



**A Comparison of Economic Effects for Patents Granted from  
Different Sources: Evidence Using Taiwan IT Industry**  
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Not all patents are equally, and nor do all patents exert the same economic impact, making it necessary to correctly understand economic effects of different patents. Particularly, literatures related to comparison of economic effects from different sources of patent granted still lack empirical study. Taiwan is now reviewed as developed country from related studies. Patents granted from China (developing country) are assumed as lower quality patents. Corresponsively, this study supposes that patents granted from US (fully developed country) are high quality patents. Since Economic Value Added (EVA) can provide a framework for valuation of intellectual capital, this study applied EVA to evaluate the economic effects of different patents. The theoretical basis for this study is a knowledge production function explaining the economic effects of three resources (physical capital, labor and patent) on a firm's sales and EVA. Four empirical findings were observed: (1) Traditional production factors positively affected a firm's sales, but had no significant effect on EVA. (2) Patents granted from US and China can positively affect a firm's sales. Patents granted from China are found to have had no significant effect on a firm's EVA. Conversely, patents granted from US have positively and significantly influenced a firm's EVA. (3) Although both physical capital and labor affected firm's sales more than the effects of patents from US and China, patents granted from US contributed more to a firm's EVA than physical capital and labor. (4) EVA method is proved to be an appropriate method to capture the economic effect of patent.