

Advisory Committee on Enforcement

Sixteenth Session

Geneva, January 31 to February 2, 2024

CHALLENGES AND SOLUTIONS FOR SMALL AND MEDIUM-SIZED ENTERPRISES IN INTELLECTUAL PROPERTY ENFORCEMENT

Contributions prepared by France, Anti Copying in Design (ACID) and Dr. Mohamed Hegazy

1. At the fifteenth session of the Advisory Committee on Enforcement (ACE), held from August 31 to September 2, 2022, the Committee agreed to consider, at its sixteenth session, among other topics, the “exchange of information on national experiences relating to institutional arrangements concerning IP enforcement policies and regimes, including mechanisms to resolve IP disputes in a balanced, holistic and effective manner”. Within this framework, this document introduces the contributions of one Member State (France), one private sector organization (Anti Copying in Design (ACID)) and one expert researcher (Dr. Mohamed Hegazy, Senior Legal and Policy Consultant, Chamber of Communication and Information Technology, Cairo, Egypt) on their experiences with challenges and solutions for small and medium-sized enterprises (SMEs) in enforcing their intellectual property (IP) rights.
2. The contribution by France provides an overview of the *France Anti-Contrefaçon* mechanism and its goal to better understand the impact of counterfeiting on France’s economy, particularly SMEs. In addition, the contribution reports the results of a survey conducted among SMEs to assess their awareness of IP rights and their responses to counterfeiting.
3. The contribution by ACID discusses the difficulties design sector SMEs encounter in the United Kingdom, arguing that legal mechanisms are often cost and time-prohibitive, and that much more attention is placed on copyrights, trademarks and patents. The contribution also provides an overview of ACID’s role in advocating for design rights in the UK.

4. The contribution by Dr. Mohamed Hegazy addresses the significance of IP in the context of SMEs, as well as the obstacles they encounter when attempting to enforce their IP rights. To address these obstacles, the contribution proposes that SMEs engage in partnerships with other enterprises or IP experts, request support from governmental bodies and IP organizations and employ alternate dispute resolution processes.

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INITIATIVES TO SUPPORT SMALL AND MEDIUM-SIZED ENTERPRISES IN ENFORCING THEIR INTELLECTUAL PROPERTY RIGHTS IN FRANCE

*Contribution prepared by Ms. Stéphanie Leguay, Coordinator, National Anti-counterfeiting Committee, National Industrial Property Institute (INPI), Courbevoie, France**

ABSTRACT

This contribution describes the *France Anti-Contrefaçon* mechanism, which was created in 2022 to better understand and quantify the scale of counterfeiting in France and its impact on the economy, so that appropriate resources and strategies to combat counterfeiting in France can be deployed. In the framework of the mechanism, the French Confederation of SMEs (CPME) conducted a survey among small and medium-sized enterprises (SMEs) to assess the extent to which they protect and enforce IP rights. The results of the survey reveal an alerting lack of awareness among SMEs of intellectual property (IP) matters and counterfeiting. In addition, the survey results indicate that the fear of obtaining only low compensation holds back too many SMEs suffering from counterfeiting from enforcing their IP rights. The *France Anti-Contrefaçon* mechanism is aware of the need to change the underlying perception of counterfeiting, as many SMEs believe that being a victim of counterfeiting will harm their image and reputation. The *France Anti-Contrefaçon* mechanism will seek to change this perception and defuse this belief.

I. INTRODUCTION

1. Counterfeit and pirated products can be found in all industries and product categories. Any firms, including small and medium-sized enterprises (SMEs), that use intellectual property (IP) in their business models are therefore at risk of seeing their IP rights infringed. SMEs are the backbone of the economy in most countries. A report on *Risks of Illicit Trade in Counterfeits to Small and Medium-sized Firms*¹, jointly published by the Organization for Economic Co-Operation and Development (OECD) and the European Union Intellectual Property Office (EUIPO) in January 2023, shows that when SMEs experience infringement of their IP rights, they are 34 per cent less likely to survive more than five years thereafter. The risk is particularly great for independent SMEs that are not part of a large group, and for SMEs that are victims of patent infringement.

2. A key mission of the National Industrial Property Institute (INPI) in France is to raise awareness among French SMEs of the importance of their IP and to support them in its use and management, thereby helping them to defend their rights as they expand internationally. In its role as the general secretariat for the National Committee for Combating Counterfeiting (CNAC), it also plays a major part, alongside other partners, in efforts to combat counterfeiting². In that

* The opinions expressed in this contribution are those of the author and do not necessarily reflect the views of the WIPO Secretariat or Member States.

¹ Organization for Economic Co-Operation and Development (OECD) and European Union Intellectual Property Office (EUIPO) (2023), *Risks of Illicit Trade in Counterfeits to Small and Medium-sized Firms*, available at: <https://euipo.europa.eu/ohimportal/en/web/observatory/risks-of-illicit-trade-in-counterfeits-to-small-and-medium-sized-firms>.

² At the international level, “counterfeiting” is generally understood as a particular type of trademark infringement, namely double identity (the use of a sign that is identical with a registered third-party trademark in relation to goods and services that are identical with those for which the trademark has been registered). In France, however, counterfeiting is used more broadly to denote any type of IP infringement. It is in the latter sense that the term is employed in this contribution.

context, INPI has established the *France Anti-Contrefaçon* (France Anti-Counterfeiting) mechanism.

