From Intangible Value to Innovation:

Exploring the Trademark–Innovation Nexus in SMEs

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1. INTRODUCTION

Purpose

This briefing paper on Intangible Assets, Trademarks and SMEs has been prepared for the International Network for SMEs (INSME) for its 21st Annual Meeting in Alicante, Spain in October 2025. Prepared as a report, it addresses the key concepts, definitions, principles, policies, and practices of intangible assets with a particular focus on trademarks for and by Small and Medium-sized Enterprises (SMEs). The focus on trademarks highlights the importance of these instruments for protecting the intellectual assets of SMEs. Where resources are scarce, and where information and cognitive barriers constrain the capabilities and capacities of SMEs to protect, value, promote and use these assets effectively, trademarks can be seen as essential to their role in making innovation a strategic and operational imperative. The report provides an overview of how, why, where and when trademarks have an impact while pointing to the barriers and constraints faced by SMEs. It offers a global overview drawing on secondary material from academic research, consultancy reports, and multiple think-tank insights.

In common with all INSME's briefing reports, the focus of this report is on small and medium sized enterprises (SMEs) and their federations, the primary stakeholders of INSME.

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The Business of Intangible Assets and Trademarks

In the contemporary knowledge economy, intangible assets have become pivotal drivers of business competitiveness and innovation. For SMEs, whose growth often depends on differentiation, flexibility, and reputation rather than scale, intangible assets such as intellectual property (IP), brand equity, design, organisational knowledge, and trademarks, form the foundation of strategic advantage. As global markets become increasingly innovation-intensive and service-oriented, the capacity of SMEs to develop, protect, and leverage intangible assets directly shapes their capacity for sustainable growth and resilience (Morales, 2023).

Within this broader category of intangible assets, trademarks occupy a distinctive position. They serve not only as legal instruments for identifying the origin of products and services but also as strategic mechanisms that convey innovation, trust, and quality to consumers (MacGregor Pelikánová and MacGregor, 2019). Trademarks bridge the domains of law, marketing, and innovation by linking creative design and technical development to market perception and business reputation. For SMEs, in particular, trademarks represent a practical, cost-effective form of intellectual property that can safeguard innovation outcomes and enhance their visibility in competitive markets (Block et al., 2015).

However, despite the growing recognition of the importance of IP, the strategic integration of trademarks within SME innovation processes remains underdeveloped. Studies show that while many SMEs engage in innovative activities, relatively few actively employ trademarks as part of their innovation or branding strategies (Morales, 2023; Flikkema et al., 2024). They may also not realise the financial benefits of intangible assets such as trademarks. This gap in knowledge or information reflects both limited awareness, and the perception that trademarks are primarily legal formalities, rather than tools of innovation management. Yet, emerging research demonstrates that trademark design and strategy can influence how innovations are conceived, protected, and communicated in the marketplace (Medase and Basit, 2021).

Scope of the Report

Against this background, this paper explores the evolving relationship between trademark strategy and SME innovation, focusing on how trademarks contribute to the development, communication, and commercialisation of innovative products and services. The discussion aligns with the 2025 INSME Summit's emphasis on *"Intangible Assets and SMEs"*, highlighting trademarks as an often underutilised but critical component of the SME innovation ecosystem.

The paper addresses three interrelated questions:

1. How does trademark design reflect or influence product and business innovation in SMEs?

2. To what extent do SMEs integrate trademark strategy into their innovation and branding processes?
3. What is the level of awareness among SMEs about the strategic value of trademark protection for innovation?

In doing so, the paper situates trademarks within the broader discourse on intangible asset management, innovation measurement, and entrepreneurial competitiveness. It draws on a critical review of recent empirical studies commissioned or supported by the European Union Intellectual Property Office (EUIPO) and other academic sources (Morales, 2023; Flikkema et al., 2024; Medase and Basit, 2021; MacGregor Pelikánová and MacGregor, 2019). The analysis aims to illustrate how trademark awareness and utilisation can strengthen SME innovation performance, support brand differentiation, and contribute to sustainable competitiveness in the European and global context.

Structure of the Report

The rest of this report is structured as follows:

- Section Two provides a brief overview of intangible assets and their role in SME competitiveness.
- Section Three highlights the role of Trademarks as instruments for managing intangible assets.
- In Section Four we delve directly into the function of trademarks as tools for innovation by examining how trademark design reflects and influences Innovation in SMEs.
- Section Five considers how trademark strategy can be integrated with innovation and branding processes in SMEs, exploring the functionality and the strategic value of trademarks.
- In Section Six we offer a sketch of the levels of awareness and perception of trademarks as innovation assets across the globe.
- Finally, Section Seven makes some general observations while noting certain broad implications for policy and practice in concluding the report.

2. Intangible Assets and SME Competitiveness

The notion of intangible assets has gained increasing relevance in the postmodern global economy, which is “marked by eager competition and complex integration” and “brings contradictions emerging at the intersection of business and law” (MacGregor Pelikánová & MacGregor, 2019). The authors emphasise that decades of electronisation and digitisation have blurred the boundaries between tangible and intangible resources and led to the emergence of a “mature information society.” In this context, competitiveness is no longer derived solely from physical capital or material resources, but from the management of knowledge, innovation, and intellectual property.

Within the European Union, this understanding is reflected in the Europe 2020 Strategy, which emphasises smart, sustainable, and inclusive growth. Intellectual property, and especially industrial property, in the form of patents and trademarks, is recognised as pivotal for regional and global competitiveness (MacGregor Pelikánová & MacGregor, 2019). Intellectual assets are not only protective instruments, but also mechanisms that enable the commercialisation of knowledge and innovation. They provide firms with tools to transform ideas into market value, and help maintain fair competition by preventing imitation and misuse.

MacGregor Pelikánová and MacGregor (2019) further highlight that competitiveness in modern markets is closely tied to sustainability, ethical practices, and corporate responsibility. For many businesses, reputation, product quality, and social commitment now form integral parts of their competitive identity. In this respect, *intangible assets such as trademarks safeguard not only economic interests, but also the social and ethical dimensions of enterprise.* They help establish credibility, protect brand integrity, and prevent unfair competition, all of which reinforce a company’s long-term positioning in increasingly transparent markets.

Within this broader intellectual property landscape, SMEs play a particularly significant role. As Morales (2023) notes, SMEs account for “99 per cent of firms, two-thirds of employment and half of the gross domestic product (GDP)” in the European Union. Given their scale and resource constraints, SMEs rely on flexible, cost-effective means to secure and signal innovation. Intellectual property rights, including trademarks and design rights, provide a “quick and easy” way to measure innovation at macroeconomic level. Morales (2023) points out that while patents are effective in high-tech sectors, they are less suited to service-based or low-technology industries, the primary arena for many SMEs across different regions. By contrast, trademarks can reflect market and product innovation more accurately in these contexts, *as they are linked to the commercialisation and differentiation of products and services rather than to technological invention.*

Empirical evidence from the European Union Intellectual Property Office (EUIPO) reinforces this view. Recent data indicate that trademarks are associated with innovative activity in approximately 77.6 per cent of cases among SMEs, compared to 66.7 per cent for patents, suggesting a stronger correlation between trademarks and innovation than between patents and innovation (Morales, 2023). This finding highlights how intangible assets, when effectively managed, function as both enablers and indicators of innovation.

