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Page: 1/4

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**INFORMAL WORKING GROUP ON MSMES**

CONVENING NOTICE

**briefing by the WTO Secretariat on  
discussions on  
MSMEs, IP and innovation  
in the context of the TRIPS Council**

TRIPS Article 7: IP system “should contribute to the promotion of technological innovation and to the transfer and dissemination of technology, to the mutual advantage of producers and users of technological knowledge and in a manner conducive to social and economic welfare, and to a balance of rights and obligations.”



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[Home](#) [About WTO](#) [News and events](#) [Trade topics](#) [WTO membership](#) [Documents, data and resources](#) [WTO and you](#)

[home](#) → [trade topics](#) → [trips](#) → [innovation policy and the trips agreement](#)

[TRIPS](#)

## Innovation policy and the TRIPS Agreement

A balanced and effective intellectual property system is recognized as an integral element of the policy framework that supports innovation. The role of intellectual property (IP) rights in enabling and promoting innovation, and in facilitating the dissemination of the outcomes of innovative activities, is widely debated internationally and domestically, and is the subject of active policy consideration in many countries. The Agreement on Trade-related Aspects of Intellectual Property Rights (TRIPS) recognizes the significance of the IP system for innovation, providing (in [Article 7](#)) that the “protection and enforcement of intellectual property rights should contribute to the promotion of technological innovation and to the transfer and dissemination of technology”.

# TRIPS Council: 116 interventions on MSMEs & innovation since 2014



- African Regional Intellectual Property Organization (ARIPO)
- Argentina
- Australia
- Botswana
- Bangladesh for LDCs
- Brazil
- Canada
- Chile
- China
- Chinese Taipei
- Colombia
- Costa Rica
- Dominican Republic
- Ecuador
- El Salvador
- European Union
- Guatemala
- Hong Kong, China
- India
- Israel
- Japan
- Korea, Republic of
- Mexico
- New Zealand
- Nigeria for African Group
- Norway
- Peru
- Philippines
- Russian Federation
- Singapore
- South Africa
- Switzerland
- United Kingdom
- United States of America

**a selection of Members' reports to the TRIPS Council on MSMEs, innovation and intellectual property:**

- **illustrative only and not intended to be exhaustive or authoritative**

# some themes: IP & innovation

- Support for innovative MSMEs has been adopted by many governments as part of a national strategy for innovation-led development:
  - e.g. Guatemala reported support for MSMEs as a strategic focus in its 2016/2021 Economic Policy.
  - Ecuador – organic law on entrepreneurship
  - El Salvador initiative in cooperation with WIPO
- Effective use of the IP system key to MSME competitiveness
  - Members report on schemes to assist MSMEs to develop, use and leverage IP portfolios strategically

# MSME challenges using IP system

- Members report common challenges faced by innovative MSMEs leading to underutilisation of the IP system
  - cost,
  - duration and complexity of procedures,
  - limited human capital and institutional capacity
  - challenges for enforcement of IP rights
  - higher reliance on informal IP ('knowhow').
- In response, Members have facilitated MSMEs' use of IP systems through diverse, tailored measures,
  - awareness-raising, helpdesks, workshops
  - dedicated portals
  - assistance with searches,
  - support for IP portfolio management; IP diagnosis and audits
  - digital filing platforms,
  - lower fees for MSMEs,
  - *pro bono* patent application programmes
  - alternative dispute resolution, and small claims tribunals

# MSMEs & innovation policies

- Members have reported on measures to provide a stable and predictable environment for MSMEs to innovate,
  - e.g. programmes to help such enterprises to access capital,
  - support for securitization of IP portfolios and royalty streams
  - tax incentives for SMEs,
  - innovation resources
  - incubation centres specifically for MSMEs, especially start-up firms.
- More generally, Members report programmes to identify and support innovative sustainability technology, such as innovator networks and targeted strategic support, as well as the establishment of government institutions such as a national secretariat for science, technology and innovation.
- Examples reported include the Panama City of Knowledge and the Botswana Innovation Hub, which operates a science and technology park and a technology entrepreneurship development programme.

# finance and other support for MSME innovation

- Members reported on specific programs to facilitate financing for start-ups and emerging innovation entrepreneurs,
  - For instance, the Indian Aspiration Fund (with initial funding of about \$300 million), launched by the Small Industries Development Bank of India, a 'fund of funds' investing in venture capital funds for meeting the equity requirement of MSMEs, especially start-ups.
  - New Zealand - accelerated programme to promote the rapid formation of early-stage information and communication technology (ICT) and digital technology start-ups.
- Other initiatives reported included physical centres for MSME development, collaboration and innovation,
  - For instance, Australia's Landing Pads Program under the National Innovation and Science Agenda, connecting export-ready start-ups with access to some of world's most renowned innovation and start up ecosystems internationally.

# other dimensions reported

- Technical assistance needs:
  - e.g. Togo emphasized identified its needs relating to improvement of information and awareness raising for micro, small and medium-sized enterprises (MSMEs) in the area of IP
- Link with e-commerce
  - E-commerce has opened up opportunities for businesses, especially MSMEs, and allowed them to reduce their cost of doing business and to reach beyond their own backyards. This has happened not just in the developed countries, but also in developing countries
  - The ‘app economy’ – globally oriented MSMEs highly reliant on IP protection – trading in IPRs

# Broadening the dialogue: MSMEs, innovation and the SDGs

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Vol. XII, No. 2

## Trade, Law *and* Development

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EDITORIAL

Amogh Pareek & Gautami Govindrajan, *In Sickness and In Health: Navigating Trade in a Post-Pandemic World*

ARTICLES

Antony Taubman, *Framing a Multilateral Trade and Innovation Agenda to Advance the Sustainable Development Goals: The Intellectual Property Dimension*