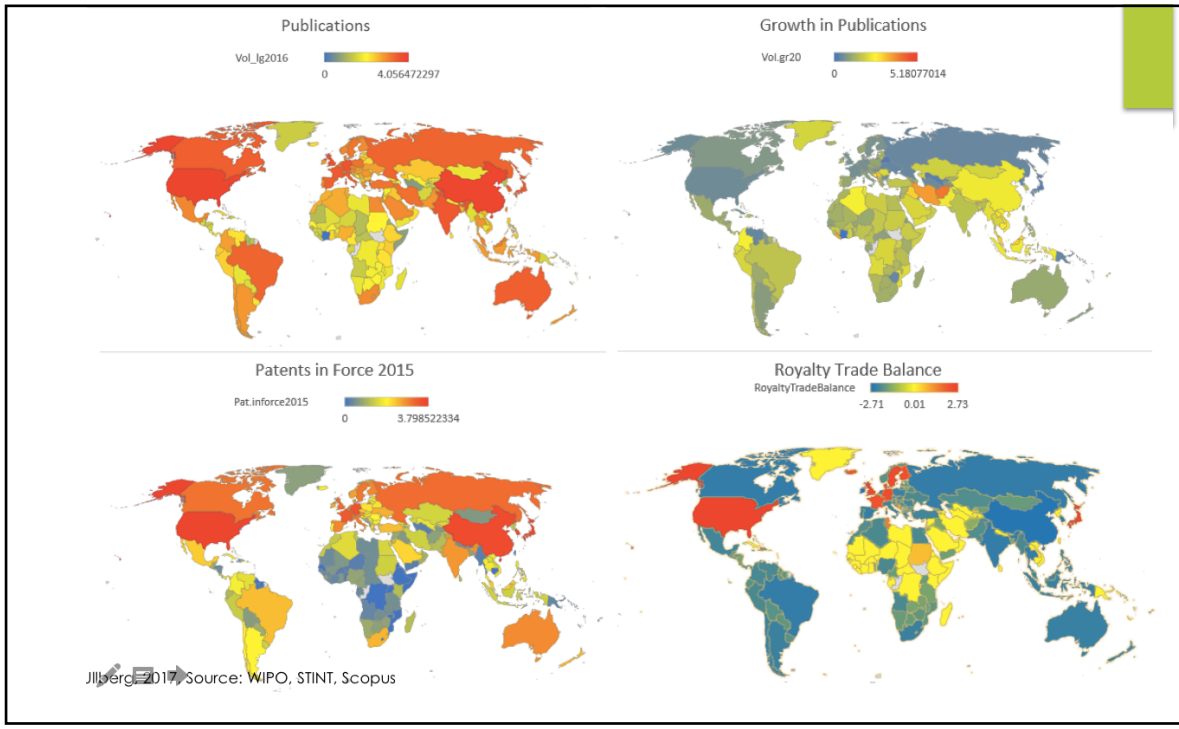
Trade In Ideas as new development policy

- Program Presentation and Discussion at WTO

INVITATION BY SWEDEN, ROOM B, 13:00-14:30 26/2/2018
ESKIL ULLBERG, PHD
ESKIL@ULLBERG.BIZ



One thing… Markets in patents…

- Markets in patents *release* the economy of developing nations, leveraging own human capital formation through patents (technical solutions to process and product problems, for higher productivity)
- Value is determined by the *terms of trade* companies and countries in the developing world can achieve
- A level playing field is therefore the goal – so everyone can benefit, economically, from *exchange in human ideas* (here focusing on patents but similar for other IP)

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Focus: Terms of Trade

- Why important?
- Determines the returns on ideas, patents, human capital formation
- Determines the investment & FDI made in your people–individuals!
- Why would an informed government care about this?
- The returns on IA are 11% >> industrialization 7% >> finance 3.5%
- **What are your companies' and countries terms of trade and ROA?**
- **What are your countries terms of trade and ROA?**

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Program coordinated by themes: terms of trade and several other…

Pilot-study → Follow-on projects → Inform policy

- Projects by *themes* coordinated in a 5-10y program in 2 phases
- Reducing risk/uncertainty to facilitate trade in ideas
- Periodic policy workshops, publications, discussions of experiences, colloquiums