Thus, *the conceptualisation of intangible assets encompasses both the means of innovation and the markers of innovation success*. They provide SMEs with tools to compete in complex, innovation-intensive environments. They allow smaller firms to convert ideas into protected market offerings, enhance customer trust, and sustain differentiation.

Section 3 below focuses on trademarks as a specific category of intangible assets, examining how they operate at the intersection of innovation, branding, and strategic value creation.

3: Trademarks as a Subset of Intangible Assets

Among the distinct categories of intellectual property, trademarks play a particularly strategic role within the broader landscape of intangible assets. To explain this role of trademarks this section is organized as follows:

(3.1.) The definition of trademarks

(3.2.) Trademarks as a source of value

(3.3.) Trademarks and SME Competitiveness

(3.4.) Trademarks and Innovation

3.1. The definition of trademarks

A trademark is a legally protected sign, symbol, name, or design that identifies the goods or services of a specific seller and differentiates them from those of competitors. It may take various forms, including words, logos, shapes, colours, or sounds, it is distinctive and capable of distinguishing one enterprise's offerings from others.

In marketing, trademarks are fundamental tools for assuring consumers the source, quality, and reputation associated with a product or service. By allowing firms to develop and consistently communicate a unique identity, trademarks play a central role in shaping brand value, supporting brand positioning, and facilitating consumer recognition and loyalty (Kotler & Keller, 2016).

From a legal perspective, trademarks serve as indicators of commercial origin, enabling consumers to recognize and select products based on their expected quality and reputation. Once registered, trademarks grant their owner exclusive rights of use in connection with the designated goods or services. This protection benefits both consumers and producers: consumers are protected from confusion, deception, and counterfeit goods, while producers secure their brand identity and reputation, preventing competitors from unfairly capitalizing on their investments (WIPO, 2025).

From an economic point of view, trademarks contribute to market efficiency by reducing information asymmetries between producers and consumers as well as transaction costs. In markets for experience goods, where quality cannot be fully evaluated prior to consumption, trademarks function as credible signals of quality and origin, enabling consumers to make informed purchasing decisions and allowing producers to demonstrate their commitment to maintaining quality standards. By identifying otherwise unobservable product characteristics through distinctive signs or symbols, trademarks reduce consumers' search costs and thereby enhance the efficient functioning of markets.

Trademarks also encourage product differentiation, expanding the number of products available in the market. This variety responds to diverse consumer preferences and contributes to overall welfare. Furthermore, trademarks incentivize firms to maintain and improve quality over time, since the value of a trademark is directly tied to consumer trust and perceptions. In this way, trademarks support reputation-building over time, enabling firms to commit to consistent quality standards and creating brand loyalty, which can lead to more stable market structures (Economides, 1988).

Beyond these legal, economic, and marketing functions, trademarks are also increasingly recognized as strategic intangible assets within firms' intellectual property portfolios. They can be leveraged to expand into new markets, facilitate brand extensions, attract investment, and support licensing or franchising activities. In contemporary markets, where brand value often exceeds tangible assets, trademarks represent a critical mechanism for value creation, appropriation, and protection, particularly for SMEs seeking to build strong market positions.

3.2. Trademarks as sources of value

Trademarks operate at the intersection of law, innovation, and marketing, linking creative development to commercial and reputational value. A trademark, as described by MacGregor Pelikánová and MacGregor (2019), is a distinctive sign that performs several business functions, including:

a) Origin identification.
b) Product differentiation.
c) Quality assurance.
d) Brand investment.

Through these combined functions, trademarks consolidate a company’s identity while supporting competitiveness and innovation.

Trademarks have increasingly evolved beyond their traditional legal role to become dynamic strategic resources. Rather than serving only as labels of ownership, they facilitate the translation of innovative ideas into recognisable market offerings.

Morales (2023) conceptualises *trademarks as mechanisms that can indicate the presence and diffusion of innovation, particularly within industries where technological invention is not the primary driver of competitiveness*. In service sectors and consumer markets, where creative differentiation and brand storytelling are key, trademarks enable firms to transform innovation into market identity.

Empirical research complements this theoretical view by highlighting the strategic complementarity between trademarks and other business assets. Morales et al. (2024) show that *combining trademark data with patent records can significantly broaden the scope of innovation measurement by capturing product and design innovation that traditional indicators often overlook*. Their analysis of Dutch SMEs reveals that combining trademark and patent data increases the number of measurable innovations by more than 50 per cent, strengthening the case for using trademarks as complementary innovation indicators.

Trademarks also enhance the perceived credibility and quality of innovations. Medase and Basit (2021) emphasise that when trademarks are combined with formal quality certifications, such as ISO standards, they reinforce a firm’s reputation and perceived reliability, leading to stronger innovation performance and a positive effect on product innovation. The authors note that this constructive collaboration builds consumer trust, enhances reputation, and facilitates market acceptance of new products. This underscores that trademarks function not only as protection mechanisms, but also as active components of innovation success.

For SMEs, the strategic value of trademarks lies in their ability to integrate protection, communication, and collaboration within a single framework. Block et al. (2015) identify three main motives behind SME trademarking: protection (safeguarding revenue and preventing imitation), marketing (strengthening corporate image and customer loyalty), and exchange (improving negotiation power with investors or partners). In this sense, trademarks operate at the intersection of innovation, branding, and business strategy, serving as tangible expressions of intangible value.

From a financial point of view, trademarks can be valued as intangible assets on the balance sheet, using income, market, or cost-based methods, but only if they are purchased. They can be used as collateral for loans or to attract investors (a strong, legally protected brand reduces business risk). They can be monetized through licensing, co-branding, or franchising agreements, all of which generate cash flows. Financial players increasingly look at IP because a good trademark portfolio is a signal of maturity, stability, and growth potential, improving access to both debt and equity financing.

3.3. Trademarks and SME Competitiveness

For SMEs, trademarks play a particularly strategic role in compensating for structural disadvantages. Trademarks not only reflect innovation outcomes; they also shape innovation strategies, by enabling firms to protect and capitalize on the intangible dimensions of their innovative efforts.

The strategic use of IP rights can enhance SMEs' competitiveness and long-term performance (Rogers et al. 2007). Trademarks can be regarded as assets; indeed, companies with significant intangible assets, including trademarks, tend to have a higher market value: companies with intellectual property rights (IPRs) generate 23.8% more revenue per employee compared to those without IPRs. While only around 10% of small and medium-sized businesses register IPRs, those that do report 44% higher revenue per employee compared to their counterparts without IPRs. SMEs that register trademarks exhibit stronger performance, particularly in terms of productivity growth and survival rates, compared to those that do not use IP (EUIPO, 2025).

SMEs competitiveness is often based on differentiation or niche strategy, they cannot pursue cost leadership strategies because they cannot enjoy the economies of scale of larger firm, and they have to avoid the "commodity trap" coming from low-cost products manufactured in emerging countries instead they often choose a differentiation or niche strategy. Here trademarks play a pivotal role in product differentiation by establishing and protecting brands and by distinguishing an SME's products from those of its competitors. Trademarks may indicate firm's innovativeness, positioning, and market orientation.

Moreover, trademarks strengthen SMEs' competitive position by shaping consumer behaviour. IP provides a distinct identity, image, and reputation. Brand awareness and recognition permit avoiding comparative analysis, thus speeding up the purchasing decision-making. Customers are not able or simply do not want to collect and process all the information to make rational choices. They have bounded rationality, they choose through heuristics, rule of thumbs. Customers prefer to make instinctive and emotional decisions quickly, even if they are not completely logical, which is where the value of brands lies.

