**Intellectual Property Exercise**

**Learning goal: Understand how IP impacts innovation in the Computing industry.**

**Provide 5 factors explaining how IP impacts innovation.**

**A: Five factors on how IP impacts innovation:**

1. **Incentivise creativity**: IP, through mechanisms like patents, copyrights, and trademarks, provides creators and innovators with exclusive rights to their inventions, artistic works, or brand identity. This exclusivity serves as a powerful incentive by allowing them to reap the rewards of their efforts, encouraging individuals and companies to invest time, resources, and creativity into developing new and valuable ideas.
2. **Encourage a competitive environment:** intellectual property promotes competition by rewarding those who bring new and valuable ideas to the market. Companies are motivated to continuously innovate to gain a competitive edge and secure their market position. The threat of losing market share to competitors encourages ongoing research and the introduction of new products, which benefits consumers through a broader range of choices and improved technology.
3. **Protect investments on innovation:** developing innovative technologies often requires significant financial investment. Intellectual property rights, particularly patents, offer a legal framework to protect these investments. Companies are more likely to commit resources to long-term, high-risk research and development projects when they know that their resulting innovations can be safeguarded against imitation.
4. **Encouraging knowledge sharing:** The condition of disclosing specific knowledge in order to secure patents can result in the diffusion of knowledge, which establishes a knowledge base that encourages additional innovation.
5. **Balancing Innovation and Market Control:** intellectual property laws strike a balance between encouraging innovation and preventing monopolies. While IP rights provide inventors with a temporary monopoly, they are not unlimited. Once the protection period expires, the technology enters the public domain, fostering further innovation as others can build upon it. This delicate balance ensures that innovation is both incentivized and widely disseminated over time, contributing to the continuous innovation**.**

**References:**

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