Council for Trade-Related Aspects of Intellectual Property Rights

EXTRACT FROM MINUTES OF
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COUNCIL FOR TRADE-RELATED ASPECTS OF INTELLECTUAL PROPERTY RIGHTS
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ITEM 13 INTELLECTUAL PROPERTY AND INNOVATION

EXTRACTED FROM DOCUMENT IP/C/M/72
13. INTELLECTUAL PROPERTY AND INNOVATION: SMALL AND MEDIUM-SIZED ENTERPRISES

13.1. The Chairman said that this item had been put on the agenda at the written request of the delegations of Chile, Korea, Chinese Taipei, and the United States.

13.2. The representative of the United States said that his delegation was pleased to join Chile, Chinese Taipei and Korea in sponsoring this agenda item. At the November 2012 meeting of the Council, Members had conducted a productive exchange of views on national policies to promote innovation. During that exchange, many delegations had stressed the importance of innovation in spurring economic development and growth, and the role of IP protection as part of the enabling environment for innovation, including facilitating capitalization, stimulating R&D and advancing commercialization.

13.3. For small and medium enterprises (SMEs), the relationship between IP and innovation was particularly important, and for innovative entrepreneurs among them, IP was crucial. IP was the core of their business activities, and constituted a principal element of the value of the enterprise. Moreover, IP was a source of their future success, and thus had to be cultivated and protected.

13.4. No "idea", however innovative, could stand alone. In order to flourish, the "idea" had to attract venture capital and secure IP protection, as otherwise the goods or services or the IP itself would not be marketed, and consumers would not benefit. On the other hand, with those critical elements, SMEs could generate revenue, create jobs, pay salaries, and contribute to the social welfare. He agreed with the representative of Switzerland who had stated at the last meeting of the Council that IP was an important asset for SMEs because it could be bought, sold, or licensed out to a partner business. It thus provided not only a source of income, but also encouraged building partnerships with companies that had a related or different technological expertise, allowing otherwise fallow ideas to be effectively monetized.

13.5. He said that while excellent solar technologies already existed, financing was critical for their mass market adoption in emerging markets. He gave the example of Simpa Networks, an innovative enterprise that was based in the United States and India. The enterprise had developed a green energy solution for under-resourced communities with a pay-as-you-go system for accessing solar energy, whereby when a solar system was installed in a home, its resident purchased time and received a code to unlock the system, similar to a pre-paid phone. A patent application was pending under the WIPO Patent Cooperation Treaty, which was central to the company's full capitalization. Simpa's technology promised to make clean energy "simple, affordable, and investible" – simple and affordable for end users, and investible for the investors that had underwritten the capital costs of the solar equipment. Simpa's technology mitigated the risks of investing in clean distributed solar energy in emerging markets, and Simpa had already demonstrated early success in unlocking investment capital for the expansion of access to clean energy. Simpa's IP assets were leveraged to increase the flow of capital into the sector, including by reducing the risk to investors who had provided much needed financing.

13.6. He said that another example was Wonderbag, a South African SME, which had developed a clean, heat retention cooking solution that helped prevent smoke inhalation. The product was produced locally in South Africa from recycled materials, generating local employment, and marketed in partnership with Unilever. With Unilever's partnering, Wonderbag's sales jumped by over 200%. For Wonderbag, IP protection provided the means to share its technology with others. Like many SMEs, the challenge was not whether IP helped innovators, but how to secure protection of their IP assets.

13.7. SMEs played a critical role in the economy of many countries and regions. In the Asian-Pacific Economic Cooperation (APEC) region, for example, SMEs accounted for some 90% of all businesses and employed as much as 60% of the work force. In the United States, entrepreneurship played an essential role in generating innovation and stimulating economic growth. New firms accounted for most net job growth, and small businesses employed 30% of high-tech workers. He said that beyond economic gains, it was critical to take account of the social gains of SME innovation, which typically greatly exceeded private returns. For example, inventions such as the telephone, transistor, light bulb, laser, CT scan, web browser and antibiotics had
enormous, broad and ongoing social benefits far beyond any commercial profits enjoyed by the original creators.

13.8. He said that the United States had a variety of policies and programmes in place to promote innovation by SMEs. A core principle informing those policies was the need to maintain a stable and predictable environment for SMEs to develop and benefit from innovation, including by rewarding the risks inherent in the creative process. As part of the President’s Strategy for American Innovation, the Administration had prioritized increasing access to capital for new businesses. Under the Small Business Jobs Act, for instance, which was signed into law by President Obama on 27 September 2010, the US administration provided additional programmes for SMEs to help them obtain investment and create jobs. In addition, under the Strategy, the administration had launched the Startup America initiative to increase the success of high-growth start-ups that had created broad economic growth and quality jobs. The objectives included accelerating the transfer of research breakthroughs from university laboratories; creating two well-financed programmes for impact investing and early-stage seed financing; improving the regulatory environment for starting and growing businesses; and increasing connections between entrepreneurs and high-quality business mentors. He said that the America Invents Act, which was signed into law in 2012, included a pro bono programme designed to assist financially under-resourced independent inventors and small businesses. In addition, US law provided patent rights for certain inventions arising from government-funded R&D to non-profit institutions and small businesses aimed at encouraging the commercialization of new technologies through cooperative ventures amongst the research community, small businesses and industry.

13.9. SMEs were a focus of US innovation policy because of their role in generating new jobs and technological advancement. Contemporary studies had demonstrated that SMEs were disproportionate innovators, with one well-known study concluding that SMEs were 2.4 times as innovative per employee as larger companies. He understood that contributions of SMEs to innovation were the most intense in new technologies.

13.10. Broadly speaking, innovation was often collaborative, whereby each partner could capitalize on the other partners’ expertise in such areas as the local environment, distribution channels, a local skilled workforce, and specific technological expertise. In the words of one commentator, "the corporate contribution and that of the innovative entrepreneur are characteristically very different from one another and characteristically play complementary roles. Moreover, the contribution of the two together was super additive, that is, the combined result was greater than the sum of their individual contributions." Patents, for instance, made knowledge available, but also revealed complementary solutions and synergies, and facilitated the sharing of know-how, such as between companies and local SME partners.

13.11. IPRs played a critical role in defining the rules of the road between partners as well as between the partnership and other individuals and entities. IPRs promoted collaboration by structuring the relationship – including the ownership and management of joint inventions – creating clear expectations and protecting individual contributions. For example, Pipeway International of Brazil, which had developed a pipeline maintenance technology, emerged from a partnership between the Catholic University of Rio and Petrobas. In Brazil, the IP resulting from the partnership belonged to the company, but was required to be licensed back to the University. The University then established Pipeway as a start-up, which developed follow-on innovations from the licence and additional technology solutions.

