Potential, rules and enforcement of IP

Which IP right should be used?
CONTENT:

1. Introduction – Industrial Property, Intellectual Property (IP) and Intellectual Assets
2. Growing importance of intellectual property
3. Tools to protect intellectual property (patent, UM, designs and trademarks)
4. Strategic use of IP data in R&D
5. Enforcement of IP
6. IP in practice: lessons from the survey of Czech SMEs
7. Summary
Industrial Property

| Inventions | Patents, Utility Models |
| Brands, logos | Reg. Trade Marks |
| Designs | Industrial Designs |

These are registered rights. Their inventor, creator or designer has no rights until they make a registration. Others can check if these rights exist, and who owns them, by looking at the register.
Intellectual Property (IP)

Inventions
Brands, logos
Designs

Patents, U. Models
Trade Marks
Industrial Designs

Musical, dramatic, literary & artistic works
Database
Reputation/ Goodwill

Authorship Rights (Copyright)
Database Rights
Unregistered Trade Marks

These rights are unregistered – they exist from the moment the works are created. The registered and unregistered rights together are called Intellectual Property.
The formal registered & unregistered rights, when combined with this third group of "soft IP", are known collectively as Intellectual Assets.
Why is IP important?

1. IP enables creativity to be protected, and clearly establishes who owns what.
2. IP can be sold and/or licensed.
3. It can be a key negotiating tool – a „deal-maker“.
4. IP will attract investment.
5. IP appears as an asset on the company accounts, even if other parts of the business get into trouble.
6. IP is a source of information and knowledge. It enables further technological development based on ideas (both protected and unprotected) that were published and made available to public.
Global Patent Warming
Dynamics of patent application in China (2002-2007)

Number of applications

- National applicants
- All foreign applicants
- EU applicants
- All applicants in sum

Year:
- till 2002
- till 2003
- till 2004
- till 2005
- till 2006
- till 2007
Variety of tools to protect IP rights:

**FORMAL (STATUTORY):**
patents (utility models), industrial designs, reg. trademarks, copyright.

**INFORMAL (NON-STATUTORY):**
- Secrecy
- Fast, flexible innovations
- Complexity of a design
- Complementary services
- Special production or selling capacities
- Specific pricing policy
- Special relationships with customers or suppliers
- Specific work contracts with employees
Patent rights

Patents protect technical inventions which solve technical problems
- chemicals, products, equipments and apparatus, processes and methods

Patent requirements:
A patentable inventions must be:
1. Novel/New (Not already been disclosed to the public)
2. Contain an inventive step
3. Usefulness (e.g. Capable of industrial application)
Utility Model – not quite a patent

The Utility Model:
- Is an exclusive right
- Grants protection for up to 10 years
- Covers products but not methods/processes
- Protects minor inventions
- Can be converted to a patent application
- May be granted without examination
- Fees for application and maintenance are cheaper than patents
- May be also sold or licensed
What are Designs

Designs protect: "The outward appearance of a product or part of it which results from lines, contours, colour, shape, texture, materials and/or its ornamentation" (Office of Harmonization for the Internal Market “OHIM”)

Designs do not protect:
• the technical function of the product
• the product itself
• the capacity of a sign to be distinctive

Term: Registered Designs: 5 years renewable 4 times => maximum of 25 years (Note: Registration needs to be filed within 1 year of disclosure to the public)
Unregistered Designs: 3 years
What is a Trademark

• A trade mark is a sign, or a combination of signs, which distinguishes the goods or services of one enterprise from those of another.

• May be registered ® or unregistered TM

• Helps consumers to recognise and decide on goods and services based on their reputation and quality

• Term: up to 10 years, renewable for 10 years for life of trademark
Trademarks and Brand Recognition

Brand Recognition:
"A brand is a collection of perceptions in the mind of the consumer."
One product – many IP rights

- **Registered design** – phone shape
- **Trade mark** - "NOKIA" & start-up tone
- **Copyright** - software, ringtones & images
- **Patents** – technology to operate and produce
- **Trade secrets** – technical know-how kept „in house“ and non-published
Not only protection: strategic use of IP data

1. Patent register and databases are unique sources of research information, a large part of which has never been published elsewhere. Data is publicly available (e.g. http://ep.espasnet.com).

2. A substantial part of information contained in patent applications is not protected and, therefore, can be used by everyone for free.

