



403 Protection of IP Assets in a Borderless Electronic World

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Katrien Delesie

Katrien Delesie is legal counsel for CSC Computer Sciences for the Benelux. Katrien Delesie started her career as a doctoral assistant to a judge at the Belgian Supreme Court and professor at the Katholieke Universiteit Leuven (KUL). After she was a clerk/summer associate in the Europe and Middle East Practice Group in the Chicago offices of Baker & McKenzie, she became an associate in the Intellectual Property Practice Group of Stibbe in their Brussels office.

Katrien has been a member of the Brussels Bar five years. Author of a number of publications on judicial law and intellectual property law, she has been a contributor to the Intellectual Property Forum and an active member of the International Association for the Protection of Intellectual Property – Groupe Belge, the Benelux Association of Trade Marks and Design Law and the Licensing Executives Society Benelux. She is a member of the Instituut voor Bedrijfsjuristen and ACC. She is also active in the Organising Committee of the University of Chicago Alumni in Belgium.

Katrien Delesie has graduated cum laude from the Law School of the KUL after having studied one year at the University of London. She participated in the Summer Institute in Transnational Law from the Duke University Law School and obtained a Master of Laws from the University of Chicago School of Law. She also earned a Masters cum laude in Intellectual Property Law from the Katholieke Universiteit Brussel and the KUL.

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Marc Kaufman

Marc Kaufman is a Partner in the Technology and Intellectual Property (TIP) Group of Nixon Peabody LLP. His practice includes counseling clients on all aspects of intellectual property rights and strategies, and procuring and enforcing patent rights, trademark rights, and copyrights in the United States and abroad. Mr. Kaufman's practice encompasses work in a wide variety of technical fields, including computer architecture, digital rights management, database technology, search engine technology, and data mining.

Mr. Kaufman has authored several articles and has been quoted in notable publications with respect to a variety of intellectual property issues.

Mr. Kaufman received his J.D. from The Catholic University of America, Columbus School of Law and has a B.S. in Mechanical Engineering from Boston University.



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PROTECTION OF IP ASSETS IN A BORDERLESS ELECTRONIC WORLD

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By

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Every business, small or large, local or multi-national, must consider the implications of IP protection. Take this opportunity to examine the primary global framework for protecting different asset categories, and get perspectives and practical advice in avoiding the most common pitfalls for organizations doing businesses across borders, with a focus on how electronic media have significantly increased risks for organizations with IP interests.

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*This document does not deal with every important topic or cover every aspect of the topics with which it deals.
It is not designed to provide legal or other advice.*

Katrien Delesie will focus on the *ownership* side of IP protection, notably how to obtain protection for the three most common IP categories, taking into account the implications of the digital world and drawing your attention to a new quasi-intellectual property right that might need your urgent attention if you are a company active in the European Union.

Alfred Farha will from the experience of his current position as European general counsel of Flextronics and prior experience with Cisco Systems, focus on discussing the *defensive* side of IP protection, for instance how to reduce the risk of infringement suits and exposure to claims, mechanisms such as defensive cross-licensing and non-assertion agreements, and criteria should be considered to limit exposure and achieve the right balance, depending on business model, in seeking IP ownership rights and IP protection from business partners.

Marc Kaufman will discuss pragmatic aspects of developing an intellectual property *strategy* and implementing the same to achieve your business objectives. As global competition rises, companies in an increasing number of industries are beginning to understand the need to protect intellectual property to preserve assets. In the future, if not now, the only way to remain competitive is disseminate know how in a controlled manner by protecting IP in a manner that is consistent with your business practices and the marketplace. Of course resources must be applied in a focused manner to protect assets in a manner that achieves strategic business objectives.

I. INTRO

IP is valuable asset for most companies, it is the electricity of our time:

- ◆ in licensing agreements to use patents, copyrighted material and trademarks, often combined with transfer of know-how in the form of training
- ◆ in manufacturing, purchase or distribution agreements
- ◆ in mergers and acquisitions.

examples of IP assets a company may possess:

- software source code developed in-house
- information stored in notebooks or computers by employees
- company website
- company brochure
- corporate video
- pending patent application
- logo or name of company or its products or services
- invention disclosure from an engineer to company's decision-makers for consideration as to whether to pursue patent protection

inherent conflict in our modern world of international trade and internet

IPR = territorial (exclusivity in country/region where protection obtained)

BUT more and more international interaction:

- ◆ off-line physical world: companies operate increasingly in more than one market selling products/services or licensing/franchising their IPR and know-how internationally
- ◆ on-line: Internet = open international, global digital networks
 - worldwide number of internet users : 1 billion in mid 2005 (source: Computer Industry Almanac Inc.)
 - Internet used for e-mail, searching for info on goods or services, purchasing goods and services, watching films, listening to radio

increased international trade off-line and on-line = new challenge for IPR owners of patents, trademarks, copyright and other intellectual property rights

⇒ Increased infringements

- piracy by multiple perfect copies of text, images and sounds that easy to make and distribute
 - computer software, music, films
 - toys (electronic toy industry, electronic games, video games)
 - aircraft and automobile components
- counterfeiting (trademark infringement)
 - luxury goods, fashion wear, sportswear, perfumes, watches
- patents infringed and information and ideas more readily distributed internationally
 - pharmaceuticals

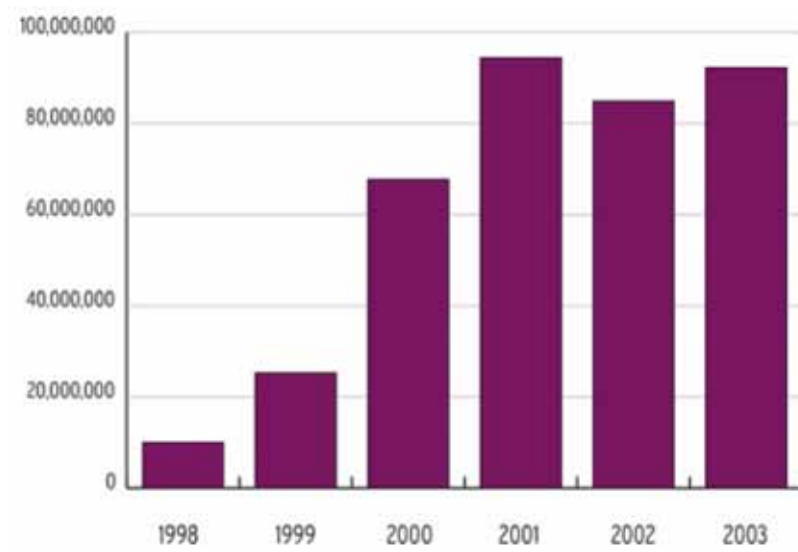
⇒ laws affecting IP vary from country to country so levels of protection differ

⇒ lawsuits: legal procedural issues if parties in different countries:

- ⊕ competent court ?
 - ⊕ applicable law under private international law ?
 - ⊕ territorially limited judgement
 - ⊕ enforcement of rights abroad difficult
- ⇒ don't be too impressed by Internet's global character
- ⊕ tendency towards "transposing" territoriality into borderless cyberspace by:
 - defining notion of infringement in way that presupposes some objective relationship with country in which conflicting right exists
 - courts of country where defendant its place of business
 - courts of country where right established
 - courts of country where "harmful event", "actionable harm" or "the infringement" occurred
 - giving some effect to "disclaimers", at least when supported by factual evidence (for instance disclaimer not to provide goods to country where your trademark would infringe local trademark right, and actually follow up on this)
 - limiting effect of court decisions to territory in which court is located and/or where infringed IPR protected (to avoid global effect of injunctions)
 - possible to enable co-existence of equal trademark rights on Internet (cross-links combined with disclaimer to prevent confusion)

Some figures from European Commission's Taxation and Customs Union illustrating the importance of the issue (figures from 2003, most recent year for which full figures available) (http://europa.eu.int/comm/taxation_customs/customs/customs_controls/counterfeit_piracy/statistics/index_en.htm)

Number of items seized in EU by Customs



EU customs authorities seized 100 million fake items in 2003

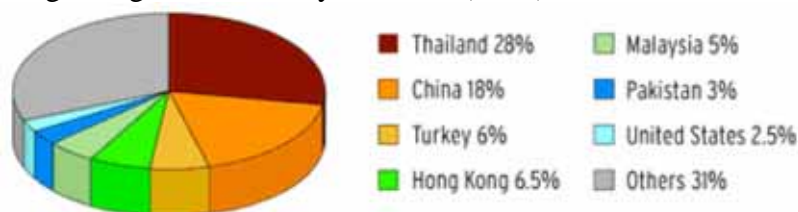
Type of counterfeits seized is changing:

- toys and games + 996% increase from 2002
- cosmetics and perfumes + 800% increase from 2002
- food, drinks and pharmaceutical products + 77% from 2002

Type of transportation when seized:

- 50% by air
- 30% by post
- 12% by sea
- 8% by road.

Origin of goods seized by Customs (2003)



How can your company deal with this conflict ?

◆ **Be aware of the legal framework of international protection mechanisms created by our governments, for instance to facilitate simultaneous registration of intellectual property rights**

- ⊕ Some examples of international treaties and conventions on intellectual property:
- Paris Convention for the Protection of Industrial Property
 - Berne Convention for the Protection of Literary and Artistic Works
 - WIPO Copyright Treaty (WCT)
 - Patent Cooperation Treaty (PCT)
 - Madrid Agreement Concerning International Registration of Marks and Protocol Relating to Madrid Agreement
 - WIPO Performances and Phonograms Treaty (WPPT)
 - Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) and WIPO-WTO Cooperation
 - Strasbourg Agreement Concerning the International Patent Classification
 - Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks
 - Vienna Agreement Establishing an International Classification of the Figurative Elements of Marks
 - Locarno Agreement Establishing an International Classification for Industrial Designs

Some examples of “IPR regions” that have been created for certain intellectual property rights:

- Benelux Trademark Office, The Hague, for Benelux trademarks
- Benelux Designs Office, The Hague, for Benelux designs and models
- Office for the Harmonisation of the Internal Market OHIM, for Community trademarks and Community designs (Council Regulation (EC) No 40/94 of



December 20, 1993 on the Community trade mark (*OJ L 011 14.01.1994 p.1* with amendments in *OJ L 349 31.12.1994 p.83*, *OJ L 122 16.05.2003 p.36*, *OJ L 245 29.09.2003 p.36*, *OJ L 296 14.11.2003 p.1*, and *OJ L 070 09.03.2004 p.1*) and Council Regulation (EC) No 6/2002 of December 12, 2001 on Community designs (*OJ L 003 05.01.2002 p.1*)

