



## Supporting invention and innovation in Central Finland: Inspiring IP awareness

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The substantial problems that exist in the dissemination of the message about the potential value of all aspects of intellectual property to entrepreneurs and SMEs are explored, in the specific context of the Central Finland region. A case study on existing levels of IP awareness showed the extent of the problems. The article then describes the ways in which this issue has been addressed, including the production of a free single page guide helping users to sharply focus on the link between key business activities and strategies and the value of IP in this context.

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### 1. Introduction

Finland has a dazzling reputation as a country of high technology and high-grade education. But there is one serious deficiency in all levels of education. The teaching of usage of the patent system and exploitation of patent information is widely missing. Large companies and state organizations have resources to train new intellectual property specialists for their own needs but the entrepreneurs establishing small and medium sized companies are left dangerously unaware of IP matters. This is a serious handicap particularly if we keep in mind that increasing amount of new innovations is made and should be made in SMEs in Finland.

Failures in patenting activities and neglecting prior art search with harmful outcomes are not the only IP problems SMEs have. Serious mistakes concerning IPR are often done due to hasty decisions made in designing marketing elements like company name, trademarks and web domains. Missing understanding in IPR issues leads also to making disadvantageous commitments with designers, subcontractors and companions, for example concerning copyright. It is also very common that entrepreneurs lose exclusive rights for their products by too early disclosure of their R&D outcomes.

Raising intellectual property awareness among SMEs is essential in building up competitiveness and securing the benefit of their R&D outcomes. But the problem is that small companies and startup entrepreneurs do not pay attention to the message. And

why would they? Raising IP awareness has been done emphasizing patents on such a scale that patents and IPR are widely understood as synonyms. And, for most of the companies patenting issues are not seen as relevant until they meet with some IPR conflict.

Raising IP awareness from my experience should start from showing the relevance between intellectual property rights and business strategy. Every company must design marketing elements in a manner that a brand can be created and upheld. In long term marketing, brand assets tend to define the value of a company. Patented technological achievements are also very important intellectual property but they are nevertheless exploited under some brand eventually.

This article explains the achievements in inspiring IP awareness in the Central Finland region. An intellectual property awareness study is introduced as a starting point. A new IP promoting tool and consequent developments for distributing IP education are presented. This article is based on the author's lecture given at the EPO's PATLIB conference in Manchester, UK, in May and June 2012 [1].

### 2. Study of intellectual property awareness

#### 2.1. The background and purpose of the study

One obstacle in raising awareness of Intellectual Property in Finland has been sometimes the negative attitude of intermediators, e.g. business advisors and organizations supporting and funding new ventures and innovations. In Martin Meyer's case study on "Independent inventors and public support measures" [2] were analyzed 33 Finnish independent inventors' cases. This

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author, who has worked in Finland as a research director and consultant, makes a clear conclusion that access to innovation support does not necessarily coincide with commercialization success. From my experience, if there is any support for IPR matters at all, it is for patenting process but not in brand creating. The overall picture of IP is missing, leading to over emphasizing patents at the expense of marketing elements like trademarks which are essential to succeed in the market.

Integrating patent and trademark information services would no doubt benefit entrepreneurs when they are assisted to develop their businesses. In the article “Supporting business and innovation – Patlib partnerships for the next generation” [3], Dorothy Connor emphasizes the link between patents and brand creating. Protected technological achievements gives to a company an advantage to price its products higher and thus allocate resources to marketing efforts to build an impression of an innovative brand.

Selina Päällysaho and Jari Kuusisto are widening the range of relevant IPR in knowledge intensive business services (KIBS). In their publication on “Intellectual property protection as a key driver of service innovation” [4] is made an analysis of innovative KIBS businesses in Finland and the UK. For this kind of companies patenting is not the key issue but they need also informal ways to protect their businesses and innovations.

The intermediators in Finland are often assessed by the number of new established companies or the total amount of funds used and not by the acquired intellectual property. Thus they sometimes tend to undervalue IPR issues, with the exception, for example, that the Foundation for Finnish Inventions does emphasize the importance of patenting. Therefore I decided to perform a study among the companies in my region to show that there exists a significant and injurious lack of awareness of intellectual property issues among SMEs.

