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Role of Intellectual Property Rights in Economic Development: A Study

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ABSTRACT

Intellectual property is the property that is created by the human mind and intellect. Intellectual property rights are growing more and more valuable in the modern day. The Indian government has long offered judicial frameworks and well-established administrative services.

The protection of intellectual property rights was crucial to a nation's overall development. Each country has its own laws pertaining to intellectual property. Effective planning and rigorous protection of intellectual property rights are key factors in the economic development of many industrialised nations. IPR encourages innovation, which fuels economic expansion. Nowadays, the main task of any and every firm in the globe is innovation creation. IPR encourages innovation, which fuels economic expansion. The value of IPR laws is being used by the nations to promote their enterprises. IPR grants a restricted right to the author, producer, or administrator when they utilise their product for a finite amount of time. The growth of a nation depends on its intellectual property rights.

The impact of IPR on the economic process in many nations relies on different stages of development, such as GDP growth and human capital development, imitation activities and technical advancement, etc. Due to various R&D initiatives, high income nations often create the majority of discoveries. IPR protection also promotes innovation by enabling inventors to profit handsomely from their creations. All things considered, material possession rights have a favourable impact on the economic process in middle-income countries, although this effect is less pronounced than it is in high-income countries. This may be explained by the fact that IPR protection in these nations is very weak.

A nation like India, one of the world's most rapidly rising economies, has to focus on increasing market productivity. India is regarded for providing exceptional services to the rest of the world.

Keywords: *Economic Development, Market Productivity, IPR, Human Capital.*

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I. INTRODUCTION

When Craig Venter identified intellectual property as a fundamental component of economic progress, the significance of intellectual property was only emerging. People began to recognize the formation of the human mind as intellectual property with commercial worth, hence facilitating economic and social progress. Angela Merkel previously stated, "We have a responsibility as a state to preserve our economy. "We support the protection of intellectual property." Intellectual property principles, as well as the difficulties surrounding them, are always developing. This compilation was created to help readers comprehend the growing court jurisprudence in India regarding copyright, trademarks, patents, designs, geographical indications, and traditional knowledge.

These instances will assist readers understand how legal rules are understood and applied. The compilation would be valuable for law students, working attorneys, and anybody interested in learning about intellectual property law in India. To make it more reader-friendly, extraordinary effort has been made to acknowledge and present all critical parts of the case. Intellectual property is any property developed by the human mind and intelligence. Nowadays, intellectual property rights are becoming increasingly valued. The Indian government has traditionally provided judicial frameworks and maintained administrative services.

The preservation of intellectual property rights was critical to a country's overall growth. Each country has its own laws governing intellectual property. Many industrialized countries' economic progress relies heavily on effective planning and strict intellectual property rights protection. IPR fosters innovation, which drives economic growth. Nowadays, the primary goal of any and all businesses throughout the world is to create innovation. Nations are using the value of intellectual property laws to boost their industries. IPR fosters innovation, which drives economic growth. Nowadays, the primary goal of any and all businesses throughout the world is to create innovation. Nations are using the value of intellectual property laws to boost their industries.

IPR gives the creator, manufacturer, or administrator a limited right to use their product for a certain period of time. Intellectual property rights are critical to a country's success.

II. ROLE OF INTELLECTUAL PROPERTY RIGHTS IN ECONOMIC DEVELOPMENT

Intellectual property rights (IPR) have a huge influence on financial improvement processes, which is driven by a variety of factors. The purpose of IPR is to motivate intellectual property rights holders to commercialize their innovations in order to facilitate the fast distribution of cutting-edge technology for economic advantage.

The influence of intellectual property rights on the economic process in many countries is determined by several stages of development, such as GDP growth and human capital development, imitation activities, and technological innovation, among others. Due to diverse R&D activities, high-income countries frequently produce the majority of discoveries. IPR protection encourages innovation by allowing innovators to earn financially from their ideas. Overall, material possession rights benefit the economic process in middle-income nations, but to a lesser extent than in high-income countries. This might be explained by the fact that IPR protection in these countries is quite inadequate.

Furthermore, each middle-income country has a distinct economic structure and a variety of intellectual property rights. As a result, these middle-income countries may be separated into two categories: upper middle-income nations and lower middle-income nations. IPR are seen to have a positive impact on the economic process in upper middle-income countries. In lower middle-income countries, however, IPRs have little influence on economic growth due to insufficient property rights protection. This impact is considerably less prominent in low-income countries.