- European Patent Office, for European patents (European Patent Convention)

⊕ Some examples of initiatives within the European Union to harmonize existing regimes or even provide common rules/mechanisms, ensuring an harmonized level of protection throughout the European Union (idea: not so much an issue if you need to enforce rights abroad, because as much protection abroad as locally):

- Council Directive (EEC) No. 89/104/EEC of December 21, 1988 to Approximate the Laws of the Member States Relating to Trade Marks (*OJ L 040 11.02.1989 p.1*)

- Directive 96/9/EC of the European Parliament and of the Council of March 11, 1996 on the legal protection of databases (*OJ L 077 27.03.1996 p.20*)

- Council and EP Directive (EEC) No. 98/71/EC of October 13, 1998, on the Legal Protection of Designs (*OJ L 289 28.10.1998 p.28*)

- Council Regulation (EC) No 3295/94 laying down measures to prohibit the release for free circulation, export, re- export or entry for a suspensive procedure of counterfeit and pirated goods (*OJ L341 30.12.1994 p.8*)

- Council and EP Directive (EC) No. 2004/48 of April 29, 2004 on the enforcement of intellectual property rights (*OJ L 157 30.4.2004*)

- Directive 98/44/EC of the European Parliament and of the Council of July 6, 1998 on the legal protection of biotechnological inventions (*OJ L 213 30.07.1998 p.13*)

Regulation (EC) No 1610/96 of the European Parliament and of the Council of July 23, 1996 concerning the creation of a supplementary protection certificate for plant protection products (*OJ L 198 08.08.1996 p.30*)

- Directive 2001/29/EC of the European Parliament and of the Council of May 22, 2001 on the harmonisation of certain aspects of copyright and related rights in the information society (*OJ L 167 22.06.2001 p.10*)

- Council Regulation (EC) No 2100/94 of July 27, 1994 on Community plant variety rights (*OJ L 227 01.09.1994 p.1*, with amendments in *OJ L 121 01.06.1995 p.31*, *OJ L 121 01.06.1995 p.37* and *OJ L 258 28.10.1995 p.3*)

- Council Directive 93/98/EEC of October 29, 1993 harmonizing the term of protection of copyright and certain related rights (*OJ L 290 24.11.1993 p.9* with amendment in *OJ L 167 22.06.2001 p.10*)

- Council Directive 93/83/EEC of September 27, 1993 on the coordination of certain rules concerning copyright and rights related to copyright applicable to satellite broadcasting and cable retransmission (*OJ L 248 06.10.1993 p.15*)

- Council Directive 92/100/EEC of November 19, 1992 on rental right and lending right and on certain rights related to copyright in the field of intellectual property (*OJ L 346 27.11.1992 p.61*)

- Council Directive 91/250/EEC of May 14, 1991 on the legal protection of computer programs (*OJ L 122 17.05.1991 p.42*)



- Council Directive 87/54/EEC of December 16, 1986 on the legal protection of topographies of semiconductor products (*OJ L 024 27.01.1987 p.36*)
- Council Regulation (EC) No 1992/2003 of October 27 2003 amending Regulation (EC) No 40/94 on the Community trade mark to give effect to the accession of the European Community to the Protocol relating to the Madrid Agreement concerning the international registration of marks adopted at Madrid on 27 June 1989 (*OJ L 296 14.11.2003 p. 1*)
- Commission Regulation (EC) No 782/2004 of April 26, 2004 amending Regulation (EC) No 2868/95 the accession of the European Community to the Madrid Protocol (*OJ L 123 27.04.2004 p. 88*)

⊕ Some examples of initiatives to address issues of conflicts of law and applicable law:

- Brussels Convention on Jurisdiction and the Enforcement of Judgments in Civil and Commercial Matters of September 27, 1968 (Brussels I)
- Lugano Convention on Jurisdiction and the Enforcement of Judgments in Civil and Commercial Matters of September 16, 1988 (Lugano Convention)
- EC Convention on the Law Applicable to Contractual Obligations of June 19, 1980 (Rome Convention)
- Council Regulation (EC) No. 44/2001 of December 22, 2000 on Jurisdiction and the Recognition and Enforcement of Judgments in Civil and Commercial Matters, which entered into effect on March 1, 2002 (Brussels II)

Strategically manage your company's IP portfolio

⊕ **Analyze your company's business model**

- Identify your company's strengths and commercial advantages
- Identify your competitors' strengths and commercial advantages
- Identify industry trends
- Identify your key markets and target markets by technology space and geography
- Articulate your revenue model

⊕ **Analyze the industry IP landscape**

- What has your company protected and where is it protected?
- What have each of your competitors protected and in what jurisdictions they protected it?
- Identify any trends in protective activity
- Identify your company's key innovators
- Identify your competitors' key innovators
- Identify your competitors innovation partners
- Identify any standards/patent pools

⊕ **Define innovation categories**

- Key market
- Target market
- IP "white space"
- Competitor strength
- Essential to standards

- Other valuable innovation
- ⊕ **Determine protection rules for each innovation category**
 - Type(s) of IP protection will apply to the innovation
 - Countries that the innovation be protected in
 - Resource limitations, such excess claim fee limitations
 - Is broad protection required?
- ⊕ International IP audit: focus on compliance and strategic alignment
 - compliance:
 - identify and record IP
 - ensure IP properly protected in all/most relevant territories and remains protected in those territories (where do you do business or intend to do business ?)
 - ensure good company policies regarding IP that are effectively communicated to employees (reduce unauthorised uses of IP)
 - ensure that discussion on who owns IP is provided in contracts
 - detect infringement



Sarbanes-Oxley Act of 2002



- who ?
 - publicly traded companies
 - companies that may in future become publicly traded
 - companies that expect to interact closely with publicly traded companies (e.g. through merger or acquisition)
- what ?
 - new duties of disclosure and corporate governance
 - if company with material IPR => understand, measure, monitor and disclose relationship between IPR and company's financial performance, and translate changes in scope and strength of IPR into reportable indicators of financial performance
- consequences in practice ?
 - need for regular audits of intangible assets
 - need to report material changes that likely to impact financial strength and operations
 - patent and trademark portfolios to be broken down and allocated to associated cost and revenue streams in a meaningful way
 - need to incorporate into company's valuation of its IP the change in legal landscape, for instance potential claims of IP infringement, changes in competitor IP portfolios, amendments to scope of patent or trademark applications or patent and trademark validity challenges, and changes in IP law

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II. OWNERSHIP SIDE OF INTELLECTUAL PROPERTY PROTECTION: HOW TO OBTAIN COPYRIGHT, PATENT, TRADEMARK AND EU. DOMAIN NAME ?

◆ What intellectual property rights?

most common types of intellectual property you will come across as company:

- copyright
- trademark
- patent
- trade name
- trade secret

you might also come across:

- design and model
- trade dress
- geographical indication
- layout-design
- topography of integrated circuit
- biotechnology
- neighbouring right

I will focus on copyright, trademarks and patents from a European perspective

copyright

protection without specific formalities.

=> only proving priority in time and possibly independent development

trademarks and patents

formalities: application and registration

Expert advice !! Although I will explain a bit the application procedure, my advice for both is to get outside assistance from a competent trademark agent respectively patent agent, be it to review your preparatory work, because it is a very specialised world with lots formalities and requirements. If it ever comes to a conflict with someone using your IPR, you don't want to find out you cannot prevent such use because of a flaw in your IPR registration...

As I explain the procedures, I will draw your attention to the interaction with Internet, the global borderless world, with it potential for increased efficiency (expanding market, ease of sale, obtaining information, digital rights management, etc.) and its increased risk (more potential for infringement because of uncertainty of jurisdiction, applicable law, validity of contracts, enforcement, etc.).

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COPYRIGHT

- ◆ Copyright important for companies:
 - if “original work of authorship”, content is protected off-line and on-line under CR without formalities in large number of countries
 - more and more CR intangible products can be delivered directly over network to consumer’s computer: music, software, film, publication, news, ...
 - technology-oriented businesses based on computer software and other technologies
 - for instance, New York Times receives more visitors to *nytimes.com* (1.28 million daily), than its weekday paper circulation (1.2 million daily)
- ◆ automatic protection for nationals and residents - home and overseas in all countries that member to
 - Berne Convention for the Protection of Literary and Artistic Works (WIPO) (Western Europe, USA, Russia are members)
 - Rome Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organisations (WIPO)
 - Universal Copyright Convention (UNESCO) (need to indicate “© name copyright owner - year of publication”)
 - Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), part of World Trade Organisation (WTO) Agreement
- ◆ CR applies to “original works of authorship” without formalities, for instance:

<ul style="list-style-type: none"> ■ books ■ paintings ■ architecture ■ musical compositions ■ computer software ■ corporate publications 	<ul style="list-style-type: none"> ■ brochures ■ websites ■ TV or newspaper advertisements ■ marketing videos
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- ◆ Pitfall: who owns ?
 - original creator or author of work, NOT company for whom he/she works !
 - Exceptions:
 - some countries : economic rights deemed to vest with employer/producer;
 - some countries : economic rights deemed to be assigned or transferred to employer/producer
 - software created by employees belongs to employer in absence of evidence to contrary
- ◆ Pitfall: limited protection
 - the expression of the idea is protected, not the idea itself
 - if you want to protect idea: patent (see later where I touch upon the patentability of computer software)
- ◆ Pitfall: need to manage CR, even if no formalities :
 - ⇒ establish ownership of CR in writing
 - who created it and has he, if applicable, transferred to company
 - any work except software by employee = employee, so transfer explicitly by provision in labour agreement or separate agreement
 - software by employee = company
 - software by outside consultant = consultant, although company paid for it = pitfall



- restrictive interpretation => be clear as to territory (“worldwide”), time frame (“for the duration of the intellectual property rights”), type of transfer (assignment, licence), etc.
- ⇒ keep evidence of who created various parts of software and date these notes, and keep this info along with source code in safe place
- ⇒ give important documents a “fixed date” (for instance through notary, through “I-depot” at Benelux Designs Office, some countries have copyright depositories or possibility to have work registered)
- ⇒ teach your employees to keep records in a systematic way, so copyrighted material is not lost
- ◆ Pitfall: take special care to protect company’s CR on Internet:
 - identify content
 - clear copyright notice
 - some other indication of ownership
 - explain to users what can/cannot be done with your content
- ◆ From the defensive perspective (see Alfred Farha): make sure you do not infringe CR of others (on-line or off-line):
 - website: are you using music, pictures or software products owned by others in any of company’s publications, brochures, databases or websites ? if so, have you obtained all required licenses ?
 - linking (great E-Commerce tool and useful service to customers, but many countries no clear law on when and how allowed) => prior written permission from other site
 - framing (= include large parts of other web site in yours in way that makes it look as though it is part of your web site) => prior written permission from other site
 - misperception that works on Internet are public domain : any works protected by CR are protected whether published on paper or by other means, for instance Internet => create system of prevention, education and monitoring to ensure employees (un)knowingly no access or keep in their possession or on their systems any unauthorized copies of software or other content
- ◆ Internet can help you get the most out of your CR:
 - shorter life cycles of many products/services associated with Internet and digital technologies => call for timely acquisition and enforcement of IPR => CR obtained quickly without formalities
 - easier way to distribute copyrighted material (deliver in digital form via global networks)
 - increased opportunity to receive income from copyrighted material (bigger – international – market, distribution cost much lower)
 - new trends in licensing and collective management of rights