When I was planning my IPR study I accidentally found a mother's day edition of a local free of charge newspaper that is delivered to every company and household. Its 162 advertisements offered me a good overview on all kinds of companies and their marketing activities. I skipped adverts by service providers like private doctors. The study was simple. I addressed five questions to each advertisement leading to one or zero point for the company. All the five questions were then summarized to give the score for every company, 5 points being the maximum. The five questions were:

- does the name of the company used in the advertisement match up to the name registered in official trade registers?
- does the company have a website?
- is the website domain registered with at least 3 top-level domains (TLDs)?
- if the company is using any recognizable trademark, is the corresponding registration made?
- are the trade name, trademark and website domain of the company consistent (i.e. do they form a sensible ensemble)?

In the study I confirmed the IPR status for each of the 162 companies from publicly available sources, the Finnish business and trademark registers and relevant domain registers. The results of my study provided some interesting results.

## 2.2. Half of the companies promote a trade name they don't possess

52% of the companies use a marketing name that does not equate to the registered one. This reveals a huge ignorance of brand creating and intellectual property nurturing. Partners and customers may see the company using an inaccurate name as unreliable and there is always the possibility to confuse names with other

companies. And this is what often happens as I know from my long experience as an invention advisor.

The high percentage may be explained by the iterative trade name registering process. An entrepreneur is understandably willing to register his or her favorite name but often it must be somewhat altered during the registration process. But, after registering is done, he or she often starts to use the name that was chosen in the first place regardless of the result of the registration process. An entrepreneur should always do a careful IPR study in the business plan phase. It is very probable that most of the companies would end up with a favorable outcome in choosing the trade name if they are reminded to pay attention to this matter.

## 2.3. Trademark registering is neglected by 80% of the companies

Some kind of a figure, sign or artistic feature that can be understood as a trademark is used by 79% of the companies. This high percentage was unexpected. But only every fifth of those companies have registered their trademark. Of the 162 companies only 25 possess a registered trademark. The others apparently don't have any knowledge of other's rights to names and signs used in their marketing. This leads, from my experience, to trademark and trade name infringements which could have been avoided by a proper IPR study preceding the establishing of the company.

Improper choice and use of a trademark is easily avoided. But the problem is the hasty decisions made in the startup phase, when the emphasis is often on getting the business rolling quickly. It is quite hard to take time and do far-reaching brand planning with corresponding IPR studies. Unfortunately the option is often taken to spend money in promoting a trademark that can perhaps never be registered. In some cases the use of one's trademark has to be stopped because of an infringement accusation, perhaps leading to winding up the whole business.

## 2.4. Web marketing has not been used or protected

Surprisingly few, 61% of the companies, have included their website address in their advertisement. Can the low percentage be explained by the fact that many of the companies are established just recently and they have not yet started Internet marketing? This should not be the case because every advertisement costs money and the entrepreneurs lose their chance to promote their website. Moreover, they may publish perhaps a very distinguishing business name which is then free for the others to register as a trademark or domain name.

It is unfortunately common that companies in Finland acquire only the Finnish top-level domain. The study revealed that at least three TLDs, including .fi and .com, were registered by only 10% of the companies. At least five is registered by just 3% of the 162 companies. This is a very worrying finding. The corresponding TLD is free for anyone to register. And this was also studied. It happens to be that 29% of the websites is possessed by different companies with different TLDs. Companies tend to get things just rolling and are not worrying about brand creating. From my experience, companies that grow to a certain size start international marketing but find that their precious trademark is useless abroad because the corresponding .com TLD belongs to someone else.

## 2.5. Marketing elements are inconsistent

In this study IP awareness was analyzed only by the usage of trade names, trademarks and web domains. These marketing elements are used by every company and give a good overview of IP skills of the company. As a summary it was also analyzed how many companies have designed their marketing elements to support

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