

INTELLECTUAL PROPERTY ISSUES RELATED TO ELECTRONIC COMMERCE



WORLD INTELLECTUAL PROPERTY ORGANIZATION (WIPO)

SMALL AND MEDIUM-SIZED ENTERPRISES DIVISION

<http://www.wipo.int/sme>

TABLE OF CONTENT

UNDERSTANDING HOW INTELLECTUAL PROPERTY (IP) RELATES TO E-COMMERCE 3

TAKING STOCK OF YOUR IP ASSETS RELEVANT TO E-COMMERCE 5

IP ISSUES WHEN YOU DESIGN AND BUILD YOUR WEBSITE 6

IP ISSUES RELATED TO INTERNET DOMAIN NAMES 8

HOW YOUR E-COMMERCE BUSINESS IS AFFECTED BY PATENTS 10

IP ISSUES IN THE DISTRIBUTION OF CONTENT ON THE INTERNET 13

USING CARE IN DISCLOSURES ON THE INTERNET 15

IMPORTANT CONTRACTS AND IP 16

PARTNERSHIPS WITH GOVERNMENT AND EDUCATIONAL INSTITUTIONS 17

IP CONCERNS ABOUT INTERNATIONAL TRANSACTIONS IN E-COMMERCE 18

SELF TEST FOR E-COMMERCE IP CHECKLIST 19

UNDERSTANDING HOW INTELLECTUAL PROPERTY (IP) RELATES TO E-COMMERCE

Intellectual property (we'll use the abbreviation "IP" from now on) is a legal term that refers to industrial property and to **copyright and related rights**. Industrial property comprises the protection of **patents, trademarks, industrial designs,** and **geographical indications**. It also includes the protection of **utility models, trade dress and layout -designs or topographies of integrated circuits**, where such protection exists, and **protection against unfair competition including/or protection of undisclosed information/trade secrets**. IP is really a type of property or **asset**, just as valuable (or more valuable) than physical or real property, even though it may be intangible, like knowledge. The value of IP assets relative to physical assets has increased because of the importance of technology and creative works in the modern economy. **IP consists of new ideas, original expressions, distinctive names, and appearance that make products unique and valuable**. IP is often traded (or "**licensed**") in its own right without trading in the value of an underlying product or service, by means of patent or other IP licenses from a rights owner to another.

There are several reasons why IP is important to E-Commerce and e-commerce is important to IP. **E-Commerce, more than other business systems, often involves selling products and services that are based on IP and its licensing.** Music, pictures, photos, software, designs, training modules, systems, etc. can all be traded through E-Commerce, in which case, IP is the main component of value in the transaction. IP is important because the things of value that are traded on the Internet must be protected, using technological security systems and IP laws, or else they can be stolen or pirated and whole businesses can be destroyed.

Also, **IP is involved in making E-Commerce work**. The systems that allow the Internet to function - software, networks, designs, chips, routers and switches, the user interface, and so on - are forms of IP and often protected by IP rights. Trademarks are an essential part of E-Commerce business, as branding, customer recognition and goodwill, essential elements of Web-based business, are protected by trademarks and unfair competition law.

E-Commerce businesses and Internet related businesses are based on product or patent licensing. This is because so many different technologies are required to create a product that companies often outsource the development of some component of products, or share technologies through licensing arrangements. If every company had to develop and produce all technological aspects of every product independently, development of high technology products would be impossible. The economic of E-Commerce depends on companies working together to share, through licensing, the opportunities and risks of business. Many of these companies are SMEs.

Finally, E-Commerce based businesses usually hold a great deal of their value in IP; so the valuation of your E-Commerce business will be affected by whether you have protected your IP. Many E-Commerce companies, like other technology companies, have **patent portfolios and trademarks** that enhance the value of their business.

