

## Understanding the Data: Factors that Influence Innovative Governance Practices

### IP Governance of Innovation: The Basics

In order to achieve innovation in IP governance it is important to understand that:

- Legal rules, practices and institutions all play a part in the creation and exchange of innovations.
- Reaching policy objectives by way of legal reform is not always the best way to achieve innovation in IP governance; objectives can often be better reached by considering the interaction and complementary uses of legal rules, business practices, and institutions to identify conditions under which creation and exchange of innovations impacts the creation of value.

### Measuring Innovation Governance

To study and measure innovation governance, the International Expert Group compiled a database and created a unique simulation model that uses the extensive collected data to anticipate the consequences of different policy choices.

Part of the project that led to the *A New Era of IP Policy* included the creation of a database of key drivers and levers of intellectual property law for health and agriculture.

- Data covers ninety-three (93) factors, or variables,<sup>1</sup>—ranging from government investment in R & D to the price of technology—and includes seventeen (17) countries spread over five regions, covering 1995 – 2007.

The current studies the International Groups has conducted with the simulation model involve the analysis of three different policy objectives:

1. Maximizing the level of innovation;
2. Maximizing of the level of access to innovation; and
3. Maximizing of the amount of scientific infrastructure.

The model can be adapted to model an unlimited number of desired outcomes, for example, about scientific infrastructure and health care access.

The database and model allow researchers and policy analysts to manipulate variables to test changes in the innovation system and to observe the expected impact over time.

### Example

- If the government is considering the policy of increasing R&D expenditures, indicators of the impact could be measured; such indicators might include the number of new spin-offs and the level of sales.
- Level of spin-offs are important because they contribute to improvements in the scientific infrastructure and quality of risk analysis necessary for product safety.
- The model is flexible, and other variables can be added, such as the impact of exclusionary value (patent rights), the level of economic development, barriers to trade and pharmaceutical regulation.

### Next Steps

Over the next year, the International Group will be conducting studies to examine innovation governance and IP law using similar dynamics simulation to examine alternative policy strategies.

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<sup>1</sup> All 93 of these variables are catalogued in a publicly available “variable dictionary.”