

## **Francis Gurry Lecture - The Future of Intellectual Property and WIPO in a time of crisis and opportunity**

Good evening,

Thank you for that very generous introduction Andrew. It is a pleasure to see you again.

Thank you also to Dean Nicholson for being with us today and thank you to Janell from IPTA. I understand that IPTA and the University of Melbourne have been partnering on this series for 12 years. It is an honor to be with you here this evening.

It is not every day that one is asked to give a lecture in a series named after one's predecessor. But it is certainly a great honor for me to do so, because Francis Gurry, a son of Melbourne who became a citizen of the world, dedicated his life to WIPO, shaped it in profound ways over his many years of service and in doing so, heavily influenced the development of the global IP ecosystem.

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My talk this evening is entitled the "Future of Intellectual Property and WIPO in a time of Crisis and Opportunity".

It is a somewhat dramatic title, but we are in the midst of a once in a century pandemic that has taken lives, destroyed livelihoods and torn families apart. Many of you in Australia have lived through this in the past 18 months and it has not been easy at all.

At this time, it is not easy to see this as a moment for us to reimagine the world of IP. But this must be the task before us. In a world where the pandemic accelerated pre-existing trends towards innovation, technology and digitalization, we have to step up to the plate and meet these challenges.

Indeed, data shows that the sectors of the economy connected with IP, innovation and creativity have displayed a strong degree of resilience during the pandemic. Last month, WIPO published the 2021 Global Innovation Index which found that patent filings, R&D expenditure and venture capital activity all grew in 2020, despite the deepest economic contraction of modern times.

Crucially, this trend is observable around the world. From Asia to Oceania, Europe to Africa, key innovation metrics have remained strong. Take Australia's experience which saw trademark applications climb counter-cyclically last year, up 8 per cent at the same time as Australian GDP was recording its steepest decline since records began.

And this year, arising from my conversations with DG's of IP Offices, the sense is that the trends of 2020 have continued into 2021. All over the world, we are seeing that IP, innovation and creativity have remained very strong and resilient.

When we zoom out of the pandemic, and cast our eye on long term trends, it is also evident that the events of the past 18 months have not stopped the decades-long shift of the IP center of gravity to your part of the world, the Asia Pacific.

Two decades ago, 4 out of 10 IP applications originated from Asia, last year, this number was close to 7 out of 10 IP applications. China is now the largest filer of international patent filings before WIPO's PCT processes, and the countries that are improving most consistently in the Global Innovation Index over a long period of time are dominated by Asian economies like Viet Nam, India and the Philippines. Not only has IP remained very resilient but this shift is having an impact all over the world and will continue in the decades to come.

Lastly, as economies and enterprises innovate and create, asset creation in enterprises and across economies is shifting from tangible assets to intangible assets – not just human capital but IP, data and know-how. Over a 50 year period, the value of intangibles in the S&P 500 rose from 20% in 1975 to close to 90% last year. Global intangible assets are estimated to be worth over US \$65 trillion, more than the US and Chinese economies combined.

In such a world, I believe that WIPO and the global IP community cannot be satisfied with business as usual. Instead, as the experts and custodians of an area that is of increasing importance to every part of the world, and of critical importance to overcoming the pandemic, we must now use this as an opportunity to engage with the world, demonstrate our relevance and step out of the shadows and into the light – from the technical to the

policy areas of IP, and spell out what we want to do at the strategic level over the next five years.

This is why in WIPO's latest Medium Term Strategy Plan, which was just endorsed by the WIPO Member States 2 weeks ago, we laid out a Vision of a world where innovation and creativity from anywhere is supported by IP for the good of everyone.

To make this happen, we have to continue being good at what we are traditionally good at – to provide top quality international IP services, set international norms and bring people together to discuss IP issues.

But this is not enough.

We must also bring IP to the grassroots, so that it is not just relevant to a small group of IP insiders, but to innovators, creators and people everywhere.

We must connect different stakeholders to IP, whether they are artists, musicians, entrepreneurs, business owners, researchers, or indigenous communities, in a way that they see IP as relevant to them and so that they can see the value that we see.

And we must use our expertise and knowledge to help others use IP as a powerful catalyst for jobs, investments, business growth, economic development and social vibrancy, so that we break away from this false narrative that IP is only for the industrialized economies, and not for developing countries and the Global South.

This is not a revolution, but an evolution. Already, many national IP offices have been rethinking their roles even before the pandemic.

IP Australia, for example, and I am very glad Michael is joining us today, has been one of the key players in a growing community of IP offices that look at IP from an economic angle, taking a multi-faceted approach that combines the legal, economic and developmental perspectives towards IP policy-making.

And in my unique vantage point as the first DG to enter WIPO from a national IP office, I know that many IP offices are no longer seeing themselves only as IP registries and regulators, but as innovation agencies building the innovation ecosystems of their countries and regions.

The work ahead to build a more inclusive global IP ecosystem also means that we must reach out more energetically to those that have been underserved by the global IP system – SMEs, women and youth.

Each of these present considerable challenges.

For example, the latest SME Scoreboard from EUIPO found that the main reason European SMEs had not registered their IP rights was simply a lack of knowledge about what IP is and how it can benefit their business to grow. The percentage of respondents citing this as a factor has increased in recent years from 25 per cent to 38 per cent. A study by the EPO and EUIPO also showed that in the European region, SMEs that use IP in as part of their business generated close to 70 per cent more revenue per employee than those that did not, and yet only 9 per cent of SMEs in the European region filed IP.

