



# Intellectual Property Issues in International Business

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# List of Contents



## **General Intellectual Property Issues**



## **PCT**



## **Madrid**

# General Intellectual Property Issues

# Just as in the National Context....

- Exclusivity provided by the IP system essentially allows the owner to prevent others from using the IP rights
- It is said that imitation is the most sincere form of flattery. IP can reduce your chance of being flattered
- IP enables businesses to use it to:
  - Create differentiation and add value
  - Command higher prices and sustained demand through brand loyalty, new and/or improved features, captivating designs....
  - Attract partners and investors
  - Access new markets and generate new sources of revenue through licensing and other partnerships
  - Persuade investors

... IP is an important consideration in international trade

# Contents: IP Issue Areas to be Considered in International Trade

- IP Rights are Territorial
- Secure Freedom to Operate
- Respect Deadlines
- Early Disclosure
- Working with Partners
- Choosing an Appropriate Trademark

# IP Rights are Territorial

- It is important to keep in mind that IP rights are only valid in the country or region in which they have been granted. Therefore, applying for such rights in other countries is important if there is an intention to go international.
- However, note
  - copyright is automatically available through the provisions of the Berne Convention,
  - famous marks have automatic protection,
  - trade secrets are by their nature confidential.

# IP Rights are Territorial - Obtain IP Rights Internationally - National Route

- National route - Apply in each country, pay fees, translation into national languages

# IP Rights are Territorial - Obtain IP Rights Internationally - Regional Route

- Benelux Office for IP (TM and Designs)
- African Regional Industrial Property Office (ARIPO)
- Eurasian Patent Office
- European Patent Office
- Office for the Harmonization of the Internal Market (TM and Designs)
- Organisation Africaine de la Propriété Intellectuelle (OAPI)
- Patent Office of the Cooperation Council for the Arab States of the Gulf



# Obtain IP Rights Internationally - International Route

- WIPO Administers the Madrid, Hague and PCT Systems for the international registration of marks, designs and patents
  - Madrid and Hague – international application valid in the designated countries unless rejected within a specified time
  - PCT – international application subject to international phase (international search and patentability report – and a preliminary examination report, if required) followed by the national phase. Here the designated countries decide on patentability

# Freedom to Operate (FTO)

- Analyzing FTO is to evaluate whether you are in any way infringing the patents, designs or trademarks of others.
- Such a evaluation is usually done by conducting a search in patent, trademark and design databases for patent applications, granted patents, registered trademarks or designs
- As patents, trademarks and designs are granted to particular territories an FTO search may reveal that the particular IP in question is not protected in the territory of interest

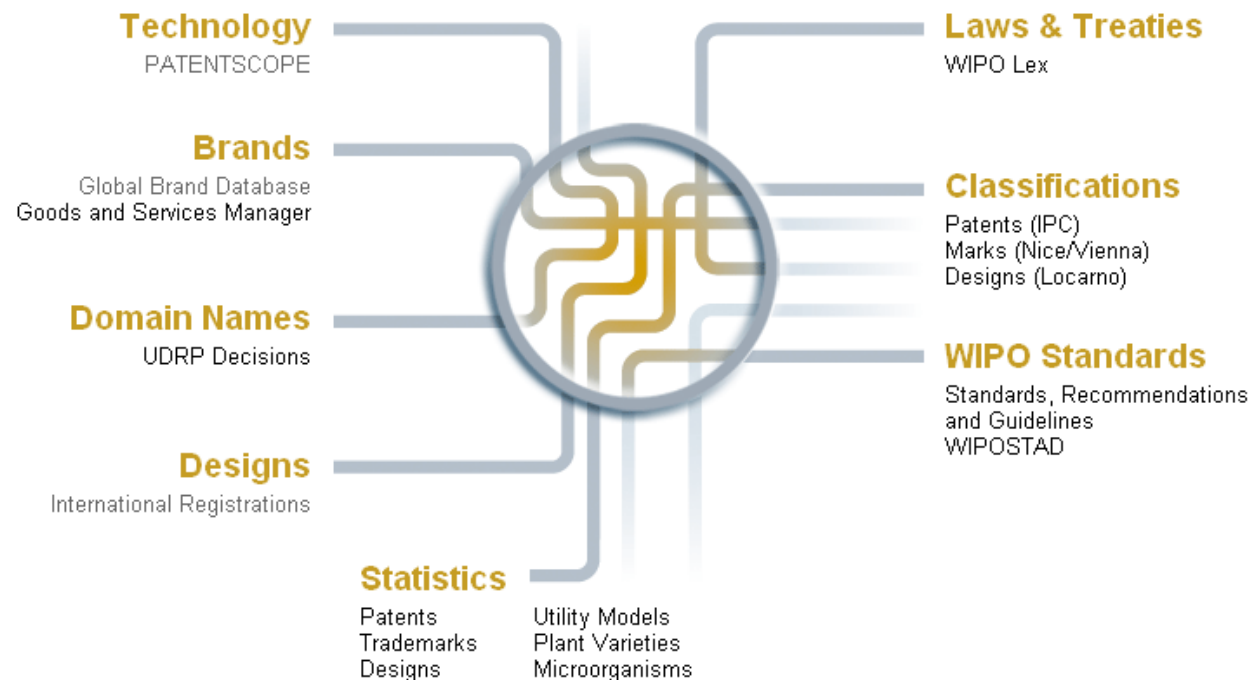
# FTO – Conducting Searches

- Reason for conducting searches:
  - Example 1: same or confusingly similar trademark may already exist in the export market
  - Example 2: technology not patented in one country may be patented elsewhere
  - Example 3: FTO opinion to leave a paper trail showing effort to avoid infringement

**Must Search  
National or Regional Offices**

Home > WIPO GOLD

WIPO GOLD is a free public resource which provides a one-stop gateway to WIPO's global collections of searchable IP data. It aims to facilitate universal access to IP information.



[www.wipo.int/wipogold/en/](http://www.wipo.int/wipogold/en/)

**Simple Search**

Using PATENTSCOPE you can search 8,163,633 patent documents including 1,969,606 published international patent applications (PCT). Detailed coverage information can be found here (->)

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Front Page

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| <input type="checkbox"/> Dominican Rep. | <input type="checkbox"/> Morocco     | <input type="checkbox"/> Uruguay           |   |

**Examples:**

The entered value is searched against the Title, Abstract, Numbers and Names.

↓ "electric car"~50

↓ Smith or Klein

↓ WO2010000001

↓ "sol\* panel"~5

↓ elect?icit?

↓ electric^10 and car^3

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**Search by :**

- Search registrations no longer in force
- Search applications/requests being processed
- Search active registrations

**Sort result list by:**

- Hits
- Mark N°
- Mark Name

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Results at a time:

**HAGUE SYSTEM FOR THE INTERNATIONAL REGISTRATION OF INDUSTRIAL DESIGNS**

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# FTO - Patent

- Even if there is a potentially conflicting patent that has been granted in the territory in question
  - It may have expired or expiring soon
  - Its claims may not cover the elements of interest
  - There may be exceptions such as research exemption
- If the patent still remains valid and applicable
  - It could still be invalidated by finding applicable prior art
  - A license could be obtained or
  - Invent an alternative....!



# FTO - Trademark

- Same issues nationally as for international:
  - Search for similar trade name or domain name that may lead to a future dispute.
  - Look at the trademarks being used by the main competitors in the export market to ensure that they are not using trademarks that may be considered to be confusingly similar to yours, even if they have not registered them.

# In case of conflict

- If the search produces a prior existing patent, trademark or design in the market of interest then clearly it cannot be used as is.
- Options available are to change the trademark, design around the patent or design, offer to buy or license that right or challenge its validity

# Respect Deadlines

- Priority Period
- Once an application for a patent or design right has been made domestically (priority date) an international application has to be made within the “priority period.” The international application will benefit from the priority date. A filing after the priority period has lapsed would mean you can’t benefit from the earlier priority date and novelty will be lost.

