

# Econometric analysis of the use of systems for the protection of intellectual property in Belgium

Management Summary





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Small and Medium-sized Enterprises (SMEs) make a significant contribution to innovation and economic growth. Given the potential of intellectual property rights (IPR) as catalysts for research and development, the FOD Economie and the BOIP wish to create a clear view of IPR activities within the Belgian business landscape; with a special interest in the role of SMEs in this respect. The findings of this study support the design of a tailor-made approach to sensitize Belgian SMEs to the use of different forms of IPR.

The design of the study involved two phases. In a first phase, data were collected on the presence of the various forms of IPR among Belgian companies in the period 2010 to 2019. The IPR forms considered are: trademarks, patents, design rights and plant breeders' rights. The resulting list of 15193 Belgian IPR-active companies was linked to Bel-first for the extraction of company statistics that allow to determine company size and performance. From this, a database was developed where, at company level, IPR data were combined with data on company size (distinguishing micro, small, medium and large companies) and company performance. Details on the approach used in this phase, and how it compares to previous efforts, are described in Report 1 of this study: "Accompanying Report to database "Corporate IP in Belgium".

In a second phase, analyses were elaborated on the basis of the created database. The analytical report elaborates on these analyses. Through descriptive statistics and econometric analyses, the relation between company size and IPR profiles is analyzed, and it is examined to what extent different IPR profiles are associated with differences in company performance. These analyses specifically highlight the difference between SMEs and large companies. We summarize the main findings here.

A profile of IPR active companies in Belgium shows that their IPR portfolios are rather limited in size. Half of the companies have only one IP right, and only 6% of the companies have more than 10 IP rights registered. Also in terms of scope, the portfolios of Belgian companies are limited: almost 90% of the companies have only one IPR form. It should come as no surprise that the IPR portfolios of older and larger companies are more extensive in size and scope than those of younger companies and SMEs. A strong predominance of trademarks is visible in the Belgian IPR landscape. The coverage in terms of geographic validity differs depends on the IPR form. For design and plant breeders' rights, the focus is on European legal validity, while the coverage for trademarks manifests itself rather nationally. For patents, a more even distribution is visible between national and international areas of legal validity.

IPR active companies in Belgium are relatively old, with an average age of 20 years. On average, design rights holders are older than holders of the other IPR forms. The sector Wholesale and Retail is most strongly represented within the IPR active companies in Belgium. This is mainly driven by the large share of trademark holders, within which this sector is prominent. Patent and design holders are also clearly present within the Industrial sector.

No fewer than 84% of IPR-active companies in Belgium are SMEs. SMEs represent a very large share, especially among the holders of trademarks. This large predominance of SMEs is somewhat less pronounced among patent holders. The IPR active SMEs are on average 19 years old, while the large companies are considerably older with an average of 34 years. These SMEs are mainly active in Wholesale and Retail, while the large companies are most active in the Industrial sector.

The observations suggest a leverage effect of IPR, not only for internal firm performance, but also for the Belgian economy as a whole. The size of the IPR portfolio is related to productivity within a company, the scope of the portfolio is related to growth. This leverage effect for firm performance is particularly pronounced for SMEs, compared to large companies. In addition, IPR-active account for

23.7% of total employment in Belgium (2019), while they represent only a fraction of the total company population. In addition, IPR-active companies in Belgium provide a higher gross value added per employee than Belgian companies without IPR.

The leverage effect of IPR on growth is further confirmed by a comparative analysis of IPR active companies with comparable companies without IPR. The results indicate that the presence of IPR is associated with additional growth: companies with IPR experience a growth in employment that is approximately 2.5 percentage points higher than the growth of companies without IPR. While this effect relates to both scale and reach (of the IPR portfolio) for SMEs; the presence of some scope in the portfolio seems a prerequisite for large companies to obtain growth.



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