



INNOVATION FOR GROWTH

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Stimulating European Industrial Innovation

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EUROPE'S COMPETITIVENESS IS AT STAKE

The European manufacturing industry is under intense competitive pressure due to the growing challenges of an increasingly globalised market place. The economic crisis experienced in Europe since 2008 has led to countless company closures and job losses, resulting in a clear "deindustrialisation" in a number of business sectors.

To successfully compete head on in such circumstances, our companies need to heighten new product development activities and enhance business processes. Stakeholders in the manufacturing sector agree overwhelmingly that innovation will differentiate our products from those developed in other markets while offering lower prices. Both innovation and pricing are the key competitive advantages that must be secured in the face of global competition.

Europe needs an adequate framework to support industrial innovation which in turn must be considered as an asset and protected as such.

European government authorities can help nurture innovation in several ways.

PROTECTING KNOW-HOW, DRIVING GROWTH AND INNOVATION



It is important for our industry to effectively fight against theft of confidential business information, which is an important, intangible asset of companies. Greater protection will help their competitiveness and empower them to continue to more confidently invest in research and innovation in Europe.

Hubert Mandery, Cefic Director General



Much of the fragrance industry's intellectual property lies within this 'human capital'. Up to 18% of annual turnover is re-invested in the innovation process of which this human capital is central in terms of carrying out scientific research, gaining knowledge of markets and consumer behaviour, and nurturing the creativity of our expert perfumers. We welcome the EU Commission's recent impact assessment on the importance of the misappropriation of know-how to the European economy and encourage a policy framework that provides industries with a degree of certainty that they can protect their valuable intellectual property.

Pierre Sivac, IFRA President

European industry needs a competitive framework

The protection of innovation - along with other efforts to improve regulation - is part of a framework authorities have to define to reach their industrial policy objectives, namely reversing the decline of manufacturing industry in Europe and stimulating jobs and growth.

It is essential to encourage European creativity by protecting intangible assets, as part of a coherent industrial policy framework.

Regulation plays a key role in industrial policy. A supportive regulatory framework can foster innovation by developing skills in academia and business, by organizing cooperation in supply chains and by helping to keep the value of innovation and competitive advantages.

THE IMPORTANCE OF INNOVATION FOR EUROPEAN INDUSTRY



I consider innovation as the key for boosting European competitiveness and for getting out of the crisis. In the ITRE Committee that I chair, we write streamlined policies that address both the re-launch of European industry and the promotion of research. A perfect example is Horizon 2020, where innovation is the fundamental element to help our industries to become not only industrial leaders, but to reach the heights of scientific excellence.

Amalia Sartori,
Member of the European Parliament, EPP, Chair of
Industry, Research and Energy Committee

FOSTERING INNOVATION AS PART OF INDUSTRIAL POLICY



Europe's future competitiveness will be built on a sustainable industrial innovation strategy that rests on the pillars of efficiency, a skilled workforce and world-class R&D. To get there, Europe needs to become a leader in resource and energy efficient technologies via ambitious targets, the right policy incentives and public-private partnerships.

Reinhard Bütikofer,
Member of the European Parliament (Greens/EFA)
and Rapporteur on Industrial Policy

INDUSTRY NEEDS SUPPORT FROM LEGISLATION



We see innovation as a constant drive to improve quality, services, value, performance, and it requires investment to succeed. It is the return on that investment which generates the funds and the confidence for further research. To ensure that success we need legislative protection and incentives to avoid copies undermining our investment, and to protect our intellectual property.

Andy Adams, Head of European Regulatory Affairs,
Bayer CropScience

THE ROLE OF "SMART" REGULATION IN INDUSTRIAL POLICY



To meet its objectives of growth and jobs, Europe needs a smart regulatory framework rewarding innovation. This is why the protection of know-how and confidential business information must become part of EU legislation.

Jean Claude Lahaut, Cefic Secretary General

IMPORTANCE TO BOOST THE EUROPEAN INDUSTRIAL POLICY



Innovation and an improved business environment in the internal and international markets are two foundations for Europe's global industrial competitiveness. To achieve the goals of the European industrial strategy, a stronger EU-wide protection of trade secrets is needed. Trade secrets represent a substantial portion of a company's value and performance. They are essential for a company's growth, competitive advantage and sometimes even its survival.