Patents: 12 months

Designs: 6 months

# Risks of Early Disclosure

- Patents and designs are required to be novel to merit protection
- If a product needs to be disclosed it should be done in a confidential context → Non-disclosure Agreement.
- If not, the novelty could be lost and an application for registration be rejected
- This is particularly important in disclosing products that embody inventions and/or designs to potential partners before protection has been obtained

# Working with Partners

- Ownership of IP
- Creation of new IP and who owns that
  - Assignments/licenses for ownership
- Risk of unauthorized use or disclosure of trade secrets by partner
- Risk that partner will use trade secrets of others and expose you to litigation. Insist on indemnification
- Quality of product to be maintained so as to sustain brand image
- Trade marks if registered in the partners name in the country could create problems once the relationship ends

# Suitability of Trademarks

- Check whether the mark has undesired connotations or is likely to be rejected in that country
- Mitsubishi was dismayed to find that PAJERO means 'wanker' in Spanish. Ford NOVA means no go in Spanish. Whereas Coca-Cola was successful in finding a trademark in Chinese to say “happiness in the mouth”

# Conclusion

- IP is of relevance to many aspects of international trade
- Crucially it provides exclusive rights
  - But these rights have to be pursued locally and internationally so as to prevent imitators
  - Be mindful of the additional issues of relevance to international trade

# PCT



# General remarks on the PCT

- The PCT system is a patent “filing” system, not a patent “granting” system
- The PCT system consists of an international and national phase
- The decision on granting patents is taken exclusively by national or regional Offices in the national phase
- The PCT is administered by the International Bureau of WIPO

PCT:



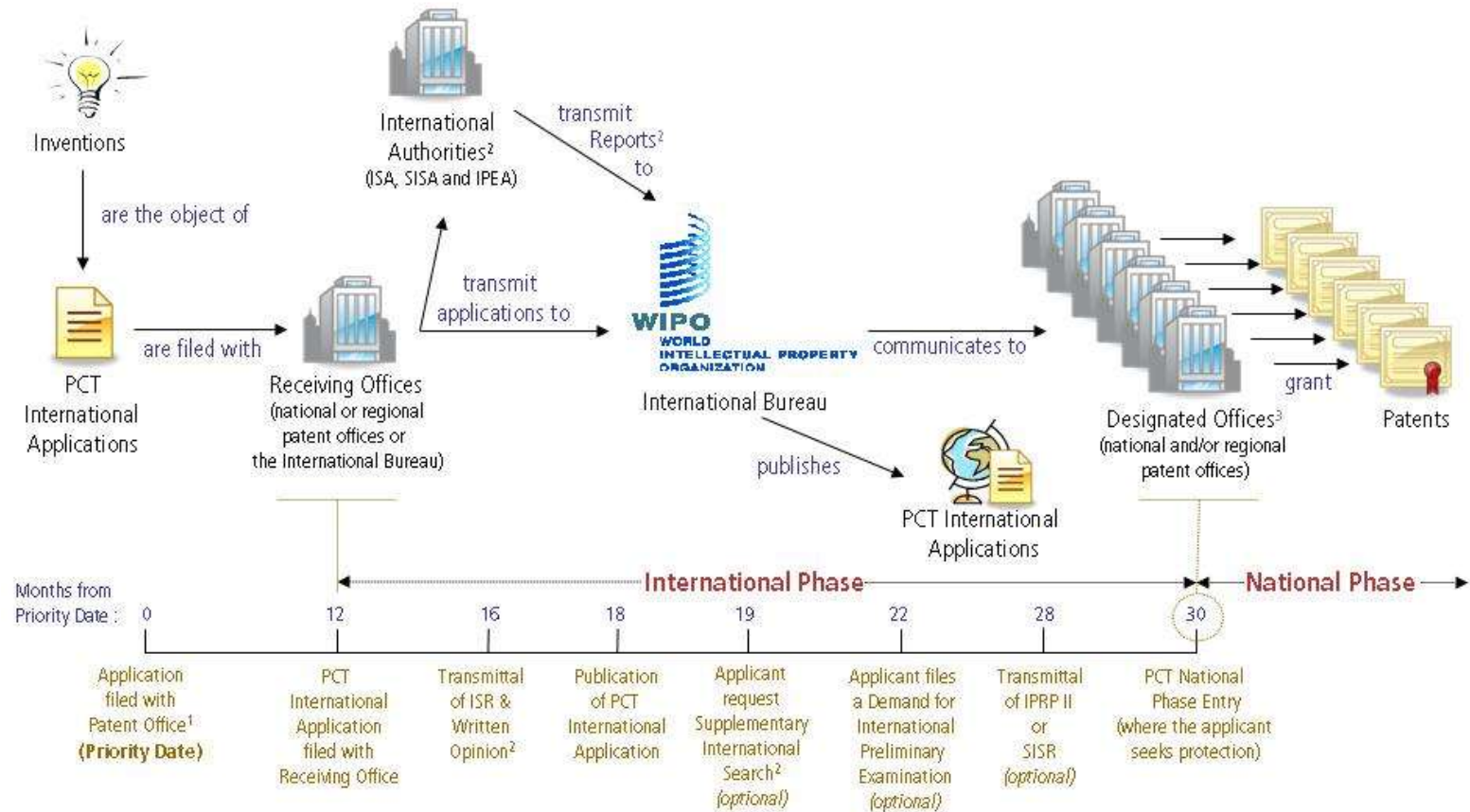
**“The PCT helps put innovation into practice by providing a simple and cost-effective way to file international patent applications”**

*Paul Jacobs, Chairman and CEO, Qualcomm*

Qualcomm: US\$ 14.96 billion revenue (2011)  
17,500 employees  
More than 9,000 PCT applications filed



## Overview of the PCT System



<sup>1</sup> Generally, applicants first file a national or regional patent application with their patent Office and within the 12 months from priority date, file a PCT international application.

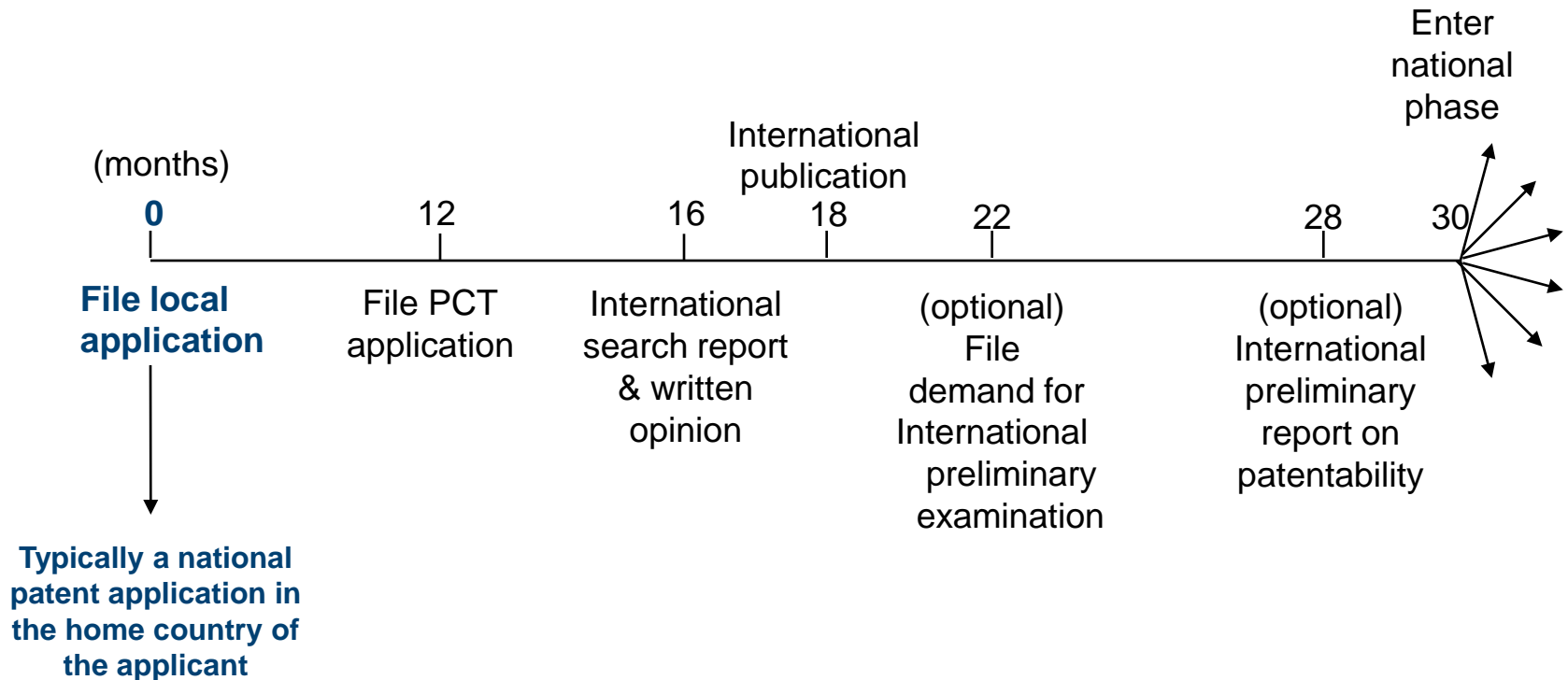
<sup>2</sup> International Searching Authorities (ISA) transmit International Search Reports (ISRs) & Written Opinions / Authorities specified for Supplementary Search (SISA) transmit Supplementary International Search Reports (SISR) / International Preliminary Examining Authorities (IPEA) transmit International Preliminary Reports on Patentability II (IPRP II).