1. IPRs and Economy

Using new ideas and innovations is becoming increasingly cost-effective since it has a direct impact on the fabric cost of the product. Thus, it is vital to keep inventing and upgrading technology. If there is honest intellectual property rights law that protects people's interests, it will dissuade others from utilizing it. Enforcing a decent law is necessary, but so is its execution. A strict law is meaningless if it cannot be effectively implemented. Weak restrictions and loopholes are routinely misused and exploited, perhaps leading to a decline in innovation. The property owner or creator now has exclusive rights under IPR.

The owner can set a reasonable price and sell them to anyone. Developers who see a strong return on their effort are more likely to create new things, and we may also encourage creativity. However, the owner may use this power to charge substantially more than the item's market value. This right may result in a market monopoly.

2. Positive impact of property rights in economy

A country like India, one of the world's fastest growing economies, must focus on enhancing market productivity. India is known for giving excellent services to the rest of the globe. Expenditures are always required for innovation; they must be significant and costly, but they serve an important role. We have instances of industrialized countries like the United States, Japan, and China where the implementation of property laws resulted in a fivefold rise in

growth rate.

Some argue that intellectual property rights have a detrimental influence on the economy. For example, in the 1980s, trademark infringement affected Chinese innovative enterprises significantly. Local enterprises began taking advantage of the well-known brand, making and selling counterfeit items on the market. The consequences of copyright violation are the same. Copyright rules are frequently lax, allowing pirate firms to take advantage of the market and the law. Even so, there would be counterfeit or subpar copies on the market. The economy will be directly affected by technological innovation. Property regulations encourage consumers and producers to enter the market.

Customers are routinely put at risk by counterfeit food, drink, cosmetic, and prescription products. TRIPS, or Trade-Related Property Rights, marked the beginning of a market change. IPRs began to give businesses freedom to operate and opportunities for innovation. The business sector has begun to invest in R&D as well. The number of patent applications submitted in India has increased after TRIPS went into force.

While India has traditionally been a creative culture, most of its intellectual property (IP) remains unprotected due to a lack of understanding and a belief that IP protection is either unnecessary or that the process of obtaining it is overly cumbersome. The justification for the National IPR Policy is the need to raise knowledge about the value of intellectual property rights (IPRs) as a marketable financial asset and economic instrument.

India has solid intellectual property laws and jurisprudence. The legal framework reflects the underlying policy direction and national goals, which have developed throughout time in response to development demands and international obligations. An all-encompassing IPR Policy would foster a comprehensive and supportive environment to catalyze the full potential of intellectual property for India's economic growth and socio-cultural development, while also protecting the public interest. Such a strategy will foster the IP culture by guiding and allowing all creators and innovators to fulfill their full potential for creating, protecting, and exploiting IPRs, hence contributing to wealth creation, job possibilities, and company development.

III. DRAWBACK OF IPR ON ECONOMIC DEVELOPMENT

One disadvantage of intellectual property rights (IPRs) is that they might occasionally make technology less useful. Intellectual property owners can misuse their rights. They will continue to charge what is necessary because the invention is protected by intellectual property rights and cannot be exploited by competitors. Competition is the most important factor in the operation of an economy. The competitive spirit ensures balance in terms of pricing and

product quality. IPR restrictions create a monopoly in the industry. IPR regulations such as patents, copyright, and trademarks make it more difficult for competitors to use ideas. Because of competition, manufacturers are required to consider the demands and happiness of their consumers, as unhappy customers would migrate to other rivals in the market.

Producers may establish any price they choose, which will have an instantaneous influence on buyers and the market. This might be related to the general rule of demand, which asserts that there is little demand for high values. However, if there is a monopoly in the market, this regulation is irrelevant. The buyer has no other options and must acquire the items at the manufacturer's pricing. Competition prevents the maker from charging more than the monetary worth.

IV. IMPACT OF DIGITAL CONTENT PIRACY ON THE INDIAN ECONOMY

Over-the-top (OTT) players have made major financial deals with movie makers, giving large sums of money in exchange for exclusive rights. However, it is vital to emphasize that these OTT players do not profit directly from the film's distribution. As a result, there is a possibility that these OTT players' subscriber bases would diminish, resulting in future losses. According to a Deloitte India analysis issued earlier this year, over-the-top (OTT) platforms are expected to develop at a 20% annual pace over the next decade, eventually reaching a market value of \$13 billion to \$15 billion. However, if the issue of digital material piracy is not addressed, it is possible that these numerical numbers may increase at an accelerated rate. According to a survey issued by Digital TV Research, digital content piracy in India has substantial financial repercussions for over-the-top (OTT) companies. By 2022, these players are expected to have a significant revenue loss of \$3.08 billion. The television and film industries are big employers, with numerous career possibilities for set designers, makeup artists, composers, producers, and directors. However, digital content theft poses a significant risk to these businesses, affecting their financial stability and income sources. According to a statistic issued by Akamai Technologies, a leading cybersecurity and cloud service provider, Indian pirated websites saw a stunning 6.5 billion visitors in 2021. This significant result positions India third in the world in terms of access to digital content pirate websites. India has been designated as the #1 country in terms of music piracy, which is a fairly terrible distinction.

