Open Letter to WIPO Director General Daren Tang

# CELEBRATING 2021 WORLD IP DAY

**IP & SMES: TAKING YOUR IDEAS TO MARKET** 

With the below 101 groups from 47 countries, we celebrate World Intellectual Property Day with WIPO and the creativity, inventiveness, and entrepreneurial spirit protected by intellectual property rights around the world.

This year's theme, **IP & SMEs: Taking your ideas to market**, illustrates a sign of the times. Under the specter of the global coronavirus pandemic, IP assets have enabled small and medium sized businesses to remain competitive in global marketplaces, driving economic recovery.

# **IP Is Significant for SMEs.**

No business is too small to benefit from IP, research shows that start-ups with patents experience 55 percent higher employment growth and 80 percent higher sales growth five years later.<sup>1</sup> Startups that obtained patents also became prolific innovators, more likely to obtain additional patents in the future.

Yet, not all innovators leverage IP rights. According to a joint report by the European Patent Office and European Union Intellectual Property Office, only 9 percent of SMEs own significant IP. SMEs that own IP have on average 20 percent higher revenue and pay 19 percent higher wages than firms that do not.<sup>2</sup>

<sup>1. &</sup>lt;u>https://papers.ssrn.com/sol3/papers.cfm?abstract\_id=2704028</u>

<sup>2. &</sup>lt;u>http://documents.epo.org/projects/babylon/eponet.nsf/0/7120D0280636B3E6C1258673004A8698/\$File/ipr\_performance\_study\_en.pdf</u>

Governments must encourage SMEs to take full advantage of the IP rights available to them. Raising awareness on the importance of trademarks, copyrights, patents, and other IP protections is a vital contribution to the competitiveness of SMEs.

# **IP Expands the Frontier of Possibility**

First COVID-19 then cancer. Incremental advances in mRNA research over the last two decades culminated in highly effective COVID-19 vaccines in 2020. Already almost 500 million doses have been administered around the world saving countless lives.<sup>3</sup> Patents, licensing agreements, transparent regulatory review processes, as well as other vehicles that protect IP are allowing rapid knowledge transfer of these break-throughs to researchers and innovators everywhere. In fact, several clinical trials test-ing mRNA therapies on various cancers and other diseases are already active.

Similarly, over the next 12 months, innovations in polymer recycling, personalized medicine, even solar panel efficiency are bound to culminate in a future that is brighter, cleaner, and safer. At the same time, seed investments will be made into research and development only future generations will be able to reap. This long-term horizon and unbounded ambition is only possible through IP protections.

# **IP Rights Boost Trade.**

The free-flow exchange of IP intensive goods and services across the world is vital to the COVID-19 recovery; a global market buttressed by robust IP enforcement is necessary to guard against counterfeits, coerced technology transfers, and other unfair trade practices.

Unfortunately, according to the United States Trade Representative, the flow of counterfeit goods across borders continues to increase, rising from \$45 million in 2000 to a massive \$1.4 billion in 2019.<sup>4</sup> Trade in counterfeit and pirated goods has also benefited from the rise in e-commerce marketplaces, the OECD estimates trade in these goods has increased 32 percent from 2013, to reach 3.3 percent of world trade.<sup>5</sup>

<sup>3.</sup> https://www.nytimes.com/interactive/2021/world/covid-vaccinations-tracker.html

<sup>4.</sup> https://ustr.gov/sites/default/files/files/Press/Releases/2020 Review of Notorious Markets for Counterfeiting and Piracy (final).pdf

<sup>5. &</sup>lt;u>https://www.oecd-ilibrary.org/trade/trends-in-trade-in-counterfeit-and-pirated-goods\_g2g9f533-en;jsessionid=QZW9mU-rnuN-6roleMK1CMfVP.ip-10-240-5-29</u>

In addition, amidst a global pandemic that has cut the lives of 2.7 million people short, criminals have flooded marketplaces with counterfeit medicines, gloves, masks, cleaning products, diagnostic tools, and other vital instruments necessary to combat COVID-19. IP enforcement efforts online, in stores, and at the ports must be strengthened as part of a comprehensive strategy to defeat the virus.

Yet, several countries have petitioned the WTO TRIPS Council to waive longstanding and well-accepted IP rights related to a wide range of innovative products – ranging from contact tracing software to designs for facemasks, and patents for ventilators.

The TRIPS agreement is the most comprehensive multilateral agreement on IP and the most effective instrument for ensuring that governments take steps to protect IP. It would be a grave mistake to waive the minimum protections secured by TRIPS. The waiver would undermine efforts to reduce substandard and falsified medical products and would not increase the supply of innovative products and services necessary to combat COVID-19. Innovators are working at full capacity, by utilizing licensing agreements and existing mechanisms, to accelerate production and delivery of these lifesaving tools while also collaborating with governments and other stakeholders.

WTO member governments must ensure adequate and effective IP protections consistent with their multilateral and regional commitments. Measures that restrict patentability, fair market access, require localized manufacturing, technology expropriation, fail to protect regulatory data, or fall short in other ways should be strongly examined and corrected to reflect international commitments.

# **IP Rights Create Jobs.**

IP protection helps businesses grow and create new job opportunities. In the United States they add \$6.6 trillion in value added, and support 45.5 million jobs which pay a wage premium of 42 percent.<sup>6</sup> Likewise, in the EU, IP-intensive industries employ 30 percent of the workforce, are responsible for 45 percent of GDP,<sup>7</sup> and they earn a wage premium on average of 20 percent, those in SMEs earn 68 percent more than peers in non-IP intensive SMEs.<sup>8</sup>

<sup>6.</sup> https://www.uspto.gov/sites/default/files/documents/IPandtheUSEconomySept2016.pdf

<sup>7. &</sup>lt;a href="https://euipo.europa.eu/tunnel-web/secure/webdav/guest/document\_library/observatory/documents/IPContributionStudy/IPR-inten-sive\_industries\_and\_economicin\_EU/summary/IP\_Contribution\_Report\_092019\_execsum\_en.pdf">https://euipo.europa.eu/tunnel-web/secure/webdav/guest/document\_library/observatory/documents/IPContributionStudy/IPR-inten-sive\_industries\_and\_economicin\_EU/summary/IP\_Contribution\_Report\_092019\_execsum\_en.pdf</a>

<sup>8. &</sup>lt;u>https://euipo.europa.eu/tunnel-web/secure/webdav/guest/document\_library/observatory/documents/reports/IPContribution-Study/IPR\_firm\_performance\_in\_EU/exec/2021\_IP\_Rights\_and\_firm\_performance\_in\_the\_EU\_exec\_en.pdf</u>

All countries must increase their efforts to protect IP and adopt its use in everyday business, or they risk being left behind on global IP-intensive supply chains. According to the 2020 International Property Rights Index, property right protections between the EU and the U.S. remain 30 percent greater than the rest of the world. In fact, the 21 countries with the strongest scores for property rights protections, are home to only 15 percent of the world's population but produce 49 percent of the world's GDP.

# **WIPO Ensures the Protection of IP.**

Building respect for IP involves intense collaboration with multilateral agencies to integrate learning opportunities. IP is more than an economic asset; it allows individuals and societies to exchange knowledge, art, and understanding across time and national borders.

Therefore, we urge WIPO to

- **1.** Assist countries in creating comprehensive approaches to protect IP and attract foreign investments in technologically demanding sectors;
- 2. Educate national policymakers about the benefits of IP in the economy with a long-term vision;
- **3.** Promote the cooperation between multilateral organizations such as the World Health Organization and the World Trade Organization, giving priority to the value of IP rights for inspiring creativity and making social development faster and healthier.

Cc: Antonio Guterres, UN Secretary-General; Dr. Ngozi Okonjo-Iweala, Director-General, World Trade Organization (WTO); Dr. Tedros Adhanom Ghebreyesus, Director-General of the World Health Organization (WHO); Achim Steiner, Administrator of the UN Development Program (UNDP)



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