<sup>3</sup> Called Elected Offices for applicants having filed a demand for international preliminary examination.

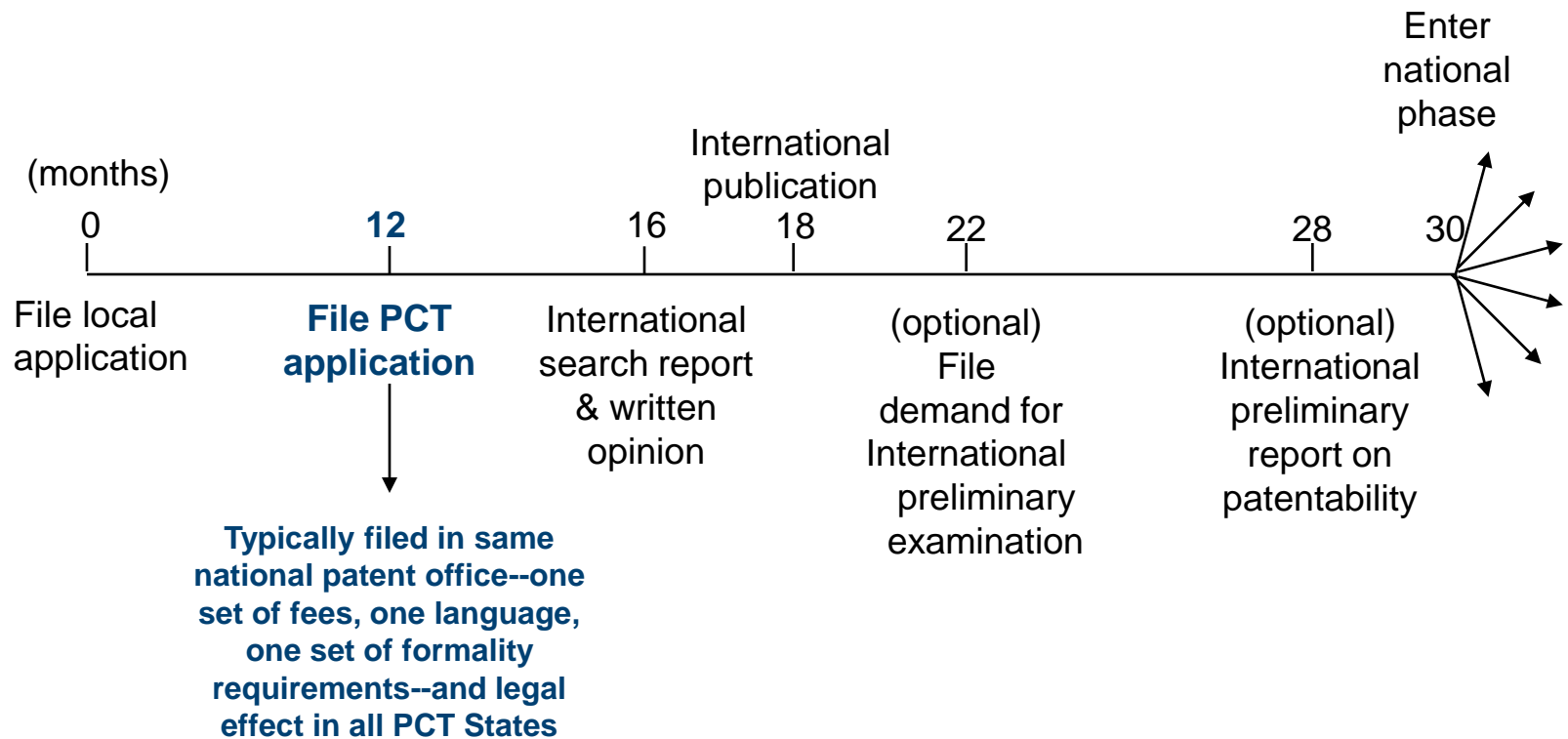
Source: World Intellectual Property Organization (WIPO), March 2012



