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## WORLD INTELLECTUAL PROPERTY DAY

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## WIPO'S FIRST OPEN DAY

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## PLANT VARIETY PROTECTION

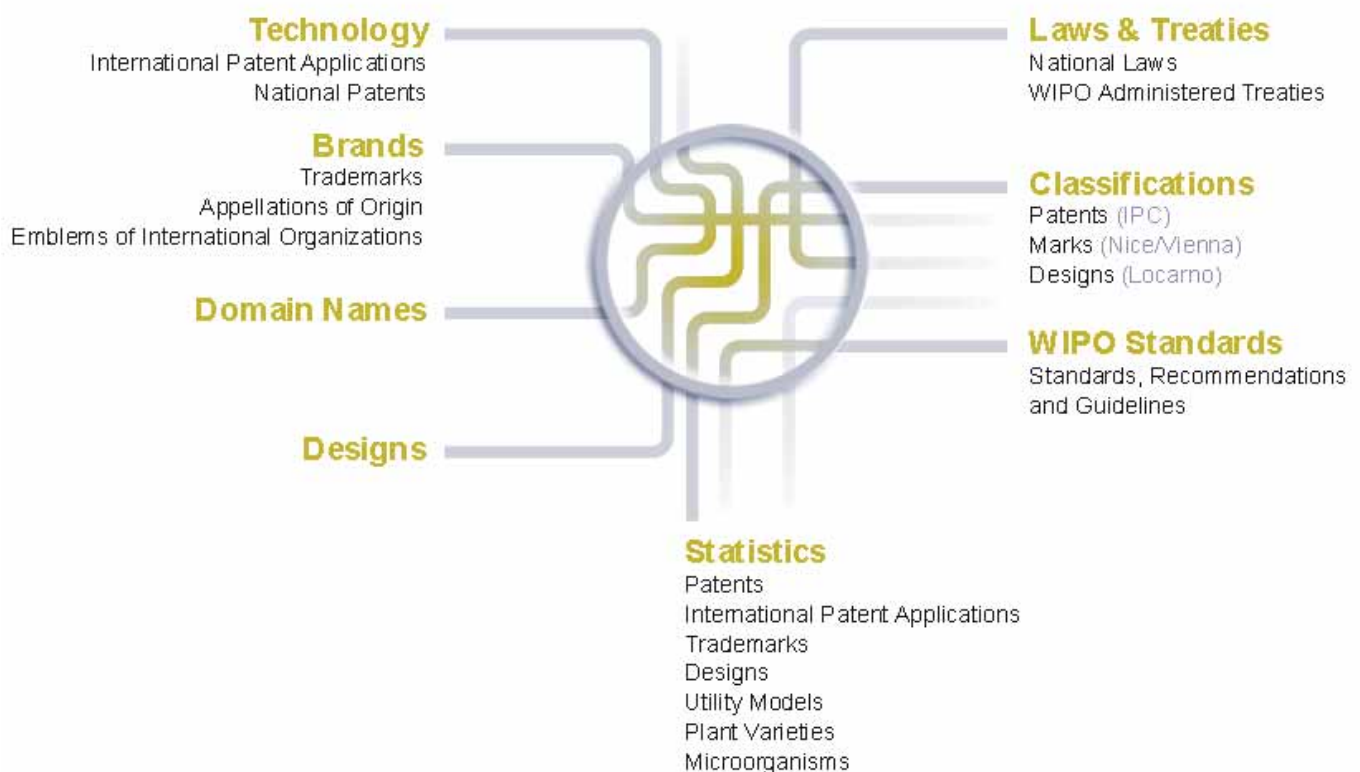
## WIPO | GOLD

On June 1, WIPO launched WIPO GOLD, a free, online global intellectual property (IP) reference resource that provides quick and easy access to a broad collection of searchable IP data and tools relating to, for example, technology, brands, designs, statistics, WIPO standards, IP classification systems and IP laws and treaties.

“The launch of WIPO GOLD is a significant step towards fulfilling one of the Organization’s strategic goals – that of serving as a world reference source for IP information and analysis,” said Director General Francis Gurry. “The WIPO GOLD portal is a rich, dynamic and evolving information tool that will continue to be expanded and improved over time,” he added.

WIPO is committed to narrowing the global knowledge gap by facilitating the free flow of IP information and improving access to and use of IP information. For example, much of the technological information found in patent documents is not published elsewhere, making them an extremely valuable resource in today’s knowledge-based societies.

Powerful databases, such as WIPO’s PATENTSCOPE® search service, make it possible to conduct free-of-charge, high-quality searches of data relating to over 1.7 million international patent applications filed under the Patent Cooperation Treaty (PCT), and the patent data collections of a growing number of countries.



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# WORLD INTELLECTUAL PROPERTY DAY 2010



On April 26, to mark the 10<sup>th</sup> anniversary of World Intellectual Property Day, WIPO launched an exhibition at its headquarters in Geneva, showcasing some of the many posters received from Member States and organizations over the years.

At its inception, 10 years ago, the date of World IP Day had been set to coincide with that of the entry into force of the Convention establishing WIPO. This year, therefore, was a cause for multiple celebrations, as it also saw the Organization marking the 40<sup>th</sup> anniversary of that Convention –

as well as the launch of the new WIPO logo (see WIPO Magazine 2/2010, p 2 and 4).

The theme for this year's World IP Day, "Innovation – Linking the World," seemed to spark imaginations worldwide, with over 70 reports of a broad range of activities, events and campaigns received from Member States and organizations from all parts of the globe.

## Competitions

One report that caught our attention came from the U.K. Intellectual Property Office (IPO) – Bailiwick of Guernsey. The IPO reported that the "Guernsey's got Genius" World IP Day competition was a great success, with some outstanding entries from young people – secondary school and college students from the Island. The winner, 12-year-old Pierre de Garis, was described as "a veritable genius in the making." Pierre learned how to use graphic design software from his aunt over the course of a weekend, then designed his invention, the "Dog Control Harness," from scratch. He now wants to pursue a career in design. It looks like a good option, based on what he's produced so far!



Many other competitions were organized to mark World IP Day, for example:

- **Bermuda's** Registry General Office: an essay writing competition for middle and senior school students on the theme "How does innovation link the world?"
- The **Irish** Patents Office: a six-week Junior Inventor Competition on the theme of "Green Innovation."
- **Hong Kong SAR's** Intellectual Property Department, Customs and Excise Department, Reprographic Rights Licensing Society and Hong Kong Education City Ltd.: a jointly launched video clip competition among young

people on the theme “Respect copyright to promote creativity and awareness of IP protection.”

- **Portugal’s** National Institute of Industrial Property and Association for Technological Centers: a jointly organized “This is an idea” contest for budding entrepreneurs.
- **Thailand’s** Department of Intellectual Property: an IP Day exhibition that included the results of a package design contest for traditional Thai desserts.
- The *Universidad Central de Venezuela*: an essay writing competition for students on any IP-related theme.
- The **Israeli** Patent Office: an event described as a “festive campaign” for children, asking them to solve simple technical problems which were granted patents and exposing them to the rich world of trademarks and designs.

## Activities – old and new

Small and medium-sized enterprises were the focus of many activities, such as a workshop in the **United Arab Emirates** for young business leaders, an information day at the **Estonian** Patent Office and a two-day seminar in **Malaysia**.

As in past years, many Member States took advantage of World IP Day to pay tribute to their well-known actors, authors, musicians, performers, singers, writers – a long list of copyright stakeholders – in dinners, galas, award ceremonies and television specials; many received WIPO awards. New on the list of activities was a cultural event at Ali & Associates, **Pakistan**, which had staff members put themselves in the shoes of creators by performing their favorite skits and songs. It was not as easy as they thought it would be, but the

best performers were rewarded at the end of the evening.

Another new event was the **Netherlands’** “Patent Parade,” an interactive, traveling exhibition of Dutch inventions. The Parade, which marks the 100<sup>th</sup> anniversary of the Dutch Patent Act as well as World IP Day, will visit the 10 major libraries of the country, reaching some 1.2 million visitors over the next year. Visitors will be able to see and try out many unique inventions and prototypes. The libraries hosting the Patent Parade will organize special programs for schools and businesses.

**Spain** hosted a Creative Cities week in Alicante. The event brought together activities for World Book and Copyright Day (UN Educational, Scientific and Cultural Organization) on April 23, World IP Day on April 26 and World Graphic Design Day (International Council of Graphic Design Associations) on April 27.



China's First Day cover

The State Intellectual Property Office (SIPO) of **China** also held week-long celebrations under the theme “Creation-Protection-Development.” In addition, to mark the 10<sup>th</sup> anniversary of World IP Day, SIPO distributed 25,000 copies of a “First Day Cover,” featuring the origins and goals of World IP Day, this year’s theme and the WIPO 10<sup>th</sup> anniversary poster.

WIPO thanks its Member States and observers for making this World IP Day one of the most successful, with so many varied activities. This report offers only a brief look at the efforts made, but it cannot close without a special mention of **Moldova**, sender of one of the longest lists of activities with events organized over three months: March, April, May. (For more, visit [www.wipo.int/ip-outreach/en/ipday/2010/activities.html](http://www.wipo.int/ip-outreach/en/ipday/2010/activities.html))





# OPEN INNOVATION –

## Collective solutions for tomorrow

A new way of collaborating, of harnessing expertise from around the world, in a wide range of fields; a new way of heightening business success and of delivering creative solutions to pressing global problems.

What is this recent trend? It is a paradigm shift for managing innovation that involves companies linking up with external partners to satisfy their innovation needs. It is known as “open innovation.”

In an age of rapidly changing technological landscapes and challenging economic conditions, maintaining a company’s competitive edge can hinge on its willingness to open up to outside ideas and inventions. In the words of Bill Joy, co-founder of Sun Microsystems, “No matter who you are, most of the smartest people work for someone else”. This commercial reality encourages companies to look beyond their own research and development (R&D) structures and to tap into external knowledge resources. Moving from the traditional model of closely-guarded company research and purely internal problem-solving toward a more outward-looking model can take time but such a move promises to generate tangible benefits in terms of a firm’s growth and long-term viability.

The term “open innovation” was coined by Prof. Henry Chesbrough, Executive Director, Center for Open Innovation, University of California (Berkeley), in 2003. His book, *Open Innovation – The New Imperative for Creating and Profiting from Technology*, defines it as the growing tendency for companies to seek out external ideas and talent. He explains that open innovation “assumes that firms can and should use external ideas as well as internal ideas, and internal and external paths to market, as the firms look to advance their technology.” A commitment to open innovation can enhance business strategies and maximize a company’s chances of success.

### An evolving innovation landscape

The emergence of a knowledge market makes open innovation a savvy choice for a number of reasons:

- Companies can take advantage of an increasingly mobile and highly educated workforce. When employees change jobs, they take what they know with them and effectively facilitate a flow of knowledge between companies.

- An expanding venture capital market in certain fields creates the conditions for promising ideas to be further developed or commercialized beyond the originating firm, and the possibilities for licensing or establishing spin-offs are also on the rise.
- Instead of one company single-handedly managing the research, development, financing and commercialization of a product, any or all of these stages can be shared among several entities. In this way, many more companies in the value chain can contribute to the innovation process.

### Finding partners

To adopt an open innovation approach, companies need access to information on the latest breakthroughs in a given field, and on potential partners with whom they can pool resources in developing new technologies. As a consequence, there is rising demand for Internet-enabled open innovation mechanisms that provide these vital services.

