

## IP and innovators in traditional and informal sectors

From a social and economic perspective, support for local and inclusive innovation, which refers to innovation in economic sectors which are insufficiently covered formal arrangements, is particularly important in developing and emerging countries. This is because these sectors employ a substantial share of the labour force. However, IP for innovators in traditional and informal sectors is less relevant than it is for the other IP users because activities in this group are much more incremental and often involve very small local markets. They might, therefore, not be of sufficient quality for IP and patents, in particular, might be out of reach. Innovators in these sectors most frequently use informal mechanisms for appropriating returns from innovation such as after sales and other services, customer loyalty, family/community mechanisms, in tandem with community sanctions/ostracism for copying/imitation. This said, low use of other types of IP might be due to limited awareness or concern over enforcement rather than limited potential returns. Evidence on the relative importance of these factors to date is still scarce (WIPO, 2013).

Several IP-related opportunities arise for IP policy. These include (1) for traditional activities and other

Traditional knowledge can provide opportunities for innovation but pose challenges for the current IP

Discussions around IP for traditional knowledge are complex, because they refer to collective

Ground for discussions on IP regarding traditional knowledge is therefore sometimes of creating a

However, as is the case for other types of IP, ownership rights do not always generate economic value

In general, collective action is more important for innovators in informal and traditional sectors

A key issue for individuals in informal and traditional sectors is the access costs generated by IP protection. IP protection

## References

- OECD (forthcoming), National Intellectual Property Systems, Innovation and Economic Development with Perspectives on Colombia and Indonesia, OECD, Paris.
- WIPO (2013), Conceptual Study on Innovation, Intellectual Property and the Informal Economy, Committee on Development and Intellectual Property (CDIP), Eleventh Session, Geneva, May 13 - 17, 2013



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[1] <http://www.wipo.int/portal/index.html.en>