



Mr. Federico Guicciardini Corsi Salviati

Deputy Director

Small and Medium-sized Enterprises Division

World Intellectual Property Organization (WIPO)

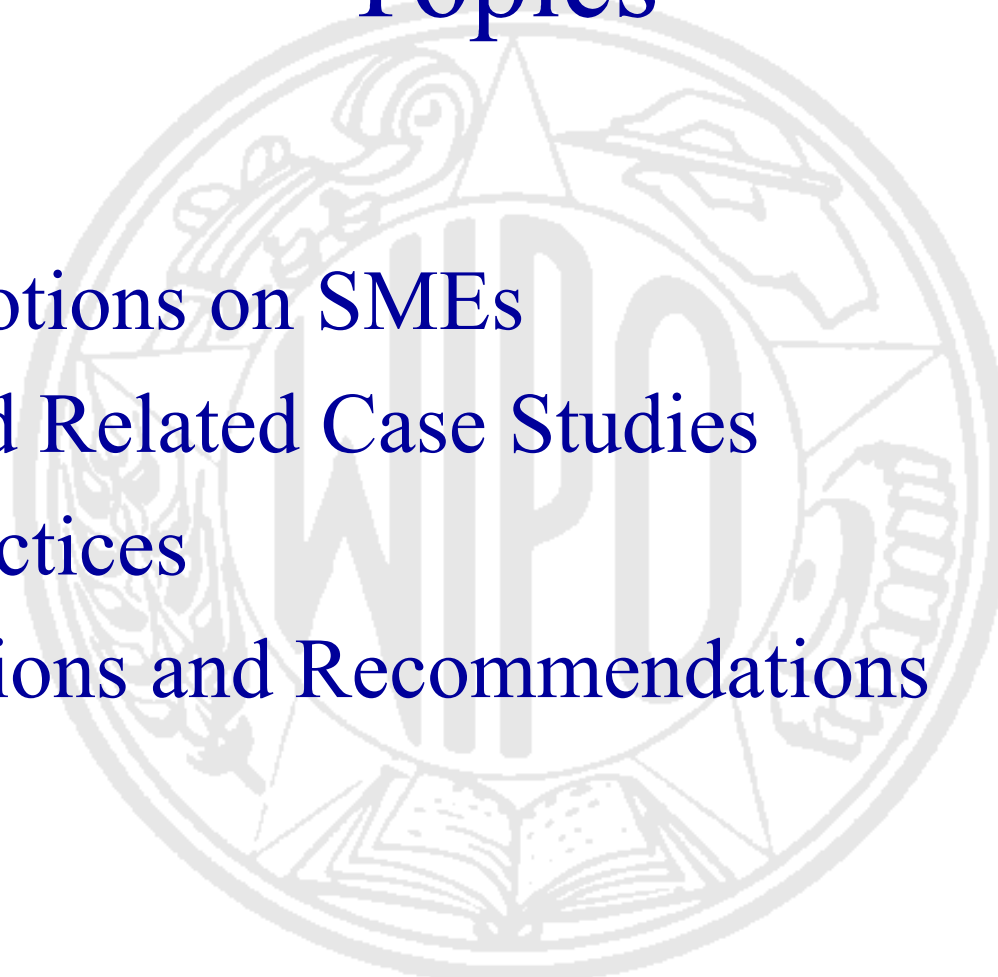
# Policy Consideration and Best Practices in Providing Intellectual Property Services to SMEs

WIPO National Seminar on Intellectual Property and Small and  
Medium-Sized Enterprises (SMEs)