For More Information

On IP generally, see:

- WIPO's website (www.wipo.int/about-ip/)
- WIPO's Primer on Electronic Commerce and Intellectual Property Issues (<http://ecommerce.wipo.int/primer/index.html>)

- Australia:IPAustralia(<http://www.ipaustralia.gov.au>)
- Canada:CanadianIPOffice(<http://cipo.gc.ca>)
- Japan:JapanIPResources(<http://www.okuyama.com>)
- UnitedKingdom:UKPatentOffice(<http://www.intellectual-property.gov.uk>)
- UnitedStatesofAmerica:(<http://www.uspto.gov>)
- AmericanIntellectualPropertyLawAssociationWebSite(<http://www.aipla.org>)
- FranklinPierceLawCenter'sWebMall(<http://www.ipmall.fplc.edu>)
- USPatentandTrademarkOffice,kidspages(<http://www.uspto.gov/go/kids>)
- IntellectualPropertyLaw(<http://www.intelproplaw.com>)

OnprotectionofIPassetsontheInternet,see:

- USCopyrightOffice(<http://lcweb.loc.gov/copyright>)
- UniversityofTexas"CrashCourse"ontheInternetandCopyright
(<http://www.utsystem.edu/OGC/IntellectualProperty/cprtindx.htm>)

TAKING STOCK OF YOUR IP ASSETS RELEVANT TO E-COMMERCE

An important early step for any E-Commerce business is to make **an inventory of IP assets**. Pick up a pencil now and write a list of any patents, patent applications, or innovations that you have made that you think could be patentable inventions. Also write down anything you think is copyright. This would include software, designs, documentation or technical writing, software scripts, user interface materials, schematics, artwork, website designs, music, photos, etc. Copyright protection is automatic in most countries and does not require registration (though registration in the copyright depository, where available, is generally advisable).

Now write down which distinctive signs or names the company is using, whether registered or not. Such signs enjoy protection as a trade and service mark upon registration or, where the law provides, through use even without registration. These may include names of products as long as the name is not just a description of the product (e.g. salt, tissue, good software, fast computers), as well as logos and business names.

Write down any trade secrets; this is information that has commercial value to you, that is not generally known and that a reasonable person could not just figure out. This includes things like product formulas, customer lists, business strategies, plans for technical enhancements to products, etc. Write down anything else you think might be valuable that is intangible.

Finally, write down any **contracts that you think might affect the IP assets** you have listed (e.g. a consulting contract with the design firm that made your website, a development agreement with a university, a release from your former employer, non-disclosure agreements, employee agreements).

Now you may wish to show your list to a lawyer and ask him or her for an estimate on what it costs to get a "IP audit". **The purpose of the IP audit is to review what IP the company has and determine how to protect, exploit, and enhance its value.** Your lawyers should be someone who is knowledgeable about IP. He or she will advise you as to the best ways to use the legal system to protect your IP from use or theft by competitors and to best exploit it online and off so as to enhance its value as a company asset. If you do not have access to a lawyer, check with your national IPO office to see if there are resources to assist you.

For More Information

- On IP Audits, see ' [Auditing Your Intellectual Property](#) '
- On IP generally and its strategic use, see <http://www.patentcafe.com> and links noted above in " [Understanding What Intellectual Property \(IP\) Has to Do With E-Commerce](#) "
- On Copyright, see ' [Copyright and Related Rights](#) '

IPI ISSUES WHEN YOU DESIGN AND BUILD YOUR WEB SITE

One of the basic elements of E-commerce business is the design and function of the company website. **In designing and building your website, the first thing to be aware of is whether you own the website presentation and content and every aspect of IP in it.**

You may not, but that's OK, you just need to know what you own, what you have right to use, and what you don't own or have right to use. If you are using a consultant or company to design your website, check out the provisions in the agreement concerning ownership and IP rights. Who owns the website design and text? Check out what obligations the company has to make sure that it doesn't use any IP that belongs to a third party in the course of its work.

If you are using a database, E-commerce system, or search engine or other technical Internet tools licensed to you by another company, check the terms in the license agreement to see who owns the system. **Make sure that you do have a written agreement, and get it checked over by a lawyer before you sign it and before any design, custom work or installation of the site begins.**

You will need written permission (also referred to as a license, a consent, or an agreement) to use any photos, videos, music, voices, artwork, or software, etc. that belong to someone else. Just because you get material on the Internet does not mean that it is in the public domain. You may have to pay for permission to use these materials. In many countries you will need to communicate with a collecting society or association of artists in order to get permission.

You will need to make sure that, if your country's law (or the law that applies to your business) requires it, that you have permission to show trademarks owned by other companies that you refer to on your website and that you recognize them.

Do not distribute or download any content or music on your website that does not belong to you unless you have obtained written permission from the owner to distribute it on the Internet.

Be careful in linking to other websites. Links are a great E-commerce tool, and a useful service to your customers, but in many countries there is no clear law on when and how you can use links. The most careful practice is to seek and obtain permission from the other site before putting in the link.

