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WORLD INTELLECTUAL
PROPERTY ORGANIZATION

**WIPO INTERREGIONAL FORUM
ON SMALL AND MEDIUM-SIZED ENTERPRISES (SMEs)
AND INTELLECTUAL PROPERTY**

organized by
the World Intellectual Property Organization (WIPO)
in cooperation with
the Russian Agency for Patents and Trademarks (ROSPATENT)

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POTENTIAL OF SPECIALIZED CIVIL SOCIETY ORGANIZATIONS FOR
ENHANCING THE USE OF THE IP SYSTEM BY SMEs WORLDWIDE:
PERSPECTIVE, STRATEGY AND CONTRIBUTION OF THE WORLD ASSOCIATION
OF SMEs (WASME)

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1. OPENING

Distinguished Representatives of the Russian Federation:

Director General of the Russian Agency for Patents & Trademarks

Distinguished Representatives of the World Intellectual Property Organization (WIPO)

Eminent speakers

Distinguished participants:

1. It is a great honor for me to have been invited to address you at this meeting in this historic capital city of your great country. At the outset I would like to thank the Director General of WIPO, Dr Kamil Idris, for his invitation. I also wish to express my sincere appreciation to the Director General of the Russian Agency for Patents and Trademarks (RUPTO) for his hospitality and for the excellent arrangements made in convening this Forum. It is a privilege for me to be able to discuss with the eminent participants here, the importance of enhancing the use of the intellectual property system by small and medium enterprises (SMEs) worldwide.
2. WASME had appreciated the leadership role of WIPO in assisting SMEs so that IP protection may be cheaper and quick to obtain and to maintain. WASME at the plenary of the General Assembly of WIPO in September 2000 had made several suggestions to the Director General WIPO in this connection to take into account their suggestions such as: (i) to support a systematic and empirical analysis of the issues of intellectual property by SMEs; (ii) to focus in the programme and budget of the organization of intellectual property needs of SMEs; (iii) to include in the programme activities aimed at simplifying and making more affordable procedure for obtaining and enforcing intellectual property at a national and international level; (iv) to team up with national association promoting the cause of SMEs in their awareness raising and training programmes; (v) to help national association to encourage an optimal utilization of the intellectual property system; (vi) to ensure that intellectual property related issues are systematically included in their programme for SMEs; (vii) to consider that 25% of the funds allocated for the cooperation for developmental activities by WIPO be used to assist SMEs.
3. WASME recalls with pleasure the successful convening of International Forum on IP and SMEs which was held in Milan, Italy in February 2001. A specialized SMEs Division was set up in WIPO and which subsequently distributed a Brochure on Intellectual Property and Small and Medium sized Enterprises. This was appreciated widely by SMEs all over the world. The present Forum in Moscow has set the pace and we are sure similar meetings in developing countries will follow. Viewed in this context, I am positive that this Forum will be a forerunner for several such Forums, especially in developing countries where WASME has a strong presence.
4. In the plenary session of the WIPO General Assemblies held in Geneva in October 2001, the above suggestions were recalled and re-emphasized.

2. INTRODUCTION

5. SMEs are significant employers of skilled, semiskilled and unskilled in many developing countries and should increasingly be encouraged to follow improved management practices and should be helped to become units of technological innovation. They often adapt soon to technical changes, but are not often fully aware of the main parameters of intellectual property laws under which their innovations could be adequately protected and effectively marketed. SMEs are the sole source of sustenance of over 300 million people worldwide; they account for a very large percentage of employment in the industrial sector; and about 40 to 50% of direct exports in most countries.

6. As industrial activity grows, more and more SMEs enter the field, with the increase in investments in R&D the business and commercial policy of SMEs should move towards protecting their inventions. Many more small and highly successful units certainly will be born and each will grow in an industrial environment requiring to protect their assets. Technology sensitive industrial enterprises, big or small will need to protect their intellectual assets to remain competitive.

7. The World Association of Small and Medium Enterprises (WASME) has members and associates in 112 countries. Its headquarters is in India where, for example, there are around 4 million SMEs which employ over 40 million people, contribute over 30% of the total export trade and accounts for nearly 35% of the total value of industrial production in diverse fields.

8. To participate in the many opportunities of the present century available in the international marketplace, encouragement of creative and inventive activity is necessary in as many SMEs as are basic to the national economy. Good management requires especially that in the upcoming SMEs, their technocrats should be encouraged to invent and innovate. SMEs should promote inventiveness in the production of indigenous brands of technology in which they have both the competence and the price edge. Encouragement to, and facilities for their scientists, researchers and technocrats, to invent and/or create, together with the innovative and creative spirit in such enterprises and businesses, is a priority for generating higher growth through greater exports. SMEs should be encouraged to promote among their employees, the inventive, innovative and creative spirit, and to use the intellectual property system as a tool for development. This encouragement should be provided in a systematic manner at every stage of the innovation process, starting from the conception of a new idea for solving a technical problem, through to the development of such an invention or creation, its testing and ultimately the commercialization of products and services based on such inventions.

