



ETiDOP[®]

Egyptian Trademarks and Industrial
Designs Office Project

IP and SMEs



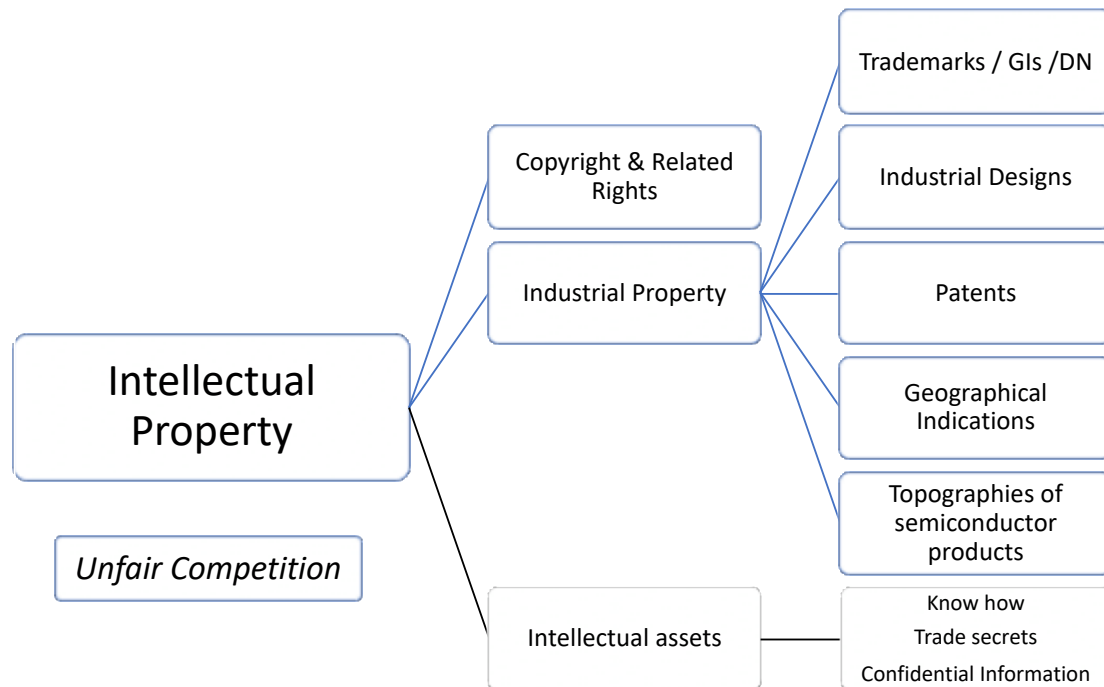
What is IP Law and IPRs?

Intellectual Property Law or IP Law is the Law that protects creations of the human mind.

Intellectual Property Rights or IPRs are the rights granted by the legislator to the authors, creators, inventors, designers etc. to enable them to exploit their creations exclusively. This exclusivity means that the IPR holder (or rightholder) is entitled to prohibit any use without having authorized it. IPRs are very similar to ownership rights; they differ in that IPRs are intangible assets.

IPRs comprise rights conferred by Copyright Law and Industrial Property Law. Copyright refers to artistic and literary creations, while industrial property includes trademarks, patents, industrial designs (designs), domain names (DN), geographical indications (GIs) and Protected Designations of Origin (PDO), semiconductor product topographies and new plant varieties.

Although not explicitly protected by IP Law, commercial and industrial secrets, know-how are also considered to be intellectual assets that present certain resemblance to IPRs. In addition, unfair competition may also be considered as a “satellite” of IPRs.



Why do we need IP Law?

IP Law protects creative works and establishes who owns what, conferring at the same time to the owner the right to exclusively exploit the creation of mind.

IP is an asset on the company accounts as well as a source of information and knowledge. It is called 'key negotiating tool', a 'deal-maker' when looking for investment and funding.

SMEs, as exclusive owners of IPRs, may use IP to establish or solidify their position in the market. The monopoly that the Law attributes to the owners of the IPRs permits the exclusion of third parties giving an economic advantage to the Company. It reinforces the position of the SMEs in the market.

- IP permits SMEs to protect their creations from their competitors in the market;
- No one else can use their creations, unless authorized

For example, if you register your trademark, no one is allowed to use it in the course of trade for the purposes of distinguishing goods or services or use it as a trade name or similar designation. Therefore, your company will be the sole proprietor of the trademark.

In addition, IP permits investment returns by a) enhancing bargaining position and b) granting exploiting licenses on the IP protected material.

How can a company protect its creations?

