



**RESEARCH PAPER**

**Intellectual Property and Economic Growth: A Review of the Literature**

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**ABSTRACT**

This Study is based on descriptive research and reviews the literature related to intellectual property and economic growth. There is a wealth of literature on intellectual property and economic growth and everyone's opinion is different from another's. Both of them were described as seen by anyone. Literature related to the two has grown exponentially since the advent of TRIPS. Even in developing countries, much has been written about it. With so many new inventions in the world, there has been an increase in literature related to intellectual property and economic growth and this is a very good development. The study concludes by reviewing intellectual property and economic growth related literature that the literature on both of them has highlighted the importance of intellectual property, but the economic importance of intellectual property needs to be further highlighted through good writings.

**Introduction**

This paper covers the literature based on intellectual property and economic growth. Ofili (2014) while taking the case of Nigeria observes that as far as the IP rights protection in developing countries is concerned, it has negative and minimal linkage with innovation rate regardless of whether the developing country is within the low or high gross domestic product band. He also explores that in low GDPCAP developing countries, IP rights protection is sound as compare to high GDPCAP developing countries regarding volume of foreign direct investment arrival. The research applies cross country panel data of 81 countries regarding intellectual property rights protection, extent of trade openness, foreign direct investment flow for the period 1975-2010. Yueh (2006a) through this study explores the new global regime pertaining to intellectual property as well as the implications for economic development. The study provides framework of global IP and presents the link between IPRs and economic

development. It gives theorem behind the process of convergence, technology and growth. The research discusses the importance of laws and institutions. It presents evidence regarding growth and lack of balance in the global economy. Hu, Chen, and Tsai (2014) support the IP rights' impact on economic development as an endogenous factor. The study utilizes the panel data of 46 countries during the period of 2000-2007 and finds negative endogenous linkage between IP rights and economic development. According to the study, population growth, high tech exports etc promote economic growth. Economic freedom and internet use induces intellectual property rights protection. Sarkissian (2008) states the importance of intellectual property system for Iran and developing countries and calculates the benefits and advantages of this system. He collects the information from many sources including current literature, policy documents, and commentaries of the experts, interviews with officials, legislations and official statements and draws a logical picture of main features of Iranian IP system. The study concludes by forwarding recommendations to take benefits of IP system in Iran.

Janjua and Samad (2007) suggest that IPRs in developing countries are considered as important source of economic growth. Being signatories of WTO, the developing countries agree to abide by the terms and conditions required by TRIPS. Otherwise they will be in isolation and this thing will harm their existence. The developing countries should make necessary arrangements for the persuasive implementation mechanism of IP rights. According to the study, IP structure does not play an effective role in the economic development of middle developing countries. Pakistan is one of them. These developing countries' economies are not enough prepared to accept this challenge. In this situation, inflationary pressure, unemployment and BOP may be created by the strong IP structure. In these developing countries, the economic development process is significantly influenced by education, trade flows, political liberties rights and civil liberties rights.

Simensky, Bryer, and Wilcof (1999) answer and explore IP questions in business transactions. He covers the techniques to deal with IP in every kind of business transactions as well as covers the fundamental principles of international intellectual property law.

Wei (2009) envisages the importance of technology for the world and tells that TRIPS purpose is the promotion of technology transfer development. According to him, a conflict is found regarding TRIPS between developed and developing nations. He concludes that TRIPS agreement is unfair. In developed countries' growth, it played an important role whereas for developing countries, its role has not been so significant. The study discusses the provisions of the agreement and concludes that in less developed regions, technology transfer development has not been promoted by TRIPS. It has played a significant role in discouraging the development of developing countries. The research stresses on amendment of this agreement.

Jelisavac (2004) examines the international preservation of IPRs. The study provides the bird eye view regarding variety in rules at the world level and informs us about the significant IPRs conventions. The research discusses the schedule of regulation of IPRs from Paris Convention to TRIPS Agreement as well as their advantages and disadvantages. It concludes by discussing Agreement between WTO & WIPO as final step of co-operation.

Saini and Jain (2011) have basic purpose to see what effect the patent filing has on economic growth of a country leading to sustainable development? They utilize the data of 9 countries for the period of 10 years (2000-2009). The result shows that mixed result has been found in case of Asian Countries. Only the economies of technology based countries are affected by patent applications filing.

Khan (2002) assesses that link between IPRs and economic growth has drawn a great attention from economists. However, the results are conflicting and offer little guidance to policy makers. The study digs into the economic history of copyrights as well as patents in Europe, Japan, and United States and pin points the lessons relevant to developing countries. The research suggests policy options concerning matters in policy framework, the global sector and national IP dynasties and legislation.

Yamin (2003) examines the link among agricultural biotechnology, food security and intellectual property rights especially for developing countries.

Yang (2012) discusses intellectual property within the framework of international business. He presents intellectual property structure, environment, administration and policies relevant to business research and practices.

Thomas and Servaes (2006) discuss intellectual property rights and communications in Asia. The study discusses the efforts of China for copyright protection, in South Asia the meaning, culture and communication of IPRs, IP dynasties in global creative economy, etc.

Matthews (2003) examines the origin, negotiation, content, implementation, impact and future of TRIPS.

Watal (2001) takes a brief view of intellectual property system and discusses the IPRs in World Trade organization and developing nations.

Dutfield (2000) aims to improve the knowing of TRIPS related issues in developing countries and help them regarding IP rights. The research discusses the effect of IP rights on development specifically focusing on TRIPS Agreement. The study provides guidelines to policy makers of developing countries regarding intellectual property rights matters.

