

# The importance of IP in Innovation Promotion and its Exploitation: The Role of Public Policy

*Alfred Radauer (Senior Consultant, Technopolis)*

*African Conference on the Strategic Importance of IP Policies to Foster Innovation  
Dar-Es-Salaam, March 12/13, 2013*

---

## About Technopolis

---



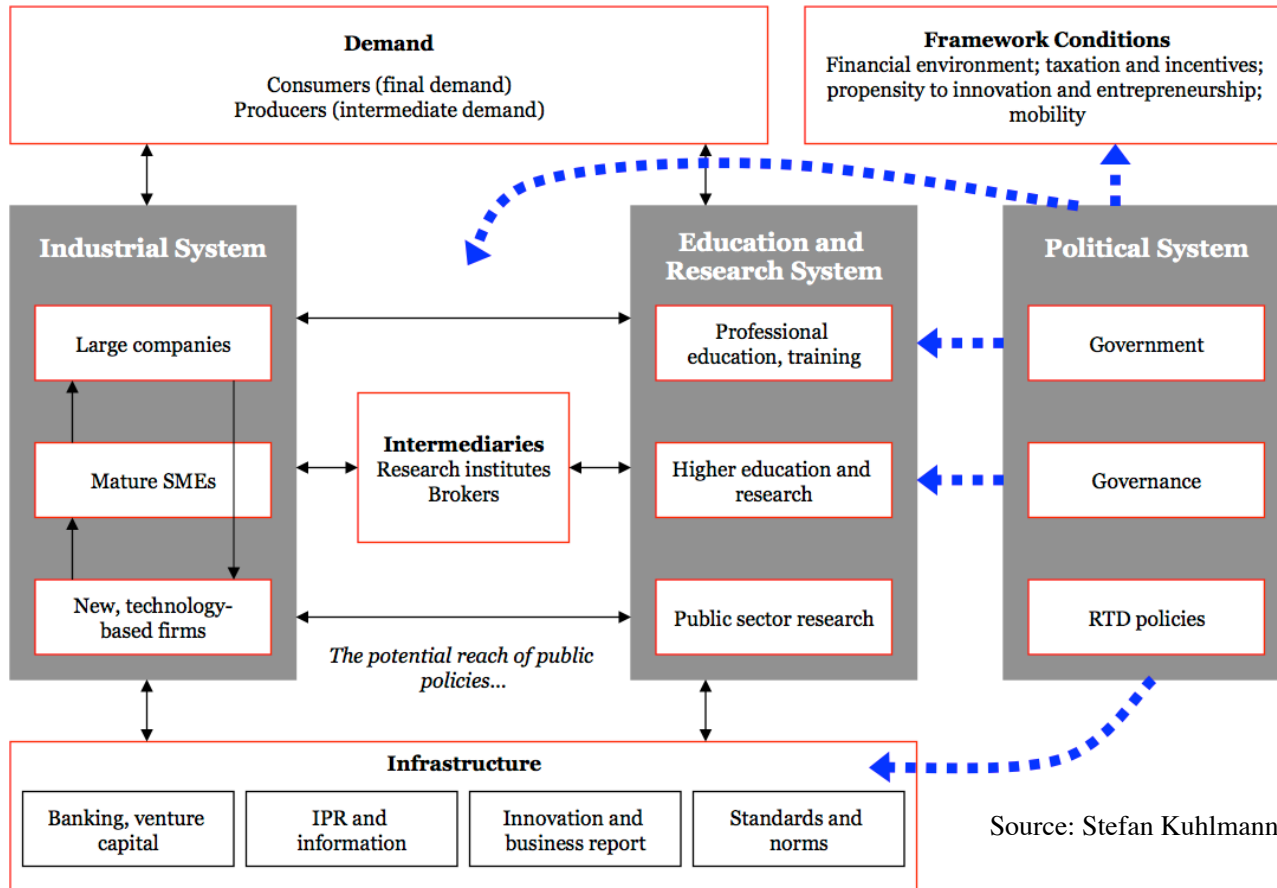
- Leading consultancy in Europe in the area of innovation policy and evaluation of R&D support programmes
- More than 80 employees in 9 offices
- Headquarters in Brighton/UK

## General rules for policy interventions

---

- When is policy intervention in any policy field needed according to modern economic thinking?
  - *Instances of market failure*
  - *Instances of systems failure*
- Market failure
  - *The somewhat „older“ thinking*
  - *State intervention only if the private market does not solve a particular problem*
- Systems failure
  - *The more „modern“ concept*
  - *Looks at broken/improvable relationships between different organisations acting as part of an innovation system*
  - *Example: Lack of interaction between IP and innovation-supporting world*

# The innovation system



Source: Stefan Kuhlmann and Erik Arnold, 2001

## The IPR system is a policy intervention in itself

---

- What policy makers – in particular those in innovation (but also in IP) policy - often forget is the interventionist character of the IPR system.
  - *Fostering innovation by providing time-limited monopoly rights for inventors in exchange for blueprints of invention and fees being paid*
  - *Oldest system to foster innovation*
- This presentation is, however, not about the general question whether the IPR system hinders or promotes innovation
  - *Large ever on-going patent-focused debate has no clear winners*
  - *Lack of counter-factual real-life scenarios to the IPR system*
  - *Misconceptions on the side of IPR-system opponents (i.e., IPR is not only about patents)*
  - *For pragmatic reasons → The IPR system exists and is here to stay*

## The IPR system has to be understood as one important instrument of many to foster innovation

---

- From our experience, there is little value in looking at types of innovation-policy interventions in isolation to explain innovation success
- Successful innovations are mostly the result of the clever interplay of many different types of policy interventions
  - *(Higher) education policy*
  - *Direct support measures for R&D and innovation projects (subsidies)*
  - *Indirect measures (tax subsidies)*
  - *The IPR system and the management of different types of IP strategies*
  - *Standardisation*
  - *Regulation*
  - *Public procurement*
  - *and more....*
- High significance of sectoral policies (climate, energy, etc.)

