



**INTELLECTUAL PROPERTY AND INNOVATION:
SUMMARY ON THE 2018 THEME—THE SOCIETAL VALUE OF IP IN THE NEW ECONOMY**

COMMUNICATION FROM AUSTRALIA; CANADA; CHILE; THE EUROPEAN UNION;
HONG KONG, CHINA; JAPAN; THE REPUBLIC OF KOREA; SINGAPORE; SWITZERLAND;
THE SEPARATE CUSTOMS TERRITORY OF TAIWAN, PENGHU, KINMEN AND MATSU; AND THE
UNITED STATES OF AMERICA

The following communication, dated 30 January 2019, is circulated at the request of Australia; Canada; Chile; The European Union; Hong Kong, China; Japan; the Republic of Korea; Singapore; Switzerland; The Separate Customs Territory of Taiwan, Penghu, Kinmen And Matsu; and the United States of America.

1. The WTO TRIPS Council discussed the topic of "The Societal Value of IP in the New Economy" throughout 2018. This paper highlights examples raised and reiterates the important impact of IP on innovation and consequently economic growth; the lives of our citizens; and the development of new businesses in our economies.

1.1 IP-Intensive Industries and their Economic Impact on Society

2. Recent data collected nationally, regionally and internationally have shown how intellectual property rights (IPRs) contribute to employment, gross domestic product (GDP), licensing revenue and trade. Several WTO Members provided empirical data from reports and case studies, including updated report and firm-level data from the EU Intellectual Property Office; updates to the report of the United States Department of Commerce; a 2014 report by the Canadian Department of Innovation, Science and Economic Development report and a 2017 IP Canada Report; a 2010 study on the Economic Contribution of the Copyright-Based Industries in Colombia (sponsored by the World Intellectual Property Organization (WIPO) and the Government of Colombia); and a 2017 WIPO regional economic study on the Use of Intellectual Property in Central America and the Dominican Republic.

3. Discussion also centred on the broad range of IP-intensive industries that use and rely on IPRs more intensively than the industry average. Members described the impact on sectors ranging from roadwork infrastructure, the watch industry, information technology, climate change mitigation technologies, space technologies and core copyright industries, including digital content, and those sectors that contribute to the production and marketing of copyrighted works. Members highlighted government resources available to support their IP-intensive industries and new IP businesses, including micro, small and medium-sized enterprises (MSMEs), focusing on local needs as well as identifying ongoing and future studies to improve their respective innovation landscapes, export strategies and IP policies.

1.2 IP and Improving Lives

4. Society has benefitted greatly from the innovation of game-changing technology and the greater availability of creative works, notably in education and training, the creative sector, and in the fields of transportation, goods delivery and agricultural and environmental monitoring systems. Intellectual property plays a critical role in incentivizing the development of new technologies and

creative endeavours that contribute to improving the quality of our lives. Creative solutions prosper if inventors are able to commercialize their inventions in a predictable and stable legal environment.

5. For instance, Members noted that patent, regulatory data and trade secret protection provide innovative risk takers with the confidence needed to devote what may be years and millions of dollars into an endeavour that may or may not produce a return on investment. Trademarks are often the first form of IP and the one most used to communicate the commercialization of a product/service and the protection of a firm's brand to consumers and competitors. Copyright can serve as an engine for creativity, cultural and cross border cultural exchange.

6. Members conveyed inspiring stories of how innovators and creators, including in partnership with governments, have used IP tools to address global challenges, which have contributed to technological and creative progress for the benefit of humanity. Members highlighted advancements in the areas of: education/training and digital applications for the visually impaired; creative works programmes to facilitate cross-border exchanges and cross-cultural awareness; healthcare products to provide faster diagnosis and better treatments; digital healthcare solutions to reform healthcare services; agricultural technology to help farmers harvest double yields; technology development projects either applied or developed in countries in need of assistance; and the use of electric and digital sources in the transportation, environment and machine manufacturing sectors. Also highlighted were efforts to improve IP systems awareness and accessibility to help a wider range of people harness the power of IP.

7. Lastly, Members highlighted government and private sector/non-profit initiatives to promote exchanges and business opportunities so that the benefits of IP are shared between and applied to people who need them.

1.3 Intellectual Property and New Business

8. For start-ups and new businesses, IPR can often help determine whether a firm survives and thrives. Members highlighted the need to create the necessary conditions for SMEs and start-ups to succeed by protecting trade secrets, patents, trademarks, designs and copyrights. Links between export performance and firms that rely on IPR were raised. Members noted that SMEs use IP assets to secure financing to launch their business, scale up capital investments, boost marketing and sales, and further increase revenue through licensing arrangements. Some commented on the significant positive economic effects these start-ups and new businesses have had on their economies.

9. Members also noted the need to increase IP awareness among SMEs, to help them address administrative and financial concerns with respect to IP protection. Members highlighted dedicated programmes and initiatives by government institutions, academia and the private sector to provide counselling to start ups and new businesses to protect their IP, develop partnerships and realize international opportunities.

10. At the *Friends of IP and Innovation*-sponsored side-event on the margins of the November 2018 TRIPS Council meeting, Members heard directly from four speakers on the incentivizing role of IP in the areas of economic growth and development as catalyst for new business, and its societal benefits. The speakers featured the following key messages:

- a. The WIPO Chief Economist discussed the findings in the 2017 WIPO report on "Intangible Capital in Global Value Chains", stating that intangibles account for one-third of global production, which is twice the share of tangible capital. He stated that IP is an important precondition for innovation to take place and to take off;
- b. An economist/academic research expert from the University of the West Indies discussed the role of IP for developing country start-ups, stating that developing countries need to take greater advantage of capturing the value of IP in commodity products as opposed to just the commodity itself and to create digital platforms that address their cultural and content needs; and
- c. Two scientists turned entrepreneurs discussed the supportive role of IP systems, IP offices and non-governmental entities played in their research and development efforts, securing

financing, fostering partnerships in countries, and bringing to market cutting-edge innovations to eradicate the Ebola virus and detect the Malaria virus.

11. All four of the presentations illustrated how IP is used as a tool to motivate invention and creation, often building new technologies to the benefit of mankind.

12. Overall, the IP and Innovation discussions held during the three meetings of the TRIPS Council in 2018 provided an engaging and detailed cross-regional overview of WTO Members' national and international IP policies, initiatives and case studies in developing and developed country Members alike. The discussions also provided a useful reference for future legal, regulatory, and policy developments.
