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**INTELLECTUAL PROPERTY RIGHTS AND  
DEVELOPING COUNTRIES:  
THE NORTH-SOUTH-EAST MODEL**

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## **Intellectual Property Rights and Developing Countries: The North-South-East Model**

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### ***Abstract***

*This study examines the effects of intellectual property protection on developing countries by using a three-pole global economy model. Although the classical North-South framework is a very useful method to represent the conflict between the developed and the developing world, the present study claims that it does not exactly reflect the heterogeneity within developing countries in some cases; such as intellectual property and technological production. Therefore, a three-pole world economy which consists of the following regions has been designed in this study; a region that only innovates high-technology goods (the North), a region that innovates low-technology goods and imitates northern high-technology goods (the East) and a region that only imitates eastern low-technology goods and northern high-technology goods that have been already imitated by eastern imitators (the South). This setup enables us to define the global imitation process as a chain system which allows southern region to imitate also the northern goods that have been imitated by eastern imitators before.*

*To observe the effects of the possible policy choices, the theoretical model has been simulated. The results reveal firstly, northern region benefits from tighter intellectual property protection in any case; secondly, stronger IPR protections in the East reduces eastern imitation and enhances southern imitation sectors which target eastern imitation; thirdly, an IPR strengthening policy in the South certainly exerts negative effects in southern region while it brings benefit to eastern region in some aspects; e.g. relative wages. Particularly the third finding shows that the new three-pole approach on the analysis of intellectual property protection explicitly reflects the presence of an absolute conflict of interests within the developing world. Moreover, it proves that for developing countries with relatively low technological capacity there is no possibility of benefiting from tighter protection of the local intellectual property rights.*

**Keywords:** *Intellectual Property Rights, Imitation, Innovation.*

**JEL classification:** *O34, O39, O19*