



# Intellectual Property Issues in International Business

**Training of Trainers Program on Management of Intellectual Property Asset for Small and Medium-sized Enterprises (SMEs)**

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# Entering Foreign Markets

- The business decision to enter foreign markets and export goods and services abroad is not without risks and challenges.
- Exporting involves a considerable investment of financial, managerial, and production resources.
- Therefore, it requires careful planning and execution.

# Major IP Considerations

- **Exporters often realize the importance of protecting their IP once it is too late: e.g. once they have missed the deadlines for application or once their product or brand has been copied.**

# Major IP Considerations

- Exclusivity
- Stop imitators
- Avoid infringing upon other's IP rights
- Pricing
- Access new markets through licensing, franchising, joint ventures, etc.

# Major IP Considerations

- Protection of adaptation
- Negotiation with distributors, importers or other partners
- Marketing of the product
- Finance
- Participation in fairs

# EXPORTING YOUR PATENTED PRODUCTS

- Patent (or utility model) protection abroad allows you to enjoy an important competitive advantage in your export markets.
- Companies that have adequately protected their inventions abroad have a range of options for exporting their innovative products that may not be available otherwise. These options include:
  - Producing the good domestically and exporting the protected good directly or through intermediaries

# EXPORTING YOUR PATENTED PRODUCTS

- Licensing the invention to a foreign firm that will manufacture the product locally, in exchange for a lump-sum payment and/or royalty fees
- Setting up joint ventures with other firms for manufacturing and/or commercialization of the product in the selected foreign markets

# USING BRANDS AND DESIGNS TO MARKET GOODS AND SERVICES ABROAD

- The reasons for protecting trademarks and industrial designs in the domestic market fully apply to foreign markets too.
- Trademark registration, in particular, enables you to maximize product differentiation, advertising and marketing, thus enhancing recognition of your product or service in international markets and establishing a direct link with the foreign consumers.
- Depending on the nature of your service, a franchising agreement with firms abroad, could be a useful alternative way to earn revenue from your trademark abroad as well.



# USING BRANDS AND DESIGNS TO MARKET GOODS AND SERVICES ABROAD

- Companies that export unbranded products will face disadvantages such as:
  - Lower revenues as consumers demand lower prices for unbranded goods.
  - Lack of customer loyalty largely due to their inability to recognize the product and distinguish it from the products of competitors.
  - Difficulties in marketing and advertising products or services abroad in the absence of a suitable symbol or easy identifier that links your products or services with your SME, as marketing an unbranded product is inherently much more difficult.

# USING BRANDS AND DESIGNS TO MARKET GOODS AND SERVICES ABROAD

- With regard to industrial designs, protection in export markets will help:
  - in strengthening your overall marketing strategy
  - in customizing products for specific target markets, creating new niche markets for your company's products
  - In strengthening your company's image and reputation by linking it to a specific design.

# Important points to bear in mind when integrating IP in an export plan

# Integrating IP in an export plan

## IP rights are territorial rights

- It is valid only in those countries where you have applied for and obtained protection
- A trademark registered in the home country is NOT valid in other countries unless also registered in those countries
- Exception is copyright – automatic protection available in all countries member of the Bern Convention or party to the WTO (registration required in some countries)

# Integrating IP in an export plan

## Some variations in IP laws

- Scope of protection differs
- What can and cannot be protected differs
- Formality requirements may differ
- Court's interpretation differs

# Integrating IP in an export plan

## IP procedures may vary

- Examination of applications
- Manner of challenging or opposing IP rights
- Possibility of filing provisional applications
- Utility models

# Integrating IP in an export plan

## Cost of protection varies from country to country

- Fees may be more or less expensive
- Discounts for SMEs, universities and /or individuals may or may not be available
- Financial support may be available in some countries

# Integrating IP in an export plan

**Where to seek patent protection may depend on:**

- Countries where the product will be commercialized?
- Costs involved in patenting in each jurisdiction?
- Main markets for the product?
- Markets where the firm expects to benefit from protection
- Location of main competitors/potential licensees
- Ability to enforce IP rights in case of infringement
- Size of the market



# Integrating IP in an export plan

## Timing

- File applications within the priority period (12 months for patents; 6 months for trademarks and industrial designs)
- Patent application is generally published and disclosed to the world soon after 18 months from the date of first filing

# Integrating IP in an export plan

**“Freedom to operate” analysis in relevant export markets to avoid future problems**

Same or confusingly similar trademark may already exist in the export market

Technology not patented in one country may be patented elsewhere

License to use a given technology in one country, but not in an export market

# Integrating IP in an export plan

## Clearly define issues pertaining to IP ownership with partners

If developing a new product with another enterprise, establishing a joint venture, or modifying the design, package or trademark of a product, important to ensure that it is clear (preferably in a written contract) who will be the owner of any IP generated.

# Integrating IP in an export plan

## No early disclosure

Disclosure of product to trade partners without non-disclosure agreement or inclusion in a catalogue, brochure, etc. prior to applying for protection may destroy novelty of the invention or design.

# Conclusion

- Make sure that your IP is well protected in all major markets and that you do not infringe the rights of others
- IP strategy should be an important component of your international business/export strategy

Thank you

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