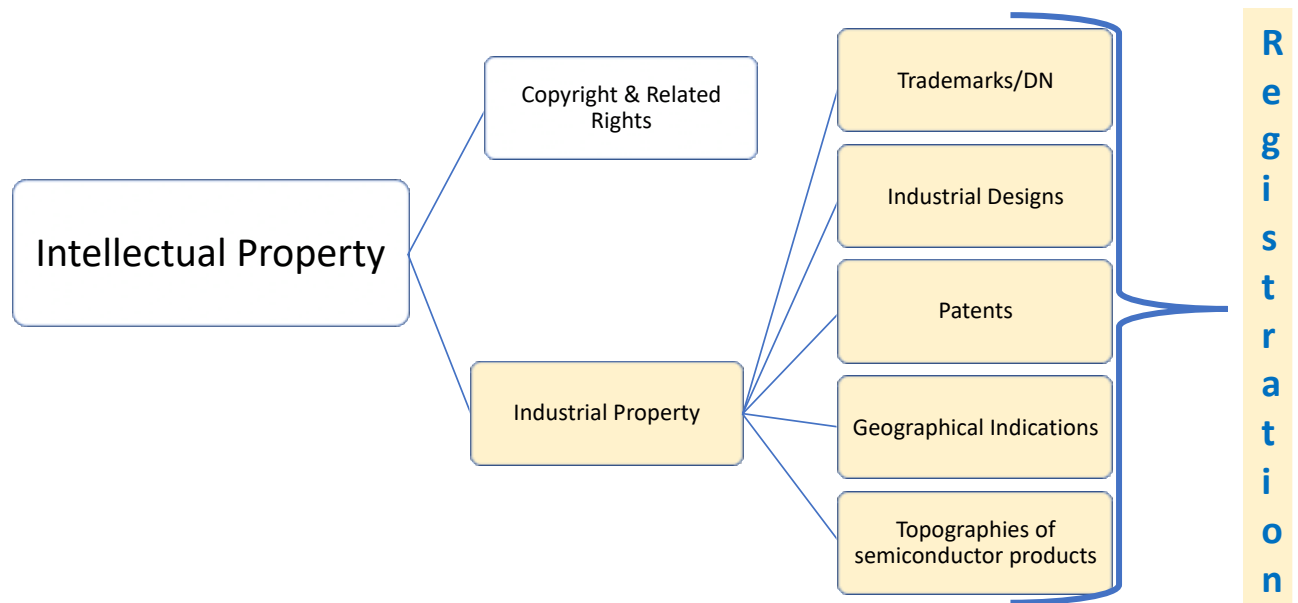
A creation of mind could be protected by Copyright Law and/or by Industrial Property Law.

Important!

Creations protected by Copyright do not need to be registered. As defined in the Berne Convention, protection is granted without any formalities.

Creations protected by Industrial Property Law, need to be registered in order to be protected. For this reason, countries have registries for trademarks, patents, industrial designs, domain names, geographical indications and Protected Designations of Origin (PDO), semiconductor product topographies and new plant varieties.

Due to the fact that Copyright protection is attributed without any formalities, it is 'cheaper' than Industrial Property rights and therefore more convenient for SMEs. On the other hand, rights registered at a registry are easier to prove in terms of ownership by certain legal or natural person, thus more secure and attractive for potential investors. In any case, the type of protection depends on the creative material.



Is there a strategy for an SME to ensure its protection?

It is important that SMEs identify their IP assets. Companies need to know, what is protected by IP Law, what is not and if they are infringing third party's rights (i.e. that they do not make any unauthorized use of someone else's intellectual property).

The most efficient way to do this, is to conduct an IP Due Diligence (IP DD), meaning an audit or investigation that will reveal the protectable by IP asset.

An IP DD will give to the Company the possibility to:

1. identify its IP assets and file application for those that need to be registered in order to be protected.
2. identify potential gaps within the chain of rights that could lead the Company to violations or breach of contract. This is very important when the Company is examining the possibility to license its IPRs: for example, the Company should make sure that it is the owner of the IP that has been created by its employees or that it has acquired all necessary permissions for the use of the protected material (for example images or music used in the websites).
3. make sure that it is the rightholder of the rights or that the Company is not itself infringing the IPRs of another natural or legal person. This is very important if the SME is planning to file an action to Court for infringement of its IPRs.
4. reinforce the quality of the SME when in search for investors (besides, it is always asked by the investors) or when a company is purchased by or merged with another Company (in which case IP assets and related liabilities are becoming a component of the overall value of the company) and in case of joint ventures.

During the IP DD process, the company must categorize the IPRs it holds and the status of these rights. What is important at this stage is to identify if the Company holds creations that could to be registered, or the status of its (pending or accepted) applications and if there is a need for further action such as renewal. Before filing the application, the Company needs to conclude on the countries/regions where the application should be filed.

It is also important for the Company to review the contracts (including employment contracts) with authors/inventors/contributors. When a Company has acquired the rights from another natural or legal person, it should make sure that this person is indeed the owner of the rights. The Company should be identified as the exclusive owner of the IPRs. All IPRs must be transferred by every employee/collaborator/contractor even founder of the Company to the Company. The transfer should be reflected in a written contract; the rights should be transferred to the Company in order to exploit them worldwide, for all the time limits of the protection of the IPs and for all types of exploitation.

