

Geneva, September/October 2004

## EXPORTS AND INTELLECTUAL PROPERTY Key Questions for Enterprises

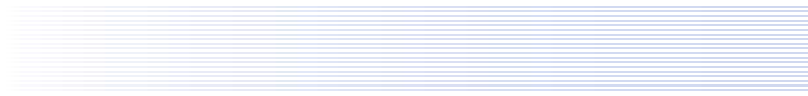


## BUILDING IP INSTITUTIONS IN LEAST DEVELOPED COUNTRIES (Part II)



## COUNTRY FOCUS Moldova Strengthens its Infrastructure





*WIPO'S MISSION STATEMENT*

*To promote through  
international cooperation  
the creation, dissemination,  
use and protection of works  
of the human spirit for the  
economic, cultural and  
social progress of all  
mankind.*

# Table of Contents

- 2** ▶ **IP and Business**  
Intellectual Property Rights and Exports: Avoiding Common Pitfalls
- 6** ▶ **IP Issues in Creating an Internet Site**
- 10** ▶ **Establishing IP Institutions in the Least Developed Countries (LDCs) (Part II)**
- 15** ▶ **Geneva International Academic Network Awards Research Grant**
- 19** ▶ **Country Focus: Moldova – IP Infrastructure Creation for a Market Economy**
- 22** ▶ **Suchard – The First International Trademark in the Registry**
- 23** ▶ **News Roundup**
  - Industrial Designs: E-filing under the Hague Agreement – Cooperation between WIPO and OHIM
  - Director General Welcomes Growing Recognition of Indigenous People's Rights
  - The PCT Goes Online with Videoconferences
- 26** ▶ **Calendar of Meetings**
- 28** ▶ **New Products**



Geneva,  
September - October  
2004



# INTELLECTUAL PROPERTY RIGHTS AND EXPORTS: AVOIDING COMMON PITFALLS

The business decision to enter foreign markets and export goods and services abroad is not without risks and challenges: exporting involves a considerable investment of financial, managerial, and production resources. Therefore, it requires careful planning and execution. The decision to export is a key business objective and should be seen as a long-term investment, rather than a short-term profit orientation.



Before launching into export activities, it is prudent to develop a cogently written international business plan or **export plan** to determine a product's readiness for export. A well-developed plan will assist the firm in assessing the potential of a product in international markets and facilitate any application for financing. It will also help to decide on the most effective mode of entry into a specific new market, for example, by establishing a joint venture by licensing intellectual property (IP) rights to third parties, through direct export or through e-commerce.

What **intellectual property issues** should businesses take into consideration when developing an export plan, and what are the most common IP mistakes that should be avoided by exporters?

## Developing an export plan

Most enterprises engaging in the direct export of goods generally go through some, if not all, of the following key steps in developing their export plan:

- ▶ identifying appropriate export markets;
- ▶ estimating demand and market needs;
- ▶ finding local partners and channels of distribution;
- ▶ adapting the product, its design, its brand or its packaging to the new market;
- ▶ negotiating and signing contractual agreements with export sales representatives, distributors, local partners, local manufacturers, licensees, etc.;
- ▶ determining prices for different export markets;
- ▶ budgeting export operation and raising funds;
- ▶ making transport arrangements for exports;
- ▶ advertising/marketing the product in the export markets; and
- ▶ participating in trade shows or other events abroad.

There are a number of reasons why an enterprise should consider **IP issues** when planning its export strat-

egy. First and foremost, IP plays an important, and often crucial, role in many of the items outlined above. The following examples illustrate the point:

- ▶ The **adaptation of the product, its design, its brand or its packaging for the export market(s)** will require creative and/or inventive work that may, if certain requirements are met, be protected through the IP system, thus guaranteeing a degree of exclusivity over the adaptations.
- ▶ The negotiation of **agreements with partners** will have to take into account issues relating to the ownership of IP rights, particularly if the product is to be manufactured abroad or modified, packaged or distributed by foreign partners.
- ▶ The **marketing** of products will rely on the company's brand image, embodied primarily in its trademark, which, if unprotected, would be significantly more difficult to enforce in case of copying or imitation by competitors.
- ▶ The timing of **participation in fairs and exhibitions** may depend on whether the enterprise has already applied for protection for inventions or designs, as early disclosure of innovative work may result in loss of novelty and preclude them from applying for protection at a later stage (unless a "grace period" is available in certain specified circumstances in the country concerned).

- ▶ The **pricing** of the product will partly depend on the extent to which the brand is recognized and valued by consumers in the export market and the extent to which the product will face competition from similar or identical products.
- ▶ In **raising funds**, holding patents over the innovative aspects of products, or owning trademarks with a good reputation, is often useful for convincing investors, venture capitalists or banks of the commercial opportunities available to market the product.
- ▶ In addition, there may be **confidential business information** relating to most, if not all, of the items listed in the key steps above. Such information will benefit from trade secret protection or protection against unfair competition provided it is secret, has commercial value and has been subject to reasonable steps to keep it secret. The export plan and strategy itself is a “trade secret” and companies will generally have an interest in making sure it remains confidential and is not disclosed to competitors.

Another important reason for taking IP issues into account is that it may enable an enterprise to **strengthen its position in export markets** and stop other companies from imitating or copying a work protected by copyright, the functional features of a product, or its trademark or design. If the product is successful in a given market, it is likely that competing firms

will sooner or later manufacture a similar or identical product that will compete with the product in question. Without IP protection it may be difficult or impossible to stop imitators. The resulting loss of profit may be substantial.

An additional reason to take IP issues into account is that IP protection may enable an enterprise to **access new markets through licensing, franchising, the establishment of joint ventures or other contractual agreements with other companies**. IP rights enable firms to establish partnerships with other firms for the production, marketing, distribution or delivery of goods and services in foreign markets. IP may also provide a company with greater bargaining power when it seeks to license-in technology from other firms that may be interested in its own proprietary technologies, copyright works, designs, trademarks, etc.

Finally, failure to consider IP issues may result in large or irrecoverable losses if products are considered to be **infringing upon the IP rights of others** in the export market concerned. Even if an invention, design or trademark is not protected in the country of origin, this does not mean that someone else has not protected it in an export market. A product may have functional or aesthetic features that are not protected in its home country but are protected as IP rights by others in an export market. This may also be true for trademarks.

## Avoiding common pitfalls

Exporters often realize the importance of protecting IP once it is too late; for example, when faced with imitators or counterfeiters or when being accused of infringing the rights of others. While preparing the export plan and strategy, it is, therefore, as important to understand the IP environment in the potential export market as it is to understand all other facets of the business environment in that market. Some of the most common mistakes made by exporters are in the following areas:

**Territoriality of IP protection** – Many exporters believe that since they have applied for trademark, patent or industrial design protection in their own country they are automatically protected worldwide. However, IP rights are territorial by nature, and IP offices only grant protection for the relevant national (or regional) jurisdiction.

**Variations in laws and procedures for the protection of IP rights worldwide** – While there has been significant harmonization of laws and procedures for the protection of intellectual property rights worldwide, there remain many areas in which significant differences between countries still exist. The patentability of computer programs, for example, is one area in which different countries have adopted different practices. While patent protection may be an option for a given computer program in one country, this option may not be avail-

>>>

able in another country, where copyright protection may be the only form of protection available. It is advisable to find out about the legislation of the country in which a company intends to commercialize its products. WIPO's Collection of Laws for Electronic Access (CLEA) could be an important resource in this regard ([www.wipo.int/clea-new/en/](http://www.wipo.int/clea-new/en/)).

**Regional or international protection systems** – Applying for IP protection in a number of countries worldwide may be expensive. Regional and international protection systems, if available, are an effective way of applying for IP protection in various countries. Regional systems include the African Regional Industrial Property Office (ARIPO), the Benelux Designs Office, the Benelux Trademark Office, the Eurasian Patent Office (EAPO), the European Patent Office (EPO), the Office for the Harmonization of the Internal Market (OHIM), the *Organisation Africaine de la Propriété Intellectuelle* (OAPI) and the Patent Office of the Cooperation Council for the Arab States of the Gulf.

The systems of international protection include the Patent Cooperation Treaty (PCT), the Madrid System for the International Registration of Marks and the Hague System for the International Registration of Industrial Designs. The PCT ([www.wipo.int/pct/](http://www.wipo.int/pct/)) enables applicants to apply for patent protection in over one hundred countries through a single application and delays the payment of national fees



for a period of up to 30 months. The Madrid System for the International Protection of Marks ([www.wipo.int/madrid/](http://www.wipo.int/madrid/)) and the Hague System for the International Registration of Industrial Designs ([www.wipo.int/hague/](http://www.wipo.int/hague/)) enable applicants to have their marks or designs registered in several countries by simply filing one application with a single Office, in one language, with only one set of fees, saving significant time and money.

**Deadlines for filing applications abroad** – Under the Paris Convention, patent applications in other countries need to be filed within 12 months from the date of application in the first country. This period is generally referred to as the “priority period.” (In PCT Member States this period can be extended to up to 30 months by using the PCT System.) Failure to apply during the priority period would generally result in the impossibility to obtain patent protection in the other countries due to loss of novelty.