13.12. To be sustainable, innovation policies needed to respect IP rights. Gaining access to the fruits of innovation or relying on industrial policy would not be sufficient to produce innovation. Thus, local manufacturing requirements, local content requirements, preferences for domestic IPR holders, and other such policies did not promote, but indeed hindered, innovation. Invention must be incubated through collaboration between technology partners, whose investments and exchange of know-how were cultivated in a stable and predictable innovation environment, which included IP protection.

13.13. He concluded that SMEs were the key to unlocking a nation’s innovative potential. In turn, IP rights were critical to maximizing that potential, from incentivizing innovation and creativity and promoting capital investment, to safeguarding assets, promoting cooperation, and securing commercialization.
13.14. The representative of Chile said that his delegation had decided to co-sponsor the agenda item with Korea, Chinese Taipei and the United States, as it believed that the role of IP and innovation was crucial for SMEs. In his view, it was vital that SMEs were able to use the various tools provided by IP and incorporate innovation into their production processes in order to improve their competitiveness in world trade.

13.15. SMEs in Chile differed from SMEs in the United States, the European Union or other developed countries, or developing countries with substantial domestic markets. In Chile, SMEs were often small-scale business initiatives, ranging from microenterprises with maximum annual sales of US$100,000 to medium-sized enterprises with maximum annual sales of around US$5 million.

13.16. Given the importance of the issue under discussion, the Government of Chile had named 2013 the year of innovation. Indeed, Chile firmly believed that innovation would enable the country to further its development. It was seeking to promote a shift in the country’s economic paradigm, so that it was no longer based mainly on natural resources but on knowledge. Chile was also striving for a cultural change, where innovation was a matter of interest to everyone, from the man in the street to politicians and business leaders.

13.17. In 2013 Chile had developed a comprehensive agenda that included the participation of private sector actors and the Government. Within this framework, the Ministry of the Economy intended to promote 100 or so projects. The work would cover three main areas. The first concerned science and human capital. It was vital to promote and support scientific research. The second area concerned entrepreneurship and competitiveness, which was an engine for growth and employment. Numerous reforms were therefore expected to be undertaken, such as the new industrial property law and the law to facilitate the creation of enterprises. Moreover, a new law had been introduced on R&D, which provided for tax incentives to enhance the competitiveness of Chilean SMEs, with a view to encouraging development and the use of new technologies. Under that law, the cost of the resources used by SMEs for R&D might be reduced by 35% through tax benefits. The third area concerned improved quality of life: innovation had a direct impact on quality of life and it was therefore important to promote projects in that area. Worthy of note in that regard were the Santiago Design Biennial, International Innovation Week and the opening of several Innovation Centres.

13.18. At the last meeting his delegation had outlined a number of public projects currently being implemented in Chile which sought to facilitate the use of the IP system. His delegation had highlighted, for instance, the new e-learning courses on industrial property, the work carried out to ensure that Chile's National IP Institute was recognized as an International Searching Authority under WIPO's Patent Cooperation Treaty, and the fact that the Institute for Agrarian Innovation (INIA) was recognized as an International Authority for the Deposit of Microorganisms under the Budapest Treaty.

13.19. He then described the following IP-related initiatives aimed specifically at SMEs:

- The Pro Pyme stamp (sello Pro Pyme) initiative sought to assist small enterprises in Chile by guaranteeing that they would receive payment within a maximum of 30 days. It was a form of certification mark awarded to large companies by the Ministry of the Economy, which certified that they would meet their payments to suppliers (SMEs) within a maximum of 30 days. The stamp was guaranteed by external auditors and made it easy for SMEs to recognize which large companies would meet their payments promptly. Further information about that programme was available at http://www.sellopropyme.gob.cl.

- The programme for the registration of entities for the purpose of patentability studies aimed to support IP protection activities carried out by institutions and companies conducting R&D projects, so that the technologies obtained as a result of R&D could be transferred and marketed more effectively within the technology market.

- The programme to enhance human capital in the area of technology transfer sought to develop human capital capacity in the areas of technology transfer management and R&D commercialization management.
The programme comprising technological competitiveness associations provided benefits to companies that grouped together to conduct technological innovation work.

The programme related to innovation management in Chilean enterprises concerned a line of financing provided by the Chilean Economic Development Agency (CORFO) to support capacity building in the area of innovation management. That initiative promoted a culture that facilitated and fostered the generation of ideas and knowledge and their transformation into projects that added value to SMEs.

The Ministry of Agriculture was in the process of establishing a Germplasm Bank to enhance and strengthen systems for the conservation and exchange of genetic resources for scientists and companies working on contaminant mitigation, bioremediation and the breaking down of cellulose for biofuels, and in the biofertilizer and biopesticide industry, etc.

Start-Up Chile was a Government-created programme aimed at encouraging high-potential entrepreneurs with companies in the start-up phase to come to Chile and use the country as a platform for international business. In 2010, the programme, then in its pilot phase, brought the first 22 start-ups to Chile from 14 countries, providing each of them with US$40,000 of capital and a one-year visa to develop their projects in the country for six months. It also gave them access to social and capital networks. In 2011, two selections processes had brought some 200 start-ups to Chile from over 30 countries. The programme had provided start-up companies with training on practical issues relating to patent strategies, such as value creation in grace periods, the appropriate time to file a patent, and the patentability of computer programmes or methods using software. Start-up companies had also received training on how to register trademarks in Chile and abroad, and on the most effective and least expensive ways of registering trademarks internationally.

In July 2012, the Chilean Government introduced the "Origin Stamp" programme, aimed at promoting the use and protection of Chilean traditional products by means of geographical indications, appellations of origin, collective marks and certification marks. The purpose of the programme was to encourage entrepreneurship and production development in local communities and small businesses in Chile, promoting the aforementioned types of industrial property rights which could act as tools to foster the conservation of certain traditional methods of manufacturing and production. To promote the programme and its benefits a website - [http://www.sellodeorigen.cl](http://www.sellodeorigen.cl) - had been created for the consultation of users and delegations.

He reiterated that the aforementioned initiatives aimed at innovation and SMEs were envisaged within a strong but balanced IP system - one in which IP acted as a tool for development and transfer of knowledge and as an incentive to develop new technologies, and where knowledge and technology in the public domain also played a key role.

While the situation was different in each country and there were no general solutions automatically applicable to the SMEs of other WTO Members, he was convinced that sharing national experiences could be extremely useful for improving their own innovation strategies and the way in which SMEs could benefit from the use of the IP system.

