

INTERNATIONAL JOURNAL OF LAW
MANAGEMENT & HUMANITIES
[ISSN 2581-5369]

Volume 8 | Issue 4
2025

© 2025 International Journal of Law Management & Humanities

Follow this and additional works at: <https://www.ijlmh.com/>

Under the aegis of VidhiAagaz – Inking Your Brain (<https://www.vidhiaagaz.com/>)

This article is brought to you for free and open access by the International Journal of Law Management & Humanities at VidhiAagaz. It has been accepted for inclusion in the International Journal of Law Management & Humanities after due review.

In case of any suggestions or complaints, kindly contact support@vidhiaagaz.com.

To submit your Manuscript for Publication in the International Journal of Law Management & Humanities, kindly email your Manuscript to submission@ijlmh.com.

Intellectual Property Rights and its Economic Growth

DAKSH SRIVASTAVA¹

ABSTRACT

Intellectual Property (IP) Laws play a crucial role in fostering economic and financial growth by encouraging innovation, protecting the creative work and enhancing global competitiveness. In this modern- knowledge based economy, patents, trademarks, copyrights and trade deals provide a special legal framework that encourage research & development, ensuring a long- term economic sustainability. Strong IP laws and protections vitalizes entrepreneurship, attract Foreign Direct Investment (FDI) and facilitate technology transfer, leading to increased industrial production and job creation. Moreover, countries with strong IP Laws experience a rise and increase in technological advancements, as investors, innovators and businesses are assured of the exclusive rights over their creations. This legal security which is being provided by the authorities has encouraged the multinational corporations to involve in cross-border collaborations, which is ultimately contributing to global trade expansions. However, the relation between IP laws and economic growth is not there without any challenges. Rigid IP regulations may create monopolies, effect the access to essential goods such as medicine and can also widen up the gap between the developed and developing economies around the world. Thus, there is a need of a balanced approach – the one that can protect innovation while promoting accessibility and fair competition.

This paper explores the complicated link between Intellectual Property Laws and economic development, analysing emperical data and global case studies to highlight both the benefit and drawbacks. It also argues that while IP laws serves as a catalyst for innovation led growth, its effectiveness also depends on the different legal framework that aligns with the economic realities. A well-calibrated IP regime can lead to industrial progress, enhance creativity and ensure equitable development, making it a key stone on the modern economic policies.

Keywords: *Intellectual Property (IP), Economic Growth, Innovation, Technology Transfer, Foreign Direct Investment (FDI)*

I. INTRODUCTION

Intellectual Property Rights (IPR) have gained significant attention over the past few decades

¹ Author is a Student at G.D. Goenka University, Gurgaon, India.

as the global economy has shifted towards an innovation-led growth. Intellectual property (IP) refers to creations of any individual or any personal entity's mind, such as inventions, artistic and creative work, symbols and images which are used in the field of trade, business and commerce. These rights give the creators and the innovators a protection for their work and with this protection they can seek the economic benefits from their innovations. The economic importance of IPR is far reaching, as it supports and nurtures innovation, attracts investments and promotes a fair competition in the market. The states which are having strong IPR laws witness a positive economic growth².

In this era of modern economy where globalization and innovation is the key, especially in the area of trade and commerce. In this area we also see competitiveness and economic growth and here comes the importance of Intellectual Property Rights (IPR) which plays a significant role in safeguarding these assets by granting exclusive rights to the innovators and creators. From big Multi national corporations (MNCs) to small Business startups, Strong IPR laws encourage them to innovate and make new ideas to enhance their business, increase international trade and enhance industrial developments.

The core objective of the IPR is to grant temporary exclusivity to innovators, encouraging further investment in research and development. This, as a result, fuels economic activities by creating new industries, improving productivity and attracting investment.

The impact of IPR on economic growth is visible in multiple dimensions. First, the countries or the states which are having strong IPR policies encourage innovation and technological progress by ensuring innovators and creators a sense of security for their creation and all efforts which they had put in their business. Without legal protection and support from the administration, innovators may lack the motivation to invest in costly R&D projects and industrial progress.

Second, a robust IPR framework attracts Foreign Direct Investment (FDI) and international trade. Countries which well establish IPR laws are very much successful in attracting foreign investors to invest in their country and this leads to the increase of FDI in their country. These countries give the legal certainty and the assurance through their IPR policies to investors that these laws will reduce the risk of the intellectual property theft or counterfeiting. This is very much visible in Pharmaceuticals, Information Technology (IT) and Biotechnology, where innovation requires a significant amount of capital investment.

