

- > IP Contribution Study 2019
- > IPRs as drivers of SME growth



EUIPO research on IPR and the economy



- Industry-level IP contribution study, 2019
 - Joint EUIPO-EPO study
 - This is the third edition (earlier: 2013, 2016)
 - IPR and performance of individual firms
 - 2015 study comparing revenue per employee of IPR-owning firms with those that do not own IPR
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- 2019 study of the relationship between prior IPR use and probability of achieving fast growth (joint EPO-EUIPO) study

IPR-intensive industries and economic performance in the European Union

Industry-Level Analysis Report, September 2019
Third edition

A joint project between the European Patent Office and the European Union Intellectual Property Office



IPR-intensive industries in Europe

Contribution to EU GDP

IPR-intensive industries,
€ 6.6 trillion, **45%**

Trade mark-intensive, € 5.4 trillion, **37%**

Patent-intensive, € 2.4 trillion, **16%**

Design-intensive, € 2.4 trillion, **16%**

Copyright-intensive, € 1.0 trillion, **7%**

PVR-intensive, € 0.2 trillion, **1%**

GI-intensive, € 0.02 trillion, **0.1%**

Share of EU employment (direct + indirect)

IPR-intensive industries,
84 million jobs, **39%**

Trade mark-intensive, 65 million, **30%**

Patent-intensive, 35 million, **16%**

Design-intensive, 45 million, **21%**

Copyright-intensive, 15 million, **7%**

PVR-intensive, 3 million, **1%**

GI-intensive, 0.4 million, **0.2%**

Source: IPR-intensive industries and economic performance in the European Union – Joint Report 2019 from the EPO and EUIPO – Data 2014-2016.

Note: IPR: IP rights: trade marks, patents, designs, copyrights, geographical indications and plant variety rights.

IPR-intensive industries in Europe

Evolution from 2011-13 to 2014-16

| Contribution of IPR-intensive industries | 2016 study (original) | 2016 study (new national account calculations, new IPR-intensive industries) | 2019 study (new national account calculations, new IPR-intensive industries) |
|--|-----------------------|--|--|
| Employment (direct) | 27.8% | 28.6% | 29.2% |
| GDP | 42.3% | 44.0% | 44.8% |
| Total trade in goods | 89.3% | 88.8% | 92.5% |
| Total trade in goods and services | not calculated | 78.1% | 81.0% |

 **The importance of IPR-intensive industries is increasing**

Source: IPR-intensive industries and economic performance in the European Union – Joint Reports 2016 and 2019 from the EPO and EUIPO.

Note: IPR: IP rights: trade marks, patents, designs, copyrights, geographical indications and plant variety rights.

IPR-intensive industries in Europe

Average weekly remuneration, 2016

| IPR-intensive industries | Average personnel costs (€ per week) | Premium (compared with non- IPR-intensive industries) |
|------------------------------|---|--|
| Trade-mark-intensive | 805 | 48% |
| Design-intensive | 761 | 40% |
| Patent-intensive | 934 | 72% |
| Copyright-intensive | 867 | 59% |
| GI-intensive | 705 | 29% |
| PVR-intensive* | n/a | n/a |
| All IPR-intensive industries | 801 | 47% |
| Non-IPR-intensive industries | 544 | |

 IPR-intensive industries pay higher wages than other industries

Source: IPR-intensive industries and economic performance in the European Union – Joint Reports 2016 and 2019 from the EPO and EUIPO.

Note: IPR: IP rights: trade marks, patents, designs, copyrights, geographical indications and plant variety rights.

High Growth Firms (HGF)