**Disclosure of information** – The disclosure of information on product innovations or new designs to potential trade partners, export agents, distributors or anybody else prior to applying for protection or without a written contract requiring confidentiality, could result in loss of rights over the invention or design. An innovative product may, in fact, no longer be considered new and, therefore, patentable, or someone else may apply for patent protection thus excluding the enterprise from use of its own invention. The same also applies to industrial designs.

**Infringement of IP rights** – Exporting products without confirming whether the product is infringing on the IP rights of others in the relevant foreign markets may prove costly. For example, if an enterprise has licensed-in technology from other companies, it

should make sure that it has a right to export the product bearing such technology in order to avoid infringing on the rights of the licensor. Products that are thought to be infringing on the rights of others may be withheld at the border and their distribution may be impeded or stopped altogether.

**Trademark searches** – The use of a trademark in a foreign country that is identical or similar to one that is registered or is already being used by a different company could be considered an infringement on trademark rights. The firm may be asked to cease using such a trademark and/or to pay damages, which may be a huge blow to its entire marketing and export strategy. Prior to initiating export operations, and preferably prior to selecting the trademark, it is crucial to carry out a trademark search in the relevant export market. A list of online trademark databases for doing trademark searches is available at [arbitrator.wipo.int/trademark/output.html](http://arbitrator.wipo.int/trademark/output.html).

**Issues of ownership of IP rights** – Many exporting companies outsource the creation, manufacturing or design of products to other firms in foreign countries. However, they often forget to protect their IP rights in such countries or to specify issues of ownership of designs, inventions, software, etc., in the contracts with the foreign companies. The main danger is that misunderstandings about ownership of the IP rights may arise between the company outsourcing the work and the firm contracted to do the work. National laws vary on the issue of own-

ership of rights over contracted work and different rules generally apply to different IP rights. It is important to ascertain the national legislation in the relevant export market and to include specific clauses in the original contract between the two firms, clarifying issues of ownership of rights over any creative or inventive work that results from the agreement.

**Obtain IP rights before licensing out product** – Many firms grant licenses to foreign companies authorizing them to use their IP rights in exchange for a one-time fee or a recurring royalty. A licensing contract often includes the sharing of technological know-how as well as the authorization to manufacture and/or sell a product developed by the licensor. It is important, wherever a licensing agreement is being negotiated, to make sure that the intellectual property rights being licensed have been adequately protected in the foreign country in question.

**Trademark is appropriate for the market in question** – There are numerous cases in which companies begin to market their products or services in a foreign market then realize subsequently that their trademark is inappropriate for that specific market in that: (a) the trademark has negative or undesirable connotations in the local language or local culture or (b) the trademark is unlikely to be registered at the national IP office. It is important to ensure that the trademark is appropriate for a given market and has been registered at the trademark

office before launching a product bearing that trademark in the market in question.

There are many reasons to make sure that IP issues are duly taken into consideration while developing an export plan. Companies should take measures to ensure that they are not caught off-guard infringing on the IP rights of others and limit the opportunities for competitors to free-ride on their inventiveness and creativity. A few steps early in the planning process could prove extremely valuable once export operations begin.



For more information on various practical aspects of the IP system of interest to business and industry, please visit the website of the SMEs Division at [www.wipo.int/sme](http://www.wipo.int/sme).



# IP ISSUES IN CREATING AN INTERNET SITE

The Internet can be a great tool for promoting a business, a cause or an organization. However, as web usage increases, so does the risk of having content copied or of unauthorized use of material. This article deals with some of the basic intellectual property (IP) issues involved in the launch of a website.



Different types of IP rights may protect the many components of a website. For example:

- ▶ e-commerce systems, search engines or other technical Internet tools may be protected by patents or utility models;
- ▶ software, including the text-based HTML code used in websites, can be protected by copyright and/or patents, depending on the national law;
- ▶ website designs are likely to be protected by copyright;

- ▶ creative website content, such as written material, photographs, graphics, and music, may be protected by copyright;
- ▶ databases can be protected by copyright or by *sui generis* database laws; and
- ▶ business names, logos, product names, domain names and other signs posted on a website may be protected as trademarks.

A typical website is a collage of components often owned by different persons. For example, one company may own rights in the navigation software; others may own copyright in photographs, graphics and text; and yet another person may own copyright in the design of the site. It may not be necessary for a business or organization to own the IP rights in all elements of its website, but it should at least **find out what it owns**, what it has the right to use, and in what way, and what it does not own or have the right to use.

## IP ownership

Many companies and institutions outsource the creation of their website design and/or content to outside contractors and assume that they own the IP rights in the end product because they paid for the work. They may be surprised to find that this is not the case. Independent contractors (contrary to employees) usually own IP rights in the works they create – **even if they are paid for it** – unless otherwise stipulated in a written contract. (For more information see “IP Ownership: Avoid-

ing Disputes”, WIPO Magazine November/December 2002.)

In practice, this means that the independent web developer will usually own copyright and other IP rights in the website software, as well as in the design and elements contributing to that design (such as colors, gifs, jpgs, setup, hyperlinks, text coding). Without a valid, written agreement transferring these rights, the organization that has outsourced the work may end up owning nothing but a non-exclusive license to use its own site. If that organization wants to refresh its site and make some changes to its presentation it will, under the laws of most countries, need authorization from the web designer, and may be required to pay an additional fee to do so.

The web development contract with the website developer should spell out who owns IP rights in each element of the site and should at least deal with the following:

- ▶ Who owns IP rights in the different components of the website that are **created by the website developer**? National laws may impose mandatory requirements for **transferring** the IP rights, so the agreement should comply with such conditions.
- ▶ Who owns IP rights in materials such as logos and trademarks that are provided by the **contractor** to the website developer for use on the website?



- ▶ For any elements in which the website designer owns IP rights, **what is the contractor allowed to do with it?** Does he have the right to sublicense, make changes to the website, etc?
- ▶ For any elements in which a third party owns IP rights, for example text, trademarks or software, who is responsible for getting **permission** to use such third party material? Who is responsible for obtaining moral rights consents, if these are needed?
- ▶ Who owns IP rights in the **software** that displays the website and runs its components? If the developer (or a third party) retains ownership and the contractor only receives a license that is specific to his intended use, it is necessary to ensure that the scope of the license is broad enough.
- ▶ Can the website designer use the design as a model for other sites? Can he reuse any elements built into the site?
- ▶ Each party should **certify** that it owns, or has permission to use, any copyrighted material that it provides for the website.
- ▶ Will the developer maintain the site on his server? Will he update it? If so, how often? What kind of endeavor is he responsible for? What action will he take when the service interrupts or brakes down?

## Protecting a website

Some precautionary measures are necessary to protect a website from abusive use. These may include:

**Protect IP rights** – The website owner should register trademarks and domain names, and think about patenting business methods used on the site. The website and copyrighted material on it should be registered in the countries that have copyright offices. Registration is not necessary to obtain copyright protection, but it may give advantages in enforcing rights.

**Inform users that the content is protected** – Many people assume that material on a website can be used freely. It is possible to remind them that the material is protected by using a copyright notice, a trademark symbol, such as ®, TM, SM, or equivalent symbols. Digital rights management tools, such as embedded copyright notices and watermarks, are often used to control access and use of works. (For more information see “Business Success, Copyright and the Digital Environment”, WIPO Magazine March/April 2003.)

**Inform users of what use they can make of the content** – Website owners should consider the utility of having a copyright statement on every page of their site spelling out the owner’s position on use of the page. Viewers would at least know what they can do with the page (for example, whether or not, and on what conditions, they are allowed to down-

load and/or print material from the site), and whom to contact to obtain copyright clearance in relation to any material on the site. Requiring the user to take an action, such as “click to accept” the terms of the agreement, prior to using the site increases the likelihood that the terms will be enforceable.

**Control access and use of website content, if appropriate** – Technological protection measures, such as encryption, fingerprints, time stamps, access controls or conditional access systems, low resolution images, etc., can be used to limit access to the works published on a website to those visitors who accept certain conditions for the use of the works and/or have paid for such use.

## Use of others’ material

Current technology makes it fairly easy to use material created by others on a website. The technical ease with which works can be copied does not give the legal right to do so. Using material without getting permission can have dire consequences.

**Use of others’ technical tools** – If a website will use an e-commerce system, search engine or other technical Internet tool, first obtain a written license agreement for its use.

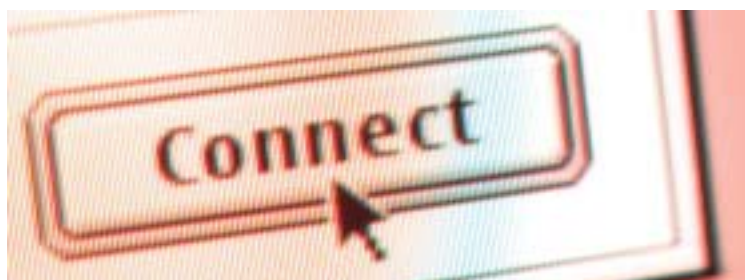
**Use of others’ software** – Packaged software is often licensed upon purchase. The terms and conditions of the license (called “shrinkwrap licenses”) are often contained on the package,

>>>

which can be returned if the buyer does not agree with them. By opening the package the buyer is deemed to have accepted the terms of the agreement. Alternatively, the licensing agreement can be enclosed with the packaged software. In all cases, read the licensing agreement carefully to ascertain what may or may not be done with the software. In addition, exceptions in the national copyright law may allow certain uses of the computer program without permission, such as making interoperable products, correcting errors, testing security and making a backup copy.