Identifying potential risks of the Company, i.e. to examine if the Company is violating the rights of a third party is crucial as well. If the creation has not been acquired from the Company or if the Company does not have license to use an IP protected material, it could be found liable for infringement.

Remember!

Protecting the company's rights is one side of the same coin. The company must investigate whether it infringes the third parties IPRs (for example, it uses patented technology, uses unlicensed texts or photographs on its website, and so on).

What is the difference between the different types of protection?

1. Copyright

Copyright is the protection granted to authors by the law giving them the right to control their creative work. Copyright law is based on the conviction that the authors of creative works deserve reasonable remuneration and the right to control the use of their creations.

Prerequisites of protection

In order for a work to be protected, it must be original, that is, it must present statistical uniqueness and must reflect the personality of its creator. Originality resides in the expression of the author's personality, the intimate link between the author and his work, the personal imprint; the work must present a certain level of creativity.

Simple ideas are not protected

Simple ideas are not protected; only works that have been formed and externalized (detached from the author's mind) are protected, under the condition that they are

original. Originality should not be confused with novelty; a painter could paint the same landscape painted by another painter, but what matters is to express himself/herself, set on the work his/her personal imprint.

Remember!

An idea is not protected! Only works that have taken form are protected.

No formalities

It is a universally accepted principle that the protection of author's rights flows automatically from the act of creation and does not depend on any formality. In that respect copyright differs considerably from other forms of intellectual property protection, such as patents and trademarks.

Remember!

Works are protected from the moment of their creation if they are original. They do need to be registered!

The use of the symbol ©

As mentioned above, a work is protected from the moment of its creation under the condition that it has taken some form and it is original. There are no formalities for the protection, no obligation to register the work in a registry. The use of the symbol copyright notice ©, is not obligatory. It is, however, useful because it alerts the public that the specific material is protected by Copyright. It is a message to potential infringers of your IPRs and a notice to your customers and/or future collaborators that your Company's holds the IPRs on the creations.

What can be protected by Copyright?

At first point, SMEs should be in position to understand which works are protected under Copyright:

- Artistic works, meaning paintings, illustrations, sculptures, graphics, cartoons, photographs, drawings, maps, diagrams, designs, architectural designs
- Literary works, such as computer software, databases, novels, technical manuals, instruction manuals, textbooks, articles, short stories, journals, poems & song lyrics
- Musical works, for example melodies, sheet music, songs, advertising jingles, soundtracks
- Dramatic works, like plays, screenplays, mime, choreography
- Specific types of works are of most interest for the SMEs: software, databases, advertisement, campaigns, website, multimedia.

For how long can a work be protected?

Protection is lasting throughout the lifetime of the author and 50 years after his death. After this period the creative work falls into public domain and can be used by the public in new ways. This limited in time protection is one of the main characteristics of Copyright Law differentiating it from tangible Property which lasts forever.

Tip!

The rights are granted to the natural person who created them and the company can only acquire them secondarily. For this reason, it must enter into contracts with all the creators of the works it uses as well as with the beneficiaries of related rights.

Specific types of works

Computer programs

Computer programs protect the expression of a program (the source code). Underlying "ideas" (which are often the functional aspects of the program) are not protected. The author is the programmer; however, normally the rights will be transferred to the employer if there is one.

Computer programs and their preparatory design material shall be deemed to be literary works within the meaning of the provisions on copyright protection. The originality is the condition for protection: "a computer program shall be protected if it is original in the sense that it is the author's personal intellectual creation". The level of originality required for the protection of computer programs is rather low, and the judges apprehend the individuality of computer programs in the light of statistical uniqueness.

Many companies, in order to build their service online quickly, they are using open source software, meaning software that is offered for use for free. Such use of open source software is licensed under specific terms. These licenses are categorized into copyleft or permissive licenses. Both copyleft and permissive licenses allow users to freely copy, distribute, and change the software that use them; such open source programs are still under Copyright law; it is their contractual terms that make them different (no exclusivity e.tc). Permissive and are considered to be free licenses. However, under Copyleft licenses users must copy, distribute, and change the source code using the same license as the original software; this means that the computer software that will be created for be licensed under the same Copyleft license and there will be no property on the new software developed based on the preexisting. A Company, thus, cannot, for example, take a GPL-licensed piece of software and release it under a proprietary license. Permissive licenses do not restrict the licenses under which these acts can be done.

The clauses of the licenses, either Copyleft or permissive should be respected. If the developer/platform owner does not respect the license set by the open source foundation, there is a risk that the developer/owner of the e service will be found liable for infringement. Be aware with the use of the Copyleft licenses because they set rules that "contaminate" parts of the Company's computer programs and SMEs will have to open all the related source code, thus they will not have property on that.