II. THE *FRANCE ANTI-CONTREFAÇON* MECHANISM

A. BACKGROUND ON THE ESTABLISHMENT OF THE *FRANCE ANTI-CONTREFAÇON* MECHANISM

3. Efforts to combat counterfeiting at a national level can only be effective if there is a clear understanding of how the issue affects the country. In February 2020, a report by the Court of Auditors highlighted the need to acquire a more accurate picture of the scale of counterfeiting in France³. That report was followed by another, which was submitted to the French National Assembly on December 9, 2020. Of the 18 proposals on how to combat counterfeiting contained therein, one was focused on the need to better quantify the problem⁴.

4. In the second report, it was proposed that INPI could pilot the measure. The proposal was included in our goals and performance agreement. As a result, the *France Anti-Contrefaçon* mechanism was launched on September 14, 2022, at the CNAC general assembly.

5. The EUIPO's European Observatory on Infringements of Intellectual Property Rights provides a wealth of general European data, but scant information at the national level. Efforts to combat counterfeiting can only be effective if there is a clear understanding of how the issue affects the country.

6. The aim of the *France Anti-Contrefaçon* mechanism is thus to gain a clearer understanding of the issues facing all stakeholders (rights holders, law enforcement agencies and practitioners), so as to deploy the appropriate resources and strategies to combat counterfeiting in France.

B. THE GOALS OF THE MECHANISM

7. *France Anti-Contrefaçon* brings together finance, academic and legal actors with three goals:

- to give all stakeholders a voice in order to obtain a complete picture of the counterfeiting situation in France;
- to use existing data and collect useful information on the nature and impact of counterfeiting in France; and
- to propose new tools to combat counterfeiting in France.

8. Implementation of the mechanism has been enabled by a partnership strategy, under which INPI has signed agreements with entities such as:

- the French Confederation of SMEs (CPME), because it is vital that INPI better understand why SMEs do so little to combat counterfeiting and what impact it has on their business;

³ <https://www.ccomptes.fr/fr/publications/la-lutte-contre-les-contrefacons>.

⁴ <https://www2.assemblee-nationale.fr/15/les-delegations-comite-et-office-parlementaire/comite-d-evaluation-et-de-control/evaluations/mission-d-evaluation-de-la-lutte-contre-la-contrefacon>.

- the Center for International Intellectual Property Studies (CEIPI), in order to enrich INPI's thinking through academic research, conferences and awareness-raising activities for students; and
 - the Association of Manufacturers (UNIFAB), through which INPI will gain valuable insights into French consumers' attitudes towards counterfeiting, which in turn will help INPI, for example, to improve awareness-raising campaigns.
9. Two other long-standing partners involved in the *France Anti-Contrefaçon* mechanism are:
- French Customs, which is planning to share enforcement data that will make it possible to establish national indicators; and
 - the Federation of Mechanical Engineering Industries, which will conduct a study on counterfeiting in the area of mechanical engineering.
10. In the coming months, more partners are expected to join the mechanism, which is due to produce its first results by the end of 2023.
11. All of that work will feed into the activities of the CNAC.

III. SMALL AND MEDIUM-SIZED ENTERPRISES AND COUNTERFEITING

A. RESULTS OF THE CPME-INPI SURVEY

12. From February to April 2023, CPME conducted an economic survey, including a section on counterfeiting. The CPME distributed it in its network of professional federations, which were then responsible for its deployment.
13. Responses were garnered from 1,592 SMEs. For the purposes of the survey, SMEs were grouped into one of four sectors, according to their activities: industry, construction, trade and services.

a) Protection Procedures

14. Around 70 per cent of respondents said that they did nothing to protect intangible assets or innovations⁵. Four reasons were given:
- they did not perceive protection as a benefit,
 - they had insufficient knowledge of IP law,
 - they concluded that they were not concerned or
 - they failed to meet registration conditions.
15. Of those SMEs that protected their IP, the majority pertained to the industry category, while those that do so the least were from the construction category. Between these two lie the SME categories trade and services. More specifically, a little more than half of the SMEs in the industry category indicated to protect their IP, while, in the trade category, one-third of the SMEs

⁵ For the purpose of the survey, intangible assets or innovations mean the following IP rights: patents, trademarks and designs.

did so. In the construction and services categories, about 15 per cent of the surveyed SMEs protected their IP.

