



Intellectual property protection: the key driver of innovation in Europe

Emma Marcegaglia is the President of **BUSINESSEUROPE**

Legend has it that the much-loved Earl Grey tea was first blended by Richard Twining in 1831 when British Prime Minister Charles Grey asked him to replicate a tea he'd been given by a Chinese Mandarin. Sadly, Mr Twining didn't think of protecting his 'Earl Grey's mixture' – tea flavoured with bergamot oil – so his 19th century competitors felt free to come out with their own brands. In short: the Twining's company failed to care about the protection of their intellectual property (IP).

What didn't seem as a priority for a 19th century company is of crucial importance in the 21st. The protection of IP in Europe is key to drive innovation and creation. This is the basis for progress, growth and job creation. But innovators and creators need to know that their inventions and creations can be protected and their rights enforced.

We use new or improved products and services every day. Today IP-intensive industries generate about 39% of EU GDP and directly employ 56 million people. Roughly 20 million

jobs in Europe come indirectly from IP-intensive industries, illustrating the positive spill-over effects that these industries have on other parts of the EU economy.

Despite the fundamental importance of protecting IP, innovative businesses - in particular SMEs and start-ups - still face many challenges when trying to protect their inventions and creative works. In today's digital world the enforcement of IP rights is especially difficult and increasingly challenging.

We know from practice that not all of our European companies are fully aware of the benefits of IP yet. They do not always protect their inventions and creations properly, so others can misappropriate them. Many SMEs and start-ups struggle to find the right information. They often have trouble to understand where and how to obtain protection and how IP can help their business.

BUSINESSEUROPE is a firm advocate of teaching the value of IP across the board, from the classroom to the boardroom, with

THE TOP CATEGORIES OF DETAINED ARTICLES AT EU CUSTOMS IN 2013 WERE:



Source: www.buinessseurope.eu

special focus on young entrepreneurs, start-ups and SMEs. We also support the national IP offices in their efforts to step up their awareness-raising actions.

The full picture is quite complex as different businesses from different industries use different IP rights, such as patents, trade marks, designs and copyright.

One of the big challenges in bringing innovation to the market is financing. Therefore IP valuation is important for the commercialisation process, making it possible to licence and exploit IP assets. This is why BUSINESSEUROPE urges Europe to develop a simple and effective European approach for IP valuation to boost much needed public and private investment.

But even if innovation is brought successfully to the market there are new hurdles ahead. European companies find it very difficult to enforce their IP rights, especially online and across borders. The rise of piracy and counterfeiting poses health and safety risks to consumers, leads to value losses and destroy jobs in Europe. If we look at the overall figures: in 2013 EU customs detained almost 36 million products suspected of violating IP rights, at a value of nearly €800 million. Most of them were fashion items, medicines, cigarettes, packaging materials and toys. Every year about 2.5 million jobs are at risk worldwide as a result of counterfeiting and piracy.

We shouldn't look only at Europe, of course. Innovation and IP are becoming more and more global, creating new challenges for policy-makers and IP offices around the world. There is a worldwide backlog, for instance, of over 4 million unprocessed patent applications, resulting in delay costs of about €9 million each year in Europe, the US and Japan alone. The backlogs and enforcement issues have already prompted the IP offices of Europe, the US, Japan, China and South Korea to cooperate on streamlining rules and procedures. This will benefit businesses globally through less duplication of work, less costs and less

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red tape. Various EU bilateral trade agreements can also help to align global IP standards.

It is not only companies, of course, benefitting from a properly working IP protection system! There are substantial benefits there for the whole of the society. Europe is facing major societal changes from the growing need for healthcare to developing clean energy or improving the global food chain. Substantial R&D investments are needed to address these future concerns. But there are already positive results. For example: increasing e-waste patent activity will help deal with a rapidly growing mountain of old, redundant electronic devices that will reach 65.4 million tons by 2017. 53% of industry, already involved in water treatment innovation, use patents to deliver clean drinking water and wastewater treatment services. When it comes to climate change: since the end of 2012, 1.5 million documents, relevant to most climate change technologies are already freely accessible globally via the European Patent Office. The number of patent applications related to medical technologies at the European Patent Office has soared from 7,238 in 2004 to 10,668 by 2013.

When looking at the challenges ahead for European companies in terms of increasing our competitiveness, returning to a sustainable growth path and creating more jobs again we need to understand and appreciate the real value of IP better and act accordingly. There is no time to waste! ■

IP GROWTH IN 2012

PATENT FILINGS

+9,2%

UTILITY MODEL FILINGS

+23,4%

INDUSTRIAL DESIGN FILINGS

+17%

TRADE MARK FILINGS

+6%

Source: www.busesseurope.eu