**Use of others' copyrighted works** – A website should not distribute or download any written material, photos, videos, music, logos, art work, cartoons, original databases, training manuals, drawings, etc. that do not belong to the site's owner, unless he has obtained prior written permission to distribute them on the Internet. Permission is needed to *reproduce* the material in digital form and to make it available online (*communicate* it). Even if only a part of a copyrighted work is used, authorization may be necessary.

In most countries, when copyrighted work is used on a website, the site's owner has the legal obligation to respect the *moral rights* of the author. This means the author's name **must** appear on his work and that the work cannot be used or changed in a way that would tend to damage the author's honor or reputation. For example, it is not permitted to color a black and



white picture, or to resize, re-color or spindle an artwork without the authorization of the author.

**Use of others' trademarks** – Many websites contain discussions on the products and services of other companies. There is usually nothing wrong with identifying a competitor's products by using their trademarks; however, one should avoid using a trademark in a way that might cause confusion among viewers as to the source or sponsorship of the webpage. Such use might well constitute trademark infringement. One should verify national law on this issue.

**Use of clipart and freeware** – Many artists and companies offer artwork, photos, backgrounds, wallpapers, banners, logos and other material for reuse, alternately called clipart, freeware, shareware or royalty-free work. A website owner cannot assume that such material can be distributed or copied without limitation. To avoid liability, the user should read and obey the terms of all applicable license agreements. For example, the license may not allow the user to change the images, or may require that some type of credit be given to the author.

Other legal issues may arise in the creation, launch or operation of a website. It would be prudent to consult with an Internet lawyer to make sure a website complies with the applicable laws.

## Conclusion

Websites are common targets for infringement lawsuits. Caution is needed as website owners can lose valuable IP rights or be liable for infringement of others' IP rights. This article has tried to provide some tips that can help organizations and businesses better protect their website and its content, and avoid legal problems. As with any undertaking, prevention is better than cure. Before going online, businesses should consult with a specialized Internet attorney on IP and other legal concerns involving the operation of a website.



## IP Tips for Running a Website

There are perils inherent in running a website. Here are some tips to help website owners minimize the risks.

**Protect trade secrets and patents** - If a trade secret is disclosed on a website, even accidentally, then trade secret laws will no longer protect the information. The same applies to patent-related information. Inventions must be new or novel to obtain patent protection. Offering a product for sale on a website or disclosing the innovative qualities of a product may destroy the novelty of the invention and thus its patentability. One should scrutinize every page of a website before going live to make sure that it does not contain any confidential business information or patent-related information.

**Protect domain names** - Under certain circumstances, domain names can be registered as a trademark. It is advisable to do so, since it strengthens the site owner's power to enforce his rights against anyone else who tries to use the name for marketing similar products and services. This also prevents someone else from registering the same name as a trademark.

**Be careful with links** - Links to other sites are a useful service, but in many countries there is no clear law on when and how to use them. In most cases, links are completely legal and no permission is needed from the linked site to include a link. However, some types of links can create legal liability:

- ▶ links that lead web users to sites containing illegal content (a pirated copy of a song, perhaps, or an unlawful software program);
- ▶ links that comprise a company's graphic or logo (for example, using the Nike logo) may violate trademark laws or unfair competition laws;
- ▶ deep links are generally not allowed if it is a way of bypassing a subscription or payment mechanism, or if it is expressly forbidden by the site itself.

**Remove infringing material** - If someone complains about an unauthorized use related to one's website, immediately remove that material (or disable the link to that material) pending resolution of the dis-

pute. Continuing to use infringing material after being notified may aggravate the claim and increase the chances of being found liable and hence increase the amount of damages payable.

**Have valid and enforceable online agreements** - If products or services are sold on a website, or users are allowed to download software, specific agreements may be posted on the site containing warranty information or disclaimers, limits on liability and other significant terms. Generally, for a person to be bound by the terms of an agreement, he must indicate in some way that he agrees to the terms. For such terms to be enforced, they must be structured so that they are reasonably apparent on the site and users have the opportunity to review and agree to the terms, or to disagree and opt out, before proceeding through the site. Additionally, there should be a mechanism for users to indicate their assent. The best practice is to require the user to scroll through to the bottom of the agreement and click an "I accept" button before he can access the site. This scrolling through and clicking assent process will help ensure that the agreement is an enforceable "clickwrap" agreement.

**Post disclaimers** - Disclaimers are rarely a cure-all for legal claims, but if a disclaimer is prominently displayed and clearly written, it may limit or even prevent liability. The disclaimer should be tailored to fit the specifics of the website. For instance, if the website posts reviews of tennis rackets and offers links to resellers, a disclaimer could be posted in a visible place stating, "If this site provides links to other sites, the owner of this site is not liable for any information on or practices of the linked sites, nor does a link indicate any association with or endorsement by the linked site to this site."

**Privacy** - If a website receives consumer information, its owner should comply with the applicable data protection or privacy laws. The site's owner may be obliged to take certain steps to assure consumers that personally identifiable information is protected, and to display a clear privacy policy.



# ESTABLISHING IP INSTITUTIONS IN THE LEAST DEVELOPED COUNTRIES (LDCs) (Part II)

*This is the second in a series of articles exploring how the least developed countries (LDCs) can build and develop successful intellectual property (IP) institutions as a means for promoting the use of IP as a tool for economic growth and wealth creation.*

In the knowledge economy, the question before policymakers in the least developed countries (LDCs) is no longer “Do institutions matter?” but “Which institutional models work best and how does one acquire them?” A useful starting point for answering this question would be to discuss the types of institutions that facilitate the rapid development of intellectual property (IP) and perform adequately. This article will identify these in broad terms, however there is no single model for linking the institutions of one country and the networks and structures that underpin them. The plausible variation in institutional set-ups is usually quite large, but the emphasis for LDCs should be on the establishment of IP institutions as knowledge-based organizations.

## **Knowledge-sharing organizations**

IP institutions are composed of intellectual capital, which is a combination of human capital and structural capital – human capital is the knowledge, skill and abilities of individual employees to provide solutions to customers, and structural capital consists of everything that remains when the employees go home (databases,



customer files, software manuals, organizational structures, etc). A knowledge-sharing organization is an entity that realizes the importance of knowledge, both inside and outside the organization, and applies techniques to maximize the use of this knowledge by its employees and customers.

Intellectual property institutions in LDCs must learn how to transform knowledge into valuable assets, and those assets into productive capital to generate employment and to create and produce wealth. The establishment of these kinds of IP institutions that use knowledge infrastructures effectively will help facilitate development. Such organizations must share knowledge and make it available to its employees, management and customers. Establishing “knowledge-transparent” IP institutions in LDCs would make it possible for staff members to talk to each other directly,

to minimize distortion, and to record questions and answers for a future knowledge base. LDCs should structure their IP institutions away from a traditional, hierarchical operation to one of cross-functional teams that enable individuals to focus more on meeting customers’ needs and on providing the public services required.

The staff should also understand the functioning of other institutions that protect property rights and enforce contracts. They should have knowledge of laws and the courts, and should understand how legislators, the police force and customs officials function and interact. Intellectual property issues should be embedded in several national institutions as all national institutions are interdependent in their efforts to meet the needs of development and the community. In addition to including IP issues in their overall development policies, governments in LDCs can also, for example,



target key areas for more specific action, such as providing certain clusters of technologies with special incentives or facilitating the setting up of knowledge-based venture businesses.

The corporate strategies of individual firms that have used IP to enhance their competitiveness in the global market, can provide useful examples of the catalytic role of IP in generating economic success. Such successes are not limited to enterprises in developed countries; there are a growing number in developing countries also, as illustrated in the book by WIPO Director General Kamil Idris, "Intellectual Property – A Power Tool for Economic Growth". Interdependency, interconnections and mutual support are the key ingredients in the smooth and proper functioning of national IP institutions.

### The nature of IP institutions

Most countries establish institutional systems based on the separation of powers between the legislative, the executive and the judicial bodies. As far as IP is concerned, once legislation has been passed in parliament, the implementation and operation of the laws normally come within the purview of the executive branch, and the enforcement of rights is attributed to the courts. There is a need for a national coordination mechanism to bring IP to the center stage of national development planning, where it can play a pivotal role in the national and international coordination of IP issues.

The entire field of IP – industrial property rights and copyright and related rights – should be dealt with as a block by a national intellectual property institution, as is the case in Singapore, Switzerland and many other countries. This enhances the synergy and coherence of the system. The national IP institution should encompass all intellectual property issues.<sup>1</sup> LDCs that have already established separate industrial property and copyright structures, should set up a system of consultation and coordination with the objective of establishing a single national IP institution.

As a government body entrusted with the task of granting titles of protection, the IP institution undertakes sovereign duties, which imply independence and an explicit mandate and authority. The institution's precise position in the government should be at the same level as ministries or governmental commissions. LDCs should consider establishing the national IP institution under the direct responsibility of the executive head of the country. This would enable IP matters to be considered at the level of national planning and at the council of ministers, on an equal footing with other important national development issues, thereby enabling the institution to respond swiftly to technological, economic and political developments.

