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# Role of Intellectual Property Rights in Economic Development and need for its Protection

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## ABSTRACT

*Every country and every person on the planet wants to flourish in terms of economy. There are a number of methods for this but a question which arises here is that can the intellectual property can become one of the ways to achieve it? If yes then how far the intellectual property rights facilitate the development of the economy is a big question and if no then why not does the Intellectual Property can contribute to it. Something which makes a person economically stronger one will obviously want protection for it, but what will happen if they are not protected. And in all this one important question arises what is the impact of the intellectual property rights on the economic development. The answer to all these questions can be obtained by going through the article.*

## I. INTRODUCTION

As per Salmond “ **The unnatural products of a mans brains may be as valuable as his hands or his goods.**” Human Being are superior from other living creatures because they possess intellect. And that intellect is helpful in creating intellectual property which if properly used can prove helpful in generating wealth. Thus such endeavor which promotes the economic development of the society and the nation at large must be encouraged and should be given protection.<sup>2</sup> In terms of GDP, employment, tax revenues, and strategic relevance, industries that rely on intellectual property make up a considerable portion of both established and developing countries. In both developed and developing countries, IPR encourages foreign direct investment (FDI) and technological transfers.<sup>3</sup> The wealth generated, will be ultimately utilized for the benefit of the economy of the nation and of the world, thus will lead to economic development which is the most crucial one for any nation and for the world at large. Economic benefit is the major cause in promoting development of intellectual property. The economic

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<sup>2</sup> Dr. M.K. Bhandari, Law relating to intellectual Property Rights 02, (Central Law Publications, Allahabad, 2017)

<sup>3</sup> <https://iccwbo.org/content/uploads/sites/3/2011/02/Intellectual-Property-Powerhouse-for-Innovation-and-Economic-Growth.pdf> (Visited on October 7, 2021)

justice used in the preamble of the Indian constitution not directly but impliedly incorporates the principles of Intellectual Property Rights.

## II. POSITIVE IMPACTS OF IPR ON ECONOMIC DEVELOPMENT

Intellectual property rights could be a powerful tool for promoting creativity, product creation, and technological advancement. **IPRS systems in developing nations tend to promote information dissemination.** The cumulative effects of these minor breakthroughs have the potential to be critical for knowledge and productive activity growth. IPRS could also be used to reward emerging businesses and entrepreneurs for their ingenuity and risk-taking. **Intellectual property rights could also help to promote the acquisition and diffusion of new knowledge.** Patent claims are made public, allowing competitors to utilize the information to create new products. Multinational corporations' decisions on where to invest and whether to transfer advanced technologies are influenced by the strength of IPRS and its ability to enforce contracts. A additional advantage of improved intellectual property protection is that it may encourage more R&D geared at fulfilling the specific demands of emerging countries. Inventive companies in developed economies tend to focus their research efforts on items and technologies that they believe will have a wide global market and can be protected by IPRS and trade secrets.<sup>4</sup>

As the 'knowledge economy' develops, high-value-added intangibles, such as intellectual property in innovations, brands, and works, will provide an increasing amount of value to enterprises and the general economy. Intangibles, such as IP, account for 80 percent or more of the market value of many organisations today. The intellectual property they possess in an exciting new innovation that they have invented is the only thing that matters to some small businesses. IPR has actually evolved into a 'intellectual currency,' assisting in the promotion of global economic growth, firm competitiveness, and innovation.<sup>5</sup>

## III. NEGATIVE IMPACTS OF IPR ON ECONOMIC DEVELOPMENT

The major disadvantage of IPR is that it sometimes prevents technology from being used in the most appropriate way. The holder of rights can occasionally abuse his or her position. They can charge whatever they want, and their innovation is protected by IPR, so it cannot be used by competitors. **IPR legislation creates a market monopoly.** It is pro-monopoly. Copyright, trademarks, and patents are all examples of laws that make it difficult for a competitor to use

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<sup>4</sup> Keith E. Maskus, "Intellectual Property Rights and Economic Development", 32 Case Western Journal of International Law . (2000)

<sup>5</sup> <https://iccwbo.org/content/uploads/sites/3/2011/02/Intellectual-Property-Powerhouse-for-Innovation-and-Economic-Growth.pdf> (Visited on October 7, 2021)

an idea. The manufacturer can set any price he wants, and this has a direct impact on the consumer and the market. This is the law of supply and demand, which states that if the price is high, demand will be low. When there is a monopoly in the market, however, this legislation does not apply. **The consumer will have no other choice but to purchase the product at the producer's set price.**<sup>6</sup>