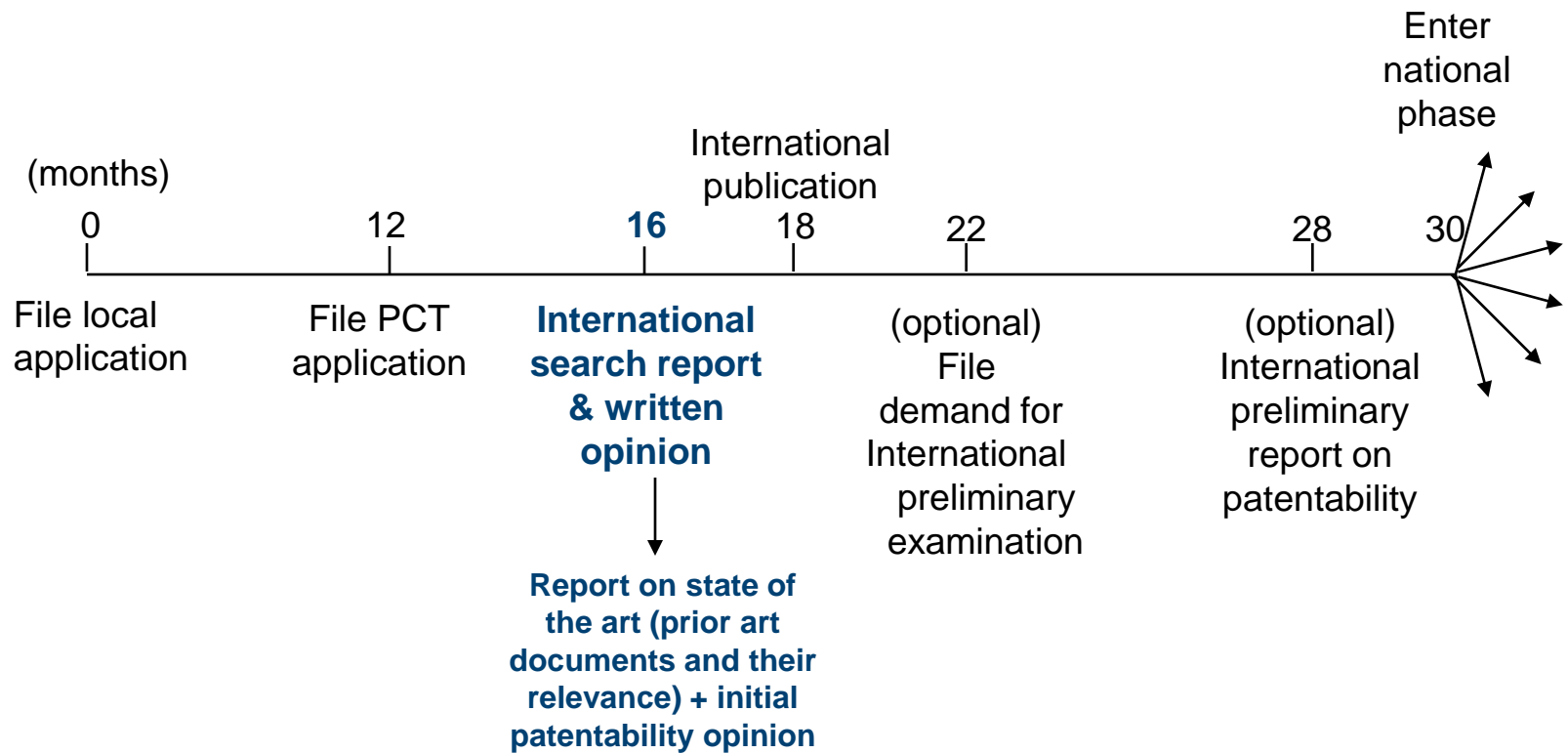
# The PCT System



# The PCT System



# The PCT System

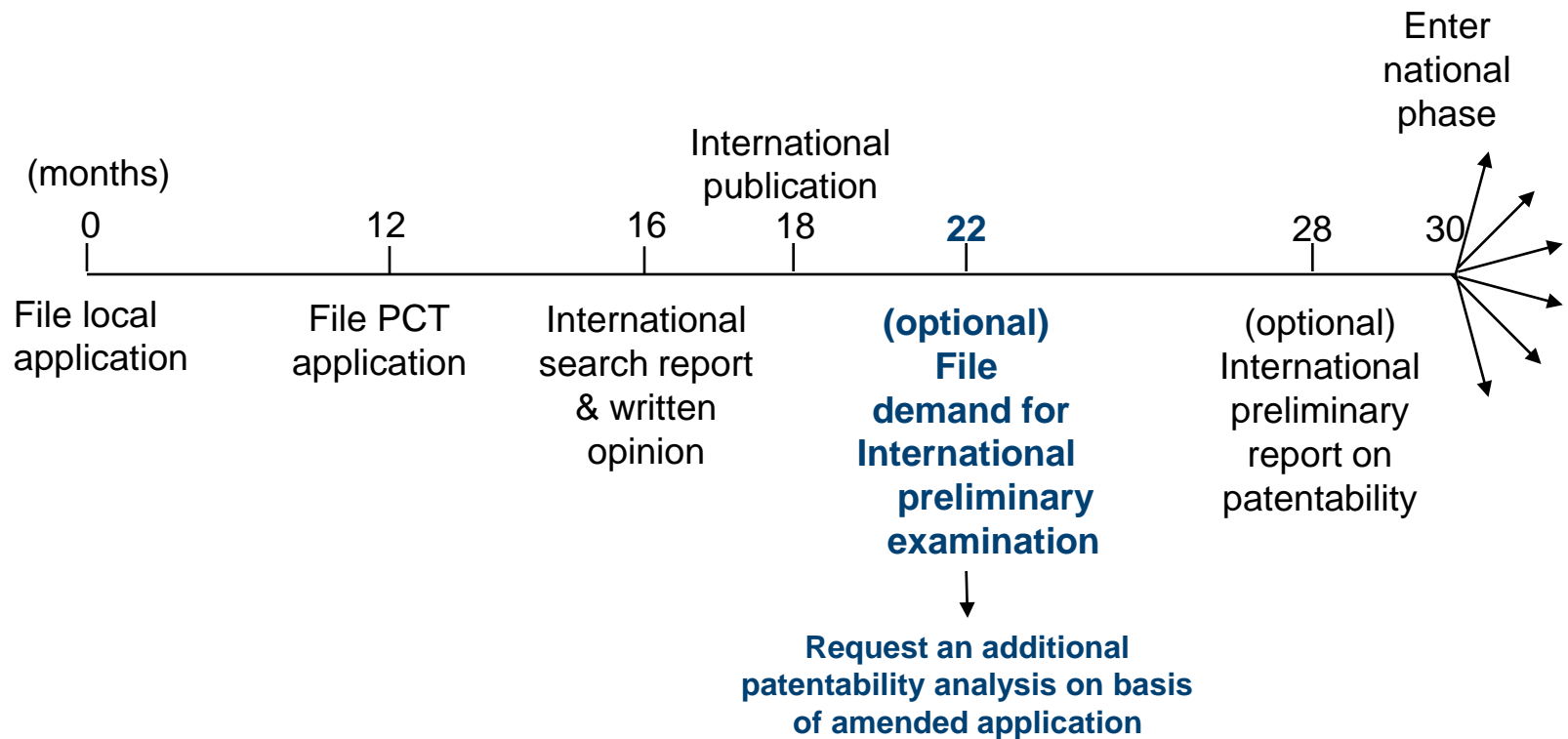


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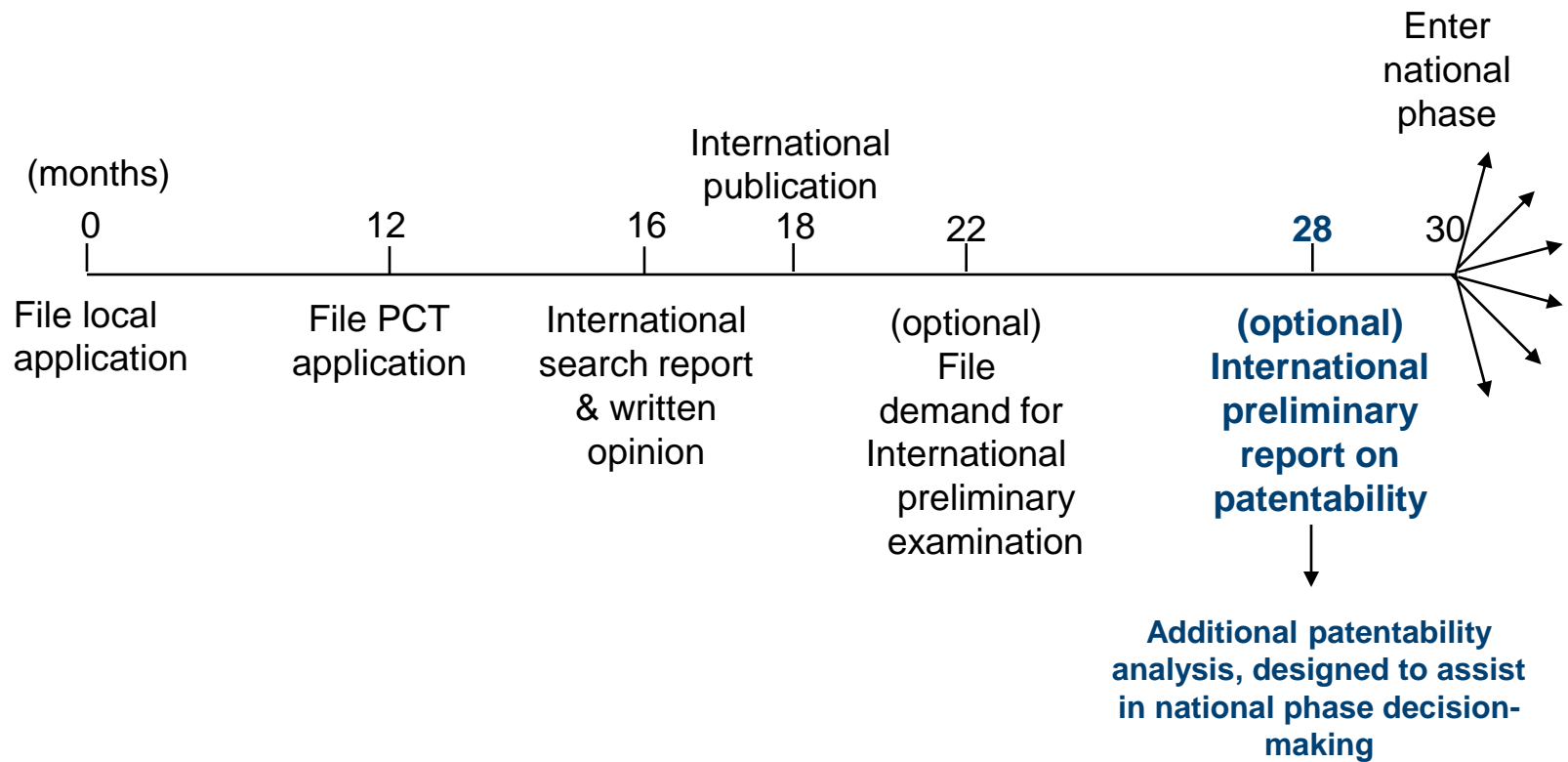