One online community in this niche is the U.S.-based iBridge Network, which offers tools, resources and relationship opportunities to help users identify and exchange early stage innovation and research opportunities. This enables industry, scientists, researchers and entrepreneurs to find information on best practices and initiate collaborative research projects across a wide range of fields. The forum allows users to establish licenses directly with research labs. By giving access to automated patent numbers linking to Google Patents and to WIPO, users consulting the network can easily see where, for example, there are patents pending on interesting new ideas.

### Seekers and solvers

Recognizing that intelligent ideas abound in many fields of knowledge and in all parts of the world, Messrs. Alpheus Bingham and Aaron Schacht, Eli Lilly executives, established InnoCentive in 2001. InnoCentive, dubbed the “e-Bay of innovation”, is a global, Internet-based platform designed to help connect “seekers,” those

with challenging research problems, with “solvers,” those proposing inventive solutions. InnoCentive is, in effect, an open innovation marketplace where companies, universities, public-sector bodies and others can link to a rich pool of expertise in a wide range of fields. From the outset, InnoCentive ensured it had a governance structure in place that would protect the intellectual property (IP) rights of both seekers and solvers. David Ritter, InnoCentive’s Chief Technology Officer believes that “to compete in today’s economy, companies must find ways to innovate faster with their current resources.” In his opinion, “Open Innovation is now an essential core capability.”

Individual solvers who opt to work on a specific problem featured on the platform must sign a non-disclosure agreement before receiving the relevant information to begin the search for a solution. If selected by the seeking entity, a pre-determined monetary award ranging from US\$5,000 to US\$1 million is granted to the solver. Once a solver whose solution is selected accepts the award, the IP is transferred to the seeker. If the solver already holds a patent on the solution selected, the right to use the patent for the described challenge is transferred to the seeking entity. The success of InnoCentive is rooted in its contractual framework. These arrangements provide for R&D laboratory audits and ensure that solutions examined, but not acquired, by “seekers” do not show up in a seeker’s IP portfolio at a later stage – thus protecting the interests of non-winning solvers.

Growing numbers of participants, some 10 percent to date, are forming teams to pool their expertise and increase their chances of success. InnoCentive has responded to this spontaneous development by launching a new capability to support and encourage these and similar networking arrangements by creating shared work spaces and a governance structure to manage the IP issues associated with these collaborations.

## Out-of-box thinking

Harvard Business School Prof. Karim Lakhani has studied the effectiveness of this problem-solving

process. Interestingly, he found that many of the solutions selected had been developed by solvers whose expertise lay outside the field in which the problem occurred. The further solvers rated themselves to be from that field, the greater their chances of success!

When faced with a specific problem, in-house researchers tend to look to their own specialized field of knowledge, thereby narrowing the range of possible solutions. A global forum like InnoCentive helps researchers “think out of the box.” It allows problem holders to do what Mr. Lakhani calls a “broadcast search,” inviting experts from across the globe and in a wide range of fields to turn their minds to a given problem. The InnoCentive model demonstrates the value of a cross-fertilization of approaches and solutions in catalyzing breakthrough discoveries.

InnoCentive publicizes solutions to challenges only if both seeker and solver agree. In one such case, successful solver Tom Kruer and his son, Nathan, worked together to come up with a solar-powered mosquito repellent for SunNight Solar Corp. Realizing that mosquitoes are attracted to human warmth and sweat, their solution relies on these very qualities. They use a non-toxic phase change material (PCM), in this case incorporating phase change wax. A PCM is a substance capable of storing and releasing large amounts of energy as it changes from solid to liquid form and vice versa. Phase change wax, which can closely simulate human body temperatures, is used to store solar heat during the day. The heat released when the PCM is brought indoors combines with human sweat absorbed by a band worn throughout the day. These are placed in a cone-shaped device that then attracts and traps the mosquitoes. The company is now building a prototype of this ingenious invention.

## Specializing also a plus

Some open innovation forums are geared to a specific research field. For example, the Pool for Open Innovation against Neglected Tropical Diseases, run by the non-profit BIO Ventures for Global Health, facilitates access to IP and tech-



nologies for researchers working on these diseases. Willing pharmaceutical companies or universities contribute relevant patents or related knowledge to a pool where they are made accessible to other qualified researchers around the world. The ultimate goal is to help accelerate the pace of further drug development and increase the probability of finding effective remedies to these life-threatening illnesses more quickly. In May 2010, the Technology Innovation Agency (TIA) of South Africa became the first government agency to join the pool. Its aim is to stimulate the country's capacity to develop effective therapies for diseases such as tuberculosis and malaria.

### From the individual to the collective

Open innovation can have a significant impact on a company's policies and strategies, its employees and organizational culture – in short, its core business model. By consciously working towards company attitudes that accept the give and take of open innovation, employee creativity can be unleashed to corporate advantage.

The open approach is already helping to jumpstart stalled company growth in large and small businesses alike, and is paving the way for the fruits of university research to move from laboratory to market. Open innovation also brings into

play ideas from independent inventors and problem-solvers from around the world. It represents a move from the individual to the collective – a win-win solution of potentially global proportions.

### WIPO's Approach to Promoting Innovation

WIPO works with its Member States to support the development of the structures, policies and expertise necessary to nurture local innovation capacity. Innovation is promoted through a variety of arrangements. These may encompass more traditional models, such as licensing, subcontracting, R&D contracts and joint ventures. Other options include newer Internet-enabled trends that foster customer-driven innovation such as "crowd-sourcing", and "ideas competitions" that support the voluntary and collective creation of complex solutions. IP has a key role to play in each of these models. WIPO's capacity-building initiatives in innovation promotion focus on supporting the development of collaborative networks for innovation. The aim is to identify and connect multiple actors with complementary resources in the search for creative and meaningful solutions that are mutually beneficial. Such collaborative networks involve a wide range of actors, including international intergovernmental organizations, non-governmental organizations, the private sector and individuals forming the network.

### The Oil Spill Challenge

Along with other global efforts in this connection, InnoCentive has recently posted a new "Emergency Situation Challenge" calling on solvers across the globe "to identify and describe a solution that can help prevent further damage caused by the explosion and ongoing oil spill in the Gulf of Mexico". This unique challenge is a spontaneous response to an unprecedented emergency.

InnoCentive notes: "We are doing it because we believe our solver base can and will help and we will do everything we can to get solutions into the hands of the appropriate responders. This is an experiment and we believe our Solvers will answer this call for help." The Challenge clearly explains that solvers will retain ownership of any idea submitted but calls on them to "give InnoCentive and any emergency respondents a free, perpetual, and non-exclusive license to use any information submitted for this Challenge specifically to be used for this oil spill crisis."

If you have a solution, visit their website: [www.innocentive.com](http://www.innocentive.com)



# U.S. BOSE DECISION – EFFECTS ON MADRID SYSTEM USERS

In this article [Linda K. McLeod](#) and [Jonathan M. Gelchinsky](#), Partners, and [Katherine L. Staba](#), Attorney at Law, at Finnegan, Henderson, Farabow, Garrett & Dunner, LLP, explore the possible implications, for users of the Madrid system for the international registration of marks, of recent legal decisions in the U.S. that have redefined standards in determining whether a trademark applicant has committed fraud before the U.S. Patent and Trademark Office (USPTO). Before joining Finnegan in 2002, Ms. McLeod gained significant trademark expertise as an Administrative Trademark Judge at the Trademark Trial and Appeal Board and at the USPTO.

## **Fraud and lack of *bona fide* intent to use: Potential USPTO challenges to extensions of protection into the U.S. under the Madrid Protocol**

The USPTO's Trademark Trial and Appeal Board (TTAB) has recently issued a series of decisions addressing claims of fraud and lack of *bona fide* intent to use a mark in U.S. commerce. Although none of the cases specifically involves Madrid Protocol filings, such claims are nonetheless potential grounds for opposition against applications for extension of protection into the U.S. under the Protocol, and cancellation of any resulting registration.

## **Fraud before the USPTO post-Bose: "Reckless disregard for the truth" and duty to investigate when filing a declaration of use**

The ruling of the U.S. Court of Appeals for the Federal Circuit (Federal Circuit) in *In re Bose Corp.*, 91 U.S.P.Q.2d 1938 (Fed. Cir. 2009) dramatically changed the landscape of fraud claims before the USPTO. Prior to *Bose*, fraud was often found on grounds of misstatements concerning use of a mark in U.S. commerce that were arguably due to negligence or a justifiable mistake. In *Bose*, however, the Federal Circuit held that mere negligence is not sufficient to infer intent to deceive and fraud, and gross negligence may not itself justify an inference of intent to deceive. Instead, the court held that, under the Lanham Act, a trademark is considered to have been obtained fraudulently only if there is clear and convincing evidence that an applicant or registrant knowingly made a false, material representation with the intent to deceive the USPTO.

Following *Bose*, the TTAB now requires a pleading of **specific facts** supporting allegations of knowl-

edge, intent to deceive and fraud, and clear and convincing evidence to prove such claims.<sup>1</sup> Although an allegation of fraud before the USPTO has become more difficult to plead and prove, a claim of fraud may nevertheless be upheld where there is a "reckless disregard for the truth."<sup>2</sup> No cases have so far defined what would constitute "reckless disregard for the truth" in relation to fraud claims. Some commentators have suggested, however, that failure to read a filing or investigate the accuracy of declarations claiming use of a mark in U.S. commerce may constitute a "reckless disregard for the truth" and fraud before the USPTO.<sup>3</sup>

For non-U.S. applicants requesting an extension of protection into the U.S. through the Madrid Protocol, potential fraud issues are most likely to arise, if at all, in connection with declarations of continued use of the mark that are filed after issuance of the U.S. registration. Under Section 71 of the Trademark Act, 15 U.S.C. § 1141k, the owner of a registered extension of protection to the U.S. must file declarations of continued use of the mark in U.S. commerce by the sixth and tenth anniversaries of registration (and every 10 years thereafter). If registrants do not read such declarations carefully before signing them or do not take them seriously, or if they fail to take steps to investigate and confirm use of the mark for each of the goods and/or services listed, the registrations may be vulnerable to cancellation on grounds of fraud before the USPTO.

## **Objective documentary evidence establishing *bona fide* intent to use a mark in U.S. commerce**

Applicants requesting extension of protection to the U.S. for international registrations under the Madrid Protocol must declare their *bona fide* in-

1 See *Asian & Western Classics B.V. v. Selkow*, 92 U.S.P.Q.2d 1478 (T.T.A.B. 2009); *Enbridge Inc. v. Excelebrate Energy LP*, 92 U.S.P.Q.2d 1537 (T.T.A.B. 2009).

2 See *DaimlerChrysler Corp. v. Am. Motors Corp.*, Canc. No. 92045099 (T.T.A.B. Jan. 14, 2010).

3 See Brief of Amicus Curiae American Intellectual Property Law Assoc. in Support of *Bose Corp. and Reversal* at 12-14, *Bose*, 91 U.S.P.Q.2d 1938 ("AIPLA Br."); see also 37 C.F.R. § 11.18(2)(iii) (imposing a duty to make a reasonable inquiry to confirm accuracy of factual statements made to the USPTO).