3.4. Trademarks and Innovation

The relationship between trademarks and innovation is inherently complementary. Together, they help firms build reputation, recover investments, stimulate further creativity, and guide consumers toward trustworthy new products.

Trademarks complement patents by capturing the commercialization and branding dimension of innovation, rather than its technological component (Castaldi and Dosso, 2018). While patents provide time-limited protection for the technological aspects of an invention, trademarks offer potentially indefinite protection for the identity, reputation, and market image of the associated products, as long as they remain in use. This makes them particularly valuable for sustaining competitive advantages after patent expiration, and for appropriating returns from innovation in service sectors, where patents are often less applicable (Millot, 2009). A typical example is the Intellectual Property strategy of pharmaceutical companies of protecting new chemical entities with patents, and then building strong brands for the produced new drugs with trademarks and related marketing. Here trademarks act as complements to R&D and patents. Companies failing to strategically brand their innovations may limit their long-term impact (Aaker, 2007).

Studies show overall positive correlations between the firm-level use of trademarks and firm-level proxies of innovation. Innovative firms consistently use more trademarks and patents (Mendonça et al. 2004). Trademarks are an essential part of bringing innovations to the market. By definition, innovation happens when the invention is successfully applied and commercialized, turned into a product, service, or process that creates economic or social value. This process involves production, marketing, branding, distribution, and customer adoption. Here trademarks play a key role. They give the invention a recognizable identity, help build consumer trust, and support the marketing strategy.

That is why trademarks are a valuable indicator of innovation (Mendonça et al., 2004; Millot, 2009), alongside traditional patent-based measures, to the extent that they are included as an indicator under Intellectual Assets to measure a country's intellectual property performance in the European Innovation Scoreboard (European Commission, 2025). While patents refer more to inventions than innovations, trademarks can capture the commercialization of innovations, patents often underrepresent innovation in service sectors, incremental innovation, and non-technological forms such as marketing or organizational innovation (Ribeiro et al., 2022).

At the policy level, the evolution of the EU trademark system reflects this broader understanding. The 2015–2017 reform replaced the Office for Harmonisation in the Internal Market with the EU Intellectual Property Office (EUIPO), and introduced measures to make trademarks more accessible to businesses. These changes were designed to ensure that trademark protection contributes more directly to entrepreneurial competitiveness by reducing registration costs and introducing new types of trademarks, thereby aligning intellectual property policy with the objectives of innovation and sustainable growth (MacGregor Pelikánová & MacGregor, 2019).

Overall, trademarks embody the transformation of intangible assets from static legal rights into strategic tools for innovation management. They help firms convert creative output into market value, bridge the gap between invention and consumer recognition, and protect the symbolic capital that underpins reputation and trust.

In Section 4 below we examine how trademark design specifically influences innovation outcomes within SMEs, focusing on the interaction between creative branding and product development.

4. How Trademark Design Reflects and Influences Innovation in SMEs

As discussed earlier, trademarks function not only as indicators of market identity, but also as strategic tools that connect innovation with perception and value creation. Beyond their legal and protective functions, the design and deployment of trademarks can both reflect a firm's innovative activity and shape how that innovation evolves.

This section explores three interrelated dimensions of this relationship:

(4.1.) How trademark design reflects innovation through branding and distinctiveness.

(4.2.) How timing and contextual factors shape the trademark–innovation connection.

(4.3.) How trademarks can, in turn, influence future innovation trajectories in SMEs.

4.1. Trademark Design as a Reflection of Innovation: Branding, Distinctiveness, and Scope

Trademark design is one of the most visible ways that innovation is communicated to the market. It transforms intangible creative effort into a recognisable sign that conveys novelty, identity, and trust. Flikkema et al. (2019) suggest that the relationship between trademarks and innovation depends largely on the branding strategy underpinning their creation. Firms that adopt a *brand-creation strategy*, introducing entirely new brand identities rather than extending existing ones, tend to file trademarks that are more original in wording, imagery, and design, making them more likely to reflect genuine product or service innovation. In contrast, *brand-extension strategies* reuse established marks, and are typically less connected to new innovative offerings.

This connection between design and innovation is particularly evident in SMEs, which often lack the resources to manage extensive brand portfolios. Instead, they concentrate their efforts on developing distinctive marks that embody the uniqueness of their innovations. *Trademark design, therefore, becomes a concise narrative device that signals the newness, purpose, and positioning of an offering.*

Another dimension to how trademark design reflects innovation is through scope (industry classes, geographic coverage) and distinctiveness (how novel or non-similar to existing marks). Trademarks that diverge substantially from existing marks, through unique symbols, word combinations, or visual identities, tend to correlate more strongly with innovative activity (Flikkema et al., 2019; Block et al., 2015). Distinctive marks signal originality and creativity, helping SMEs stand out in competitive environments. By contrast, trademarks that cover a very broad range of product classes or geographical areas may dilute this link, as they are less directly tied to a specific innovation. This suggests that as SMEs attempt to use trademark design to mirror innovation, there is a trade-off: overly broad scope dilutes the direct link between the mark and a particular new product or service. Thus, an SME consciously designing a trademark for its novel offering will often limit industry classes or geographic extent initially, to preserve the symbolic alignment with innovation. *For resource-constrained SMEs, a highly distinctive, narrowly scoped trademark can thus serve as both a tool for the communication of innovation and as a means for strategic commitment*. It informs customers, investors, and partners that the firm is introducing something different and is confident enough to protect and publicise it. Through deliberate design and symbolism, SMEs effectively embed the story of their innovation within the trademark itself.

4.2. Strategic Timing and Interaction with Organisational and Market Factors

The temporal relationship between innovation development and trademark filing is another pathway through which design reflects and can influence innovation. The question is: does the SME file the trademark *before*, *during*, or *after* product/service development?

The moment when a firm decides to register a trademark can reveal much about its innovation process. Early filing may act as a pre-emptive signal, communicating to potential investors or collaborators that a new product or service is forthcoming (Seip et al., 2018). However, early commitment can also constrain creative flexibility if the innovation evolves in unexpected directions. In contrast, firms that delay trademark registration until after a product's development can ensure a closer alignment between design and final market positioning, though they may forgo early visibility.

SMEs often balance these trade-offs by using adaptive approaches, which are filing a preliminary mark early to secure a basic identity and refining it later when the innovation matures. The chosen timing therefore becomes a strategic decision that reflects not just readiness to commercialise, but also the firm's approach to innovation management and market communication.

Firm-level characteristics such as age and size also influence how trademarks reflect innovation. Older and larger SMEs, with more structured marketing and managerial systems, tend to derive greater benefit from trademark use (Medase & Basit, 2021). In practice, a more mature SME may have the resources to invest in refined design, branding professionals, or legal counsel, thereby enabling more sophisticated trademark-innovation alignment. At the same time, smaller or younger firms may use distinctive design and bold brand imagery to compensate for their limited market visibility, leveraging trademark design as an affordable innovation signal.

