

## WIPO AND SMALL AND MEDIUM-SIZED ENTERPRISES

*(English translation of document OMPI/PI/QUI/01/4 presented at the Regional Meeting of Heads of Industrial Property Offices of Latin America, Quito, November 5 and 6, 2001)*

## INTRODUCTION

1. In September 2000, at the twenty-sixth session of the General Assembly of WIPO, delegates from WIPO Member States approved the proposal by the International Bureau to realign and refocus certain planned WIPO activities as well as create a substantial new program of activities focusing on the intellectual property-related needs of small and medium-sized enterprises (SMEs). The proposal hinged on the recognition that there is often a significant discrepancy between SMEs' important contribution to the economy and their low use of the intellectual property system and that more should be done to promote the use of the intellectual property (IP) system by SMEs. To implement the decision of the General Assembly, the Director General of WIPO created the SMEs Division in October 2000.

### I. SMALL AND MEDIUM-SIZED ENTERPRISES AND INTELLECTUAL PROPERTY

2. Available evidence on the use of the IP system by SMEs is largely limited to the use of the patent system. This empirical evidence paints a picture in which the propensity to apply for patents is highly related to the size of the company. For example, a recent Derwent study, surveying the use of the IP system by SMEs in the European Union, concludes that a minority of European SMEs file patent applications. According to the survey, the most widespread reasons for not patenting are that (1) patents are not considered relevant to the line of business of the company and (2) that the patent system is too costly and complex.<sup>1</sup> Similar conclusions were reached by studies in the UK. An UK study concluded that small business owners placed most emphasis on informal methods of protection of their intellectual property (i.e. lead-time, relationships based on trust, limited information sharing, etc.) rather than on formal registrable rights.<sup>2</sup>

3. If the literature on the use of the IP system by SMEs in Europe is scarce, it is even more so in many other regions of the world including Latin America. One of the crucial problems is the lack of disaggregated data on patent, trademark and industrial design applications by SMEs, or by different types of SMEs. SMEs also use the technological information contained in patent documents much less than the larger enterprises. A survey of biotechnology SMEs in five Latin-American countries (Argentina, Brazil, Colombia, Chile and Uruguay) revealed that 6.7% of the surveyed SMEs considered use of national patent information of "great importance" as a source of business or technical information (and 13% for international patents)<sup>3</sup>. With regards to trademarks, a recent study in Lima (Peru) showed that only 6.5% of the micro-enterprises surveyed had registered their trademark.<sup>4</sup>

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<sup>1</sup> Derwent, *Dismantling the Barriers: a Pan-European Survey on the Use of Patents and Patent Information by Small and Medium-Sized Enterprises* (London, 2000).

<sup>2</sup> J. Kitching and R. Blackburn "Intellectual Property Management in the Small and Medium Enterprises" in *Journal of Small Business and Enterprise Development*, Vol. 5, N.4, (London, 1999).

<sup>3</sup> Carlos Correa, WIPO document WIPO/IFIA/BUE/00/7

<sup>4</sup> Indecopi, *La Oferta de Servicios del Indecopi a las Pequeñas y Medianas Empresas*, Documento de trabajo No 001-2001.

4. SMEs in every country are a heterogeneous group. Their innovative capacity and ability to develop new and innovative products varies significantly based on their sector, size, focus, and resources. It is interesting to note that innovative SMEs, especially in high tech areas, such as software and biotechnology, have been a key to the growth and dynamism of these sectors in many countries. But this may not be the case in many other industrial sectors. A recent OECD paper divided SMEs in the European Union into three broad groups:

- i) Technology developers (representing 1-3% of the total SME population).
- ii) Leading technology users (of varying R&D capacity, which are 10-15% of SMEs).
- iii) Technology followers (totaling between 80-85% of SMEs)<sup>5</sup>.

5. The heterogeneity of SMEs in terms of their ability to innovate and to incorporate existing technology is reflected in the ways that such enterprises may use and benefit from the intellectual property system. The crucial point is that SMEs of varying sizes and levels of technology may benefit from different aspects of the intellectual property system according to their specific needs and technological capacity.

6. While the most innovative SMEs may, as "technology developers," be particularly interested in obtaining patent protection for their inventions, SMEs using leading technology available on the market may prefer to use patent information to identify such technology and to enter into agreements on the licensing of patented technology and know-how protected by undisclosed information or trade secrets, respectively. For the large group of "technology followers," trade and service marks, including collective marks and certification marks, as well as geographical indications and industrial designs are indispensable means which are used and understood as references to the origin, quality and reputation of their products, services and innovative designs. Basic knowledge of, and simplified access to, the intellectual property system by SME owners and managers will allow them to decide which elements of the IP system to use according to the needs of their enterprise. In other words, the nature and extent of use of the IP system should be an informed decision, based on a proper understanding of the IP system, and not on vague perceptions and myths or fear of the unknown.

## II. WIPO'S STRATEGY FOR SMES

7. WIPO's SME strategy has a clear and overarching objective: to assist SMEs in all sectors to enhance their competitiveness through a wider and more effective use of the intellectual property system. This is largely to be done through a two-fold approach: a) by enabling SMEs to make informed decisions concerning how to fully exploit their innovative and creative potential through an effective use of the IP system and b) improving the policy framework and business environment to make it conducive and easier for SMEs to use the IP system.

