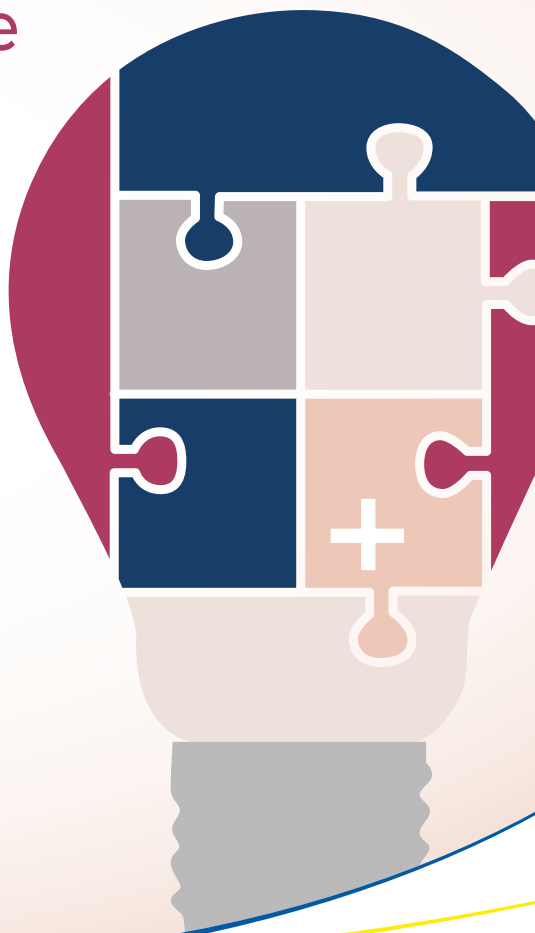


HANDBOOK ON IP COMMERCIALISATION

Strategies for Managing IPRs
and Maximising Value



ASEAN-Australia-New Zealand Free Trade Area (AANZFTA)
Economic Cooperation Support Programme (AECSP)



HANDBOOK ON IP COMMERCIALISATION

Strategies for Managing IPRs and Maximising Value

The ASEAN Secretariat
Jakarta

The Association of Southeast Asian Nations (ASEAN) was established on 8 August 1967. The Member States of the Association are Brunei Darussalam, Cambodia, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand and Viet Nam.

The ASEAN Secretariat is based in Jakarta, Indonesia.

For inquiries, contact:

The ASEAN Secretariat

Community Relations Division (CRD) 70A Jalan Sisingamangaraja

Jakarta 12110, Indonesia

Phone: (62 21) 724-3372, 726-2991

Fax: (62 21) 739-8234, 724-3504

E-mail: public@asean.org

Catalogue-in-Publication Data

Handbook on IP Commercialisation - Strategies for Managing IPRs and Maximising Value Jakarta: ASEAN Secretariat, November 2019

341.758

ASEAN – Intellectual Property Rights – Guidelines

Business – SMEs

ISBN 978-602-5798-48-1



ASEAN: A Community of Opportunities for All

The text of this publication may be freely quoted or reprinted, provided proper acknowledgement is given and a copy containing the reprinted material is sent to the Community Relations Division (CRD) of the ASEAN Secretariat, Jakarta

General information on ASEAN appears online at the ASEAN Website: www.asean.org

This publication was drafted by Giulio C. Zanetti, Adjunct Professor at Loyola University of Chicago, Lecturer at the WIPO IP LLM in Turin, and senior international consultant specialised in IP, innovation and branding.

Copyright Association of Southeast Asian Nations (ASEAN) 2019.

All rights reserved.

DISCLAIMER

This Handbook is designed for business people of ASEAN Member States, Australia and New Zealand.

In aid of understanding, some examples have been provided, but these are mere illustrations and do not provide judgment and do not constitute commercial or legal advice. Views or conclusions may have also been expressed but these should NOT be taken as legal or commercial advice. Any part of the content of this publication (including images, graphics, trademarks or logos) is only intended for informational and educational purposes only.

The author and the ASEAN Secretariat have taken due diligence in the preparation of this publication. However, they shall not be held liable for any omissions or inaccuracies in the content of this publication. Neither the authors, the ASEAN Secretariat, Australian and New Zealand Governments accept any liability for any claims, loss or expenses that may arise or arising from use of information in this publication. Reliance on the information is at the user's sole risk/responsibility.

ACKNOWLEDGEMENT

This publication was developed under the Project on Intellectual Property Public Education and Awareness Phase II, as part the Intellectual Property component of the ASEAN-Australia-New Zealand Free Trade Area (AANZFTA) Economic Cooperation Support Programme (AECSP).

Entered into force on 1 January 2010, AANZFTA provides a platform for more liberal, facilitative and transparent market access and investment regimes among the twelve Parties to the Agreement. More information about the AANZFTA and AECSP can be found at the AANZFTA website: <https://aanzfta.asean.org/>

ACRONYMS

ARIPO	African Regional Intellectual Property Organization
CBD	Convention on Biological Diversity
EC	European Commission
EPO	European Patent Office
EU	European Union
FDI	Foreign Direct Investment
FTA	Free Trade Agreement
JV	Joint Venture
IPRs	Intellectual Property Rights
IP	Intellectual Property
OAPI	Organisation Africaine de la Propriété Intellectuelle
PCT	Patent Cooperation Treaty
R&D	Research & Development
RTA	Regional Trade Agreement
SME	Small and Medium Enterprise
TRIPS	Agreement on Trade Related Aspects of Intellectual Property
WIPO	World Intellectual Property Organization
WTO	World Trade Organization

About this Handbook and why it is useful to you

- ▶ Are you carrying on a business in one of the ASEAN countries or in Australia or New Zealand?
- ▶ Would you like to expand your business into one of these countries?
- ▶ Are you concerned that global competition may jeopardise your business efforts?
- ▶ Would you like to make your business more successful and profitable?

If the answer to any of the above questions is positive, then this Handbook is the tool you are looking for.

This Handbook is designed to assist businesspeople, especially representatives of MSMEs, with practical and concise information, in a user-friendly manner, on how to strategically use the Intellectual Property system and how to successfully commercialise IP rights so as to maximise their commercial success.

In particular, this Handbook will provide you with key relevant information on:

- ▶ How IPRs can support your business and how effective management of such IP assets can make you more successful;
- ▶ How to strategically exploit the different types of IPRs in support of your businesses;
- ▶ How to commercialise your IP assets, particularly through IP licensing, strategic alliances using IP assets, franchising, technology transfer agreements, etc.;
- ▶ How to carry out an IP Audit and IP Valuation to commence your commercialisation efforts;
- ▶ How to protect your IPRs at home and abroad in the most efficient and cost-effective manner;
- ▶ How to use your IP rights online in your e-commerce efforts;
- ▶ How to effectively conceive a branding strategy for your products or services;
- ▶ How to plan and conduct an effective marketing (including online and digital marketing) and advertisement campaign and how to identify the most suitable packaging for your products;
- ▶ How to enforce your IPRs and a number of things to avoid.

As a source of inspiration for you and your company, the Handbook also provides a number of interesting case studies relating to companies that successfully utilise their IPRs to strengthen and expand their businesses.

So, if they did it, you can do it too!

TABLE OF CONTENTS

I. INTRODUCTION: IP FOR BUSINESS	1
1. What IP is and main IPRs	1
2. How IPRs can Support SMEs and How Effective Management of IP Assets can Strengthen Their Business	2
II. COMMERCIALISATION OF IPRs	8
A. YOUR FIRST STEPS FOR COMMERCIALISATION	8
1. Market Analysis	8
2. IP Audit	11
3. IP Valuation	15
4. Financing and Raising Capitals Using IPRs	20
5. Main Takeaways from this Section	21
B. GETTING PROTECTED	22
1. Protecting IPRs at Home	22
2. Protecting IPRs Abroad	24
3. Protecting Unregistered IPRs	27
4. Protecting Yourself Against Staff Leaving the Company	28
5. Main Takeaways from this Section	29
C. CONTRACTUAL ARRANGEMENTS TO MAXIMISE GAINS	30
1. Non-disclosure Agreements	30
2. Licensing Agreements	32
3. Technology Transfer Agreements	35
4. Joint Ventures Agreements	36
5. Franchising Agreements	37
6. Box: Pros and Cons of Each Type of Contract	40
D. USING YOUR INTELLECTUAL PROPERTY RIGHTS (IPRs) - IP Management	41
1. Use it or lose it!	41
2. Secondary Meaning & Genericization	41
3. Be Your Own Watchdog	42
4. Use of “®”, “TM”, “©” signs	43
5. Main Takeaways from this Section	43
E. IPRs IN E-COMMERCE	44
1. Domain Names	44
2. Websites	46
3. Be cautious while revealing your products on the Internet	48
4. Using trademarks on the Internet	48
5. Main Takeaways from this Section	49
F. PROMOTING YOUR IPRs	50
1. Branding	50
2. Marketing	51
3. Social Media Marketing	56
4. Advertising	58
5. Packaging	61
6. Main Takeaways from this Section	65

III. GETTING HELP WITH YOUR COMMERCIALISATION PLANS	66
IV. ENFORCING YOUR IPRs	68
V. CASE STUDIES AND SUCCESS STORIES	71
VI. USEFUL WEBSITES	77

I. INTRODUCTION: IP FOR BUSINESS

1. What IP is and main IPRs

Intellectual Property (IP) is, in very simple terms, a set of exclusive rights granted¹ by State authorities to creators of new ideas. Under the general notion of IP, there are different types of exclusive rights, which are suitable for different types of creations. By way of example:

- ▶ **PATENTS** are used to protect new inventions, i.e. new products or processes that represent technical solutions to existing technical problems. Smaller and less revolutionary inventions are protected as **Utility Models**.
- ▶ **TRADEMARKS** are used to protect signs that distinguish the products/services of a company or a physical person from those of competitors. They can take the form of one or more words, a logo, an image or a mixture of all these elements.
- ▶ **INDUSTRIAL DESIGNS** are used to obtain exclusive rights over the ornamental shape of utilitarian products and are particularly useful to protect efforts to improve the visual appearance of products.
- ▶ **COPYRIGHT** protects original creations in the artistic and literary field. By way of example, your company's written materials such as brochures, advertisements, reports, the software that was produced on your behalf, and anything that you write or draw with your pen or computer are automatically protected by copyright. Instead, the exclusive rights of persons and companies that contribute to the spreading of copyrighted works (such as Performers, Phonograms Producers and Broadcasting Organisations) are protected by **Related Rights**.
- ▶ **GEOGRAPHICAL INDICATIONS** protect signs that indicate that a product originates in a given geographical area and its qualities, reputation, or other characteristics are essentially due to its geographical origin.
- ▶ **TRADE SECRETS** protect any confidential business information that provides a company with a competitive advantage (precisely because it is kept secret). By way of example, more effective after-sales or marketing strategies, list of customers with their contact details and commercial preferences, etc. qualify for protection as trade secrets.
- ▶ **DOMAIN NAMES** protect the core part of your internet address. Often, but not always, domain names encompass your (main) mark.

Each IP right above gives you EXCLUSIVE RIGHTS over the outcome of your innovation. In other words (and subject to a certain exceptions):

- ▶ Your innovation will be protected from your competitors in the market;
- ▶ Your innovation remains yours, and no one else can use it; and
- ▶ Anyone wishing to utilise your protected IPRs will have to obtain your prior authorisation (and, of course, you will be able to determine the corresponding economic conditions).

These exclusive rights are your compensation and reward for your innovative endeavours, which almost systematically involve not only creativity, but also significant costs. However,

¹ Or "recognised" in the case of copyright (in view of the principle of automatic protection).

it is crucial to remember that IP rights are territorial in nature. This fundamental principle, known as the **Principle of TERRITORIALITY**, implies that you are protected only in those countries where your IP rights have been duly filed and registered. As a consequence, if you plan to export to a new country, make sure to protect your relevant IPRs there before commencing commercialisation. Otherwise you will not be protected in the new country and anyone would be able to copy your innovative product or service.



Yes, your IPRs, when registered, are equivalent to a ... LAND WITH A STRONG FENCE: YOU OWN WHAT IS INSIDE!

2. How IPRs can Support SMEs and How Effective Management of IP Assets can Strengthen Their Business

In the ASEAN Region, in Australia and New Zealand, business is booming and is forecast to continue to grow. By 2020, the middle-class population in Southeast Asia is estimated to reach 400 million. This is undoubtedly great news for local SMEs. However, the opening up of markets and new regional business opportunities also implies numerous new challenges that if not adequately tackled may seriously injure your business. These include:

a. More competition from worldwide companies

This means more competitors from all over the world (including from countries with a higher level of technological development, greater availability of natural resources, lower labour costs, etc.) will be vying for your customers, including in your home market. It also implies that your traditional domestic competitors have probably made efforts and investments to improve their offerings in order to resist the increased competition. More competitors in the market means that the marketplace is now more sophisticated. Are you ready to compete with these new players in terms of enhanced efficiency, productivity and quality of your products?

b. Need to reduce costs

The price of your products or services is a fundamental element that will determine their success (or failure). If too expensive, nobody will buy them. In other words, you systematically have to find ways to reduce development and production costs, so as to be able to compete price-wise, or to increase your in-pocket margins. One way to reduce costs is improve your production methods, without however compromising on the end quality of your products. Reducing costs and/or maintaining or increasing quality requires creativity, and research and development to identify the necessary creative solutions.

c. Shorter life-cycle for products

You have certainly noted that some products have a much shorter life as compared to before. For instance, while traditional telephones lasted years and years without

major modifications, smart phones last two-three years maximum. Every year, new and enhanced products are placed on the market by your competitors. Unless you are innovative and respond by systematically surprising your customers with new, creative and improved products, your offerings run the risk of quickly becoming obsolete.

d. Stricter legislative requirements

This is a common trend: areas that until some years ago had no or minimal regulation, nowadays are governed by more precise and systematically stricter rules. By way of example, any business activity now has to comply with comprehensive environmental requirements, packaging and labelling requirements, which inevitably will increase your costs of doing business (but of course for a good cause!).

e. Enhanced awareness and expectations by customers

Thanks to the internet, customers in your country and worldwide are more and more aware of what products and services are available around the globe, and of their quality and characteristics. Their expectations for quality and cost are therefore higher than before, as they can easily compare your products with dozens of similar or comparable goods. In short, consumers know very well what they want, and if you are not capable of meeting their demand ... good-bye, they will find other sources. In addition, customers are now more aware of and interested in your company, its accountability, track-record and reputation. This implies that you better watch out and act with responsibility and transparency while actively engaging with all your stakeholders.

After this dose of pessimism, you might be tempted to simply give up, and stop your business activities. However, you should remember that the opening up of new markets also implies numerous advantages and opportunities. You just need to equip yourself so as to be able to grab them. Let us now see what you can do to properly tackle all the above issues, in order to foster your business competitiveness. If you want to survive enhanced competition, and actually beat your competitors; if you wish to become more successful and make more money, then you need to ... INNOVATE.

There are multiple ways in which you can innovate. However, most prominently you can:

- ▶ Provide new, enhanced and better products and services, and/or
- ▶ Provide the same products or services, but at competitively lower prices.

Needless to say, if you can do both ... your chances of success will be greater.

Innovation should take place at all levels of your business, from the analysis of customer needs (looking for new trends and possible niches); to the conception and prototyping phases; to efficient production, to the marketing and after-sale services. Have you considered whether your production processes are the most effective? Why do not you develop an old idea and improve it from a technical or aesthetical point of view? How innovative are you in the way in which you market your products or services?

Your innovative efforts may result in some or all of the following:

- ▶ Your products are more attractive and eye-catching,
- ▶ Your products or services enjoy higher quality, or possess more functionalities,
- ▶ Their branding is improved,

- ▶ Their price is lower,
- ▶ Your marketing strategy is well-conceived and successful,
- ▶ Your after-sale services are excellent and well-thought-out.

However, innovating is hardly cost-free. It systematically involves significant human and financial resources. The only way in which you can ensure that nobody exploits your innovation without your authorisation, that no one takes a free ride by copying you, and that you alone take full advantage of your innovative endeavours² is by protecting your creative efforts through the appropriate IP rights.

By looking at the examples above, if you have:

- ▶ Improved the ornamental or aesthetic shape of your products, you should protect this new form as **INDUSTRIAL DESIGN**;
- ▶ Found ways to improve the quality of your products or services or their functionalities, or discovered more efficient ways to produce them while reducing costs, most probably you can protect this invention through a **PATENT** or (if smaller) a **UTILITY MODEL**;
- ▶ Adopted a new name or created a new logo for your products or services capable of distinguishing them from those of your competitors, then you should run to protect this sign as **TRADEMARK**;
- ▶ Adopted especially successful marketing techniques and after sale services, you should make sure that you treat them as **TRADE SECRETS**;
- ▶ Developed written documents (e.g. internal manuals, brochures for your company, advertisements, etc.), you will be pleased to know that they enjoy automatic protection under **COPYRIGHT**.

From the previous Section, you will remember that patents, utility models, trademarks, industrial designs, and copyright are among the most important IP rights. In other words, IP is THE answer, as it provides you with the exclusive rights over the outcome of your innovative efforts: they are yours and (subject to a few exceptions) only yours!

Now let us see the other advantages of IP, particularly for SMEs in the ASEAN region:

- ▶ First and foremost, as mentioned above, IP allows you to **protect the outcome of your creativity** and innovation. This means that, subject to some exceptions:
 - ▷ Nobody can copy what you have created,
 - ▷ Nobody can use it without your authorisation,
 - ▷ You can set the conditions at which your goods will be sold and your services provided (and often this implies a premium price), and
 - ▷ Remember: you have exclusive rights! And this will give you, on the one hand, a stronger position on the market, and on the other, an excellent return on investment.
 - ▷ Needless to say, your IPRs can be protected only if they comply with the various domestic IP laws. For more information in this regard, please refer to the "Business Guide to IP Institutions, Laws and Filing Processes in AANZFTA Parties" available at <https://aanzfta.asean.org/aanzfta-sector-portals/intellectual-property-sector> (see in particular Sections A.3 and A.4 and Part C – Country Profiles).
- ▶ Once protected, your IP rights can be **licensed-out** as many times as you wish, to numerous potential licensees (producers, distributors, agents, etc.) in various

² Subject to a certain number of exceptions.

countries. This means that you can focus on your domestic market and relax at home, while your IPRs are operationalised in many countries and ... at the end of the month you will receive the corresponding royalties (see Section C.2 on Licensing).