Databases

A 'database` is a collection of independent works, data or other materials arranged in a systematic or methodical way and individually accessible by electronic or other means. On a database there is both protection by copyright and "a right to prevent

unfair extraction from a database". It is sufficient for copyright protection if the database constitutes the author's own intellectual creation by reason either of the selection or the arrangement.

The *sui generis* right protects the investment. The protection of the *sui generis* right is restricted to acts in relation to an entire database or substantial parts thereof. Unsubstantial parts are not protected. The duration of protection of 15 years starts anew in respect of each substantial modification of the contents of the database, if the modification brought about an essential, new investment. The maker of the database enjoys the right to "prevent" or to authorize certain uses. The right is granted in respect of the acts of extraction and/or re-utilization of the database contents.

Accumulation of protection of a database by copyright and by *sui generis* right is conceivable. Copyright protects the selection or arrangement of the material and, the *sui generis* right protects the substantial investment. It will be up to the right owner to assert his rights. For example, if the *sui generis* protection in a concrete case is broader than the protection by copyright or otherwise promises more success for his claim, the right owner will assert the *sui generis* right without having to consider the narrower limitations under copyright.

The *sui generis* right leaves without prejudice the rights existing in the contents of the database, such as copyright, related rights, or rights in personal data. For example, the owner of copyright in a work stored in the database may prohibit the use of this work according to general copyright provisions, even if the maker of the database wants to authorize the use of a substantial part of the contents. Yet, in practice, such a case will hardly occur, because the maker of a database will usually acquire at least those rights that are necessary for the normal use of a database.

Website

What is important for an SME to know is that the content it creates for the Website may be protected by Copyright. This content could be: photographs, music, texts, audiovisual content.

When the Company is using material protected by copyright such as material licensed by Libraries (music, pictures, maps etc.), it should be very careful to respect the terms under which the permission to use the content is given.

Furthermore, several persons may be involved in the creation of the website such as the graphic designer of the logo, the person writing the text, the photographer etc. All these persons who have cooperated with Company for the creation of the website should transfer all their rights to the Company. Contributors should guarantee that there is no infringement by using the material. The Company should be in position to modify or further transfer the website.

It is also advisable that the Company controls access and use of its website content by using technological protection measures (if such control is applicable).

Campaigns

Campaigns or any other advertising or operation aiming at promoting the service provided by Company that might have been commenced by the Company may contain elements protected by Copyright legislation. This would include both the planning of the advertisement campaign, under the condition that this planning has been expressed in any form and that it is original and the actual realization of the advertisement that could include protected elements such as texts, music, audiovisual, graphics, drawings, logos, slogans etc.

Promotional and advertising operation, accomplished by the company's contractors or any external collaborator should be owned by the Company. All persons who have been involved in the accomplishment of the advertisement or the collaborating Company that has undertaken to make such advertising Campaign should transfer to Company all underlying intellectual property rights and expressly include a clause stating that the Company is permitted to modify the work.

The Company should proceed to the registration of any logos, slogans etc. used within the framework of advertising campaigns as trademarks (see the analysis hereunder: trademarks).

Multimedia

Multimedia works are works in digital form that integrate texts, images and sounds on a CD or DVD and characterized by the interactivity from the user. A typical example of a multimedia work is the video games. The various contributors to the multimedia works are easily identified and the relation among them is regulated by contract. Multimedia works can be protected by copyright either as databases or as audiovisual works.

2. Industrial Designs

The industries using designs are:

- Fashion, textiles, leather
- Footwear
- Furniture
- Consumer electronics
- Automotive industries and accessories
- Other consumer goods

Tips!

The registration of a design ensures its exclusive use by the owner, within the specific sector.

What is protected by designs law?

Designs are protected for their appearance on the product (or part of it). They can have two- or three-dimensional configuration. The configuration may be perceived through lines, colors or combination of colors with the shape, the material, the ornamentation. What is important to remember is that the configurations must be perceived visually.

What is excluded from protection?

Are not protected:

- Non-visible parts or components
- Designs made to achieve a technical function
- Features allowing interconnections. (Interconnections are product features that enable it to be assembled or mechanically connected with another product, for example a plug connection or an exhaust pipe.)
- Spare parts used to restore the original aspect of a complex product
- Reasons of public morality or public policy
- Styles and ideas related to the products configuration are not protected

Which are the prerequisites for the protection?

Designs are protected under the condition that they present a special appearance of novelty and is industrially applicable ~~present a minimum degree of novelty and individual character~~. A design is considered to be new if no **identical** design has been made available to the public (by the time the application for registration is lodged or by the date of priority).

The assessment of individual character means that the design produces on the informed user (i.e. the consumer, end user of the product who has sufficient information on the morphology of the specific product bearing the design), a different overall impression from that produced by prior designs made available to the public before the date the application for registration was lodged.

Tip!

A design, to retain its novelty, it must not be disclosed before its registration. In case of disclosure the condition of novelty is lost and the protection will not be full.

