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Fundamental Aspect of Intellectual and Innovation Rights Protection

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Abstract: This article examines the critical importance of enhancing patent activity among business entities as a foundational instrument for the effective protection of intellectual and innovation rights in Uzbekistan. In the context of the country's transition to an innovation-oriented economic model, intellectual property (IP) protection is positioned as a strategic pillar for ensuring competitiveness, stimulating entrepreneurial creativity, and fostering sustainable economic growth. Drawing on recent legislative reforms, including the Intellectual Property Development Strategy for 2022–2026, the paper underscores the need for greater awareness, institutional capacity, and regulatory mechanisms that support patenting practices. Empirical observations and international examples are used to demonstrate the benefits of securing exclusive rights, mitigating unfair competition, and reducing the risks of inadvertent IP infringement. The study concludes by offering policy recommendations aimed at building a robust innovation ecosystem—through legal, educational, and financial support instruments—to enable Uzbekistan's full integration into global intellectual property norms, particularly in anticipation of World Trade Organization accession.

Keywords: Competitiveness, Patent Activity, Reform, Legal Protection, Authorship, Exclusive Rights, Unfair Competition, Risk, Compensation, Intellectual Property

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1. Introduction

In the current context of socio-economic transformation and rapid transition to an innovation-based development model, innovation plays a critical role as a key driver of profitability, efficiency, competitiveness, export growth, and resolution of sectoral development challenges. Consequently, Uzbekistan is implementing consistent measures to strengthen legal protection mechanisms, create enabling conditions and incentives for innovative activity within enterprises, and eliminate existing barriers in this domain.

Systematic efforts are also being taken to:

- a. Ensure robust legal protection for innovation actors;
- b. Establish effective mechanisms that incentivize innovation, promote the development and implementation of intellectual property results, enhance product competitiveness, and contribute to building a national brand that strengthens Uzbekistan's position in global markets;
- c. Develop tools to prevent the production and distribution of counterfeit goods.

Analysis of the ongoing reforms reveals that these efforts aim to achieve the priority objectives outlined in the Strategy for Innovative Development of Uzbekistan for 2022–

2026. One of the primary objectives of this strategy is to ensure accelerated socio-economic growth of the regions by promoting entrepreneurial innovation.

The target indicators of the strategy include:

- a. Increasing the number of innovative entities from 613 to 2,250;
- b. Tripling the number of innovation infrastructure entities;
- c. Quadrupling the number of new jobs created through enhanced innovation in the country's priority sectors and industries.

Since August 1, 2022, a unified "sector-region-academic/higher education institution" chain has been implemented to support the production of innovative products.

For the first time in the country's history, Presidential Decree No. PP-221 of April 26, 2022, "On Additional Measures for the Further Development of the Intellectual Property Sphere," approved the following:

- a. The Intellectual Property Development Strategy of the Republic of Uzbekistan for 2022–2026,
- b. The target indicators of intellectual property development for 2022–2026,
- c. And the "Roadmap" for the implementation of the Strategy in 2022–2023 [1].

Key directions of this strategy include:

- a. Enhancing the efficiency of public administration;
- b. Integrating modern information and communication technologies into the legal protection of intellectual property;
- c. Developing a robust intellectual property enforcement system;
- d. Fostering respect and raising public awareness about intellectual property.

Moreover, Uzbekistan aims to join the World Trade Organization (WTO) by 2026. One of the most critical WTO accession requirements is strict adherence to intellectual property rights. In this regard, wide-scale reforms are being undertaken in Uzbekistan to strengthen legal protection frameworks, facilitate the implementation of intellectual property results in the economy, improve the entrepreneurial environment, and increase the competitiveness and market value of domestic products [2].

Literature Review

The issue of patenting remains a topic of debate among inventors and researchers. Some actively utilize the patent system, viewing it as a means to protect their innovations and secure financial returns. Others criticize it, arguing that it may hinder the free exchange of ideas and slow technological progress.

Inventors supporting patenting

Thomas Edison received over 1,000 patents for his inventions, including the phonograph and the incandescent light bulb. He actively employed the patent system to safeguard his innovations and ensure commercial success [3].

One of the most prominent inventors of the 21st century, Shumpei Yamazaki, regards the patent system as the foundation of invention and an essential component of his company's success[4].

Nikola Tesla held over 300 patents for inventions such as the Tesla coil and alternating current systems. He used patents both to protect his innovations and to finance his research[5].

Jerome Lemelson, often referred to as the "patent king," was a 20th-century inventor who held around 600 patents. His inventions were applied in various fields, including automotive, medical devices, and barcode scanners. In the 1950s, manufacturers were reluctant to pay for licenses, prompting Lemelson to take legal action. Corporations viewed him as a legal "nuisance" and often preferred to settle rather than engage in litigation. Even after his death, the Lemelson Foundation, established in 1993, continued defending intellectual property rights through legal battles with over 400 companies.

Lemelson stated, “Independent inventors still struggle to convince corporations of the market potential of their ideas, as most companies strongly resist externally developed innovations”[6].

Igor Sikorsky, a Russian engineer, was awarded the first helicopter patent in 1931. His invention laid the foundation for the modern helicopter industry[7].

Samuel Houghton received a patent at the age of five for a sweeping device, demonstrating that even young inventors can participate in patenting[8].

Inventors critical of patenting

Henry Ford was known for his criticism of the patent system, asserting that it limited trade freedom and stifled innovation[9].

Benjamin Tucker, an American individualist anarchist, wrote: “The patent monopoly protects inventors from competition for a period long enough to extort from the public a reward greatly exceeding the value of their labor—in other words, it grants property rights over the laws and facts of nature for several years, allowing inventors to levy tribute for the use of what should be common to all”[10].