- ▶ Conversely, if you do not have the necessary funds to undertake R&D to develop your own innovation and protect it under the relevant IPRs, then you still have a solution to innovate: identify the relevant innovative products or technology which have been developed by third parties in other countries, and obtain a license (is: **license-in**), under certain conditions (e.g. payment of royalties, etc.).
- ▶ Owning protected IPRs (whether developed by your company or acquired through a license) will allow your company to be a more credible and powerful partner in possible and profitable **cooperation and contractual agreements**. Through your IPRs, you will be able to attract investors and business partners from universities or research institutes to larger firms or other SMEs. Collaboration is important for SMEs in order to fill gaps in their own resources and expertise, and to overcome their challenges in a strategic and resource-effective way, in areas such as:
 - ▷ Product development;
 - ▷ Improvement of innovative processes in all phases of the business cycle;
 - ▷ Hastening of the commercialisation of new solutions;
 - ▷ Reduction of the time to innovate;
 - ▷ Increasing the scope of innovation; etc.
- ▶ In all these collaboration agreements and licenses (in and out), thanks to your IPRs, your company will have a stronger position and enjoy more **bargaining power**.
- ▶ Owning IPRs will make an SME more attractive to investors and more trustworthy to financial institutions. This is because IPRs have monetary value and can be used as collateral to guarantee loans. In other words, IP will enhance the company's **capacity to access capital and raise funds** (see Section A.4 on raising capitals using IPRs).
- ▶ It is common knowledge that nowadays the **value of a company** is linked much more to its intangible assets (i.e. IPRs, whether registered or not), than to its tangible possessions and resources. By way of example, in 2019 the value of brands such as Amazon® and Apple® was estimated at USD 187.9 billion and USD 153.6 billion, respectively (see Section A.3 on IP Valuation).
- ▶ IP will also significantly help you in handling **litigations**, enhancing your chances of success, and reducing litigation risks (see Chapter IV on Enforcement of IPRs).



However, unfortunately, many SMEs still struggle to take full advantage of IP. For many SMEs, it may be simply a question of ignorance of this relatively new topic that, at first,

might seem of secondary importance and definitely less ... tangible! Other challenges for SMEs include:

- ▶ The costs for IP protection: registering your IPRs in many countries around the world can be a costly affair. However, it is an investment that it is well worth undertaking, as the return can be extremely valuable. Perhaps, if needed, consider partnering with other companies, institutions, SMEs, etc., to share the registration costs. Remember also that interesting discounted rates are applicable to applicants from Least Developed Countries.
- ▶ Widespread violation of IPRs (counterfeit and piracy) may discourage SMEs from obtaining protection, in view of the high potential of being unlawfully copied and considering the weaknesses of the domestic enforcement systems. However, the situation is getting better and better every day (see Chapter IV on Enforcement).
- ▶ Insufficient expertise in this legal field (both in terms of acquisition of IPRs and their management and Commercialisation). IP is not "rocket science", but is quite unique, technical and complex in some aspects. In this context, this Handbook can certainly be of great help; however, we would advise you also to:
 - ▷ Contact one of the institutions that provide free advice on IP, such as your national IP office, a chamber of commerce, IP and Innovation help desks (see list of useful links in Chapter VI); and
 - ▷ Consult a specialist in your country (see publication: "Business Guide to IP Institutions, Laws and Filing Processes in AANZFTA Parties").

IP Commercialisation is the process of bringing the IPRs to the market in order for them to be exploited in return for business profits and growth. In other words, there is no point in protecting your IPRs through registration, and then keep them locked in a drawer. In that case, your IPRs will have cost you money, but they would not bring you any income: not a wise choice. Instead, as soon as you have duly protected your IPRs, you should immediately commence their commercialisation so as to recoup the investment you made to develop or acquire them and protect them.

To reap the economic benefits from your IPRs, you have to make them available in the market, under particular conditions and for a particular return. This means that only if you put your IPRs on the market and exploit them to the fullest, you will be able to make money out of them and gain commercial success. In other words, **IP commercialisation is a must.**

As already mentioned, one of the greatest advantages of IPRs is that, in view of their intangible nature, they can be commercialised by several business actors at the same time, in different locations, through a variety of business models and contractual instruments. In other words, the return on investment can be phenomenal!



Commercialised IPRs



Non-Commercialised IPRs

In order to achieve business success, you will have to adopt a sound business strategy that encompasses all your IPRs and choose the most appropriate commercial tools for their commercialisation. The Sections under this Chapter provide you with an “A to Z Guide” to make sure that:

- ▶ You are fully aware of what you have to do to start your commercialisation process (Section A), and what are the various options to protect your IPRs at home and abroad (Section B).
- ▶ You chose the most appropriate contractual arrangement to commercialise your IPRs (Section C).
- ▶ You properly manage your IPRs and avoid some common mistakes that could vanish your efforts to reach commercial success (Section D).
- ▶ You effectively use your IPRs online (Section E).
- ▶ You are capable of adopting the best technique to promote your business through branding, digital marketing, packaging, etc. (Section F).

II. COMMERCIALISATION OF IPRs

A. YOUR FIRST STEPS FOR COMMERCIALISATION

1. Market Analysis

To guarantee the success of IP Commercialisation, a good market analysis should be carried out for all the markets where the new products or services will be commercialised. The term "markets" refers both to the geographical market (i.e.: the country where you want to commercialise your products or services that encompass your IPRs), as well as the specific product market (i.e.: the characteristics of the market relating to your products or services, such as the customers' demand, the existence of competitors or substitute products, etc.).

Such market analysis should therefore entail an evaluation of:

- ▶ The value of your IP rights (see Section A.3 on IP Valuation).
- ▶ Size of the potential market (is it a 4-million or 90-million people market?).
- ▶ Customers' actual and potential demand.
- ▶ Customers' purchasing power.
- ▶ Competing or similar products or services already in the market, or that might enter the market in the near future.
- ▶ Competitors' size and capacity (actual and potential).
- ▶ Potential business partners – e.g. licensees or buyers.
- ▶ All relevant logistical issues to ensure that your products or services can effectively be delivered on that geographical market (e.g.: existence of infrastructure such as ports, airports, roads, delivery and transportation services, etc.).
- ▶ Domestic legal framework affecting your business.



WHY

SMEs should conduct a market analysis because it can help them to:

- ▶ Understand their competitive position in comparison to other players.
- ▶ Identify both the opportunities and threats that they might experience.
- ▶ Understand their and their competitors' strengths and weaknesses.
- ▶ Acquire a solid idea of the industry/sectoral potential scenarios, including by identifying possible niches.

HOW

There are essentially three simple and yet very effective tools to carry out a market analysis. In all three approaches, IP considerations should play a crucial role.



1. **SWOT Analysis:** it consists of the identification and analysis of the combination of four major factors, as follows:

- ▶ **Strengths:** your competitive advantages over your competitors in the market (they mostly refer to internal factors).
 - To make it easier, you can ask yourself some questions, such as:
 - ▷ What do you do well, and better than your competitors?
 - ▷ What expertise, knowledge, things do you have that give you an advantage?
 - ▷ Do you have relevant IPRs that can protect you from competition?
- ▶ **Weaknesses:** your disadvantages that may prevent you from growing (also in this case, they mostly refer to internal factors).
 - To make it easier, you can ask yourself some questions, such as:
 - ▷ What are the areas where you need to improve?
 - ▷ What are your business-related shortcomings and limitations?
 - ▷ Are you capable of innovating?
- ▶ **Opportunities:** the environmental and external factors that can help you become successful.
 - To make it easier, you can ask yourself some questions, such as:
 - ▷ What are the new business trends in recent years?
 - ▷ How technology can make you better?
 - ▷ How can I establish partnership with a company that has IPRs?
- ▶ **Threats:** all external challenges that might cause your strengths and opportunities to be wasted and limit your chances of success.
 - To make it easier, you can ask yourself some questions, such as:
 - ▷ What makes other competitors stronger than you?'
 - ▷ What are the main difficulties that do you face with respect to the external environment?
 - ▷ What can take away your IPRs?

After brainstorming and compiling data for each of the four factors above, you can take new strategic and informed decisions by looking at ways to promote your strengths, and limit your weaknesses; and putting in place plans to make the best of your opportunities and use your strengths to offset the threats you identified. Undoubtedly, you will discover that the more IPRs you have, the more strengths and opportunities you will be able to identify, and the better equipped you will be to minimise the potential negative effects of threats and weaknesses.

2. **PESTL Analysis:** it consists of the identification and analysis of the following five mostly external factors:

- ▶ **Political factors:** the political environment and stability of the country in which your company operates play a significant role in influencing its chances

of success. This also includes the political willingness of a country to accord protection and enforce IPRs.

- ▶ **Economic factors:** these are the forces that might affect businesses and life in the country where your company operates. They include issues like macro-economic stability and policies, incentives for R&D and innovation, distribution of income, trade restrictions, tax policies, interest rate and monetary policy in general, etc.
- ▶ **Socio-cultural factors:** refer to the social behaviours, traditions, values, beliefs, religion, language and demographics that might affect business in a given country.
- ▶ **Technological factors:** refer to the level of technological development of a country, as this might significantly impact the success of your business. It covers issues such as quality of telecommunications and IT infrastructures, existence of broad band, expenditures in R&D, culture and respect for technological innovation.
- ▶ **Legal factors:** before venturing into a new country, you should assess its legislative and regulatory environment, including policies and regulations affecting business. In this context, an attentive analysis of the entire IP legislative framework is indispensable. Consideration should also be given to the capacity of domestic institutions to protect and enforce IPRs. It is advisable to always contact a local lawyer specialising in business and/or IP law.

3. Competitive Forces Model (also known as the “Porter’s 5 Forces”)

According to Michael Porter, inventor of this model, the analysis of the following five forces can provide an accurate view of the country and sector in which you are about to enter. The Five forces are:

- ▶ **Intensity of industry rivalry:** it refers to the number of participants in the industrial sector and their respective market share. In this context, you may also want to consider their capacity to exclude competitors through the strategic use of their IPRs.
- ▶ **Threat of potential entrants:** it refers to the ease with which new companies can enter your market. The easier market entrance is, the riskier that market should be considered, because of the number of potential new competitors. On the other hand, the harder is to enter the market, the safer you will be. In context, it is worth recalling that IPRs are a very powerful tool to prevent third parties entering your market, allowing you to maintain your competitive advantage.
- ▶ **Bargaining power of suppliers:** if the number of suppliers in a given sector is rather low, then their bargaining power will be stronger (as you may not have many alternatives). This will clearly affect your business in terms of quality of final products and their price.
- ▶ **Bargaining power of buyers:** if the buyers have significant market power, they will be able to affect the prices and the quality of products in accordance to their taste.
- ▶ **Threat of substitute goods and services:** your products and services do not operate in isolation: in the same market competing or substitute products/services might already exist, or they may quickly appear if your products/services do not possess the right level of quality, or they are sold at a non-competitive price.

The results of your market analysis, based on the results of the SWOT, PESTL and 5-Forces analysis, will be significantly influenced by the type, strength and composition of your IP portfolio. These results will constitute the basis for your business plan, which should therefore encompass all relevant IP considerations, and in particular:

► **Benefits linked to your IPRs vis-à-vis competitors:**

The business plan should clearly enumerate your IPRs (registered and unregistered), possibly indicate their value, and list the benefits that they are bound to bring, for example, to potential investors or partners. The plan should describe how these IPRs will make your business stand out and limit the negative effects of competition.

► **Benefits linked to your IPRs vis-à-vis Customers' Needs:**

Part of your business plan should provide information about the profile of your targeted customers, including their age, spending patterns, and purchasing power, preferences and trends. It should then focus on the customers and consumers needs and expectations, describing the potential benefits that your products or services embodying the IPRs will bring to actual and potential consumers, who in turn will accord their preference to your products or services, as compared to those of your competitors. In other words, you should describe how your IPRs will influence consumers' choices towards your products or services.

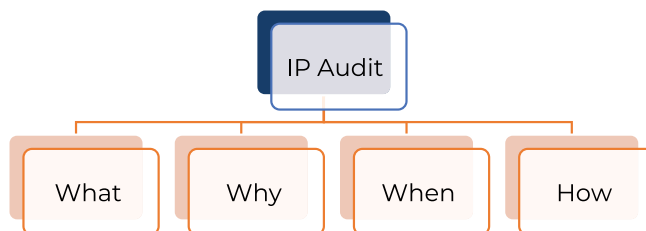
► **Achievements linked to your IPRs:**

Ideally, your plan should contain information regarding your track record of achievements linked to the utilisation of your IPRs, and possibly data on the revenues deriving from their utilisation.

2. IP Audit



A good solid comprehensive IP audit is most probably the first thing that it would be advisable to do, immediately after the market analysis. Let us understand what that is and what it entails, why you should do it, and when and how you should do it. It might seem cumbersome and time-consuming, but the good news is that once you do this kind of exercise, you systematically begin to realise that your business is worth more than you had thought. Furthermore, once you have completed the audit, it becomes a fairly routine exercise to have periodic reviews of your IP assets and perhaps better strategise future activities and developments.



WHAT

An IP Audit is a systematic review of all the intellectual property rights (whether registered or not) that you own, use or that you have acquired from a third party, or perhaps outsourced to a third party. It means taking a fresh look at all your company's assets that are not tangible (i.e.: you have to exclude your premises, office equipment, machinery, vehicles, etc.) and focus on the outcome of your creative and innovative efforts. This systematic review should cover:

- ▶ The name of your business that may or may not be already registered as a trademark (it may well be that it is simply exhibited outside your working premises, offices, or shop).
- ▶ The same applies for the name or designation or indication that you use to sell your products or services, and that, hopefully, you have already registered as a trademark - at least in your domestic market. Even if you have done so, you should include these items in your IP audit.
- ▶ Any new product or process that you might have invented. Such inventions and inventive practices may already be protected as patents or utility models, or simply applied in practice. In the latter case, they may, however, have a value as Trade Secrets, or Know-How.
- ▶ The ornamental shape of your products or of your packaging. Perhaps you have already protected those through Industrial Design, but if not, you may nonetheless enjoy protection under copyright.
- ▶ All your written documents, including contracts, memoranda, advertisement campaigns, software programmes, etc. should probably be automatically covered by copyright protection and therefore should be also included in your IP Audit.
- ▶ Lists of clients, their contact details and preferences, internal working, quality and compliance procedures, internal policies that proved to be successful - these should all be treated as Trade Secrets.

These registered or unregistered IP rights, innovative practices and other potential IP assets may be the outcome of your own creative efforts, or you may have acquired the right to use them because of contractual agreements with their inventors and owners. In other words, do not forget to include all relevant contractual agreements.

WHY

A good IP Audit will bring you many advantages and it will help you:

- ▶ Identify all intangible assets of your company.
- ▶ Determine the overall value of your company (beyond merely the tangible assets). This may also help you to use your IP assets as financing collateral to get loans from banks. NB: IP Audit is a fundamental step for IP Valuation (see Sections A.3 and A.4).
- ▶ Assess potential risks in your current way of doing business.
- ▶ Establish corrective measures and create new policies to prevent potential problems.
- ▶ Identify best practices and adopt strategies in IP asset management with a view to better managing your intangible assets and increasing your income.
- ▶ Monitor compliance of your contractual obligations (e.g.: deriving from licensing agreements).
- ▶ Ensure adequate protection of your IPRs by registering and renewing them, or by adopting best practices to protect your unregistered IP rights.
- ▶ Monitor possible violation of your IPRs and facilitate their enforcement.

... in short: DO IT!!!

WHEN

- ▶ A good and comprehensive IP Audit should be systematically carried out at least once a year (possibly at the end of the year, when you are closing your accounts, or at the beginning of the new year).
- ▶ However, sometimes there are specific events that trigger the necessity to do an IP audit (in addition to the annual audit above). By way of example, if you want to obtain a loan from a bank and you want to use your IPRs as collateral, or you are embarking on a merger or acquisition, or possibly you are disposing of part of your business, or you are about to commence commercialisation in other countries or through e-commerce, and so on.

So, if you have not done one so far ... DO IT NOW!

HOW

- ▶ First of all, do not carry out the IP Audit alone (unless your company is really small, and you know exactly how each part of the company works). You should instead involve your colleagues who are familiar with the details of the operations of every single aspect of your company's work. For example, if your business is based on a very technological product, you may need to involve a technical expert. A business and IP lawyer may also be helpful.
- ▶ Scrutinise every aspect of your business in order to determine the actual or potential role of IP: from its final outputs, to the processes to reach those outputs; from the contractual arrangements with employees, to any interaction with other stakeholders such as suppliers, service providers, clients, financiers, and even competitors.
- ▶ Start by identifying all trademarks, patents, utility models, domain names and industrial designs already registered in the name of your company and check:
 - ▷ If you are using them or not (if you do not use them, perhaps you should avoid renewing them);
 - ▷ If you are using them in exactly the same form as registered, or you have slightly changed it over time, for example because your logo has undergone some restyling, or because you have new corporate colour (in the latter cases, you might consider filing a new IP application);
 - ▷ When each IPR has to be renewed;
 - ▷ If you have in place all the required documentation to prove ownership (e.g.: proper registration certificates, evidence of renewals, etc.).
- ▶ Do the same with the IPRs that are not registered under your name, but that you are entitled to use by virtue of a contractual arrangement or written authorisation, etc. with a third party. In this case, make sure you have copies of these contracts and of any other relevant documentation (e.g.: copies of the licensing or franchising agreements, copies of the certificates, etc.). You should take this opportunity to also assess whether you are complying with all your contractual obligations as stipulated in the above contracts, or not.
- ▶ Then, try to do the same with any unregistered IPRs. For example:
 - ▷ You might be selling your goods or provide your service under a given name or logo, without having ever protected this name or logo as a trademark. This would be unfortunate, but it happens, and it is never too late to "put your house in order". The same can be said for the name written on the signpost over your shop or business: check if it is registered as a trademark, and if not, get it protected before your entitlement to it might be compromised by a potential competitor.

- ▶ Perhaps your company is innovative in the way in which part of the business is carried out (e.g.: you have a great business model, a creative business method, you found a way to reduce the time of production or to improve the outcome of your production). Ask yourself if these innovative practices may be protected as patents or utility models, or if they may be treated as Trade Secrets through the adoption of a number of well-thought-out confidentiality measures.
- ▶ Take stock of all relevant written documents that may give you a competitive advantage and remember that these will more than likely enjoy automatic protection under copyright. This means therefore nobody can copy them. However, make sure you carefully and methodically classify all these written materials.
- ▶ Identify any software developed on your behalf or by one of your employees, all types of databases (from the most complex, to simplest including lists of customers with their contact details), sales data and marketing information, prototypes, etc. Also, in this case, the automatic protection of copyright may enhance the value of your assets, and Trade Secrets might help you guarantee their secrecy and therefore your competitive advantage.
- ▶ For each identified IP right, whether registered or not, you must verify who is the real owner: at times, it is you; other times it might be a third party, and in that case, you need to have a written authorisation to be able to use such IP right. Similarly, if the owner is one of your employees, a supplier, a licensor, or an inventor, etc., you have to make sure that you are entitled to use such right through the appropriate contractual arrangement. Copies of these documents must be scrupulously kept.
- ▶ Verify if any of the above IP rights has been or is being violated or infringed by third parties. Should this be the case, assess the best option to enforce your rights. Remember: you can make a lot of money by enforcing your IP rights! (see Chapter IV).
- ▶ Do not forget to include in your IP Audit also your website. Check what is yours and what is not, before you put your new website online. Protect what is your, and obtain permission for what is not. Do not violate others' IPRs with your website (see Section E).
- ▶ Finally, you should take a helicopter view of all your registered and unregistered IPRs, and assess whether, in practice, they are serving the strategic interests of your business. Should this not be the case, you could start considering corrective and mitigation measures, such as developing new products, or acquiring them through a license, entering into a partnership, or perhaps shifting your business focus. In this context, you should also assess potential risks linked to employees disclosing IP assets to your competitors, customers breaching licensing terms and conditions, and suchlike.
- ▶ And of course, in a not too distant future, if and when blockchain technology is adopted by more and more businesses, to carry out an IP Audit will only take one click of mouse ... but this is not the case yet.