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<sup>5</sup> OECD *Enhancing the Competitiveness of SMEs through Innovation*, Background report for the OECD Conference on "Enhancing the Competitiveness of SMEs in the Global Economy: Strategies and Policies".

8. At the heart of WIPO's strategy for SMEs is the conviction that intellectual property represents an important tool for the development of a dynamic and competitive small and medium-sized enterprises sector. This conviction goes hand in hand with the understanding that WIPO's objective requires dovetailing of IP policies for SMEs with a wide range of policies in a number of other areas aimed at promoting the development of a vibrant SME sector. A strategy that seeks to promote the use of the IP system by SMEs should therefore promote the inclusion of IP issues within the overall framework of assistance and support for SMEs provided by government institutions, NGOs, international organizations, business consultants and other institutions.

9. WIPO's strategy, therefore, requires strong cooperation with partners at the local, national, regional and international level. This is a necessity not only due to the nature of the objectives and the sheer number of SMEs worldwide, but also as a direct implication of WIPO's strategy of addressing the issue from the broader perspective of promoting the development and competitiveness of SMEs. As a result, WIPO is becoming active in assisting Member States and their various institutions involved in the development of SMEs in the formulation and implementation of programs, activities or policies to promote the use of IP by SMEs. It seeks to work closely with IP offices in the development of outreach activities and with SME support institutions through awareness raising, guidance, and assistance on IP matters. Activities are demand-driven and, wherever possible, a "training the trainers" approach is taken to maximize results from events. This approach has been followed, for instance, in India where WIPO contributed to two workshops on IP for SMEs organized by the Ministry for Small-scale Industries by providing speakers, advice on the structure, program and content and similar events are planned for a further 14 Indian cities with local speakers.

10. Crucial to WIPO's strategy concerning SMEs is to present the utility of the IP system from the perspective of the business community. In seeking to address the intellectual property needs and concerns of SMEs, the overall needs and constraints faced by SMEs in their business activities are initially considered, in order to identify ways in which the intellectual property system may assist them in addressing those needs.

11. Raising awareness about the benefits that may be drawn from the IP system implies convincing entrepreneurs, managers, investors and business consultants that IP is more than a peripheral legal issue in supporting an enterprise to further some of its most precious business goals. The focus is on how an effective IP strategy can assist SMEs to face some of their common business challenges, including raising finances, increasing the market value of the firm, marketing products and services, finding partners and suppliers, exporting, acquiring technology and facilitating business transactions on the Internet.

12. The Milan Plan of Action (see Annex 1), has established a clear direction for future initiatives.<sup>6</sup> In implementing the plan of action, WIPO's efforts will focus on (1) advising and supporting governments in the formulation and implementation of policies and programs to promote the use of the IP system by SMEs, (2) disseminating information on best practices in order to enhance the exchange of experiences between countries in this area, and

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<sup>6</sup> The Milan Plan of Action was adopted at the WIPO Forum on "Intellectual Property and Small and Medium-sized Enterprises" held in Milan, in cooperation with the Italian Ministry of Industry and Foreign Trade in February 2001.

(3) promoting initiatives aimed at making access to technological knowledge, and to the IP system as a whole, easier and cheaper for SMEs. This will include promotion of arbitration, mediation and other alternative dispute settlement mechanisms, support for efforts to reduce IPR acquisition costs particularly for SMEs, and assistance to IP offices and other institutions to enhance their services to SMEs on matters pertaining to intellectual property.

A. The SMEs Web Site

13. One of WIPO's initial activities deriving from its strategy was the creation of an SME web site that explains some basic issues and answers some practical questions on intellectual property in a simple, business-friendly language. The web site already has over a hundred pages of substantial information, advice, documents and links on various issues of interest to SME entrepreneurs, managers, investors and business consultants. The web site was conceived as an effort to reach out to the largest number of SMEs and SME support institutions in a low-cost manner and reader-friendly manner. It allows readers to rapidly select the information they are interested in and have the option to follow links for more detailed discussions of certain issues. Finally, publication on the Internet gives the possibility to update information regularly and maintain readers informed of the latest events. The disadvantages related to such an endeavor is the limited spread of the Internet in many countries and therefore the inability to reach out to a large number of potential readers. WIPO is therefore committed to providing paper copies of the material available therein, including documents, presentations and IP guides to enterprises and institutions requesting the information in paper format. A CD-ROM is also under preparation.

14. The overall aims of the SME web site may be summarized as follows:

- a) To provide an overview of the main reasons why SMEs should consider IP issues when preparing their business strategies;
- b) To offer practical information on how to protect, manage, license, and enforce a company's IP assets and how to deal with IP issues in e-commerce
- c) To disseminate information on "best practices" aimed at assisting SMEs to use the IP system and "case studies" on companies that have benefited from a sound IP strategy; and
- d) To provide information on the activities of WIPO in general, and the SMEs Division in particular.

15. Given the international nature of the information provided, there is significant scope for national customization or adaptation of the web site to the local legal and institutional system. WIPO encourages national IP offices and other institutions to use the material and adapt it according to the needs of national entrepreneurs, and is willing to provide advice, guidance or other support in this respect.