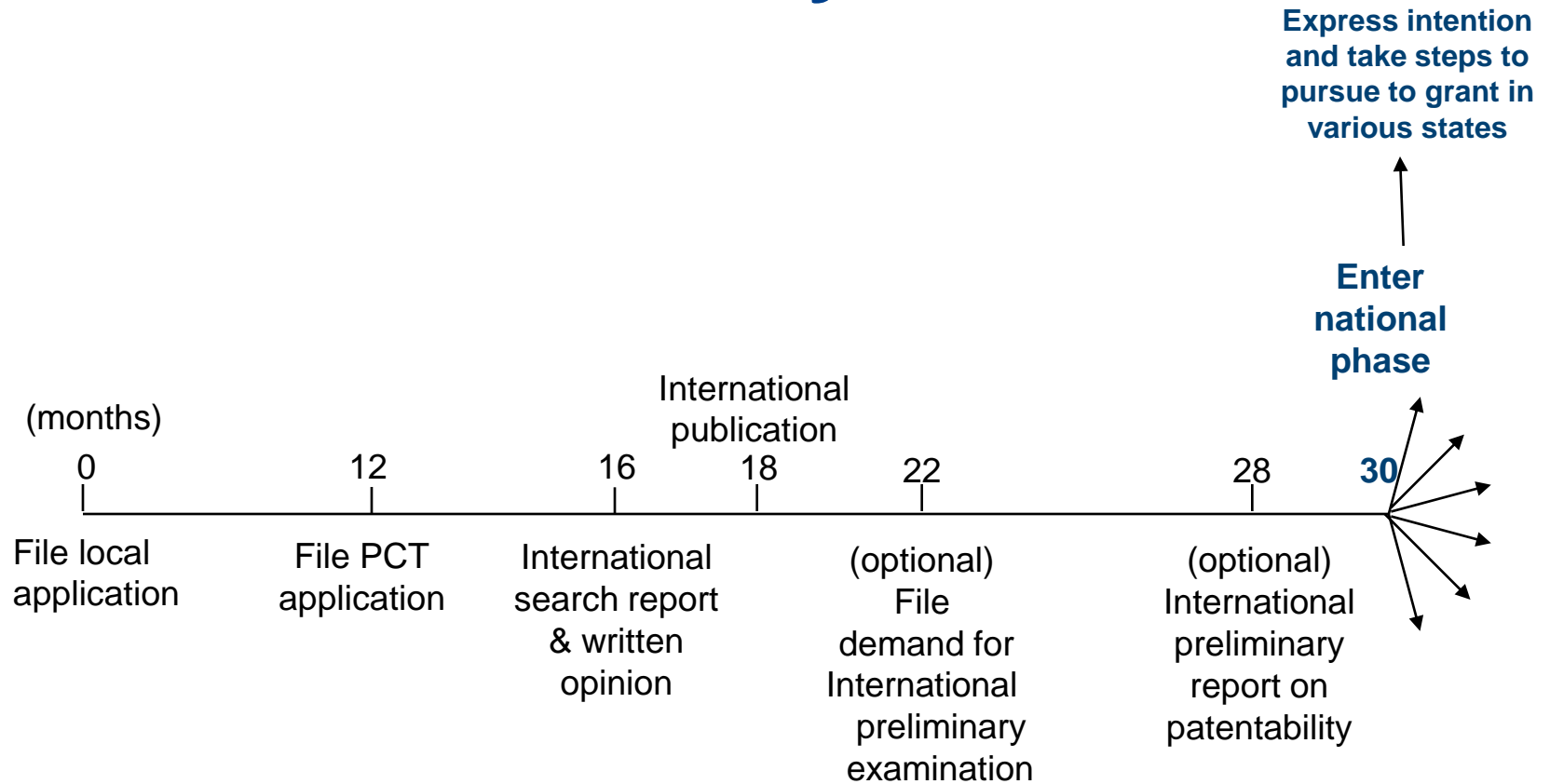
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# The PCT System



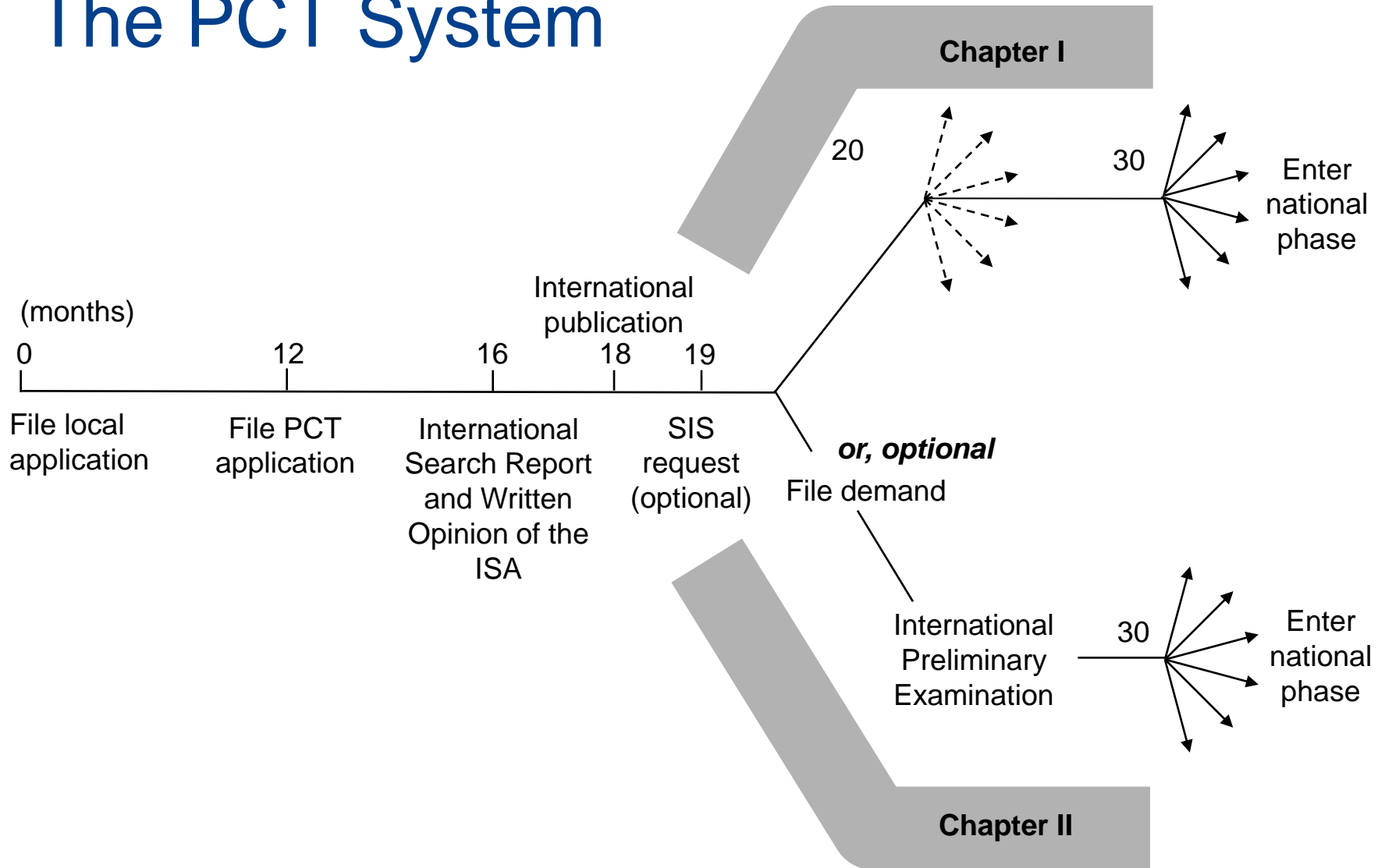
# PCT international phase

- Unified filing procedure consisting of the **filing** and **processing** of a single application with legal effect in all PCT Contracting States
- Information on the potential patentability of an invention prior to the start of national patent procedures (“national phase”)
- Publication of the international application together with the International Search Report (ISR)
- Time delay of at least 30 months before the start of the national patent procedure

