

# Patents and the Global Diffusion of New Drugs

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## ABSTRACT

This paper studies how patent rights and price regulation affect how fast new drugs are launched in different countries, using newly constructed data on launches of 642 new drugs in 76 countries for the period 1983-2002 and information on the duration and content of patent and price control regimes. Price regulation strongly delays launch, while longer and more extensive patent protection accelerates it. Health policy institutions, and economic and demographic factors that make markets more profitable, also speed up diffusion. The effects are robust to using instruments to control for endogeneity of policy regimes. The results point to an important role for patents and other policy choices in driving the diffusion of new innovations.