



THE PERFECT PARTNERSHIP

Innovation and Intellectual Property Protection
in the 2020's

OPERATE AT YOUR OPTIMUM

Intellectual Property Rights protect more than just an idea – they protect the core of your business

Intellectual Property Rights (IPR) are one of the principal ways for companies, creators and inventors to generate returns on their investments in innovation and creativity¹. The counterfeiting of Intellectual Property (IP) is an industry-wide, decades-long problem that not only harms large corporations, but countless numbers of small and medium-sized companies as well. Illicit trade in counterfeit goods, piracy of Intellectual Property, and related transnational criminal activities, compromise the health and safety of consumers and are estimated to cost between 8 and 15 percent of global GDP².

BENEFITS OF IPR

The World Intellectual Property Organization (WIPO) and the European Union Intellectual Property Office (EUIPO) have documented the extensive benefits of IPR and their positive role in securing investment for innovation and helping firms to remain globally competitive. At a national level, IPR protection and enforcement help safeguard tax revenues and jobs, attract inward investment, encourage knowledge transfer and improve public health and consumer safety.

Intellectual Property Aids Investment

Intellectual Property is an important financial and legal asset for companies: estimates show that IP accounts for more than 80 percent of a company's overall value³. More than just a defensive act against potential competitors, investment in developing a good IP portfolio is a way of increasing a company's market value and improving future profitability⁴. By protecting IP, companies can also protect and secure better business partners.

Intellectual Property Aids Innovation

Managing innovation effectively and securely is key for any company to survive and thrive in today's economy. IP plays an important role in facilitating the process of taking innovative products and technologies to the market place. IP also plays a major role in enhancing the competitiveness of enterprises, whether they are launching new or improved products, or providing services based on a new or improved technology.

AT A GLANCE

KEY FACTS

- As of 2019, there were 353 IPR-intensive industries in the EU economy⁷.
- IPR-intensive industries generated around 84 million or nearly 40 percent of all jobs in the EU during the period 2014-2016 and accounted for around 45 percent of the EU GDP, worth some €6.6 trillion annually⁸.
- The 2019 status report on Infringement⁹ estimates that the EU may be losing up to €60 billion in annual sales through IP theft in goods and services, representing nearly 8 percent of total sales across 11 business categories.
- The main problems with IP enforcement are linked to the lack of political will and resources. This results in a lack of technical infrastructure, capacities and resources, judicial and enforcement authority expertise, as well as insufficient public awareness of the value of IPR¹⁰.

Intellectual Property Rights drive the European economy, but fraud and counterfeit activities curb economic growth.

"Industries that use Intellectual Property Rights intensively play a crucial role in making the EU more prosperous and in securing its economic future."

"These industries are more resilient in the face of economic crisis and more innovative. Our challenge is to ensure that all firms and entrepreneurs can secure their IP rights, particularly SMEs."

Christian Archambeau, Executive Director of the EUIPO⁶

HERE'S THE PROBLEM

Table 1.
IP Priority Countries

Priority 1	Priority 2	Priority 3
China	India, Indonesia, Russia, Turkey, Ukraine	Argentina, Brazil, Ecuador, Malaysia, Nigeria, Saudi Arabia Thailand

Source: European Commission (2020)¹²

Table 2.
IP Rights' Infringement, Sales and Revenue Losses by Industrial Sector (EU)

Sector	Revenues Lost by Sector	Sales Lost by the Sector
Pharmaceuticals	€9.6 billion	3.9%
Cosmetics & Personal Care	€7.1 billion	10.5%
Smartphones	€4.2 billion	8.3%
Handbags & Luggage	€1.0 billion	7.4%
Jewellery & Watches	€900 million	6.2%

Source: Adapted from European Commission (2020)¹⁶

Countries with Problematic IP protection and enforcement are areas of concern as they cause great economic harm to EU interests.

In January 2020, the European Commission released a Report on the Protection and Enforcement of Intellectual Property Rights in Third Countries¹¹. The Working Document presents three tiers of priority countries (see Table 1) which have severe systemic problems with IP protection and enforcement and have made little or no progress in recent years.