We know that it might sound complex, but you should take it as a growing process: you will get better and better at doing it. Obviously, the IP Audit would be much facilitated if you had a specific IP management strategy, which is known by all your colleagues and employees ... but perhaps this is something you might consider doing later on. Anyway, as already mentioned, at the end of this process, you should have a much clearer idea of the real value of your company, which will in all likelihood be clearly well beyond its mere tangible assets.

Numerous enterprises, particularly SMEs, may take the view that they have more to be doing than IP Audits and cataloguing and recording as indeed, the initial undertaking may be somewhat laborious. But, as mentioned, once it has been done for the first time, it will become a fairly straightforward exercise to carry out regular periodic reviews. Make sure that a workable and sensible system for recording and review is put in place, and you will possibly be surprised by the concealed additional and valuable wealth that is underlying your day to day processes and procedures, and have resulted over time from the efforts that you have been putting in. By their nature, entrepreneurs are inclined to look only at the bottom line ... that is to say, in-goings and out-goings, profit margins and suchlike. A good IP Audit can be the opportunity to stand back and acquire an appreciation of the intangible value that you have been building up and that is the underlying foundation of that good annual bottom line and, hopefully, many more to come!

It is not something to put on the long finger. It is good business practice, regardless of whether you are a small, medium or larger enterprise – please, once again ... JUST DO IT.

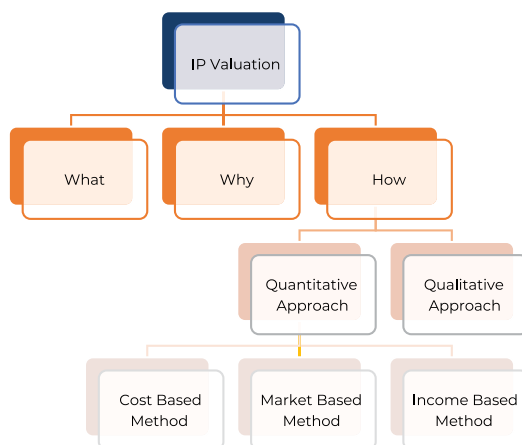
3. IP Valuation

If you can't measure it, you can't manage it.

Once you have a clear picture of all the IP rights, registered and unregistered, that you own, it will then be time to try to assess and quantify their economic value, in terms of the current and future/potential economic benefits that can or might be derived from such rights. Such economic benefits will be linked to the capacity of your IP rights to enable you:

- ▶ To exclude competitors from a particular market for a certain time, or more generally, to raise barriers to entry into the market by potential competitors, or
- ▶ To exploit them, either directly as the owner of the IP rights concerned, or through their assignment or licensing to third parties.

As already mentioned, intangible assets are often the most valuable component of a company.



WHAT

In simple terms, IP valuation is a process to determine the monetary value of your IP rights. Such IP rights can sometimes be the most valuable component of a business enterprise and should not be underestimated or overlooked. Just consider the difference between the value of a bottle of dark coloured liquid for consumption, with no markings on the bottle, and another bottle of the same liquid when the bottle carries the mark for Coca Cola® or Pepsi®. This is just one small example of the striking and very concrete value of a name, a mark, a label, a symbol or a design, which perhaps you have originated and into which you have invested finance, passion, energy and promotion - resulting in a value - and from which you, and only you, should now be entitled to draw the benefit.

WHY

IP valuation is carried out for all the same reasons why you should conduct routine IP Audits, but also in the following specific circumstances:

- ▶ You are about to enter into a contract that includes the sale, licensing or franchising of one or more IP rights.
- ▶ You are involved in a dispute or litigation that involves IP rights and you have to assess the amount of damages.
- ▶ In case of bankruptcy of a company, when it may be necessary to calculate value of all assets under liquidation, including intangible assets.
- ▶ You want to use your IPRs as collateral to obtain a loan from a bank.
- ▶ You try to attract investors and you have to prove the value and the solidity of your business.
- ▶ You are involved in a merger or acquisition, divestures, spin-offs, joint venture or strategic alliance, or donation of IP assets.
- ▶ In the context of financial reporting and taxation.

HOW

There are different modalities for carrying out an IP Valuation. The selection of the most appropriate approach will depend on a number of factors, including:

- ▶ The purpose of the valuation: for example, is it in the context of a licensing agreement, or of a bankruptcy procedure? or
- ▶ The availability and reliability of data.

Generally, intellectual property valuation approaches are classified in two categories:

- ▶ **Quantitative approaches** to IP valuation: as the name suggests, they rely on numerical and measurable data;
- ▶ **Qualitative approaches** to IP valuation: they focus instead on the analysis and consideration of other perhaps more abstract characteristics of the IP rights in questions (such as the legal strength, vulnerability to attack, geographical coverage, and suchlike).

QUANTITATIVE APPROACH

Under the quantitative approach, several methodologies may be used, and in particular:

1. Cost-based method;
2. Market-based method;
3. Income-based method.

Let us look at these methods individually and describe them one by one, as you will have to decide which one to adopt and have solid grounds to support your choice.

1. Cost-Based Method

This method focuses on the costs actually expended for the development of a given intellectual property right. These costs include direct expenditures, such as costs of materials, equipment, labour, etc. These accumulated costs have a direct influence on the economic value of the IP rights in question.

In addition to the direct expenditures, opportunity costs should also be considered. These refer to the costs of developing an identical or similar IP asset (respectively known as “Reproduction cost method” and “Replacement cost method”), either through internal R&D or by acquiring the rights through a licensing agreement from third parties. Risk elements such as possible profit loss due to delays in market entry, investment opportunities loss, and possible failure to achieve an optimal result, should also be considered. These latter considerations are particularly important when the development and production costs are not precisely known.

Obviously, the time element has to be considered as well, since:

- ▶ The value of the IP rights must be calculated with reference to the present moment.
- ▶ With time passing, the value of certain IP rights might increase (e.g.: trademarks).
- ▶ Alternatively, time might have led to possible obsolescence of the IP rights in some cases. (e.g.: patents).

This approach is particularly useful for assessing the value of an IP asset in the early stages of its development, and where there is no market revenue data available yet. However, it might be difficult to isolate the costs related to each individual intellectual property right from other costs.

2. Market-Based Method

This valuation method is based on the analysis of similar market transactions relating to comparable intellectual property rights. By way of example, the value of a patent on an anti-retroviral product may be determined by looking at a prior licensing agreement authorising the use of a comparable antiretroviral. Given that very often the IP asset under valuation is unique, the analysis and comparison is by nature an approximation that takes into account the utility of the IPR in question, its technological specificities, the perception of the asset by the market, and its expected cash flow.

Traditionally, there are two methods for calculation of the future cash flows:

- ▶ **Discounted Cash Flow Method:** This method estimates future cash flows based essentially on the business plan of the company that is exploiting or intends to exploit the asset. The projection is then discounted by applying an appropriate coefficient.
- ▶ **Relief from Royalties Method:** This method focuses on the value of the royalties from which the company is relieved in view of its entitlement to use the IP asset. Also, in this case, an appropriate discount rate is applied to determine the present value of the asset.

Data on comparable or similar transactions are not always easy to find. They may be accessed in the following sources:

- ▶ Company annual reports and certified income statements;
- ▶ Specialised online databases;
- ▶ Publications dedicated to licensing; and

- ▶ Court decisions awarding damages.

The shortcoming of this method is that it might be difficult at time to gather comparable and relevant data, since details of contractual transactions are often kept confidential.

3. Income-based method

The income-based method is probably the most frequently used approach for IP Valuation. After all, assessing the value of an IP right means assessing the ability of an asset to directly or indirectly generate a positive cash flow and future income. This is also referred to as **'intrinsic'** value of the IP asset. In other words, the income method aims at assessing the value of IP asset on the basis of the amount of economic income that it is expected to generate, adjusted to its present- day value. It is important to recall that in order to determine the anticipated profitability derived from use of the IP rights, its expected income stream should be separately identifiable from the contribution of other assets. Criteria that can help in assessing and quantifying such income include:

- ▶ **Duration of the revenue:** This is closely linked to the so-called “economic life” of the IP rights concerned. The economic life of an IP rights refers to the length of time during which the owner of the IP rights will be able to dictate the rules under which its products will be sold, including possible premium prices. The economic life is generally linked to the legal duration of protection of the IP asset. However, very often it is much shorter. For instance, technologies in the electronics field become obsolete very quickly (e.g.: 3 years), and almost systematically well before their patent expires.
- ▶ **Projected cash flows:** As already mentioned, these are the future income attributable to the intangible asset. It is important that the analysis captures all direct and indirect costs associated with the IP in question, including possible lost sales, incremental overhead costs, additional required investment, labour, and materials, rents or capital charges, etc.
- ▶ **Risks** associated with the revenue generated by the IP, taking into account potential decline of the revenue, and the likely effects of competition on the premium price or costs savings derived from the IP asset. For this reason, the projected cash flows need to be reduced by a **discount rate** (which is normally higher in the case of IP assets, as compared to the discount rates generally applicable to other a company's other assets).

The expected economic income can be expressed in terms of:

- ▶ Gross or net revenues;
- ▶ Gross profit;
- ▶ Net operating income;
- ▶ Pre-tax income;
- ▶ Net income (after tax);
- ▶ Operating cash flow;
- ▶ Net cash flow; and
- ▶ Cost savings.

As mentioned above, this method is probably the most commonly used approach for IP valuation. However, it may be difficult to adopt it in high risk sectors. In addition, at times subjective assumptions may be made and should be justified.

QUALITATIVE APPROACH

This is often referred to as evaluation, and this method does not rely on analytical or numerical data. The evaluation is instead based on the analysis of different indicators that may provide useful information about the value of a particular intellectual property right and its current or potential importance. Such indicators cover all other and non-numerical aspects that can impact the value of an intellectual property asset, ranging from legal aspects, to level of technological innovation, strength of the IP right concerned, market analysis, company governance, etc. By way of example, the following issues might be addressed:

- ▶ Strength of the IP asset:
 - ▷ Is the IP right registered or not?
 - ▷ Is the creation fully developed and finalised, or not?
 - ▷ Is the IPR strong or weak³?
 - ▷ What is its geographical coverage? I.e.: is it protected only at home or also in other countries?
 - ▷ What is the duration (or remaining duration) of its protection? In the case of trademarks, this may be an indication of enhanced distinctiveness and added strength; while in the case of a patent or design, it may decrease their value, as it may indicate that the invention or the model are perhaps becoming obsolete.
 - ▷ Level of infringement in the marketplace.
- ▶ Market size and market share, number of competitors and existence of substitutes.

SELECTING THE RIGHT METHOD

Selecting the most appropriate valuation method to use in a given situation is challenging. Factors to be considered include:

- ▶ The type of intellectual property at stake;
- ▶ Its level of development (e.g.: the level of development of the technology);
- ▶ The purpose of the valuation (e.g.: is it in the context of a licensing agreement? or of a bankruptcy procedure? Or is it to establish damages in an IP litigation?);
- ▶ The type and quantity of information available.

For certainty, before embarking in an IP Valuation, apart from having conducted an IP Audit, you should have access to the following information:

- ▶ An in-depth knowledge of the economy, the industry, and specific business sector that directly affect the value of the IP.
- ▶ Full awareness of possible risks, which should translate in mitigation strategies and possible discounted rates. In other words, the higher the risk, the higher the discount rate.
- ▶ Finally, as already noted, you need to be fully aware of all required information about the IP assets to be valued (ownership, geographical scope, number of remaining years of protection, etc.).

3 By way of example, it should be recalled that registered marks may be strong if inherently distinctive or through acquired distinctiveness, or weaker (if partially descriptive). This may influence the scope of their protection and their capacity to be enforced. Similarly, there are strong and weak registered patents and industrial designs, depending on whether they were granted by an office that carries out a quality substantive examination or not.

In practice, a careful analysis of advantages and disadvantages of each methodology should be conducted and, very often, one or more quantitative methods are used and perhaps mixed, in conjunction with the qualitative approach.

4. Financing and Raising Capitals Using IPRs

One of the major problems that SMEs around the world face is access to capitals to finance their business endeavours. This is particularly true, when they are just commencing their activities and they do not have yet a successful commercial track-record.

Banks and financial institutions around the globe are reluctant to lend money to individuals or small companies that do not possess assets that can be used as collaterals, to guarantee their loans. SMEs and start-ups normally do not have large bank accounts and often their physical assets (such as land, real estate, machineries, vehicles, inventories, etc.) are very limited. As a consequence, they might face significant challenges when trying to obtain a loan from a bank. Similar considerations are applicable when SMEs try to entice investors to finance part of its business.

However, innovative SMEs that own registered (or, at times also unregistered) IPRs may find themselves in a better position, as more and more banks and financial institutions now accept IPRs as a form of guarantee for their clients' loans, in case of default. Similarly, more and more investors pay attention to the IP portfolio of a company before investing their funds. In other words, if you own some IPRs, you may be able to use them as collateral to get a loan from your bank, and you can certainly be more appealing and persuasive to potential investors! Obviously, your bank and potential investor will have to quantify the value of your IPR, particularly in terms of future revenues that may be derived from your IP assets when commercialised (see previous Section A.3).

This is not a brand-new practice. During the first part of the XIX century, Thomas Edison used his patent on the incandescent electric bulb as collateral to secure financing to start his company, the Edison General Electric Company. However, in many countries banks and financial institutions are still somewhat afraid to grant loans on the basis of intangible collaterals. This means that you might have to persuade them, by simplifying their job and making your IPRs more "attractive". By way of example, you could:

- ▶ Carry out a Valuation of your IPRs, clearly indicating the criteria on which you based your assessment (see Section A.3 on IP Valuation);
- ▶ Describe all future potentialities linked to the exploitation of your IPRs, such as the size and growth expectations of the markets for your IPRs;
- ▶ Provide indications as to the potential liquidation value.

In addition to the these "IP-Backed Loans" where IPRs are used as collaterals, companies may also obtain funds by selling to banks and financial institutions their expected future cash inflows deriving from the exploitation of an IPR, in exchange for an anticipated amount of money. In technical terms, this is known as "IP securitisation". Banks and financial institutions are in general even more sceptical to lend funds to companies on the basis of "securitisation", in view of the inherent difficulties in predicting the stable income that may be derived from the commercialisation of the IPRs in question.

As a final piece of advice: make sure that before you approach a bank or financial institution to obtain a business loan or before you contact a potential investor, you have

appropriate and comprehensive documentation in place. By way of example, you should have:

- ▶ A comprehensive list of all your registered or applied for IPRs.
- ▶ The results of novelty/availability searches to prove that your IPRs do not infringe prior rights.
- ▶ Possible responses from IP offices to prove that your IPRs are valid.
- ▶ All contractual arrangements that you already have to commercialise your IPRs (e.g.: licenses).
- ▶ Possible valuation of your IPRs.

5. Main Takeaways from this Section

- ▶ Do an in-depth market analysis
- ▶ Identify your competitive advantages, find a niche, specialise
- ▶ Identify of your IPRs, registered and not, through an IP Audit
- ▶ Repeat this process, at least once a year, and every time one of the circumstances lists in Section A.2 arise
- ▶ Include IP in your business plan
- ▶ Once you know what registered and unregistered IP rights you have, then you have to determine their value. Use the most appropriate quantitative methods together with the qualitative criteria.
- ▶ If you know the value of your IPRs and the assessment is based on transparent and objective criteria, banks are much more likely to give you loans (taking your IPRs as collaterals)

B. GETTING PROTECTED

Imagine a situation where you find someone using your trademark on his products without your permission. Not only is it disheartening, but it may also bring a bad reputation to your business. The good news is that if you have adequately protected your IPRs, then you can do something to confront and deal with this unpleasant and dangerous situation.

Protecting your intellectual property rights is not a difficult task; however, it needs some preparation, consideration, diligence and regular audit on your part.

The sections below will help you understand how you can protect your IPRs, not only at home, but also in export markets. The last two Sections highlight how to protect your unregistered IPRs, and how to protect your precious commercial secrets from being disclosed by employees or former employees.

1. Protecting IPRs at Home

The first step to protect your IP rights is by registering them with your National Intellectual Property Office. Such registration is by far the most effective protection for your IPRs, and it accords them a sort of “legal sanctity”. Registration basically means that your invention, trademark, work or design are yours and yours only (subject to certain exceptions and limitations). This implies that only you can decide by whom and how those rights will be used in the market. It also gives you powerful tools to fight against potential infringers. Registration gives everybody a very strong warning message: DO NOT TOUCH MY IP RIGHTS!

You should recall that while registration is compulsory for securing protection of patents, trademarks and industrial designs, in the case of copyright, registration is optional. Copyright works are automatically protected, and their registration (or more precisely: “deposit”) with your national Copyright Office is advisable particularly if, at some point, you have to prove that you are the owner of that copyrighted work. In other words, deposit is important to facilitate your burden of proof of your ownership.

Let us now see [how to register your IPRs](#). The first thing to do is to check the website of your national IP office. It systematically contains detailed information about what to do to file patents, trademarks and industrial designs. Most IP offices nowadays provide facilities for online registration. Inevitably, you will have to fill in a form (whether in paper or digital form), providing information about you, as IP owner, and about the IP right for which you seek protection. The procedure will vary depending on whether you are registering a mark, an invention or a design.

- ▶ In the case of **TRADEMARKS**, you will have to provide a sample of the mark and list the products and/or services for which the mark will be used (classified in accordance with the Nice Classification). In this context, there are some precious tools that we highly recommend using:
 - ▷ **ASEAN TMClass**, available at <http://www.asean-tmclass.org/ec2/>. This tool will help you easily identify the correct class/es of the Nice Classification for your products and/or services (or **TMClass**, available at: <http://tmclass.tmdn.org/ec2/> referring to the EUIPO, the offices of the EU Member States and of numerous other partners).

