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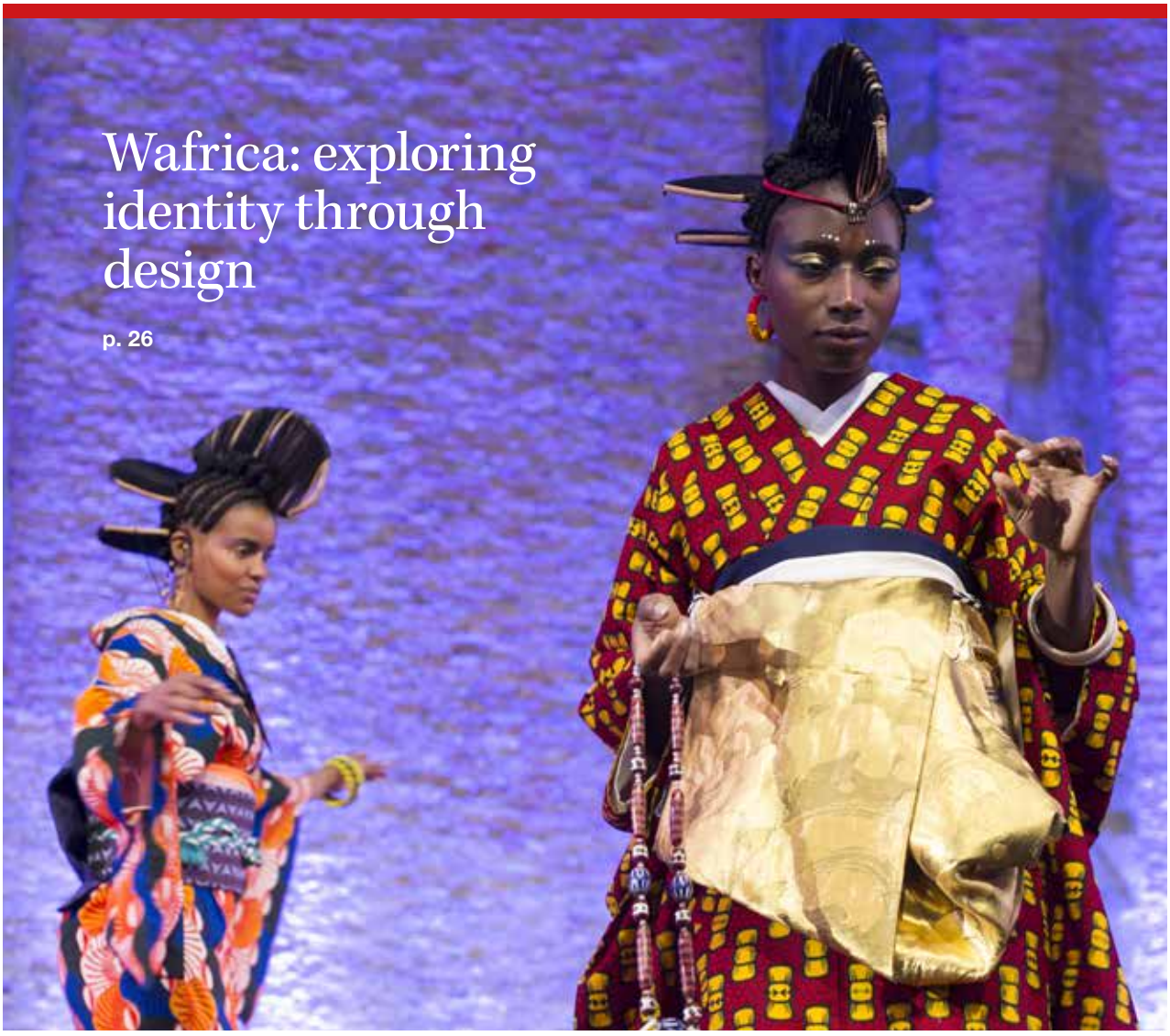

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Creative industries in the platform economy

By **Catherine Jewell**,
Communications Division, WIPO

Photo: metamorworks / iStock / Getty Images Plus

Digitization has transformed the market for creative content, creating opportunities for some, and challenges for others. As there are so many connected consumers and so many suppliers of creative content, the companies that establish a platform to organize that content occupy a very powerful position in the market today.

The digital revolution has dramatically changed the creative landscape, generating opportunities for some and challenges for others. And in the face of falling revenues, rampant online piracy and fake news, the dominance of tech giants like Amazon, Facebook, Google, Netflix and Spotify is the source of growing concern. **Sangeet Choudary** is a leading expert on the so-called platform economy and has written extensively on the impact of platforms on businesses, the economy and society. Mr. Choudary recently shared his views with *WIPO Magazine* on what the rise of the platform economy means for the creative sector.

Why is there so much interest in platforms today?

Platforms create a lot of value by organizing the content market. They are the new intermediaries. YouTube, for example, provides the basic infrastructure for connecting creators of video with consumers of video.

Platforms are the matchmakers and the taste-makers in today's digital content market and are gaining huge market power, which, in the long-term, may have a negative impact on the creative sector.

How do you explain the rise of the platform economy?

The content market has been transformed by digitization over the past 20 years. In the pre-digital era, content was monetized and distributed via a bundle. For example, music was bundled into an album, tied to a CD, and pushed out. In the digital world content became divorced from physical media. Digitization enabled content to move freely at near zero cost. Content could be unbundled and packaged in new ways. Then, as new sources of supply emerged with the availability of online tools that allowed anyone to create content cheaply, we saw an explosion in content production. Consumers found it increasingly difficult to find the content they wanted.

"Platforms are the matchmakers and the taste-makers in today's digital content market and are gaining huge market power."

Sangeet Choudary

Platforms were a natural solution to this problem. They began curating content and helping consumers find the books, films and music they wanted and to decide what was worth consuming through their recommendation systems.

In the music industry, CDs gave way to Napster and Kazaa, which offered a new distribution model for singles. Fast forward a few years and Apple began offering tools for musicians to record music, creating new supply tied to the Apple iTunes store, where musicians could upload and sell individual tracks. Then Spotify and Pandora emerged, assembling and curating music from different sources and enabling users to filter their favorite songs and benefit from their recommendation systems. Similar trends are evident across the creative sector.

Because there are so many connected consumers and so many suppliers of creative content, the companies that create a platform to organize the content market occupy the most powerful position in the content market today. In effect, they determine what content is shown and to whom.

What makes platforms so powerful?

Platforms have control points; in particular, their unique understanding of their users, resulting from data we provide every time we consume content on a platform, and their recommendation systems, which enable them to attract even more consumers and draw in even more creators. This gives them huge market power. With high-quality consumer data, platforms get to know more about the kind of content that works than the content industry itself, and then start moving into production. Netflix has done this and Spotify is starting to do so. At this point, platforms start creating lock-in mechanisms that make it inconvenient to leave the platform. This is what Amazon did in launching its Kindle Publishing Platform. Anything published on that platform was usable only on Amazon. Authors became locked into the platform, and Amazon was able to distance authors from its competitors.

Why were companies like Amazon, Facebook, Google and Netflix able to become so valuable and scale so rapidly?

First, unlike traditional media companies, platforms enjoy a network effect – a self-reinforcing cycle where more creators attract more consumers and more consumers attract more creators. Second, the mass of consumer data they own allows them to take

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Photo: Getty Images / Alamy Stock Photo

The creative community has had a mixed reaction to the rise of platforms like Google, Facebook, Netflix and Spotify. Some are losing money and feel the platforms are not doing enough to return value to creators. Others favor the way platforms have democratized access to the content market and enable direct interaction with fans.

Photo: Cigma Events Pvt. Ltd.

As platforms (e.g. Amazon, Facebook, Google, Netflix and Spotify) "gain market power and exercise ever greater control over the whole creative value chain, it becomes increasingly important to understand how IP creators are affected and explore ways to ensure the creative ecosystem is equitable and sustainable," says Sangeet Choudary (above).

"Platforms are fundamentally changing the economics of content creation and the assumptions that go into determining what content will succeed and what will not."

Sangeet Choudary

advantage of artificial intelligence to automate and inform their content creation processes. Netflix and Amazon are already doing this. Third, platforms win because they use cross-subsidization and cross-selling very effectively. Amazon can acquire content at below cost, give it away for free, and still remain a highly profitable business because, as the owner of much of the world's retail inventory, it can subsidize any content it creates by monetizing the products its content promotes.

What impact are platforms having on traditional creative companies?

In general, traditional intermediaries – publishers, film studios, record labels – are far less scalable than platforms and have been substituted by them, so they have suffered in the platform economy. Amazon's Kindle platform, for example, has created a mechanism for authors to publish their work without having to go through a publisher, forcing many smaller publishers to close. While authors may or may not be discovered, the platform always wins because all transactions flow to the platform. Similar trends are evident in music and film, although Spotify still works with record labels and Netflix still works with the studios. This is because it takes heavy investment to bring a new artist or film to market. But as Netflix accumulates data on the kinds of content that are profitable to own and gets into content production, it will gradually make film studios less relevant. Netflix is uniquely positioned to shape what consumers want. Its content is readily available and always salient, so consumers get a lot of value from using Netflix.

How are creators reacting to the rise of the platforms?

Their reaction has been mixed. Some are losing money and feel that platforms are not doing enough to return value to them. But others highlight the way platforms have democratized access to the content market and enable them to interact directly with their fans and build a following.

What are the downsides for the creative community?

First, the fundamental business model for platforms is to exploit the creative ecosystem's resources while pushing all the risk back to the ecosystem. That is why artists' revenues are falling, and online anti-piracy efforts are lukewarm at best. As platforms scale, their owners – a handful of investors and private companies – acquire huge market power and start making decisions that work against their creative communities. So we need to develop alternative ways to fund platforms if we are to solve the problem of risk and reward in the platform economy.

Second, the way platforms monetize content creates a tension between the outputs the creative industry should create and the kind of outputs it ends up creating. Data-driven platforms prioritize consumption over variety. Facebook's monetization model is entirely based on making users click on links. That requires engaging users with edgy content that makes them interact with

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the platform. A *Wall Street Journal* study found that every time users interact with YouTube, they are driven to ever more polarizing content. This has an impact on creators because if consumers respond better to polarizing content, then creators will produce it – that is where the demand lies. So the way platforms are funded and make money often works against the long-term interests of creators and the quality and diversity of creative outputs. These dynamics reduce the risk-taking appetite of traditional creative businesses. When Amazon required publishers to charge lower prices for books sold through the platform, publishers' margins, plummeted making it more difficult for them to offset the cost and risk associated with taking on new authors with revenues from best sellers.

The platforms are fundamentally changing the economics of content creation and the assumptions that go into determining what content will succeed and what will not. In the streaming era, Netflix can capture more granular data on our viewing habits – how long we watch a particular film sequence, when we pause or abandon a movie, and so on. It uses these data to determine the content, the plot lines and the actors that work best with audiences and is starting to move consumers to the content they create versus the content the rest of the creative community is creating. When platforms determine that formulaic content is more profitable than other content, we will see less variety as the appetite for creative risk-taking declines. As long as platforms can capture what consumers want, they will know how to apportion value across the ecosystem and will exert a strong influence in shaping the cultural ecosystem.

How can creators safeguard their interests in the platform economy?

Creators need to recognize that in the platform economy some intellectual property-protected art can be monetized and some can be used as a marketing tool to create spread. They also need to be clear about all the competitors that are entering their space and that can substitute their work. They may be competing with the Marriott Hotels group, for example. It has a 100-member team of content creators, but doesn't need to monetize that content – it simply makes it available for free to encourage people to stay at their hotels. So creators need to understand how cross-subsidization works in a platform economy.

