A CEPS Task Force on

“INNOVATION POLICY: BOOSTING EU COMPETITIVENESS IN A GLOBAL ECONOMY”

Chair: Maria Anvret, Senior Executive Scientific Expert and Advisor, Prof., PhD, FRCPATH, Confederation of Swedish Enterprise

Rapporteurs: Andrea Renda, Senior Research Fellow, CEPS and Massimiliano Granieri, Assistant Professor at the University of Foggia Law School

PROSPECTUS

While globalisation has increased the prospects for many European businesses, open markets have also brought challenges as competition has increased. In order to remain competitive, European firms are facing increased pressure to be more inventive so that they can react quickly to consumer demands, and respond to global challenges such as climate change and fluctuations in energy prices.

Gunter Verheugen, Vice President and Commissioner for Enterprise and Industry noted in 2007 that the EU has the competitive disadvantages of not being a producer of raw materials and having a relatively expensive work force. In order to remain competitive, he noted, the EU must enhance its position as a knowledge economy through innovation by facilitating technology transfer, creating a sustainable economy, and improving standards policy.

EU policy for innovation is outlined in the 2006 communication “Putting knowledge into practice: A broad based innovation strategy for the EU”. The communication identifies the following 10 priority actions for how the EU can facilitate innovation.

10 EU Priority Actions to support Innovation

1. Support Education
2. Establish a European Institute of Technology
3. Enhance Labour market for Researchers
4. Support University/Industry knowledge transfer
5. Improve Cohesion Policy for regional innovation
6. Increase State Aid for R&D
7. Improve Patent Strategy
8. Examine Legislation impacts on Digital Products
9. Encourage development in lead market technology
10 | Enhance Procurement for innovative technologies

In addition, a 2007 communication entitled “Lead market Initiative for Europe” outlines the EU plan to lift obstacles to innovation in six markets: eHealth, sustainable construction, bio-based products, protective textiles, recycling and renewable energy. According to the Commission, as these markets are already highly innovative, supporting their growth and international expansion could give European producers a competitive advantage as lead producers (i.e. first mover advantage).

Despite the potential for growth in innovative industries, European producers face challenges in the form of different patent legislations, standards policy, and the lack of networks to facilitate technology transfer among firms.

In light of the new challenges emerging in the sector, CEPS proposes to launch a new Task Force, which will address the effects of current innovation policy on EU competitiveness and potential avenues for reform.

The ultimate goal of the CEPS Task Force is to provide policymakers and field practitioners with an updated and independent view of current developments on EU innovation policy, while at the same time representing in an objective way the needs and problems identified by industry players and authoritative scholars in the field.

Below, we briefly introduce each of the topics that will be addressed in the Task Force meetings, as well as a proposed time schedule for completion of the Task Force.

1.1 Patent law and policy

An effective patent policy is an essential component for innovation. As the European market becomes more integrated, support for an EU-wide patent policy has increased, as this would save companies the cost and effort of having to apply for protection under different national patent regimes.

This session will discuss the current state of EU patent policy, as well as the pros and cons of proposals to create a Community Patent. The session will also assess the quality of patents issued in Europe, the accessibility of current patent systems to firms operating in Europe, and the extent to which lack of integration is causing duplication of work and conflicting interpretations in multi-jurisdictional cases.

In addition to examining the current patent system, the session will assess the impact of the European Patent Legislation Agreement (EPLA) including the benefits for participating states, users and the European patent system as a whole.

Last, the above topics will be compared with the US approach to patent issuance. Doing this will offer perspective on the competitiveness of current EU patent policy as well as the likely impacts of policies on EU innovation.
1.2 Standardisation policy

A comprehensive and progressive standardisation policy has the power to accelerate access of innovative firms in the EU to both domestic and global markets. Considering this, EU standards policy must be progressive, and facilitate technological advancement in areas where interoperability is a crucial factor such as ICT, environment, transport, and energy.

This session will begin with an examination of the process of standardisation in the ICT industry in the EU. Specifically, the challenges posed by the convergence of technologies, globalisation, and the emergence of new industrial powers will be discussed during this session.

Moreover, the session will assess how competition policy constrains the ability of standard setting organisations to act as gate-keepers and to set royalty rates (which reward patent owners for past R&D investments, while allowing manufacturers to enter the market for standard products).

Last, the session will look at the future of EU standards policy, and the challenges that currently exist for establishing standards harmonisation in the EU.

1.3 Technology transfer

Technology transfer can facilitate innovation as it allows a larger number of firms access to the latest technology. Despite this, there is a balance that must be reached between the goal of having a wide dissemination of new technologies, and respecting the intellectual property rights of companies that have invested in the creation of that technology.

This session will examine how R&D expenditures in the public and private sector are contributing to technology transfer, and the development of industry clusters in the EU. In addition, the session will review the extent to which EU policies are contributing to the establishment of networks and mechanisms by which firms and academia can exchange knowledge, while still allowing firms to retain their intellectual property.

The session will also perform an in depth examination of transfer of technology to combat climate change. Technology transfer in the context of climate change is a unique topic. This is because the environment is seen as a public good, and thus the transfer of environmentally friendly technologies are beneficial. Despite this, as the return on investment for environmental technology is often uncertain, many firms are hesitant to share technology, or embark on research that involves high costs.
1.4 Innovation: the interface between the public and the private sector

The final session will examine how state aid regulations facilitate or hamper the development and exchange of technologies within Europe. The public sector has been always considered a powerful source of innovation; yet, circumstantial policies on state aid in R&D can enhance this ability or prevent an efficient acquisition of technology by the private sector. Considering this, the current state aid strategy in the public sector will be assessed in terms of its cost structure as well as its ability to facilitate innovation.