#### **IV. WHY INTELLECTUAL PROPERTY NEEDS TO BE PROTECTED ?**

Because intellectual property rights (IPR) are so important to countries' economies, there is a constant push to safeguard them. Hundreds of sectors across the globe rely on the proper enforcement of patents, trademarks, and copyrights, while consumers utilise IP to assure they are buying safe, guaranteed goods. Intellectual Property Rights (IPR) protection is critical for the economy's continued growth in sectors such as research, innovation, and employment. Health and safety are also dependent on effective IPR enforcement. IPR, in particular, produces and supports high-paying jobs, promotes economic growth and competitiveness, protects consumers and families, aids in the development of breakthrough solutions to global challenges, and rewards entrepreneurs. IP rights, both domestically and globally, are worth defending for these reasons.<sup>7</sup>

#### **V. WHAT WILL HAPPEN IF INTELLECTUAL PROPERTY RIGHTS ARE NOT PROTECTED?**

There are various risks associated with failing to secure your intellectual property. For example, failing to safeguard IP can lead to an individual or group using and profiting from an unprotected idea without permission. If IP is not filed, there is no law that can prevent someone from reproducing and profiting from someone else's idea. Furthermore, if the IP is unregistered, the owner must show ownership of the IP in a court of law. If a trademark is not protected, the court cannot assist the inventor because it is impossible to claim proprietorship and/or suit for infringement if the trademark is not protected.<sup>8</sup>

#### **VI. ACHIEVING THE GOAL OF DIGITAL ECONOMY THROUGH INTELLECTUAL PROPERTY RIGHTS**

Another top priority for many governments is to continue their economy's transformation to a 'information society,' in which individuals have access to information, government services,

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<sup>6</sup> <https://www.khuranaandkhurana.com/2021/03/10/the-role-of-intellectual-property-rights-in-economic-development/> (Visited on October 7, 2021)

<sup>7</sup> <https://spiegeler.com/intellectual-property-protected/> (Visited on October 7, 2021)

<sup>8</sup> <https://iptse.com/the-need-to-protect-intellectual-property-rights/> (Visited on October 7, 2021)

cultural and leisure resources via the internet. **IPR underpins not only most of the communications and computer technologies that make up the information society's 'infrastructure,' but it's also the driving force behind the music, films, television and event broadcasts, publications, and other creative content that consumers want to access through these technologies.**<sup>9</sup>

## VII. CONCLUSION

After going through various articles and books, I came to the conclusion that the Intellectual Property Rights play a smart dual role in the process of the economic development of the nation and of the world. By using the word “dual role” here I mean that it has some positive aspects and some negative aspects as well. By way of the intellectual property rights we can solve the problems of the society that is the conflict of interests among themselves and provide protections to the rights of the inventors. In absence of any protection by the intellectual property rights it will prove to be a hindrance for them in creating inventions and even if they use their intellect and create something then they will hesitate to use it for the public because no protection will be provided. And if any invention is not used for the benefit of the public it will create a hurdle in the economic development since the economic development of the country is for the benefit of the public at large. Thus the positive role of the intellectual property rights cannot be superseded. But, on the other hand there is also a negative impact of the intellectual property rights. The negative impact is that the nation has first to give costs of protection to the inventor and then utilize the invention for the economic benefit. Apart from that it may happen that in providing protection to the intellectual property costs for protection are increased and ultimately it will result in the exploitation of the intellectual property rather than using it for the economic development. Apart from the positive and negative impacts of the rights there is a strong need for the protection of those rights as well. As I have above highlighted that if the intellectual property rights are not exercised it will lead to undue profit to one at the expense of another. In a country of 1.3 billion people, there needs to be efficient mechanisms for the protection of the intellectual; property rights of a common man.

**In the words of Dr. Angela Merkel, Chancellor, Federal Republic of Germany “Innovation is the key to growth and prosperity. Measures to effectively protect intellectual property rights are particularly vital...This topic is, as we have seen, becoming ever more important to the emerging economies as well. There is thus**

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<sup>9</sup> <https://iccwbo.org/content/uploads/sites/3/2011/02/Intellectual-Property-Powerhouse-for-Innovation-and-Economic-Growth.pdf> (Visited on October 7, 2021)

**increasingly a common interest in promoting the protection of intellectual property rights and innovation.”**

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