Most jurisdictions, provide for a grace period of 12 months. This means that in case the company discloses the design before it files the application, there is still a chance to be protected on condition that an application will be within 12 months from the disclosure.

How can I protect a design?

A design is protected after filing an application before the local or regional office where the Company intends to commercialize or in general needs to protect its design.

Tip!

As a rule, it is possible to register more than one design. In fact, the "multiple application" is cheaper.

Can an unregistered design be protected in Egypt?

No an unregistered design is not protectable in Egypt. However, Copyright protection is not impossible if the conditions set by Copyright Law are fulfilled. Protection of unregistered designs by Unfair Competition is possible.

Tip!

A design may be protected under Copyright law.

For how long can a design protected?

Registered designs are protected for 10 years but are renewable for 5 years.

How can a Company let people know that the Design is protected?

It is advisable that the Company or in general rightholder of the design lets people know that the design is protected, by using a notice "ID" or "Registered Design" for industrial designs, to alert the public that the design is protected. It is a powerful message to potential infringers of IPRs and a notice to the Company's customers and/or future collaborators that the Company's creations are protected. If the application has only been filed, but the design has not yet been registered, the term "Design Pending" may be used. The use of such symbol is not obligatory; it is only advisable.

Tip!

After the registration of the design the application is published. However, the applicant may submit a request for deferment of the publication for a period of up to 30 months from the date of its submission. The period during which the design or model remains confidential gives the applicant the opportunity to further develop his marketing strategy or to complete the production preparations by keeping his design or model secret from his competitors. This is especially important for industries such as fashion, luxury goods and the automotive industry, where it is necessary to protect designs from competitors in preparation for production.

3. TRADEMARKS (TMs)

TMs are considered to be a basic asset of a Company. The TM the Company is using, should be in any case registered, in order to exclude others from using an identical word or logo.

What is a TM?

A TM is a distinctive sign or indicator used to identify the source of products or services. It helps consumers to recognise and decide on goods and services based on their reputation and quality.

A trade mark may consist of any **sign**, in particular words, including personal names, or designs, letters, numerals, colours, the shape of goods or of the packaging of goods or sounds, provided that such signs are capable of:

- **distinguishing the goods or services** of one undertaking from those of other undertakings;
- being **represented on the Register** of trade marks ('the Register'), in a manner which enables the competent authorities and the public to **determine the clear and precise subject matter of the protection** afforded to its proprietor.

Why do we need a TM?

TMs serve the following very important functions:

- a) origin function,
- b) quality guarantee function and
- c) advertisement function

How can I protect a TM?

A TM is protected after filing an application before the local or regional office where the Company intends to provide/offer its products/services, as described below.

Tip!

It is important that you search the availability of the sign you want to register as a TM before you start using it in the market. The use of an unregistered mark will create value over a name which may not be apt to be protected and the Company is exposed. Besides, the existence of an identical or similar TM owned by third person may:

- a) not permit its registration
- b) impose the re-branding of the Company,
- c) create liability issues to the Company.

Unregistered TMs are not protected by TM law, but they may be protected by Unfair Competition Law.

TMs are registered in connection with goods and services offered by the Company - Registration of trademarks for specific classes, for specific products and services, as described under Nice classification which provides for 45 classes (34 for products and 11 for services).

Prerequisites for protection

For a TM to be protected it must be distinctive and must not describe the goods or services that the Company sells/offers. Consumers should be able to recognise that the products/services bearing a specific sign are originated from specific Company. A TM should be able to distinguish the products/services of a company from those of any other Company.

Tip!

The more distinctive a TM is (figurative & word elements) the better and more solid its protection will be.

TMs **devoid of any distinctive character** are barred from TM registration. Registration is not possible when it is amply evident that a mark is **merely descriptive, generic, customary etc.**

If a sign deceives the public as to the nature, quality or origin of the goods or services, then it cannot be registered. Likewise, a sign that is contrary to public policy or morality is also excluded from registration.

Words and in general signs that have become customary everyday life or in trade, they cannot be registered as TMs.

For how long can a TM be protected?

The Term of protection of the TMs is up to 10 years and may be renewed for indefinite periods of 10 years.

Can I register a sign as TM just in order to prevent others from registering it?

In order to maintain registration, Companies need to use their registered TMs in relation to the goods or services for which they are registered, in order to maintain the protection. Otherwise, they risk to lose their rights on the TM and third parties will be able to invalidate the “unused” TM or even proceed with the use and registration of the “unused” TM for the same goods and services.

Registries

TMs can be protected by filing an application at national, regional or international level.

Protection at national level takes place through registration at national IP offices and protection is obtained only in the territory where the trade mark is registered.

Regional protection, means protection in a region such as EU by filing an application at the regional office such as EUIPO (European Union Intellectual Property Office). This application protects TM in all Member State and can be filed by any natural person or legal entity from any country in the world can apply for an EUTM.