For instance :

- agreed conditions / writer can negotiate contract with publisher for publication and distribution of book / composer or musician can agree to have his music or performance recorded on CD
- exercise right in person = individual management of rights, sometimes practically or virtually impossible => collective management (=exercise of copyright and related rights by organizations acting on behalf of CR owner)
- multimedia productions — both offline and on-line on digital networks => more and more “coalitions” of various collective management organizations offering centralized source of authorization: “one-stop shops” => some authors’ societies (BMI (USA), BUMA (Netherlands), GEMA



(Germany), PRS (UK) and SACEM (France)) agreements aiming at offering users worldwide Internet licenses = agreements cover webcasting, streaming, online music on demand and also music included in video transmitted online

- more effective way to come across copyright infringements

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PATENTS

- ◆ patents protect inventions that are new, not obvious and industrially applicable
- ◆ Patents **important** for companies:
 - inventor temporary (20 year) shelter from forces of market competition, limited to precise terms of claims of patent
 - strong protection from competitors
 - patents facilitate technology transfer and investment – (cross-)licensing patents is tremendously profitable
- ◆ **Who/how** patent protection ?
 - Person/company that has filed patent and obtained patent registration for a certain territory for a certain invention
 - how to internationally protect inventions by patents ?
 - ◆ national applications - with national patent offices in all countries where now or in future business
 - ◆ several regional and international patent systems (see below):
 - European Patent system administered by European Patent Office (EPO) (for European patents; nothing to do with European Union ! no such thing as “Community patent” (yet))
 - Patent Co-operation Treaty (PCT) system administered by WIPO
- ◆ Use of competent **patent agent** strongly recommended:
 - better means/more experience to check that invention not yet published
 - search of various patent databases
 - ⇒ pitfall: delay between filing date and publication date =unpublished patents
 - ⇒ pitfall: in US only granted patents published = unpublished patents
 - own knowledge of the industry and its products
 - relevant academic scientific literature
 - to find out whether your invention will qualify for a patent
 - specialist work involved in the patent application
 - avoid pitfalls, like deadlines: for instance, first patent application only priority in other Paris Convention on Industrial Property countries for 12 months
 - translating patent applications into local languages
 - renewing your patents in relevant countries at regular intervals



- ◆ **patentability** (meeting ACCEurope, so focus on European Patent Convention):
 - not excluded by Art. 52(2) and (3) EPC (mentions i.a. computer programs and business methods)
 - (absolute global) novelty: no prior art (Art. 54 EPC)
 - inventive step, i.e. not obvious for skilled person of the art (Art. 56 EPC)
 - capable of industrial application (Art. 57 EPC)
 - technical character (Rules 27(1) and 29(1) EPC and case law Board of Appeals of EPO => relate to a technical field + be concerned with a technical problem + have technical features in terms of which the matter for which protection is sought can be defined in the patent claim)

- ◆ I will not go into two topics of the moment that have been discussed in numerous study days over and over again: patentability in Europe of **computer programs** and **business methods**. Just some brief comments:
 - computer program patents
 - computer program *as such* explicitly excluded
 - Board of Appeal of EPO (T 1173/97): computer program has (further) technical character if it causes, when run on a computer, a technical effect which may be known in the art but which goes beyond the "normal" physical interactions between program and computer, for instance in the control of an industrial process or in the internal functioning of the computer itself
 - business method patents
 - business methods *as such* explicitly excluded
 - 1,901 European patent applications relating to business methods found by identifying European equivalents to granted USPTO patents filed in US Class 705 (i.e. business method patents) (Stefan Wagner – 29 September 2004)
 - examples:
 - patents on using a single click to order goods in an on-line transaction
 - patents on an on-line system of accounting
 - patents on on-line rewards incentive system.
 - in USA since *State Street Bank* patents issued on methods for online decision analysis, on-line financial systems, on-line customer rewards systems, and even systems for categorizing and valuing patents (software-based systems and methods used to effect or simplify electronic transactions taking place via Internet) (no need to establish "technical nature" of patents)

- ◆ Internet pitfall: careful in divulging information and new ideas on the Internet, because of the "**prior art effect**" : inadvertent disclosures harm or even destroy P rights : under many national laws patent protection may not be granted if an invention has been publicly disclosed even for a short period of time before filing of patent application

- ◆ **Internet** is rendering **patent portfolio management** more efficient:
 - Patent databases:
 - For instance: esp@cenet, EPO database to search patents (<http://ep.espacenet.com>) or via national offices of the member states (<http://at.espacenet.com> , <http://be.espacenet.com> , <http://fr.espacenet.com> , <http://de.espacenet.com> <http://ie.espacenet.com>)



- look for technology that is in public domain because not patented in country you need it for or because patent protection has expired
- monitor your competitor's research activities (technical info about competitor products or processes might be published in patent specification years before appear on market)
- look for technology that is available for licensing (because of escalating R&D costs, rapid technological change, and shrinking product cycles => sometimes better to acquire technology or license it rather than invent = patent mining)
 - information on Internet makes easier for potential cross-licensing partners to find each other
 - searching worldwide patent information can help you avoid wasting time and money duplicating work done elsewhere; instead of reinventing wheel, try to obtain license
 - searchers increasingly able to bypass commercial services and directly access patent data
- more effective way to *avoid* patent infringements
 - avoid infringing someone else's patent by searching patent information for the territory you are interested in before setting up to manufacture or import a product can help avoid costly legal disputes
- more effective way to find local patent agent via internet and data of international associations of practitioners in field of industrial property
 - for instance *Fédération internationale des conseils en propriété industrielle (FICPI - International Federation of Industrial Property Attorneys)*, *Association Internationale pour la Protection de la Propriété Intellectuelle (AIPPI - International Association for the Protection of Intellectual Property)*
- easier way to obtain registrations : information and patent offices available on-line :
 - increased use of new information technology systems in IP Offices
 - *epoline*[®] = range of online products and services designed by EPO to allow patent applicants, attorneys and other users to conduct their business with EPO electronically in state-of-the-art secure environment (<http://my.epoline.org/portal/public>)
 - PCT-SAFE = WIPO's electronic filing software; offers PCT users means to prepare their international applications in electronic form and to file them either via secure on-line transmission or using physical media such as CD-ROM or DVD. (<http://www.wipo.int/pct-safe/en>)
 - Dutch electronics giant Philips (Koninklijke Philips Electronics (N.V.) filed on 25 August 2003 first fully electronic international application with International Bureau as receiving office using PCT-SAFE software
 - WIPONET = WIPO's global info network to link over 300 IP offices in all WIPO Member States (secure communication among all connected parties, services like IP digital libraries)



PHILIPS

- ◆ **Patent Cooperation Treaty (PCT)** concluded in 1970, amended in 1979, and modified in 1984 and 2001
 - Administered by WIPO (<http://www.wipo.int/pct/en/>)

- Popular: in 2004 filing of one millionth international patent application and record number of PCT applications (just over 120,000)
- by national or resident of PCT Contracting State
- file one international patent application under PCT and designate any or all of PCT Contracting States to simultaneously seek patent protection for invention in large number of countries
 - phase 1 = international patent application
 - phase 2 = national or regional phase: national fees, sometimes filing translations, sometimes appointment of local agent (only for those countries for which decided to proceed)
- Advantages:
 - evaluate with reasonable probability chances of invention being patented, avoiding high cost of patent granting procedure in each country designated in international patent application :
 - => *international search report* few months after filing PCT application (= list of “prior art” documents and other technical literature you can evaluate, in those languages in which most patents are filed (English, French and German, and in certain cases Chinese, Japanese, Russian and Spanish))
 - => *international preliminary examination report* upon request (= more detailed info on patentability of invention)
 - up to 18 months more time than in procedure outside PCT to decide on desirability of seeking protection in foreign countries, to appoint local patent agents in each foreign country, to prepare necessary translations and to pay the national fees
 - more reliable patents abroad => less likely to be successfully challenged
 - international standard applied by International Preliminary Examining Authorities that carry out international search and international preliminary examination
 - possibility during international preliminary examination to amend international application to rectify in function of information obtained before processing by designated national/regional Offices
 - certain requirements in Treaty and Regulations have become international standards effective in all PCT Contracting States => no need for adaptation to various national formal requirements
 - avoid duplication if separate applications in all those States
 - search and examination work of patent offices considerably reduced or almost eliminated
- where to file ?
 - with national Patent Office (will act as PCT “receiving Office”), or
 - (if not permitted to file with national Patent Office under national security provisions of local national law) with International Bureau (WIPO), or
 - (if national or resident of country that party to regional patent treaty like European Patent Convention, and permitted by applicable national law) with regional Patent Office concerned: for instance EPO
- language patent : international patent application in any language accepted by receiving Office, but at least to be accepted in language used by International



Searching Authority that carries out international search and is also a publication language for patent: Chinese, English, French, German, Japanese, Russian or Spanish (if other language, then translation to be included)

- date patent
 - date of international application
 - if priority of earlier patent application claimed (national, regional EPO or international PCT) for same invention within 12 months after filing that earlier application, then that priority date
- International Searching Authorities: national offices of Australia, Austria, China, Japan, Korea, Russian Federation, Spain, Sweden and USA, and EPO
 - ⇒ international search report (prior art)
 - favourable (no prior art that prevents grant of a patent) => continue
 - unfavourable (prior art that prevents grant of a patent) => centrally amend claims in international patent application to better distinguish your invention from prior art or to withdraw the application before published
- in addition, upon request (and payment additional fee) research by International Preliminary Examination Authorities
 - Same organisations as International Searching Authorities, except not national office of Spain
 - ⇒ preliminary examination on basis of international search report (prior art) according to internationally accepted criteria for patentability
 - ⇒ international preliminary examination report
 - favourable (no prior art that prevents grant of a patent) => continue
 - unfavourable (prior art that prevents grant of a patent) => centrally amend claims in international patent application to better distinguish your invention from prior art or to withdraw the application before published
 - ⇒ sent by International Bureau to relevant Offices
- International publication by International Bureau and communicated to each designated Office (18 months after priority date)
 - up to this moment, no third party allowed access to international patent application without prior consent applicant (so withdrawal possible up to that time without third party access)
 - as from this publication, third parties access if they so request from International Bureau or national or regional Offices

