



Australian Government

Department of Industry
Tourism and Resources

Factors Affecting the Use of IP by SMEs

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OUTLINE

- **Aims**
- **Method of Inquiry**
- **Findings**
 - **Australian SMEs**
 - **International SMEs**
- **Implications**



INTRODUCTION

- **Study commissioned by Department of Industry Tourism and Resources (DITR)**
- **Examines the extent of IP Protection by SMEs and whether it is 'sub-optimal'**
- **Carried out by IPRIA**
- **International comparison carried out by DITR**



STUDY AIMS

- **To compare Australian SMEs use of IP protection to larger companies**
- **To compare the Australian and international SME performance**
- **To find out main forms of IPRs used**
- **To identify barriers to IP protection & use**



METHOD OF INQUIRY

- **Examination of Australian and international literature**
- **Analysis of IP Australia database**
- **Industry Consultations**
 - 12 key industry groups
- **Survey of advisers and partners**
 - 49 Surveys
- **Case Studies**
 - 10 Case Studies



KEY FINDINGS

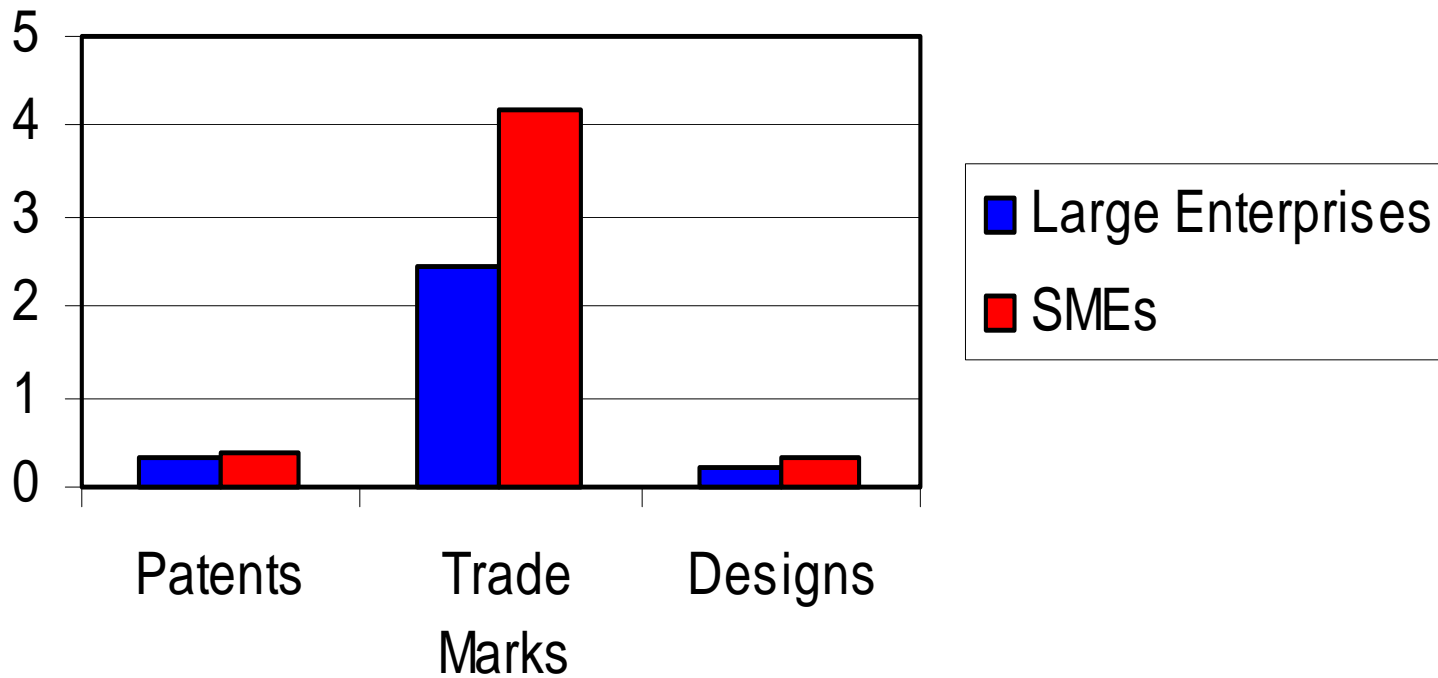
- **Use of IP Protection**
- **Inhibitors to Use**
- **Reasons for Use**
- **IP Awareness**
- **Sectoral Differences**