Another way to protect a sign is by filing an application to the WIPO (World Intellectual Property Organization) which allows to register the TM currently in 124 countries/territories (known as the Madrid System). Although the applicant files a single application (under the condition that the applicant is domiciled in, or a national of any territory that is a party to the Madrid System), however it is up to the national offices to accept or not the protection in their national territory. An international application may be successful in some designated territories and refused in others.

Tips!

An international application may claim priority under Article 4 of the Paris Convention, whether from the application with the Trademarks and Industrial Designs Office in Egypt or from a prior application filed with the Office of another country party to the Paris Convention or with the Office of a Member of the World Trade Organization.

The Company should always seek to register as domain names (DN) all its TMs.

In order to find out if the mark you want to use is available, a trademark search could be conducted in the database of your national IP office or by using a data base such as:

<http://www.itda.gov.eg/login/login.aspx>

TMView, available at <https://www.tmdn.org/tmview/welcome> . This database will allow you to verify if a mark is available in all EU countries and in numerous other partner offices.

WIPO Global Brands database, covering trademarks registered in a wide number of countries parties to WIPO, and available at: <https://www.wipo.int/branddb/en/index.jsp>.

How can a Company let people know that the TM is protected?

You can use the notice “® or TM (or even “Registered Trademark”)”, to alert the public that the trademark is protected. It is a powerful message to potential infringers of your IPRs and a notice to customers and/or future collaborators that your Company’s creations are protected. The use of such symbol is not obligatory; it is only advisable.

4. DOMAIN NAMES (DNs)

Domain names can be obtained through a registrar (e.g. godaddy.com, eNom.com, TucowsInc.com). To register a domain name, the specific domain name has to be available. Availability is checked through the registrar. SMEs should understand that registration of a domain name does not confer to its owner any trade mark rights. Furthermore, the fact that a domain name is available does not mean that the trademark of the Company will also be available. For a trademark to be registered availability is not sufficient. Similarities between the trademark that an SME wants to register and a registered trademark owned by another natural or legal person, may lead to rejection of the application.

Tip!

The SMEs should consider registering domain names for the name of the company as well as the names of the trademarked products and/or brands.

5. PATENTS

What is a patent?

A patent is a right granted for the protection of inventions offering a technical solution to a problem. The patent holder enjoys the exclusive right to prevent third parties

from commercially exploiting their invention for a limited period of time. In return, the patent holder must disclose the invention to the public in the patent application.

Why are patents important?

Patents are very important as they prevent others from using the Company's inventions without permission, potentially prevent competitors from entering the market, generate a price premium on products, add to marketing credibility, add revenue through licensing or sale of IP rights, attract or retain investors / partners.

Tip!

Frequently companies file applications for the protection of inventions which are not eligible for patent. The first question to be answered is whether the invention resolves a technical problem and whether it can be applied industrially.

How can I protect a patent?

An invention is protected after filing an application before the local or regional office, as described below.

Tip!

Through the Paris Convention the patent applicant who has already filed in one country (for example in Egypt) has the right to file within 12 months (strictly!) an application for the protection of the same invention in another country member of the Convention by requesting priority. In this case the application will receive as filing date the date of the first application (i.e. if the first filing was made in Egypt on 1/1/2021 and the applicant files an application on 31/12/2021 in Greece, he/she can request protection from 1/1/2021, i.e. the date of the first filing). This is very important because within these 12 months, it is possible that the invention loses its novelty (i.e. another inventor files an application for the same or similar invention). Filing an application under the Paris Convention does not preclude parallel filing with the International Bureau (PCT).

Which are the prerequisites for the protection of patents?

For a patent to be protected three conditions should be fulfilled:

1. Novelty: does not form part of the state of the art – anything made available to the public
2. Inventive step: having in mind the state of the art, the invention is not obvious to a person skilled in the art
3. Industrial application: maybe produced or used in any sector of industrial activity

Remember!

Many SMEs are disclosing information on their invented technology (as is the case of Universities who need to publish articles) before filing for a patent. Such disclosure of the invention will lead to losing novelty and the criteria for protection will not be fulfilled. Do not disclose your invention before you file an application.

For how long are patents protected?

The term of protection of a patent is 20 years. After this term of protection, the patent may be used by anybody.

Territorial protection

National patent systems vary considerably.

Under the “declaratory” system all declarations are presumed to be legal. For an application to be accepted, is monitored/controlled legalization of the applicant, fees, etc. (no essential/thorough examination of the invention). Under this system there is no guarantee that the substantive conditions are met (meaning if the invention is new, involves inventive step and is industrially applicable). This could lead to nullity of the patent.

Tip!

It should also be understood that each national or regional office treats each case differently and one invention may obtain the patent more easily in one office than in another.

Under the substantial examination system: if the prerequisites (novelty, inventive step, industrial applicability) are not met the patent is not granted.