Meléndez-Ortiz and Roffe (2009) considers the intellectual property politically and economically a hot issue. The developing countries are under pressure to transform and become more careful in regard to preservation and implementation of intellectual property rights. This study explores the collection of views regarding the current state and future of intellectual property.

Landes and Posner (2009) address the pecuniary network of IP law. The study discusses the economics of trademark law, copyright, patent law, trade secrecy law, etc. The research observes the concept of IP and antitrust as well as political economy of IP law.

Olssen (2004) discusses the problems in way of implementation of intellectual property and possible solutions to overcome these problems. According to him, the law deals with invisible matters that is not easy to hold. Second, there are practical difficulties in teaching enforcement agencies with regard to IP issues and require them to take action quickly. Third, in preventing the evils like piracy and counterfeiting, there are political concerns and economic concerns.

Yu (2007) observes the linkage between IP preservation and economic growth. He explores the traditional link between IP preservation and FDI. The study examines why China developed its IP preservation system even though such development was not necessary for FDI. The study concludes by giving brief view regarding country's sect oral and regional differences, its insufficient growth for sound IP preservation, and its development in IP preservation both at microscopic level as well as qualitative level.

Nastase (2010) applies intellectual property as intangible property that comes into being because of human creation. The intellectual property with other material goods as well as natural resources is used for creation of products and this thing brings national wealth.

Sherwood (1990) discusses the relationship between IPRs and economic development. The study examines whether economic development is possible without intellectual property right.

Ravindran (2015) finds four phases of IP including creating, protecting, utilizing and enforcing intellectual property and asserts that legal problems appear at each stage and firms should know the legal implications at each phase of IP. The study observes that today economic growth is technology based. That is the reason IP laws cannot be changeless. The IP laws are becoming more tight and rigid containing more challenges and opportunities.

Mansoor (n.d.) addresses the intellectual property law and its implementation in Pakistan. The research reviews the history of intellectual property laws in Pakistan as well as courts decisions regarding intellectual property rights. The study also observes the link between Pakistani IP law and

globalization. The IP laws implementation is essential both economically and otherwise. The paper concludes that on the one side, intellectual property laws requires international alliance but on the other side, these laws are impossible to enforce. The ground reality is different. The single world order is not there. Every country has its own environment in which it has to enforce its intellectual property laws. It is the diversification of these territories each of which has independence that permits world piracy to succeed.

Long (1997) finds that international piracy has become a major issue for industrialized countries especially United States of America. This international piracy is really dangerous for American economy. The study insists that the developing countries should enforce intellectual property laws for the long lasting benefits. The paper describes that if the laws are there but they are not being enforced, they are as worse as the absence of laws.

Gorasia (2002) investigates that the effect of Article 27 of TRIPS cannot be ignored in developing countries. According to the author, enforcement of this Article will diminish the FDI and technology transference in developing nations. TRIPS Agreement is just a tool through which developed community wants balance of power in their favor.

Hassan, Yaqub and Diepeveen (2010) explore critics of TRIPS Agreement consider it bad for developing countries regarding their economic development whereas supporters favor it counting its benefits for developing countries. The research tries to find out the positive and negative effects of TRIPS in five areas tasked by IPO UK including innovation, trade, public health, traditional knowledge and genetic resources. The study finds knowledge gap existing in literature and demands for further research.

Aslam (2000) considers the present copyright law weak and according to him, it should be strengthened. According to him, Pakistan is signatory of many international agreement and conventions but like other developing countries, it too is facing the problems regarding implementation of a stringent copyright as well as other intellectual property preservations laws. Pakistan like other developing countries is also facing pressure by developed countries to enforce IPRs under International Copyright Order and Berne Convention. If it is not done, there would be obvious clash between Economics and ethics. The study considers the piracy unethical. Theoretical, Pakistan is agreeing to enforce copyright law but in practice, a lot of hurdles are there. The research reveals that because of piracy, millions of rupees loss is being afforded by government every year. The impact of piracy is not only on development of new textbooks as well as it causes deprivation of publisher's income and revenue. The piracy causes the development of culture as well as deprives the local authors of their royalties. It discourages them from further writing. The piracy is giving the bad name to Pakistan internationally and thus a major obstacle in way of foreign investment. The foreign investors are

hesitating to invest in Pakistan due to copyright piracy. To give a deterrent touch to the copyright law, more strict penalties should be included and implemented. The government should take all steps to enforce the copyright law and it should to minimize the taxes and levies on ink, paper and plates etc. so that it can help to reduce the piracy of copyright.

Khalid (2010) concludes that copyright industries' social, economic and cultural role cannot be ignored. These industries create jobs, help in promoting trade and generate wealth. The purpose of this probe was to analyze the true economic impact of copyright sector. So that measures be taken for the persuasive IPRs preservation. The study forwards recommendations including creating awareness among masses, law makers, media, artists, government officials, starting advocacy campaigns, Intellectual property organization Pakistan capacity building, appointing copyright vigilance personnel, encouraging public private partnerships and growth of copyright industries.

### **Conclusion**

Much has been written and is being written about the relationship between intellectual property and economic growth. Some said that intellectual property was very important for economic development of the country, while others considered it unnecessary. Some say that intellectual property benefits only developed countries, while others say that it is beneficial to developing countries as well. However, the importance of intellectual property cannot be denied and this is clear from all the literature discussed above. The importance of intellectual property needs to be highlighted in more good writings.

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