Connecting IP to innovation policies

What are the key issues for IP policy in connection with innovation policy?

For IP policies to support innovation it is important to assess their potential contributions within the full set of innovation policies so as to understand which other policies are needed to complement IP policies. IP policies need to be articulated in a co-ordinated way among the multiple actors involved in innovation systems. This raises questions regarding the governance of the IP system, since these structures shape the extent to which co-ordination materialises. Other issues to be resolved are which priorities should be set among a range of policies and how policies can be made compatible and where trade-offs arise.

Questions to be addressed include the following.

- **Applicability.** Are IP policies suitable tools to support innovation performance for all actors in the IP system including SMEs and young businesses? (see Characteristics of IP policies [1])

- **Types of policies.** What types of IP policies are most important to impact innovation? Should priorities be given to certain types of IP or users? (see Policy design for IP [2])

- **Institutional coordination.** What institutional arrangements can help ensure the various actors of the IP system coordinate their policies for larger impacts on innovation? (see Governance of IP systems [3])

What are the main characteristics of IP policies for innovation?

IP policies are a type of policy within the set of alternative and complementary innovation policies (see overview of instruments for innovation in public policy and governance module [4]). Their key characteristics must be understood to help decide where they can be most powerful and which complementary policies are needed to maximise their impacts (see Characteristics of IP policies relative to other innovation policies [1]).

Governance of IP systems

National IP systems are inherently complex as they cover a diverse range of legal, economic and strategic functions. For that reason, their management is increasingly shared among various institutions. Cooperation is critical at the top for IP systems to effectively contribute to innovation because different institutions in charge might be at cross-purposes with one another (see Governance of IP systems [3]).

Prioritisation, compatibility and trade-offs in policy design

Ensuring the legal and administrative conditions for IP holder are preconditions for IP to have a potential to operate to the advantage of innovation. However, policies targeted at stimulating use of IP systems by actual and potential users are often needed. Prioritisation of specific actors and/or sectors and/or types of IP is a more reasonable approach. Several trade-offs arise including the trade-off between static loss over dynamic efficiency which is at the heart of IP policy (see Policy design [2]).
What are the main policy implications of IP policies relative to other innovation policies?

Although the wide effects IP policies can have make them an attractive innovation tool, they will not address all types of factors that challenge innovation systems, which means that designers of innovation policies should consider where such policies would make the biggest contributions. Wider impacts of innovation policies also depend on implementing supporting complementary policies so that small entities, including SMEs, can benefit from IP systems. Since IP systems provide rewards ex post, it is important to ensure that access to finance, skills and infrastructure, as well as opportunities for commercialization, are in place. Only in combination will the contributions of IP systems to innovation be successful.

Policy design questions

IP systems require adequate legal and administrative conditions in order to provide incentives for contexts and trends in technological developments to best support national innovation performance. The relevant policy dimensions need to be established by considering country-specific contexts and trends in technological development to best support national innovation performance.

Governance of IP systems

Coordination between bodies involved in IP policy can be achieved in various ways, including a concerted approach (voluntary coordination), a vertical approach (one body overseeing others, e.g. a high level IP Council position at the prime minister’s office), an integrative approach (merging most bodies involved in IP policy), a rule-based approach (all bodies follow similar rules) etc. Designing robust governance structures is fundamental for the success of IP systems.

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