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# Danubius University in Sládkovičovo, Slovak Republic SUBSTANTIATION OF THE ROLE OF INTELLECTUAL PROPERTY IN CREATING COMPETITIVE ADVANTAGES IN THE INTERNATIONAL MARKET

The article highlights the specifics and key role of intellectual property in creating competitive advantages at the macro and macro levels. It is determined that in the conditions of internationalization of trade and economic activity intellectual property is an effective tool for solving many economic problems and, above all, obtaining significant competitive advantages. The analysis of the role of intellectual property in the formation of micro- and macro-level competitive advantages of international economic entities allowed us to explore the mechanisms of production. technological, financial, marketing and organizational-administrative advantages and reveal their essence. Based on the results of the study, modern processes of internationalization of intellectual property are substantiated, it is determined that the globalization of economic activity is accompanied by the growth of international cooperation in intellectual property protection as the only means of creating favorable conditions for intellectual activity. The study uses the following methods: historical and logical to study and analyze the essence of changes in the concept of intellectual property depending on the level of socio-economic development of society and in studying the impact of internationalization of trade and economic relations on international cooperation in regulating intellectual property rights); system analysis for the study of global factors in the formation of the modern concept of intellectual property; analysis and synthesis to study the role of intellectual property in the formation of micro- and macro-level competitive advantages of international economic entities in domestic and foreign markets.

**Keywords:** intellectual property; international competition; intellectual property rights; globalization and markets; integration; international cooperation; intellectualization.

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## Університет Данубіуса в Сладковичово, Словацька Республіка ОБГРУНТУВАННЯ РОЛІ ІНТЕЛЕКТУАЛЬНОЇ ВЛАСНОСТІ У СТВОРЕННІ КОНКУРЕНТНИХ ПЕРЕВАГ НА МІЖНАРОДНОМУ РИНКУ

У статті висвітлено специфіку та ключову роль інтелектуальної власності у створенні конкурентних переваг на макро- та макрорівні. Визначено, що в умовах інтернаціоналізації торговельно-економічної діяльності інтелектуальна власність  $\epsilon$ ефективним інструментом вирішення багатьох економічних задач і, перш за все, одержання істотних конкурентних переваг. Аналіз ролі інтелектуальної власності у формуванні мікро- та макрорівневих конкурентних переваг суб'єктів міжнародної економічної діяльності дозволив дослідити механізми створення виробничих, технологічних, фінансових, маркетингових й організаційно-адміністративних переваг та розкрити їх сутність. На основі результатів дослідження обтрунтовано сучасні інтернаціоналізації інтелектуальної власності, визначено, що глобалізація економічної діяльності супроводжуються зростанням міжнародної співпраці в галузі охорони інтелектуальної власності як єдиного засобу створення сприятливих умов щодо розвитку інтелектуальної діяльності. В дослідженні використано такі методи: історико-логічний для вивчення та аналізу сутності змін кониепції інтелектуальної власності залежно від рівня соціально-економічного розвитку суспільства та під час дослідження впливу процесів інтернаціоналізації торговельно-економічних відносин на міжнародну співпрацю в галузі регулювання прав інтелектуальної власності); системний аналіз для дослідження глобальних

чинників формування сучасної концепції інтелектуальної власності; аналіз та синтез для дослідження ролі інтелектуальної власності у формуванні мікро- та макрорівневих конкурентних переваг суб'єктів міжнародної економічної діяльності на внутрішніх та зарубіжних ринках.

**Ключові слова:** інтелектуальна власність; міжнародна конкуренція; інтелектуальні права; глобалізацій ні ринки; інтеграція; міжнародне кооперування; інтелектуалізаці.