9. An increasingly quality conscious approach to economic management among national SMEs would generate higher growth and provide greater resources for social programs. Adequate and effective protection of IPRs is a factor to be reckoned with in the process of technology development, technology transfer and the stimulation of exports by capturing new markets. Transfer of technology could be encouraged among SMEs through licensing contracts or through joint venture agreements.

10. The SME sector, which plays an important role in economic development and growth, would be considerably strengthened if the stress is on technology inputs, quality promotion and forward looking strategies that would, with strong IP protection, make them emerge as a vibrant constituent of -growing national economies. Awareness building in the use of IP rights amongst SMEs, would greatly help in overcoming their lack of information regarding technology options and accessing them. Considerations should be given to the creation of a small core of specialists to help in promoting a long -term vision in dealing with the philosophy of IP protection and its effective implementation, so as to provide new horizons beyond the one size fits all approach.

11. Civil society, as my eminent friends and participants here know, includes a cross section of voluntary organizations, social interest groups, cooperatives, and importantly, non - governmental organizations and groups engaged in public interest areas like checking and controlling of crime, anticorruption, human rights, environmental improvement, etc.

12. In particular national non -governmental organizations in the intellectual property sector such as the local music industry, the publishing industry, more software industry as well as the inventors association where they exist, could substantially contribute towards an increasingly quality conscious approach to economic management in the SMEs and could help generate higher growth and provide greater resources for social programs.

13. With the above appreciation I wish to present in what follows a brief outline as to why intellectual property is important to SMEs, typical recent initiatives in some countries, a look at the new initiative to evolve a new work programme and also to outline elements of a strategy for SMEs in dealing with IP.

3. WHY INTELLECTUAL PROPERTY IS IMPORTANT TO SMEs?

14. The development of technology and the capacity within a country and abroad is bound to have impact not only on large industries but on SMEs as well. In particular, the SME sector which is technology sensitive is considerably affected by such changes in technology as for example: if the products manufactured are input to a larger industry the failure of the larger industry to become competitive could directly affect the SME supplying to the larger units; the competitiveness of the small enterprise could be the factor by which it can continue to supply components and parts to larger industries who have marketing capabilities; the SMEs which by itself produce an end product is subject to intense competition and its inability to become competitive could result in its immediate failure and exit from the market; the situations in which the SME units are being considered for mergers or acquisitions by other units are also influenced by the competitive structure of the small enterprises.

15. It may be pointed out that it may not indeed be very difficult for large industries to get whatever information they need about latest technology because of the special divisions which look into these in their structure; but for the SME unit the task is no doubt very difficult. In the case of export oriented units the competitiveness is to be viewed in the context of the rest of the world and as such the need for them to be most efficient in their technology, is of paramount concern. Industrial property information is indeed a very valuable input to all industrial units. Therefore SMEs should not be denied this facility though as a small enterprise they will have special problems in accessing them.

16. A wider range of situations can be identified in which the importance of intellectual property information could be very important for the SME to become competitive. A few such situations are now listed to illustrate the range of opportunities that arise from access to intellectual property information for the survival and growth of small and medium sized industrial units:

Patenting Incremental Innovations

- (i) The technologies that are recurrently in use can be improved through incremental innovations. It may be pointed out that such incremental innovations are not theoretical aspects of basic science but practical features in the actual operation of a technology in producing a product. Such incremental innovations can be patented and the technology in fact upgraded. The competitive position of the basic technology in combination with the improvements which are protected could effectively extend the duration over which the technology may remain competitive. This has the advantage of considerable saving and further investments; the existing investments already made can be used for some more time; this is a very important factor for small scale units which are invariably facing capital scarce situation. 1

Typical illustration of such incremental innovations could be reduced energy consumption, lower breakages, increased life of form and moulds, reuse of waste material, better maintenance of moving components, more uniform painting, reduced friction between moving surfaces, elimination of smoke, dust absorption, better packaging, standardization of size of components and proper ventilation etc.; these will directly or indirectly reduce the final cost of production. It may be stressed again that many such issues relating to technological efficiency are patented in many other countries, and if they are not patented in a particular country they can be used freely in that country. If it is patented in the country under reference it will be worthwhile to pay a license fee and benefit much more in using the technical advances.

Enquire IP Status on Exports

- (ii) In exporting a product to another country, exporters should take care that it is not infringing on a patent that is in force in the country of import. In order to ensure this it is necessary to be aware of the intellectual property protection available in that country; if need be a proper license fee should be paid and the necessary marketing rights obtained. In the absence of such an arrangement there is every chance that the items at the port of entry in another country could be seized, returned or destroyed much to the concern of the exporting industrial unit.

