

Original software drove the growth in intellectual property sales in 2018

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In 2018, businesses in Canada with research and development (R&D) activities sold \$4.5 billion of intellectual property (IP) and technological services, up slightly from \$4.2 billion in 2017. The increase was because of a growth in the sales of original (customized) software.

While IP sales increased by 6.4% in 2018, IP purchases declined by 12.7%, dropping to \$1.9 billion. This change was related to a decrease in IP payments for technological services, such as technical assistance and know-how.

The importance of IP is tied to the notion that new inventions and technologies, software, and other forms of R&D provide marketable products or concepts—and, ultimately, value—to a business. Through the protection of patents, trademarks and copyrights, businesses can recoup their R&D investments, create jobs, and increase their competitiveness and value for shareholders. Businesses can also use their IP to generate returns through IP sales, licensing agreements and the provision of technical assistance to clients by R&D personnel.

Original software drives growth in intellectual property sales

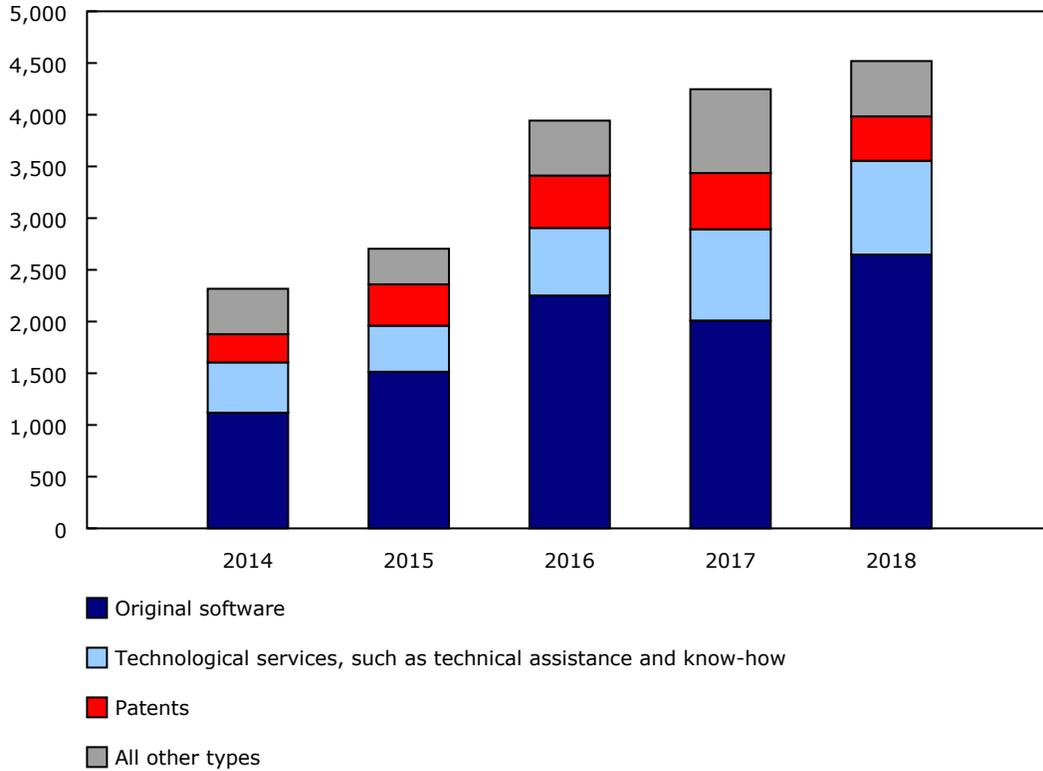
Sales of original software (\$2.6 billion) grew by \$638 million and accounted for the majority (58.6%) of IP sales in 2018, up from a share of 47.3% the previous year.

Original software is mostly produced by tech companies that operate in Canada's services-based economy. Services-producing industries—such as computer systems design and related services, and software publishers—accounted for the majority (90.1%) of all IP sales in 2018.



Chart 1
Payments received for intellectual property and technological services, by type, 2014 to 2018

millions of dollars



Source(s): Table 27-10-0348-01.

