



Weaknesses and Strengths of Small Russian Companies in the Field of Intellectual Property Protection and Its Commercialisation

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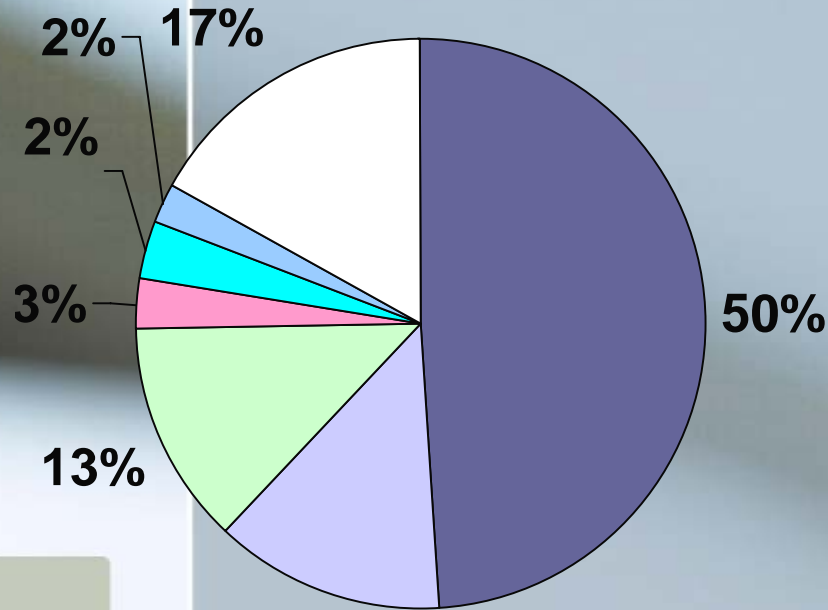
Director General of company of patent attorneys

TRANSTECHNOLOGY

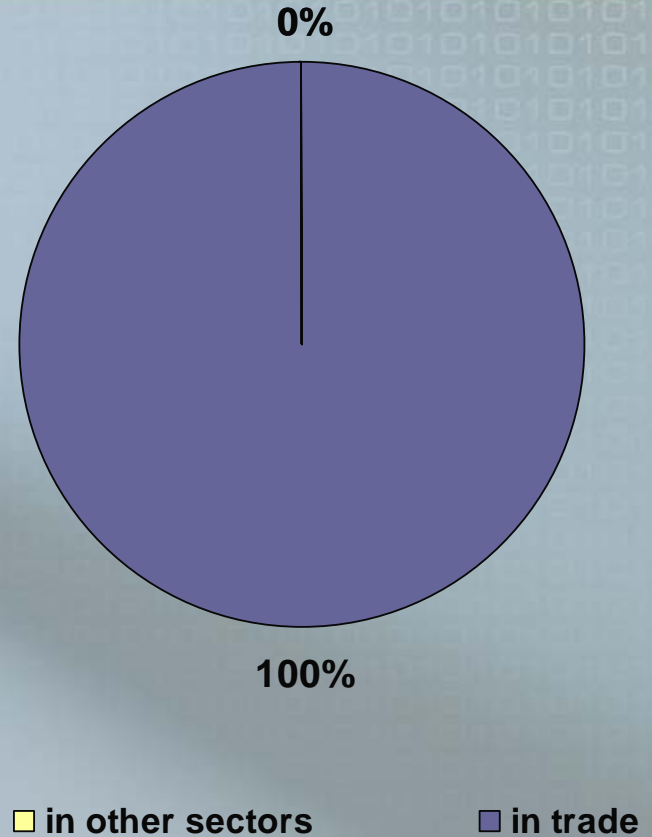
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Structure of small entrepreneurship

Small enterprises (SE)*



SE+Individual entrepreneurs



- trade 50%
- industry 13%
- construction 13%
- transportation 3%
- science and information technologies 2%
- public health services 2%
- other 17%

*Number of small enterprises (legal entities) in economic sectors according to data of the Federal Service of state statistics.