Ensure Licenses cover Exports

- (iii) When technology tie-ups are resorted to, upgrading a technology in an industrial unit, it is necessary to ensure that the fee paid covers the use of patents in force in the countries of export. On the other hand it is essential to appreciate the existence of exemptions of such rights in certain countries. This will prevent misunderstanding with the technology supplier. At the same time it is necessary to understand that the intellectual property cover is still valid and enforceable in the countries of export.

Examine Patent Status in the Market

- (iv) Often in the tie-up with large firms from other developed countries, newer technologies will be involved on the same product that is being made in the domestic market. To compete in such a situation, the domestic SME will need appropriate upgraded technology, without infringing the process that enjoy intellectual property protection. At this stage full information on such a patent or knowledge about the intellectual property protection becomes critically important. Lack of familiarity with the intellectual property system could delay the necessary appreciation and could lead to litigation which could have been easily avoided.

Status of Intellectual Property

- (v) In a highly competitive market, technology will have the cutting edge: may be in the form of design improvement, higher durability, less material and energy intensity; all these are often available through patents, in the form of information directly or embodied in new machinery. In some cases the information may be available only through trade secret or confidential contract arrangement. It will be an advantage to know the intellectual property status of the main issues involved so that the SME can take advantage.

Check before Investments

- (vi) Industrial property information provides a ready means of following the research activities of competitors. This could help in working out strategies to launch specific production in the market and working out a strategy for their production. When investments in a particular area of technology are contemplated, industrial property information will help in assessing the market risks involved from the technology angle. For example if a situation is clear that the owner of a new technology who is about to enter production is much higher than the strength of a typical SME it could be wise for the SME not to launch a new product in such a situation involving heavy investments; it may be prudent for the SME to seek a collaboration arrangement so that under a suitable alliance both the parties could stand to gain.

Terms linked to Status

- (vii) Every SME while negotiating for technology purchases should enquire about the intellectual property status in finalizing the terms and payments

Many elements of intellectual property right are valid only for a limited duration of time and end during this period they are subject to certain renewal fees being paid from time to time to the appropriate intellectual property office in a country. At the same time there are certain elements of intellectual property right which are valid without any time limit provided the necessary renewal fees are paid from time to time.

Strategy based on IP Inforce

- (viii) In the new world order under the TRIPS regime the duration of protection for patents would be 20 years from the date of filing; copyrights – 50 years after the death of the author; trademarks would have perpetual protection. However, if the right is limited for a specific duration one could take advantage of the fact that after the specified period the knowledge will enter public domain and anybody can use them without payment of any authorization fee.

In this context, it will be desirable and even profitable to watch the expiry of certain patents and use them immediately thereafter without being an infringer.

While this may be a temptation to use certain technologies whose patent life has expired one should remember that the competition in this field could be very stiff and can be sustained only by other marketing strategies. Perhaps, if such technologies are improved upon and the improvements are protected one may maintain a competitive edge which may prove of substantial benefit.

View on Target Countries for Exports

- (ix) It is possible to get an insight into the working of many corporations from the type of patents they file and the countries they target for patenting. The patents applied for give an indication of the imminent arrival of the product in a few years in the market. This advanced information can be utilized by the SMEs to work out their strategy; either to exit or to strengthen their position or even to launch programmes to keep the competitive edge. On the other hand, the countries in which the patents are being filed for certain new developments is an indication of the intention of the inventor or his assignee to enter these countries in the next few years with new products covered by the patent. Such advance information can easily be ascertained from IPR data.

Identify Experts in the Field

- (x) Invariably the name of the inventor will be specified in the patent application and even though it may be assigned to a firm it will be possible for a reader to trace the inventor or the group of inventors who are working on certain developments. In this manner, it would be easy for an agency to compile the list of inventors whose technical help can be sought to solve technological problems. Indeed many companies employ strategists to induce certain inventor to move over to their corporation to lead their research team and obtain their expertise. Very often such sources can also be taken advantage of in extending invitations to experts to assist working of an SME or to improve their production strategies.

Franchise and Trademarks

- (xi) In the context of trading, franchising is a very important methodology through which trade volumes can be considerably enlarged. Information about trademarks and their licencing could throw useful indicators for industrial units to decide on their strategy to enter into a franchising arrangement at the appropriate stage.

