

## The IP Policy of The Confederation of Swedish Enterprise

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### **The most important asset of the knowledge economy**

Knowledge-based assets, such as patents, copyrights and business secrets, have become more and more important. In the knowledge economy these assets are often crucial for companies. Innovative companies use intellectual property rights to protect their innovations and the protection determines the desire to invest in R&D. Many companies also build their business model around these assets, for example by commercializing innovations through licensing.

IPR-intensive industries represent 45 % of GDP within EU and stand for a vast majority of EU's exports. At the same time, only 9 % of SMEs belong to this category of companies.

### **The need of a strategy**

Several of Sweden's main competitors in the international market not only have a national strategy of innovation but also a clear strategy on handling of knowledge-based assets. To keep and reinforce the competitive strength it is important that Sweden makes the most of the assets we have and could have. It includes making deliberate choices regarding for example open innovation and/or protection. Questions on intellectual property rights are often seen as legal questions. However, they should be considered from a business perspective and be a part of industrial policy. Until the government takes this responsibility, the Confederation of Swedish Enterprise presents measures that ought to be taken.

### **The structure and focus of the strategy**

The strategy developed by the Confederation of Swedish Enterprise will be presented at a series of seminars during 2019 and 2020. We have chosen to focus on the different challenges that we have identified, challenges that influence Sweden and Swedish companies. The measures that we are proposing will be presented separately, at the seminars for each challenge. What is presented here are the challenges we have identified and the consequences of these challenges.

### **Challenge 1: Lack of knowledge**

The lack of knowledge regarding intellectual property rights has been described in several reports. There is also a lack of knowledge within many companies. This is not only true for Sweden but has also been shown at EU-level. Too many know way too little, so little that they do not even know when to ask for help.

Consequences:

- Assets that could exist are never created. Patents and trademarks are not applied for. Copyrights may be held by different actors so that there is uncertainty on who may do what.
- Agreements are created that have undesired effects. This is especially true for public procurement, where parties often do not understand the effect of different clauses. The acquirement of rights may be both too small and too big compared to the actual need.

### **Challenge 2: Not making the most of existing assets**

Many (potential) knowledge-based assets are not used the way they can be. Patent information is not used, even when it can lead to great advantages. The support systems for innovation may fail when it comes to handling of knowledge-based assets. Collaboration on R&D is often hindered when agreements on knowledge-based assets are more often considered as an obstacle than a solution.

Consequences:

- Investments are made in research that has already led to patents for others. Instead of using patent information as a starting point for research, research is done regarding things that are already patented.
- New companies may get advice that leads in wrong directions when it comes to knowledge-based assets.
- Collaboration on R&D sometimes is blocked because of difficulties to reach agreements. Results from collaborations may be blocked due to uncertainties regarding the agreements.

### **Challenge 3: New technical reality**

The technical development is very fast. The new technical reality changes the conditions for the knowledge-based assets. So far, this has been the most evident when it comes to copyright. We can however expect the same development for other intellectual property rights as well.

Consequences:

- Existing rules are not in line with the technical reality that today's companies are facing. Innovation and business opportunities are aggravated by rules adapted to a technical reality that is well in the past.

### **Challenge 4: Globalization**

Our world has shrunk. One example is that we can see that value chains are altered due to globalization. Almost all companies are part of global value chains. In discussions on trade agreements, intellectual property rights often play an important role.

Consequences:

- The fact that many countries do not have efficient legislation and/or enforcement in place affects Swedish companies.
- Different rules in different countries is an obstacle for international trade. Companies must write different types of agreements for different markets, which cause unnecessary transaction costs.

### **Challenge 5: Rules in need of change**

The rules and regulation regarding knowledge-based assets need to be developed. The rules have their background in international conventions from the 1880s. For the competitiveness companies need rules that are up to date.

Consequences:

- Swedish companies fall behind in competitiveness. They are not able to make the most of their level of innovation and digital maturity.

Do you desire to discuss more on how Sweden and the EU can enhance the work on knowledge-based assets? Do not hesitate to contact Christina Wainikka, Policy Expert Intellectual Property: [christina.wainikka@svensktnaringsliv.se](mailto:christina.wainikka@svensktnaringsliv.se)