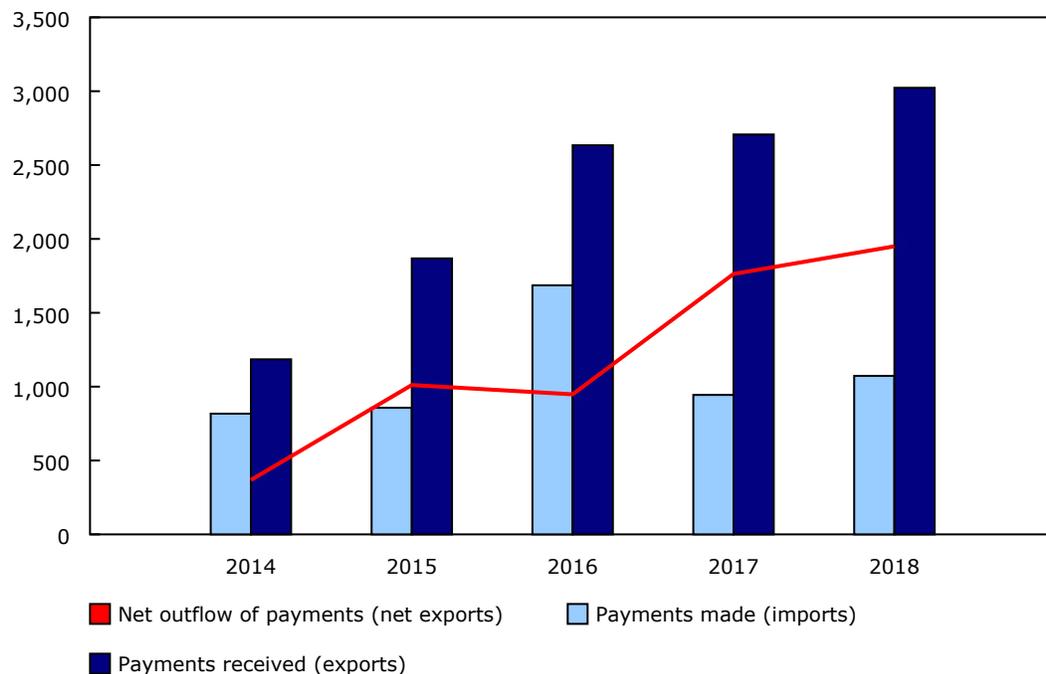
The majority of intellectual property transactions are international

In 2018, the majority of IP sales and purchases were made through exports (\$3.0 billion) and imports (\$1.1 billion) rather than through domestic transactions. In 2018, the share of sales made through exports edged up to 66.9% from 63.7% in 2017. The share of purchases made through imports rose, from 42.5% to 55.3%, because of higher imports and lower domestic purchases of IP.

Exports (+\$316 million) and imports (+\$129 million) of IP increased in 2018. The resulting net outflow of international IP payments (exports minus imports) increased slightly, to \$2.0 billion.

Chart 2
Exports and imports of intellectual property and technological services, 2014 to 2018

millions of dollars



Source(s): Table 27-10-0348-01.

International IP transactions were more likely than domestic transactions to be with an affiliated party, especially with purchases (imports). One-third (29.2%) of IP exports were to affiliated parties, while three-quarters (74.0%) of IP imports were from affiliated parties. Affiliated parties made up 16.9% and 17.0% of domestic IP sales and purchases, respectively.

