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**PROGRAM FOR ASSISTING SMALL AND
MEDIUM-SIZED ENTERPRISES (SMEs¹)**

Memorandum of the Director General

1. By written communication received from the Governments of Denmark, India, Norway, Singapore (on behalf of the Association of South East Asian Nations (ASEAN)) and Sweden, the Director General has been requested to include an Agenda item for the Extraordinary Session of the General Assembly in September 2000, and to consider the expansion of WIPO's program of activities to assist SMEs worldwide to enhance their competitiveness through the effective use of the intellectual property system.
2. It is becoming widely recognized that SMEs will play a greater role in the rapidly changing global economic environment. In most national economies, SMEs contribute

¹ The definition of SME varies from country to country. The term is generally understood to refer to firms that employ less than a given number of employees (between 250 and 500). The amount of capital is also taken into account. For the purpose of this document, the term SME refers to all firms defined as such in various countries.

significantly to the economy, and, in some instances, their growth rate exceeds that of large corporations.² Improving the competitiveness of SMEs has been, and continues to be, on the agenda of most governments as an integral part of their policy for national, regional and international success. Worldwide, governmental policies to promote activities of SMEs vary according to national needs. These policies include, for instance, financial assistance, networking among SMEs, human resources development and technical information services.

3. Modern technologies, especially the Internet, have increased the ease and speed of knowledge and information sharing, which has resulted in greater attention being devoted to legal and technological mechanisms for protecting intangible assets in the global market economy. Intellectual property, therefore, will play a greater role than ever before in this service-oriented economic environment. However, the awareness and use of intellectual property by SMEs worldwide continue to be insufficient, as several surveys suggest.³ It is, therefore, important to encourage SMEs worldwide to more effectively use the intellectual property system as a part of their business strategy.

4. While programs are already being implemented nationally, regionally and internationally for strengthening the role of SMEs in the economy, it is also the role of WIPO to promote the use of the intellectual property system for enhancing the competitiveness of SMEs worldwide in the areas of patents, trademarks utility models, etc.

5. Subject to the availability of budgetary resources, WIPO's initiatives for SMEs could cover a wide range of interests. While certain activities planned during the present biennium could be realigned or refocused towards the objective described above, certain constraints exist concerning the resources required. It is, therefore, proposed that a substantial new program of activities, focusing on the intellectual property-related needs of SMEs worldwide, be included in the draft Program and Budget for the next biennium.

6. Activities for promoting the use of the intellectual property system by SMEs should address the various interests of different countries, such as simplified and affordable procedures to obtain and enforce intellectual property rights, and greater access to, and proper

² For example, in a background report prepared for Workshop 1 at the Bologna Conference for Ministers responsible for SMEs and Industry Ministers, which the Italian Government and the Organization for Economic Cooperation and Development (OECD) co-organized in Italy on June 14 and 15, 2000, a study by the National Science Foundation of the United States of America (1999) is quoted as saying that total expenditures for industrial Research and Development by SMEs increased by almost three times between 1985 and 1995 in the United States of America, while for the largest firms, the increase was only about 20 %.

³ *The European Community Innovation Survey* (1993) shows that there is a significant gap between SMEs and larger firms in their recognition of the importance of patents. In response to a question as to whether or not patents are crucial for product innovations, the percentage of "yes" replies was 27 % for firms employing between 100 and 249 workers, whereas it was 38 % for firms employing more than 1,000 workers. Another survey conducted at the request of the Japanese Patent Office and contained in a book entitled *The Age of Intellectual Creation* (1997) indicates that only 35% of Japanese SMEs surveyed (compared with 51% of larger firms) favored stronger patent protection.

use of, intellectual property information and services.⁴ There is a need to define the scope of the program to determine whether to cover independent inventors and creators as well as micro-enterprises (smaller than SMEs). The new activities would be effectively implemented through a cross-sector approach and close coordination between all the relevant program areas. WIPO's activities in this area are also expected to encourage the Member States to adopt policies in support of the use of the intellectual property system by SMEs.

7. The General Assembly of WIPO is invited to note and comment upon the contents of this Memorandum and to approve the proposal contained in paragraph 5. above.

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⁴ For example, the European Commission's program "Innovation and participation of SMEs" published a study entitled "*Innovation Policy In a Knowledge-based Economy*" (June 2000). The study discusses specific innovation policies with particular emphasis on those geared towards improving innovation in, and technology diffusion among, SMEs, and recommends, for example, the reduction of patenting costs through harmonization of granting procedures and effective dissemination of information by using the intellectual property system. As concerns the cost for enforcing patents, it is noted that the European Commission proposes to consider the possibility of introducing legal costs insurance in the patents field (see page 21, the Green Paper of the European Commission on the Community patent and the patent system in Europe (1997)).