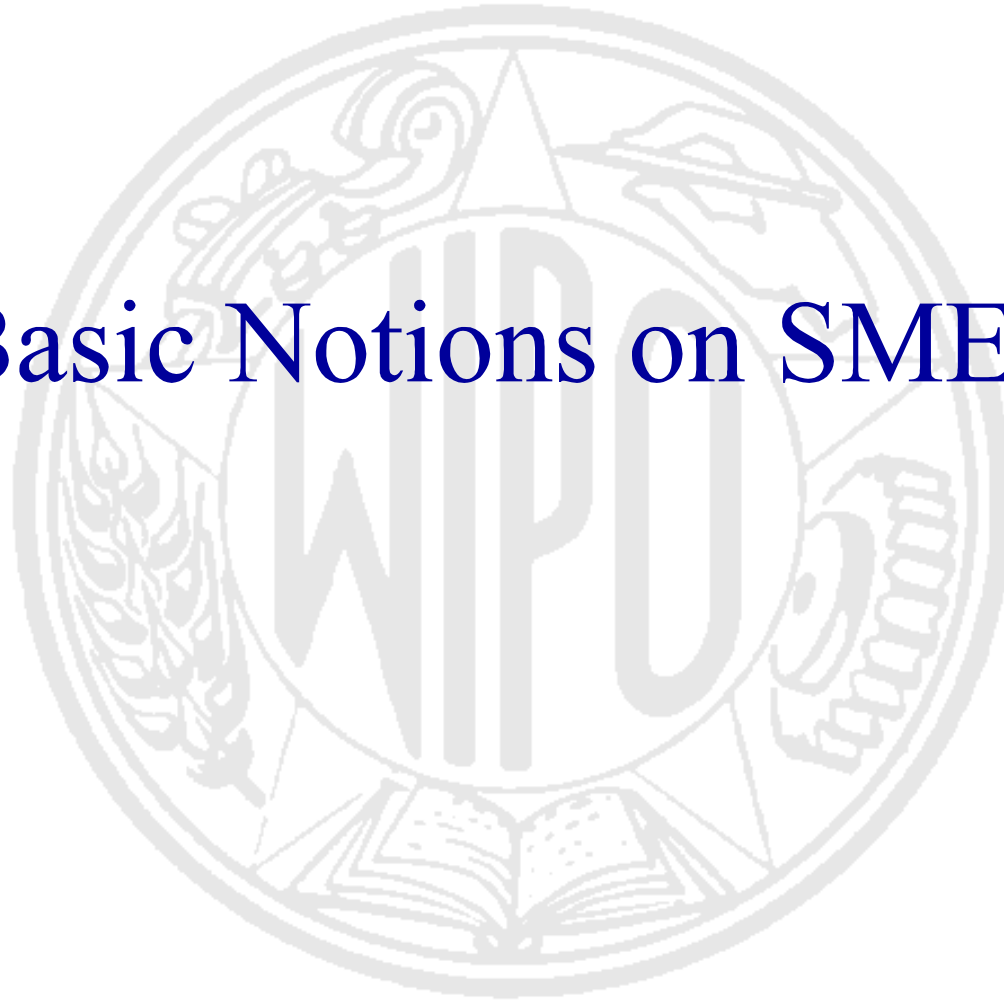
Ulaanbaatar, Mongolia  
October 28 and 29, 2003

# Topics

- Basic Notions on SMEs
- IPRs and Related Case Studies
- Best Practices
- Conclusions and Recommendations



# Basic Notions on SMEs



# SMEs Definitions

- No generally agreed or universally applicable definition
- Definition depending on numerous factors, related to a given socio-economic environment
- Some countries define SMEs according to number of employees and others on level of assets or turnover or both
- Small and Medium-Sized Enterprises form the bulk of enterprises in all economies (in Asia 90%, in the USA 88% and in OECD countries over 95% of enterprises are SMEs)