² Aishwarya Agrawal, Economic Importance of Intellectual Property Rights, 2024, Lawbhoomi, <https://lawbhoomi.com/economic-importance-of-intellectual-property-rights/>, 16th September, 2024

Third, IPR encourages and supports Entrepreneurship and Business competitiveness. By protecting innovative ideas, business startups and small businesses, it can secure their funding, differentiate their products from others and helps them to compete with other well-known firms which are there in the industry and businesses. The countries which are having very much unstable and weak IPR laws, faces very much low Foreign Direct Investment (FDI) because the investor fear that they will not get the security for their innovation and this can also lead to piracy and counterfeiting, discouraging genuine innovation.

II. INTELLECTUAL PROPERTY RIGHTS: AN OVERVIEW

A. Types of Intellectual Property Rights

Intellectual property Rights (IPR) protect the creations of the mind and provide exclusive of the mind of the creators and innovators and it also provide exclusive rights to the creators for a certain period³. The main type of IPR includes:

(a) Patents

A patent is an exclusive right granted for an invention. Patents benefit inventors by providing them the legal protection of their ideas and innovations. However, patents benefit the society also by providing them the public access to technical information about these inventions and this will lead and encourage others for more and more innovation.

Patents may be granted for innovations in any field of technology, from an everyday kitchen utensil to a nanotechnology chip. Innovation and creation can be seen in products also like a creation of a new chemical compound or any new type of electronic good which is making a change or revolution in the society.

The patent owner has the exclusive rights to prevent or stop others from commercially exploiting the protected invention of others for a specific period of time within the country or any region in which the patent was granted to the innovator. In other words, patent protection means that the invention cannot be commercially made, used, distributed or sold by others without the original owner's consent. If something like this happens then the owner or the innovator can take a legal action against the third party in the court.

(b) Copyright

Copyright (or author's right) is a legal term use to describe the rights that the creators enjoy over their creation which can be any literature or any artistic work. Works which are

³ Benazeer Fatima, Role of IPR in Economic Growth, 2021, Volume 1, Manupatra, <https://articles.manupatra.com/article-details/Role-of-IPR-in-Economic-Growth>, Feb 24, 2021

recognized and are covered under the different copyright laws are from Books, Music, paintings, sculpture and films to different computer programmes, technical drawings and advertisement.

Different list of works which are most importantly covered under the copyright laws are usually not found in the legislation. The works which are usually protected and are wholly recognized under the copyright laws throughout the world are –

1. literature works like Books, poems, Novels, Articles and research paper.
2. Many other works are also protected under the copyright laws like different types of computer programming, Databases which can be used in protecting the crucial information related to different subjects and many more.
3. Artistic works such as paintings, sculptures, photographs, films or videos.
4. Commercial works like Advertisements

Copyright protection extends only to expressions and not to the concept of procedures, methods of operation or concept. Copyright may or may not be available to many types of subjects like Title of the work or the logos of the work.

(c) Trademarks

A trademark is a sign which is used in differentiating the goods and services of one enterprise from those of other enterprises. Trademarks are protected by Intellectual property rights.

In principle, a trademark registration will provide exclusive rights to the use of the registered trademark. This means that the trademark can be exclusively used by the owner or licensed to another party for use in return for payment.

The Madrid system is an international trademark registration system that allows businesses and individuals to protect their trademark in multiple countries through a single application. This system is controlled by the World Intellectual Property Organization (WIPO), it simplifies the process of the applicants very easily. The system is governed by the Madrid agreement (1891) and the Madrid protocol (1989), covering over 130 member countries. It is a very much cost effective and efficient way to manage international trademark protection.

The Madrid system has significantly benefited the trademark laws by simplifying and streamlining the process of international trademark registration. It allows businesses to file a single application, in one language and pay a unified fee, rather than registering separately in each country. This will reduce the complexities and costs associated with managing trademarks in multiple jurisdiction. Additionally, the system provides centralized management

enabling trademark holders to renew or modify their registrations across multiple countries through WIPO.

(d) Trade Secrets

Trade secrets refer to the confidential business information which is very much important for any business firm. It is an information which provides a company with a competitive advantage. The works which are included in the category of trade secrets are – secret and classified formulas of any company, processes, designs, different business strategies, customer's list.