Use of IP (Australia)

Type of IP	% of Enterprises making at least 1 application in any year	
	<u>Large</u>	<u>SME</u>
Patents	6%	2%
Trade Marks	26%	16%
Designs	4%	1%

Use of IP (per employee in Australia)



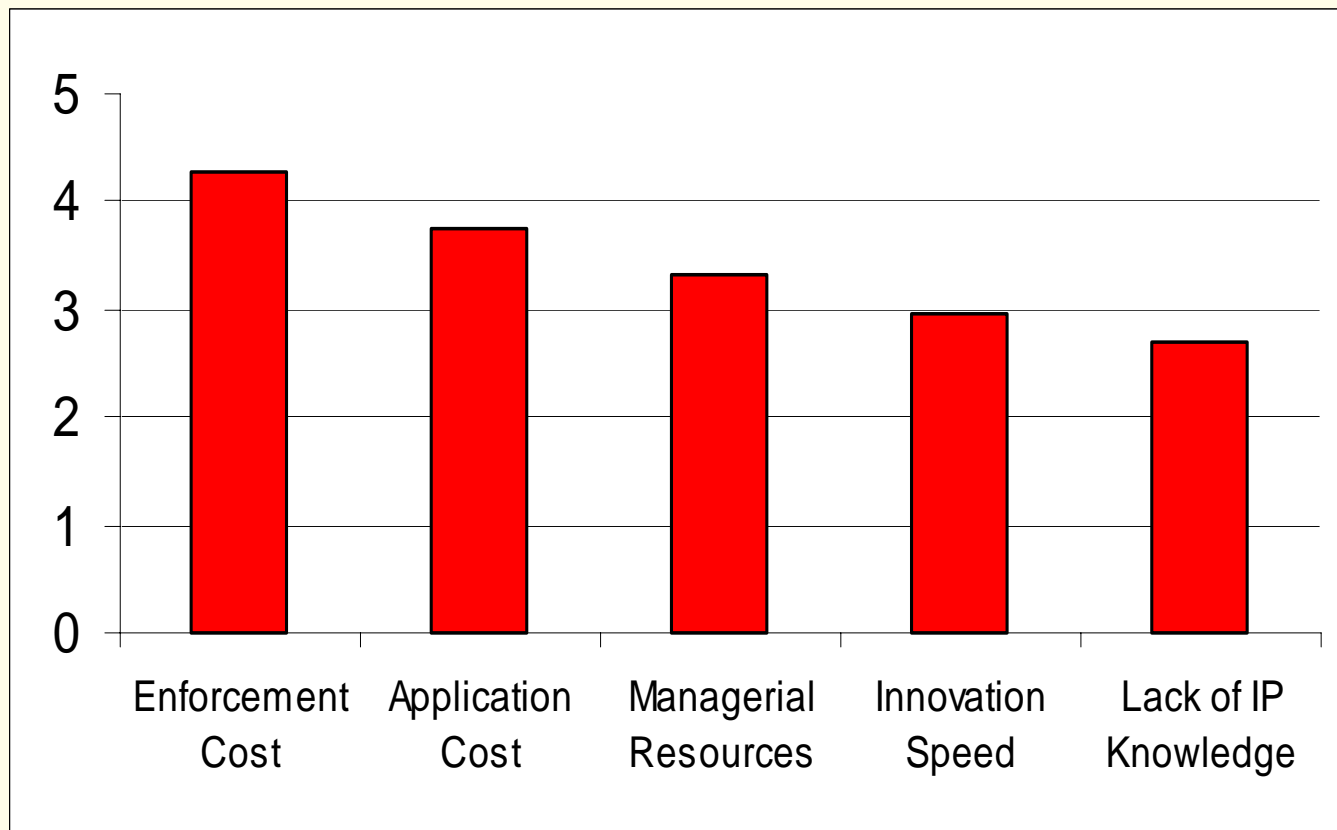


Use of IP (International)