Creators also need to think about their personal brand and develop and leverage it across multiple platforms. Some creators have huge followings on multiple platforms. They use YouTube to post their content and Twitter and Instagram to engage directly with fans. Some even pull in fans from these platforms to crowdfunding platforms like Kickstarter to fund their projects. What really matters in the platform economy is being discovered and creating a following, so how artists engage with fans is really important.

The real challenge for artists is that their negotiation power with a platform is very low. That's why the creative industry, as a whole, needs to embrace new technology-driven ways to negotiate at scale with platforms. Without these tools, all other policy or negotiated solutions will be incomplete.

Photo: Cigma Events Pvt. Ltd.

Cultural event at the WIPO Conference on the Global Digital Market: Focus on Asia-Pacific, New Delhi, India, in November 2018. The conference explored the challenges in accommodating easy public access to music, film and other creative works and the ability of creators to earn a living from their work in the digital environment.

Photo: recep-bg / Getty Images

In the platform economy, creators need to recognize that "some intellectual property-protected art can be monetized and some can be used as a marketing tool to create spread," says Sangeet Choudary.

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Photo: Cigma Events Pvt. Ltd.

From left to right: Mr. Rajiv Agharwal, Joint Secretary, Department of Industrial Policy and Promotion (DIPP), Ministry of Commerce and Industry of the Government of India, Justice Manmohan Singh, Chairman, Intellectual Property Appellate Board, New Delhi, Former Judge, High Court of Delhi, India, Mr. Ramesh Abhishek, Secretary, DIPP, Ministry of Commerce and Industry of the Government of India, Mr. Francis Gurry, Director General, WIPO and Mr. Naresh Prasad, Assistant Director General and Chief of Staff, WIPO.

About the 2018 WIPO Conference on the Global Digital Content Market: Focus on Asia-Pacific New Delhi, India November 14 and 15, 2018

The conference brought together hundreds of participants, including business, government and creative-industry leaders, to discuss the challenges associated with accommodating demand for public access to music, film and other creative works and the ability of creators to earn a living from their work.

The event was hosted by India's Department of Industrial Policy and Promotion (DIPP) at the Ministry of Commerce and Industry, in New Delhi, India.

In his opening remarks, WIPO Director General Francis Gurry said the "digital economy has transformed the creative sector," creating "new tools for the creation and distribution of cultural content." He noted that while "the global shift to digital" is "providing exciting new opportunities for both consumers and creators alike," it has also "shaken the foundations of long-established business models at a rapid pace – and new adaptive practices need to emerge."

Mr. Gurry underlined the continuing importance of copyright in incentivizing and financing creative activity. "While new business models have been disruptive, one principle remains intact: the centrality of copyright as a financing mechanism for the creative content that underlines human cultural activity," he said.

In his remarks, India's Joint Secretary, at the DIPP, Mr. Ramesh Abhishek said that the conference highlighted "India's commitment to digitization." Like other developing countries, India is witnessing a radical shift in business model dynamics within the creative sector. In this context, he said, India is seeking to "attain great heights as a digitally empowered society and knowledge economy."

During the two-day event, panel discussions covered:

- Music – New Channels and New Models
- Education Publishing – Curated Content and Education Outputs in the Digital Era
- Film – Sustaining the Film Industry in the Digital Environment
- Broadcasting and Media Convergence – From Paper to Screen
- Digital Rights and Infrastructure – Policy and Diplomacy Considerations
- Digital inclusion – How the Benefits of Digital Advances Can be Shared Across All Levels of Society

More information is available at: *www.wipo.int/meetings/en/2018/global_digital_conference.html*

> "The best way to regulate a platform is to think like one. Regulation has to become data-driven."
>
> Sangeet Choudary

And what do platforms need to think about?

Resource-rich platforms need to up their game in returning fair value to artists and tackling online piracy. Start-ups such as the Create Music Group in California are signing up artists and using algorithms to track the use of works. Why aren't the big platforms doing it?

Platforms could also start thinking about how to use Blockchain technology to create a more transparent and sustainable system for the creative industries. Blockchain technology's decentralized mechanisms could potentially digitize the whole creative value chain using smart contracts to return value to individual creators on the basis of what they have created.

And regulators?

Regulators need to step in to make platforms more accountable, so that the creative ecosystem becomes more equitable. Artists alone can't achieve this. The best way to regulate a platform is to think like one. Regulation has to become data-driven. Regulators need to require platforms to open up their data. They need to create platforms and regulatory standards based on real-time data. This will involve working with independent data analysts to map what is actually happening on the platforms and ensure regulatory benchmarks are met.

Is there a role for WIPO here?

WIPO can promote better understanding among policymakers of the influence that platforms are having on the whole creative value chain. As connectivity expands, the power of the platforms will increase, so it is critically important that we are proactive in developing effective ways to regulate them. WIPO can bring policymakers together to develop and deploy continuous metrics-based regulatory standards and mechanisms so the appropriate checks and balances are in place to ensure the world's cultural industries continue to thrive.

The United States modernizes its music licensing system

By **Karyn A. Temple**, Acting Register of Copyrights and Director, United States Copyright Office

The recently enacted Music Modernization Act (MMA) simplifies music licensing in the United States. It will also increase transparency and reduce transaction costs between copyright owners and users.

Photo: wundervisuals / E+ / Getty Images

Twenty eighteen has been an historic year for copyright law in the United States. In addition to enacting the Marrakesh Treaty Implementation Act in October, the United States has passed sweeping legislation to transform its licensing system for musical works and to provide, for the very first time, federal remedies for unauthorized uses of pre-1972 sound recordings. The updates enacted through the Orrin G. Hatch-Bob Goodlatte Music Modernization Act (MMA) represent the most significant changes to US copyright law since the Digital Millennium Copyright Act (DMCA) of 1998.

Many would acknowledge that these important improvements to the music landscape in the United States were desperately needed. The need to reform music licensing had been widely acknowledged for years. Music licensing has been notoriously complicated. Songwriters and recording artists, publishers and labels have been frustrated by the various rate-setting processes of a music licensing system that was becoming ever more complicated as additional layers were added in response to progressive technological developments; digital music services, libraries and individual listeners were bothered by the lack of clarity regarding protections of pre-1972 sound recordings. Improving the music licensing system for all stakeholders became more important with each technological development that made the existing system seem more esoteric and anachronistic.

THE US COPYRIGHT OFFICE: A VOCAL ADVOCATE FOR CHANGE

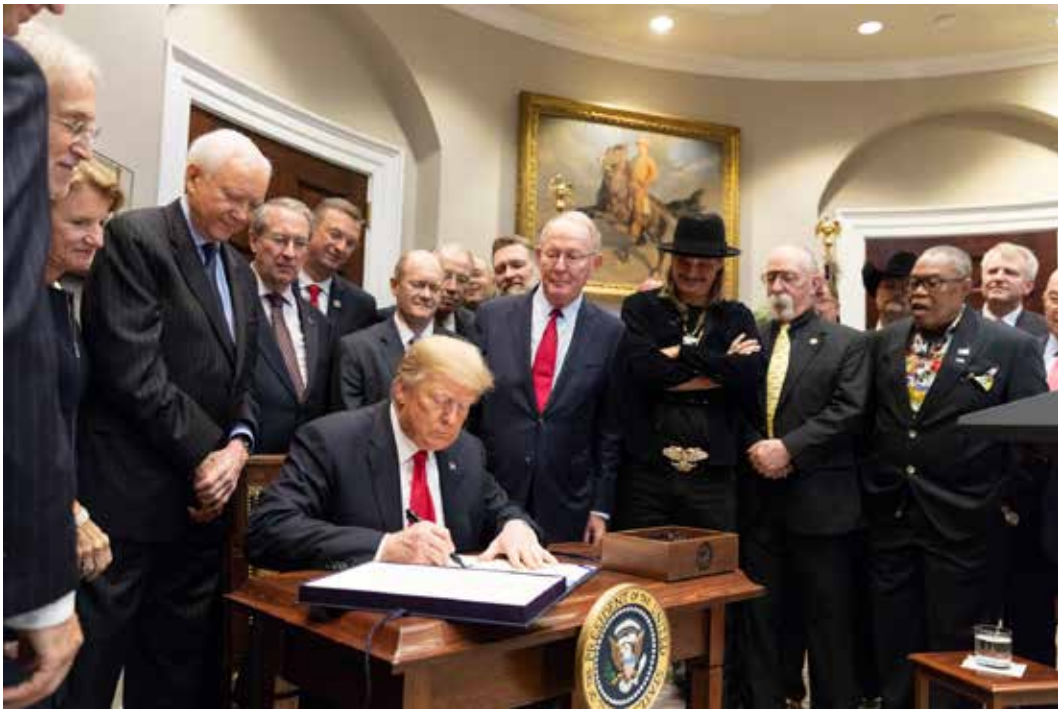
The US Copyright Office has recognized for some time that our music licensing system was "complex and daunting even for those familiar with the terrain," and failed to adequately reflect the current way music is distributed online. In its 2015 music report, the Copyright Office stated that the legal system was stuck in the past with outdated legal structures that were "trying to deliver bits and bytes through a Victrola."

The Copyright Office has been a vocal advocate for crucial updates to the music licensing system in the United States. In 2004, Marybeth Peters, the Register of Copyrights at the time, testified before Congress that "the means to create and provide music to the public has changed radically in the last decade, necessitating changes in the law to protect the rights of copyright owners while at the same time balancing the needs of the users in a digital world."

In 2005, Ms. Peters testified about the need for a "21st Century Music Reform Act," and the Copyright Office continued to urge music law reform in subsequent years. In her call in 2013 for the "next great copyright act," Maria Pallante, Register of Copyrights at the time, identified music licensing reform as "particularly important." Two years later, the Copyright Office issued a comprehensive study of music licensing and the ever-evolving needs of music creators and investors, entitled *Copyright and the Music Marketplace*. In that study, the Copyright Office acknowledged the barriers caused by the outdated system and proposed broad reforms, including regulating licensing of musical works and sound recordings in a consistent manner, adopting uniform market-based rate-setting standards for all government-set rates, and, as previously proposed by an earlier Copyright Office study, bringing sound recordings fixed before February 15, 1972, within the scope of federal copyright law.

The US Congress took up this call in passing the MMA, which was the result of several years of intense efforts to revise the nation's music licensing system.

Photo: Official White House photo by Joyce N. Boghosian



Surrounded by members of Congress and musicians, on October 11, 2018, US President Donald J. Trump signs the landmark Music Modernization Act into law.

Beginning in 2013 with a broad review of copyright law, the US House of Representatives held several hearings on music issues. They included "Music Licensing Under Title 17 (Part I and II)," "The Scope of Copyright Protection," and "Music Policy Issues: A Perspective from Those Who Make It."

During the 115th Congress, which began on January 3, 2017, seven distinct bills were introduced in one or both chambers, each addressing a different piece of the music licensing puzzle. In spring 2018, those pieces came together in the form of the MMA.

HISTORIC CONSENSUS EMERGES

After significant discussion and debate, an historic consensus between music providers and platforms began to develop. This consensus showed the value of the new partnerships that can emerge when technology platforms and content providers work together for a joint cause. As Senator Orrin Hatch, sponsor of the Senate bill, said, "All sides of the music industry came together to find a way to make our music laws better. To make them function properly. To update them for the digital age. No side got everything it wanted. But everyone got something. And at the end of the day, we have a piece of legislation we can all be proud of."

On October 11, 2018, having been passed unanimously by both chambers of the US Congress, the MMA was signed into law by US President Donald J. Trump.

The landmark law represents the culmination of years of attention by policymakers, stakeholders and the US Copyright Office – "the most sweeping music copyright reform since the 8-track tape era," as Recording Academy president and CEO Neil Portnow told *The Hollywood Reporter*. Indeed, the MMA is not only the most significant piece of music copyright legislation in decades: it is one of the most significant pieces of US copyright legislation ever.