All-Russian Survey 2006 – “Innovation small and medium-sized entrepreneurship: problems of development”

Executives of the survey – OPORA RUSSIA; All-Russian Centre for Study of Public Opinion; US-Russia Entrepreneurship Centre.

Method of data collection – individual formalised interview.

Respondents – small and medium-sized innovative companies.

Number of respondents – 300. Of 300 enterprises:

- 202 small (number of employees up to 60 people), 98 medium-sized (60-500 people);
- 47 state-owned (state-owned or municipal organisations or institutions among founders), 253 non-governmental.

Selection by regions

- Moscow (53)
- Moscow region (49)
- St. Petersburg (42)
- Tula (20)
- Rostov-on-Don (38)
- Novosibirsk (50)
- Kazan (27)
- Yaloslavl (21).

Main results of the survey: general characteristics of small innovative companies

- Average age of companies – 13 years for all or 10 years – for non-governmental.
- Activity of 90% of companies is supported at the account of supplies of qualitative innovative products at low prices primarily to Russia and CIS.
- There is no stable demand for products and services of small innovative business at domestic market.
- Competitiveness of Russian small innovative companies at international markets is very low.
- 85% of companies lacks managerial skills, financial resources, a reputation of producer of highly qualitative goods and services, which are required to successfully compete globally with western companies.
- Above 85% of companies are innovative-passive and only 15 are active ones (see next slides).

Characteristics of innovative passive companies

- a. Activity includes mainly “utilisation” of IP already created in Soviet-era time;
- b. Own research is not performed;
- c. There is no need to ensure legal protection of IP;
- d. There is no need in services of patent attorneys and other specialists in the field of intellectual property;
- e. There is no need to study patent sources of information;
- f. Low level of awareness of possibilities and effectiveness of IP legal protection;
- g. Consider danger of presenting claims to them concerning infringement of IP rights of third persons as an insignificant one and know nothing about ways of enforcement of their IP rights in case they are infringed by third persons.

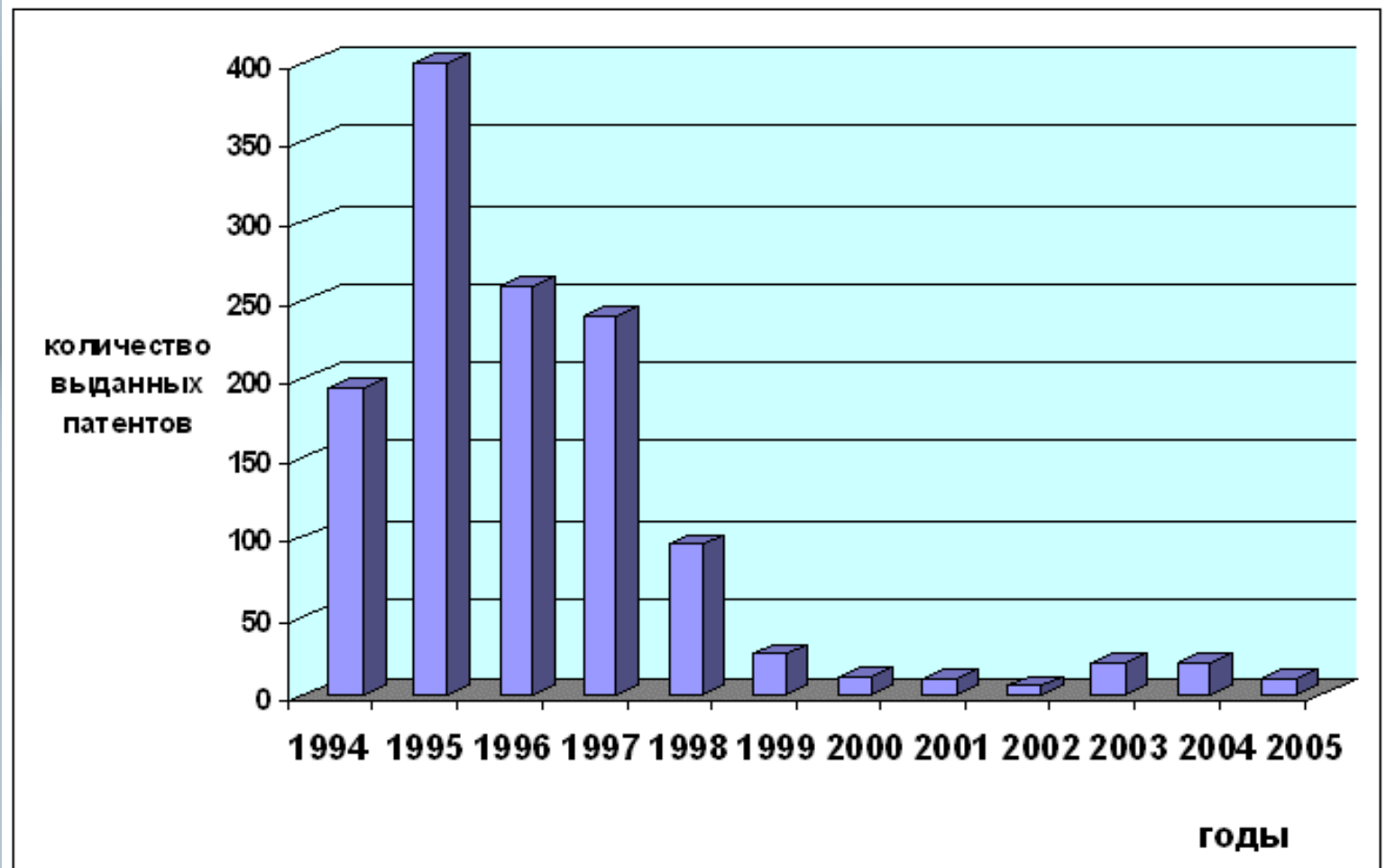
Characteristics of innovative active companies

