

Review of Development of a Model for the Impact of Changes in IPR

By Joan Costa Font, Lecturer and
Senior research Fellow at LSE

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Assessment

- Pros: Useful tool for governmental agencies
 - to predict the effects of changes in the IPR regime
 - adaptable to various data requirements
 - simple enough and flexible
- Cons: few assumptions that might not always hold
 - some form of market structure for generics competitors could be introduced
 - adding an aggregate association between price and a Herfindahl index

Comments (I)

- Page 2, when discussing about monopoly power one should mention limit pricing
- Monopoly power has to be balanced out from benefits of economies of scale and scope
- Consider adding monopsony power to negotiate down prices for drugs by agencies
- IPR might not be fully quantifiable due to externalities resulting from lower protection with the current modelling structure
- Potential collusion between local generic producers, or the extension of so called quasi generics

Comments (II)

- IPR might not be comparable in developing and developed countries.
 - Especially econometric price elasticity estimates
- Page 5, authors argue that the effects of patent are only on static efficiency but what about dynamic effects as incentives to innovation.
- Not clear the nature of competition.
 - Is it assumed that a Stackelberg model defines the extent of competition?
- Need to discuss the meaning of social welfare.
 - $SW = \text{Consumer Surplus} + \text{Producer Surplus}$

Comments (III)

- Page 10, a way to improve the structure is by creating a specific scenario where two types of consumers
- Assume some form of oligopolistic market structure, such that market power (Lerner index) resulting from exclusivity can be derived by calculating the inverse of price elasticity and the inverse of the number of competitors.

Suggestions

- Treatment effects modelling or difference in difference methodologies
 - Allow considering counterfactual patterns
- Metaregression estimates from Gemmill et al 2006 in Health Economics.
- Not to add the competitiveness effect on the local economy
 - as the effects of IPR is not to protect the country but to allow a better diffusion of innovations and foster further technology change