



## POLICY RECOMMENDATION SUMMARY

# Good Practice Workshop – Theme 5 Intellectual Property and Human Capital 20 September 2013 – Hampshire, England

## 1. BACKGROUND

Focusing on the development and implementation of non-grant financial based instruments, the overall aim of the **DIFASS PROGRAMME** is to improve access to finance for innovative SMEs by exchanging good practice on innovative business support measures. DIFASS originates from a previous 2008 Interreg Project where it became clear that non-grant financial support instruments are less likely to succeed on their own and need to be integrated with other non-financial support services to be successful.

Run in conjunction with 26 European Partners the project covers 8 themes – Micro Loans, Internationalisation, Guidance to Finance and Loan Guarantee Schemes, Mixed Grant/Non Grant, **Intellectual Property and Human Capital**, Spin offs/Start up/Early stage, Creative Industries and Crowd Funding, Jeremie/Mezzanine/Equity/Venture Capital.

## 2. INTELLECTUAL PROPERTY AND HUMAN CAPITAL – OVERVIEW

Intellectual Property and Human Capital can be treated as assets and used by SMEs to help raise finance.

- **Human Capital**

- **Types**

**General human capital** is defined by 'generic knowledge and skills, not specific to a task or a company usually accumulated through working experiences and education' that can be transferred across jobs, firms and industry.

**Firm/task specific human capital** is usually accumulated through education, training, working experience on 'knowledge specific to a firm/task'. This specific human capital is rarely transferable to other jobs, firms and industry, and so can be difficult to derive income from in the labour market. Human capital is considered 'specific' if it increases a worker's productivity only at their firm and not easily transferred to different firms and different industries.

- **Concept**

The concept of human capital as an asset is relatively new and emerges from characteristics linked to an economy based on knowledge and information. It is based on the premise that the value of a company should include the value of its intangible assets; information, innovation, R&D, patents and trademarks, brand value, technology, intellectual capital, company culture, capabilities, through to knowledge, skills, experience, abilities of employees and leadership as well as more traditional tangible assets.

Gary Becker, a ground breaking Noble Prize winning economist, was one of the first experts to link human capital to individual and national (i.e. GDP) economic growth. He stated that ***'The basic resource in any company is its people. The most successful companies and the most successful countries will be those that manage Human Capital in the most effective and efficient manner'***

– **Characteristics**

Developed over a period of time, **Human Capital** can be characterised through the natural acquisition of knowledge developed as a result of self-generated learning and the influence and learning gained from external/environmental factors. This becomes a 'transportable' asset which can then be passed and shared to others.

– **Impact and Evaluation**

The impact of human capital enables both social and economic benefits, enabling Individuals to increase their productivity, their income and their contribution to organisational profits, as well as their future prospects and career choices. Human Capital also enables organisations to develop their core competencies and the competitiveness of the organisation; it can also increase the social consciousness of the community.

Calculating Human Capital is difficult with calculations resulting in approximate values. Economists use two main method of evaluating human capital:

- I. **Acquisition Cost Model also known as the Historical Cost Model is based on the opportunity cost of replacing human capital gained from employees as an asset.** This method calculates the recruitment, selection, and training and development costs associated with replacing the asset, suggesting that instead of charging the costs to profit and loss accounting it should be capitalised in the balance sheet.
- II. The **Present Value of Future Earnings** undertakes an economic valuation of employees based on the present value of future earnings, adjusted for the probability of the employees' death, separation or retirement. This method uses a formula to help determine what an employee's future contribution is worth today.

▪ **Intellectual Property (IP)**

IP refers to creations of the mind: inventions, literary and artistic works, and symbols, names, images, and designs used in commerce and deals with protecting the rights of those who create original works, covering everything from original plays and novels to inventions and company identification marks.

**The purpose of intellectual property laws is to encourage new technologies, artistic expressions and inventions while promoting economic growth.** When individuals know that their creative work will be protected and that they can benefit from their labour, they are more likely to continue to produce things that create jobs, develop new technology, make processes more efficient, and create beauty in the world around us.

There are three main mechanisms for protecting intellectual property: copyrights, patents and trademarks:

- **Copyrights** protect the expressive arts. They give owners exclusive rights to reproduce their work, publicly display or perform their work, and create derivative works. Owners are given economic

rights to benefit financially from their work and prohibit others from doing so without their permission. Copyrights do not protect ideas, but how they're expressed.

- **Patents** protect an invention from being made, sold or used by others for a certain period of time. They allow the inventor to sell the invention and all the intellectual property (IP) rights, license the invention to someone else but retain all the IP rights and discuss their invention with others in order to set up a business based around the invention.
- **Trademarks** protect the names and identifying marks of products and companies making it easy for consumers to distinguish competitors from each other. Trademarks are automatically assumed once a business begins using a certain mark to identify its company and may use the TM symbol without filing their symbol or name with the government.
- **Confidentiality Agreements** e.g. non-disclosure agreements that arise when two companies are about to do business together and wish to restrict either party from releasing confidential information, are another option that businesses can use to protect their IP. They are also used when there is a necessity to discuss this invention with someone else e.g. a qualified expert e.g. registered lawyers, solicitors, patent attorneys, where anything an inventor will say or show to them is legally privileged.

