

**"Making IP work for Development"**  
3 February 2006, 9.30 - 13.00 and 15.00 - 18.00  
WIPO Main Building

**Summary of presentations**

**Cynthia Cannady, Director, Division on Intellectual Property and New Technologies, WIPO**

Ms Cannady likened intellectual property to other types of property. As such, it could produce "value creation activity" leading to revenues (eg through licensing) and employment. She stressed that to have economic value, patents needed to be supported by human capital and used strategically in a market context. She said that every country had intellectual property or "proto-IP" which could be developed. However, this was often unexploited due to poor research and educational infrastructure, under-use of the intellectual property system and lack of financing.

The intellectual property system was important for all countries because we were living in a transitional period between the old economy (based on land and physical assets, trade in goods, pre-Internet etc) and the new economy (knowledge based, global markets, Internet etc). Technology licensing, including by universities and research institutions, was also growing fast with new entrants such as China, Singapore, Brazil and Korea. For technology transfer to happen, each party had to have something to bring to the table eg money, IP assets, a large market or developed human capital.

Countries could develop their intellectual property assets with proactive policies to encourage local innovation (eg Singapore, Australia, Brazil, Korea, Romania, Ethiopia). She compared such a strategy to building a house of which education, including tertiary education, was the foundation. Other building blocks included auditing intellectual property assets, identifying clusters of competitive advantage, ensuring funding, providing for access to the intellectual property system and training in intellectual property skills, all bound together by a government's policy commitment. In this structure, intellectual property was an essential but not sufficient precondition for innovation.

**Soonwoo Hong, Counsellor SMEs Division, WIPO; former Director of KIPO**

Mr Hong described Korea as being one of the poorest countries in the world in 1961 after the Korean war, with a dense population, scanty raw materials, small domestic market and weak technological base. After the government played a proactive role in stimulating the economy with successive economic plans, Korea saw a 296% increase in its GDP and a 4686% increase in its export revenue. Key features of this growth included well-educated human resources and a well-directed export oriented development strategy, and the role of the government, then of the private sector as stimulator.

The development of Korea's science and technology base was also organised through economic planning programmes established at different stages of development. From the assimilation of imported technologies, Korea went through a phase of product-based innovation (eg LCDs, semiconductors etc) and is now banking on developing its IT, biotech and nanotechnology sectors as its new growth engine. This led to a growth of the proportion of R&D to GDP from 0.38% in 1970 to 2.96% in 2001 and a change from labour intensive to high tech exports (eg top exports in 1960 were commodities while top exports in 2000 were high tech products such as semiconductors, computers, automobiles and wireless telecom equipment) The major role of the government as investor in R&D in the 1970s gave way to the role of the private sector as investor in 2001.

The intellectual property system, which had been introduced in Korea in 1961, had played an important role in Korea's growth. The 2003 report of the KDI on Korea's economy showed that an increase of 1% in patent applications corresponded to an increase of the economic growth rate of 0.11% and a close correlation between an increase in patent applications and long term economic growth. Intellectual property protection was being continuously reviewed and strengthened.

KIPO had a proactive strategy involving increasing efficiency and providing for easier access to the patent system, encouraging use of patent information, helping SMEs acquire IPRs, and strengthening enforcement.

**Nick Motsatse, Marketing Director and Joint Deputy Chief Executive Office of the South African Music Rights Organisation of South Africa (SAMRO)**

Mr Motsatse stressed the importance of the discussion on intellectual property due to its potential to “make or break” nations in the modern world and its impact on the survival of creators. He described the UN Millennium Development Goals and those of the New Partnership for Africa’s Development (NEPAD). In the context of Africa’s post-colonial legacy and difficult political and economic national situations, the introduction of intellectual property systems had been greeted with suspicion by ordinary Africans as, for example copyright, was based on concepts (eg individual ownership, material form) largely foreign to Africans. Several examples of the use of the intellectual property system perceived as being detrimental to Africans had contributed to this negative perception of the system. The use of intellectual property rights in the field of traditional knowledge had in particular contributed to creating deep suspicion of the intellectual property system.

Despite these negative perceptions, however, intellectual property and copyright could, and should, be used as effective tools in overall poverty alleviation and sustained socio-economic development. Reversing advancements in the intellectual property field would be counterproductive and miss out on possible success stories, as well as deny the trend in international trade dynamics.

Mr Motsatse recommended that, to ensure that intellectual property rights can be used effectively in achieving UN Millennium Development Goals and those of NEPAD, they should be included in NEPAD’s priorities. An empathetic communication plan reflecting an understanding of local perceptions should also be developed. Thirdly, the intellectual property system should embrace indigenous knowledge systems, including an UN convention adopted on African soil. Fourthly, proper mechanisms should be put into place to manage and administer on a collective basis commercial benefits derived from copyright. Lastly, a strong data gathering and collection mechanism to monitor the performance of intellectual property was necessary to ensure recognition by political leaders of value created by intellectual property related industries.

