

Innovation: Going Beyond IP Policy

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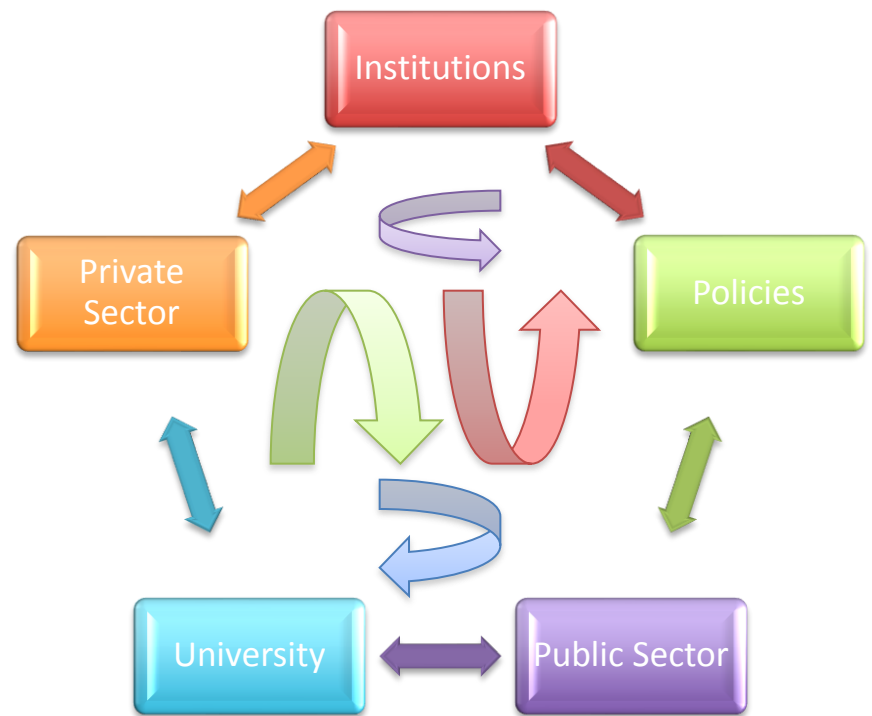
Intellectual Property: A prerequisite for Innovation?

“ Intellectual property rights are important, but the importance of IPR has been exaggerated, as they form only one part of our innovation system. “

Joseph Eugene Stiglitz

Innovation System

- Economic, social, political, organizational, institutional and other factors influencing the development, diffusion and use of innovation
- Interaction of various actors involved in innovation process
- Interplay of institutions



IP and Innovation

- Innovation is not driven by the presence of IP regime alone; it has many other components going far beyond the IP regime.
- The optimal level and impact of IP regime in the innovation process could be variable as a result of economic development.

Sequences Of Innovation

- **Imitation phase:** Imitate foreign technology, requires some technical skills
- **Local innovation phase;** Modify foreign technology to suit domestic needs and markets
- **Global innovation phase:** Produce globally competitive inventions

Gervais

Non-linear relationship

- There is an ‘inverted U-shaped’ relationship between the optimal strength of IP regime and rate of economic development.
- Less developed economies -imitation phase
 - The quality of local innovation is in early stages, developing
 - Encouraging local imitation facilitates the copying and diffusion of high-quality foreign innovations.
 - Likely to choose flexible IPRs protection
- More developed economies - last phase of local innovation or global innovation
 - The quality of local innovation is higher.
 - Likely to choose stronger IPRs protection in order to provide stronger incentives for R&D

Chen

Good policies of yesterday are not good policies of today

- Any assumption that there is direct line between IP regime and innovation bypasses the 'real life' experiences of developed countries.
- Countries such as Germany, Switzerland and Japan completed their transformation from 'developing' to 'developed' within a relatively weak patent system. e.g *German Dye Industry*, *Swiss Chemical Industry*

- Simple adaption of the developed worlds' IP standards is inefficient for promoting innovation in developing countries- *Chen*
- “Strengthening IP rights from an initially low level to a somewhat higher level may not suffice to provide necessary incentives or the wherewithal to provide a legal infrastructure to support research and innovation”- *Park*

Within the context of innovation system

“IPR should be seen as part of a portfolio of instruments. We need to strengthen the other elements of this portfolio and redesign our intellectual property regime to increase its benefits and reduce its costs. Doing so will increase the efficiency of our economy—and most likely even increase the pace of innovation.”

Stiglitz

How to link IPRs to Innovation

- A better understanding of IP norms in developing countries is needed
- Successful implementation of IP regime in the innovation system requires;
 - an account of the interplay between economics and the technical dynamics of the country
 - paying due attention to the local distinctive characteristics
 - a combination of a careful analysis of the proper intellectual property policy of the country
 - the use of maximum enhancement of TRIPS flexibilities