



# Role of Intellectual Property (IP) in Economic Development

Study Program in Japan on Effective Development and Utilization of IP Assets

November 25, 2009

## OUTLINE

1. Challenges of Economic Growth
2. Economic Importance of Intellectual Property
3. Intellectual Property Asset Development & Management
4. The Role of the World Intellectual Property Organization

# 1. Challenges of Economic Growth

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## Challenges of Economic Growth

### New Growth Theory

**“Economic growth occurs whenever people take **resources** and **rearrange** them in ways that are more valuable”**

Economic Growth by Paul Romer

<http://www.stanford.edu/~promer/EconomicGrowth.pdf>

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## Challenges of Economic Growth

Humans use their creativity and imagination to create value by transforming commodities into products

value added per kilogram of

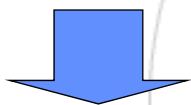
- |                                |                |
|--------------------------------|----------------|
| • cereals and oil              | 0.20\$         |
| • iron and steel               | 0.30 to 0.60\$ |
| • paper pulp                   | 0.40\$         |
| • meat, fish, wool or aluminum | 1\$            |
| • cars or frozen food          | 10\$           |
| • video cassettes              | 600\$          |
| • aircraft engines             | 1,000\$        |
| • aerospace (satellites)       | 40,000\$       |

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## Challenges of Economic Growth

### Traditional Theory

Poverty comes from the lack of objects such as natural resources or capital goods



### New Growth Theory

Not "Objects" but "Ideas".

Accumulation of knowledge is the driving force behind economic growth.

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## 2. Economic Importance of Intellectual Property

## Economic Value of IP

### Intellectual Property

**Patents (Inventions)**

**Trademarks**

**Industrial Designs**

**Geographical Indications**

**Copyright (Work of Authorship)**

**Trade Secret, etc.**

# Economic Value of IP

## Patents



- Protects a new and useful idea
- Gives the inventor a temporary **shelter** from the forces of market competition.
- The shelter and the resulting competitive advantage encourage invention.
- Promotes technological and business competition



**Toyota Corporation** - started out as a small enterprise producing looms; obtained GBP100,000 by selling its patent on automatic loom in 1924 and subsequently, invested it as initial capital to set up an automobile company.

# Economic Value of IP

## Trademarks



- serve as a marketing tool and are the basis for building a brand image and reputation
- help in cementing customer loyalty and enhance market shares, sales, profitability through product distinction/differentiation
- trademarks can be licensed and provide a direct source of revenue through royalties
- useful for obtaining financing

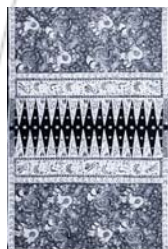


- **Brand value in 2009** - Coca-Cola (US\$68 billion), IBM (US\$60 billion), Microsoft (US\$56 billion), GE (US\$47 billion), Nokia (US\$34 billion)



# Economic Value of IP

## Industrial Designs



- serve as a competitive tool for original or novel designs on consumer product market
- help in strengthening brand and create a new niche market
- allow customization of products to appeal to specific market segments



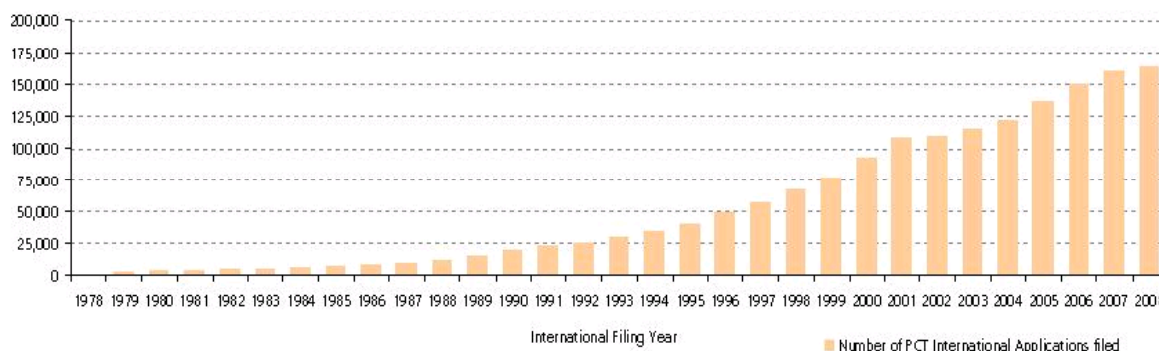
## Geographical Indications

- can be used strategically to promote regional or national products and enterprises in the global market



# Growing Economic Importance of IP

- **PCT applications** increased from **28,577** in 1993 to **163,600** in 2008.
- The share of **PCT applications from Developing** countries has also increased from 0.4% in 1992 to 6.1% in 2008.
- Since 1978, the number of PCT international applications filed is 1,649,698.



Source: WIPO Statistics Database

## Pro-Active IP Policy for Economic Development

Using IP for economic development requires a pro-active IP policy intrinsically related to economic development.

Healthy IP system is a key element in encouraging foreign direct investment.

## Pro-Active IP Policy for Economic Development

**FDI growth in Brazil** - Brazil experienced an impressive growth in FDI following the introduction of a new IP law in 1996 (US\$4.4B in 1995 to US\$32.8B in 2000)

**Software industry in India** - India's investments in higher education, IT software and services and **upgrading of IP laws** contributed in making India as the first IT services provider in the world, with IT market up from US\$5 billion in 1997 to US\$16.4 billion in 2003.



## In sum, intellectual property...

- ***encourages innovation and creativity*** by recognizing the rights of the inventors and creators to obtain legal protection and economic reward for their work, for a limited duration.
- ***enriches society*** through creation of knowledge, technologies, music, art, literature and promoting cultural development.
- ***promotes industrial activity*** by providing access to technologies and investment and encouraging fair trade.

## 3. Intellectual Property Asset Development & Management



## What are IP Assets?

### Intellectual Property

Patents (Inventions)

Trademarks

Industrial Designs

Geographical Indications

Copyright (Work of Authorship)

Trade Secret, etc.

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Strategically  
Developed, used in a  
Commercial  
Environment

Human Capital

## Essential Components of Proactive IP Policy & Strategy

1. Strategic IP policies
2. Infrastructure and enforcement
3. IP education, training & public awareness
4. Dynamic use of IP

## **“IP asset development and management are important for economic growth and competitiveness”**

- Policies to be interdisciplinary and comprehensive (agriculture to telecommunications)
- Select sustainable and appropriate IP policy options in line with national objectives
- Develop a strategic plan for IP asset development & management

## **4. The Role of WIPO**

## The Role of WIPO

- Empower Member States to develop, protect, enforce, manage and commercially exploit IP as a tool for economic, social and cultural development
- Raise the awareness with regard to the development and management of policies and practices for using IP assets
- Provide tools for the promotion of intellectual asset management, including guidelines and best practice models for managing intellectual assets
- Encourage countries to develop an IP culture and Provide country-specific assistance in developing an IP system that meet national policy and economic objectives

## Keeping Updated

- WIPO Public Website (<http://www.wipo.int>)
- Focal Point for WIPO in IP Offices
- Regional Bureaus (e.g. Asia Pacific Bureau, Africa Bureau)
- Specialized units Heads/Focal points
- WIPO Distance Learning (DL) Courses (<http://www.wipo.int/academy/en>)



**Thank you for your  
kind attention**