Intellectual Property Issues in International Business

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General Intellectual Property Issues
Just as in the National Context….

- Exclusivity provided by the IP system essentially allows the owner to prevent others from using the IP rights.
- It is said that imitation is the most sincere form of flattery. IP can reduce your chance of being flattered.
- IP enables businesses to use it to:
  - Create differentiation and add value
  - Command higher prices and sustained demand through brand loyalty, new and/or improved features, captivating designs….
  - Attract partners and investors
  - Access new markets and generate new sources of revenue through licensing and other partnerships
  - Persuade investors

... IP is an important consideration in international trade
Contents: IP Issue Areas to be Considered in International Trade

- IP Rights are Territorial
- Secure Freedom to Operate
- Respect Deadlines
- Early Disclosure
- Working with Partners
- Choosing an Appropriate Trademark
IP Rights are Territorial

- It is important to keep in mind that IP rights are only valid in the country or region in which they have been granted. Therefore, applying for such rights in other countries is important if there is an intention to go international.

- However, note
  - copyright is automatically available through the provisions of the Berne Convention,
  - famous marks have automatic protection,
  - trade secrets are by their nature confidential.
IP Rights are Territorial - Obtain IP Rights Internationally - National Route

- National route - Apply in each country, pay fees, translation into national languages
IP Rights are Territorial - Obtain IP Rights Internationally - Regional Route

- Benelux Office for IP (TM and Designs)
- African Regional Industrial Property Office (ARIPO)
- Eurasian Patent Office
- European Patent Office
- Office for the Harmonization of the Internal Market (TM and Designs)
- Organisation Africaine de la Propriété Intellectuelle (OAPI)
- Patent Office of the Cooperation Council for the Arab States of the Gulf
Obtain IP Rights Internationally - International Route

- WIPO Administers the Madrid, Hague and PCT Systems for the international registration of marks, designs and patents
  - Madrid and Hague – international application valid in the designated countries unless rejected within a specified time
  - PCT – international application subject to international phase (international search and patentability report – and a preliminary examination report, if required) followed by the national phase. Here the designated countries decide on patentability
Analysing FTO is to evaluate whether you are in any way infringing the patents, designs or trademarks of others. Such an evaluation is usually done by conducting a search in patent, trademark and design databases for patent applications, granted patents, registered trademarks or designs. As patents, trademarks and designs are granted to particular territories an FTO search may reveal that the particular IP in question is not protected in the territory of interest.
FTO – Conducting Searches

- Reason for conducting searches:
  - Example 1: same or confusingly similar trademark may already exist in the export market
  - Example 2: technology not patented in one country may be patented elsewhere
  - Example 3: FTO opinion to leave a paper trail showing effort to avoid infringement

Must Search National or Regional Offices
WIPO GOLD is a free public resource which provides a one-stop gateway to WIPO's global collections of searchable IP data. It aims to facilitate universal access to IP information.
Using PATENTSCOPE you can search 8,163,633 patent documents including 1,969,606 published international patent applications (PCT). Detailed coverage information can be found here (►).

### Front Page

- □ PCT
- □ Argentina
- □ Brazil
- □ Chile
- □ Colombia
- □ Costa Rica
- □ Cuba
- □ Dominican Rep.

### Any Field

- □ Ecuador
- □ El Salvador
- □ Guatemala
- □ Honduras
- □ Israel
- □ Kenya
- □ Mexico
- □ Morocco

### Full Text

- □ Nicaragua
- □ Panama
- □ Peru
- □ Republic of Korea
- □ South Africa
- □ Spain
- □ Uruguay

### ID/Number

- □ Viet Nam
- □ ARIPPO
- □ EPO
- □ LATIPAT
- □ All

### Int. Classification (IPC)

- □ All

### Names

- □ electric car
- □ Smith or Klein
- □ WO2010000001
- □ "sol* panel"
- □ electric^10 and car^3

### Dates

- □ Search
- □ Reset
Simple search

Following the analysis of the results of the Customer Satisfaction Survey on ROMARIN, the top-two changes that you requested have been implemented. One concerns the reinstatement of an original feature of the "Simple search" (i.e. the display of all 14 search preferences), the other one the possibility to keep your search selection criteria from one session to another. We will keep you informed of the implementation of other changes on a regular basis.