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# Университет Данубиуса в Сладковиче, Словацкая Республика ОБОСНОВАНИЕ РОЛИ ИНТЕЛЛЕКТУАЛЬНОЙ СОБСТВЕННОСТИ В СОЗДАНИИ КОНКУРЕНТНЫХ ПРЕИМУЩЕСТВ НА МЕЖДУНАРОДНОМ РЫНКЕ

В статье отражена специфика и ключевая роль интеллектуальной собственности в создании конкурентных преимуществ на макро- и макроуровне. Установлено, что в условиях интернационализации торгово-экономической деятельности интеллектуальная собственность является эффективным инструментом решения многих экономических задач и, прежде всего, получения существенных конкурентных преимуществ. Анализ роли интеллектуальной собственности в формировании микро- и макроуровневых конкурентных международной экономической преимуществ субъектов деятельности исследовать механизмы создания производственных, технологических, финансовых, маркетинговых и организационно-административных преимуществ и раскрыть их сущность. На основе результатов исследования обоснованы современные процессы интернационализации интеллектуальной собственности, определено, что глобализация экономической деятельности сопровождается ростом международного сотрудничества в области охраны интеллектуальной собственности как единственного средства создания благоприятных условий для развития интеллектуальной деятельности. В исследовании использованы следующие методы: историко-логический для изучения и анализа сущности изменений концепции интеллектуальной собственности в зависимости от уровня влияния социально-экономического развития общества и исследования процессов интернационализации торгово-экономических отношений международное на сотрудничество в области регулирования прав интеллектуальной собственности); системный анализ исследования глобальных факторов формирования современной концепции интеллектуальной собственности; анализ и синтез для исследования роли интеллектуальной собственности в формировании микро- и макроуровневых конкурентных преимуществ субъектов международной экономической деятельности на внутренних и зарубежных рынках.

**Ключевые слова:** интеллектуальная собственность; международная конкуренция; интеллектуальные права; глобализационные рынки; интеграция; международное кооперирование; интеллектуализации.

Formulation of the problem. In the current conditions of formation of the global trade system the economic growth of individual countries and their international competitiveness is largely determined by the intellectualization of the main factors of production and the presence of strong innovation potential. It means a set of intellectual, research and production resources available in the country, which are able to produce new knowledge that provides favorable conditions for the development of intellectual property and an effective mechanism for the commercialization of the latter. This is confirmed by the fact that in developed countries the share of new knowledge embodied in goods, technology, education, organization of production is from 70% to 85% of their gross domestic product.

Analysis of recent research and publications. Based on the analysis of the processes of origin and development of the concept of intellectual property, it is established that the essence of intellectual property is manifested only in the context of property rights and has a historical character. This means that the mechanisms for regulating trade-related intellectual property rights are directly dependent on the socio-economic situation. At the same time, the spread of intellectual activity is a powerful stimulus for economic development of society, which in turn creates a basis for improving international cooperation in the field of intellectual property. Among the scientific works that study the theoretical foundations of intellectual property, its development in the context of internationalization, the current state and prospects of international cooperation in this field, it is necessary to mention the research of such foreign scientists as G. Becker, G. Bowen, E. Brooking, L. Edvinson, J. Cohen, P. Lerner, W. Martin, P. Meggs, M. Malone, T. Stewart, M. Trebilcock, R. House. However, research requires further study and systematization of the impact of the global economic environment on the development of intellectual property rights regulation.

Unresolved parts of the study. The world economy of the early XXI century is characterized by radical changes in economic progress, among which the leading place belongs to the intensification of innovation processes based on intellectual resources, intellectual capital, science, processes of transfer of creative results to the production of material and spiritual goods. Innovations include innovations, transformations in the economy, technology, social sphere and other areas that contribute to the creation of intellectual property. These innovations determine the innovative development of the country and are related to new ideas, inventions, etc. In turn, the innovative development of the country in the context of economic globalization depends on how correctly the country has chosen its niche in the international division of labor for the application of innovation processes, the results of which are intellectual property products.

The purpose of the study is to determine and justify the role of intellectual property in creating competitive advantages in the international market.

**Presentation of the main results.** Today there is a significant differentiation of countries in terms of scientific and technological potential, which in the future will be crucial in the global economy. Well-known American expert J. Sachs divides the modern world into three categories according to the technological level – about 15% ("golden billion") almost completely ensure the development of science, technology, new forms of production; about half the world's population does not create new technologies, but is able to use the achievements of leaders, and the remaining third can neither invent nor use other people's inventions. Technologically, it is cut off from the rest of the world, and the gap between those who own information technology and those who do not have it, is growing [7, p. 99]. At the same time, the current system of creation and practical use of intellectual capital consolidates the current inequality especially strongly. According to many researchers, in addition to the division of countries into developed and developing, there is an even deeper split - between countries that are already based on information and innovation economy, and countries that do not even think about it [8, p. 6].