Further information on each of the three main IP options discussed above is included in Annex 5

#### **FURTHER INFORMATION:**

**DIFASS YOU TUBE CHANNEL** Good Practice Overview, Intellectual Property and Human Capital Simeon Karafolas, Scientific Partner: <http://www.youtube.com/watch?v=xFyvKepaFfg>

### **3. OVERVIEW OF WORKSHOP DISCUSSION/KEY LEARNING POINTS**

Aiming to improve access to finance and internationalisation for innovative SMEs, the DIFASS project is tasked with identifying and encouraging take-up of programmes and innovative mechanisms that support businesses. Partners in the programme are looking to establish how the examples of good practice presented and discussed at each workshop can help them develop policies and programmes and support businesses in their own region.

The key issues to be considered when assessing each particular theme and good practice programme include:

- Overall Impact: Are the respective guidance to Intellectual Property and Human Capital schemes discussed providing the support needed by SMEs? Have the schemes presented improved the current situation?
- Are the programmes presented responding to the difficulties encountered by those SMEs who are unable to access finance?
- Are funds supporting 'innovative' firms? Those firms most likely to contribute to longer term economic growth.
- What, if any, other non-financial support services have been integrated into the programme to improve the success rate of the businesses involved?
- Has the approach taken helped to influence commercial lenders i.e. banks to overcome their reluctance to help SMEs?



- Are mixed grant/non grant schemes sustainable, transferable solutions that can be used to help small businesses?

#### Human Capital and Intellectual Property Schemes

- **Innovation and Technology Support Network** – Regional Development Agency of Asturias – Spain
- **The Investment Contract** – Territorial Pact of Oristano – Sardinia
- **Knowledge Transfer Partnership** – WSX Enterprise –UK
- **Support Scheme of Counselling and Training of SMEs** – Municipality of the Capital of the Slovak Republic – Slovakia
- **Protect Your Knowledge** – Rzeszow Regional Development Agency – Poland

#### **Overall Impact: Are the respective Intellectual Property and Human Capital schemes discussed providing the support needed by SMEs? Have the schemes presented improved the current situation?**

Each of the schemes presented has helped provide support needed by more than 3,200 SMEs to stimulate a culture of innovation and so develop their business, helping them to strengthen their human capital i.e. their asset base.

Although payback from investment in these schemes is longer than other financial instruments and assessing the impact to date has been difficult for some partners, all the schemes have improved the current situation.

Set up with public funds all schemes are established programmes using external expertise to develop internal expertise; passing on vital knowledge and skills needed by companies to develop their businesses. Two schemes, the Technological and Innovation Business Support Centre and Protect Your Knowledge scheme have provided free support, with SMEs expected to make a contribution to the other schemes.

#### **Are the programmes presented responding to the difficulties encountered by those SMEs who are unable to access finance?**

With the long term benefit of each scheme aimed at the development of human capital, acquisition of new high level knowledge, skills and in some cases technology enables businesses to strengthen their balance sheet, making a more attractive investment proposition for banks and commercial lenders.

#### **Are funds supporting ‘innovative’ firms? Those firms most likely to contribute to longer term economic growth.**

Each of the schemes was set up specifically to support innovative firms, whether providing support for those firms already involved in innovative activities or by helping to **stimulate a culture of innovation** in SMEs not previously involved in innovative activities.

Four schemes were aimed at encouraging and **stimulating innovative activity** amongst firms, (not necessarily already innovative firms), providing them with the skills, knowledge and training i.e. human



capital necessary to develop their innovation capacity with one of the schemes, **Protect Your Knowledge**, aimed at firms already involved in innovative activity.

The **Technological and Innovation Business Support Centre** network was set up to stimulate a culture of entrepreneurship and respond to the need for a changing economic mix. An 'innovation diagnosis' helps firms to benchmark and **accelerate their digital maturity** i.e. their human and technological capital and develop a culture of innovation.

The **Investment Contract** was set up to attract new innovative investments in the region. Firms are awarded grants for a Development Plan, with an Innovation Plan being one of the 4 main elements of the Plan

Facilitating the transfer of knowledge to stimulate innovation, the **Knowledge Transfer Partnerships** scheme was set up to help businesses meet a core strategic need, identify innovative solutions to help them grow. The scheme is aimed at innovative projects of clear strategic relevance to business. Projects must represent a step change in innovation and be stimulating and challenging for all three partners.

Aiming to improve the survival rate of start-ups the **Support Scheme of Counselling and Training** focuses on providing skills and knowledge needed to help innovative business trading for less than 3 years.

Launched in 2010 to encourage the growth of innovation in businesses, the aim of the **Protect Your Knowledge** programme was to provide innovative entrepreneurs in Eastern Poland with the general and legal i.e. Intellectual Property information needed to protect and monetise their ideas, maximising the commercial potential of the business involved. **Targeting innovative businesses** with untapped potential i.e. those not yet engaged in IP activity in less active regions, the programme was set up to raise awareness of the opportunities associated with IP and how/where to get help information.

**What, if any, other non-financial support services have been integrated into the programme to improve the success rate of the businesses involved?**

Four of the schemes have encouraged access to other external and in one case, other internal business support services with the Investment Contract set up to provide an all-round package of support agreed at the outset of the scheme.

