



# **Importance of Inventive and Innovative Activity in Maintaining Competitiveness**

Workshop on Facilitating Access to Intellectual Property Rights (IPRs) and Its Role in Enhancing the Competitiveness of SMEs

Beirut, January 28-29, 2013

Anil Sinha, Head  
Small and Medium-sized Enterprises (SMEs) Section, WIPO

# THE POWER OF INNOVATION

- Appreciating the distinction between “invention” and “innovation” is important.
- **Invention** refers to a technical solution to a technical problem. It may be an innovative idea or may be in the form of a working model or prototype.
- **Innovation** refers to the translation of the invention into a marketable product or process.
- Companies innovate for various reasons for example to:
  - Improve manufacturing processes in order to save costs and improve productivity;
  - Introduce new products that meet customer needs;
  - Remain ahead of the competition and/or expand market share;
  - Ensure that technology is developed to meet actual and emerging needs of the business and its clients;
  - Prevent technological dependence on other companies’ technology.

# THE POWER OF INNOVATION

■ In today's economy, managing innovation within a company requires a good knowledge of the patent system in order to ensure that the company draws maximum benefit from its own innovative and creative capacity, establishes profitable partnerships with other patent holders and avoids making unauthorised use of technology owned by others. Unlike in the past, many innovations nowadays are complex and are based on a number of patented inventions, which may be owned by different patent owners.

# What is an invention?

- In patent jargon, an **invention** is generally defined as a **new and inventive solution to a technical problem**. It may relate to the creation of an entirely new device, product, method or process, or may simply be an **incremental improvement** to a known product or process.
- Merely finding something that already exists in nature generally does not qualify as an invention; an adequate amount of human ingenuity, creativity and inventiveness must be involved.
- While most inventions nowadays are the result of considerable efforts and long-term investments in Research and Development (R&D), many simple and inexpensive technical improvements, of great market value have yielded significant income and profits to their own investors and companies.

# Why should you consider patenting your inventions?

- Strong market position and competitive advantage.
- Higher profit or returns on investment.
- Additional income from licensing or assigning the patent.
- Access to technology through cross-licensing.
- Access to new markets.
- Diminished risks of infringement.
- Enhanced ability to obtain grants and/or raise funds at a reasonable rate of interest.
- A powerful tool to take action against imitators and free riders.
- Positive image for your enterprise.

# What is a patent?

- A patent is an exclusive right granted by the State for an **invention** that is **new**, **involves an inventive step** and is capable of being **used or applied in trade or industry or agriculture**.
- It gives its owner, the patentee, the **exclusive right** to exclude others from making, using, exercising, disposing or offering to dispose of, or importing the invention, without the owner's prior permission.
- A patent is a **powerful business tool** for businesses to gain exclusivity over a new product or process, develop a strong market position and earn additional revenues through licensing. A complex product (such as a camera, mobile phone, or a car) may incorporate a number of inventions that are covered by several patents, which may be owned by different patent holders.
- A patent is granted by the **national patent office**.

# What is a patent?

- A patent is valid for a limited period of **20 years** from the date of application for a patent, provided the required renewal fees are paid on time.
- A patent is a **territorial right**, limited to the geographical boundary of the relevant country or region.
- In return for the exclusive right provided by a patent, the applicant is required to **disclose the invention** to the public by providing a detailed, accurate and complete written description of the invention in the patent application. The complete specification shall sufficiently describe, ascertain and where necessary, illustrate or exemplify the invention and the manner in which it is to be performed in order to enable the invention to be performed by a person skilled in the art of the invention.

# Is it always wise to apply for patent protection?

- Not always.
- If an invention is patentable, it does not necessarily follow that it will result in a commercially viable technology or product.
- Therefore, a careful weighing of pros and cons and an analysis of possible alternatives is essential before filing a patent application. A patent may be expensive and difficult to obtain, maintain and enforce.
- To file or not to file a patent application is strictly a business decision. It should be based primarily on the probability of obtaining commercially useful protection for the invention that is likely to provide significant benefit from its eventual business use.



