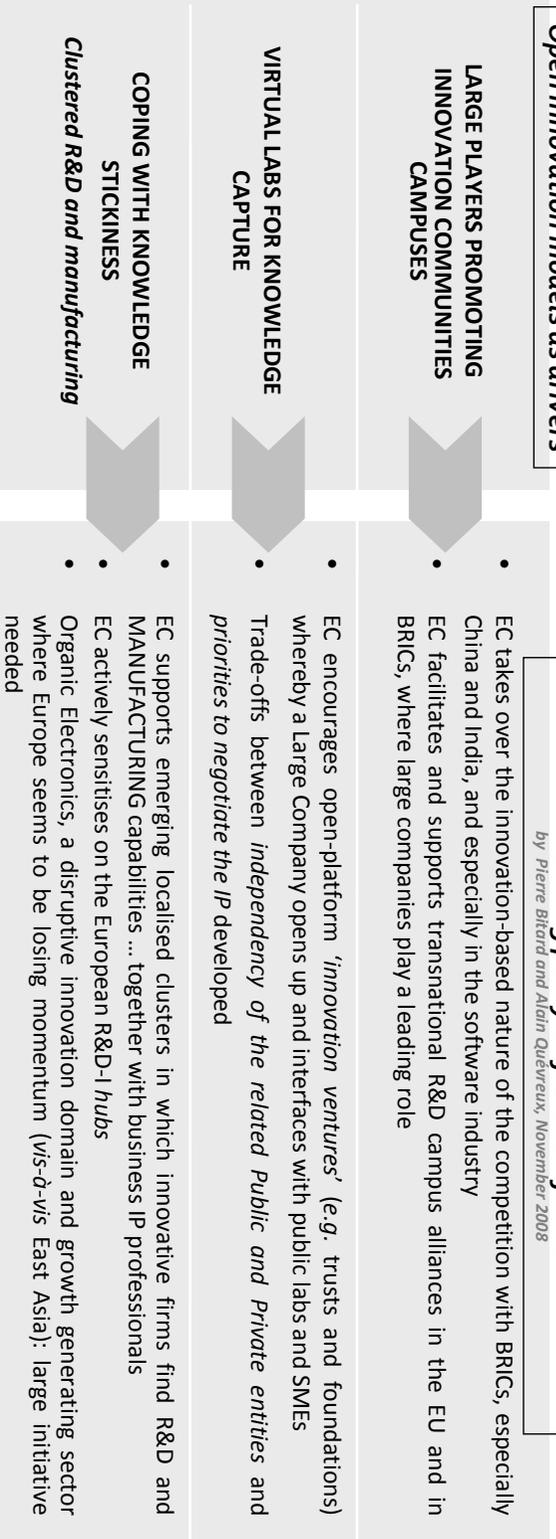


The diffusion of the Open Innovation paradigm can be considered as one of the primary roots of the fierce on-going Intellectual Property (IP) dispute. Numerous companies now acknowledge that some of their key innovation challenges are not solvable internally, in their own R&D departments. Globalization is reaching a new stage where IP rights become a critical policy issue. Indeed, whilst innovation-based competition stiffens within industries on a global scale, local ecosystems shifts affect a whole country's economy (cf. the contest over IPs between incumbent and emerging countries). Market valuation of knowledge produced through inter-organisation arrangements drives these ecosystems. These hybrid collaborative processes differ a great deal from one industry to the other; moreover, within each industry, strategic cooperative behaviours vary significantly, on a firm to firm basis. We identify three distinct open innovation models; each of them originates in a specific sector's dynamics –namely, *Software, Phannas and Electronics/Chemistry*, but their relevance clearly spills over. If open innovation describes a company's practice, public institutions do tend to become strategic players too. In such highly competitive games, innovation policy initiatives which favour interactive environments are required... under the condition of a strong European stance.

➤ For each of the three open innovation models, *Pierre Bitard and Alain Quévieux* suggest possible policy responses.

