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

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

COMMUNICATION FROM AUSTRALIA; CANADA; THE EUROPEAN UNION; JAPAN; SINGAPORE;
SWITZERLAND; SEPARATE CUSTOMS TERRITORY OF TAIWAN, PENGHU, KINMEN AND MATSU;
AND THE UNITED STATES

The following communication, dated 9 February 2018, is circulated at the request of the Delegations of Australia; Canada; the European Union; Japan; Singapore; Switzerland; Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu; and the United States.

1. The WTO TRIPS Council considered the topic of Inclusive Innovation and MSMEs: Collaboration, Growth and Trade throughout 2017. The co-sponsors have prepared this paper to summarize the discussions by highlighting some of their examples raised and reiterating the value of intellectual property (IP), inclusive innovation and MSMEs.

2. Recent data has shown that businesses using IP rights perform better on average and this is often true in the case of MSMEs. Likewise, businesses owning IP rights often have a higher revenue per employee than businesses that do not. In many cases, they also expand their workforce faster and pay higher salaries. IP is therefore important for smart and sustainable growth. MSME-driven inclusive innovation has a significant social as well as economic impact in both developed and developing economies, given that approximately 95% of businesses around the world are SMEs, which account for 60-70% of private sector employment. MSMEs often focus on local markets. It is a key challenge to integrate MSMEs into global trade and enhance economic outcomes. There is still ample room for MSMEs to better utilize IP both domestically and internationally to support this goal. It is thus important to consider initiatives for strengthening IP strategies for MSMEs.

3. MSME collaboration is multidimensional. Collaboration can occur in various ways such as between MSMEs themselves, in public-private partnerships, inter-firm partnerships, incubators and other ventures at the regional, national or international level. A number of WTO Members provide programmes or platforms to stimulate partnerships and other cooperative/collaborative undertakings among a variety of entities, including universities and start-ups. IP rights support inclusive collaboration and they play a role in collaboration related programs or platforms such as the Global Innovation Strategy (Australia), the European Cluster Collaboration Platform (EU), the Public-Private Partnership Innovation Program (Japan), Emerging Industries Accelerator Programme (Chinese Taipei), and the Global Innovation Forum and US Cluster Mapping Project (US). Adequate framework conditions are important. This includes providing legal certainty, reliable IPR protection and efficient enforcement mechanisms. Under those conditions, MSMEs will more readily engage in innovation collaborations and thereby contribute to the growth and competitiveness of the national economy. (March, 2017)

4. MSMEs can achieve sustainable growth using IP. IP rights provide MSMEs the confidence and the means to invest in research and development-based products and services. IP rights boost MSMEs' growth opportunities and help allocate their resources efficiently and increase their productivity. The EU-coordination platform (EU), IP Education and Awareness Program (Canada) and IPR educational "Stopfakes" road shows and trade shows (US) are introduced as measures for

enhancing IP awareness, and the Entrepreneurs' Programme (Australia), Comprehensive IP Support Service Counters (Japan), the Inclusive Innovation Initiative (US), IP Value lab (Singapore), and IP Consulting Center for SMEs (Chinese Taipei) have been mentioned as means for supporting innovative MSMEs to develop or consider effective IP strategies. Establishing favorable IP conditions also has positive effects on local growth potential in middle and low income economies. WTO Members provided examples of the role of IP in the development and diffusion of new technologies that help improve economic conditions in rural areas and minority communities. By supporting MSMEs and facilitating their growth, such public IP measures and means are often carried out and found to have an important and positive effect. (June, 2017)

5. IP rights can help create and maintain value added and export opportunities to MSMEs. Formulating appropriate IP strategies overseas is therefore important. Such supportive activities are undertaken by many WTO Members, and can be of great help in facilitating the integration of MSMEs into global value chains. IP strategies can focus on facilitating the integration of MSMEs into local and global value chains, thereby increasing trade opportunities. Tradable IP rights and assets can also be a major facilitator of MSMEs' national and international trade activities. For example, some governments offer services which provide MSMEs with key resources to make sure that innovators have what they need to turn a great idea into a successful business and take advantage of global opportunities. For example, government agencies jump-start MSMEs efforts by helping companies to identify, screen, and meet prospective partners, agents, distributors, and customers in foreign markets, thereby increasing MSME exports and international sales (US). Likewise, highly productive and innovative growth sectors, such as the food processing industry, rely heavily on such assets (Japan). Some products and related marketing tools allow for a particularly varied and extensive IP strategy, which can further expand MSMEs trade opportunities, as was exemplified with an example from the cheese sector (Switzerland). (October, 2017)

6. At the Friends of IP and Innovation sponsored side-event on the margins of the October meeting, we heard directly from four MSME stakeholders from South Africa, Israel, Indonesia and Colombia on the benefits of IP to promote MSME development. A representative of a South African university tech transfer office, legal counsel for an Israel-based telecom company, an Indonesian guitar manufacturer and an IP Office official from Colombia's Technological Information and Support to Industrial Property Management Center (CIGEPI) stressed the importance of policymakers investing resources in the IP system. A reoccurring theme of the event was the call for more IP awareness and education for MSMEs so they can: (i) access trademark and patent protection; (ii) participate in government funded research projects; (iii). obtain enforcement of IP rights; and (iv) facilitate the collaboration with other companies and entities to help entry into the global market. The stakeholder presentations highlighted the importance of IP to MSME growth and the pivotal role that government can play as a catalyst for the private sector to grow their businesses and take advantage of global opportunities.

7. Overall, discussions held during the three meetings of the TRIPS Council in 2017 provided a robust and thorough overview of WTO Members' national and international IP strategies, both from developing and developed countries. WTO Members provided examples of programmes and policies designed to promote inclusive innovation and trade opportunities for MSMEs, as well as examples of MSMEs applying individual IP strategies which enable them to collaborate, grow, and engage in national and international trade.