Digital content piracy not only causes harm to the commercial interests of content production and distribution entities but also has a detrimental impact on the financial gains of a diverse range of stakeholders, including producers, directors, actors, screenwriters, technical personnel and others. The stakeholders experience a decline in their earnings such as revenues, royalties,

or salaries, due to the occurrence of digital content piracy. Such losses impede the growth of the economy. According to a report published in 2019, the global revenue loss due to digital content piracy is estimated to be approximately USD 29.2 billion annually. As per the findings of the "Anti Video Piracy Cell" affiliated with the "Telugu Film Chamber of Commerce" in India, it has been estimated that the Indian media and entertainment industry incurs an annual loss of nearly USD 2.5 billion due to digital content piracy. Conversely, the actual figure could be significantly higher. The European Union Intellectual Property Office (EUIPO) produced a status report on Intellectual Property Rights Infringement in 2019, indicating that India lacks a comprehensive evaluation of the scope of digital content piracy inside its borders. It is important to note that the numbers presented above were compiled prior to the emergence of the COVID-19 pandemic and do not account for the significant increase in cases of digital content piracy that occurred as a result of the epidemic. Despite the adoption of nationwide lockdowns and worldwide restrictions, the rate of digital content piracy has increased significantly in recent years.

Digital content piracy is having a significant negative impact on the Indian economy. This tendency has a particularly significant impact on the film and music industries. The availability of pirated digital versions of material from these businesses without monetary recompense has resulted in significant financial losses for the respective sectors. According to a survey prepared by the Indian Music Industry (IMI), digital content piracy causes an annual loss of around USD 162 million, or INR 1,200 crore. Digital content piracy costs the Indian film business almost INR 18,000 crore per year, or nearly 2.4 billion USD. Individuals working in various fields, such as performers, composers, and technical personnel, may lose their means of sustenance as a result of digital content piracy, which also causes financial losses. Digital content piracy harms not only the entertainment sector, but also the software industry and other digital content providers. Illegally obtained software and material may cause harm to the user's equipment and data, forcing additional costs for damage remediation. According to a research issued by the Business Software Alliance (BSA), the software sector in India lost around USD 3 billion (equal to INR 22,000 crore) in 2019 due to the country's 56% software piracy rate that year.

IPR Awareness: Outreach and Promotion (DIPT, 2016)

The twenty-first century is known as the knowledge period, and it is propelled by the knowledge economy, which generates, disseminates, and applies knowledge to boost its growth and development. Historically, commercialization of knowledge has not been the norm in India. While admirable and generous, this is not consistent with the global regime of jealously protected IPRs. As a result, there is a need to raise awareness of the need of converting

knowledge into intellectual property assets. This necessitates a significant paradigm change in how information is perceived and valued - not for what it is, but for what it may become. Many IP holders are uninformed of the advantages of IP rights, their own ability to produce IP assets, or the worth of their ideas. They are frequently discouraged by the difficulty of securing enforceable intellectual property rights. In contrast, they may be uninformed of the importance of other people's intellectual property rights and the need to respect them. The policy intends to address both views through outreach and promotion efforts.

A nationwide promotional campaign should be initiated with the goal of raising awareness about the benefits of IPRs and their worth to rights holders and the general public. Such a program will foster a culture of creativity and invention in the public and private sectors, R&D institutes, business, and academia, resulting in the development of protectable intellectual property that can be exploited. It is also vital to reach out to less visible IP creators and holders, particularly those in rural and distant places. The emphasis will be on raising awareness of India's rich legacy in terms of geographical indications, traditional knowledge, genetic resources, traditional cultural expressions, and folklore.