3. Patent databases may serve as a tool of business survey, leading to new customers, suppliers or new partners. It also may alert on competitor’s steps (i.e. advanced competitive intelligence).

4. Exploiting IP information is completely independent and separated from patent ownership, licensing and IPR enforcement.
The esp@cenet database has over 65 million documents!

http://www.epo.org/patents/patent-information/free/espacenet.html
When do you need to enforce your IP?

IDEA

Safeguarding trade secrets & confidential information

Confidentiality agreements / clauses
Security measures

Obtaining IP protection

Filing for patents, utility models, designs, measures to establish copyrights, etc.

Enforcing IP

Filing for trade marks

INTRODUCTION

DEVELOPMENT

IMPLEMENTATION

COMMERCIALIZATION

MARKET
Empirical Research of the Technology Centre ASCR (2011-2012)

• What is the importance of IP (and other intangible assets) for Czech SMEs?

• What is the policy the SMEs apply toward their IP?

• Which IP tools and/or strategies are used, in which sectors and why?

• What is the real importance of patents for SMEs?
Assets the SMEs value most (in 1 to 5 scale)

- Reputation of a firm 4,5
- Qualification of the employees 4,3
- Working and social climate in a company 4,3
- Loyalty of the employees 4,3
- Motivation of the employees 4,2
- High quality technical hardware 4,0
- Financial sources and reserves 3,7
- Agreements with suppliers and/or customers 3,3
- Effective organization of production processes 3,1
- Secret know-how and processes 3,0
- Lists of customers 2,9
- Marketing experience and strategies 2,7
- Production buildings, offices and labs 2,6
- Advertisement campaigns 2,3
- External know-how 2,3
- **Patents and utility models owned by a firm** 2,2
- **Registered trade marks** 2,1
- Unprotected product designs 1,8
- **Registered industrial designs** 1,8
- Licensing from other parties 1,5
Why firms protect their IP?

- Preservation and protection of considerable competitive advantages
- Protection of firm’s investments into R&D
- Improvement of firm’s reputation and PR
- More effective collaboration with other organizations (e.g. joint R&D projects)
- Prevention of disputations and suits
- Easy entry into new markets
- Financial profit from license selling
- Better position of a firm when negotiation about external financing

number of companies
Various tools that SMEs use to protect their innovations

- Relentless innovations
- First mover on the market
- Trade marks
- Specific relations with suppliers and/or customers
- Utility models
- Development of complementary services
- Secrecy
- Copyright
- Patents
- Specific arrangements with production partners and/or customers
- Work contracts with employees
- Industrial designs
- None IP protection applied at all
- Specific production facilities or processes
- Specific agreements with suppliers
- Non-disclosure agreements with employees
- Special organization of production processes
- Complex design of the products
- Specific relations with suppliers and/or customers
- Other means (non-specified)
Various tools that large firms (> 250 employees) use to protect their innovations

- Relentless innovations
- Utility models
- Patents
- Trade marks
- Secrecy
- Development of complementary services
- First mover on the market
- Specific relations with suppliers and/or customers
- Specific agreements with customers
- Industrial designs
- Copyright
- Specific production facilities or processes
- Specific agreements with suppliers
- Non-disclosure agreements with employees
- Work contracts with employees
- Complex design of the products
- Special organization of production processes
- None IP protection applied at all
- Other means (non-specified)
How firms in collaborative projects protect their IP?

- Mutual agreements and contracts
- Protection by registered IP (patents, utility models, trade marks)
- Protection based on a mutual confidence or non-disclosure agreements
- Know-how of a firm is left unprotected
- Firm has no know-how that is worth of protection
- Other means of IP (non-specified)
### Industrial sectors in which patents are frequently used