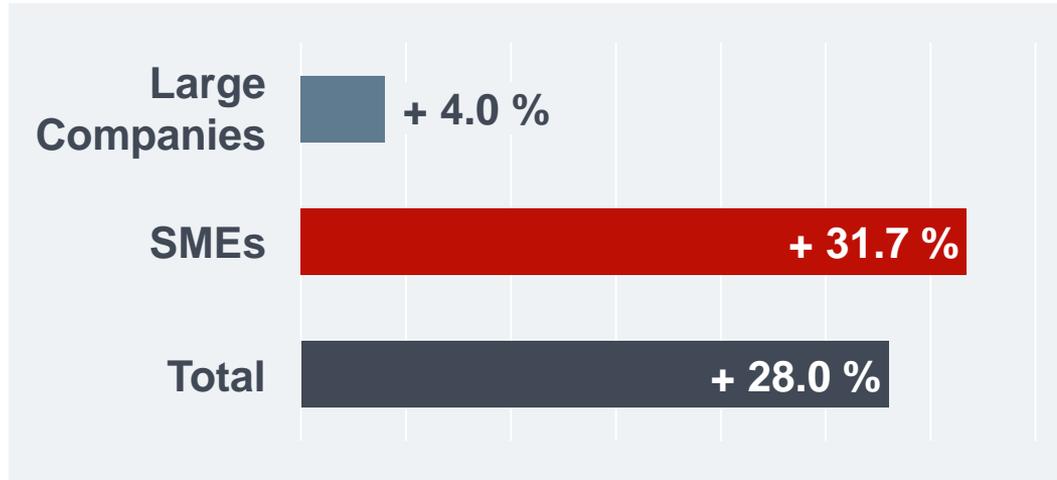


- SMEs with a **3 year-average growth rate** of at **least 20 %***
 - 179 060 HGF in the EU-28 in 2016 (EC, 2018)
- **International** growth typically driven by innovation and **intellectual assets**
- **HGF** are of high interest for policy makers, investors, and potential business partners

* Definition used in this study; official EC definition is 10%.

IPR-intensive SMEs perform especially well

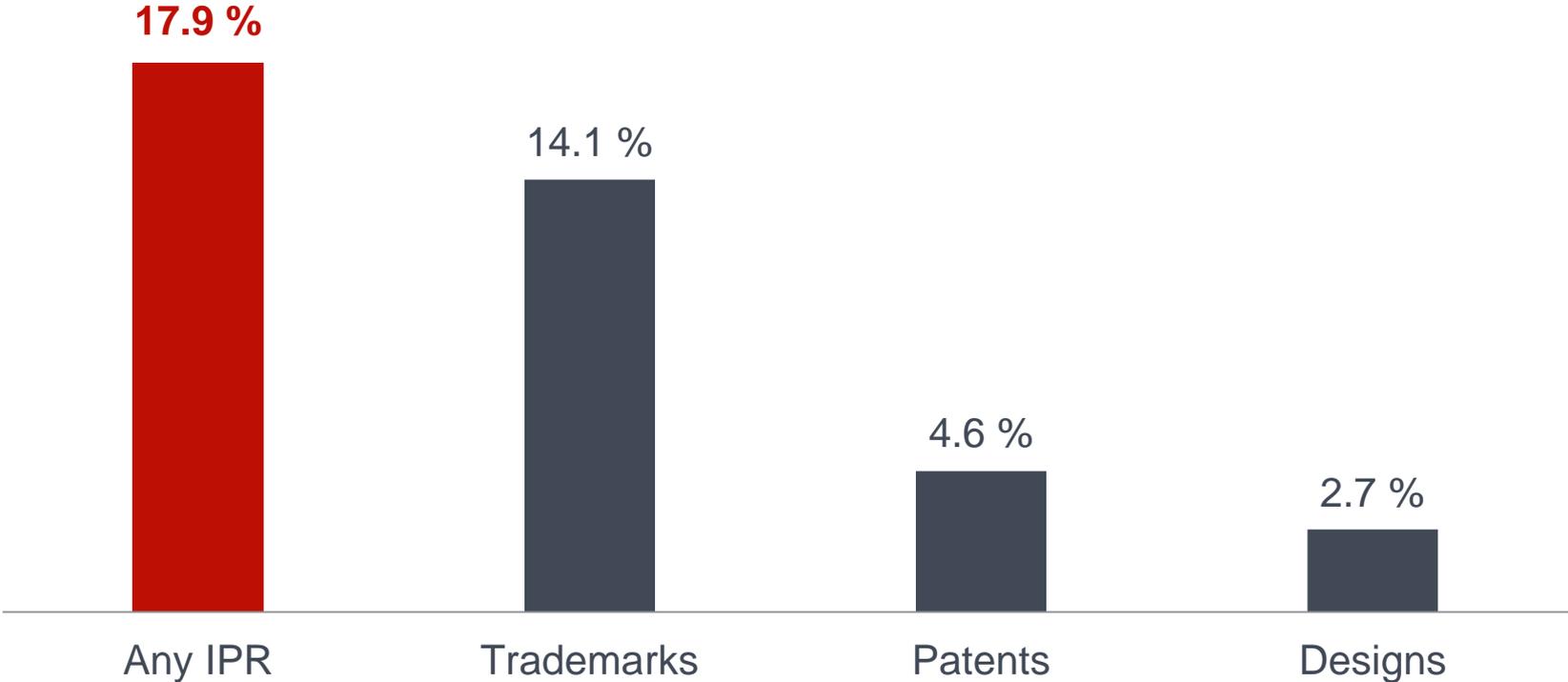
Difference in revenue per employee of IPR owners compared with non-owners of IPR