◆ European Patent – European Patent Office (EPO)



- regional patent office provides “European patent” (not a “Community patent”)
- headquarters in München (Germany), branch offices in The Hague, Berlin and Vienna
- possible to file single patent application in one of 3 official languages (English, French and German)
- when application for patent registration received and fees paid => EPO examines form (as submitted by patent attorney or patent agent) => publication of application (title of invention; application date; date, place and serial number of priority application; serial number and classification symbol showing sub-

division of International Patent Classification (IPC) into which claimed invention belongs) => examine substance: preparation and publication of search reports (patentable = novelty (new) + inventive step (non-obvious) + industrial applicability) => refuse/grant patent => European patent with effect in one, several or all of the Contracting States

- EPO also :
 - maintenance of patent by annual fee by patent owner
 - disseminating technological information to general public
 - decide on cases of requests for compulsory licenses

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TRADEMARKS

- ◆ Trademark (TM) = protection for signs that identify origin of products or services
- ◆ Trademarks important for companies:
 - use in consumer advertising to promote product sales
 - help cement customer loyalty
 - one of basic elements of franchising
 - increased importance of trademarks on-line where larger market and often no personal dealings
 - developments in “use” of trademarks online
 - new trends in economic optimization of trademark rights:
 - use of trademarks as meta tags
 - sale of trademarks as keywords
 - pop-up advertisements (too aggressive?)
 - mouse-trapping (too aggressive)
 - linking
 - framing
- ◆ **Who/how** trademark protection ?
 - person/company that has filed trademark application and obtained trademark registration for a certain territory for a certain class of goods / services
 - how to internationally protect goods / services by trademarks ?
 - ⊕ national applications - with national trademark offices in all countries where now or in future business (almost-national application: Benelux Trademark Office for trademark valid within entire Benelux territory)
 - ⊕ several regional and international patent systems to more easily obtain international coverage by providing centralised patent procedures
 - *Office for Harmonization in the Internal Market (OHIM)* for European Community trademarks
 - Madrid System for the International Registration of Marks ("Madrid system") established in 1891 under Madrid Agreement (1891) and Madrid Protocol (1989) (WIPO administered)
- ◆ **Internet** is rendering **trademark portfolio management** more efficient:
 - Trademark databases:



- European register (“CTM-online”): CTM filed or registered with OHIM
- International register (“Madrid Express”) at WIPO: all international TM registrations in force or expired within past six months
- Benelux register: Benelux TM filed/registered with BTO
- look for information that is available regarding licensing/franchising
 - searchers increasingly able to bypass commercial services and directly access trademark data
- more effective way to *avoid* trademark infringements
 - avoid infringing someone else’s trademark by searching trademark information for the territory you are interested in before setting up to distribute, market or import a product/service can help avoid costly legal disputes
 - more effective way to find local trademark agent:
 - for instance *Fédération internationale des conseils en propriété industrielle (FICPI - International Federation of Industrial Property Attorneys)*, *Association Internationale pour la Protection de la Propriété Intellectuelle (AIPPI - International Association for the Protection of Intellectual Property)*, *International Trademark Association (INTA)*



- easier way to obtain registrations
- ◆ Pitfall: take special care to protect company’s TM on Internet:
 - identify content, if registered trademark with notice ® or if common law (unregistered) trademark by notice ™
 - explain to users what can/cannot be done with your trademark (linking policy)
 - acquisition of trademark rights through use of a sign on Internet
 - ⊕ internationally wide divergence of views yet majority holding that use of a trademark on Internet sufficient for “use requirement” if used in trade relating to goods/services on-line or off-line
 - infringement through use of a trademark on Internet
 - ⊕ internationally wide divergence of views yet majority holding that infringing use of a trademark (trademark infringement) when
 - use of trademark on “passive” web site (i.e. web site with only advertising)
 - use of trademark on “interactive” web site for “mail order” with possibility to order in country
 - use of trademark where delivery of software over Internet
 - ⊕ unfair competition law
 - use of trademark as metatag
 - sale of keywords
 - ⊕ acceptable unauthorized use
 - non-commercial use of trademark by non-commercial association = legitimate
 - no need to run worldwide search for conflicting registered or unregistered rights before you use your sign on Internet; 2-step procedure: (1) notice and (2) avoidance of conflict (disclaimer on website designed to avoid a commercial effect in particular country and to avoid confusion with other right holder) => if so, no liability (WIPO recommendation)

- ◆ From the defensive perspective: make sure you do not infringe TM of others (on-line or off-line):
 - do not link/frame third party sites with trademarks indicated and put in place programs to make sure your employees understand company policies in this regard
 - website: are you using trademarks owned by others in any of company's publications, brochures or websites ? if so, have you obtained all required licenses ?
 - linking (great E-Commerce tool and useful service to customers, but many countries no clear law on when and how allowed) => prior written permission from other site
 - framing (= include large parts of other web site in yours in way that makes it look as though it is part of your web site, including trademarks) => prior written permission from other site

- ◆ **Madrid System for the International Registration of Marks ("Madrid system")** established in 1891 under Madrid Agreement (1891) and Madrid Protocol (1989)
 - administered by WIPO
 - rules between Madrid Agreement and Protocol differ a bit
 - ◆ international application may be governed exclusively by either Agreement or Protocol or both, depending on which treaty or treaties (Agreement or Protocol) applicable to Office of origin and Contracting Parties designated in application
 - ◆ determines form to be used, language in which application may be filed and fees payable, and whether need for basic registration or basic application sufficient
 - as of October 1, 2004, European Community has joined Madrid Protocol, so CTM can be basis for international trade mark applications and for CTM to be applied for via international route
 - who can file ? national to, or real and effective industrial or commercial establishment in or domicile in one of Contracting States of Madrid system
 - application language:
 - ◆ international application governed exclusively by Agreement : French
 - ◆ international application governed exclusively by Protocol, or by both Agreement and Protocol: English, French or Spanish, subject to prescription Office of origin (can restrict choice to 1 or 2 languages, or can permit choice between 3 languages)
 - ◆ if EU designated (CTM) in international application, then applicant in addition to language of application indication second working language before OHIM (English, French, German, Italian or Spanish)
 - fee:
 - ◆ basic fee
 - ◆ complementary fee for each Contracting Party designated
 - ◆ supplementary fee for each class of goods/services > 3
 - trademark owner single application for international trademark directly with own national or regional trademark office
 - application for an international registration is presented to WIPO's International Bureau through Office of Origin => WIPO examines if application complies with applicable requirements => if so, mark recorded in WIPO's International Register + published in WIPO Gazette of International Marks + WIPO notifies trademark Office of each of Contracting Parties in which protection requested => each



Office right to refuse protection within time limit specified in Agreement (12 months) or Protocol (12 or 18 months) => unless refusal notified to WIPO within applicable time limit, protection of mark in each designated Contracting Party is same as if registered by Office there => international registration to be renewed every 10 years on payment renewal fees

- value international mark equivalent to application/registration of same mark effected directly in each of countries designated by applicant
- management international trademark: simplification: subsequent change or renewal through 1 procedural step
- further countries may be designated subsequently
- Pitfall : certain organizations send letters to owners of international registrations, inviting them to register their marks in publications which appear to be of official nature. Such publications absolutely unnecessary: no legal effect for protection mark

◆ Office for Harmonization in the Internal Market (OHIM)

- regional trademark office provides “Community trademark” that can be renewed “eternally”
- headquarters in Alicante (Spain)
- who can file ? any natural or legal person, incl. authorities under public law
- language ? in one of official languages of EU. However, indicate 2nd language chosen from 5 official languages OHIM (English, French, German, Italian, Spanish) for opposition, revocation or invalidity proceedings
- e-filing : apply for CTM on-line, allowing to complete electronic application form, provide associated attachments and complete necessary payment details
- CTM application with OHIM or national office of MS or Benelux Trade Mark Office => filing date (receipt date at OHIM or at national office), if all requirements fulfilled, namely request for registration CTM, list goods/services, graphic representation CTM, payment basic application fee within 1 month from date of receipt at OHIM or national office (for filing CTM application (other than collective mark): 975€ + 200€ for each class of goods/services > 3)) => publication in Community Trade Marks Bulletin => opposition possible within 3 months following this publication by notice of opposition and payment of 350€ opposition fee received by OHIM within this time limit => “cooling off” period : 2 months following notice of opposition prior to adversarial phase => OHIM decision => within 2 months after date of notification of decision appeal if notice of appeal in writing at OHIM and appeal fee (800€) paid / within 4 months after date of notification of decision written statement setting out grounds for appeal => for each CTM application, OHIM establishes Community search report (lists earlier identical or similar CTMs and CTM applications for identical and similar goods and services; transmitted to CTM applicant together with national search reports which many national offices perform in their registers) => pay registration fee CTM: 1100€ + 200€ for each class goods/services >3 => registration date = date on which OHIM enters CTM in Register for publication of registration in CTM Bulletin =starting point of 5-years use requirement = > rights conferred by CTM only prevail against third parties as from publication in CTM Bulletin => Certificate of Registration



- CTM Register: database containing particulars of all trade marks registered by OHIM; constantly updated
- relative grounds for refusal
 - earlier identical trade mark for identical goods or services
 - identical or similar earlier trade mark for identical or similar goods/services if likelihood of confusion by public in territory in which earlier trade mark protected
 - goods/services that not similar if earlier CTM a reputation in Community / if earlier national trade mark has a reputation in Member State concerned and where use without due cause of trade mark applied for would take unfair advantage of, or be detrimental to, distinctive character or repute of earlier trade mark

“earlier trademark” ?

