

Innovation, Intellectual Property Rights And Entrepreneurship

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ABSTRACT

Intellectual Property Rights (IPRs) are gaining considerable predominance in this technology driven, knowledge-based economy. Modern business scenario is highly competitive forcing the business firms to come up with innovative products and services to delight the customers with the aim to satisfy their ever-changing needs. It can be seen that innovation is the key for business to survive in this competitive business environment. In this era where innovation driven entrepreneurship is being strengthened, the role of IPR is of prime importance in protecting the creations of human mind as they afford several competitive advantages for enterprises that hold them. The study helps to gain an overview about the link between innovation, IPR and entrepreneurship and the importance of IPR in enhancing entrepreneurship. Further, the study helps in understanding various interventions and initiatives of Government with regard to IPR in the area of entrepreneurship.

Keywords: Entrepreneurship; Government; Initiatives; Innovation; Intellectual Property Rights

I. INTRODUCTION

In a developing economy the culture of entrepreneurship is indispensable. Existence of entrepreneurial spirit acts as a facilitator to accelerate socio-economic progress through effective and efficient utilization of resources.

Arthur. H. Cole defines **entrepreneurship** as “*the purposeful activity of an individual or a group of associated individuals, undertaken to initiate, maintain or aggrandize profit by production or distribution of economic goods and services.*” Modern economists have given the status of ‘fourth factor of production’ to entrepreneurship, the process of employment creation, identifying its significance in the process of economic development. “In the long run, innovation and employment creation go hand in hand, contributing to an inclusive and high-employment economy.” (OECD, 2010) It highlights the tremendous value of innovation in the process of entrepreneurship.

Complimenting it, The Kerala Perspective Plan (KPP) 2030 prepared by the Kerala State Planning Board in 2015 outlines its vision as to make Kerala a prosperous, knowledge-driven, competitive and eco-efficient economy, with a spirit of entrepreneurship, innovation, social inclusion, tolerance and diversity, among the world’s advanced economies.

Innovation is the process of introducing something new and entrepreneurship is fundamental to transform the idea into practical application. It is nothing but an act of human creativity which is required to create value and thereby socio-economic development in the country.

According to the Global Innovation Index (GII) 2018, a global ranking published by World Intellectual Property Organization (WIPO), India has moved up from 60th rank in GII 2017 to 57th out of 130 countries in GII 2018 and has become a top-ranked economy in Central and South Asia. (Global Innovation Index (GII): India ranks 57th...). The OECD (Organization for Economic Co-operation and Development), a think-tank for rich countries, defines **innovation** as “new products, business processes and organic changes that create wealth or social welfare.” Richard Lyons, the chief “learning officer” at Goldman Sachs, an

investment bank, offers a more condensed version: “fresh thinking that creates value”. (Vaitheeswaran, 2007)

Intellectual Property (IP) systems can play a vital role in transforming the innovation potential and creativity of new venture into market value and competitiveness. Whether an enterprise’s decision to innovate is the impact of the overall strategy of business or in response to developments in the marketplace, it is indispensable that an innovative idea must be considered as a secret if an enterprise desires to acquire potential commercial benefits from the idea (i.e. the information surrounding the creation of the idea must be guarded carefully as a *trade secret*). (Kalanje)

Intellectual Property (IP) refers to creations of the mind and Intellectual Property Right (IPR) is the exclusive right provided to the creator for a certain period of time over the use of their creation to benefit from their investment in creation. (S. Lakshmana Prabu, 2012). Patents, trademarks, industrial designs, geographical indications, copyright and related rights etc. are the various forms of Intellectual Properties and they are governed by diverse Acts under IP laws. IPR is an intangible asset indicating the earning potential of the entity and is territorially limited. (i.e., these laws are applicable only in the country in which it is imposed.) (Subject: Management)

(i) Statement of the Problem

Modern business scenario is highly competitive forcing the business firms to come up with innovative products and services to delight the customers with the aim to satisfy their ever-changing requirements. Government of India is also very proactive in pursuing various initiatives for fostering innovation driven entrepreneurship in the country. When on one hand the innovation is promoted, there emerges the need to safeguard the innovation on the other hand as this poses challenge to the business. Here arises the need for Intellectual Property Rights (IPRs). Today there is dire need, especially for entrepreneurs to become aware of it. IPR protection is essential for any brilliant inventor for the reason that it grants them recognition and stability in business as well as to gain commercial benefits and keep away from commercial disputes.

Considering all the above, it is imperative to understand the link between innovation, IPR and entrepreneurship, importance of Intellectual Property Rights (IPRs) in entrepreneurship and to get an overview about various interventions and initiatives of the Government with respect to IPR in the area of entrepreneurship to sustain innovation and growth.