WHAT THE MMA DOES

The MMA changes the law for licensing of musical works and pre-1972 sound recordings, as well as the distribution of sound recording royalties to producers, mixers and sound engineers. It reflects Congress' determination that copyright law had not kept pace with consumer preferences and technological developments in music. The MMA is organized into three separate titles, which represent some of the earlier bills that were later combined into the enacted MMA.

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MUSIC LICENSING OVERHAULED

Title I of the MMA is the Musical Works Modernization Act is intended to make it easier for digital music services to license music and for right holders to get paid when their music is streamed and downloaded online. It addresses the inefficiency of the song-by-song licensing system for the mechanical reproduction and distribution of musical works embodied in phonorecords by digital music providers. Previously, if a new digital music service wished to begin operation, there were significant barriers to entry. A service that might be looking to provide access to millions of songs would have needed to license each song individually. If done under the statutory license, this would have entailed serving an effective notice of intention on each copyright owner or, if the owner could not be identified, on the US Copyright Office.

The MMA overhauls this inefficient system and establishes a new mechanical licensing collective (MLC) to administer blanket licenses for such uses by digital music providers as permanent downloads, limited downloads, and interactive streaming. Upon full implementation of the MMA, a digital service may simply serve a notice of license on the MLC to obtain a blanket license. The MLC, which will be funded by digital music providers, also will collect and distribute royalties, and identify musical works and their owners for payment. It will also be responsible for creating and maintaining a free, public database of musical work and sound recording ownership information. To ensure oversight and accountability, the MLC is designated by the US Register of Copyrights and Director of the US Copyright Office. It must be a nonprofit organization created by copyright owners and endorsed by copyright owners of musical works, and it must possess the administrative and technological capabilities necessary to carry out the functions outlined above.

Among other features, Title I of the MMA changes the standard applied in rate-settings adjudicated by the US Copyright Royalty Board, a federal tribunal that sets royalty rates for statutory copyright licenses. The new "willing buyer/willing seller" standard is more market-based and replaces a previous policy-based standard that many thought unfairly depressed royalty rates.

CLARITY ON PRE-1972 SOUND RECORDINGS

Title II of the MMA is the Classics Protection and Access Act which addresses an anomaly in US copyright law related to sound recordings. Prior to the MMA, US sound recordings created before February 15, 1972, were not covered by federal copyright law, although foreign sound recordings already were. Instead, US sound recordings were subject to an array of state laws, creating inefficiency, confusion and litigation.

> "The MMA changes the law for licensing musical works and pre-1972 sound recordings, as well as the distribution of sound recording royalties to producers, mixers and sound engineers."
>
> Karyn A. Temple, Acting Register of Copyrights and Director, United States Copyright Office

Photo: Jennifer Sanrolla/ Alamy Stock Photo

The MMA brings pre-1972 US sound recordings within the scope of US federal copyright law, meaning that digital music providers no longer need to navigate a complex patchwork of state laws when using such recordings.

Photo: PeopleImages / E+ / Getty Images

Photo: yanyong / iStock / Getty Images Plus

The MMA overhauls and simplifies music licensing in the United States and brings it into line with the way music is distributed in the digital era. It also codifies existing practice in relation to the payment of royalties to producers, mixers and sound engineers.

"The MMA will support participants across the music ecosystem."

Karyn A. Temple, Acting Register of Copyrights and Director, United States Copyright Office

The MMA brings pre-1972 US sound recordings under the umbrella of federal protection, preempting any existing state law that may have covered such works. Although it does not fully bring pre-1972 US sound recordings within the scope of federal copyright law, the MMA provides federal remedies for unauthorized uses of those works and also applies the major federal copyright exceptions and limitations (such as fair use, first sale, uses by libraries and archives, and safe harbor protections for online service providers) to the works.

ROYALTY-PAYMENT SYSTEM CODIFIED

Finally, Title III of the MMA, the Allocation for Music Producers Act, addresses payment of royalties to producers, mixers and sound engineers. It codifies an existing practice whereby copyright owners or artists may send to SoundExchange – the performing rights organization that collects royalties from certain digital music platforms – a "letter of direction" to distribute a portion of their royalties to producers, mixers and sound engineers.

ADVANTAGES OF THE MMA

The MMA will support participants across the music ecosystem in numerous ways. For example, the "willing buyer/willing seller" standard will implement a more market-oriented approach for setting certain statutory royalty rates, thereby increasing fairness to rightsholders and users. Codifying the "letter of direction" practice for payment rights holders of royalties will benefit music producers, mixers, and sound engineers. The creation of the blanket license for digital music providers will enable them to engage in covered activities (e.g., making permanent downloads, limited downloads, and interactive streams) without the cumbersome process of per-work licensing. At the same time, digital music providers will no longer need to navigate a complex and diverse patchwork of state laws when they use pre-1972 sound recordings.

The US Copyright Office is responsible for implementing this sweeping music reform. Among other duties, the Copyright Office must issue new rules that address the updated licensing and royalty payment processes administered by the MLC, which will increase transparency and reduce transaction costs between copyright owners and users. One specific provision directs the Copyright Office to help expand public understanding of how the MMA changes music licensing. The Copyright Office already has a dedicated webpage with a summary of the MMA, detailed explanations of how it changes the law, and answers to frequently asked questions. So far, the Copyright Office has issued an interim rule and notice of inquiry pertaining to the new federal remedies for pre-1972 sound recordings. We look forward to implementing all aspects of this historic law for the benefit of music lovers worldwide!

Innovating for the whole world: IP's role in development

By **Aline Flower**, Associate General Counsel, Global Development, Bill & Melinda Gates Foundation

Photo: imageBROKER / Alamy Stock Photo

Wherever poverty, hunger or disease require innovative solutions, intellectual property has a role to play.

What could intellectual property (IP) possibly have to do with helping the poorest people in the world's least developed countries? At first blush, the concepts of IP and development seem diametrically opposed. IP is often regarded as the manifestation of sophisticated legal infrastructures created by wealthy nations to incentivize innovation and mobilize advanced economies.

Yet, closer analysis reveals intimate and nuanced connections between IP and development, touching both micro- and macro-economic issues, including:

- Which people are served by commercial markets and which ones are not?
- The role for the private sector in development?
- How can research, development, and delivery of a particular product be driven where the product's ultimate consumers are poor people in poor countries?

IP has a place in each of these analyses. Wherever poverty, hunger or disease require innovative solutions, intellectual property has a role to play.

In some cases, the product needed already exists, and its surrounding IP is well-protected in developed world jurisdictions. In these cases, the international development challenge may involve distributing that product in the poor world. In other cases, an existing product may need to be adapted and improved to better tailor its specifications to resource-constrained conditions or

Photo: laboratory / Alamy Stock Photo

Gavi, "the Vaccine Alliance," works to ensure that people in poor countries do not die from diseases that people in wealthy countries are routinely vaccinated against.

Photo: Courtesy of the Bill & Melinda Gates Foundation

IP issues abound in developing low-cost vaccines – particularly when it comes to in-licensing different viral strains from different entities and ensuring successful technology transfer.

the preferences of the people living there. In yet another category, bold innovation may be called for to meet the needs of people in the poorest parts of the world to solve unique, unmet challenges.

Below are a few illustrations of how IP figures in development projects, along with insights into the approach of the Bill & Melinda Gates Foundation to IP in development. In each case, a deliberate approach to IP is critical to ensuring the success of the project.

EXISTING PRODUCTS

Some of the most familiar examples of development involve interventions where the IP-protected product may already exist in its basic form and now needs to be made available to people in poor countries.

GAVI: EXISTING VACCINES

Gavi, "the Vaccine Alliance," works to ensure that people in the developing* world do not die of diseases that people in the developed world are routinely vaccinated against. Gavi is an international organization created in 2000 to improve access to underused (as well as new) vaccines for children living in the world's poorest countries.

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While IP issues may seem straightforward in a model that appears to rely exclusively on the procurement of existing product, that impression can be deceptive. IP issues abound in developing low-cost vaccines – particularly when it comes to in-licensing different viral strains from different entities and ensuring successful technology transfer.

BOLD INNOVATION

In other cases, brand new technologies are needed to improve the lives of people in low-resource settings. These technology solutions may also have market applications in rich world settings and, therefore, carry a high likelihood of new IP.

THE REINVENTED TOILET

According to United Nations statistics, 4.5 billion people live without a household toilet that safely disposes of human waste. Diarrheal disease caused by a lack of safe sanitation is estimated to contribute to 2.5 million preventable deaths a year, and is the fifth leading cause of death globally. Figuring out how to dispose of human waste safely in communities with no access to electrical grids or piped sanitation is therefore a central global health and development challenge. The flushing toilet, invented in 1596, simply cannot serve those households and communities.

Can we reimagine a more integrated sanitation appliance? Exciting experimentation is underway that would create energy-efficient household and community sanitation systems based on dewatering technology processes. These biochemical processes convert the solid and liquid waste into safe – and potentially reusable – byproducts. Such developed sanitation appliances and systems could potentially represent commercial products for global application and distribution.

THE VACCINE COLD CHAIN

Reconsider the apparently straightforward example of an existing vaccine that simply needs to be distributed. In addition to the IP issues associated with product development mentioned above, let's assume successful in-licensing and technology transfer has enabled the development of that low-cost vaccine and that we have procured sufficient quantity of the product.

The innovation challenges are not behind us. We also need systems for reliably identifying and precisely locating which people need to receive that vaccine, as well as an effective tracking method to confirm its administration. Between vaccine development and vaccination tracking, a further innovation challenge involves safely and effectively delivering that vaccine in low-resource settings to remote areas lacking basic infrastructure. "Cold chains," or the temperature-controlled supply chain that maintains a vaccine's thermostability (and viability), need to be significantly improved to close the routine immunization coverage-gap and eradicate diseases globally.

IMPROVEMENTS AND ADAPTATIONS

A third, intermediate approach to IP in development is presented where existing technologies form a critical basis for – but not the complete – innovative intervention. These projects build on background IP rights and almost always involve the prospect of new IP through further research, development and technology improvements.

Photo: Science Photo Library / Alamy Stock Photo

Between vaccine development and vaccine tracking, a further innovation challenge involves safely and effectively delivering that vaccine to remote areas lacking basic infrastructure.

Photo: Joerg Boethling / Alamy Stock Photo

Diarrheal disease caused by lack of safe sanitation is the fifth leading cause of death globally. Finding innovative ways to dispose of human waste safely in communities without access to electricity and piped sanitation is a central global health and development challenge.

Photo: Courtesy of the Bill & Melinda Gates Foundation

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Photo: Courtesy of AATF

The chronic risk of drought threatens small-holder farmers in sub-Saharan Africa. A team of scientists led by the African Agricultural Technology Foundation (AATF) has developed and deployed drought-tolerant maize varieties adapted to the prevailing weather conditions and diseases of different regions.

WATER-EFFICIENT MAIZE FOR AFRICA (WEMA)

The chronic risk of drought critically threatens small-holder farmers in sub-Saharan Africa who are trying to feed their families from household plots. A team of scientists led by African Agricultural Technology Foundation (AATF) has generated elite maize hybrids with enhanced drought tolerance adapted to sub-Saharan Africa and targeted to the preferences of small-scale farmers. Further research and development has been successful in conferring insect resistance to save the crops from stem borers and other toxins.

WEMA's research emerges from a public-private partnership involving the International Maize and Wheat Improvement Center (CIMMYT), AATF, the National Agricultural Research Systems (NARS), and a private sector partner which donated the drought-resistant trait and valuable IP to create royalty-free products under license via private seed companies for small-holder farmers.