# Is it always wise to apply for patent protection?

- Factors to be taken into account in deciding whether or not to file a patent application include:
  - Is there a market for the invention?
  - What are the alternatives to your invention?
  - Is the invention useful for improving an existing product or developing a new product? If so, does it fit in with your company's business strategy?
  - Are there potential licensees or investors who will be willing to help to take the invention to market?
  - How valuable will the invention be to your business and to competitors?
  - Is it easy to “reverse engineer” your invention from your product or “design around” it?
  - How likely are others, especially competitors, to invent and patent what you have invented?

# What can be patented?

- An invention must meet several requirements to be eligible for patent protection.
- These include, in particular that the claimed invention:
  - Consists of **patentable subject matter**;
  - Is **new** (novelty requirement);
  - Involves an **inventive** step (non-obviousness requirement);
  - Is capable of being used or applied in trade or industry or agriculture (**utility** requirement); and
  - Is disclosed in a clear and complete manner in the patent application (**disclosure** requirement).

# What rights are granted?

- A patent grants its owner the right to exclude other persons from commercially using the invention. This includes the right to prevent or stop others from **making, using, exercising, disposing or offering to dispose of or importing the patented invention**, without the owner's permission.
- It is **important** to note that a patent **does not** grant the owner the “**freedom to use**” or the right to exploit the technology covered by the patent but only the right to exclude others from doing so.
- While this may seem a subtle distinction, it is essential in understanding the patent system and how multiple patents interact. In fact, patents owned by others may overlap, encompass or complement your own patent. You may, therefore, need to obtain a license to use other people's inventions in order to commercialize your own patented invention and vice versa.

# What rights are granted?

- A patent grants its owner the right to exclude other persons from commercially using the invention. This includes the right to prevent or stop others from **making, using, exercising, disposing or offering to dispose of or importing the patented invention**, without the owner's permission.
- It is **important** to note that a patent **does not** grant the owner the “**freedom to use**” or the right to exploit the technology covered by the patent but only the right to exclude others from doing so.
- While this may seem a subtle distinction, it is essential in understanding the patent system and how multiple patents interact. In fact, patents owned by others may overlap, encompass or complement your own patent. You may, therefore, need to obtain a license to use other people's inventions in order to commercialize your own patented invention and vice versa.

## Propensity of SMEs to patent their innovations

- Small firms are **less likely to use patents** as a means of protecting their investment than other means such as **confidentiality, secrecy or time to market**
- SMEs are also **less likely than larger firms to use others' patents as a source of information for their own innovation activities**, preferring customers, suppliers and trade fairs.
- Conversely, smaller firms are more likely than larger firms to put their patents to productive use or to license out their technology, a pattern that is likely to reflect relatively higher cost and capacity pressures.
- Among the emerging trends, of particular interest for high tech SMEs is the role of patents as an increasingly important factor in obtaining **financial backing** by venture capitalists.

# UK INTELLECTUAL PROPERTY AWARENESS SURVEY 2010

- Larger companies are more IP aware and have greater resources to both find out about IP and do something about it
- SMEs and the mass of micro-enterprises which form the cradle of IP and future large companies are in the main **effectively unaware of the IP system**
- Gradual and small increases in IP awareness amongst smaller companies (despite the awareness creation efforts of the UK IPO)
- **Continued effort is required to increase IP awareness amongst SMEs** which are the source of new business growth
- Attention to **cost effective means of promoting and disseminating IP related advice** is therefore essential
- This message could be generalized to the rest of the world

# IP and SMEs: ground reality

- Most studies on IP and SMEs conclude that SMEs, especially those in developing economies:
  - Are generally unaware about IP and its role in enhancing competitiveness
  - Find the cost of obtaining and maintaining IP rights daunting
  - Find the cost associated with defending their IP rights beyond their means
  - Find the IP system complex
  - Lack of confidence in enforcement mechanisms
  - Unique set of challenges when operating internationally (cost, regulatory and technical differences)
  - Lack the competencies required to effectively manage IP assets
  - Find IP rights a barrier to acquisition of technology

# Overcoming challenges faced by SMEs

- Raise **awareness** about strategic opportunities offered by IPRs
- **Diffuse knowledge** about the variety of IP instruments and the strategic objectives they serve
- Foster **IP education and training**, bringing services and expertise closer to SMEs
- Address SME' s **financial constraints** in the access to IPRs
- Make IPR system overall more “SME-friendly”
- Improve cross-border IP information, coordination and enforcement for SMEs operating internationally
- Improve **metrics for measuring** SMEs intellectual assets



# WIPO's SMEs Initiative

- Promote a more active and effective use of the intellectual property system by SMEs
- Strengthen the capacity of national governments to develop strategies, policies and programs to meet the intellectual property needs of SMEs
- Improve the capacity of relevant public, private and civil society institutions, such as business and industry associations, to provide IP-related to SMEs
- Provide comprehensive web-based information and basic advice on IP issues to SME support institutions worldwide.