16. The web site is currently only available in English at [www.wipo.int/sme/](http://www.wipo.int/sme/) but will soon be published in other languages, including Spanish (see Annex II for an overview of web pages in Spanish).

B. Collection of “Best Practices”

17. On a regular basis, the SMEs Division of WIPO collects information on policies, programs and strategies adopted by a range of institutions to assist SMEs to use the IP system effectively. In May-June 2001, the International Bureau of WIPO sent a questionnaire to IP offices, focal points on SMEs within governments, chambers of commerce and a number of other institutions (primarily SME associations and incubators) requesting information on the activities conducted by each institution related to the initiatives to be undertaken under the Milan Plan of Action. The information was gathered with a view to compiling “best practices” and allow for wider information sharing and exchange of experiences among and within countries (see Annex III).

18. Replies to questionnaires have reflected a wide range of initiatives in this area aimed either directly at the SMEs community or having an impact in bringing the IP system closer to SMEs. Initiatives have been grouped into six broad categories. The following is a non-exhaustive list of the types of activities that were mentioned:

a) Awareness-raising and Training on IP:

- awareness-raising seminars for entrepreneurs;
- IP guides and other information material on IP for SMEs;
- web sites with practical information and/or distance learning programs on IP for entrepreneurs;
- collection and dissemination of case studies illustrating the success stories of SMEs using IP;
- general advice to applicants on administrative issues relating to the application process (e.g. helpdesks within IP offices);
- multi-media products (e.g. CD-ROMs) with information and advice on management of IP assets;
- participation in business fairs, contribution of articles to business magazines, and other promotional activities;
- monthly radio and/or television programs on issues relating to intellectual property and innovation;
- inclusion of IP within national training curricula for entrepreneurs; and
- proactive visits to SMEs.

b) Technological Information Services:

- regular workshops for entrepreneurs on how to use patent information services;

- free access to IP databases;
  - provision of a range of technological information services for SMEs at a reduced price; and
  - establishment of Centers for Technological Information or decentralized branches of the IP office for the provision of technological information.
- c) Financial Assistance:
- financial assistance to SMEs for patenting their innovative products;
  - fee reductions for SMEs applying for IP rights; and
  - partnerships between IP offices and associations of patent attorneys for the provision of free legal advice for SMEs.
- d) Customized Advisory Services on IP:
- legal and managerial assistance to enterprises on how to manage their IP assets and how to develop an IP strategy;
  - promotion of and legal assistance on the use of collective marks, certification marks and geographical indications by small-scale businesses;
  - pilot projects on IP management with a selected group of enterprises; and
  - assistance in the creation of trademarks or distinctive signs.
- e) Assistance for Technology Transfer:
- creation of databases on licensable technologies (e.g. virtual marketplaces for IP);
  - tools for the valuation of IP assets;
  - business fairs of licensable technologies where potential licensees and licensors may meet; and
  - advice for licensing negotiations.
- f) Partnerships between institutions:
- partnerships between IP offices and other institutions providing services to SMEs such as chambers of commerce, incubators, research centers and science parks for the inclusion of IP within a wider range of services to SMEs;
  - partnerships with universities and public research centers for the establishment of Technology Licensing Offices (TLOs), for the promotion of the development of spin-off companies and for the inclusion of IP issues within technical and management degrees; diplomas, etc.

### III. CURRENT ACTIVITIES OF LATIN AMERICAN COUNTRIES ON INTELLECTUAL PROPERTY FOR SMEs

19. Replies to the questionnaires from the Latin American region emphasize the increasing attention being devoted by IP offices to reaching out to their clients and offering a wide range of information and advisory services on the IP system to SMEs. Other institutions involved in the promotion of science and technology and the promotion of innovation among SMEs have also become more active in this area by increasingly including IP issues within their activities and services for SMEs. The rapid development of technology incubators in some Latin American countries, for example, have provided an ideal setting for providing a wide range of services including IP services to innovative enterprises in some key technology areas. Moreover, the development of partnerships between IP offices and other SME support institutions (such as chambers of commerce, SME associations, research centers, technology parks) has been an important step in the direction of integrating IP issues within a broader framework of policies aimed at enhancing the performance and competitiveness of SMEs and promoting the development of national innovation systems.

20. This section will focus primarily on activities, services and programs of the IP offices for SMEs on the basis of the replies received to the questionnaire. It will also occasionally refer to additional information received through other means or found on the respective web sites of the national IP offices in the region.

21. While the grant/registration of industrial property rights remains the primary function of IP offices, IP offices in the region have increasingly enhanced their role as information providers. The technological information services are increasingly supplemented with other information services aimed at promoting the use of the IP system by enterprises. Replies to the questionnaire show that the bulk of activities for SMEs have focused on awareness-raising and administrative advice reflecting what is perceived as one of the main issues to be addressed: low awareness and limited knowledge of the IP system by SMEs. Web sites, guides and magazines on intellectual property, help-desk services on how to file a patent or trademark application and awareness-raising seminars for entrepreneurs are among the most widespread outreach activities of IP offices aimed at the SME sector. Establishing an IP culture among SMEs is a challenging task and the further dissemination of information on the IP system is a crucial first step in this direction.