# PCT national phase

- Gateway to national patent systems
- Grant (or refusal) of a patent by national or regional Offices

# The PCT System



# International search

- Performed by an International Searching Authority
- PCT Minimum Documentation (PCT Rule 34)
- Everything which has been made available to the public, anywhere in the world, by means of written disclosure
- Capable of being of assistance in determining that the claimed invention is or is not new and that it does or does not involve an inventive step
- Made available to the public prior to the international filing date

# International Search Report (ISR)

- IPC (International Patent Classification) symbols
- Indications of the technical areas searched
- Indications relating to any finding of lack of unity
- A list of the relevant prior art documents
- Indications relating to any finding that a meaningful search could not be carried out in respect of certain (but not all) claims



# International Search Report (ISR) (2)

- Time limit to establish ISR and Written Opinion of the ISA
  - 3 months from the date of receipt of the search copy by the ISA (usually within approximately 16 months from the priority date if priority is claimed); or
  - 9 months from the priority date, whichever time limit expires later

# Example of an ISR

C. DOCUMENTS CONSIDERED TO BE RELEVANT		
Category*	Citation of document, with indication, where appropriate, of the relevant passages	Relevant to claim No.
X	JP 50-14535 B (NCR CORPORATION) 28 May 1975 (28.05.75), column 4, lines 3 to 27	7-9, 11
X	GB 392415 A (JONES) 18 May 1933 (18.05.33) Fig. 1	1-3
Y	page 3, lines 5-7	4, 10
A	Fig. 5, support 36	11-12
X	GB 2174500 A (STC) 5 November 1986 (05.11.86) page 1, lines 5-15, 22-34, 46-80; Fig. 1	1-3
Y		4
A	US 4322752 A (BIXTY) 30 March 1982 (30.03.82) claim 1	1
A	GREEN, J.P. Integrated Circuit and Electronic IBM Technical Disclosure Bulletin Vol. 17, No. 6, page	1-5

**Symbols indicating which aspect of patentability the document cited is relevant to (for example, novelty, inventive step, etc.)**

**Documents relevant to whether or not your invention may be patentable**

**The claim numbers in your application to which the document is relevant**

# Written Opinion of the ISA

- A preliminary non-binding opinion on novelty, inventive step (non-obviousness) and industrial applicability (utility)
- Established at the same time as the ISR
- Not published at 18 months but made available to the public on PATENTSCOPE after 30 months
- No formal response procedure although applicants may submit informal comments

# Example of the Written Opinion

WRITTEN OPINION OF THE INTERNATIONAL SEARCHING AUTHORITY			International application No.
<b>Box No. V</b>	<b>Reasoned statement under Rule 43bis.1(a)(i) with regard to novelty, inventive step or industrial applicability; citations and explanations supporting such statement</b>		
1. Statement			<b>Patentability assessment of the claims</b>
Novelty (N)	Claims	<u>Claim(s) 3-15</u>	YES
	Claims	<u>Claim(s) 16</u>	NO
Inventive step (IS)	Claims	<u>Claim(s) 8, 10-12</u>	YES
	Claims	<u>Claim(s) 3-7, 9, 14-16</u>	NO
Industrial applicability (IA)	Claims	<u>Claim(s) 3-16</u>	YES
	Claims	_____	NO
2. Citations and explanations:			
	<b>INDEPENDENT CLAIM 3</b>		
	Document US-A-5 332 238, which is considered to represent the most relevant state of the art, discloses (cf. relevant passages indicated in the ISR) a device from which the subject-matter of <b>INDEPENDENT CLAIM 3</b>		
	Document US-A-5 332 238, which is considered to represent the most relevant state of the art,		

**Reasoning supporting the assessment**

# International Preliminary Examination

- Optional procedure
- Requested by filing a demand with an International Preliminary Authority (IPEA) (same list as ISA)
- Results in the issuance of a preliminary, non-binding opinion by the IPEA on novelty, inventive step and industrial applicability
  - International Preliminary Report on Patentability (Chapter II)  
– IPRP Ch.II
- Opportunity to amend the description, claims and drawings to address objections raised by the ISA

# Amendment procedures

- Chapter I
  - Article 19 amendments
  - One-time amendment of the claims before the International Bureau after receipt of the International Search Report (ISR)
- Chapter II
  - Article 34 amendments
  - Amendment of the claims, description, drawings before the IPEA to address objections raised by the ISA

# Entry into the national phase

- The international phase ends after 30 months from the earliest filing date
- The applicant typically has to decide prior to this time in which countries to enter the national phase
- The PCT provides an option for 146 Contracting States
- Based on experience, applicants would enter the national phase in no more than 30 countries (between 5 and 30)

# Decisions to be taken by the applicant

- Whether to proceed with or abandon the international application?
- When?
  - At the end of 30 months
- Where?
  - Choice of countries/regions based on business and local market conditions



# Some national phase requirements may apply

- Payment of national fee
- Translation, if applicable
- Copy of international application in particular circumstances only
- Other special national phase requirements which may apply are to be complied with at the time of national phase entry or within a time limit fixed by the national Office

# Cost deferral

- Seeking patents in foreign countries requires a significant capital investment
- The PCT provides for the deferral of main initial costs associated with internationalization
  - Cost of translations
  - Local patent agent fees
  - Local patent Office fees

# Patentability analysis

- Strong basis for patenting decisions
- Valuable information that is of assistance in making patenting decisions
- The International Search Report (ISR) and the Written Opinion of the International Searching Authority
- International Preliminary Report on Patentability (IPRP (Ch.II)) of the International Preliminary Examining Authority (optional)

# Madrid

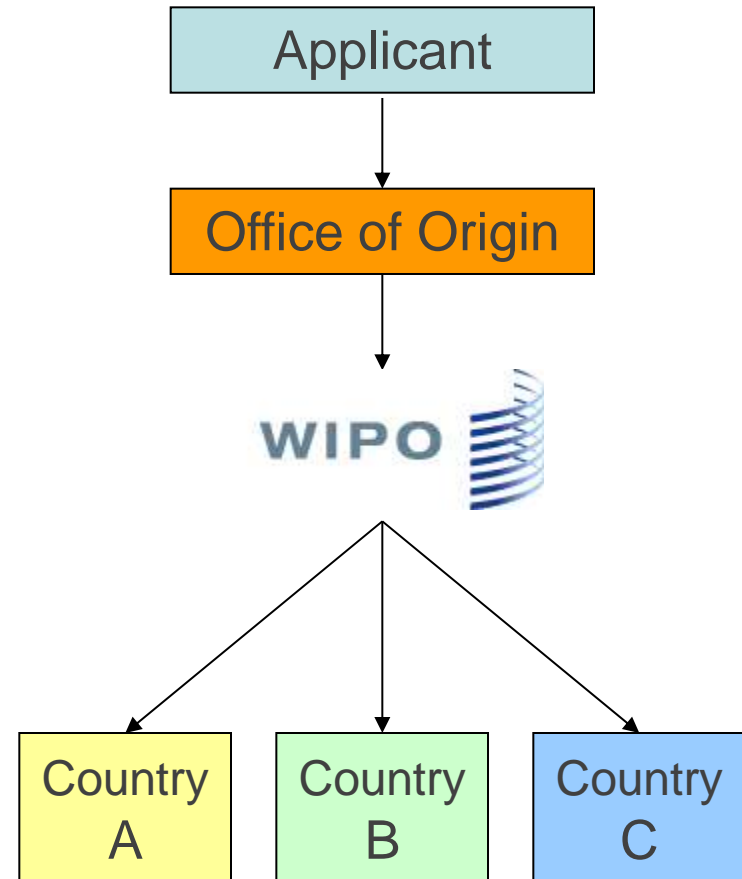
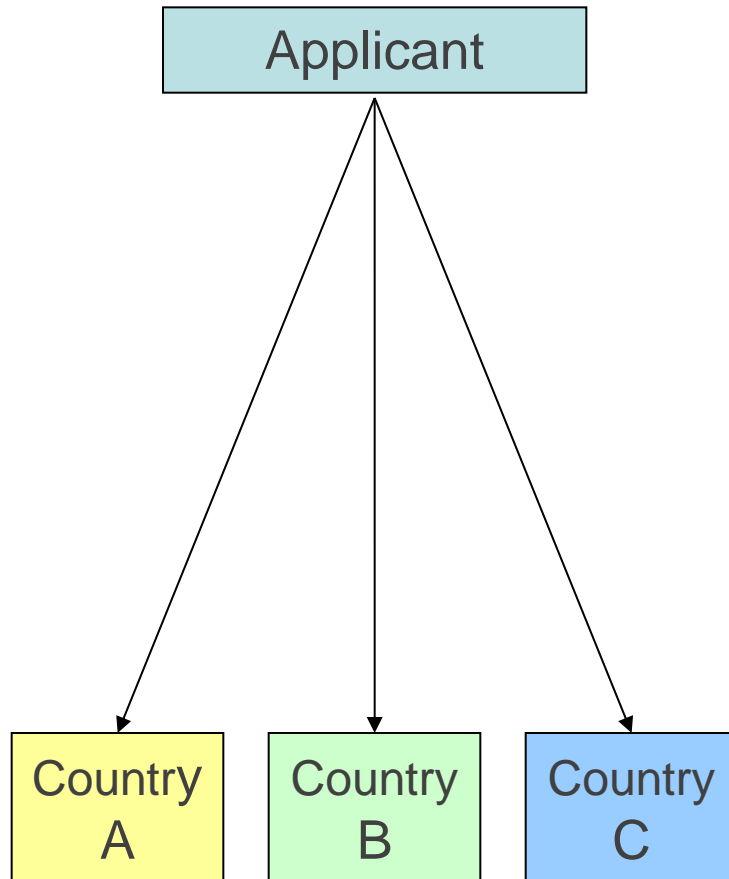
# Protection of Trademarks