Unlike trademarks and patents, trade secrets are not officially registered or they are written anywhere. Trade secrets are preserved through confidentiality agreements, security measures and legal protection under the trade secret laws.

Common examples of trade secrets include- Coca-cola's secret formula, google's search algorithm or the secret recipe of KFC.

If a trade secret of any company or firm is disclosed or used in a wrong way without the authorization of the said company then the owner can seek legal remedies through different laws which are present there in the particular country like- In U.S.A., to protect the trade secrets of different companies, a Defend Trade secrets Act (DTSA) has been made.

B. Evolution of IPR Frameworks

Intellectual property may sound like a modern world concept, but it has actually been started from the time of the development of ancient modern civilization. Many sources have indicated to the origin of Intellectual property rights with the year 1421 when the world's first modern patent was granted to an Italian inventor. However, according to Former lord justice of appeal Robin Jacob, the history of intellectual property law can be traced back to as early as 600 BCE.

During the early 1800s, the idea of global protection of Intellectual Property rights were floated very much around the Legislative Bodies. It was in the year 1883 when the Paris convention brought clarity and cooperation among different countries. Three years later, the 1886 Berne convention extended the same protection to written protections. Later, trademarks were also conferred the legal protection through the madrid protocol.

With the result of this, the offices from the convention later transformed into a central governing body, named as United International Bureaux for the protection of Intellectual Property Rights. This, then became a united nations office which is known as the World

Intellectual Property organization.

The transformation of Intellectual property from divine providence to valuable human talent took complicated detours and pitstops. However, the history of intellectual property reveals an imprint of how we evolved as a society. It tells us of the past values, of our collective thought, and of our remarkable capacity to strike a balance among individuality, society and spirituality⁴.

III. ECONOMIC IMPACT OF IPRS

A. Innovation and Technological Process

Inventions are the foundation of any innovation. An invention is a new solution to a certain problem and it can be protected through various ways like patents. Patents protect the interest of the innovators whose technologies or creation are truly very successful and seeing a positive commercial growth, by ensuring that an inventor can control the commercial use of their creation.⁵

Innovation and technological advancement had truly influenced and changed the dimensions of the IPR law in the modern world. This advancement is also leading to new legal frameworks and enforcement mechanisms. One key innovation in the IPR law in current times is the excessive use of Artificial Intelligence (AI) and Blockchain in patent filing and copyright protection. AI- powered patent search engines helps a lot in the process of addressing the novelty of an invention and this process also reduces the human error also. Similarly, blockchain technologies are used to create and store digital records of copyrights, trademarks and patents. This process will also ensure transparency and will also provide security to the owner.

Case study- European Union Intellectual Property Office (EUIPO) has implemented this Blockchain concept for trademarks and copyright, enabling faster and tamper proof verification of rights. This technology addition in the IPR policies of EU has streamline the administrative process and also had made the work more efficient and accessible.

B. Foreign Direct Investment (FDI) and Economic Growth

Intellectual property rights (IPR) laws play a significant role in attracting Foreign Direct Investment (FDI) and fostering economic growth. Strong IPR laws provide legal certainty and

⁴ History and Evolution of Intellectual Property, 2024, volume 1, <https://abounaja.com/blog/history-of-intellectual-property>, 17th August, 2020

⁵ Walter G. Park, Handbook of Innovation and Intellectual Property Rights, 2024, (Edward Elgar Publishing, 2024)

assurance to foreign investor that their innovations, creations, trademarks and patents will be safeguarded from any kind of wrongdoing, infringement and illegal work. Countries with strong and robust IPR laws are more likely to attract more technology supportive FDIs, particularly in industries like pharmaceuticals, biotechnology, information technology and entertainment.

From an economic growth perspective, FDI contributes to increased capital inflow, job creation, knowledge transfer and infrastructure development in the country. When investors are confident that their intellectual assets will be protected, they are more willing to invest in Research & Development, which further stimulates in economic expansion and growth.

Case study on China's shift in the IPR policy-

A significant shift happened after China joined the World Trade Organization (WTO) in 2001, committing to stronger IPR protection under the TRIPS agreement. The Chinese governments established the specialized IP courts, increased penalties for those who will violate the IP laws or will do acts like infringement or misusing the innovator's creation without their authorization. As a result of this strong and robust IPR laws implementation, China saw a massive surge in the inflow of FDI, particularly in sectors like electronics, Information technology and pharmaceuticals where the foreign companies need strong IP laws to protect their innovation from any kind of wrongdoing.