22. The Internet and other advancements in information and communication technology (ICT) have provided IP offices in some countries the possibility to reach out to an important part of the business community in a fairly inexpensive and simple manner. Web sites, in fact, are increasingly becoming one of the predominant ways of spreading basic information on the IP system and many IP offices have devoted considerable efforts at enhancing their content and distributing their IP guides, magazines, annual reports and gazettes on-line. An illustrative example is provided by the Instituto Nacional de Defensa de la Competencia y de la Protección de la Propiedad Intelectual (INDECOPI) in Peru, which recently published a documento de trabajo on its web site entitled “La oferta de servicios del Indecopi a las Pequeñas y Micro Empresas” inviting readers to comment on the paper. The paper was not only evidence of the increasing efforts to reach out to SMEs but also its on-line dissemination showed the possibilities open to IP offices for spreading such information using new technologies.

23. The provision of technological information to the business community at large, including SMEs, is also beginning to be aided by new technologies. On-line databases and CD-ROMs are increasingly being used to store and provide a simple search facility for companies and legal advisers to find information on existing patented technologies. In addition, in a number of countries, IP offices have also sought to widen access to patent databases and other information services on IP by establishing centers for technological information or setting up branches of the IP office outside the national capital. In the case of Venezuela, decentralized units of Servicio Autónomo Propiedad Intelectual (SAPI) have been set up as pilot programs and focus primarily on the delivery of IP information (including technological information contained in patent documents) to entrepreneurs. Similarly, in Mexico, the Instituto Mexicano de la Propiedad Intelectual (IMPI) has established regional offices in the North and West of the country to meet the IP information needs of enterprises in those regions. The development of IP offices as centers for the dissemination of technological information has also been a central concern of the International Bureau of WIPO and a focus of a considerable number of seminars and workshops over the past several years.

24. Financial assistance to SMEs is also provided in some countries (e.g. Argentina, Brazil and Mexico) through lower application fees for SMEs. High costs are often considered one of the most significant constraints to a wider use of the IP system by SMEs and independent inventors, and such reductions may be an important means to make the system more accessible.

25. A number of IP offices offer customized advice to enterprises on IP matters for the development of IP strategies. In the case of Cuba, the Oficina Cubana de la Propiedad Industrial (OCPI) has recently established the “Servicio Especializado al Sector Empresarial” (SESE) offering a series of information products to enterprises according to the specific needs of each enterprise. Among other services, the SESE includes assistance in the creation of trademarks or other distinctive signs suited to the products/services of the enterprise. It has also initiated a pilot project with five companies to which it is providing the full range of information services. In Peru, the INDECOPI has focused on assisting micro-enterprises to create and use collective marks as a means of reducing marketing costs for individual enterprises and develop a joint image and quality characteristics for the products of a group of enterprises.

26. In some countries, partnerships with government institutions responsible for promoting the development of SMEs, chambers of commerce, SME associations, technology parks and other relevant institutions have enhanced the outreach activities of IP offices for SMEs. The Brazilian IP office is initiating a series of activities with the Serviço Brasileiro de Apoio às Micro e Pequenas Empresas (SEBRAE) as well as beginning to cooperate with technology incubators. In Venezuela, the SAPI has recently signed an agreement with the Fedeindustria for the development of an educational and promotion campaign on IP for entrepreneurs and, together with the Ministerio de la Producción y Comercio and chambers of commerce, it has participated in the development of Industrial Parks in Venezuela by giving seminars on IP for SMEs and promoting innovation. Recent WIPO activities in the region have also been conducted in partnership with national IP offices and national chambers of commerce through the implementation of joint activities. Examples of these activities are the series of briefing sessions in Honduras, Panama, Costa Rica and Nicaragua, which took place in 2001.

27. Cooperation among countries in this area has been initiated by the IP offices of the MERCOSUR countries that have highlighted SMEs as one of their main priority areas for

cooperation between the four member countries and WIPO. The development of a coordinated policy for promoting the use of IP by SMEs in the region, the creation of a joint web site, collection of case studies on the successful use of IP by SMEs and the sharing of information on programs for promoting the use of IP by SMEs have been identified as key areas of cooperation for the coming years.

28. Finally, a number of countries have applied or intend to apply for funds from the Inter-American Development Bank (IADB) in order to support the modernization of the IP offices and strengthen their outreach activities targeted at the SME sector.

#### IV. POSSIBLE AREAS OF DISCUSSION FOR FURTHER COOPERATION

29. A number of issues have been identified as possible areas of discussion for future cooperation. A non-exhaustive list is outlined below:

- cooperation/assistance for the design or implementation of information/advisory services for SMEs on intellectual property;
- collection and dissemination of institutional “best practices” and case studies on use of the intellectual property system by SMEs in the region;
- national Plans of Action (NFAPs) based on the Milan Plan of Action;
- research studies on issues related to intellectual property and SMEs;
- awareness raising workshops, seminars and other activities in partnerships with SME associations, chambers of commerce, technology incubators, financing institutions, and other SME support institutions as well as private sector business advisors;
- partnerships with SME support institutions in order to include intellectual property within the broader framework of assistance to SMEs;
- development of customized web sites (or sections of web sites) on intellectual property for SMEs;
- development of customized guides on intellectual property for SMEs in paper format or multi-media (e.g. CD-ROM);
- development of special packages of IP services/information for specific sectors such as agro-based SMEs, SMEs in E-commerce, SMEs in biotechnology, SMEs in the manufacturing industries;
- assistance to SMEs in licensing and technology transfer;
- strengthening technology information services;
- distance learning in cooperation with the WIPO Worldwide Academy;