## Bose Case - Background

When Bose renewed its Wave trademark at the USPTO in 2001, it listed tape recorders and players among the goods covered by the mark, although the company had discontinued sale of the machines in 1997. Hexawave challenged the renewal arguing that, as including tape recorders and players in the list was not completely accurate, Bose could be found to have committed fraud when renewing the trademark which could, therefore, be cancelled. Bose countered that it still serviced the devices and so was still in the business. The USPTO's Trademark Trial and Appeal Board did not agree.

Bose challenged that decision in the Court of Appeals for the Federal Circuit (CAFC). In a ruling on August 31, 2009, that favored Bose, the CAFC stated that "mere negligence is not sufficient to infer fraud." The Court held that "a trademark is obtained fraudulently under the Lanham Act only if the applicant or registrant knowingly makes a false, material representation with the intent to deceive the PTO."

tention to use the mark in U.S. commerce on *all* the goods and services listed at the time of filing.<sup>4</sup> Viewed merely as a formality by some, making these declarations without careful consideration can have serious consequences. An applicant's statement of *bona fide* intent to use its mark in U.S. commerce, if challenged, can lead to a finding that the application or any resulting registration is void in whole or in part as to the goods and services that the applicant is not able to prove it had a *bona fide* intent to use. The issue is of particular importance to non-U.S. applicants who frequently seek registration under the Madrid Protocol based on an international registration covering a long list of seemingly unrelated goods and services.

The TTAB has determined that a solely subjective and unsubstantiated intent to use the mark on the identified goods or services will not support a claim of *bona fide* intent to use the mark in U.S. commerce. If challenged, therefore, an applicant may be required to produce **objective documentary evidence** demonstrating that it had a *bona fide* intent to use the mark in U.S. commerce on **all** of the goods and services applied for **at the time of filing** and continuing to the date of actual use of the mark in U.S. commerce.<sup>5</sup> The TTAB has held that simply filing and prosecuting an application does not itself constitute evidence of intent to use the mark.<sup>6</sup> Thus, sufficient documentary evidence may include such items as business plans, product design or manufacturing efforts, correspondence with prospective licensees, records of ongoing business discussions, or promotional activities related to using the proposed mark in the U.S. Without such documentary evidence or oth-

er evidence establishing the requisite *bona fide* intent to use the mark in U.S. commerce, the application or any resulting registration may be deemed void, or at least void with regard to the goods and services that the applicant is not able to prove it had a *bona fide* intent to use.

Therefore, at the time of filing a request for extension of protection into the U.S., it is important that Madrid Protocol filers consider whether they can substantiate their claims of *bona fide* intent to use the mark in U.S. commerce, especially where the international registration covers a lengthy list of goods and services. Applicants have the option, under the Madrid Protocol, to limit the list of goods and services for which registration is sought in the U.S.<sup>7</sup> Given the consequences of failing to establish, if challenged, *bona fide* intent to use a mark on all the goods and services listed, non-U.S. applicants should consider paring down their lists to include only those for which they can show documentary evidence – or provide a convincing explanation for not having such evidence – of *bona fide* intent to use the mark.

### Challenges to "basic" applications and registrations in the U.S. and the effect on international registrations

The above discussion on fraud and challenges based on a lack of *bona fide* intent to use is also relevant for U.S. trademark owners who file outside the U.S. using the Madrid Protocol.<sup>8</sup> Specifically, if the "basic" U.S. application or registration is challenged for fraud or for lack of a *bona fide* intent to use, and is refused or cancelled in whole or in part within five years after the international registration

<sup>4</sup> See WIPO Form MM18(E).

<sup>5</sup> See, for example, *Honda Motor Co. v. Winkelmann*, 90 U.S.P.Q.2d 1660 (T.T.A.B. 2009).

<sup>6</sup> See *Research in Motion Ltd. v. NBOR Corp.*, 92 U.S.P.Q.2d 1926, 1931 (T.T.A.B. 2009).

<sup>7</sup> See WIPO Forms MM1(E) and MM2(E), Item 10(b) and WIPO Form MM4(E), Item 5(b).

<sup>8</sup> Pursuant to Section 61 of the Trademark Act, 15 U.S.C. § 1114a

date, that international registration and all designations there from are similarly restricted or cancelled.

## Conclusion

While it is more difficult in the post-*Bose* era to plead and prove fraud before the USPTO, that does not necessarily mean that a misstatement before the USPTO can never amount to fraud. Whether a “reckless disregard for the truth” can constitute fraud is still an open question. Thus, to avoid a possible fraud challenge, an applicant or registrant who files an application under the Madrid Protocol should carefully read all papers and investigate the truth and accuracy of statements made in an application or declaration before signing and filing papers with the USPTO.

Further, in an increasing number of cases, the TTAB has found that applicants lacked *bona fide* intent to use a mark in U.S. commerce, thereby rendering their applications void in whole or in part. To steer clear of such claims, trademark applicants should preserve documentary evidence that substantiates their *bona fide* intent to use the mark in U.S. commerce. Moreover, applicants requesting extension of protection into the U.S. through the Madrid Protocol should consider limiting the identification of goods and services by completing Item 10(b) in the international application or Item 5(b) in a subsequent designation, listing only those goods and services for which they can establish a *bona fide* intent to use, or show actual use of, the mark in U.S. commerce.



## Madrid system

The Madrid system for the international registration of marks (the Madrid system), established in 1891, functions under the Madrid Agreement (1891) and the Madrid Protocol (1989).

The Madrid system offers trademark owners the possibility to have their trademarks protected in several countries by simply filing one application directly with their own national or regional trademark office. An international mark so registered is equivalent to an application or a registration of the same mark effected directly in each of the countries designated by the applicant. If the trademark office of a designated country does not refuse protection within a specified period, the protection of the mark is the same as if it had been registered by that office. The Madrid system also simplifies greatly the subsequent management of the mark, since it is possible to record subsequent changes or to renew the registration through a single procedural step. Further countries may be designated.

The U.S. acceded to the Madrid Protocol in 2003, and the European Community acceded in 2004. The Madrid system will become operational in Israel – the most recent State to accede to the Madrid Protocol – on September 1. The accession of Israel means that trademark owners can now protect a mark in up to 85 countries by filing one application, in one language (English, French or Spanish), with one set of fees, in one currency (Swiss francs).

# THE TRADEMARKED CITY WITHIN A CITY

"Genericide" (see "What you don't know about trademarks" in *WIPO Magazine* 6/2009) is not the only danger lurking for trademarks; they can also lose their distinctiveness by becoming geographical identifiers. This article by Prof. Tana Pistorius, Intellectual Property Law, Department of Mercantile Law, University of South Africa, discusses a landmark trademark case in South Africa. Prof. Pistorius is a senior adjudicator of the South African Institute of Intellectual Property Law's alternate dispute resolution panel for the .za country code top-level domain. She teaches modules of the UNISA-WIPO Intellectual Property Specialization Program and is also a WIPO Academy tutor.

Century City is a well-known South African landmark and the pride of Cape Town. Its developers created an infrastructure that provides a wide variety of services and industries to Century City's inhabitants. This 250 hectare up-market, mixed-use development includes a business park, upper echelon housing, a theme park, four hotels and a shopping center. The commercial and residential development falls within the municipality of the City of Cape Town. It is a "city within a city."



Mindful of the importance of IP rights, the developer registered a number of trademarks for "Century City," as well as device marks containing interlocking Cs and the words "Century City" and "Your place. Your space" for services falling within classes 35, 36, 41 and 42 of the Nice trademark classification. The trademarks were assigned to the Century City Property Owners' Association, a not-for-profit company.

In 2006, Century City Apartments Property Services, an accommodation agent, registered the domain name *www.centurycityapartments.co.za*, and a year later Century City Apartments Property Services CC was incorporated. The accommodation agent owns various properties in Century City and leases these, and other Century City properties, for short stays to holiday makers under the "Century City Apartments" brand name.

## Round one: the Cape High Court

The Century City Property Owners' Association filed a trademark infringement action against the accommodation agent for using "Century City" in its corporate name, brand name and domain name as such use infringed the Association's name

and device marks.<sup>1</sup> The agent brought a counter-claim seeking cancellation of the Association's trademarks on the grounds that the marks had lost their distinctiveness since Century City was a place name that had come to designate the geographical origin of a broad range of services.

The Cape High Court held that the accommodation agent had infringed the Association's trademarks and device marks, and it rejected the counter-application. The court ruled that the Association's marks were valid and enforceable and, because the significance of the Century City name flowed directly from the development of a piece of land, the name was inextricably linked to that development. The court reasoned that the trademark rights were based on the nature of the development rather than "a dictionary meaning" or geographical location; and, since the name did not have an "exclusively geographical meaning," it was not subject to the provision prohibiting the registration of a geographical location.

The accommodation agent subsequently appealed the Cape High Court's ruling.

## Round Two: Supreme Court of Appeal

In November 2009 Judge Harms, Deputy President (DP) of the South African Supreme Court of Appeal (SCA) handed down the judgment in *Century City Apartments Property Services CC v. Century City Property Owners' Association*.<sup>2</sup>

The SCA remarked that according to basic trademark law one may use a trademark otherwise than as a badge of origin and that the appellant's use of the name "Century City" in a descriptive manner could not amount to infringement. The appellant relied on section 34(2)(b) of the Trade Marks Act 194 of 1993 which provides, in essence,

<sup>1</sup> Century City Property Owners' Association v. Century City Apartments Property Service CC & others: In re Century City Apartments Property Service CC v. Century City Property Owners' Association & another [2008] JOL 22813 C; [2008] ZAWCHC 63.

<sup>2</sup> [2010] JOL 24646 (SCA).

that a registered trademark is not infringed if the mark is used as a *bona fide* description or indication of the geographical origin of goods or services. The SCA held that the appellant had used the mark in a descriptive manner in its advertising material but that its use of the mark as a brand, corporate or domain name was trademark use, and it rejected any “faint argument to the contrary.”

lar. The SCA noted that the value or distinctiveness of a device mark lay in its visual impact. Where a device mark is combined with words or names, the mark’s oral value may be of greater importance. The court also conceded that the aural and/or conceptually dominant component of such a mark may neutralize any visual differences deriving from graphic particularities.

Photos: CCPOA



Second, the SCA ruled that the appellant had used the mark in the course of trade and, as an accommodation agent, its activities fell within class 42. They also fell within class 36 – which covers estate agencies, real estate management and leasing of real estate – and class 35 in relation to management services. There was no evidence that the appellant used the mark in connection with services covered by class 41 (education; provision of training; entertainment; sporting or cultural activities).

Were the trademarks “Century City” and “Century City Apartments” identical? The SCA held that the marks were confusingly similar rather than identical.<sup>3</sup> In that the appellant’s reasonable, notional use of “Century City Apartments” and *centurycityapartments.co.za* was likely to give rise to confusion, the SCA found that it infringed the respondent’s trademarks.<sup>4</sup>

## Aural features of the device marks

Was the court *a quo* correct in its decision? The respondent argued that as the words “Century City” appear on the device mark, the use of “Century City” by another entity infringed the device mark because the marks were, orally, confusingly simi-

lar. However, in this case the appellant had mainly used the marks in printed and online advertisements. There was no evidence of oral use of the device marks by the respondent, thus the SCA concluded that the likelihood of oral confusion was negligible and could therefore be discounted. The respondent thus failed to establish infringement of the device marks.

## Geographical locations: Bloemfontein but not London for gin

In a counter-application, the appellant sought to have the “Century City” marks expunged. Section 10(2)(b) of the Trade Marks Act provides that a registered trademark can be removed from the register if it consists exclusively of a sign or an indication that may serve, in trade, to designate the geographical origin of the services. The argument used was that Century City is a geographical location that designates the geographical origin of services.