Funded in part by significant capital grants, businesses involved in an **Investment Contract** are provided with a comprehensive support package to help maximise their chances of success. An overarching strategy providing them with access to all experts associated with development, approved **Investment Contracts** or '**Development Plans**' are comprised of one or more of four main elements: a compulsory Plan of Productive Investment, a Plan of Services, an Innovation Plan and a Training Plan.

Businesses involved in the **Technological and Innovation Business Support Centre** and **Support Scheme of Counselling and Training of SMEs** are encouraged to access a range of business support activities available from other stakeholder organisations with the Counselling Scheme also signposting business to other non-financial support. Looking to build long term relationships with business, those involved in the



KTP scheme were actively encouraged to access a wide variety of other services available from the University.

**Has the approach taken helped to influence commercial lenders i.e. banks to overcome their reluctance to help SMEs?**

There was no direct involvement from any banks or commercial lenders in any of the schemes.

**Are Intellectual Property and Human Capital schemes sustainable, transferable solutions that can be used to help small businesses?**

**Sustainability**

Whether information on Intellectual Property or specific skills needed to stimulate innovation, each of the schemes was set up to provide long term sustainable solutions to fill a gap in the knowledge and skills needed by participants to grow and develop their business. The schemes presented in the Workshop provided businesses with the mechanism to strengthen their human capital and ultimately their balance sheet, making a more attractive investment proposition for banks and commercial investors.

Offering a sustained approach the overall objective of the Technological and Innovation Business Support Centre scheme is to contribute to **a sustainable increase in business competitiveness** through digital maturity and micro innovation in SMEs, maximising potential for business and the regional economy. The Investment Contract is itself a **long term investment** in the companies involved, ensuring they have all the knowledge, skills as well as investment needed to succeed in both the short and longer term.

KTPs are also in the business of passing on or **transferring leading edge knowledge, technology and skills** to firms, with the Protect Your Knowledge scheme **disseminating specific expertise and know how** on IP, and the Counselling Programme also aimed at **up skilling firms**, leaving them with the information with the knowledge and skills needed to enable long term growth.

Legacy benefits arising from the Support Centre programme include improvement in Information Society Indicators resulting in above national average performance. Qualitative feedback from companies supported by the scheme is also very positive, resulting in a more sustainable business able to take advantage of the global market and more able to survive the economic crisis **than those not participating in the scheme**.

Legacy benefits include a wide range of evidenced economic and commercial benefits for each of the partners involved in the Investment Contract to date. Businesses have reported a significant return on investment arising from the scheme, with government investment/funding expected to result in additional profit, new jobs, annual exports and further business led investment in research and development and plant and machinery.

The extensive level of awareness raising and information amongst innovative businesses provided by the Protect Your Knowledge scheme in a region not engaged in IP has resulted in a real increase in the number of companies actively using IP principles and practice.



Key legacy benefits reported by the KTP scheme include development of long term relationships with local businesses in addition to helping to create and sustain employment, sustainability and impact on the local/regional economy.

### **Transferability**

With all schemes presented funded from public funds, **long term sustainability and transferability of each particular programme** is subject to availability of future funds and government priorities.

With its 'strong methodology and proven transferability' the Technological and Innovation Business Support Centre is considered highly transferable to low tech/mid tech businesses and has already been exported/transferred to regions in Central America with other developing countries also expressing interest.

Workshop attendees considered that the use of a similar approach offered by the Protect Your Knowledge scheme was transferable in developing countries and the Support Scheme for Counselling for Training of SMEs would be transferable to countries with good incubator systems. Accompanied by a broad package of incentives and supply chain approach the significant investment required for intensive support offered by the Investment Contract means the scheme is not considered easily transferable.

Voted as the scheme of most interest to partners, the strategic approach offered by the Knowledge Transfer Partnership is considered transferable subject to the cultural and legislative barriers to transfer in other countries and the significant funds required.

#### ▪ **NEXT STEPS – PARTNER POLICY IMPLEMENTATION PLANS/ APPLICATION OF GOOD PRACTICE**

Each region is to develop its own Policy Implementation Plan, taking into account the lessons learnt from Workshop discussions, the findings from the scientific analysis and the assessment of the pilot implementations, all of which will be used to implement or improve their own policies for supporting SMEs in different themes.

**FURTHER INFORMATION: DIFASS:** <http://www.difass.eu/downloads>

**DIFASS YOU TUBE CHANNEL:** <http://www.youtube.com/user/difassworkshops>

## ANNEX 1: INTELLECTUAL PROPERTY AND HUMAN CAPITAL WORKSHOP – METHODOLOGY

The initial presentation on the Intellectual Property and Human Capital theme from the project’s technical partner was followed by presentation and discussion on five areas of good practice:

- **Innovation and Technology Support Network** – Regional Development Agency of Asturias – Spain
- **The Investment Contract** – Territorial Pact of Oristano – Sardinia
- **Knowledge Transfer Partnership** – WSX Enterprise –UK
- **Support Scheme of Counselling and Training of SMEs** – Municipality of the Capital of the Slovak Republic – Slovakia
- **Protect Your Knowledge** – Rzeszow Regional Development Agency – Poland

Facilitated using a World Café technique, Q & A round table discussions after each presentation enabled groups to draw out the strengths of the good practice and barriers to transfer.

