data on venture capital?

The Model

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