

Who Owns an Idea?

Unprotected Ideas, Untapped Growth: The Case for Stronger IP Laws in Nepal

A POLICY BRIEF

Anoushka Pant
Daayitwa Nepal Public Policy Fellow 2025



**INTELLECTUAL PROPERTY
LAW**

STRENGTHENING INTELLECTUAL PROPERTY LAWS FOR ENTERPRISE-LED ECONOMIC GROWTH IN NEPAL

By: Anoushka Pant, Daayitwa Nepal Public Policy Fellow 2025, Ministry of Industry, Commerce and Supplies

Executive Summary

This study examines the gaps in Nepal's IP law regime and how Nepal's Industrial Property Bill 2024 can serve as a driver of innovation and enterprise-led economic growth, especially given the context of the country's planned graduation from Least Developed Country (LDC) status in 2026. The Bill introduces new forms of protection, such as utility models, geographical indications (GIs) and trade secrets, while aligning Nepal's intellectual property (IP) framework with international obligations. However, its transformative impact depends on institutional design, enforcement capacity, and the ability to balance innovation with access to knowledge.

This study reveals a fundamental disconnect between Nepal's sophisticated legal framework and its institutional implementation capacity. The research finds that while the Bill achieves comprehensive TRIPS Agreement and Paris Convention compliance, it fails to adequately address the practical needs of Nepali enterprises, particularly small and medium enterprises (SMEs) operating in traditional and emerging sectors. The study identifies critical institutional capacity gaps that threaten effective implementation and proposes a phased, stakeholder-centric approach to IP system modernization.

Background

IP has emerged as a critical determinant of enterprise competitiveness, especially in economies transitioning from agrarian to industrial and knowledge-based structures. For Nepal, industrial property, including patents, trademarks, designs, GIs, and utility models, is particularly important as it seeks to graduate from LDC status in 2026. Despite being a signatory to global frameworks such as TRIPS, Nepal's domestic regime remains anchored in the outdated Patent, Design and Trademark Act of 1965. The Industrial Property Bill 2024 signals reform, but its success depends on implementation capacity, awareness, and alignment with Nepal's innovation ecosystem.

Research Overview

For this report, doctrinal research of legal and policy documents as well as a comparative analysis of Singapore and Bangladesh was carried out. The key domestic legislations examined were the Patent, Design and Trademark Act 1965 and the Industrial Property Bill 2024, while the international agreements and conventions studied were the TRIPS Agreement 1994, the Paris Convention for the Protection of Industrial Property 1883, the Madrid Protocol and the Patent Cooperation Treaty. This research examines Nepal's Industrial Property Bill 2024 through a comparative lens, analyzing its potential to address enterprise needs while fulfilling international obligations. Through five key informant interviews and fifteen entrepreneur surveys, the findings from the desk research were validated.

Research Insights

- **Enterprise competitiveness:** SMEs and start-ups struggle with imitation and weak protection. Stronger IP enables innovation and market expansion.
- **Incremental innovation:** SMEs thrive on small improvements; utility models are more relevant than patents (Suthersanen, 2006).
- **Institutional quality matters:** Weak institutions lead to imitation and low enforcement; strong systems crowd in entrepreneurship (Slesman et al., 2021). Singapore's IPOS reforms created a world-class IP hub, linking IP strategy to enterprise growth.

- **HEI-Industry linkages:** R&D commercialization requires alignment of IP policies at universities with national frameworks (Sattiraju, 2021).
- **Technology transfer:** Bangladesh’s experience highlights that adaptive innovation and foreign tech transfer boost productivity, but only with absorptive capacity (Sharma, 2019).
- **Foreign Direct Investment (FDI):** Countries with enforceable IP attract higher technology-driven FDI (Branstetter et al., 2006; Park & Lippoldt, 2008). FDI contributes only when linked to indigenous innovation and absorptive capacity (Fu, 2012).
- **Open and eco-innovation:** SMEs with IP-enabled dynamic capabilities perform better in global value chains (Valdez-Juárez et al., 2016).