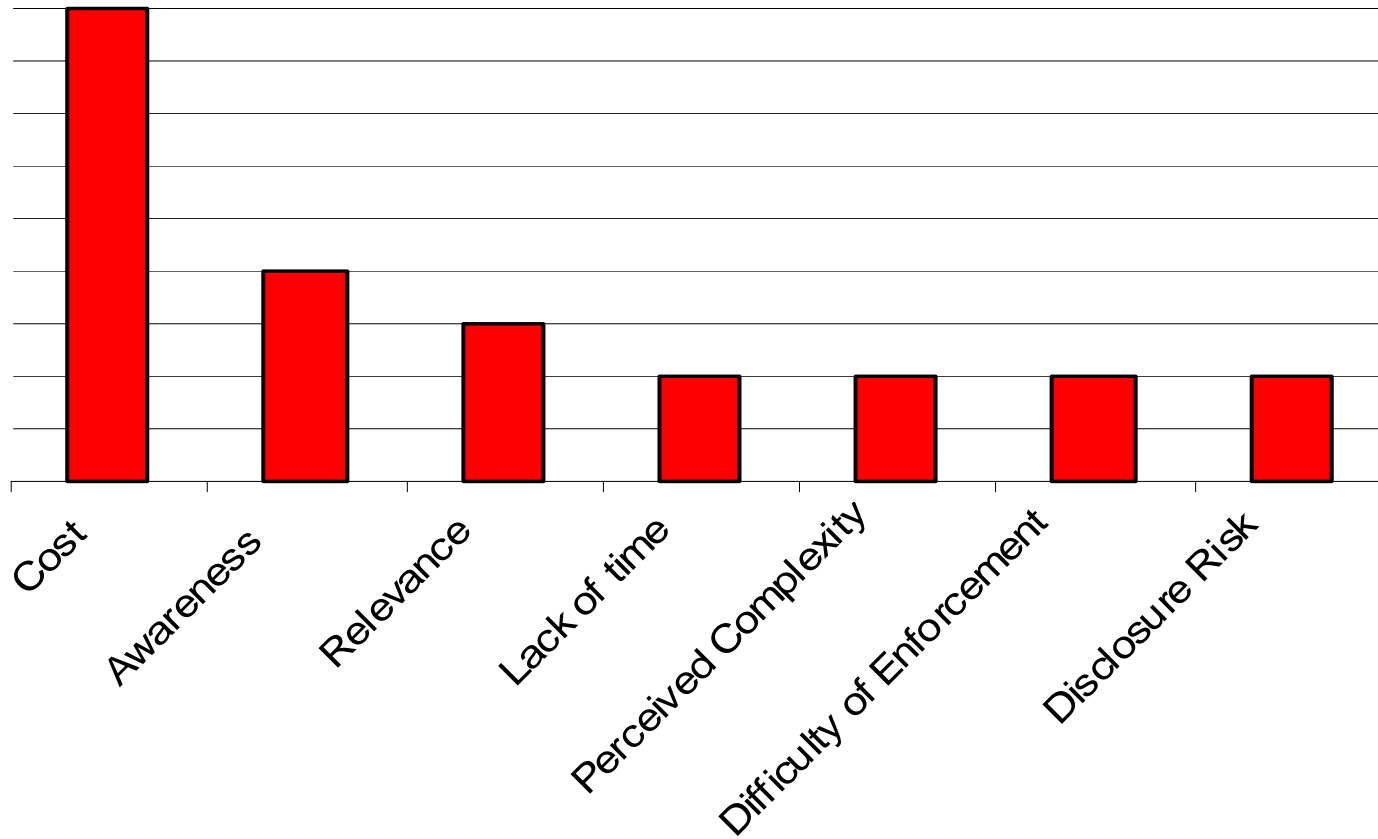
- **Is proportional to enterprise size**
- **Some jurisdictions report far greater use (U.K., Europe)**
- **IP is viewed as important but protecting it is often a lower priority for SMEs**
- **Informal protection is more frequent for SMEs**
- **Fewer small firms use patents**
- **Economic conditions impact on SMEs**



