

Intellectual Property: Vital Protections Promoting Healthy Trade

Allen Dixon, Director, Ideas Matter

Economies benefit from effective IP standards regardless of their trade priorities.

The ICC has long supported vigorous international trade as a benefit both to the economy and society—helping to spur continuing innovation and the most competitive prices for the goods and services that we all want and need.

In an era when free-trade deals are sometimes protested in the streets, and economies like the UK and the US are considering domestic preferences; effective intellectual property (IP) protections remain vital for innovation, businesses small and large, the economy, consumers and society.

IP and other intangibles now comprise as much as 70% of the assets of most of the world's leading companies, and can often represent the sole value of innovative start-ups and other small companies. It is thus important to keep in mind how IP functions as an essential element of innovation and economic growth, regardless of how countries and economic blocs balance their trade policies and priorities.

1. Intellectual property promotes innovation. The ICC's overview of the important role of IP, [Intellectual Property: Powerhouse for Innovation and Economic Growth](#), reviews the major studies and evidence of the benefits of intellectual property. Among the evidence reviewed, the study details how effective IP protection is linked to higher investment in research and development—a 25% to 35% R&D uplift in the pharmaceutical sector, for example.

IP also helps companies receive greater returns on their investments, promotes technology transfers, and provides a firm foundation that encourages the sharing, publication and licensing of technologies.

2. Intellectual property promotes the economy. Sectors that rely on IPR protection are substantial contributors to virtually every economy. [US Commerce Department](#) and [EU IP Office](#) reports in late 2016 found that 38%-42% of these economies' GDPs is attributable to IP-intensive industries. Even in developing countries, this figure can be 2%-6% of GDP in the copyright sectors



alone, with foreign direct investment (FDI) in these countries improving by 2%-8% with even a 1% improvement in IP protection.

3. Intellectual property helps companies small and large. Firms of all sizes use IP to help develop, value, conduct trade in, and benefit from their works and inventions. Firms that rely on IP generally succeed better – with higher productivity (10%-30% higher in the UK, for example), higher income, higher wages, greater growth, and higher market values – than those that do not.

4. Intellectual property benefits consumers. Besides being an important guarantee of consumer trust and a first line of defence against defective and even harmful counterfeits, IP protections support the continuous development of new and innovative, competitive products and services that benefit all consumers.

5. Intellectual property benefits society. IP is helping to support developments that address many of society's most important needs, from clean energy to health care to a truly 'digital economy'. By contrast, poor IP protections or enforcement, resulting in greater counterfeiting and piracy, simply undermine such developments.

Many of the world's leaders from all sorts of economies have publicly recognised these benefits of IP, particularly for the economy and trade. For example, UK Prime Minister Theresa May, in signing a new trade deal with India in late 2016, [mentioned](#) better IP protections as one of the ways that the UK and India were working to "make it easier to do business in India". The [European Commission](#) has emphasised that "the protection and enforcement of intellectual property go to the heart of the EU's ability to compete in the global economy".

The effective protection of intellectual property is thus likely to maintain its vital role in promoting innovation and economic growth, even as the world's economies and trading blocs take stock of their trade priorities and practices.

Mr. Dixon is a leading lawyer and consultant in the intellectual property and information technology field, and has advised high technology and traditional content companies and industries in various capacities on three continents for more than 25 years. He is also director of the IP awareness initiative IdeasMatter.com.

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