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# European Union Intellectual Property Office (EUIPO), SME IP Scoreboard 2016



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SUMMARY			
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## Abstract

The SME IP Scoreboard, commissioned by the EUIPO, surveys the attitudes and performance of European SMEs with regard to IPRs, including patents, designs, trademarks, trade secrets and domain names. The SME IP Scoreboard focuses on the reasons SMEs choose to protect their innovation by means of IPRs, the challenges they face in making use of the IPRs system in the EU, and on ways IPRs can be made more SME-friendly. Resulting from a large sample of SMEs - 8,970 SMEs - interviewed for the purpose of the survey, the Scoreboard offers valuable insight on the relation of SMEs with the European IPRs system.

## Summary

The SME IP Scoreboard 2016 surveyed a large sample of European SMEs - 8,970 SMEs in total - with regard to SME attitudes towards the European system of IPRs. The respondents to the survey span across a wide range of sectors, such as manufacturing, construction, wholesale and retail trade, and IT and communications, as well as both IPR-holders and non-holders.

The vast majority of the respondents who own some form of IPRs consider their business innovative (77 percent); the respective percentage of non-IPR holders viewing their firm as innovative is much lower, at 53 percent. According to the Scoreboard, this difference in perception among IPR-holders and non-holders, reflects a different broader attitude towards innovation. A positive perception of innovation correlates with firm size, with medium-sized firms holding a more positive outlook compared to small and micro enterprises, as well as with sector, manufacturing being the most strongly associated with a positive perception of innovation at 85 percent of SME IPR-holders.

The survey also examined the degree to which positive perceptions of innovation matched with actual business practice. It concludes that, indeed, firms that own IPRs are significantly more likely to have introduced and actual innovation in products or processes compared to firms that do not own IPRs. Again, firm size and sector correlate with actual performance in innovation; the larger the firm the more

likely it has produced a valuable innovation, and sectors such as manufacturing and transport fare better than, for instance, construction.

With regard to the importance of particular forms of protection of innovation, SMEs value highest domain name protection (47 percent), followed by trade secrets (42 percent), and trademarks (37 percent). The survey also enquired into the reasons SMEs refrain from protecting their innovations by means of formal IPRs. Respondents indicated among the reasons for opting for no formal protection that they do not see a benefit to it (35 percent), they lack knowledge in respect of the IPR system (13 percent), and the formal IPR protection is too costly (10 percent).

Moreover, respondents revealed a varying degree of familiarity with the IPR system, including the term 'intellectual property' itself. Specifically, 35 percent of the respondents had low familiarity with IPRs, 44 percent medium familiarity, and only 21 percent claimed a high familiarity with IPRs. Expectedly, results differ among IPR-holders and non-holders, the former having familiarity with IPRs at 35 percent, a significantly higher percentage than the aggregate sample.

SMEs claim a variety of reasons for choosing to protect their innovation with IPRs. Among the most common are preventing competitors from copying (79 percent), legal certainty (74 percent), and increased firm value and image (73 percent). SMEs are also informed from a variety of sources on IPRs including outside private counsel (55 percent), the Internet (48 percent), and national IP offices (22 percent). In contrast, SMEs claim as the most important reasons for refraining from IPR protection the low value of their innovation (27 percent), lack of knowledge on IPRs (27 percent), and inadequate expected benefit (26 percent).

In respect of the IPR registration process, SMEs indicate that a shortening and simplification of granting procedures, better and more accessible IPR databases, and cost reduction or financial support as useful measures in enhancing the effectiveness and value of the IPR system to SMEs.

SMEs have, according to the survey, overall little experience with IPRs licensing. Only 19 percent of respondents have ever engaged in IPR licensing, though familiarity increases by firm size and ownership of IPRs. From the fraction of the SMEs that has actually experience with licensing, most have been licensees (46 percent), rather than licensors (26 percent). Licences frequently involve copyright (39 percent), trade marks (37 percent), trade secrets (36 percent), and patents (24 percent). For licensors, the most cited motivation for licensing was licensing revenue (53 percent), business collaboration (46 percent), and expanding business (43 percent).

With regard to the enforcement of IPRs, 31 percent of SME rights holders responded that they have suffered an infringement in the past, a proportion that rises for medium-sized firms to 39 percent.

Trademarks and patents are the IPRs most infringed upon. Infringement results, according to the respondents, to loss of revenue (37 percent), reputation harm (36 percent), and a loss of competitive advantage (32 percent). Few SMEs have structured monitoring systems for IPR infringements; the majority is informed of infringements incidentally by customers or business partners.

Infringements are typically dealt with by means of negotiations (43 percent) and litigation (35 percent), whilst interestingly a 12 percent of SMEs refrains from any enforcement action. As reasons for refraining from court proceedings, SMEs cite costly court fees (58 percent), lengthy procedures (55 percent), and expensive lawyers' fees (53 percent).