René van Sloten, Cefic Executive Director

A CASE AS REFERENCE



At DuPont, we continuously develop new products, materials and services and these innovations, built on proprietary know-how, are at the heart of our success. Despite internal best practices on protection and security, DuPont has faced three significant cases of trade secrets thefts leading to guilty pleas, prison sentences and damage awards in the U.S. Because of the increasing trend of thefts, DuPont pleads for enhanced enforcement and protection measures in the European Union.

Nicolas Crudé-Mauroux, Technology Director Dupont
Protection Technologies EMEA

INTANGIBLE ASSETS AT RISK



Companies like Alstom are continuously improving/differentiating their technologies through return on experience and re-engineering. Protecting the resulting "know-how" through a common EU trade and business secret legislation is both urgent and strategic. We are already experiencing many cases in Europe where this lack of legislation translates into an impossibility to stop product/equipment resulting from theft of trade secrets entering the internal market (with direct consequences on jobs).

Alain Berger,
Alstom Senior Vice President European Affairs
and Head of Brussels Office

Stimulating innovation

To support innovation, European authorities encourage innovation via public-private partnerships; the manufacturing industry takes a decisive role in many of them. Innovative products provided to consumers and downstream industries are solutions for environmental and social challenges such as energy, housing and health for a planet with potentially a population of nine billion people by 2050.

Industry and the authorities together must unlock the potential of innovation in Europe. Innovative supply chains have been identified; several public private partnerships and innovation initiatives address the needs of the future.

STIMULATING INNOVATION



We must not forget that innovation is rarely predictable and that many important innovative breakthroughs have come as surprises not only to policymakers but also to technology developer. However, although we may not be able to predict innovation, we should try to detect it at an early stage, promoting it and allowing it to feed into the development of many more unexpected innovations.

Pilar del Castillo, Member of the European Parliament, Coordinator of the EPP Group at the Committee of Industry, Research and Energy

DEVELOPING OUR STRENGTHS



As rapporteur for the future regional funds, I have introduced the 'Smart Specialization' principle. Every region has to bring forward tailor-made choices as a basis for future funding from the regional funds. All regions have to develop their own strengths. They have to focus on synergies between research projects and their industry in order to foster innovation. For too long the EU has focused on research and technology development in separate fields, without an integrated follow-up to the market.

Lambert van Nistelrooij, Member of the European Parliament, EPP

FROM IDEA TO MARKET



Europe's ability to reach its goals of sustainable growth and competitiveness depends on timely delivery of new solutions and technologies. The time for individual action has passed for both European industry and the public sector. A new European innovation model is needed, that stimulates and speeds up ideas at key stages of the industrial value chain simultaneously, in order to create the synergies and the innovation breakthroughs that will make a difference for society.

Gernot Klotz, Cefic Executive Director

FIGHTING UNFAIR COMPETITION



A failure to protect trade secrets from industrial espionage generates unfair competition by illicitly providing competitors with immediate access to certain technological advances they may not have had the capability to develop, saving them years of R&D and enabling these competitors to undercut the original company by offering the same product at a cheaper price due to the absence of any time or costs incurred.

Jean-François Serrier, Solvay SA, Senior Executive Vice President, General Manager Intellectual Assets

KEEPING THE BENEFITS OF INNOVATION – SME CHALLENGES



Know-how and trade secrets are not sufficiently protected by confidentiality agreement laws and lack protection vis-à-vis personnel turnover due to high costs of non-compete clauses. Turning innovation into local industrialisation is the essence of innovation. Lack of local capital and high labour costs turns European innovation into industrial opportunities for Asia.

Francis Massin, CEO Nanocyl

A FRAMEWORK FOR INNOVATION

Investments are essential to innovation. Yet alone, these are not enough. Innovation is a mind-set that starts with an enthusiastic spirit and adequate research and capabilities, continues with entrepreneurship and cooperation in supply chains to share production and marketing breakthroughs, and ends with the protection of confidential business information – Europe's *know-how*.

REAPING THE REWARDS OF INNOVATION



The European Union has a strong research infrastructure and world leading researchers. But we are behind the global competition in translating research results into market leading products, and creating the jobs in Europe to exploit those new opportunities. The Single Market must offer the right conditions to reward enterprises that embed innovation into their business culture.