- ▶ In order to discover if your proposed mark is available and does not infringe any prior registered marks, you should conduct an “availability” search by using one of the following research tools:
 - ▷ **ASEAN TMView** available at: <http://www.asean-tmview.org/tmview/welcome.html>. This database is very useful to verify if your proposed mark is available and free to register or not in any of the ASEAN countries (with the exception of Myanmar).
 - ▷ You can also use:
 - **TMView**, available at <https://www.tmdn.org/tmview/welcome> to check the availability of your proposed mark in all EU countries and in numerous other partner offices (please see full list of participating countries at the above internet address); or
 - **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>
- ▶ In the case of **INDUSTRIAL DESIGNS**, in addition to information relating to yourself as applicant, you will have to provide also drawings, photographs or other adequate graphic representations of the industrial design, and an indication of the kinds of products for which the industrial design will be used, classified in accordance with the Locarno Classification. In this context, we suggest using the following tools:
 - ▷ **EUROLOCARNO**, available at: <https://oami.europa.eu/eurolocarno/> to easily identify the relevant class/es of the Locarno Classification in which your products are classified, and
 - ▷ **DesignView** available at: <https://www.tmdn.org/tmdsview-web/welcome> (and **ASEAN DesignView**, at <http://www.asean-designview.org/designview/welcome>) to assess if your proposed design is new or not (if it is not “new”, it would obviously not be eligible to be registered as a protected design).
- ▶ In the case of **PATENTS**, you will have to include in your application one or more so-called “claims” (that define the scope of protection that you are intending to seek for the invention), a description of the invention, drawings if appropriate, and an abstract. You will also have to indicate the relevant class of the Strasbourg Classification (available at: <https://www.wipo.int/classifications/ipc/en/>) in which your invention falls.
- ▶ The (non-compulsory) deposit for **COPYRIGHT** is normally a very simple and straightforward procedure and you should consult the site of your domestic Copyright office.

For more precise information about the filing processes in the various ASEAN countries, along with Australia and New Zealand, we would invite you to consult the ASEAN “Business Guide to IP Institutions, Laws and Filing Processes in AANZFTA Parties Guide”, available on the AANZFTA website (<https://aanzfta.asean.org/>).

Registering an IP right is not terribly difficult, and often you may get free support from your national IP office. However, particularly in the case of filing patents and industrial designs, the process can be somewhat technical. In all cases, it would be highly advisable that you consult an IP lawyer or agent with solid experience and the expertise to assist you throughout the process.

Remember a few important things:

- ▶ Your protection generally starts from the date of filing your application with your national IP office (or from an earlier priority date).
- ▶ Your registration lasts for a given period. Then, in some cases you can renew your registration:
 - ▷ Your trademark registration lasts 10 years and can be renewed for additional 10- year terms, indefinitely.
 - ▷ Your patent lasts 20 years and cannot be renewed.
 - ▷ Your industrial design registration lasts at least 10 years, but often more (please check duration of protection in your country). Fees are normally payable each five years, up to the maximum duration of protection provided in your domestic law.
 - ▷ Copyright is protected for the life of the author plus (normally) 50 years, and cannot be renewed after its expiry.
- ▶ If you file your IPRs with your national IP office, your IP registrations will only be protected domestically, and NOT in other countries. This is in line with the famous Principle of Territoriality (explained in Chapter I). Therefore, if you want to do business in other countries, you have to get your IPRs protected there before embarking on your export activities. See following Section.

2. Protecting IPRs Abroad

Market expansion is one of the most common strategies for growing and successful companies and SMEs. As mentioned, if you are looking to explore new markets, in other countries, you need to be cautious and take few steps to protect your IP rights abroad. In other words, ask yourself:

- ▶ Are you going to conduct business abroad?
- ▶ Are you going to export your products to foreign markets?
- ▶ Are you going to manufacture them in a foreign market?

If the answer to any of these questions is positive, then you need to protect your IPRs in ALL relevant countries, where you are intending to expand your business, before you actually enter those markets. Remember that, as already mentioned, IPRs are **territorial** by nature, and protect you only in the countries where you filed for protection (and not in others).

Tips:

When choosing the countries where you want to obtain protection ...

- ▶ Think of your chances of commercial success in those markets
- ▶ Make sure your IPRs are legally valid there
- ▶ Keep in mind your financial means
- ▶ Envisage your return on investment in each country

There are essentially three possible routes to protect a patent, an industrial design or a trademark⁴ in other countries, depending on where you are going to do business and how you wish to obtain protection:



The National Route

The **national route** (described in the previous Section) is available to anybody. However, it is only advisable in two cases:

- ▶ Either your business is limited to your home country and you do not operate in other countries.
- ▶ Or the countries where you plan to do business and would like to obtain protection do not belong to any of the regional or international systems described below.

In this case, you will have to appoint a local expert in each country to file a national application, complying with the requirements of the various domestic laws, and paying fees in the local currency. It is doable, but very time consuming, cumbersome and certainly more expensive. The national route is definitely not your best option if you intend to protect your IPRs in countries members to these regional or international registration systems.

The International Route

Let us now look at the so-called **international route** for IPRs registration. There are three international registration systems administered by WIPO, namely:

- ▶ The Madrid system for the international registration of marks.
- ▶ The Hague system for the international registration of industrial designs.
- ▶ The Patent Cooperation Treaty (PCT) for international registration of patents.

These systems enable IPR owners to obtain protection in any country party to the relevant international treaty, by **simply filing one application, in one language (including English), with one set of fees and in one currency** (Swiss francs). Similar advantages exist when the registration has to be renewed or is assigned to a third party or when other changes, such as in name and/or address, have to be recorded.

In other words, these systems are simple, economical and effective procedure that provides for:

- ▶ A centralised system for trademark, designs and patents filing and management in export market;
- ▶ A single set of simple formalities;
- ▶ Lower registration fees (including a reduction of fees for SMEs from LDCs);
- ▶ No need to translate the application into several languages;
- ▶ The effects of an international registration are equivalent to those of a national registration.

⁴ The situation is different for Copyright which is automatically protected as soon as you finish your creation.

However, it is important to remember that the Madrid, The Hague and PTC systems are merely **PROCEDURAL mechanisms** to facilitate the filing process (i.e.: they only cover the FORMAL requirements that have to be complied with when filing an IPR). The domestic legislations of the designated Contracting Parties set the SUBSTANTIVE conditions for the actual granting of the protection of the various rights.

In general, it is recommended to seek professional advice before filing an application through one of the WIPO-administered international registration systems. For more information about the international route and the three registration systems administered by WIPO, please see: <https://www.wipo.int/services/en/>.

The Regional Route

Let us now briefly analyse the so-called **regional route**. While there are other regional systems to obtain registration of your IPRs in a group of countries (such as the OAPI system covering the 17 francophone African countries; the ARIPO system for all anglophone African countries, the ANDEAN Community system with one unique IP legislation for the following Latin American countries: Bolivia, Chile, Colombia, Ecuador and Perú, etc.), we will focus on the most integrated, complete and fully-fledged regional system which would enable you to protect your marks and designs in the 27 EU countries: the **EU system**, administered by the EUIPO.

The EU system can be used by anybody (natural or legal person), without restrictions as to nationality or state of incorporation. However, as non-European, you will have to appoint a representative in the EU to file your mark or design with EUIPO.

The cheapest and fastest way for filing your mark or design is to do it electronically. The form is extremely simple: you have to provide all relevant information relating to the IP owner, a sample of the mark and the goods and/or services covered by your mark classified in accordance with the “Nice Classification”; or images or representations of your designs indicating the relevant class/es of the Locarno Classification. In this context, please remember to use the tools we mentioned above (under “national route”): TMClass, and TM View; and ASEAN TMView, etc.

The EU system is completely integrated and in order to obtain your EU certificate, your mark or design need to be valid in all 27 countries. In other words, it is enough to have problems in one EU country (in terms of the availability of the mark or design), to obtain a full refusal by EUIPO, which will be applicable to all countries. However, should your EU application be refused, it is still possible to convert your EU application into national registrations, in the countries where the mark would have been approved. For more information on the EU systems, please refer to: <https://euipo.europa.eu/ohimportal/en>.

Finally, you need to remember that TIME plays a crucial role in your efforts to obtain protection in other countries. While you can file applications for your trademarks in any country at any time (and in each country, your mark will be protected, if it passes the examination, as to the filing date in that particular territory), the situation is very different (and much more delicate) for patents and industrial designs.

In the case of patents, you only have 12 months to file patent applications in other countries, from the moment you filed your first national application (in general in your home country). If you fail, the subsequent filings will be rejected, as devoid of novelty. Instead, if you comply with this 12- month deadline, your subsequent filings will be able to claim what is referred to as “priority” from your first filing, and their effects will be retroactive to the date of the earlier first filing. The situation is very similar for industrial designs, except that the period for extending your national application lasts only six months.

3. Protecting Unregistered IPRs

While the best option to protect your IP rights is by registering them at a national, regional and international level, there are some IPRs that cannot be registered, and yet can be protected. Trade Secrets and technical know-how⁵ are probably the most important for your business.

Trade-Secrets, as the name suggests, are the secrets that you use in your business. Unlike patents, trade secrets are not registrable with an IP office, yet they are protected. Generally, protection of Trade Secrets is provided by specific laws, or within the domestic IP laws. Other times, courts protect them under Unfair Competition law, Torts or on the basis of Principle of Equity, etc.

Examples of trade secrets include:

- ▶ Business information (e.g.: information relating to customers and suppliers, their names, addresses, contact details, preferences, buying records, contractual agreements, databases and compilations);
- ▶ Strategic information (e.g.: special techniques for marketing and for providing after-sale services, results of market surveys, market intelligence reports, training materials);
- ▶ Technical information (e.g.: tests results, quality control methods, products specifications, manufacturing information, research results, etc.);
- ▶ Financial information (e.g.: sales data, pricing lists, pricing information, financial forecasts).

From the above list, it is evident that trade secrets are extremely important and valuable for the operations of any company and play a fundamental role in their success. After all, patented inventions often require knowledge of Trade Secrets in order to be effectively operationalised. Similarly, the sale of products or services carrying a trademark and/or embodying an industrial design will be more successful if the relevant Trade Secrets are applied.

You need to keep in mind two things to protect your Trade Secrets:



- ▶ First and foremost, by definition, keep them secret, taking whatever reasonable precautions that may be necessary, and
- ▶ Secondly, Trade Secrets should essentially be of commercial significance to your business, precisely because they are not known to your competitors.

While protection of Trade Secrets does not cost any money, the main problem lies in the fact that their **protection will only endure as long as they remain secret**. If somebody, without violating the law, notices your products on the market and succeeds in understanding your precious secret and confidential information (which are not protected as patents or designs), you cannot then claim that your rights have been breached. In other words, you can only use your Trade Secrets against somebody acquiring them through an abusive or illegal act. In such event, you can approach the court to obtain an injunction against the infringer, and claim damages.

⁵ The term "know-how" can be understood as a type of trade secrets, to cover issues of less strategic value, such as training materials, simple ways of operating machines or contacting customers, etc.

This means that you will need to be judicious in deciding the extent to which you need to expose sensitive information in the context of the commercialisation of your products — how and where is the information recorded and stored, who has access to it, what information is made available on your website, who has access to protected passwords, what protocols are in place for the reproduction or copying of such material, and such like. In short, do not use Trade Secrets to protect your main inventions! See Section B.5 below and C.1 on Non-Disclosure Agreements.

4. Protecting Yourself Against Staff Leaving the Company

One of the most frequent risks that companies face is to have their key employees headhunted by competitors. And by a “miracle” just two months later, your competitor comes out on the market with exactly the same product that you were developing with the help of the employee that just left you. This is not a coincidence.

Far too often companies find themselves at a loss because they cannot compete with higher salaries offered by competitors, and therefore cannot retain talents. And talents take away not only their brain (which is rather normal), but also all sorts of acquired information, sensitive data, know-how, contact details, etc. While you cannot do much about the “brain drain”, you **can** adopt a number of measures that will help you minimise the risks of losing your precious intellectual capital.

These measures include:

- ▶ Ensure that only the strictly minimum number of employees have access to specific confidential information.
- ▶ Store information in password-protected drivers of your IT system and change the password frequently.
- ▶ Allow specific employees to have access to certain information, while providing other employees with access to another set of data.
- ▶ Adopt a well-conceived Code of Conduct, clearly indicating that all information acquired directly or indirectly at your company has to be treated as strictly confidential information. Make sure that sanctions are attached in case of any behaviour that violates the confidentiality principles and rules. Organise frequent training on the Code of Conduct, and place a copy of the Code on the wall of every office of your company.
- ▶ Similarly, adopting a well-developed IP Policy for your company may be an excellent idea to ensure that a culture of innovation is widespread at all levels. Reward creativity and inventiveness with financial and non-financial incentives. Nurture your talents, so that they may remain faithful to you.

You need to revise your employment contracts ensuring that:

- ▶ The above Code of Conduct is an integral part of the employment contracts;
- ▶ The outcome of any research and development that takes place within the company or because of information received by the company remains the exclusive property of your company;
- ▶ They contain a very stringent and detailed provision on confidentiality (again accompanied by sanctions in case of violations). This confidentiality provision may also last indefinitely, even after the termination of the contract;

- ▶ In some cases, they might also contain a non-competition clause, whereby an employee that works in a strategic position in your company cannot be employed by your direct competitors for a certain duration (needless to say, your potential employees may not be happy at all with this provision and might push back. I hope you are a good negotiator!).

Some companies go to the extreme of inserting small mistakes in their documents and written work. If those mistakes are found also in the works of competitors, it is evident that the latter did not reinvent the wheel and just did some “copy and paste” of your original works. Last but certainly not least, ensure that, where possible, your innovative products and practices are adequately protected, either as trademarks, patents, utility models, industrial designs, or properly protected as trade secrets.

Another somewhat similar instance that might occur is the situation where your company appoints an external contractor to carry out a specific work on your behalf. In this case, you should apply all the measures listed above, and make sure that the external contractor signs a Non-Disclosure Agreement (see Section C.1). In addition, you should clearly indicate in the appointment contract that all results of the contractor’s work, including improvements, developments, etc. are automatically assigned to you. In addition, the contractor should be explicitly prohibited from sharing the above results with any third party, and it is obliged to set up an internal system that guarantees that Trade Secrets are duly protected.

5. Main Takeaways from this Section

- ▶ Protecting your IPRs is fundamental. Register your IPRs at home, and also in the markets where you plan to expand your business.
- ▶ Do not forget to renew your IP rights. Remember: there is no protection for an expired IP right.
- ▶ Pay attention to the timing while applying for registration of your IP in a foreign jurisdiction, and remember the duration of the ‘Priority Period’ for patents and industrial designs. Missing out on priority date may have serious repercussions.
- ▶ When possible, use international and regional routes to register your IPs in export markets. These routes not only save money and resources, but they are an easy way to seek protection in multiple jurisdictions.
- ▶ Keep your trade secrets ... secret. Do not reveal them unless necessary and under certain conditions. If you do so, do it only with people you trust and following the signing of a non-disclosure or confidentiality agreement with people with whom you share your trade secret.
- ▶ Take all necessary measures to protect yourself from staff leaving company and joining your competitors: there are many things you can do to minimise risks.

C. CONTRACTUAL ARRANGEMENTS TO MAXIMISE GAINS

Now that you have learned about the preliminary steps to commercialisation and understood how to protect your IPRs, it is time to think about how you can make money out of them. **YES, YOU CAN!** This chapter presents various contractual arrangements that you can use to maximise profits for your business by strategically commercialising your IPRs.

As already mentioned, IP assets are similar to your other tangible assets. Thus, just as you can sell your apartment or rent it, you can also license, lease, transfer, or in short, commercialise your IP assets. The big advantage, in this regard, is that while you can rent your apartment only to one person, you have the possibility of licensing (which is the jargon term equivalent to “renting”) your IPRs to several different persons and companies at the same time, precisely because they are intangible and ...virtually non-exhaustible. For example, you may authorise three different persons to use your IPRs in your country. You could replicate this model for all the countries in which you are going to do business and you will receive royalties for having granted to third parties the privilege of using your IPRs.

However, a prerequisite for your successful exploitation and commercialisation of your IPRs is **A WELL DRAFTED CONTRACT**. So, your journey of monetising your IP assets starts with a contract. These contracts are a crucial tool for various aspects of your business, in your relationships with your employees and your potential counterparts to whom you may want to license your IPRs, transfer your technology, or with whom you wish to enter into a joint venture or a franchising agreement, and so on. This chapter should provide you with tips and suggestions to help you design your strategy for commercialising your IP assets through the most appropriate contractual instrument.



A small disclaimer: While this guide will help you understand various forms of contractual arrangements and their pros and cons, it is highly advisable to seek professional/legal advice when entering into any form of contract. Remember, once you sign a contract, you are obliged to follow it. There is no looking back.

1. Non-disclosure Agreements

In order to do business with potential partners, you will have to disclose to them sensitive information on your protected or to-be-protected IPRs, on the preliminary results of your R&D, on your production processes, Trade Secrets and know-how, etc. While all your contracts will imperatively have to contain well-crafted confidentiality clauses that will protect this type of information, there is one crucial step you should take even before commencing your discussions with a potential business partner, and certainly before you share with him/her your precious secrets and sensitive information: ensure that they sign a Non-Disclosure Agreement (NDA).

This is the only way you can ensure that your potential counterpart, who may or may not eventually sign the cooperation agreement with you, does not disclose to anyone your confidential information, or does it only and exclusively under the conditions agreed with you.

Please note that certain information, if disclosed without your authorisation, may be fatal for your business. For example:

- ▶ You may not be able to protect your precious invention as a patent, because your IP law requires that inventions can only be patentable if absolutely “new”, i.e.: not already disclosed to the public. If you expose your invention before filing a patent application, and without previously signing an NDA, you may “kill” the novelty of your own invention.
- ▶ The same applies to your industrial designs.
- ▶ You may also lose your Trade Secrets that, as you may recall from Section B.3, are protected only as long as they remain concealed and confidential. The same is applicable to your know-how.

Non-Disclosure Agreements, as the name suggest, are designed to prevent your potential business partners from disclosing any confidential information received by you in confidence and relating to your business. NDA may be bilateral or unilateral, depending on whether the obligations to maintain complete secrecy about certain information are undertaken by both parties, or by one party only.

A typical NDA contains the followings clauses:

- ▶ Definition of Confidential Information.
- ▶ Specification of the type of information not covered by NDA.
- ▶ Indication of the choice of law and jurisdiction.
- ▶ Listing of specific purposes for which the information can be used by the other party.
- ▶ Possible indication of the entities with which the confidential information can be shared under certain specified conditions.
- ▶ Provision of damages in case of unlawful disclosure of confidential information.
- ▶ Specification of the duration of the NDA.

Should the NDA be breached, then you can go to court to seek remedy and compensation. However, we all know that this may be an expensive and time-consuming affair. For illustration purposes, a shorter and very simplified version of unilateral NDA could read as follows:

“The Undersigned _____ undertakes the commitment to maintain in complete secrecy any Proprietary Information received by ___ in the context of _[n a m e , place and date of the event]. Proprietary Information includes but it is not limited to any Trade Secret, Confidential Information, Industrial Design, Trademarks, Patents, Copyright, Know-How and any other Intellectual Property rights, and in particular _____ [describe your confidential information].

The Undersigned agrees to utilise its best efforts and any possible precaution to avoid disclosure of such Proprietary Information to any person, firm, corporation, or any other stakeholders, not expressly authorised by_

The Undersigned is conscious that any violation of this Agreement will be duly pursued through legal proceedings.”

However, consider that each NDA is unique as it has to respond to specific needs and circumstances. Therefore, please remember that drafting an NDA is a serious matter and we would warmly suggest that you seek professional legal advice.