- What key **strength** makes this Good Practice suitable for transfer? (what might make it attractive to other regions)
- What **barrier** can you see to transferring this good practice? (what might make it less attractive to other regions)

The presenter of the good practice moved around the tables answering any queries and each table was asked to write their key strengths and barriers on sticky notes and add them to a flip chart. Comments were grouped according to a sub-topic and delegates asked to rank and vote for the points raised using voting points.

Feedback on each discussion was then shared with the wider group. This concluded with a vote on the suitability and ease of transfer for each of the good practices and which Good Practice overall, during the day of the Workshop, they were most interested in with results as follows:

GP24 Innovation and Technology Support Network	6 votes
GP25 The Investment Contract	1 vote
GP26 Knowledge Transfer Partnership	26 votes
GP27 Support Scheme of Counselling and Training of SMEs	1 vote
GP 28 Protect Your Knowledge	5 votes

Good Practice 26, the **Knowledge Transfer Partnership** was identified as the scheme generating the most interest in terms of taking forward with comments on all the schemes used to inform the policy recommendation paper.

**ANNEX 2: GOOD PRACTICE WORKSHOP DISCUSSION – PARTNER FEEDBACK/COMMENTS**

<b>SUITABILITY FOR TRANSFER, OPPORTUNITIES &amp; STRENGTHS:</b> What key strengths make this good practice suitable for transfer?	<b>EASE OF TRANSFER, EASE &amp; CHALLENGES:</b> What <b>BARRIERS</b> can you see to transferring this good practice?
<p><b>GP24 - INNOVATION AND TECHNOLOGY SUPPORT NETWORK</b></p> <ul style="list-style-type: none"> <li>▪ Good as a stimulating tool</li> <li>▪ <b>Easily accessible and applicable</b></li> <li>▪ Strong institutional commitment/public funding</li> <li>▪ <b>Increase of intellectual capital in the region</b></li> <li>▪ Free support (particularly important for companies in the early stages of development)</li> <li>▪ <b>Flexibility and personalisation of SME services</b></li> <li>▪ Tested/easy to adopt. Effective measure to address industrial restructuring in similar economic conditions.</li> <li>▪ Proven transferability &amp; strong methodology</li> <li>▪ <b>Good return on investment</b></li> </ul>	<p><b>GP24 - INNOVATION AND TECHNOLOGY SUPPORT NETWORK</b></p> <ul style="list-style-type: none"> <li>▪ Free service competes with market players/prevents development of other private companies in the sector.</li> <li>▪ Companies may not appreciate free support</li> <li>▪ <b>Financing/Lack of funding/funding risk</b></li> <li>▪ Not applicable to all sectors/low tech sectors</li> <li>▪ Lack of internet infrastructure</li> <li>▪ <b>High dependence on rapid dynamics of ICT sector</b></li> </ul>
<p><b>GP25- THE INVESTMENT CONTRACT</b></p> <ul style="list-style-type: none"> <li>▪ Significant budget (EU/Regional Funds)</li> <li>▪ Good ratio of public/private funding 1:4</li> <li>▪ <b>Supply chain approach, cooperation between companies</b></li> <li>▪ Flexible negotiation process/open dialogue between businesses &amp; public administration</li> <li>▪ Broad/integrated package of incentives for enterprises, R + D , training, manufacturing</li> </ul>	<p><b>GP25 -THE INVESTMENT CONTRACT</b></p> <ul style="list-style-type: none"> <li>▪ <b>Not suitable for SMEs/aimed at large companies, difficult for SME to access</b></li> <li>▪ <b>Complex/bureaucratic</b></li> <li>▪ Limited number of companies financed</li> <li>▪ <b>Low output/effect. Low efficiency</b></li> <li>▪ <b>High investment costs barrier to transfer/participation</b></li> </ul>
<p><b>GP26 - KNOWLEDGE TRANSFER PARTNERSHIP</b></p> <ul style="list-style-type: none"> <li>▪ <b>It (scheme) makes knowledge to profit</b></li> <li>▪ <b>Presence of the University, KTP Model</b></li> <li>▪ Involvement of young experts/graduates employed by business partners</li> <li>▪ <b>Learning, 'know how' acquisition by students with helping students secure jobs in the future</b></li> <li>▪ <b>Working experience for students and trained employees</b></li> <li>▪ <b>Increased interaction between Universities SMEs</b></li> <li>▪ Open instrument, all company types/sizes</li> <li>▪ <b>Measurable indicators on the effects and impacts of the project.</b> Proven impact on company profits</li> <li>▪ <b>Good ROI/efficiency and evidence of success</b></li> <li>▪ Bottom up company driven approach</li> <li>▪ Private i.e. company contributions</li> </ul>	<p><b>GP26 - KNOWLEDGE TRANSFER PARTNERSHIP</b></p> <ul style="list-style-type: none"> <li>▪ Application Period</li> <li>▪ <b>Cultural barriers to transfer in other countries</b></li> <li>▪ <b>Difficult to motivate professors/involve all institutions</b></li> <li>▪ Getting involved in industry</li> <li>▪ <b>Full dependency on state aid</b></li> <li>▪ Requirement of huge amount of money (in need of EU funds)</li> <li>▪ Different regional knowledge base</li> <li>▪ <b>Legislative burdens in implementing similar activities</b></li> </ul>