Having experienced unprecedented systemic transformations in the XX century, the world has entered the post-industrial model of development, and today the competitiveness of countries is determined not by a static model of development associated with material and labor resources, but a dynamic advantage with priority for knowledge, innovation and information. The post-industrial economy has an innovative character, when new discoveries, inventions, technologies, goods and services do not appear sporadically or spontaneously, but are the result of planned and projected path of economic development. In the information sector of the most competitive economy in the United States, employment reached 48.3% in the 1990s, and the share of this sector continues to grow. Today, information technology provides more than a third of the growth in the US economy and 75% of value added in industry. At the same time, it should be noted that there are two ways to

ensure technological progress. The first is based primarily on the development of its own scientific and technological potential; the second is on borrowing innovations from abroad. Studies show that active patenting is more in line with the first of these ways, while for the second way, a high level of IP regulation is a less important factor. At least, countries such as Ireland, Malaysia, Mexico and some others have achieved a significant increase in technology and increase the share of high-tech exports not due to active patenting, but mainly through foreign direct investment accompanied by technology transfer [9, p. 36].

The ideology of the innovative model of society development implies a fundamental difference between the economy of the XXI century and the economy, which develops at the expense of natural resources. In the context of business internationalization, there is an intensive international cooperation of countries in order to form an infrastructure that helps attract investment in the creation of new IP objects (biotechnology, databases, domain names, etc.) and its protection on a global scale. During this period, innovative changes in national economies are determined primarily by the creation of appropriate institutions of social, scientific, technological and marketing orientation, which combine intelligence, production and business, and not just scientific and technical achievements.

According to the theory of M. Porter – the leader in the development of competitive analysis, the main role in creating competitive advantages of the country, which arise as a result of purposeful innovation development, belongs to the government [1]. It is the government's ability to succeed in implementing policies by creating an environment in which companies can achieve competitive advantage. As we can see, the power factor is one of the key factors in the functioning of the economy and, of course, its innovative development.

Fierce global competition requires constant innovation, new ideas, high quality products, so in modern conditions it is difficult to maintain the profitability of production and maintain a position in the market of goods and services. Innovation policy should focus on interstate economic cooperation in science and technology. The formation of industrial and financial groups in this sense is a significant reserve for innovative development of the country. The defining components of innovative development are the integration of science and production, the integration of industrial, banking and trade capital into powerful structures capable of producing high-tech, competitive goods and services. In the last decade, there has been a growing understanding that national standards for the protection of intellectual property rights and mechanisms for their implementation have a significant impact on the development of trade and economic relations between countries. Non-compliance by the parties with intellectual property rights has both socioeconomic and political consequences. But in a global competitive environment, the primary reason for the need to strengthen the protection of intellectual property is economic: the nature of intellectual work is such that its costly results can be copied and applied by competitors almost instantly.

Intelligent products and services occupy an increasingly important place in international markets. They constitute their own market sector, which is characterized by specific features of supply and demand. The global market for smart goods and services is growing five times faster today than traditional markets. Thus, one of the important sources of development is the intellectual resource, which is expressed in the ability to generate new ideas, use internal resources, be able to innovate, gain a competitive position, make optimal use of the potential of businesses and more. It is in the context of internationalization that intellectual property rights play a significant role in ensuring the competitiveness of goods and services and thus become a decisive factor in economic development. With the introduction of civil circulation, they bring companies additional profits.

In today's globalization, intellectual property rights are becoming important components of intellectual capital of companies, determining their competitiveness in world markets [2, p. 15].

Professional management of intellectual capital is manifested in improving production efficiency, increasing final profit and return on assets, the impact on the competitiveness of the entity, its reputation, product quality and more.