Tradesecrets

- (xii) Many technologies, particularly those which can be held secret, are not protected through channels of patents but are retained as trade secrets. Here one should remember that a trade secret "lost is lost forever"; but if secrecy can be maintained it can be exploited for a very long period. One of the well known examples of a trade secret well maintained is that of Coca Cola. The advantage in a trade secret arrangement is that the owner need not lose any time in getting a formal right granted by a government agency or be restrained by their requirements of disclosure. Immediacy will enable him to enter into an arrangement straight away with those who are willing to take his technological information and commercialize them straight away.

Trade Dress & Packaging

- (xiii) Packaging is a very important feature of marketing. Packaging should be understood not in the limited context of covering provided but can be extended to aspects relating to the colour schemes, the patterns and the designs by which the product becomes associated and as such has a potential for increasing its aesthetic appeal and these lead to large volumes of business. It is possible for the registration of industrial designs through an international arrangement brought out under the WIPO. Such designs are of great value in a wider range of products which are generally dealt with by small and medium enterprises.

17. In the context of the above it is easy to imagine the importance of intellectual property information and its utility to the SMEs. They throw up new opportunities and the perceptions pertaining to them can be changed on the basis of certain critical inputs of information from the intellectual property domain. At the management level these inputs are the very center of the strategy that may be evolved. This will include the time of launch of a product or withdrawal of a product from the market, entering into strategic alliance, plan alliances and merger, and seek financial inputs from institutions at the appropriate stage.

4. WASMES SURVEY TYPICAL RECENT INITIATIVES

18. An attempt was made to reach the trade and industry sectors in several countries and to know from them their current appreciation of the importance of intellectual property and the measures they are taking or planning to take.

Chambers of Commerce/Industry

19. The Ceylon Chamber of Commerce has reported that they are in the process of forming several committees for a number of industry segments and IPR is one of them. They have shown a deep appreciation for the importance of IPR and in the near future they would be in a much stronger position.

20. Federation of Small and Medium Enterprises of Malaysia have reported they have already launched certain programmes to enhance the awareness of intellectual property in their country. Coverage in some of their programmes include:

- (i) What is intellectual property and how to develop a strong trademark.
- (ii) Leveraging the IP asset to create wealth
- (iii) Experiences sharing – success and failures stories
- (iv) A panel discussion in which questions and answers would be provided.

Such a programme is structured for about 2 – 1/2 hours.

21. Nepal Chamber of Commerce on the occasion of World Intellectual Property Day celebrations (26 April) this year gathered the SMEs and organized an interaction programme on “Encouraging Creativity”. Related to IPR; later organized a half day interaction on “Intellectual Property in Nepal related to Medicinal plant, Indigenous Knowledge, and benefit sharing”.

22. In India some of the Chambers of Commerce have taken initiative in organizing seminars and workshop on IPR. Federation of Indian Chambers of Commerce and Industry has promoted the establishment of an Intellectual Property Institute. Other industry associations have started working to promote awareness among their members.

23. Similarly, Singapore, Philippines, Korea, Hong Kong and Pakistan have all made some progress and initiated certain activities.

Specific Area Newsletters/Workshops

24. A leading intellectual property institute in India is the Waterfalls Institute of Technology Transfer (WITT) in New Delhi. It publishes newsletters in the series WISTA on specific topics and enjoys a wide circulation to over 5000 organizations in India. The specific areas include: “WISTA: Intellectual Property” a monthly covering Patents, Trademarks, Copyrights and other forms of IPR; “WISTA: IPR Biotechnology” a monthly covering patents in the field emphasizing strategic alliance, Legal Scene and Watch -out IPR and events of Special Focus; “WISTA: IPR for Industry” a monthly focussing on Small Scale Sector such as in Leather Products, Sports Goods, Foundry, Locks, Furniture and Machine Tools. Their newsletters are available online at their website: www.witt.org.

25. WITT also organized seven interaction meetings starting with a curtain raiser meeting in October 2001 followed by six specific products focus sectors as Leather Goods, Sports Goods, Furniture, Locks, Machine Tools and Foundry in which a leading technical institution was associated and grouped together with several industrial units. The workshops were of a one day duration with the emphasis on the following 4 topics. “Patenting an Invention”; “Current Patent and Technology Upgradation”; “Valuing Patents and Cashing on IPR Assets”; and “Protection of IPR – Information and Damages Cases Studies”. These were supported by the Science & Technology and Industry Ministries and has identified more specific areas for further work. Later this year an important feedback meeting is planned.

Books and Publications

26. WITT has also published two books on intellectual property, one of which is a Compilation of Patent Case decisions by the Higher Courts in many countries.

Aid Enforcement

27. Enforcement of IP rights is an integral part of the IP system. Civil society organization can play a contributory role as had been demonstrated by NASSCOM. This is an industry specific association representing software and service companies. It introduced reward campaigns for promoting information on piracy; conducted about 100 raids over the last 5-6 years employing decoy customers on dealers selling pirated hard discs. It is now targeting corporates involved in piracy. NASSCOM in addition has also contributed in evolving policy measures and educational programmes in creating awareness.