- trade mark registrations or applications (subject to registration) with earlier application date taking into account priorities
 - CTM
 - trade mark registered in Member State or at Benelux Trade Mark Office
 - trade mark registered under international arrangements which have effect in a Member State
 - trade mark which on date of application for registration of CTM or priority date is well known in a Member State within meaning Art. 6bis Paris Convention
- earlier non-registered trade mark or another sign used in course of trade of more than mere local significance if proprietor under local law the right to prohibit use of a subsequent trade mark

■ advantages CTM:

- ⊕ CTM valid in entire EU
- ⊕ simplified formalities and management
 - single application;
 - single language of procedure;
 - single administrative centre;
 - single file to be managed.
- ⊕ simple procedure + application may be made both at national industrial property offices or directly with OHIM
- ⊕ reduced costs (compared to overall costs national registrations in all or many of EU countries)
- ⊕ option to claim seniority of national trade marks
- ⊕ right of priority for both national and international trade marks
- ⊕ obligation of use easy to meet: sufficient to use effectively and genuinely in 1 Member State
- ⊕ more efficient legal protection: infringement proceedings before CTM courts, i.e. national courts designated by Member States to have jurisdiction in respect of CTM => decision effect throughout EU (avoid need to prosecute infringers in each Member State)

- ⊕ EU enlargement: automatic extension of all existing CTM applications/registrations + possibility to attack on grounds that become applicable merely as result of accession of new Member State limited (holder earlier rights in new MS can enforce rights against extended CTMs as provided by their national legislation, provided that earlier right registered, applied for or acquired in good faith in new MS prior to date of accession of that State) => gateway to existing single market AND market in process of expansion
- OHIM also :
 - ⊕ maintenance of trademark by renewal fee after 10 years by trademark owner
 - ⊕ disseminating trademark related information to general public

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EUR*id*

EU. DOMAIN NAME

To end my contribution, I want to elaborate a bit on a recent development of interest to counsels active within EU, namely creation of **generic top-level domain .EU**

You have all probably heard of “cybersquatting”, i.e. registration of other person’s trademark = trademark infringement => transfer or cancel domain name and pay damages

all domain names in gTLDs (“.com”) + many domain names in ccTLDs (“.be”) subject to dispute resolution procedure that allows trademark owner to stop cybersquatting, yet the definition of cybersquatting is limited to clear cases of abuse, as opposed to those with their own legitimate interest to register, so having your company’s name registered under the TLD .eu is something you want to give priority.

◆ Legal framework

- Regulation (EC) N° 733/2002 of the European Parliament and of the Council of 22 April 2002 on the implementation of the .eu Top Level Domain (*OJ L113 30.04.2002*)
- Commission Regulation (EC) No 874/2004 of 28 April 2004 laying down public policy rules concerning the implementation and functions of the .eu Top Level Domain and the principles governing registration (*OJ L 162 , 30.04.2004 p. 40*)
- Expected soon : terms and condition of registration + ADR provisions available in EU languages (it seems that Czech Arbitration Court will be providing ADR for .eu disputes)

◆ Who can register ? geographical requirements .eu

- undertaking with registered office, central administration or principal place of business in EU
- organisation established within EU without prejudice to application national law
- natural person resident within EU

- ◆ **Only through Accredited Registrar** (list of registrars still to be published on EURid website)
- ◆ **At first: Two Phase Sunrise period**
 - **Phase 1 Sunrise Period (“last quarter of 2005”)**
 - ⊕ applicant = public body or holder/licensee of trademark
 - ⊕ apply through an accredited .eu registrar (list still to be published on web site of EURid)
 - ⊕ domain name that corresponds with:
 - full name of public body
 - acronym by which public body is commonly known
 - if applicable, territory which is governed by a public body
 - registered community or national trademarks
 - ⊕ additional application fee to cover costs of systems development, processing and validating the applications = “sunrise fee”
 - ⊕ provide
 - usual info required to register .eu domain name
 - legal basis under community or national law of MS where right held (for example: trademark and under which law is granted)
 - documentary acceptable evidence to demonstrate right under that law
 - list of most commonly recognised rights and evidence required still to be published on EURid web site
 - ⊕ 1 valid application for same name => first-come-first-served basis
 - ⊕ special .eu sunrise who-is available: type domain name to see:
 - how many applications for that name and in which order received into registration system;
 - name and address of applicant;
 - deadline for each applicant to send documentation to Validation Agent (PriceWaterhouseCoopers);
 - date on which documentation received;
 - status of application (pending, accepted, rejected, etc) .

- ⊕ correctly completed sunrise application received
 - ⇒ domain name is blocked until application accepted or until all applications for that name are rejected (so even if during time that open registration begins)
 - ⇒ confirmation to applicant and registrar
 - acknowledgement of receipt
 - (if > 1) position of applicant in queue for that name
 - indication of documentation required to prove right within 40 days (to be authenticated by Validation Agents who will advise if application accepted or rejected)
 - access to a form to be completed, signed and returned with proof within 40 days
 - fee (details of fees for different types of rights will be made available on EURid website)
 - ⇒ wait 40 days to use: allow for errors or appeals
 - ⇒ later applicants for same name notified and part application fee credited to their registrars

if first applicant fails to provide acceptable documentation within 40 day allocated => application rejected and Validation Agent will assess documentation from applicant whose application for name received second and so on until valid application found and name registered

if no applicant for name adequate proof of their right within 40 days, name unblocked and generally available on first-come-first-served basis

dispute decision using Alternative Dispute Resolution available for those who believe registry acted in contradiction with [the Public Policy Rules](#)

- if successful challenge, registration may be revoked but name not allocated to complainant
- if further sunrise applicant in queue: that application assessed next
- if no other applicants for that name, available for registration on first-come-first-served basis when general registration begins ([Article 21 of the Public Policy Rules](#))

■ **Phase 2 Sunrise Period (as from two months after start phase 1 of Sunrise Period)**

- ⊕ applicant = public body or holder/licensee of trademark or holder other right protected under national law of Member State where held
- ⊕ apply through an accredited .eu registrar (list still to be published on web site of EURid)
- ⊕ domain name that corresponds with
 - names listed in phase 1
 - other right protected under national law of Member State where held, such as:
 - company name
 - business identifier
 - distinctive title of protected literary and artistic work

- unregistered trademark
- trade name
- ⊕ additional application fee to cover costs of systems development, processing and validating the applications = “sunrise fee”
- ⊕ provide
 - usual info required to register .eu domain name
 - legal basis under community or national law of MS where right held (for example: company name or trademark and under which law right is granted)
 - documentary acceptable evidence to demonstrate right under that law
 - list of most commonly recognised rights and evidence required still to be published on EURID web site
- ⊕ 1 valid application for same name => first-come-first-served basis
- ⊕ special .eu sunrise who-is available: type domain name to see:
 - how many applications for that name and in which order received into registration system;
 - name and address of applicant;
 - deadline for each applicant to send documentation to Validation Agent (PriceWaterhouseCoopers);
 - date on which documentation received;
 - status of application (pending, accepted, rejected, etc)
- ⊕ correctly completed sunrise application received
 - ⇒ domain name is blocked until application accepted or until all applications for that name are rejected (so even if during time that open registration begins)
 - ⇒ confirmation to applicant and registrar
 - acknowledgement of receipt
 - (if > 1) position of applicant in queue for that name
 - indication of documentation required to prove right within 40 days (to be authenticated by Validation Agents who will advise if application accepted or rejected)
 - access to a form to be completed, signed and returned with proof within 40 days
 - fee (details of fees for different types of rights will be made available on EURid website)
 - ⇒ wait 40 days to use: allow for errors or appeals
 - ⇒ later applicants for same name notified and part application fee credited to their registrars

if first applicant fails to provide acceptable documentation within 40 days allocated => application rejected and Validation Agent will assess documentation from applicant whose application for name received second and so on until valid application found and name registered

if no applicant for name adequate proof of their right within 40 days, name unblocked and generally available on first-come-first-served basis

dispute decision using Alternative Dispute Resolution available for those who believe registry acted in contradiction with [the Public Policy Rules](#)

 - if successful challenge, registration may be revoked but name not allocated to complainant

- if further sunrise applicant in queue: that application assessed next
- if no other applicants for that name, available for registration on first-come-first-served basis when general registration begins ([Article 21 of the Public Policy Rules](#))

◆ **After Sunrise period: normal registration (as from 4 months after start phase 1 of Sunrise period)**

- usual info required to register for .eu domain name (geographical requirements)
 - undertaking with registered office, central administration or principal place of business in EU
 - organisation established within EU without prejudice to application national law
 - natural person resident within EU
- first-come-first-served basis

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* *

SOME PRACTICAL TIPS:

- beware what you disclose to whom (for instance public disclosure of trade secrets destroys their protection as IP, public disclosure of invention before patent filed destroys their protection under patent law, etc)
- use disclaimers and act upon them: clearly indicate that your website content, brochures, etc. are protected by CR, that your trademarks are not to be used without prior written consent etc.
- use contract law to deal with uncertainties of ownership
 - when using employees, contractors, consultants or other companies to develop your IP (e.g. a contractor writing software) essential to have contract with that person or entity before work is started, specifying who owns IP that is created and how the IP will be treated in the future
- enhance legal awareness of employees: how to deal with internet to prevent copyright infringement, trademark infringement, patent infringement, etc.
- conduct IPR audits to be aware of what to manage, ensure reporting obligations, and deal with unacceptable risks discovered
- use external experts to obtain intellectual property rights that require application and registration (patents, trademarks, designs and models, etc)
- check your trademark portfolio, rectify and update where necessary and make use of priority granted in the sunrise period for domain name registration of your company's name, products and services as domain names under Top Level Domain .eu
- if you are internationally active, make use of international systems available for more efficient registration of patents and trademarks

III. DEFENSIVE SIDE OF INTELLECTUAL PROPERTY PROTECTION

IP OWNERSHIP – THE FLIP SIDE OF THE COIN

When parties engage in contract negotiations to partner, create a strategic alliance, or a supplier-customer relationship, IP is often a key topic. It also becomes a topic in the context of M&A, when the acquiring party will conduct due diligence regarding the ownership of the IP being acquired.

The typical assumption is that IP is an asset that companies seek to acquire, either through delivery of contractual services, licenses, or by corporate acquisition.

However the acquiring party naturally will be concerned as to any inherent risks that would affect the value of this asset, and will seek warranties and/or indemnities from the party it is obtaining the IP from. This underlines a basic principle:

If you choose to own IP you will need to be responsible for defending the IP. You also will face risks of attack from third parties.

Responsibilities

- These include cost of applications and filings, maintaining IP by geography where required, protection from allowing the IP to enter the public domain.

Risks

- Third party infringement claims, in any jurisdiction – this is the single main risk.

CRITERIA TO DECIDE WHAT IP IS WORTH HAVING

The EMS/ODM (original design manufacture) model

(chart)

The basic concept is the balance of who should own and indemnify for IP will vary and needs to be based on the level of risk and reward each party takes.