Under what circumstances could a mark be said to consist exclusively of a sign or an indication serving, in trade, to denote the geographical origin of services?<sup>5</sup> Judge Harms cautioned against indiscriminate reliance on previous English or Australian trademark cases as they offered little,

<sup>3</sup> *Ibid* at par 12. The court followed guidelines the “same in all respects” as those set out in the case of *Compass Publishing BV v Compass Logistics Ltd* 2004] EWHC 520 (Ch).

<sup>4</sup> *Ibid* at par 14. The SCA held that the appellant’s business name, “Century City Apartments Property Services CC,” was materially different from the trademark “Century City,” and found there was no trademark infringement. Adjectival use may be considered distinct from usage as a noun. The same considerations apply in the present case to avoid the reasonable possibility of confusion or deception (*ibid* at par 15).





if any, bearing on the current South African position on trademark protection of geographical indications, saying “Intellectual property laws and principles should not be locked in a time capsule or a straightjacket, and judicial expositions should be read in context.”

Judge Harms explained that section 10(2)(b) of the South African Trade Marks Act prohibits the registration of geographical names as trademarks solely where they designate geographical locations that are already famous, or known for the category of goods or services concerned, and that are therefore associated with those goods in the minds of consumers or the users of services. Public policy dictates that they remain available as indications of the geographical origin of particular categories of goods or services.

Section 10(2)(b) must be read in context: it protects the use of marks designating the kind, quality or quantity of goods and services as well as names that designate the geographical origin of goods and services. It is not concerned with *distinctiveness* or the loss thereof, which is addressed in section 10(2)(a) of the Act.<sup>5</sup> In the court’s view, the prohibition serves the public interest in that geographical names can be associated with the quality or other characteristics of goods or services, thereby influencing consumer choice.<sup>7</sup>

The court noted that two criteria must be met before the “geographical origin prohibition” kicks in. First, the marks must consist “exclusively” or “solely” of a geographical name. This does not refer to an “exclusively geographical meaning,” but signifies that the mark must consist of a geographical name and nothing more – such as “London” for gin. A device mark that includes a geographical name would not come under this category as it consists of more than a mere geographical name. The SCA observed that the word “exclusively” in section 10(2)(b) ensures a geographical name that is part of a “complex” trademark does not fall within its purview (for example “George’s London Gin”).

Second, there must be an association in the public mind of the geographical location with the nature of the goods or services. The court referred to *Peek & Cloppenburg*<sup>8</sup> where it was held that:

“In making that assessment the trade mark Office is bound to establish that the geograph-

ical name is known to the relevant class of persons as the designation of a place. What is more, the name in question must suggest a current association, in the mind of the relevant class of persons, with the category of goods or services in question, or else it must be reasonable to assume that such a name may, in the view of those persons, designate the geographical origin of that category of goods or services.”

While there is such an association between “London” and “gin,” the public does not tend to identify Bloemfontein with gin. Bloemfontein could thus be registrable as a trademark for gin. The court mentioned the fact that Windhoek is both a well-known trademark for beer and the capital of Namibia as a case in point.

### When does the name of a development become a place name?

The respondent argued that Century City is a real estate development, rather than a location. If Century City is considered a place name, the “Century City” trademarks could be expunged from the register, in particular if there is an association in the public mind of the geographical location with the nature of the goods or services for which the marks are registered. Device marks can immediately be discounted from consideration on that count because, as explained earlier, they do not consist “exclusively” of what the appellant contends is a geographical location. The same could not be said of word marks.

The court observed that the respondent described Century City as “a city” or “a city within a city,” as “a commercial hub,” complementary to Cape Town’s central business district, and as “a place”. There is a Century City post office, and public road signs lead to Century City. The public has come to refer to it as a place or location. The court concluded that Century City is a geographical area with a multitude of individual owners.

Had Century City become a place name within the meaning of section 10(2)(b), that is a designation of the geographical origin of the services for which the trademarks were registered? The court considered the services covered by each registration and remarked that there were perhaps hundreds of commercial enterprises offering class-42

5 As noted by Judge Harms in *First National Bank of SA Ltd v Barclays Bank plc* 2003 (4) SA 337 (SCA), [2003] 2 All SA 1 (SCA) at par [10]; referred to in the current case at par 26.

6 *Ibid* at par 31; Contra CE Webster & GE Morley Webster and Page South African Law of Trade Marks, Unlawful Competition, Company Names and Trading Styles (4<sup>th</sup> ed. LexisNexis: Durban) paras 3-44.

7 The court referred to *Peek & Cloppenburg KG’s Application* [2006] ETMR 33 at par [34].

8 *Peek & Cloppenburg KG’s Application* supra at par 38.

9 *Ibid* at par 49; Contra Webster & Morley op cit at par 13.13.



Photos: CCPOA



type services, such as retail merchandising and the provision of food and drink.

The court held that Century City had become the name of a geographical location and had come to designate, in trade, the geographical origin of most of the services for which the trademarks were registered. Accordingly, the “Century City” name marks registered in class 35 (for management services) and classes 36, 41 and 42 were all covered by the prohibition contained in section 10(2)(b) and could therefore be removed from the Register.

### Is it necessary to prove blameworthy conduct?

The SCA held that the trademark “Century City” had become a place name as a natural consequence of the kind of development it was. The SCA rejected the respondent’s argument that a trademark can lose its distinctiveness only through the “blameworthy” conduct of the trademark owner. The criterion of blameworthy conduct has become a statutory requirement under section 46(1)(d) of the 1994 U.K. Act, but there is no equivalent provision in the current South African Trade Marks Act.<sup>9</sup> The court cannot rewrite section 10(1)(b) to require blameworthy conduct by the trademark owner.

The SCA stated that the fact that wrongful acts committed by third parties cannot destroy one’s rights also applies to trademark rights. This means that a party cannot, by infringement or subsequent trademark applications, destroy another’s existing mark or reputation.

Accordingly, the appeal was upheld, with costs, in favor of the appellant. The respondent’s trademark registrations for the word mark “Century City” in classes 36, 41 and 42 were revoked, and its trademark registration for the mark “Century City” in class 35 amended to exclude management services.

### Conclusion

The *Century City* saga clarified a few trademark law misperceptions. A mark is “exclusively” a geographical location when it consists of the geographical name and nothing more. Second, the prohibition against registering a geographical location as a trademark is not concerned with distinctiveness or the loss thereof. Third, the prohibition goes further than trademark use to also include designations of the geographical origin of goods or services. And, lastly, the trademark proprietor’s “blameworthiness” is irrelevant in expungement proceedings.

# WIPO'S FIRST OPEN DAY

WIPO linked up with its United Nations (UN) partners in celebrating World Environment Day on June 5, opening its doors to the public to host the Organization's first Open Day. The event, which was a resounding success, was an opportunity for WIPO to showcase its activities and to explain to visiting members of the public, young and old, what intellectual property (IP) is all about and how it contributes to our daily lives.



**Ms. Sandrine Salerno, Mayor of the City of Geneva, Ms. Micheline Calmy-Rey, Swiss Federal Councillor and Head of the Federal Department of Foreign Affairs, Mr. Sergei Ordzhonikidze, UNOG Director General and Mr. Francis Gurry, WIPO Director General**

The Open Day took place in the context of a week-end of activities organized jointly with UN partners, in cooperation with the Swiss Confederation, the Geneva Cantonal authorities and a number of local non-governmental organizations, including the *Fondation de Genève, Agir* and *Mandat international*.

## "Many species, one planet, one future"

The event was inaugurated at an official ceremony attended by high-level officials at the gates of the UN in Geneva. Speakers underlined the importance of working together to protect the environment for future generations and echoed the theme of World Environment Day 2010, "Many species, one planet, one future." Many of the wide-ranging activities organized in the UN grounds in Geneva, on the *Place des Nations* and at WIPO focused on biodiversity and environmental sustainability, to mark the International Year of Biodiversity 2010.

## Something for everyone

On one of the sunniest days of the year, an estimated 3,500 visitors crossed WIPO's threshold eager to find out more about the Organization and its activities, to explore the lobby and conference

rooms and to enjoy a stunning panoramic view of Geneva, its lake and the Alps from the top floor. They also had a chance to get a birds' eye view of WIPO's new eco-oriented office building, due for completion later this year, and to view a scaled model of WIPO's new conference center on which work will begin early next year.

## Eco-inventions

A full program of activities was on offer for all ages. Inventors of "green" technologies were on site to demonstrate their technologies and to explain why IP is important for them. Mr. Marc Parent, who has developed a pioneering means of producing drinking water from condensation, underlined the importance of patent protection as a means of reassuring and attracting investors to finance and support the commercialization process.

More adventurous members of the public – and some staff – tried out the Segway®, an alternative, eco-friendly mode of transport, on a dedicated circuit. In spite of a few near misses, there were no bumps or bruises! "What a thrill, it's a brilliant and fun way to get around!" exclaimed one happy traveler.

The Segway® is a self-balancing electric transportation device controlled by the natural movements of the rider. The brain-child of U.S. inventor and entrepreneur, Dean Kamen, it features a sophisticated combination of gyroscopes, computers and propulsion and energy management systems that respond to subtle shifts in balance.

The name "Segway" is a homophone of "segue" (a smooth transition, literally "follows" in Italian and Portuguese). The Segway® balances using sensors that detect changes in terrain and body position and the latest model does this up to 100 times per second. It can travel a distance of 24 miles/38 kms on a single charge. A 15-minute charge is good to travel one mile/1.6km and in most countries a full day's charge (between 8 and 10 hours) will cost less than the price of a newspaper. Mr. Kamen filed an international patent application for the Segway® in 2000 (WO/2000/075001) using WIPO's Patent Cooperation Treaty.



## WIPO and its role

Visitors had an opportunity to visit a range of information stands covering all aspects of the Organization's work. They were able to learn about the basic elements of IP – patents, trademarks, designs, geographical indications and copyright – and to acquaint themselves with WIPO's role, mission and extensive activities. An enthusiastic and energetic group of staff volunteers was on hand to answer questions and explain the practical side of WIPO's work.

## Spot the difference

Families had fun at the UPOV<sup>1</sup> stand where they were able to learn about plant breeding and why new varieties are needed, and to see with their own eyes the differences that exist between new plant varieties. Plant breeders brought their work to life with games challenging adults and children to identify the characteristics of different varieties of roses, apples and wheat. This went a long way in communicating why plant variety protection is necessary to encourage the development of new varieties.

## Debating the issues

In keeping with World Environment Day, WIPO hosted an insightful public debate on intellectual property and the environment, of which we highlight the main points in the following article. In a separate event, Mr. Gurry fielded questions on issues ranging from the future of copyright in the digital era and the implications for the music and film industries to IP and health, the life sciences and IP's role as a driver of innovation and economic development.

## Celebrating quality origins

The Swiss Federal Office of Agriculture teamed up with the Swiss AOC/GIP Association to showcase a range of quality Swiss produce.

These included the Ajoie sausage (*Saucisse d'Ajoie*), "a real pearl of Jura cuisine." This finely flavored pork sausage with a hint of cumin is produced from locally sourced products by 10 spe-

cialist butchers exclusively in the Porrentruy district of the Swiss Jura. It acquired its status as a geographical indication (GI) in 2002.