Other Related Aspects

28. It has also been gathered that many Research and NGO organizations covering Science, Technology, Industry and energy have also started promoting measures for dissemination of information to Research organizations and industrial units and linking them to SMEs.

29. An overall appreciation of these initial activities indicate the desire in these countries to benefit from the scientific advances and the challenge of taking place in the intellectual property fields so that their constituents are well informed to take appropriate decisions relating to investments leading to manufacturing and trade.

30. In fact it may be pointed out that such initiatives are not restricted to developing countries but some developed countries have also initiated such programmes. The nature of the programmes vary: sometimes addressing narrow sectors with programmes of short duration or longer programmes covering wider areas. An example from Australia indicates they organize evening programmes lasting 2-3 hours in which the manufacturers and experts can easily participate in such meetings. Systematically they cover all major centres in the country sensitizing the industries all over the country.

31. Another recent development which can be noticed is the efforts made by many organizations in these countries to place their information on the internet so that very quick and effective dissemination of the information takes place. It is indeed very encouraging to know that several non-governmental organizations are also working actively in such activities and their contributions are readily obtainable in their website or through other websites to which they are hyperlinked. It will be noticed that in all these countries institutes and non government organization play a very important role with catalytic support from Governmental agencies.

32. Developing countries have already shown their recognition to the role of intellectual property and are providing greater attention to their effective protection. This could be seen in these several new legislations that have been enacted particularly since the coming into being of the TRIPS. There is now a clear recognition that the intellectual property system is to provide a balance of interest between the creators and innovators advancing frontiers of technology and the users of their technology who employ it as a necessary tool in meeting the social demand and their ability to retain their competitiveness in the market. The innovators had spent large outlays of resources in advancing the technological front and the returns they get enable them to continue this activity.

33. In fact a new industrial developing country has to be much more than a conglomeration of factories producing goods and service. They need policy formulation that are necessary to sustain their growth rates in which enlarged intellectual capital plays a very important role. Such knowledge capital can be created and protected through intellectual property rights.

5. PERSPECTIVES AND WASME'S ROLE IN EVOLVING A NEW WORK PROGRAMME

34. In light of what has happened in the recent past it appears that some of the activities indicated below could be facilitated by enhancing the role of civil societies in the transmission of intellectual property information to small and medium enterprises:

(i) Encouraging SMEs:

Small and Medium enterprises who take initiatives in acquiring intellectual property information should be encouraged and facilities provided to them to access such information easily. Often it may be an advantage to encourage similarly placed small and medium enterprises to join hands and tackle the problem of obtaining adequate technical information relating to intellectual property which they can share without having to worry about their enterprise also getting the same information. In fact, such initiatives should be encouraged later to grow in such a manner that there could be possibility of some technology transfer among SMEs themselves.

(ii) Promote Linkages:

Technology sensitive SMEs are always keen to learn more and benefit from technological advances. While several measures have been taken to encourage their linkages with R&D Organizations it cannot be attempted to encourage their linkages with organizations which are specializing in intellectual property matters. In many developing countries the R&D organizations themselves are weak in intellectual property expertise and such their linkages with a specialized agency would benefit both the group of organizations.

(iii) Information and Insuring IP Assets:

The protection of Intellectual property rights of a relatively small SME would indeed be very difficult by itself. A good technological advance, however well protected, could be attacked by other competing agencies who would try to take advantage either in public or stealthily. It is known that the SMEs do not have adequate resources to pursue litigation and effectively stop the competitor using the intellectual property rights. Various types of insurance policies have been mooted from time to time and it is reported that in Europe and USA some efforts have been made with some success. A study of the success made in this process should be made available for other countries so that they could structure and evolve an appropriate system to protect the intellectual property rights of SMEs.

(iv) Monitoring Infringements:

It is often difficult to monitor infringement taking place of the intellectual property rights. Large firms themselves employ a system involving inspectors and informers who report to the corporation about infringement taking place elsewhere. SMEs would find it very difficult to engage a fleet of inspectors and informers who will report to them. The SMEs could pool their resources and in fact act as informers themselves so that the group as a whole could benefit from the full value of the intellectual property rights.

(v) Business incubators:

In many countries efforts have been made to encourage the establishment or strengthening of business incubators with a view to assist SMEs. Some of the services expected out of these business enterprises would now be enlarged to include aspects of intellectual property rights so that the occupants of the incubators could benefit. Generally the occupants of incubators are very small units but their highly talented and innovative. They would certainly benefit from the support relating to intellectual property right in the early stages of their development.