Remember!

Patents are granted by filing national, regional, international application. Passing from a national to an international application should be made into specific time limits! This is very important to be underlined as an invention should be protected in all the countries where the company wishes to exploit the invention. If the time limits are not protected the patent will not be granted. The respective administrative fees should be mentioned.

Registries

As described above, a patent can be granted by filing an application at national, regional or international level.

Protection at national level takes place through registration at national IP offices and protection is obtained only in the territory where the patent is registered.

Regional protection, means protection in a region such as EPO (European Patent Office) or African Intellectual Property Organization (OAPI) or African Regional Intellectual Property Organization (ARIPO) or Eurasian Patent Organization (EAPO) or Patent Office of the Cooperation Council for the Arab States of the Gulf (GCC Patent office) by filing an application at the competent regional office. This application gives to the applicant the chance, once EPO grants the patent, to validate the patent in the national IP offices chosen by the applicant otherwise it is not effective.

Another way to protect a sign is by filing an application to the WIPO (World Intellectual Property Organization) which allows to users to obtain patent protection in more than

150 territories (PCT system). Although the applicant files a single application (under the condition that the applicant is domiciled in, or a national of any territory that is a party to the PCT System), it is the national offices that will allow or not the application. The applicant may file directly at WIPO or file an application before a national or regional office and then proceed with the PCT application claiming priority from the initial date (of the national or regional office). Hence after the end of the PCT procedure, usually at 30 months from the earliest filing date of the initial application, the applicant can start to pursue the grant of his/her patents directly before the national (or regional) patent Offices of the countries in which protection is needed.

Tip!

PCT application has the advantage of allowing a patent application to be filed with the national offices within **30 months** of the first filing (in some countries the duration is 31 months), allowing the inventor or beneficiary to seek an investor who will provide financial assistance. The disadvantage of PCT is that it raises the cost: it is better to submit applications individually to national offices rather than by submitting an international application to WIPO, when the application is to be submitted in several countries.

How can a Company let people know that the Patent is protected?

It is advisable that Company lets people know that the patent is protected, by using a notice “Registered Patent” for registered inventions”, to alert the public that this is a protected patent. It is a powerful message to potential infringers of your IPRs and a notice to your customers and/or future collaborators that your Company’s creations are protected. If you have only filed an application for the protection of your invention, but the patent has not yet been granted, you may indicate this in your business transaction, by using the term “Patent Pending”. The use of such symbol is not obligatory; it is only advisable.

Tip!

Patents are a great way to protect an invention. However, for a patent to be granted quite important financial resources are required and it usually takes quite a lot of time. Until a patent is granted, the Company enjoys no rights. This is why most SMEs are trying to secure funding before filing a patent application.

6. Geographical indications (GI)

What is a GI?

GIs identify a product as originating in the territory of a country or a region or locality in that territory, where a given quality, reputation or other characteristic of the product is essentially attributable to its geographical origin.

How can GIs be protected?

A GI can be protected through a *sui generis* system, for example as an appellation of origin, and also as an individual or a collective mark. A mark may be used to protect the product label, which can include the GI and an additional figurative element affixed to the product to indicate to consumers that it complies with the product specifications for the appellation of origin.

Sui generis protection systems grant a **specific right** over GIs, separate from a trademark right or any other IP right, for example in EU, India, Switzerland, the Andean Community countries and the African Intellectual Property Organization (OAPI).

In such case, a GI is protected after filing an application before the local or regional office, as described in the example below.

EU Registry

At EU level a distinction is made between Protected Geographical Indications (PGIs) and Protected Designations of Origin (PDOs). Various EU Regulations allow the registration of geographical terms as PGIs and/or PDOs for wines, aromatized wines, spirits, non – agricultural and agricultural products and foodstuffs. There are differences between GIs and PDOs.

For a PDO to be granted, the conditions to be met are stricter than those for PGIs. In the case of PDOs, the qualities or characteristics of the product must be "essentially or exclusively due to a particular geographical environment with inherent natural and human factors". A product can be granted protection as a PDO only if all stages of production process is happening in the area concerned.

By contrast, a geographical term can become Protected Geographical Indication (PGI) when the product's quality or reputation is attributable to its geographical origin. For PGIs it is sufficient if just one of those stages is situated in the relevant area.

Why are GIs important?

The protection of geographical indications matters economically and culturally. They can create value for local communities through products that are deeply rooted in tradition, culture and geography. They support rural development and promote new job opportunities in production, processing and other related services.

Geographical indications are becoming a useful policy tool for developing countries because of their potential to add value and promote rural socio-economic development. Most countries have a range of local products that correspond to the concept of geographical indications but only a few are already known or protected globally. For example: Basmati rice or Darjeeling tea.

Geographical indications (GIs) identify a good as originating from a particular place. By contrast, a trademark identifies a good or service as originating from a particular company.