The representative of Korea said his delegation was pleased to join the delegations of Chile, Chinese Taipei and the United States in co-sponsoring the agenda item. Sharing the respective experience of Members would be all the more valuable, given that IP systems and policies on incentives offered to SMEs had recently played a more prominent role. In the context of the on-going global economic uncertainty, IP policies that focused on the socially and economically disadvantaged had been implemented. The Korean IP Office had provided a 70% reduction in fees to SMEs. In addition, various measures had been implemented in Korea aimed at simplifying the requirements for the filing of evidentiary documents of each application for SMEs and extending their validity to a maximum of four years. To prevent a decline in IPR applications due to the economic downturn, Korea would continue to seek and pursue policies to improve customer-friendly systems, reduce fees, and simplify procedures. In addition, it would continue to further develop policies for the socially and economically disadvantaged.
13.23. A second initiative by Korea concerned IP-related consulting for SMEs. To further help SMEs, a project had been implemented to support enhanced IP competitiveness among SMEs. The project was designed to support comprehensive patent consulting including IP management, patent maps, and prior art search by having patent consultants reside in "IP Centers" and support the technological development and commercialization of SMEs. The project had enabled companies to obtain the necessary and appropriate support for prior art search both in Korea and globally, and had provided opportunities for in-depth consulting by IP experts.

13.24. Furthermore, his country provided assistance for SMEs to develop their brands. Brand consulting was offered on all aspects from the development of brands to the acquisition of their rights to enhance the brands of SMEs and, so far, the project had successfully handled 2,252 brand management consulting cases for SMEs. An analysis of the 145 companies that were supported with brand management showed that exclusive manpower for brand management had increased by 30%, sales by 10.8%, and employment by 12.6%. In particular, trademark applications had risen by 107% over the previous year. For instance, in 2011 a company producing dental equipment in Korea had succeeded in signing a contract worth US$7 million with a company in the United States and had exported US$80 million worth of products, just through its brand development project. Korea would continue to spread the benefits of that project with as many SMEs as possible.

13.25. Last but not least, Korea provided customized support for patent training for SMEs. In-depth training to enhance the patent capacity in SMEs centred on customized IPR training reflecting the characteristics of each business type and level of IPR awareness. The Korean IP Office had used the Internet training broadcasting system, which had been set up by the International IP Training Institute to provide enhanced convenience for companies and to conduct various training programmes. Since 2010, 20 SMEs had benefited from the in-depth training. As a result, the number of patent applications from the trained SMEs had increased by an average of 1.4 times.

13.26. He said that SMEs played a crucial role in enhancing national competitiveness as a whole, and had made a significant contribution to maintaining the level of national employment. Korea believed that the continued growth of SMEs could be sustained by ceaseless efforts made for innovation and maximization of IP. The Korean Government remained committed to developing and implementing necessary and adequate assistance policies for SMEs to promote innovation and IP.

13.27. The representative of Chinese Taipei said she was pleased to join Chile, Korea and the United States in sponsoring that agenda item. Among the enterprises in her community, the vast majority (97.63% to be precise) were SMEs. In other words, SMEs were the very foundation of the sustainable development of its economy. Nonetheless, while many of those SMEs had a significant capacity for innovation, compared with the large corporations, they lacked the resources and expertise to put their patent deployment strategies fully into practice, especially in the R&D phase. Hence, it was crucial that programmes and projects were adopted that supported SMEs especially in the areas of IP management and deployment, in order to maximize the efforts to stimulate growth in the economy.

13.28. In addition to the Technology Marketplace Project noted at the Council's previous meeting, she highlighted the Intellectual Property Management System (TIPS), which provided consultation services to SMEs in the form of hosting experience-sharing sessions, workshops, training courses, and the like. The TIPS programme had helped over 500 domestic enterprises to build their own IP management systems, and strengthen their competitiveness capability.

13.29. In addition, an IP service platform for SMEs called the Innovative SMEs IP value Project had been established. The platform was dedicated to sharing IP consultation methods, enlarging SMEs' knowledge and capacity, and enhancing the quality of their IP decisions. Tailor-made IP consultations and diagnoses were also provided to individual SMEs, with a view to strengthening their patent deployment in the R&D phase, shortening the R&D process and thus increasing benefits. Statistics showed that, between 2010 and 2012, investment and derived revenue increased by more than US$20.7 million, and R&D costs fell by over US$2.3 million.
13.30. In the current era of the knowledge-based economy, with SMEs representing such an important part of the economy and their prosperity being so directly linked to growth of the economy, Chinese Taipei believed that increasing the capability and capacity of SMEs in the areas of IP creation and protection and application in particular, was one of the central ways of stimulating overall economic growth in the future.

13.31. The representative of Brazil thanked the delegations of Chile, Korea, Chinese Taipei and the United States for having proposed a debate on IP and innovation in relation to SMEs, and said that his delegation welcomed the opportunity to discuss that topic. SMEs were among the most affected by flaws in an IP system. Weak patents increased transaction costs and IP dispute settlement entailed high costs, both of which were especially burdensome for SMEs. Those woes took a toll on individual companies. That toll was ultimately paid by their national economies.

13.32. There was evidence that innovative SMEs were the bigger source of productivity gain and job creation in developed economies. In that process, IP was a useful tool not only to generate added value, but also to avoid other companies capturing the value of innovation. The two main IP tools used by SMEs were trademarks and patents. Trademarks were cost-effective tools used to differentiate companies and add value to products. Through trademarks, SMEs could promote the quality of their products and reach consumers, especially niche consumers. The patent system was, however, not always cost-effective. Weak patents with undisclosed patent data could eventually (a) mislead SMEs to invest in unnecessary research; (b) hide possible technologies already available for licensing; (c) hinder innovations that "invent around" other patents; or even (d) lead to violation of patent rights that were not clearly stated.

13.33. Brazil strongly believed that SMEs were necessary for the effective implementation of Article 7 of TRIPS, which provided that the IP system should be a tool that contributes "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." To take full advantage of innovation in order to implement Article 7 of TRIPS Agreement, SMEs had to face the challenges of: (a) reducing costs of registration/application of IP to SMEs; (b) lowering costs of legal advice on IP strategy; (c) enhancing the quality of patents; (d) reducing backlog; (e) establishing effective exceptions and limitations to patent rights; (f) fighting anti-competitive practices; and (g) differentiating "non practicing entities" from "patent trolls". They needed to respond to those challenges to ensure that the patent system was not only cost effective, but also development-effective for SMEs.