- Obtained through
  - registration or
  - use, but strong protection may be obtained only through registration
- The right arising from registration has a territorial character-  
registration is subject to the national legislation of the country
- Filed with the competent authorities (IPO)
- If you want to have your mark protected abroad, you have to register the mark in all the countries where protection is desired

# Routes for Protecting a Trademark abroad

- The national route or direct filing: Filing applications with the trademark Office of each country in which protection of the mark is sought
- The regional route: Applying for protection in countries which are members of a regional trademarks registration system with effect in the territories of all Member states (ARIPO, Benelux Trademark Office, OHIM and OAPI)
- The international route: The Madrid System

# National Route vs. Madrid Route



# Legal Framework I

- Madrid Agreement (1891) latest revised in 1979
- Madrid Protocol (1989) latest revised in 2007
- Common Regulations as in force from September 1, 2009
- Administrative Instructions as in force from January 1, 2008
- Law and Regulations of each Contracting Party

See at [http://www.wipo.int/madrid/en/legal\\_texts/](http://www.wipo.int/madrid/en/legal_texts/)  
[http://www.wipo.int/madrid/en/members/ipoffices\\_info.html](http://www.wipo.int/madrid/en/members/ipoffices_info.html)



# Legal Framework II

Under the Madrid system

## ■ Treaties and Regulations

- providing the basic principles and mechanism of the system; governing the formal conditions for an international registration

## ■ Domestic Law and Regulations of a Contracting Party

- governing the substantive conditions for granting the protection in each relevant territory

# National or International/Madrid Route?

## National Route

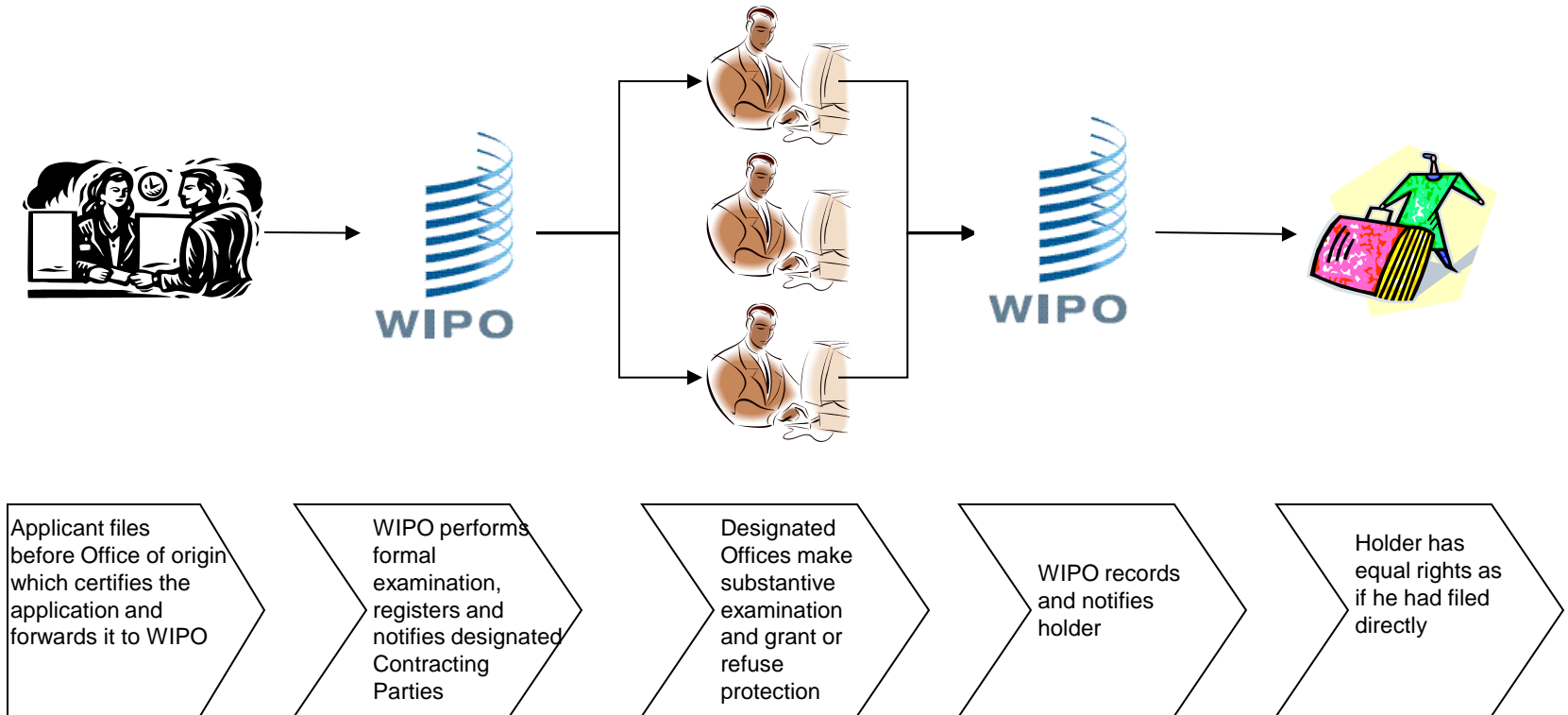
- ❖ **Many** Offices for filing
- ❖ **Many** application forms
- ❖ **Many** languages
- ❖ **Many** currencies
- ❖ **Many** registrations
- ❖ **Many** renewals
- ❖ **Many** modifications
- ❖ Foreign **attorney** needed from beginning