(ii) Objectives

The main objectives of the study are:

1. To understand the link between innovation, IPR and entrepreneurship.
2. To understand the significance of Intellectual Property Right (IPR) in entrepreneurship.
3. To understand various interventions and initiatives of the Government in the area of IPR with regard to entrepreneurship.

II. METHODOLOGY

The study is based on secondary data collected from various published sources such as reports of government authorities, reports of World Intellectual Property Organization (WIPO), government websites, books and articles in journals and newspapers. For the purpose, keywords were selected and used to access relevant data from authentic electronic databases.

III. DISCUSSION

(i) Link Between Innovation, IPR and Entrepreneurship

Invention is the process of creating something that has never been made or never existed before. It is the materialization of a new idea whereas innovation turns ideas into value. These Creations of the mind are

referred to as Intellectual Property (IP). Not all inventions can be converted into IPR, only those that qualify for the criteria of IP laws generate IPR. Entrepreneurship is fundamental in transforming ideas into practical application. In this changing economic environment, protection of IP is gaining prominence. Once protected, rights are conferred on the creator which offers a wide range of benefits providing advantage in cutting edge competition and enhanced reputation as market innovators. This consequently provides motivation for engaging in Research and development (R&D) activities that can result in further inventions. This cyclic process representing the link between innovation, Intellectual Property Rights (IPRs) and entrepreneurship is depicted in Figure.1