# Role of SMEs Worldwide

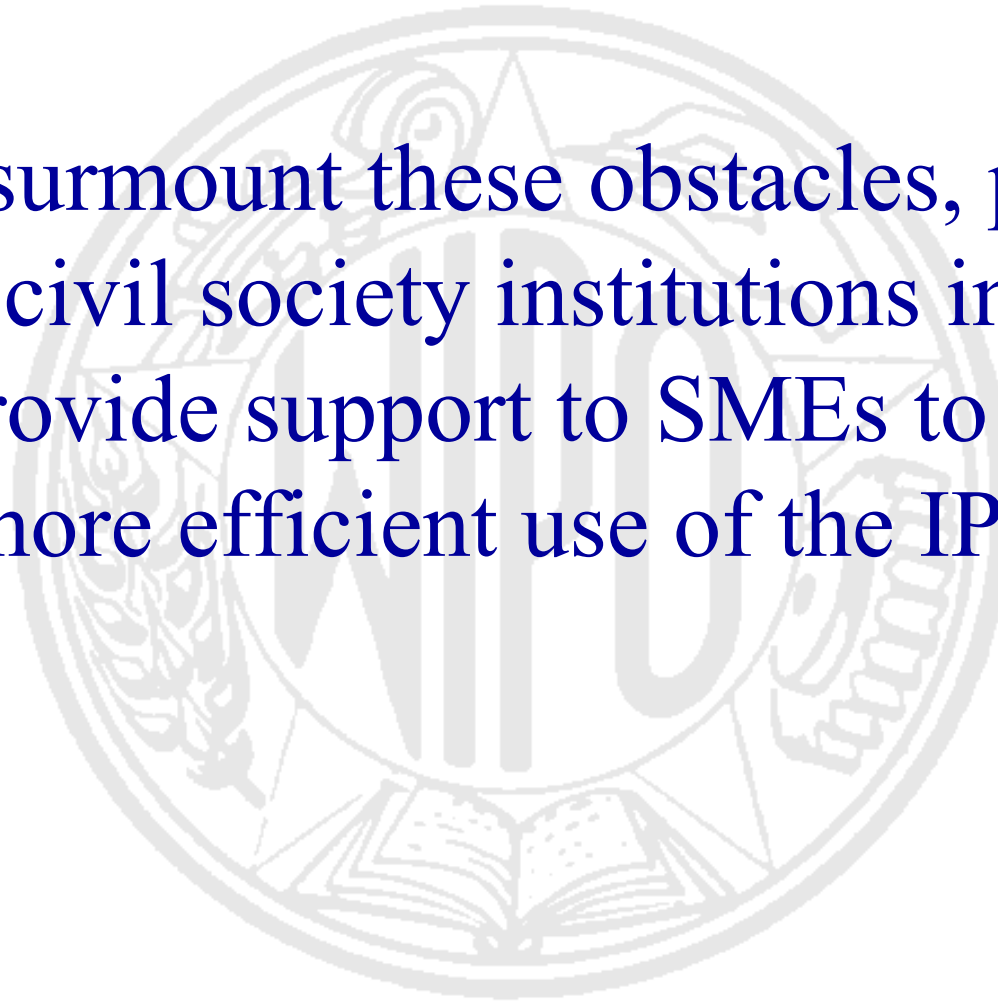
- The economic engine of most countries for building sustainable growth
- Flexible, innovative, imaginative, simple
- Compatible to new economy structures, in which competition is globalized and not confined to national boundaries
- Of easy access to global marketing and information tool

# SMEs and IP

- According to most studies and surveys, SMEs worldwide largely under-utilize the intellectual property system
- Some reasons for low use of IP System by SMEs are:
  - Perceived lack of relevance of the IP system
  - Perceived high costs and complexity of IP system
  - Limited awareness of the IP system and its usefulness
  - Lack of qualified human resources to use the IP system

# SMEs and IP

- In order to surmount these obstacles, public, private and civil society institutions in many countries provide support to SMEs to make a wider and more efficient use of the IP system





# Competitiveness of SMEs

- To be internationally competitive SMEs need to constantly improve their efficiency, reduce production costs and enhance the reputation of their products and services by:
  - Investing in research and development
  - Acquiring new technology
  - Improving management practices
  - Developing creative and appealing designs
  - Effectively marketing their products and services