Stephen Kinsella, an American lawyer and author of *Against Intellectual Property*, argues that patents may be inefficient because they impede research and development through patent grants and litigation[11].

Murray Rothbard, an economist and political theorist, noted: “Intellectual property laws may actually hinder innovation, as competitors may be indefinitely discouraged from exploring areas covered by patents, fearing judicial interpretation of infringement”[12].

These examples illustrate the diversity of opinions among inventors regarding the necessity of patenting, reflecting the delicate balance between intellectual property protection and the free flow of ideas..

2. Materials and Methods

The research methodology encompasses a theoretical analysis of existing perspectives on the necessity and significance of patenting intellectual and innovative activities. The legal framework for encouraging and stimulating patent acquisition was examined. Practical evidence was provided to demonstrate the effectiveness of intellectual property patenting

3. Results and Discussion

Despite the ongoing reforms aimed at creating the necessary incentives and conditions to enhance innovation, there remains noticeable passivity among business entities in Uzbekistan in terms of patenting intellectual property. The main reasons for this include a lack of interest, and insufficient understanding of the significance and benefits of obtaining patents.

Therefore, to stimulate entrepreneurial innovation and improve intellectual property literacy, it is advisable to emphasize the core aspects of the importance and necessity of patenting creative activity within enterprises, namely:

Acquiring authorship rights. Throughout history, there have been numerous instances in which inventors remained unknown, while others claimed their fame. Even though copyright laws existed as early as the 18th century, disputes continue over who truly invented the radio, telephone, and bicycle. Candidates for authorship of the radio include Alexander Popov (Russia), Guglielmo Marconi (Italy), Nikola Tesla (Serbia), Heinrich Hertz (Germany), and Oliver Lodge (UK).

For the bicycle: Yefim Artamonov (Russia) and Baron Karl von Drais (Germany).

For the telephone: Antonio Meucci (Italy), Philipp Reis (Germany), and Alexander Graham Bell (USA/Canada) [13].

Thus, timely submission of copyright applications is essential. The law cannot protect inventors who only announce or manufacture a product. According to modern

legislation, authorship is recognized from the moment an application is filed with the intellectual property agency.

Securing exclusive ownership rights. Exclusive rights allow the owner to use and profit from an intellectual property object. A prime example is J.K. Rowling's Harry Potter series. Although written between 1990 and 1995 and published in 1997-during a decline in reading among youth the book gained immense popularity by 2000 due to its creativity. It became a business phenomenon, creating numerous jobs and entrepreneurial opportunities.

The impact includes

Printing industry growth: Over 3 million copies sold by 2019, making it the best-selling book series in history.

Educational and entertainment programs: Courses based on the books emerged, including English language learning.

Literary translation services: The books were translated into nearly every major language.

Film industry development: The resulting film series became the third highest-grossing franchise.

Tourism and museums: Filming sites became tourist attractions.

Small business and merchandising: Inspired product lines ranged from costumes to stationery.

Amusement parks: "The Wizarding World of Harry Potter" in Universal Studios attracted millions.

Digital and interactive media: Games, apps, and platforms like Pottermore (now Wizarding World) expanded fan engagement.

Franchising and partnerships: Licensing deals with global brands increased market reach.

As the copyright holder, Rowling rose from living on welfare to becoming a multimillionaire. In 2019, Forbes listed her as the world's highest-paid author, earning \$92 million [14].

Legal protection from unfair competition and counterfeiting.

A patent provides authors with a legal basis to protect their creations from unfair use. Thousands of counterfeit cases have been recorded by the Intellectual Property Agency. According to Article 27 of the Law on Trademarks, unauthorized use of trademarks in packaging, labeling, or service provision is classified as counterfeiting [15]. In 2024, intellectual property rights were protected in 1,556 instances, a 25% increase from 2023. This included 107 warnings and 552 legal orders to eliminate violations. Entrepreneurs are given 30 days to remedy offenses or face mandatory destruction of counterfeit goods [16].

Insurance against accidental infringement of others' copyrights.

The Intellectual Property Agency reviews patent applications, conducts expert analysis, maintains registries, publishes bulletins, and advises on legislation. If an application is rejected, the business is protected from legal claims. Even major brands such as Samsung and Apple have been embroiled in patent disputes.

Apple violated two Samsung patents, while Samsung infringed one of Apple's. Apple was fined \$35,300, and Samsung \$22,100. In 2004, Google launched Google Books but failed to obtain proper permissions, resulting in a decade-long lawsuit and compensation.

In 2020, Adidas unintentionally used a Japanese artist's drawing without realizing it was copyrighted. After a complaint, Adidas paid damages. Under Uzbek law, the patent holder may demand compensation ranging from 20 to 1,000 times the base calculation value for unauthorized use. This applies regardless of actual damages, based on the nature of the violation and customary business practice. The amount is determined by agreement or court ruling.

4. Conclusion

The discussed aspects affirm that patenting is essential for safeguarding intellectual property rights in an innovation-driven economy and for WTO accession. It is necessary to:

- a. Strengthen informational and educational outreach among entrepreneurs and inventors. Specialized courses, webinars, and agreements on IP topics will improve literacy in this field;
- b. Develop and implement incentives for patent holders, such as tax benefits, subsidies for patent fees, and fast-tracking of innovations, thereby increasing the number of registered patents;
- c. Improve the legal framework for enforcing patent rights and introduce stricter penalties for violations, particularly regarding counterfeit products;
- d. Develop an intellectual property insurance system. Risk insurance for patent disputes helps businesses mitigate financial losses from unintentional violations;
- e. Build an innovation ecosystem by promoting public-private partnerships and encouraging collaboration between business, academia, and education. Support mechanisms for startups should also be expanded.

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