USER-CENTERED CONTRACEPTIVE INNOVATIONS

Consider the choices available to the mother in that small-holder farming household – which likely lacks ready access to clean water – who wishes to manage family resources by trying to space her children. Informed by the preferences of women in low-resource settings, several family planning projects are currently exploring technical interventions for longer-acting injectables and contraceptive implants. Some projects involve the use of a proprietary platform to develop longer-acting injectable formulations. Others involve development of biodegradable contraceptive implants. All involve innovation and, therefore, IP – both background and foreground.

INNOVATIVE MARKET SOLUTIONS

A nascent intervention strategy being explored in various fields is premised less on a binary, polarized view of the world as "developing" versus "developed," where the so-called "developing" world is exclusively non-commercial and the "developed" is the only viable commercial market. This emerging view posits that even poor people in poor countries make considered choices about how to spend or save their limited resources, and represent a largely untapped market.

NUTRITIONALLY ENHANCED PRODUCTS

How can an existing food or beverage product already being sold to millions of poor consumers be improved to deliver better nutrition without compromising appeal? Product improvements may well involve IP protection. Potential models that would improve global nutrition for the poorest consumers while remaining commercially sustainable for the product manufacturer are being explored. In addition to improving nutrition for poor consumers, these models could potentially introduce the product developer to broader market segments with an improved product. In the long run, such a hybrid approach that merges both business and charitable goals could potentially even eliminate reliance on philanthropic funding.

HOW THE BILL & MELINDA GATES FOUNDATION APPROACHES IP FOR DEVELOPMENT

At the Foundation, we recognize the importance of IP for two principal reasons. First, we respect IP as a proprietary asset. If a proposed project relies on third-party IP, we require prospective funding recipients to adopt a committed strategy to acquire licensing rights or non-assert agreements from that third party for that background IP.

Photo: Courtesy of the Bill & Melinda Gates Foundation

Different models are being explored to improve global nutrition for the poorest consumers through product improvements that may well involve IP protection.

Photo: Courtesy of the Bill & Melinda Gates Foundation

Informed by the preferences of women in low-resource settings, several family planning projects are currently exploring technical interventions for long-acting injectables and contraceptive implants. All involve innovation and, therefore, IP.

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Second, we respect IP for its inherent potential to incentivize product research and development. In some cases, a successful project could result in a technology that might have commercial value in rich (or developed) world markets. Since the results of a project funded under a Foundation grant are owned by the grantee, the prospect of both "doing good" and "doing well" may inspire an entity to submit a proposal for Foundation funding. Would the Foundation fund a project that could result in a technology that is intended to benefit the poor world but may also have commercial application in the rich world? Yes – under certain conditions.

These conditions are called "Global Access." The Foundation requires that a grantee structures funded projects in a way that will further the Global Access objectives of the Foundation. That charitable obligation is increasingly safeguarded by the Foundation through a sub-licensable non-exclusive Foundation license. Under the Foundation's Grant Agreement, "Global Access' means that the grantee agrees to conduct and manage the project research, project technologies and information in a manner that enables (a) the knowledge gained during the project to be promptly and broadly disseminated, and (b) the intended product(s) to be made available and accessible at reasonable cost to people most in need within developing countries."

Global Access is the legal mechanism that ensures that the project's charitable goals remain paramount, regardless of any windfalls that may accrue to the grantee co-incidentally to the Foundation's purpose in funding that project, for example, through dual market technology. This approach to managing IP ensures that the projects we fund can achieve the programmatic impact intended by the Foundation. It also ensures that the Foundation complies with Internal Revenue Service (IRS) rules for private foundations in the United States, by ensuring the charitability of its investments.

One specific tactic for achieving this objective is to require our grantees to develop a "Global Access Strategy" (also described as a "charitable business plan"). A Global Access Strategy involving IP – such as the projects described above – must demonstrate how any new IP rights associated with inventions developed within the context of a project will be managed. This may involve cross-licensing rights to the other project collaborators as well as developing a strategic commercialization plan that balances the inherent market incentives of selling product into commercial markets with the charitable obligation to make the product accessible to a poor market segment. Such strategic plans may out-license to different territories or on the basis of different applications of the technology – serving richer or poorer market segments, respectively. The Foundation invites its grantees to further demonstrate how they intend to leverage potentially commercial market applications for long-term success and sustainability of the project's global development goal.

AN INVITATION TO ACCEPT THE INNOVATION CHALLENGE

We are still developing our understanding about the many ways in which IP is critical to development. This article shares just a few examples from the Foundation's experience in grant-making. With so much work still to be done to address the needs of people in the poorest parts of the world, there is extraordinary room for innovation. We invite everyone to accept the challenge to innovate – whether boldly or incrementally – to make this a world where every person has the chance to lead a healthy, productive life.

Photo: Courtesy of the Bill & Melinda Gates Foundation

The Bill & Melinda Gates Foundation recognizes the importance of IP as a proprietary asset and for its inherent potential to incentivize product research and development.

* For purposes of this article, the terms “developing” and “developed” countries are used. However, the author acknowledges the need to reconsider their utility in light of Hans Rosling’s critically important book, *Factfulness: Ten Reasons We’re Wrong About the World—and Why Things Are Better Than You Think*, Flatiron Books, 2018.

Wafrica: exploring identity through design

By **Catherine Jewell**,
Communications Division, WIPO

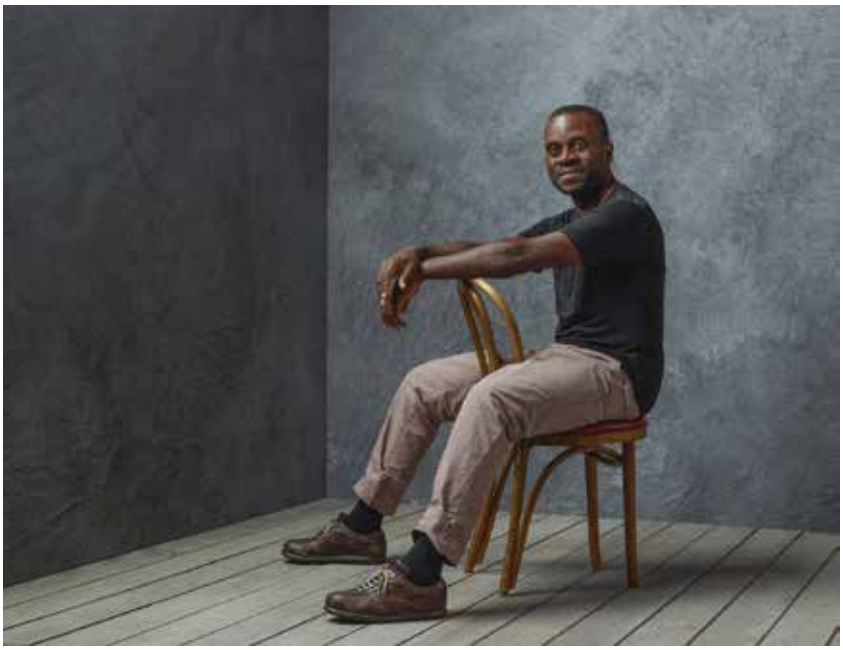

Photo: James Duncan Davidson

The work of Serge Mouangue (above) fuses the elegance and sophistication of Japanese cultural icons with the vibrant colors and flamboyance of West Africa. "I play with deeply embedded symbols and icons and twist them a little so people confront new perspectives," he says.

In the late 2000s, the Cameroonian-born designer Serge Mouangue, Founder and Art Director of Wafrica, left the world of industrial design and concept cars to embark on a journey to create a new aesthetic narrative, one that questions the idea of origin and identity through artistic design. Intrigued by his experience as an African living in Japan, and the similarities between the cultures of Japan and West Africa, he set about creating a new aesthetic, one that fuses the elegance and sophistication of Japanese cultural icons with the vibrant colors and flamboyance of West Africa. The designer talks about his work and why it is so important for creators to use the intellectual property (IP) system to protect their work.

What inspired you to design kimonos using African fabrics?

While living in Japan, I saw some strong similarities between Africa and Japan. African and Japanese people may look different, but each country embraces the spirit world of animism and each is highly codified and hierarchical. The relationship we have with elders is also the same. In these similarities, I saw a story that could result in a new aesthetic by bringing together two strong cultural icons – wax fabrics from West Africa and the Japanese kimono – and that would allow audiences to explore the meaning of identity.

Can you tell us more about Wafrica?

Wafrica is a registered trademark, but it is not a fashion brand. It is a creative platform where you find different collections of kimonos, live performances and a range of unique works of art that we create with our partners. The idea of combining West African and Japanese aesthetics is at the core of Wafrica. "Wa" is the old name for Japan and means harmony. With Wafrica, my aim is to move beyond the commercial sphere to create a movement or a phenomenon that draws people in and enables them to value diversity and see it as a real plus.

Photos: Violaine Martin / WIPO

Photo: Violaine Martin / WIPO

Serge Mouangue's stunning kimonos took center stage at a cultural event hosted by the Government of Japan and WIPO during the annual meetings of WIPO Assemblies in September 2018.

Photo: Véronique Huyghe and Mario Simon

Blood Brothers, a collaboration between Serge Mouangue and a Japanese *urushi* lacquer-maker using ancient techniques.

Photo: Yuji Zendou

Serge Mouangue describes his work as "a conversation between two ancient, strong and distinctive identities."

"Creators exist because they bring unique works to the market. They have to protect that uniqueness. If someone copies their work they can't make a living from it and can't survive as a creator. So IP rights are more than important."

Serge Mouangue

What reactions have you had to your kimonos?

In Japan, some are doubtful and don't know what to make of them. They think the kimonos are nice, and are intrigued by the twist that we have put on them. Others reject them, saying that they are not Japanese. Others take the view that this is the way of the future. It is not Japanese and it is not African, it is just the way the world should evolve. In Africa, they love the kimonos. They don't always know how to wear them, but that is good, because I don't want to impose a way to wear my designs.

What other icons have you worked with?

Shortly after I began designing kimonos, I decided to do something similar with Japanese lacquer and African sculptures. That is how "Blood Brothers" came about. I went to a region in Cameroon where they sculpt stools used by pygmy chiefs at village gatherings and took them to Japan, where I began working with a Tokyo-based *urushi* lacquer-maker. He actually works exclusively for the Japanese emperor, but when I explained my project to him, he was on board immediately. Using ancient techniques, it took two years to complete the lacquer work. Blood brothers and similar lacquer works give these old traditions new life. They are a conversation between two ancient, strong and distinctive identities. They embrace the new possibilities created when the unique cultural icons are merged to form a new and enlightened international consciousness. They are all about hope.

How did you get into design?

Drawing has always been my thing, that's why I studied design. I started out with interior design and then moved into product design. After my studies, I worked in Australia for a while with Glen Murcutt, winner of the 2002 Pritzker Architecture Prize. Then I went to China to design footwear and, upon returning to France, eventually ended up designing concept cars for Renault. They sent me to Japan, which I found really interesting and intriguing, so I decided to explore different creative avenues. I wanted to create something that reflected my experience as an African in Japan. I took an icon from Japan and an icon from West Africa and merged them into something that not only tells a story of two cultures but carves its own new territory and offers a third aesthetic. I designed my first kimono in 2007 out of curiosity really. It created a real buzz and people started asking me to make one for them. A friend suggested I ought to start putting a name to my creations and so eventually we came up with the name Wafrica.

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What does design mean to you?

I don't actually think about it too much. I focus on building and changing the environment by creating a new narrative using things that we can touch, hear, smell and live with. Design is a way to tell a story through things that we can feel. As human beings we are much more driven by our emotions than we like to admit. In the West, we try to bring functional logic to things, but in reality, emotional values are far more important and have a much greater impact on how we feel about the things that surround us.

What inspires you?