China's impactful reforms in the IPR laws strengthen their economy and enhance the confidence of the investor that their creation is safe and secured in China and they shouldn't worry about it.

C. IPR AND SMALL MEDIUM ENTERPRISES (SMES)

Intellectual property rights (IPR) laws have a significant role in protecting and securing the small medium enterprises (SMEs) by safeguarding their innovations, trademarks and business strategies from unauthorized use. Strong IPR protection enables SMEs to differentiate their products from other big enterprises and this will help them in many ways like attracting investors and compete with big and established enterprises.

However, SMEs often faces challenges like High costs of IP registration, complex legal procedures and challenges in the implementation also, making it very much difficult. The Government often introduce the IPR laws in the MSME sector so, that an IP culture should be made and it can bring awareness among the investors about the IP laws which can benefit

them in their trade and business work.⁶

IV. CHALLENGES AND CRITICISM OF IPRS

A. Access to Essential Goods and Medicines

The countries which are having strict IPR regimes often lead to monopolies, especially in the pharmaceutical sector, where patent grants exclusive rights to drug manufacturers. These laws can significantly increase the cost of essential medicines, making them very much expensive and difficult to afford for the public in the countries which are having very much low-income capacity.

To combat this issue, certain changes have been made under different jurisdiction. Compulsory licensing has been allowed and with this concept now, the government is allowed to override patents and authorize the production of generic amount of patented drugs without the patent holder's consent during the time of national emergencies, such as health crisis or any pandemic. This mechanism is permitted under the TRIPS agreement and with this it helps in providing access of life-saving medicines to the ones who want it.

Countries like India, Brazil and South Africa are using the concept of compulsory licensing. By using the process of compulsory licensing they are providing life-saving medicines to those who are suffering from HIV/AIDS disease in their respective country.

B. The Digital Economy and Copyright Challenges

The rise of the Digital economy has transformed the content creation, distribution and consumption, but it has also introduced significant copyright challenges. With the ease of online content sharing, streaming and digital reproduction, copyright infringement has become widespread, affecting industries like music, film, publishing and software. Issues such as unauthorized downloads, piracy and content monetization have led to the economic losses for creators and businesses.

Additionally, the new AI-generated content, NFTs and new blockchain technologies have raised questions about the ownership and copyright enforcement in digital spaces. Governments and other international organizations are constantly updating the IPR laws so, that they can evolve from time to time and ensure that there should be a fair use of the law.

⁶ Anushka Gupta, Enhancing Entrepreneurial Growth: Intellectual Property Rights (IPR) in the Context of Micro, Small, and Medium Enterprises, 2024, volume 1, <https://articles.manupatra.com/article-details/Enhancing-Entrepreneurial-Growth-Intellectual-Property-Rights-IPR-in-the-Context-of-Micro-Small-and-Medium-Enterprises>, June 4, 2024

V. CASE STUDIES ON IPR GROWTH

A. USA: A Leader in Strong IPR Protection

The United states has one of the most advanced IPR protection legal frameworks, contributing to its position as a global leader in technology, pharmaceuticals and entertainment. The country enforces strict Patent, trademark and trade secret laws through agencies like the United States Patent and Trademark office (USPTO) and the copyright office. The Bayh-dole Act also played a big role in commercializing government funded research which also helped in encouraging innovation in sectors like Biotechnology and IT. Additionally, the America Invents Act in 2011 modernized and improvised the patent laws. The U.S. also enforces the IP rights through various trade agreements, litigation and WTO dispute settlements.

B. India – Strengthening IPR for Economic Growth and Development:

India has historically been cautious about Strong IPR enforcement, prioritizing public access to essential goods, especially medicines. However, in the last two decades India has strengthened its IPR regime a lot to attract foreign investment from other countries and also to promote innovation at the domestic level in the country. India became the part of the TRIPS agreement in 2005 and as a result of this, it has started to introduce product patents for pharmaceuticals industry which was previously restricted. The National IPR policy of 2016 emphasized IP awareness, enforcement and commercialization in the country. There were many schemes which were started by the administration also to encourage innovation at the grass-root level like Startup India scheme and initially by the time it got success also and it can be clearly visible in the Global Innovation Index where in 2014 India was on 81st position but by the 2021 its position got improved to 48th rank. The Government of India had also introduced IP laws in MSME sector so that it can bring an IP culture in the country and the people who are running Small and medium enterprise must have some knowledge and awareness about the IPR laws which can benefit their business and work in many ways.