This model presumes a supplier – customer relationship and is based on the electronics manufacturing (EMS) and design industry, and the related ODM (original design manufacture) model. An EMS provider typically supplies contract manufacturing services and contract design. In the typical model the customer provides the design specifications and is effectively outsourcing the production process. Additional design input may be required, but is controlled by the customer's direction. IP in the customers products, and any developments, is owned by the customer. Therefore the customer indemnifies the supplier for the use and implementation of its IP. The supplier on the other hand only controls the process,

and indemnifies the customer for any infringement resulting from its proprietary process and techniques used.

In the most extreme case, the supplier is acting as a “quasi employee” of the manufacturer performing specific tasks with little input of its own.

To the other extreme, there is the model where the supplier as part of its own R&D designs and builds a core IP platform (eg for a mobile phone) which it will own and retain for use with future customers. Such IP remains with the supplier; the customer will receive a license and may own the specific developments.

Other ways of deciding: Core versus Non-Core

This is partly a topic of strategy, which will be covered later in our presentation.

Where a company decides a certain type of business activity is core to its business, it may seek to establish an IP portfolio in that area and will make that the IP it owns, maintains and indemnifies against when licensing to third parties.

Scope of Licenses to Consider

When deciding on IP ownership, defenses may be possible in how licenses are passed on. While licensing as such is a topic beyond the scope of this session, it is worth pointing out that dealing with the following topics can operate to provide defenses to infringement.

Know-How & Residual Knowledge restrictions (to avoid gaps in
Firewalls within teams (e.g. commitment that same engineers will not work on matters involving competitors)

CONTRACTUAL MECHANISMS TO PROTECT AGAINST INFRINGEMENT ACTIONS WHEN PARTNERING

CROSS-LICENSE AGREEMENTS

- Purpose: to allow engineers to work side-by-side using each other's IP without risk of later infringement actions.
- This is particularly relevant in the joint R&D context, also wherever parties are jointly working with the same IP or required to contribute ideas.
- It is important to agree this type of agreement up front. This is to protect against a time when the agreement terminates and the parties would otherwise be free to bring claims against each other.
- Possible to separate out specific IP from the cross-license though this may defeat the purpose if used too liberally. On the other hand cross-license need not be broader than required to fulfil the purpose of the collaboration.

PATENT NON-ASSERTION AGREEMENTS

- This is typically a subpart of a cross-license agreement; can equally be a stand-alone agreement.
- Each party agrees not to bring patent claims against the other.
- Usually for a specified period, in order to ensure parties can work together without the threat of a patent claims.

GEOGRAPHIC ISSUES ON ASSERTION AND DEFENSE OF IP.

Though the world may increasingly be becoming “borderless”, geography still may determine scope of IP rights and there may be a desire to limit ownership and exposure eg by country. This may however not always fit if one party has a global business that is not easily separated into countries.

EXAMPLE: SALE OF BUSINESS

SELLER : A

BUYER: B

Sale of product design business in Lithuania by company A; includes some IP created by engineers which company A intends to continue to use in its global businesses (Retained IP).

Buyer B will own all IP except Retained IP, demands an indemnity and exclusive 5-year right to Retained IP for the territory of Lithuania.

Analysis/Challenges:

- Seller has difficulty granting the exclusivity due to the fact that it would then have to exclude its global customers from the territory of Lithuania in its contracts.
- Retained IP needs to be carefully defined as easy to mix with the acquired IP
- “Borderless World” syndrome: can/should IP be geographically separated in a meaningful way

On the other hand:

- Seller can limit indemnification liability to the relevant geography

IV. INTERNATIONAL INTELLECTUAL PROPERTY PORTFOLIO STRATEGY AND MANAGEMENT

Now that you know how to secure rights in intellectual property, and how to minimize the risk of infringing the rights of others, it is important to focus on a strategy for executing on this knowledge in an efficient manner. As noted above, there is no such thing as an “international patent.” Also, securing patent protection can require a great deal of resources. Therefore, you must develop a strategy that proves the essential protection required by your business model within the resource constraints that are always part of business.

Developing an IP strategy and managing your portfolio in accordance with the strategy requires constant attention and periodic data gathering and analytics. The proper IP strategy will take into account your company’s business model and strengths as well as that of your competitors. Additionally, resources and business objectives must be considered in a pragmatic way. IP must be developed and managed as a business asset. Failure to properly protect IP destroys the asset by giving it to others without restriction. As global competition rises, companies in an increasing number of industries are beginning to understand the need to protect intellectual property to preserve assets. In the future, if not now, the only way to remain competitive is disseminate know how in a controlled manner by protecting IP in a manner that is consistent with your business practices and the marketplace. While IP strategy is a very fact specific endeavour, a framework can be applied to assist in creating and executing a strategy that achieves a company’s business objectives. The following procedures can be conducted periodically to help fashion an IP strategy.

The global economy requires that an IP strategy be implemented on a worldwide basis. Further, international trade and electronic commerce makes it more likely that a company will be subject to a “foreign” jurisdiction. Every company must protect their assets and build a defensive position in all significant markets. Accordingly, budgets and other resource constraints must be dealt with by a focused but effective strategy.

Of course, each innovation must be evaluated for the likelihood and scope of each type of intellectual property protection. This filter must be applied to the implementation of any IP strategy. For example, if an innovation cannot be readily maintained in secrecy, trade secret protection is not applicable regardless of priority.

⊕ Analyze your company’s business model

IP is a business asset and should be treated as such. Therefore, your business model dictates to large extent how you develop your IP assets. Identification of the following will help you to prioritize your innovations. This step of information gathering is primarily focused inwardly. While much of this information may appear to be elementary, it is helpful to give some thought to each and to clearly articulate each from a high level.

- Identify your company’s strengths and commercial advantages
- Identify your competitors’ strengths and commercial advantages
- Identify industry trends
- Identify your key markets and target markets by technology space and geography
- Articulate your revenue model

⊕ Analyze the industry IP landscape

Of course, the competitive landscape will affect your IP strategy also. This step is primarily outward focused but will help you to understand where your company fits in to the competitive landscape and to create a strategy that leverages, and if necessary changes, this position.

- What has your company protected and where is it protected?
- What have each of your competitors protected and in what jurisdictions they protected it?
- Identify any trends in protective activity
- Identify your company's key innovators
- Identify your competitors' key innovators
- Identify your competitors innovation partners
- Identify any standards/patent pools

⊕ Define innovation categories

Based on the information gathered above, you should clearly articulate the metes and bounds of at least the categories set forth below.

- Key Products
- IP "white space"
- Competitor strength
- Essential to standards
- Other valuable innovation

⊕ Define jurisdictions of interest

- Key market
- Target market

⊕ Determine protection rules for each innovation category

- Type(s) of IP protection will apply to the innovation
- Countries that the innovation be protected in
- Resource limitations, such excess claim fee limitations
- Is broad protection required?

Example (manufacturer of industrial fasteners and tools):

Categories:

Key Products 1 (high priority)- Fasteners such as staples and nails. These items are consumables and large revenue growth is seen for these items over the next decade

Key Products 2 (lower priority)- Fastener tools, such as staplers and nail guns

Key Markets- US and EU.

Target Markets- China, sub Saharan Africa. These are growing markets for our products because of increased an increased building trade, increased foreign trade with US, or both

IP Whitespace- Fastener delivery such as nail magazines and the like. There has been very little patenting activity in this area. We can protect fastener configuration by protecting the delivery system that holds the fastener and delivers it to the application portion of the tool.

Competitor Strength- Our largest competitors have a great deal of leverage because of their market share in fastener application tools. They have vigorously protected their tool configurations.

Standards- Various government agencies, such as CSA in Canada, promulgate standards for fasteners. Any innovations falling within the scope of such standards fall into this category.

Protection Rules (additive):

Key Products 1:

Type of protection- All available

Jurisdictions- key markets and target markets

Patent claims- as many claims and types of claims as needed to fully protect all aspects of invention

Clearance- Detailed clearance study

Key Products 2:

Type of protection- All available

Jurisdictions- key markets and target markets

Patent claims- One type of claim in limited number to avoid excess fees.

Clearance- No study

IP Whitespace:

Type of protection- All available

Jurisdictions- key markets

Patent claims- as many claims and types of claims as needed to fully protect all aspects of invention

Clearance- No study

Competitor Strength

Type of protection- All available

Jurisdictions- key markets and target markets

Patent claims- as many claims and types of claims as needed to fully protect all aspects of invention

Clearance- Detailed clearance study

Standards;

Type of protection- All available

Jurisdictions- Wherever standard is applicable

Patent claims- as many claims and types of claims as needed to fully protect all aspects of invention

Clearance- No study

*
* *

V. READ MORE

General

- for a list of EU regulations, directives, etc. on intellectual property law, see: <http://europa.eu.int/eur-lex/lex/en/repert/1720.htm>
- International Association for the Protection of Intellectual Property (AIPPI) www.aippi.org
- International Association for the Protection of Industrial Property (LESI) www.lesi.org
- There exists a system of international registration of designs, as the PCT for patents and Madrid for trademarks. It is called the Hague System for the International Registration of Industrial Designs <http://www.wipo.int/hague/en/>
- Useful information on intellectual property rights protection <http://www.wipo.int/sme/en/>

Trademarks

- on protection of trademarks : www.wipo.org/about-ip/en/trademarks.html
- list of trademark offices worldwide : http://www.intellectual-property.gov.uk/std/resources/trade_marks/offices_worldwide.htm
- on the Office for Harmonisation in the Internal Market that administers the Community trademark system: www.oami.eu.int
- guide on the international registration of marks under the Madrid Agreement and the Madrid Protocol <http://www.wipo.int/madrid/en/guide>
- International Trademark Association (INTA) www.inta.org
- list members of the Madrid Union (status November, 15, 2004) <http://www.wipo.int/treaties/en/documents/pdf/g-mdrd-m.pdf>

E-commerce

- on electronic commerce issues: <http://ecommerce.wipo.int>
- on E-commerce and intellectual property http://www.wipo.int/about-ip/en/studies/publications/ip_ecommerce.htm
- on E-commerce and copyright (<http://www.wipo.int/copyright/ecommerce/en/index.html>)

Copyrights

- on how to give your copyrighted documents a fixed date through I-depot with the Benelux Designs Office <http://www.bbtm-bbdm.org/nl/pages/dienstenwelke.html#idepot>
- on how small businesses can protect software they have developed: ftp://ftp.cordis.lu/pub/innovation-smes/docs/brochure_ipr_software_protection_en.pdf