b) Setting up a Monitoring System

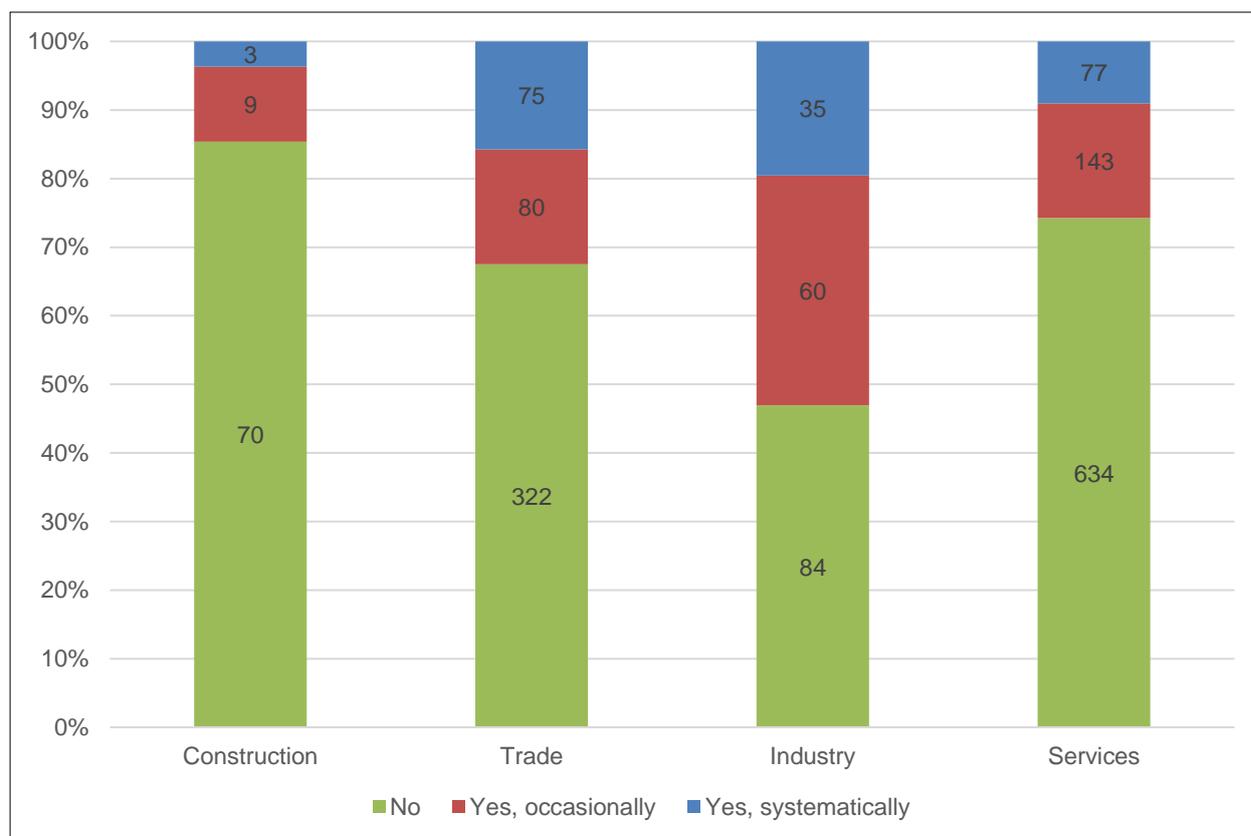
16. Out of 1,592 respondents, 10 per cent said they had set up a monitoring system to detect copies of their products. That is not many, and most of them are SMEs in the industry category⁶.

c) Victims of Counterfeiting

17. Of the SMEs surveyed, 11 per cent stated that they had fallen victim to at least one act of counterfeiting, in the areas of trademarks, patents or designs.

d) Reactions in Self-defense

18. The survey also asked participating SMEs whether they took (systematically or occasionally) any of the following defense measures: filing complaints, initiating legal action, requesting seizures of counterfeit products, resorting to amicable dispute resolution procedures, requesting customs measures, raising awareness of training of employees and partners or using commercial brand protection solutions (a type of traceability solution).



Counterfeiting defense mechanisms taken by participating SMEs

⁶ Such as agri-food, printing, pyrotechnics, robotics machine tools and swimming pool manufacturers.

19. Of the SMEs that had been affected by acts of counterfeiting, 44 per cent said they had not taken any measures for the following reasons:

- lack of knowledge of what to do (33 per cent);
- low probability of compensation (31 per cent);
- length of court proceedings (24 per cent);
- high legal fees (17 per cent);
- fear of losing the case (7 per cent);
- unwillingness to disclose confidential information (1 per cent).

20. Some direct quotes:

- “Counterfeiting is not punishable in the counterfeiting country”.
- “It is not worth the effort”.
- “A case of David and Goliath, especially when our customers are the ones copying us”.
- “No time, the processes are too long and the legal costs too high”.

21. Of the SMEs that had taken action, most preferred amicable procedures (mediation) or conciliation with the infringer.

22. Otherwise, respondents reported having taken the following types of action:

- Legal action (26 per cent);
- Filing complaints (16 per cent);
- Awareness-raising among employees (14 per cent);
- Requests to have counterfeit goods seized (12 per cent);
- Commercial labeling (traceability) (11 per cent); and
- Contact with Customs (5 per cent).

B. LESSONS LEARNED (FINDINGS AND POSSIBLE AREAS FOR IMPROVEMENT)

23. The results of the survey show INPI several things:

24. First, they are a reminder of the lack of awareness among SMEs of IP-related issues and the importance of combating counterfeiting. On that last point, SMEs appear to be completely unaware of what to do if their products are copied. It is up to entities such as INPI to improve the quality of awareness-raising campaigns. There is a need to provide SMEs with clearer information on what defensive action to take in the event of counterfeiting and how.

25. Moreover, SMEs that have fallen victim to counterfeiting are put off by what they see as the low potential compensation. Therefore, INPI has started to look at ways of boosting the damages awarded. INPI believes that the situation could be improved by building tougher damages for infringers into the law, as is the case in some other countries. Such damages are not currently part of France’s “legal tradition”, as it is deemed that they go beyond simple

compensation for the harm caused by counterfeiting and can lead to “unjust enrichment” of the aggrieved party.