Trademark design also interacts with several organisational and external factors that shape how effectively it supports innovation. Medase & Basit (2021) provide key empirical evidence. In their analysis across eleven countries, they find a synergistic effect between having a trademark and holding a quality certification, such as ISO standards. Firms that couple trademarks with certification perform better on product innovation compared to those using one without the other. The authors explain that the coexistence of formal certification and visual brand signaling reinforces market trust, encouraging consumers to perceive new products as both credible and innovative. This interaction illustrates how trademarks can amplify the reputational signals already embedded in other intangible assets.

Externally, trademarks function as market signals that shape stakeholder perceptions. Castaldi and colleagues (as cited in Block et al., 2015) note that trademarks can enhance the legitimacy of new ventures, making it easier for SMEs to attract investment, form collaborations, or enter new markets. The design, tone, and presentation of a trademark influence not only consumer response but also how innovation is interpreted by the broader business ecosystem. Morales et al. (2024) further demonstrates that combining trademark and patent data increases the measurable number of innovations by SMEs by around 51.8%, especially in scale-intensive and supplier-dominated industries, which effectively underscores the added informational power that well-designed trademarks bring to innovation measurement, and reinforces their role as outward indicators of inventive and creative activity.

Together, these timing, organisational, and market dimensions illustrate that trademark design operates within a dynamic ecosystem of innovation signals, shaped by when, how, and why firms choose to reveal their innovative efforts to the world.

4.3. From Reflection to Direction: How Trademarks Influence Future Innovation

While trademark design initially reflects existing innovation, it can also influence the direction of future innovation. Once a distinctive trademark gains recognition, it creates expectations among consumers, partners, and investors that shape subsequent strategic decisions. A successful mark becomes part of a firm's innovation identity, establishing boundaries around how future offerings should align with their perceived values and aesthetic.

SMEs that build strong reputations around trademarks associated with sustainability or technological creativity often continue innovating within those domains to reinforce consistency and trust. For example, an SME that establishes a reputation for "eco-friendly design" through its trademark logo may be incentivised to innovate further in sustainable features. This creates a form of *path dependency*, where the trademark's established meaning guides both product design and innovation priorities. At the same time, the brand equity accumulated through a trusted trademark can reduce market uncertainty, encouraging firms to experiment further under the same identity.Moreover, *trademarks can serve as catalysts for collaborative and open innovation.* A distinctive and reputable mark attracts attention from suppliers, distributors, and potential partners, expanding the SME's innovation network. The brand's credibility can make it easier to enter co-development agreements or licensing deals, effectively extending the innovative impact of the original design. In this way, trademark design evolves from being a static reflection of innovation to becoming a strategic platform that shapes how innovation is pursued, communicated, and scaled. It helps SMEs consolidate their market position, inspire continuity in creative direction, and leverage reputation as a foundation for ongoing innovation.

We continue with Section 5 which attempts to answer the key question of how to integrate and embed trademarks within the wider innovation systems and practices of firms.

5. Integration of Trademark Strategy into Innovation, Financing and Branding Processes

Previous sections have demonstrated that trademarks function as more than legal identifiers. They are strategic, communicative, and symbolic assets that can reflect and influence innovation. We now turn to the integration dimension, examining how SMEs embed trademarks within their innovation and branding systems. Successful integration ensures that trademark management is synchronised with product development, market positioning, and technological advancement, rather than treated as an isolated administrative step. Two complementary aspects are explored here:

(5.1.) The strategic positioning of trademarks within SME innovation and brand architectures.
(5.2.) Financial benefits and trade-offs

(5.3.) The organisational practices and capabilities that enable such integration in increasingly technology-driven markets.

5.1. Strategic Positioning of Trademarks within Innovation & Brand Architectures

For trademarks to contribute effectively to innovation, they must be aligned with the firm's brand architecture and innovation roadmap. This means considering trademark implications at the concept stage of product or service development, when design, naming, and market positioning decisions are still fluid. Cao et al. (2022) emphasise that strategic trademark management links organisational resources and innovation goals to competitive outcomes by embedding trademark rights and licensing decisions into broader strategic planning. In this sense, trademarks function as vehicles that connect innovation to market visibility and long-term brand equity.

SMEs typically face three interrelated positioning choices. The first concerns whether to deploy corporate trademarks (representing the whole enterprise) or product-specific marks (tied to individual innovations). Empirical evidence from the Italian fashion industry shows that corporate trademarks tend to generate stronger performance effects than product-specific ones, as they reinforce firm reputation and continuity of identity (Agostini et al., 2013). However, in technology-oriented SMEs, especially those developing software, AI applications, or modular digital services, product-specific trademarks can communicate distinct value propositions and facilitate strategic flexibility (Flikkema et al., 2019; Morales, 2023).

The second choice relates to the scope of protection. Narrowly scoped trademarks, focused on specific product classes or market segments, are often more suitable for innovation-intensive SMEs because they preserve a clear association between the mark and the new offering. In contrast, broad, multi-class registrations suit established firms seeking long-term brand scalability. This distinction echoes findings that small firms often register trademarks defensively to protect specific innovations, rather than build extensive portfolios, whereas large firms pursue broader filings for long-term strategic leverage (Block et al., 2015; MacGregor Pelikánová & MacGregor, 2019). For resource-constrained SMEs, a phased approach, starting narrow and expanding as the innovation matures, allows trademarks to evolve in step with the business model and available resources, a strategy consistent with evidence that SMEs balance protection scope with financial and managerial capacity (Block et al., 2015).

Finally, trademark strategy must align with brand hierarchy and narrative coherence. According to Block et al. (2015), SMEs often trademark to strengthen company image and customer loyalty, objectives that depend on consistency between product identity and corporate reputation. When SMEs launch a new product or digital platform, the trademark should reinforce, not fragment, the company's identity system. An integrated architecture ensures that customers perceive continuity between past and emerging innovations, thereby strengthening cumulative brand equity. This alignment is particularly important in knowledge-intensive sectors, where brand and technology co-evolve to build credibility.

5.2. Financial benefits and trade-offs

Trademarks are considered to be one of the most valuable, long-term, and, therefore, enduring business assets of a firm. For the growing business, it may license, merchandise, or use the trademark as a key component of franchising agreements, to obtain revenue through royalties. The rights can be sold either as part of or separately from the business, thereby supporting a more robust sales volume and higher margins (WIPO, u.d.).

Trademarks with well-established value may also be used to secure financing. While physical assets like buildings and machinery are readily observable and clearly represented on balance sheets, many valuable company resources, represented by intangible assets, are less apparent. But if firms intend to report intangible assets such as trademarks on the balance sheet, they must meet specific recognition criteria. The criteria require the asset to:

- Be Identifiable (i.e., separable or arising from contractual or legal rights).
- Be able to generate expected future economic benefits.
- Have a cost that must be reliably measurable.

The important distinction lies between internally generated and externally acquired intangible assets. Most *internally generated* costs such as research and development (R&D) expenses are often treated as expenses that have been incurred by the firms, rather than being capitalized. Identifying, evaluating, and measuring the cost and future economic benefits during the creation of such an asset internally is a difficult proposition. However, *externally acquired intangible assets, such as patents or trademarks* obtained through purchase, are capitalised and recorded on the balance sheet at their acquisition cost, which can be the aggregated sum of the purchase price and any directly attributable expenditures necessary to make the asset ready for its intended use. This crucial difference underlines the principle of conservatism in accounting practice. In essence, the future benefits of intangibles that have been purchased are more certain than internally developed ones.

