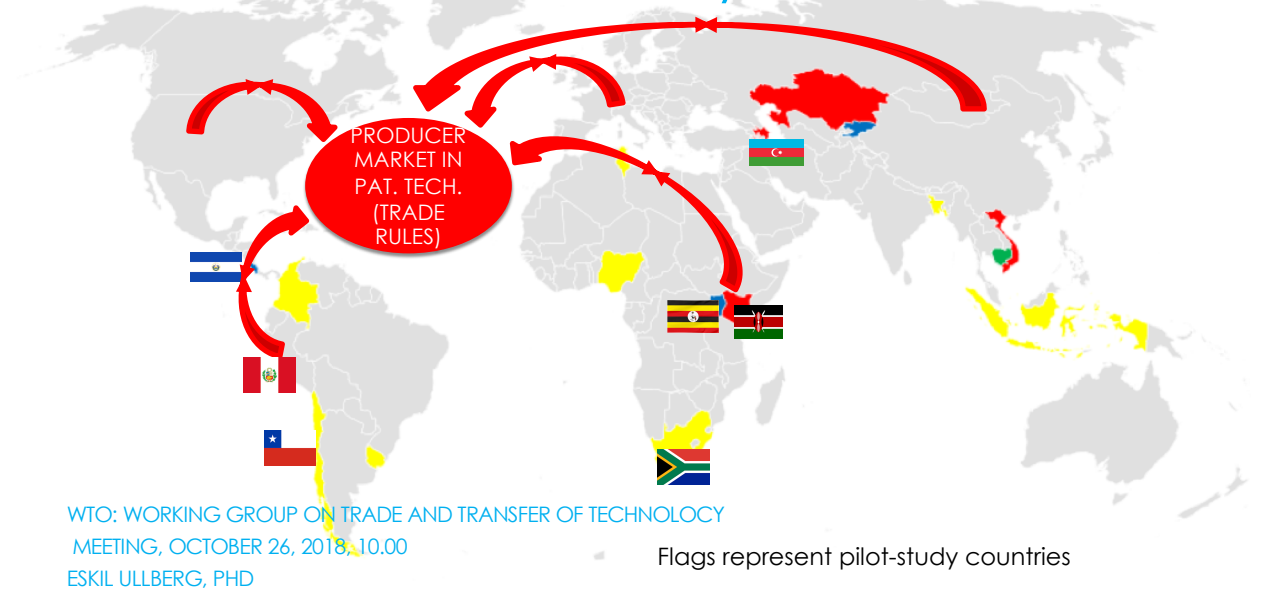


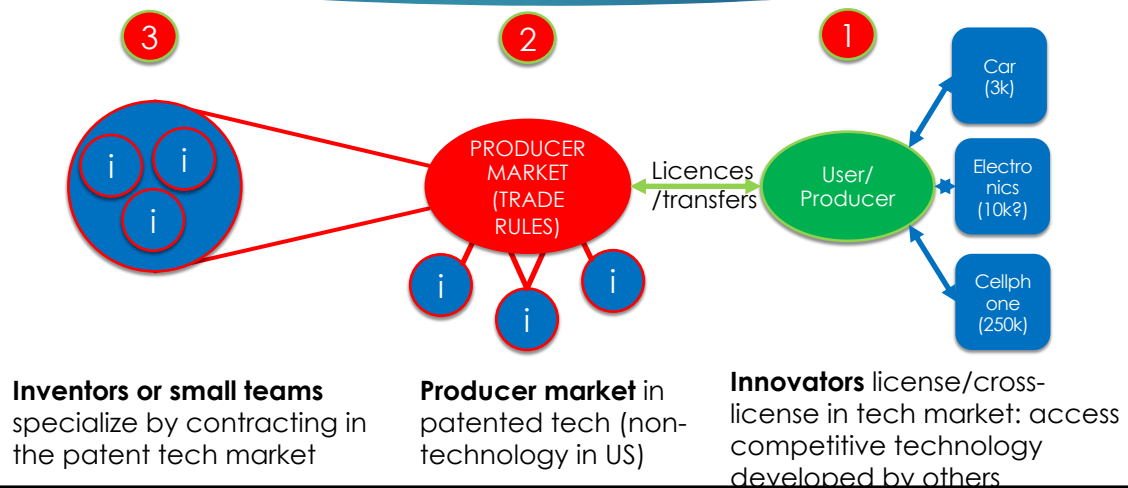
Trade in Ideas: Theory and Practice



"Tech for tech" creating international trade in ideas based on patent system

- ▶ This project is about leveraging the human capital formation of developing nations through markets in patents & licenses
- ▶ Estimate the economic potential of trade in ideas to inform a policy discussion at national and international (poly-, multilateral) levels, where the end results are trade rules creating a level playing field
- ▶ Economic development based on the potential of creative and educated people from any nation, which has the highest ROA (11%, industry 7%, fin. 3.5%)
- ▶ In last two decades developing nations of 6b have grown tremendously in higher education and will surpass the developed world of 1b in 10y, measured by academic publications
- ▶ However, most developing countries lack *the mechanisms* to transform their inventors ideas into economic growth – this project proposes this principle of trade in patented technology as a new development policy