13.34. The representative of the Plurinational State of Bolivia said that it was undeniable that innovation was important for development. However, IP was definitely not synonymous with innovation, and if it was treated that way it would be sending out the wrong message. Innovation transcended merely promoting monopolistic rights for potential inventors. A country's capacity to innovate depended on many other factors, for instance its research infrastructure, its level of industrial development, its capacity to absorb professionals and scientists, as well as technology transfer, none of which was achievable by simply promoting IP.

13.35. History had shown that innovation preceded IP. Paradoxically, the current discussion appeared to be the opposite: first strict IP regulations were promoted in the hope that innovation would follow, in a context where access to information was limited or very costly, particularly for SMEs. Many of the developed countries began applying IP rules only after they had reached a certain level of development. For example, a well-known country that today advocated strict patent rules did not allow chemical or pharmaceutical patents until the middle of the 1970s; another country only adopted multilateral copyright rules in the 1980s; and there were plenty of other very interesting cases worth looking at.

13.36. Contrary to expectations, instead of improving over the past few years, innovation in developing countries had effectively deteriorated. One needed only look at the WIPO Global Innovation Index for 2012, as mentioned by the delegate of Egypt at the Council's last meeting. Among other things, the Index mentioned that the innovation gap between countries and regions and between different levels of development among them had widened rather than narrowed, and that had a negative impact on the SMEs in many developing countries.
13.37. In the field of health as well, it was apparent that, over the past few years IP, based on market mechanisms, had failed to meet the innovation needs of the developing countries, for example as regards medicines for what the WHO had described as the "neglected" diseases – diseases which predominantly affected developing countries and, because they were of no commercial interest, did not provide motivation for the kind of innovation promised by IP. To address that problem, Bolivia together with a group of developing countries had sponsored a WHO initiative to seek different incentives to motivate innovation where the IP system was unable to do so, and he hoped that it would be approved at the next world assembly in May 2013.

13.38. In his view, clarification of the impact of IP in developing countries was needed and above all, how the payment of royalties affected the balance of payments and, in particular, how much the SMEs in the developing countries paid in royalties and how much they received should be examined in order to determine the real economic impact of IP on their economies in the short and medium term and to see whether the overall result was positive. The IMF has produced some numbers for 2011 which would undoubtedly be useful in that respect.

13.39. He concluded that Bolivia considered it would be more useful to discuss how to narrow the innovation gaps and address the innovation problems attributable to IP, and examine the problems caused by IP for the SMEs in developing countries.

13.40. The representative of India said that he understood the agenda item to be a stand-alone item. At the last TRIPS Council meeting, his delegation had emphasized that, in the absence of a clear definition of innovation in the TRIPS Agreement, the empirical evidence on the role of IP protection in promoting innovation and growth remained inconclusive. For developing countries the path of innovation focused on incremental technological changes. Hence it was not in their interest to keep the threshold for IP protection so low that minor changes could qualify for it. Such IP would in turn be exploited by bigger companies on account of their financial and technological strength. The SMEs in developing countries therefore needed a flexible IP regime that could help drive technological progress.

13.41. To understand the correlation between IP, innovation and SMEs in India, it was essential to have an understanding of the SME sector. SMEs played a vital role in India's economic growth, with over 30 million units that accounted for 17% of the country's GDP in 2011. They currently employed around 60 million people and the investment in every unit varied from US$60,000 to $1 million. Almost two-thirds of the SMEs were involved in manufacturing with 17% in the services sector and 16% in maintenance and repair services. Almost 90% of the units in the manufacturing were mainly involved in low-end manufacturing activities and existed in clusters. Since these units were labour intensive and capital starved, hardly any investment was made in research or innovation. Their marginal innovation was mainly limited to technological adaptation and absorption, and reverse engineering without any attempt to innovate in a real sense. For these units, the protection of their IP, even if it existed was not high on their agenda. This was because IPRs had a national jurisdiction and lacked the capacity to register in every market where their products were sold. Moreover they also lacked the financial capacity to fight the infringers of their IPRs in foreign countries. Thus, in essence, the use of IPRs as an instrument of protection for the inventions of SMEs was neither an immediate, nor a simple solution.

13.42. The capacity to invent was a function of available resources, technological capacity, highly skilled manpower and commitment to R&D work. Very few companies in developing countries in the SME sector had the size and capacity necessary for engaging in such work. For most of these industries R&D was not important as they operated in technologically developed areas, such as textiles, the food sector, and automobiles, or because the companies were involved in the production of goods, and also services that were not marketed on an international scale. The Indian pharmaceutical and IT sectors, which started as SMEs in the 1970s, in fact made greater progress during the pre-TRIPS era compared with the current IP climate. India in effect became the pharmacy of the world supplying low-cost affordable medicines to the developing world in the absence of any IP regime. For developing countries, and especially for the SMEs, IP had acted as an obstacle to adapt, absorb and reverse engineer existing technologies.

13.43. In conclusion, he said that there was no direct correlation between IP and innovation even for small and medium industries. Technological progress even in the developed world had been achieved not through IP protection but rather through focused governmental interventions such as compulsory licences, cross-licensing, government funding, and competition policy. It was
unfortunate that some of the technologically developed countries would like to showcase the positive effect of IP on innovation, when historically those countries, including the proponents of the agenda item being discussed, had reached that stage of technological development by focussing solely on the development of their own domestic industry with little regard for foreigners' or right holders' IP rights. After achieving a high level of development, they were now attempting to perpetuate their hold on their technologies by promoting a TRIPS-plus regime. Their objective was not to create an environment where developing countries progressed technologically, but to block their progress through the stringent IP regime. It was therefore essential that the flexibilities embodied in the TRIPS Agreement needed to be secured at any cost, if developing countries were to enjoy the benefits of innovation.

13.44. The representative of Japan said that his delegation was of the view that the topic was a suitable one for discussion at the Council, enabling delegations to create a common understanding of how IP functioned in the business world and how its successful use could contribute to economic development.

13.45. He considered that the IP system was specifically interrelated with business and innovation. The so-called "linkage" was significant for achieving economic development through utilizing IP as well as reaffirming the importance of the TRIPS Agreement so as to enhance the IP environment. From that perspective, it would be helpful for Members to exchange experiences and ideas, including those relating to policies involving the linkage between IP and business, so as to share clues and solutions for achieving a successful relationship between IP and business. In that context, at the previous Council meeting, his delegation had presented the "WIPO IP Advantage", a database for conducting case studies and sharing case examples that utilize IP in business. Japan had made a significant contribution to the establishment of the "WIPO IP Advantage" and continued to support further development of that project through the WIPO Japan Funds-in-Trust.