According to the report, China is the source of more than 80 percent of IP-infringing goods entering the EU, making it the only country falling under the Priority 1 category. The Commission's Report on EU Customs Enforcement of IPR (2018)¹³ and the EUIPO-OECD study on Trends in Trade in Counterfeit and Pirated Goods (2019)¹⁴ show that China is the origin of a dominant share of counterfeit and pirated goods arriving in the EU, in terms of both value and volume.

Serious systemic problems have been identified in the area of IP protection and enforcement in Priority 2 countries, causing significant harm to EU businesses. In recent years, these countries have made no progress or only limited progress in addressing these concerns.

Priority 3 countries show some serious problems in the area of IP, causing considerable harm to EU businesses. The gravity and the number of problems identified in these countries are lower than in Priority 2 countries.

The Working Document¹⁵ also quantifies the level of IP rights' infringement by industrial sector, with Pharmaceuticals, Cosmetics and Personal Care, Smartphones, Handbags and Luggage, and Jewellery and Watches all losing out in terms of revenue and sales (see Table 2).

INNOVATION & IP FOR A SAFER WORLD

The European Commission has signed an agreement with the EUIPO for the technical implementation of three IP Key cooperation programmes for the period 2017-2020: China (€7 million), Southeast Asia (€7 million) and Latin America (€6 million)¹⁷. These multi-annual programmes are designed to enhance the EU's cooperation with the respective countries through concrete activities in the area of Intellectual Property Rights protection and enforcement.

SICPA'S VIP SOLUTIONS FOR YOUR IP PROBLEMS

Intellectual Property is at the core of competitiveness, productivity and economic growth. IP infringements erode company value, reputation, revenue and profits. Consumers are left vulnerable to health and safety hazards from substandard counterfeit parts and products.

By strengthening IP enforcement and implementing secure solutions to authenticate products, companies can help combat IP theft and abuse.

SICPA's range of proven and patented invisible authentication solutions are important tools to help safeguard brands and products from the risks and liabilities of the counterfeit industry. During investigations, they provide robust, immediate and indisputable authentication and therefore court admissible evidence, allowing the IP team to establish facts that will enable quick and decisive legal actions in full confidence of IP infringement.

SICPA's solutions also play a vital role in product recall

situations, by allowing product authentication at re-entry points in the supply chain, preventing rogue warranty claims, defending the integrity of products and ultimately protecting brand value and safeguarding consumer well-being, therefore ensuring trust.

SICPA works with governments and companies worldwide, securing banknotes, identity documents, brands and products for many decades. We complement our state-of-the-art authentication technologies with expertise in managing, implementing and operating cost effective security solutions for the long term.

Secure authentication solutions applied directly on or in products or packaging have special advantages. In the luxury goods or consumer electronics industries, products marked with an invisible security feature can be identified throughout the supply chain and after purchase. In cases of warranty fraud, on-product authentication offers ultimate protection and assurance to both consumers and manufacturers.

Enhance your Intellectual Property Protection Strategy this decade and beyond with SICPA – your innovation & IP protection partner

Our vanguard product, SICPAGUARD®, is a robust machine-readable security solution that encompasses a versatile security marker, integrated into inks or other vehicles, and a handheld detection device linked to an inspection management platform, enabling on-the-spot authentication and monitoring by dedicated users.



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ACT NOW

Innovation and intellectual property protection ensures that companies, creators and inventors protect not only their idea, but the core of their business today and for decades to come.

Discover our brand protection solutions

Contact us

ABOUT SICPA

We offer time-tested and new generation technologies to help companies protect brands, products and people from the growing trade in fake goods.

For almost a century, SICPA has worked with partners to combine security technology expertise and digital innovation to ensure the authenticity of banknotes and identity documents worldwide. SICPA is a leader in cutting edge branded technologies for the product and brand protection market.

Enabling trust lies at the heart of what we do.



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