

## Chapter 7


# The Impact of Data Protection Regulations on Start-Up Enterprises

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### ABSTRACT

*Information is vital for enterprises. However, the usage of information uniquely personal data leads to various legal problems. On the one side, enterprises require free and unlimited usage of personal data as much as possible for their continuity and progression. On the other side, natural and legal persons seek legal protection regarding their personal information or market position. It is challenging to find a fair and reasonable balance that can last for an extended period in such a dynamic field. This article evaluates the general tendencies concerning data usage, sharing, and protection problems considering Start-Up enterprises' situation aside from their legal form. The problems mainly arise in the fields of data protection and unfair competition. Some of the legal problems are also related to intellectual property. Instead of trying to find general and local solutions, it seems more useful to seek and find solutions that shall take the interests of various enterprises and companies from diverse sectors and legal traditions employing good practices. Of course, it is not very easy to reach solutions that will be accepted by all the related parties. The legal solutions should not constraint Start-Up enterprises' innovative progress, as well as meeting related parties' protection and fair trade expectations. Otherwise, privacy violations and abuse of competition will be inevitable.*

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## INTRODUCTION

With the widespread use of the Internet in commercial and daily life over the past 30 years, the supply of information has increased at a level that cannot be compared to previous periods. In this process, intellectual property rights have been adopted to protect the rights of individuals and organizations that invented for commercial products in many different countries around the world. It is possible to divide the intellectual property rights in question into three different categories. These are new sui generis rights, which cover exotic issues such as databases, plant varieties, or placement of integrated circuits, traditional copyright, and trademark and patent, respectively (Michael, 2016).

It can be said that the countries that adopt the rules for the three different intellectual property rights mentioned above, especially in line with the pressures of cartels in pharmacology, because the vast majority of accepting countries do not have local industries and entrepreneurs who benefit from protections, or very few. Pharmaceutical companies apply to regulatory authorities (hereinafter referred to as regulatory data protection) (Michael, 2016). In this way, the area of property rights is expanding, and this enlargement has become a situation that will affect many different sectors. The mentioned expansion of property rights can also be seen in the issues covered by the studies in the literature. It has been determined that the researches dealt with the pharmaceutical sector (Arrivillaga, 2003; Bansal et al., 2009; Christini, 2012; Janodia et al., 2009; Kennedy, 2018; Khatri & Walia, 2018; Komatani, 2016; Ku, 2015; Land et al., 2008; Lazonick & Tulum, 2011; Manu, 2015; Panico, 2011; Priya & Kurian, 2018; Styhre & Remneland-Wikhamn, 2016; Sugumaran, 2012; Unit, 2007), the manufacturing sector (Bader, 2006, 2008; Barbu & Militaru, 2019), the information and communication sector (Bossuet et al., 2015; Chana & Quinton, 2012; Chiarini et al., 2017; Gang, 2015; Geller, 2010a, 2010b; He & Qiao, 2018; Jeong et al., 2019; Judge & Scassa, 2010; Mitra-Kahn et al., 2016; Smith, 2013), and the commercial agreements between countries in comparison (Aksan, 2013; Cesaroni & Piccaluga, 2005; Chen & Puttitanun, 2005; Forero-Pineda, 2006; M. Liu & La Croix, 2015; T. Liu et al., 2011; Markusen, 2001; Maskus & Lahouel, 1999; Yang & Maskus, 2009; Zhao, 2006).

With digitalization becoming widespread and affecting society's whole life, the right to property stands out among the different sectors mentioned above, especially in relation to the information and communication sector. In this sector, the use of data as the main processing tool has led the economic system to be built on data. Information is vital for everyone in the age of digitalization. Technological and scientific knowledge depends on the quality and quantity of information at hand. Therefore, it is a vital asset for a fledgling business enterprise. On one side, information and knowledge have become easier to obtain. On the other side, however, it becomes more and more challenging to use it voluntarily in the competition with the other market actors. Measuring knowledge and limiting its usage are difficult tasks to solve on a fair and reasonable basis. For knowledge is always related to personal or technical information of other individuals. This brings the question of privacy and data protection.

In this chapter, we aim to understand the relation between the dosage of regulation and the innovative capacity of the start-up enterprises. Without creating the right and fair conditions for start-up enterprises, the unbalance between rich and poor will become more profound. Therefore, the creation of a level playing field is vital for a reasonable globalization process.

Countries, regions, and sectors vary extensively in the degree to which fledgling business enterprises are set up, draw resources, and flourish (Calvino et al., 2015). Since 90% of start-up enterprises are unsuccessful potential investors advised examining the underlying reasons for failure and success. Information start-ups are the ones that tend to fail the most. Also, construction and manufacturing have

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