The session will also address policy issues in licensing, how innovation is affected when universities and public research institutions grant exclusive or non-exclusive licences on technology, and if and how granting exclusive licenses could be considered an illegal form of state aid.

Last, the session will examine current EU policies for research exemptions in terms of their costs on government as well as their benefits to producers.
SUMMARY OF PROPOSED TOPICS

Meeting 1 (launch meeting)
- Introduction of the issues in the Task Force
- Discussion of the EU position on patents, standards, innovation, and technology transfer

Meeting 2 – PATENT POLICY
- The Community Patent
- The European Patent Litigation Agreement
- Quality of patents and access to the patent system
- EU vs. US Approach
- Duplication of work and conflicting interpretations in multi-jurisdictional cases

Meeting 3 – STANDARDS POLICY
- The process in the ICT Industry
- Software Standards and the European Patent Convention
- Standards adoption and implementation
- Obstacles to standards harmonization in the EU

Meeting 4 – TECHNOLOGY TRANSFER
- Funds for R&D in the public and private sector
- Establishment of industry clusters and networks and mechanisms to exchange knowledge and technology
- Climate change and technology transfer

Meeting 5 – INNOVATION: THE INTERFACE BETWEEN THE PUBLIC AND PRIVATE SECTOR
- State Aid
- Policy Issues in Licensing (exclusive vs. non exclusive)
- Patent strategy in the public sector
- Research exemption
In organizational terms, we propose to structure the debate over 5 meetings, including an initial launch meeting to introduce the issues as well as discuss the EU position on patents, standards, innovation and technology transfer. The organisation of a launch meeting has proven very important in previous CEPS Task Forces to fine-tune the topics to be addressed and bring them closer to the interests of industry players and regulators.

We propose to host the launch meeting on September 18th 2009. On that occasion, representatives from industry, academia and government will be invited to comment on the proposed Task Force agenda and indicate topics that may be added/dismissed. Following the launch meeting, we plan to host four additional meetings in 2009 and 2010, completing the Final Report by summer 2010.

As stated, the Chair of the Task Force will be Maria Anvret. Prof Anvret is the Senior Executive Scientific Expert and Advisor at the Confederation of Swedish Enterprise. She obtained her PhD at the Karolinska Institute (KI) in 1978, did a postdoc at Yale University, held a research position at the University of Gothenburg (1980-1985) and holds a professorship in neurogenetics from the KI. During her time at AstraZeneca (1997-2005) she was heavily involved in topics of strategic importance to management and implementing genomics and genetics into the drug discovery and development process. During 2005-2007 Dr Anvret headed the Strategy Office at the Karolinska Institute where she implemented outward and inward analyses into the decision making process. She is at present the spokesman for science- and innovation politics within the Confederation of Swedish Enterprise and serves at a number of boards. During her time within the Confederation she has increased the awareness of science and innovation as an investment in order to generate growth and added value within companies and society. Anvret is a member of the Royal Swedish Academy of Engineering Sciences, IVA.

The Rapporteurs will be Andrea Renda, CEPS Senior Research Fellow and Head of the Regulatory Affairs Programme, and Massimiliano Granieri, Assistant Professor at the University of Foggia Law School and CEPS Associate Senior Fellow.
WHY A CEPS TASK FORCE AND HOW DOES IT WORK?

The CEPS Task Force will constitute a unique forum of representatives from the European Commission, Members of the European Parliament, officials from member states, business and industry, NGOs and other stakeholders to discuss highly topical issues in a multi-stakeholder setting. The objective of a task force is i) to create a process where issues can be analysed in an open but structured discussion and ii) to publish an authoritative analysis including policy recommendations. CEPS will produce an (operational) synthesis report for each meeting. At the end of the Task Force, CEPS will publish and circulate among EU and member state policy recommendations together with a background report, which will be also formally published in the CEPS Task Force Report publication Series. The Background Report will be based on discussion in the meetings supplemented by research carried out by the Rapporteurs.
CONDITIONS FOR PARTICIPATION

The CEPS Task Force is principally designed for CEPS Corporate Members but participation is open to non-members as well, at a higher fee.

The fee covers participation in all workshops, documentation, lunches and three copies of all reports produced. If participants wish, CEPS will mail additional copies of the final report to persons identified by participants.

Fee Structure

Participation fee for:

CEPS Corporate Members: EUR 1,000
Non-members: EUR 7,000

To register, please use the Registration Form in the Appendix of this document.

About CEPS

The Centre for European Policy Studies, based in Brussels, was launched as an independent research institute in 1983 to encourage the study and discussion of public affairs in Europe. It aims:

- to provide decision-makers, inside and outside government, with authoritative and independent analysis of European affairs;
- to contribute to the public debate about European institutions and policies through sound research and judgement; and,
- to create a network of leaders and thoughtful individuals who are committed to working together to enhance the development of European integration and co-operation.

CEPS is funded by corporations, public bodies, membership fees and income from activities.

If you have any questions regarding the Task Force, please contact:

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REGISTRATION FORM

CEPS Task Force

“INNOVATION POLICY: BOOSTING EU COMPETITIVENESS IN A GLOBAL ECONOMY”

First meeting at CEPS - 1, Place du Congrès - Brussels
Date: September 18th, 2009

A participation fee for the task force including all task force meetings of €1,000 applies for CEPS Corporate Members, while €7,000 applies for non-members.

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