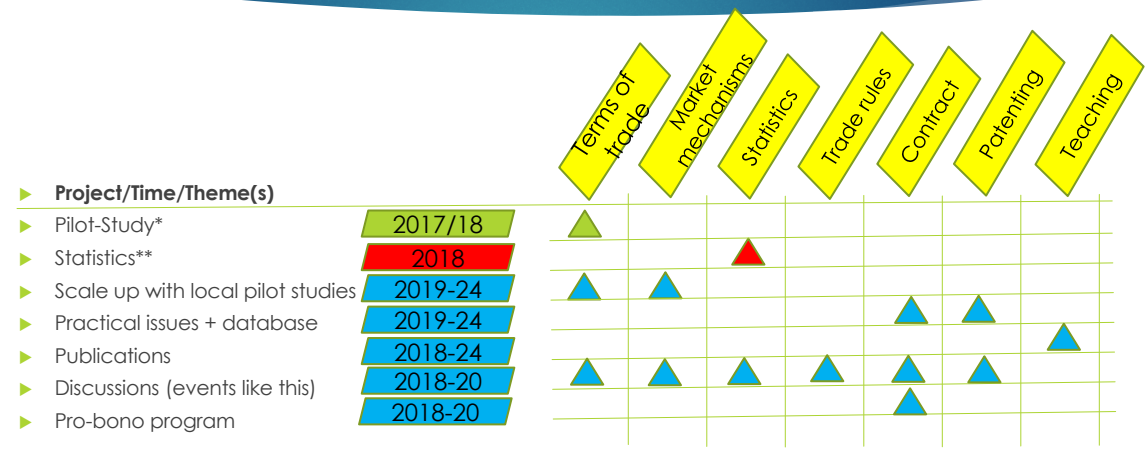
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Program Phases

- Phase I: Data, learning and testing: 2018-2023
  - Extended pilot-study with national researchers for policy discussion WTO, UN, etc.
  - Statistical framework on trade in IP, especially patents (technology)
  - Test cases in selected countries; tentative trade rules
  - Understanding the big forces in Trade in Ideas affecting economy: contracts, legal issues and trade agreements
- Phase II: Policy discussion and institutional dev.: 2018…-2028
  - Broader policy discussion policy
  - Institutional learning and trading rules for an efficient global market
  - Taxation policy on IP to cover for high risk in developing new technology
  - Further phases outlines

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Trade in Ideas Program: Phase I



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Invalidation price: "north" and "south" patents

Patent origin

Potential of a level playing field policy

Patent validity challenged in	N	S
N	**$1-2m** (high end $10-20m)	**$0.2-0.4m**
S	**Trade for market access?**	…

5x(!) not 5% by writing better patents

Train (and pay) judges…

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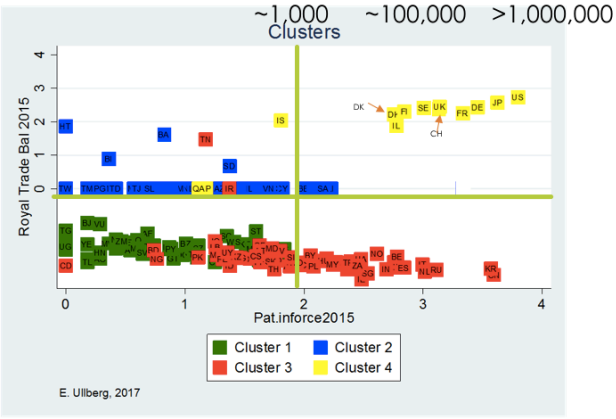
Based on expert opinions

Three values/prices

- 1. Invalidation price ("kill price")
  - Cost of invalidating invention in court
- 2. Asset value/price
  - Market value of invention in products / services / trade(asset)
  - Value in a standard (SEP)
  - Value in a product/service you produce (net-value)
- 3. Economic value/price
  - Specialization based on global competitive advantage

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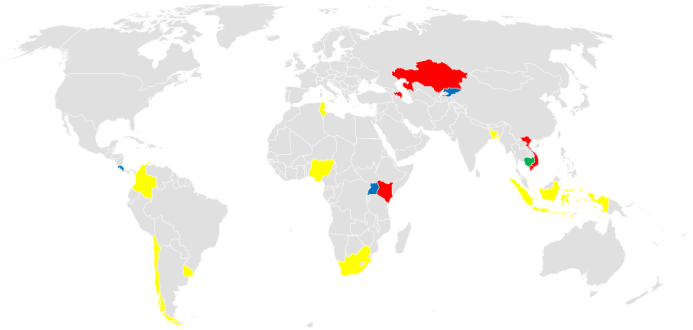
Royalty trade balance: *The* watershed?



