Intellectual Property as a Driver of Growth and Competitiveness: Challenges and Progress

World Intellectual Property Forum

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About ITIF

- The world’s leading science and technology policy think tank.
- Supports policies driving global, innovation-based economic growth.
- Focuses on a host of issues at the intersection of technology innovation and public policy across several sectors:
  - Innovation and competitiveness
  - IT and data
  - Telecommunications
  - Trade and globalization
  - Life sciences, agricultural biotech, and energy
IPRs Are Vital to Innovation, As They:

1. Create incentives for domestic innovation.
2. Enable a virtuous cycle of innovation.
3. Induce knowledge spillovers that help others to innovate.
4. Boost domestic levels of R&D, exports, and FDI.
5. Promote the international diffusion of technology, innovation, and knowhow.
Challenge: Lack of Respect for Intellectual Property Rights

- IP theft costs the U.S. economy $600 billion annually; cybercrime, including espionage, IP, and trade secret theft, may reach $6 trillion per year by 2021.

- The number of non-tariff barriers (NTBs) and other TBTs reported to the WTO reached an all-time high in 2018; share of goods impacted up 50% since 1997.

- Increased use of compulsory licensing in the life-sciences sector.
  - Ecuador, India, Indonesia, Malaysia, Russia, and South Africa have introduced compulsory licensing legislation and applied it to innovative medicines.
  - Colombia, Chile, and Peru have considered doing so.
Challenge: Growing Narrative That IP Harms Societal Interests

- E.g., UN High-Level Panel on Access to Medicines postulated a “policy incoherence” between IPRs, innovation, and affordable access to medicines.

- Asserted that “patents are the main cause of higher costs for medicines in low- and –middle income countries” and that the IP system “limits research and disadvantages local producers.”

  - Yet strengthening IPRs has actually resulted in better access to medicines in developing countries.

  - Probability of drug being commercially available lowest in countries with weak patent protection and weak/no market exclusivity. (Brandt)
Challenge: Rise of IP Skeptics in International Organizations

▪ UNCTAD: “Strong IP protection may have little or no impact on innovation, while reducing the diffusion of foreign inputs, techs, and raising their costs.”

▪ UNCTAD: Robust IP rules stifle economic growth by restricting developing nations’ “policy space” for state-led industrial development strategies.

▪ World Bank: “A fully implemented TRIPS Agreement would transfer over $20 billion of “rents” from developing to developed countries.”
Progress: Volume of Global IP Activity At All-time High

Global Patent and Trademark Applications, 2004-2018

Progress: Countries Steadily Improving IP Environments

- Countries achieved a 2.1% net increase in scores from the 2nd to 6th edition, and a 7.9% net increase in scores from the 6th to 7th edition.

- For 2019, India increased its score 20%, Argentina 15%, and Mexico 10%.

- More countries joining WIPO, digitalizing patent services, joining patent prosecution highways, introducing cooperative patent classification systems, speeding patent examinations and reducing backlogs.

Source: U.S. Chamber of Commerce, Global Innovation Policy Center, 2019 International IP Index
Progress: Countries Steadily Improving IP Environments

Overall total score, percentage of available scores, 1st to 7th Edition, BRICS

Source: U.S. Chamber of Commerce, Global Innovation Policy Center, 2019 International IP Index
Progress: IP Enabling Life-sciences Innovations Worldwide

https://medium.com/innovate4health
Ryan: “Patents provided incentives for biomedical technology entrepreneurs to make risky investments into innovation in Brazil.”
Progress: Trade Agreements Enhancing Global IP Protections

- Global cross-border exports of knowledge- and technology-intensive goods and services exceed $4 trillion; account for over ½ global trade.

- Recent bilateral and multilateral trade agreements strengthening IP:
  - USMCA: 10-years of data exclusivity for biologics, patent-term extension, copyright protection for author’s life + 70 years.
  - CPTPP: Protections for algorithms and source code, expanded trade secret protections.
  - Canada-EU FTA: Up to 8 years of data protection for pharmaceuticals.
Policy Recommendations

1. Pursue a whole-of-government “all-points strategy” to engage globally on IP challenges.

2. Expand non-agreement cooperation with countries effectively linking IP to innovation/economic growth.

   E.g., U.S. PTO Office of International Patent Cooperation created a new division supporting global outreach.

3. Increase capacity building/technical assistance.

   E.g., Countries commit approximately $25 million annually to the WIPO Funds-in-Trust (FIT) program.