

WELCOME TO ...



International Trade and Intellectual Property

**WIPO Training of Trainers Program on Intellectual Property
and Small and Medium Sized Enterprises
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Overview

- Why IP rights are important for exporters?
- How to check Your freedom to operate?
- What IP issues should be considered in international outsourcing?
- How to protect Your intellectual property rights in export market?



1. Why IP rights are important for exporters?



Case Study: Exporting knitting machinery

From the IPEuropAware Guide for the Textile and Clothing Industry

- A European company S that sells advanced knitting machinery to manufacturers in China discovered that a local competitor was selling a competing product not under the company's European trademark. The competing product copied:
 - the dimensions, exterior covering and even the colors of the original
 - brochures and website copied pictures, diagrams and product specifications of the original product, even though the local product did not meet the same performance specifications.
- Customers are misled
- The company did not have any patents registered in China



Case Study: Exporting knitting machinery

- The company could only rely on claims of copyright infringement on their brochure artwork and infringement of the Anti - Unfair Competition Law in relation to the false claims on the brochure
- To avoid the costs of litigation in the courts, the company engaged a local law firm to send a warning letter to the competitor, followed up with a phone call
- Result: the competitor changed the photographs and some of the contents of the brochure, but there was no legal basis to force them to change the appearance of their product



Why you business should consider IP related BEFORE exporting?

- Exclusivity and possibility to stop imitators
- Avoid infringing upon other's IP rights
- Access new markets through licensing, franchising, joint ventures, etc.
- Protection of adaptations and improvements
- Negotiation with distributors, importers or other partners
- Marketing of the product
- Timing of participation in fairs and exhibitions
- Pricing of the product
- Fund-raising



Possibility for Your Business to escape the most common IP mistakes made by exporters

- Believing that IP protection is universal
- Assuming that laws and procedures for the protection of IP rights are the same worldwide
- Not using the regional or international protection systems
- Missing important deadlines for filing applications abroad
- Disclosing information too early or without a confidentiality or non-disclosure agreement



Possibility for Your Business to escape the most common IP mistakes made by exporters

- Not defining issues of ownership of IP rights when outsourcing manufacturing
- Exporting licensed products without authorization from the licensor
- Not checking whether a trademark is already registered or is being used by competitors in the export market
- Using a trademark that is inappropriate for the market in question



2. How to check Your freedom to operate?



Checking your freedom to operate

“Freedom to operate” - special analysis to ensure that your product will not be infringing on the IP rights of others in the export market

- Depending on the product in question, may consist of:
 - a basic trademark search or
 - a thorough investigation involving various IP rights
- Significantly increase your chances to escape problems when investment in exporting is done



Trademark search:

1. For registered identical or confusingly similar mark

Where: national and international databases

<http://ecommerce.wipo.int/databases/trademark/output.html>

2. For identical or similar trade name and domain name
3. For identical or similar marks in use

Where : search engines, specialized publications

4. Check of contractual limitations (licenses)



If your search uncovers potential conflicts?

If your search uncovers potential conflicts with a trademark? :

- Check a possibility to challenge it
- Purchasing the mark
- Licensing the mark
- New trademark



Patent search

Basic search to ensure that Your product does not infringe on patents owned by others

Where: national and international databases

<http://www.wipo.int/ipdl/en/resources/links.jsp>

If your search uncovers potential conflicts with a protected technology that is incorporated in your product?

- Purchasing or licensing the patent
- Inventing around
- Cross-licensing
- Patent pools



Copyright protection abroad ?

- **Automatic protection** upon creation in the countries of the Berne Convention for the Protection of Literary and Artistic Works or is a Member of the World Trade Organization (WTO)
- **Remember:** To maximize rights, if possible, register copyright claim with the national authority
- **Advantages of Registration:**
 - will be accepted as evidence of copyright ownership in the event that you wish to enforce your copyright against an infringer and greatly reduces the preparation of evidence



- **Let's discuss it on a practical example...**
take a look at Exercise 1

3. What IP issues should be considered in international outsourcing?



What is international outsourcing?

- **International outsourcing** is practice when an enterprise making an arm's length alliance with one or more entities or enterprises abroad to perform carefully selected operations and day-to-day processes that were previously done in-house
- Outsourcing may therefore happen at any level of the value chain :
 - at the lowest level, labor-intensive unskilled tasks
 - at the level of production or manufacture of a component, or the whole product or service
 - at the level of technology development is outsourced, including some or all of the associated research and development (R&D) tasks



What should be considered ?

- Requires the sharing of a wide array of proprietary knowledge involving different IP rights on each level
- Each type of IP asset is generally governed by its own distinct national law, which varies from one country to another

Need for **effective management of knowledge sharing** while keeping the overall business objectives in view:

- challenges in monitoring and/or dealing effectively with various types of **breaches of contract clauses**,
- **theft or misappropriation of trade secrets**

What should be considered ?