2. Licensing Agreements

In the introduction to this Chapter, we mentioned that the big advantage of IP rights is that, in view of their intangible nature, they can be “rented-out” as many times as you wish. This process is called “Licensing”.

While your apartment (as well as any other tangible property) can be rented out only to one person at the time, your trademark, patent, and other IPRs can be licensed to ... 5, 10, or 40 licensees in different geographical areas at the same time. Can you imagine the potential income for you?

IP Licensing is a process whereby the holder of an IP grants **permission to third parties to utilise his/her IP asset/s for a specified duration, for a specific purpose, on a particular territory, and under agreed upon conditions**. These terms are agreed upon between both the parties and are stated in a contract: your licensing agreement.

Licensing is one of the most frequently used ways of commercialising an IP asset and earning money out of it. You might as well learn how it works!

Let us first see what are the most significant **advantages of licensing** if you are the Licensor, i.e.: the owner of the IPRs:

- ▶ You will be able to earn money in terms of licensing fees and royalties.
- ▶ You will be able to expand your business to new markets in other countries, that you would never be able to reach by yourself.
- ▶ If you choose the right licensees, you will be able to capitalise on:
 - ▷ Their local knowledge, network and expertise in their respective geographical areas;
 - ▷ Their distribution and/or manufacturing capacity;
 - ▷ Their capacity to introduce the necessary adaptations that may facilitate penetration of their local markets;
 - ▷ The valuable knowledge that they may generate from exploiting your IPRs.
- ▶ If you are lucky, your Licensees might even be able to improve the products or services encompassing your IPRs.
- ▶ You will be able to maintain oversight and control over the way in which your IPRs are used.

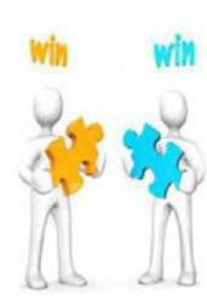
Let us now list the potential benefits and **advantages of acquiring an IP license** for the Licensees:

- ▶ You could start using advanced technological know-how and valuable brands without having to create them yourself, as this systematically entails significant investment in terms of money and time. In this context, remember that even bigger corporations do not carry out all the R&D by themselves, and prefer sometimes to acquire some IPRs from counterparts.
- ▶ You can therefore save time and money when you try to enter a new market with a better product.
- ▶ You may learn new skills that can help you in your business strategy.

These are some of the main features and steps of Licensing Agreements involving IPRs:

NEGOTIATING A LICENSING AGREEMENT

Negotiating a licensing agreement is not an easy task. You need to have a strategy and clarity in your mind about your business objectives before you start the negotiation. You should make adequate preparation by acquiring relevant information about the counterpart, the target market, the legal and business environment, as well as all aspects relating to the IPRs to be granted or acquired, including their potential value.



While defending your interests, you should also consider the needs of the counterpart (whether the licensor or the licensee). This is not only a question of fair play, but also because your monetary reward will depend on the commercial success of your counterpart: the more he/she earns from the license, the more you will receive in terms of royalties. Equally, the more valuable the IPRs in question, the more benefit you will likely derive from their Commercialisation, on foot of the licensing arrangement. A successful IP license deal is one where both the parties are happy and both parties stand to derive benefit: a WIN-WIN situation for both.

EXCLUSIVE, NON-EXCLUSIVE (OR SOLE) LICENSING

Generally, there are two main types of IP licenses: exclusive and non-exclusive.

- ▶ In an exclusive license, the Licensor (i.e. owner of an IP asset) gives to the Licensee the exclusive rights to use its IPRs in a given territory (i.e.: the entire country, a particular region, etc.). The Licensor will not authorise any other person to use its IPRs on the same territory. As a matter of fact, under this model, not even the Licensor will be able to use them on that territory.
- ▶ In a non-exclusive license, the Licensor retains the right to appoint other Licensees to use its IPRs potentially in the same territory. In other words, the Licensor is at the liberty to further license its IPRs to other parties, and of course to use them itself.
- ▶ There is also a third type of licensing agreement, called "sole license". Under this model, the Licensor undertakes the commitment not to appoint further Licensees, but it retains the right to use the IPRs in question by itself.

COMPENSATION

As mentioned above, licensing carries numerous advantages. However, monetary compensation is certainly one of the main reasons for entering into an IP licensing agreement.

This compensation usually takes the form of **Royalties** that the Licensee will pay to the Licensor for the privilege of using its IPRs. Both the Licensor and the Licensee should do a valuation of the IPRs in question to assess their potential market value, and this will influence the amount of the royalties. Calculating royalties represents a major part of the licensing agreement. Parties often have to agree on a method for calculating royalties. (See Section A.3 on IP Valuation). Similarly, at times parties may decide that in addition to royalties, the Licensee will have to pay a **Lump Sum** at the beginning of the contract.

From the outset, parties should also agree upon issues such as:

- ▶ When and how the payment/s will be made.
- ▶ Currency of payments.
- ▶ Criteria for the payment of royalties (e.g.: before or after taxes)

While in general the compensation for the Licensor consists of sums of money (i.e.: royalties and/or lump sums), in other situations the Licensor will receive in exchange the possibility of exploiting the Licensee's IPRs, through a so-called **cross licensing agreement**.

Let us now list the **10 main contractual clauses** that should be included in an IP licensing agreement (obviously, this list is non-exhaustive, as it may depend on the type of business, the objectives of both parties, the complexity of the technology and of the market, and so on):

1. Precise identification and definition of the IPRs licensed (reference should be made to their individual registration numbers)
2. Precise description of the rights granted under the license to the Licensee (i.e.: what the Licensee can or cannot do)
3. Type of license: Exclusive, Non-Exclusive or Sole license
4. Compensation (type, modalities, amount, etc.)
5. Duration of the contract
6. Right for the Licensee to sublicense
7. Precise indication of the geographical scope of use for the licensed IPRs
8. Rights on possible improvements of the licensed IPRs and their ownership
9. Confidentiality
10. Infringement of licensing agreement (e.g.: the adjudication system for any disputes arising out of licensing agreement)

Additional Tips The parties have full capacity to enter into a legally enforceable contract.

**

Make Sure that:

■ The Licensor has all its IPRs duly registered in its name.

■ You negotiate the granting of all relevant IP rights in one single agreement.

Last but not least, you need to remember that licensing agreements are among the most complex types of contracts. It is therefore highly advisable to consult a legal/IP lawyer for their drafting.

Remember:

- ▶ A Licensing Agreement is different from an assignment: licensing does not imply to a transfer of ownership of the IPRs in question, while an assignment does.
- ▶ A Licensing Agreement is different from a distribution agreement: a license provides the Licensee with the right to use certain IPRs, while a distribution agreement merely grants the permission to sell certain products embodying certain IPRs, under agreed upon terms and conditions.

3. Technology Transfer Agreements

As the title suggests, technology transfer is a process whereby one party transfers its technology to other party for commercial purposes or for developing some new products. Transfer of technology is done by signing a contract between the parties. In other words, a technology transfer agreement is nothing but a type of IP license where the object of the contract is ... an item of technology (whether embodied in a product, or covered by a patent (registered or applied for), or in the process of being developed).

As compared to normal IP licenses, technology transfer agreements are often more complex and technical. This is because the contracts will not only have to cover all the legal issues that we mentioned in the previous section, but they will also have to effectively deal with all relevant technical and scientific issues relating to the invention that embodies the technology. Often, the negotiation of this kind of agreement requires the presence not only of a good IP lawyer, but also of an experienced scientist or a person who has profound technological expertise.

Major issues to be considered here relates to the use and exploitation of the particular technology that is intended to be transferred. In addition, the issue of eventual improvements made by the person or enterprise acquiring the technology has to be carefully dealt with. The duration of technology transfer agreements is normally shorter than other types of licenses. This is clearly linked to the often-short life-cycle of technologies that sometimes become obsolete within few years

Tips to Remember

Technologies are often embodied in products that perhaps have an attractive shape, and that almost systematically carry a name and a logo. In other words, remember to negotiate in the same agreement the possibility of using also the registered trademark and industrial design that are going to be instrumental for the successful exploitation of the newly acquired technology.

Similarly, very frequently technologies are hard to operationalise, only based on the information contained in the patent. The effective use may need the disclosure of Trade Secrets and know-how, which you should remember to include in the same technology transfer agreement.

4. Joint Ventures Agreements

Nowadays, even the largest companies do not do everything by themselves. Partnering with other companies is not only a necessity in many cases, but it is also an excellent way to save time and money. When two or more partners come together to take up a new project with specific shared goals, in legal terms this is called “Joint Venture” (JV). Joint Ventures are often formed by creating a new and separate entity. Other times, they are simply established by way of a contract, whereby parties agree to work together and allocate roles and responsibilities.

In some countries that limit the possibility for foreigners to independently carry out business, entering into a JV with a local business actor is the only possibility. In other cases, this is not a legal requirement. However, Joint Ventures present significant advantages, including:

- ▶ Acquiring capitals or access to specific technologies;
- ▶ Enhancing the capacity to source raw materials or to use the best distribution systems in the new market;
- ▶ Capitalising on local knowledge and network to foster acceptability.

In any event, a sound contractual agreement has to be established, providing for clear rules relating to management and decision-making responsibilities. When entering into a Joint Venture, partners start sharing risks, profits, assets, results etc. Their initial contributions may take the form of tangible and intangible assets, and many times, they also create new (tangible and intangible) assets in the process.

In this context, it is imperative to have a well-crafted contract with your partners, particularly with regard to:

- ▶ The contributions that each party is expected to make in terms of tangible properties, as well as in terms of IPRs (often referred to as **IP BACKGROUND**);
- ▶ The ownership, management and commercialisation, etc. of new intangible assets created by the Joint Venture (this is called **IP FOREGROUND**).

The IP issues that need to be taken care of when entering into a JV arrangement can be grouped in four categories linked to the four stages of the negotiation and implementation of the JV agreement:

1. Before entering into a Joint Venture

- ▶ Remember to sign a Non-Disclosure Agreement (NDA) if you share any confidential information with your prospective partners.
- ▶ Do a proper due diligence on your partners. This will help you understand what they can bring on board including their IP capacity.
- ▶ Get legal advice, particularly with regard to anti-trust laws.

2. At the time of entering a Joint Venture

- ▶ Take a decision on whether and how to assign or license of your IPRs to the Joint Venture. Take legal advice, if required.
- ▶ Negotiate the terms of the assignment/license relating to existing IPRs for the benefit of the Joint Venture. (Refer to Section C.2 on Licensing Agreements).
- ▶ Discuss and agree upon all relevant ownership issues relating to new IPRs that might be created by the Joint Venture, including for possible improvements of existing IPRs.

- ▶ Discuss and agree upon all relevant implementation and operationalisation issues (e.g.: who can use IPRs, how, market exploitation, duration, limitations, profit sharing etc.).

3. During the implementation of Joint Venture

- ▶ Set up a procedure for monitoring so as to ensure that all agreed upon clauses relating to IP are complied with, including ownership and implementation issues.

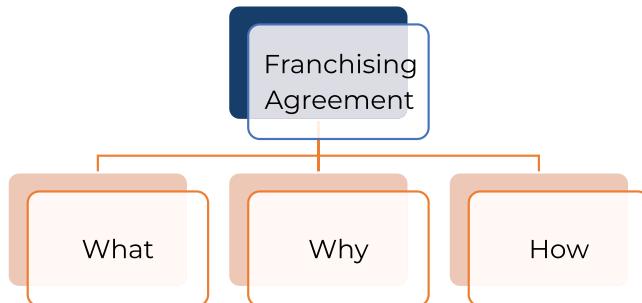
4. At the End of the Joint Venture

- ▶ Generally, during this phase parties to the JV assess if the partnership produced the expected results, also in terms of production and use of IPRs.
- ▶ The parties may also negotiate and agree upon how to divide tangible and intangible assets created by the JV, should they wish to put an end to their partnership.
- ▶ Alternatively, the parties may wish to continue their partnership renewing the terms of the existing JV, or under new terms. Also, in this case, IP considerations will play a major role.

Hopefully, the above pointers will help you enter with ease into a successful Joint Venture, and explore new markets.

5. Franchising Agreements

One of the most interesting ways of commercialising your IP Assets is by entering into a Franchising Agreement. This Section briefly presents the “what, why and how” of Franchising, as well as a few things to remember in order to better understand the functioning of a franchising agreement and hopefully to help you decide on whether you want to become a Franchisor or a Franchisee ... or not.



WHAT

Franchising is a special type of licensing agreement, that allows for business expansion and product distribution without “reinventing the wheel”. This is because it enables the replication of a particular business format that has already been shown to be particularly successful. The precise definition of “Franchising” may vary from country to country. However, these are key elements that characterise a franchise:

- ▶ The Franchisor licenses to one or more Franchisees the right to use its intellectual property rights (and more in particular: its trademark and know-how);
- ▶ The Franchisee in return will pay royalties (and often also a lump sum at the beginning of the agreement) to the Franchisor;
- ▶ The Franchisor provides assistance to Franchisees (for example, by sharing the necessary know-how, training them on selling techniques, windows dressing, account keeping, etc.);
- ▶ The Franchisor enjoys significant control over the Franchisee's operations (and in particular over the way in which the Franchisees use its trademark).

In other words, the Franchisor who has developed a particularly successful business model, agrees to expand its business by granting to various Franchisees, in different locations, the right to replicate its method of doing business for a defined period and in exchange for payment of a financial consideration (often consisting of a lump sum and recurrent royalties). As part of the contractual package, the Franchisor licenses to the Franchisees the right to use its IPRs that systematically include trademarks, copyright, trade secrets and know-how, and in many cases also industrial designs and patents. The Franchisees will operate under the control of the Franchisor and in line with its directives. The Franchisor will also provide training and assistance to the Franchisees.

WHY

Franchising is generally a very interesting option both for the Franchisor and for the Franchisees. A Franchisee saves time in the development of a business from scratch, and will benefit from the Franchisor's goodwill and reputation as well as the use of the intangible assets of the Franchisor, including its trademark and logo. On the other hand, the Franchisor benefits from an expansion of its business to other geographical areas with limited investment, while continuing to maintain a significant degree of control over the way in which the Franchisees carry out the business. The other significant advantage for the Franchisor is represented by the often very substantial revenues generated by the franchising agreement.

Does it always work?

While Franchising might sound like a tempting option, it is not always a guaranteed model for success. Firstly, it might not be suitable for all types of businesses. Secondly, the trademark of the Franchisor should be well known enough to immediately attract customers for the Franchisees. In other words, before entering into a Franchising agreement, the Franchisee should make sure to carry out a thorough feasibility study. The Franchisee should keep both short terms and long terms goals of its organisation in mind and analyse if the franchise model will be of benefit. Many countries have specific legislation on Franchising, and this might be quite stringent. Franchising requires also strict monitoring, from the Franchisor's viewpoint: even a small incidence of negligence or poor business conduct may have a severe impact on the Franchisor's name and goodwill, and of course, the value of the Franchisor's IPRs. Thus, both parties need to **BE CAUTIOUS!**

HOW

The Franchisor enters into a written agreement with its Franchisee for a fixed duration, whereby in exchange for monetary compensation, it provides them with the right to use:

- ▶ Its trademark and logo,
- ▶ Its technical know-how,
- ▶ Its Trade Secrets,
- ▶ Other possible intellectual property rights.

The Franchisor will also:

- ▶ Provide the necessary training to ensure that each Franchisee is capable of running the business in close compliance with the guidelines and instructions of the Franchisor; and
- ▶ Exercise strong monitoring and control over the Franchisees' operations.

In virtually all Franchising agreements, the Franchisor establishes a very comprehensive "Manual of Operations" describing in detail every single aspect of the Franchisees' way of implementing their business. Training on the Manual will be periodically organised, and "surprise visits" may be carried out by representatives of the Franchisor to ensure full compliance with all the instructions contained in the Manual.

Things to REMEMBER

- ▶ Do a due-diligence on a prospective Franchisee or on your potential Franchisor.
- ▶ Draft a detailed Franchising Agreement covering all clauses described in Section C.2 on Licensing Agreements, adding all relevant specific provisions relating to Franchising (e.g.: selling techniques, window dressing, specific duties of personnel, forms and types of control exercises by the Franchisor, etc.). Make sure you comply with the legislation of the countries in which you operate.
- ▶ Ideally, you may use one uniform agreement for all your franchisees. However, in particular cases, you may also decide to customise your contract to the specificities of the geographical area and/or of the Franchisee.
- ▶ Keep a regular check on Franchisees' operations. Random audits or surprise visits may be considered to ensure compliance with quality standards.
- ▶ Provide regular training and support to franchisee.
- ▶ Try to settle possible disputes with your Franchisees through ADR mechanisms.

6. Box: Pros and Cons of Each Type of Contract

No.	Type	Pros	Cons
1.	Non-Disclosure Agreements	A fundamental tool in protecting your confidential information. It can also help you defining the purpose and limitations under which such information can be used. NDA protects you from disclosure of confidential information by your employees.	Will only ensure damages in case of unlawful disclosure of information. If breached, remedies have to be sought in court, which may be expensive and time-consuming. Highly advisable to use NDAs in conjunction with other methods to ensure secrecy of relevant business information.
2.	Licensing Agreements	Easy, most frequent and reliable way of commercialising your IPRs. Help you monetise your assets, while maintain a degree of control.	You may have to reveal information about your IP. Licensee may become a competitor using your IPRs after the end of the contract. Careful about timing and criteria for the payment of Royalties.
3.	Joint Ventures	A precious tool to increase and expand your business, by putting together tangible and intangible assets. You may have access to IP assets not part of your portfolio with minimum investment.	Ownership of new IPRs created by the Joint Venture may become an issue.
4.	Franchising Agreements	An interesting and easy way of expanding business while earning revenues and commercialising your IP assets.	Need continuous monitoring and training by the Franchisor. A mistake by the Franchisor may entail significant disruptions to the Licensees' business.
5.	Technology Transfer	Like licensing, it can promote innovation and business expansion.	Careful about ownership of improvements created by the Licensor or one of the Licensees.

D. USING YOUR INTELLECTUAL PROPERTY RIGHTS (IPRs) - IP Management

Let us start with some practical suggestions to make sure that you do not lose or weaken your IPRs, and prevent possible problems.

1. Use it or lose it!

This famous principle of “use it or lose it” applies also to IP and in particular to trademarks. Virtually, all trademark laws provide that owners have five years from the registration date to start using their mark, failing which anyone can initiate a cancellation action against these marks and possibly register them in their own name.

This principle applies to a certain extent also to patents: if you do not use your patented invention in a given country, the Government may commence proceedings to issue a “compulsory license” through which you will in fact lose the right to enforce your patent for a certain period of time. The Government in question will appoint a local company to produce your invention. This is however quite rare.

2. Secondary Meaning & Genericization

The level of distinctiveness of your mark, and therefore its market power and capacity to be enforced, may change with the time. Extensive and consistent use over the years may increase the distinctiveness of your mark, through a process called “secondary meaning”, also known as “acquired distinctiveness”. By way of example, your rather descriptive/weak mark may become stronger and stronger and acquire higher levels of distinctiveness through use and time.