Open innovation models as drivers



Matching policy shifts and reforms

by *Pierre Bitard and Alain Quévieux, November 2008*

IDEAS FOR CHANGING EUROPE

A RESEARCHER'S THINKING

We need partnerships, such as through the patent pools, that unblock the development, production and sale of medicines and technologies that the developing worlds needs to have a sustainable and secure economy.

The non-profit Structural Genomics Consortium brings together governments, foundations and industry to determine the structure of proteins to better design medicines and places those discoveries in the public domain without restriction, as an example of a successful collaboration in the "new IP era".

Richard Gold, Chairman of the International Expert Group on Biotechnology, Innovation and Intellectual Property, McGill University

A BUSINESSMAN'S INTEREST

Singapore is a good place, because of intellectual property protection.

BASF focuses on downstream, innovation-driven, chemistry for our customers, to help them to be more successful. Such tailor-made processes will have more original intellectual property content so that it will be more difficult for them to change the supplier relationship. Everything starts with R&D but if you don't have manufacturing close to this, R&D will not stay.

The Economic Development Board [of Singapore] has been doing an excellent job in strategically positioning Singapore in this regard, by not just drawing in the big petrochemical investors but also the R&D labs like BASF's and Mitsui Chemicals' which will help generate the next generation products.

Jürgen Hambrecht, BASF Chairman of the Board of Executive Directors

POLICY SUPPORT ON THE MOVE

THE MASSACHUSETTS' LIFE SCIENCES INITIATIVE (8 MAY 2007)

LARGE PUBLIC FUNDING IN LIFE SCIENCE: \$1 BILLION OVER TEN YEARS

- 500 million in capital funds toward public higher education and other facilities and equipment to be used in collaboration with the life sciences industry
- 250 million on research grants, fellowships, and sector-wide workforce training initiatives + 250 million in tax benefits, targeted toward job creation
- 250 million in private sector matching funds for capital, research grants, fellowships and workforce training

BETTING ON IDEAS AND INNOVATION

- Stem Cell research funding to overcome federal prohibitions and leverage the existing global strength in stem cell research
- "RNA interference" funding to build upon the work of UMass Nobel laureate, Dr. Craig Mello

BUILDING THE INNOVATION INFRASTRUCTURE

- Strengthening of the life Science research in Higher Education Institutions and Academic Medical Centres through collaboration and funding partnerships
- Creation of the Massachusetts Stem cell bank (the largest repository of stem cell lines in the world)

- Creation of the Massachusetts Life Sciences "Innovation Centres" (regional facilities to enable research collaborations and entrepreneurship models that defray costs by sharing)

AN UNRESOLVED ISSUE: "BLANKET AGREEMENTS" (October 2008)

In the case of biomedical research, patents and intellectual property generated as a result of state-funded research by Massachusetts' academic scientists are licensed to biotech companies for the translation of scientific discoveries into medical breakthroughs. In its current form, the law allows that one company can pick all public sector-funded advances.

Such "blanket agreements" where only a single company has access to inventions creates a situation that fails to provide incentives to academic researchers to spin out new companies based upon their inventions. It would also fail to attract venture capital investment for companies.

GRIPS Intelligence Corner – How the IP market was born again

Companies form patent Trust to fight against patent Trolls

• Basic principle: private consortia procure patents so as to share the costs of patent litigations (which are unaffordable by a single company), with a defensive purpose

• Major players : Allied Security Trust (2008) regroups 11 companies, including Cisco, Ericsson and Google; Open Innovation Network (2005) gathers together Pro-Linux companies, including IBM, NEC, Red Hat, Sony and Philips; Intellectual Ventures (2003) has notably the backing of Intel, Microsoft and Sony.

• Example: each Allied member puts \$5 millions on an escrow account; Allied work with about 40 patent brokers which provide weakly lists of potentially problematic patents; Allied circulate the list to its members who choose to opt-in or not; on-hold, not bought out patents are then sold back by Allied

• Upcoming issue: competition between patent Trusts is still disputed a question; some foresee the emergence of "peace treaties" in the coming years