

The Connection between Intellectual Property and Economy

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Abstract - Intellectual Property is that property that is developed by the human mind and by human intellect. Now intellectual property and rights attached to intellectual property are becoming very precious and valuable. In India, there are well-established administrative, statutory, and judicial frameworks for protecting IPR. Economic theory exhibits that IPR could play either a positive or negative job in cultivating development and improvement. The restricted proof accessible proposes that the relationship is certain, however reliant on different variables that help advance advantages from licensed innovation assurance. To sum things up, Intellectual Property Rights could be compelling and advertise based components for conquering issues that exist in business sectors for data creation and scattering. Be that as it may, their reality could present issues as far as their potential for costs and anticompetitive maltreatment.

Key Words –IP, Trips, Trademark, Copyright, Patents.

Introduction

Intellectual Property (IP) systems can be critical in helping new ventures transform their innovation potential and creativity into market value and competitiveness. Intellectual Property rights (IPR) allow innovative entrepreneurs to protect their inventions. They may also have multiple other functions, such as signalling current and prospective value to investors, competitors and partners, accessing knowledge markets and networks, and preventing rivals from patenting related inventions. However, IP systems can also create obstacles to the development of entrepreneurial ideas and hamper knowledge diffusion and innovation. Evidence at the firm level indicates a positive correlation between patenting and new ventures' growth, access to venture capital and survival. Data shows a huge upsurge in patent applications in the last decade, with a strong variation in the share of young patenting firms across countries. Effective IP systems can facilitate access to finance and the development of markets for technology, both of which help innovative entrepreneurship. Such systems also provide incentives to invest in R&D and innovation, and can encourage technology co-operation with firms, universities and PRIs. IP systems need to fully take into account the new roles played in the economy by patents and other types of IP, and in particular how they relate to innovation (e.g. the increasing use of patents in opportunistic litigation). IP systems also need to adapt and modify IPR in order to better match it with the characteristics of today's innovative world.

Intellectual Property is that property that is developed by the human mind and by human intellect. Now intellectual property and rights attached to intellectual property are becoming very precious and valuable. In India, there are well-established administrative, statutory, and Judicial frameworks for protecting IPR. India has to comply with the Agreement on Trade-

Related Intellectual Property Rights (“TRIPS”) by enacting the necessary statutes. Intellectual Property rights deal with Trademark, Copyrights, Patents, and Geographical Indications of goods. The law protecting some special species of Intellectual property rights in India are:

- The Geographical Indications of Goods (Registration and Protection) Act, 1999;
- Trade Marks Act, 1999;
- The Semiconductor Integrated Circuits Layout Design Act, 2000;
- The Protection of Plants & Varieties and Farmers Rights Act, 2001;
- The Biological Diversity Act, 2002;
- The Copyright Act, 1957; and
- The Patent Act, 1970

Intellectual property rights have great importance in the growth of a country. Intellectual property law is different in all countries. In many developed countries, the strict enforcement of the IPR role has a huge contribution to economic growth. IPR promotes innovation which leads to economic growth. Nowadays every business in the world is the creation of Innovation. The current era has realized the importance of IPR laws. It is not only innovation but also the name which matters in today’s world. The name carries huge value in the form of goodwill. Some companies just sell their name in exchange for a huge amount of money. Intellectual Property rights have a great influence on the financial improvement of a nation. The IPR can play both negative and positive growth in economic development. This article analyzes the role of Intellectual Property rights in economic growth. This paper study the relationship between IPR and the economy. The impact of IPR is positive as well as a negative impact on the economy. It is very important to protect the interest and rights of people to evolve in innovation and creation which is directly linked to the development and growth of the country.

General definition of Intellectual property rights (IPR)

Intellectual Property (IP) is divided into two categories: **Industrial property**, which includes inventions (patents), trademarks, industrial designs, and geographic indications; and **Copyright**, which includes literary and artistic works. Intellectual property rights (IPR) refer to the **general term for the assignment of property rights** on these assets .The rights allow the holder to exclude other

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The role of Intellectual property in the economy are:

- To provide exclusive rights to the and to protect the interest of the creator and encourage investment in research and information creation;
- Forbid the competitors or anybody from exploiting or misuse the property without the permission of the creator; and
- To create a market for that invention so that it could be given to good use and will motivate others to innovation and creation.

Now, this is economical to use new creation and idea because it directly affects the material cost of the product. So, it is very important to keep updating the technology and the innovation. If there will be a good IPR statute to protect the interest of the people then it will discourage others to exploit the same. Not only a good law but enforcement of that law is important too. There is no good in having a strict law if it cannot be enforced properly. The loopholes and weak laws can be misused and will be exploited which will lead to less innovation. IPR law must discourage individuals from exploiting the property.