Inhibiting Factors to use of IP protection by SMEs (Australia)



Inhibitors (International)





IP Awareness (Australia)

- **Have good understanding of the mechanics of the IP protection system**
- **Have a generally poor grasp of IP as a tool for business strategy**
- **Often choose to use other methods of IP exploitation**
 - **Trade Secrets, First to Market**

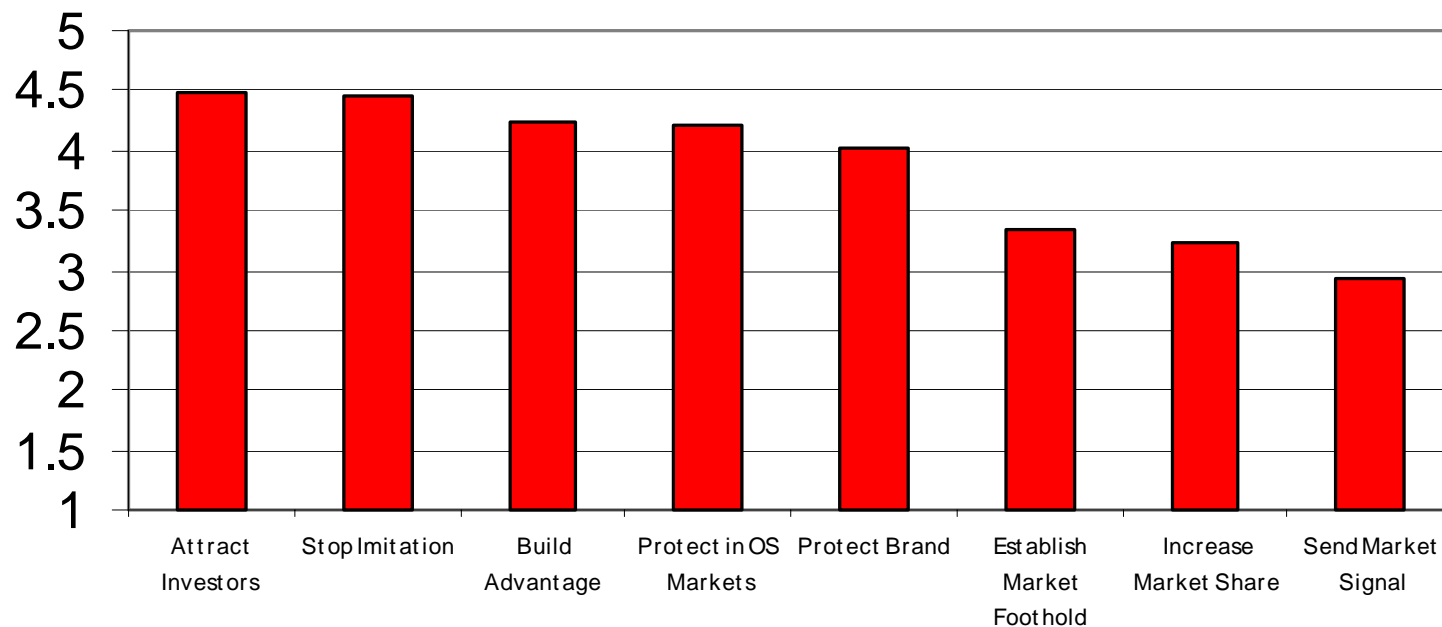


IP Awareness (International)