26. Lastly, INPI is working to change how counterfeiting is perceived. Not only do business owners believe that they will be poorly compensated if they take action to combat counterfeiting, they also often believe that falling victim to counterfeiting will tarnish the reputation of their goods, thus they are reticent to raise concerns, especially publicly. INPI seeks to change that perception and defuse that belief. It seems that some SMEs are concerned about damage to their image. INPI is trying to convince them that they can defend themselves effectively and without reputational harm, based on testimonials given by business representatives at INPI’s seminars.

27. INPI’s priority, it should be underlined, is to help SMEs to realize the importance of their intangible assets and the need to protect them and thereby make the most of them. They have a lot to lose when any of these assets are infringed. There is a need to help them to be proactive and to plan ahead for any issues that might arise.

[End of contribution]

INTELLECTUAL PROPERTY ENFORCEMENT AND SMALL AND MEDIUM-SIZED ENTERPRISES IN THE UNITED KINGDOM DESIGN SECTOR – CHALLENGES AND SOLUTIONS

*Contribution prepared by Mr. Nick Kounoupias, Chief Legal Counsel, Anti Copying in Design (ACID), London, United Kingdom**

ABSTRACT

The design economy in the United Kingdom (UK) is a global success story. It is one of the fastest growing sectors, contributes 4.9 per cent to the UK's gross value added (GVA) (amounting to nearly GBP 100 billion) and employs 1.97 million people in design or with design skills. As a whole, the UK economy is the world's sixth-largest economy by nominal gross domestic product (GDP), and the tenth-largest by purchasing power⁷. From iconic to every day design matters, the UK's design economy changes people's lives by providing solutions.

However, there is a disparity between protection for copyright and unregistered design rights nationally and globally. Whilst there is a paradigm shift to copyright protection in the European Union (EU), the UK remains out on a limb post-Brexit⁸. The UK asserts to have one of the best Intellectual Property (IP) systems in the world, but litigation is the luxury of the few. For the majority of the UK's small and medium-sized enterprise (SME) designers, IP enforcement is cost and time-prohibitive and the collective stress caused by blatant and intentional infringement, incalculable. This contribution highlights the challenges faced by UK SME designers in enforcing their IP rights and the role of Anti Copying in Design (ACID) in advocating for design rights on a national and international level.

I. DESIGN AND INTELLECTUAL PROPERTY IN THE CONTEXT OF ANTI COPYING IN DESIGN

1. As a designer consistently copied and at her wits' end, the co-founder of ACID, Dids Macdonald came up with the idea to create a plan to help *David* fight *Goliath* (i.e., help the good guys defeat the bad guys) and, in doing so, promote design originality as a real route to growth. Macdonald recognized the need to protect the IP rights of designers, and this led to the creation of ACID in 1996, initially focusing on raising awareness about design rights and providing resources to help designers protect their creations.

2. Since then, ACID has led several campaigns to improve design laws in the UK, even writing some portions of legislation introduced because of its lobbying. When ACID was founded, designs were considered a less important form of IP in the UK. In truth, they still are. Even the UK's national IP office was once called the Patent Office, perhaps illustrating the pre-eminence of other more established IP rights.

* The views expressed in this document are those of the author and not necessarily those of the Secretariat or of the Member States of WIPO. ACID is a United Kingdom organization helping designers to protect their intellectual property (IP), especially designs. ACID's co-founder and CEO is Dids Macdonald OBE.

⁷ Design Council Design Economy: <https://www.designcouncil.org.uk/our-work/design-economy/>.

⁸ The withdrawal of the United Kingdom from the European Union.

II. A HIERARCHY OF INTELLECTUAL PROPERTY RIGHTS

3. Undoubtedly, there is a hierarchy of IP rights with designs sitting somewhere near the bottom. This hierarchy could be described as a family: Patents are the father, the founder of the IP system as it is understood today. Although the Venetian patent statute of 1474 is the earliest known IP law, there are suggestions that patents originated in the ancient Greek city of Sybaris (also in what is today Italy). The “father” of IP rights is like a typical Mediterranean patrician: rigid, inflexible, stern, authoritarian and averse to change.

4. Copyright is more like a mother figure, practical and always finding a solution to every problem. Copyright law embraces the written word, music, art, drama, typographical arrangements, recordings, films, broadcast, cable and satellite, software, and more. Once, it also embraced designs. In the future, it will be how artificial intelligence is protected. Whenever something needs protecting, mother is there!

5. Then there are trademarks. Trademark laws are like the oldest child conceived in France in the late 19th century. The sensible but trendy right forging its own identity in the world and making everyone fully aware of their presence with their attention to fashion, style and branding.

6. And further down, there are designs. How can they be described? Confused and vague, like many a teenager and youngest child. In the UK, designs are often referred to as “the awkward child”, “the unloved child”, “the poor cousin” and most often as “the Cinderella right”. Some would say these epithets are demeaning and absurd. One in twenty of all workers in the UK work in design or have design skills. In addition, design-related activities provide substantial employment opportunities, from industrial designers to graphic artists. The design sector also employs diverse talents across various domains, and the UK design economy serves as a hub for innovation, a catalyst for new ideas spanning multiple industries and breakthrough technology.

III. UK DESIGNS IN AN INTERNATIONAL FRAMEWORK

7. There is no question at all that design laws are almost an afterthought in the UK. Whereas the statutory regimes for patents, trademarks and copyright are relatively straightforward in the UK, even with the EU’s massive harmonization program in the field of copyright, design laws, however, are complicated and inconsistent.