GI and AOC<sup>2</sup> certification play a key role in adding value to locally produced specialist products, as well as helping to maintain small-scale operations and preserve the traditional knowledge, know-how and expertise that have developed in rural communities over hundreds of years. It is a guarantee of quality for consumers and helps to strengthen the identity and distinctiveness of local communities.

The Association regroups all those who have obtained AOC or GI status and supports certified producers with advice on marketing and promotional campaigns. It is also engaged in international debates to promote agricultural sustainability.

Local Geneva wines and juices, produced under the label *Genève Région, Terre Avenir* were a popular choice for many thirsty visitors. This, an initiative of the *Office de Promotion des Produits Agricoles de Genève* (OPAGE), aims to re-align agriculture with its traditional role, namely producing basic products for local inhabitants.

The initiative is underpinned by the "principle that each state is entitled to choose its food supply freely and in accordance with collective regional or national interests." A multitude of items are sold under this label which features in many local food stores. It represents a guarantee that products are grown sustainably within Geneva and the surrounding area and offers a range of guided tours and tastings to raise awareness about the multifunctional role of farming, including its role in conserving natural resources and maintaining the rural landscape.

## STOP piracy

Switzerland's Stop Piracy Campaign highlighted the threats posed by counterfeiting and piracy. This Campaign brings together Swiss businesses and governmental agencies in a public-private partnership to fight counterfeiting and piracy. This illegal trade costs the Swiss economy alone an estimated 2 billion Swiss francs annually, in-

1 International Union for the Protection of New Varieties of Plants

2 Appellation d'origine contrôlée (AOC)





hibiting innovation, destroying jobs and endangering consumer safety and health.

## Movie time

For those wishing to escape from the glare of the sun, there were a series of videos featuring artists and musicians who explained the destructive impact of copyright piracy on their livelihoods. Yann Arthus Bertrand's high impact and thought-provoking film "Home" was also screened. The unique aerial footage from the over 50 countries featured in the film movingly depicts Mr. Bertrand's wonder at the natural world and his concern about the current pace and scale of environmental degradation. The film ends on a positive note, challenging viewers to work together to create a cleaner, greener future.

## WIPO's green team reaches out

WIPO's Carbon Neutrality Project joined other international organizations on the *Place des Nations* to explain the eco-friendly steps that are being taken by the Organization to reduce its carbon footprint. Children and adults were invited to contribute to two unique collective artworks by illustrating elements of their vision of an environmentally sustainable future.

## In tune with nature

The passing crowds were also treated to a full musical program in the Organization's gardens, featuring the rhythmic beat of South African group "Black Earth," the evocative and colorful performances by Ecuadorean folk dancers, *Nuestro Manantial* (Our Spring) and the talented band of musicians, *Siembra* (Sowing).



Photo: WIPO/Jewell

The first WIPO Open Day was an occasion for the Organization to open its doors to the local community and to explain the relevance of its work in the world today. It was an opportunity for the many locals who have often admired WIPO's iconic building from afar to satisfy their curiosity by entering its doors and meeting those who work there. This colorful event really did offer something for everyone.

## WIPO Welcomes Local Businesses for Roundtable Discussion

Ahead of the weekend's packed program of events, on June 4, WIPO teamed up with Geneva's Economic Development Service to host a roundtable discussion on how small and medium-sized enterprises (SMEs) and start-up companies can use IP to protect their innovations and sharpen their competitive edge. The event, which brought together more than 120 participants, many of whom were local entrepreneurs operating in the Geneva area, sought to highlight best IP management practices for SMEs and start-ups. A line-up of prestigious speakers shared their experiences and insights with the participants.

The session was opened by Geneva Councillor for Regional, Economic and Health Affairs Pierre-François Unger who noted that innovation and innovative products with high added value are the main drivers of growth. He said that in the current climate, companies that focus on innovation greatly improve their chances of success and will be the first to benefit from economic recovery. In his opening remarks, WIPO Deputy Director General Christian Wichard observed that in an innovation-based and service-oriented economy IP plays a key role in economic decision-making. He noted that in Switzerland, as in most countries, SMEs are the backbone of the economy and that it is crucial that they fully and optimally exploit their innovative and creative capacities.

WIPO and the Swiss Federal Intellectual Property Institute in Berne outlined the range of support services and resources available to SMEs and start-ups, including practical training courses, information materials and online databases, to support more effective use of IP by this dynamic business sector. Finally, participants heard from two local inventors and entrepreneurs who are well versed in using the IP system, namely Mr. Eric Favre, CEO of Monodor and inventor of the original "Nespresso" coffee capsule, and Mr. Giovanni Leo, co-founder and Chief Technology Officer responsible for IP management in the medical device start-up, Endosense. Both speakers underlined the importance of thinking about protecting IP in the early stages of business planning to optimize investment opportunities further down the line.

# THE GREEN DEBATE: IP PERSPECTIVES

WIPO's Open Day featured a lively and insightful public debate on intellectual property (IP) and the environment. Moderated by WIPO Director General Francis Gurry, accomplished panelists from academia, industry and the non-governmental sector examined the link between IP and green innovation and reflected on how the IP system can contribute to developing climate change solutions.

This article offers an overview of the different perspectives presented and the key issues raised. The lineup of speakers included Prof. Jacques de Werra, University of Geneva, Mr. Philippe Boydell, DuPont European Technical Center, Switzerland, Mr. Pedro Roffe, International Centre for Trade and Sustainable Development (ICTSD), and Ms. María Julia Oliva, Union for Ethical BioTrade.

Opening the discussion, Mr. Gurry drew attention to the enormous challenge confronting humanity – to move away from a carbon-dependent economy to one that is carbon-free. Technology, he noted, will play a key role in this transformation. From a public policy viewpoint, the key question is how to encourage this transition to a green economy? Mr. Gurry explained that one of the roles of IP is to encourage investment in research and development (R&D) by protecting or granting a right over new inventions. This gives a commercial advantage that allows inventors and their commercial partners to recoup their investment, allowing the innovation cycle to continue.

## What color is IP?

Is IP essentially green? In Professor de Werra's opinion, "no." IP is technologically neutral – it protects all types of creativity. It is not green in and of itself but with political will it can be made "green." He pointed to the practice of certain national IP offices, such as in the U.S., to fast-track patent applications for "green" technologies. He noted that many "green" technologies already exist in the public domain and are freely available for use. This suggests that the IP system, by granting an exclusive right to use and exploit a protected technology, is not an obstacle to the development and use of green technologies.

## Technology transfer

For Mr. Roffe, IP is an important but insufficient condition for technology transfer. Other macro-economic conditions are of equal importance. IP is important but in appropriate measure. Too little IP undermines innovation. Too much can kill its diffusion.

Mr. Roffe held that the twin challenges of climate change and energy security call for massive and rapid deployment of clean technologies, and policies that support the diffusion and rapid transfer of these technologies and that provide incentives for innovation and investment in new ones. One thing is clear, he added, the process of transferring technology is complex, it is "not simple, it is not an easy process and is neither automatic nor free."



Photo: WIPO/Jewell

## Innovating solar solutions

Philip Boydell from DuPont, famed for its development of Nylon, Lycra, Kevlar and Teflon, outlined his company's commitment to producing affordable solar-generated electricity. DuPont's European Technical Center in Geneva is focusing on improving its solar photovoltaic (PV) technology using Teflon for simpler, more flexible and cost-effective solar panels. Patent protection enables DuPont to invest in the next generation of technologies, to reduce costs and to obtain a return on its investment.

**Professor Jacques de Werra, University of Geneva, Mr. Philippe Boydell, DuPont Photovoltaic Solutions, Francis Gurry, WIPO, Pedro Roffe, ICSTD, María Julia Oliva, Union for Ethical BioTrade**

## Biotrade or biopiracy

The debate surrounding patents and biodiversity is complex and often controversial because, Ms. Oliva



noted, there is a fear that “a patent allows biopiracy.” She explained that while patents can be an economic incentive for biodiversity conservation and benefit sharing, there are concerns about who owns and who benefits from biological resources and traditional knowledge and the implications for the rights of countries and communities over these resources.

Ms. Oliva explained that while on-going international discussions were examining ways to ensure that patents are used in support of biodiversity – through prior consent and equitable benefit sharing – a move to establish rules requiring national IP authorities to ensure that patent applications conform to the Convention on Biological Diversity (CBD) would go a long way in addressing concerns. She noted that a lack of information about the origin of resources and broadly drafted patent claims were two additional areas of concern and pointed to the need for company directives on patent usage and a patenting ethics policy to be established in parallel with meaningful benefit sharing practices.



Photo: WIPO/Migle

## The debate

### **What plans are there to dispose of PV panels at the end of their life?**

Mr. Boydell said that the lifespan of a PV panel was as yet unknown. Those made 25 years ago are still working very well today. The industry’s “PV Cycle” initiative has put environmentally-sensitive PV waste disposal mechanisms in place.

### **While we need to favor development of new technologies, having a patent is not enough. Government**

### **incentives are also needed but these vary from country to country. How can these be standardized?**

“IP is not the complete solution,” Mr. Gurry agreed, but part of a complete social and political transformation that needs to happen. He said that this was an extremely complex task, citing the example of electric vehicles. “If you want to use electric vehicles there needs to be a certain infrastructure in place to recharge the vehicle and this infrastructure needs to be compatible across countries; otherwise, it isn’t possible to drive from one country to another. This compatibility is only going to come about with a process of standardization or, in other words, a process of international cooperation,” he noted.

### **In relation to technology transfer, why is more not being done?**

Mr. Roffe explained that there are no magic solutions to this complex problem. The UN and WIPO are important forums for dialogue to identify problems and possible solutions, but finding equitable solutions is not easy, nor is their practical implementation.

### **Can you explain the process of technology transfer?**

Technology transfer takes place at various levels, explained Mr. Boydell, between universities and industry and between countries. In the former case, universities link up with companies or start-ups financed by big players who bring technologies to the market by investing in machinery and marketing, and by guaranteeing the functionality of an end product. Prof. de Werra noted that universities are keen on technology transfer because it enriches research and is an important means of ensuring that the technology resulting from research is given appropriate value.

It is very complicated to set up the infrastructure and the ecosystems necessary for technological development in countries where these structures do not yet exist, Mr. Boydell noted. He pointed to financial mechanisms, such as micro-financing initiatives and funding agencies which go some way in allowing the development of these ecosystems but noted that it is a process that “with the best will in the world takes not only money but time and effort at many levels.”



**Can you imagine a scenario in which the paternity of an invention is attributed to more than one inventor to bring about a combination of downstream technologies and applications?**

Mr. Gurry noted that such arrangements, known as “open innovation,” were an emerging trend. Prof. de Werra explained that IP law allowed for this type of cooperation although managing such arrangements might be challenging. Mr. Roffe agreed that open systems of cooperation between the public and private sectors played an important role and expressed his confidence that the IP system was becoming more responsive to the challenges of the knowledge economy.

**How do companies contribute to environmental protection and how does environmental protection contribute to economic development?**

Mr. Boydell said that the survival of all industrial operations hinged on respect for the environment. He noted that, in addition to DuPont’s in-house environmental sustainability objectives, the company had, in 2005, directed its focus to broader environmental objectives by, for example, focusing on developing its low carbon PV technology as a replacement for more carbon-intensive technologies. He noted that environmentally responsible consumers also influence company behavior as they are more likely to buy products from a company that respects the environment.