- **Awareness of IP protection systems varies across jurisdictions**
- **Some uncertainty over benefits**
- **IP systems are *perceived* to be overly complex**
- **IP systems are *perceived* to expose the enterprise to risk**
 - **Imitation, Litigation, Enforcement Problems**

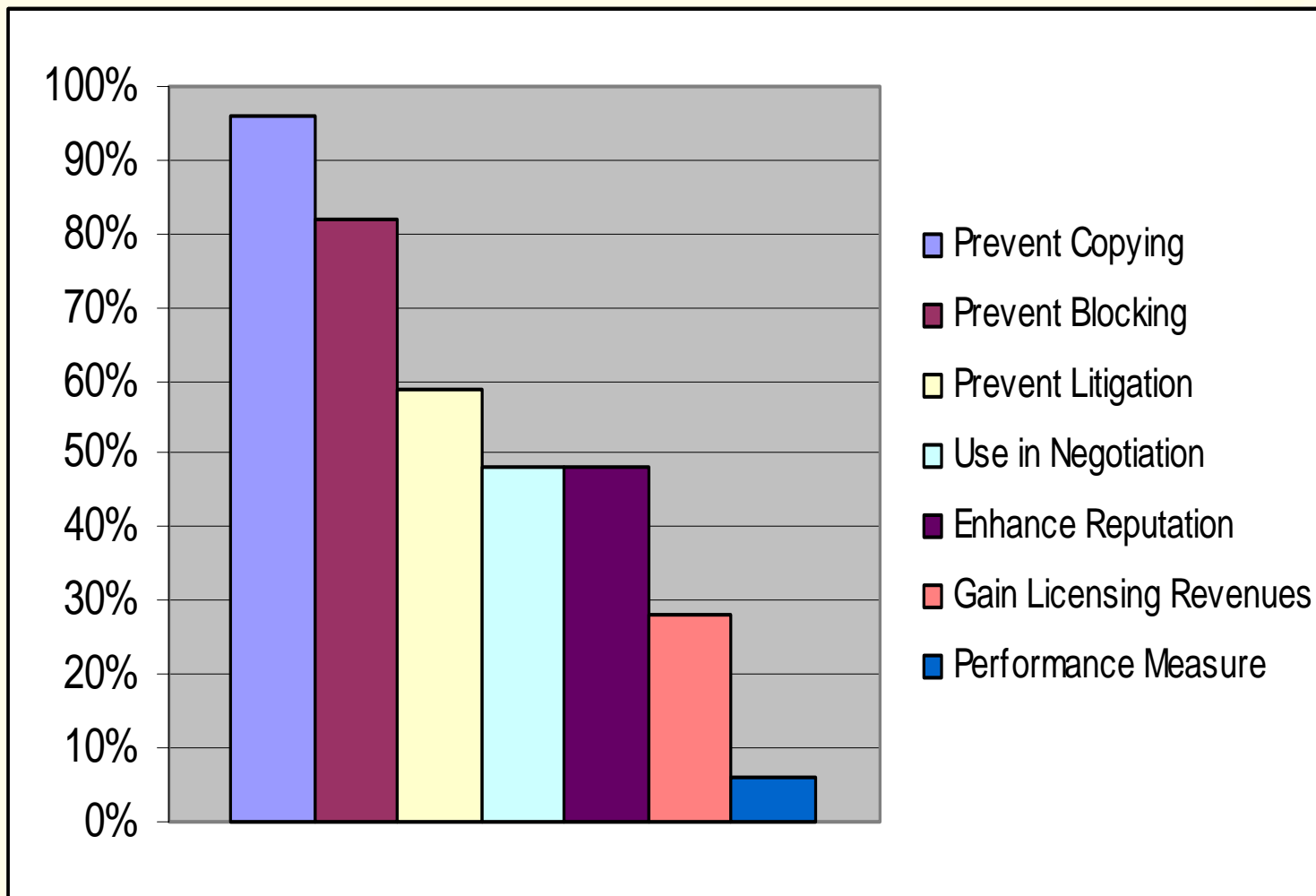


Reasons for using IP Protection (Australia)