<table>
<thead>
<tr>
<th>Sector</th>
<th>Frequency</th>
<th>(n)</th>
</tr>
</thead>
<tbody>
<tr>
<td>&quot;New technologies and materials“ (nano-and microtechnology)</td>
<td>84 %</td>
<td>(n = 19)</td>
</tr>
<tr>
<td>Biotechnology</td>
<td>71 %</td>
<td>(n = 7)</td>
</tr>
<tr>
<td>Pharmaceuticals and cosmetics</td>
<td>54 %</td>
<td>(n = 13)</td>
</tr>
<tr>
<td>Ecology</td>
<td>54 %</td>
<td>(n = 11)</td>
</tr>
<tr>
<td>Alternative and renewable energy sources</td>
<td>53 %</td>
<td>(n = 13)</td>
</tr>
<tr>
<td>Automotive, aerospace and rail industry</td>
<td>42 %</td>
<td>(n = 21)</td>
</tr>
<tr>
<td>Electrical industry</td>
<td>41 %</td>
<td>(n = 22)</td>
</tr>
<tr>
<td>Engineering</td>
<td>38 %</td>
<td>(n = 47)</td>
</tr>
<tr>
<td>Food and agricultural production</td>
<td>38 %</td>
<td>(n = 13)</td>
</tr>
<tr>
<td>Chemical, rubber and plastics industry</td>
<td>31 %</td>
<td>(n = 13)</td>
</tr>
</tbody>
</table>
### Sectors in which patents are seldom used

<table>
<thead>
<tr>
<th>Sector</th>
<th>Percentage</th>
<th>n</th>
</tr>
</thead>
<tbody>
<tr>
<td>Textile industry</td>
<td>30 %</td>
<td>13</td>
</tr>
<tr>
<td>Consultancy, financial, and education services</td>
<td>16 %</td>
<td>25</td>
</tr>
<tr>
<td>Metallurgy and mining industry</td>
<td>14 %</td>
<td>19</td>
</tr>
<tr>
<td>Information and communication technology (ICT)</td>
<td>11 %</td>
<td>36</td>
</tr>
<tr>
<td>Construction and building industry</td>
<td>6 %</td>
<td>18</td>
</tr>
<tr>
<td>Paper production and printing industry</td>
<td>0 %</td>
<td>6</td>
</tr>
</tbody>
</table>
### Why you go for a patent?

<table>
<thead>
<tr>
<th>Reason</th>
<th>Number of companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Protection against copying and imitations</td>
<td>60</td>
</tr>
<tr>
<td>Contribution to the firm’s IP and reputation</td>
<td>39</td>
</tr>
<tr>
<td>Patent fencing of potential competitors</td>
<td>31</td>
</tr>
<tr>
<td>Prevention of potential suits</td>
<td>28</td>
</tr>
<tr>
<td>Direct financial profit from the use of patents within the firm</td>
<td>26</td>
</tr>
<tr>
<td>More effective cooperation with other companies</td>
<td>15</td>
</tr>
<tr>
<td>Financial profit from patent licensing</td>
<td>13</td>
</tr>
<tr>
<td>Other reasons (non-specified)</td>
<td>7</td>
</tr>
</tbody>
</table>

Remark: Only actively patenting firms (97) were examined
Conclusions from the survey I

- Firm reputation, human skills, motivation & loyalty, and stimulation working climate are the key values for SMEs. Registered IP represents substantially lower value. Secret know-how is valued more than registered IP.
- Speed and flexible relentless innovations are the most frequently used tools the SMEs apply to protect their innovations.
- Larger firms tend to apply formal (statutory) IP means more frequently than SMEs.
- Patents are widely used in a few sectors only (e.g. „new technologies“, biotechnology, pharmaceutical industry, environmental protection, alternative and renewable power production).
Conclusions from the survey II

• The reasons why firms apply for patents are highly complex. Various strategic motivations dominate over purely defensive reasons.

• There are many sectors in which patents are seldom used (e.g. ICT, textile, paper, building, food, metallurgy and KIBS).

• Our results indicate that the current state support that persuades SMEs to apply for patents (and other formal IP tools) is probably flawed and shall be re-considered.
Summary: Key Rules for a Success

- You don’t have to be an expert – there are plenty out there!

- Register rights – if you don’t own it or you can’t protect it! Be proactive!

- Prevention is better than cure.

- Use layered defence – don’t rely on one single IP tool.
Internet Resources:

- [http://www.wipo.int/portal/index.html.en](http://www.wipo.int/portal/index.html.en) (WIPO)
- [http://www.ipr-helpdesk.eu](http://www.ipr-helpdesk.eu) (IPR Helpdesk)
- [http://www.innovaccess.eu](http://www.innovaccess.eu) (INNOVACCESS)
- [www.epo.org](http://www.epo.org) (European Patent Office)
Thank you for your attention.

Ing. Václav Suchý, CSc.

Technology Centre AS CR
Ve Struhách 27, 160 00 Prague 6
Czech Republic
tel. 234-006-163
E-mail: suchy@tc.cz