National IP institutions need to be given a certain amount of autonomy. They require latitude in areas such as staff organization and recruitment,

control over fees and other charges, and budget. However, the institution should have an advisory body representing the government (relevant ministries and other institutions), the public research sector, IP lawyers, industry, the private sector, the business sector and non-governmental organizations (NGOs). The government should give the institution sufficient resources and flexibility to cope with demands from users and the public. All users – inventors, enterprises (including small and medium-sized enterprises (SMEs)), researchers, universities and their teaching institutions – are clients and deserve good service.

### Structure of an IP institution

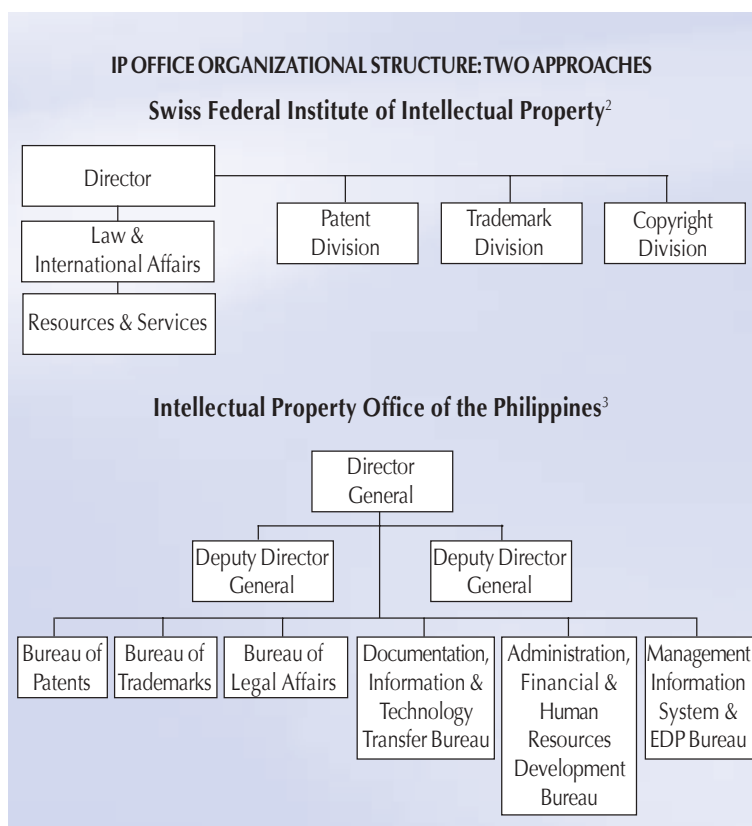
The head of a national IP institution should be its driving force. His main task is to plan and organize operations with optimum efficiency. He should be given a full political mandate with the title of minister or commissioner. The rest of the top management usually consists of his deputy, directors general, the directors and heads of section of the various departments of the institution.

The main department or divisions to be set up could include the following:

- ▶ the patent department (sometimes dealing with industrial designs too);
- ▶ the trademark department;
- ▶ the copyright and related rights department;
- ▶ the industrial designs department (if it is not included in the patent department);

>>>

<sup>1</sup> Including electronic commerce, which has, in many countries, required the creation of a coordinating unit, comprising representatives of the ministries of trade, communications, industry, research institutions, justice, culture, health, finance and labor. This new issue raises questions about trade, intellectual property rights, liability, taxes and so on.



organizational structure, these two departments are of great importance in the light of the numerous developments at the international level, such as the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS Agreement), WIPO's treaties and mandate, and the activities of the African Regional Industrial Property Office (ARIPO) and the *Organisation Africaine de la Propriété Intellectuelle* (OAPI), which are important for African LDCs. They ensure the liaison between other governmental authorities and other countries and intergovernmental organizations; the coherence and consistency of national policies which effect IP; and that the adoption or amendment of laws, as well as instructions for international negotiations, are coordinated with other government ministries. In terms of budget and responsibility, a clear-cut line should be drawn between the activities of these departments and that of the registration departments.

- ▶ the legal department (dealing with national and international legislation and other matters);
- ▶ the department of information and communication technologies;
- ▶ the international affairs and global communications department;
- ▶ the department for national coordination of relations with corporations and industry;
- ▶ the human resources development department; and
- ▶ the administration and finance department, dealing with such matters as business services, customer services, financial management services, information management and e-solutions, corporate strategy and organizational affairs.

The various officials responsible for these departments have varying degrees of responsibility, which depend on the country's organizational structure for civil service and which take into account the partial autonomy of the institution.

In some countries, a special department deals with questions relating to national legislation (such as the adoption or amendment of laws), while a department answerable directly to the minister or commissioner covers international affairs. The idea is to transform these two departments into coordination departments so as to create more synergy between all the sectors of the institution. Whatever the

The patent department is one of the pillars of the national IP institution. Its main functions include:<sup>4</sup>

- ▶ receiving patent applications (patents for inventions or certificates for utility models);
- ▶ granting or refusing patent applications;
- ▶ examining patent applications as to their form and substance if the law so requires;
- ▶ checking the payment of application fees;
- ▶ publishing the applications (and performing all the operations in-

<sup>2</sup> [www.ipi.ch](http://www.ipi.ch)

<sup>3</sup> [www.ipophilippines.gov.ph/aboutus](http://www.ipophilippines.gov.ph/aboutus)

<sup>4</sup> If the country is party to the Patent Cooperation Treaty it has to carry out the relevant activities.

volved in doing so, such as preparing the first page or abstract of the patent pamphlet);<sup>5</sup>

- ▶ examining oppositions, if so required by national law; renewing patents granted;
- ▶ publishing grants, refusals and renewals;
- ▶ recording in a register the various acts which may affect the life and scope of the patent (recording patent agents, annuities paid, assignments and licenses, any relevant changes, etc.);
- ▶ promoting the use of the patent system; and
- ▶ disseminating information to the general public.



This entails a series of other tasks such as the preparation of the published patent applications on paper and on CD-ROM, the publication of related industrial conventions that deal with patents (Paris Convention, PCT, TRIPS, Budapest Treaty)<sup>6</sup> and annual reports, including statistical data on patents and patent applications.

Similar functions and tasks must also be delivered by the trademarks, copyright and related rights and other departments. IP institutions with more modern infrastructures and more efficient business practices are in a better position to assist their respective constituents in gaining access to, and benefiting from, the IP system in general. This is why WIPO offers, on request, office automation assistance to its LDC Member States to advise and aid them in the effective management of IP services. Strategically, this as-

sistance contributes directly to WIPO's goal of bringing economic benefit and creating wealth through better and more efficient use of the IP system as a whole. With this assistance, an IP institution can establish an infrastructure of information and communication technologies.

### Collective management

The global market for music from LDCs, including cultural works and products, is huge. Music is used in public performances, discotheques, restaurants, tea rooms, bars, cafes and hotels, or as background music in stores and offices, public transport vehicles, consulting rooms, etc., either live or by means of sound recordings, broadcasting and cable distribution. The same applies to the projection or screening of cinematographic works and the video reproduction of these and other audiovi-

sual works, the hiring of video cassettes, the reprographic reproduction of printed works and the home copying of sound recordings and audiovisual works for personal use.

It would be quite impossible for the distributors and other primary users to enter into direct contact with all the authors, composers and publishers of domestic and foreign musical works in order to secure the necessary authorization for their use and reach agreement on the prices and other conditions governing the utilization of the vast number of works which are used every day. In the case, for example, of musical works in which several different copyright owners are generally involved, the exploitation of and responsibility for those works covers a great many simultaneous, short-lived uses in many different places; the effective exercise of the rights which the law grants to authors can, then, only be achieved through collective administration – a system which is advantageous to both the creator and distributor.

Collective administration is defined as a system for the administration of copyright and neighboring rights by virtue of which their owners delegate, to organizations created for this specific purpose, authority to negotiate the conditions under which the utilization of their works, artistic performances or industrial productions, as the case may be, by distributors and other primary users is permitted; and for the granting of the respective au-

>>>

<sup>5</sup> The pamphlet usually comprises the text of the application and any drawings that are part of the application. It must contain all the so-called bibliographic data, in particular the title of the invention, the date of the filing of the application (and priority date, if any), the serial number and classification symbol.

<sup>6</sup> This task may be entrusted to another unit, which is less specialized. However, the source of information still has to be provided or checked by the patent department.

thorizations, the monitoring of such use, the collection of the remuneration which falls due and its distribution to, or sharing among, the beneficiaries.

Most LDCs do not have established collective administration agencies, therefore although their musical and creative works are widely used, their authors and artists do not receive the recognition and monetary reward they deserve. The WIPO Copyright Collective Management Division, together with the LDCs Division, works to assist Member States in establishing and operating this very important IP institution. The WIPO Banderole Program, aimed at introducing a system which would enable national copyright offices and law enforcement agencies to differentiate genuine from pirated sound and audiovisual recordings, has also been successfully implemented in a number of sub-Saharan African countries (see article "An anti-Piracy Program for Africa's Music Industry, WIPO Magazine July-September 2002).