Mr. Roffe expressed his conviction that economic development is linked to technological development and requires the mobilization of human and financial resources and innovation.

Biodiversity protection and economic development are interlinked according to Ms. Oliva. Biodiversity protection, she noted, is not philanthropy; it is in the economic interests of governments and companies. She cited the experience of Brazilian company, Natura, whose share value rose by some 400 percent as a result of its commitment to biodiversity protection.

## Rounding up the debate

The lively debate was a clear indication that IP is opening up and that it touches us all. While the system is facing challenges, there are processes, forums and mechanisms to help ensure that it



evolves in an informed way that responds to present day needs and concerns. Ms. Oliva held that IP has the potential to become a tool for sustainable development and challenged the audience to think about how this potential can be realized.

Mr. Boydell said that the environment is too important for companies to ignore – economic development and the environment are inseparable, he affirmed. Patent protection, he underlined, is an absolute necessity. It enables companies to obtain a return on their investment, to fund new technological development and by commercializing these technologies to make them more accessible.

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A challenge: Current silicon crystal solar panel technology loses 4.5 percent of its output per 10 degree rise in temperature. To date, no commercially viable technology has been developed to solve this problem.

Mr. Boydell challenged inventors to come up with a solution noting that anyone who did so and patented it would not only become very wealthy, but would also do a great public service!

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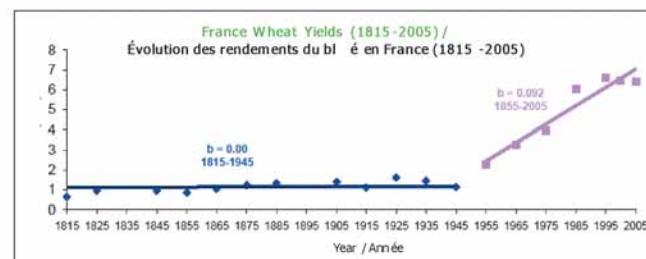
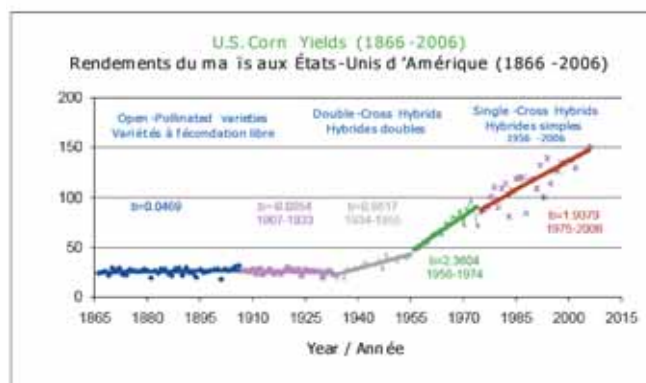
# BENEFITS OF PLANT VARIETY PROTECTION

Dr. Rolf Jördens, Vice Secretary-General, International Union for the Protection of New Varieties of Plants (UPOV), an intergovernmental organization that shares its headquarters with WIPO in Geneva, has prepared this article for WIPO Magazine. The article highlights the benefits of plant variety protection in meeting global challenges.

The agricultural sector is the backbone of the economy and employment in most developing countries. Its share of the gross domestic product (GDP) is often more than 50 percent and, in some countries, up to 80 percent of the active population earn their living in agriculture. But in most of these countries, agricultural productivity is extremely low, with yields often low and unstable from year to year. A large proportion of this agricultural activity is subsistence farming that generates no financial income and is, in many cases, insufficient to feed farmers' families. Under those circumstances, the agricultural sector is unable to contribute to a country's overall economic development and, even less, to respond to the challenges of feeding a growing population, relieving rural poverty and mitigating climate change.

One of the reasons for poor agricultural performance in many developing countries is a lack of progress in improving the performance of traditional plant varieties over the centuries. In contrast, the graphs (at right) illustrate progress achieved in wheat yield in France and maize yield in the U.S. over a period of two centuries. Clearly, the advent of modern plant breeding has enabled yields – which previously were stagnating or declining – to increase substantially. It is estimated that improved varieties have accounted for more than 50 percent of overall yield increases for important crops in Europe. The remaining growth is due to improved agricultural techniques, including fertilizers and better pest and disease control. But improvement in yield is not the only major objective in modern plant breeding. Others include resistance to environmental and biological stress, and quality.

Government measures and increased public and private investment in the seed sector are long-term requirements if agriculture is to meet the challenge of food security in the face of population growth and climate change – so concluded the September 2009 Second World Seed Conference<sup>1</sup>. Specifically, intellectual property (IP) protection was deemed to be crucial to any



sustainable contribution of plant breeding and seed supply. An effective plant variety protection (PVP) system was identified as a key enabler for investment in breeding and the development of new varieties of plants.

The conference considered that UPOV membership played an important role by instilling in breeders the confidence to introduce new varieties. UPOV seeks to provide and promote an effective system of PVP, in order to encourage the development of new varieties of plants for the benefit of society.

## Encouraging sustainable breeding programs

Plant breeding requires know-how and investment in terms of time and human and financial resources. It may take 15 years to create a new variety with improved features and an additional number of years for it to be introduced into the market and taken up by farmers.

In many cases, it is easy to reproduce (copy) a va-

<sup>1</sup> The Second World Seed Conference "Responding to the Challenges of a Changing World: The Role of New Varieties and High Quality Seed in Agriculture" was co-organized by the Food and Agriculture Organization (FAO), the Organisation for Economic Co-operation and Development (OECD), the International Union for the Protection of New Varieties of Plants (UPOV), the International Seed Federation (ISF) and the International Seed Testing Association (ISTA)

riety and, perhaps, thereby to compete with the breeder on the commercial seed market. That, however, would be detrimental to any breeding program, and farmers in developing countries suffer most from the lack of sustained breeding programs. Experience shows that public sector breeding alone is not enough, for various reasons, to substantially enhance agricultural productivity in developing countries. It is thus vital to encourage creativity and investment in private and public breeding through an effective PVP system, which provides breeders with a legal framework and administrative structure for controlling reproduction of their varieties and thereby recovering their investment.

Protection under the UPOV Convention means that, for a period of at least 20 years (25 years for trees and vines), certain acts with propagating material of a protected variety require the breeder's authorization, including the following:

- production or reproduction (multiplication);
- conditioning for the purpose of propagation;
- offering for sale;
- selling or marketing;
- exporting;
- importing; and
- stocking for any of the above purposes.

The UPOV Convention further stipulates a number of exceptions of particular relevance to developing countries. Compulsory exceptions that do not require the breeder's authorization include reproducing material for experimental purposes, for breeding other varieties and for private and non-commercial purposes. Optional exceptions concern farm-saved seed from the protected variety farmers use for propagating on their own holdings, within reasonable limits and subject to safeguarding the legitimate interests of the breeder.

It is important to stress that, according to the UPOV Convention, acts done privately and for non-commercial purposes are not subject to breeder's rights. That means subsistence farmers – the majority in many developing countries – who propagate a protected variety to produce a food crop for consumption solely by the farmer and the dependants living in his household, may be considered excluded from the scope of the breeder's right. That compulsory exception may thus be a turning point for subsistence farmers to escape the cycle of poverty, through improved (protected) varieties becoming available as a consequence of that country's accession to UPOV.

## Development and impact of the UPOV System

The UPOV Convention, adopted in 1961, entered into force in 1968. The Convention was amended in 1972, 1978 and 1991. UPOV has 68 members, 44 of which are bound by the 1991 Act of the Convention. The only internationally harmonized, effective *sui generis* system for plant variety protection, UPOV continues to expand. A further 17 states and one international organization have initiated procedures for becoming a member, and another 45 states have contacted UPOV regarding assistance in developing PVP legislation.

**Members of UPOV (shown in dark green) and initiating states and organizations (shown in brown): November 2009**



Key to an effective PVP system are incentives for breeders to develop new varieties, and ensuring that lack of suitable protection is not a barrier to those varieties' availability. To assess the overall global impact of an effective PVP system, one must consider the number of new varieties. The number of applications for protection and number of titles of protection granted provide a direct measure of the number of new varieties, this being an indication of the new varieties with potential importance within a particular territory. The fact that breeders do not generally pursue protection of varieties unlikely to be commercially successful, or where protection is not important, confirms that the number of applications and titles is a good indicator of the benefits of a PVP system.

The overall impact of the UPOV system can thus be seen in the number of titles of protection in force within the Union. Some 5,000 titles were in force in UPOV members – 5 at that time – in 1974. By 2007 that number had grown to over 75,000 – in 65 members.



## Plant genera and species

The UPOV Convention recognizes the importance of encouraging breeding in all plant genera and species and not attempting to pre-determine for which genera and species breeding would, or might, be beneficial. In 1975, protection was granted to varieties of approximately 500 plant genera or species – growing to around 900 by 1985 and over 1,300 by 1995. It is estimated that, by 2008, protection had been sought for varieties of more than 2,500 genera or species, also an indicator of increased contribution of plant breeding to biodiversity.

### Benefits of use<sup>2</sup>

The development of PVP in the Asia-Pacific region illustrates a particular pattern of PVP use by breeders over time. Observations of PVP in China, the Republic of Korea and Viet Nam – new UPOV members – show the system is first used by residents for domestic applications, followed by applications from non-residents that increase over time. The next step – which can be seen in long-time UPOV members such as Australia, Japan and New Zealand – is for breeders from those countries to apply for protection in other UPOV members (foreign applications).

ment matches private investment with public funds, the graph thus reflecting an equivalent, significant increase in private investment.

Findings also show that introducing the UPOV system contributes to improved plant varieties. The impact of protection on the improvement of varieties can be seen in the extent to which new protected varieties gain in market share, indicating their value to farmers. In some, mainly agricultural, crops involving a seed certification scheme, the importance of “new” protected varieties can be estimated by the proportion of certified seed produced from new varieties to the total certified seed for the crop (measured in area of certified seed production). In this regard, the UPOV Report on the Impact of Plant Variety Protection (Impact Study) ([www.upov.int/en/publications/impact.html](http://www.upov.int/en/publications/impact.html)) illustrates, for Argentina, the strong growth in new protected varieties which is a good indicator of market demand and, therefore, their worth to farmers.

A third finding shows that introducing the UPOV system leads to increased availability of new varieties, and that accession to the UPOV Convention means greater availability of foreign new varieties. For example, in 1991, when the Argentina PVP law incorporated provisions of the UPOV Convention, the number of titles of protection immediately tripled. With Argentina’s accession to the UPOV Convention in 1994, titles of protection granted to foreign breeders substantially increased as their varieties began to be introduced into the country. Argentinean farmers therefore gained access to, for example, varieties of wheat from abroad with superior baking qualities.

A similar, even higher, impact was observed in the Republic of Korea, which introduced a PVP system in 1997 and became a member of UPOV in January 2002. A high number of applications by domestic breeders immediately followed the introduction of PVP in 1997, after which some 350 foreign applications were received, in 2002, at the time the country joined UPOV.

