



Intellectual Property Issues in International Business

Sub-Regional Workshop on the Effective Management of Intellectual Property Assets for Small and Medium-Sized Enterprises

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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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