

Licensing activities by SMEs: evidence from EU trade mark owners

Executive Summary



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Intellectual property assets play an increasingly important role in corporate strategy due to their potential to lead to higher profits and create value for the company. Thus, just like other assets owned by a company, IP assets have a value. However, quantifying that value can be a challenge, and the valuation of IP remains a major obstacle to IPR being considered as tradable assets. A trade mark (TM) is a type of IPR that helps establish a company's brand and underlines its distinctiveness in the marketplace. In the EUIPO/EPO report on the contribution of IPR-intensive industries to the EU ⁽¹⁾, industries that intensively use TMs make the highest contribution to the EU economy, with 30 % of EU employment (directly and indirectly) and 37 % of EU GDP generated by these industries.

The owner of the TM can use it to identify the goods or services produced, or it can grant permission to another company (licensee) to use the trade mark in exchange for an economic benefit. Trade mark licensing is thus one way to derive the economic benefit from the IPR. The present report values a firm's stock of TMs based on observable characteristics of a sample of SMEs that own EUTMs and license them to others. Subsequently, the capitalised value of the EUTM is estimated as the total licensing income expected to be realised during its economic lifespan.

A survey addressed to SME owners of EUTMs reveals that 7.5 % of SMEs owning EUTMs licensed them to others during the period 2013-2017. Additionally, this survey shows that the annual average revenue from licensing EUTMs is estimated at EUR 64 924 per firm (equivalent to 5.7 % of the average turnover of European SMEs) during the period 2013-2017, so that the estimated annual revenues from licensing out EUTMs by all SMEs in the EU is EUR 1.9 billion.

The average life of an EUTM registered by SMEs, based on the EUIPO register, is 20 years. Based on this and on the results of the survey, the gross capitalised value of EUTMs licensed by SMEs for their entire expected lifespan is estimated at EUR 38 billion, equivalent to EUR 1.3 million per licensing firm.

The survey also shows that SMEs in the service sector are more likely to license out their EUTMs and get higher revenues from licences, both in absolute terms and relative to the average turnover of all SMEs.

⁽¹⁾ EUIPO/EPO 'IPR intensive industries and economic performance in the European Union. Industry-level analysis report, September 2019. Third edition'.

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