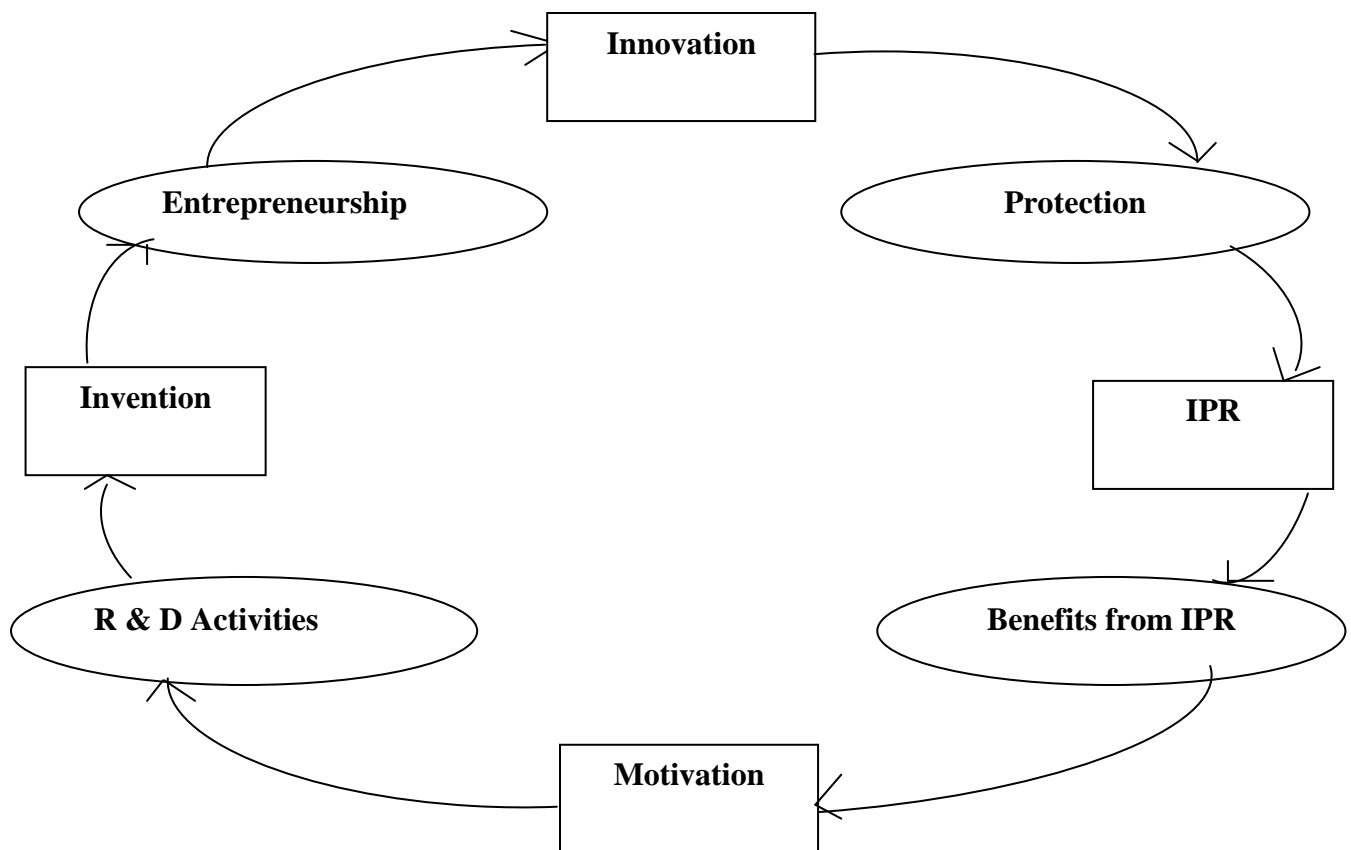


Figure: 1 self-made by the researcher

(ii) Significance of Intellectual Property Rights in enhancing Entrepreneurship

Entrepreneurial approach is one of the main strategies to generate wealth from innovation. Intellectual Property Right (IPR) is a powerful defense mechanism to derive competitive advantage through protection of invention. IPRs are gaining prominence due to the changes in global economic environment. To stay ahead of competitors, entrepreneurs must either continuously launch innovative products and services or upgrade the quality of existing products and services. Safeguarding the idea for exclusive usage and propagation is only one of the many roles that IPR play. It provides business the freedom to safely operate and grow for a certain period of time without worrying about potential infringers. This in turn can aid in recovering the initial investment and accordingly motivates in investing further in innovation. Further, IP ensures that invention does not infringe any third-party IP, gives clarity to ownership that can avoid unwarranted litigation and disrupt the smooth functioning of the business. This is especially true in the case of start-ups. Intellectual Property can be utilized for licensing as well as in obtaining external finance by using IP as collateral for funding.

Globalization and technological development have brought a new realization of the worth of Intellectual Property to entrepreneurs and innovators, and both are waking up to the need to safeguard it and to build "a

strong bridge between invention and the market place." It is therefore, becoming obligatory to acquire Intellectual Property to survive in the global competition.

As far as inventors, entrepreneurs, and enterprises, especially Small and Medium Enterprises (SMEs) are concerned, to make a product reach the market is a challenge; hence the concept of "valley of death" in innovation (the "valley of death" normally starts from the period an invention has been made to the launching of a new product/process) exist. During this initial stage, most of the inventions collapse due to the absence of external support in the form of funding, technical know-how etc and in turn find it to be commercially unfeasible. (Kalanje)

If used strategically, Intellectual Property (IP) rights can provide a better chance of successfully reaching the marketplace. It also extends a strong negotiation position when it comes to business networks (Kalanje) which allow Intellectual Property (IP) owners outshine in the competitive business arena. Thus, Intellectual property rights can be used effectively to clear the way for successful innovation.

Still there exist the problem of unawareness about IPRs which is reflected in the conceptual study conducted by an international patent analytics and market research company, Einfolge on 'Intellectual Property: Rights, Need & Awareness' in 2018 which discloses that most of the respondents including students, scholars, teachers and managers from 203 educational institutions spread across the states such as Karnataka, Tamil Nadu, Kerala and Telangana were not fully aware about the advantages offered by Intellectual Property (IP) and other related issues. Those who were unaware about Intellectual Property Rights (IPRs) included around 35% respondents actively engaged in research and innovations. The study recommended that, to increase knowledge on the importance and benefits of protecting IPRs, educators need to integrate IP into their curriculum discussions. (Sharma, 2018)

It is of utmost value to an entrepreneur to be aware about intellectual property right and safeguard it from the inception of business since it not just extends a relevant revenue stream but also a powerful tool to elevate their competitive edge and enhance reputation as market innovators.

(iii) Interventions and Initiatives in the area of IPR

For the purpose of protecting Intellectual Property Rights (IPRs), India has a strong framework of legislative, administrative and judicial systems which meets its international obligations to address its developmental concerns while utilizing the flexibilities provided in the international regime. Indian Intellectual Property (IP) system strikes a fine balance between private rights through IPRs as well as the rights of the society as public interest. (Intellectual Property Rights Regime in India- Initiatives by the Government, 2018)

The mission statement of National IPR Policy mentions about nurturing creativity and innovation to boost entrepreneurship and enhance socio-economic and cultural development through the stimulation of a vibrant IPR system in India. (IPR Awareness- Creative India, Innovative India!)

Further, as per the National Skill Development and Entrepreneurship Policy 2015, entrepreneurship based on innovation has huge growth potential. The policy framework for entrepreneurship mentions about promotion and strengthening of intellectual property rights that can pave way to motivate innovators, universities and institutions to patent innovative ideas and technologies.

