



Intellectual Property Issues in Exporting

Tamara Nanayakkara
Counsellor
SMEs Division

Outline

- Exporting
- Why consider IP in exporting
- IP audit
- Protecting IP here and abroad
- Beyond protection

Exporting

- Where to export
- Is there a demand
- Partners, what kind
- Price
- Packaging
- Advertising and marketing (participation in fairs)

AND WHAT ABOUT INTELLECTUAL PROPERTY?

The Relevance of IP

- Where to export - enterprises with high value IP are reluctant to export to countries that do not respect IP
- Demand - consumer demand will be higher where a trademark is known and appreciated
- Partners - IP is an important factor in attracting partnerships
- Price - partly depend on the IP involved in the product and the kind of competition that can be expected from rivals
- Packaging will involve an array of IP issues
- Marketing - rely strongly on trademarks
- Participation in fairs- may be affected by whether or not IP has been applied for

Exporters often realize the importance of IP once it is too late:

- *once their product or brand has been copied.*
- *once they have been found to infringe another's IP (costly mistake)*

10 Points to Remember

1. Exclusivity

- Right to prevent others from using and benefiting from that creativity
- Imitation is the most sincere form of flattery and IP could save you a lot of flattery
- Similarly do not “flatter” others. Avoid infringement. Analyze freedom to operate by conducting a search as to whether there are other similar or conflicting IP registered in that market (or used - trademarks)

2. IP Protection is territorial

- It is important to keep in mind that IP are only valid in the country or region in which they have been granted. Therefore applying for IPR in other countries is important if there is an intention to export
- Copyright is automatically available through the provisions of the Berne Convention

- To have exclusive rights it is generally necessary to register a patent, trademark or design
 - Trademarks also could be valid through use
 - Some countries recognize unregistered designs
 - Trade secrets by definition are not registered
 - Copyright is not required to be registered

Obtain IP Rights Internationally - National Route

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

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

3. IP Laws and procedures are not identical

- **Trademarks:** use ↔ registration
- **Patents:** first-to-file ↔ first-to-invent
- **Software:** copyright ↔ patents
- **Databases:** copyright ↔ sui generis
- **Designs or works of applied art:** copyright ↔ ID
- **Moral rights**

4. There are deadlines for applying for IP protection abroad...

- Priority Period
- Once an application for a patent or design right has been made domestically an international application has to be made within the “priority period”. Once the priority period has lapsed it is too late to apply as novelty has been lost.

Patents: 12 months

Designs: 6 months

5. Disclosing a product without protection could be risky

- 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 (NDA).
- If not, the novelty could be lost and an application for registration be rejected

6. Think Beyond exclusivity

- Owner of an IP right has greater bargaining power in entering into partnerships
- Exploit the IP through licensing, franchising and merchandising arrangements
- Sell IP
- Use the IP to raise finance

7. Define IP ownership with Partners

- Developing new product with another enterprise
- Establishing joint venture
- Modifying design, package or trademark
 - Clarify ownership of IP generated. *Written contract*

8. Suitability of trademarks

- Check whether the mark has undesired connotations or is likely to be rejected in that country

9. Enforcement - border measures

- Under the TRIPS Agreement a state must adopt procedures enabling a right-holder suspecting the importation of counterfeit trademark or pirated copyright goods, to apply to the customs for confiscating the goods
- They could even act on their own without an application

10. Parallel Imports and Exhaustion of IP Rights

- Parallel importation is when goods are exported from markets to which they were intended to markets they were not. Such goods are called “grey market” goods.
- Once a product protected by an IPR is sold the IPR is “exhausted”

- Parallel importers ordinarily purchase products in one country at a price (P_1) which is cheaper than the price at which they are sold in a second country (P_2), import the products into the second country, and sell the products in that country at a price which is usually between P_1 and P_2 (Wikipedia)
- This will have a bearing on a company's export and pricing strategies

IP Audit

- IP rights are assets as important or even more important than physical assets (buildings, machinery)
- Like any asset they must be maintained, managed, exploited and enforced.

IP Audit

- Identify the IP assets of a company
- Have rights been acquired for them
- Are they been maintained
- Are they exploited optimally
- Is there any redundant IP
- Is there any infringement of third party rights
- Is there a system for managing this process

Identify IP Assets

- Innovative products or processes or innovative features
- Cultural artistic and literary works
 - (photographs, illustrations, film etc)
- Creative designs
- Distinctive signs
 - slogans, packaging, logos
- Confidential business information
 - Customer Lists, Pricing/Cost Data, Customer Information and Sales Practices, Business Plans
- Patents or utility models
- Copyright and related rights
- Industrial design rights
- Trademark

- Trade secrets

Conclusion

- IP is of relevance to many aspects of exporting
- Crucially it provides exclusive rights
 - but these rights have to be pursued locally and internationally so as to prevent imitators
 - Be aware of the dangers of infringing the rights of others
- IP gives more than exclusivity. They are assets that need to be effectively exploited