- **ownership** of improvements for outsources and new technologies and knowledge (assignment, licensing),
- misuse or loss of **other types of IP rights** (resulting in partial loss of control of business),
- poor or inconsistent **quality** of goods and services (that may affect the reputation or brand image),
- **enforcement** of IP rights (possibility and costs),
- **parallel imports**



Parallel imports

- Once you have sold a product in a given export market, can somebody buy that product in that market and re-import it into your home country for sale? ... in another country where you sell a product for a higher price?
- Parallel importation refers to the import of goods by importers **who are not part of the distribution channels contractually negotiated by the manufacturer** of the IP protected product
 - the goods as such are original;
 - only the “parallel” distribution channels are not controlled by the manufacturer/IP owner
 - difference in price



Parallel imports

- Parallel importation is closely related with the principle of exhaustion of rights

IPR exhaustion means that the holder/ owner may no longer exercise control over the use or movement of the concrete good/service embodied that right

- When: first authorized sale or bringing the product embodied the IPR to the market
- Where:
 - National exhaustion
 - International exhaustion
 - Regional exhaustion (EEA)



National legislation and case law of each country of importation

- **Let's discuss it on a practical example...**
take a look at Exercise 2

4. How to protect Your intellectual property rights in export market?



What options are available for protection of Your IPRs in export market?

Territorial nature of IP rights



Three alternative procedures for applying for IP protection in other countries:

- the national route,
- the regional route and
- the international route



Before considering taking any of them...

0. Identification of your interests and strategy

- **When ?**

- Missing application deadlines might give a possibility to competitors to the rights or destroy the novelty
- Grace period
- First file/ First invent systems

- **Where ?**

- Where the commercialization of your product would take place?
- What are the main markets for similar products?
- What are the costs for protection in each target market and what is my budget?
- Where the main competitors are located?
- Where the product would be produced?
- How difficult would be to enforce IPR in the given country?



National Route

1) National Legislation / Registration

- Local patent application:
 - multiple formality requirements
 - multiple searches
 - multiple publications
 - multiple examinations and prosecutions of applications
 - translations and national fees required
- **Time:** priority period (12/ 6 months)
- **Strategy:**
 - Protection in a limited number of countries
 - Protection in a country that is not a member of a regional / int-l agreements
 - To obtain priority date/national application/registration



Regional Route



2) Regional Route

- Certain rationalization because of regional arrangements:
 - the African Intellectual Property Organization (OAPI) system under the Bangui Agreement (16 member States in 2009)
 - the African Regional Industrial Property Organization (ARIPO) under the Harare Protocol (16 member States in 2009)
 - the Eurasian patent system (EAPO) the Eurasian Patent Convention (19 member States in 2009)
 - the European patent system (EPO) (35 member States and four extension States in 2009)
 - A common intellectual property regime of the Andean Community (Four member states, five associated countries and two observer countries in 2009)
 - the Patent Regulation of the Cooperation Council for the Arab States of the Gulf (Gulf Cooperation Council (GCC)) (6 member States in 2009)



Regional Route: When?

- **Time:** priority period (12/ 6 months)
- **Advantages:**
 - Simplified way to obtain protection in countries of the regional arrangement
 - Reduction of formalities and expenses
- **Strategy:**
 - To get protection in all/some countries of the regional arrangements
 - To obtain priority date



International route

WIPO provides systems for filing applications and allows you to obtain patents in multiple countries around the world