Contact us

Home > Program Activities > Small and Medium-sized Enterprises

SMALL AND MEDIUM-SIZED ENTERPRISES

- Overview
- About SMEs Division
- IP for Business
- IP Rights
- Case Studies
- Multimedia
- Publications
- Events
- Links
- Feedback
- Search

E-NEWSLETTER

Enter your e-mail address to receive our monthly e-newsletter:



## Small and Medium-Sized Enterprises (SMEs)

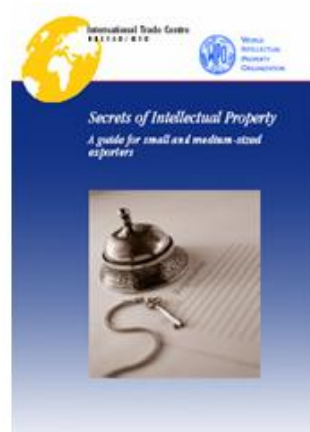
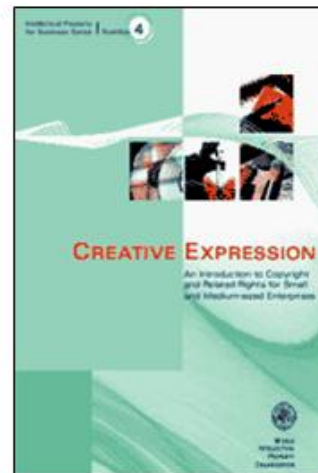
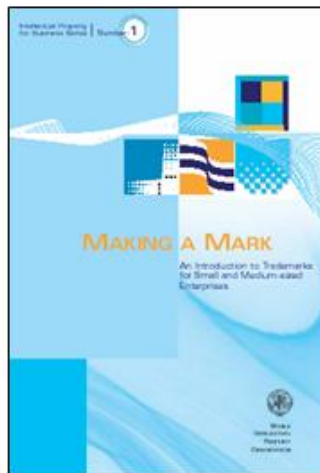
IP RIGHTS	IP FOR BUSINESS	RESOURCES
<ul style="list-style-type: none"> <li>» <a href="#">Patents</a></li> <li>» <a href="#">Distinctive Signs</a></li> <li>» <a href="#">Copyright and Related Rights</a></li> <li>» <a href="#">Industrial Designs</a></li> <li>» <a href="#">Trade Secrets</a></li> <li>» <a href="#">New Varieties of Plants</a></li> </ul>	<ul style="list-style-type: none"> <li>» <a href="#">Introduction to IP for Business</a></li> <li>» <a href="#">Marketing</a></li> <li>» <a href="#">Commercializing IP</a></li> <li>» <a href="#">Valuation of IP Assets</a></li> <li>» <a href="#">IP and Financing</a></li> <li>» <a href="#">E-commerce</a></li> <li>» <a href="#">Research and Development</a></li> <li>» <a href="#">IP Disputes Resolution</a></li> </ul>	<ul style="list-style-type: none"> <li>» <a href="#">Multimedia</a></li> <li>» <a href="#">Films</a></li> <li>» <a href="#">Publications</a></li> <li>» <a href="#">SME Newsletter</a></li> <li>» <a href="#">Events</a></li> <li>» <a href="#">Research</a></li> <li>» <a href="#">Case Studies</a></li> <li>» <a href="#">Best Practices</a></li> <li>» <a href="#">Partners</a></li> <li>» <a href="#">Helpline</a></li> </ul>

