

Harnessing IP to build back better

Boosting use of intellectual property, nurturing innovation and addressing financing issues will help drive the world's post-pandemic growth and recovery

Daren Tang

March 11, 2020 will echo through history as the day on which the World Health Organisation officially declared Covid-19 a global pandemic. Since then, many lives and livelihoods have been lost, and the global economy has been severely impacted.

At the same time, human ingenuity has risen to the challenge and allowed for the fastest ever development of vaccines in history.

The same spirit of inventiveness has also transformed the way we work, live and play. Connecting virtually has become as natural as meeting over a cup of coffee, and will continue to be part of our lives in the new normal.

Through these disruptions and changes, the innovative sectors of the global economy have remained resilient. Last year, international patent filings increased by 3.5 per cent. Venture capital deals in developing regions surged, growing by over 25 per cent and 80 per cent in Asia and Africa respectively.

To overcome the pandemic and build back better, it is crucial to continue supporting our extraordinary innovators and creators.

This is why the organisation I lead – the World Intellectual Property Organisation (Wipo) – wants to build a world where innovation and creativity from anywhere is supported by intellectual property (IP) for the good of everyone.

However, in order to transform this vision to reality, the global IP ecosystem needs to be far more inclusive.

A recent study of European small and medium-sized enterprises (SMEs) by the European Patent Office and the European Union Intellectual Property Office shows that those owning IP generate close to 70 per cent more revenue per employee – and yet only 9 per cent of them are actively using IP to grow their business.

The situation is probably worse in many other parts of the world. This cannot be a good thing when SMEs make up 90 per cent of all enterprises globally and contribute 50 per cent to global GDP.

The crisis also presents an opportunity for developing countries to restructure their economies to harness IP, innovation and creativity as powerful engines for growth and recovery.



While these remain highly volatile times, one thing is for certain – ingenuity is key to overcoming the pandemic and critical for the post-Covid-19 recovery ahead. IP is a powerful tool for supporting and encouraging innovation and creativity, and Wipo will work with all stakeholders to ensure that it can benefit everyone, everywhere.

IP is not only about high-tech industries and cutting-edge technologies. It is also about brands, designs, creative content and even cultural heritage.

Take for example, Enda running shoes, the brainchild of young Kenyan entrepreneur Navalayo Osembo-Ombati. The only athletic shoes company of its kind in Africa, Enda's registered trademarks are essential to its brand and the local jobs it supports.

WORKING ON THREE FRONTS

To bring the benefits of IP to everyone, the global IP community needs to work with the public and private sectors on three fronts.

First, at the international level, Wipo will broaden its role from setting IP norms and providing IP services to helping its 193 member states use IP as a powerful tool to

create jobs, attract investments, drive business growth, and develop economically.

More fundamentally, we need to change the perception that IP is relevant only to specialists. In our increasingly innovation- and digital-driven economy, IP is already part of our daily lives.

And for a growing number of enterprises, what has become most valuable to them are their intangible assets like IP, data and know-how. Just think about the logo of Netflix, the technology behind Zoom, the designs of Secretlab's chairs, or the algorithms and data held by e-commerce platforms such as Alibaba and Amazon.

To support global efforts to use IP for business growth, Wipo has set up a new sector to focus on IP commercialisation. Over the next few years, Wipo will be working closely with governments and other stakeholders to help start-ups and SMEs around the world use IP to translate their ideas into products and services.

The Wipo Academy and its partners, which trained close to 150,000 persons around the world last year, will offer training in not just technical IP knowledge, but also in practical IP skills that will help enterprises grow their business.

NURTURING INNOVATION

Second, as the global economy emerges from the pandemic, a fresh look at how to nurture innovation ecosystems and support the commercialisation of high-potential research is needed.

From combating climate change, to strengthening productivity; from lifting societies out of

poverty, to harnessing new technologies – innovation is key to solving the greatest challenges that we face.

Indeed, over the past few years, global and corporate R&D expenditure has grown at about 5 per cent annually, and more than 3 million patents are filed each year according to figures reported to Wipo by IP offices around the world. Given these huge investments, it is important that a country's innovation ecosystem can facilitate the translation of research into impact.

Singapore understands this very well. As one of the most innovative countries in the world, it continually ranks inside the top 10 of Wipo's Global Innovation Index and boasts one of the fastest-growing and most diverse start-up communities in the world.

From pioneers such as the medtech firm Lucence, whose groundbreaking work aims to advance early cancer detection, to established unicorns such as research intelligence platform PatSnap, ride-hailing and food-delivery giant Grab, and payments company Nium – Singapore's robust IP ecosystem incentivises innovation and has a track record of producing tangible, real-world results.

Wipo will step up efforts to assist countries in growing effective innovation ecosystems. Over the past 10 years, it has helped establish over 1,200 technology and innovation support centres in 80 countries around the world.

Wipo will build on these foundations to upscale these centres, playing to the unique innovation strengths of each particular country and region.

It will also be scaling up its technology-matching platforms like Wipo Green, which allows climate change-related technologies from anywhere in the world to be match-made and deployed in other parts of the world where it is needed.

VALUATION AND FINANCE

Third, there is a need to pay attention to and address the complex issues of IP and intangible asset valuation and finance. Global intangible asset value already stands at US\$65 trillion (S\$88 trillion), which is more than the combined size of the US and Chinese economies.

Close to 90 per cent of the value of S&P 500 is in intangible assets, and almost half of the companies on the Shenzhen Stock Exchange have more than 80 per cent of their value in intangible assets. Yet, there is still no globally agreed standard for valuing these IP assets.

This presents problems on two fronts: for start-ups and SMEs this makes it difficult to use their intangible assets to secure the financing needed to grow. With no valuation system in place, banks, investors and financiers struggle to ascribe a true value to what may be the most valuable asset of a firm.

More systematically, the piecemeal reporting of intangible assets makes it tricky for governments, regulators and economists to pinpoint the full role of intangibles within the global economy.

What we do know is that intangible assets are critical to the next wave of global growth. Research from consulting firm McKinsey & Company has found that the fastest-growing companies invest 2.6 times more in intangible assets than their peers.

In order to address the issue of IP valuation and financing, Wipo will work with other international organisations and national governments to raise awareness of this issue, bring stakeholders together to share best practices and drive this conversation forward.

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• Daren Tang is director-general of the World Intellectual Property Organisation. He will be speaking on how enterprises can emerge stronger through innovation and IP at IP Week in Singapore, which kicks off today.