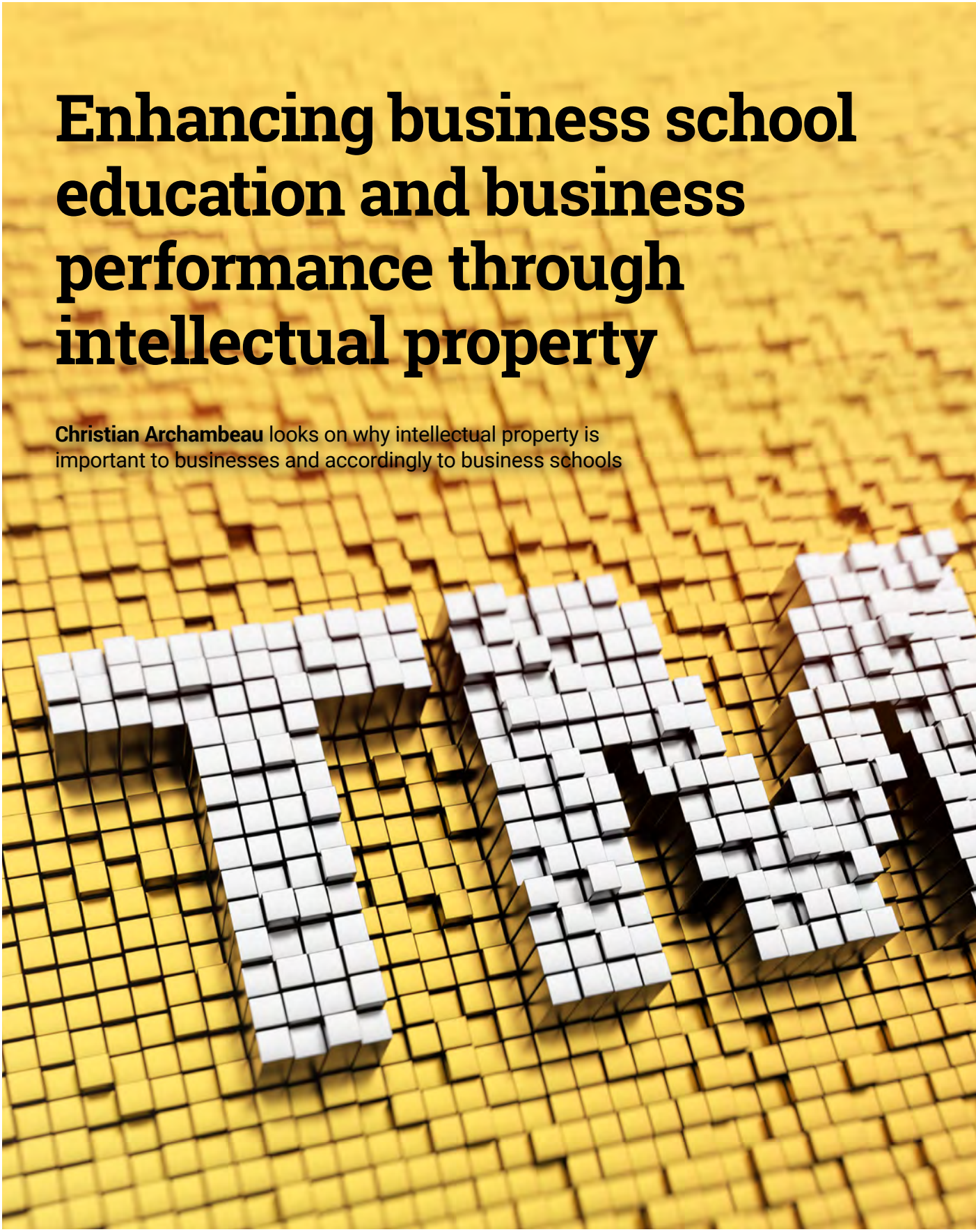
Enhancing business school education and business performance through intellectual property

Christian Archambeau looks on why intellectual property is important to businesses and accordingly to business schools



Industries that make intensive use of intellectual property rights (IPRs) generate 45% of the EU's GDP (EUR 6.6 trillion annually) and account for 29% of all jobs (63 million jobs). A further 21 million people are employed in sectors that supply these industries with goods and services. The value added per employee in IPR-intensive industries is higher than in the rest of the economy. Accordingly, these industries pay significantly higher wages: on average 47% more than other sectors. IPR-intensive industries also account for most of the EU's trade in goods and services with the other regions of the world (81%).

