

Multinational Activities, Intellectual Property Rights Protection and Intra-Firm Technology Transfer

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Abstract: Intellectual Property Rights (IPR) protection is widely regarded as an important factor in technology transfer. Using data on patent enforcement index and royalties and license fees received by US parent companies in seven manufacturing industries, over the period of 1999-2005, this study empirically examines the effect of IPR protection on technology transfer between US parent firms and their majority-owned overseas affiliates. Based on a Cournot-Nash duopoly model, our findings support the improvement of IPR protection encourages internal technology transfer among multinationals, especially for developing countries. While for advanced economies, IPR protection has no significant positive impact on intra-firm technology transfer, however, the higher proportion of subsidiaries' sales in the developed host market plays a significant positive promoting role in the process of technology transfer. Then, from the perspective of industry, we found only in the computer and electronics industry, which is the most patent-intensive, IPR protection has a significant positive impact on technology transfer within multinational firms. Our conclusions reveal the characteristics of the impact of IPR policy on intra-firm technology transfer that vary across two dimensions: host market and industry.

Keywords: Multinationals IPR protection Technology transfer