Successful collective management projects are currently ongoing in both Benin and Malawi. Both projects are still in their infancy, but they have already started to yield results. The Copyright Society of Malawi (COSOMA) plays two major roles, namely, that of a copyright office and a collective management organization for its members. COSOMA now has a membership of over 1,000 authors and composers, and close to 10,000 works have been registered

A sample of national IP offices, indicating their staff numbers, patent applications, including the Patent Cooperation Treaty (PCT) designations, and annual budgets

STAFF AND BUDGET OF SELECTED PATENT OFFICES, 2000/2001<sup>7</sup>

Country	Number of staff	Patent applications, including PCT designations	IP office annual budget (\$ million)
Republic of Korea	1,002	172,184	120.0
Russian Federation	2,700	89,429	14.3
Japan	2,500	112,269	844.0
France	800	160,178	133.0
Mexico	611	66,916	25.5
Brazil	610	64,688	42.0
Switzerland	235	201,571	n.a.
Singapore	85	62,471	4.9
Nepal	6	n.a.	n.a.
Kenya	n.a.	115,936	n.a.
Bangladesh	9	n.a.	n.a.
Ethiopia	13	7	n.a.

for protection. COSOMA acts as a link between creators, publishers and producers of sound recordings on one hand and various types of users of their works on the other hand. The Society ensures that authors are adequately remunerated for use of their works. Currently, COSOMA administers public performances, broadcasting and mechanical reproduction rights, and it plans to introduce the collective management of reprographic rights in the near future. Between 1999 and 2001, COSOMA sold 4,184,783 Banderoles, which meant that it could pay some US\$781,160 to rights holders. COSOMA's activities have encouraged creativity in Malawi to the extent that there has been significant investment in recording studios and the production of sound recordings, and that new albums are now released on a weekly basis.

The task ahead may seem arduous for many LDCs in the process of establishing IP institutions; however, the above example of the success of one type of IP institution is a clear demonstration of benefits to come. Effective collective management encourages the promotion of cultural industries and, in turn, contributes to economic development.



<sup>7</sup> Most of the information in Table 1 was compiled from the book *Intellectual Property - A Power Tool for Economic Growth*, Kamil Idris, p. 280; some additional countries have been included to show the situation in LDCs.



# GENEVA INTERNATIONAL ACADEMIC NETWORK AWARDS RESEARCH GRANT

The Geneva International Academic Network (GIAN/RUIG), a research network established by the University of Geneva, the Graduate Institute of International Studies (GIIS) and the Graduate Institute of Development Studies (GIDS) in collaboration with several international organizations, awarded a major grant to WIPO for an applied research project to study how intellectual property (IP) hubs and research networks can contribute to the protection and exploitation of developing country research results. The grant is to start on September, 2004 and continue until September, 2006.

WIPO was selected as the coordinator of the Project, with an international and multidisciplinary team of experts from six Central African nations, Colombia and Switzerland.

## Research Networks and IP: A Model for Supporting Developing Countries

The applied research is based on the thesis that research and development (R&D) networks with IP Hubs can help research institutions in developing countries to protect and derive economic benefit from their research results. This article presents the summary of this Project.

### The challenge

Many people in developing countries today suffer from malaria, tuberculosis, sleeping sickness, sickle cell Anemia, Ebola and other diseases. Health

professionals worldwide conduct research in an effort to find treatments and vaccines. Yet these therapies are often too expensive for poor people and difficult to distribute. Interdisciplinary approaches to this urgent problem are needed and creative solutions must be tested and evaluated. Health, management, marketing, economics, law and policy must all come together if realistic models are to be found.

Research institutions in developing countries are working on combating tropical and other diseases, using both conventional approaches and traditional medicine. Many of these institutions have excellent and highly motivated researchers, but lack infrastructure and financing. The Project addresses research institutions with various needs and infrastructure, however a common theme for most developing country researchers is that it is difficult for them to own and exploit their research by using the IP system because of lack of resources, infrastructure, training, and professional (legal and marketing) services.

The consequence is that developing country researchers often do not own the results of their own research and cannot commercially exploit it. There is limited economic return on R&D investment by developing countries and social benefit in terms of the thera-

>>>

### Partnerships

#### *Partner Institutions in Central Africa*

- ▶ *Organisation Africaine de la Propriété Intellectuelle (OAPI)*
- ▶ *Sécretariat Exécutif de la Communauté Économique et Monétaire de l'Afrique Centrale (CEMAC)*
- ▶ *Organization for the Control of Large Tropical Diseases in Central Africa (OCEAC)*

#### *Partner Institutions in Colombia*

- ▶ *Superintendencia de Industrial y Comercio (SIC)*
- ▶ *COLCIENCIAS (National Institute for the Advancement of Science and Technology)*
- ▶ *Immunology Institute of Columbia Foundation (FIDIC)*

#### *Partner Institutions in Switzerland*

- ▶ *The Geneva International Academic Network (GIAN/RUIG)*
- ▶ *Graduate Institute of International Studies (HEI), University of Geneva*
- ▶ *Hautes Etudes Commerciales (HEC), University of Geneva*
- ▶ *Swiss Tropical Institute (STI), University of Basel*
- ▶ *International Institute for Management Development (IMD), Lausanne*

#### *International Organizations in Geneva*

- ▶ *World Intellectual Property Organization (WIPO)*
- ▶ *Council on Health Research for Development (COHRED)*

pies needed from those activities is constrained. These challenges may discourage developing countries from investing in research to solve pressing health problems.

This negative cycle may be called “**The Research Ownership/Exploitation Challenge**” (ROE Challenge). It is caused by several interrelated factors:

- ▶ R&D institutions in developing countries frequently lack the awareness and resources to protect, own and exploit research results as IP. There is also a critical scarcity of professionals who can draft patent applications, negotiate licenses, and provide IP-based marketing services;
- ▶ R&D institutions often lack institutional IP-related policies and procedures relating to public-private partnerships, sponsored research, invention disclosure and economic incentives for researchers;
- ▶ under-investment in R&D can put at risk the current levels of health research output, which makes it difficult to attract and retain the best research talent. As in a spiral, the lack of economic and social returns from the work developed by R&D may lead to greater reductions in financial support to those institutions;
- ▶ the lack of IP ownership of research results makes it especially difficult for developing country research facilities to negotiate technology transfer agreements because these facilities do not have tradable assets to exchange and therefore are in a weak negotiating position.

## Thesis

The thesis of the research is that **R&D Networks with IP Hubs** can help solve the ROE Challenge.

### Challenge

The Research Ownership/  
Exploitation Challenge



### Thesis

The R&D Network  
and IP Hub Model

**R&D Networks** are collaborations of research institutions in which each agrees to certain common policies and common services. Networks may help leverage costs and resources using economies of scale and may also accelerate research.

The **IP Hub** provides the common services to the Network and thereby solves a vital function in supporting the protection and exploitation of research results. The common services may include:

- ▶ legal protection of research results;
- ▶ managing and licensing IP owned by the research institutions;
- ▶ encouraging public-private partnerships;
- ▶ marketing the Network and its IP assets;
- ▶ looking for and negotiating funding; and
- ▶ encouraging the development of local manufacturing.

R&D Networks may also play an important role in facilitating local production and distribution of medicines based on both conventional approaches and traditional medicine.

## Project description

The Project will entail interdisciplinary research teams in order to develop, test, and evaluate a **Network and IP Hub model** for developing country R&D institutions in the health field. The work will focus on two selected developing country sites: the sub-region of French-speaking Central Africa (Cameroon, Central African Republic, Chad, Equatorial Guinea, Gabon and Republic of Congo) and Colombia. Academic, governmental and non-governmental partners from Central Africa, Colombia and Switzerland will participate in the Project through their experts, professors and researchers/students in the form of **interdisciplinary teams** for the research, test and evaluation that will be undertaken regarding the model proposed by the project.

The Project will have four main phases: 1) audit; 2) development and test of training curricula; 3) test of R&D Networks and IP Hubs; and 4) evaluation study on the model developed.

### Phase 1: Audit

At the beginning of the Project an audit will be conducted in the R&D institutions. Interdisciplinary teams will study the status of health research planning and management as it affects the protection, ownership and exploitation of research results. This will include study of: the funding to support health research; the institutional policies and procedures regarding patents and other forms of IP; the current research results that may require protection; and the awareness level and competence in marketing. Research indicators will be developed.

### Phase 2: Development and testing of training modules

Taking into account the audit results, an interdisciplinary research team will develop a curriculum composed of **three training modules on key practical areas** for IP asset management in health research: a) Health Research Management and Marketing; b) Patent Agents; and c) Licensing Contracts.

Once developed, the three training modules of the program will be delivered in both sites of the project to a selected group of 15 people for each module in each of the two sites (that is, 15 people x 3 modules = 45 people trained in Central Africa, and the same number of people in Colombia). Candidates to receive the training will be selected on the basis of previous rel-



evant knowledge, commitment to apply knowledge learned and current employment status. **Most of these trainees will be current employees of the participating research institutions.**

### Phase 3: Research and test of R&D Network and IP Hub Creation

Institutional IP policies, procedures, forms and contracts for R&D institutions and universities and advice on the choices, options, samples and models of relevant IP-based network agreements and institutional policies will be provided.

For the formation of each of the two IP Hubs (Central Africa and Colombia), among the local trainees, the **three with the best qualifications** will be selected in each of the two sites. All trainees will continue receiving advice and support from the experts and

professors involved in the development and implementation of the three training modules as well as from WIPO. The three selected trainees in each site will be hired by the Project in order to constitute the IP Hub that provides IP related research and services to the R&D institutions of each Network. The other trainees will work in their respective institutions putting into practice what they have learned.

