

## **Vertical Integration and Plant Variety Intellectual Property Protection in China**

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Abstracts: This paper investigates the influence of intellectual property infringement likelihood on companies' choices of vertical integration. Using the data from the Plant Variety Protection Office of the Ministry of Agriculture and of Forestry Administration, we measure infringement likelihood based on three factors of difficulty for unauthorized copy. The regression results from a generalized ordered logit model indicate that those companies with seed products having a higher infringement likelihood are more vertically integrated. We also build a simple model in which firms use vertical integration as a remedy in the absence of effective legal protection for innovations.