Demand for patents falling as crisis bites: WIPO

By Jonathan Lynn – Fri Sep 18, 10:12 am ET

GENEVA (Reuters) – Demand for patents and trademarks is falling this year after holding up robustly in 2008, indicating the belated impact of the economic crisis, the United Nations intellectual property agency said Friday.

However, international patent applications from countries such as China are rising as its enterprises and universities become familiar with the international patent system, the World Intellectual Property Organization (WIPO) said.

WIPO Director-General Francis Gurry told a news conference overall international patent filings are likely to fall by roughly five percent this year.

Applications for international patents grew 2.9 percent in 2008, according to preliminary figures based on data from 12 major patent offices accounting for 85 percent of filings, Chief Economist Carsten Fink said at the launch of a WIPO report tracking patents, trademarks and other intellectual property activity.

"As far as the picture in 2008 is concerned, this was the year where the crisis really hit but we still saw healthy growth in the demand for patent filings around the world," Fink said.

CORRELATED BUT DIFFERENTIATED

The report covers activity in patents -- intellectual property protection for inventions -- and trademarks -- which protect products and enterprises -- in detail for 2007 and shows the trends since then.

Patent and trademark activity has tended to fall in past economic downturns, Gurry said.

"What happens in an economic crisis is that there's an interference in the value chain of intellectual property," he said.

Thus reduced profits from innovation lead to reduced investment in research and development and reduced applications for patent filings and trademarks, he said.

But the trend is not uniform across countries and the WIPO report points to the growing use by East Asian countries of intellectual property protection.

International patent filings in the first half of this year were 14 percent lower than a year earlier in the United States, but up 19 percent in China, Gurry said, driven by factors such as growing Chinese familiarity with the patent system.

Japanese international patent filings grew 11 percent while Britain's rose 6 percent in the first half of this year, although domestic filings in both countries fell by over 10 percent.

"The best inventions are patented internationally and not just nationally and so enterprises focus in time of economic difficulty on promoting their best inventions and are less inclined to patent across the whole of the output of their research and development," Gurry said.

The U.S. Patent and Trademark Office, which had issued the highest number of patents since 1998, was overtaken in 2007 by the patent office of Japan, and China's patent office replaced the European Patent Office as the fourth largest in terms of granting patents, WIPO said in a statement.

Rates of increase for patent applications are growing faster in China and South Korea than in Japan, the United States and Europe, Gurry said.

Because final data are only available up to 2007, it is not possible to say which sectors are currently attracting most patent and trademark activity.

But Gurry said private equity and venture capital investment in green technology had risen to $32 billion in 2008 from $1.3 billion in 2003, and this was likely to be reflected in patent activity with a lag of a few years, while the crisis was likely to take its toll on patent activity in the automobile sector.

Total patent filings around the world rose 3.7 percent in 2007 to 1.85 million, while trademark applications rose 1.6 percent to 3.3 million, of which 680,000 were in China, the report showed.

(For the WIPO report go to http://link.reuters.com/mep47d)

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