

The importance of IP in Innovation Promotion and its Exploitation: The Role of Public Policy

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About Technopolis

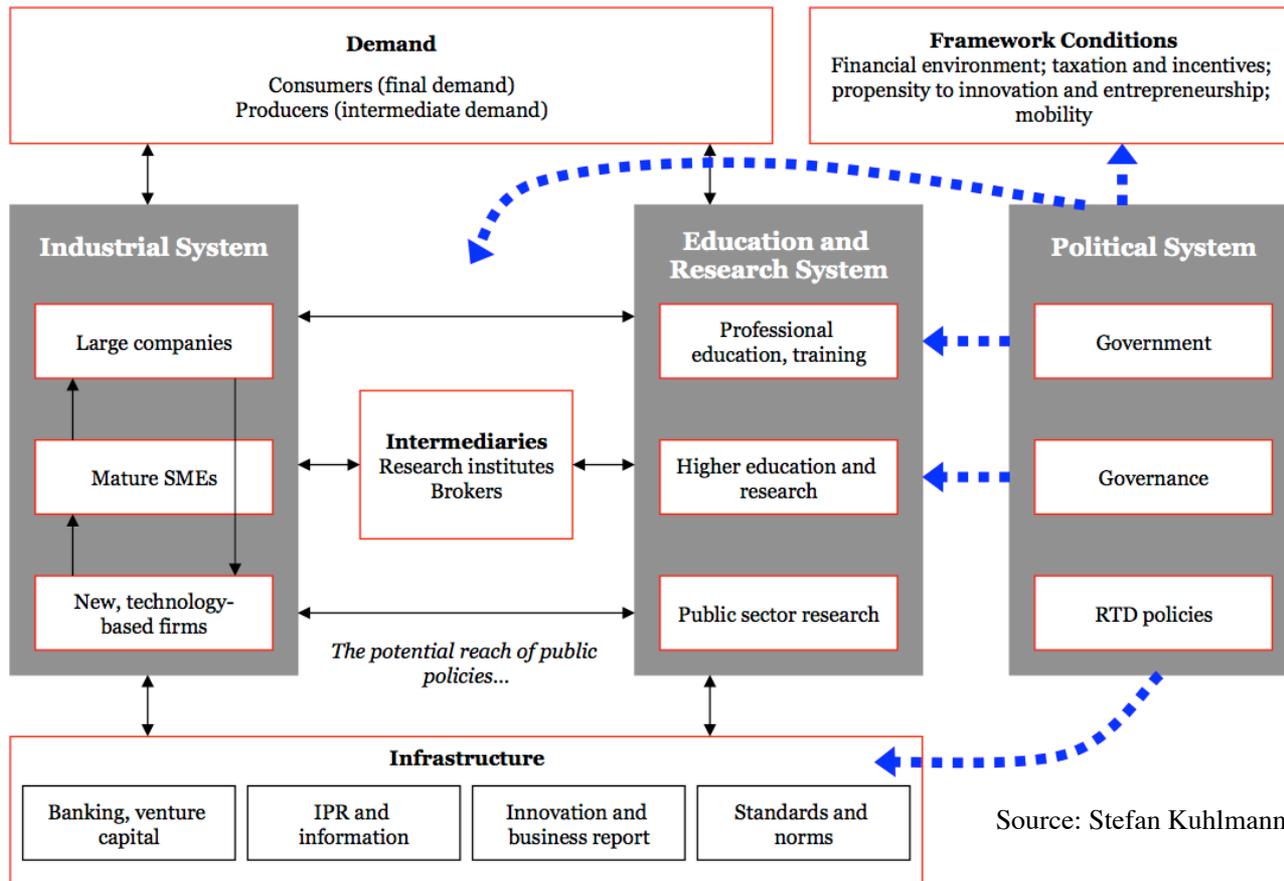


- Leading consultancy in Europe in the area of innovation policy and evaluation of R&D support programmes
- More than 80 employees in 9 offices
- Headquarters in Brighton/UK

General rules for policy interventions

- When is policy intervention in any policy field needed according to modern economic thinking?
 - *Instances of market failure*
 - *Instances of systems failure*
- Market failure
 - *The somewhat „older“ thinking*
 - *State intervention only if the private market does not solve a particular problem*
- Systems failure
 - *The more „modern“ concept*
 - *Looks at broken/improvable relationships between different organisations acting as part of an innovation system*
 - *Example: Lack of interaction between IP and innovation-supporting world*

The innovation system



Source: Stefan Kuhlmann and Erik Arnold, 2001

The IPR system is a policy intervention in itself

- What policy makers – in particular those in innovation (but also in IP) policy - often forget is the interventionist character of the IPR system.
 - *Fostering innovation by providing time-limited monopoly rights for inventors in exchange for blueprints of invention and fees being paid*
 - *Oldest system to foster innovation*
- This presentation is, however, not about the general question whether the IPR system hinders or promotes innovation
 - *Large ever on-going patent-focused debate has no clear winners*
 - *Lack of counter-factual real-life scenarios to the IPR system*
 - *Misconceptions on the side of IPR-system opponents (i.e., IPR is not only about patents)*
 - *For pragmatic reasons → The IPR system exists and is here to stay*

