



24 May 2017

(17-2825)

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**Council for Trade-Related Aspects of
Intellectual Property Rights**

Original: English

**INTELLECTUAL PROPERTY AND INNOVATION: INCLUSIVE INNOVATION
AND MSME GROWTH**

COMMUNICATION FROM AUSTRALIA, CANADA, THE EUROPEAN UNION, JAPAN, SINGAPORE,
SWITZERLAND, CHINESE TAIPEI AND THE UNITED STATES

The following communication, dated 23 May 2017, is circulated at the request of the Delegations of Australia, Canada, the European Union, Japan, Singapore, Switzerland, Chinese Taipei and the United States.

1. The important role of IP in the growth and success of innovative MSMEs has long been recognised: it allows innovative and creative businesses to capture the results of their creativity, inventiveness and R&D investments, and creates incentives for further investment in innovation. In many cases, businesses using IP rights in innovative and creative industries tend to perform better, and this is often true in the case of MSMEs. MSMEs owning IP rights have often higher revenue per employee than MSMEs that do not. In many cases, they also expand their workforce faster and pay higher salaries. IP can therefore be considered a key component for smart and sustainable growth.

2. Yet, even in developed countries, only a smaller portion of MSMEs make use of IP, compared to larger companies. The underuse of IP by MSMEs may be due, in part, to the fact that they are not aware of the benefits, they may lack the necessary expertise or find that procedures are too slow or costly. The need to support greater usage by MSMEs of the IP system as a tool for growth and cooperation is accordingly an important challenge for all countries, developed, developing, and least-developed.

3. Given that innovation performance at all levels of the value chain and at any level of economic development is made up of businesses whose most valuable assets are intangible, innovative and creative, MSMEs need to be aware of the advantages of using IP and the potential risks of neglecting it. Once protected, these rights have to be managed to generate value and thus enable innovation to play its full role in the development of the economy.

4. Members can help MSMEs by fostering IP awareness through many avenues. Because these avenues are ultimately common to all Members, we see a chance that the exchange of best practices can enable us to learn from each other and eventually increase the use of the IP system by MSMEs.

5. A variety of different strategies and support measures are discussed and applied by Members, in order to encourage and help MSMEs in the use of the IP system. Such measures comprise, for example:

- i. IP awareness schemes and personalised assistance for MSMEs or providing cooperation (licensing) platforms;
- ii. developing IP mediation and arbitration networks for MSMEs;
- iii. improving coordination of IP support and research and innovation funding schemes.

6. Members are invited to share domestic experiences and examples of successful measures promoting inclusive innovation and MSME growth – in particular, how IP frameworks and innovation policy or programmes have assisted MSMEs to successfully scale-up, help create economic growth and employment, and foster participation in the global trading system and value chains.

Guiding questions:

- a. What examples or case studies can Members share that illustrate how IP effectively contributed to the growth of MSMEs?
- b. What awareness-raising measures, schemes or personalised assistance have Members enacted or are planning to offer in order to allow MSMEs to engage in innovative activities which allow them to benefit better from the IP system (i.e.: access to incubator and accelerator networks, innovation clusters, access to low cost finance, etc.)?
- c. What specific IP or MSME policies have proven successful in overcoming the often comparatively lower use of IP rights by MSMEs?

For any questions or comments, please contact the Delegation of the European Union at jan.schmitz@ec.europa.eu.
