Intellectual Property Rights in the Corporate World

by

Kartik Choudhary

&

Diksha Sethi

Abstract

In today's globalized economy, Intellectual Property Rights (IPR) have become a central pillar of corporate strategy, innovation, and competitiveness. This paper examines the evolution, purpose, and significance of IPR, focusing primarily on patents and their influence within the corporate sector. It explores the historical progression of patent law, tracing its development from the early legal frameworks to the establishment of India's Patent Act, 1970, and subsequent amendments aligning with international obligations under the TRIPS Agreement. The paper further elaborates on the procedural steps involved in obtaining a patent, emphasizing its role in safeguarding innovation, stimulating research, and supporting industrial development. Through detailed analysis, it highlights how patents have transitioned from mere legal protections to strategic business assets that drive revenue generation, strengthen corporate valuation, and foster collaboration and technological advancement. Moreover, the discussion underscores the impact of patents on economic growth, particularly in developing nations like India, where the balance between innovation and public interest remains crucial. Case studies such as *Apple Inc. v. Samsung Electronics Co.* demonstrate how patents function as both defensive and competitive tools in global markets. Overall, this study concludes that the effective management of patents not only secures intellectual assets but also enhances the economic and technological landscape, making them indispensable for modern corporate sustainability and progress.

Introduction

Presently, the corporate environment is a fast-changing global economy characterized by the presence of ideas, innovation, and creativity. Intellectual Property Rights (IPR) protect intangible assets to ensure inventors and corporations can commercially exploit innovations or intellectual effort with sound legitimacy. IPR includes a wide spectrum of ideas — patents, trademarks, copyrights, industrial designs, geographical indications, and trade secrets — essential for supporting innovation and fair competition. [1]

Patents, in particular, are of broad and prime significance to the corporate sector by protecting technological innovation and invention that underpin industrial development. From pharmaceuticals to electronics, from automotive to software, patents have become a strategic asset that defines a company's market power, research investment, and sustainability[2] into the future. This article will investigate the definition of patents, their historical developments, procedures, and significance in the corporate environment with a focus on India.

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1. Meaning of Patent

A patent is a legal right that is exclusive to an inventor or assignee granted by a government for that specific invention. A patent gives the holder the right to stop others from making, using, selling, or distributing the invention without permission for a limited amount of time (typically 20 years from the date of filing, Indian Patent Act, 1970, Section 53).[3]

In other words, a patent is a reward for an invention, which is a temporary exclusive grant between an inventor and society. The inventor is rewarded with a having an exclusive grant in exchange for disclosing the technical aspects of the invention to the public. Disclosure adds to the stock of society's knowledge, to be the basis for further technological progress once the

[1] World Intellectual Property Organization (WIPO), Understanding Intellectual Property (2023). https://www.wipo.int
[2] OECD, Intellectual Property and Innovation in the Global Economy (2022).
[3] The Patents Act, 1970 (India)

patent term has lapsed[4]. An invention must satisfy three basic requirements to be patentable (WIPO, 2023): [5]

1. Novelty - the invention cannot be known at the time it is being applied for;
2. Inventive Step (Non-obviousness) - the invention must have technical or creative advance, that was not obvious to an expert in your technical field; and
3. Industrial applicability - the invention must be capable of being made or used in any industry.

For Instance, in the pharmaceutical industry, companies patent a new drug molecule in order to recover their huge research and development costs. Whereas, in the technology industry, companies such as Apple, Samsung, and IBM obtain thousands of patents in order to stay ahead of their competition.[6]

Patents are not just a legal protection; they are also a tactical tool for innovation-driven economic growth.[7]

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2. History of Patent in the Corporate World

The idea of patents is not a new idea. It dates back all the way to the Renaissance period when Kings allowed craftsmen and inventors granted exclusive privileges. The **first modern patent law** passed in Venice in the year 1474, allowing inventors ten years of exclusive use to attempt to prevent others from imitating their new devices. [8]This type of early legal background set the stage for modern patent systems.