**Ron Layton, President, Light Years IP**

Ron Layton described Light Years IP, an NGO whose mission was to empower developing countries to use intellectual property in export trade to increase and improve the security of their export income, thereby alleviating poverty.

He said that in the 1960’s, 50% of the cost of, say, a necktie would come from manufacturing and the other 50% from the material. Today, only a very small part of the tie represents the material and manufacturing cost and the major proportion of its price comes from its intangible value. There was excessive manufacturing capacity today and countries had to identify their intangible assets and seize them. Agriculture was now also very competitive putting countries dependent on agricultural exports in precarious situations. It was time to stop overproducing commodities and shift to producing intangibles.

In Ethiopia, LYIP had helped the government to identify the intangible value of Ethiopian coffee and to register a trademark for this in over forty countries. This allowed Ethiopian producers to have a share in the brand value and a bigger cut of the final retail price. A “football team” of Ethiopian officials, diplomats, farmers and other stakeholders was being trained to go out and take control of the export market by licensing and setting prices.

Another Ethiopian intellectual property asset was its elevator technology but this could only be exported to countries where intellectual property protection was strong to avoid losing the technology.

Other examples of intangible assets of developing countries included essential oils in Burundi, handicrafts in Uruguay (Manos de Uruguay), and a Ghanaian chocolate brand.

### **Ana Maria Frieri, founding partner, Olarte Raisbeck & Frieri, Colombia**

Ms Frieri focused her remarks on the impact of the intellectual property system on the development of the biotech industry in Latin America and on the strategies which governments should use to encourage the growth of the biotech industry and bioprospecting in their countries.

She referred to a study by Mansfield (1994-5) that indicated that the level of technology-related investments that companies were willing to make depended on the strength of their intellectual property systems, as analysed by a World Bank Study (1992-6) which graded countries according to features of their intellectual property systems which could attract investors. Countries with systems that had fewer points on the World Bank scale could only attract simpler investments such as in sales and distribution whereas countries that had a high level of points were better able to attract key investments such as those in R&D. The number of biotech companies in different countries in Latin America also correlated more closely to their ratings in the World Bank study than to their levels of Gross National Income.

Ms Frieri felt that intellectual property protection needed to come before development could take place as it favoured conduct leading towards innovation and was an incentive to private investment especially in the face of decreasing public funding. She also felt that intellectual property protection was an indispensable factor for risk capital and that it was a definitive factor in determining technology transfer and strategic alliances.

Turning to bioprospecting, Ms Frieri describe the changes brought by the Convention on Biological Diversity but stressed that today, most companies worked with libraries of genetic resources ex-situ, which were not subject to the CBD. She also stressed that bioprospecting was not as easy as “plucking and patenting” and referred to an article in Nature magazine (March 05) that explained the difficult journey from transforming a biological substance into a pharmaceutical product. It also described a decreasing emphasis on natural products as it was much cheaper and faster to produce products through laboratories with less administrative hassle and legal risks. She said that as local laws had no territorial application, principal obligations relating to access and benefit sharing would generally arise from the contract between the parties.

To sum up, the crucial factors to harness the intellectual property system for development were: a positive and stable intellectual property framework; good interaction between universities and private companies; and education of researchers and the public to understand and use the intellectual property system, using real life case studies.

### **Akim Mogaji, Creative Director, BBC World Service Trust, Nigeria**

Mr Mogaji described the “Nollywood” video industry in Nigeria which was the third largest film industry in the world, with an estimated worth of some 200million USD per annum. It produced some 400 video films a year distributed in Nigeria and neighbouring countries as well as in countries where there was a Nigerian diaspora.

The BBC World Service Trust used media to promote development and the UN Millennium Development Goals. It also helped provide training in technical skills to respond to the demands of consumers in Nigeria for better products. Its current project in Nigeria was the production of a comedy drama to educate young people on HIV/AIDs. This process not only helped train local film makers and broadcasters in film making techniques and acting, but also educated local industry on the value of the content of productions and the framework in which the industry worked.

Despite the success of Nollywood films, the revenues from these did not go back to those involved in their creation as nine out of ten copies sold were pirated. To allow this young industry to take roots and to make the legacy in training and experience which the BBC Trust was leaving sustainable, piracy had to be reduced to levels at which legitimate businesses could survive. If money started coming back from the products, the actors and other members of the teams producing the films could be paid and governments could collect taxes. This nascent industry could help transform Africa's view of - and pride in - itself but needed the appropriate legal framework and support from the countries' own governments and the international community to create the conditions for innovation and to develop their own intellectual property assets.