On the other hand, a mark’s distinctiveness may fade and even disappear through a legal phenomenon called “genericization⁶”. If the average consumer of a country starts using your mark not only to refer to your own products or services, but as a general term to indicate any product/service of the same category, then you may be in trouble. Should this be the case, any court could in principle declare the “genericization” of the mark in question, as it would have lost its capacity to distinguish the goods/services of one specific undertaking.

⁶ Also known as “Vulgarisation” of the mark.

Here are some tips to make sure that you a) may benefit from “secondary meaning” and b) avoid at all cost the “genericization” of your mark:

- ▶ The more you use your mark, the more likely you are to increase its distinctiveness
- ▶ Use your mark as ... a mark, and not as a verb, noun, or as an adjective (by way of example, Google® is fighting to prevent the genericization of its mark, by systematically opposing to the utilisation of “to Google” as a verb indicating “to research on the internet”).
- ▶ Use your mark consistently, without major variations as compared to the version that you originally filed.
- ▶ If you foresee the risk of genericization (for example because you have invented a new product), it might be wise to invent a generic term to indicate such a product. You will then use it together with your trademark. This will clearly indicate that the mark is not the generic name, and as such, it maintains its distinctive character.
- ▶ If you notice your marks being used in any context (tv, newspapers, etc.) as a generic term, you should take steps to inform the party in question that the term is a registered and protected mark and should only be used as such by its legitimate owner or with his/her consent.

3. Be Your Own Watchdog

Keeping an eye on the market (both at home and abroad) is a fundamental step to ensure effective commercialisation of your IPRs. Far too often, business competitors attempt to infringe each other's IP rights by copying them, imitating them, in short, by cheating.



You should therefore monitor the market to see if anyone is selling products bearing your mark, or if the shape of their products is too similar to your registered industrial design. Check also the new products appearing on the market as they might contain your precious technology. This may imply checking shops and malls where products carrying your mark, design or patent may be illegally sold, monitoring the press, social media and the websites of companies using your IPRs without authorisation, etc. Do this exercise periodically.

You can also use some online tools to help you monitor the market. Google alerts is one of them. It can notify you when words or phrases similar to your mark are mentioned online. In addition, there are private sector companies that offer nation-wide or world-wide watch-dog services.

In addition, you should make sure that nobody attempts to protect an IPR which infringes upon your own registered IPR. In this context, you can monitor the official gazettes where the various IPRs are published after filing or after registration.

Once you detect a possible violation of one of your IPRs, then you have to defend your rights. Enforcing your IPRs is fundamental as not only it can represent a valuable source of revenues, but it gives a very strong message about your seriousness towards protecting your rights and dissuade further infringements. See Chapter IV on IP Enforcement.

4. Use of “®”, “TM”, “©” signs

Using the following symbols is highly advisable:

- ▶ ® or TM (or even “Registered Trademark”) for trademarks;
- ▶ ID or “Registered Design” for industrial designs;
- ▶ “Registered Patent” for registered inventions; and
- ▶ © for copyrighted works

It may work as a powerful warning message to potential good or bad faith infringers of your IPRs, and it educates your consumers to the fact that your IPRs are duly protected (registered or applied for).

Just one word of caution: do not use the word “Registered” or the symbol ® if your IPRs are simply applied for, but the registration process has not ended yet.

5. Main Takeaways from this Section

- ▶ Use your IPRs otherwise you might lose them. This is particularly true for trademarks.
- ▶ Try to use them as registered. If you see that with the time you have changed the style of your mark, your logo or your design, you might consider registering the new version of your IP rights.
- ▶ Remember, the more you use your IPRs, the more you will make it known to the public and therefore strong and powerful.
- ▶ Avoid “genericization” of you marks! Your trademark can lose protection if it becomes a generic term.
- ▶ Use the famous symbols ®, ID, TM, ©, registered patent to dissuade possible violations of your rights.
- ▶ Monitor the market. Keep an eye on products similar to yours. Act if you find your IP rights are infringed.
- ▶ Defending your rights demonstrates seriousness of your company and might dissuade further infringements.
- ▶ Be your own watchdog: monitor the markets in which you operate, and if you find anybody infringing your IP rights ... fight back. If your IPRs are registered, you can easily win a case.

E. IPRs IN E-COMMERCE

In today's world having a virtual presence online is equally important as having a physical presence in the marketplace. Having a dedicated website has now become an essential part of business strategy. In fact, in many cases, your website becomes the first point of contact for others (potential clients, partners, investors, licensees, etc.). Besides providing information, many businesses are also using their website for conducting online trade.



1. Domain Names

Did you know that, as in the physical world, your business can also have an 'address' in the online world? In IP jargon, the key component of this online address is called a "domain name" (i.e. the word/s after the www. and before the extension .com, .org, .countrycode, etc.). Technically speaking, computers use Internet Protocol addresses, which are a series of numbers (mostly endless sequences of 1s and zeros). Remembering a whole bunch of numbers, and for many different businesses, would be an impossible task. Thus, science came to rescue and created the option to convert these numbers into names, which can be easily remembered or associated with the corresponding company. The Internet Corporation for Assigned Names and Numbers ("ICANN"), a global body, is basically responsible for the technical management of the domain name system.

Having a domain name is not mandatory, but ... definitely, very advisable. Domain names become the identity of your business online. Generally, as a first step, anyone trying to locate you online will enter the name of your company or the name of your product/s or service/s in a search engine in the hope that such name/s correspond to your domain name.

But how can you register a domain name? What name should you use to represent your business identity in an original and valid way? What if someone else starts using your domain name or a similar one by tweaking yours? Here are the answers to these very legitimate queries:

Selecting a domain name for your business

- ▶ While it might seem an easy task to select a domain name, one needs to be slightly cautious while zeroing in on a particular name. After all, this name will represent you to the world. You can start the process of selecting a domain name even before the registration of your company, and of your trademarks.
- ▶ A domain name can be any combination of letters and/or numbers. One has an option of combining these names/numbers with various extensions, such as .com, .org, .net, etc. Thus, you are free to choose any name, number or any combination as your identity on the internet.

- ▶ Depending on your choice, you may pick a common name or a distinctive and perhaps invented name. Remember, however, that if you wish to have your domain name correspond to your trademark, then you better go for a distinctive domain name, as generic terms in most cases cannot be registered as a trademark.
- ▶ While finalising the selection of your new domain name, you must check that it is not a trademark already in use by someone else. In many jurisdictions, registering someone else's trademark as a domain name is considered as an infringement, which may be punishable and can also lead to the transfer of your domain name. The act of registering in bad faith someone else's trademark as a domain name is called "cybersquatting". Once you are sure that your proposed domain name is not infringing on somebody else's trademark rights, then you have to check that it is not already registered and used by another person or company. This search is easily and freely available using one of the websites of a domain names' registrar or at ICANN's website.
- ▶ It is also advisable to avoid using a geographical location, names or address of other organisations as your domain name.
- ▶ Give this selection process careful thought. This may take some time, but it will be part of your business identity for a long time and in most cases, for the lifetime of your company. Thus, choose a simple name which can be easily remembered (as well as easy to write and read). It should clearly relate to your business; it should be distinctive enough for you to get a trademark protection if you wish.

How to register a Domain Name?

- ▶ Registration of a domain name is a fairly fast and easy task. There are many domain name registrars who provide services for registration of domain names. You can easily locate these domain name registrars online. Perhaps choose one in your country or your region.
- ▶ Every domain name registrar website gives you an option to search the domain name you desire to register. If the domain name is available, you will be required to provide certain general details like your name, address, telephone number, etc. Once this process is complete, you will have to pay, again online, a specified and often modest fee for registration. Fees are highly diversified: they might vary with the length of time, from registrar to registrar and from domain name to domain name.
- ▶ Generally, a domain name is registered for a specific time period, after which you will have to renew it by paying renewal fees.

How to protect your trademark from someone using it as domain name?

- ▶ First of all, someone might be using a domain name which corresponds to your trademark in good faith, without knowing it (however, this means either that it is not registered, or that they did not research the name beforehand). You may also find many dishonest people engaging in the practice of cybersquatting for the purpose of extracting money in exchange for transferring the domain name back to you.
- ▶ This means that you have to regularly check that nobody has adopted a domain name which is identical or too similar to your trademark/s. This is not difficult: just search on an internet search engine, on a regular basis, your trademarks and see what comes up.
- ▶ In case you come across a domain name which is identical to your trademark, or confusingly similar to it, or too similar to your own domain name, you should be alert and ready to act. As a first step, you need to check 'WHOIS' information of such

domain name. This will provide you with the name, address and contact information of the person who has registered that domain name.

- ▶ You may then choose to contact the person, personally or through your lawyer, and inform him/her about the use of your trademark and request him/her to transfer the domain name to you or simply request its cancellation. In case he/she refuses to do so, you can follow a simple online procedure administered by the World Intellectual Property Organization (WIPO) Domain Name Dispute Resolution, wherein an independent expert will decide if the domain name should be returned to you or have it cancelled. This procedure is available at: <https://www.wipo.int/amc/en/domains/>.

2. Websites

Taking your Business Online?

Here are a few points that you need to keep in mind.

The world of the internet offers numerous opportunities to expand your business, as the limitations of physical boundaries do not apply to the internet. If you decide to take your business online, you need to keep a few things related to Intellectual Property in mind, to be able to enjoy the opportunities provided by the World Wide Web to the fullest extent.

- ▶ While you are developing your website, make sure that you own the content used on your website and the IP rights contained in or linked with it. To come up with the perfect website to suit your business, you may use pictures, text, documents, a database, links, music, videos, technical tools, etc. These may be protected by IP rights of third parties. This means that you cannot use them, unless you have explicit and written permission from the rights holders. **Remember: most things available online are NOT copyright-free!**
- ▶ It is in fact common practice not to own 100% of the content accessible on your website. In most cases, the development of a site is commissioned to a developer, its author, and it is frequent to use others' work. However, in all these cases, it is necessary to have authorisation by the legitimate owners.
- ▶ For example, if you outsource the development of your website to a specialised agency, make sure you enter into an express agreement with them, clearly mentioning that any IP rights arising out their work for you and on your behalf (and for which they are being paid) are vested in you.
- ▶ Maintenance and possible updates of the website should also be agreed upon by both parties in the same agreement. Maintenance of the website includes changes, updates, troubleshooting or repairs.
- ▶ A confidentiality clause should also be added to the agreement ensuring the non-disclosure of the confidential information about your business that you may have divulged during the creation of the website.

- ▶ In case you are using IPRs belonging to any third party, ensure that you have all necessary permissions in writing from them. This can take the form of a written authorisation letter, or of an agreement with them specifying what you can and cannot do with their IP rights.
- ▶ Even though the original content appearing on your website enjoys automatic protection under copyright, it is highly advisable to insert a copyright notice on your website indicating that the content available on your website is IP protected and no one may use it without your express permission. Such copyright notice may even be placed at the end of every page of the site, so as to clearly remind users that you are the exclusive owner of the content, format, appearance of your website. The notice could indicate the name of a contact person in case authorisation is sought.
- ▶ You can also control access to specific parts of your website by encryption, online agreements, or conditional access systems. To detect infringements of your website, you can take random parts of texts from your site and search for these parts using any search engine on the internet.
- ▶ In case you are using any technical tools on your website, check if there is an existing patent on it. In case there is a patent on such tools, you have to obtain a license from the patentee to use that particular tool. Do not use it without express permission. If you do, you may be infringing someone's rights, and this is an offence under your legal system.
- ▶ As already mentioned, things which are freely available and downloadable on the internet may nonetheless be protected by IP rights. Just acknowledging the source might not be adequate, particularly if you use them for commercial purposes and in a for-profit setting. You need permission from the right holder to use them.
- ▶ Similarly, providing links and deep-links (i.e. links to specific pages of third parties' websites as opposed to their front page) to other websites or works may be an infringement of IP. Obtaining permission for linking is therefore highly advisable.
- ▶ "Metatagging" are phrases contained in a website's HTML code, which are invisible to the visitors of the website, but are readable by some search engines. The use of words similar to competing companies' terms in the metatag should not be used to direct visitors to your website and in effect to deceive them. This may lead to unfair competition or trademark infringement.
- ▶ If a website collects consumers' personal information such as names, email addresses, gender, professions, preferences, etc. make sure you comply with the personal data protection legislation of the relevant countries, and adequately ensure the privacy of such information. Privacy laws may restrict the collection, use and disclosure of personal information. Thus, you need to have an explicit privacy policy on your site, and train and supervise all employees with access to such information.
- ▶ In several countries, the name, face, voice and image of a person is protected by privacy rights. Therefore, before using such elements on your website, it is necessary to check the applicable laws and request permission, where needed.

Lastly, after reading all the above pointers you might think it is simply too cumbersome to obtain so many permissions, to contact so many people for obtaining these permissions, and to enter into dozens of agreements, etc. Well, **IT IS NOT** really that tough. To make this easy, you can approach rights management societies which are generally a one-stop-solution for seeking a license or permission for using other's work.

3. Be cautious while revealing your products on the Internet

Now that you have your presence on the internet, you have to decide what is best to show to the world, and what is not. This decision is important, particularly because in some cases it may have legal repercussions precisely related to your intellectual property rights. Thus, having your IPRs duly protected before disclosing your products on the internet is vital.

In many countries, public disclosure of your invention (even if for a very short period of time) can be grounds for refusal of your application or invalidation of your patent registration. Be careful not to “kill” the novelty of your own patent! Similarly, if you have any Trade Secrets, take care not to disclose them on your website. Trade Secrets lose protection the moment in which they become available to the public. Thus, it is advisable to consult a lawyer regarding what should and what should not be disclosed on your website.

4. Using trademarks on the Internet

Generally, there are no restrictions on using your trademark on your website. It can be used as you use it in the physical world. However, the very nature of the internet creates a small but significant difference, that you need to be careful of. You will recall from Chapter I, that all IP rights are territorial in nature. The principle of territoriality implies that, for example, a trademark is protected only in the countries where it is registered. In other words, the same or similar marks may be registered in different countries by different people or entities.

Unlike in the physical world, the concept of boundaries does not exist in the virtual space of internet. So, your trademark may be visible in other jurisdictions as well. This in itself is not a cause of concern. However, you need to be cautious when you receive orders from clients based in a country where the mark is not registered by you, but by a third party. In such cases, selling your goods may lead to trademark infringement in those other countries where the mark (identical or similar to yours) is owned by another person. Whenever you face such a situation, first check the nature of the business for which the similar trademark is registered in another country.

If the nature of the business is different from yours (for example, your trademark is registered for drinking water, and in the exporting country it is used for electronics) then you may go ahead and sell your products to the client based in that country (unless of course the existing prior mark is considered as well-known). On the other hand, if the nature of the business is similar (for example, in the exporting country the trademark is used for fruit juices, and you sell mineral water); or if the prior mark is well-known, then it is advisable not to sell the goods in that country, without first seeking legal advice.

Clearly, if you think that your brand is gaining popularity in other countries, or if you plan to expand your business to other countries, it is suggested to proceed without delay to register your trademarks in all relevant countries. After all, trademark registration is not terribly expensive in most countries, particularly if you can use the Madrid system for the international registration of marks.

5. Main Takeaways from this Section

- ▶ Decide whether you want to take your business online or not. Nowadays it is very unlikely that you will decide not to do so.
- ▶ If you decide to take your business online, select a domain name wisely.
- ▶ Register your domain name and renew it on a regular basis to keep it active.
- ▶ Protect your domain name and trademark making sure that nobody else uses them as a domain name. If you find someone doing so, contact him/her immediately and ask them to stop. If required, use all available legal means to get the domain name transferred to you or cancelled.
- ▶ Do an IP audit of your website. Check what features are covered by your IPRs, and what parts belong to third parties, before you put your new website online. Protect what is yours, and obtain permission for what is not. Do not violate others' IPRs with your website.
- ▶ Remember: not everything available on the internet is copyright-free. Make sure you have the necessary authorisation before using third parties' IPRs.
- ▶ Be cautious before you reveal your product on the internet. An unwarranted disclosure may also damage your IP rights.
- ▶ In case you are doing or are planning to do business in multiple countries, better get your trademark registered in all relevant jurisdictions. Take special care while selling the goods in countries where an identical or similar trademark is owned by someone else for identical or similar goods and services.

F. PROMOTING YOUR IPRs

1. Branding

How come that the same white pure-cotton shirt, produced in the same country, may be bought for 5 dollars on the stalls of the central market of your city, and at 100 dollars in a high-end boutique in the trendiest shopping mall? Often their quality is the same or very similar ... However, one carries a little (or big) sign, and the other not. One fits you to perfection, while the other is not perhaps so well cut or finished and perhaps it emphasises your defects. One "rings a bell", brings up ideas of fashion, elegance and glamour, the other does not. Finally, one gives you an urge to own it and flaunt it to the world, the second ... ok, "does the job".

The answer is: **BRANDING**

While there is not a universally accepted definition of "branding", in general this term is taken to refer to all the techniques that producers and business people adopt to differentiate their products or services from those of their competitors, and to attract consumers, gain their trust and establish their loyalty towards their products/services. Marketing techniques and tools play undoubtedly a crucial role in this regard. Branding can also be seen as a set of (positive) associations that a particular product (or service) is capable of generating in the mind of target consumers. Finally, branding certainly talks about the "personality" of your company, its essence and values. In short, it is a strategy to capitalise on your strengths and captivate current and potential consumers.

In the current global economy, consumers can choose their products or services from a wide variety of sources. The criteria that will guide their choice include price, technical features, aesthetical considerations, better quality, and so on. Once consumers have had a positive experience with a given product or service, they develop a level of trust and some sort of loyalty towards its producer or provider. This reciprocal trust between producers and consumers is at the core of branding, which may represent the key to your commercial success.

Advantages of Branding							
Can make your business stand out	Loyalty, Credibility and Trust by Customers	Better Income & Increased Sales	People Expect to pay more for branded products	Increased Public Recognition	Continue "Rapport" with customers	Makes sales less sensitive to price increase	Makes business less sensitive to new competitors

Consumers will buy a particular product when its brand conveys a message to which they can and want to relate; when they share a certain set of values, and a lifestyle and approach embodied in the brand.

In other words, if you want to enhance the chances for success of your company, not only at home but also abroad, make sure you embrace a carefully conceived branding strategy. This will include the adoption of a trademark (that will enthrall potential consumers and make them proud of being associated with your product), a clear focus on the ornamental and aesthetic shape of your product, making it so beautiful that consumers around the world will prefer yours as compared to those of your competitors. In some specific sectors, you may also take advantages of the image and reputation associated with a given geographical indication. Undoubtedly, you will have to adopt a domain name, which is somewhat linked to your trademark to enable consumers to locate your business online.

In other words, trademarks (including a logo or a term) are certainly central to any branding strategy, as they act as principal distinctive sign, that promoting a company's uniqueness, reputation and image. However, other IPRs may play a crucial role in a successful branding strategy. These include:

- ▶ Industrial designs: ornamental shapes of utilitarian products, as nowadays market success depends to a large extent on their appearance or ... lack of, as another fundamental differentiating factor.
- ▶ Geographical indications: they are also a particular type of distinctive signs for very particular products that have specific quality, characteristics or reputation precisely because they originate in a particular country, region, place.
- ▶ Domain names: they are the core of your address on the internet. (See Section E on IPRs on the Internet).

