

THE DAILY RECORD

WESTERN NEW YORK'S SOURCE FOR LAW, REAL ESTATE, FINANCE AND GENERAL INTELLIGENCE SINCE 1908

IP FRONTIERS

Why IP matters to our economic growth

As the result of the confluence of four major technology innovations — cloud computing, analytics, mobile devices and social media — we are constantly inundated with data and content. We are now on the cusp of a new period of technological advancement and economic transformation based upon collecting, analyzing, synthesizing and commercializing the data and content that is so pervasive.

Today our economic growth is knowledge driven, and less reliant on raw materials and labor. Corporate valuation has shifted from physical property to intellectual property. The collective success of a region's development of intellectual property is a significant correlating factor in its entrepreneurship and economic prosperity. However, innovations and ideas will not, in and of themselves, stimulate economic growth. It is the ability to protect and commercialize those ideas that provides economic value.

Patent system

Although often more valuable than personal property, intellectual property is more difficult to protect against theft and misuse. One method of protection is the U.S. Patent system, providing an inventor with exclusive rights to an invention for a period of 20 years, in exchange for disclosure of details of that invention. Intellectual property such as a patent is often used to license products and technologies, as well as to prohibit their use by others. Important innovations are not always reflected in patents; because of the time and expense of obtaining a patent, it is sometimes more effective to bring a product to market protected by



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Daily Record
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other intellectual property measures, such as copyrights, trademarks, or trade secrets.

Patent activity can be looked at as a measure of a region's entrepreneurship since it is one of the most direct and quantifiable outcomes of innovation. During the 1990s the number of utility patents granted to inventors in the San Jose, California and Austin, Texas metropolitan areas more than quadrupled on a yearly basis, while those in upstate New York remained relatively constant. While those two regions experienced economic prosperity during that decade, our region was relatively stagnant.

Over the last decade, however, upstate New York has been among our nation's leaders in the field of clean/green energy. Patents have been granted to local inventors in the areas of wind and solar power, fuel cells and related technology. Companies such as General Electric, Plug Power, Sematech and Global Foundries and institutions like RPI, RIT, Cornell and Albany's College of Nanoscale Science and Engineering have been institutional leaders. Patent growth in the field of clean/green energy innovations has translated directly to job and revenue growth.

Clean and green

For example, a Brookings Institute study finds that the Albany metro area had the highest concentration of clean/

green jobs of any major metro area in the nation. When looking at export revenue and real dollars derived from clean/green goods and services, Albany is one of only five U.S. cities that have over \$1 billion per year in clean/green exports, along with Chicago, Los Angeles, New York City and San Francisco.

Richard Florida's book, *The Rise of the Creative Class*, makes the case that development efforts should emphasize making areas more attractive to bringing and retaining creative and entrepreneurial individuals. Companies will form around technology, and technology forms around individuals. Hewlett Packard's former CEO stated "keep your tax and financial incentives, we will go where the highly skilled people are."

Upstate New York with its network of first-class educational institutions is poised to provide growing high-tech businesses with an educated and ready workforce. The increased efforts of our educational institutions focus on scientific research and entrepreneurship will continue to help create, attract, and retain the creative individuals from which intellectual property flows.

As we transition to a data and knowledge driven economy, we should strive to make New York a fertile region for creativity and innovation and the protection and commercialization of intellectual property.

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