Patents

- PCT applicant's guide in WIPO website (updated up to May 12, 2005)
<http://www.wipo.int/pct/guide/en/index.html>
- List of PCT Contracting States
http://www.wipo.int/pct/guide/en/gdvol1/annexes/annexa/ax_a.pdf
- on the network esp@cenet with 30 million patent documents worldwide :
www.european-patent-office.org/espacenet
- list of patent offices worldwide http://www.intellectual-property.gov.uk/std/resources/patents/offices_worldwide.htm
- on how to run a patent search www.ipr-helpdesk.org/espacenet
- on the European Patent Office (EPO): www.european-patent-office.org
- on the Patent Cooperation Treaty (PCT): www.wipo.int/pct/en/index.html
- on the trend of judicial reasoning in Europe regarding patenting of software compared to situation in Japan and US www.ipr-helpdesk/softpat
- on the current position in Europe on software programs, published by UK Patent Office www.patent.gov.uk/snews/notices/practice/programs.html
- on software patent resources www.softwarepatent.com
- on courses and prior art about patenting software technology (Software Patent Institute) www.spi.org
- on patentability under European Patent Convention of methods of doing business www.european-patent-office.org/news/pressrel/2000_08_18_e.htm
- example of software invention that has been patented www.european-patent-office.org/case_law/english/I_A_I-I.htm
- example of software invention that has been patented
www.ivanhoe.co.uk/books/content/ivpa/page234e.htm
- on business method patents:
http://www.nolo.com/encyclopedia/articles/ilaw/method_patents.html
- on patent licensing and other types of licensing: <http://www.les.org>
- for some interesting research on business method patents (by Stefan Wagner - September 29, 2004) <http://www.inno-tec.de/mitarbeiter/wagner/index.html>
- on patentability of business methods at European Patent Office
<http://www.iusmentis.com/patents/businessmethods/epc/>



**403 Protection of Intellectual Property
Assets in a Borderless Electronic World**

How to obtain IP protection ?

Katrien Delesie

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Intellectual property

- copyright & neighbouring rights
- patents, trademarks & trade secrets
- domain names
- trade name & trade dress
- designs & models
- etc.

❖ Value expert advice !

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Copyright



- ❖ original work
- ❖ no formalities ©
- ❖ limited protection : expression of idea ≠ idea
- ❖ who owns: employer, contractor, employee ?
- ❖ need to manage
 - identify, fixed date, contracts, website







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Patents

- ❖ 17 year monopoly for invention protected by patent
- ❖ **Patentability** (European Patent Convention)
 - novelty (Art. 54 EPC)
 - not obvious for skilled person of art (Art. 56 EPC)
 - capable of industrial application (Art. 57 EPC)
 - technical character (Rules 27 (1) and 29 (1) EPC and case law Board of Appeals)
 - exclusions (Art. 52(2) and (3) EPC :
computer programs, business methods, etc.)

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Patents

❖ How international patent protection?

- national route (national applications)
- direct European route (EPO)
- PCT route (WIPO - Patent Co-operation Treaty)
 - o Phase 1 = international
 - o Phase 2 = regional (EPO) or national



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Patents

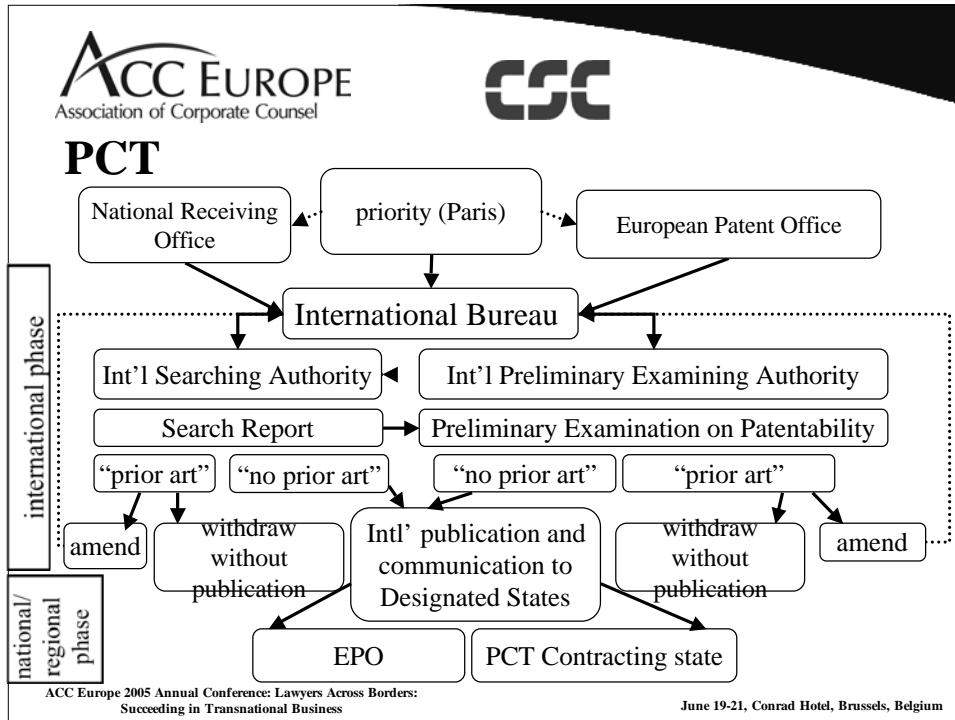
❖ Patent Cooperation Treaty (PCT)

- administered by WIPO
- national or resident PCT Contracting State
- file 1 international patent application under PCT and designate any/all PCT Contracting States to simultaneously seek patent protection for invention in large number of countries
- 2004: > 120 000 PCT applications; 1mioth filing



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Patents

❖ Advantages PCT

- 1 x evaluation of patentability
- more reliable patent
 - o high standard for international search and preliminary examination
 - o amend application during international phase
 - o more time to decide
 - on countries you want to seek protection for
 - on appointing local patent agents
 - on preparing translations & paying national fees

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Patents

❖ European Patent Convention (EPC)

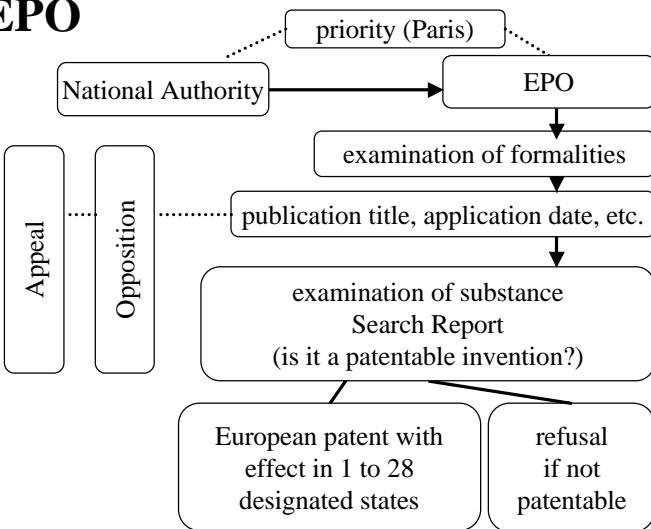
- European Patent Office = regional patent office
 - o München, The Hague, Berlin and Vienna
- European patent ≠ Community patent (does not exist)
- single application in 1 of 3 official languages (English, French & German)

for up to 28 Contracting States:
 Austria, Belgium, Bulgaria, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Liechtenstein, Luxembourg, Monaco, Netherlands, Poland, Portugal, Romania, Slovakia, Slovenia, Spain, Sweden, Switzerland, Turkey, UK

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EPO



```

    graph TD
        NA[National Authority] --> EPO[EPO]
        P[priority Paris] -.-> NA
        P -.-> EPO
        EPO --> EF[examination of formalities]
        EF --> P1[publication title, application date, etc.]
        P1 --> ES[examination of substance  
Search Report  
(is it a patentable invention?)]
        ES --> EP[European patent with effect in 1 to 28 designated states]
        ES --> R[refusal if not patentable]
        A[Appeal] -.-> P1
        O[Opposition] -.-> P1
    
```

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Trademarks

- ❖ **Trademark protection**
 - sign that identifies origin of product/service
 - renewable registration
- ❖ **How international trademark protection?**
 - national/Benelux application
 - Community trademark (OHIM) 
 - international trademark (Madrid Agreement & Protocol) 







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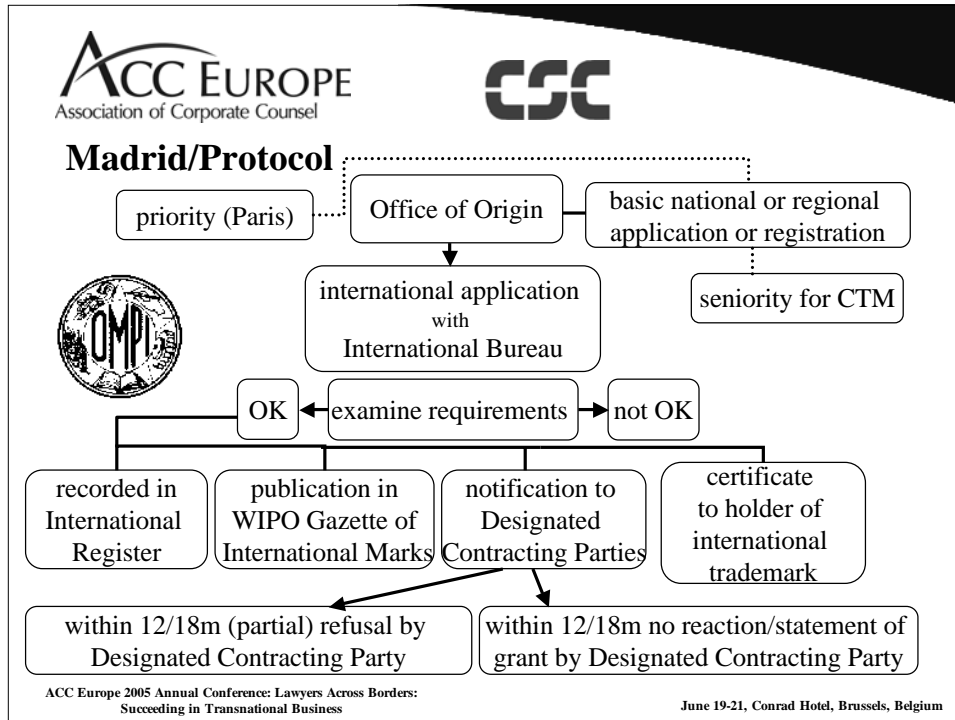