Inventors coordinate tech development through patents



"It's all about giving and receiving"*

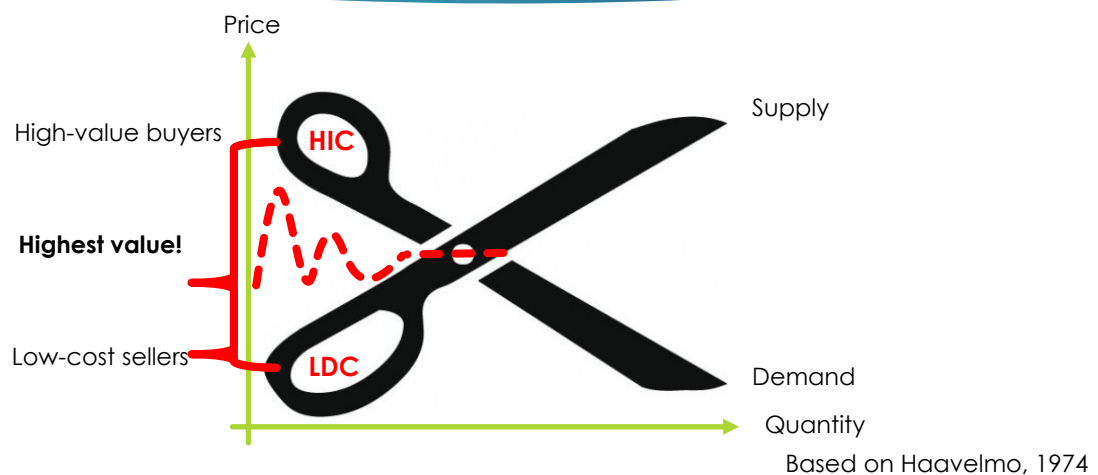
*Quote attributed to V. Smith

- ▶ Economic growth is essentially based on productivity growth, which, in turn, is based on new technology
- ▶ In the pilot-study a new principle is proposed, that of exchange in technology based on the patent system
- ▶ The flows of patented technology to developing countries, allowing for competitive products/services, would come as a result of an initial flow from the developing countries
- ▶ Your countries probably already have these inventors
- ▶ Only honoring the inventors, everywhere, in a level playing field can return the global values of these ideas to their first and true inventor(s)
- ▶ This principle creates competition in patented technology, thus allowing your educated, creative and smart inventors to compete with the best in the world – today

One-sided transfer does not solve access to competitive technology

- ▶ What destroys such a market in ideas?
- ▶ One-way transfer of technology:
 - ▶ Forced tech transfer in exchange for market access (compare Germany-Switzerland 1800s)
 - ▶ Appropriation of non-protected biodiversity, traditional knowledge or good ideas (new IP needed?)
 - ▶ Voluntary transfer by NGO (pharma)
- ▶ Handing over the opportunities to the powerful few

"A pair of scissors" - economic gains through markets in patents



Program

Pilot study → **Follow-on projects to inform** → **Policy discussion**

1. Chile (INAPI)
2. Azerbaijan (survey)
3. Kenya (KIPI)
4. South Africa (NIMPO)
5. Peru
6. Uganda
7. El Salvador (Min. Econ)
8. *Other interested*

1. **Statistics framework**
cross-border trade in
patents, licensing
2. **LDC Institutional
development**
3. **Curriculum**
4. **Pilot+**, local researchers
to broaden the team,
5. **Test of Information**
services on ownership,
transactions

1. National level
2. International level (poly-,
multilateral)
3. The risks need to be reduced
sharply
 1. Information
 2. Transaction
 3. Payments
4. Economically Efficient trade
rules the "end game"

Survey summary: what people said

- ▶ 1. Why do you license?
 - ▶ Company: Commercial strategy; Marketing, protection and economic funds or returns, exploit foreign market ("good patent system use")
 - ▶ University: Strategic goal: knowledge and technology might solve social problems ("good economics"); returns to univ.
 - ▶ Individuals: "Survival" then, move on to next job.
- ▶ This is the way the system is thought to operate – global markets, trade between inventor (Univ research, other) and innovator (company)
- ▶ However, not enough returns, to sustain inventing

Survey summary: what people said

- ▶ 10. Most challenging barriers to trade?
 - ▶ Economic incentive
 - ▶ Lack of government incentives to encourage tech improvements
 - ▶ Lack of collaborative culture in national firms
 - ▶ Lack of understanding from firms to pay for university research
 - ▶ Market and prices
 - ▶ Finding buyers – lack of capital rich buyers who can invest further
 - ▶ Understanding the price; Little negotiation experience; legal side has no experience
 - ▶ Low risk tolerance from buyers
 - ▶ Value of technology
 - ▶ Determine the application of the technology