- cooperation with regional institutions such as the Inter-American Development Bank (IADB) and the Economic Commission for Latin America and the Caribbean (ECLAC) within programs promoting the development of SMEs;
- strengthening university-industry links, through cooperation with technology incubators and university spin-offs;
- introduction, use and improvement of practices mentioned under “Collection of Best Practices” of this paper.

[Annex I follows]

ANNEX I - Milan Plan of Action

**E**

**WIPO/IP/MIL/01/5**

**ORIGINAL:** English

**DATE:** February 2001



MINISTRY OF INDUSTRY AND FOREIGN TRADE



WORLD INTELLECTUAL  
PROPERTY ORGANIZATION

**WIPO MILAN FORUM ON INTELLECTUAL PROPERTY AND  
SMALL AND MEDIUM-SIZED ENTERPRISES**

**ORGANIZED BY  
THE WORLD INTELLECTUAL PROPERTY ORGANIZATION (WIPO)**

**AND  
THE MINISTRY OF INDUSTRY AND FOREIGN TRADE  
GOVERNMENT OF ITALY**

**Milan, Italy, February 9 and 10, 2001**

MILAN PLAN OF ACTION

*Adopted at the Milan Forum*

The WIPO Milan Forum on Intellectual Property and Small and Medium Sized Enterprises, having met in Milan on February 9 and 10, 2001, at the invitation of the Italian Government and the World Intellectual Property Organization (WIPO) to address the issue of enhancing the competitiveness of small and medium-sized enterprises (SMEs) through optimal use of the intellectual property system,

*recognizing* that SMEs play a vital role in employment creation, investment and exports, significantly contributing to national economic growth;

*noting* that SMEs, the world over, are proven innovators with great creative capacity and the driving force behind many technological advances;

*taking into account* that SMEs are an heterogeneous group with many differences according to business sector, capital assets, working capital, technological capacity and intellectual property assets;

*considering* that SMEs, through adequate and effective management and commercialization of intellectual property (IP), can significantly enhance their competitiveness, export opportunities, market share and their overall market value;

*realizing* that SMEs can significantly benefit from the wealth of technological information available in patent databases, thus avoiding duplication of research and development (R&D) efforts, and use such information for the development of new products, process and services and the conclusion of license agreements;

*being aware* that SMEs, in particular in developing and least-developed countries, often do not sufficiently exploit the potential of the IP system for increasing their competitiveness, innovative capacity and market access;

*acknowledging* that the underutilization of the IP system may be largely due to lack of information on how to acquire and manage IP assets and technological information in an effective manner, absence or shortage of IP related services in SME support institutions, as well as the perception that the IP system is complex, time-consuming and expensive, making it difficult for SMEs to acquire, maintain, enforce and use their IP rights effectively in trade whether domestically and internationally;

*taking into account* the recommendations contained in the Bologna Charter on SME policies, adopted in Bologna (Italy) on June 15, 2000 by the Ministerial Conference on “Enhancing the Competitiveness of SMEs in the Global Economy: Strategies and Policies” organized by the Organization for Economic Co-operation and Development and the Italian Government;

*recommend* that, in order to empower SMEs to fully benefit from the IP system, the following actions are undertaken:

## Annex I, page 3

1. Strengthening of interaction between SMEs, SME support institutions and associations, national governments and IP Offices, WIPO and other relevant intergovernmental and non-governmental organizations with a view to better identifying the needs of SMEs and facilitating the implementation of customized targeted activities addressing the specific IP needs of each sector, group or cluster;
2. Support of national and international efforts for further integration of IP issues in programs and policy initiatives aiming at fostering the technological and innovative capacity and the export potential of SMEs;
3. Increase of awareness and understanding of IP issues within the SME business community particularly through awareness-raising campaigns and targeted training programs with the optimal use of modern information and communication technologies, so as to enhance the capacity of SMEs to maximize their benefits from the use of the IP system;
4. Encouragement of the creation and strengthening of IP-related services, in particular legal and technological information services, also within SMEs support institutions such as chambers of commerce and industry, business incubators and science parks;
5. Advice by WIPO, and other relevant intergovernmental and non-governmental organizations and IP Offices on the inclusion of IP issues in the relevant curricula of universities and institutions for technical and higher education, and strengthening their links between SMEs, universities and research and development institutions, through appropriate mechanisms for achieving greater synergy in joint research and higher rate of successful commercialization of research results;
6. Promotion of the use of arbitration, mediation and other alternative dispute resolution mechanisms for a more cost-effective enforcement of IP rights;
7. Assistance to IP offices and SMEs support institutions to develop SME-targeted IP services, including legal advice and IP information services based on the use of intellectual property databases;
8. Support of efforts of national structures to reduce the cost of acquisition, maintenance and enforcement of IP right while maintaining quality and reliability of rights.
9. Strengthening of WIPO's programs of activities for the benefit of SMEs, in particular to:
  - advise governments to take into account the specific needs of SMEs in their IP policies;
  - disseminate information on best practices on the use of IP by SMEs and of their exploitation of technological knowledge through the valorization and commercialization of IP rights; and
  - make the access to technological knowledge easier and cheaper for SMEs on a global basis.