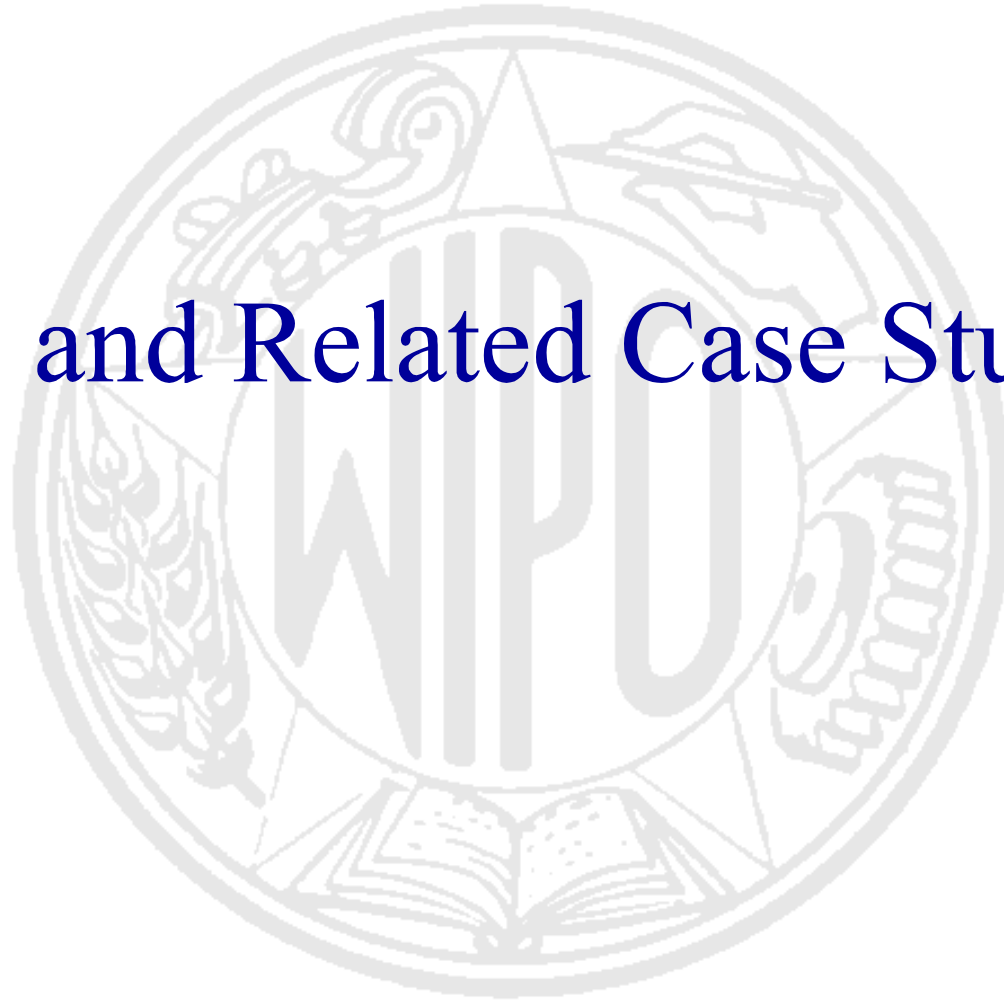
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# Competitiveness of SMEs

- This requires SMEs to make significant investments
- Without effective **intellectual property protection** there is a strong risk that investments in R&D, product differentiation and marketing will be wasteful
- Intellectual property enables SMEs to have exclusivity over the exploitation of their innovative products and/or services, their creative designs and their brands, thus creating an appropriate incentive for investing in improving their competitiveness

# IPRs and Related Case Studies



# Patents

- Patent protection:
  - Provides the exclusive right to commercialize the innovative product in the selected foreign market
  - Facilitates the licensing or sale of an invention to foreign firms
  - Increases the negotiating power of a firm vis-à-vis competitors (particularly good for cross-licensing)
  - May enhance the image of the company (in the eyes of investors, partners, consumers) as being technologically developed
  - Facilitates the establishment of joint ventures in foreign markets