8. Pre-Brexit there were five different legal regimes to protect designs in the UK. If it has been hoped that post-Brexit the regimes would have been simplified, this was a wrong assumption. There are still five different legal regimes to protect designs in the UK, but two of them are no longer EU-based. Belatedly, the UK Intellectual Property Office (UK IPO) is consulting on how to simplify the regime for the protection of designs. But how long will this take? Complicated, inconsistent and unclear laws offer little protection, especially when it becomes necessary to enforce them. It is often believed that many design-led companies will go out of business in the face of constant theft of their designs.

IV. DISCREPANCY IN UK LAWS

9. Nowhere is this discrepancy in UK IP laws illustrated better than with how the criminal laws apply to IP rights. Stealing a copyright or a trademark is a criminal offence punishable by up to ten years in prison and an unlimited fine. Stealing a registered design only became a criminal offence in 2014 and only then after persistent and aggressive campaigning by ACID. But unregistered designs are not protected at all by the criminal laws.

10. Registering designs is an expensive process and a designer rarely knows in advance which designs will be commercially successful and thus worth spending their money in registration fees.

11. A case study illustrates this: If a designer was to design and draw either with a CAD software program or by hand a two-dimensional depiction of a new item of furniture, and someone copies it, knowing that it is protected as an artistic work under copyright law, they have committed a criminal offence under English law. However, if the originator manufactures that item of furniture and it becomes a three-dimensional object, then (except in rare cases) it ceases to be protected by copyright law and is “protected” as an unregistered design. Should someone deliberately copy it, they are not committing any criminal offence in the UK. This is absurd and the question must be asked: “Are the rights of a designer really worth less than those of other IP right owners?”. At the very least there needs to be a substantial deterrent against serial theft, especially in the face of 3D printing,⁹ and at present there is not.

V. UK DESIGN POST BREXIT

12. The position of the British designer was also worsened because of Brexit. Putting to one side the pros and cons of EU membership for the UK, the loss of the single market for British designers has denied them the protection of registered and unregistered community design rights unless their designs are first made available to the public in an EU member state, which of course the UK is not. Conversely, if the design is first made available to the public in the EU, then UK design right protection will not be available as the design was not first published or made available to the public in the UK! This of course also applies to an EU designer who will not be able to rely on UK design laws if they first exhibit in the EU. It’s a catch-22 for the designer who since 2020 has not known where to exhibit their designs first. Whilst there have been attempts in the UK to extend the duration and tests for EU law into English law, this has simply complicated matters still further. The one court case on the subject was settled without a clear judgment having been reached¹⁰. So, this is another area of significant uncertainty and complexity for the UK designer.

VI. DESIGN PROTECTION WITHIN AN INTERNATIONAL LANDSCAPE

13. As this is a borderless world, design theft is global, not just national. Accordingly, creating an international design treaty is a must. For example, copyright has had one since the 1886 Berne Convention with multiple revisions. In the UK, it would be advantageous to have a minimum international standard of protection for designers analogous to the one that exists for copyright. There are many areas where the laws could be harmonized outside of the EU. For example, some countries protect designs as design patents and some through artistic copyright laws. Some require registration to gain protection, others do not. There are different lengths of protection ranging from three years to life plus 70 years. And the tests for subsistence are very different across the world. Even at an international level, design laws are contradictory and a mess.

⁹ Currently, the UK National Crime Agency is calling for the illegal 3D printing of guns to be banned. This was a concern that ACID raised in 2016.

¹⁰ Beverly Hills Teddy Bear Company v PMS International Plc [2019] EWHC 2419 (IPEC).

VII. DESIGN LAW COMPLEXITY AND COST OF PROCEEDINGS

14. It is not just the complicated or non-existent laws that make it nearly impossible for UK designers to protect their designs. The UK IP legal framework is also unfit for purpose. In the view of ACID and its partners, UK IP litigation is the luxury of the few who can afford it. Enforcing design rights is costly, complex, very time-consuming and inevitably stressful for SMEs. The IPO believes the UK has the best IP regime in the world, but it is inaccessible for many SME designers, who make up the majority of the design economy in the UK.

15. Examining the cost of legal proceedings serves as an example. Not only are the design lawyers a specialist group, but they are expensive. Some IP specialists charge GBP 800 per hour for their talents. Additionally, the cost of issuing proceedings is prohibitive even though there is now a specialist lower court in England for small claim IP cases. Design infringers and their lawyers know how to use the system and will find every conceivable way to delay the litigation and increase the fees for the claimants. One way to do so is to seek security for costs, thus forcing design claimants to place money into court if they lose the case. This is designed to frighten and intimidate claimants and, sadly, it works. This, obviously, adds to the delays and stress that designer claimants face. To try to alleviate some of these issues ACID is currently in discussions with the UK IPO and other government departments in an attempt to create a level playing field by urging several procedural as well as legal reforms in the UK. It is called the David v Goliath challenge. Based on the winner in that particular battle, ACID remains hopeful that the same outcome and fairness will prevail in the protection of design rights in the UK.