Search by:

- [ ] Search registrations no longer in force
- [ ] Search applications/requests being processed
- [x] Search active registrations

Sort result list by:

- [ ] Hits
- [ ] Mark N°
- [ ] Mark Name

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Results at a time: 25

[Search] [Reset]
Hague Express Simple Search

- Search for: [blank]
- Results must contain: Any of these words

Search | Reset

SHORTCUTS
- Log in
- Help
- ST.3 (Country Codes) [PDF]
- ST.80 (INID Codes) [PDF]
- Locarno Classification
Even if there is a potentially conflicting patent that has been granted in the territory in question:
- It may have expired or expiring soon
- Its claims may not cover the elements of interest

If the patent still remains valid and applicable:
- It could still be invalidated by finding applicable prior art
- A license could be obtained or
- Invent an alternative….!
FTO - Trademark

- Same issues nationally as for international:
  - Search for similar trade name or domain name that may lead to a future dispute.
  - Look at the trademarks being used by the main competitors in the export market to ensure that they are not using trademarks that may be considered to be confusingly similar to yours, even if they have not registered them.
In case of conflict

- If the search produces a prior existing patent, trademark or design in the market of interest then clearly it cannot be used as is.
- Options available are to change the trademark, design around the patent or design, offer to buy or license that right or challenge its validity.
Respect Deadlines

- **Priority Period**

Once an application for a patent or design right has been made domestically (priority date) an international application has to be made within the “priority period.” The international application will benefit from the priority date. A filing after the priority period has lapsed would mean you can’t benefit from the earlier priority date and novelty will be lost.

Patents: 12 months
Designs: 6 months
Risks of Early Disclosure

- Patents and designs are required to be novel to merit protection.
- If a product needs to be disclosed it should be done in a confidential context → Non-disclosure Agreement.
- If not, the novelty could be lost and an application for registration be rejected.
- This is particularly important in disclosing products that embody inventions and/or designs to potential partners before protection has been obtained.
Working with Partners

- Ownership of IP
- Creation of new IP and who owns that
  - Assignments/licenses for ownership
- Risk of unauthorized use or disclosure of trade secrets by partner
- Risk that partner will use trade secrets of others and expose you to litigation. Insist on indemnification
- Quality of product to be maintained so as to sustain brand image
- Trade marks if registered in the partners name in the country could create problems once the relationship ends
Suitability of Trademarks

- Check whether the mark has undesired connotations or is likely to be rejected in that country

- Mitsubishi was dismayed to find that PAJERO means 'wanker' in Spanish. Ford NOVA means no go in Spanish. Whereas Coca-Cola was successful in finding a trademark in Chinese to say “happiness in the mouth”
Conclusion

- IP is of relevance to many aspects of international trade
- Crucially it provides exclusive rights
  - But these rights have to be pursued locally and internationally so as to prevent imitators
  - Be mindful of the additional issues of relevance to international trade
PCT
General remarks on the PCT

- The PCT system is a patent “filing” system, not a patent “granting” system
- The PCT system consists of an international and national phase
- The decision on granting patents is taken exclusively by national or regional Offices in the national phase
- The PCT is administered by the International Bureau of WIPO
“The PCT helps put innovation into practice by providing a simple and cost-effective way to file international patent applications”

*Paul Jacobs, Chairman and CEO, Qualcomm*
Overview of the PCT System

Inventions are the object of International Authorities (ISA, SISA and IPEA) transmit Reports to WIPO, which communicates to International Bureau where it publishes PCT International Applications. WIPO communicates to Designated Offices (national and/or regional patent offices) to grant Patents.