# Case Study on Patent Protection

- Case study on the commercialization of a patented product
  - Croatian pharmaceutical company (**Pliva**) discovers new antibiotic (azythromicin)
  - **Pliva** applies for **patent protection** in Croatia and in various potential **export markets** using the **PCT**
  - Large pharmaceutical multinational **Pfizer** searches patent databases and discovers the **Pliva** patent
  - **Pliva licenses Pfizer** to produce the antibiotic in the US as well as in some other countries in Western Europe while **Pliva** maintains the exclusive right to commercialize the antibiotic in Eastern Europe



# Trademarks

- Trademarks:
  - Crucial to differentiate the product/service from those of its competitors
  - Basic pillar of any marketing/branding strategy
  - Important for enhancing recognition and reputation of the product and for creating a loyal clientele (Trust/Reputation)
  - Exporting unbranded goods may represent an important loss of earnings
- Trademark protection:
  - Exclusivity over the use, sale and exploitation of the trademark
  - Facilitates licensing and franchising agreements

# Case Study on Trademark Protection

- An Italian businessman buys unmarked t-shirts from manufacturers of generic clothing, attaches his trademark (**Pickwick®**, which pictures a rebellious-looking teenager) and begins to sell them to retail stores
- Started in a garage in the periphery of Rome
- Today the **Pickwick®** trademark is perceived by Italian teenagers as a synonym of style and quality
- **Pickwick®** has begun to export its products across Europe
- Its trademark is its most valuable asset





# Collective, Certification Marks and GI

- Collective marks, Certification marks and Geographical indications:
  - Used by SMEs to jointly commercialize products
  - Provides SMEs the opportunity to make their products recognized by consumers, distributed by the main distributors and sold by the main retailers
  - Provides consumers certain quality guarantee (as collective marks, certification marks and geographical indications require that an agreement is reached on certain quality standards among the various producers)

# Case Study on Geographical Indications

- **In 1977 Tequila was registered as a geographical indication in Mexico**
- **Tequila registered through Lisbon agreement and mutual recognition agreements with the EU**
- **Only Mexican producers from 5 specified regions of the country (where the raw material “agave” grows) are entitled to produce Tequila**
- **Over 190 million liters of Tequila are produced annually, giving direct employment to over 36,000 Mexicans**



# Industrial Designs

- Industrial Designs
  - Adds value to the product by making it more appealing to consumers
  - Some products (e.g. furniture) are primarily sold on the basis of their appearance
  - Enables customization of products to specific export markets
  - Enables customization of products to specific target groups (e.g. women, children, etc.)
- Design protection
  - Provides exclusivity over the commercialization of products bearing the design
  - Enables companies to stop imitation and copying of their designs

# Case Study on Industrial Design Protection

- Trax® is a system of public seating manufactured by OMK Design Ltd.
- Originally designed for British Rail. Had to be visually appealing, comfortable and weather-resistant.
- In 1990 it was installed in railway stations in UK
- 12 years later it is installed in over 60 airports.
- Industrial design protection in UK, France, Germany, Italy, Benelux, Australia and the US has guaranteed a degree of exclusivity keeping imitators away.



# Other Successful Stories Linked to IP

- Success stories are present in all economic sectors
- They include virtually all type of IPRs protection
- They belong to both the so called “Old” and “New” economies
- They are the result of a wize IP vision applied to business
- They often link to economic and social trends



## The case of “Vespa”

- On April 23, 1946, the Florence Patent Office (Italy) certified the filing by Piaggio of an application for an industrial design patent
- In March 1949, Piaggio filed an application for registration of the name “Vespa” as a trademark
- Today Piaggio owns some 34 trademarks registered in 120 countries that contain the word “Vespa”



The case of Baby Jogger Co. a small company with 70 employees, established in 1984 in a garage by Mary Baechel and her then-husband Phil.

By 1994 its sales stood at US \$ 5 million

By 2000 sales leapt to US \$ 15 million

Baby Jogger has become a household name in some parts of the globe!