The budding entrepreneur needs not only knowledge (science), but also novel ways of thinking, different kinds of skills and new modes of behavior (arts). Traditional teaching methods have to be complemented with entrepreneurial approaches, which basically include learning by doing and extending opportunities for students to actively participate in as well as control and mold the learning situation (Kirby, 2002)

As part of incorporating Intellectual Property Rights (IPRs) in school syllabus, NCERT curriculum of Commerce for Class XII includes content on IPR. Further, a chapter on 'IPR, Innovation & Creative Works' is being covered in NCERT's "Handbook on Entrepreneurship for Northeast Region (NER)". (Intellectual Property Rights Regime in India- Initiatives by the Government, 2018)

Another article points out that entrepreneurship is a critical vehicle for the introduction of innovation and that most OECD (Organization for Economic Co-operation and Development) countries have started to promote entrepreneurial skills at all levels of education (Hytti & C, 2004)

To boost entrepreneurship and job creation in the country, National Institution for Transformation of India (NITI Aayog) has missions such as:

(a) SETU- the Self-Employment and Talent Utilization scheme which is a Techno- Financial, Incubation and Facilitation Programme to support all aspects of start-ups and other self-employment activities, especially in technology driven areas. (Atal Innovation Mission)

(b) Atal Innovation Mission (AIM) an innovation promotion platform involving tinkering labs for students (Class 6th to class 12th) to innovate through a 'do-it-yourself' approach. The labs will provide a platform for students to discover the so-called skills of future such as design and computational thinking, artificial intelligence and adaptive learning which go beyond regular curriculum and text book learning. Apart from receiving recognition for the work done and safeguarding the innovation from being copied by other people for undue advantage, intellectual property is important to Atal Tinkering Labs (ATLs) to identify the original concept, in case all ATLs build similar prototype. (Atal tinkering labs)

Understanding the need to safeguard intellectual wealth from manipulations and to employ it for the enhancement of the society at large, University of Kerala has established a Center named Intellectual Property Management & Industrial Consultancy Centre (IPM-ICC) in the university. (Intellectual Property Rights - IPR)

In addition, the 'Make in India'- Intellectual Property Facts, mentions that the complexities have been removed from the system of filing and processing of IP applications. The common perception is that large companies dominate the economies. But the reality is that the Small and Medium Enterprises (SMEs) and start-ups contribute more and serve as backbone to the economy. With the intention to motivate the Micro, Small and Medium Enterprises (MSMEs) to protect their knowledge assets, the fee payable by the applicants belonging to MSMEs is reduced to 50% as compared to other legal entities. With regard to filing and other procedures in connection with patent applications, 80% fee concession is available to startups as compared to other legal entities.

Further, as part of 'Startup India' an initiative to support early-stage startups, the Government of India has launched the 'Scheme for Facilitating Start-Ups Intellectual Property Protection (SIPP), to foster their innovation and creativity along with actively encouraging protection, promoting awareness and commercializing it by extending IP services and resources of superior quality. (Aggarwal, 2019) Under the scheme, the Government bears the whole cost of the facilitator/ lawyer or agent who serves the startup in filing any number of Patents, Trademarks or Designs. (Intellectual Property Rights Regime in India- Initiatives by the Government, 2018)

Government of India is working on awareness and facilitation through Cell for IPR Promotion and Management (CIPAM) under Department of Industrial Policy and Promotion (DIPP). (IPR Awareness-Creative India, Innovative India!).

The above-mentioned information highlights the fact that the growing importance of protecting intellectual property in the highly competitive business scenario is being recognized by the Government.

IV. RECOMMENDATION

Various awareness programs are conducted and others planned to be conducted. But to earn advantage from the Intellectual Property Right (IPR), the IP system should be properly administered and entrepreneurs should be well-informed about the importance of IPR. Just as issuing reminders for filing of advance tax and income tax, Government authorities can issue ads or pass information to the general public through radio, newspaper etc. To unleash the innovation potential through entrepreneurship, India has to continue upgrading the IP landscape favoring human creativity and generating wealth for society by way of IPR laws, its awareness and implementation.

V. CONCLUSION

Intellectual Property Right (IPR) is an exclusive right which is conferred upon the creator over the creations of their minds for a certain period of time accompanied with a bunch of benefits. The study gives an insight to society in general on the link between innovation, IPR and entrepreneurship and significance of Intellectual Property Right (IPR) in entrepreneurship which is not just limited to protection of invention. Further, it portrays how concerned the Government is towards creating and stimulating a vibrant IPR system in the country through various interventions and initiatives. The study will especially help potential innovative entrepreneurs to gain an overview on the matter that would encourage them to avail the fruit of Intellectual Property (IP) they create.

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