**International Phase**
- **0 Months from Priority Date:** Application filed with Patent Office
- **12 Months:** PCT International Application filed with Receiving Office
- **16 Months:** Transmittal of ISR & Written Opinion
- **18 Months:** Publication of PCT International Application
- **19 Months:** Applicant request Supplementary International Search (optional)
- **22 Months:** Applicant files a Demand for International Preliminary Examination (optional)
- **28 Months:** Transmittal of IPPR II or SISR (optional)
- **30 Months:** PCT National Phase Entry (where the applicant seeks protection)

**National Phase**
- 30 Months:

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1. Generally, applicants first file a national or regional patent application with their patent Office and within the 12 months from priority date, file a PCT international application.
3. Called Elected Offices for applicants having filed a demand for international preliminary examination.

The PCT System

- File local application
- Enter national phase

Typically a national patent application in the home country of the applicant

- File PCT application
- International search report & written opinion
- (optional) File demand for International preliminary examination
- (optional) International preliminary report on patentability

(months)

0 12 16 18 22 28 30
The PCT System

Typically filed in the same national patent office—
one set of fees, one language,
one set of formality requirements—and legal effect in all PCT States.
The PCT System

- File local application
- File PCT application
- International search report & written opinion
  - Report on state of the art (prior art documents and their relevance) + initial patentability opinion
- International publication
- (optional) File demand for International preliminary examination
- (optional) International preliminary report on patentability
- Enter national phase
The PCT System

Disclosing to world content of application in standardized way

Enter national phase

File local application

0

File PCT application

12

International search report & written opinion

16

International publication

18

(optional)

File demand for International preliminary examination

22

(optional)

International preliminary report on patentability

28

30

Enter national phase

WIPO

WORLD INTELLECTUAL PROPERTY ORGANIZATION
The PCT System

- File local application
- File PCT application
- International search report & written opinion

(o) International preliminary report on patentability

Request an additional patentability analysis on basis of amended application

Enter national phase

(months)

- 0
- 12
- 16
- 18
- 22
- 28
- 30
The PCT System

- File local application
- File PCT application
- International search report & written opinion
- (optional) File demand for International preliminary examination
- Enter national phase

Additional patentability analysis, designed to assist in national phase decision-making
The PCT System

- **Express intention and take steps to pursue to grant in various states**
- **Enter national phase**

- **File local application**
  - 0 months

- **File PCT application**
  - 12 months

- **International search report & written opinion**
  - 16 months

- **(optional) File demand for International preliminary examination**
  - 18 months

- **(optional) International preliminary report on patentability**
  - 22 months

- **International publication**
  - 28 months

- **Enter national phase**
  - 30 months
PCT international phase

- Unified filing procedure consisting of the **filing** and **processing** of a single application with legal effect in all PCT Contracting States
- Information on the potential patentability of an invention prior to the start of national patent procedures ("national phase")
- Publication of the international application together with the International Search Report (ISR)
- Time delay of at least 30 months before the start of the national patent procedure
PCT national phase

- Gateway to national patent systems
- Grant (or refusal) of a patent by national or regional Offices
The PCT System

Chapter I

File local application

(months)

File PCT application

International publication

SIS request (optional)

or, optional

Chapter II

International Preliminary Examination

Enter national phase

Enter national phase

File demand
International search

- Performed by an International Searching Authority
- PCT Minimum Documentation (PCT Rule 34)
- Everything which has been made available to the public, anywhere in the world, by means of written disclosure
International Search Report (ISR)

- IPC (International Patent Classification) symbols
- Indications of the technical areas searched
- Indications relating to any finding of lack of unity
- A list of the relevant prior art documents
- Indications relating to any finding that a meaningful search could not be carried out in respect of certain (but not all) claims
Time limit to establish ISR and Written Opinion of the ISA

