




Protecting Intellectual Property Globally

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What is Intellectual Property (IP)?

- A product of the mind
- Intangible
- A “monopoly” or exclusive ownership, possession, or control



Because IP is a “monopoly” by definition...

- IP rights are not considered natural, basic human rights
- As a result IP rights are established by statute
- Statutes must be established by the state and as a result vary
- Even in states with strong statutory supports of IP, there are limitations of these “monopolies” (usually term limits)



Traditional Forms of IP

■ Patent

Inventions (process or idea) that are not already known generally and current (novel) that are reducible to tangible form or used in tangible form without too much skill or ingenuity, that are valuable or useful to society, and that are conceived or discovered by the inventor

■ Copyright

Original expressions of ideas, that are creatively produced, and that are fixed in tangible medium

■ Trademark

A word, phrase, sign, symbol, shape, or label, that is a distinctive identifier of the goods or services of the creator when placed in commerce, that is used to distinguish goods or services from those of any other person or business



Non-Traditional Forms of IP

- Trade Secrets
- Domain Names
- Website Screens
- Business Methodologies
- Distinctively marketable tastes, smells, and sounds



The Value of IP (How important is it to Protect?)

- Intellectual Property is often worth more than the physical assets of a business
- Trademark valuations...Marlboro \$40 billion, Coke \$33 billion, Nike \$3.5 billion
- 80% of the \$25 billion paid for Nabisco was IP and other intangible assets



Valuing Intellectual Property

- Periodic valuations should be conducted by an appraiser or accountant

- Methods...
 - Market Value
 - Comparable Market Value
 - Market Value for a Monopoly
 - Incremental Values



Protecting IP from Inception

- Include your IP strategy, written list of current IP, and IP you intend to develop in your Business Plan
- Include your IP strategy in your budget...registration of a worldwide trademark \$200-400 thousand, patent filing in 10 countries \$50-70 thousand, fighting infringements \$20-40 thousand per action
- Connect your IP strategy with your Marketing Plans...Implementation when/where?
- Timelines for product development and distribution should be governed by your IP Strategy
- Regular reviews of your IP Strategy should be made a part of your annual business strategy meetings.



The Components of IP Strategy

- Proof of **creation** gives you ownership rights
- **Registration** confirms ownership rights
- Proactive **enforcement** insures your ongoing rights



Creation of IP

- Proof of creation is the responsibility of the creator
- Keep all notes, sketches and drawings, outlines, draft and final press releases, laboratory notebooks, and lists of potential applications and ideas (**include date and time in your records**)
- Develop a file to keep records of first commercial application (and all subsequently introduced products or services) (**for each country or region**)
- Add to each “**country file**” copies of registrations, press releases, articles, and other materials that demonstrate status and public recognition of your company’s ownership of the respective IP



Registration of IP

Why register IP?

- ✓ It is the least expensive means of establishing ownership and deterring infringement
- ✓ It is a public notice that you have claims of exclusive rights
- ✓ Registration, in compliance with a statutory system, allows remedies against infringers that are only available for registered IP

Why you shouldn't register IP?

- Registration makes your invention visible to the public

Even if you decide not to register some of your IP, it is important that you include it as part of your overall IP strategy and implement protection systems for your non-disclosed IP



Enforcement of IP

- Implement a review process for industry, trade, business, and other media for potential infringements
- Contract a patent and trademark watch service to periodically review government publications
- Contract investigation consultants to periodically survey markets
- Establish a system of incentives for customers, licensees, franchisees, sale representatives, and others to report possible infringements



Why do IP Laws Vary by Country?

- Societal recognition of IP rights varies because of the fundamental issue of **individual property rights vs. communal rights**
- Recognition of intangible property rights (IP) is a fairly new legal concept developed by European and North American countries as a way to protect their strengths (intellectual capacity and inventiveness)
- Countries ruled under socialist or communist law naturally favor communal ownership of intellectual property.



The Trend to Globalization and Uniformity

- The non-uniform application of IP rights are recognized as an indirect barrier to trade
- During the last great global trade era (late 1800's) the Berne and Paris Conventions laid the framework for global IP protections
- Beginning in the 1990's significant steps were taken to establish uniformity in registration and protection of IP rights...
 - WTO and the implementation of the Trade-Related Aspects of Intellectual Property Rights Agreement (TRIPS)
 - Regional Agreements (NAFTA) including specifics on IP protections
 - The Trademark Law Treaty
 - The Madrid Protocol

Unfortunately differences remain and you are required to know the law in any country where you use or exploit your IP rights.