Framing is a practice that is more controversial than linking. This means including large parts of another website in yours in a way that makes it look as though it is part of your website. Always get written permission before doing this.

For More Information

On Collecting Societies:

- WIPO: [Collective Management of Copyright and Related Rights](#)
- International Confederation of Societies of Authors and Composers (CISAC): <http://www.cisac.org> (with information about collecting societies worldwide)
- American Society of Composers, Authors and Publishers (ASCAP): http://www.ascap.com/lp_music_licensing.html (providing electronic licensing with automated rate calculation)

- Broadcast Music Inc. (BMI): <http://www.bmi.com/licensing/business/whatis.asp> (a well organized site providing information on music licensing needs of a variety of businesses)

IPI ISSUES RELATED TO INTERNET DOMAIN NAMES

The choice of a **domain name** has become an important business decision. A domain name is registered by you to enable Internet users to locate your company's site on the web.

Company domain names may be registered in any number of "top level domains" called "TLDs". You can choose from the "generic top level domains" ("gTLDs"), such as .com, .net, .org and .info. Or you can choose from the specialized and restricted top level domains if you qualify (e.g. .aero for air travel and transport businesses, or .biz for commercial enterprises). You can also register your domain name under a "country code top level domain" ("ccTLD"), for example, .bn for Bulgaria, .cn for China, .ch for Switzerland.

The technical management of the domain name system is in the hands of the Internet Corporation for Assigned Names and Numbers ("ICANN"). However, in the gTLDs, the registrations themselves are handled by a number of Internet registrars accredited by ICANN, that can be found at ICANN's site at <http://www.icann.org>. You can also check whether a domain name has already been registered, either by searching via a registrar's site, or by using a 'Whois' search, like that offered by UWhois, at <http://www.uwhois.com>. For registrations in the ccTLDs, you will need to contact the registration authority designated for each ccTLD. To do this, you can consult a ccTLD database set up by WIPO, that links to the websites of 243 ccTLDs, where you can find information about their registration agreement, Whois service and dispute resolution procedures.

When you choose your company's domain name, depending on where you register, you may pick a generic or common name, but if you pick a name that is distinctive, users may more easily be able to remember and search for it. Ideally, it could also be distinctive enough to be protected under trademark law, because domain names can be protected as trademarks in some countries. If you picked a very common domain name (e.g. "GoodSoftware"), your company could have difficulty in building up any special reputation or goodwill in this name and more difficulty in preventing others from using your name in competition.

You should pick a domain name that is not the trademark of another company, particularly a well-known trademark. This is because most laws treat registration of another person's trademark as a domain name as trademark infringement, also known as 'cybersquatting', and your SME might have to transfer or cancel the domain name, and also pay damages. Also, all domain names registered in the gTLDs like .com, as well as many registered in the ccTLDs, are subject to a dispute resolution procedure (described below) that allows a trademark or service mark owner to stop the cybersquatting of their trademark. There are various databases that you can search on the web to determine if your choice of domain name is a registered trademark in a particular country. WIPO has established a Trademark Database Portal (atcommerce.wipo.int/databases/trademark/index.html) to help you do this search.

If you find that someone else is using your trademark or service mark as a domain name, what can you do? Some unscrupulous people have made a practice of cybersquatting, usually to extract money from the rightful owner of the name or to mislead or confuse consumers. If you find that your trademark or service mark is being cybersquatted, there is a simple online procedure you can go through where an independent expert will decide whether the domain name should be returned to you, and the registrars are required to follow this decision. This Uniform Administrative Dispute Resolution Policy ("UDRP") was first recommended by WIPO as a result of its Internet Domain Name Processes and then adopted by ICANN, and you can find information about it at WIPO's site at arbitrator.wipo.int/domains/.

In addition to trademarks, it is wise to avoid domain names that include certain other controversial words such as geographical terms (e.g. Champagne, Beaujolais), names of

famous people, generic drug names, names of international organizations, and trade names (e.g. name of another person's business), that might interfere with the rights of others or international systems of protection.