## The need of policy action within the field of IPR

---

- While IPR is a policy intervention in itself, this intervention is also subject to market and systemic failures
    - *Issues of under-use and improper use of IPR by important target groups (e.g., SMEs, universities)*
    - *Issues of improper functioning of the legal framework*
    - *Issues of enforcement*
    - *Issues of linkages with other policy areas*
  - Need for additional policy activity apart from the business of the state to receive IPR registrations and issue IP rights
  - In particular, need of institutions in the innovation and IPR system to deal properly with IP topics
  - In particular, need also for support services and educational offerings
-

## Some interesting observations in developing countries (I)

---

- The legal framework was less of an issue than we initially expected
- Big bottleneck: Lack of IP experts and general IP awareness
  - *In some countries, all true IP experts would fit in one room*
  - *Consequences: Long response times from institutions, instability of organisations because of reliance on one person, difficulties in enforcement because judges not well trained etc.*
  - *Knowledge on IP falls steeply when the core group of IP experts is left aside*
  - *Education on IP, if present, focused only on legal and technical issues, not on business issues*



## Some interesting observations in developing countries (II)

---

- Demand for IPR by local firms limited at best
  - *Firms have to deal with other more pressing issues than with IPR*
  - *Innovation is often lacking (pre-requisite for use of IPR)*
  - *Low usage of IPR by competitors within the country*
  - *If there is demand for IPR, than only to a very small extent with regard to patents but more with respect to trademarks*
- General country-wide IPR strategies
  - *either do no not exist...*
  - *...or are often dead paper because of unrealistic goals, lack of connection to other policy areas (and institutions responsible for these areas) and implementation issues*
  - *Generally: Under-estimation of the importance of quality documents and statistics (applies not only to the IP area)*

## Some interesting observations in developing countries (III)

---

- Enforcement of IP rights is an issue
  - *Interlinked also with the educational aspect and with institutional capacities*
  - *Enforcement weaknesses leads to little credibility*
- IPR issues often driven by interests of foreign firms which are also the most important customer group of local patent/IP attorneys
- The result of these and other observations is that in many countries we find, superficially, that everything needed is there and operates quite well
- If one takes a deeper look, one will see that behind the façade little is actually working

## Developed countries do not really perform better

---

- While we found in our studies many IPR support services (for SMEs) in developed countries, good or even best practices were hard to spot
  - Issues
    - *Too strong patent focus, too little focus on IP management*
    - *Lack of evaluation culture in the publicly funded IP service world*
    - *Existence of skilled staff is bottleneck*
    - *Lack of educational offerings on IP*
    - *Little interaction between the IP service and the innovation policy world*
  - Dropping of the notion of „best“ practices and talking instead about „elements of good practice“
  - Beware of copying so-called „best practices“ in 1:1 manner into your country
  - Study the „best practice“ in detail first from your point of view.
-

## Main conclusions

---

- Policy interventions should be only done if there are clearly argued for instances of market and/or systems failure.
- IPR is an policy intervention in itself to foster innovation and should be seen as one component of/in many other policies (in particular innovation and sectoral policies)
- There are market/systems failures within the IPR system, which need to be tackled by a range of policy measures such as IPR support services or educational measures
- There are many challenges today's existing IPR support services face, and while there are often elements of good practice visibly with some services, true good/best practices at best.

## Some of (our) studies in the area

---

- Benchmarking National and Regional Support Services for SMEs in the Field of Intellectual and Industrial Property, European Commission: PRO INNO Paper No. 4,
  - Coverage: EU-27, U.S.A., Japan, Canada, Australia
  - <http://www.proinno-europe.eu/sites/default/files/page/12/05/PRO%20INNO%20Europe%C2%AE%20Paper%20No.%204%20%27Benchmarking%20National%20and%20Regional%20Support%20Services%20in%20the%20Field%20of%20Industrial%20and%20Intellectual%20Property%20for%20SMEs.pdf>
- Support Services in the Field of IPR for SMEs in Switzerland – A Review
  - [https://www.ige.ch/fileadmin/user\\_upload/Institut/kmu-ip/Support-Services\\_2008.pdf](https://www.ige.ch/fileadmin/user_upload/Institut/kmu-ip/Support-Services_2008.pdf)
- CASIP-SMEs - On existing and potentially new support for SMEs in the field of IPR in Central Asia
  - [http://www.casip-smes.eu/sites/default/files/CASIP-SMEs-BaselineStudy\\_final.pdf](http://www.casip-smes.eu/sites/default/files/CASIP-SMEs-BaselineStudy_final.pdf)

technopolis<sub>|group|</sub>

Thank you

---

For further information, please contact:  
[alfred.radauer@technopolis-group.com](mailto:alfred.radauer@technopolis-group.com)

technopolis **|group|** has offices in Amsterdam, Ankara, Brighton, Brussels, Frankfurt/Main, Paris, Stockholm, Tallinn and Vienna

---