However, branding is not only about IP and IP rights. It requires also capacity to effectively market your products or services through the most appropriate means (including advertisement in traditional media such a TV, radio and newspapers, as well as digital marketing), adopting the right type of packaging, etc., and sending out the right kind of message that you want to have associated with your mark or design - value, sophistication, durability, style and suchlike.

Branding requires ongoing human and financial efforts to advertise and market your products and services, to develop new and improved products. However, successful companies realise that branding is not a liability, but a potentially very rewarding investment. See following sections on Marketing, Packaging, and Advertising.

2. Marketing

Many people, often erroneously, believe that marketing only consists of advertising and selling products and services. However, these two elements are only part of what marketing really entails. Marketing may be in fact defined as **the entire management process of getting the right goods or services to the right people (consumers) at the right place, time and price, by using the right promotion techniques and the right people to provide the appropriate customer services.**

Considering that SMEs in ASEAN countries are very heterogeneous in terms of their needs and capabilities, as well as their different cultural practices, religion, and preferences, it is obvious that marketing strategies must be 100% customised to the particular country, sector of the economy and type of customer to which the marketing is addressed. By way of example, a marketing approach designed to promote banking services in a middle-income country may have to be significantly reviewed and adapted in the case of marketing for agricultural products in a least developed country.

A well-conceived marketing strategy is necessary for any company and SME for the following reasons:

- ▶ It will guide your production, sales, distribution and promotion plans.
- ▶ It enables business owners to understand the market and determine what consumers need. In other words, to decide what to produce to meet consumers' demands and how to attract them.
- ▶ It reduces and safeguards against risks for your business venture.
- ▶ In short, it is a recipe for success! Conversely, if you do not have one, you may be doomed to failure.

Unfortunately, far too many SMEs, often due to lack of awareness or limited resources, still operate without a well-crafted marketing strategy. Here are some key principles for an effective marketing strategy. These are described in the short explanation of Jerome McCarthy's famous "**5Ps of Marketing**" below. These straightforward principles will undoubtedly help you start reflecting upon and conceiving your new marketing strategy:



As you can see from the above image, PEOPLE are at the centre of the 5Ps approach.

Number 1P = People.

- ▶ People here means both: Customers, and Workers/staff.
- ▶ Understanding your current and potential customers is crucial. After all, as they say: "the Customer is the King". The term "customers" encompasses consumers, buyers,

- clients, etc. In other words, you should attempt to determine what your customer's need, what they are willing to buy, and how much they can pay (i.e. their purchasing power), at a given time and in a particular place. This also includes the customers' attitude towards you, and how well you treat your customers (i.e. customer services). Through detailed market research, you should be able to identify the target market before you start production.
- ▶ On the other hand, you should also investigate the general morale and motivation of the workers producing and delivering the goods or providing services to your consumers. Hence, you need to think of staff capacity, training and safety, etc., especially where and when there is direct and continuous contact between them and the clients. After all, your workers are your main ambassadors!

Number 2P = Product

- ▶ Thorough market research should inform what goods or services a company should produce, provide and sell.
- ▶ In a fast-changing, brand and environment conscious world, due attention should be given to the following: presentation of the product, its appearance, quality, labelling and packaging, its design and branding. If it is affordable, you should consider the possibility of using biodegradable or recyclable packaging material.
- ▶ Certification of products is not only a legal requirement in certain cases, but it can systematically enhance the confidence of consumers on the quality of the product itself. It increases the traceability of products: i.e. it informs consumers of where it was produced, when, by whom, what it contains, etc. For example, in many parts of Asia, there is growing and worrisome use of chemicals in the agricultural sector, particularly in horticulture. Hence entering the market with a certified agricultural product, with a traceable production path and labelling, may significantly increase its chances of success.
- ▶ An interesting example for resource constrained SMEs is their participation in "participatory guarantee systems" (PGS), where producers (e.g.: farmers) and consumers are directly involved in the certification process. The process builds trust among the consumers and the producers, and it is a cheaper way to certify the quality of products.
- ▶ In addition, in view of their limited resources, SMEs should consider online and digital marketing. In a world with increasing use of information and communication technologies (ICTs), Asia is witnessing a rapid growth in the number of consumers already accessing different products online, as well as through various social media platforms. Mobile use and penetration are exponentially increasing, hence there is a window of opportunity to tap into this growing trend. (See Section F.3 on Digital Marketing)

Number 3P: Price

- ▶ This refers to the cost at which the product is sold (or the service is provided), and to what the consumers are willing to pay, bearing in mind their purchasing power, the existence of competitors and alternative products, as well as considering the quality and additional traits of the product.
- ▶ SMEs need to master the basic "Demand-Price" relationship: when demand is high, and supply is limited, then high prices can be set. The reverse is also true.
- ▶ As already mentioned, you will have to gain a deep understanding of the demand: what the consumers need and how much they can afford or are willing to pay, before turning their attention to a competing product. This will have a great influence on the price you can set for your product.

- ▶ There are several pricing strategies, depending on the type of product on offer, and the product cycle. For example, you may adopt a “penetration pricing strategy” to ensure successful entry of a new product on the market: in this case, firms decide to lower their selling prices and reduce their margins in order to attract a good number of consumers. In other cases (for instance in the market of luxury products), it might be more beneficial to set the bar high, starting with a higher price. As you can imagine, it all depends on the nature of the product, its characteristics, and the intended market. Consider offering promotions and discounts, as well as fidelity customer subscriptions.
- ▶ The golden rule is: bearing in mind the existence of possible competitors and/or the availability of substitute or complementary products, produce what the consumers desire to buy and are willing to pay, and make sure that you make some profit, possibly in the short term.

Number 4P = Place

- ▶ Knowing where to sell your products or provide your services is a crucial element for your success. The analysis of the geographical market is therefore fundamental: you might be very successful if you provide your products or services in a given country (where for example, there is limited competition and/or consumers have higher purchasing power), but the same endeavour might prove a disaster in other countries.
- ▶ You also need to consider how you are going to “get there”, i.e. how you will be able to deliver your products or services in the selected geographical market. Logistical considerations, accessibility and geographical location therefore play an important role. However, e- commerce is currently facilitating the meeting of sellers and buyers by reducing barriers. You should therefore consider tapping into the world of ICTs, by selling your products through the cloud, online services, and social platforms, such as Facebook and Instagram.
- ▶ Finally, also pay attention to stores where the products bearing your mark may be found, where exactly the product will be placed in the store aisles, and how the retail stores will promote your product.

Number 5P = Promotion

- ▶ This is often mistakenly interpreted to mean marketing in general. However, this is not correct, as promotion is only one component of the marketing mix, as described above. The main idea here is to inform, influence or rather persuade potential consumers/customers to purchase your product. Promotion is likely to vary depending on product life cycle, and it will greatly depend on the availability of financial means. Building awareness is an area where years ago your limited financial resources could have hampered your efforts to make your products/services known and therefore your SME more successful. Nowadays, new technologies offer unprecedented opportunities: consider uploading a smartly created video on YouTube as millions of people might watch it; your Twitter message might get re-tweeted thousands of times; your Facebook page may be “liked” by more people than you could ever imagine.
- ▶ Promoting your products or services may take the form of:
 - ▷ Advertising
 - ▷ Organising sales
 - ▷ Public events and event marketing
 - ▷ Public relations

- ▷ Face-to-face networking
- ▷ Digital marketing/social/online marketing (e.g.: through Facebook, Instagram, Twitter, YouTube, etc.)
- ▷ Personalised marketing through Smartphone applications like WeChat/WhatsApp, e- mails, dedicated platforms
- ▷ Radio and Television
- ▶ An interesting promotion strategy is represented by the so-called Guerrilla marketing, which aims at leveraging creativity, imagination and originality, despite the limited budget available. Similarly, you may consider establishing win-win partnerships with businesses that produce complementary products.
- ▶ In terms of content of your promotion, you should pay attention to your messaging: what idea do you want to promote about your products or services? What level of emotional connection do you wish to establish with your potential consumers?

Two more small pieces of advice may be:

1. Find a niche: instead of becoming good-enough in something that many others do, try to sharpen your competitive advantages and become one of the best in a particular niche market.
2. Have diversified offerings: you should create and put on the market variations of your main product, in order to accommodate the ever-changing needs and tastes of customers, particularly those that, for whatever reason, did not appreciate your original product.

In conclusion, from the above it is clear that:

- ▶ SME owners in ASEAN countries have to recognise the importance of marketing, and of having a well-crafted marketing strategy in place. **There are ways to make the 5Ps of Marketing work for you, even with limited resources.**
- ▶ You should consider starting with sound and reliable market research, which will determine the production of the right product, which in turn will satisfy the needs of the targeted consumers.
- ▶ The right product should be offered at the right price (i.e. one which the consumers are willing and able to pay), and available at the right place for the consumers (both in terms of countries and distribution channels).
- ▶ You should promote your (right) product, at the right price and place, using the most adequate marketing and promotion techniques.
- ▶ Any marketing strategy or plan ought to be flexible and should be readily adjusted depending on the ever-changing needs and wishes of the consumers.
- ▶ Please refer also to Section No F.5 on Packaging, as it plays a fundamental role in the success of your marketing strategy.

Undoubtedly, a well-presented, quality product offered at the right price is easier to sell or promote. This reiterates that the 5Ps of marketing are inseparable, interlinked and interdependent. Please remember to consider all these five elements if you want to make sure that you can resist fierce competition, and even more, remember that a one-size-fits-all approach to marketing is doomed to failure. Therefore, the Five Ps will need to be tailor-made depending on the country, specific sector and type of product. Good luck!

3. Social Media Marketing

The term “social media marketing” refers to the application of social media platforms to promote a product or a service online. Companies use social media platforms to post information about their products and services not only with the objective of promoting them, but also with a view to:

- ▶ Tracking the number of views;
- ▶ Identifying trends on how the general public engages with their products and services;
- ▶ Collecting data and information on the demographics of the users that have engaged with the post, including location, age, etc.;
- ▶ Reaching the maximum number of potential customers and effectively spreading the message to their target audiences, at a very minimal cost.

Social media websites and platforms allow companies to interact with their actual and potential customers and viewers in real time. They can post their products online and get “feedback” in the form of reviews from their customers and consumers. Platforms also allow users to “re-post”, “share”, or “re-tweet” information about the products and services, by sharing links to the original posting. This creates traction and online traffic for the product or service to the wider audience.

Companies can, through the data analytics offered by these platforms, track how many times their original post was shared, and monitor how many views it has received, which gives a good indication of the audience reached. An interesting trend that has recently developed is the phenomenon of “social media influencers”, i.e. people who have a great number of online “followers”, capable therefore to disseminate information about a product or a service to their audience simply by sharing the original link. Social media influencers are usually compensated for promoting these products and services, much in the same way as athletes or famous stars would get compensated for sponsoring goods and services in TV commercials.

In 2014, SocialMediaToday reported that “social networking is used by about 76% of businesses in order to achieve their marketing objectives ... Business retailers experience about 133% increase in revenues after marketing their business in the mobile market that promotes social media marketing value for their business ... The majority of successful brands have a social media page in order to widen their marketing coverage of making their brand more accessible among the social media users.”⁷ The relevant numbers are of course much higher today!

The most effective way to promote your products and services, particularly if you have limited budget, is undoubtedly to avail yourself of the array of social media platforms. The most famous and widespread social media platforms include:

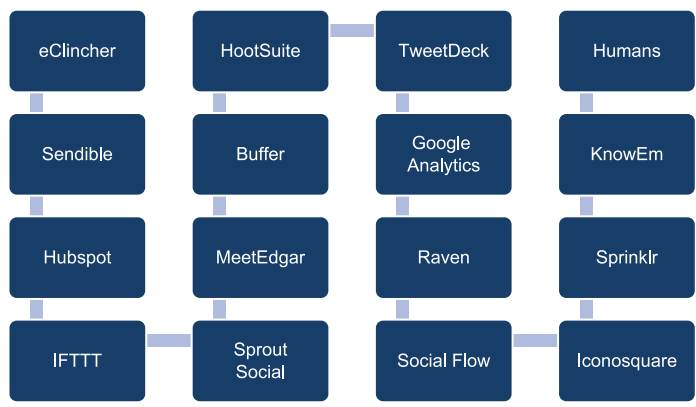


7 <https://www.socialmediatoday.com/content/impact-social-media-marketing-trends-digital-marketing>

- ▶ **Facebook:** In February 2019, the Business Insider reported that Facebook currently has 2.3 billion monthly users. Facebook makes its profits by selling advertisement. Facebook uses data analytics to learn about its users, their online behaviour, likes/dislikes, so that its Artificial Intelligence can better target the ads the users will receive. Facebook also gathers data on the ads it pushes to its users, by measuring users' engagement with the ad itself (in other words: how many people have clicked on the link).
- ▶ **Instagram:** In 2018, the Verge reported that Instagram has reached 1 billion users. In 2012, Facebook purchased Instagram. It is therefore not a surprise that Instagram uses algorithms similar to those of Facebook to 'learn' about its users as, based on the products or services they click on, what they like or dislike, as well as the profiles they follow. Instagram seems to target its users with ads in a similar way, and uses Instagram influencers.
- ▶ **YouTube:** YouTube can now count on 1.8 billion monthly users. YouTube provides free services to its users. However, it pushes different ads to its users in the form of commercials, based on the content the users search for.
- ▶ Similar considerations are applicable to **LinkedIn** and **Pinterest**, that can count on 260 million users per month and 250 million users per month, respectively.

As you might imagine, managing all these social networks can be time consuming and challenging. If you intend to introduce and promote your products or services to consumers using a variety of social media platforms, you should then consider adopting some “**social media management tools**”, that automatically aggregate all the platforms that you would like to utilise for your online marketing. Such tools can help you push new content and information to your customers either all at the same time, or in a sequenced manner (through systems of auto-posting or smart queuing). These platforms also suggest best ways to post and react to posts to improve efficiency and effectiveness, and help you gather and analyse data from the users' engagement with the posts/content so that you can understand if and why your customers like or dislike your products.

Some of the most famous social media management tools include

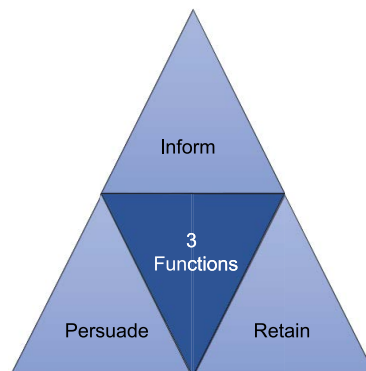


4. Advertising

Believe it or not, advertising is an extremely enduring discipline. There are examples of advertisements in ancient Egypt, where traders would write the names of their products and slogans on papyrus to increase their sales. Similar documents can be found in the Greek and Roman societies. As they say: nothing new under the sun, when it comes to promoting business and trying to attract customers. However, if the rationale behind advertising remains the same, the modalities have significantly changed, particularly with the advent of internet and social media.

It is hard to find one unique definition of “advertising”. Back in 1991, Philip Kotler⁸, poetically defined “advertising” as the art of “dramatising a company’s product with the use of artistic print, colour or sound, etc.”. In simpler and perhaps less poetic terms, advertisement can be understood as a **mechanism of drawing people’s attention towards certain products or services with a view to increasing their sales.**

Advertisement is therefore designed to increase awareness of certain products and services, by conveying (usually flattering) information to the relevant target audience (which may be the general public or specific sectors), through various media. The higher the number of people receiving the message within the shortest time frame, the better the potential growth of the business.



In this context, the use of social media and digital advertisement has become a fundamental tool for any company around the world, but even more for SMEs who often lack the necessary funds to use traditional advertisement channels (such as TV, radio, newspapers, etc.). Statistics show that most companies nowadays own accounts on social media such as Facebook, Twitter, Instagram, etc. Through these platforms, companies are able to engage with their customers in real time, and by regularly posting messages online, they can ensure that their brands remain vivid in consumers’ minds. They will also be able to potentially establish a cluster of “followers”, and by interacting with them and encouraging them to share posts, they can expand their audiences and potential customers at an unprecedented level.

Surely, you would love to post an advertising message that goes viral and, in few days, gets shared millions of times. However, more realistically, you should be content if by strategically using your social media accounts, you could steadily maintain contact with your audience, remaining relevant to them, and slowly increasing your pool of potential customers. It is a day-by-day effort.

⁸ Distinguished Professor of International Marketing at Kellogg School of Management of Northwestern University di Evanston, Illinois.

Let us now analyse some of the steps that you need to undertake to come up with the right advertisement campaign or approach.

First of all, unfortunately, in most cases you will need to recruit an advertising agency. Together, you will conceive the so-called “creative brief” that encompasses the overall strategy for your next campaign. This document contains only the main ideas relating to your product/service, its characteristics, its potential addresses, etc. The advertising agency will then commence a time and human-intensive research covering:

- ▶ Your company, detailed information about your product/service and your customers;
- ▶ Your existing branding efforts (if any);
- ▶ Major competitive brands in the same sector;
- ▶ Consumers opinions and perceptions, to find out what they like and dislike about your brand (unhappy customers that abandoned your product/service can provide extremely interesting information);
- ▶ Your previous advertising (if any), as well as advertising for competing brands.

This search can be carried out through a variety of methods, including desk reviews, telephone interviews, polls and surveys conducted online or in commercial centres, focus groups, demographic and psychographic profiles of consumers, ethnographic studies, etc. As mentioned, time and money spent on this research is quite significant. Therefore, its outcome should be treated in a most confidential manner, and not shared beyond the strictly necessary persons both in the advertising agency and your company.

Now let us discuss some of the most frequent and successful modalities to advertise, bearing in mind that if you have sufficient funds and human capacity, you can use them all at the same time. We will start with the most traditional and expensive. However, as mentioned before, even if your company cannot afford to hire a professional advertising agency, there are enough tools and communication channels that you can use to promote your product/service (particularly those taking place online and described in the second part of the list below).

1. **Newspaper and Magazine Ads:** these are the most traditional types of visual advertisements and require some funds. However, they continue to be quite effective. Perhaps consider combining them with other types of advertisement (for example on the internet).
2. **Television Ads:** they are the most traditional type of audio-visual ad, and undoubtedly require significant financial resources.
3. **Outdoor Ads:** this type of visual advertisement may be placed in strategic places, such as billboards on key crossroads or on the roof of well-located buildings, on buses, taxis, etc.
4. **Celebrity Ads and Sponsorship:** this is undoubtedly the most expensive type of advertisement. If you have the funds, you may persuade a famous person to act as “ambassador” for your product/service, or you may consider sponsoring a sport, charity or entertainment event.
5. **Radio and Podcasts Ads:** this type of promotion is purely verbal. You should try to identify the radio stations or types of podcasts that your target customers listen to more frequently and place an ad with them.
6. **Social Media Ads:** most social media platforms (e.g. Instagram, Facebook, Pinterest, Linked-In, etc.) offer advertising opportunities. In practice, you can buy some space on the relevant media that are of interest to your target group of actual or potential

customers. Normally, the more you pay, the more visible you will be on the internet. At the same time, you can also use these social media to obtain free advertising, for example, when viewers click on “I Like it” or tag friends, increasing awareness of a certain product/service.

