



**IP AND INNOVATION:
THE SOCIETAL VALUE OF IP IN THE NEW ECONOMY (2018 THEME)**

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

The following communication, dated 21 February 2018, is circulated at the request of the delegations of Australia; the European Union; Japan; Switzerland; the Separate Customs Territory of Taiwan, Penghu, Kinmen and Matsu; and the United States of America.

1. Throughout 2017 the TRIPS Council discussed Micro, Small and Medium-Sized Enterprises (MSMEs) and inclusive innovation, describing how MSMEs incorporated intellectual property rights (IPRs) into their business strategies. Overall, these successful and inclusive discussions held during the three meetings provided a robust and thorough overview of WTO Members' national and international IP strategies and case studies, both from developing and developed countries.

2. This year, the discussion on IP and Innovation could take a new angle, examining how IP helps create conditions that encourage investments in innovations of all kinds, helping to create new businesses, and expand opportunity for individuals and societies. IP protection and enforcement can help promote conditions that encourage risk-taking, whether in the development of new technologies, new solutions to business challenges, new cultural and artistic expressions, and the means to distribute such works to the public. The TRIPS Council Members are invited to take part in a three part exchange this year on how their IP-intensive industries continue to be a major and integral part of their local economies and share their success stories on how IP improves everyday lives, builds new businesses, and contributes to the economic prosperity of our economies. The first sub-theme is *IP-Intensive Industries and their Economic Impact on Society*. Future topics include *IP Improving Lives* and *IP and New Business*.

IP-Intensive Industries and Their Economic Impact on Society

3. The protection and enforcement of IPRs help create conditions that permit and encourage individuals and businesses to experiment with new approaches and solutions, which benefit society as a whole. At the macroeconomic level, adequate IPR protection and enforcement, by empowering experimentation, whether in the arts, business, or technology, helps unshackle latent human potential to address the world's many challenges, contributing to long term economic growth and development as well as the better life for our citizens.

4. In the most concrete sense, IPR-intensive industries generate jobs directly, as well as indirectly via industries that supply goods and services to those IPR-intensive industries. IPR-intensive industries also pay significantly higher wages than other industries, and help artists and creators to receive remuneration for their work. The product innovation it encompasses fuels the introduction of novel goods, services and techniques, across a range of fields, including the environment, education and rural development. All of this translates into a higher real standard of living, measured by GDP or otherwise.

5. IPR-intensive industries have been found to be integral to growth in GDP, employment and trade. Furthermore, recent empirical data indicate that the contribution of these industries to the modern economy has grown significantly over the last decade in the digital era. As a result, IPR-intensive industries appear to have coped better with the severe economic crisis than the economy as a whole, which is another indicator of the added value of IPR-intensive industries.

6. For the February 2018 TRIPS Council meeting, Members are invited to share the impact that IPR-intensive industries have had on the development of their economies, for example, the impact of certain IP rights or more generally. Members are encouraged to share their national empirical data on the relevance of IPR-intensive industries and of IP rights for their success, allowing a fact- and evidence-based discussion on the economic impact of IP.

7. Members are therefore invited to:

- 1) share empirical data and present studies (completed, underway or planned) on the economic impact of IP or IPR-intensive industries to GDP, trade, employment and rural development;
 - 2) share information on IP and innovation law, policies, strategies, programmes and projects that supported or relied on IPR-intensive industries or other entities and that have proven successful;
 - 3) share information on how IP assets strengthen the ability of business enterprises to receive strong valuation and attract capital, leading to greater business success;
 - 4) share empirical data and present studies on the economic impact of counterfeiting, piracy and other IPR infringements on innovation and society at large.
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