

# A question of intellect



In the latest *First Voice* piece from an MEP, the Conservative

**Party's Malcolm Harbour urges small businesses to see intellectual property rights as an enabler, not an inhibitor**

**WE ARE OFTEN REMINDED THAT SMALL AND** medium-sized enterprises (SMEs) are the backbone of the British economy – they make up half of all jobs in the UK and account for half of our gross domestic product. As policy-makers, we work hard to take into account the specific needs and interests of SMEs but often they are still put at a significant competitive disadvantage.

There are things legislators can do to improve the business environment, providing incentives and opportunities for smaller companies, but we should also not forget the existing tools available to SMEs to help them compete and innovate.

**'Adequate protection of a company's intellectual property is a crucial step in turning ideas into business assets with a real market value'**

This is where intellectual property rights (IPR) come in. The costs and complexity of IPRs cause many SMEs to turn away and focus on more immediate issues of the day-to-day running of a business. But IPRs are one of the most important tools available for smaller businesses. They provide vital competitive advantages, and their absence can

threaten the creativity and innovative abilities of small companies. Therefore, instead of viewing IPRs as inhibitors, SMEs must see them as enablers.

Firstly, and most importantly, IPRs are essential for encouraging innovation and competition. SMEs are often the driving force behind innovations but sometimes lack the resources or expertise to see their innovations through. In practice, this means that an SME's innovative and creative capacity is undermined because it is not aware of the protection the intellectual property system can provide for its inventions and designs.

For example, the failure to protect your ideas or creations may mean losing out to larger competitors that are in a better position to commercialise the product or service, and often at a more affordable price. This leaves the original inventor or creator without any financial benefit or reward. So, without exploiting IPRs, SMEs will be at a competitive disadvantage and their innovative base undermined. In an economy that is increasingly driven by research and knowledge, intellectual property must become a key consideration in business decisions.

Secondly, IPRs don't just have benefits for innovative SMEs, they are key financial attributes for all small companies. Although not all SMEs are innovative, they all do have innovative potential. Therefore, although SMEs face many demands on their resources – and the short-term cost of investing in an IPR strategy can be discouraging – incorporating IPRs into your business strategy will be financially rewarding in the long term.

Small companies have sometimes preferred to rely on informal protection methods, including secrecy and confidentiality, but this strategy no longer makes business or commercial sense. Adequate protection of a company's intellectual property is a crucial step in turning ideas into business assets with a real market value. If SMEs take full advantage of the IP system, it will enable them to profit from their innovative capacity and creativity. This, in turn, will encourage venture capital and enhance access to finance.

So what can policy-makers do? We have been working to make Europe-wide IP protection available, at a reasonable cost. For trademarks and designs, real achievements have been made. Pan-EU registration is available by a simple application process at an affordable price.

However, patents are more of a problem. There are still 27 systems, although a single application through the European Patent Office already covers all countries. MEPs are arguing for a preferred system to create a true single European patent. But intellectual property, registered or patented, is of little value unless those rights can be enforced.

Again, MEPs have supported measures to strengthen up on IP enforcement and strengthen cross-border co-operation measures. For example, in China, where there is a particular problem over IP protection, the European Union has set up a helpdesk to help SMEs selling goods into a market with huge future potential.

It is clear that IPRs are central to Europe becoming the most competitive knowledge-based economy. With a renewal of the Lisbon Strategy high up the political agenda, we have the opportunity to place enterprise and innovation, with an emphasis on IPRs, at the heart of a new agenda.

Policy-makers clearly have an important role in this process, but so do SMEs. They must finally accept that IPRs should be the pursuit of all businesses, not just the pursuit of some.

● Malcolm Harbour MEP is chairman of the European Parliament's internal market committee.