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Invitation and Discussion
16 countries selected from 4 clusters

- 5-8 invited to pilot-study
  - **Chile, M. Correa**
  - **Azerbaijan, Mrs. Teymurova**
  - **Kenya**
  - (Discussing with 10)
- Additional countries in follow on projects
- Deeper, broader and higher (more tech)



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Buscan determinar impacto del licenciamiento de tecnologías chilenas



Chile fue uno de los países seleccionados para ser parte de un estudio piloto que pretende explorar el valor de las patentes chilenas en el mundo, principales estrategias de licenciamiento y experiencias.

Trade in Ideas es un proyecto piloto que busca profundizar en las diferentes dimensiones del sistema de patentes, su licenciamiento y la transferencia de tecnología. El estudio es dirigido por el Profesor Adjunto e investigador de la Universidad George Mason de EEUU, Eskil Ullberg y financiado por el Ministerio de Relaciones Exteriores de Suecia. Además cuenta con la cooperación de la Organización Mundial del Comercio – OMC y el Instituto Nacional de Propiedad Industrial – INAPI, en el caso de Chile.

Mediante la investigación se busca determinar el valor de las invenciones locales patentadas para el mercado mundial, cuáles son las principales barreras con las que se encuentran quienes quieren licenciar en el exterior, a quién se licencia y en qué condiciones.

Actualmente, se desarrolla el proceso de recolección de datos, que considera la ejecución de una encuesta a más de 30 innovadores nacionales. La instancia pretende recoger las impresiones de titulares de patentes, licenciantes, licenciatarios u otros usuarios del sistema.

La información obtenida a través de este proceso será analizada en forma agregada y confidencial. Dentro de los hitos siguientes del estudio, se contempla un video taller destinado a intercambiar experiencias y relevar buenas prácticas.

La iniciativa significará un aporte en materia de medición de las diferentes dimensiones del licenciamiento de tecnología, que permitirá enriquecer la gestión de los usuarios nacionales.

El estudio concluirá en junio de 2018.

Para más info: Ingesar aquí o inapi@inapi.cl

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Purpose of pilot-study: a beginning

- Evaluate economic potential of Trade In Ideas as new development policy
  - Why important? Except for the largest cooperation between nations needed
  - Technology needs international cooperation to be competitive – patent *trade* system
- Value of local inventions in global markets estimated through actual contracts
- Workshop format with 5-8 countries and randomized selection of 10+ companies
  - Factual situation and policy issues discussed to enable future exchange
  - Global specialization in human capital formation and patenting
- ➔ North-South exchange in human ideas
  - Practical test of market

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Benefits of participating in pilot-study

- Learning of actual potential of trade in ideas as new development policy
- Propose in workshop follow-on projects that will enable trade North-South
- Learn to better leverage human capital formation by participating in these markets
- Contribute to a broader discussion – we hope to do this at WTO, UN, other
- Inform policy on reducing risk to develop better terms of trade in patents, other IP – institutional and taxation policy change needed for this…

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Lowering risk needed to ameliorate terms of trade

- Too risky to invest in new technology in many countries
- Mostly North companies can do this and the largest in South
- Reducing the risk in investing in new technology – leveraged by the human capital formation in the South in the past 20 years will change incentives in favor of local inventors
- *Some* local funding and FDI will shift to local invention, changing the terms of trade, permanently
- Giving and receiving in patented technology between North-South
  - Inventions typically local – but global values
  - Increase competitiveness in development of new technology
  - Better technology for economic development the result

Proposed follow-on study: Statistics

- A theory needed do capture royalty and licensing values
- What can be done with current data sources
- New instruments needed for data collection
- Team : A. Maurer, T. Taubman, J. Wathal and J. Magaleine, E. Ullberg

Discussion of your countries' top priorities

- What are the most important themes and initiatives to inform policy?
- Terms of trade (key dimension)
- Contracts
- Mechanisms
- Statistics
- Legal issues
- Teaching
- …

Thank you!

- Eskil@ullberg.biz
- report.ullberg.biz