The immediate economic rationale for individuals and the community, as well as the pride in being innovative, should be conveyed effectively to the public. The clarion call of the program by (DIPT, 2016) would be the holistic slogan **“Creative India; Innovative India”**

The steps to be taken towards attaining this objective are outlined below:

1. Adopt the national slogan "Creative India;Innovative India" and launch an associated campaign on electronic, print, and social media, including linking the campaign with other national initiatives such as "Make in India", "Digital India", "Skill India", "Start Up India", "Smart Cities", and other new initiatives in the future.
2. Develop a systematic strategy to promote India's intellectual property strengths by communicating the value and advantages of intellectual property to all stakeholders.
3. Customizing programs to meet the needs of industries, MSMEs, start-ups, R&D institutions, science and technology institutes, universities and colleges, innovators and creators, and entrepreneurs.
4. Targeting IP generators and holders in rural and distant locations with specialized campaigns to address their specific needs and concerns. These would include small companies, farmers/plant variety users, bearers of traditional knowledge, traditional cultural expressions and folklore, designers, and artists.

5. Including case examples of successful use of intellectual property rights in campaigns to create value in their respective fields;
6. Promoting the concept of high-quality, cost-effective innovation as a distinctly Indian capability that leads to competitive advantage;
7. Using renowned individuals as "ambassadors" to raise awareness and emphasize the value of intellectual property in India;
8. Using audio/visual content in print, electronic, or social media for spread.
9. Developing mobile displays, such as trains and road shows, that can travel around the country;
 - a. Creating materials for intellectual property marketing in several languages and visual form for individuals who cannot read.
 - b. Researching best practices and success stories from other nations to develop and conduct public outreach campaigns.
10. Develop awareness campaigns aimed at industry and R&D organizations, both commercial and public, by:
 - a. Providing scientists and researchers with a clearer knowledge of the necessity to safeguard their ideas even before they are published
 - b. Engaging public-funded research groups and the business sector to build campaigns showcasing the process of intellectual property creation and the value derived there from.
 - c. Encourage multinational firms and other significant corporate organizations to establish IP programs for their employees, adapt them, and promote them to the public.
11. Developing resources to assist MSMEs in developing and protecting their intellectual property (IP).
12. Create well-publicized events and continuing activities to highlight the value of intellectual property by:
 - a. Collaborating with industry groups, big businesses, and R&D and higher education institutes for such events, and considering the development of Innovation, Creativity, and Intellectual Property Museum(s);

- b. Announce Innovation and IP Days with the assistance of state governments, particularly in important industrial, innovation, and university clusters; observe 'World IP Day' in various cities and institutions;
 - c. Establishing India's 'Hall of Fame' to honor IP inventors and creators.
 - d. Establishing prizes and awards to stimulate IP development activities in certain industries.
13. Prepare appropriate course materials for:
- a. Educational institutions at all levels should stress the importance of intellectual property rights.
 - b. Provide online and remote learning programs for all users. 1.5.3. Integrate intellectual property rights (IPRs) into school curricula at the appropriate level.
14. Engage with the media to sensitize them about IP problems.

V. COMMERCIALIZATION OF IPRS

Only the commercialization of intellectual property rights provides value and economic compensation to its owners. A deliberate effort should be made to capitalize on the country's current intellectual property assets. Entrepreneurship should be promoted so that the financial value of intellectual property rights may be harnessed. Existing structures, such as incubators and accelerators, that support entrepreneurship should be supplemented with IP-oriented services.

Financing is a significant hurdle for entrepreneurs, hence it is critical to link investors and IP producers. Another barrier is the value of intellectual property and the appraisal of IPR potential for commercial purposes. There is an urgent need to assess current IP financing from various government departments and entities such as BIRAC, NRDC, and TIFAC, and take steps to combine it, scaling up effective models while minimizing duplication of efforts.

Publicly sponsored research laboratories, academia, and other organizations should encourage the commercialization of their research findings. They should get appropriate state support for the development and application of their intellectual property rights. While some bigger businesses have the aim and ability to commercialize their technology/IPRs, others do not. As a result, it becomes critical to build facilitative systems that may solve such limits, particularly for MSMEs, academic institutions, and individual innovators. One efficient approach to do this would be to coordinate the operations of IP facilitation centers with those of industry, particularly industrial clusters. This would also entail awareness to licensing agreements.