VIII. CONCLUSION

16. ACID remains committed to working alongside governments, industry stakeholders and legal professionals nationally and internationally to ensure that design rights are respected and upheld and will not be deterred until that has been achieved. ACID is working positively with the UK IPO on the introduction of a national IP insurance scheme. However, a first survey has not included the creative industries, even though they account for approximately one-third of the UK's IP-rich businesses. Such a scheme would be transformational. Another area of work, which is progressing slowly, seeks to provide tools of self-help for potential litigants and to encourage a fast-track mediation service. In reality, however, both these initiatives are going to take time. ACID remains hopeful that the UK Design Consultation, intended to be launched in mid-2024, will be an opportunity for much-needed design law reform to address its complexity and the cost, time and stress in taking legal action, especially for lone, micro and small businesses.

17. Finally, ACID wants to raise awareness about the ACID IP Charter in the context of the sixteenth session of the WIPO Advisory Committee on Enforcement, which focuses on building respect for IP, with a request to all Delegations to help ACID to help designers. The Charter was created in 2022 in an attempt to harness public support for designer rights in the UK. By becoming a signatory to the ACID IP Charter, all those who want to build respect for IP can demonstrate support for the battles that creators face. Anyone interested in becoming a signatory can visit ACID's website www.acid.uk.com for more information.

[End of contribution]

INTELLECTUAL PROPERTY ENFORCEMENT AND SMALL AND MEDIUM-SIZED ENTERPRISES – AN OVERVIEW OF CHALLENGES AND SOLUTIONS

*Contribution prepared by Dr. Mohamed Hegazy, Senior Legal and Policy Consultant, Chamber of Communication and Information Technology, Cairo, Egypt**

ABSTRACT

This contribution addresses the significance of intellectual property (IP) in the context of small and medium-sized enterprises (SMEs), as well as the obstacles they encounter when attempting to uphold their intellectual property rights (IPRs). Intellectual property (IP) encompasses intangible assets resulting from human creativity, including but not limited to inventions, trademarks and copyrights. IPRs have the potential to serve as a significant source of revenue, a means to gain a competitive edge, establish a distinct brand identity and facilitate market entry for SMEs. Nevertheless, SMEs frequently have distinct obstacles when it comes to enforcing their IPRs in comparison to larger organizations, which negatively impacts their ability to use IPRs to their advantage. The problems encompass constraints in resources and finances, insufficient awareness, and expertise and the arduous task of collecting empirical evidence. The paper proposes several strategies to address these difficulties, including engaging in partnerships with other enterprises or IP experts, requesting support from governmental bodies and IP organizations, and employing alternate dispute resolution processes. The findings of the intervention suggest that SMEs should adopt effective and proactive measures to safeguard and oversee their IP assets. Additionally, it is recommended that SMEs seek assistance and direction from a range of stakeholders in order to derive advantages from these endeavors.

I. INTRODUCTION

1. Intellectual property (IP) is an essential asset for small and medium-sized enterprises (SMEs). It refers to the creations of the mind, such as inventions, trademarks, and copyrights. IP can be a valuable source of revenue for SMEs, and it can also help them to compete in the marketplace.

2. For example, IP can give SMEs a competitive advantage over their competitors. A patent can prevent competitors from copying a new product or process. A trademark can help SMEs to distinguish their products and services from those of their competitors. In addition, IP can help SMEs to build a strong brand identity. For example, a trademark can be used to create a consistent brand image across all of an SME's marketing materials. Copyright can protect the unique expression of an idea, such as the design of a website or the logo of a company.

3. Licensing and franchising can be a way for SMEs to generate additional revenue and expand their reach and attract investors and raise capital.

4. In addition to these benefits, IP can also help SMEs to gain access to new markets. For example, a patent can give an SME the exclusive right to sell its product or service in a particular country.

* The views expressed in this document are those of the author and not necessarily those of the Secretariat or of the Member States of WIPO.

5. Overall, IP is a very important asset for SMEs. By protecting and managing their IP assets effectively, SMEs can gain a competitive advantage, build a strong brand identity, generate additional revenue, attract investors and expand their reach.

6. However, SMEs often face unique challenges when it comes to the infringement of their IP rights (IPRs). This article will discuss the challenges faced by SMEs in enforcing their IPRs compared to larger corporations and suggest some solutions to overcome these challenges.

II. CHALLENGES FACED BY SMES IN ENFORCING THEIR IPRS

A. LIMITED RESOURCES AND BUDGETS

a) Challenge

7. SMEs often operate with limited financial and human resources compared to big enterprises. Enforcing IPRs can be costly, involving legal fees, investigations, and litigation expenses. This can be burdensome for SMEs.

b) Solution

8. Collaborating with other businesses or IP experts to share costs and resources can be a viable solution. Governments and IP organizations can provide financial assistance or subsidies to SMEs to help alleviate the financial burden associated with enforcing their IPRs. Pooling resources, sharing legal costs and collective action can strengthen the enforcement efforts of SMEs. This can include joint investigations, the sharing of evidence, or pursuing joint legal action against infringers.

B. LACK OF AWARENESS AND KNOWLEDGE

a) Challenge

9. Many SMEs lack awareness and knowledge regarding the importance of IPRs and the enforcement mechanisms available to them. They may not know how to protect their IP assets or recognize potential infringements.

b) Solution

10. Governments, IP organizations and industry associations can offer educational programs, workshops and seminars specifically aimed at SMEs. SMEs should prioritize building a culture of IP awareness within their organizations. This can include training employees on IPRs, the importance of IP protection and how to identify and report potential infringements. Educating employees can help SMEs detect and address IP violations more effectively.

11. These initiatives can help raise awareness about IPRs, educate SMEs on the importance of IP protection and provide guidance on how to effectively enforce their rights. Additionally, government agencies can provide information resources or hotlines to assist SMEs in understanding and navigating the IP landscape.