Once they are shown on the balance sheet, the intangible assets can be amortised (systematic allocation of their cost over their estimated useful life) in the same way that tangible assets are depreciated. The process reflects the consumption of the asset's economic benefits over time, and the amortization expense is recorded on the income statement, reducing a firm's reported earnings. At the same time, it decreases the asset's value on the balance sheet. The resulting value on the balance sheet can then be leveraged for attracting funds or agreeing the value of the firm during a sale (Accounting Insights, 2025).

5.3. Organisational Practices, Decision Frameworks, and Capabilities including digitisation and AI

Integrating trademark strategy requires a blend of managerial foresight, cross-functional coordination, and capability development. WIPO (2021a) advises that intellectual property planning should begin at the earliest innovation stages when ideas are conceptualised and prototypes are designed. SMEs that audit their intangible assets at this point can identify which aspects of their innovation warrant trademark protection and ensure that naming, packaging, and communication are consistent with innovation goals.

A key practice involves cross-functional coordination between R&D, design, marketing, and legal functions. Even in small firms where these responsibilities overlap, early collaboration prevents inconsistencies between the product's technical features and its brand promise. Coordination also helps to anticipate regulatory or ethical issues, especially in technology-intensive sectors such as artificial intelligence (AI), digital platforms, or data-driven services.

The accelerating use of artificial intelligence (AI) and digital tools adds a new dimension to trademark integration. As AI increasingly drives product development and content creation, trademarks are becoming critical for asserting authenticity and human originality. The World Intellectual Property Organization (WIPO, 2024c) notes that the rise of generative AI tools introduces new complexities around ownership, brand identity, and misrepresentation. Trademarks help establish accountability and distinctiveness in a landscape where algorithms can easily replicate names, logos, and designs. Morales (2023) also notes that digitalisation has blurred boundaries between tangible and intangible outputs, making brand signals critical to distinguish genuine innovation from replication. SMEs deploying AI in product or service development use trademarks not only for protection, but also as indicators of transparency, data integrity, and ethical positioning (Medase & Basit, 2021).

Moreover, digital technologies enable more dynamic trademark management. AI-powered monitoring systems, capable of scanning online platforms for potential infringements, allow SMEs to manage portfolios dynamically, turning trademark governance into a data-informed strategic capability (Cao et al., 2022), linking innovation analytics, brand performance, and customer sentiment in real time. In this way, technological integration both necessitates and enables more sophisticated trademark practice.

Capability building underpins these efforts. *Effective integration depends on three mutually reinforcing competences: legal literacy, design and marketing capability, and analytical capability*. As EUIPO (2025) reports, SMEs supported by advisory and funding programmes show higher success rates in linking trademarks to innovation outcomes. Partnerships with innovation hubs, incubators, or design agencies, and SME Federations can substitute for in-house expertise. Networks such as the EUIPO SME Fund and Enterprise Europe Network increasingly play facilitative roles, helping SMEs connect strategic IP use with growth and internationalisation objectives.

To what extent then is there a sufficient level of awareness among SMEs of the nuanced benefits of trademarks? We attempt to answer this question in Section 6 below.

6. Global Awareness and Perception of Trademarks as Innovation Assets

In this section we provide a snapshot of the levels of awareness and understanding of the value of trademarks across the globe. To do this we have arranged the section in three parts:

(6.1.) Cross country comparisons.

(6.2.) Barriers to awareness

(6.3.) Factors that enable and support initiatives for SME trademark strategy

6.1. Cross-Country Comparisons of SME Trademark Awareness and Use.

Awareness and utilisation of trademarks among SMEs vary considerably across regions, reflecting differences in institutional maturity, policy support, and business culture. Recent data highlight a changing global geography of trademark activity, marked by an eastward shift of both filings and strategic awareness. While SMEs across the European Union (EU), United Kingdom (UK), United States (US), and Asia increasingly recognise the value of trademarks, the depth of understanding and strategic engagement with intellectual property (IP) remains uneven. Drawing on the latest *World Intellectual Property Indicators 2024* and *WIPO IP Facts and Figures 2024*, along with EUIPO and national SME surveys, this section compares how SMEs in these regions perceive and use trademarks as innovation assets.

Global and Regional Trends

Worldwide trademark activity remains high despite a recent deceleration. In 2023, approximately 15.2 million trademark classes were filed globally, a slight decline of about 2% from 2022 (WIPO, 2024a). Asia now dominates the global landscape, accounting for around two-thirds (66–70%) of total filings, while Europe and North America together represent less than a quarter (WIPO, 2024a; 2024b). The top five trademark offices - China, the United States, the Russian Federation, India, and the European Union Intellectual Property Office (EUIPO) - collectively processed 62% of all filings worldwide, up from 45% a decade ago (WIPO, 2024b

– see Figure 1 below). This concentration reflects both the industrial dynamism of Asian economies and a broadening of IP awareness among smaller firms in emerging markets.

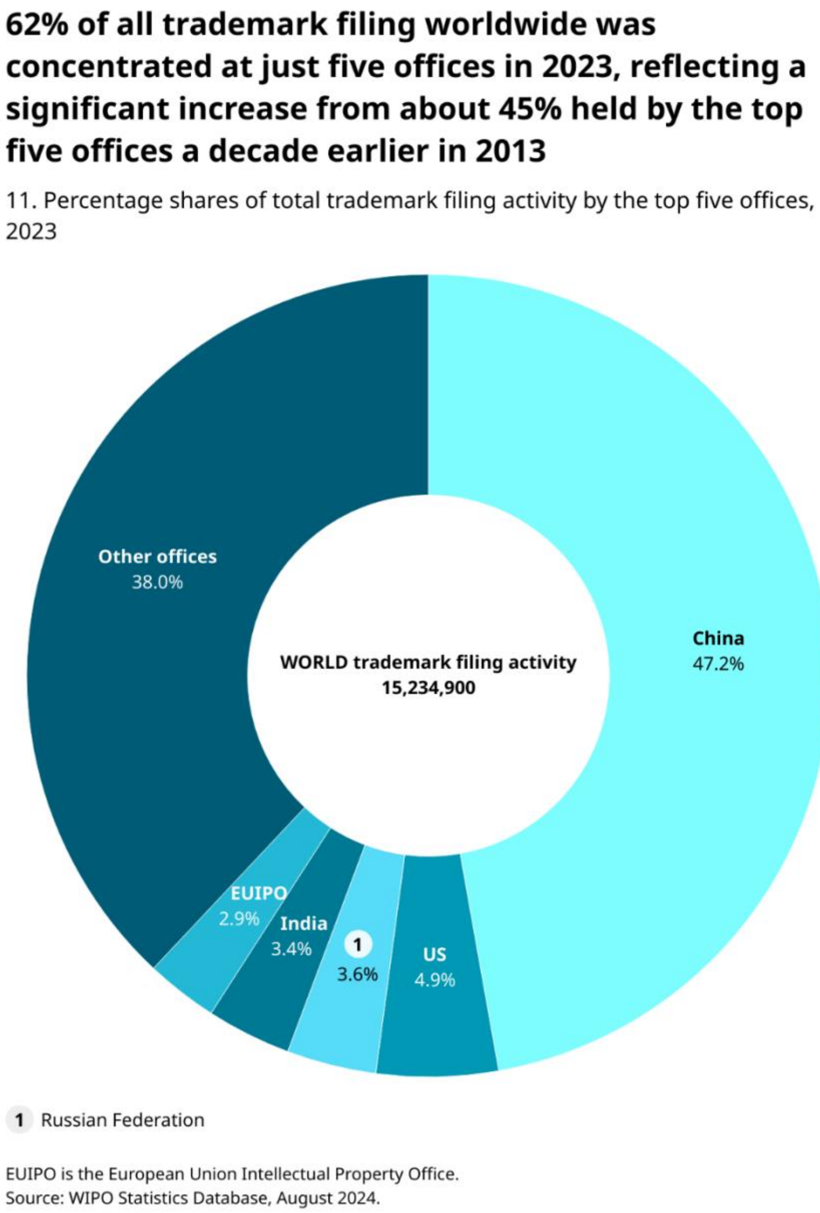

Figure 1: Percentage share of global trademark filing activity by top five offices in 2023 (Source: WIPO, 2024a)

