

Does Research Exemption Enhance Innovation?

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For Policy Studies

January, 2009

Abstract

We analyze whether research exemption enhances the pioneer's and the follower's innovation and whether research exemption for academic use is desirable or not. As a result we find that the research exemption always reduces the follower's investment and the research exemption reduces the pioneer's investment also, if the follower's innovation is strongly substitute with the pioneer's innovation. In addition, the research exemption reduces the pioneer's investment in the case of the academic follower more than in the case of non academic follower.

JEL Classification: O34 O31

Key words: research exemption, academic use