For More Information

On domain names generally, see:

- WIPO Electronic Commerce Section - domain names
(<http://ecommerce.wipo.int/domains/>)

On cybersquatting and remedies for cybersquatting, see:

- WIPO Arbitration and Mediation Center – domain name dispute resolution
(arbitrator.wipo.int/domains/index.html)
- Uniform Administrative Dispute Resolution Policy and Procedure
(<http://www.icann.org/udrp/udrp.htm>)

On domain names and categories to avoid, see:

- WIPO's 1st and 2nd Internet Domain Name Process Reports
(<http://wipo2.wipo.int/process2/index.html>)

On ICANN and domain names generally, see:

- Internet Corporation for Assigned Names and Numbers (ICANN)
(<http://www.icann.org>)

On trademarks, see:

- WIPO Introduction to Trademarks: (www.wipo.int/about-ip/)
- International Trademark Association (<http://www.inta.org>)
- WIPO's work on trademarks on the Internet (www.wipo.int/about-ip/)
- [Why are Trademarks Relevant to the Success of Your SME ?](#)

HOW YOUR E-COMMERCE BUSINESS IS AFFECTED BY PATENTS

Patents are not just for large companies. Patents are not only for high technology. Some of the most successful E-Commerce companies have used patents for business methods and “low-tech” inventions.

Patents can help your E-Commerce business in a number of ways.

- They motivate employees who enjoy challenges and whom may benefit from remuneration or other benefits from the company.
- They help record and develop new ideas.
- They can increase the evaluation of your company in the context of investment, financing, merger and acquisition transactions.
- They can support an increase in the price of your products by giving your company product exclusive features unavailable to competitors.
- They can increase sales of your products by giving your company product exclusive features unavailable to competitors.
- They can be a source of royalties in licensing transactions, thus adding revenue to your company bottom line. Such royalties can be in a lump sum, in instalments, based on units of products sold, or based on a percentage of revenues from sales of product.
- They can permit your company, if it grants license to the patent, to expand its markets and/or create a platform, whereby licensees develop and differentiate products based on the patent.
- They can be used in connection with participation in standards bodies or consortia, where different companies join forces to create interoperability or promote a technology.
- They can be used defensively in case your company is accused of violating the patent of another company; you can protect your company from litigation and/or trade your patent against the accusing company's asserted patent.
- They can help your company develop strategic alliances with other companies who wish to take a license to your company patents and thereby increase their own patent portfolios.

There are probably more benefits to patents, but this list is a start. These benefits are not only for E-Commerce companies, but are especially important in E-Commerce. **This is because E-Commerce is closely linked to subjects that have recently, in countries where patent protection is available for these fields of technology, been the subject of vigorous patent activity: telecommunications, semiconductors, business methods and software.**

Today, there are an increasing number of software and business methods which are protected by patents in the **United States** (<http://www.uspto.gov/web/menu/pbmethod/>). In **Japan**, computer programs and business methods are patentable provided that they are considered to be technical instead of merely abstract ideas (see website of the Japanese Patent Office

<http://www.jpo.go.jp/infoe/tt1211-055.htm>). Under the European Patent Convention and the patent laws of a number of **countries members of the European Patent Organisation**, computer programs and business methods as such are still expressly excluded from patent

protection. In practice, however, the approach has changed in recent years as the result of long-lasting intensive and controversial discussions and many decisions. The vast majority of applications are today considered not to claim abstract programs or business methods but to describe technical means like, for example, computer networks, for carrying out these programs or methods. In order to be inventive, the programs or methods have to overcome a technical problem in a non-obvious way; in other words, it is not the commercial ingenuity which makes them patentable (see EPO website at http://www.european-patent-office.org/news/pressrel/2000_08_18_e.htm and http://www.european-patent-office.org/epo/pubs/oj000/7_00/7_3070.pdf). In a number of **other countries**, computer programs and business methods are not yet patentable.

Some examples of business methods are: patents on using a single click to order goods in an online transaction, an online system of accounting, and an online rewards incentive system. Much has been written about business method patents. In most countries, patents are available for a wider range of inventions. In E-Commerce business, it is prudent to get legal advice about whether any new business methods developed by your company may be patentable.

Patents in E-Commerce are important because of the amount of licensing, contracting out, outsourcing, and strategic relationships involved in E-Commerce.

You will want to consider whether to implement an Employee Invention Incentive Program in your company. Such programs are common, in particular in countries that do not provide for legislation on remuneration for employee inventions, in larger companies and usually involve a bonus in stock and/or cash given to an employee or team of employees who produce inventions. The awards are usually given in stages, with a small award given at the time an invention disclosure is filed by the employee with the person in the company who is responsible for this task, another given at the time the patent application is filed, and another one given when the patent issues, with the largest incentive given last. Public announcements and award ceremonies are good ways to boost morale and encourage creativity.

