The Importance of Protecting Intellectual Property

By Jennifer Burnett [1]
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America’s economic engine is fueled by intellectual property rights, which drive innovation and protect consumers.

“There isn’t a sector in the economy that isn’t driven by IP today,” Former Washington Attorney General Rob McKenna told the CSG Intergovernmental Affairs Committee Monday afternoon.

The direct and indirect economic impacts of innovation are overwhelming—accounting for more than 40 percent of U.S. economic growth in employment, 30 percent of higher wages and 74 percent of total exports.

“When we are talking about intellectual property, we are talking about patents, trademarks and copyrights,” said Morgan Reed, executive director of the Association for Competitive Technology.

According to the Global Intellectual Property Center at the U.S. Chamber of Commerce, intellectual property-intensive companies supported more than 55 million direct and indirect jobs in 2008 and 2009.

Intellectual property even fuels companies not traditionally associated with it.

“For example, automation in manufacturing now depends on things like software, computerization and robots, which are all built on IP,” said Stephen Ezell, senior analyst for The Information Technology and Innovation Foundation. “That means that the intellectual property components are now more valuable than all of the machines, tools and factories—it now accounts for well over half of the value of American manufacturing enterprises today.”

“America’s economy is increasingly IP dependent,” Ezell said. “But that makes it susceptible to IP theft.”

Intellectual property theft can have big consequences. For example, music piracy alone is estimated to cost the U.S. economy $12.5 billion in losses and 70,000 jobs annually.

“It is taking a tremendous toll on the U.S. economy,” said Ezell.

Protecting intellectual property and enforcement of IP laws is paramount to encouraging innovation—and therefore important to economic development.

“You can’t have innovation without the protection of ideas,” said Ezell.
Concerns about intellectual property protection aren’t limited to just a few states.

“If you think that this issue doesn’t apply to your district or state, just look a little closer, I guarantee this is an issue your district,” said Reed.

According to Reed, state policymakers can take a leading role in making sure intellectual property in the U.S. is protected and experts should engage state officials if they want to make progress.

“State government is where you go to get something done—not just talk about it,” he said.

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