Key Challenges for Nepal

- **Awareness & Accessibility:** As evidenced by the registration statistics as well as the survey and KIIs, there is low awareness among entrepreneurs – especially MSMEs – regarding intellectual property rights. There is also low confidence in the registration process itself because of the complex procedures, long timelines, and inconsistent decisions from the Department of Industry during registration.
- **Institutional Capacity Deficit:** Nepal has very few IP examiners, manual filing systems, and minimal professional expertise. The IP Bill 2024 assumes infrastructure and resources that are not secure even for the limited IP rights protected in Nepal.
- **International Framework Exclusion:** Nepal’s absence from the Patent Cooperation Treaty (PCT) and Madrid Protocol undermines domestic IP value, making international protection costly and discouraging enterprise investment.
- **Regional Inequality:** Awareness and access are concentrated in Kathmandu and other urban centers leaving rural and provincial enterprises disadvantaged.

Policy Recommendations

1. Capacity-First Implementation

Nepal should prioritize building institutional capacity before attempting full-scale enforcement of the Industrial Property Bill. This includes establishing an autonomous IP Office with adequate staffing, expanding examiner training, and digitizing filing and examination systems in a phased manner. In the immediate term (0–2 years), digitization and awareness campaigns targeting SMEs and higher education institutions should be rolled out, alongside pilot programs for examiner training. In the medium term (5–10 years), capacity-building should be extended through provincial IP service centers and integration of IP education into university curricula.

2. Enterprise-Centric IP Tools

Policy design must focus on the needs of SMEs and informal enterprises, which form the backbone of Nepal’s economy. Rather than prioritizing patents, Nepal should emphasize tools like utility models, geographical indications (GIs), and trade secret protection that better serve incremental and community-driven innovation. Simplified, low-cost procedures, possibly with MSME discounts, should be introduced within 2–5 years, alongside MSME-friendly IP financing schemes. In the longer term (>10 years), Nepal should embed IP-backed financing frameworks with commercial banks and the central bank to enable enterprise growth.

3. Phased International Integration

Global integration must be carefully sequenced. In the short term (2–5 years), Nepal should prepare for Madrid Protocol accession by modernizing its trademark systems. Over the medium term (5–10 years), examiner training and access to international databases should build readiness for Patent Cooperation Treaty (PCT) membership. By positioning itself within these systems, Nepal can facilitate technology transfer and foreign direct investment, while also supporting domestic firms in international markets.

4. Stakeholder Engagement and Awareness

The sustainability of Nepal’s IP reforms depends on inclusive engagement. Enterprise, academic, and professional feedback should be institutionalized through advisory councils within the IP Office. In the immediate phase (0–2 years), targeted awareness campaigns should educate SMEs, startups, and universities on the benefits of IP. Pilot frameworks for GIs and utility models can be tested with communities before scaling nationwide. In the longer term, Nepal should consolidate commercialization ecosystems in universities and research institutes, positioning the country as a hub for creative industries and cultural GIs.

5. Strategic Alignment with Development Goals

IP reforms must be tied to Nepal’s broader graduation and development strategy. In the long run (>10 years), Nepal should align its IP system with trade and investment policies, ensuring coherence with its post-graduation trajectory. This includes positioning GIs and cultural assets as export drivers, embedding IP into FDI attraction strategies, and integrating IP considerations into sectoral innovation policies. By doing so, Nepal can ensure that IP policy is not a siloed legal reform, but a driver of enterprise-led growth, technological upgrading, and sustainable development.

Conclusion

Nepal’s Industrial Property Bill 2024 represents a critical opportunity to modernize its IP regime giving it a strong legal foundation. However, without institutional strengthening, stakeholder engagement, and international alignment, the Bill risks remaining ambitious only on paper.

For IP to drive innovation, attract investment, and enable enterprise growth, Nepal must prioritize institutional capacity, SME-relevant IP tools, HEI-industry linkages, and phased international integration. Policymakers should treat IP not merely as compliance with global standards, but as a strategic lever for economic transformation during and after Nepal’s LDC graduation.