<p><b>GP27- SUPPORT SCHEME OF COUNSELLING AND TRAINING OF SMES</b></p> <ul style="list-style-type: none"> <li>▪ <b>Simple quick application process/low administration</b></li> <li>▪ Free support scheme – attractive for start ups, easy access to funding for all types of SMEs</li> <li>▪ No constraints/training topic limitations</li> <li>▪ Good pilot to start an incubator system</li> <li>▪ <b>Network of experienced/qualified advisors</b></li> <li>▪ Good success rate</li> <li>▪ <b>Positive, remarkable impact/ROI on employment</b></li> </ul>	<p><b>GP27- SUPPORT SCHEME OF COUNSELLING AND TRAINING OF SMES</b></p> <ul style="list-style-type: none"> <li>▪ <b>Effectiveness not measured</b></li> <li>▪ <b>'For free' can lead to low participation and commitment</b></li> <li>▪ Time limitations/training limited to a maximum of 60 hours</li> <li>▪ Limited budget (only national funds)</li> <li>▪ <b>Dependent on political issues/annual funding not secured.</b></li> <li>▪ Limited transferability to countries with good incubator systems</li> <li>▪ <b>Low effect considering high overhead costs</b></li> </ul>
<p><b>P 28 - PROTECT YOUR KNOWLEDGE</b></p> <ul style="list-style-type: none"> <li>▪ <b>Strong dissemination/raising awareness of existing support instruments</b></li> <li>▪ Very simple procedures, accessible support</li> <li>▪ Good support programme/various forms of support. Free for enterprises</li> <li>▪ Long duration of programme</li> <li>▪ Support for inexperienced entrepreneurs/less developed and innovative regions.</li> <li>▪ Stimulate and increase knowledge</li> <li>▪ <b>Targeting intellectual property as intangible assets.</b></li> <li>▪ <b>Good results and number of participants compared to budget</b></li> <li>▪ <b>Easy to transfer</b></li> </ul>	<p><b>GP 28 - PROTECT YOUR KNOWLEDGE</b></p> <ul style="list-style-type: none"> <li>▪ Financing activities. Lack of continuity due to fundraising priorities.</li> <li>▪ Low interest of the target group</li> <li>▪ <b>No 1 to 1 consultancy</b></li> <li>▪ High costs for raising SMEs interests</li> <li>▪ <b>Limited demand in more developed countries</b></li> <li>▪ <b>Not complete programme (only dissemination)</b></li> </ul>

Comments highlighted in **bold text indicate the key strengths of most interest/relevance and key barriers of most concern** to delegates.

### ANNEX 3: INTELLECTUAL PROPERTY AND HUMAN CAPITAL – PROGRAMME SUMMARY

DIFASS PARTNER	GOOD PRACTICE SUMMARY – PROGRAMME, KEY OBJECTIVES AND INNOVATIVE FEATURES AT A GLANCE	POLICY IMPLEMENTATION – KEY POINTS AND RECOMMENDATIONS ARISING FROM THE WORKSHOP
<p><b>Regional Development Agency of Asturias</b> Spain</p>	<p><b>GP24 INNOVATION AND TECHNOLOGY SUPPORT NETWORK</b> Network of 9 Support Centres set up to improve the competitiveness of SMEs through the incorporation of <b>intensive ICT support</b>. Businesses able to access personalised support, advisory and training services/e skills, helping them accelerate their <b>digital maturity i.e. their human and technological capital and develop a culture of innovation</b>.</p> <p><b>KEY OBJECTIVES: To contribute to a sustainable increase in business competitiveness through digital maturity and micro innovation in SMEs, maximising potential for business and the regional economy.</b></p> <p><b>INNOVATIVE FEATURES:</b></p> <ul style="list-style-type: none"> <li>✓ Stimulated a culture of entrepreneurship, responding to the need for a changing economic mix in an area previously dependent on heavy industry.</li> <li>✓ Opportunity for organisations to benchmark ICT use and improvement.</li> <li>✓ Scheme also used to encourage wider collaboration, innovation and creativity, local technology suppliers also encouraged to take part.</li> </ul>	<ul style="list-style-type: none"> <li>▪ <b>Easily accessible and applicable.</b></li> <li>▪ <b>Flexible, personalised SME services.</b> Support Centre team commitment.</li> <li>▪ <b>Funding risk – i.e. lack of future funding.</b></li> <li>▪ <b>Highly dependent on rapid dynamics of ICT sector.</b></li> <li>▪ Good ROI, easy to adopt.</li> <li>▪ <b>Increase of intellectual capital in the region.</b></li> </ul>
<p><b>Territorial Pact of Oristano</b> Sardinia, Italy</p>	<p><b>GP25 THE INVESTMENT CONTRACT</b> Capital grant programme and incentive tool set up to attract new regional investment in innovation. Aimed at developing innovation capacity and collaboration, funds can be used to implement a <b>‘Technology-Production Chain’ Development Programme</b> for individual/groups of companies in the same industry/sector or different sectors.</p> <p><b>KEY OBJECTIVES: To strengthen and support the competitiveness of local production systems, establish new supply chains and attract new innovative investments to the region.</b></p> <p><b>INNOVATIVE FEATURES:</b></p> <ul style="list-style-type: none"> <li>✓ An overarching strategy bringing together all experts associated with development, the resulting <b>Investment Contract/company or inter-company ‘Development Plans’</b> are comprised of one or more of four main elements: a compulsory <b>Plan of Productive Investment</b> and/or a <b>Plan of Services, Innovation Plan</b> and <b>Training Plan</b>.</li> </ul>	<ul style="list-style-type: none"> <li>▪ <b>Supply chain approach</b>, cooperation between companies.</li> <li>▪ Broad integrated package of incentives for enterprises.</li> <li>▪ <b>Difficult to access/not suitable for SMEs</b>, aimed at large companies.</li> <li>▪ Complex/bureaucratic.</li> <li>▪ <b>High investment costs</b> barrier to transfer/participation.</li> <li>▪ Funding enables companies to make investments in training plans and a plan for services as well as productive investments in an innovation plan.</li> </ul>