I am very interested in the idea of our origin and our birth. It is the most precious, intimate, luxurious, fragile thing we have, and yet it is the most common thing we share. That we all come from somewhere and that we all have a journey to share is what interests me. I am very sensitive to how people move in space and their body language and physicality. Sound also inspires me. I always wear headphones when I design because it brings something emotional to the process and triggers new ideas. If you listen to John Coltrane you may design a teacup in one way and if you listen to Amy Winehouse you may come up with a completely different design. I like to be taken up by music when I design.

What do you most like about your work?

I like it when my work destabilizes an audience. I like to take them on a journey that forces them to confront new perspectives and to explore a new world through elements that we know intimately. I play with deeply embedded symbols and icons and twist them a little so people confront new perspectives. My role is to connect objects and ideas to make people feel that we are closer to each other than we think. We often get caught up in the idea of identity as if it is something static that we can own, but that is a meaningless fantasy. I like to go beyond narrow definitions of identity and to focus on our shared universal origin. Our identity is constantly evolving. It is more like a journey, and that is what is most interesting and important to me.

Has globalization been an opportunity for you?

Yes. That's my story. From a creator's perspective, globalization is a great opportunity for artists and creators from different parts of the world to get in touch with each other and work together to come up with something new and different. We are all human beings and there is much more than the "identity" story to tell. Let's bring things and people together. Let's keep creating together, share each other's stories and question our origins and identities. There is so much we haven't discovered yet.

Why is it important for designers to protect their work?

Designers are creative people and need to protect their work. Unfortunately, many creators aren't aware of how important it is to do so.

Photo: Violaine Martin / WIPO

"I like it when my work destabilizes an audience. I like to take them on a journey that forces them to confront new perspectives," says Serge Mouangue.

Creators exist because they bring unique works to the market. They have to protect that uniqueness. If someone copies their work they can't make a living from it and can't survive as a creator. So intellectual property (IP) rights are more than important. IP rights also oblige designers to be more creative and to come up with new ideas and approaches that stand out from those of other creators. If you want to keep creating and be useful to the world as a human being, you need to protect your creations. Otherwise you won't survive. Nobody ever made it without protecting their work.

How would you like to see the IP system evolve?

As creators often don't know enough about IP rights, it is really important that WIPO and other IP authorities reach out to creators and explain what IP rights can do for them. But that is a challenge because creators often don't recognize how important IP rights are and don't take the time to look into them. That's a big mistake. The cost of protection also needs to come down. It is still too expensive for most creators to protect their work. Those who don't make much from their work prefer to put their money into buying new tools and materials. They are wired to create. They just don't find the administrative side of things very interesting. It would be a real breakthrough if IP protection could be made cheaper and easier. More creators would buy into it then.

What is a high point of your career?

The highest point so far was in 2011, when the Museum of Art and Design in New York featured my work on a poster for an exhibition they organized showcasing the work of 100 top African artists. That created a big buzz around my work and was a very proud moment.

What are your plans for the future?

I am not looking for volume but for the quality and depth of my message. I want to keep finding new ways to fuse the aesthetics of Japan and West Africa to see where it goes. There are various interesting projects in the pipeline.

What advice do you have for aspiring designers?

Feel it, draw it, put it together, share it, listen to what people have to say about it, and keep going. It's all about making things happen and having fun!

WIPO hosts first IP Judges Forum

By **Catherine Jewell**,
Communications Division, WIPO

Photo: E. Berrod / WIPO

The Intellectual Property Judges Forum promotes transnational dialogue among judiciaries which are increasingly facing common IP challenges associated with the rapidly evolving business realities of the digital economy.

In November 2018, WIPO welcomed 120 judges from 64 countries to the inaugural session of the Intellectual Property Judges Forum at its headquarters in Geneva.

The event took place in the context of the Organization's new orientation toward promoting the exchange of experiences and information among judges who handle intellectual property (IP) disputes, especially those related to the evolving business realities of the digital economy. Judges with many years of experience, as well as those with more recent exposure to adjudicating IP disputes, took part in the Forum.

On the sidelines of the Forum*, WIPO Director General Francis Gurry underlined the timeliness of this initiative. He noted that IP is now "a major factor in the economy all over the world so judiciaries around the world are confronting rather similar questions," and that rapid technological change "is causing many new questions to arise and come before the judiciaries."

"Our aim is to provide a forum for judges to be able to discuss some of these questions and challenges," he explained, expressing the hope that the Forum will lead to "information sharing, experience sharing and even the identification of needs … to be addressed to ensure that we have an effective and balanced intellectual property system worldwide."

This view was reiterated by Annabelle Bennett, Former Judge of the Federal Court of Australia and Chair of the WIPO Advisory Board of Judges, who noted that the Forum provided an opportunity for judges from both civil law and common law countries to "communicate with each other and talk about common problems that they can't discuss outside the judiciary."

In a series of interactive panel discussions, the Forum explored common themes that cut across jurisdictions, such as judges' scope of discretion in granting remedies and handling public interest considerations as well as a range of emerging IP issues.

THE VALUE OF TRANSNATIONAL DIALOGUE

Many participants highlighted the value and importance of dialogue among judges. Colin Birss, Justice of the High Court of England and Wales, said that IP "is a completely international area." He noted that there is a general expectation within the business community that IP rights, like copyright, have the same characteristics and work in the same way in all countries. "What we need is for judges to talk to each other" because they all "have the same problems and we can learn from each other."

Notwithstanding the sovereign nature of a country's decision to shape its own IP policies, Jeremy Fogel, Executive Director of the Berkeley Judicial Institute and Former Judge and Director of the Federal Judicial Center in the United States, said that bringing judges from different countries together created an opportunity for them to better understand how and why their IP policies and rules came into being. "If you understand why those differences exist, you can work with them. We're not going to get people to change just because somebody else is doing something a certain way, nor should we, but we should talk to each other, we should understand each other's values, reasons and policy choices and think about them."

"I think judiciaries around the world have a lot to learn from each other. There's actually a lot of information that judges have about judging, about decision making, and about policy that's very helpful for us to exchange. We learn from each other; we get ideas that we can take back to our home countries and make things better," he added.

Discussions affirmed the importance of exchanging information on landmark IP judgments, especially in the absence of statutes or legal precedent in a jurisdiction. The possibility to consult the logic and reasoning that underlies a ruling on a particular case was deemed of particular value to judges in formulating their own arguments. Notwithstanding the need to recognize the specificities of different legal systems, and to read judgments in their legal, technical and historical context, judges generally agreed that there is much to learn from the judgments of other countries and from the knowledge that others have tackled similar issues elsewhere. This was particularly relevant where parallel litigation on the same issue occurs in multiple countries.

BUILDING IP CAPACITY WITHIN JUDICIARIES

Given the difficulties faced in accessing judgments from other jurisdictions, the judges called on WIPO to establish a database of landmark IP judgments from around the world.

Justice Bennett said that WIPO is "uniquely placed" to "put together a repository of judgments that people can access," noting that the Organization "has the objectivity, the independence and the interest in the world of IP" to do this. This view was shared by many judges attending the Forum.

*The WIPO IP Judges Forum operates under Chatham House Rule. Quoted commentary was gathered on the sidelines of the Forum.

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Participants also underlined the value of the Forum in enabling judges with limited experience in handling IP cases to get up to speed on IP and related laws. Irene Charity Larbi, Justice of the Court of Appeal in Accra, Ghana, noted that IP knowledge was rare among judges in her country. She said the Forum was an excellent opportunity for those new to the subject to learn more about emerging IP issues. "I've learned a lot," she said. "I'm going to take it back to my country, hoping it will impact positively in developing our IP system."

Max Lambert Ndéma Elongué, President of the Court of First Instance in Yaoundé-Ekonou, Cameroon welcomed the Forum, noting that "the scarcity of information in this field in Africa is a real problem." He said the Forum offered an opportunity to "dig deeper into other systems for a better understanding of what is happening elsewhere and to share our experiences with colleagues who are coming from other horizons."

He called on WIPO to establish a platform for judges to exchange information and views on decisions in their countries. Many judges echoed this request and underlined the importance and usefulness of such a platform in addressing emerging IP issues, in particular.

EMERGING ISSUES

The Forum explored a broad range of emerging IP issues. In the area of patent law, questions about the patentability of new technologies, including difficulties in determining inventive step, attracted a lot of attention. The Forum also explored in some depth the challenges of balancing the rights of inventors with the public interest, such as in cases involving standard essential patents (SEPs) or compulsory licensing.

Discussions on trademarks focused on approaches to non-traditional marks, such as color, sound and olfactory marks and whether such marks can function as a trademark in terms of being able to distinguish the goods and services of one enterprise from those of another. The discussion revealed a wide range of approaches. In some countries, such marks can be registered if deemed to be inherently distinctive or to have acquired distinctiveness through use, while in others they cannot. The subjective nature of distinctiveness was also explored.

The role of judges in a complex landscape

As companies seek to gain a foothold and expand market share in a highly competitive, technology-driven business environment, disputes, including over IP, are an inevitable part of life. When it comes to resolving those clashes, and enforcing IP laws, judges are in the front line. It is their role to examine the facts of a case, weigh the evidence and interpret relevant statutes and case law to determine appropriate legal remedies.

This is a daunting task, especially in a world in which the pace of technological development is far more rapid than the ability of policymakers to develop and adopt appropriate regulatory policies and legislation. As a consequence, more and more cases involving the use – and misuse – of IP rights end up in the courts. These cases often raise uncharted legal questions. And while judges operate within the confines of domestic laws, their decisions can resonate well beyond national borders. Why? Because the globalized and evermore interconnected nature of markets means that the infringement of IP rights covering goods and services that are global in their use can have an impact worldwide. In this context, the increasing uptake and use of IP rights around the world raises challenging questions – which is the relevant jurisdiction to hear a case, which laws are applicable, and whether foreign judgments on similar cases are valid, relevant or enforceable in a given jurisdiction? Judges everywhere are now routinely confronting such questions.

Amid the increasing volume and complexity of cases, courts are also facing mounting pressure from market players, in particular, to deliver judgments rapidly. This, in turn, is causing judiciaries to review, and where necessary, reform the architecture of their judicial systems. Some have established specialized courts to handle IP cases.