[Annex II follows]

## ANNEX II

SME Home	WELCOME TO THE SMES WEBSITE
Intellectual Property For Business	Have you ever wondered what is "intellectual property" or what relevance it could possibly have to the creation or success of a small or medium-sized enterprise (SME)? If yes, then you have come to the right place. Here, we take a close look at intellectual property (IP) from the perspective of SMEs and analyze the possibilities offered by the IP system for improving their performance and competitiveness.
Intellectual Property In E-Commerce	
Activities	
Partners	Under <u>Intellectual Property for Business</u> , we provide a succinct and reader-friendly overview of the main reasons why attention should be focused on the IP system, along with practical tips on how to make the best use of it. Explanations in a business-oriented language, often in the form of questions and answers, examine how the IP system helps SMEs to face some of their everyday business challenges, as well as the basic steps required to protect, manage, license and enforce IP rights. Under <u>Intellectual Property in Electronic Commerce</u> , we provide an introduction to IP issues related to E-Commerce
Best Practices	
Case Studies	
Documents	
FAQs	
Contact Us	<p>Our target audience worldwide includes not just the end users of the IP system, namely, entrepreneurs, but also the providers of IP services as well as <u>Partners and Support Institutions</u> at the international, regional, national, and local levels. Through this web site, we hope to reach out also to the public, private and civil society organizations that are working to improve the prosperity and sustainability of the SMEs sector worldwide.</p> <p>Under <u>Activities</u>, we provide a panoramic view of the type of assistance WIPO offers for promoting the use of the IP system by SMEs, including information on past and forthcoming events as well as on useful information and reference material.</p> <p>Links provide more detailed information on specific issues or related matters. Readers are invited to suggest the inclusion of further links relevant to business.</p> <p>Most of the web pages are currently only available in English but will be published in other languages in due course</p> <p><u>Contact us</u> by phone, fax or e-mail if you have any comments, suggestions, or remarks that could help us improve the layout, content and our ability to communicate effectively through this web site.</p> <p>MAILING LIST Enter your E-mail address to subscribe to the <b>sme-en</b> mailing list:</p>

## INTELLECTUAL PROPERTY FOR BUSINESS

To many, intellectual property (IP) is a rather obscure legal concept that can only be properly understood and applied by those who are specially trained. You may be asking yourself why any small and medium-sized enterprise (SME) and, more so, your SME should pay attention to IP, or what benefits your SME could possibly draw from its use. The following links may provide answers to some of these questions.

### TOPICS

- Why is Intellectual Property Relevant to Your SME?
- How can Intellectual Property Enhance the Market Value of Your SME?
- How do you Turn Inventions Into Profit-making Assets of Your SME?
- Why is Intellectual Property Crucial for Marketing the Products and Services of Your SME?
- Can Your SME use Intellectual Property Assets for Financing?
- How can Intellectual Property Enhance the Export Opportunities of Your SME?
- How can Your SME Acquire and Maintain Intellectual Property Protection?
- Protecting the Intellectual Property Rights of Your SME Abroad
- Why are Trademarks Relevant to the Success of Your SME?
- Protecting the Trade Secrets of Your SME
- How can Your SME Benefit From Copyright Protection?
- Protecting Innovations by Utility Models
- Managing the Intellectual Property Assets of Your SME
- Using Patent Information for the Benefit of Your SME
- Licensing of Intellectual Property; a Vital Component of the Business Strategy of Your SME
- What Should Your SME do to Resolve Disputes Related to Intellectual Property?

## INTELLECTUAL PROPERTY IN ELECTRONIC COMMERCE

The purpose of these pages is to provide non-lawyers with a quick guide on IP issues related to E-Commerce. You can use these pages to link to other web sites where you can get more in-depth information.

*Note:* These pages are only about IP issues relating to E-Commerce and are not a comprehensive guide to all E-Commerce issues. They are only a quick overview. Your legal adviser is best equipped to give you advice on specific situations.

### THE 10 POINT IP CHECKLIST FOR E-COMMERCE

Many things you need to know as an introduction to IP as it relates to E-Commerce may be outlined in 10 points. Spend a few minutes reading these points and then try your hand at the self-test at the end.

#### THE 10 POINTS

- I. Understanding What Intellectual Property (IP) has to do With E-Commerce.
- II. Taking Stock of Your IP Assets Relevant to E-Commerce.
- III. IP Issues When you Design and Build Your Web Site.
- IV. IP Issues Related to Internet Domain Names.
- V. How Your E-Commerce Business is Affected by Patents.
- VI. IP Issues in the Distribution of Content on the Internet.
- VII. Using Care in Disclosures on the Internet.
- VIII. Important Contracts and IP.
- IX. Partnerships with Government and Educational Institutions.
- X. IP Concerns about International Transactions in E-Commerce.
- XI. Self Test for E-Commerce IP Checklist

[Annex III follows]

## ANNEX III - “Best Practices”

Short summaries of a number of experiences in the provision of IP services to SMEs from outside the Latin American region have been compiled in this annex.