The IPR system has to be understood as one important instrument of many to foster innovation

- From our experience, there is little value in looking at types of innovation-policy interventions in isolation to explain innovation success
- Successful innovations are mostly the result of the clever interplay of many different types of policy interventions
 - *(Higher) education policy*
 - *Direct support measures for R&D and innovation projects (subsidies)*
 - *Indirect measures (tax subsidies)*
 - *The IPR system and the management of different types of IP strategies*
 - *Standardisation*
 - *Regulation*
 - *Public procurement*
 - *and more....*
- High significance of sectoral policies (climate, energy, etc.)

The need of policy action within the field of IPR

- While IPR is a policy intervention in itself, this intervention is also subject to market and systemic failures
 - *Issues of under-use and improper use of IPR by important target groups (e.g., SMEs, universities)*
 - *Issues of improper functioning of the legal framework*
 - *Issues of enforcement*
 - *Issues of linkages with other policy areas*
 - Need for additional policy activity apart from the business of the state to receive IPR registrations and issue IP rights
 - In particular, need of institutions in the innovation and IPR system to deal properly with IP topics
 - In particular, need also for support services and educational offerings
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Some interesting observations in developing countries (I)

- The legal framework was less of an issue than we initially expected
- Big bottleneck: Lack of IP experts and general IP awareness
 - *In some countries, all true IP experts would fit in one room*
 - *Consequences: Long response times from institutions, instability of organisations because of reliance on one person, difficulties in enforcement because judges not well trained etc.*
 - *Knowledge on IP falls steeply when the core group of IP experts is left aside*
 - *Education on IP, if present, focused only on legal and technical issues, not on business issues*

Some interesting observations in developing countries (II)

- Demand for IPR by local firms limited at best
 - *Firms have to deal with other more pressing issues than with IPR*
 - *Innovation is often lacking (pre-requisite for use of IPR)*
 - *Low usage of IPR by competitors within the country*
 - *If there is demand for IPR, than only to a very small extent with regard to patents but more with respect to trademarks*
- General country-wide IPR strategies
 - *either do not exist...*
 - *...or are often dead paper because of unrealistic goals, lack of connection to other policy areas (and institutions responsible for these areas) and implementation issues*
 - *Generally: Under-estimation of the importance of quality documents and statistics (applies not only to the IP area)*

Some interesting observations in developing countries (III)

- Enforcement of IP rights is an issue
 - *Interlinked also with the educational aspect and with institutional capacities*
 - *Enforcement weaknesses leads to little credibility*
- IPR issues often driven by interests of foreign firms which are also the most important customer group of local patent/IP attorneys
- The result of these and other observations is that in many countries we find, superficially, that everything needed is there and operates quite well
- If one takes a deeper look, one will see that behind the façade little is actually working

Developed countries do not really perform better

- While we found in our studies many IPR support services (for SMEs) in developed countries, good or even best practices were hard to spot
 - Issues
 - *Too strong patent focus, too little focus on IP management*
 - *Lack of evaluation culture in the publicly funded IP service world*
 - *Existence of skilled staff is bottleneck*
 - *Lack of educational offerings on IP*
 - *Little interaction between the IP service and the innovation policy world*
 - Dropping of the notion of „best“ practices and talking instead about „elements of good practice“
 - Beware of copying so-called „best practices“ in 1:1 manner into your country
 - Study the „best practice“ in detail first from your point of view.
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Main conclusions

- Policy interventions should be only done if there are clearly argued for instances of market and/or systems failure.
- IPR is an policy intervention in itself to foster innovation and should be seen as one component of/in many other policies (in particular innovation and sectoral policies)
- There are market/systems failures within the IPR system, which need to be tackled by a range of policy measures such as IPR support services or educational measures
- There are many challenges today's existing IPR support services face, and while there are often elements of good practice visibly with some services, true good/best practices at best.

Some of (our) studies in the area

- Benchmarking National and Regional Support Services for SMEs in the Field of Intellectual and Industrial Property, European Commission: PRO INNO Paper No. 4,
 - Coverage: EU-27, U.S.A., Japan, Canada, Australia
 - <http://www.proinno-europe.eu/sites/default/files/page/12/05/PRO%20INNO%20Europe%C2%AE%20Paper%20No.%204%20%27Benchmarking%20National%20and%20Regional%20Support%20Services%20in%20the%20Field%20of%20Industrial%20and%20Intellectual%20Property%20for%20SMEs.pdf>
- Support Services in the Field of IPR for SMEs in Switzerland – A Review
 - https://www.ige.ch/fileadmin/user_upload/Institut/kmu-ip/Support-Services_2008.pdf
- CASIP-SMEs - On existing and potentially new support for SMEs in the field of IPR in Central Asia
 - http://www.casip-smes.eu/sites/default/files/CASIP-SMEs-BaselineStudy_final.pdf

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Thank you

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