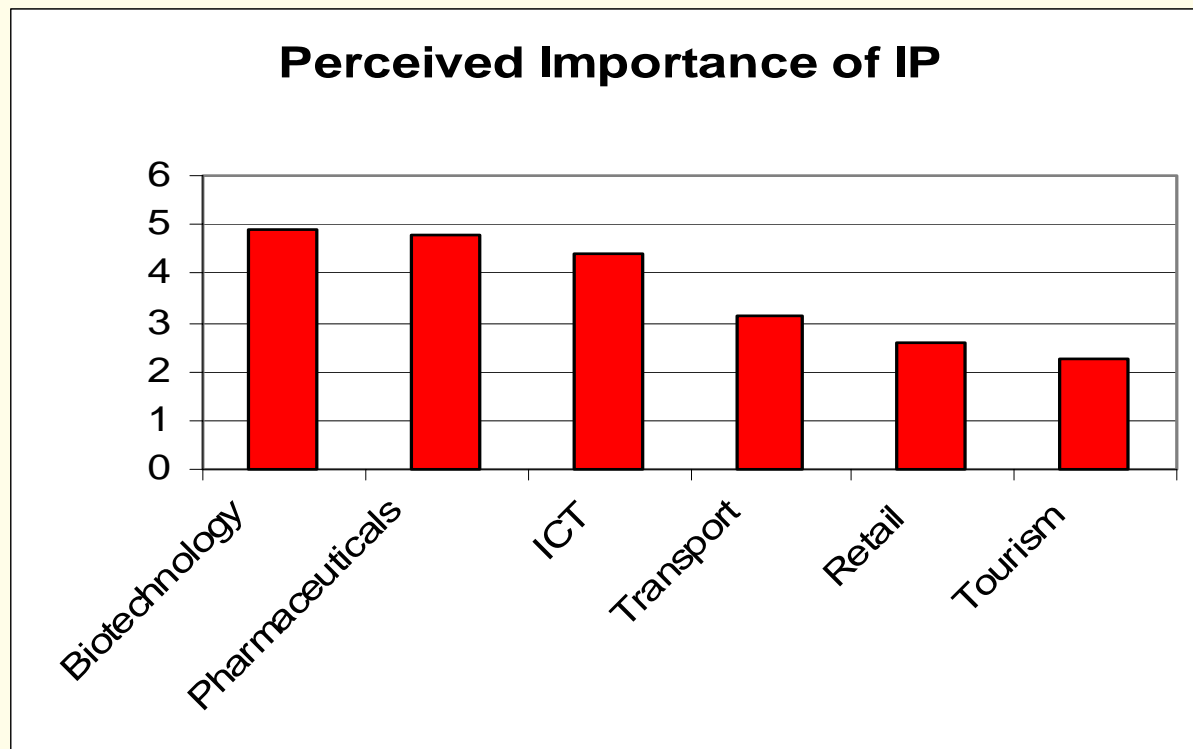


Reasons for Use of Patents: USA



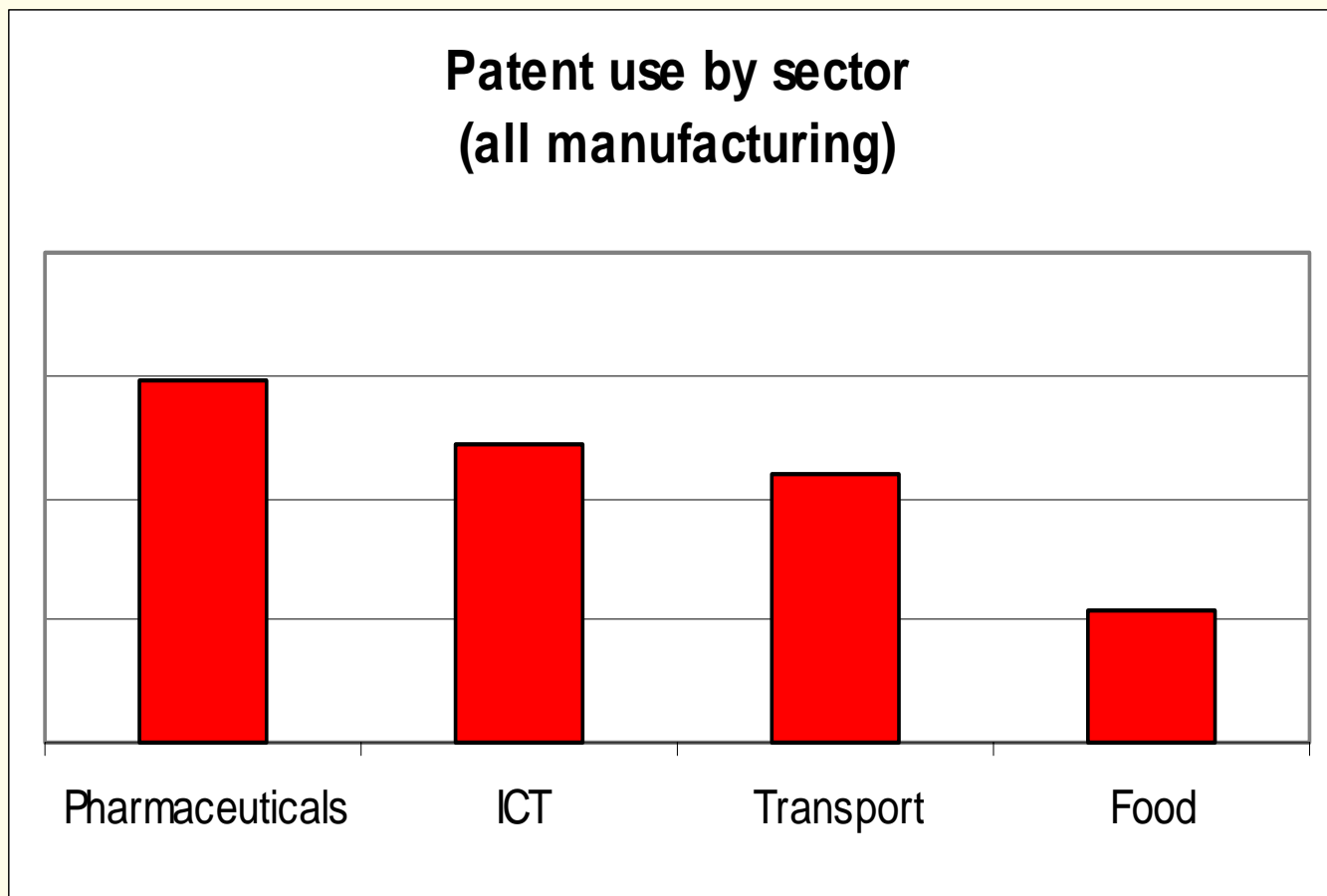


Sectoral Differences (Australia)





Sectoral Differences (Canada)



The Australian Government Response

- **IP Australia is active in educating SMEs**
- **The IP Toolbox**
- **The cost of obtaining IP protection in Australia compares very favourably to our trading partners**
- **IP rights are included as an 'eligible expense' in some Government industry programs (subject to conditions)**



Government Response (cont.)

Program	Eligible Expenses
R&D Start Grants	Lesser of 5% of project cost or \$100,000
Biotechnology Innovation Fund	Lesser of 5% or 30% for protection of core IP
Pharmaceuticals Partnerships Program	Up to \$30,000 per year for up to 5 years for patenting



CONCLUSION

- **Education to address perceptions**
- **The international data shows the Australian experience is not unique**
- **Cost remains the most important obstacle to SMEs use of IP protection**
 - **complexity & enforcement also**
- **There are sectoral differences**
- **SMEs are users of informal protection**
- **Impact of economic circumstances**



Further Information

- **The full report will become available on the Department's website at:**

www.industry.gov.au

- **For more information on ITR programs, go to:**

www.ausindustry.gov.au