Now IPR provides exclusive rights to the owner or creator of the property. The owner can decide the fair value and can sell them to anyone. A healthy return to developers will encourage him and others to make new innovations and likewise, we can promote innovation. But this right can also be exploited by the owner, the person or company can charge way more than the marginal cost. This exclusive right can create a monopoly in the market. Monopoly leads to inequality and disparity in the market in both consumption and production. The legal system has IPR as well as antitrust sections. Competition has its very important role in the market, it keeps checks in the market, and it affects consumer satisfaction. There are some big giants in the market who has absolute power in the market. They have the power resources to control and manipulate the market. The market is made from consumer-producer and developers and IPR gives rights and protection to developers and greater which keeps competition alive. There must be a balance between in the market. IPR can be used as a tool to maintain balance in the market. IPR not only gives exclusive rights to the owner but also provides authority to transfer his right to use to others so that the person can authorize anyone to use it in exchange for money.

Positive Impact of Intellectual Property Rights in Economy

A country like India which is one of the most developing economies in the world must focus on raising productivity in the market. India has always been known for outstanding services to the rest of the world. One can increase productivity by improving technology and method. Innovation needs investments, it required a great amount of investment, these are expensive but have an important role in investment. We can see and learn from developed countries like the USA and Japan in which the rate of development increased by 5 times after the implementation of Intellectual property laws.

Now there are various theories that suggest that IPR has an adverse effect on the economy. In China in the 1980s, trademark infringement negatively affected Chinese innovative enterprises. The local companies started exploiting the well-established company by making counterfeited products and by launching them in the market.

Copyright violations have a similar impact. In countries where copyright laws are weak pirate firms start exploiting the law and the market. Though low-quality copies or pirated copies would be available in the market the technological development would be hampered which will directly affect the economy. IPR laws should provide incentives for both the producers and consumers to invest in the market. This also assures quality, which is important for safeguarding the interests of the customers. The counterfeit or fake products of beverages, food products, cosmetics, and medicines can be hazardous to customers.

After the introduction of Trade-Related Intellectual Property Rights (“TRIPS”) the market started changing. The act started to provide space for operation and opportunities to the companies for innovations. The private sector has started investing in Research and development. After the implementation of TRIPS, the number of patents filled in India has increased.

Drawback and Misuse of IPR on Economic Development

The biggest drawback of IPR is it sometimes it restricts the technology to be used in the best suitable way. The person who is holding rights sometimes misuses their rights. They can charge according to their will and because of protection under IPR that innovation cannot be used by

the competitors. Competition is the most important factor for the development of an economy. The spirit of competition keeps check and balance on price and as well as on the quality of the product. But IPR laws are against the principle of competition.

IPRs laws create a monopoly in the market. It supports monopoly, Law like copyright, trademark, and patents are creating barriers for the competitor to use the innovation. Competition makes sure that producer must think about the benefit and satisfaction of the consumer, because if the consumer is not satisfying then he or she can shift to other competitors in the market. The producer can charge any price and it can directly affect the consumer and the market. This is the law of demand that if the price is high then the demand will be low. But this law does not apply when there is a monopoly in the market. The consumer will get no other options and have to buy the product at the price determined by the producer. Due to competition, the producer is forced to charge not much more than the marginal cost.

Conclusion

Economic theory exhibits that IPR could play either a positive or negative job in cultivating development and improvement. The restricted proof accessible proposes that the relationship is certain, however reliant on different variables that help advance advantages from licensed innovation assurance. To sum things up, Intellectual Property Rights could be compelling and advertise based components for conquering issues that exist in business sectors for data creation and scattering. Be that as it may, their reality could present issues as far as their potential for costs and anticompetitive maltreatment.

As needs are, present-day Intellectual Property Rights frameworks are not adequate without anyone else to energize compelling innovation progress. Rather, they should frame some portion of an intelligent and wide arrangement of correlative approaches that boost the potential for IPRS to raise dynamic challenges. Such approaches incorporate fortifying human capital and aptitude procurement, advancing adaptability in a big business association, guaranteeing a solid level of rivalry on residential markets, and building up a straightforward, unbiased, and compelling challenge system. So for the development of countries and Economic growth, intellectual property rights play a vital role.

The law is made for society, not vice versa. All the laws are made for the benefit and betterment of society. Every law has its positive as well as negative effects on society. Article 31 of the TRIPS Agreement provides for the grant of compulsory licenses, under the following situation:

In the interest of public health in case of national emergency Anti-competitive practice. So, in India, the Intellectual Property Right law doesn't make the market rigid at the same time dynamic in nature.

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