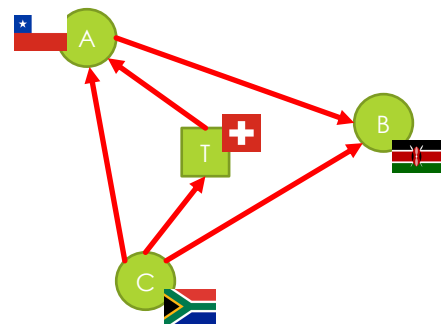
Forward-looking studies

- ▶ Statistics framework
- ▶ LDC package
- ▶ Curriculum for master and phd levels

- ▶ Coordinated program in themes to broaden participation

Forward-looking study 1: Statistics Framework for Quantitative Indicators

- ▶ No known public statistics exist on trade in ideas, IP or patents
- ▶ A framework to develop such theory, statistics (measure) and collect data in a robust way
- ▶ Principle: all trade is initially ideas, or IP and in technology patents both share the knowledge through disclosure and value through contracts
- ▶ Then, at some point, some ideas implemented in innovations and physically traded as goods and services or electronically
- ▶ Some results:
 - ▶ Taxonomy, contract price = value of trade (an accounting issue), surveys needed to start not census due to budget constraints



Forward-looking study 2: "LDC package" - not yet funded...

- ▶ Focus on all institutional issues needed to begin licensing in the 47 LDC countries!
- ▶ Honor the inventor – shift incentives towards the highest returns on any country's assets (incorporated as patents)
 - ▶ Does not exclude manufacturing, trade secrets, services, embedded IP, ...
- ▶ International trade rules to protect the ownership in a level playing field
- ▶ Ex. Migration: 0.2% of African to Europe in past decades. What about 1% or 5%. They come from the LDCs. Should they all have to go to CA?
- ▶ **This may be the single most strategic project! Could someone please fund it!**

Forward-looking study 3: Curriculum

- ▶ Training the next generation of business men/women and policy makers
- ▶ **Discussing to develop a curriculum, with WTO Chair Program for all nations interested**

Program

- ▶ Coordinating the projects through themes
- ▶ Current home at IMIT
- ▶ **Designed to include more partners, countries, people but keep focus on themes facilitating trade in ideas between developing-developed countries**

Transforming the WTO to create a global market in patents

- ▶ The patent system need to be further integrated in the trade system through rules on licensing and other to create a level playing field
- ▶ The principle in Uruguay round of "minimum standards" resulted in "maximum standards"
- ▶ We propose as step-by-step approach, where countries, in a poly-lateral or multi-lateral setting experiment with different trade rules on patent licensing
- ▶ The rules that give the incentive to a behavior among inventors, investors and innovators that work, i.e. deliver mutual, sustainable gains, will be adopted in treaties
- ▶ This institutional learning process would have as a goal to create a level playing field for all inventors.

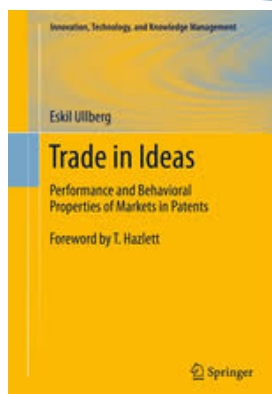
A consultative process under rule of law

- ▶ In 1215, land owners, who owned the productive asset of the time, negotiated private property right in exchange paying taxes to the king – no-one was any longer above the law...
- ▶ Today, the economically most valuable assets are intangible assets, and a periodic consultation between the inventors and holders of patents and the state is proposed
- ▶ Such a process would protect the inventors assets, give freedom to invent, start companies, license to the world, in exchange for other technology
- ▶ With rules that give the incentive for a behavior of investing in new licensable technology, the exchange mechanism will bring funds and/or more technology to the developing nations
- ▶ These inventors are the "locomotive" of the digital knowledge economy

For more information

- ▶ 26/11, 9-13 at WTO: Presentation and discussion of the pilot-study and on-going initiatives – all welcome!
 - ▶ Countries participating in the pilot-study will comment on experiences and interest in follow-on projects
- ▶ All welcome to express interest in any forward-looking study
- ▶ WTO Trade dialogue series, 27/6/2018
- ▶ [Www.tradeinideas.com](http://www.tradeinideas.com) has news about the program
- ▶ Op-ed at WEF (originally in P-S) available in 5 languages

Publications



The world is turning its back on the inventor. This is what needs to change



Economic growth is driven by growth in productivity, which is driven by the creation of new technologies.

This article is published in cooperation with
Project Syndicate

08 Aug 2018

If developed and developing countries' national patent systems were integrated in the trade system, the result would be greater specialization among inventors and, with it, faster technological invention and productivity growth. Yet under current arrangements, World Trade Organization member states do not honor foreign



Thank you!

ESKIL@ULLBERG.BIZ

WWW.TRADEINIDEAS.COM