

01/24/2012 Events

The [World Intellectual Property Report 2011- The Changing Face of Innovation](#) [1] – a new WIPO publication – describes how ownership of intellectual property (IP) rights has become central to the strategies of innovating firms worldwide. With global demand for patents rising from 800,000 applications in the early 1980s to 1.8 million in 2009, the Report concludes that growing investments in innovation and the globalization of economic activities are key drivers of this trend.

As a result, IP policy has moved to the forefront of innovation policy. In a foreword to the Report, WIPO Director General Francis Gurry notes that “innovation growth is no longer the prerogative of high-income countries alone; the technological gap between richer and poorer countries is narrowing. Incremental and more local forms of innovation contribute to economic and social development, on a par with world-class technological innovations.”

The Report points to a number of implications of the growing demand for IP rights, namely:

- Knowledge markets based on IP rights are on the rise. Evidence suggests that firms trade and license IP rights more frequently. Internationally, royalty and licensing fee revenue increased from USD 2.8 billion in 1970 to USD 27 billion in 1990, and to approximately USD 180 billion in 2009 – outpacing growth in global GDP. New market intermediaries have emerged, such as IP clearinghouses and brokerages.

Evidence shows that knowledge markets enable firms to specialize, allowing them to be more innovative and efficient at the same time. In addition, they allow firms to control which knowledge to guard and which to share so as to maximize learning – a key element of modern open innovation strategies.

- Patenting has grown especially fast for so-called complex technologies – that is, technologies consisting of many separately patentable inventions where patent ownership is often widespread. This partly reflects technological change. For example, complex technologies include most information and communications technologies that have seen rapid advances over the past decades.

At the same time, some complex technology industries – notably, telecommunications, software, audiovisual technology, optics and, more recently, smartphones and tablet computers – have seen firms strategically build up large patent portfolios. As a result, there is concern that increasingly dense webs of overlapping patent rights slow cumulative innovation processes. Collaborative approaches, such as patent pools, can to some extent address such concerns. However, making sure that crowded patent landscapes do not hold back innovation and entrepreneurship demands careful attention by policymakers.

- In this regard, well-functioning patent institutions have become a cornerstone of successful innovation systems. They perform the essential tasks of ensuring the quality of patents granted and providing balanced dispute resolution. Unprecedented levels of patenting have put these institutions under considerable pressure. Many patent offices have seen growing backlogs of pending applications. In 2010, the number of unprocessed applications worldwide stood at 5.17 million. The choices patent offices make can have far-reaching consequences on incentives to innovate.
- Many countries have put in place policies to harness public research for innovation. One element of such policies is to incentivize patenting by university and public research organizations (PROs) and the subsequent commercial development of their inventions. Accordingly, there has been a marked increase in patent applications by these organizations. University and PRO filings under the WIPO’s Patent Cooperation Treaty (PCT) have grown

from close to zero in the 1980s to more than 15,000 in 2010. High-income economies account for most of this growth - notably France, Germany, Japan, the UK and the US. However, many middle income countries have also seen marked growth. In the case of universities, China leads with 2,348 PCT filings from 1980 to 2010, followed by Brazil, India and South Africa. In the case of PROs, China and India alone represent 78 percent of total filings from middle-income countries.

Policy reforms aimed at promoting patent-based university technology transfer have multifaceted effects on research institutions, firms, the science system and the economy.

Details: http://www.wipo.int/pressroom/en/articles/2011/article_0027.html [2]

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