### Phase 4: Evaluation of the model

The study on the model developed by the project will be conducted by an **interdisciplinary team from the Central African, Colombian and Swiss partner institutions**, which will include one researcher (preferably a graduate or postgraduate student) in each of the three sites. For this purpose, one researcher will be selected in Switzerland and one local researcher in

>>>

each site will be the “Project tracker” who will research, monitor and track in the field. The team will also be supported by the research, monitoring and evaluation inputs that will be provided from the field by the three researchers working in the Central African and the Colombian IP Hubs.

This phase will include assessment and measurement based on indicators developed during Phase 1 of the Project. These will include, for example, economies of scale applied to the R&D Network and economic impact of the model, research acceleration impacts, ease of use of the IP system, affordability of the IP system, empirical data on use of invention disclosure forms, questionnaires and reports of user satisfaction, difficulties in tracing, difficulties in communication, and so on. Evaluation will also include consideration of and recommendations for a sustainability strategy so that the Networks and Hubs will continue after Project funding terminates in September 2006.

For further information on this project or for the list of participating R&D institutions in the Central African Republic and in Colombia, contact the Intellectual Property and New Technologies Division at WIPO.



### Desired Outcome by September 2006

- ▶ Two R&D Networks, one in Central Africa and one in Colombia, will operate with the support of IP Hubs. Researchers will be in the position to make choices with regard to protection and commercial exploitation of their research results.
- ▶ A critical mass of developing country trainees (90) in three key IP fields will have useful skills to offer to their local research community.
- ▶ Interdisciplinary teams from many countries will have worked together to solve a common challenge, forging bonds and exchanging experiences.
- ▶ A model for strengthening R&D carried out in developing countries will have been tested and will be ready to be shared internationally with the scientific community and policymakers in the field of science, technology, health and IP.





# MOLDOVA – IP INFRASTRUCTURE CREATION FOR A MARKET ECONOMY

During the last fifteen years many states with economies in transition to an open market system have established and built their intellectual property (IP) systems, enacting many new laws and modernizing their IP infrastructures. Previously, when certain of these states were part of the Soviet Union, industrial property-related matters in the republics, particularly the protection of inventions, were carried out by the State Committee for Inventions and Discoveries. However, most of the republics had branch offices, which provided limited services to the local population. The Republic of Moldova, which had such an office, still had a long way to go to establish its own IP mechanisms when it gained independence in 1991.

The evolution of industrial property protection in Moldova was interdependent on the administrative, social and economic changes necessary to the process of establishing the state and acquiring political and economic independence, while transiting from a centrally-planned economy to a market economy. In 1993 and 1994, the newly-independent state declared itself bound, with retroactive effect as of December 31, 1991, by the international treaties administered by WIPO to which the Soviet Union was party. The treaties included the:

- ▶ Convention Establishing the World Intellectual Property Organization;
- ▶ Paris Convention for the Protection of Industrial Property;

- ▶ Madrid Agreement Concerning the International Registration of Marks;
- ▶ Budapest Treaty on the International Recognition of the Deposit of Microorganisms for the purposes of Patent Procedure; and
- ▶ Nairobi Treaty on the Protection of the Olympic Symbol.

Moldova's obligations under the above conventions and treaties, its lack of any national regulatory IP framework and the fact that it had no specialized body in the field of IP necessitated the creation of a national intellectual property institution. On May 25, 1992, Moldova established the State Agency on Industrial Property Protection (AGEPI) under the Ministry of Economy and Finance. In the subsequent years, Moldova has successively joined most of the WIPO-administered treaties and acted as one of the founding states of the Eurasian Patent Organization.

## AGEPI – Making IP a tool for development

AGEPI's predecessor, the Kishinev branch office of the State Committee for Inventions and Discoveries, only provided services pertaining to the drawing up of applications for patents, industrial designs and trademarks as well as patent searching and documentation. However, AGEPI proved up to the challenge of developing a modern IP system and by January 1994, Moldova had granted its first national patent to the inventor of a new technology for producing a food additive from vegetal raw material. In February of the same year, the first trademark certificate was issued and in August the first industrial design certificate was issued.

In its first few years as an independent state Moldova made great efforts to develop the national IP system. From the beginning, the country

>>>



Photo: Valérie Cocchini

aimed to establish a modern, competitive IP system, compatible with the international and regional systems. The first two years after independence (1991-1992) were spent creating the national system, and the years that followed (1993-1997) were spent on the regulatory and institutional development of the system. The next stage (1997-2000) was mostly devoted to enforcement issues, concurrent with Moldova's accession to the World Trade Organization (WTO) in 2001.

The last few years (from 2001 onward) have been marked by efforts to make intellectual property a tool for economic and social development. In this period AGEPI increased promotional activities by disseminating information and expanding its services, by organizing seminars and training workshops for different categories of existing and potential IP users, and by encouraging inventiveness and creativity through the sponsorship of the best inventors to international specialized IP fairs and the organization of national competitions, for example, "Infoinvent" International Specialized Exhibition; AGEPI Trophy for Innovation and Creativity; Best Woman-Inventor, etc. AGEPI has also supported and encouraged the use of the IP system in small and medium-sized enterprises, for example, through the elaboration of a chapter on the "Integration of the Intellectual Property System Into the Development of Small Business" included in the State Program for Supporting the Small Business, for the period 2002-2005.



Photo: Valérie Corcimari

The most important accomplishment in this area concerns the adoption of a Strategy for Developing the National System of Protection and Use of Intellectual Property, which will run until 2010. The principal objectives of the strategy are:

- the enhancement of the legislative framework of the IP protection system;
- the elaboration of a functional mechanism for repressing IP infringements;
- the improvement of activities relating to the valuation of the IP;
- the education and upgrading of the personnel;
- the extension of international cooperation in the IP field; and
- the development of an informational network in the IP field.

The strategy identifies the main tools for its implementation and has a precise plan of action. To ensure its proper implementation, AGEPI has signed interdepartmental agreements with

almost all the state institutions involved in IP protection and enforcement (namely: Customs Department, Chamber of Commerce and Industry, Ministry of Agriculture, Ministry of Industry, Agro-industrial Department Moldova-Vin, Department of Information Technologies). An Interdepartmental Council for intellectual property was created, which acts as an advisory body in IP matters. The members of the Council represent 15 ministries and departments.

### Developing copyright and related rights

Integral to the modernization of Moldova's intellectual property infrastructure was the development of its laws governing copyright and related rights. In 1994, Moldova issued its first law concerning the protection of copyright and related rights for literary, artistic and scientific works, and in 1995, it joined the Berne Convention. Thus Moldova applies the principle of national treatment in the pro-

tection of works, a basic tenet of copyright law. (This principle states that when the author is not a national of the country of origin of the work for which he is protected under the Convention, he shall enjoy in that country the same rights as national authors.) In 2002, the Copyright Law of Moldova was amended to harmonize with the WIPO Copyright Treaty and the WIPO Performances and Phonograms Treaty, ratified by the Republic in 1998.

The State Copyright Agency is responsible for copyright and related rights protection in the territory. It determines state policy in the field of copyright, drafts new legislation in accordance with the international legislation, and supervises the activities of the collective management societies. Two collective management societies of copyright were established, namely the Society of Copyright and Related Rights (2000) and Society of Copyright and Related Rights' Owners (1999).

### The future

Moldova's immediate priority, in line with the country's overall policy, is to bring its IP system into line with that of the European Union (EU), with its eventual subsequent integration in the EU intellectual property system.



## Basic Facts on the Republic of Moldova

Area: 33,7 thousand km<sup>2</sup>

Population: 4.450.000 people (data of 1999)

Population density: 128 people/km<sup>2</sup>

Moldova, a land-locked country situated in the South-East of Europe between Romania and Ukraine, has a rich traditional culture of music, art and dancing. Kishinev, the capital, was founded in 1436 and has over 750,000 inhabitants.

Since its independence in 1991, Moldova, one of Europe's poorest countries, has instituted a number of reforms to attract foreign investors. These include the introduction of a convertible currency, free-market prices, land privatization, the removal of export controls and free interest rates. The economy is based on agriculture; an important part of its exports are wine and cognac. Electricity generation is the country's second largest industry.

Moldova has over 8000 scientists involved in fundamental and application research in social and human sciences, mathematics, physics, chemistry, biology, medicine, agriculture and land sciences. The priority areas of research in academic institutions are energy, health, new materials, biotechnology, pharmaceuticals and information and electronic technology.



