

Patents and IPR in a systemic policy agenda for the EU

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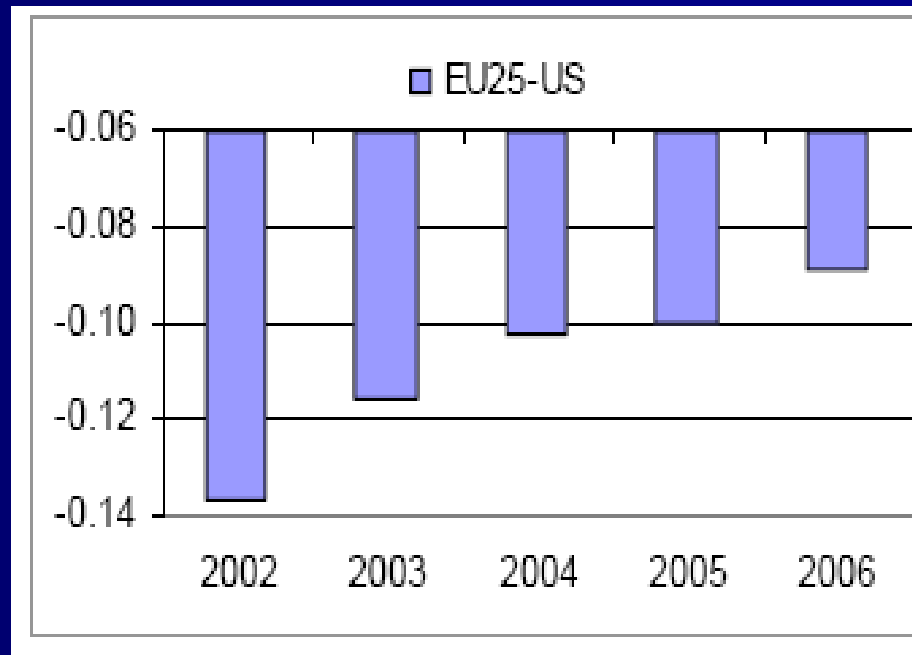
Some recent good news

- Global GDP growth
- GDP growth in EU
 - Employment growth
 - Unemployment decline
 - Productivity growth
- Innovation gap improving

Real GDP growth	2006	2007 *f
EU-27	2.9	2.7
World (excl EU)	6.0	5.4
US	3.4	2.5
China	10.7	10.0

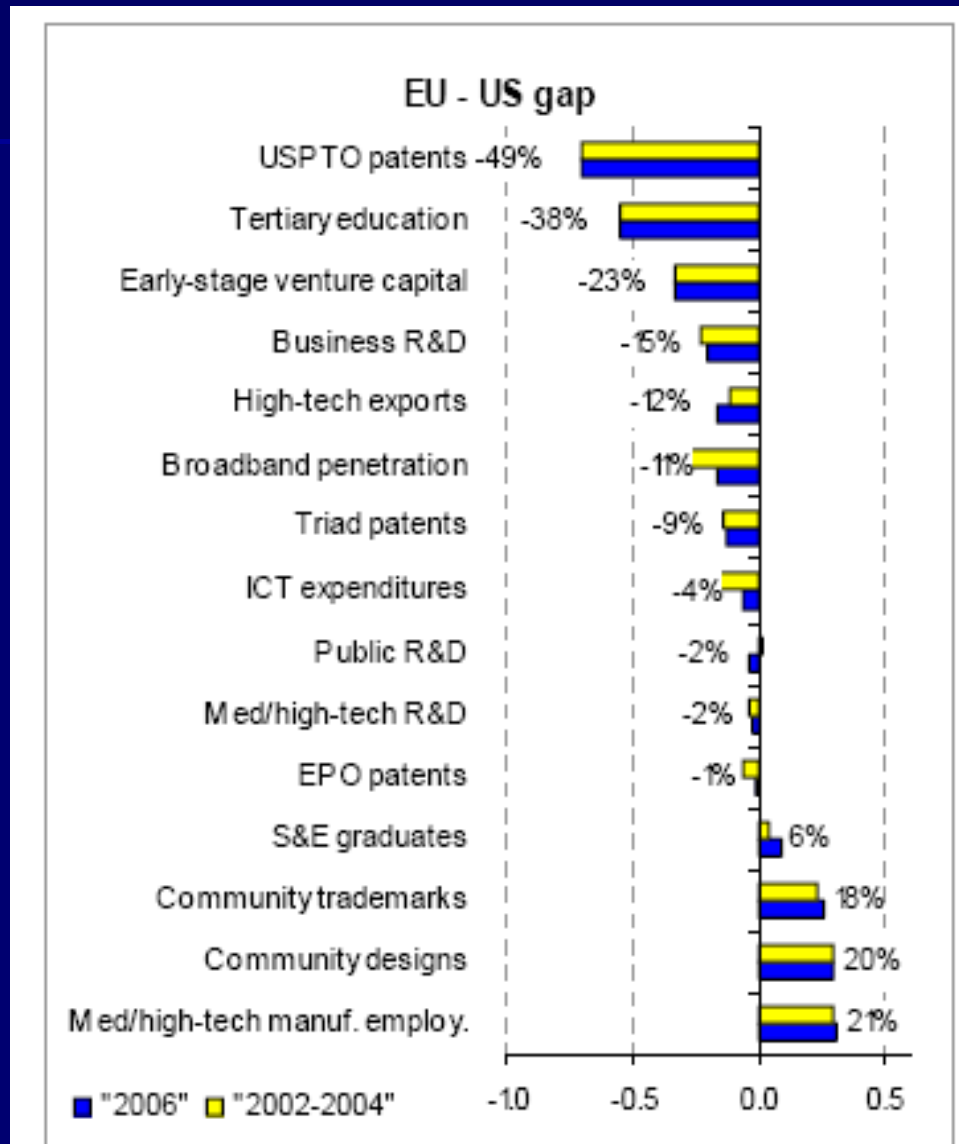
EU-25 Innovation Gap with US : improving