Patent Evolution in India

In the Indian context, patent law began in 1856 with the introduction of the first legislation in India to promote innovation by the British government. The **Act VI of 1856** was modelled after

[4] WIPO, Patent Law Basics (2023)
[5] Ibid
[6] Chaudhary, A., Corporate Patent Strategies, Journal of Intellectual Property Law, Vol. 5
[7] OECD, supra note 2.
[8] Machlup, F., An Economic Review of the Patent System (1958).

British law, which said it was to grant "exclusive privileges" [9]to inventors for their inventions. This Act was repealed and reintroduced multiple times because of administrative and structural problems. Legislation such as the Patent and Designs Act of 1911 covered earlier legislation and was the first comprehensive Indian patent statute, but like the earlier law it was really about British industry interests and not Indian innovation taking place (Kumar, 2021).[10]

The subsequent legislations, namely the **Patent and Designs Act of 1911**, incorporated the previous legislation and became the first all-encompassing patent law in India. This law, however, served primarily to protect the industrial interests of British companies rather than foster indigenous innovations. (Kumar, 2021)

After independence, India recognized the need to create a patent framework compatible with national interests. Hence, the **Indian Patent Act, 1970** was enacted on the recommendations of the Justice Ayyangar Committee Report (1959) [11]which abolished product patents in a number of important sectors, such as food and pharmaceuticals, that ensured availability and affordability but retained process patents.

Nevertheless, globalization and India's entry into the **World Trade Organization (WTO) in 1995** under the **TRIPs Agreement (Trade-related Aspects of Intellectual Property rights[12])** both necessitated the conformance of Indian law with international norms. In order to comply with TRIPs[13], India amended its patent law on three occasions, it amended patent legislation in **2000, 2003 and in 2005**.

The importance of the **2005 Amendment** is highlighted by it reintroducing pharmaceutical and agricultural chemical **product patents** that were consistent with international norms. During this changeover, India had also acceded to several major international treaties such as:

- **The Paris Convention for the Protection of Industrial Property (1883)**
- **The Patent Cooperation Treaty (PCT, 1970)**
- **The Budapest Treaty (1977)**

[9] The Act VI of 1856, India.
[10] R. Kumar, *Evolution of Patent System in India: From Colonial Legacy to TRIPS Compliance*, 12 Indian J. L. & Pol'y 1 (2021).
[11] Justice Ayyangar Committee Report, *Report on the Revision of the Patents Law* (1959), Gov't of India
[12] World Trade Organization (WTO), *Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS)* (1995).
[13] The Patents (Amendment) Act, 2005.

These changes showcased India's movement away from a developing IP system into an integrated global patent regime, which balanced innovation with the interests of the public.

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3. Procedure to Obtain a Patent

The process of filing a patent application includes a number of consecutive steps that are guided by the **Indian Patent Act, 1970 and the Patent Rules, 2003**. The process is structured and generally assures that only a genuine, novel, and applicable invention seeks protection through a patent[14].

Step 1: Patent Search

Before filing, a **patentability search** is conducted to check whether a similar invention already exists. This step helps avoid duplication and rejection later. The Indian Patent Advanced Search System (InPASS) is commonly used for this purpose.

Step 2: Drafting the Patent Application

A **patent specification** is prepared — either **provisional** or **complete**:

- **Provisional Application:** Filed when the invention is not yet fully developed; it secures an early filing date.
- **Complete Specification:** Includes detailed information about the invention and claims that define the legal scope of protection.

Step 3: Filing the Application

The application can be filed online or physically at one of India's patent offices — Kolkata, Mumbai, Chennai, or Delhi. Applications can be:

- **Ordinary Application**
- **Convention Application** (claiming priority from a foreign country)
- **PCT Application** (international protection under the Patent Cooperation Treaty)

[14] The Patents Rules, 2003

Step 4: Publication

After 18 months from the filing date, the application is published in the Patent Journal. Early publication can be requested for faster processing.

Step 5: Examination

The applicant must file a **Request for Examination (RFE)** within 48 months of filing. A patent examiner then evaluates novelty, inventive step, and industrial applicability. The examiner issues a **First Examination Report (FER)** detailing objections, if any.

