

## **Opening remarks by Nobuo Tanaka**

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**Conference on Research Use of Patented Inventions  
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### **Introduction**

I would like to begin by thanking the Vice-president of the Spanish National Research Council, José Manuel Fernández de la Bastida, and the Director of the Spanish Patent and Trademark Office, Maria Teresa Mogín, for the effort and generosity of their institutions in co-organising and hosting this conference. I would also like to thank the European Patent Academy at the European Patent Office, represented here by its Chief Economist Bruno van Pottelsberghe, for its contribution to support this conference.

### **Changing models of innovation**

The subject of this conference is of great relevance to our institutions and to policy makers in all OECD countries. We live in a knowledge economy where innovation and effective utilization of intellectual assets are fast becoming key strategic elements for economic growth and value creation. The recent OECD report on structural policy – Going for Growth 2006 – highlights the importance of innovation policy vis-à-vis other structural policies in improving growth. The OECD report on Intellectual Assets and Value Creation, shows that investments in knowledge (including research and development) are growing at a faster pace than investments in machinery and equipment.

But the way innovation occurs is changing. Innovation is becoming more complex, more open, and more collaborative. It crosses national borders and firm boundaries, with Internet providing new avenues for collaboration. Recently I visited the region of Extremadura in Spain, where I found a very interesting and successful model of innovation in the regional application of open source software, LINEX.

These new and more open models for research and innovation challenge traditional incentives and protection mechanisms for intellectual property, like patents. The question is what are the best conditions to enhance both innovation and diffusion of knowledge?

## **Ensuring an appropriate IPR regime**

We know that patents play a dual role in innovation. First, they provide incentives to innovate by giving inventors exclusive rights to their inventions. Second, they encourage diffusion of knowledge by requiring disclosure of inventions. Ensuring that patent systems continue to serve these functions in a way that reflects changing innovation processes is a growing challenge.

Licensing is one way to encourage research use of patented inventions. This was the subject of a conference organised a year ago in Berlin. However, licensing is becoming increasingly complex. Transaction costs may be high if multiple patents protect different components of a single product and multiple licensing arrangements need to be negotiated before any actual research can take place.

As an alternative, many countries have created specific exemptions for research use or experimental use of a patented invention. Researchers are allowed to use inventions for certain research purposes without concerns about infringement. Many of these research exemptions are only vaguely defined in the law and their scope differs across countries. Several countries are therefore re-examining their research exemptions to ensure they are appropriate for fostering innovation.

In addition, some firms and institutions are proposing innovative licensing mechanisms that provide researchers with greater access to patented inventions. We are interested in hearing more from all of them at this conference and hear the views of experts.

## **OECD work on patents and innovation**

This event is part of a broader set of OECD activities that respond to a **Ministerial mandate** to examine the links between IPR, innovation and the diffusion of knowledge.

At a meeting in Paris in January 2004, Science and Technology Ministers of OECD countries expressed concern about the possible impact of patenting on the conduct of scientific research. They invited the OECD to examine national policies regarding exemptions for research use of patented inventions.

Work on intellectual property rights and innovation within the OECD Directorate for Science, Technology and Industry aims to provide evidence-based analysis of the links between IPR, innovation and economic performance, and to inform the development of IPR regimes that improve innovation and economic performance. It has taken several forms:

- A 2002 OECD Workshop on Genetic Inventions, IPR and Licensing Practices, held in Berlin
- A 2003 report on Turning Science Into Business that examined reforms in OECD countries to encourage greater patenting and licensing in public research organisations;
- A 2003 OECD Conference in Paris that reviewed empirical evidence of the links among Patents, Innovation and Economic Performance; and
- A 2005 OECD Conference on Intellectual Property as an economic asset: key issues in valuation and exploitation held in Berlin (organised with EPO and the German Ministry of Economics)

This work has improved our understanding of the dynamics of scientific and technological research and has assessed the effects of patenting on this process so that we can make better policy decisions regarding intellectual property protection.

The issue at stake today is one of ensuring research access to patented inventions. This is a difficult topic to study using the data available today, and this is the reason why conferences like this one, are so important for the OECD.

This event gathers experts from such a wide range of sectors and countries. We have participants from Japan, Germany, Switzerland, Australia, Spain, France, and the United States, among other countries and from the chemicals, software, and biotechnology sectors. We hope to gather

evidence, share experiences and confront views from industry, public research and policy makers.

In this conference, we aim to face some **difficult questions with an open mind**:

- How does patenting affect knowledge diffusion and follow-on research?
- What steps can be taken to facilitate research use of patented inventions, while preserving incentives to innovate?
- Are research exemptions an effective mechanism for doing so, or are alternative mechanisms needed?

We also aim to identify areas of follow-up work, such as internationally comparable data gathering, and recommend policy directions. OECD experts will meet after this conference to discuss the conclusions of the conference and move forward towards the completion of a final report for the project, due end of 2006.

I am sure the presentations and discussions during the next day and a half will shed light on how we can best facilitate research use of patented inventions. I am looking forward to sharing our ideas.

Thank you.