It should be noted that intellectual capital, intellectual assets and intellectual property are incorporated, ie one is an integral part of the other. Intellectual capital forms a more valuable category of intellectual assets, which, in turn, forms an even more valuable category of intellectual property. This hierarchy of values determines the direction of the management process, designed to allocate intellectual assets from intellectual capital, and then to allocate intellectual property from intellectual assets. The ultimate goal is the creation of intellectual property [6, p. 21].

In conditions of hypercompetition, the competitiveness of market participants, which is based on their innovation activity, becomes especially important. In the activities of modern firms, the emphasis shifts from long-term and medium-term planning to the speed of response to market challenges. In this regard, the United States is well ahead of European countries. A significant advantage of the United States is not only the ability to develop technologies, but also to quickly implement them in the production of goods and services [7].

Consider in more detail the use of intellectual property in the redistribution of commodity markets as a manifestation of hypercompetition between the most developed countries. The search for effective technologies for regulating commodity markets within the framework of generally accepted legal institutions is conducted by many experts from developed countries. Moreover, the main attention is paid to creating conditions for counteracting the intentions of world leaders to conquer markets, especially knowledge-intensive products. Transnational corporations seek to have economic procedures of supranational control, which, together with political means of pressure, are transformed into powerful tools for regulating world commodity markets. Their combination with the mechanism of exclusive rights (intellectual property) accelerates the process of monopolization of world commodity markets. In this case, the exclusive rights that arise in the presence of large portfolios of intellectual property, are opposed to antitrust law [3, p. 38].

It should be added that patent law may be a counterweight to antitrust law. This is successfully used by multinational corporations, which operate as follows. Initially, a fairly large portfolio of patents is formed, which blocks the scientific and technical developments of competing companies. Then, based on the results of R & D, as well as experimental development, international standards and licensing technologies are formed, within which everything that enters this segment of the market of knowledge-intensive products should be developed and produced. All this restricts the rights of other competitors to freely enter the commodity market. Then the expansion of knowledge-intensive products in selected sectors of the commodity market. This suppresses not only the developers of knowledge-intensive products, but also its producers, which creates additional conditions for the monopolization of the commodity market.

At the heart of the patent struggle of multinational companies is the practice of capturing the patent space as quickly as possible with the help of patent portfolios. Considerable attention is paid to the formation of essential features of knowledge-intensive products and the maximum number of their combinations, which essentially determines the patent space. The patent space in which the patent struggle takes place is always connected with specific territories of countries and sectors of commodity markets located on them. Regulating the impact in the controlled area of the patent space in some way affects the commodity markets and ultimately leads to changes in commodity flows.

The modern ideology of internationalization of innovation involves the formation of a whole portfolio of patents, which provides protection not of individual technical solutions and intellectual property, but control over a major sector of the world market.

All this indicates that intellectual property is a multifunctional tool for solving a wide range of economic problems of enterprises, the maximum use of which allows them to obtain significant competitive advantages and tangible financial results. At the same time, a properly developed strategy for the use of intellectual property allows businesses to: take a favorable market position, using modern technologies in the production of their products, activating R & D, increasing the effectiveness of marketing activities and anticipating possible commercial and technological changes; increase the return on investment in R&D and ensure the continuity of the innovation process; to improve financial activities by identifying intangible assets to generate new income, reduce costs and maintain the appropriate level of corporate valuations; increase the competitiveness of the enterprise through circumvention maneuvers, use of market opportunities and reduce threats from competitors; receive additional income through licensing transactions; to use intellectual property as a currency in mergers, acquisitions and joint ventures [4, p. 69].

Conclusions The analysis revealed the role of intellectual capital in the formation of micro and macro-level competitive advantages that arise in the subjects of international economic activity in domestic and foreign markets due to the use of intellectual property. The result of effective development and use of intellectual capital is intellectual property, the objects of which create technological (modern technologies, R&D efficiency, patents, know-how) and production (availability of highly skilled labor, versatility of equipment, short production cycle) competitive advantages. in international trade and economic activity forms financial (profitability, high return on capital, no long-term debt), marketing (trademark reputation, creativity of advertising, product range) and organizational and administrative (location of the company, efficient order processing, customer service) benefits. The use of these advantages by the subjects of international economic activity leads to the emergence of macro-level competitive advantages that contribute to the innovative development of countries.

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