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Comprehensive Economic and Trade Agreement between the EU and Canada (CETA)

Prof. Dipl.-Ing. Andreas Zagros (Management Partner InTraCoM GmbH)

POSSIBLE OVERPERFORMERS IN STOCK MARKET (STOXX600 INDEX) DERIVED FROM PATENT
ACTIVITIES OF THE COMPANIES



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CETA in general

CETA will bring opportunities to different branches in Canada and to the European Union. Studies¹ expect for Canada a boost in the field of raw materials like ore mining (Gold, Silver, non-ferrous, copper, nickel, lead etc.), in the food market (beef, pork, soybean, fish, seafood, corn, wheat etc.) while for Europe manufacturers of pharmaceuticals, medicine, engines, vehicles, machineries will receive benefits from CETA.

Canada is a strong trade and investment partner for the European Union, a fact which is reflected throughout the agreement. CETA should unleash opportunities for both sides by liberalising markets and enhancing cooperation while reducing the costs of business transactions. Since small and medium-sized enterprises (SMEs) are more sensitive to transaction costs, CETA should be of particular benefit for this business group².

¹ [RBC, The Comprehensive Economic and Trade Agreement, October 2013](#)

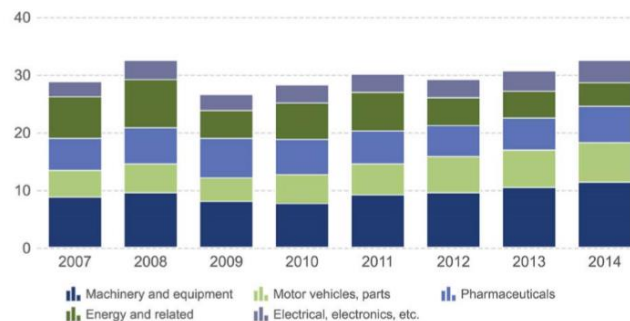
² [IN-DEPTH ANALYSIS Negotiations on the EU-Canada Comprehensive Economic and Trade Agreement \(CETA\) concluded.](#)

All products traded between the EU and Canada will profit from CETA, as customs tariffs on nearly 99% of all tariff lines on both sides will ultimately be liberalised.

Therefore it is uncertain, which companies will have higher benefits due CETA.

The branches which will have in general higher benefits due CETA can be defined by those which have the highest value on imported goods to Canada³:

Most Highly Valued Imports by Product Category
(\$ billions)



Description of the basic idea - Methodology

The basic idea of this study is to identify companies from EU which have a high relative innovation strength and prepare themselves for increasing their business in Canada.

This will be expressed in 2 ways:

[DIRECTORATE-GENERAL FOR EXTERNAL POLICIES POLICY DEPARTMENT, 2014](#)

³ [Parliamentary Information and Research Service, Nov. 2015](#)

- 1) The amount on patents is increasing disproportionate in Canada (compared to amount in their home market which is Europe)
- 2) The IP value shows a significant increase (applications and grants) in Canada (compared to the IP value in their home market which is Europe)

- ESSILOR INTERNATIONAL
- FRESENIUS MEDICAL CARE
- GETINGE AB
- GRIFOLS
- IPSEN PHARMA
- NOVOZYMES
- QIAGEN
- STADA ARZNEIMITTEL

Both indicators are expressing a self assessment of the companies and their expectations for the Canadian market. This means that they have either a relevant a market share for their products in Canada and expect to increase their business or they are still increasing their activities.

They are clear overperforming in the amount on patents for Canada compared with the activities in their home market which is Europe, and the IP value is as well overperforming. Further the total IP value divided through the total assets is rising, this means that the overall patent activities of the company are increasing.

The IP value is determined by an innovative approach of InTraCoM which is based on a pattern recognition algorithm on bibliometric data from patents. The methodology is temper proof in over 100 patent valuation projects with commercial clients as well as legal authorities and has a pending patent⁴ in Europe and USA.

The clear underperformers derived from their own IP statement (patent activity in CA) for the Canadian market are:

Samples of the rating – Healthcare companies

From Stoxx600 index the life science companies were analysed regarding the change of patent applications and grants for Europe and for Canada, and the change of the value of those patents in Europe and for Canada.

- COLOPLAST B
- GN STORE NORD
- LONZA
- MERCK
- NOVO NORDISK B
- ORION OYJ
- SONOVA
- SWEDISH ORPHAN BIOVITRUM

Further the change of the total IP value divided through the total assets was determined in order to identify an increasing or decreasing patent activity.

