THE IMPORTANCE OF IP FOR ECONOMIC DEVELOPMENT

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Outline

- Overview of WIPO
- IP Assets
- Innovation Trends
- Patents
- IP and Development

R&D institutions
One of 16 United Nations Specialized Agencies

Dedicated to developing balanced and accessible intellectual property systems that encourage and reward creativity and contribute to the economic and cultural growth to the benefit of human kind.

Headquarters located in Geneva, Switzerland

184 Member States

Administration of 24 international treaties

Some 1,500 employees
WIPO
< Core Activities>

- Promoting understanding of IP and realizing its development potential
- Legal and technical assistance and capacity building
- Facilitating development of IP law and harmonization of it
- Harmonizing national IP legislation and procedures
- Providing services for international applications for industrial property rights
- Facilitating dissemination and exchange of IP information
- Facilitating the resolution of private IP disputes

What Are IP Assets?

Creations of the mind:

1. **Industrial property**
   - patents (inventions)
   - utility models
   - trade secret
   - trademarks
   - industrial designs
   - geographic indications
   - new plant varieties

2. **Copyrights**

IP Assets
International Law of IP

- Paris Convention
- Patent Cooperation Treaty (PCT)
- TRIPS Agreement
- Madrid Agreement (trademarks)
- Hague Agreement (industrial designs)
- Berne Convention (copyrights)
- WIPO Internet Treaties

Fortune 500 Companies

Over 80% of market value of Fortune 500 companies is based on their intangible assets

Intangible assets
(knowledge based assets)
e.g.
- Patents
- Trademarks
- Brand

Tangible assets
(physical assets)
e.g.
- Real estate
- Equipment
- Cash

Source: Science and Engineering Indicators 2006

Business investment in the US: tangible vs. intangible investment (% business output)

Source: Corrado, Hulten and Sichel (2005, 2006)
Innovation and Economic Growth

The creativity and inventiveness of our people is our country’s greatest asset and has always underpinned the UK’s economic success.

But in an increasingly global world, our ability to invent, design and manufacture the goods and services that people want is more vital to our future prosperity than ever.

Innovation, the exploitation of new ideas, is absolutely essential to safeguard and deliver high-quality jobs, successful businesses, better products and services for our consumers, and new, more environmentally friendly processes.

Rt. Hon. Tony Blair, Prime Minister

Innovation Report 2003

R&D-intensive producers and knowledge-intensive service providers in 2002 made up one third of economic output in G6 and EU-15

Economic Benefits of IP

**Macroeconomic level**

- Increase GDP and competitiveness
- Enhance exports of high value
- Stimulate R&D
- Technological advancement
- Reduce brain drain by providing incentives
- Help address national human needs
- Develop national brand and cultural identity
- Attract beneficial FDI and local investment
- Job creation

**Microeconomic level**

- Create portfolios of IP as a source of competitive advantage
- Enhance products and promote brand value
- Enhance corporate value
- Avoid and defend against litigation
- Provide incentives and recognition of creativity
R&D Expenditure

R&D/GDP (%) in 2006

<table>
<thead>
<tr>
<th>Country</th>
<th>R&amp;D/GDP (%)</th>
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<tbody>
<tr>
<td>Belgium</td>
<td>1.83</td>
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<tr>
<td>Bulgaria</td>
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<td>Croatia</td>
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<tr>
<td>Hungary</td>
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<tr>
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<td>Japan</td>
<td>3.32 (2005)</td>
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<td>USA</td>
<td>2.61</td>
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</table>
Worldwide Patent Filing

Fig. 3.2 WORLDWIDE PATENT FILINGS BY BLOCK OF ORIGIN

Source: Trilateral Statistics 2007

PCT Applications

Source: WIPO Statistics Database
Globalization

- Internet ➔ Easy access to information
- Global market
- More competition
- Need to improve efficiency
- Need to improve quality
- Fast technology cycle
- Technology interdependency ➔ Need to collaborate
- Intangible assets
- Knowledge based economy

Patent

- A new product, method or process that solves a specific technical problem
- A right granted by a state to an inventor, to exclude others from making, using, selling or importing in the territory without the inventor’s consent
- In exchange for a disclosure of specification of the invention
- Limited period, 20 years in many countries
- Territorial
Patent (2)
Legal Requirements of Patent

- Novelty
- Inventive Step
- Industrial Applicability

Patent (3)

- First to file vs. First to invent
- Applicant
- Inventor
- Patent Agent
Why are Patents necessary?

Patents provide **incentives** to individuals by offering them **recognition** for their **creativity** and **material reward** for their marketable inventions. These incentives encourage **innovation**, which assures that the **quality of human life** is continuously enhanced.
IP Divide...

- 91% of patents are from OECD countries, >85% from EU, Japan, Korea and US

- PCT filings and national patent filings in developing countries are by non-residents primarily
Thank you for your attention