(vi) IP Clinic at clusters:

Very often several SMEs work in clusters. The units in these clusters do face similar problems and their solution do have multiplier effect and a large number of units in the cluster benefit therefrom. An intellectual property clinic established in such clusters in the areas which are specific to the cluster could provide high quality service at relatively low costs.

(vii) Training Programmes for SME personnel:

The inputs required to the SMEs on intellectual property could sometimes be at the top management level or could be at the working technical level.

The top managers generally will not be well acquainted with the issues relating to protecting the advances made during the incremental innovations generated. They could also not be familiar with the status of the technology they are using; and they may also not be conversant with the necessary rules and regulation relating to IPR in the markets in which the products are sold, particularly if the products are being exported. A training programme to such a group should emphasize on issues on intellectual property infringement, international trade, technology acquisition and the like.

On the other hand, the training programmes addressed to the technical personnel at working level in such SMEs should concentrate on the latest patent information from which they should get an insight to upgrade the technology meeting certain and objectives. They should also be guided to patent any invention they make.

(viii) Training Programmes for Enforcing Authorities:

In the context of the training programs that are being designed, it is necessary to emphasize that the enforcing authorities should also be trained adequately to identify the leading features of products in the market on receiving a complaint from the intellectual property rights owner and take suitable action including raids, searches & seizures. Very often it is very easy to destroy evidence relating to infringing actions and as such the training program to such enforcing agencies is very important. In a region where such training is offered to the enforcing authorities, the SMEs could have renewed faith in their intellectual property being well protected.

Another element of concern is getting justice in time. Programmes which are structured to members of the judiciary, covering the recent developments in the intellectual property right regime would go a long way in obtaining speedy decisions on cases filed by institutions and agencies relating to infringements. This again will induce confidence in the SMEs relating to their IPR being well protected and the offenders punished promptly.

(ix) Internet club/cafes:

It is well known that the internet today is a very powerful medium in transmitting information and will thus be an important component in transmitting information to SMEs on matters of intellectual property rights. However, recognizing that many of the SMEs at present still do not have familiarity with the internet and faced difficulty in accessing, the role of hard copies particularly of materials specifically prepared to meet certain targeted groups would be very valuable. The materials assembled are invariably adapted from the material accessed through the internet. Certain new publications that have come in the recent past are indicative of the popularity of such specifically designed information updates in this area. However, it must be emphasized that in the not too distant future the SMEs themselves must develop their own expertise in accessing internet information appropriately for their benefit. In the intermediary stage the access to IPR information could be facilitated by setting up of clubs or cafes in which computer terminals are made readily available for the members of the SMEs group to get the first hand exposure.

(x) Hyper and interlinks:

Major international agencies in the world provide very valuable information freely through their internet sites. National or local centres specializing in the information dissemination to a region could be suitably linked both ways so that the user could benefit from both the major international agencies and other related smaller agencies. WASME's link with WIPO relating to the information available in the Division of SMEs at WIPO could lead to a user reacting WASME to benefit from the information base of WIPO. All encouragements should be provided, and hurdles removed so that the transmission of information through such hyperlinks could go a long way in enlarging amount of information which the SME can get right at their office.

(xi) Information sharing within the region:

Cooperation among countries of a region could be very valuable to SMEs in the region. One can learn from the experience of others. Trading partners from different countries can get together periodically in which WASME will be happy to extend its support. In the first phases such programmes could be organized on specific areas of trade as for example Leather products, Rubber products, Foundry and Domestic electrical appliances.

(xii) International Cooperation:

The support and assistance from international and specialist agencies could enhance the quality and efficacy of many of the programme indicated earlier. Preparation of course material for training programs of different types could receive the support from agencies like WIPO. International agencies and specialty institutions can provide experts or resource persons in programmes or act as advisers to specific SME units.

35. It is, therefore, crucial for policymakers in the countries that you represent, to adopt and implement measures to help SMEs play a dynamic role in sustaining economic growth and employment and as a deliberate policy, governments should assist by simplifying regulations and procedures for them, and by facilitating their access to credits, markets and training. The opportunities for them to make informed decisions and encourage innovative management in them could also further prime the national technological base.

36. For this and more, the SME sector must become qualitatively competitive and should use, in the process, the latest technologies. Industry associations both at the national and subregional levels, should pay increasing attention, and extend help for the growth of SMEs who should be encouraged to follow improved management practices, and to use the intellectual property system as a means also of their technological development, covering intellectual property in an all-inclusive sense as emphasized in Article 2(viii) of the WIPO convention i.e. and I quote “inventions in all fields of human endeavor”. SMEs need to be helped to strengthen themselves to face global competition, as their failure could cause widespread unemployment.