Source: EIS 2006



Decomposing the EU-25 Innovation Gap with US

Source: EIS 2006



Growth revival in the EU: structural or cyclical ?

Contribution of Structural Reforms/Lisbon
Agenda?

- Upcoming Review of Lisbon II
 - Internal Market Review

Improving EU's innovative capacity: a systemic policy approach

- Stimulating Capacity building
 - Public R&D infrastructure
 - Education in general and Higher Education in particular (S&E researchers)
 - Stimulating Private R&D expenditures (tax incentives, state aid)
- Framework conditions to improve incentives for innovation, **especially**
 - **clear IPR regimes**, regulations and standards;
 - Large integrated product markets (single market)
 - Well functioning product markets (competition and ease of entry), labour markets (labour mobility), (venture) capital markets
- Improving Technology Transfer/Diffusion (Eg **clear property rights**, ISL mechanisms, absorptive capacity of users, investment in complementary assets),

Implications for STI policy governance

- Monitoring and evaluation of policy
- Horizontal policy coordination among policy areas (*education, R&D, eco-fin, competition policy,...*)
- Vertical policy coordination among policy levels (EU-Member States-Regions)

Policy Governance: Role of the EU

■ Subsidiarity Principle:

- Where MS are prime policy actors, EU can act as forum for diffusion of best practices, mutual learning, coordinating...
 - *Integrated Guidelines & National Reform Programs*
 - *EC-DGRTD Evaluation of NPR programs: little on IPR*
 - *Open Method of Coordination*
 - *CREST working group on IPR: IPR issues for international collaboration between PROs and industry; Technology Transfer Training*

■ EU competences:

- Single market: open internal market
- Trade policy: open global markets
- Competition policy
- EU Budget
 - *Community Lisbon Program*

Community Lisbon Program

(7/2005)

- support of knowledge and innovation in Europe,
 - FP7, i2010, CIP, TEN, Structural Funds..
 - the reform of the state aid policy,
 - “Agreement on the **Community Patent** remains a vital element of the Union's commitment to promote a knowledge-driven, innovative economy”.
 - Patent Communication Spring 2007
- improvement and simplification of the regulatory framework in which business operates,
- completion of the Internal Market for services,
- completion of an ambitious agreement in the Doha round,
- removal of obstacles to physical, labour and academic mobility,
- support of efforts to deal with the social consequences of economic restructuring.

Significant benefits from full implementation of Lisbon strategy ?

Commission assessment (3/2007)

Good progress in:

- Pension and health care reforms; measures to expand working life
- Policies to boost R&D and innovation
- Improving the business environment by better regulation
- Active labour market policy

Reform falls short in terms of:

- Removing barriers to entry (in services)
- Fostering the Internal Market
- Adaptability of the labour market
- Education

*Worrying weak points in reform agenda : dynamics through entry/exit, demand-led innovations, **PR issues**, education*

Patents within a systemic innovation policy: role of the EU

- Patent Policy strictu sensu (Spring 2007 COM):
 - Intra EU-Coordination: provide a clear/ transparent, patent system
 - Community patent
 - Other avenues: London/EPLA
 - Provide an internal market for national patent systems where competition will select the best system;
 - Quality of patent system: almost no discussion
 - Coordination at the world level: almost no discussion
- Patent Policy within a broader IPR policy
 - Link with trademarks, ...:
 - upcoming new COM
 - Link with other appropriation mechanisms: complexity, lead time, secrecy..
 - Through policies affecting framework conditions (combination of EU and MS policy levels)

Role of Patents within a systemic innovation policy: role of the EU

- Patent Policy within a broader reforms agenda :
 - Link with RTD policy: Green paper on ERA 2007
 - 5th freedom: free movement of know-how
 - Requires well functioning EU wide IPR regime to support a vibrant EU market for knowledge
 - Link with competition policy, internal market and RTD
 - Identify the set of major barriers to innovation and growth at the level of markets (sectors/technologies); E.g. Biotech, business services, e-services
 - when/how do IPR issues impede growth? How/when/whether IPR reforms? How/when/whether to use a complementary set of reforms?

Current Internal Market Review

takes a market monitoring approach

takes an *effects* rather than *rules* based approach, including effects on innovative capacity

To Conclude

- The EU level has an embryo of systemic policy approach to tackle innovation deficiency
- Patent policy is identified as a vital element in this broader policy agenda
- But little progress on patent policy strictu sensu
- But at implementation stage, still major “holes” in systemic approach
- Need innovations in public policy governance at EU and MS level
- Need more support from Member States for progress on EU dossiers (incl patent policy strictu sensu)