13.46. As stated by some Members at the Council’s last meeting, the utilization of IP by SMEs was crucial in the future. SMEs were the leading players in society, serving as the driving force in the economy. In Japan, 99.7% of all companies were SMEs and 62.8% of employees worked for SMEs, reflecting the key role that SMEs played in economic growth. There were many Japanese companies that used to be small entities but that now conducted business globally. Japan firmly believed that SMEs were the key sources of innovation. Their role in supporting economic growth would not change. Based on that perspective, his delegation considered it important to have discussions focusing on SMEs.

13.47. He cited the example of a Japanese SME that had been successful in expanding its business by skilfully applying a technique that was involved in drying tobacco. The same technique was used to sterilize and disinfect vegetables and fruits without diminishing their freshness. In that particular case, the fact that the SME had realized the importance of obtaining a patent for its innovation made it possible for the company to apply its technique and thus facilitate its entry into a new business field.

13.48. In contrast to those successful cases, it was not always possible for SMEs to utilize IP effectively on their own. One of the biggest obstacles that SMEs faced in utilizing IP was the shortage of resources available to them, including the very basics such as the initial awareness and knowledge that they needed to have about the IP system itself. In addition, they needed funds and human resources. Thus, it was important to provide full support to eliminate those obstacles in order to enable SMEs to fully utilize IP. From that perspective, Japan had been providing SMEs with a full line of support in all stages of the IP process, ranging from raising awareness on IP, to R&D activities, and finally the acquisition and utilization of patent rights. Some SMEs did not even know where to go or whom to ask about IP. Japan provided one-stop services on IP matters in collaboration with various IP experts such as lawyers, patent attorneys, and support organizations. It had set up service counters all over Japan offering comprehensive advice on IP issues.

13.49. Citing another success story, he said that an SME had started with the idea of making round fruits square. It had developed a cultivation technique, obtained a patent for the technique, obtained its trademark rights within and outside Japan, and successfully commercialized the product. Throughout the process, the public sector had provided appropriate advice in the form of IP advisers as well as assistance that had led to finding a partner for the SME, which could share the expenses needed for obtaining patents and trademarks.
13.50. As illustrated by those cases, the IP system's role was also to ensure that existing techniques were applicable to other fields. Another role of the IP system was to support businesses through their innovations bringing high value-added agricultural products to the market. The IP system constituted an important source of support for SMEs. He indicated that Japan intended to continue providing comprehensive support to SMEs.

13.51. Japan intended to provide support not only to Japan-based SMEs but also to SMEs based in developing countries by proactively promoting the utilization of IP. It was, for example, working in cooperation with developing countries under the auspices of the WIPO Japan Funds-in-Trust. It had implemented a training programme designed to develop human resources, and to advise SMEs how to strategically use IP. This had involved information sharing on successful cases of SME activities, as well as actual initiatives and issues in supporting SMEs in developing countries. Efforts in supporting SMEs might vary country by country due to each country's particular circumstances. Nevertheless, some activities could be found to be quite useful for other countries. He believed that it would be beneficial in the medium and long term for each and every country to improve its ability to support SMEs by sharing information on what each one was doing in that regard.

13.52. Furthermore, the Economic Research Institute for ASEAN and East Asia (ERIA), an international organization for studying and suggesting policies to promote economic integration in East Asia, had been advancing a project to support the ASEAN region by researching cases in which IP was successfully utilized by Japanese SMEs, including the support and cooperation being given by the Government of Japan. The project also involved researching support activities targeting SMEs. Japan would like to continue providing cooperation and assistance, in order to promote the effective use of IP by SMEs in developing countries.

13.53. In conclusion, he said that the IP system was an important infrastructure designed to support all business entities, including large companies, SMEs and individuals. Furthermore, he believed that it would be advantageous for each Member to adopt useful measures suited to its own strategy and initiatives. That could surely be accomplished not only by deeply understanding the "linkage" between IP and business activities but also by sharing information provided by each Member about cases in which IP had successfully been utilized. He would welcome further discussions in the Council on those matters. Further, his delegation also wished to continue to contribute to that initiative by sharing valuable knowledge that it had gained based on its own experience.

13.54. The representative of Canada expressed his support for on-going discussions on the agenda item to further explore and share examples of how IP programmes and policies could promote innovation, and how the TRIPS Agreement was a driver in that regard. For innovative SMEs to grow into larger, world-competitive businesses, it was critical for SMEs to have in place processes that managed their innovations from development through to commercialization. The value of many Canadian firms increasingly depended on their intangible assets, including patents, trademarks, copyrights, and industrial designs. The speed, quality, efficiency and effectiveness of an IP administrative system could affect whether or not ideas were successfully commercialized and brought to market. In tomorrow's economy, ideas and their transformation into commercial innovations would be increasingly important.

13.55. Over the last year, the Canadian Intellectual Property Office had held a total of 32 roundtable discussions involving more than 150 Canadian SMEs. The feedback from SMEs reflected a need to raise awareness of IP among Canadian businesses. Canada was committed to specifically targeting businesses with its outreach and awareness programmes, including disseminating relevant IP information to SMEs to increase their IP awareness and enable them to make better informed decisions about where and when to file for IPRs and what options were available to them. A key element for any competitive business seeking to expand into new market places was the ability to easily protect, in multiple countries, the innovations they had created and the brands that they had established.

13.56. Canada had a number of programmes in place to help stimulate innovation, which both directly and indirectly affected SMEs. It had recently undertaken a review of Canadian innovation policy to help foster innovation and to ensure that business investment in R&D was effectively encouraged. In addition, the International Science and Technology Partnerships Programme aimed to promote international collaborative R&D. The programme promoted international
competitiveness and prosperity by building stronger science and technology relationships with partner countries, including Brazil, China, India and Israel. More specifically, some objectives of the programme included encouraging competitiveness through knowledge resulting from international science and technology partnerships; fostering international science and technology partnerships and collaborative research; and stepping up the commercialization of R&D, through international partnerships with a focus on SMEs.

13.57. Another example in Canada was the College and Community Innovation Programme. The objective was to increase innovation at the community and/or regional level by enabling Canadian colleges to increase their capacity to work with local companies, particularly SMEs. The programme supported applied research and collaborations that facilitated the commercialization, and adaptation and adoption of new technologies. Over the long term, the programme aimed to increase the economic development of local communities and create new quality jobs based on know-how and technological innovation.

13.58. He concluded that IP and innovation were linked in such a way that effective IP regimes could foster more attractive investment environments that would contribute to future global growth and prosperity for all. Supporting SMEs to constantly innovate would remain an ongoing priority for the Government of Canada.

