

Chapter 13

Intellectual Property Rights, Innovation, and Knowledge Economy in Arab Countries

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ABSTRACT

Access to knowledge economy, as well as progress in this area, is continuously assessed by the expansion of the Intellectual Property Rights (IPRs) in any economy. Development and enforcement of IPRs is likely to protect rights to innovation and creation and contribute thus to further production and use of knowledge. This chapter describes how Arab countries protect the rights to innovation through patents, copyrights, geographical indications, models, labels, and other distinctive measures. Issues related to lack of enforcement and limited implementation of IPRs are not absent from Arab economies.

INTRODUCTION

In practice, every economy has developed domestic institutions that are in charge of enforcing and monitoring Intellectual Property Rights (IPRs). In the case of Mediterranean Partner Countries, what domestic institutions have been so far, protecting the IPRs? What levels of efficiency have been observed? What types of strengthening is needed in order to ensure the convergence between EU and Arab countries? What are the relationships between formal and informal economies that are useful in coping with IPRs? What are the new

prospects and the new domestic institutional mechanisms needed to promote IPRs and development in Arab countries?

While addressing the previous questions, this paper will analyze the role of domestic institutions in enforcing IPRs in South Mediterranean countries and particularly in Arab economies. This will be helpful in understanding how innovation and technologies are adopted and how local and international agreements have been fulfilled. Also, the understanding of trade and movements of foreign direct investment (FDI) are recognized as means that can capture the levels of enforcement of IPRs.

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This chapter is composed of four sections. The first one emphasizes the importance of the relationship between domestic institutions and the intellectual property rights while the second one describes the institutional setting of the IPRs in Arab countries. The third section focuses on a case study based on software pirating and its effects on the performance of the economies of the region. The last section is an overall policy discussion in relation to the findings from the previous sections.

DOMESTIC INSTITUTIONS AND IPRs FOR DEVELOPMENT

David (1992) investigates the historical evolution of Intellectual Property Rights (IPRs), and traces the present state of modern IPRs. The advancement in technologies and the importance of research and development made the product life shorter and made it very easy for engineers to copy innovative ideas from competitors. This drove companies to care more about ways to protect their innovations in all fields. The current spirit behind the concept of IPRs is more lucrative and utilitarian. It is based on defending rights of collecting money coming from innovative works. However, the historical sense of IPRs was that the innovators get credit for their work, but then everybody could benefit from the scientific or technological advancement.

Hatipoglu (2007) aims at building a theoretical framework that integrates the relationship between multinational companies (MNCs) and host governments. Hatipoglu (2007) builds up onto two hypotheses supporting the fact that governments' evasion from their commitments on IPRs protection is greatly affected by the nature of their political system and their institutions that sort out the society's demands. Furthermore, Hatipoglu (2007) suggests that the conceptualization of knowledge production is subject to conflicts of interest. Evidence from Hatipoglu (2007) asserts that domestic institutions and political systems are important

components of foreign investors' evaluation of the government commitment to IPRs protection. In fact, it is stated that the Arab countries as one set of South Mediterranean economies, are more likely to favor IPRs protection commitments by countries that are less democratic and are initiating development, which is due to less economic growth and thus, less public pressure concerning consumption and satisfaction.

Sinha (2007) studied the influence of the World Trade Organization (WTO) on the "institutional development and policy responses" in India as an example of the level of international organizations' influence on the way the country internationalizes. Policy makers and societal groups are under this influence going to either push towards more globalization in some domains or towards less globalization in others.

According to Sinha (2007), the rules and regimes of global trade have a great effect on states, bureaucratic politics, and political institutions. For example, the international organizations may influence the country towards more costs for international trade, and the domestic organizations may respond by influencing towards reducing those costs.

Globalization is composed of many aspects and dimensions; each of which influences the countries in a different manner. International trade streams and changes in international prices do not exhaust global pressures, yet they are interceded and refracted by international institutions. Usually, the consequences of global regulations might oppose the incentive forecasted by global markets (Sinha, 2007).

Aboites and Cimoli (2004) show that the analysis of the Mexican innovation system and the industrial information is crucial to set up a new intellectual property right framework. They try to frame the IPRs system in Mexico through the analyses of patents considering various patents systems. Besides, the new IPRs framework and the recent economic and industrial reforms in Mexico do not encourage the development of Mexican

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