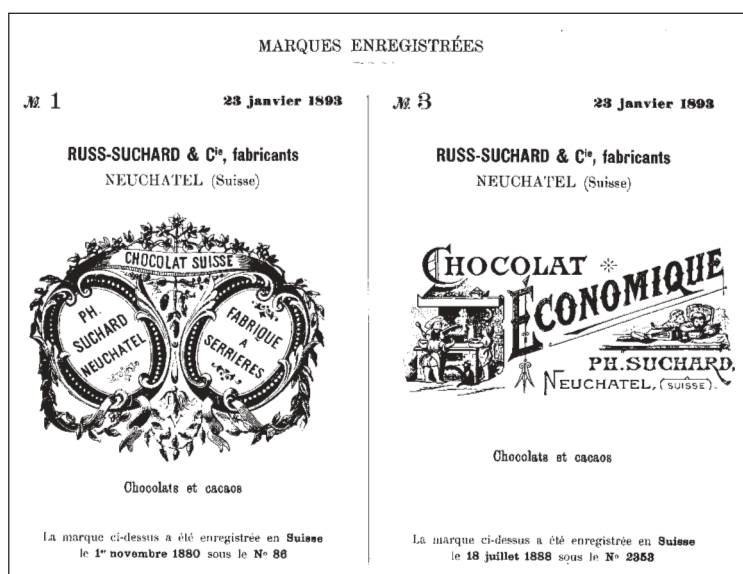
Photo: Valérie Corcimari

# SUCHARD – THE FIRST INTERNATIONAL TRADEMARK IN THE REGISTRY

Suchard was the first international trademark registered under the Madrid Agreement Concerning the International Registration of Marks. The trademark was registered in 1893 by Russ-Suchard & Cie with Switzerland as country of origin – the trademark had been registered in Switzerland on November 1, 1880 as number 86. The trademark registration designated the five other countries then members of the Madrid Agreement: Belgium, France, Netherlands, Portugal and Spain. Over the years, the company registered many more trademarks, however, it is notable that the first four trademarks in the International Registry were for Russ-Suchard – in fact six of the first ten trademarks in the Registry were from Russ-Suchard.

Mr. Philippe Suchard started the family's chocolate-making business in 1825. By 1883, Suchard's company, located in Neuchâtel, was the largest Swiss producer of chocolate; it accounted for half of the total Swiss production. The Suchard family's awareness of the importance of their image in marketing was already apparent in 1876 when they dismantled an entire chalet in the Swiss mountains and reconstructed it in Paris to show their products to visitors. Thus it is hardly surprising that Russ-Suchard & Cie would accurately gauge the importance of registering and protecting their trademark internationally.

Over the years, the company built on its reputation for fine quality dark chocolate and expanded production to neighboring countries. In 1901, Suchard came up with a revolutionary idea – combining milk and cocoa



– creating what would become known as milk chocolate. The new product, under the trademark *Milka* – registered internationally in 1901 – was one of the first specialty chocolates of Russ-Suchard & Cie. *Milka* was also the first Suchard product with packaging and advertising that reflected the new Art Nouveau movement, selecting lilac as its trademark color and graphically reflecting scenes from the Alps. This brought *Milka* a great deal of attention and distinction as consumers closely associated the color with the product. Today the lilac *Milka* cow has become so interwoven into the popular culture that when German school children are asked to draw a farm scene, they often color the cows lilac. The *Milka* lilac is one of the few recognized single color trademarks.

The Suchard trademark is now owned by Kraft Foods Inc., which continues to produce chocolate under the Suchard brand in Neuchâtel. The trademarks originally registered by

Suchard in 1893 have now lapsed, however many different Suchard trademarks have been registered and renewed since 1893. The Suchard trademark below, registered in 1965 has already been renewed once for the standard period of twenty years



and will thus run til 2005. More than a century after its first international registration, Suchard remains a widely recognized and popular brand, and the Union of the Madrid system, under which it is protected, has some 74 Member Countries.





NEWS  
ROUNDUP

## Industrial Designs: E-filing under the Hague Agreement – Cooperation between WIPO and OHIM

WIPO is now exploring the establishment of a service that should allow users of the Hague Agreement Concerning the International Registration of Industrial Designs to file international applications electronically. To assist WIPO in its exploratory work, the Office for Harmonization in the Internal Market (OHIM) (trademarks and designs) of the European Union has made its software for the electronic filing of industrial design applications under the European Community (EC) Regulation on Community Designs available to WIPO, free of charge. This will allow WIPO to develop its own electronic filing facility under the Hague system while taking account of the possible accession of the EC to the Geneva Act of the Hague Agreement, which recently entered into force.

Accession of the European Community to the Geneva Act would create a link between the international system of the Hague Agreement and the EC Regulation on Community Designs. International applicants would then be allowed to designate OHIM as well as any of the Offices of the other countries party to the Hague system all at once in a single international application.

There are a number of procedural differences between the two systems, which must be taken into account in the development of software for an e-filing facility. One of the main differences concerns the fact that registrations under the EC's system provides protection throughout the whole European Community, while the Hague system is a designation system under which applicants designate the countries in which they seek protection for their industrial design, and pay the corresponding fees. Other require-



ments under the procedures of the Hague system that differ from the EC's system include those related to reproductions contained in applications, those regarding the entitlement to file applications, and those concerning the methods of payment of fees.

## Director General Welcomes Growing Recognition of Indigenous People's Rights

On the occasion of the International Day of the World's Indigenous People on August 9, WIPO Director General Kamil Idris welcomed the growing recognition by the international community of the need to promote the enjoyment of rights of indigenous peoples, and respect for their distinct cultures, communities and values. He noted the encouraging steps made internationally to respond to the needs and aspirations of the world's indigenous people, and to enhance their

effective participation in policy processes on matters that concern them. In the field of intellectual property (IP), he observed that this translates into greater respect and recognition for the cultural and intellectual framework and knowledge systems in which traditional cultural expressions (TCEs), traditional knowledge (TK) and associated genetic resources are developed, maintained, and transmitted to future generations within the traditional or customary context.

>>>

"In 1998, WIPO initiated a range of activities on IP and TK, TCEs or folklore, and genetic resources. This builds on past work on folklore, which dates back several decades and is reflected in various international instruments and many national laws," said Dr. Idris. "WIPO's current work is aimed at developing a shared understanding of how best to develop and apply the principles of the intellectual property system to serve the interests articulated by holders of TK and custodians of TCEs," he added.



Dr. Idris highlighted the important contribution by indigenous groups to the on-going TK talks under the auspices of WIPO. He said, "Indigenous and local communities have had an

important and growing voice in the work of the Intergovernmental Committee on Intellectual Property and Traditional Knowledge, Genetic Resources and Folklore (the IGC) as a policy forum for

these issues." Non-governmental organizations, many representing indigenous communities, are increasingly taking part in the Committee's work. "This has most certainly enriched the debate and brought to the international discussions the indispensable voice of indigenous and local communities," Dr. Idris said. He recalled that the current WIPO program was based on an extensive series of consultations with representatives of TK holder communities throughout 1998 and 1999, and the valuable understandings distilled from these discussions on the needs and expectations of these communities still formed WIPO's work in the area. ◆

## The PCT Goes Online with Videoconferences

New videoconferencing equipment has been installed in the WIPO building occupied by the Office of the Patent Cooperation Treaty (OPCT). This development allows easy, face-to-face dialogue between the OPCT and users of the PCT system (patent attorneys, applicants, patent law associations and patent offices) for training on matters such as electronic filing and/or briefings on legal developments, including the new PCT reforms. The OPCT asks any organizations interested in arranging a videoconference to contact it, outlin-



*PCT staff members participating in the first videoconference with the USPTO*

>>>

ing agenda items or simply proposing discussion topics. The staff of the PCT Legal Division, External Legal Relations Division, Operations Division and Management Division looks forward to reaching out to users of the PCT system in this new way in order to foster the best use of the PCT and ensure the highest quality of service.

In this regard, an inaugural videoconference was held on August

26 between the Operations Division of the OPCT and the PCT Operations Division of the United States Patent and Trademark Office (USPTO). A team of about ten staff members from the USPTO in Arlington, Virginia, clarified matters of common interest with their counterparts in Geneva during a conference which lasted approximately one hour, sufficient time to discuss the outstanding issues to the satisfaction of both parties.



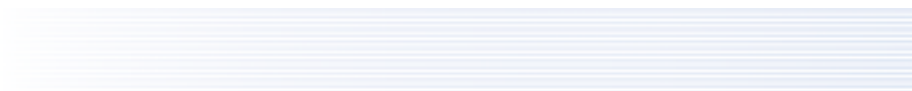
To find out more about the PCT, consult our website at [www.wipo.int/pct/en/](http://www.wipo.int/pct/en/)

Requests for a videoconference should be addressed to the following:

Office of the PCT  
 Ms. Rosemary Ribes  
 Senior Administrative Officer  
 WIPO  
 1211 Geneva 20  
 Switzerland  
 Telephone: +41 22 338 92 00  
 Fax: +41 22 338 82 50  
 E-mail: [rosemary.ribes@wipo.int](mailto:rosemary.ribes@wipo.int)

Technical information on the videoconferencing equipment:

Videoconference ISDN: + 41 22 734-9227/9348/9515 and 920 1635  
 Mode: 128-256-384-512  
 Videoconference system: Polycom VSX7000  
 Videoconference tel. no. to call for a conference: +41 22 734 9515  
 Videoconference room tel. no.: +41 22 338 8001



# CALENDAR of meetings

## SEPTEMBER 15

### GENEVA

#### Information Meeting on Intellectual Property and Genetic Resources

To provide technical background information on intellectual property and genetic resources to representatives of WIPO Member States prior to the WIPO Assemblies.

*Invitations:* As members, the States members of WIPO and/or the Paris Union, and the European Community.

## SEPTEMBER 27 TO OCTOBER 5

### GENEVA

#### Assemblies of the Member States of WIPO (Fortieth series of meetings)

Some of the assemblies will meet in extraordinary session, other bodies in ordinary session.