Trademark registrations are often indicative of future business success, establishing a company's brand and underlining its distinctiveness in the marketplace. Industries that make intensive use of trade marks contribute 37% to the EU's GDP and support 46.7 million jobs. The EU also has a rich **design** tradition and is a world leader in industrial design. Design intensive industries have a strong economic impact across the EU. Industries making intensive use of **patents** employ some 24 million people and generate 16% of the EU's total GDP and make a significant contribution in specific technology sectors related to climate change mitigation, the fourth industrial revolution, and digital transformation.

Understanding and managing IP for businesses and entrepreneurs will be key assets in the future

Studies show a positive correlation between IPR ownership and economic performance and this is particularly strong for **small and medium-sized enterprises (SMEs).** Overall, revenue per employee is approximately 55% higher for firms that do own IPRs than for those that do not.

IPR-intensive industries innovating with new technologies are expected to play a crucial role in pulling Europe's economy out of the post-pandemic crisis. SMEs are often said to be the backbone of the European economy. However, a large proportion of their contribution to growth and job creation is, in fact, generated by a small fraction of SMEs. These high-growth firms are Europe's future industry champions.

As compared with other companies, the success of this small group of SMEs frequently stems from investment in innovation and intellectual assets, and their growth typically involves international outreach. IPRs can be instrumental for innovative SMEs to appropriate the value of their ideas and secure a return on their investments in intangible assets. Small businesses can leverage IPRs to secure higher margins, license technology, establish collaboration agreements, and attract investors.

Research has found that SMEs with prior IPR activities are more likely to grow than other SMEs. According to a survey carried out in 2019, the positive effects of IPR ownership for SMEs include improved reputation and credibility, increased turnover and better market expansion prospects. 54% of SMEs with IPR claim that registration has had a positive effect on their business. However, nearly four out of ten SMEs say that a lack of knowledge about IPR stopped them from obtaining the IP protection they needed.

At the same time, only 9 % of SMEs own registered IPRs. The main reason given for not registering IPRs is the lack of knowledge about IP and its benefits. However, the benefits of IP could be part of the solution to help SMEs overcome their initial investment costs. Therefore, familiarisation with IP can help companies make the most of their intangible assets. The earlier they develop this knowledge, the better, hence the need to introduce the topic at all levels of education, including higher education.

Why IP management education should be part of business school curricula

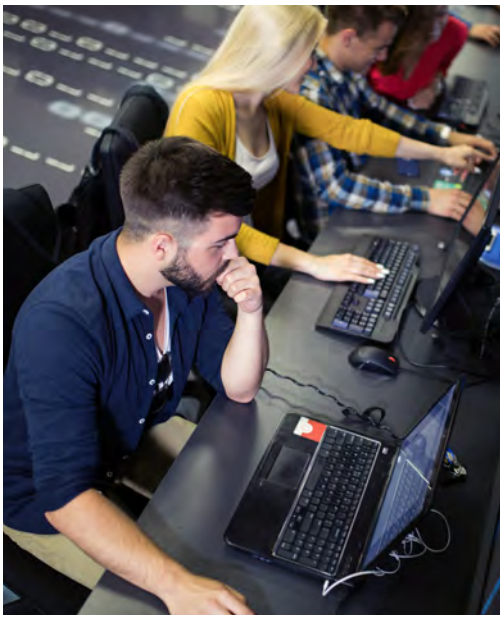
Imagine that a group of business school students come up with a fantastic new business project, which unfortunately flounders before coming to fruition because the IP strategy was not considered from the outset. They might end up embroiled in an infringement lawsuit, which could easily have been avoided if they had researched existing brands and designs. If the students failed to protect the project, it could be overtaken by another company that then runs away with the great idea.