7. Confidential or undisclosed information – trade secrets – know-how

(i) Confidential Information or undisclosed information is information that actually is confidential, that is not generally known or easily discovered. It has a business, commercial or economic value (actual or potential) because the information is not generally known and it is subject to reasonable efforts to maintain secrecy. A confidential or undisclosed information could have an unlimited life, provided the information does not become public knowledge.

(ii) Know how is any secret or restricted information or knowledge that improves its owner's ability to produce a desired outcome. Know how may enable a business to:

- source materials more cheaply than a competitor
- manufacture more efficiently than a competitor even when both use the same equipment and processes

It is a practical knowledge, a skill expertise, a special technical knowledge of an employee, it could be even the precise way to set-up a machine. Know how is often licensed with patents: it is actually the information that will permit the use of the patented technology; this information is not disclosed with the patent.

(iii) A trade secret is any information that is deliberately not disclosed and that:

- economically benefits its owner for as long as it remains secret
- may economically harm its owner, or benefit competitors, if disclosed against its owner's wishes

Trade secrets are powerful and valuable forms of intellectual property (IP) with a potentially unlimited life. What could be a secret is for example:

- A secret ingredient / recipe
- Specific process conditions (the formula for Coca-cola and KFC fried chicken)
- Specific chemical process for optimal conditions
- Manufacturing technology

Trade secrets are an alternative to patents. To disclose information confidentially, SMEs will need legally binding contracts which will contain restrictive covenants for employees, suppliers, subcontractors etc., non-disclosure agreements (NDAs – also known as confidential disclosure agreements or CDAs) for less 'tied' parties such as potential licensees, technical advisers, ad-hoc project contributors, disclosures should be kept to an absolute minimum

Non-disclosure agreements (NDA): NDAs offer a balance when one needs to protect IP and at the same time obtain a third party's co-operation; they are usually less onerous than restrictive agreements. In these contracts should be made clear that any IP disclosed belongs to disclosing party. Furthermore, NDAs should include:

- who is disclosing and who is receiving the information (or if both parties disclose and receive confidential information)

- definition of the disclosed confidential information
- definition of exactly who is allowed access to the confidential information
- duration of period of confidentiality (usually 3-5 years)
- each party's obligations
- applicable laws and legal jurisdictions

Licensing IPRs

Why would a SME proceed to licensing its IPRs?

SMEs may proceed with the licensing for several reasons, such as:

- Receiving revenues by licensing its IPRs
- Increasing the distribution of the product
- Gaining access to complementary assets through for example cross licensing; for example, Company A licences X technology to Company B and Company B licenses V technology to Company A)
- Developing partnerships
- Finding a source of income: when a SME has a shortage in its resources licensing could be a source of income.
- Obtaining funds for research

Steps before entering the agreement

Before entering the agreement, the SME, having evaluated its IPRs, could proceed with the signing of a memorandum of understanding (MoU) or a letter of intent (LoI) aiming to write down the intentions of both sides and the general terms of the agreement. A confidentiality agreement is also advisable during the preparatory steps when the SME intends to disclose confidential information.

The content of the agreement/license

An agreement to be valid and clear it needs to contain at least the following information:

- Clarification as to the parties involved, who or what is a "licensor" or "licensee".
- The IPRs to be licensed (for example design X)
- Definition of the scope of the license, what it covers (scope) and where it applies (territoriality).
- Clarify if the license is going to be exclusive or non-exclusive. An exclusive will not permit the SME to relicense the same IPR to someone else for the same region and the same time. This is why if the Company is opting for an exclusive license, the remuneration/consideration should be much higher.
- Effective date and expiry/termination of the license. Effective date is the day the license starts to be in force. As to the expiry/termination of the contract several reasons might lead to termination of the license and these reasons need to be mentioned in detail in the contract (specific date, if an event occurs or does not

occur. Other issues, such as what happens with the stock after termination is also important to be dealt with.

- Remuneration could be:
 - Lump sum (one or several / ongoing) or
 - Royalties In this case the calculation of royalties could be based on several factors such as the volume of production, net sales, net profits, number of authorised users etc. / Commercial objectives and royalty variables. In this case, the licensee should keep accounts and records, report results while the counterparty should have access to this information to verify the accounts.
 - A combination of Lump sum with royalties.
- Right or prohibition of the licensee to grant sublicense.
- Clause on the risks/warranties and representation/indemnification: ex. the non-existence of third-party rights to the licensed IPR, ownership and validity of the licensed IPR.
- Maintenance and improvement clauses applying to technology licensing (know-how, patents, software) are possible.
- Other important clauses are:
 - Liability limitations clause through which the Company will try to minimize the risks in case it proves that there is a deficiency regarding the rights.
 - Confidentiality - Non-competition clauses: the licensee should not be in competition with the Company.
 - Jurisdiction clauses. This is important because in case a dispute arises, the Company should be able to go to the Courts were the Company is seated otherwise the expenses will be very high.