- 3 months from the date of receipt of the search copy by the ISA (usually within approximately 16 months from the priority date if priority is claimed); or
- 9 months from the priority date, whichever time limit expires later
Example of an ISR

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<td>JP 50-14535 B (NCR CORPORATION) 28 May 1975 (28.05.75), column 4, lines 3 to 27</td>
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<td>GB 392415 A (JONES) 18 May 1933 (18.05.33)</td>
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<td>Y</td>
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<td>4, 10</td>
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<td>A</td>
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<td>A</td>
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<td>1-3</td>
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<td>A</td>
<td>US 4322752 A (BIXTY) 30 March 1982 (30.03.82)</td>
<td></td>
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<td>claim 1</td>
<td>4</td>
</tr>
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</table>

Symbols indicating which aspect of patentability the document cited is relevant to (for example, novelty, inventive step, etc.)

Documents relevant to whether or not your invention may be patentable

The claim numbers in your application to which the document is relevant
Written Opinion of the ISA

- A preliminary non-binding opinion on novelty, inventive step (non-obviousness) and industrial applicability (utility)
- Established at the same time as the ISR
- Not published at 18 months but made available to the public on PATENTSCOPE after 30 months
- No formal response procedure although applicants may submit informal comments
Example of the Written Opinion

Patentability assessment of the claims

Reasoning supporting the assessment

WORLD INTELLECTUAL PROPERTY ORGANIZATION
International Preliminary Examination

- Optional procedure
- Requested by filing a demand with an International Preliminary Authority (IPEA) (same list as ISA)
- Results in the issuance of a preliminary, non-binding opinion by the IPEA on novelty, inventive step and industrial applicability
  - International Preliminary Report on Patentability (Chapter II) – IPRP Ch.II
- Opportunity to amend the description, claims and drawings to address objections raised by the ISA
Amendment procedures

- Chapter I
  - Article 19 amendments
  - One-time amendment of the claims before the International Bureau after receipt of the International Search Report (ISR)

- Chapter II
  - Article 34 amendments
  - Amendment of the claims, description, drawings before the IPEA to address objections raised by the ISA
Entry into the national phase

- The international phase ends after 30 months from the earliest filing date
- The applicant typically has to decide prior to this time in which countries to enter the national phase
- The PCT provides an option for 146 Contracting States
- Based on experience, applicants would enter the national phase in no more than 30 countries (between 5 and 30)
Decisions to be taken by the applicant

- Whether to proceed with or abandon the international application?
- When?
  - At the end of 30 months
- Where?
  - Choice of countries/regions based on business and local market conditions
Some national phase requirements may apply

- Payment of national fee
- Translation, if applicable
- Copy of international application in particular circumstances only
- Other special national phase requirements which may apply are to be complied with at the time of national phase entry or within a time limit fixed by the national Office
Cost deferral

- Seeking patents in foreign countries requires a significant capital investment
- The PCT provides for the deferral of main initial costs associated with internationalization
  - Cost of translations
  - Local patent agent fees
  - Local patent Office fees
Patentability analysis

- Strong basis for patenting decisions
- Valuable information that is of assistance in making patenting decisions
- The International Search Report (ISR) and the Written Opinion of the International Searching Authority
- International Preliminary Report on Patentability (IPRP (Ch.II)) of the International Preliminary Examining Authority (optional)
Madrid
Protection of Trademarks

- Obtained through
  - registration or
  - use, but strong protection may be obtained only through registration
- The right arising from registration has a territorial character—registration is subject to the national legislation of the country
- Filed with the competent authorities (IPO)
- If you want to have your mark protected abroad, you have to register the mark in all the countries where protection is desired
Routes for Protecting a Trademark abroad

- The national route or direct filing: Filing applications with the trademark office of each country in which protection of the mark is sought.

- The regional route: Applying for protection in countries which are members of a regional trademarks registration system with effect in the territories of all Member states (ARIPO, Benelux Trademark Office, OHIM and OAPI).