Patents are usually first filed in your own country's patent office, but also in most other countries, anyone can file a patent in the respective national patent office or use, where the conditions therefor are fulfilled, the International Bureau of WIPO for patents filed under the Patent Cooperation Treaty (the "PCT"). Using the PCT gives you options to file patent applications in a number of countries. There are also regional patent offices, for example, the European Patent Office (EPO), the Patent Office of the Gulf Cooperation Council (GCC), the African Regional Industrial Property Organization (ARIPO) and the Organisation Africaine de la Propriété Intellectuelle (OAPI). See: "Protecting Your Intellectual Property Abroad".

If you are engaging in E-Commerce as your primary business, or as an important part of your business, you will need to decide whether patent protection for your employees' inventions is a useful tool for your company, and if so, where you should file the application.

For More Information:

On business method patents, see:

- US Patent and Trademark Office (USPTO)
(<http://www.uspto.gov/web/menu/pbmethod/>)
- NOLO (http://www.nolo.com/encyclopedia/articles/ilaw/method_patents.html)
- Consumer Project on Technology (<http://www.cptech.org/ip/business/#survey>)

On regional and international patent filings, see:

- Patent Cooperation Treaty (PCT) (www.wipo.int/pct/en/index.html)
- European Patent Office (EPO) (<http://www.european-patent-office.org>)
- Japanese Patent Office (JPO) (<http://www.jpo.go.jp>)
- African Regional Industrial Property Organization (<http://www.aripo.wipo.net/>)

On patent licensing and other types of licensing, see:

- <http://www.les.org>

IP ISSUES IN THE DISTRIBUTION OF CONTENT ON THE INTERNET

In recent years, there has been much publicity about the unlawful distribution of intellectual property-protected music, films, art, photos, scripts, and software ("content") on the Internet. These unauthorized downloads often violate national laws of copyright. **Because of the ease with which digital files can be downloaded, unauthorized copying of content has been a major problem causing the loss of millions of dollars in revenue for the owners of these rights.**

As an E-Commerce business, it is important to protect your IP rights on the Internet. This can be done in a number of ways. Always clearly identify your content, either with a copyright notice or some other indication of ownership. You may wish to simply tell users what they can and cannot do with your content. **Never distribute or permit downloads of third party content that does not belong to your company and put in place programs to make sure that your employees understand your company policies in this regard.**

The Napster case in the United States put an international spotlight on unauthorized downloading of music files. The case, which resulted in the court issuing a permanent injunction preventing Napster from operating its file sharing system, was a "contributory infringement" case because the claim was that Napster facilitated illegal copying by users of the system, not that Napster copied the files itself. Other cases will continue to test the law in this area, and there may be different issues and different results in different jurisdictions, but the lesson of Napster is that it is important for an E-Commerce company to make sure it has a clear policy against unauthorized copying of files, or any actions that encourage or facilitate such copying.

It is also important for E-Commerce companies to make sure that employees do not gain access to or keep in their possession or on their systems any unauthorized copies of software or other content. Your company should have a system of prevention, education and monitoring to make sure that employees are not knowingly or unknowingly using illegal copies of software.

All employees should know about the company's policies against misuse of IP, and senior management should be responsible for reviewing company business practices on a regular basis to make sure that the policy is being followed. It is wise to assess situations in which a policy violation is found, to see if disciplinary actions should be taken.

Increasingly, some companies are utilizing technical means to protect content on the Internet by **watermarking, encrypting** or otherwise creating identification and tracking systems. **Electronic Copyright Management Systems** are being proposed by business consortia and individual companies whose ethos is these systems as a way to use technical means to control use of content.

For More Information:

On Copyright, see:

- [How can Your SME Benefit from Copyright Protection?](#)

On software piracy, see:

- Business Software Alliance (<http://www.bsa.org>)

On music piracy, see:

- RecordingIndustryAssociationofAmerica(<http://www.riaa.org>)
- MusicPublishers'Association(<http://www.mpa.org>)

OnElectronicCopyrightManagementSystems,see:

- AssociationofAmericanPublishers(AAP)(<http://www.publishers.org/home/drm.pdf>)
- WorldWideWebConsortium(<http://www.w3.org/2000/12/drm-ws/>)

USING CARE IN DISCLOSURES ON THE INTERNET

Much of the work of a successful E-Commerce business involves marketing products and services on the Internet, often through a company website or in correspondence carried on by executives and employees. In the process of this marketing activity, it is important to protect your E-Commerce business' IP. **Inadvertent disclosures can harm or even destroy your IP rights. This is because under many national laws patent protection may not be granted if an invention has been publicly disclosed even for a short period of time before filing the patent application.** Also, public disclosure of trade secrets destroys their protection as IP.