Europe and the United Kingdom

In the European Union, awareness of intellectual property (IP) among SMEs has improved but formal utilisation is still limited. The *EUIPO Intellectual Property SME Scoreboard* (2022) reports that only around 10% of EU SMEs own any registered IP rights, including trademarks, patents, or designs (EUIPO, 2022). This low level of engagement suggests that many European SMEs still view IP as peripheral to their core business operations. Nonetheless, those that do register IP report substantial benefits: 93% of IP-owning SMEs state that protection has had a positive impact on their business performance, including enhanced reputation (60%), stronger protection against imitation (58%), and improved long-term prospects (48%) (EUIPO, 2022). This indicates growing recognition of the strategic value of trademarks, even though overall participation remains modest.

In contrast, the United Kingdom exhibits comparatively high levels of awareness and uptake. According to the UK Intellectual Property Office's (2024) *IP Awareness and understanding among UK SMEs report*, 79% of SMEs are familiar with the term "intellectual property", and 96% recognise the concept of trademarks. Furthermore, 63% of UK SMEs report using at least one form of IP protection, with copyright and trademarks representing the most common choices. Despite this encouraging level of engagement, only 27% of respondents express confidence in their understanding of trademark strategy (UK IPO, 2024). This finding suggests that while outreach and education have successfully raised awareness, many SMEs still lack the depth of expertise required to integrate trademarks strategically into their innovation and branding processes.

United States

The United States remains the second-largest trademark jurisdiction after China, accounting for roughly 739,000 classes filed in 2023, just under 5% of global activity (WIPO, 2024a). Yet the number of filings by US-domiciled applicants fell by around 10 % year-on-year as post-pandemic corrections set in (WIPO, 2024b). In the SME segment, awareness of trademarks is widespread but practical utilisation is inconsistent. Report shows that cost, lack of expertise, and uncertainty about commercial returns remain key deterrents (Caramela, 2023). Nevertheless, targeted initiatives, such as the *USPTO IP Identifier* and expanded entrepreneurship training, have improved outreach and are slowly narrowing the knowledge gap (USPTO, 2023). As branding through e-commerce and social media intensifies, an increasing number of American start-ups now recognise trademark registration as a prerequisite for credibility with investors and customers alike.

Asia

Asia now drives global trademark growth, led by China, India, South Korea, Japan, and a rapidly advancing Southeast Asia. China alone accounted for approximately 47% of all trademark classes filed worldwide in 2023, with more than 7.2 million classes, although domestic filings fell slightly (–4.4 %) amid slower economic growth (WIPO, 2024b). The country's SME sector has become a major contributor to this volume, reflecting two decades of government-led IP promotion. Awareness of trademarks among Chinese SMEs has risen sharply due to extensive national education campaigns. However, internationalisation remains limited, with only about 6% of Chinese applications filed abroad (WIPO, 2024b). Trademarks are thus viewed primarily as domestic competitive tools rather than as global strategic assets (Morales, 2023).

In Japan, trademark activity has weakened, with resident filings declining by about 8.4% in 2023 (WIPO, 2024b). Japanese SMEs still under-utilise IP compared with large corporations, though the Japan Patent Office's *IP Finance Promotion Project* is beginning to raise awareness by linking trademarks and other IP rights to access to finance (JPO, 2025). South Korea shows stronger engagement. Its IP office processed around 366,000 classes in 2023, and Korean enterprises maintain one of the world's highest rates of trademark ownership relative to GDP (WIPO, 2024b). Government mentoring and subsidy programmes have made trademark protection routine among export-oriented Korean SMEs.

India has emerged as a new growth centre, with 520,862 trademark classes filed domestically in 2023, up 6.1% from the previous year (WIPO, 2024b). Nationwide outreach initiatives such as the *National IP Yatra 2023* have expanded IP literacy among entrepreneurs, contributing to rising registrations by start-ups and technology firms (Government of India, 2023). In Southeast Asia, filing volumes remain smaller but growth is pronounced. Indonesia recorded 120,880 and Vietnam 87,000 classes in 2023, with Indonesia's filings increasing by 8.6% year-on-year (WIPO, 2024b). Singapore stands out for high SME IP sophistication, supported by the Intellectual Property Office of Singapore's business-oriented advisory and financing schemes (IPOS, 2023). Across ASEAN, awareness is rising though still uneven; younger, export-oriented SMEs are far more likely to register marks than traditional enterprises (WIPO, 2024d).

Comparative Analysis

The comparison across regions reveals both convergence and divergence. Asia now accounts for 70% of global trademark filings, reflecting both sheer economic scale and policy-driven awareness campaigns, whereas Europe and North America together represent barely one-quarter (WIPO, 2024a; 2024b). Yet high filing volumes in Asia do not automatically equate to deep strategic engagement. Many SMEs there register trademarks defensively or in response to government incentives, whereas in the UK and parts of Europe trademarking tends to be more deliberate and brand driven. In contrast, US and European SMEs often possess high awareness but lower participation, constrained by costs and perceived complexity. Overall, the evidence points to a common pattern*. Awareness of trademarks among SMEs is rising worldwide, but strategic utilisation remains limited by resource, capability, and contextual factors*. Continued education, simplified procedures, and financial support, through programmes such as the EUIPO SME Fund or Asia's national IP voucher schemes are essential to translate awareness into active engagement and to consolidate trademarks as integral assets of SME innovation strategy.

6.2 Barriers to Trademark Awareness and Use Among SMEs

Despite increasing recognition of intellectual property (IP) as a driver of innovation and competitiveness, SMEs continue to underutilise trademarks. While earlier sections have demonstrated regional progress in awareness, the transition from awareness to strategic adoption remains incomplete. *A complex interplay of cognitive, organisational, financial, and institutional barriers constrains SMEs' ability to view and use trademarks as innovation assets.* These obstacles are strikingly consistent across economies, though their intensity varies according to institutional maturity and market context.

Cognitive and Perceptual Barriers

A fundamental obstacle is the limited understanding of the role of trademarks in supporting innovation, particularly among micro and early-stage enterprises. Many SME owners associate trademarks purely with legal protection rather than as strategic tools for differentiation, brand reputation, or market expansion (Block et al., 2015; EUIPO, 2022). Surveys in both advanced and developing economies confirm persistent misconceptions. The *EUIPO SME Scoreboard 2022* revealed that 35% of non-IP-owning SMEs saw "no additional advantage" to registering IP rights, while 20% believed their products were "not innovative or unique enough" to justify protection (EUIPO, 2022, p. 24). Similarly, a WIPO (2023) survey found that across emerging

Asian markets, a large proportion of entrepreneurs perceived IP protection as unnecessary unless operating at export scale. This cognitive bias stems from short-term strategic horizons, where SMEs focus on immediate sales or survival rather than intangible asset building.

Another perceptual barrier lies in the undervaluation of brand equity. Many SMEs, especially in traditional manufacturing or local service industries, continue to prioritise production over branding (Medase & Basit, 2021). The consequence is a paradox. Although SMEs are often highly innovative, their intangible output remains unprotected, limiting their ability to appropriate returns from creativity (Morales, 2023). As a result, trademarks are frequently registered reactively, after disputes or cases of imitation, rather than proactively as part of innovation planning (WIPO, 2021a).

Knowledge and Capability Gaps

A recurrent theme in SME IP studies is the deficit of managerial and procedural knowledge required to navigate trademark systems effectively. Even when SMEs acknowledge the importance of trademarks, they often lack the expertise to identify, register, and manage them strategically. This is particularly acute among smaller firms without dedicated legal or marketing departments (Cao et al., 2022). For instance, Japanese SMEs have cited “difficulty understanding procedures” and “lack of in-house specialists” as key reasons for low IP adoption (JPO, 2025). Similarly, Norwegian SMEs surveyed by the OECD reported limited understanding of non-patent IP, suggesting that trademarks and design rights are less familiar than patents (OECD, 2021).

This capability gap extends to IP enforcement and portfolio management. SMEs often lack the capacity to monitor markets for infringement or to pursue litigation when infringements occur. As a result, they may perceive trademarks as ineffective, reinforcing a cycle of disengagement (WIPO, 2023). The absence of clear guidance, particularly for cross-border protection, further limits SMEs’ participation in global trademark systems (WIPO, 2024a).

Financial and Resource Constraints

Financial limitations remain among the most cited reasons for low SME trademark adoption. Registration fees may appear modest in absolute terms, but for resource-constrained enterprises, the associated costs, such as searches, legal representation, oppositions, renewals, and enforcement, can be prohibitive. In the EUIPO (2022) survey, cost was identified by 33% of SMEs as a deterrent to IP registration, even in high-income countries. In developing economies, the cost barrier is even more pronounced. Micro-enterprises in Indonesia and Vietnam often operate informally and lack the liquidity to invest in legal protection (WIPO, 2024d). Moreover, trademark maintenance costs, such as renewals every ten years, create long-term commitments that small firms may find burdensome.

Time and administrative capacity compound this constraint. Many SMEs are unable to allocate staff to manage IP tasks alongside daily operations. As contributors of the U.S. Chamber of Commerce note, “trademarking your business name can be a lengthy process, and there is no guarantee the USPTO will approve your request” (Johnson, 2025) and “Any type of real filing…requires a really good attorney” (Caramela, 2023), reinforces the notion that the legal process for securing IP (especially trademarks) is complicated, time-intensive, and often daunting for entrepreneurs, which is precisely why many overlook or delay IP protections in the early stages of their business. The result is a perception that IP protection consumes scarce resources without immediate payoff, discouraging proactive engagement.

Institutional and Structural Barriers

Institutional inefficiencies also influence SMEs engagement. In countries where IP offices are under-resourced or legal systems are slow, weak enforcement mechanisms discourage firms from investing in trademarks. A WIPO (2023) comparative analysis found that SMEs in several emerging markets doubted their ability to enforce rights “even if formally obtained,” citing high litigation costs and lengthy dispute resolution processes. In the EU context, the enforcement challenge persists despite robust legal frameworks. SMEs often hesitate to pursue infringement actions against larger competitors due to the imbalance of power and resources (EUIPO, 2022).

Additionally, SMEs face barriers to accessing information. In many developing economies, language and outreach limitations restrict the dissemination of IP knowledge. Training materials and guidelines are often available only in English or legal jargon, deterring smaller businesses from engaging (WIPO, 2021a). Even in advanced economies, information overload without tailored advisory support can reduce efficacy. Many SMEs need context specific, sectoral guidance rather than generic IP advice (Cao et al., 2022).

Cultural and Behavioural Factors

Cultural attitudes toward IP play an understated but significant role. In some regions, informal norms and trust-based business practices substitute for formal legal protection. SMEs operating in small local markets may rely on personal relationships, trade reputation, or first-mover advantage rather than formal IP registration (Flikkema et al., 2019). Conversely, in countries where counterfeiting or brand piracy is prevalent, firms may develop defensive rather than strategic attitudes toward trademarks, registering only to prevent theft, not to build brand value (Morales, 2023). This behavioural dimension underscores that awareness alone is insufficient. SMEs must also internalise the strategic logic of trademarks as long-term innovation enablers.

All in short, the barriers to trademark awareness and use among SMEs are multifaceted and mutually reinforcing. Cognitive biases limit perceived relevance. Knowledge gaps constrain managerial capability. Financial and institutional factors deter formal engagement. And cultural attitudes shape strategic behaviour. While these challenges differ in intensity across regions, their persistence underscores the need for integrated policy approaches that combine education, cost reduction, and structural reform. Without addressing these barriers holistically, SMEs will remain underrepresented in trademark systems, foregoing opportunities to protect, monetise, and communicate their innovations effectively in a knowledge-based global economy.

6.3 Enabling Factors and Support Initiatives for SME Trademark Strategy

Addressing the barriers to trademark awareness and utilisation requires a combination of policy interventions, institutional support, financial incentives, and educational initiatives. Recent evidence suggests that when SMEs receive tailored assistance, in terms of financial, informational, and procedural, they become significantly more likely to engage with trademark systems and integrate IP into their innovation strategies (EUIPO, 2022; WIPO, 2024a). This part explores the enabling mechanisms that have proven most effective in enhancing SMEs' participation and strategic use of trademarks across major economic regions.

Financial Incentives and Subsidy Mechanisms

Reducing cost barriers remains one of the most direct and effective ways to promote SMEs' participation in IP systems. Empirical findings from the *EUIPO SME Scoreboard 2022* show that one-third of SMEs cite financial constraints as the primary reason for not registering IP rights, underscoring the role of cost-related interventions (EUIPO, 2022). In response, the European Commission and EUIPO launched the SME Fund programme, which provides vouchers covering up to 50% of trademark and design application fees for eligible small firms. Since its introduction in 2021, the Fund has supported over 72,000 SMEs across Europe, demonstrating substantial demand for financial assistance (EUIPO, 2025).

Similar initiatives have emerged globally. In the United States, the USPTO's small and micro-entity fee structures offer reduced filing costs, while in China, national and provincial governments provide reimbursement schemes for first-time trademark applicants to stimulate early brand protection (WIPO, 2024a). India's *MSME Innovative Scheme* likewise integrates fee rebates and grants for startups and small manufacturers filing their first trademarks (Government of India, 2023). By lowering entry barriers, such programmes not only increase registration rates but also function as awareness tools, signaling to SMEs that IP protection is both accessible and beneficial.

However, financial incentives must be coupled with capacity-building measures to ensure that SMEs use trademarks strategically rather than opportunistically. Without complementary education, subsidies risk generating volume without genuine understanding (Morales, 2023). Therefore, financial mechanisms are most effective when embedded within broader support ecosystems that emphasise learning, mentoring, and follow-up evaluation.

Advisory and Diagnostic Support Services

Information asymmetry and lack of procedural knowledge can be mitigated through advisory and diagnostic services that help SMEs identify, register, and manage trademarks effectively. The *WIPO IP Diagnostics Tool*, launched in 2021, provides an online self-assessment for businesses to map their intangible assets and receive customised recommendations for protection (WIPO, 2021). Similarly, the EUIPO's IP Scan service offers SMEs one-to-one pre-diagnostic consultations with certified IP experts, guiding them in identifying potential trademarks and determining cost-effective registration routes (EUIPO, 2022).

At the national level, several innovative approaches have emerged. The Intellectual Property Office of Singapore (IPOS) provides integrated *IP Start* advisory packages that combine strategic counselling, legal assistance, and access to IP financing options, helping SMEs view trademarks as part of broader brand monetisation strategies (IPOS, 2023). Japan's *IP Finance Promotion Project*, implemented by the Japan Patent Office (JPO), links regional banks, and SMEs through IP evaluation reports to facilitate IP-backed lending, effectively positioning trademarks and brands as financially valuable business assets (JPO, 2025). In the United Kingdom, the IP for Business programme by the UK IPO delivers free webinars, clinics, and regional outreach aimed at embedding IP considerations within SME growth plans (UK IPO, 2024). These advisory mechanisms are not only informational but also behavioural, they transform abstract awareness into concrete managerial action.

Evidence indicates that SMEs receiving diagnostic or mentoring support demonstrate a higher likelihood of registering IP and achieving commercial returns. OECD (2021) case studies across Nordic countries found that SMEs engaged with advisory networks were twice as likely to develop formal IP strategies as those without support. This underscores the importance of accessible, context-sensitive advisory infrastructure as a complement to financial incentives.

Education, Training, and Awareness Campaigns

Long-term sustainability in SME IP engagement depends on sustained educational efforts. Awareness campaigns have been instrumental in shifting perceptions of IP from a legal formality to a strategic business function (WIPO, 2024a). Globally, the World Intellectual Property Day 2021, themed *"IP and SMEs: Taking your ideas to market,"* showcased SME IP success stories (WIPO, 2021b). In Europe, the EUIPO Ideas Powered for Business network integrates national IP offices, innovation agencies, and SME associations to deliver training sessions, online toolkits, and case studies (EUIPO, 2022). These materials focus on illustrating the business benefits of trademark registration, such as improved reputation, licensing potential, and export readiness. The UK IPO supplements this with curricular IP education in entrepreneurship and business schools, fostering early understanding among future SME leaders (UK IPO, 2024).

Asia has adopted similar comprehensive approaches. China's State Administration for Market Regulation has institutionalised IP education as part of its national "mass entrepreneurship" policy, incorporating training for entrepreneurs and small manufacturers (WIPO, 2024b). India's *National IP Yatra* has reached thousands of SMEs through workshops and roadshows that simplify trademark concepts for first-time applicants (Government of India, 2023). Within ASEAN, coordinated initiatives under the ASEAN Intellectual Property Action Plan have included awareness campaigns on brand protection for export-oriented SMEs, reflecting a regional recognition that IP literacy underpins competitiveness (WIPO, 2023).

Collectively, these educational efforts reflect a change in thinking: from promoting IP awareness as compliance to embedding it as an innovation enabler. Academic and policy literature now emphasise that "IP consciousness" is as critical to SMEs resilience as digital or financial literacy (Morales, 2023).

Institutional Reforms and Systemic Enablers

Beyond direct support, institutional reforms aimed at simplifying procedures and strengthening enforcement have further improved SMEs' participation. The digitalisation of IP systems, through online filing, automated search tools, and AI-based monitoring, has significantly reduced procedural complexity. WIPO (2024a) reports that over 90% of trademark filings worldwide in 2023 were conducted through electronic systems, increasing accessibility for smaller enterprises.

Legal reforms have also sought to enhance trust in IP systems. In Europe, the IP Enforcement Directive (2004/48/EC) and subsequent national reforms established proportionate remedies and introduced alternative dispute resolution (ADR) channels, allowing SMEs to address infringement without prohibitive legal costs (EUIPO, 2022). Similar progress is evident in Asia. China's specialised IP courts and South Korea's expedited dispute procedures have improved enforcement credibility, motivating more SMEs to register trademarks proactively (WIPO, 2024b). These systemic enablers reduce perceived risk and make IP protection more practical for smaller firms. Furthermore, integration of IP into financial and innovation ecosystems has become a key enabling trend. Programmes linking IP with venture finance and export promotion, such as Japan's IP-backed lending and Singapore's IP valuation marketplace, demonstrate how institutional alignment can transform awareness into economic outcomes (JPO, 2023; IPOS, 2023). By embedding trademarks in the language of finance and innovation policy, these initiatives elevate their strategic salience within SME growth trajectories.

Overall, the global experience shows that effective SME engagement with trademarks depends on a coordinated ecosystem of enablers. Financial support lowers entry barriers, advisory and diagnostic services convert knowledge into practice; education embeds IP literacy culturally, and institutional reforms enhance confidence in enforcement and value realization. When combined, these mechanisms foster a positive feedback loop. SMEs that register trademarks not only protect innovations but also improve competitiveness, investment readiness, and long-term growth potential (EUIPO, 2022; WIPO, 2024a). As policy attention increasingly converges on intangible assets, ensuring equitable access to such enabling mechanisms will be critical for empowering SMEs to transform awareness into strategic capability.

7. Concluding Observations and Implications for Policy and Practice

In this report we have provided an overview of the meaning, substance, types, modes, and methods of use of intangible assets with particular reference to trademarks in SMEs. We have also touched on supply side initiatives and policy considerations pertaining to trademarks aimed at SMEs.

What is encouraging is the increased awareness of the economic and social value of SMEs for protection, brand enhancement, product and marketing innovation, coupled with the efforts of institutions and policy makers to ease the process by which SMEs can make better and effective use of trademarks. Against the encouraging picture we find that SMEs continue to find the liability of smallness and the ensuing cognitive, financial and process barriers, affecting their ability to develop comprehensive capability sets with which to enhance their innovative potential and activities. The overall picture around the globe is a mixed one of better awareness, fluctuating take up, but significant potential of the use value of trademarks. There is a felt need for managing knowhow and assets in different ways than in the past, due mainly to the fast pace of digitization and the advent of AI, which underline both the growth and value of intangible assets in our economies today. As the major constituents of these economies, SMEs have every potential to gain from the effective planning and management of trademarks specifically, and intangible assets broadly, not least because of the need to innovate to survive and grow in the markets in which they operate.

There is clearly a large amount of work to do to support SMEs. Governments can carve out a critical pathway for SMEs to play greater role in innovation ecosystems, where they can identify the linkages and connectivity between large, medium, and smaller firms, and their combined, synergistic role in making innovation work. In doing so, governments could play a more pronounced role in laying out the ecosystems needed for sustainable innovation, and for leveraging tangible and intangible assets exchange and valorisation mechansims for all firms in the ecosystem. There is a role too for larger firms in sustaining their supply chains in their ecosystems and elsewhere, and supporting the work on trademarks for their supply chain SMEs innovators. Federations and support service agencies can augment their strategies and actions to look at sector-level awareness raising of the importance of trademarks among their members and the cross fertilization of trademarks with other instruments for the management of intangible assets as firms grow.

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