Can the IPRs activities of European SMEs be used to assess their growth potential?

- Focus on 64 998 European SMEs in **manufacturing industries**
- Observe the filings of **registered IPRs** (patents, trade marks, design rights) during a 3-year period
- Assess **likelihood of high growth** during subsequent years

Frequency of IPR use by European SMEs in the sample



SMEs with prior IPR activities are more likely to grow than other SMEs

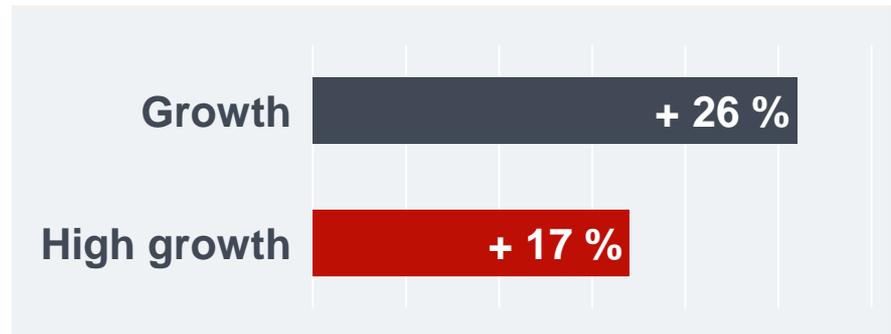
Increase in odds of growth with
prior IPR use

= Innovation



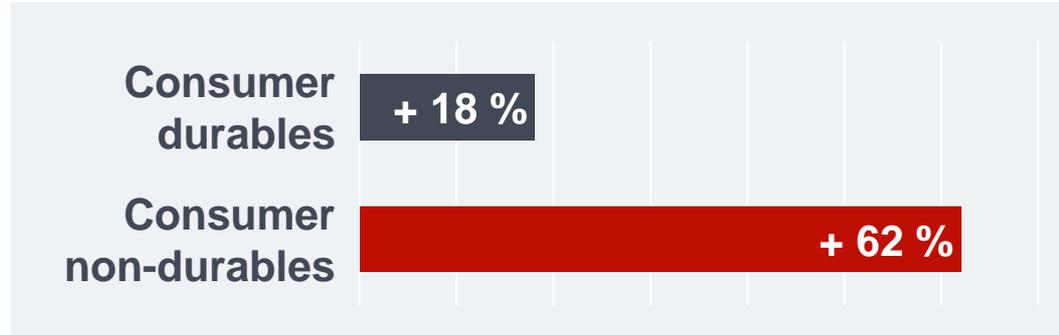
Increase in odds of growth with
prior use of a European IPR

= Innovation + international



The prior filing of a European trade mark performs best as HGF predictors in consumer-oriented industries.