Efforts should be undertaken to create a public platform that will serve as a shared database of intellectual property rights. Such a platform may enable creators and inventors connect with potential consumers, purchasers, and financing organizations. It would also be useful in scouting the technological landscape to detect white spaces and so drive new activity in previously unexplored regions. Nanotechnology, biotechnology, agribiotech, life sciences, green technologies, telecommunications, novel materials, space technologies, and other developing technologies all have significant promise for innovation. The measures to be done to achieve this target are stated below:

CIPAM shall also undertake the following tasks:

1. Provide a platform for IPR owners and users of IPRs by facilitating the connection of creators and innovators with prospective users, purchasers, and financing organizations.
2. Conduct a feasibility assessment for an IPR exchange.
3. Establish ties between various organizations to exchange information and ideas, as well as to produce promotional/educational goods and services.
4. Provide access to Indian IP and worldwide databases of creators/innovators, market analysts, financing agencies, and IP intermediates.
5. Research and promote the application of best practices for promoting and commercializing intellectual property both inside and beyond the nation.
6. Encourage public-sector activities for IPR commercialization.
 - i. Encourage licensing and technology transfer for IPRs; develop appropriate contractual and licensing rules to facilitate commercialization of IPRs; and support patent pooling and cross licensing to produce IPR-based goods and services.
 - ii. Provide MSMEs, Individual Inventors, and Innovators from the informal sector with enablers such as facilitation centers for single-window services to assist them in commercializing their IPR.
 - iii. Encourage Indian innovators, MSMEs, and startups to obtain and exploit intellectual property rights in other countries as well.
 - iv. Determine the availability of Standard Essential Patents (SEPs) on fair, reasonable, and nondiscriminatory (FRAND) conditions.
 - v. Identify possibilities to commercialize Indian intellectual property-based goods, particularly GIs, and services to a worldwide audience.

- vi. Encourage joint IP production and commercialization initiatives across research and development institutes, industry, academia, and funding agencies.
- vii. Improve access to cheap medicines and other healthcare solutions by (a) fostering cross-sector cooperation between the public and commercial sectors, universities, and non-governmental organizations (NGOs); (b) promoting innovative licensing models; and (c) establishing novel technological platforms.
- viii. Streamline regulatory processes to achieve speedy approval for medication manufacture and commercialization while preserving safety and effectiveness criteria.
- ix. Make steps to minimize reliance on active pharmaceutical ingredients (API) imports, such as promoting API manufacturing in India and rejuvenating public-sector health-care enterprises.
- x. Provide financial support for IPR commercialization by:
 - a. Enabling valuation of IP rights as intangible assets by the adoption of suitable procedures and standards; supporting the securitization of IP rights and their use as collateral through the development of an enabling legislative, administrative, and market environment;
 - b. Facilitating investments in IP-driven companies and services through the planned IP Exchange by gathering investors and financing agencies
 - c. Providing financial assistance to less-empowered groups of intellectual property owners or creators, such as farmers, weavers, artisans, craftsmen, and artists, through financial organizations such as rural banks or cooperative banks that offer IP-friendly loans;
 - d. Providing financial assistance for the development and commercialization of intellectual property assets through partnerships with financial institutions such as banks, venture capital funds, angel funds, and crowd financing techniques;
 - e. Using the Technology Acquisition and Development Fund under the Manufacturing Policy to license or buy patented technology;
 - f. Taking stock of all government IP funding and recommending measures to consolidate it to the greatest extent possible; scaling up funding as needed and avoiding duplication; increasing the visibility of IP and innovation-related funds to increase utilization; and performance-based evaluation for continued funding.

- xi. Encourage the usage of free and open source software and open standards. Consider establishing Indian-standard operating environments.
- xii. Encourage going-to-market initiatives by:
 - a. Establishing procedures for MSMEs and research institutions to evaluate pilots and scale up through market testing.
 - b. Providing seed funds for marketing efforts like as participation in trade shows, industry standards bodies, and other forums;
 - c. Assisting IPR owners with commercial e-commerce prospects via Internet and mobile platforms;
 - d. Encouraging businesses to generate brand value through their IP rights, such as trademarks and GIs.

VI. CONCLUSION

The concept of material possession rights raises several problems about its influence on financial growth possibilities. Improving the advancement process is critical for two reasons. For starters, a variety of factors influence the occurrences that may have an impact on TRIPS. Second, the monetary hypothesis suggests that licensed intellectual rights may have a range of development-related impacts, both positive and negative. Every company need protected ideas, especially those that have committed a significant amount of money in creative efforts to develop a single sort of product or service. IPR has various downsides, including the occasional restriction on the most advantageous use of technology rights. Sometimes the entity or person that possesses the rights abuses those rights. At the bottom of the monopoly, they will process their rights at a greater cost.

Because data on intellectual property-related transactions is distributed and often difficult to understand, determining the role of material possession rights in economic activity in developing countries is hampered by the indirect way in which these rights impact economic behavior.

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