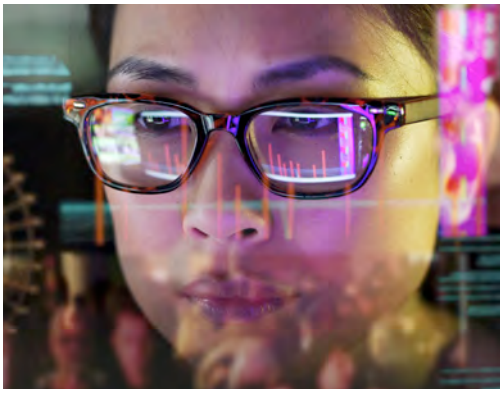
In 2018, the EU Member States agreed on a common European reference framework on key competences for lifelong learning. IP is relevant to all key competences, and notably for the entrepreneurship competence. Currently, the key competences are being integrated in national curricula and IP concepts are promoted from primary to secondary level education.

Education and raising awareness on the benefits of IP protection in the EU and its Member States among citizens, businesses, innovators, creators and entrepreneurs, is a key mission for the European Union Intellectual Property Office (EUIPO). In response to the needs identified for bringing IP knowledge in education, the EUIPO launched the IP in Education project in 2017. A network of experts from the EU Member States' education ministries and national IP offices (IPOs) was set up in order to prepare a common approach to IP in education. While the initial focus of the project was on creating high quality training materials, teacher training and a forum for good practices for primary and secondary education, there is now a need to strengthen engagement with other levels of education, notably higher education.

Supporting SMEs in Europe through IP

As part of EU initiatives to help SMEs, the EUIPO is offering specific support throughout their start-up and scale-up journeys. In response to the COVID-19 pandemic, the EUIPO launched the Ideas Powered for Business hub in July 2020. The hub promotes the benefits of IP protection and provides information on trademarks and designs using clear, jargon-free language. It offers step-by-step fast-track routes to registration, e-learning courses tailored to SMEs and is the access point from which users can sign up for free, personalised IP support in their own language. In addition, the Ideas Powered for Business SME Fund 2021 was launched by the EUIPO and the European Commission with the collaboration of Member States' IPOs in January 2021. The Fund provides financial support to SMEs with the aim of raising awareness and improving access to IP. *More than 10,000 European SMEs have already benefitted from the SME Fund.*





Connecting the knowledge triangle – Business, Education, Research

Innovation allows small businesses to strengthen and grow, and at the same time employ more people who are better paid. All this will ultimately lead to a larger and stronger EU economy. IP plays a vital role in promoting innovation as it provides those who invest time, effort and money in innovation with a mechanism to protect their creative initiatives and benefit from them.

When it comes to creating the 'joined-up' innovation eco-system that we are aiming for, collaboration between the EUIPO and other key stakeholders is an important piece of the puzzle. The European Institute of Innovation and Technology (EIT), which has the mission of increasing competitiveness as well as sustainable economic growth and job creation in Europe by promoting and strengthening cooperation among leading business, education and research organisations, has recognised the importance of IP for education and business. The EUIPO and the EIT have joined efforts in supporting SMEs and entrepreneurs through IP, innovation and education.

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All of the aforementioned initiatives and activities provide an opportunity to share best practices and expertise on IP and to facilitate networking between the EUIPO and the European Foundation for Management Development and its members. Please feel free to reach out at: IPinEducation@euipo.europa.eu. If you are an SME or a start-up in the EU and you are interested in the SME Fund, contact us at SMEFund@euipo.europa.eu.

About the Authors

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