Before disclosing your IP on the Internet (see that IP Audit you created under Checklist Item #II), check with your legal advisor to make sure that you are not inadvertently damaging an IP asset.

It is equally as important to avoid disclosures of third party IP. Be careful in posting the inventions or works of other companies on your website; as noted above in Items #III and VI)

For More Information:

On IP disclosures, see

- USPTO Website(<http://www.uspto.gov>)

IMPORTANT CONTRACTS AND IP

In developing and protecting the IP of your E-Commerce company, you will have to be careful with contracts. Contracts and IP go hand in hand. **No contract that is signed by your company is unimportant and all must be reviewed to make sure that you are maximizing and not damaging IP assets.** This is because through contracts, IP rights may be sold or licensed or even given away. Bad contracts can result in litigation and unnecessary expense.

The risk areas are contracts with employees and contractors, development agreements, web design agreements, agreements to license your product or IP to another company ("licenses - out"), agreements to license a product or IP from another company ("licenses in"), distribution agreements, domain name and trademark license agreements, and patent licenses, cross licenses and pools. This is only a partial list.

Whenever you are using employees, contractors, consultants, or other companies to develop your IP (e.g. a contractor writing software), it is essential that there be a contract with that person or entity before work is started. **Even the earliest start of work can give rise to important rights, and the contractor may become the author or owner of its work, or possibly a joint owner.** Contracts must specify who owns IP that is created and how the IP will be treated in the future.

The greatest economic value of IP comes from its use in licensing. This can be in the form of product licensing (e.g. licensing out a product that contains IP, such as a software program, or course materials) or in the form of pure IP licenses (e.g. a license whereby another company is given the right to practice a patent).

As noted above in Checklist Item #3&6, it is important to have contracts that clearly state what rights you have or have given to other users of IP.

In most countries, contracts need not belong even overly formal. But they must be clear and contain the right language concerning IP rights. As noted above, it is important to get expert legal advice in this area. Often it is useful to have a legal adviser provide you with a set of forms that can be used as starting points in various situations involving IP. This way you can operate efficiently, but it is always a good idea to check with your legal adviser before concluding a legally binding agreement involving IP, no matter how simple it seems.

It is a good idea for an E-Commerce business to archive copies of all contracts that affect IP. This is an important record keeping discipline so you can look up matters that may become important at a later date. One example is that contracts affecting IP will be very important if your E-Commerce business is involved in an acquisition, merger, sale of assets, or investment transaction. **Pay attention to provisions in contracts that interfere with your ability to sell, license, assign or transfer your company's IP.**

For More Information:

On licensing and IP, see

- SME webpage on "[Licensing of Intellectual Property, a Vital Component of the Business Strategy of Your SME](#)"

PARTNERSHIPS WITH GOVERNMENT AND EDUCATIONAL INSTITUTIONS

Private sector partnerships with government and educational institutions have fueled the Internet worldwide. In some cases, governments and/or universities provide funding to SME's. In other cases, SME's or larger businesses provide funding to educational institutions or government-financed projects. In all these cases, there is usually a development project in which funding is applied to innovative work and the creation of inventions (patents) or works of authorship (copyrights).

Before you embark on such a joint research project, check out the IP policies of the government entity or university. Will their funding or sharing of resources come with strings attached? In other words, will any IP resulting from the work that is done be owned, in whole or in part, by the one providing funds? Some governments and governmentally funded universities are legally required to maintain ownership of IP generated in joint research projects. Others have strict policies relating to IP ownership.

At the beginning of the project, get expert help to sort through who will own the work that comes out of the project and clarify these expectations in your contract. You may also make decisions involving payment of royalties or sharing of revenues.