Malcolm Harbour,
Member of the European Parliament (ECR),
Chairman of the Internal Market
and Consumer Protection Committee

AN IMPORTANT FIRST STEP: TOWARDS A EUROPEAN PROTECTION OF KNOW-HOW



Creativity, innovation, know-how, trade secrets are valuable assets that the European Union should utilise, leverage and therefore protect as effectively as its trade partners are doing.

Marielle Gallo,
Member of the European Parliament (EPP)

Protecting innovation know-how against misappropriation

Better protection of business know-how or trade secrets, is needed for non-patentable inventions to keep this non-financial capital as a competitive advantage.

The investments made in innovation by companies and by society must be rewarded. Patents already remunerate inventors, but not all innovations are patentable. In Europe, confidential business information is not protected in a coordinated manner against unfair competition. Innovators should have a defence against unfair practices, as in other regions of the world.

The European Commission proposes to take measures against the misappropriation of confidential business information. This should contribute to deter unfair competitors and to maintain a reward for innovation. A coherent European framework must protect the owner from misappropriation, commercial espionage and theft.

Not all inventions can be patented. However, the value of these innovations must be protected against misappropriation. To stay ahead of the competition, Europe needs a coherent framework for protecting know-how, trade secrets and confidential business information against misappropriation.

PROTECTING OUR KNOW-HOW



Know-how and trade secrets in general constitute one of the most important assets for our companies, in particular for small and medium sized companies. Their protection should be treated on an equal footing with intellectual property rights. I therefore hope that the Commission will come forward with a sensible proposal to protect in an efficient and effective manner what represents, for European businesses, an essential value.

Andreas Schwab,
Member of the European Parliament (EPP),
Coordinator of the EPP Group at the Committee
for Internal Market and Consumer Protection

LEARNING FROM NATURE – PROTECTING COMMUNITY KNOW-HOW FOR A SUSTAINABLE SOCIETY



Our specialist industry depends on generations of know-how as well as state of the art technology and processes to deliver the highest quality citrus oils for the fragrance industry. We invest heavily in local people's skills ranging from the growing in the fields to the highly qualified researchers in the labs. The ability to protect our know-how is vital for our company and our community.

Ginafranco Capua,
Managing Director, Capua Citrus Oils
and Citrus Specialties

KEEPING THE SECRET OF A FRAGRANCE – RETURN ON INVESTMENT DEPENDS ON IP PROTECTION



Since a fragrance formula cannot be copyrighted or patented, our business model relies on the protection of our trade secrets or know-how. Misappropriation of our valuable intellectual property, no matter what size the company, could seriously hinder prospects for continued growth in our sector and a viable return on our considerable investments. We welcome policy initiatives that will strengthen intellectual property protection in Europe.

Michael Carlos,
President Fragrance Division, Givaudan

PROTECTING THE VALUE OF A PROCESS



Michelin as an important and worldwide player in the tyre market spends annually more than 600 million euros in research and development, and more than 1,9 billion euros in factories and equipment, increasing capacity, improving productivity and refreshing product lines. Most of our industrial know-how therefore stems from these investments, and the daily search for improvement in production processes in our 39 factories in Europe. These improvements make Michelin more competitive and Europe more innovative. European Union wide protection of industrial know-how and trade secrets echoes clearly Europe's 2020 growth strategy.

Arnaud Chatin,
Michelin, Head of EU Representation Office

OUR EXPOSURE TO MISAPPROPRIATION OF TRADE SECRETS



Based on our extensive economic and legal analysis on trade secrets legislation in Member States, Switzerland, the United States of America and Japan and on our statistical on-the-field survey performed across various industry sectors, our conclusion is that the European legislative framework on trade secrets is not uniform, starting from the lack of commonly acknowledged definition of what is a trade secret. Lack of an effective legislative barrier exposes companies to trade secrets misuse and misappropriation and overall has a negative impact on the competitiveness and economic growth of the Internal Market in the current global business scenario.

Lorenzo de Martinis, Baker & McKenzie Partner

WORKING ON A COHERENT FRAMEWORK



Fostering a vibrant internal market to effectively compete in global markets drives the EU's interests and promotes an industrial policy anchored around innovation and individual achievements, with a growing emphasis on a knowledge based economy. This should be made possible in conjunction with the appropriate and relevant framework for the protection of intellectual property including trade secrets. The EU institutions should provide this framework to level the global playing field.

Edit Herczog,
Member of the European Parliament (S&D)



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June 2013

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