Step 6: Response and Hearing

The applicant responds to the FER, amends claims if needed, and attends hearings if required. Once all objections are cleared, the patent proceeds to grant.

Step 7: Grant and Renewal

Upon satisfaction, the Controller of Patents grants the patent and publishes it in the official journal. Patents are valid for **20 years**, subject to **annual renewal fees**.

Thus, the process is rigorous but essential to maintaining the integrity of the patent system, ensuring only genuine innovations receive legal protection.[15]

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4. Importance of Patents in the Corporate World

In the contemporary corporate landscape, patents have evolved from being merely legal protections to strategic business assets. Their importance can be analyzed under several dimensions:

a) Encouraging Innovation and Research

[15] WIPO, *Patent Examination Guidelines*, 2022.

Patents motivate corporations to invest in **Research and Development (R&D)**. The assurance of exclusive rights enables companies to recover the significant costs associated with innovation. For instance, pharmaceutical giants like Pfizer and Novartis spend billions annually developing new drugs, relying on patents to ensure profitability (Chaudhary, 2022).

b) Building Competitive Advantage

Patents provide companies a **technological edge** over competitors. Corporations often create vast patent portfolios — also known as **patent thickets** — to block rivals or create entry barriers. For example, tech companies like Samsung, Huawei, and IBM use patents as both offensive and defensive tools in the global market.[16]

c) Revenue Generation through Licensing

Patents can be **licensed** or **sold** to other companies, generating significant revenue streams. Licensing agreements are a major business model for firms like Qualcomm, which earns billions through patent royalties from mobile manufacturers.

d) Enhancing Corporate Valuation

Investors and financial analysts increasingly view patents as indicators of a company's innovation potential. Patents enhance **brand image** and **market value**, often reflected in stock performance and investor confidence.

e) Fostering Collaboration and Technology Transfer

Patents promote **technology sharing** between corporations through mergers, joint ventures, and collaborations. This exchange of intellectual assets leads to faster technological progress and cross-industry innovation.

f) Safeguarding Market Position

[16] Qualcomm Annual Report (2021)

In industries such as biotechnology, information technology, and renewable energy, patents are crucial for maintaining market dominance. They prevent competitors from copying products or processes, thus securing a company's long-term position.

g) Legal Protection against Infringement

Patents empower corporations to take legal action against unauthorized use. Cases like *Apple Inc. v. Samsung Electronics Co.* (2011–2016) demonstrate how patents can be used to defend proprietary technology, resulting in multimillion-dollar settlements.

h) Supporting Economic Growth

At a macro level, a strong patent system promotes national innovation ecosystems. Countries with robust IP frameworks, such as the United States, Japan, and Germany, consistently rank high in global innovation indices.

i) Patents and Start-Ups

In the era of start-ups, patents play a crucial role in attracting investors. Venture capitalists often evaluate a start-up's patent portfolio before funding, as it demonstrates innovation potential and reduces risk.[17]

In short, patents are indispensable to corporate strategy, driving competitiveness, profitability, and sustainable growth.

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5. Conclusion

The significance of Intellectual Property Rights, especially patents, in the corporate sector cannot be underestimated. They have transformed from simple protection of legal rights to a highly prevalent economic instrument driving innovation, competition, and global commerce. For companies, patents serve as shields and swords, providing defence for investments and also influencing market strategy.

[17] Startup India, *IPR and Entrepreneurship Report*, 2022.

India's patent legislation journey showcases a mix of protecting public interest while promoting globalization and developing technology. Since the Patent Act 1856 to the 2005 TRIPS-compatible amendments, India's patent system has matured into a legal framework that establishes, promotes and incentivizes innovation throughout industries.

The 21st century is a place where corporate value comes from knowledge and creativity, by virtue, a corporation should treat intellectual property as its most important asset. [18]By properly managing, protecting and exploiting innovation through a patent, there is untapped value not only for company profit but also for advancing an economy at the national level.

In conclusion, patents fulfil two functions: provide an incentive for inventiveness and ensure the advancement of society. In the corporate space, patents signify the intersection of law, innovation and business the trifecta that define a modern economy.

[18] Chaudhary, supra note 6