37. The frontiers of intellectual property are being constantly pushed forward with the advances in science and technology. More and more issues are emerging requiring effective protection to encourage scientific pursuits and investments therein. New technologies are emerging at a rapid pace. Global information networks, electronic commerce, digital transmission and the Internet are some of these as you know. The Internet is fast becoming a popular rather than a elitist medium. Exploitation of intellectual property is getting internationalized especially with the Internet. This process cannot be stopped – we should gear up to benefit therefrom.

38. With these technological developments and the Info-tech revolution, our globalized world is on a constantly changing course. And yet, the vast majority of SMEs do not, for example, have direct or even indirect access to the Internet. In this perspective, the strategy should be to increasingly and effectively promote the use by SMEs of the intellectual property system for increasing their qualitative competitiveness, export orientation, and business performance.

39. In Korea, at Daeduck their government has set up an International Property Training Institute. SMEs in the region can take advantage of this infrastructure. To meet their local requirements they may model similar institutions to meet their needs.

6. WASME'S VISION OF A STRATEGY FOR SMES

40. Intellectual property issues and concerns are increasingly getting integrated with other global issues. The trade-related aspects of intellectual property rights (TRIPS) set out a New World order in which intellectual property rights emerge as a centerpiece. Intellectual property issues are also being debated in many other fora concerning exploitation of biodiversity resources, transfer of environment friendly technologies, protection of folklore and in business culture, to mention a few.

41. Intellectual property as a specialized issue has also assumed a new centrality. Arising particularly from the importance of knowledge capital whose effective utilization options have opened possibilities for many developing countries to leapfrog in their developmental efforts. However, the limited understanding of the practical utility of intellectual property system has been a major impediment in its full exploitation in the developing countries. SMEs in the developing countries are now engulfed in these developments and have to evolve a suitable strategy to come out successfully not only for their survival but also for playing an effective role in the developmental efforts of their countries.

42. Often any technology that is moving very fast places its confidence in the intellectual property system; IPR is a powerful stimulus for such innovative activity. The protection of intellectual property rights is also having a clear influence on investment decision. The protection of such intellectual property rights must be given a high priority in the relevance of enterprises who are confronted with the realities of the competition.

43. In the context of the emerging intellectual property concerns the broad activities of the SMEs could be seen in two distinct segments, while in a broader context these segments do merge and the SMEs as a whole will have their distinct roles in both these segments.

6.1 SMEs as users of New Technologies

44. The first segment will be relevant to a large number of SMEs who are users of new technologies particularly facing stiff competition both within their country and in international trade. A four-point strategy can be built for them which would involve the following basic steps:

(i) Respect the IPR System:

It is important that the SMEs respect the intellectual property system - taking note of the fact that in the long run it will be in their own interest to have this as their central strategy. Currently the methods of enforcement of pirated goods in many countries have undergone a sea change and good business interests should not be taking risks any more. Many countries now have laws which provide for raids, searches and

seizers followed by strict punishments. In this context it would be well advised for others whose seek to use someone else's intellectual property to seek a suitable license and trade freely. Often the license fees are only a small part of the total production and will enable to build a base avoiding risk. The goodwill so generated will itself be an intangible asset.

(ii) Upgrading technology:

This second element would be to watch out for upgrading technology by reviewing current patents that are taken all over the world. Several search systems have now become available and many of them are free. The SMEs should cultivate the habit of systematically and regularly reviewing the current developments through patents and take appropriate action to upgrade the technology.

(iii) Strategic Alliance:

The third element would be to examine options of a suitable linkage with an intellectual property office, institutions or agency with a view to explore possibility of striking strategic alliance with suitable counterparts. Mergers and acquisitions provide for suitable opportunities for getting substantial capital gains and in this the strength of an agency is judged on its intellectual property assets.

(iv) Examine changes in the IP Systems:

The fourth element of such a strategy would be to review systematically the changes in the intellectual property regime in other countries particularly those to which exports are targeted. Such a review, limited even to a few countries is indeed very valuable and in fact has become easy through the notices and information that are put out in several websites from those countries or through the information readily available from the websites of international organizations.

6.2 SMEs as Generators of Technology

45. The second segment of the SMEs are those who are substantially technology generators and for them as well a four point strategy could involve the following:

(i) Enhancing efficiency of R&D:

As a technology generator they are incurring considerable expenses in their R&D work to make improvements targeted to a variety of end objects such as energy saving or reducing pollution with an ultimate objective of cost reduction. In all these activities one can take advantage of the existing database relating to intellectual property rights and analysis of which should be streamlined to ensure enhancing their R&D outputs. It may be mentioned here that patent literature provides by far the fastest means of knowing the current developments. In particular, these searches can be very effectively made if there is an indication of information about the potential competitors.

