Distinguished Guests,

Ladies and Gentlemen,

It is my great honor to join you today in the great city of Hangzhou on the occasion of the 4th LES Asia Pacific Regional Conference. At the outset, I would like to convey to you all the very best wishes of the Director General of the World Intellectual Property Organization (WIPO), Francis Gurry, for a rich and rewarding examination of contemporary currents driving developments in the world of intellectual property.

In these opening remarks, I would like to sketch out some of these trends which will, I hope provide a catalyst for discussions to come.

Turning first to the global level. At the end of last year, US-based mobile technology company Qualcomm filed an international patent application with the Patent Cooperation Treaty (PCT) administered by WIPO for an invention of a method of wireless communication. What was notable about this application was the milestone it represented – the two millionth application under the PCT. This event is even more significant when it is realized that it took 26 years for the PCT to reach one million applications, and only 7 more years for it reach two million applications.

Qualcomm’s PCT application underscores a trend that has been evident for some time, that firms are investing historically unprecedented amounts in the creation of intangible assets – new ideas, technologies, designs, brands, organizational know-how and business models. Global R&D expenditures almost doubled in real terms from 1993 to 2009. In addition, data show that companies’ investment in intangible assets has grown more rapidly than their investment in tangible assets; in selected countries, firms even invest more in intangible than in tangible assets. Director General Gurry captured this development by pointing to “the rise of intangibles” and the increasingly important place that intellectual property occupies in modern economies as the means by which to “secure the competitive advantage conferred by innovation”[[1]](#footnote-1).

This ‘rise’ is captured in other indicators as well. For example:

* In 2011, for the first time, the total number of patent applications filed worldwide exceeded the two million mark.
* Utility model applications increased more than fourfold from 159,762 filings in 1995 to 670,665 in 2011.
* Industrial design applications more than doubled from 290,787 filings in 2000 to 775,631 in 2011.
* Trademark applications also more than doubled from 1.8 million filings in 1995 to 4.2 million in 2011.

At the same time that there has been an inexorable rise in the importance of intellectual property, there has also been a diffusion of those seeking to leverage it for their gain. This can been seen, again, through the lens of the PCT administered by WIPO.

In 1991, the PCT’s 58 members represented 31% of the world’s countries; their economies accounted for 72% of global output and 94% of worldwide research and development (R&D) expenditure. By 2012, the number of PCT members had increased to 148, representing three quarters of the world’s countries, and more than 90% of global output and worldwide R&D expenditure.

In 1990, the top five filers of the PCT (US, Germany, UK, Japan, France) were all developed countries. By 2012, two developing countries had entered the ranks of the top five – China and the Republic of Korea – and both registered the strongest annual growth among this group.

There is also an important regional dimension to this trend. In 2010, for example, Asia overtook North America and Western Europe to become the subregion accounting for the most PCT filings. Indeed, in 2012, Asian applicants accounted for 40.5% of total PCT filings – and Japan, China and the Republic of Korea accounted for 38% of total filings.

So, to return to my opening analogy, what we are witnessing is nothing less than what might be called ‘the rise of the East Asian Current’. The implications of this are profound. Indeed, Director General Gurry has noted that, “it is undeniable that a shift, the likes of which we have not seen for several hundred years, is underway”[[2]](#footnote-2).

I would now like to look at these trends – of the rise of intangibles and the diffusion of intellectual property - from the perspective of China and other emerging economies.

As I have sought to demonstrate, innovation is no longer the prerogative of high-income countries. Indeed, the share of high-income countries in patent applications worldwide declined from 85.8 percent in 2001 to 67 percent in 2011. The corresponding increase in the share of low- and middle income countries is almost entirely driven by China, which saw its global share increase from 4 percent in 2001 to 25 percent in 2011. In line with these longer term trends, WIPO reported late last year that in 2011, for the first time, more patents were filed at the patent office of China than at any other office in the world.

The patenting rise of China appears breathtaking – not only in the fact that China is still a middle-income economy, but also in how rapidly it has taken place. In the 20 years from 1991 to 2011, the number of patent filings increased more than 46-fold – from around 10,000 to more than half a million. Fast patenting growth in China also explains why global patent filings rebounded strongly in 2010 and 2011, despite weak world economic growth. From 2009 to 2011, China accounted for close to three quarters of the growth worldwide.

Indeed, China also remains the only non-high income country to have emerged as a major patent filing origin. At the same time that China’s global patenting has increased, the share of all other low- and middle income countries has remained steady at around 10 percent (during period 1992 to 2011). Brazil and India have seen considerable increases in patenting over the last twenty years; however, their combined share in the world total stood at around 3 percent in 2011.

There is a similar picture in terms of global R&D trends. Middle- and low-income economies have increased their share of global R&D expenditure by 13 percentage points between 1993 and 2009. China accounts for most of this increase – more than 10 percentage points – propelling China to the world’s second largest R&D spender in 2009.

Distinguished Guests,

Ladies and Gentlemen,

The foregoing has been an attempt to elucidate some of the strategic currents coursing through the intellectual property landscape and shaping the world which we deal with - now and into the future. The picture is complex, multi-faceted and fast moving and I would certainly not pretend to have presented a comprehensive summary. For example, the fundamental developments associated with the digital age and the world of copyright are a case in point and beyond the scope of these discussions. However, it is my hope that the foregoing may be of interest to LES Asia Pacific and its members and help set the scene and stimulate discussions to come.

From the perspective of the World Intellectual Property Organization - particularly the intellectual property services we provide through the PCT, the Madrid and the Hague systems – these trends underscore the imperative of ensuring WIPO remains focused on the Asia Pacific. Indeed, through its programs and activities, WIPO is fully cognizant of these developments. Whether through extending Asian language services in the PCT, organizing roving seminars for users of the Madrid system or helping intellectual property offices in the region develop needed infrastructure so they can more effectively engage with the international intellectual property system, WIPO remains committed to continuing to work with our Member States in the Asia Pacific and their thriving markets.

I thank you and wish you all the very best over the coming three days.

1. Francis Gurry, *Re-Thinking the Role of Intellectual Property*, paper delivered at the Francis Gurry Lecture held in Sydney on August 21, 2013, and in Melbourne on August 22, 2013. It should be noted, as stated in the mentioned paper, that, “innovation being increasingly understood in a comprehensive way as covering all the technological, design, organizational and marketing information that go into the commercialization of new products, services or processes”. [↑](#footnote-ref-1)
2. Francis Gurry, *Re-Thinking the Role of Intellectual Property*. [↑](#footnote-ref-2)