# Best Practices



# WIPO “Best Practices”

- WIPO collects information on policies, programs and strategies that aim to encourage a wider and more efficient use of the IP system by SMEs
- Objectives:
  - Identify experiences that have had a real impact in making the IP system more accessible to SMEs
  - Identify replicable mechanisms that may be adapted to the institutional and economic context of other countries
  - Encourage exchange of experiences

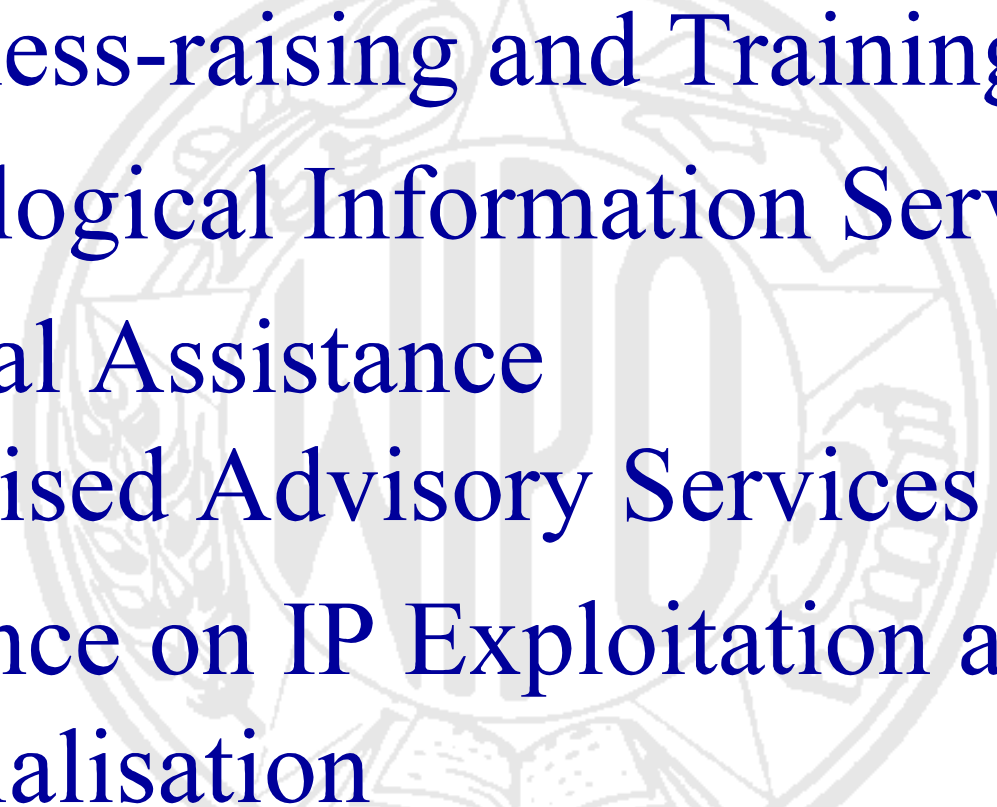
# “Best Practices” - General Trends and Conclusions

- New role of IP offices
  - More outreach activities
  - Provision of technological information services to companies, researchers, etc.
  - Customized advice to SMEs
- Government SME support institutions are beginning to include IP in some of their activities and services for SMEs

# “Best Practices” - General Trends and Conclusions

- Cooperation between various SME support institutions, chambers of commerce and industry, IP offices, SME associations, incubators, R&D Centers, universities
- Use of new technologies for the provision of services and information to SMEs

# Categories of “Best Practices”

1. Awareness-raising and Training Activities
  2. Technological Information Services
  3. Financial Assistance
  4. Customised Advisory Services
  5. Assistance on IP Exploitation and Commercialisation
- 
- A large, faint watermark of the WIPAC logo is centered in the background. The logo is circular and contains the acronym 'WIPAC' in large, bold letters. Below the acronym, there is an illustration of an open book. The entire logo is rendered in a light gray color.

