Drivers of economic change, particularly globalisation and technological advances, are not necessarily “flattening” the world economy. While firms can access factors of production from anywhere, local knowledge is still relevant. In the United States, most patent applications come from just a few regions: California contributed more than 22% of patents originating in the United States. In Japan, the Southern-Kanto region accounted for nearly 49% of patent filings.

Note: Counts are based on patent applications filed under the Patent Co-operation Treaty (PCT), at international phase, by priority date and inventor’s region of residence, using fractional counts. The regional breakdown is provided at Territorial Level 3 (TL3).

What are TL3 regions?
The OECD has classified regions within each member country. The classification is based on two territorial levels. The higher level (Territorial Level 2 – TL2) consists of 335 large regions; the lower level (Territorial Level 3 – TL3) is composed of 1 681 small regions. All regions are defined within national borders and in most cases correspond to administrative regions. Each TL3 region is contained within a TL2 region (except in Germany and the United States). This classification – which, for European countries, is largely consistent with the Eurostat classification – facilitates comparability between regions at the same territorial level.

Source: REGPAT Database, January 2010; OECD, Regional Database, July 2009.
Patents per million inhabitants, North America, average 2005-07

PCT filings, TL3 regions

Source: OECD, REGPAT Database, January 2010; OECD, Regional Database, July 2009.

Patents per million inhabitants, Japan and Korea, average 2005-07

PCT filings, TL3 regions

Source: OECD, REGPAT Database, January 2010; OECD, Regional Database, July 2009.
Innovation hotspots

Patents per million inhabitants, Australia and New Zealand, average 2005-07
PCT filings, TL3 regions

More than 250
Between 100 and 250
Between 50 and 100
Between 0 and 50

Source: OECD, REGPAT Database, January 2010; OECD, Regional Database, July 2009.