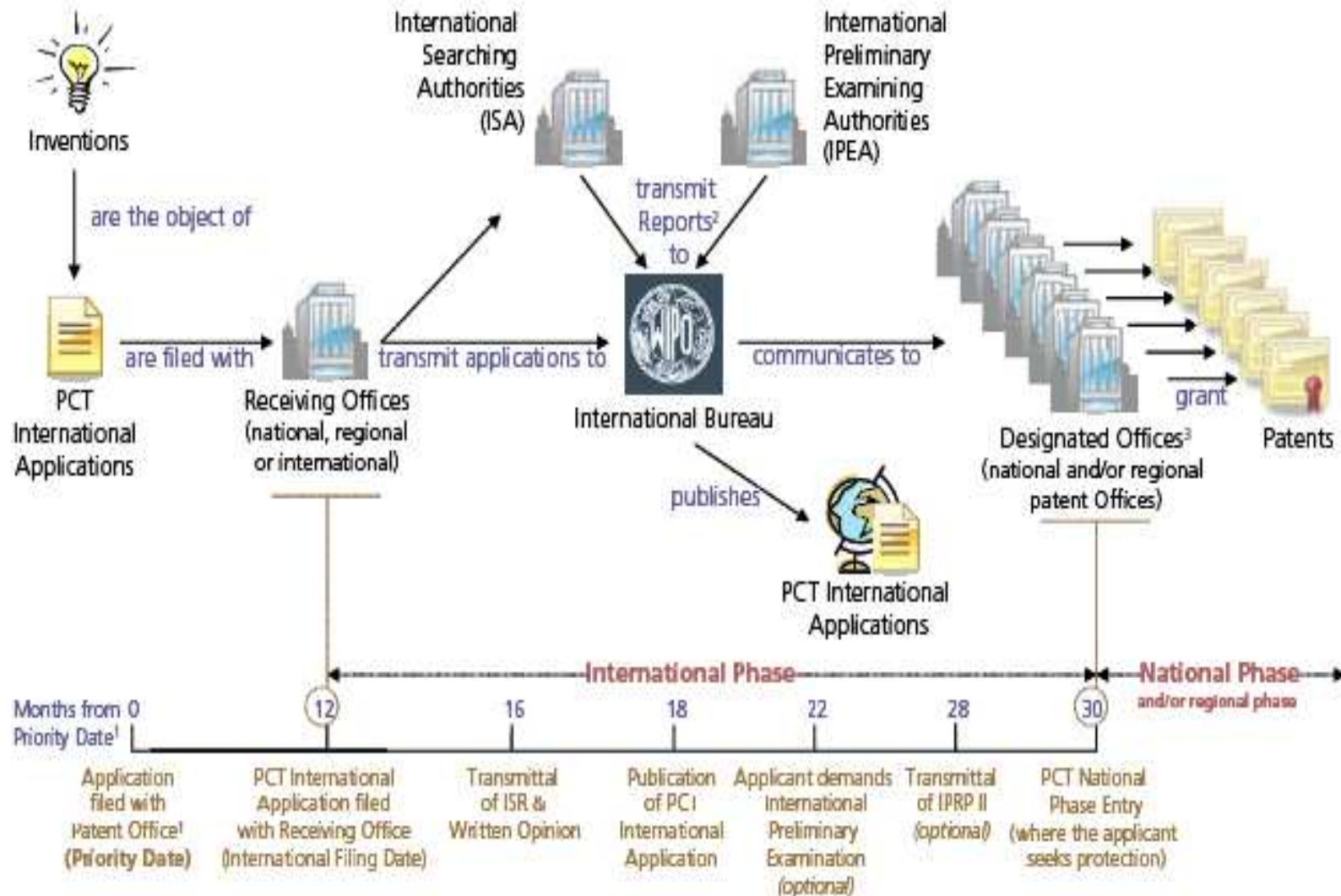
- filing patent and utility models:
 - Patent Cooperation Treaty (PCT)
- filing trademarks:
 - Madrid Agreement and Madrid Protocol on international registration of marks
- Filing industrial designs:
 - Haag Agreement
- **Important:** the ultimate decision to grant a patent/ TM/ID rests exclusively with each national/regional Patent Office

International route: advantages



- *Winning of time:*
 - PCT: extra 18 months
- *Saves* efforts in money and time
 - one international application in certain form, in one place, in one language
 - pays one initial set of fees in one currency and in one office
- *Helps* the applicant *to make decisions* about the prosecution of the application before the various national Patent Offices in the national phase of processing
- *Delays* national processing
- *Delays* filling fees, translation costs, national attorney costs, election of countries
- *Provides opportunity* to amend the claims, to manage the obtained rights (e.g. notifications, renewal)
- *Provided possibility* to claim priority from earlier application (s) / Paris Conventional Priority
- *Provided possibility* to combine PCT, Madrid, Hague with regional patent systems

Review of PCT Procedure



¹ 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.
² ISAs transmit International Search Reports (ISRs) & Written Opinions / IPEAs transmit International Preliminary Reports on Patentability II (IPRP II).
³ Called Elected Offices for Applicants having filed a demand for IPRP II.

Review of Basic Madrid Procedure

Precondition: basic application or basic registration

International
Application/
Registration

OFFICE OF
ORIGIN

Certifies that particulars in international app. = those in basic app. or basic reg.

INTERNATIONAL
BUREAU

Checks formalities
Records in the International Register
Publishes in the International Gazette
Notifies designated Contracting Parties

OFFICE OF
DESIGNATED
CONTRACTING
PARTY

Substantive Examination

↓ refusal within set time limits ↓
refusal no refusal = effect of a national registration²²

- **Let's discuss it on a practical example...**
take a look at Exercise 3

Thank you for your attention!



Any Question?

WIPO's website for SMEs :

www.wipo.int/sme

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