### New on the SME Website

- » [Junkk.com®: Filling an International Patent for Maximum Protection and Commercial Gain \(UK\)](#) (Nov 20, 2008) New
- » [Mak Marine: Building a Strong and Defensible Worldwide Brand \(UK\)](#) (Nov 5, 2008)
- » [SPL: International Patent and Trademark Protection to Secure Licenses \(UK\)](#) (Nov 5, 2008)
- » [FAVEO Limited: An Innovative Bra Design and Development Company set up by a Female Cancer Research Scientist in the UK \(O 15, 2008\)](#)

» [Browse by Year](#) | [Se](#)

# Easy to read, practical, business friendly guides


















































# Easy to read, practical, business friendly guides in Indonesian

## Translation/Customization of SME IP for Business Guides

### Nationally customized versions of short guides in the "IP for Business Series" of WIPO

In a wide range of countries, a number of our partners have completed or taken up the national customization (for example, by translation into one or more local languages and/or national adaptation, based on relevant national IP laws and examples) of the first three short guides in the "IP for Business Series" of WIPO. The following table reflects the current status of work, including access to PDF versions of the nationally customized guides that have been created at the entire responsibility of the partner institution concerned.

COUNTRY	LANGUAGE	MAKING A MARK		LOOKING GOOD		INVENTING THE FUTURE		CREATIVE EXPRESSION	
		TRANSLATION	CUSTOMIZATION	TRANSLATION	CUSTOMIZATION	TRANSLATION	CUSTOMIZATION	TRANSLATION	CUSTOMIZATION
Algeria	French	--		--		--	--		
Argentina	Spanish	--		--		--			
Armenia	Armenian								
Bangladesh	Bengali								
Bosnia	Bosnian								
Bosnia	Croatian								
Bosnia	Serbian								
Bulgaria	Bulgarian								
Czech Republic	Czech								
Dominican Republic	Spanish								
Ecuador	Spanish								
Hungary	Hungarian	--		--		--	--		
India	English								
Indonesia	Indonesian								

# <http://www.wipo.int/sme/en/multimedia/>

## SMALL AND MEDIUM-SIZED ENTERPRISES

- Overview
- About SMEs Division
- IP for Business
- IP Rights
- Case Studies
- ▶ Multimedia
- Publications
- Events
- Links
- Feedback
- Search

## E-NEWSLETTER

Enter your e-mail address to receive our monthly e-newsletter:



The Most Advanced E-learning Content on Intellectual Property for your Business

- IP PANORAMA was developed jointly by the Korean Intellectual Property Office (KIPO), the Korea Invention Promotion Association (KIPA), and the World Intellectual Property Organization (WIPO) under a project entitled, 'The Joint Development of E-learning Content' from 2004 to 2007.
- IP PANORAMA was designed to help SMEs utilize and manage Intellectual Property (IP) in their business strategy. In the past, most of the IP education materials had a legal orientation, even though businesses had a real need for a business-oriented IP education. IP PANORAMA increases IP-awareness among enterprise sector and a wide range of university students by providing practical knowledge about using IP for business success.
- IP PANORAMA relies on a brand new instructional design strategy based on 'Storytelling' along with educational technology. The learning content of each module was designed with a practical story regarding intellectual property. It is informative as well as interesting.
- IP PANORAMA deals with IP issues from a business perspective, especially focusing on the situation of SMEs.

The topics covered in the 10 modules are as follows:

### IP PANORAMA 01: Importance of IP for SMEs

- › Why is IP relevant to your SME?
- › IP as a business asset
- › IP as an investment
- › The value of IP assets
- › Introduction of IP Audit



### IP PANORAMA 02: Trademarks and Industrial Designs



# Distribution of IP PANORAMA CD

- To member states of WIPO
- To partners of SMEs Section



**WIPO**  
WORLD  
INTELLECTUAL PROPERTY  
ORGANIZATION

■ The Knowledge Economy and the role of IP in appropriating value from investments in innovation and creativity

■ IP Management and its relevance to the SMEs

■ Do SMEs use the IP system? To what extent?

■ What are the challenges faced by the SMEs in regard to the IP system? How to overcome those challenges?

■ **WIPO National Studies on Intellectual Property and SMEs**

*Thank you for your attention*

**Anil Sinha**

[anil.sinha@wipo.int](mailto:anil.sinha@wipo.int)