13.59. The representative of China said that she understood the proponents of this and previous agenda items on innovation to state that the issue was not a standing item on the agenda and that they do not intend to formulate any rules in that regard. In her view, the introduction and discussion of any new issue should in no way divert Members' attention and focus from longstanding issues on the Council's agenda.

13.60. At the Council's last meeting, China had shared its views on IP and innovation in general. Innovation was the main impetus driving economic development and the IP system was the means of promoting innovation for the development and utilization of knowledge-based resources. Yet, if the protection level was not appropriate or IPRs were abused, the IP system might hinder the dissemination of knowledge, innovation and social progress. China believed that an effective IP system should be comprehensive and balanced and contribute to promoting innovation by ensuring an appropriate level of IP protection and enforcement.

13.61. SMEs were a major force that absorbed a large portion of employment in the national economy, and thus played a vital role in economic and social development. Promoting the development of SMEs provided an important foundation for ensuring the steady yet rapid development of the national economy. Yet SMEs faced more challenges and difficulties concerning IP and innovation, as compared with large enterprises. For instance, many of them lacked capacity to create IP due to financial and human resource constraints with respect to their capabilities to use IP in the implementation of their projects. Furthermore, degrees of commercialization of IP rights for SMEs were also limited.

13.62. Many SMEs lacked awareness of IP protection and the infringement of their IP occurred from time to time. Some other SMEs failed to respect others' IP. With regard to the management of IP, the vast majority of SMEs lacked the ability to set up a specialized management agency and were lacking in professional management staff. SMEs might face more difficulties when innovation was related to creation and utilization in the field of IP rights. While some Members had previously shared some of their experiences, there still seemed to be a lack of empirical studies to show the genuine role of IP in promoting innovation in SMEs. For example, in a field that was full of patents that constituted barriers to any newcomers, it would be very difficult for SMEs to access existing technology covered by those patents as their position in negotiating a licensing agreement would be very weak, nor was it possible to create/foster their own innovations in such an environment.

13.63. On the other hand, if SMEs were lucky to hold their own patents, it would be beneficial for them, provided that they could overcome other difficulties, including financial and legal problems when commercializing and benefiting from those patents. She understood that in the first scenario the situation might not be rare and in the second scenario they did not have enough evidence to support the success of medium-sized companies in utilizing their own patents. Thus the issue was how to create a level field in the area of IP for SMEs to facilitate their innovation. That still
presented a huge challenge for many WTO Members and she welcomed hearing more views from the Members of the Council.

13.64. The representative of Nepal said that defining the relationship between IP and innovation was challenging. There were places where industrial revolution, modernization and development had occurred long before the IP regime had reached the current standards. Moreover, there were places where despite the existence of a certain level of IP law, innovation was yet to make a visible impact, including with respect to SMEs. He said that the main concerns of a LDC like Nepal related to the growing technology and innovation divide since countries were at varying levels in the innovation index, with LDCs at the bottom of the index, where the challenge was most visible. SMEs were one of the most important components of LDC economies, and yet public funds were not available to support R&D and enhance innovation in SMEs as LDC governments faced more pressing needs such as health and education. Neither was the private sector sufficiently strong to invest in R&D as the yield from such investments came only in the long term. Such poor countries lacked human resources and institutional capability.

13.65. The kind of IP regime therefore that his delegation viewed as preferable was one that was flexible and facilitated access to knowledge, educational resources, technology and medicines. Exclusive rights of right holders should not constrain the larger public good and benefit, especially in the spheres of health and education. Article 8 of the TRIPS Agreement highlighted the need to promote the public interest in sectors of vital importance to socio-economic and technological development.

13.66. The representative of the European Union said that the European Union had developed the Europe 2020 Strategy with the aim of developing a smart, sustainable and inclusive economy within the European Union, delivering high levels of employment, productivity and social cohesion. Part of the rationale behind the strategy was the need to improve the framework conditions and support for research and innovation so that innovative ideas could be turned into goods and services that created growth and jobs. SMEs played a significant role in the EU economy, and faced challenges that larger corporations did not have to contend with such as access to finance, awareness of business opportunities and awareness of the value of IP in accompanying innovative ideas. Therefore the European Commission had put in place various policies and projects with a specific focus on SMEs.

13.67. Owing to the high cost of good business advice, such as the development of business plans and bringing new products to market, SMEs needed assistance. The European Union provided financial support to SMEs to improve access to finance for start-ups and expansion of SMEs, in particular those undertaking R&D and other innovative activities. The European Commission made early-stage investments in specialized venture capital funds focused on specific sectors, technologies or research and technical development, such as funds linked to incubators. Those SMEs often focused on commercializing IP.

13.68. The European Commission research and innovation programme for the period 2014-2020 paid particular attention to the translation of research project results into innovative applications and provided support measures for promoting technology transfer and IP management. In addition, most European patent offices offered web-based information about patent law and guidelines for patent application and enforcement. Some of them recently had launched tools to help manage patents. Examples of such tools included the UK Intellectual Property Office's "IP Healthcheck", the provision of online models of Technology Transfer and R&D agreements by the Portuguese Patent Office, or "IPscore", which is the European Patent office's patent portfolio management tool.

13.69. In some Member States, SMEs and public research organizations that wished to avail themselves of the IP services of external consultants were given financial support. In Germany, SMEs that had not filed a patent in the last five years were eligible for partial funding for the services of a local consultant that could provide services ranging from top-quality investigation to national/international patent filing and preparation of market access. In Denmark, the possibility existed of having one hour of free consultation with a private advisor, and co-funding for a preliminary patent search with a view to obtaining a patent.
13.70. The European Commission also provided considerable support through grants and advisory and support services to those SMEs located in the most disadvantaged regions. Patent offices in EPO countries had created a network of patent information centres (PatLib centres). They were spread at regional level throughout Europe, offering services related primarily to patents. Together with some of the EU's IP Offices and innovation agencies, the EPO had developed a comprehensive set of IP training tools with the "ip4inno" project. The training material was also a useful resource for IP trainers who wished to improve the capacity of SMEs and intermediaries in that area and for schemes to "train the trainers".

13.71. The European IPR Helpdesk was also funded by the European Commission. It provided services to SMEs involved in transnational partnership agreements and to current and potential beneficiaries of European collaborative research projects. The Helpdesk's helpline service, backed up by a team of IP experts, answered individual IP inquiries within three working days, and offered different training and awareness-raising services. The China, India, and newly set up ASEAN IPR SME Helpdesks had a focus on issues specific to SMEs operating in those countries and regions. Another IP Helpdesk foreseen for the MERCOSUR region was planned to be operational at the end of 2013.