### A. “BEST PRACTICES” IN LATIN AMERICA

#### 1. National Institute of Industrial Property of Brazil

In order to promote the use of the IP system by SMEs the National Institute of Intellectual Property of Brazil (INPI) offers the following services and incentives:

- 50% discount for trademark applications, for the registration of technology transfer contracts and for technological information services for SMEs;
- 60% discount for patent applications for SMEs;
- Information on procedures for acquiring intellectual property right in the INPI web site.

Moreover, the INPI has initiated a program of activities in cooperation with the SEBRAE, the government agency in charge of promoting the development of SMEs, as well as with technology incubators. Finally, in cooperation with a non-profit organization, the INPI is preparing intellectual property guides for SMEs

#### 2. Cuban Industrial Property Office

The Specialized Service for the Enterprise Sector, established by the Cuban Industrial Property Office, offer a package of information services and advice to SMEs. Such services consist in:

- State-of-the-art searches;
- Training and advice in intellectual property issues;
- Suggestions and advice for the selection of trademarks, trade names and slogans;
- Trademarks searches;
- IP diagnosis for enterprises;
- Courses and workshops.

For details, see: [www.ocpi.cu](http://www.ocpi.cu)

#### 3. Mexican Institute of Industrial Property

The Mexican Institute of Industrial Property (IMPI) organizes a wide range of activities and provides a series of services and incentives to facilitate and promote the use of the intellectual property system by SMEs. Activities and services include:

- 50% fee discount for the acquisition of patents, utility models, industrial designs, lay-out designs of integrated circuits y technological information services;
- Seminars, workshops and courses for entrepreneurs as well as information in the IMPI web site;
- Free user guides on patents, utility models, industrial designs, distinctive signs, and technological information products and services;
- Conferences with universities and enterprises to disseminate information on the issue;
- Establishment of provincial IP offices in order to spread the use of technological information services and to provide advice on how to apply for IP rights to enterprises.

For details, see: [www.impi.gob.mx](http://www.impi.gob.mx)

#### 4. National Institute for the Defense of Competition and of Intellectual Property Rights of Peru

The National Institute for the Defense of Competition and of Intellectual Property Rights of Peru (INDECOPI) recently published on its web site a document entitled “Services provided by the INDECOPI for SMEs” in which it described, inter alia, the services which the various departments of the institute provide to SMEs in IP-related matters, such as:

- Legal assistance to all clients requesting it;
- Promotion of collective marks for SMEs by raising awareness on the mechanisms of registration of collective marks and providing legal advice on how to protect collective marks
- Inventors awards
- Cooperation with private enterprises in events aimed at promoting the creativity of enterprises
- Other events such as presentations in mass-media (radio) and talks aimed at specific enterprise sectors

For details, see: [www.indecopi.gob.pe](http://www.indecopi.gob.pe)

#### 5. Autonomous Service of Intellectual Property of Venezuela

The activities of the Autonomous Service for Intellectual Property of Venezuela (SAPI) that aim to promote the use of the IP system by SMEs are as follows:

- Participation in the development of industrial parks throughout the countries by organizing seminars, talks, and awards to promote creativity among SMEs;

- Creation of decentralized units of the SAPI for the dissemination of information on intellectual property;
- Agreement with the Fedeindustria in order to develop an education and promotion campaign on IP rights;
- In cooperation with the Ministry for Education, Culture and Sports, organization of a training course for intellectual property teachers for technological institutes.

## B. "BEST PRACTICES" IN OTHER REGIONS

### 1. IP Australia

IP Australia has taken an active role in raising awareness and educating SMEs about the importance of the intellectual property (IP) system. Its main activities in this area include:

- Reader-friendly publications: over 35,000 information kits on IP are distributed every year
- Easy-to-use multi-media products: CD-ROMS with assistance on how to manage IP assets
- Preparation of SME case studies illustrating the use of the IP system by a number of Australian SMEs
- Practical information on the web site including a section on business strategies and one of IP managers and professionals providing services to SMEs
- Seminars for SMEs

For more detail, see:

[http://www.wipo.int/sme/en/index.html?wipo\\_content\\_frame=/sme/en/best\\_practices/ip\\_australia.htm](http://www.wipo.int/sme/en/index.html?wipo_content_frame=/sme/en/best_practices/ip_australia.htm)

### 2. Foundation for Finnish Innovation

The Foundation for Finnish Inventions supports and promotes the development and exploitation of Finnish inventions. Legal advice and financial support for patenting inventions is an important part of the activities of the Foundation. The activities of the Foundation may be grouped into six categories corresponding to six different phases in the development of an invention:

- Promotion of inventive activities.
- Evaluation of inventions (market potential, novelty and inventiveness, business potential, etc.).
- Advisory services (invention-specific advice, IP rights, other advice).
- Protection of inventions (assistance with patent applications and other IP rights).
- Product development (planning and design, prototype development, technical and commercial advice).

- Marketing (including advice on licensing).