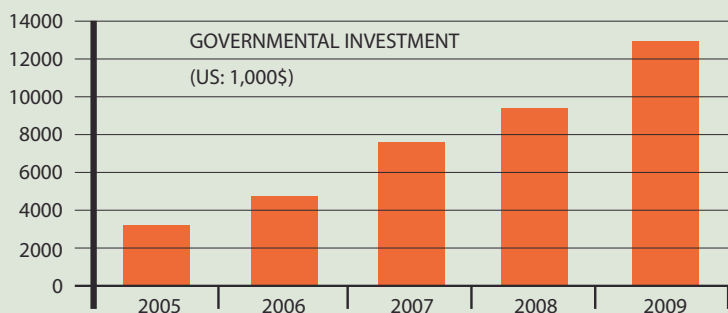
The obvious conclusion is that implementing and applying the UPOV system is not enough. Acceding to the UPOV Convention gives a clear signal to foreign breeders that a country will provide effective protection of their interests, since accession is contingent upon national (or regional) legislation being found to be in compliance – by the Council of UPOV – with the UPOV Convention.

<sup>2</sup> The information under this subheading summarizes findings from the “UPOV Report on the Impact of Plant Variety Protection” (Argentina, China, Kenya, Poland and the Republic of Korea), from the “International Symposium on the Impact of Plant Variety Protection” (Seoul, Republic of Korea, 2009) and from the proceedings of the Second World Seed Conference (Rome 2009)

## UPOV

Chang Hyun Kim, Second Seed Conference

### R&D Matching fund trend in Plant Breeding



Findings show that introducing the UPOV system contributes to more diverse types of breeders and encourages breeding activity. The public sector is often an important PVP user, and PVP also encourages investment in plant breeding. The graph above reflects, for example, the growth in government investment in plant breeding in the Republic of Korea (UPOV member since 2002) under the Research and Development Fund for Plant Breeding. Under this scheme, the govern-



According to a fourth finding, accession to the UPOV Convention can lead to development of a new industry that is competitive in foreign markets. In Kenya, for example, UPOV accession brought with it strong growth in cut flower exports in terms of volume and value. More than half (52 percent) of the varieties of plants protected in Kenya are ornamentals. Given the conducive climatic conditions for flower and ornamental plant production, Kenya has continued to attract numerous breeders to grow new varieties for the European market there. Kenya remains the largest single source of floriculture imports to the European Union. To sustain production, the floriculture industry employs a large labor force, providing an important source of income for families in rural areas. It is estimated that the horticultural industry employs 2 million people directly in the areas of breeding, production, packaging and transport. Another 3.5 million people are indirectly supported by the industry, for instance in marketing, the hospitality industry, manufacturing of containers, etc.

Kenya has over 160 professional-sized growers, including small-scale (under 4 hectares), medium-scale (10 to 50 hectares) and large-scale growers (over 50 hectares). In the early stages of development, a few large-scale growers dominated the industry. There are now more than 100 medium to large-scale growers. In 2003, Kenya exported over 61,000 metric tons of cut flowers to Europe, up from 52,000 metric tons in 2002 – with an export value of US\$216 million. Overall, 7 million tons were produced and used domestically in 2008, while 403,000 tons were exported, accounting for about 4 percent of total production. That production was worth US\$1.8 billion in the domestic market and US\$1.0 billion in export markets.

Finally, introducing the UPOV system and joining the Convention have been found to contribute to access to foreign varieties, thereby enhancing domestic breeding programs. An almost universal observation following from the Impact Study was that introducing the UPOV system yielded a large number of applications for protection from foreign breeders, particularly in the ornamental sector. This was seen as enhancing global competitiveness for producers. Additionally, with the introduction of foreign-bred varieties, according to the breeder's exemption in the UPOV Convention, foreign varieties could, and were, used by domestic breeders in developing their breeding programs (see examples from Kenya and the Republic of Korea at right).

## UPOV

### Kenya



**A French bean researcher working at Moi University developed "Line 10", a commercially successful variety (above right) on the basis of the "Amy" variety introduced from the Netherlands. Amy was granted a provisional protection title in Kenya on July 26, 1999, and an application to protect "Line 10" has been filed.**

Jin Young Yoon, WIPO Conference on Building Partnerships for Mobilizing Resources for Development (Geneva, November 5 and 6, 2009)

### Utilizing protected varieties for breeding new varieties (Rep. of Korea)

#### "Daniela" tomato



Long shelf life

Segregation



Cross and selection

#### "Duessra" tomato



Long shelf life and more uniform fruit

Photos: Jin Young Yoon

**In the Republic of Korea, a protected tomato variety was successfully used in a breeding program.**

## Conclusion

During its 50 years of development and application, UPOV's PVP system has proven effective in encouraging the creation of new varieties of plants and in introducing those varieties into agricultural and horticultural practice for the benefit of society. The findings summarized in this article demonstrate that the UPOV system contributes to:

- further innovation and investment in plant breeding;
- more and better varieties for farmers and growers;
- increased income for farmers;
- rural employment and economic development;
- development of international markets.

# WHY DESIGN NOW?

The Why Design Now? exhibition will spark the interest of WIPO Magazine readers already familiar with the intellectual property (IP) tools that serve the international design community – the Hague System for the registration of industrial designs, the Madrid System for the registration of trademarks, the Patent Cooperation Treaty (PCT) for the protection of inventions and the Berne Convention for copyright protection. The exhibition features over 130 projects. Some have already appeared in the WIPO Magazine, but most are new to our pages. This article was written by **Laurie A. Olivieri**, Senior Press Manager, Cooper-Hewitt National Design Museum.

Why Design Now? That is the question answered in the Cooper-Hewitt National Design Museum exhibition running from May 14, 2010, to January 9, 2011, in New York. The exhibition explores the work of designers in responding to human and environmental problems across many fields – from architecture and product design to fashion, graphics, new media and landscape design.

**OLPC (One Laptop per Child) XOXO Laptop, prototype.**

“Why Design Now?” examines why “design thinking” is essential in addressing some of today’s most urgent challenges; what draws creative thinkers and problem solvers to this cutting-edge field; and why business leaders, policymakers, consumers and citizens should be aware of the importance of design. The exhibition will present key developments in the areas of: communication, community, energy, health, materials, mobility, prosperity and simplicity.

**Haptica Braille timepiece by David Chavez.**

## Cooper-Hewitt National Design Museum

([www.cooperhewitt.org](http://www.cooperhewitt.org))

2 East 91st Street at Fifth Avenue New York

Hours: Monday-Friday, 10h-17h;

Saturday, 10h-18h; Sunday, 12h-18h

## Communication

Smart phones, digital reading devices and social networks are changing the way people use and produce information. Designers are helping people to have greater access to information on the critical issues affecting the world by making the visualization of complex data easier and delivering urgent messages about safety, equality and the environment. Works exhibited include:

- One Laptop per Child’s XOXO laptop, designed by Yves Béhar specifically for the developing world – it can be held flat, angled or like a book;
- Etsy, a global online marketplace for craftspersons, artists and designers that is also an internationally registered trademark (Madrid

912704) and the subject of a PCT application (WO 2008/089475); and

- the Etón FR 500 radio, an emergency radio charged via hand crank or solar panel, which works when or where the energy grid fails to function.

Photo: fuseproject



Photo: David Chavez



## Community

In response to the expanding sprawl of cities in the developed world and escalating urban density in developing areas, architects – whose works are protected by copyright – are creating rooftop villages, urban farms and mixed-use housing developments that employ local materials and encourage harmonious, energy-efficient living at close quarters. Highlights of the design projects on view include:

- H20tel, the first hydrogen-powered hotel;
- vertical farming initiatives, such as the Eco-Laboratory; and



- the Mapungubwe National Park Interpretive Center, built using local materials and labor.

## Energy

Around the world, scientists, engineers and designers are seeking new ways to harness energy from the sun, wind and ocean tides and to create new products and structures that use energy efficiently and self-sufficiently. Among the projects shown in this section are:

- the Z-10 concentrated solar-panel system, which intensifies solar energy through the use of mirrors and tracking devices;
- the bioWave, an enormous underwater machine that mimics the swaying motion of seaweed and is designed to capture the kinetic energy of ocean turbulence;
- the Philips LED replacement for the common light bulb, for which Philips holds an international industrial design registration (DM/071941); and
- the experimental desert city, Masdar, in the United Arab Emirates, which may well be the largest and most advanced carbon-neutral community.

## Health

From creating prosthetic limbs controlled by the human mind to devising new ways to deliver health care to remote rural populations, designers are helping to improve physical, mental and social well-being. Among the projects in this section are:

- the Solvatten Safe Water System, which uses UV light to make water potable;
- Adaptive Eyeglasses, affordable corrective eyewear that the wearer can adjust by injecting various amounts of fluid into the lenses of thick glasses;
- the Zôn Hearing Aid, nearly invisible when placed behind the ear, which is made by Starkey Laboratories Inc., filer of 21 PCT applications.

## Materials

Great efforts have been made in the past decade to identify and create more sustainable materials that reduce the amount of energy and fossil fuels used in manufacturing. Chemists, engineers and designers are inventing everything from biodegradable, petroleum-free plastics to foam insulation that grows in the dark like a mushroom, requiring minimal energy to produce.

Products made with post-industrial and post-consumer recycled content range from IceStone's colorful and durable pre-cast concrete slabs containing 100 percent recycled glass to items by fashion designer Martin Margiela, who remakes used objects into couture clothing. New information systems, including Ecolect's Product Nutrition Label, also help consumers to find goods with a clean biological record, such as materials made from reclaimed waste, non-toxic substances or rapidly renewable agricultural products.

## Mobility

Allowing people to travel across town or over a continent while conserving resources requires fresh design solutions and an examination of mobility patterns and components. Featured works include:

- Coulomb Technologies' ChargePoint – a broad network of vehicle charging stations connected to the energy grid and installed in public and private lots – for which two PCT applications have been filed (WO 2010/011545 and 2009/089249);
- urban transportation such as foldable bicycles and do-it-yourself bicycle trailers; and
- France's recently designed AGV high-speed self-propelled train.

## Prosperity

Progressive designers and entrepreneurs are building engines that enable local communities

**Australian company BioPower Systems has filed three PCT applications (WO 2007/019609, 2007/019608 and 2007/019607) for the technology related to the bioWave energy system.**

**Adaptive Eyeglasses made by Adaptive Eyecare Ltd and the Oxford Centre for Vision in the Developing World using plastic tubing, aluminum rings, silicone fluid, polyester thin film and polycarbonate covers.**

**The industrial design for the Automotrice à Grande Vitesse (High-Speed Self-propelled Train) was registered as a design under the Hague System (DM/059166) by Alstom Technology Ltd., a company that also has some 550 PCT applications.**

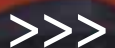
Photos: BioPower Systems Pty Ltd.



Photos: Centre for Vision in the Developing World



Photos: AGV train



## What is an industrial design?

An industrial design refers to the ornamental or aesthetic aspect of an article. The design may consist of three-dimensional features, such as the shape or surface of an article, or two-dimensional features, such as patterns, lines or color. Industrial designs are applied to a wide variety of industrial products and handicrafts: from technical and medical instruments to watches, jewelry and other luxury items; from house wares and electrical appliances to vehicles and architectural structures; from textile designs to leisure goods.

To be protected under most national laws, an industrial design must appeal to the eye. An industrial design is of a primarily aesthetic nature, and does not cover an article's technical features (which can be protected by other forms of intellectual property).

The Hague System for the International Registration of Industrial Designs provides a mechanism for registering designs in countries and/or intergovernmental organizations party to the Hague Agreement. The System gives industrial design owners the possibility to protect their designs in several countries by simply filing one application with WIPO, in one language, with one set of fees in one currency (Swiss francs). Applicants may choose to file in English, French or Spanish and electronically – "e-filing" came online April 1.