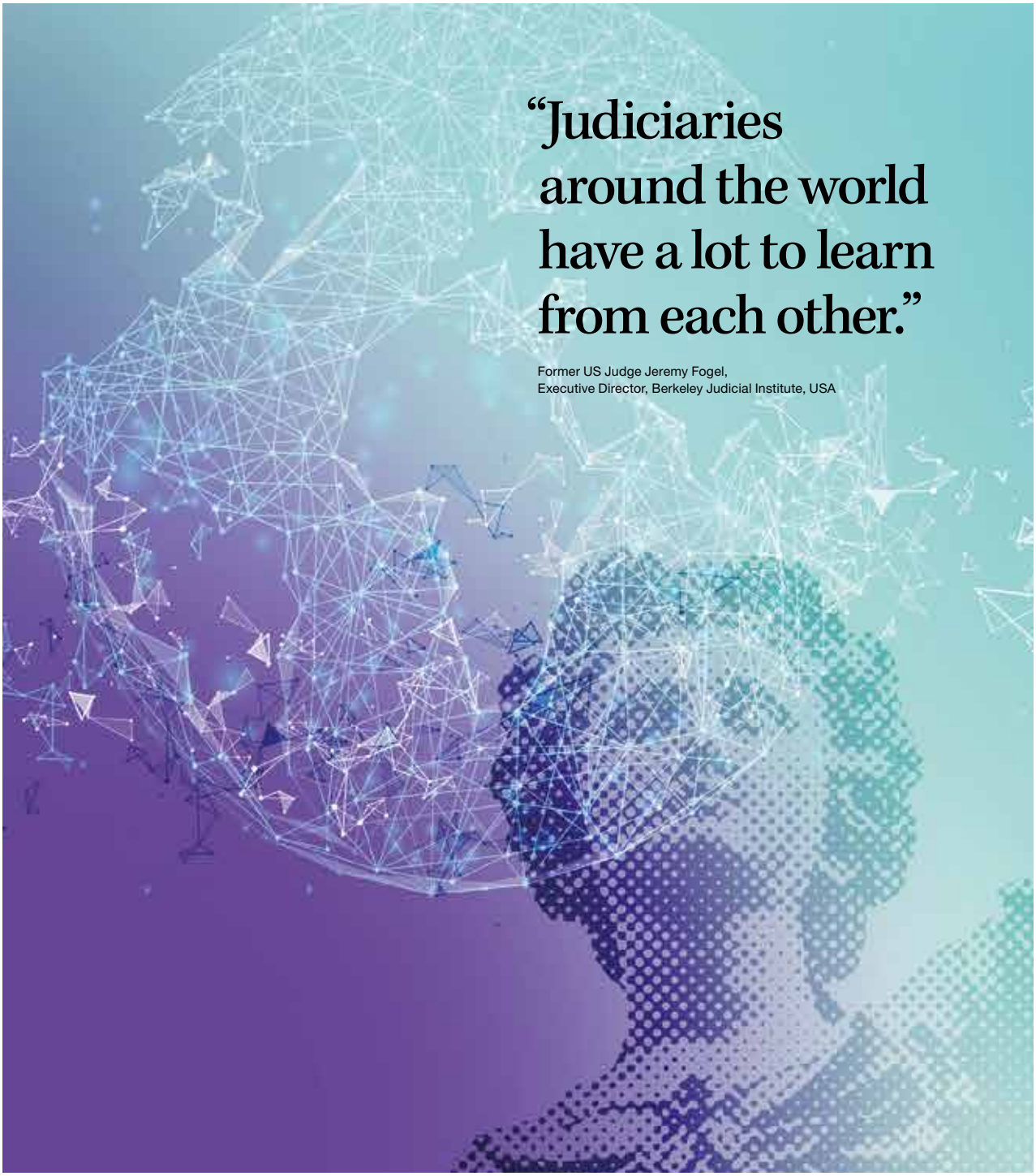

Photo: antoniokhr, liuzishan, querbeet / iStock / Getty Images Plus

Some judges observed that there was a great deal of pressure in some quarters to extend trademark protection to non-traditional marks because trademark registration is a low-cost means of obtaining long-term protection. In some instances, they suggested, other categories of IP right might be a more appropriate means of protection. In this regard, they underlined the need to look at IP as a whole and the way in which each category of IP right fits into the overall system. Discussions also explored how different jurisdictions handle trademarks deemed to be offensive or contrary to public order.

The Forum also grappled with a range of copyright issues linked with the global uptake and use of digital technologies. Marie-Françoise Marais, Former Judge at the Court of Cassation in Paris, France, noted that the Internet had "changed everything. We lost our points of reference, we effectively changed practices and borders disappeared. As a judge, it is absolutely indispensable to understand how other judges respond, and to listen to what is happening in other countries and see how each one addresses this issue, which in the end unites us all."

Issues of fair use, the liability of Internet service providers (ISPs), and ways to tackle and remedy online piracy were explored extensively. Judges acknowledged that the realities of the digital age are forcing a re-think of some copyright concepts. For example, can a non-human entity be considered an author in legal terms? What does private copying – a concept developed in the analogue world – mean in the digital world?

The judges recognized that technological developments are leading to new forms of interaction between humans and machines, as well as new business models and new types of infringement. In this context, they highlighted the need for holistic training programs to ensure judges are not only familiar with relevant laws but understand the real-world context in which IP disputes arise and their potential impact. They underlined the merits of practical, hands-on training and suggested that WIPO had a key role to play in facilitating such activity.

In summing up the value of the inaugural session of the IP Judges Forum, Justice Bennett said, "the rich exchanges that have taken place during the Forum show that there is strong demand for this platform and that judicial decision-making can be reinforced through such exchanges for the benefit of people and businesses around the world."

The IP Judges Forum is an annual event. The next session will take place at WIPO's headquarters in Geneva, Switzerland, from November 13 to 15, 2019.

Photo: E. Berrod / WIPO

During the Forum, judges explored a broad range of emerging IP issues. Discussions affirmed the importance of exchanging information on landmark IP judgments, especially in the absence of statutes or legal precedent in a jurisdiction.

Photo: E. Berrod / WIPO

The Forum was an opportunity for judges to learn more about WIPO's work in the area of the judicial administration of IP.

Plain packaging of tobacco products: landmark ruling

By **Matthew Rimmer***, Professor of Intellectual Property and Innovation Law, Faculty of Law, Queensland University of Technology (QUT), Brisbane, Australia

In 2011, Australia passed landmark legislation to introduce the plain packaging of tobacco products. At that time, Australia's Minister of Health and Ageing, Honorable Nicola Roxon, explained that the Government of Australia was "absolutely committed" to reducing smoking-related disease and death. "We want to help protect Australians. That is why we are prepared to lead the world on tackling smoking. Once enacted, these plain packaging laws will be the world's toughest laws on tobacco promotion," she said.

The legislation requires that tobacco products be sold logo-free in "plain, drab, dark brown packets." The adoption of the Tobacco Plain Packaging Act 2011 (Commonwealth) ('the Act") marked implementation by Australia of the WHO Framework Convention on Tobacco Control. Plain packaging of tobacco products is an optional measure featured in the guidelines of that Convention.

Minister Roxon explained that when used for its intended purpose, tobacco is lethal, and that while progress had been made in reducing smoking, tobacco remains a leading cause of preventable death and disease, claiming more than 15,000 lives every year in Australia.

VALIDITY OF LEGISLATION QUESTIONED

The Australian Government successfully defended plain packaging of tobacco products in the High Court of Australia (*JT International SA v Commonwealth of Australia [2012] HCA 43 (5 October 2012)*. In that case, the plaintiffs argued that the Act amounted to an appropriation of the goodwill embodied in their brands and that by enacting it the Commonwealth of Australia had "acquired their intellectual property rights and goodwill other than on just terms." However, by a majority of six to one, the High Court found that "although the Act regulated the plaintiff's intellectual property (IP) rights and imposed controls on the packaging and presentation of tobacco products, it did not confer a proprietary benefit or interest on the Commonwealth or any other person."

The Australian Government then prevailed in a challenge by Philip Morris (*Philip Morris Asia Ltd* v *Australia*, PCA Case No. 2012-12) in an arbitration claim under the

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Photo: © Commonwealth of Australia

Following the enactment of landmark legislation in 2011 to introduce the plain packaging of tobacco products, the Australian Government has fended off a range of legal challenges. In July 2018, the Dispute Resolution Panel of the World Trade Organization ruled that Australia had not breached its international obligations in passing that law.

investor-state dispute settlement regime of the Australia-Hong Kong Agreement on the Promotion and Protection of Investments 1993. The Tribunal found that Philip Morris Asia's claim was an abuse of process.

Having prevailed in these disputes, the Government of Australia was confident that it would also succeed in the disputes over plain packaging of tobacco products brought before the Dispute Resolution Panel of the World Trade Organization (WTO) by the Dominican Republic, Honduras, Cuba, Indonesia and Ukraine. These countries – each large tobacco producers – claimed that plain packaging of tobacco products would have serious economic consequences for them and that such measures were counter to WTO rules governing IP rights (in particular, in relation to trademarks, which serve to allow consumers to distinguish products from different companies) and technical barriers to trade.

In 2012, Australian Trade Minister Craig Emerson said, "Australia will strongly defend its right to regulate to protect public health through the plain packaging of tobacco products," noting that the Government was "confident that its plain packaging legislation is consistent with Australia's WTO obligations."

His remarks proved true. In July 2018, Australia won what has been hailed as a resounding victory when the WTO dispute panel released its decision. The complex and voluminous judgment and its appendix and addendum, no doubt, will attract a great deal of legal analysis. This article offers a summary of the ruling and immediate reactions to it. After first outlining the public health arguments for plain packaging of tobacco products, the summary examines the various claims that the Australian Act was inconsistent with the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), the Agreement on Technical Barriers to Trade (TBT), and the General Agreement on Tariffs and Trade (GATT). It concludes with a discussion of reactions to the decision and the prospects of an appeal by the Dominican Republic and Honduras against the ruling.

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1. PLAIN PACKAGING OF TOBACCO PRODUCTS: A PUBLIC HEALTH MEASURE

Australia justified its legislation on the plain packaging of tobacco products as a legitimate public health measure to address Australia's tobacco problems. The WTO panel agreed, asserting that that it would help reduce the use of tobacco products in Australia.

The panel pointed to evidence that "overall smoking prevalence in Australia continued to decrease following the introduction of the [plain packaging] measures," and had even experienced a rapid decline. It also identified a similar overall rapid decline in cigarette sales following the introduction of the measures.

2. THE AGREEMENT ON TECHNICAL BARRIERS TO TRADE

The TBT seeks to ensure that technical regulations, standards and procedures do not create unnecessary barriers to trade. The panel found that the complainants had not demonstrated that Australia's tobacco plain packaging measures are more trade-restrictive than necessary to achieve a legitimate objective, namely, that of "improv[ing] public health by reducing the use of, and exposure to, tobacco products." The panel found that the measures were trade-restrictive, only insofar as they resulted in a reduced volume of imports. As such, the measures were not inconsistent with the TBT (Article 2.2).

In reaching its decision, the panel considered whether less trade-restrictive alternatives, such as increasing the minimum legal purchasing age, increased taxation of tobacco products, improved social marketing campaigns, or a combination of such measures, were reasonably available in Australia. The panel concluded, however, that "the nature of the risks that would arise from the non-fulfilment of Australia's objective is that public health would not be improved, as the use of, or exposure to, tobacco products, would not be reduced, and the consequences of such use, and exposure, are particularly grave."

3. THE TRIPS AGREEMENT

TRIPS establishes minimum standards for the protection of IP rights, including trademarks, patents and copyright. The panel's ruling on the plain packaging of tobacco products in relation to this Agreement is significant and influential considering the inter-relationship and synergies that exist among IP, public health and trade.

The panel considered and dismissed a number of claims that the plain packaging of tobacco products was inconsistent with various articles of TRIPS (see Summary of Key Findings). With respect to Article 6*quinquies* of the Paris Convention for the Protection of Industrial Property as incorporated into TRIPS (Article 2.1), the complainants had not demonstrated that, as alleged, Australia

does not accept for filing and protect *as is* every trademark duly registered in the country of origin; therefore, the tobacco plain packaging measures were not inconsistent with that provision. The panel also rejected a claim that the nature of the goods to which the measures apply, namely tobacco products, formed an obstacle to the registration of trademarks, and thereby violated Article 15.4 of TRIPS.

Furthermore, the Panel rejected claims that plain packaging measures were inconsistent with Article 16 of TRIPS. The complainants claimed the measures stopped the owner of registered tobacco trademarks from preventing unauthorized use of identical or similar trademarks on identical or similar products where such use would cause confusion among consumers. The panel found that this was not demonstrated by the complainants, and further found that the complainants had not demonstrated that the measures prevent tobacco trademarks from acquiring "well-known" status or prevent established "well-known" trademarks from maintaining that status. As such, they were not inconsistent with Article 16.3 of TRIPS.

With respect to Article 20 of TRIPS, the panel found that the complainants had not demonstrated that the measures unjustifiably encumber the use of tobacco trademarks in the course of trade. Recognizing the importance of public health and the need for "effective tobacco control measures" to reduce the tobacco-related health burden, the panel noted that Article 8.1 of the TRIPS Agreement "sheds light on the types of societal interests that may provide a basis for the justification of measures under the specific terms of Article 20, and expressly recognizes public health as such a societal interest."