(ii) Protecting R&D results:

The second element of the strategy would be to protect results of the R&D generated through the appropriate intellectual property rights systems. Very many agencies are not aware of the basic requirements to patent their inventions and often lose control over them either through publication or by incorporating them in the models which are displayed in exhibitions or model stands supplied for trial in several public places. The strategy should enable the SME unit to take appropriate advice so that inventions made by them, particularly incremental innovations, are not lost sight of and steps taken very early to have them protected.

(iii) Value IPR or IP Audit:

The third element of the strategy would be to value the IPR generated so that an effective measure can be built into a systematic audit. Such an intellectual property audit would reveal the potential for its future exploitation or the desirability of abandoning them without incurring further maintenance fees. It must be mentioned that the importance of the intellectual property rights is not in itself but the ability for it to be translated into beneficial effects to the enterprise. The IP audit should constantly examine the possibility of encashing the intangible assets into tangible cash flow through their operations.

(iv) Protecting the IP rights:

The fourth element of this strategy would be to take effective measures to protect the intellectual property rights from infringements. It is known that if suitable measures are not taken sooner or later, other segments of the society would infringe their patents or other forms of intellectual property. At this stage it may also be pointed out that frivolous or unfair allegation that the enterprise is infringing somebody else's patents should also be well defended. This defence mechanism is essential because there are unscrupulous elements in the business, which would try to take unfair advantage over an enterprise which is prospering and building up its strength to enlarge its zone of influence.

46. As mentioned earlier there will be SMEs who are not only engaged in generation of new intellectual property rights but would be using the intellectual property rights of others. They should therefore, have an appropriate mix of the strategic elements described, in their policy. It will be necessary here to point out that the intellectual property protection is not an end in itself but a means to an end. It should be a catalyst in social, cultural and technological-economic development and would provide rewarding returns to the SMEs in the developing countries.

7. FOCUS ON WASME'S CONTRIBUTION

47. The main object of intellectual property protection will be to encourage selective, inventive and innovative activity. This will promote large population from benefiting from the results of such creative activity. The IPR system provides recognition, encouragement to the creators and they do also get rewarded for the creative activity. The creator, whether he be an individual or enterprise has to be accorded right to prevent others from using his idea without consent or without compensation or remuneration.

Linkage & Working together with WIPO

48. With these perspective and brief strategies, WASME's contribution would gladly be to increasingly strengthen its cooperation with WIPO in spreading awareness building amongst SMEs of the need to use the IP system for helping in improving the quality of their production. We are pleased with the layout and content of the new website of WIPO SMEs Division which provides a wealth of information. However, since a large number of SMEs have either limited or no access to the Internet, the user friendly content available on the website of WIPO for SMEs should be made available also in other forms, such as on paper as well as through the electronic media such as diskettes, CDROMS, DVD setc. There is scope and need for customizing the content of such products based on national IP laws and practices, national support structures for SMEs and national languages. In this connection, WASME welcomes the initiative taken by WIPO recently to produce a CD-ROM and to provide substantial number of copies to WASME for distribution to its member associations and at selected events and conferences. WASME would continue to work closely with WIPO in presenting to the SMEs, the need for the increasing use of the IP system from the perspective of their day today problems, in order to substantially improve their performance and quality production. The vast majority of SMEs need to be helped to use and to benefit from the intellectual property system especially in respect of their market strategy for increasing competitiveness.

Linkage & Working with National Patent Offices

50. Patent offices in many developing countries work more as a regulatory office to grant patents as per rules prescribed in the law of the country. However, it is known that their job is also to encourage the inventors and in fact give the benefit of a doubt in favour of the inventor. Many of the patent offices are under staffed and lack facilities to conduct efficient searches. This must be remedied. In addition these offices have a major role in disseminating correct information about patents granted, patents in force, and providing access to specifications. SMEs can benefit enormously from the services provided by the patent offices. WASME will be pleased to play a useful role in such dissemination.

Typical New Activities

51. In view of its world wide reach, WASME envisions its role in cooperation with WIPO and national civil society organizations in a range of programmes such as:

- Act as coordinating agency between an industry association and WIPO.
- Undertake research/studies in cooperation with leading research institutions on successful SME case studies.
- Organize international round tables/workshop/seminars/training programme for SMEs in collaboration with member associations.
- Organize regional/international conferences on IPR issues in cooperation with WIPO, for end users, policymakers and enforcement authorities.
- Organize sharply focussed capacity building HRD programmes.

8. CONCLUDING OBSERVATIONS

52. In concluding, I wish to emphasize that SMEs need the inputs from the intellectual property system not only to upgrade their technology but to remain competitive in world trade in which they hold an important share.

53. I wish all of you the very best in your future endeavours in facing up to the challenges and rewards of promoting the use of the IP system by SMEs in your respective countries in their quest for competitiveness as well as in the larger national technological-economic self-interest during the first decade of the 21st Century.

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