	<ul style="list-style-type: none"> <li>✓ Not a prescriptive programme, value of grants awarded to beneficiaries dependent on development scheme.</li> <li>✓ Newly established companies and/or companies not yet operating but registered for VAT are also eligible for the scheme.</li> </ul>	
<p><b>WSX Enterprise</b> England</p>	<p><b>GP26 KNOWLEDGE TRANSFER PARTNERSHIP (KTPs)</b> One of a variety of collaborative ways in which Universities support and work with businesses, a <b>3 way partnership</b> between a company, 'knowledge base' and KTP Associate <b>facilitating the transfer of knowledge.</b> Aiming to meet a core strategic need and identify innovative solutions helping participating business growth. KTP outcomes include increased profitability for business partners through improved quality and operations and/or increased sales and access to new markets. <b>KEY OBJECTIVES: Set up to help businesses improve their competitiveness and productivity through the better use of knowledge, technology and skills already residing within the UK Knowledge Base.</b> <b>INNOVATIVE FEATURES:</b></p> <ul style="list-style-type: none"> <li>✓ Projects must demonstrate a sound business case; a <b>clear knowledge transfer</b>, a step change in innovation and be stimulating and challenging for all three partners.</li> <li>✓ Projects run from 26 weeks to 3 years.</li> <li>✓ Any <b>Intellectual Property</b> arising from the KTP <b>retained by the client.</b></li> </ul>	<p><b>GP26 - KNOWLEDGE TRANSFER PARTNERSHIP</b></p> <ul style="list-style-type: none"> <li>▪ The scheme <b>makes knowledge to profit.</b></li> <li>▪ <b>Presence of the University, KTP Model.</b></li> <li>▪ <b>Cultural barriers to transfer</b> in other countries</li> <li>▪ Difficult to motivate professors/involve all institutions.</li> <li>▪ <b>Legislative burdens in implementing similar activities.</b></li> <li>▪ Learning, 'know how' acquisition and working experience by students, <b>helping students secure jobs in the future.</b></li> <li>▪ <b>Increased interactivity between Universities &amp; SMEs</b></li> <li>▪ <b>Full dependency</b> on state aid to set up scheme.</li> <li>▪ <b>Lengthy application period.</b></li> <li>▪ <b>Good ROI/efficiency, impact, evidence of success.</b></li> </ul>

<p><b>Municipality of the Capital of the Slovak Republic, Slovakia</b></p>	<p><b>GP27 SUPPORT SCHEME OF COUNSELLING AND TRAINING OF SMES</b>          Launched in 2000 with the overall aim of raising the competitiveness and survival rate of start-ups, particularly SMEs trading for &lt; 3 years.          Eligible businesses are provided with subsidised support in the form of Grants enabling them to access individual information and counselling i.e. advisory and training services from professional Advisors.  <b>KEY OBJECTIVES: To raise the competitiveness of SMEs and improve the survival rate of start-ups helping to sustain employment and create new jobs throughout Slovakia.</b>  <b>INNOVATIVE FEATURES:</b></p> <ul style="list-style-type: none"> <li>✓ No constraints/training topic limitations. Businesses also encouraged to access a wide range of other financial/non-financial support.</li> <li>✓ Access to a network of experienced advisors, consultants/trainers and business support organisations with a good knowledge of local markets and the business environment</li> </ul>	<ul style="list-style-type: none"> <li>▪ <b>Simple quick application process, low administration</b></li> <li>▪ <b>Network</b> of experienced/qualified advisors</li> <li>▪ Free support scheme – attractive for start-ups.</li> <li>▪ ‘For free’ can lead to low participation and commitment.</li> <li>▪ Effectiveness not measured</li> <li>▪ Good ROI on employment</li> </ul>
<p><b>Rzeszow Regional Development Agency, Poland</b></p>	<p><b>GP28 PROTECT YOUR KNOWLEDGE</b>          Set up to provide innovative entrepreneurs in Eastern Poland with the general and legal i.e. Intellectual Property information needed to protect their ideas and maximise their sales potential.  <b>KEY OBJECTIVES: To encourage innovation in business and engage innovative businesses in the region with low historical take up of IP opportunities in IP activity. To turn the outcomes of the programme into tangible activity; sales, regional growth for business and the economy.</b>  <b>INNOVATIVE FEATURES:</b></p> <ul style="list-style-type: none"> <li>✓ Comprehensive awareness and support package disseminated through a range of communications channels to reach all businesses throughout Eastern Poland.</li> <li>✓ No terms and conditions applied – all businesses eligible.</li> <li>✓ Businesses were also able to access grants to co-finance costs and expenses involved in acquiring IP protection within other complimentary programmes.</li> </ul>	<ul style="list-style-type: none"> <li>▪ <b>Strong dissemination/raising awareness</b> of existing support instruments.</li> <li>▪ <b>No one to one consultancy/Not complete programme.</b></li> <li>▪ Easy to transfer. Limited demand in more (IP) developed countries.</li> <li>▪ Targeting intellectual property as intangible assets.</li> <li>▪ <b>Good results and number of participants</b> compared to budget, (ROI).</li> </ul>