C. DIFFICULTY IN GATHERING EVIDENCE

a) Challenge

12. SMEs may face challenges in collecting evidence due to difficulties in identifying and tracking potential infringers, lack of access to specialized investigation services and the cost of evidence collection.

b) Solution

13. SMEs can seek assistance from IP experts, investigators or legal professionals with experience in gathering evidence. Governments can establish dedicated IP investigation units or agencies to assist SMEs in collecting evidence and building strong cases against infringers.

14. Collaborating with legal experts or IP professionals can also assist SMEs in gathering evidence and taking legal action against infringers. Advanced technology tools can streamline evidence gathering and enhance the efficiency of IP enforcement.

D. COMPLEXITY OF THE LEGAL FRAMEWORK

a) Challenge

15. The registration process for obtaining IPRs can be complex and time-consuming in some countries. Many SMEs lack the resources to hire dedicated legal teams, therefore, they face difficulties proving the uniqueness or value of their creations as well as their legal rights over them.

b) Solution

16. Governments should simplify the registration procedures for IPRs. Reducing bureaucracy and providing guidance can make it more accessible for SMEs to obtain legal protection for their IP assets. Governments and IP organizations can establish programs or initiatives to help SMEs assess the uniqueness and value of their creations, including expert evaluations or peer reviews.

E. CROSS-BORDER ENFORCEMENT CHALLENGES

a) Challenges

17. Enforcing IPRs across borders can be challenging due to differing legal systems, laws, and logistical barriers, such as language barriers and cultural differences. That makes it difficult for SMEs to protect their IPRs effectively in foreign markets.

b) Solution

18. Governments should promote international cooperation and harmonization of IP laws to facilitate cross-border enforcement. This can involve entering into bilateral or multilateral agreements to align legal frameworks and procedures or establishing specialized IP enforcement units or agencies to assist SMEs in enforcing their rights overseas. Instead of resorting to lengthy and costly litigation, SMEs can explore alternative dispute resolution

methods such as mediation or arbitration. These processes provide a faster and more cost-effective way to resolve IP disputes. Governments and IP organizations can establish mediation or arbitration services and promote their use among SMEs.

III. ENFORCING INTELLECTUAL PROPERTY RIGHTS (IPRS)

19. This part outlines some important facts that rights holders must understand in order to enforce their rights. To enable SMEs to enforce their rights, it would be important for governments and IP organizations to foster knowledge of them among SMEs.

20. Enforcing IPRs is the process of protecting and upholding the legal rights of creators and owners of intellectual property. The following paragraphs summarize various ways that exist to enforce IPRs.

A. LITIGATION

21. It is a common method of enforcing intellectual IPRs when other methods, such as negotiation or licensing, prove unsuccessful. Litigation involves initiating a lawsuit in a court of law against the party accused of infringing on the IP rights of the holder. Here are some key aspects of litigation as a means of IP enforcement:

a) Legal Action

22. The IP owner, through their legal representation, files a complaint alleging infringement of their IP rights. The complaint details the protected IP, the alleged infringing acts, and the damages suffered by the IP owner.

b) Preliminary Injunctive Relief

23. IP owners can request a preliminary injunction from the court, which would prohibit the alleged infringer from continuing their infringing activities during the course of the lawsuit. Preliminary injunctive relief aims to prevent further harm and maintain the status quo until a final decision is made.

c) Discovery Process

24. Litigation provides an opportunity for both parties to gather evidence through a discovery process. This involves requesting and exchanging information, documents and witness depositions. Discovery aids in building the arguments and substantiating claims.

d) Trial and Judgment

25. If the case goes to trial, both sides present their arguments and evidence before a judge or jury. The court then decides whether the IP rights have been infringed.

e) Remedies and Damages

26. If infringement is proven, the court may award damages to the IP owner, typically based on factors like the extent of infringement, lost profits, or the nature and size of the infringement. The court may also order the infringer to cease their infringing activities permanently (permanent injunction).

f) Appeals

27. Either party may choose to appeal the court, if they believe there was an error in the judgment or legal process. Appeals can be time-consuming and result in further litigation. It is important to note that while litigation can be an effective means of enforcing IP rights, it can also be costly, time-consuming and uncertain. Therefore, it is advisable to explore alternative dispute resolution methods, like mediation or arbitration, before resorting to litigation. Legal advice from IP attorneys is crucial to navigate the complexities of IP litigation effectively.

B. CEASE AND DESIST LETTERS:

28. Before taking legal action, sending a cease-and-desist letter to the infringing party can act as a warning and give them an opportunity to stop the infringement voluntarily. This letter asserts the infringed party's rights and demands that the infringer cease their activities or face legal consequences.

