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## Patent propensity, R&D and market competition: Dynamic spillovers of innovation leaders and followers

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In this article, dynamic interactions among stock return, Research and Development (R&D) investment, patent applications and patent propensity of firms are studied. Patent innovation leader and follower firms are identified with respect to their quality-adjusted knowledge stock. Significant and positive dynamic spillover effects are obtained in a panel vector autoregressive model. We find positive dynamic spillover effects from patent innovation leader to followers. We show that an increasing degree of competition enhances innovation and patent applications, which helps firms appropriating part of the benefits of their R&D investments.

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