*Invitations:* As members or observers (depending on the assembly), the States members of WIPO; as observers, other States and certain organizations.

## OCTOBER 5 AND 6

### GENEVA

#### Seminar on the Madrid System

This Seminar, in English, aims to increase awareness and practical knowledge of the Madrid System for the International Registration of Marks among users, such as independent and in-house trademark agents (paralegals and attorneys), who file applications for international registration and manage international trademark portfolios.

*Invitations:* Registration is open to all interested persons, subject to the payment of a registration fee. Government officials of Member States are exempted from the payment of the registration fee.

## OCTOBER 7

### GENEVA

#### WIPO/OHIM Meeting on Marks

The meeting will celebrate the establishment of the link between the Community Trademark System ("CTM") and the Madrid Protocol.

*Invitations:* Open to interested persons, subject to registration.

## OCTOBER 13 TO 15

### GENEVA

#### Interregional Intermediate Seminar on Copyright and Related Rights

The objective of the Seminar is to provide training and information on various aspects of copyright and related rights, as well as recent trends and developments in the field and to promote debate among the participants on topical issues. The Seminar is also intended to raise awareness of the role of intellectual property as a tool for economic, social, cultural and technological development, and to enhance and develop skills in the management of copyright and related rights, especially in a fast changing environment.

*Invitations:* Invited participants are from government copyright offices or copyright collective management societies in both developing countries and countries in transition to a market economy.

## OCTOBER 25-26 AND 28-29

### GENEVA

#### Workshop for Arbitrators

An annual event for all persons interested in WIPO arbitration procedures, both as potential arbitrators and as potential parties.

*Invitations:* Open to interested parties, against payment of a fee.

## OCTOBER 25 TO 29

### GENEVA

#### Committee of Experts of the IPC Union (Thirty-fifth session)

The Committee of Experts will consider amendments to the IPC, as proposed by the IPC Revision Working Group, and will discuss implementation of the IPC reform.

*Invitations:* As members, the States members of the IPC Union; as observers, States members of the Paris Union, who are not members of the IPC Union, and certain organizations.

## OCTOBER 25 TO 29

### GENEVA

#### Standing Committee on the Law of Trademarks, Industrial Designs and Geographical Indications (SCT) (Thirteenth session)

The Committee will continue to work on the revision of the Trademark Law Treaty (TLT) and on issues agreed at the twelfth session.

*Invitations:* As members, the States members of WIPO and/or the Paris Union; as observers, other States and certain organizations.

## OCTOBER 27

### GENEVA

#### Domain Name Panelists' Meeting

A meeting of WIPO panelists to exchange information on precedents and procedures in WIPO domain name dispute resolution.

*Invitations:* Restricted to WIPO domain name panelists.



**OCTOBER 28 AND 29)****GENEVA****Workshop on Domain Name Dispute Resolution**

An annual event for all persons interested in WIPO Internet domain name dispute resolution, focusing on precedents and practices relevant to the filing of cases.

*Invitations:* Open to interested parties, against payment of a fee.

**NOVEMBER 1 TO 5****GENEVA****Intergovernmental Committee on Intellectual Property and Genetic Resources, Traditional Knowledge and Folklore (Seventh session)**

The Committee will continue its work based on the renewed mandate established by the General Assembly, and will prepare policy objectives and principles for the protection of traditional knowledge and folklore, as well as the interim report requested by the General Assembly for its consideration at its next session.

*Invitations:* As members, the States members of WIPO and/or the Paris Union, and the European Community; as observers, certain organizations.

**NOVEMBER 8 TO 11****GENEVA****Standing Committee on Information Technologies (SCIT) - Standards and Documentations Working Group (SDWG) (Fifth session)**

The Working Group will continue its work in the revision of WIPO standards and will receive reports from the different SDWG task forces that have been established for that purpose.

*Invitations:* As members, the States members of WIPO and/or the Paris Union; as observers, certain organizations.

**NOVEMBER 17 TO 19****GENEVA****Standing Committee on Copyright and Related Rights (Twelfth session)**

The Committee will continue its discussions on the protection of broadcasting organizations and on the possible convening of a diplomatic conference.

*Invitations:* As members, the States members of WIPO and/or the Berne Union, and the European Community; as observers, certain intergovernmental and non-governmental organizations.

**NOVEMBER 29 TO DECEMBER 3****GENEVA****Working Group on Reform of the PCT (Seventh session)**

The meeting will consider proposals for the reform of the PCT system.

*Invitations:* As members, the States members of the PCT Union and the International Searching and Preliminary Examining Authorities under the PCT; as observers, all States members of the Paris Union which are not members of the PCT Union and certain organizations.

**2005****JANUARY 31 TO FEBRUARY 4****GENEVA****Preparatory Working Group of the Committee of Experts of the Nice Union for the International Classification of Goods and Services for the Purposes of the Registration of Marks (Twenty-fifth session)**

In the framework of the revision period, the Preparatory Working Group will consider and make recommendations on proposals for changes to the eighth edition of the Nice Classification, which will subsequently be

submitted to the twentieth session of the Committee of Experts of the Nice Union for adoption.

*Invitations:* As members, the States members of the Preparatory Working Group of the Committee of Experts of the Nice Union; as observers, the States members of the Paris Union, which are not members of the Preparatory Working Group, and certain organizations.

**OCTOBER 28 AND 29****GENEVA****Workshop on Domain Name Dispute Resolution**

An annual event for all persons interested in WIPO Internet domain name dispute resolution, focusing on precedents and practices relevant to the filing of cases.

*Invitations:* Open to interested parties, against payment of a fee.

**NOVEMBER 1 TO 5****GENEVA****Intergovernmental Committee on Intellectual Property and Genetic Resources, Traditional Knowledge and Folklore (Seventh session)**

The Committee will continue its work based on the renewed mandate established by the General Assembly, and will prepare policy objectives and principles for the protection of traditional knowledge and folklore, as well as the interim report requested by the General Assembly for its consideration at its next session.

*Invitations:* As members, the States members of WIPO and/or the Paris Union, and the European Community; as observers, certain organizations.



# NEW PRODUCTS

## **Le marketing des produits de l'artisanat et des arts visuels : Le rôle de la propriété intellectuelle - Guide pratique**

French No. ITC/P159.F, Spanish No. TC/P159.S  
40 Swiss francs (plus shipping and handling)

## **WIPO Intellectual Property Handbook**

English No.489(E)  
65 Swiss francs (plus shipping and handling)

## **WIPO Guide on the Licensing of Copyright and Related Rights**

English No.897(E)  
35 Swiss francs (plus shipping and handling)

## **General Information 2004**

Arabic No.400(A), English No.400(E)  
French No.400(F), Portuguese No.400(P)  
Spanish No.400(S)  
free of charge

## **Intellectual Property and Traditional Cultural Expressions/Folklore**

English No.913(E)  
free of charge



Purchase publications online: [www.wipo.int/ebookshop](http://www.wipo.int/ebookshop)

Download free information products: [www.wipo.int/publications/](http://www.wipo.int/publications/)

The above publications may also be obtained from WIPO's Design, Marketing and Distribution Section:

34, chemin des Colombettes, P.O. Box 18, CH-1211 Geneva 20, Switzerland

Fax: 41 22 740 18 12 • e-mail: [publications.mail@wipo.int](mailto:publications.mail@wipo.int)

Orders should mention: (a) the number or letter code of the publication desired, the language, the number of copies;  
(b) the full address for mailing; (c) the mail mode (surface or air).

The WIPO Magazine is published bimonthly by the Communications and Public Outreach Division, World Intellectual Property Organization (WIPO). It is not an official record and the views expressed in individual articles are not necessarily those of WIPO.

The *WIPO Magazine* is distributed free of charge.

If you are interested in receiving copies, contact:

**Design, Marketing and Distribution Section  
WIPO  
34, chemin des Colombettes  
P.O. Box 18  
CH-1211 Geneva 20,  
Switzerland  
Fax: 41 22 740 18 12  
e-mail: [publications.mail@wipo.int](mailto:publications.mail@wipo.int)**

For comments or questions, contact:

**The Editor**  
WIPO Magazine (at the above address)

Copyright © 2004 World Intellectual Property Organization

All rights reserved. Articles contained herein may be reproduced for educational purposes. No part may, however, be reproduced for commercial purposes without the express written consent of the Communications and Public Outreach Division, World Intellectual Property Organization, P.O. Box 18, CH-1211 Geneva 20, Switzerland.

**For more information contact WIPO at:**

**Address:  
34, chemin des Colombettes  
P.O. Box 18  
CH-1211 GENEVA 20  
Switzerland**

**Telephone:  
41 22 338 91 11  
FAX:  
41 22 740 18 12**

**e-mail:  
[wipo.mail@wipo.int](mailto:wipo.mail@wipo.int)**

**or its New York Coordination Office at:**

**Address:  
2, United Nations Plaza  
Suite 2525  
New York, N.Y. 10017  
United States of America**

**Telephone:  
1 212 963 6813  
Fax:  
1 212 963 4801  
e-mail:  
[wipo@un.org](mailto:wipo@un.org)**

**Visit the WIPO website at:  
<http://www.wipo.int>  
and order from the WIPO Electronic Bookshop at:  
<http://www.wipo.int/ebookshop>**