29. Cease and desist letters are commonly used as a preliminary step in enforcing IPRs before pursuing litigation. A cease-and-desist letter is a formal communication sent by the IP owner or their legal representatives to a person or entity that is allegedly infringing on their IP rights. Here are some key aspects of using cease and desist letters to enforce IPR.

a) Assertion of Rights

30. The letter clearly identifies the specific IP rights being infringed, such as copyright, trademarks or patents. It provides a detailed explanation of how the alleged infringer is using the IP without permission.

b) Demand to Cease Infringing Activities:

31. The core purpose of the letter is to demand the alleged infringer to immediately cease their infringing activities. It sets a deadline for the recipient to respond and comply with the demand.

c) Evidence of Infringement

32. The letter may include evidence that supports the claim of infringement, such as examples of infringing use, documentation of prior rights or registration certificates of IP protection. This helps to demonstrate a strong case and increases the chances of compliance.

d) Potential Legal Consequences

33. Cease and desist letters typically inform the recipient of the potential legal consequences of failing to comply. This includes the possibility of legal action, seeking injunctive relief and claiming damages arising from continued infringement.

e) Preservation of Evidence

34. The letter may also include instructions for the alleged infringer to preserve all relevant evidence, such as documents, records or digital files related to the infringement. This is important in case litigation becomes necessary.

f) Professional Tone:

35. The letter should maintain a professional tone, avoiding unnecessary aggression or threat. A well-drafted letter conveys the seriousness of the claim while demonstrating a willingness to engage in a resolution if the infringement is rectified.

C. LICENSING AS A CONTRIBUTES TO IP ENFORCEMENT

36. By licensing IP owners can maintain control over how their IP is used. They can set specific limitations on the scope, duration and geographical area of the license, ensuring that the licensee adheres to these terms and respects their IP rights.

37. It provides a legal framework for authorized use of the IP, reducing the risk of unauthorized use or infringement. A licensing agreement sets out the rights and obligations of both parties, making it clear what actions constitute infringement and the consequences for non-compliance.

38. Licensing can be a lucrative way to generate revenue from IP assets. IP owners can negotiate licensing fees or royalties, allowing them to leverage their IP without directly investing in production, marketing or distribution. This financial benefit can incentivize IP owners to actively enforce their IP rights and invest in IP creation.

39. Licensing enables IP owners to extend their market reach beyond their own capabilities. By granting licenses to third parties, IP owners can tap into new markets, geographies or industries that they may not have the resources or expertise to penetrate on their own. This expansion can contribute to increased brand awareness and exposure for the IP owner.

40. Licensing fosters collaboration and innovation by allowing different parties to leverage each other. Cross-licensing agreements, for example, enable two or more parties to exchange IP rights, fostering knowledge sharing, technological advancements and mutual benefit. Licensing agreements often include provisions for monitoring and auditing the licensee use of the IP. This allows the IP owner to ensure compliance with the terms of the agreement and take prompt action if any unauthorized use or infringement is detected.

D. DIGITAL RIGHTS MANAGEMENT AS A TOOL TO ENFORCE IPRS

41. Digital Rights Management (DRM) is a set of technologies and practices used to enforce IPRs in the digital realm. DRM aims to prevent unauthorized copying, distribution, modification or use of digital content, thereby protecting the rights of content creators and owners.
42. DRM employs encryption techniques to scramble digital content, making it difficult for unauthorized users to access or use the content without proper authorization. Encryption helps prevent piracy and unauthorized distribution of copyrighted materials.
43. DRM systems typically include access control mechanisms that restrict access to digital content only to authorized users. These mechanisms often involve password protection, user authentication, digital rights licenses or other forms of access validation.
44. DRM technologies can enable content owners to grant specific permissions or licenses for the use of their digital content. These licenses may define the duration, scope or geographical limitations of usage, ensuring that users adhere to the terms and conditions set by the content owner.
45. DRM can include the use of digital watermarks, which are imperceptible identifiers embedded within digital content. This helps identify the origin of the content and trace its distribution or usage, aiding in the enforcement of IPRs and deterring unauthorized activities. DRM systems often include monitoring and detection capabilities to detect and deter illegal activities. This may involve tracking the usage of digital content, monitoring online platforms for unauthorized sharing or distribution or employing algorithms to identify potential infringement.
46. When DRM systems detect unauthorized use or infringement, they can trigger enforcement actions such as automated takedowns, cease and desist notices or legal proceedings to stop the infringing activities and seek appropriate remedies. It is important to note that while DRM technologies can be effective in enforcing IPR, they are not foolproof and can often be circumvented.
47. However, DRM serves as a deterrent and provides technical barriers that make it more difficult for unauthorized users or pirates to infringe upon digital content. Implementing DRM requires careful consideration of user experience, compatibility and balance between copyright protection and users' rights, ensuring that legitimate users are not unduly restricted or penalized. DRM systems should be designed and implemented in compliance with applicable laws, regulations and international standards related to IPR protection.

IV. CONCLUSION

48. Enforcing IPRs helps maintain a fair and competitive market by deterring infringement and ensuring that innovators and creators are rewarded for their efforts. For SMEs, enforcing IPRs is crucial to protect their innovative creations and maintain a competitive advantage.
49. However, SMEs face numerous challenges, such as limited resources, lack of awareness and difficulties in evidence gathering. By raising awareness, providing affordable legal support, promoting collaboration, simplifying registration procedures and fostering international cooperation, governments, IP organizations and SMEs can work together to overcome these challenges. This will enable them to fully leverage their innovations, enhance competitiveness and contribute to economic growth and innovation.

50. It is important to note that while litigation can be an effective means of enforcing IPRs, it can also be costly, time-consuming, and uncertain. Therefore, it is advisable to explore alternative dispute resolution methods, like mediation or arbitration, before resorting to litigation. Legal advice from IP attorneys is crucial to navigate the complexities of IP litigation effectively. It is important for IPR holders to continuously monitor and enforce their rights online, as the digital landscape constantly evolves.

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