Most intellectual property sales are to non-affiliated parties

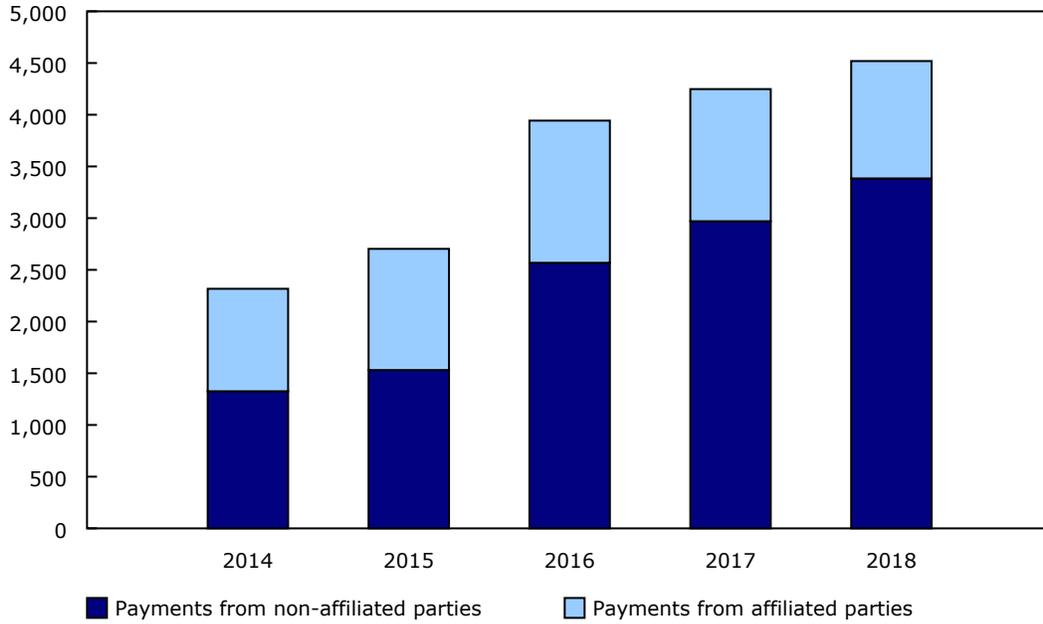
IP sales to non-affiliated parties increased by 13.9% in 2018, to \$3.4 billion, on original software sales.

Sales to non-affiliated parties grew each year from 2014 to 2018. These sales represented the majority of the increase in IP sales during this period; IP sales to non-affiliated parties more than doubled (+155%), while sales to affiliated parties grew by 14.5%.

Chart 3

Payments received for intellectual property and technological services, by affiliation, 2014 to 2018

millions of dollars



Source(s): Table 27-10-0348-01.

IP payments made to non-affiliated parties declined by 22.7% in 2018, while those made to affiliates were essentially unchanged.

Note to readers

The estimates do not represent all trade in intellectual property rights or informal technology assistance services in Canada.

These estimates of payments made and received for intellectual property and technology assistance were derived from data collected from companies within the Annual Survey of Research and Development in Canadian Industry sample. Although the data come from a sample survey, the responses are self-representing and are not weighted for these particular variables given the volatile nature of intellectual-property-related activities. Therefore, the estimates represent intellectual property commercial transactions only for the companies in Canada with research and development activities that responded to the survey.

R&D-active businesses are companies within the Annual Survey of Research and Development in Canadian Industry sample that funded or performed research and development during the reference period or in the previous year.

Because of differences in the scope of surveyed enterprises, the data on international trade in intellectual property in this release are different and are not directly comparable with other Statistics Canada data on [International transactions in services](#).

Intellectual property

Newly created knowledge can be formally protected through registered intellectual property (IP) instruments. Technology payments include payments made or received for patents, copyrights, trademarks, industrial designs, integrated circuit topography designs, original software, packaged off-the-shelf software, databases with a useful life exceeding one year, and other technical assistance, industrial processes and know-how. Technology payments can be made to, or received from, affiliated or unaffiliated organizations within or outside Canada. These technology payments can be for IP licensing, consultation fees and one-time sales.

Affiliated

An organization that, directly or indirectly through one or more intermediaries controls, is controlled by, or is under common control with, another organization.

Non-affiliated

An organization that does not control, is not controlled by and is not under common control with another organization, either directly or indirectly through one or more intermediaries.

Available tables: [27-10-0348-01](#) and [27-10-0349-01](#).

Definitions, data sources and methods: survey number [4201](#).

The new interactive dashboard "[Characteristics of research and development in Canadian industry](#)" ([71-607-X](#)) is now available.

For more information, or to enquire about the concepts, methods or data quality of this release, contact us (toll-free 1-800-263-1136; 514-283-8300; STATCAN.infostats-infostats.STATCAN@canada.ca) or Media Relations (613-951-4636; STATCAN.mediahotline-ligneinfomedias.STATCAN@canada.ca).