The panel further noted that "paragraph 5 of the *Doha Declaration* invites us to read 'each provision of the TRIPS Agreement' in the light of the object and purpose of the Agreement, as expressed in particular in its objectives and principles, which include Article 8." It added that "WTO Members have further emphasized the importance of public health as a legitimate policy concern in paragraph 4 of the Doha Declaration (7.2587-7.2588)."

These deliberations draw a striking resemblance to international debates on access to essential medicines. Professor Tania Voon of the Melbourne Law School suggests that the "the way the panel reached its conclusion has major implications for the nature of IP as understood in the WTO and for the future application of the TRIPS Agreement." She also predicts that the panel's analysis leaves "significant scope" for it to "to take a different approach at any point" in the future.

With respect to Article 10*bis* of the Paris Convention (1967), as incorporated into TRIPS by Article 2.1, the panel rejected claims that the measures compelled market actors to engage in prohibited acts of unfair competition, or that Australia had failed to provide effective protection against acts of unfair competition.

The panel also dismissed arguments about the potential impact of plain packaging of tobacco products on geographical indications – such as Cuba's *Habanos*. The panel held that the complainants had not demonstrated that "the protection that GIs [geographical indications] enjoyed under the Australian law, including under general consumer protection measures addressing misleading representations or the common law tort of passing off, immediately before 1 January 1995 had been diminished as a result of the measures."

4. GENERAL AGREEMENT ON TARIFFS AND TRADE

The panel found that Cuba, a major producer of cigars, had not demonstrated that the restrictions imposed by the plain packaging measures would lead to a material reduction in the value of the *Habanos* sign and the Cuban Government Warranty Seal within the meaning of Article IX:4 of the GATT (1984).

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REACTIONS

In a press release following the panel's ruling, Australia's Minister of Trade, Tourism and Investment, Steven Ciobo, and Australia's Minister for Rural Health, Bridget McKenzie, hailed the decision as "a resounding victory."

The Ministers reaffirmed the Australian Government's conviction that "tobacco plain packaging is a legitimate measure designed to achieve the protection of public health that fully respects Australia's international trade and investment obligations." They further reiterated the Government's readiness to defend any appeal that might emerge in response to the WTO panel ruling.

The World Health Organization (WHO) welcomed the decision, noting that it promised "to accelerate implementation of plain packaging around the globe."

Dr. Kelly Henning, head of Bloomberg Philanthropies' Public Health Programs, said the ruling was "an important victory for public health," and "helps create a roadmap for other countries to implement plain packaging laws, a strategy that is proven to decrease use of tobacco products."

For its part, the tobacco industry and the International Trademark Association (INTA) were "extremely disappointed" with the ruling.

In terms of the implications of the ruling on the work of the WTO panel, Ukraine suspended its action against Australia during oral proceedings. Honduras and, subsequently, the Dominican Republic, are appealing the ruling, while Indonesia and Cuba have decided not to do so. As noted by the International Centre for Trade and Sustainable Development (ICTSD), "a final ruling from the WTO's Appellate Body could take years, given both the complexity of the case, as well as resource constraints and the various vacancies on the highest global trade court." Against this backdrop, the appeal process is likely to continue for some time.

A CHANGING INTERNATIONAL LANDSCAPE

Since Australia passed its landmark legislation, various other countries have legislated and implemented similar measures. These include France, Ireland, New Zealand, Norway and the United Kingdom. Half-a-dozen other nations have legislated for plain packaging – and will implement the regime in the future. Canada, Georgia, Hungary, Mauritius, Slovenia and Uruguay are in this position. In the wake of the WTO panel ruling, others are likely to follow. Belgium, Colombia, Finland, Singapore, South Africa, Sri Lanka and Sweden are formally considering plain packaging.

As governments around the world strive to tackle public health challenges relating to tobacco-related disease and mortality, and as more guidance emerges on how to effectively manage the relationship among IP, public health and international trade, it seems likely that plain packaging of tobacco products will become a global standard.

The role of patents in the history of aviation

By **Intan Hamdan-Livramento**,
Economics and Statistics Division, WIPO

Photo: maodesign / DigitalVision Vectors

In the early years of aviation, when flying was still a dream, a small but growing community of enthusiasts was driven by the challenge of "how to fly." During this period, aviation dreamers openly collaborated with each other. Those that filed patents generally did so for non-monetary reasons.

The history of how a heavier-than-air machine took flight is replete with tales of fearless inventors, daredevils and dream chasers. It is also full of stories of meticulous and repetitive experimentation, advanced calculus and reliance on hard science. Government, too, played a decisive role in the airplane's development, in particular during the two World Wars.

How the airplane came to be is an insightful example of how minor and major technological and scientific advances by notable risk-takers under specific economic conditions resulted in a truly ground-breaking innovation – one that has transformed the way the world works today.

But what part did the patent system play in the evolution of the airplane?

The answer: patenting had a role in the development of this technological marvel in the start-up years when commercial flight became a reality. But it is difficult to assess the extent to which patents alone shaped the evolution of the industry overall, given the critical influence of government intervention in driving advances in aviation in the lead up to the First World War through to the end of the Second World War. While governments continue to support the aerospace industry, their scope of influence is arguably lower than

This article is derived from the *World Intellectual Property Report 2015 – Breakthrough Innovation and Economic Growth*

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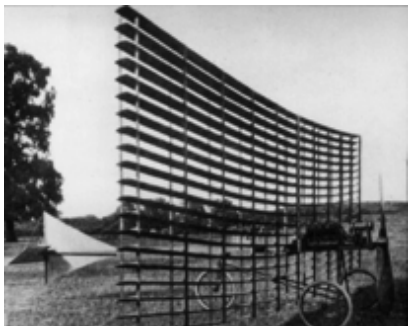
Figure 1: Iterations on using box kite structure to stabilize flying contraptions from different inventors.

Chanute-Herring glider, 1896

Hargrave box kit, 1893



Philips multiplane, 1904

Source: Meyer *et al* (2016).

Today, the increasing complexity of airplane manufacture means that manufacturers are less reliant on the patent system to appropriate returns on their investment in innovation. Innovation is now focused on optimizing the integration of sophisticated subsystems of technologies.

Photo: Stockbyte / Getty Images

in the first half of the 20th century. Also, in the post-war era, and still today, there is little evidence of critical patents blocking the technological evolution of the airplane.

Tracing the evolution of the airplane reveals three important stages of development: the early years of open collaboration, followed by the emergence of a new industry years and finally the war years. Each of these stages provided a different innovation setting and dynamic among the inventors, the academic institutions, governments and economic environment.

EARLY ENTHUSIASTS FORM AN OPEN COMMUNITY

In the early years of aviation, when flying was still a dream, a small but growing community of enthusiasts was driven by the challenge of "how to fly." Early pioneers like Francis Wenham and Lawrence Hargrave had no expectation of making money from their endeavors, at least in the beginning.

At the time, developments in aviation were predominantly mechanical, and could be imitated relatively easily. That meant that anyone who had an interest in flying and the financial means to do so could belong to the flying community.

Inventors would learn from previous experiments and would adapt or change their airplane designs and test them to see if they worked. Most would report their findings back to the community, and thereby further expand the knowledge base of flying.

These aviation dreamers openly collaborated with each other to ensure that each learned from the other's experiments. During this period, journals, exhibitions and conferences sprang up to share the latest developments and know-how on flying. Membership-based clubs and societies on aerial navigation formed across the globe in Australia, China, France, Germany, Japan, New Zealand, the Philippines and United Kingdom to name a few.

One person in particular, Frenchman Octave Chanute, facilitated the collaborative nature of this community through the publication of *Progress in Flying Machines* (1894). His book compiled all known aviation-related experiments and their results. Its publication helped make the knowledge of flight widely available to the public. He also regularly corresponded with fellow inventors, exchanging ideas and thoughts on aviation experiments. Wilbur and Orville Wright were among those who communicated with Chanute.

During the early aviation years, a handful of inventors filed for patents on their flying contraptions. However, their motivation for seeking exclusive patent rights appears to be related to non-monetary reasons – a desire to bolster their reputation or to share their work with the public. Very few were able to profit from their patented inventions. Otto Lilienthal, a renowned German aviation pioneer, sold only seven of his patented gliders to interested buyers.

THE START-UP YEARS: A NEW INDUSTRY EMERGES

The collaborative spirit among aviation enthusiasts in the early years of flight started to unravel when flying became a real possibility. The Wright brothers, for example, withdrew from this open community when they realized that their invention could work and had commercial potential.

In 1903, the Wright brothers filed a patent with the United States Patent Office for their wing warping and rudder structure design. It was subsequently granted as US Patent No. 821,393 in 1906. Chanute was dismayed by this move and criticized the brothers

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for learning from the open community and later refusing to share their knowledge with it. To make matters worse, they had relied on Chanute's airplane design.

Meanwhile, in Germany, Hugo Junkers was applying the latest understanding of the theory of aerodynamics to airframe construction and came up with a more stable, reliable and efficient aircraft. In 1910, he applied for a patent on that design with the German Patent Office. His seminal work would shape the development of all future airplanes.

During this period, the number of aviation-related patents filed worldwide increased significantly. Inventors from France, Germany, the United Kingdom and the United States were filing patent applications at an unprecedented rate (see Figure 2). Moreover, the number of patent applications filed outside of the inventor's home country also grew, indicating that they intended to commercialize their inventions beyond their own backyard (see Figure 3).

The rise in patent filings coincided with increased investment in the sector from both private and public sources as investors began to recognize the real potential of air travel. It also coincided with an increase in the number of companies incorporated. Wright brothers (1908), Gabriel Voisin (1910), and Glenn Curtiss (1916) founded their own companies to profit from their efforts. Between 1903 and 1913, approximately 200 airplane prototypes were introduced, but only very few were manufactured. Most of them were sold for government use.

The start-up years also saw greater use of the patent system to appropriate returns to investment; first, to prevent others from free-riding on an innovation; and second, to help companies remain competitive. Both the Wright brothers and Junkers were successful in pursuing litigation against several of their rivals, especially in their domestic markets. Junkers, for example, enforced his patent rights against aircraft manufacturing rivals such as Claude Dornier, Willy Messerschmitt, and Adolf Rohrbach in Germany. For their part, the Wright brothers enforced their rights against Glenn Curtiss and others in the United States. Aviation companies used their patent rights to license out their technologies as a way to generate further revenue streams. Some licensing contracts for aviation technology entailed payments in the millions of dollars.

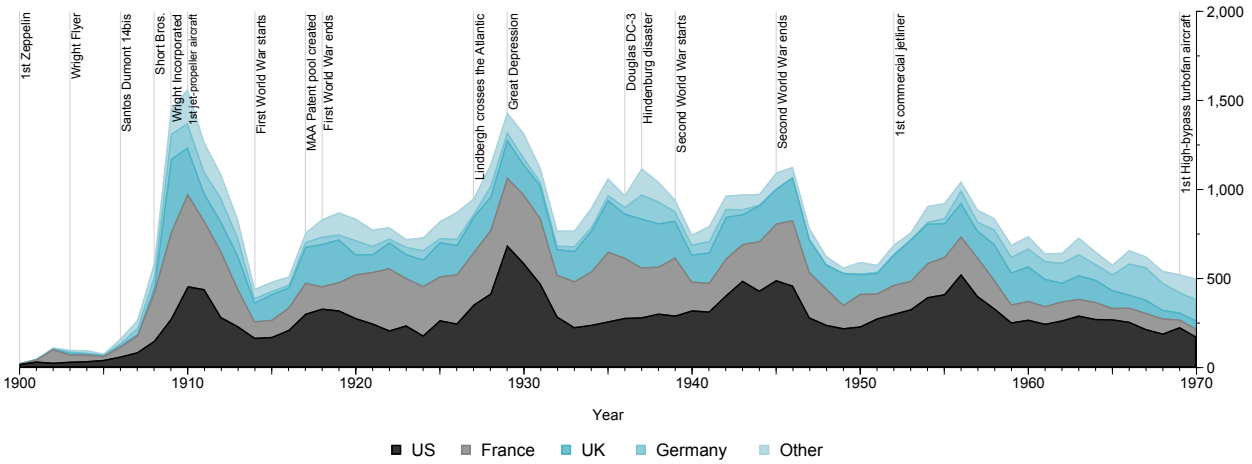
THE WAR YEARS AND BEYOND

Important patents held by the Wright brothers in the United States and by Hugo Junkers in Germany came under close scrutiny by their respective governments during the World Wars.