13.72. He said that "IPorta" was another initiative that provided advisory and support services to SMEs. IPorta was accessible to non-EU enterprises and hosted a database that grouped information on national IPR registration procedures and prices as well as links to national IPR helpdesks, and provided sets of 'Frequently Asked Questions' and hotlines for specific questions.

13.73. More than 99% of all European businesses were SMEs, providing two out of three private-sector jobs and contributing to more than half of the total value added created by businesses in the EU. Moreover, SMEs played a key role in innovation and R&D, which was why the EU had dedicated so many resources to making them aware of the importance of IP and had decided to increase support to SMEs in third countries.

13.74. He said that in his intervention on innovation at the Council's last meeting, he had described the commonalities that existed between EU policies and India's proposal for a national innovation plan. However, he did not find the same commonalities in India's intervention under the present agenda item. Nevertheless, he said it was important that there was a rich and contrasting domestic debate in India about the importance of IP innovation.

13.75. The representative of Australia said that some of Australia's most innovative and creative products were generated by SMEs. Having IP protection meant that a smaller business had a competitive advantage in the market place, including in relation to investment and employment. Previously, Brazil had noted the difficulty and cost for small businesses in accessing the patent system.

13.76. Some features of the Australian IP system were particularly suited to the needs of smaller businesses. For example, the innovation patent was particularly useful for the needs of smaller businesses because it was a relatively fast, cost-effective and flexible mechanism for protecting and commercializing IP. Because of its lower inventive threshold, it was suitable for smaller advances on existing technology, and helped businesses acquire IP rights to protect their incremental inventions.

13.77. Citing an example, he said that Australia had some of the world's best surfing beaches, and one surfer wanted an easier way to carry his surf board to the beach. He created the 'Boardsling' a simple, heavy duty strap that hooked around the surfboard and could be slung over a shoulder, and protected his invention with an 'innovation patent'.

13.78. He emphasized that Australia placed importance on educating smaller businesses about IP. Smart Start was a publication about what businesses should know about IP. In addition, extensive online information and support on IP for business was available, including an online service that could assist SMEs to determine the suitability of their proposed trademarks.

13.79. For Australian SMEs there was a positive link between innovation and exports, and smaller businesses were encouraged to think proactively and long term about their growth and export plans and about protecting their IP in overseas markets. Australia's domestic market was small
compared to some other WTO Members and if they were to grow, particularly in niche markets, its businesses, big and small, needed to look to overseas markets to sell their innovative and creative products, but they needed to be sure that their original ideas and distinctive marks would be protected.

13.80. An effective international trading system, including consistent rules for the protection and enforcement of IP worldwide, was integral to the success of smaller businesses in their export markets. Such a system led to further innovation and creation, which not only benefited the small businesses, but also enriched the Australian economy and society. Equally, foreign companies and innovators could confidently conduct business in Australia, giving Australians access to their distinctive products.

13.81. The representative of Switzerland said that his delegation attached importance to a reliable IP system for SMEs and an enforceable IPR portfolio for innovative business development. At the November 2013 meeting of the Council, his delegation had referred to three studies commissioned by the Swiss IP Office in 2009 relating to IP and SMEs. Based on these studies, it had outlined several recommendations to the Government regarding how to put its services more proactively and usefully at the disposal of SMEs. Furthermore, the second study had focused on a number of recommendations to the SMEs themselves and how they could take better advantage of the IP system to enhance their business opportunities. The recommendations included drafting an IP management strategy specifically adapted to their needs, including the specifics of the technological sector in which the SME was conducting its business; making IP a priority for the company's management and raising the general awareness of IP among its employees; evaluating its existing IPR portfolio on a regular basis and taking action based on that analysis, questioning old IP strategies in order to remain up-to-date with the changing markets; and finally, exploring licensing out of the SME's IP portfolio where possible and licensing in of potential partner companies' IP to avoid waste of R&D costs in what was already state-of-the-art or where another company had a higher level of competence.

13.82. At the next TRIPS Council meeting, Switzerland intended to provide the Council with information and case examples of how IP could facilitate innovation and knowledge transfer between universities and SMEs. Appropriate use of IP helped to maximize the innovation potential by linking the expertise of basic research undertaken at universities, often government funded, and applied R&D of the private sector, which could result in public-private partnerships, working both for the benefit of the Government and the private sector.

13.83. The representative of Bangladesh said that he agreed that SMEs were important drivers of economic growth. However, SMEs, IP and innovation might not play the same role in all countries, especially in LDCs. Even the definition and capacity of SMEs in the developed countries were not the same as SMEs in LDCs.

13.84. Though IP and innovation were two distinct terms, both of them were associated with investment, economic growth, prosperity and social and cultural development. Unfortunately not every country was in a position to benefit equally from them due to various historical and systemic reasons. Developing countries and LDCs were not in a position to develop IP regimes according to their specific requirements and were unable to achieve sufficient innovation for development to occur. As a result, developing countries, and especially LDCs, lacked sufficient R&D facilities, institutional capability and human resources to utilize IP and innovation as tools for sustainable development. LDCs, in particular, faced greater challenges in developing and protecting their valuable IP assets and in developing their own IP regimes tailored to their needs particularly in areas such as agriculture, food security, rural development, human and social development, trade and technology.

13.85. Innovation was a continuous process and needed to move forward. However, the present IP regime failed to provide a level playing field and facilitate innovation in countries in the same way. It was seen that while the existing IP regime favoured innovation and commercial gains in some countries, it had a negative effect in developing countries. In most developing countries and in almost all the LDCs, the private sector lacked the capability to invest heavily in R&D. It was the public sector which filled the gaps of the private sector. Thus the IP regime in developing countries was supposed to be different from the IP regime of the developed countries. His delegation considered that IP was property with ownership rights, but also with privileges and obligations. Hence there should be a proper balance between rights and obligations for the effective use of
both IP and innovation for SMEs. Developing countries and LDCs required special and differential treatment and different kinds of flexibilities together with transparent technical assistance that was development-oriented and demand-driven, as provided for in Articles 66 and 67 of the TRIPS Agreement.

13.86. The representative of Chile said that the delegations present had conducted an interesting exchange, which reflected the importance they attached to the issue of innovation and IP with regard to SMEs. The idea of co-sponsoring such an item was to engender discussion. Every Member had its own particular situation and it was therefore difficult to align and tailor the discussion for every country. Nonetheless, the discussion and exchange of experiences had been illuminating, and had helped Members identify common issues and highlight the difficulties encountered by SMEs in using the IP system. The discussion had touched on filing fees, quality of patents and backlogs, the need for limitations to IPRs, and anti-competitive practices, which he considered were all relevant for a properly functioning IP system. These aspects should be examined carefully as they could lead to high costs and unnecessary complications for both small businesses and other enterprises, and for the society. He said that without prejudice to the other items on the Council’s agenda, Members should continue with their discussion and examine in greater depth some of the aspects that they had touched on.