Trademarks

- ❖ **Madrid System for International Registration of Marks - Agreement (1891) & Protocol (1989)**
 - administered by WIPO
 - rules different depending on Agreement/Protocol/both
=> form + language + fees + prior registration/application
 - 1 October 2004: EU has joined Madrid Protocol
 - CTM basis for international trade mark application
 - apply for CTM via international route

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Trademarks

❖ **CTM**

- Alicante
- Office for the Harmonisation of Internal Market (OHIM)
- 1 CTM valid in entire EU
 - o Austria, Belgium, Cyprus, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Ireland, Italy, Latvia, Lithuania, Luxemburg, Malta, Poland, Portugal, Slovakia, Slovenia, Spain, Sweden, the Netherlands, United Kingdom
- language selection
 - o 1st: all official EU languages
 - o 2nd: Eng/German/Italian/Spanish/French *and* ≠ 1st language for opposition/cancellation proceedings

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Trademarks

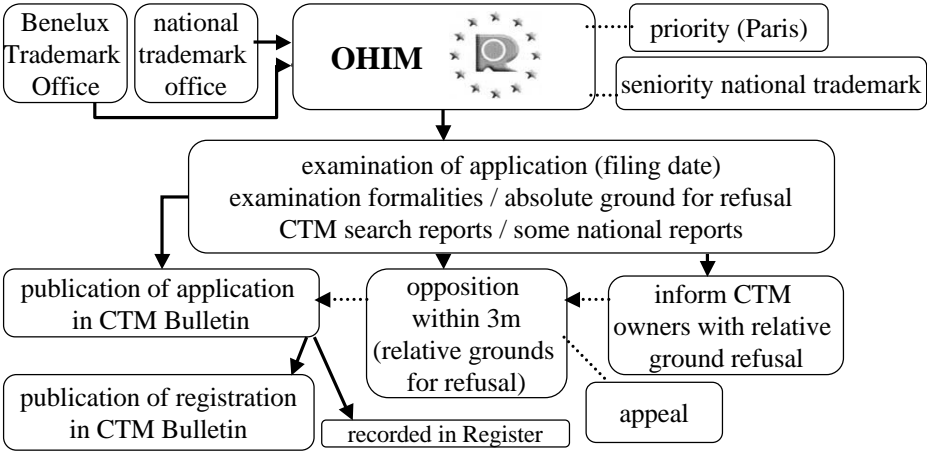
❖ Advantages CTM

- simplified formalities
 - o 1 application, 1 administrative centre, etc)
- cheaper than if national registrations in all/many EU countries
- effective and genuine use in 1 MS = sufficient
- infringement proceedings before 1 national CTM competent court => decision effect throughout EU
- etc.

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OHIM-CTM



```

graph TD
    A[Benelux Trademark Office] --> OHIM[OHIM]
    B[national trademark office] --> OHIM
    C[priority Paris] -.-> OHIM
    D[seniority national trademark] -.-> OHIM
    OHIM --> E[examination of application (filing date)  
examination formalities / absolute ground for refusal  
CTM search reports / some national reports]
    E --> F[publication of application in CTM Bulletin]
    E --> G[opposition within 3m (relative grounds for refusal)]
    G --> H[inform CTM owners with relative ground refusal]
    H --> G
    G --> I[appeal]
    F --> J[publication of registration in CTM Bulletin]
    F --> K[recorded in Register]
    
```

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Top Level .eu

- ❖ *www.company.eu* - info on *www.eurid.eu*
- ❖ natural or legal persons in EU
- ❖ Accredited Registrar (accreditation started 16 June – see list on *www.eurid.eu*)
- ❖ 2 phase Sunrise period
 - special .eu sunrise “who-is” database
 - Validation Agent - PriceWaterhouseCoopers
 - ADR if registry/acting contrary to Public Policy Rules

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Top Level .eu

- ❖ **Phase 1 Sunrise Period**
 - *Who* ? public entity or trademark holder/licensee
 - *Domain name* ? public body name/territory it governs / registered CTM or registered national trademark / geographical indication
 - sunrise fee (cover processing/validation costs)
 - provide usual info, legal basis and evidence
 - > 1 valid application for name => first-come-first-served
 - o 1st applicant no acceptable doc within 40 days => application rejected + doc 2nd applicant, etc. + until valid application
 - o no applicant acceptable documentation within 40 days => name unblocked + generally available on first-com-first-served basis

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Top Level .eu

❖ Phase 2 Sunrise Period

- *Who* ? public entity or trademark holder/licensee or holder other right protected under national law of member state
- *Domain name* ? = phase 1, and other right protected under national law MS (company name / business identifier / distinctive title of protected literary or artistic work / unregistered trademark / trade name)
- sunrise fee (cover processing/validation costs)
- provide idem info as in phase 1
- > 1 valid application for same name : idem as phase 1

Top Level .eu

❖ After sunrise period : normal registration

- geographical requirement
 - o undertaking with registered office/central administration/principal place of business in EU
 - o organisation established within EU
 - o natural person resident within EU
- first-come-first-served basis



Conclusion : some practical tips

- value expert advice !
- careful what you disclose to whom
- disclaimers and contracts
- legal awareness of employees
- IPR audits
- .eu registration during sunrise period
- international registration systems



Intellectual Property Strategy

A rules-based framework for executing a business-driven intellectual property strategy

"A few strong instincts, and a few plain rules."
William Wordsworth (1770-1850)

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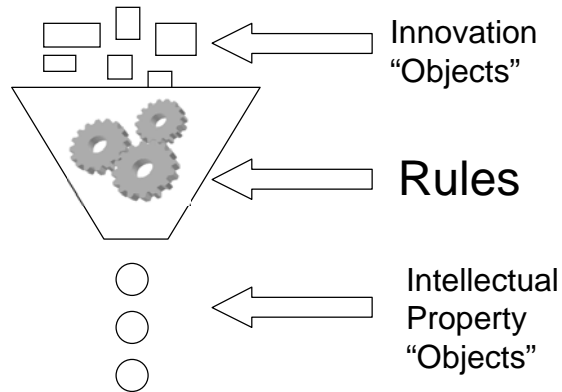
The IP Challenge: Products to Protection

- Development and Marketing
 - Product-centric: Focus on innovation
 - Products, functions, supporting materials
- Intellectual Property Strategy
 - IP-centric: Focus on IP protection
 - Instance(s) of protection for an innovation(s)
e.g., patent or copyright registration

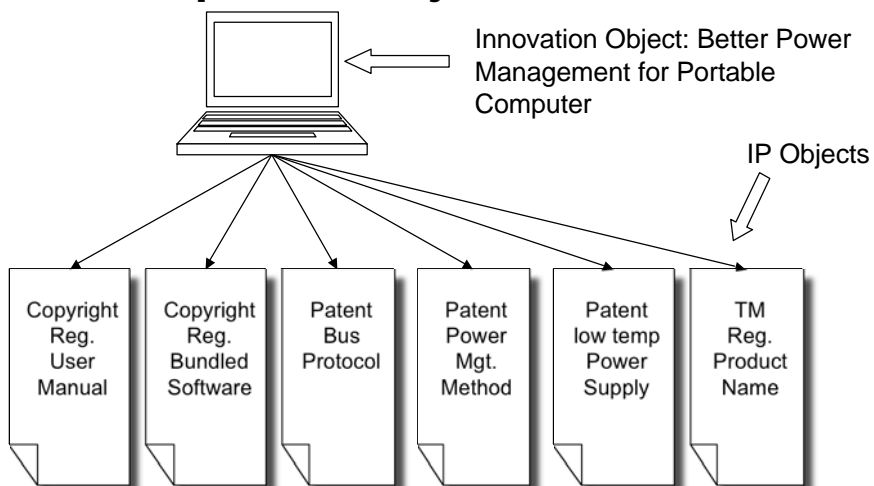
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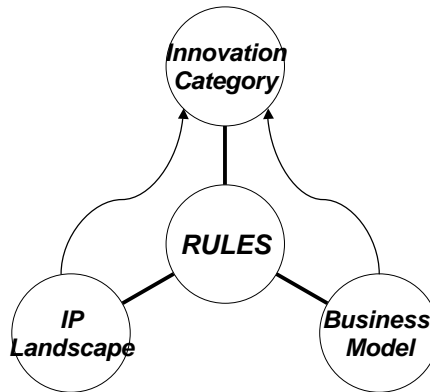
Build an IP Strategy “Engine”



Examples of Objects



Developing Rules: Data Points



Rule Development Data Points: Innovation Categories

- Key Products
- IP “white space”
- Competitor strength
- Essential to standards



Rule Development Data Points: Business Model

- Key products
- Key markets
- Target markets
- Primary Competitors

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Rule Development Data Points: IP Landscape

- What is protected by competitors
- Identify “white space”
- standards/patent pools

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What Does A Rule Look Like?

- One Rule for each innovation category
- Rule components
 - Type(s) of IP protection for innovation
 - Countries for protection
 - Resource limitations, such as excess claim fee limitations
- Innovation rating is an attribute
- No Magic! Requires “strong instincts”

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Rule Example

- Key Product Category Rule
 - High innovation rating:
 - patent protection in key markets and target markets, no claims limit
 - Medium innovation rating:
 - patent protection only in key markets, e.g., UK, avoid excess claim fees.
 - Low innovation rating: no patent protection
 - TM regs in key and target markets
 - Copyright regs in key markets

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Innovation Rating

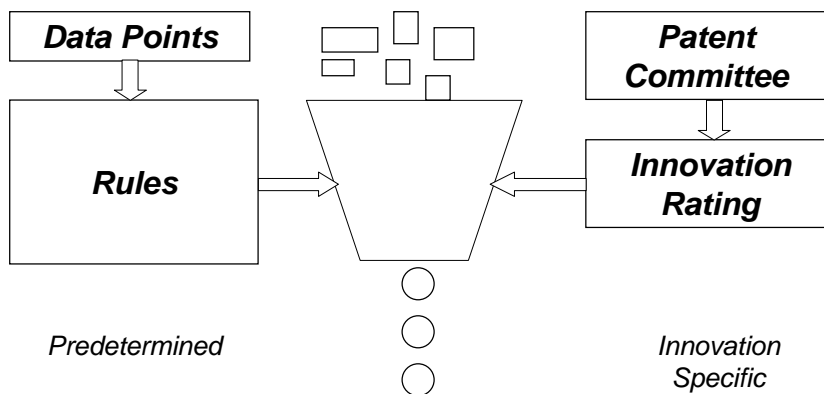
- Value: High-Medium-Low
 - Broad protection available?
 - How relevant to your revenue model?
 - How relevant to competitors revenue model?
- Rated by IP committee
 - Development
 - Marketing
 - Legal

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Summary



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