- 7. Video Ads:** you could create a short video and place it on YouTube, Hulu or specific blogs (or pay to have it broadcast on these sites). Of course, the more interesting your video is, the better will be your chances of having thousands of people watching it. If you are not an expert in creating videos, you might consider contacting a specialist.
- 8. Post & Mail Ads:** you may decide to swamp your country, your city, or at least your neighbourhood, with compelling letters and printed materials promoting your product/service. It is quite cheap, and it often offers a good return on investment, despite its often-limited geographical scope.
- 9. Email Marketing:** same as above, except that you can potentially target many more customers with a simple click of your mouse. Of course, you need to have access to all relevant email addresses, and comply with the privacy law of the relevant countries. Email advertisement often involves customers signing up for promotional sales or newsletters.

As mentioned, some media are cheaper than others, and if you do not have the financial means to pay for ads in traditional channels (such as TV, radio, magazines, etc.), you can nevertheless achieve good results by effectively using all opportunities offered by social media. However, also in this case, you need to possess certain specific skills and knowledge to ensure that you exploit these instruments to their fullest potential.

In addition, using the appropriate means of communication does not mean that you are now in a position to carry out the research described above and coming up by yourself with a successful advertisement campaign, capable of expanding your customer spectrum and increasing your sales. This is a still different challenge, as it requires specific knowledge, expertise and a network. If you can afford it, you should seriously consider appointing an advertisement specialist ... who of course will not work for free.

Once your advertisement or commercial is launched, you should put in place a system to assess its impact. In short: did it work? Did it bring you more business? In this context, you should also remember that the life of an ad is rather short.

The most frequent ways to measure the impact of an advertisement on consumers are referred to as “recall measurements”. Such measurements attempt to assess consumers’ recollection of products or services following a particular advertisement campaign, and to evaluate their attitude towards such products/services as a result of the advertisement. In short: recalls try to determine what consumers remember and what opinions they have about your products. There are essentially two types of recall measurements:

- ▶ “Aided recalls”, e.g. asking consumers if they remember the advertisement of your product/service, or what brands come to their mind for a particular product/service;
- ▶ “Unaided recall”, e.g.: asking consumers to name any ads they have seen during a programme.

Some studies also attempt to assess a consumer’s attitude towards your product/service before and after they experienced your advertisement.

Other tips:

- ▶ Identify key events that may offer good speaking opportunities.
- ▶ Carefully target journalists and bloggers who cover topics that are relevant to your business.
- ▶ Draft press releases and support materials to share with journalists for use in their stories.
- ▶ Create memorable stories for your brand, know the audience for each story, and strategically spread your storytelling over time.
- ▶ Carefully select your media.
- ▶ Make sure you use **Google Analytics** on your website.

5. Packaging

As they say: the first impression counts. And after all, would you go for a job interview with a prestigious company wearing your sport gear? Or, vice versa, would you wear a three-piece suit and tie for a job interview with a start-up for video games? The answer is certainly negative in both instances. What you wear and your general appearance play an important role in the way in which people perceive you, and this may influence their first impression and their behaviour towards you. Well, the same applies to your products: if you package them well, you will significantly increase their chances of being selected by consumers. In other words: packaging is crucial for your success in the market place.

Generally, the term “packaging” refers to all activities relating to the visual design and production of the **container** for a product. Companies are competing to attract customers to buy their products and therefore increase their competitiveness. Undoubtedly, unique, well thought-out, and eye-catching packaging contributes not only to increasing the capacity of a product to distinguish itself from competing products, but also adds to its value and chances of success.

In other words, packaging should **not only function as a container or as protection for the product, but also as a marketing and promotion tool** that can significantly affect the sales of the product it contains. Therefore, before rushing to put your products on the market in...whatever container, please consider the following:

- ▶ Four Functions of Packaging
- ▶ Five Characteristics of Packaging

These are the four main functions of packaging:

1. Protection, Storage and Transportation

A basic function of packaging is to contain a given product and protect it from possible damages. It should therefore be easy to store, to transport, and to distribute. For food products, this function is even more vital: packaging should be able to protect the product from ultraviolet light, heat, humidity, contamination, and others factors that can decrease and damage the quality of food and fresh products. In short: **each type of packaging must be adjusted to the type of product that it is destined to contain.**



2. Convenient and Easy-to-Use

Packaging should offer convenience and comfort to customers in terms of its usability. The contents of the package should therefore be easily accessed or safely removed. By way of example, a container holding a drink should be easy to pour, easy to store, easy to consume, etc.



3. Communication

The information appearing on the packaging is an important component to communicate a) the identity of your products, b) their origin, and c) convey a certain brand image. Your packaging should therefore, first and foremost, communicate to the public the image you want your product to portray. Packaging is also a fundamental element of a well-conceived branding strategy and should conform with all requirements of your corporate image in terms of colours, fonts, graphics, messaging, etc. (see paragraphs below).

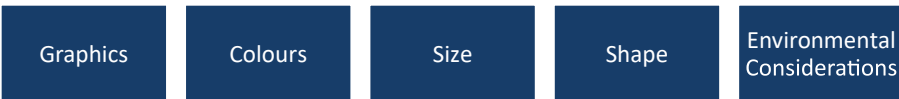


4. Information

Packaging should comply with local legislation in terms of labelling and the type of information that should be provided to consumers. By way of example, detailed information on the package should feature the ingredients contained in the product (particularly for food and beverages) along with possible certification marks from health or related agencies, etc. In addition, numerous companies use the packaging of their products to provide information about the producer and distributor, including possible contact details to enable the consumer to send questions about the product and file eventual complaints, as well as information on the packaging itself and its characteristics. Finally, information may be provided about the technology used for the packaging. Besides increasing trust, technology can also be a guarantee to consumers about the safety of the product. For example, to ensure the freshness of milk, companies often mention the technology used to pack their product that can maintain its freshness.



Let us now move to the five characteristics that you should consider before choosing the most appropriate packaging for your products, as they will certainly influence the first impression that consumers have of your products and therefore influence their attitude towards them:



1. Graphics

Graphic design (pictures, images, font, colour) is one of the crucial visual elements that leads customers to make a decision and it plays an important role in shaping the image of a particular product. Graphic content contributes to distinguishing your products from those of your competitors. Psychologists and marketing specialists suggest that one of the best ways to attract a customer's attention is to combine various graphic elements (such as phrases, lines, and pictures) in horizontal order. Apparently, this makes the movement of a consumer's eyes easier and more comfortable, as compared to a vertical order. A successful packaging implies that just by looking at it, and at its combination of words, pictures, designs, etc., consumers feel excited to imagine the taste, feel, or smell of the product it contains.

2. Colours

Another fundamental visual element of your packaging to attract a customer's attention is its colour/s. A good colour selection can influence the emotional side of customers to decide whether they will or will not buy your product. Colours can effectively communicate messages relating to your products, including:

- ▶ Their nature - would you ever use yellow for natural water? Probably not! and
- ▶ The public that they target - would you ever use fluorescent green for classic garments designed for seniors? Again, probably not.

They can also create powerful mental associations (red clearly conveys ideas of energy, dynamism, vitality; conversely, pale blue may be associated with serenity, calmness, etc.). Health products often use green colour to represent the image of health (even more so if they are natural or homeopathic products). In other words, the selection of colour for your packaging should be adjusted depending on the nature and the target market of the product. As mentioned, gender and age of your envisaged consumers should also be considered in choosing the colour of the product (for example, under a blatant stereotype, most senior men prefer blue; and most women like more pastel colours). However, it is important to take cultural differences into account, as otherwise the consequences may be disastrous. By way of example, in China, while gold packaging is linked to luxury, the wrong tone of gold may be symbolic of death.



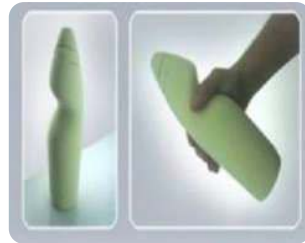
3. Size

Size matters! It plays an important role in influencing customers to make the decision of purchasing your product. The size of a package is related to the product's use, its weight and shape, and the way the product is served and stored by customers. Numerous products are offered in different sizes to meet customers' comfort and convenience. For example, drinking water can be found in various sizes to meet the needs of the market. For customers, portable (easily to carry) size proved to be one of the most important considerations in deciding what natural water to buy. The storing of a product is also crucial.



4. Shape

The shape of packaging is principally determined by its nature and function. However, in recent years, packaging started adopting shapes that are essentially ornamental and respond to aesthetic as well as functional considerations. Unique and beautiful shapes can be a powerful differentiator among similar products. Ergonomic shapes for packaging are often successful as they enhance the comfort when the product is held by customers (see example of the household cleaning liquid soap displayed).



5. Environmental considerations

More and more often, an important consideration to determine the type of packaging that you should adopt for your products is whether the container is recyclable and eco-friendly; otherwise it will pollute the environment for many years. Such important information should also appear on the package itself. In recent years, increased awareness surrounding the environment has pushed companies to place more attention to the sustainability of their products and packaging and on their impact on the environment. By way of example, there is a general trend to rethink single-use packages, particularly in fast-moving consumer goods, such as drinks and foods. Of course, environmentally-friendly packaging results in higher costs when compared to plastic alternatives. However, such costs may be offset through a specific marketing campaign designed to present the products (and the packaging) as green, organic, eco-friendly, etc.



Last but certainly not least: make sure that your selected packaging is duly protected, and your competitors cannot just copy it. After all, reflecting on the above discussions, you should realise how much work and creativity it takes to come up with the right packaging that will immediately attract customers' attention and positively influence their buying patterns.

There are essentially two ways to protect your packaging through the strategic use of IPRs: industrial designs and trademarks.

- ▶ The first is by far the most common and perhaps what we would suggest as a first step: if your packaging is new and it complies with the other possible legal requirements, file immediately an industrial design application in your country (and in the countries where you intend to expand your business).
- ▶ The second option (i.e. trademarks) is excellent. However, many IP offices tend to reject 3-D marks (and packaging is typically a 3-D mark) as devoid of sufficient distinctive character, unless you can prove that a particular shape has acquired distinctiveness through use.

Should this be the case, please consider first protecting your packaging as industrial design. After a number of years and certainly before the design expires, you can file the 3-D mark with your IP office, proving acquired distinctiveness through use of the industrial design.

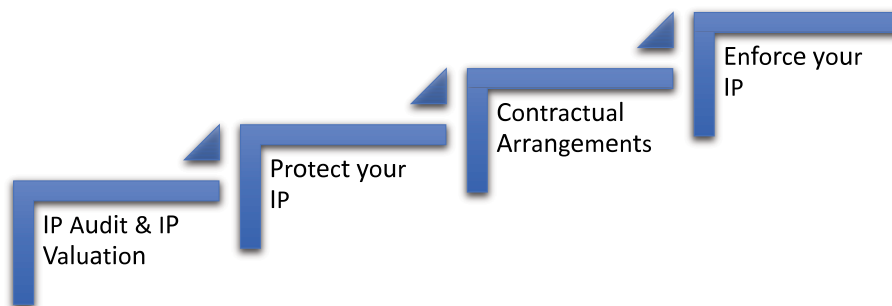
6. Main Takeaways from this Section

- ▶ If you want to be successful, forget about just offering your products/services on the market in the hope that someone will buy them. You have to adopt a carefully conceived and customised BRANDING strategy.
- ▶ Branding will make your products/services stand up and it will create a link of trust of loyalty between you, your products/services and your customers. This link will enable you to charge premium prices and be more resistant to new competitors and increase of prices.
- ▶ Same considerations apply to the need to adopt an *ad hoc* marketing and advertising approach.
- ▶ Remember the 5 Ps of marketing: people, product, price, place and promotion.
- ▶ Carefully decide what means of promotion you want and can afford to use to promote your products/services: TV, magazines, billboards, or ... the big arrays of tools linked to internet (e.g.: email, social media like Facebook, Instagram, LinkedIn, etc.).
- ▶ Target journalists, bloggers, influencers.
- ▶ Use online tools to monitor success of your marketing and promotion campaigns.
- ▶ The first impression counts: So think carefully before you chose the packaging for your products. Remember the four functions of packaging and the five characteristics for success.

III. GETTING HELP WITH YOUR COMMERCIALISATION PLANS

As mentioned before, your commercialisation plans should follow a logical order:

- ▶ The first step consists of carrying out an IP Audit and an IP Valuation.
- ▶ Then, you should ensure your IPRs are duly protected (at home and abroad).
- ▶ The following step is to enter in the right type of contract that will help you better commercialise your IPRs.
- ▶ Finally, you need to enforce your IPRs.



The bad news is that the DIY (Do It Yourself) approach may not work for you in this case, and for most of the above tasks, you may need to rely on the technical and strategic support of the right expert. The second bad news is that you may need to hire different types of experts depending on the step at which you are. Please do not get discouraged.

For example, while you might be able at a stretch to carry out your own IP Audit, it is unlikely that you may be capable of assessing the value of your IPRs (or of those of your counterpart). Particularly, the first times that you undertake these two important steps toward the commercialisation of your IPRs, you may want to involve an IP expert, who has proven experience in these types of activities.

For the second step, the situation is relatively easier: most of countries provide for lists of accredited IP Agents (or Representatives) that can act on behalf of clients and file your IPRs at national level. If that is the case, contact a few of them to try to assess the quality of their services, their past experience and, of course, their fees. If you are interested in exporting to other countries, then you have to protect your IPRs in those countries. Make sure that the IP Agent you choose in your country:

- ▶ Has experience in using WIPO international registration systems (i.e.: the Madrid, The Hague and the PCT systems), and
- ▶ Possesses a good network of IP associates in the countries where you want to obtain protection, in case you may need to react to possible refusals or official actions by their domestic IP offices.

Finding the right professional to help you with the third step of IP commercialisation is probably the most challenging. We already mentioned that the IP commercialisation contracts (i.e. licensing, technology transfers, franchising, etc.) are EXTREMELY complex. Do not attempt to draft them yourself. In addition, a normal/traditional lawyer may not

possess the right experience to draft such contracts. You will have to search for somebody who has profound experience in:

- ▶ Commercial and business law
 - ▶ Contract law
 - ▶ IP law and practice
 - ▶ And possibly proven prior experience in drafting similar types of contracts
- ... Good luck!

The situation is again quite straightforward for the last step. Enforcement of IPRs can only be carried out by lawyers. Also, in this case, you should not look for a general lawyer (and perhaps not even a business lawyer), but an experienced IP lawyer with proven track record in IP litigation.

As already mentioned, before selecting a particular professional to help you out in a particular step of your commercialisation plan, make sure that he/she has a very large network of associates that will be able to assist you, for example, in:

- ▶ Securing protection of your IPRs to their countries, by responding to refusals or requests for modifications by their respective IP offices;
- ▶ Drafting the right commercialisation contract, or adapting your existing contracts to the specificities of their countries (including to comply with their domestic legal requirements);
- ▶ Enforcing your IPRs in their countries.

IV. ENFORCING YOUR IPRs

This Section will provide you with a number of practical suggestions in case your precious IPRs are copied, violated, or infringed upon, whether at home or abroad. Enforcing your IPRs should be part of your overall management and commercialisation strategy. Big companies around the world make a lot of money by suing people who, in good or bad faith, infringe their IP assets. Some IP litigation (such as the famous Apple v. Samsung case) filled the news headlines with record sanctions of up to 1 billion dollars, and then reduced to USD 539 million⁹.

While national systems to grant IPRs are becoming better and better in all ASEAN countries, the domestic enforcement systems still lag behind and in most cases are rather weak. Efforts are being made to enhance the human capacity of the professionals and all officials involved in the enforcement of IPRs (including judges, lawyers, customs and police officials, etc.). However, this is an on-going process and there is still significant scope for improvement, particularly in some countries.

For this reason, your best option is to act as **your own watchdog**: you should constantly monitor the markets in which you sell your products or deliver your services, for possible infringements of your IPRs. These could take the form of inferior copies of your garments displaying a poor copy of your trademark and sold for three dollars in a local market; or high-quality copies unlawfully bearing exactly your trademark and sold in legitimate shops at 100 dollars. It may be a technological device produced by your competitor embodying your invention without your permission; or musical CDs and DVDs of your music or your latest film being sold in the street for two dollars.

Before initiating a real infringement case before a national court, you should attempt to achieve **an amicable solution**. Litigation is expensive, takes a long time and in some cases the outcome may be unpredictable.

Sometimes, a simple warning letter (known as a “cease and desist letter”) may be sufficient to put an end to the infringement, particularly in cases where the violation was committed in good faith and linked to ignorance of IP laws. In other cases, the alleged infringer genuinely believes that its products, for whatever reason, do not infringe your IPRs. In this case, while a simple warning letter may not be sufficient, it might still be worth trying to negotiate an out-of-court or amicable settlement.

If this option does not lead to the desired result, then you might have to resign yourself to the idea of finding a good IP lawyer and commencing legal proceedings before the **competent court** to end the infringement and recover damages.

Your chances of winning a case in court substantially depend on your capacity to prove your case. For this reason, it is very important to have a comprehensive set of **evidence** to substantiate your requests. Your enforcement file should include at least:

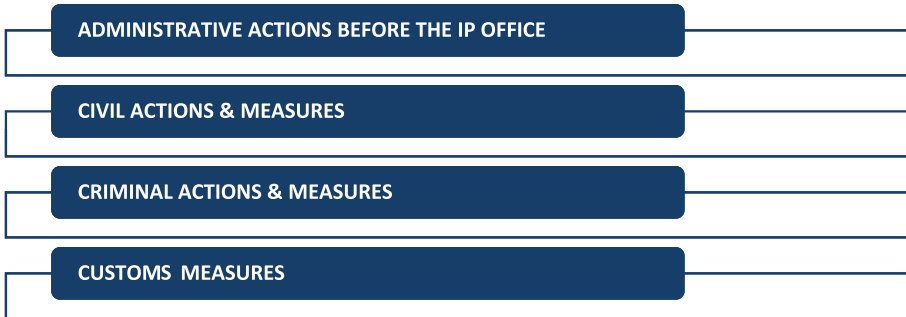
- ▶ Copies of any registered IP rights,
- ▶ Possible examination observations and counter-arguments,
- ▶ Photos of infringed goods and/or samples of fake products (e.g. counterfeited t-shirts bearing your mark, or pirated DVDs),

⁹ In 2018, the two companies found an out of course settlement and closed the 7 year long litigation. More information available at: <https://www.cnbc.com/2018/05/25/apple-in-samsung-patent-retrial-awarded-539-million-by-us-jury.html>

- ▶ Brochures of products or of events (e.g. fashion shows, art openings, etc.),
- ▶ Newspaper and magazine articles,
- ