

INNOVATION AND PATENTS

Intellectual Property Rights in Portugal:
The Gateway to Innovation

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IPRs and COMPETITIVENESS

“in a knowledge based and innovation friendly society”

- EC COM (2005) 488
“ Implementing the Lisbon Programme;
More Research and Innovation – Investing for Growth and Employment: A common Approach “
 - Supports actions on improving the IPR system and its effective use
Effort for a Community patent and meanwhile improve the current system
 - i2010 initiative
Highlights the pervasive role of ICT (Information and Communication Technologies) as key enablers to innovation
 - Calls for improvement on intellectual capital reporting
Financial community, accounting bodies and the IP community encouraged to investigate the scope for valuation of IPR
- EC COM (2006) 502
“Putting Knowledge into practise: A broad-based innovation strategy for Europe
 - Knowledge based and innovation friendly society
 - Priority Action 10

PATENT TO SPUR INNOVATION

- **Patents promote innovation by allowing the inventor to recoup his investments**
 - Objective: patent rights “should contribute to the promotion of technological innovation” (Art. 7 TRIPS)
 - *“The patent system added the fuel of interest to the fire of genius”* Abraham Lincoln
- Patent permits the patentee *“to derive the material benefit to which he is entitled as a reward for his intellectual effort and work, and compensation for the expenses which his research and experimentation leading to the invention have entailed.”*

PATENTS TO SPUR INNOVATION

- To initiate a dynamic cycle leading to economic growth

The inventor's reward is financial gain, and he is motivated to repeat the process again, investing some of his gain in new R&D for new inventions. This process becomes a dynamic cycle of change which generates changes in other areas. He is also likely to hire and train others, or transact business with others, who will in turn be motivated to invent and create products by the prospect of financial gain. Not only will the R&D lead to associated inventions by others, it is also likely to stimulate other economic consequences such as increased employment...

Intellectual Property, WIPO, 2003

IPR AND INNOVATION PERFORMANCE

- European Countries can be divided into four clusters
 - Innovation “leaders”
(Switzerland, Finland, Sweden, Denmark, Germany)
 - Innovation “followers”
(France, Ireland, United Kingdom, Netherlands, Belgium, Austria, Iceland)
 - Countries “Catching up”
(Slovenia, Portugal, Croatia, Lithuania, Latvia, Greece, Poland, Bulgaria)
 - Countries “Trailing”
(Estonia, Spain, Italy, Malta, Hungary, Croatia, Slovenia)
- In General, better innovation performance in a Member State correlates with greater patent value in that country

[Source From the European Innovation Scoreboard 2006
<http://www.proinno-europe.eu>]

“The Value of Knowledge: European firms and the Intellectual Property Challenge”

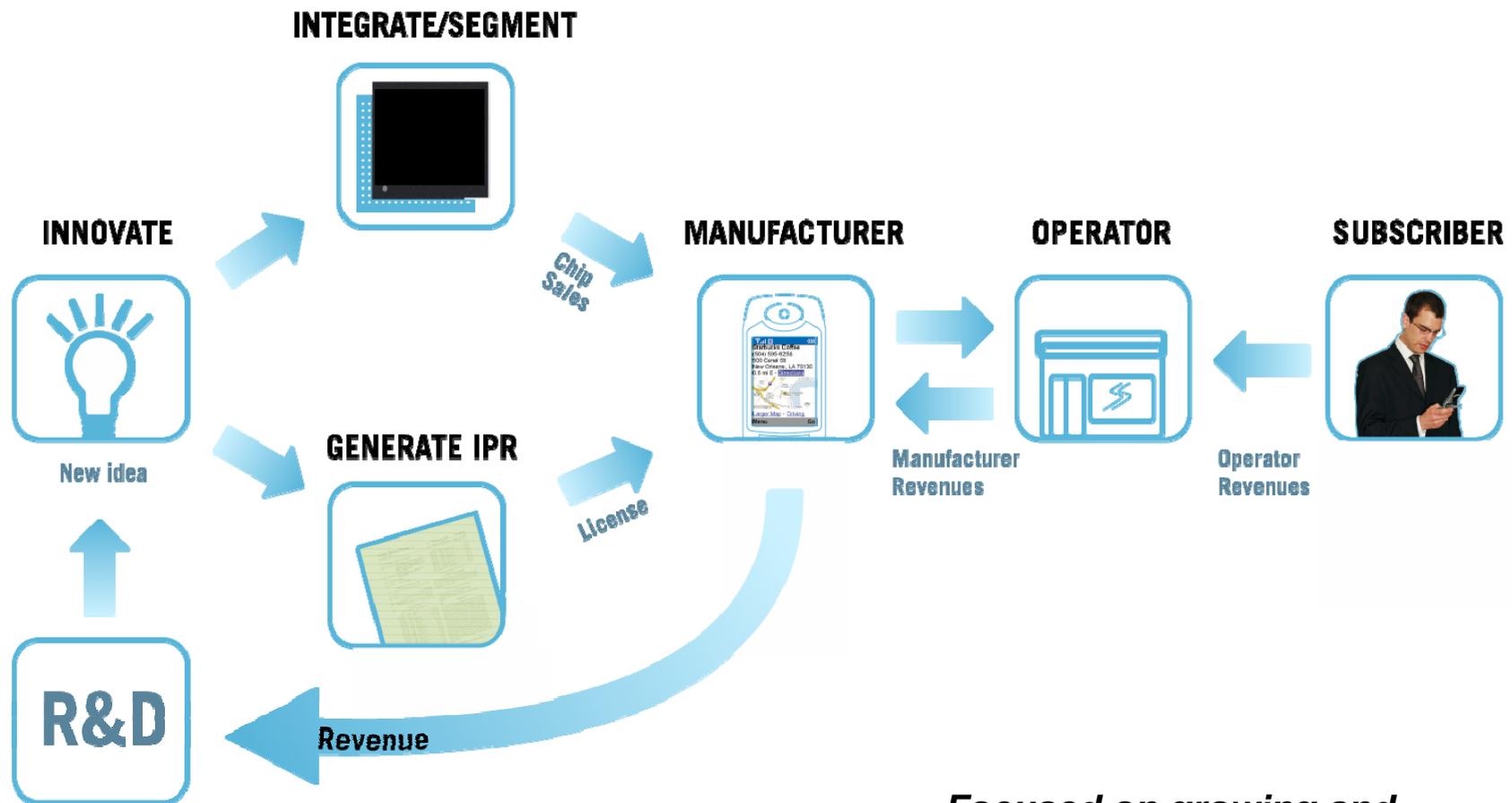
- **An Economist Intelligence Unit white paper - Jan 2007**

http://www.eiu.com/site_info.asp?info_name=eiu_Qualcomm_Value_of_Knowledge

Executive Summary:

- Strategic Importance of IP is growing rapidly
- European IP remains under threat from both developing and developed markets.
- Collaboration is crucial to IP value-maximisation
- European Companies need greater Harmonisation

ICT INNOVATOR BUSINESS MODEL

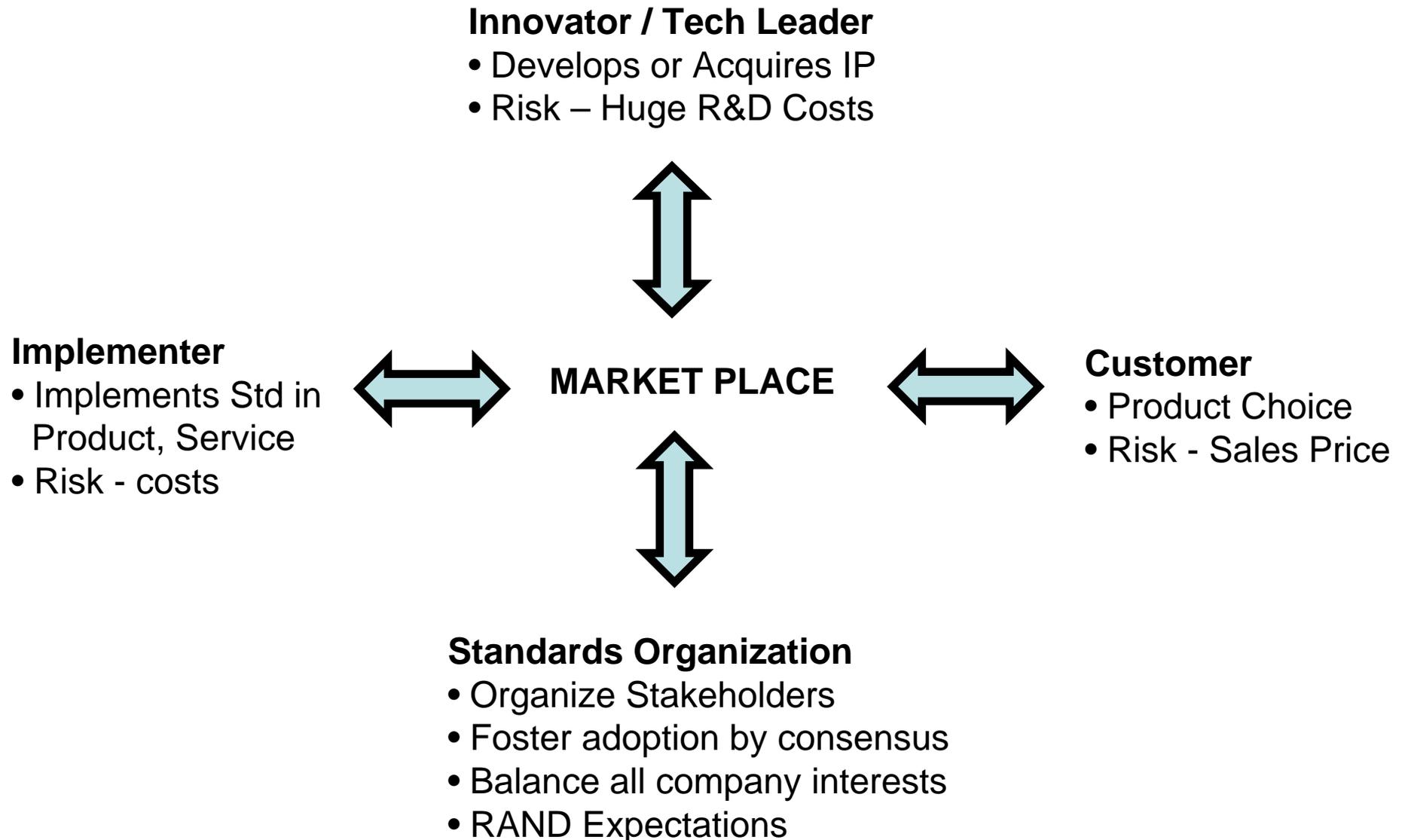


Focused on growing and adding value to the industry

INNOVATION AND THE ROLE OF STANDARDS

- Standardization as an innovation driver helping to meet the goals of the Lisbon Strategy
- COPRAS: support action project in the EU 6th Framework Programme
 - Aiming to improve the interfacing, cooperation and exchange between IST (Information Society Technologies) research projects and ICT standardization.
- Knowledge is transferred thru standardisation and innovations come to the market place
- IPR Policies for standardization bodies should :
 - Balance the interests of all the participants in Standards Developing Organisations
 - Facilitate all business models

STANDARDS DYNAMICS: MARKET DRIVEN



THE INNOVATION ENGINE

Innovation

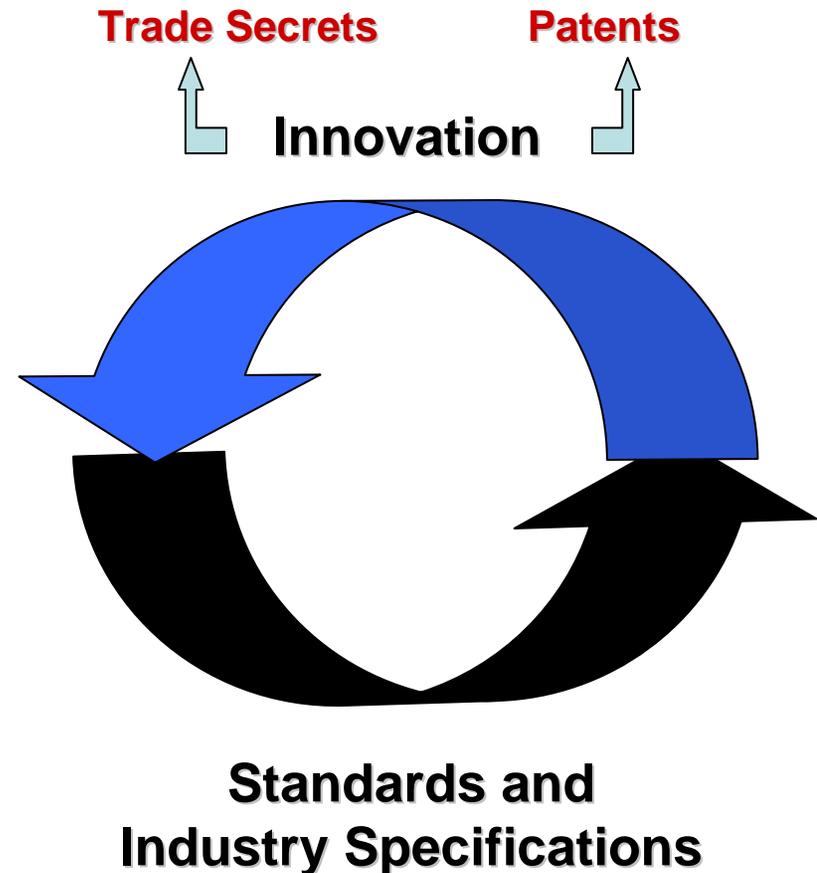
- **Investment drives innovation**
- **Innovation creates new IP**
- **IP enables new products or technologies**
- **Sales create economic returns**
- **Reinvestment of returns in R&D sustains innovation**

IPR protection

- **IPR laws protect ability to earn economic returns from IP**
- **IPR laws are critical for new market entrants (SMEs)**

Standards drive growth

- **Help establish interoperability of competing products**
- **Simplifies development by defining a minimum set of common requirement**
- **Helps enables business opportunities**



CONCLUDING REMARKS ON IPRs & INNOVATION

- Strong IP protection promotes initial and continued technological innovation
- Without strong and enforceable IP rights
 - Counterfeiting and free riders can freely use innovations of other as their own
 - Erodes incentives to take risk or invest
 - Especially damaging to new, highly innovative companies
- Standardisation enables the diffusion of innovation and the transfer of knowledge
- Culture of innovation and IPRs needed to be promoted
 - Education of the public and SMEs on the value of IP
 - IPR Helpdesk Initiative <http://www.ipr-helpdesk.org>

THANK YOU

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