**FURTHER INFORMATION**

DIFASS You Tube Channel: <http://www.youtube.com/user/difassworkshops>

DIFASS Website: <http://www.difass.eu>

## ANNEX 4: OVERVIEW INTELLECTUAL PROPERTY AND HUMAN CAPITAL. KEY POINTS PATENTS, TRADEMARKS/ BRANDS AND COPYRIGHT

### DEFINITION – WHAT IS IT?

PATENTS	TRADEMARKS OR BRANDS	COPYRIGHT
<p>A <b>patent</b> gives the ability to take legal action to try to stop others from copying, manufacturing, selling, and importing an invention without the inventor's permission. The existence of the patent may be enough on its own to stop others from trying to exploit the invention. If it does not, the patent gives the right to take a legal action under civil law to try to stop others from exploiting the invention.</p> <p><b>The invention must:</b></p> <ul style="list-style-type: none"> <li>✓ be new, not known anywhere in the world prior to filing;</li> <li>✓ have an inventive step, not obvious or a simple adaptation or combination of existing products;</li> <li>✓ be capable of industrial application, having a technical effect.</li> </ul> <p><b>The invention <u>must not</u>:</b></p> <ul style="list-style-type: none"> <li>✗ be a scientific or mathematical discovery, theory or method;</li> <li>✗ be a literary, dramatic, musical or artistic work;</li> <li>✗ be a way of performing a mental act, playing a game or doing business;</li> <li>✗ be the presentation of information, or some computer programs;</li> <li>✗ be a method of medical treatment or diagnosis that is against public policy or morality.</li> </ul>	<p>A <b>trade mark</b> is a sign which can distinguish goods and services from those of competitors (businesses may refer to their trade mark as their 'brand'). This may be words, logos or a combination of both. The trade mark can be used as a marketing tool so that customers can recognize company's products or services.</p> <p>A <b>brand</b> is a 'promise of an experience' and conveys to consumers a certain assurance as to the nature of the product or service they will receive. IP rights provide legal protection for some of the most important aspects of a brand.</p> <p><b>Trademarks are acceptable if:</b></p> <ul style="list-style-type: none"> <li>✓ they can be recognised as signs that differentiate company's goods or service as different from someone else's.</li> </ul> <p><b>Trademarks are not registrable if:</b></p> <ul style="list-style-type: none"> <li>✗ they describe goods or services or any characteristics of them, for example, marks which show the quality, quantity, purpose, value or geographical origin of goods or services;</li> <li>✗ they have become customary in a company's line of trade;</li> <li>✗ they are not distinctive;</li> <li>✗ they are offensive;</li> <li>✗ they are against the law, e.g. promoting illegal drugs; or are deceptive. There should be nothing in the mark</li> </ul>	<p><b>Copyright</b> protects written, theatrical, musical and artistic works as well as film, book layouts, sound recordings, and broadcasts. Copyright is an <b>automatic right</b>, which means you don't have to apply for it. Copyright can protect:</p> <p><b>Literary works</b>, including instruction manuals, computer programs, newspaper articles and some types of database;</p> <p><b>Dramatic works, Musical works, Artistic works</b>, including photographs, architecture, technical drawings, diagrams, maps and logos;</p> <p><b>Layouts or typographical arrangements</b> used to publish a work, for a book for instance;</p> <p><b>Recordings</b> of a work, including sound and film;</p> <p><b>Broadcasts</b> of a work, <b>Performers of spoken word</b> may receive protection. <b>TV and Films</b>.</p> <p><b>Another person can only copy or use a work protected by copyright with the copyright owner's permission.</b></p> <ul style="list-style-type: none"> <li>✓ Copyright <b>applies to any medium</b>. A copyright protected work <b>cannot</b> be reproduced in another medium without permission.</li> <li>✗ Copyright <b>does not</b> protect ideas for a work. It is only when the work itself is fixed e.g. in writing, that copyright <b>automatically</b> protects it. There is no need to apply for copyright for an idea.</li> </ul>

<p>which would lead the public to think that the goods and services have a quality which they do not.</p>	<p>A copyright protected work can have more than one copyright or another intellectual property right connected to it, for example a music album can have separate copyrights for individual songs, sound recordings, artwork etc. Whilst copyright can protect the artwork of the logo, the owner can also register the logo as a trade mark.</p>
<p><b>HOW/WHERE TO APPLY</b></p> <p><b>Before undertaking a patent application</b>, the inventor has to decide if his patent protection is right for him and if the invention is patentable, opting for a preliminary examination before going ahead with a full application. Application fees for a patent include fees for a search and a substantive examination with a typical <b>overall cost of the application</b> dependent on the procedure and the patent office involved, (c£230 - £280 for UK patents). Extra costs may be incurred if the inventor decides to seek professional IP advice from a Patent Attorney or other representative. Patent that are granted also incur an annual renewal fee every year after the 5th year for up to 20 years protection with fees dependent on the patent office; ( £70 for the 5th year rising to £600 for the 20th year in the UK). <b>The Patent Office checks the application</b> against published patents and documents to check if the invention is new and inventive. Applications meeting requirements are retained/ published in the public office records and the online patent office journal website (up</p>	<p>Applicants can apply to their national or EU organisations for copyright protection.</p> <p><b>The ownership of copyright works may depend</b> on the circumstances under which the work was created. Considerations need to take into account:</p> <p><b>The creator of an original copyright work</b>, (who is usually the first owner);</p> <p><b>Works created for an employer</b>: with different rules dependent on the work agreement between employer and employee;</p> <p><b>Joint authors</b>: A single work may be created and owned by more than one person.</p> <p>The copyright office can provide worldwide protection. Securing independent evidence enables businesses and individuals to prove ownership in any possible claims or disputes.</p>
<p><b>Before registering a trademark a search is conducted to search to establish:</b></p> <ul style="list-style-type: none"> <li>- If their trademark can be accepted</li> <li>- if there are any similar trademarks already in use which may affect their application for registration.</li> </ul> <p>Trademarks are subject to a classification system that divides goods and services in different classes with small fees payable for each of the classes relevant to the particular trademark.</p> <p>Applications can be made on line with fees dependent on the licence office and examination services used. This includes the option for a Standard examination, (£170 upwards in the UK) and £200 upwards for a Right Start examination. Refunds aren't paid in cases where Trademarks cannot be registered. Trademarks cannot be changed once submitted.</p> <p><b>Trademarks are registered through the Intellectual Property Office.</b></p> <p>Inventors have two options to register their trademark:</p>	<p>Applicants can apply to their national or EU organisations for copyright protection.</p> <p><b>The ownership of copyright works may depend</b> on the circumstances under which the work was created. Considerations need to take into account:</p> <p><b>The creator of an original copyright work</b>, (who is usually the first owner);</p> <p><b>Works created for an employer</b>: with different rules dependent on the work agreement between employer and employee;</p> <p><b>Joint authors</b>: A single work may be created and owned by more than one person.</p> <p>The copyright office can provide worldwide protection. Securing independent evidence enables businesses and individuals to prove ownership in any possible claims or disputes.</p>

<p>to 18 months from the filing date in the UK).</p> <p>Various methods of <b>accelerating the examination</b> procedure are available if for example the idea relates to an environmental benefit.</p> <p>Inventions that are not patented can be used by anyone who can use, make or sell the invention. Inventors can attempt to keep their invention secret, but may not be possible for a product where the technology is on display.</p>	<ul style="list-style-type: none"> <li>- In their own country i.e. their national office</li> <li>- Through a single application to the <b>European Union</b> granting trademark protection in the 27 country members of the EU and 4 overseas territories.</li> </ul> <p>Third parties may request cancellation of a European Union trademarks (CTM) if not used within 5 years.</p>	<p><b>MANAGING THE IP ROUTE</b></p> <p>A secured patent can be managed in several ways and may involve:</p> <p><b>Managing changes</b> such as contact details, correcting errors in the application or patent specifications;</p> <p><b>Renewing</b> the patent on the 4th anniversary of the filing date and every year after that to keep it in force;</p> <p><b>Using and enforcing the patent</b> through the possibilities of license, mortgage and marketing; <b>Patent protection worldwide</b>. If the invention has the patent in one country and not protected to other countries, the inventor can protect it in other countries by licensing or extending the patent to other countries;</p> <p><b>Patent transfer</b>. The option for a third person to buy or use the patent through assignment (transferring of ownership) and licensing agreements.</p>
<p>It is normally necessary for other people to have permission to use someone else's copyright work, but in certain very specific situations it may not be necessary</p> <p>If it is not included in exceptions, businesses will need to obtain a license from the owner for the agreed use of the copyrighted work or consider buying the copyright.</p>	<p>Company with registered trademarks will need to:</p> <p><b>Renew them</b> Trademarks must be renewed on the 10<sup>th</sup> anniversary of the filing date and every 10 years after to keep them in force.</p> <p>Companies can opt to cancel and restore their trademarks if required.</p> <p><b>Exploit</b> their trademarks through licensing, <b>mortgaging</b> in addition to using for their own marketing purposes.</p> <p><b>Enforce</b> their trademarks. Resolving disputes, Use of the ® and TM symbols, dealing with counterfeiting</p> <p>Businesses can also <b>use other businesses trade mark</b> under a legal framework or buy other trademarks</p>	