Two factors may explain why. First, the airplane was seen as a strategic weapon – the side that created the better weapon could win the war. Rapid development of these machines therefore became a top priority. Second, the differences among the firms involved in manufacturing airplanes – both within each country and beyond – in terms of their technological superiority meant that the resources for producing the best airplanes were concentrated in the hands of a select few. This had to change as the demands of war required rapid production and deployment of thousands of warplanes.

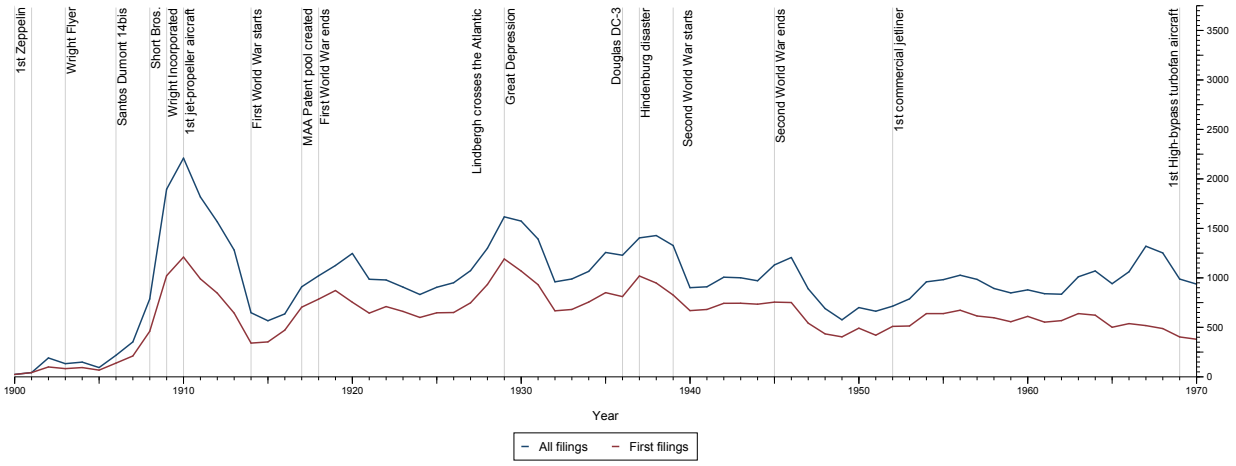
In the United States, some argued that the broad scope of the patent rights granted to the Wright brothers had stunted airplane development in the country. The use of

Figure 2: Patent filings increased significantly when the potential for air travel became real.



Source: *World Intellectual Property Report 2015 - Breakthrough Innovation and Economic Growth, Geneva*: WIPO

Figure 3: Inventors began filing patent applications for their inventions in many countries to protect their inventions abroad.



Note: The difference between all filings and first filings reflects the number of patent applications that were subsequently filed in other jurisdictions.

Source: *World Intellectual Property Report 2015 - Breakthrough Innovation and Economic Growth, Geneva*: WIPO

European-designed airplanes by the United States Government in the First World War suggests this was the case. To remedy the situation, in 1917, the United States Government established the Manufacturers' Aircraft Association (MAA), a trade association that actively encouraged its members to cross-license their airplane technologies through a patent pool in support of the country's war effort. In Germany, similar developments ensued. Also in 1917, the Association of German Aircraft Producers was established to pool all important airplane patents from different national inventors. However, the association did not work as intended because Junkers was reluctant to share his patents with other aircraft producers. By the Second World War, however, Junkers had been forced to contribute his patents to the association by the Nazi Government.

GOVERNMENT PLAYS A PIVOTAL ROLE IN AIRPLANE DEVELOPMENT

The significant investment made by governments on both sides of the war to ramp up warplane production provided a major boost to airplane development. Inventors like Junkers, Dornier, and Messerschmidt were forced to collaborate to produce the best German designed warplanes. In the United States, funding was made available to establish public research organizations, such as the National Advisory Community of Aeronautics (NACA). In Germany, similar organizations compiled the latest aviation developments and disseminated them through publications such as the *Technische Berichte der Flugzeugmeisterei*. All these efforts sought to speed up the progress of aviation researchers and manufacturers.

By the end of the Second World War, the airplane innovation ecosystem experienced another shift in its dynamics which, to a large extent, continues today. Several things changed. First, in stark contrast to the start-up years, the ecosystem now has significant government presence, although arguably to a lesser degree than during the War. Second, the industry underwent considerable consolidation, with two main global competitors, Boeing and Airbus, emerging to dominate global aviation. Third, while the number of

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As flight became a realistic prospect, collaboration among early flying enthusiasts gave way to competition and the number of patents filed worldwide rose significantly.

Photo: yuelan / iStock / Getty Images Plus

"The role played by the patent system has evolved in response to the changing political, economic and technological realities that have shaped airplane development over the years."

patent filings for aviation-related technologies took off again (although it has yet to reach the total number of patent applications filed during the start-up years), airplane manufacturers began to rely on other methods to appropriate returns on their investments.

Over time, as airplanes have become more complex, so too has the industry's innovation ecosystem. Supply chains have become ever more intricate, requiring greater focus on coordinating the integration of many different technologies in an optimal and cost-efficient manner. This involves close collaboration with a range of technology providers who are generally required to sign long-term exclusive contracts underpinned by the airplane manufacturer's specifications and standards. That explains why, post-1945, the sheer complexity and specialist nature of the technologies employed – meaning they cannot be copied easily – has been sufficient to enable airplane manufacturers to appropriate most, if not all, of their investment in innovation.

TAKEAWAYS

The role played by the patent system has evolved in response to the changing political, economic and technological realities that have shaped airplane development over the years. In the early years, few inventors sought patent rights for their inventions and when they did, the reasons for doing so were usually of a non-monetary nature. This can be explained, in part, by the absence of any real world application of the aviation-related inventions developed.

However, as air transport became a realistic proposition, inventors appeared to rely on the patent system to appropriate their returns on investment. Patent owners enforced their rights to maintain their competitiveness and began licensing out their technologies to create new streams of revenue. During the start-up years, the number of aviation-related patents grew, coinciding with the rise in the number of incorporated aviation-related companies.

The state of emergency during the World Wars once again influenced the use of the patent system by airplane manufacturers. Inventors were encouraged to join patent pools as a way to speed up the development and deployment of airplanes. The significant government investment poured into developing warplanes resulted in advances in aviation technologies that have since spilled over to commercial aviation.

Today, the industry appears to be less reliant on the patent system than during the start-up years. This is explained, to a large extent, by the increasingly specialized nature of the airplane innovation system, which is squarely focused on optimizing the integration of complex subsystems of technologies, ranging from new lightweight materials to sophisticated electronics and software systems in the quest for more affordable, eco-friendly and efficient air travel.

Gulf Cooperation Council Patent Office offers fast-track patent grant procedures

By **Abdallah Al Mazroa**,
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The Patent Office of the Gulf Cooperation Council (GCC PO) continues to advance its ambitious plans to offer its clients a reliable, high-quality, fast-track means of obtaining patent rights.

Unlike other intellectual property (IP) offices in the region, the GCC PO undertakes full formal and substantive examination of patent applications in line with international standards. The office further enhanced its service offerings in March 2016 with the adoption of more streamlined and efficient patent grant procedures.

A UNITARY SYSTEM

Following the enactment of the GCC Patent Law in 1992, the GCC PO grants patents under a unitary system, meaning the patents it grants are valid in all GCC member states (Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the United Arab Emirates).

Since the first GCC patent application was submitted on October 3, 1998, some 38,000 patent applications have been filed with the office. The aim now is to encourage even greater use of the GCC Patent System by applicants both within the region and beyond.

PRE-2016 ARRANGEMENTS

Prior to March 2016, the GCC PO's patent grant process involved broad consultation among the IP authorities of GCC member states. Batches of examined patent applications deemed patentable by the GCC PO were sent to the IP authorities of each member state for substantive comment. In the event that a national IP authority objected to a proposed patent grant, they were required to inform the GCC PO within 45 days.

Thousands of patent applications were circulated to GCC member states under this procedure. However, only very few applications raised comments or objections.

Photo: Courtesy of the GCC Patent Office

The Patent Office of the Gulf Cooperation Council (GCC) (left) continues to advance its ambitious plans to enhance the reliability and efficiency of the services it offers to its clients.

Courtesy of the GCC Patent Office

In 2016, the GCC Patent Office streamlined its patent grant procedure, introduced online patent filing services and thereby generated significant efficiency gains which have been widely welcomed by patent applicants.

When objections were made, a bilateral negotiation to overcome the objection would take place between the GCC PO and the national IP authority concerned. This often led to amendment of the claims, as well as to clarification of and corrections to bibliographic and priority data, following consultations with the applicant, as required.

If no comments or objections were received within the 45-day period, the GCC PO issued the grant decision, and, upon payment of the relevant fees by the applicant, the office would publish the full specification of the granted patent on its website.

If there were no objections from third parties within a period of three months from the date of publication (per Article 11 of the GCC Patent Law), the GCC PO delivered the granted letters of patent to the applicant.

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THIRD PARTY CHALLENGES

The current GCC patent law, as amended in November 1999, does not provide for the possibility of a third party to challenge the granted patent. In practice, however, it is possible for any third party to challenge a patent issued by the GCC PO at any time by submitting a claim to the GCC PO's Grievance Committee. That committee is made up of 12 members drawn from the relevant national authorities in GCC member states. Any decision by that committee may be appealed before the Grievance Court of Saudi Arabia, which, according to the GCC Patent Law, is the competent authority for dealing with such matters.

SIMPLIFIED PROCEDURE IMPROVES PROCESSING TIME

Under the new patent grant procedure, the lengthy patent grant consultation mechanism outlined above has been abolished.

At a meeting in Riyadh, Saudi Arabia, in March 2016, the GCC PO's Board of Directors unanimously agreed to introduce a more streamlined patent grant procedure, noting that no legal obligation had been written into the GCC Patent Laws of 1992, 1999, or indeed the final draft of the new GCC Patent Law, to provide the patent offices of GCC member states with the possibility to raise objections to the GCC PO's patent grant decisions.

The new procedure is built around a fully automated system developed in-house by the GCC PO. The new procedure, which includes an online system for filing patent applications, has significantly reduced the time required to process patent applications and has been widely welcomed by patent applicants.

Further enhancements are planned in 2019, particularly in terms of collaborating with international partners to build the GCC PO's expertise and capacity in the areas of artificial intelligence (AI), Blockchain, and big data, and to better understand the impact of these emerging technologies on the IP system. This will ensure that the GCC PO keeps pace with new developments in these areas and is able to leverage these technologies to further enhance its services.

The economic importance of the GCC member states, their role in international business, and their drive to invest in research, development and innovation, promises to fuel demand for patent rights in the region. The steps taken by the GCC PO mean that businesses at home and abroad now have access to an efficient, reliable and cost-effective unitary patent system covering the six important economies of the region.

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