C. South Korea – IPR as a Growth Driver

South korea has transformed from an economy which was once criticized for its weak IPR policies and now in the modern times it is a global innovation hub. The government had strengthened its patent laws, improved the enforcement and invested in R&D, leading to rapid growth in sectors like electronics from where Samsung and LG emerged, semiconductors and biotechnology. The Korean Intellectual property office (KIPO) plays a prospective role in patent approvals and dispute resolutions. South korea also implemented strict anti-counterfeiting and copyright laws supporting its entertainment industry by combating digital

piracy. With one of the highest patent filing per capita globally, South Korea's focus on IP protection has directly contributed to its rise as a technology and innovation powerhouse.

VI. POLICY RECOMMENDATIONS

A. Strengthening IPR Frameworks while ensuring Access

To balance IPR protection and public access, policymakers should focus on the following key measures:

1. Flexible Patent Regimes for Pharmaceuticals and Critical Technologies

- Patent laws should allow for exceptions like compulsory licensing in cases of public health emergencies to prevent monopolies and ensure affordable access to life-saving medicines and essential technologies.
- Governments can also implement patent term adjustments or price control mechanisms for critical sectors to balance innovation incentives and public welfare.

2. Incentives for SMEs to Protect and Commercialize Intellectual Property

- Since Small and Medium Enterprises (SMEs) often lack resources to patent their innovations, governments should provide financial support, subsidies, or reduced filing fees to encourage IP registration.
- Training programs and simplified legal frameworks can help SMEs understand and utilize IPR protections more effectively, encouraging entrepreneurship, innovation and economic growth.

3. Stronger International Cooperation on IPR Enforcement and Dispute Resolution

- Strengthening global IP frameworks, such as TRIPS (Trade-Related Aspects of Intellectual Property Rights), can help harmonize patent laws and copyright protections across countries.
- International organizations and agreements should work towards cross-border enforcement mechanisms to prevent IP theft, counterfeiting, and piracy, ensuring a fair and transparent global IP system.

B. Encouraging Open Innovation and Technology Transfer

Innovation thrives when knowledge-sharing mechanisms are encouraged while ensuring fair compensation for inventors. Governments can promote this by:

- Establishing open-access patent pools, allowing shared use of essential patents for global benefit.
- Encouraging public-private partnerships in R&D, facilitating and encourages innovation in key industries.
- Facilitating knowledge transfer between universities and industries, ensuring that research translates into commercial application and it can help in trade and business works in the industries.
- Ensure that this technology transfer will give the security to the investor that his innovation or trade secret will be kept secured.

VII. EPILOGUE

As the global economy becomes increasingly guided by knowledge and innovation, Intellectual Property Rights (IPRs) will continue to shape the future of industries, markets, and nations. The delicate interplay between fostering creativity and ensuring equitable access to knowledge remains an ongoing challenge for policymakers and businesses alike.

The rapid advancement and growth of artificial intelligence, biotechnology, and digital assets introduces new complexities in IPR governance. Nations that adapt their legal frameworks to these emerging trends and create Strong IPR laws while balancing their national economic interests with social responsibility will be better positioned for sustainable growth. Moreover, collaboration among stakeholders—governments, corporations, innovators, and civil society—will be the key in defining an equitable and efficient global IPR system in the future.

As we move forward, the evolution of IPR policies must be guided not only by economic ambitions but also by ethical considerations. The ultimate goal should be to create an innovation-driven world where progress should not be negatively effected by legal monopolies and restrictions, but rather, shared in a manner that benefits all the countries in a positive way.

VIII. REFERENCES/BIBLIOGRAPHY

- Sreenivasulu N.S., Intellectual Property Law- Dynamic Interfaces (Universal Law Publishing, 2017)
- V K Ahuja, Law Relating to Intellectual Property Rights (LexisNexis, 2017)
- Ramakrishna B, Anil Kumar H.S, Fundamentals of Intellectual Property Rights (Notion Press, 2017)
- Peter Menell, Intellectual Property in the New Technological Age 2023 Vol. I Perspectives, Trade Secrets and Patents, (Clause 8 Publishing,2023)
- Oren Bracha, Owning Ideas: The Intellectual Origins of American Intellectual Property, 1790–1909 (Cambridge Historical Studies in American Law and Society), (Cambridge University Press,2019)
