

INNOVATIVE, COLLABORATIVE, REGIONAL:
**SMART INTELLECTUAL
PROPERTY FOR A
COMPETITIVE EUROPE**
14 NOVEMBER 2019



EU2019.FI Finnish Presidency
of the Council
of the European Union

Main conclusions

On 14 November, the European Commission, the Finnish Presidency and the Committee of the Regions held an event on how intellectual property policies can help boost the innovative potential of SMEs.

The event brought together policy makers, (small) businesses, IP offices, innovation agencies, regional support centres and fund managers from all across Europe.

The event started by exploring challenges SMEs face when trying to make use of their intangible assets. This was followed by a discussion of possible solutions that could help SMEs make a smarter use of IP.

Panel discussions were lively and interactive. The presentations made at the event and the various studies underpinning the findings in the presentations and the discussions can be found here https://ec.europa.eu/growth/content/innovative-collaborative-regional-smart-intellectual-property-competitive-europe_en.

In his keynote address, Markus Beyrer, Director General from Business Europe, made a strong plea for smart IP policies that create effective opportunities for SMEs in Europe, thereby recalling the main messages of Business Europe's recent position paper on IP¹.

The main findings of the event can be summarised as follows:

CHALLENGES

Intellectual property ('IP') helps companies boost their innovative potential. Recent studies show that SMEs filing for IP protection are 21% more likely to grow and are 10% more likely to become a high growth firm, than companies who don't².

¹ https://www.buinesseuropa.eu/sites/buseur/files/media/position_papers/legal/2019-10-01_legal_strategy_for_the_next_political_cycle.pdf

IP helps companies gain a competitive edge, whilst significantly improving their chances to find business partners and business opportunities, including growth funding. IP also secures that results of research and innovation are effectively commercialised.

In spite of these findings, only 9% of SMEs own an intellectual property right. And even those who do, experience difficulties in making the most of their intangibles³.

At the event, the results were presented from various recent studies and surveys. These were complemented by real-life stories from SMEs and the wider innovation community.

Reported challenges include the following:

- SMEs do not sufficiently understand how intellectual property protection and management can help them boost their business strategies and growth;
- SMEs lack the resources and skills needed to effectively manage intellectual property;
- Whilst several initiatives exist to help SMEs use IP as part of their business strategies, at the local, national and EU level, SMEs are often unaware of these initiatives or find the offer confusing;
- SMEs feel the EU IP system is too complex and too costly. They also complain about difficulties in enforcing IP and the lack of a global level playing field. Too often, SMEs that decided to go for IP protection are deceived when trying to enforce their rights, in- and outside Europe;
- SMEs have difficulties leveraging on their IP when trying to get access to growth capital. Commercial banks consider IP too risky and too difficult to value properly. In addition, venture capital in the EU is under-developed, thus creating an investment gap for start-ups;
- SMEs have difficulties commercialising their IP, amongst others because they find it difficult to find the right business partners. There is no transparent 'market' for IP, allowing IP-intensive companies to build up successful partnerships and IP-related negotiations are generally considered complex and expensive⁴;
- SMEs lack the tools needed to manage IP successfully when co-operating with others.

SOLUTIONS

A good business environment for SMEs, including a favourable IP framework, supports innovation and creativity. It is a decisive source of growth and jobs in Europe. Public authorities at European, national, regional or local level should contribute to such an environment.

² See study of the EUIPO and the EPO: <https://www.epo.org/news-issues/news/2019/20190521.html>

³ These data and SME challenges are based on the EUIPO SME scoreboard and on the EU IP Helpdesks analysis: <https://euipo.europa.eu/ohimportal/en/web/observatory/sme-scoreboard>; <https://www.iprhelphdesk.eu/> and <https://www.ipr-hub.eu/>

⁴ See EC and EPO studies: <https://op.europa.eu/en/publication-detail/-/publication/4aebf66a-05c7-11ea-8c1f-01aa75ed71a1/language-en/format-PDF/source-110843338> and <https://www.epo.org/news-issues/news/2019/20191104.html>

The EU needs a joined effort to make it easier for SMEs to harness their innovative potential. To that end, following steps should be considered:

- **The EU IP system needs to work better for SMEs.** More needs to be done to render the system less fragmented, less complex, less costly and more effective. There is also a need for further regulatory convergence at a global level. The IP scene is constantly evolving along with technology and business environment. New issues will need to be considered in relation to digitalization, computer/apps programming and data in its various forms.
- **SMEs need effective and local support to make intellectual property part of their business strategies.** Many support tools exist, but not all support tools are useful or reach the target audience. SMEs easily get lost in the maze. There is a need to boost IP education (for instance as part of a wider business and science education). There is also a need to better link existing support tools and create effective win-wins. Building on existing actions, it is necessary to ensure a better, local access to support tools, to integrate IP support in wider SME and innovation support initiatives. Advice on how to build intellectual property strategies should become part and parcel of any public research and innovation funding.
- **It should be easier to use intellectual property as a lever to gain access to finance.** As the most valuable assets of our innovative SMEs are their intangible assets, further reflection and follow-up action is needed to ensure that SMEs can make the most of their 'intangible capital'. Possible ideas include the provision of public guarantees or other means to help 'de-risk' intangible assets, and/or the dissemination of good practices and valuation methods for investors.
- **Intellectual property should be more easily commercialised externally.** Today's products are increasingly complex and life-cycles increasingly short. SMEs need to collaborate to stay on the top. Given the opaque technology markets, possible solutions could include increasing matchmaking opportunities (i.e. through existing and reliable networks⁵), increasing transparency about who owns what IP, the creation of targeted technology platforms and having start-ups 'scouted' by technology transfer offices.

Policy makers need to better 'listen' to SMEs and better grasp the difficulties they face when trying to use their IP. Surveys and feedback from existing IP support tools provide a good picture of difficulties SMEs experience on the ground. This feedback should be collected on a regular basis and be used to define, and re-adjust policy priorities.

A smart use of IP is an important tool for SMEs to harness their innovative potential. More can and should be done to ensure that Europe's SMEs effectively grasp the opportunities offered by a smart protection and management of IP.

⁵ Regional innovation agencies, Enterprise Europe Network, Digital Innovation Hubs, Clusters, but also ASTP/PROTON, LESI, etc.