For More Information:

On university policies with respect to IP, see:

- <http://web.mit.edu/committees/ip/policies.html>

On university licensing, see:

- Association of University Technology Managers (AUTM) (<http://www.autm.net>)

IPC CONCERNS ABOUT INTERNATIONAL TRANSACTIONS IN E-COMMERCE

One of the most remarkable characteristics of E-Commerce is that it occurs globally. IP may be used and licensed in many countries simultaneously. **The global characteristic of E-Commerce businesses affects IP in a number of ways.** It makes it difficult to find the infringer and enforce IP rights that are violated on the Internet. It is unclear what courts will have jurisdiction over disputes relating to E-Commerce and IP. Also, laws affecting IP vary from country to country so levels of protection may be different.

Lawsuits can be brought against your E-Commerce business or, conversely, your business may seek redress in national courts, but various legal procedural issues will affect such cases. If the parties are in different countries, it will be difficult to determine which court can or should be used. The court may or may not take jurisdiction (legal control) over the case, depending on many factors, but especially the connection between the parties and the country. As a practical matter, in order for a lawsuit to succeed, the defendant has to reside in the country in which the lawsuit is brought. Another difficult issue is what law to apply, especially if the laws of the countries of the parties involved are different. Finally, even if the lawsuit succeeds, it could be difficult to enforce a judgment in another country.

International arbitration is one way to deal with international E-Commerce disputes, though generally participation is voluntary and cannot be forced. Arbitration clauses may be agreed to in contracts, in which case the parties are later required to use arbitration. You should consider specifying binding international arbitration in any E-Commerce contracts involving international transactions. WIPO's Arbitration and Mediation Center specializes in international dispute settlement and is well suited to solving international IP problems arising in E-Commerce. Sample contractual arbitration clauses are provided in its Web Site (see below).

For more information

On arbitration and mediation, see:

- WIPO Arbitration and Mediation Center (www.arbitrator.wipo.int/center/)

SELF TEST FOR E-COMMERCE IPC HECKLIST

Here is a series of questions designed to review and test what you have learned in the above outline. Try your hand at this and then look for the answers and the Checklist references given.

1. Does intellectual property include:

- a) patents?
- b) utility models?
- c) trademarks?
- d) trade dress?
- e) geographical indications?
- f) industrial designs?
- g) layout - designs or topographies of integrated circuits?
- h) protection against unfair competition including/or protection of trade secrets?
- i) copyright?
- j) related or neighboring rights?

➡ [See www.wipo.int/sme/en/e_commerce/ip_ecommerce.htm for answer]

2. Can software programs be protected by copyright and by patents?

➡ [See links for answers (on www.wipo.int/sme/en/e_commerce/ip_assets.htm and on www.wipo.int/sme/en/e_commerce/patents.htm)]

3. In order to claim a copyright on something, must it be registered with a government agency?

➡ [See www.wipo.int/sme/en/e_commerce/ip_assets.htm for answer]

4. Do patents have value for an E-Commerce company or is time to market more important?

➡ [See www.wipo.int/sme/en/e_commerce/patents.htm for answer]

5. Is it advisable to write and sign Web design agreements after the website design is done and the website is up and running?

➡ [See www.wipo.int/sme/en/e_commerce/design_issues.htm for answer]

6. Before using or distributing music on your website, is it necessary to check who owns that music and get permission from that person, corporation or from a collecting society or other agency that has distribution rights?

➡ [See links for answers (on www.wipo.int/sme/en/e_commerce/design_issues.htm and on www.wipo.int/sme/en/e_commerce/internet_content.htm)]

7. Can I register a domain name that includes the trademark of another company because there is no effective way to enforce international IP rights?

➡ [See www.wipo.int/sme/en/e_commerce/domain_names.htm for answer]

8. Is it generally a good idea to get started working on high tech projects without waiting for a contract to be signed because of the delays caused by legal arrangements and the legal aspects can be clarified later?

➡ [See www.wipo.int/sme/en/e_commerce/contracts.htm for answer]

9. Can arbitration of international IP disputes generally be required by national laws?

➡ [See www.wipo.int/sme/en/e_commerce/transactions.htm for answer]

10. Are engineers working on technical projects free to use the Internet to exchange ideas and new inventions since patent applications for such ideas can always be filed later without damaging the interests of my SME?

➡ [See www.wipo.int/sme/en/e_commerce/disclosures.htm for answer]

FormoreinformationontheSMEsDivisionofWIPO,pleasevisittheSMEWebsiteat
<http://www.wipo.int/sme>orcontact:

SMEsDivision,WIPO
34,chemindesColombettes
POBox18,CH -1211Geneva20
Switzerland
Fax:+41 -223388760
E-mail: sme@wipo.int