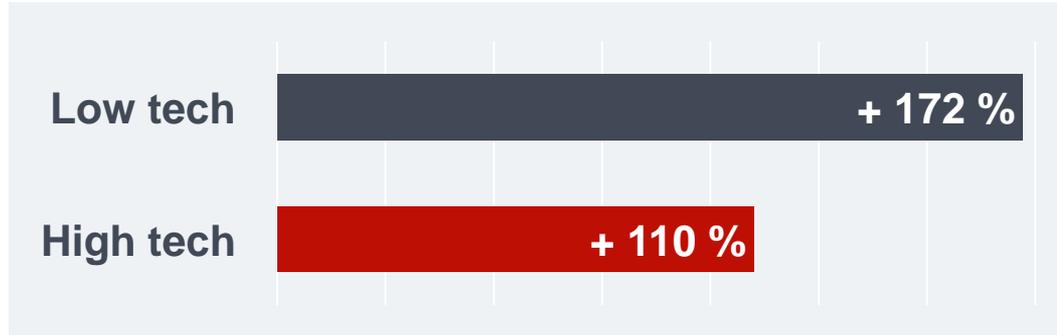
Increase in odds of high growth with prior use of a **European trade mark**



▶ The impact of national trade marks is stronger in consumer durables, suggesting that the growth of SMEs in these sectors is mainly taking place in domestic markets.

The prior filing of a European patent performs best as HGF predictors in specific industries

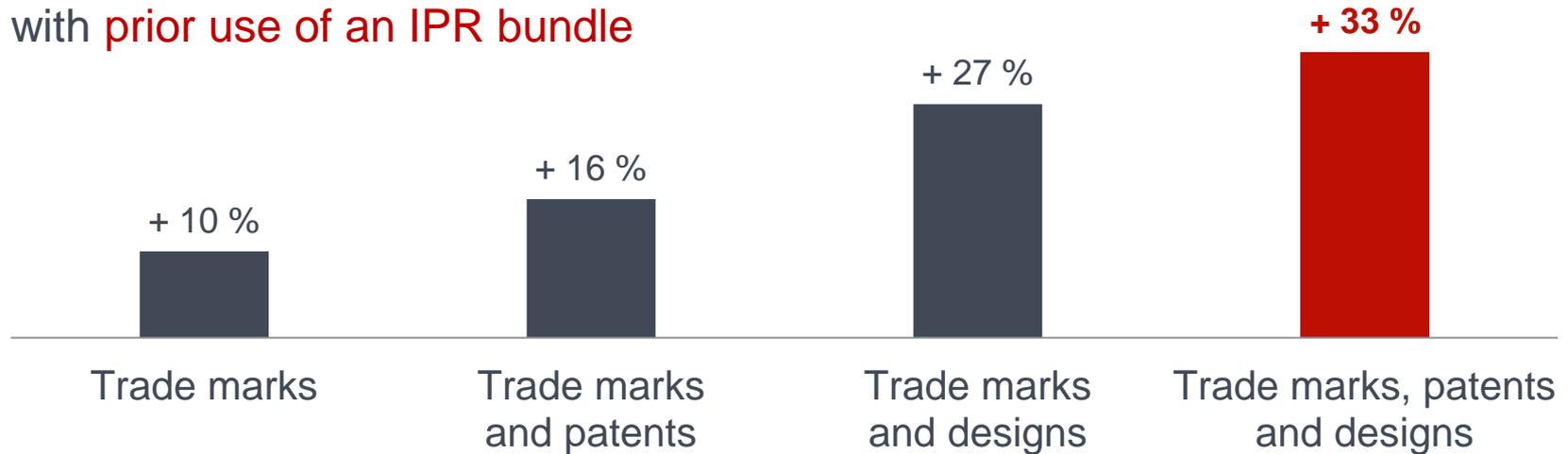
Increase in odds of high growth with prior use of a **European patent**



▶ The predictive power of European patents is particularly high in low-tech industries (+ 172 %), where innovation is a relatively rare event.

SMEs that use bundles of trade marks, patents and designs are even more likely to achieve high growth

Increase in odds of high growth with **prior use of an IPR bundle**



Bundles of different IPRs denote a variety of intellectual assets and the SME's ability to build a holistic IP strategy.

Conclusions

- High-growth SMEs create a disproportionate share of jobs and growth
- IPR activity is associated with an increased likelihood of achieving high growth, especially international IPR activity
- Patent filings are good predictors of high growth in high-tech and low-tech sectors; trade mark filings are more important in consumer goods sectors
- **No causality has been proven but IPR are a clear signal of a firm's ability to create intellectual assets and profit from them in the future**



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Thank you