



# Why Are Intellectual Property Rights Important?

The current global economic crisis is focusing renewed attention on the urgent need to incentivize and protect innovation to both solve the world's most challenging problems and to generate jobs and economic growth. Intellectual Property (IP), which refers to everything from inventions to the creative arts, drives innovation and improves our lives—generating life saving devices and medicines, discovering new energy and climate-saving technologies, finding novel ways to create and deliver information, and generating consumer goods of all types. IP-intensive industries employ over 18 million Americans, and many of them are in higher-paying jobs and faster-growing fields. Indeed, the nation's—and the world's—future economy will be in industries that rely on innovation and strong IP rights. Below are some specific arguments and facts about the importance of fostering effective protection of IP, in particular patent, trademark, and copyright protection and enforcement.

## Intellectual Property Creates and Supports High-Paying Jobs

- *IP-intensive industries employ over 18 million Americans, and hundreds of millions of people worldwide.*
- *Jobs in IP-intensive industries are expected to grow faster over the next decade than the national average.*
- *Manufacturing workers in IP-intensive states earn about \$7,000 per year more on average than employees in non-IP ones.*
- *From 2000-2004, the average worker in an IP-intensive industry earned about 44% more than his counterpart in a non-IP one, while new science and engineering jobs were created at a 28% higher rate in IP-intensive industries than in others.*
- *The average salary in patent-intensive industries, like pharmaceutical manufacturing companies, exceeds the average manufacturing wage by as much as 62%.*

## Intellectual Property Drives Economic Growth and Competitiveness

- *America's IP is worth over \$5 trillion, more than the nominal GDP of any other country in the world.*
- *IP accounts for more than 50% of all U.S. exports, helping drive 40% of U.S. economic growth.*
- *America is a net exporter of IP, contributing \$37 billion to our 2006 trade balance.*
- *From 2000-2004, a time when overall manufacturing employment dropped by more than 16% in the U.S., pharmaceutical and biopharmaceutical manufacturing companies increased their employment by more than 8%.*

## Strong and Enforced Intellectual Property Rights Protect Consumers and Families

- *Strong IP rights help consumers make an educated choice about the safety, reliability, and effectiveness of their purchases*
- *Enforced IP rights ensure products are authentic, and of the high-quality that consumers recognize and expect*
- *IP rights foster the confidence and ease of mind that consumers demand and markets rely on*

## Intellectual Property Helps Generate Breakthrough Solutions to Global Challenges

- *Nearly all of the 300 products on the World Health Organization's Essential Drug List, which are critical to saving or improving people's lives around the globe, came from the R&D-intensive pharmaceutical industry that depends on patent protections.*
- *Innovative agricultural companies are creating new products to help farmers produce more and better products for the world's hungry while reducing the environmental impact of agriculture.*
- *IP-driven discoveries in alternative energy and green technologies will help improve energy security and address climate change.*

## Intellectual Property Rights Encourage Innovation and Reward Entrepreneurs

- *Risk and occasional failure are the lifeblood of the innovation economy. IP rights incentivize entrepreneurs to keep pushing for new advances in the face of adversity.*
- *IP rights facilitate the free flow of information by sharing the protected know-how critical to the original, patented invention. In turn, this process leads to new innovations and improvements on existing ones.*
- *America's Founding Fathers so recognized the importance of innovation that strong IP rights for authors and inventors are protected in the U.S. Constitution, thus making America the world's "idea factory"—a fact borne out by the overwhelming number of patents, copyrights and trademarks filed by the U.S. annually. It is this strong IP protection that brought the USA from the agrarian society it once was to the industrial powerhouse it is today. We must protect this.*

Bringing all of these important and diverse points together is the fact that protecting IP is a non-partisan issue that is shared by a broad coalition of interests. These rights are embraced by all sectors of industry—small, medium and large companies alike—and by labor organizations, consumer groups, and other trade associations we bring together.

# Frequently Asked Questions About Intellectual Property

## *What is Intellectual Property?*

Intellectual property, or “creations of the mind,” can refer to everything from an inventor’s creation to an artist’s painting. These important innovations are protected by trademarks, copyrights, patents, and trade secrets.

## *Why is Intellectual Property Important?*

Intellectual Property (IP) encourages innovation and rewards entrepreneurs, drives economic growth and competitiveness, creates and supports competitive jobs, protects consumers and families, and helps generate breakthrough solutions to global challenges.

## *Who is Affected by Intellectual Property?*

Everyone! IP drives our economy, creates jobs, facilitates the development of products and services that improve and enrich our lives, and allows consumers to make an informed choice about product quality and safety.

## *What Industries are Affected by Intellectual Property?*

IP rights affect every industry, including fashion, automotive, medical, energy, entertainment, electronics, biotech, consumer goods, and green technologies, to name a few.

## *What are the Major Threats to the Intellectual Property System?*

Around the world, the current IP regime is under attack from foreign governments, NGOs, and special interest groups.

- Thailand and Brazil continue to issue compulsory licenses in an improper manner on patent-protected medicines developed by U.S. companies, often without prior consultation with the patent holder.
- Special interest groups have attacked the very concept of IP at UN agencies like the World Health Organization.
- Officials from China and India, both of which are major CO2 emitters, assert that they cannot meet new emissions requirements without free or significantly discounted access to cleaner and more energy efficient technologies.

## *What Can be Done to Strengthen and Defend Intellectual Property?*

Strengthening and defending IP rights requires efforts in the United States, and abroad in foreign capitals and multilateral organizations. The Global IP Center’s IP promotion and enforcement efforts are guided by three goals:

- Strengthen government support for IP in the U.S.
- Improve and defend IP globally, in multilateral forums, and in key countries.
- Raise awareness and increase support for the value of innovation and IP with key audiences.

## *How do Intellectual Property Rights Drive Innovation?*

As Abraham Lincoln said, “the patent system added the fuel of interest to the fire of genius...” IP protections ensure that American scientists, engineers, artists, writers, entrepreneurs and innovators recoup their investment and are rewarded for their work, incentivizing them to develop new ideas. This is why our nation’s Founding Fathers guaranteed our intellectual property rights in the Constitution.

The patent system is the engine of the idea factory. In exchange for exclusive rights for a limited period of time, the inventor must publicly disclose the technical know-how behind a new invention. This allows other innovators to leverage past discoveries, constantly injecting new ideas into the public domain.

## *How can I help Protect Intellectual Property?*

It’s easy. You can begin by learning more about IP—and how it benefits our economy and society—by visiting the Global IP Center’s website ([www.theglobalipcenter.com](http://www.theglobalipcenter.com)) and then talking about IP to your friends and colleagues. You can also get more involved by helping the GIPC with policy advocacy. We can help get you started; just write or call us.