# (1) Awareness-raising and Training

- IP Australia:
  - Establishment of a Marketing Department
  - Intellectual Property Guides: over 35,000 information kits are distributed every year
  - Multimedia products (e.g., IP Toolbox)
  - Case studies
  - Practical information (e.g., IP Access, IP Manager) on the Web site [www.ipaustralia.gov.au](http://www.ipaustralia.gov.au)
  - SME Seminars

# Awareness-raising and Training

- Korean IP Office:
  - Patent information centers were established in 18 chambers of commerce all over the country;
  - 50% fee reduction for SMEs and 70% for micro-enterprises;
  - Free education on patent search systems;
  - Patent technology market for potential licensors and licensees to meet;
  - SME IPR acquisition campaign

## (2) Technological Information Services

- Industry Canada: Program BIX <http://strategis.gc.ca>
  - Business Intelligence Express program provides:
  - Technological information to specific sectors (metals and minerals processing industries, biotechnology, forestry)
  - On-line interactive guides on IP for enterprises in those sectors
  - News bulletin with latest patents and marks by sector

## (3) Financial Assistance

- The Patent Application Fund (Singapore)
  - Finances 50% of the legal, administrative and translation costs)
  - Up to a maximum of US\$15,000
  - Requirements:
    - 30% of the shareholders are nationals of Singapore
    - Research was developed in Singapore
    - The application has not yet been made or only two years have gone by since application



## (4) Customized IP Advice

- Cuban Industrial Property Office (OCPI)
  - Specialised service for the entrepreneurial sector coordinated by the Information Department of OCPI
  - The services include:
    - Diagnosis of the IP needs of the enterprise (IP Audit)
    - State-of-the Art searches
    - Training and advice
    - Proposals on the selection of marks
    - Marks and distinctive signs searches

# Customized IP Advice

- Enterprise Ireland:
  - Ireland's enterprise development agency
  - Irish companies seeking assistance are assigned a Development advisor, who acts as mediator with the various services offered by EI
  - The **Intellectual Property Assistance Scheme** provides advice on the protection, development and commercialization of patentable technology, including the use of IP, the drafting of confidentiality agreements; assistance with licensing negotiations and technology transfer, etc.

# (5) Assistance on IP Exploitation

- Hong Kong Productivity Council
  - Techmart: marketplace to facilitate technology commercialisation
  - 600 m<sup>2</sup> for thematic events on licensable technologies
  - On-line network with four groups of partners:
    - a) technology providers b) industrialists c) market buyers d) investors
  - Services for valuation of IP assets
  - The Technology & Business Intelligence Centre offers the latest technology and marketing information

# Best Practices in the SMEs Website



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Activities & Services

## “Best Practices” for Assisting SMEs to use the IP System

The SMEs Division has initiated a review of "best practices" employed by our potential partners and support institutions worldwide with a view to identifying successful mechanisms for making IP rights more accessible and relevant to SMEs. The aim of this exercise is to share this information and facilitate interaction among institutions involved in such activities in order to encourage the wider adoption and further refinement of "best practices". The "best practices" will include information on policies, programs, projects and activities implemented by IP offices, ministries, chambers of commerce, SME associations, incubators, science parks, universities and other relevant partners and SME support institutions.

**We invite and encourage individuals and institutions to contribute to our endeavor by sharing with us their experience in providing IP services to SMEs and contributing to make the IP system more user-friendly and accessible to the business community at large. Information may be sent to the SMEs Division by e-mail, fax or mail (see [Contact us](#) for our contact details).**

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Best Practices  
Case Studies  
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### Best Practices

- [Canadian Intellectual Property Office](#)
- [Cuban Industrial Property Office \(Cuba\)](#)
- [Danish Invention Centre \(Denmark\)](#)
- [Danish Patent and Trademark Office \(Denmark\)](#)
- [Enterprise Ireland \(Ireland\)](#)
- [Federal Institute of Intellectual Property \(Switzerland\)](#)
- [Foundation for Finnish Inventions \(Finland\)](#)
- [Garching Innovation \(Germany\)](#)
- [Hong Kong Productivity Council \(China\)](#)
- [Innovation Agency \(Austria\)](#)
- [INSTI Project \(Germany\)](#)

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Thank You

[federico.guicciardini@wipo.int](mailto:federico.guicciardini@wipo.int)

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