- a. As a rule activity is based on IP, already created in Soviet-era time;
- b. Own research is conducted, including collaborative research with research organisations and companies;
- c. Actively study patent and scientific and technical information;
- d. Ensure legal protection of IP in Russia and overseas by filing applications for inventions, industrial designs and trademarks;
- e. There is a great need in services of patent attorneys, IP valuation, marketing and promotion;
- f. Rather high level of awareness of ways of IP legal protection, means of its enforcement and commercialisation.

Factors influencing selection of form of protection by innovative active companies

- - subject matter of protection (invention, industrial design, trademark; confidential information etc.)
- possibility of establishing a fact of infringement of rights;
- possible ways of commercialisation;
- possible countries of commercialisation;
- potential size of market;
- necessity to attract necessary resources;
- procedure of relationship of resources' owners (distribution of profits, responsibilities of parties, sharing risks, procedure of management etc.);
- - possible expenses for ensuring legal protection.

Number of patents for inventions obtained by small enterprises in 1994-2005г.



Thematic directions of patenting according to International Patent Classification (IPC)

The priority directions are the following:

- section A – agricultural machinery, medicine, pharmaceuticals, and biotechnology;
- section B – machine building (including metal processing), woodworking and technology of liquids and gases treatment;
- section C - metallurgy, chemical processes, waste treatment, and production of fertilizers.
- Of other sections could be mentioned section E. Main thematic directions in this section are represented by technology of oil extracting and mineral resources mining (including equipment and tools), construction and road and transportation machinery.
- There practically no patents in textile and paper industries (section D - 0,3%)

Main conclusions:

A tendency to reduce patent activity of small innovative companies is determined by the following reasons:

- High risk of research activity
- Lack of stable demand at the domestic market and difficulty to enter the international one
- Lack of clarity in issues of ownership, use and disposal of results of research and developments, performed using state budget funds;
- Weakness of legal mechanisms of preventing unfair competition in IP area
- Lack of developed infrastructure of consulting support on management of intellectual property, accessible to small companies
- Underdevelopment of law enforcement mechanisms in the area of IP enforcement and high costs of legal services in this area
- Underdevelopment of financial and loan mechanisms of legal protection process and technology commercialisation