For more detail, see: <http://www.innofin.com>

### 3. INSTI Project - Germany

Since 1995, the German Federal Ministry of Education and Research has established a program to promote the use of the patent system and the development of innovative technologies. Some of the program's main features include:

- financial assistance to SMEs applying for the first time for a patent or utility model
- an innovation market, or database of new technologies for interested parties to seek new business opportunities
- training for inventors and business managers on innovation management, creativity and evaluation techniques, industrial property rights and development of products and processes.

For more details, see:

[http://www.wipo.int/sme/en/index.html?wipo\\_content\\_frame=/sme/en/best\\_practices/germany.htm](http://www.wipo.int/sme/en/index.html?wipo_content_frame=/sme/en/best_practices/germany.htm)

### 4. Korean Intellectual Property Office

The Korean Intellectual Property Office (KIPO) provides a wide range of services to small and medium-sized Enterprises (SMEs) including the following:

- Through an agreement with the Korea Patent Attorneys Association (KPAA), free legal advice is provided to SMEs on their first patent application.
- 50% fee reductions for SMEs and 70% for micro-enterprises.
- Free education on patent search systems through regular workshops.
- Establishment of a patent technology market.
- Small and Medium-Sized Enterprises' IPR Acquisition Campaign in cooperation with 14 related organizations, including the Korean Chamber of Commerce.

For details, see:

[http://www.wipo.int/sme/en/index.html?wipo\\_content\\_frame=/sme/en/best\\_practices/kiipo.htm](http://www.wipo.int/sme/en/index.html?wipo_content_frame=/sme/en/best_practices/kiipo.htm)

### 5. Intellectual Property Office of Singapore

The Intellectual Property Office of Singapore (IPOS) administers the Patent Application Fund (PAF), established in 1993 by the National Science and Technology Board. The fund supports 50% of the legal, official and other related fees incurred in the process of applying for a patent, up to a maximum of S\$30,000 for each invention and is mainly targeted at SMEs. All companies of which Singapore citizens own at least 30% of the equity may apply as well as any Singapore citizens or permanent residents.

IPOS has also recently introduced a new marketplace platform on the Internet enabling IP owners, potential buyers and sellers, and licensees to come together and commercialize IP assets. See: <http://www.SurfIP.gov.sg>

6. Oficina Española de Patentes y Marcas

The activities of the Oficina Española de Patentes y Marcas directed to SMEs included the following:

- Sensitization campaigns: “jornadas divulgativas” in chambers of commerce and technology parks (a total of 19 over the past 1 1/2 years), courses for post-graduates organized by the Consejo Superior de Investigaciones Científicas and courses in universities (a total of 14 over the past 1 1/2 years).
- On-line services for technological information: a total of 1.328.998 searches over the initial 6 months of 2001.
- Program for spin-off entrepreneurs in cooperation with a Spanish university.

7. Enterprise Ireland

Enterprise Ireland has been providing support on intellectual property to inventors and SMEs through the Intellectual Property Assistance Scheme since 1998. The main activities of the scheme may be summarized as follows:

- Advice on the protection of inventions
- Funding for patent applications
- Advice on the development and commercialization of inventions

For details, see:

[http://www.wipo.int/sme/en/index.html?wipo\\_content\\_frame=/sme/en/best\\_practices/ireland.htm](http://www.wipo.int/sme/en/index.html?wipo_content_frame=/sme/en/best_practices/ireland.htm)

8. Indian Ministry for Small-Scale Industries, Agro and Rural Industries

The Small Industry Development Organization (SIDO), the nodal development agency of the Ministry for Small Scale Industries, Agro and Rural Industries (SSI & ARI) of India, has recently published a new web site with substantial information on intellectual property for Indian SMEs. SIDO is also conducting a series of 16 workshops around the country on “Intellectual Property for Small and Medium-sized Enterprises” in cooperation with WIPO’s SMEs Division.

For details, see:

[http://www.wipo.int/sme/en/index.html?wipo\\_content\\_frame=/sme/en/activities/meetings/india\\_01/index.htm](http://www.wipo.int/sme/en/index.html?wipo_content_frame=/sme/en/activities/meetings/india_01/index.htm)

9. Japanese Patent Office

The Japanese Patent Office (JPO) is currently involved in four patent-related measures designed to promote the use of the intellectual property system by SMEs and to encourage technology transfer:

- Promotion Policy for Patent Utilization and Technology Transfer including a database of licensable technologies and the organization of patent distribution fairs
- Support for the Development of Technology Licensing Offices within universities and research centers
- Fee Reduction and Exemption
- Support for Self-Evaluation of Patents & IP Strategy through the creation of indices for patent valuation and assessment of IP strategies

10. Intellectual Property Office of the Philippines

Initiatives by the Intellectual Property Office of the Philippines include:

- Reduced Fees: small entities pay a reduced fee of 50% for all services
- Technology Information Brokering System and Matching Center (TIBMC): the TIBMC is currently being developed and is meant as a project aimed at the dissemination of patented technology for the benefit of SMEs
- IP Information and Education through workshops and seminars at a provincial level
- Information Unit: delivers advice on procedures for patenting and registering trademarks including some advice on how to formulate specifications and claims

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