- The international route: The Madrid System.
National Route vs. Madrid Route

Applicant

Country A

Country B

Country C

Applicant

Office of Origin

Country A

Country B

Country C
Legal Framework I

- Madrid Agreement (1891) latest revised in 1979
- Common Regulations as in force from September 1, 2009
- Administrative Instructions as in force from January 1, 2008
- Law and Regulations of each Contracting Party

See at http://www.wipo.int/madrid/en/legal_texts/
Legal Framework II

Under the Madrid system

- **Treaties and Regulations**
  - providing the basic principles and mechanism of the system; governing the formal conditions for an international registration

- **Domestic Law and Regulations of a Contracting Party**
  - governing the substantive conditions for granting the protection in each relevant territory
National or International/Madrid Route?

**National Route**
- Many Offices for filing
- Many application forms
- Many languages
- Many currencies
- Many registrations
- Many renewals
- Many modifications
- Foreign **attorney** needed from beginning

**Madrid Route**
- One Office for filing
- One single application form
- One language (E/F/S)
- One currency (Swiss francs)
- One international registration
- One renewal
- One modification
- Foreign **attorney** needed only in case of refusal
General Procedure under the Madrid System

Applicant files before Office of origin which certifies the application and forwards it to WIPO

WIPO performs formal examination, registers and notifies designated Contracting Parties

Designated Offices make substantive examination and grant or refuse protection

WIPO records and notifies holder

Holder has equal rights as if he had filed directly

WIPO
International Registrations – an Overview

- **Date of International registration**
- **Designated Office**
- **Substantive examination**
- **Renewal (every 10 years)**
- **WIPO Office of origin**

**Key Dates:**
- 2 Months
- 18 Months
- Time limit for provisional refusal
- 10 years
The Madrid System

- A centralized filing mechanism
- A one-stop shop for trademark holders to obtain and maintain trademark protection in export markets
- An option to the national route
- A purely procedural treaty
- The domestic legislations of the designated Contracting Parties set the conditions for protecting a trademark and determine the rights which result from protection
Basic Features (1)

- **Entitlement**
- An international application may be based on one or more applications or registrations
- The fees payable in connection with the application
  - The basic fee (CHF 653 or 903)
  - A complementary fee for each designated Contracting Party with supplementary fee OR individual fee
- **Scope of protection** – to be determined by designated Contracting Party
- The Contracting Party may elect for 12/18 months refusal period
Basic Features (2)

- Statement of grant of protection
- Subsequent designation
- The 5 years dependency period
  - Central attack – Ceasing of effects
- Transformation of the International registration into national applications
- 10 years term of protection with renewal every 10 years
Benefits for Trademark Owners

- **Simple**
  - A single set of simple formalities
  - A single filing Office

- **Low-Cost**
  - Low registration fees
  - No need to pay foreign agents for filings
  - No need to pay translation of the paperwork into several languages

- **Effective**
  - A single international application produces the same legal effect in various countries
  - A fixed deadline for the confirmation or refusal of the legal effects in each designated country
Benefits for the Offices and Government

- The Contracting Parties can focus on substantive examination
- The Madrid system has a positive effect on economic growth
- It empowers SMEs
- It promotes international trade by contributing to the opening of new markets and assisting in development of export
- It creates a more favorable climate for foreign investment in the internal market
International Registration Procedure

Precondition: basic application or basic registration

International Application

OFFICE OF ORIGIN

INTERNATIONAL BUREAU

Certifies entitlement/basic mark and forwards the application to the IB

OFFICE OF DESIGNATED CONTRACTING PARTY

OFFICE OF DESIGNATED CONTRACTING PARTY

Formal examination
Records in the International Register
Publishes in the International Gazette
Notifies designated Contracting Parties

Substantive Examination

Grant of protection = effect of national registration

Provisional refusal within time limits
Thank You for Your Attention!

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