On Women and IP, the statistics speak for themselves. Despite steady progress in recent years, fewer than one in five inventors listed in PCT patent applications last year were female. It sobering to think that at the current pace of change, gender parity in patent applications won't be achieved by 2058. We need to raise our ambitions a lot higher than that.

Youth are also an area of priority for us, simply because they are our future innovators and creators, and in many parts of the developing world a large part of the population. For example, in Africa young people under the age of 35 account for 65 per cent of the population. If we don't reach out to them, then when they become the opinion formers of the future and the national leaders of the future, they won't see IP as relevant to their work.

How do we begin to address this?

I would be happy to share more details during the Q&A session that follows, but here are a few that I would like to highlight.

First, we need to be much better at communicating the value of IP to everyone, everywhere. Rather than focus exclusively on the technical aspects of IP – and there is nothing wrong with focusing on the technical aspects of IP – we need to go beyond

ourselves and tell stories of how IP has shaped the lives of people everywhere, and on platforms and channels, like social media. This is why our Twitter feed is now showcasing how we are supporting female entrepreneurs in Uganda, demonstrating how IP is aiding small businesses in El Salvador; and sharing information about how our projects like WIPO for Creators will help musicians understand IP from a musician's perspective.

But changing the narrative around IP is not enough unless it is accompanied by initiatives that deliver practical measures on the ground.

It is to Australia's credit that the issue of SME participation in the IP system has received considerable attention in recent years. Beyond policy measures such as the fast-track service for SMEs and the experiment with the Innovation Patent, the Mortley review produced a series of activist recommendations on how to further engage SMEs with the Australian patents system.

Impact is also at the heart of our work here at WIPO. One of the key features of our strategy is a step-change in how we will approach the Development Agenda. WIPO, as a UN agency, needs to put behind us development in the form of seminars and workshops, and start working on projects that can deliver real results and change the lives of people on the ground.

This is why in Uganda we have pioneered a way of working with the government and civil society to support a group of female entrepreneurs not just for a few days in the form of a workshop, but accompanying them on their journey over a few months and to support them in using IP as a tool for business growth. We are very pleased that of the around 20 female entrepreneurs that started out with us, 12 have remained on the journey and are using IP as part of their business.

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But before you get the wrong impression, let me assure you that WIPO's traditional role as a setter of norms and the convener of international meetings will also continue to be important.

But let me be candid with all of you, and share that the ability for not just WIPO, but all UN agencies, to move big norm-setting initiatives has become a lot more fraught. The reasons for this – which are essentially geopolitical – are often out of the hands of the UN agencies ourselves.

We will try of course, but this is a world where we will have to broaden our perspective on what movement and progress in norm-setting will look like, and I believe that guidelines, recommendations, and other, softer approaches that focus not just on harmonization, but also on making our systems of law and policy more inter-operable, will become more common.

In this environment, WIPO's function as a global, neutral and expert forum to discuss, engage, exchange and share best practices continues to be more relevant than ever.

AI is one issue that has been uppermost on the minds of many IP offices, and issues such whether AI-generated inventions deserve patent protection raise fundamental and difficult issues which all of us in the IP community need to engage with seriously. I am therefore pleased that WIPO's recent IP and Frontier Technology Conversations, with over 1,300 participants, is a key forum where such issues can be debated.

But as a UN agency, we also have to orientate ourselves towards action and practical impact whilst debating these important, slightly more conceptual issues.

This is again an area where IP Australia is showing leadership, as an agency that is amongst those in the forefront of using AI and technology to transform its operations and engage with its customers in a different way.

But there's also another area that I believe can have just as sweeping an impact as frontier technologies, but which I think doesn't quite receive the same level of attention – and that's IP valuation and finance.

As indicated, the rise of intangible assets represents a seismic shift in the global economy. But while this dynamic continues apace, we still don't have a globally accepted way of valuing or financing intangible assets.

This creates two problems. At the macro level, governments, policymakers, economists and financiers lack a complete picture on the role of intangible assets within domestic and global economies and their connection to trade, financing and other sectors of the economy. This blind spot complicates policy choices and the policymaking process.

At the enterprise level, the complexities involved in valuing intangible assets prevents many firms - including high-growth start-ups and SMEs - from leveraging what is often their most strategic asset, their IP, to access the financing they need to scale up and to grow.

At the policy level, a number of Asian countries continue to explore a variety of measures around IP-backed finance – China, South Korea, Turkey, Japan and Singapore come to mind – but in truth this remains an emerging policy area with firms, enterprises and governments testing the waters to see how they can better support IP rich enterprises to grow through IP backed finance.

To help move this conversation forward WIPO is producing a series of country reports - our first, developed alongside the IP Office of Singapore, was launched in August - and we are planning a series of high level dialogues which will focus in on these issues from a holistic angle. It's here that WIPO can play an important role.

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Ladies and gentlemen,

In conclusion, we are all navigating a world in transition.

And while journey ahead of us will not be easy, we do know that innovation and creativity will remain an essential part of who we are, and key to finding solutions to the challenges ahead.

WIPO's belief is that we as the global IP community must step up and make clear our intention to contribute to these challenges, make IP relevant to everyone, everywhere, and help people see IP as an important tool for great ideas to make a positive impact on the world.

We hope that you will join us to seize this opportunity and bring alive our vision of a world where innovation and creativity from anywhere is, indeed, supported by intellectual property for the good of everyone.

Thank you very much and I look forward to the Q&A session.