13.87. The representative of WIPO said that, as he was from the Economics and Statistics Division, he would focus on what the economic literature had to say about firm size and innovation and firm size and the uptake of IP.

13.88. Given the strong share in growth and employment of SMEs, there was an on-going interest in their role in the economy. The debate on the contribution of small firms to innovation was as old as the economics of innovation itself. With R&D spending used as an imperfect proxy for measuring innovation, it was seen that, on average, large firms spent more on innovation and, by this measure, produced more innovation outputs than small firms.

13.89. The vast majority of small firms did not perform any R&D. Even among the largest firms, R&D was highly concentrated. Yet, in high-income countries, there was huge heterogeneity among small firms. Research showed that some SMEs were in fact highly research intensive. The literature also showed that small firms might have an advantage in inventions, especially at the earlier stage of inventive works, and with more radical innovations. Innovation projects with higher risks and returns often took place within research-intensive SMEs, which were often university spin-offs. Larger firms in turn had an advantage in later stages and in improvements and scaling up of breakthrough innovations.

13.90. Furthermore, significant differences existed across sectors. The chemical sector and other sectors with large capital intensity were dominated by large firms. However, in mechanical engineering, software, and the like, small firms contributed actively to innovation. In many low- and medium-income countries, most R&D was performed in the public sector or in some state-owned large firms. While that was changing rapidly in some middle-income countries, in most countries spending on R&D was very little. Smaller firms were often part of the informal sector, which was most often disconnected from any formal innovation system or public research organizations.

13.91. Patents were often taken by economists to be a proxy for R&D and innovation outputs. A longstanding policy concern was whether SMEs were disadvantaged in comparison with larger firms in their use of the IP system. As discussed in more depth in the WIPO World IP Report 2011, different firms deployed diverse strategies to appropriate returns from innovation. Even in the formal sector of high-income countries, the use of formal appropriation mechanisms such as patents was not the norm. For instance, only a small fraction of all firms in all sectors in countries such as the United States considered IPRs as important for appropriating returns from R&D. Among firms that considered IPRs important, trademarks were considered most important, on average, followed by trade secrets, copyrights, industrial designs and patents.

13.92. For many firms, it did not make business sense to use IPRs. However, as firms' R&D intensity and collaboration with public research institutions increased, patent protection became relatively more important. In particular, sectors with "discrete" production technologies, such as pharmaceuticals and chemicals, relied heavily on patents.
13.93. It was hard to disentangle the use of IP by firm size based on available data. There was a need to match firm data to patent data. Some of that work was being carried out by WIPO’s Chief Economist for the Committee on Development and Intellectual Property (CDIP). Based on available data, however, on average the propensity to patent seemed to rise with firm size, other things being equal. It was rare that small firms relied on patents as formal appropriation mechanisms. When small firms innovated, they often relied on secrecy, lead time, or confidentiality agreements. Specifically, SMEs that cooperated in innovation with other horizontal partners, or significantly depended on vertical partners, preferred speed and lead time to appropriate returns to R&D. Even where small firms did use patents, there were only a small number of patents taken out per year relative to R&D spending. They also relied less on patent information as a source of knowledge.

13.94. That did not mean, however, that small firms failed to use the patent system. Research-intensive SMEs that harboured specialized knowledge strongly relied on the patent system, in particular spin offs from universities or in partnership with universities, or firms in the business of supplying R&D services. IPRs provided such firms with a reputation effect and access to finance. Small firms also actively used other forms of IP such as trademarks. New research at the OECD also showed that ‘young firms’ relied more on IP. Most OECD countries for which data was available showed a significant share of patenting activity of young firms, as share of total patents. Also, firms that used patents and trademarks had a substantially lower probability to exit the market within the first few years.

13.95. Turning to low and medium-income countries, he said it was very difficult to obtain data by firm size. Evidence showed that the uptake of IP was low among firms in these countries in general and this was true particularly among small firms. Nonetheless, use of IP was increasing throughout the world and there was a need for more study. A study performed by the CDIP on the role of innovation and IP in the informal economy in Africa indeed found many instances of innovation in small, informal firms. The project also sought to document their potential to use IP.

13.96. Another representative of WIPO indicated that micro, small and medium-sized enterprises represented over 90% of enterprises in most countries worldwide, and contributed significantly to innovation, employment, exports and economic growth. However, the vast majority of SMEs did not use the IP system for protecting their IP assets due to a variety of reasons, including a lack of awareness of the IP system, perceived high cost, complexity, inadequacy, inefficiency of using the IP system, and insufficient skills and competence in exploiting its potential for competitive advantage. In a large number of countries, the absence of readily accessible IP information and an effective focal point at the national level for interacting with the large number of heterogeneous SME support institutions also created a communications challenge for WIPO in general and for its SMEs’ programme in particular.

13.97. In line with the WIPO Development Agenda Recommendations, one of the aims of WIPO was to increase the number of SMEs successfully managing their IP assets to create value and increase their competitive advantage. That aim had been achieved by reaching individual SMEs through SME support institutions and other relevant government institutions and assisting them. This was done primarily through training of trainers programmes conducted in developing countries and LDCs and countries with economies in transition in understanding the value and role of IP asset management, with special focus on the exploitation of IP assets, including trademarks and other IP rights, in branding, marketing, innovation, business operations and access to finance.

13.98. In addition, WIPO disseminated information as widely as possible through the use of the Internet, mainly through the WIPO SMEs website which contained regularly updated material of relevance to SMEs on IP asset management, as well as a monthly electronic newsletter on issues of interest to SMEs and SME stakeholders. Moreover, WIPO continued to make its SME-specific publications available locally through translation and customization and, to make available upon request, the IP PANORAMA™ multimedia toolkit. More recently, it had funded eight national studies on SMEs and IP in developing and least developed countries and in countries with economies in transition as a support for IP and SME policy makers. The conclusions and recommendations, it was hoped, would be useful to policymakers in framing appropriate policies and support services on IP for SMEs.

13.99. WIPO’s IP Services systems, such as the Patent Cooperation Treaty (patents), the Madrid system (trademarks) and the Hague system (industrial design), and the Global Infrastructure services, offered a higher value, more economical and less complex alternatives to enterprises of
all sizes, including SMEs, to obtain IP protection internationally and to build collaborative networks and technical platforms to share knowledge and to simplify IP transactions, including free databases and tools for exchanging information.

13.100. The Council took note of the statements made.