How to develop an IP Strategy in a world with 213 countries?

- **Some basic knowledge of the world's different legal systems helps you to become the best steward for your company's IP by helping you to ask the right questions to your local attorney, develop the best IP strategies for a region/country, and anticipate the specific IP requirements and/or potential problems for your IP in a particular country/region**



Legal Systems Utilized by the World

- ❑ Common Law
- ❑ Civil Law
- ❑ Islamic Law
- ❑ Communist or Socialist Law



Common Law

- Courts in common law countries apply and interpret statutes by following the principles developed in earlier judicial decisions
- Countries are primarily those that were at some time under the power of the British Commonwealth...

England, U.S., Australia, Singapore and India



IP Rights under Common Law

- The concepts of IP rights were first established in countries with common law systems
- IP rights can be established without registration (although remedies are less burdensome if registered)
- The current trend is to expand IP rights
- Common law systems usually offer strong enforcement provisions for IP through the court system but often bureaucracy and backlogs slow the process
- Enforcement remedies are also often available through government agencies outside the court system (Customs)
- Arbitration and mediation are commonly used



Civil Law

- Civil law is characterized by comprehensive and systematic compilations of statutes called the Code of Laws
- Legal decisions are based on interpretations of the codified laws with minimal reference to preceding cases...as a result outcome of lawsuits are less predictable than common law
- Countries include... Germany, France and Japan



IP Rights under Civil Law

- IP rights are viewed as grants by the State
- IP rights are similar in scope to common law countries but court procedures differ greatly...(Judges are appointed right out of Law School and often serve as “fact-finders” in the cases and submission of written materials is more important than evidence presented verbally at trial)
- Some countries have established specialist courts for hearing IP cases



Islamic Law

- Is derived from the Koran and the Sunna and is based on the principles outlined in those documents
- These principles are not modifiable as they are viewed as the word of God
- Countries include... Saudi Arabia, Iran, Afghanistan, Libya and Sudan. Many other countries limit applications of Islamic law to family and estate succession law.



IP Rights under Islamic Law

- Islamic law does not address intangible property
- As a result, IP protection has been very limited until recently
- Most Muslim countries have started to accommodate changes in modern society and international business practices and have adopted modified codes based on European (or Civil Law) legal model
- In most countries IP rights are handled by a separate division of commercial courts in accordance with civil law concepts



Communist and Socialist Law

- Laws originate from the Communist Manifesto which disfavor individual property rights and supports the communal rights of all property (including intangible)
- The codes of law are developed from the Manifesto for the purpose of transforming society from a socialist stage to a communist order, at which time laws would cease to exist because the new society would function without need for rules and regulations
- Private individuals and companies rarely resort to the court system in these countries because of the inherent bias against private ownership rights

- Countries include...Soviet Union (Russia and former states), China, North Korea



IP Rights under Communist Law

- As with Islamic law countries, IP rights are gradually being adopted as countries recognize the benefits of international trade
- Patents, trademarks, and copyrights can be registered under the laws of former and current Socialist States
- Most countries are members of at least one of the international treaties and conventions protecting IP rights
- IP rights are still applied through government policies that make the application and enforcement of laws related to individual IP rights unpredictable and dependent on sudden shifts in state ideology.



In Summary

- Intellectual Property is a valuable (possibly the most valuable) asset of your company
- Although there is a trend towards globalization and uniformity in IP rights between countries, there will always be differences of IP rules and enforcement because of societal differences in the perspective of individual property rights vs. communal rights
- As a result, all IP is local and fundamental protection begins with strong local legal advice and a country/region specific IP strategy



In Summary... cont.

- An IP strategy should be a part of every business plan
- IP strategy should be connected to all implementation documents (ie. Marketing Plans/Budgets/etc.)
- Regular reviews of your IP strategy should be made a part of your annual business strategy meetings.
- IP strategy should address the components of creation, registration, and proactive enforcement
- Understanding the legal system employed by the country is a critical component in developing a specific IP strategy, business and marketing plans, working with your local attorney, dealing with regulatory authorities, and managing your in-country representatives