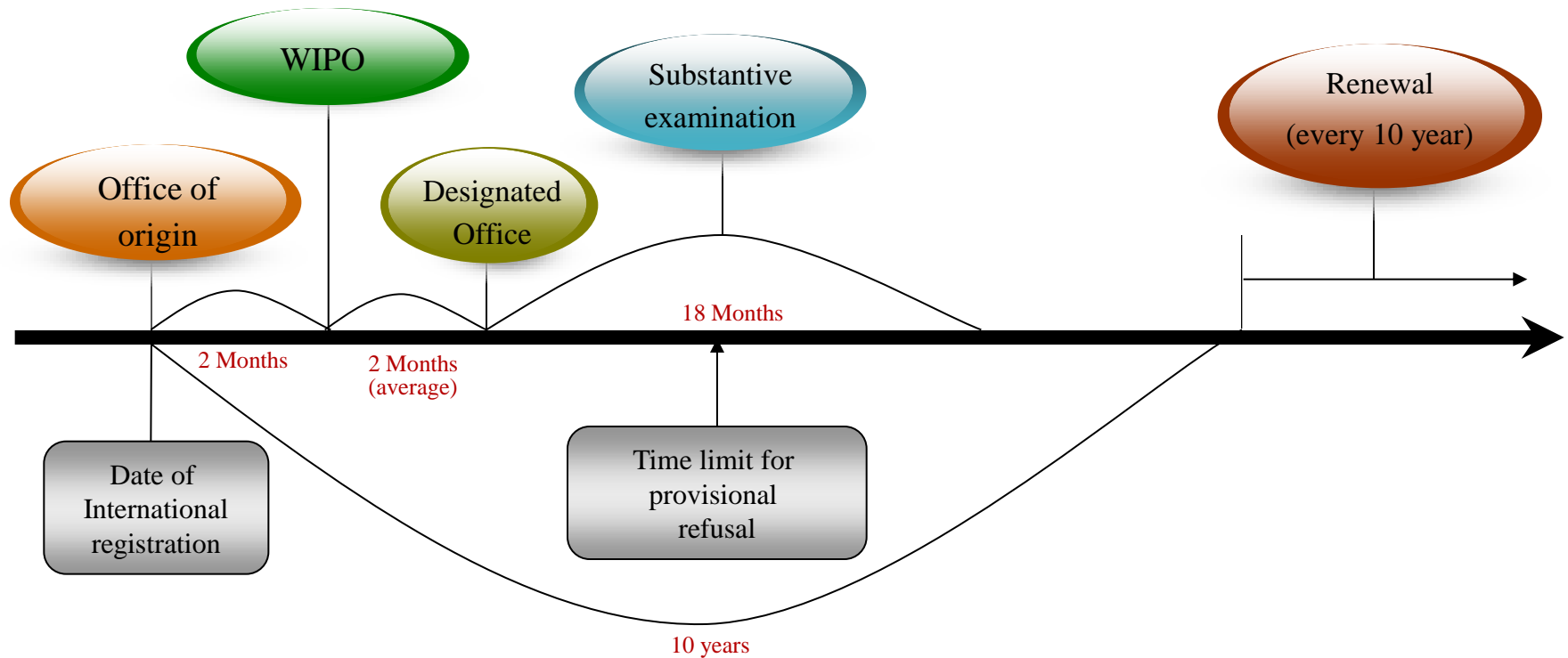
## Madrid Route

- **One** Office for filing
- **One** single application form
- **One** language (E/F/S)
- **One** currency (Swiss francs)
- **One** international registration
- **One** renewal
- **One** modification
- Foreign **attorney** needed only in case of refusal

# General Procedure under the Madrid System



# International Registrations – an Overview



# The Madrid System

- A centralized filing mechanism
- A one-stop shop for trademark holders to obtain and maintain trademark protection in export markets
- An option to the national route
- A purely procedural treaty
- The domestic legislations of the designated Contracting Parties set the conditions for protecting a trademark and determine the rights which result from protection

# Basic Features (1)

- Entitlement
- An international application may be based on one or more applications or registrations
- The fees payable in connection with the application
  - The basic fee (CHF 653 or 903)
  - A complementary fee for each designated Contracting Party with supplementary fee OR individual fee
- Scope of protection – to be determined by designated Contracting Party
- The Contracting Party may elect for 12/18 months refusal period

## Basic Features (2)

- Statement of grant of protection
- Subsequent designation
- The 5 years dependency period
  - Central attack – Ceasing of effects
- Transformation of the International registration into national applications
- 10 years term of protection with renewal every 10 years

# Benefits for Trademark Owners

## ■ Simple

- A single set of simple formalities
- A single filing Office

## ■ Low-Cost

- Low registration fees
- No need to pay foreign agents for filings
- No need to pay translation of the paperwork into several languages

## ■ Effective

- A single international application produces the same legal effect in various countries
- A fixed deadline for the confirmation or refusal of the legal effects in each designated country

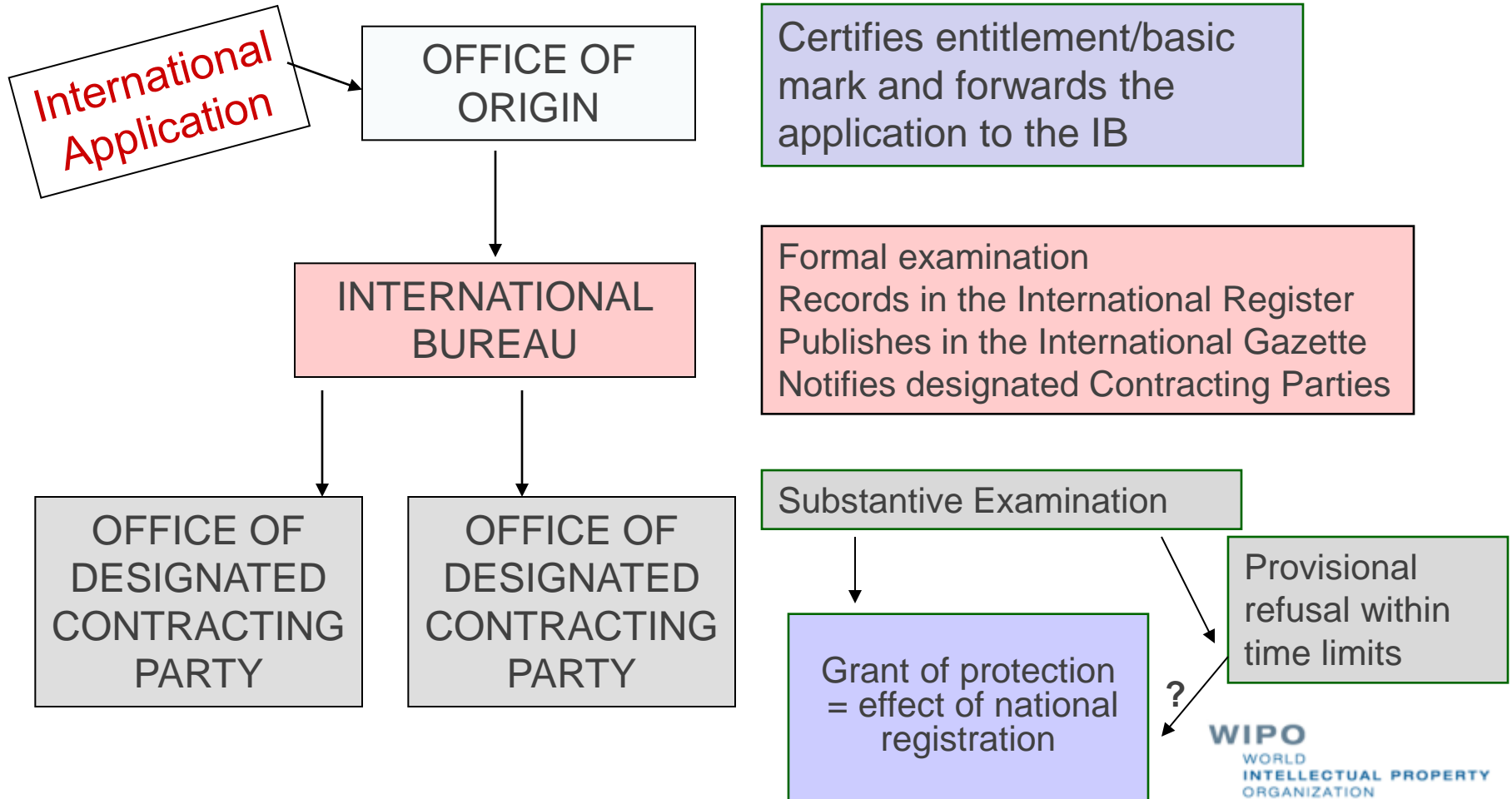


# Benefits for the Offices and Government

- The Contracting Parties can focus on substantive examination
- The Madrid system has a positive effect on economic growth
- It empowers SMEs
- It promotes international trade by contributing to the opening of new markets and assisting in development of export
- It creates a more favorable climate for foreign investment in the internal market

# International Registration Procedure

Precondition: basic application or basic registration



# Thank You for Your Attention!

**Siyoung Park**

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