

TO PATENT OR NOT TO PATENT: WHAT FACTORS DRIVE SUCCESS IN THE PATENTING RACE?

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ABSTRACT

This paper uses a unique and rich pan-Canadian firm-level dataset from 375 biotech firms in Canada to investigate factors that drive success in the patenting race. Results show that geographic proximity to potential competitors is not necessarily conducive to a patenting race, suggesting that in an environment of keen competition, firms may prefer other means of protecting their innovation over patents. Also firms that dedicate large amounts of human and financial resources to R&D and have a strong management team are more capable to generate path-breaking innovations that are more likely to be given IP rights protection. Patenting strategies vary with firms' size and the technological regime. Some managerial and policy implications for effective innovation protection are drawn.

Keywords: *biotech firms; patents; propensity to patent; technological regimes; patenting race.*