An international registration may have the same effect as one made directly with each designated member of the System, if no refusal is issued by any of the jurisdictions concerned. The Hague System simplifies the management of an industrial design registration, since it is possible to record subsequent changes or to renew the registration with WIPO through a single procedural step.



Photo: Practical Action Sudan

### The improved clay stove manufactured by the Sudanese women's networks.

to use their own resources to create wealth, as well as to participate in the global economy. Projects on display include:

- items that address basic necessities, such as a pearl millet thresher (Ghana) and a low-smoke stove developed for use in India;
- examples of slow design such as hand-made, limited-edition clothing; and
- works made in collaboration with international designers and local craftspersons.

## Simplicity

As designers strive to streamline production processes and consume fewer materials in smaller amounts, the quest for simplicity is shaping design's economic and ethical values. On view are:

- architect Shigeru Ban's 10-Unit system, which employs a single L-shaped component that can be used to construct a table, chair and bench;
- Karin Eriksson's Gripp glasses, which help people comfortably grasp the vessels and hold them steady;
- the adjustable-height AlphaBetter student desk, which allows students to sit or stand while working.

The exhibition, sponsored by General Electric (GE), was created by Tsang Seymour Design. It features clean modular platforms, constructed from eco-friendly, recyclable materials, with natural finishes. Founded in 1897, the National Design Museum is devoted exclusively to historic and contemporary design and has been part of the Smithsonian Institution since 1967. Cooper-Hewitt presents compelling perspectives on the impact of design on daily life through active educational programs, exhibitions and publications. The museum is fully accessible.

# CHILE BREAKS NEW GROUND in Regulating IP Liability

In early May, after three years of discussion and debate, the Chilean Parliament approved groundbreaking changes to its intellectual property (IP) law in a move that is thought to be one of the most significant copyright developments in Chile in the last 40 years.

In enacting the Intellectual Property Law (Law No. 20 435 which amends Law No. 17.336), Chile became the first country in Latin America to regulate the liability of Internet Service Providers (ISPs). In so doing, it also honored one of the commitments under its Free Trade Agreement with the United States. The new law also strengthens the tools and penalties available for prosecuting copyright piracy. It clarifies and expands existing exceptions to copyright, such as the ability to quote the works of others, and introduces new ones that facilitate access to works, especially for people with disabilities.

Finally, picking up on a recommendation made by the competition authorities, the new law establishes a more inclusive mechanism for setting the tariffs charged by collecting societies. In this article, **Mr. Rodrigo Lavados Mackenzie**, Senior Associate, Sargent & Krahn, reviews some of the most important changes introduced.

## Liability of ISPs

ISPs often find they are inadvertently hosting or transmitting content that infringes the copyright of third parties. This can give rise to disputes about the legal responsibility of ISPs in hosting and using such information on their networks and websites. With the enactment of its new IP law, Chile became the first country in Latin America to regulate ISP liability.

Under the amended IP law, ISPs are exempt from liability if they remove infringing content as soon as they learn of its existence. But to arrive at this conclusion, it is necessary to determine, from a legal viewpoint, the stage at which an ISP would be deemed to know of the existence of violating content. Under the new law, ISPs are considered to know that such content is being transmitted or hosted in their systems only after having received legal notice.

Many authors and content owners are not satisfied that this goes far enough in protecting their interests and would prefer that a private notification system between copyright holders and ISPs be used – such as that used in the U.S. – as it would be much faster than relying on the courts.

## Piracy

The need to strengthen the country's legal framework to better tackle piracy has been recognized

for some time, both at home and abroad. Chile's new IP law includes a number of modifications that support the effective enforcement of copyright and the fight against piracy. These include:

- A 20-fold increase in fines for copyright violations, in some cases rising to over US\$100,000 for repeat offenders.
- Jail terms of up to 10 years for those who import, manufacture or acquire for distribution copies of works reproduced without permission.
- Strong penalties for those who collude to commit copyright offenses.
- Donating counterfeit or infringing copies to charity should the right holder so choose (the general rule being that such copies are destroyed).
- Using the legitimate retail value of the infringed works as a parameter for establishing compensation amounts. In civil proceedings, the court may order the offender to pay an amount corresponding to the profits resulting from the offense, or a fixed sum of up to US\$100,000 per infringement.

## Exceptions

On the question of exceptions to copyright, which imply that certain uses of protected works do not require authorization from copyright holders and are not financially compensated, the legislature introduced several new statutory provisions. These include:



- Acts of reproduction, adaptation, distribution or public communication of works will be considered lawful if done for the benefit of disabled persons where normal access to such works is not available.
- Under certain conditions, non-profit libraries and archives may reproduce works that are no longer obtainable in the market. These institutions may also make electronic copies of works from their collections available for study at user terminals.
- Reverse engineering activities are allowed on software, but only for compatibility purposes and research and development – or to test, investigate or correct the operation and safety of software.
- Satire or parody is considered lawful if it makes an artistic contribution that sets it apart from the work or performance to which it refers.
- It is lawful to reproduce or communicate a work to the public in order to comply with judicial, administrative and legislative proceedings.

While there is a consensus that these exceptions are in the public interest, some authors and copyright holders argue it is unfair that they should bear the costs involved. In their view, these costs should be borne by the beneficiaries of such exceptions or by the State on their behalf. Notwithstanding this criticism, the legislature concluded that all new exceptions passed the three-step test insofar as they refer to special cases that do not conflict with the normal exploitation of a work and do not unreasonably prejudice the legitimate interests of right holders.

## Collecting societies

Many people and companies are involved in the creation of intellectual works. As a consequence, the market for these works is quite fragmented often making it difficult to obtain licenses and to remunerate right owners for the exploitation of their works. Collecting societies, a sort of one-stop-shop for payment of copyright royalties, facilitate the commercialization of works and ensure copyright owners are adequately remunerated.

Prior to the enactment of Chile's new law, collecting societies could unilaterally set the rates they

charged users. This raised a number of anti-competitive concerns which the new law addresses insofar as it establishes a more inclusive fee-setting mechanism involving user groups. Fees are now determined through a process of mediation that, in the event that the parties fail to come to an agreement, triggers an arbitral procedure.

Under this procedure, which is designed to help reconcile the positions of users and collecting societies, each party submits a tariff proposal, including an explanation of the uses for which each tariff applies. The arbitrator selects the proposal that best satisfies the mutual interests of both users and collecting societies.

## Work-for-hire

The automatic transfer of copyright to employers, or to those who hire authors to create works, is limited in Chile. This practice is confined mainly to the development of computer programs and, to some extent, the work of journalists, photographers and authors involved in the motion picture industry.

Under the previous law a person or entity commissioning a computer program for a third party owned the software only if they also marketed it. This arrangement, however, often proved problematic, for example, when programs were tailor-made for particular companies. The new law states that the entity that orders the development of a computer program for a third party is the copyright holder – eliminating the need to prove that the software is to be commercialized.

While there is still room for improvement, such as regulations governing private reproductions and additional work-for-hire provisions, the developments mentioned above are certainly among the most significant advances in Chile's IP law since its original enactment in 1970.



## Highlights

### IGC's Work Advances

The first session of the Intergovernmental Committee on Intellectual Property and Genetic Resources, Traditional Knowledge and Folklore (IGC) under its new mandate – to conduct “text-based negotiations to reach agreement on an international legal instrument (or instruments) that would ensure the effective protection of traditional knowledge (TK), traditional cultural expressions (TCEs) and genetic resources (GRs) – made significant progress. Committee Chair Ambassador Philip Owade of Kenya noted that the IGC had “broken new ground and that serious work lay ahead.”

During the session, held from May 3 to 7, the IGC agreed on arrangements for intersessional working groups (IWGs), establishing a foundation for continued negotiating rounds. The IWGs will support and facilitate negotiations by providing legal and technical advice and analysis, including, where appropriate, options and scenarios. Participation in IWGs is open to all Member States and accredited observers. Each delegation will be represented by one expert. WIPO will fund a significant number of participants from developing countries and countries in transition, including participants from 71 countries in the first IWG session, tentatively scheduled from July 19 to 23. The first session will focus on TCEs, widely considered to be the most mature of the issues on the IGC's agenda.

The IGC began negotiations on the substance of draft international provisions for the protection of TK and TCEs. Further versions will now be prepared by the secretariat for the IGC's consideration. Information notes on the public domain as it relates to TK and TCEs and on the various forms in which TK can be found (e.g. disclosed and non-disclosed) will also be drafted.

Constructive discussions took place on options for advancing work on intellectual property (IP) issues associated with GRs, and the related working document will be updated accordingly. A new working document on objectives and principles for IP and GRs, submitted towards the end of the meeting by Australia, Canada, New Zealand, Norway and the U.S., will be discussed further at the IGC's December session.

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### Online Forum on Access to Copyrighted Works by the Visually Impaired

An online forum to promote the exchange of ideas and build consensus on international measures for improving access to copyright-protected works in formats suitable for visually impaired persons and others with print disabilities (VIPs) was launched by WIPO in May. The Forum ([www.visionip.org/forum](http://www.visionip.org/forum)) aims to stimulate debate, enhance understanding and broaden awareness of the question.

While sighted individuals enjoy unprecedented access to copyright-protected content, in some contexts, social, economic, technological and legal factors, including the operation of copyright protection systems, can seriously impede access to such works by the blind or reading impaired. Widespread use of digital technologies, in particular, has prompted reconsideration of how best to balance protection for copyright owners and the needs of specific user groups, such as reading impaired persons.

In May 2009, Brazil, Ecuador and Paraguay submitted to WIPO's Standing Committee on Copyright and Related Rights (SCCR) a draft treaty proposal, prepared by the World Blind Union (WBU), to spearhead international discussion on a multilateral legal framework on limitations and exceptions to international copyright law for the benefit of VIPs and the reading disabled.

This proposal, along with other contributions from SCCR members, will be submitted for consideration in the SCCR.

# NEW PRODUCTS



**Guide to the International Registration of Industrial Designs under the Hague Agreement** (updated April 2010)  
English No. 857E, French No. 857F, Spanish No. 857S  
35 Swiss francs (plus shipping and handling)



**Guide to the International Registration of Marks under the Madrid Agreement and the Madrid Protocol** (updated September 2009)  
English No. 455E, French No. 455F, Spanish No. 455S  
60 Swiss francs (plus shipping and handling)



**Hague Agreement Concerning the International Registration of Industrial Designs, Common Regulations** (as in force on April 1, 2010) and **Administrative Instructions** (as in force on January 1, 2008)  
English No. 269E, French No. 269F, Spanish No. 269S  
20 Swiss francs (plus shipping and handling)



**Intellectual Property Issues and Arts Festivals: Preparing for the 11th Festival of Pacific Arts - Solomon Islands 2012**  
English No. 1016E  
Free of charge



**Intellectual Property in Asian Countries: Studies on Infrastructure and Economic Impact**  
English No. 1018E  
Free of charge



**The International Patent System - PCT Yearly Review 2009**  
English No. 901E  
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**Indicadores Mundiales de Propiedad Intelectual - 2009**  
Spanish No. 901S  
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Switzerland  
**Telephone:**  
+41 22 338 91 11  
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New York, N.Y. 10017  
United States of America  
**Telephone:**  
+1 212 963 6813  
**Fax:**  
+1 212 963 4801

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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***  
[WipoMagazine@wipo.int](mailto:WipoMagazine@wipo.int)

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