These companies have decreasing amount on patents in Canada and the IP values are decreasing as well.

The analysis was performed for the years 2010 to 2016.

The results of the most beneficiary European companies are shown in the graph at the next page.

Conclusion

Based on the above analysis the complete STOXX 600 Index could be analysed and a financial product derived out of it. The different sectors from the Index could be weighted differently, in analogy to the expected impact from the CETA agreement and from the amount on imports for the different goods in Canada.

Analysis of European companies:

About the Author

From the 33 stocks in total only 7 have clear advantages for the Canadian market:

Prof. Dipl.-Ing. Andreas Zagors is founder and management Partner of the Stuttgart based InTraCoM GmbH (Germany) and internationally recognized patent valuation expert. He was participating in the first standard for patent valuation and is doing research in

⁴ EP2923296A1, US20160004998A1

patent valuation for more than 16 years. He is guest professor at the Technical University of Cluj-Napoca in the field of innovation management.

InTraCoM GmbH is a patent valuation boutique with a long list of patent valuation customers. InTraCoM GmbH is performing patent valuations for M&A, patent transactions, licensing value determination, internal balancing purposes, sale and lease back, transfer pricing and many more valuation scopes. Their customers are

international big blue chip companies, governmentals, banks, official authorities, SMEs, Universities as well as big research organisations.

InTraCoM Group is supported by different international partners offering patent Valuation -specific data and business information. Within these partnerships also software and patent valuation-specific data can be offered based the InTraCoM-patent valuation methodology. With all these approaches, patent values can be determined within unbeatable precision, time and cost.

	No. Patents (EU+CA)	IP value/total assets change in %	No. Patents EU change in %	No. Patents CA change in %	IP VALUE EU change in %	IP value CA change in %
STADA ARZNEIMITTEL	75	861%	39%	600%	343%	2182%
IPSEN PHARMA	162	27%	27%	15%	168%	361%
FRESENIUS MEDICAL CARE	1304	109%	97%	95%	109%	359%
GRIFOLS	238	100%	75%	126%	93%	329%
NOVOZYMES	1480	0%	27%	50%	45%	289%
QIAGEN	512	95%	37%	29%	122%	243%
ESSILOR INTERNATIONAL	1473	0%	27%	24%	47%	218%
GETINGE AB	531	86%	23%	29%	67%	171%
INDIVIOR	20	473%	183%	200%	2514%	235%
GENMAB	75	0%	36%	10%	339%	113%
CHR HANSEN HLDG	179	96%	34%	25%	70%	73%
GERRESHEIMER	86	158%	177%	-25%	244%	569%
SMITH & NEPHEW	988	0%	40%	-2%	64%	152%
ACTELION	294	0%	21%	-7%	136%	176%
ROCHE HLDG P	10522	0%	40%	-4%	60%	74%
NOVARTIS	6400	0%	-20%	-14%	-9%	69%
UCB	572	0%	-32%	-24%	1%	58%
ELEKTA B	298	-33%	8%	-45%	-4%	57%
FRESENIUS	507	-11%	21%	-3%	13%	55%
ASTRAZENECA	2290	0%	-49%	-35%	-26%	52%
STRAUMANN	225	0%	27%	-65%	33%	52%
BTG	210	0%	-45%	-33%	-33%	50%
GLAXOSMITHKLINE	3026	0%	-26%	-12%	-12%	40%
H. LUNDBECK	342	0%	-48%	-41%	-11%	16%
SANOFI	5556	0%	-5%	-9%	-31%	15%
LONZA	516	0%	-32%	-45%	-42%	-1%
NOVO NORDISK B	930	0%	-22%	-36%	3%	-1%
ORION OYJ	196	0%	-43%	-30%	-28%	-2%
SWEDISH ORPHAN BIOVITRUM	59	0%	-77%	-57%	-79%	-5%
SONOVA	510	0%	32%	-51%	28%	-5%
MERCK	4182	0%	-30%	-64%	-31%	-9%
COLOPLAST B	487	0%	9%	-85%	12%	-50%
GN STORE NORD	296	144%	132%	-75%	113%	-58%

Overperforming in IP value CA and number of patent families in CA increasing
Fair performance in IP value CA and number of patent families in CA increasing
Overperforming in IP value CA but number of patent families in CA decreasing
IP value in CA decreasing and number of patent families in CA decreasing

Timeframe for the analysis are the years 2010 to 2016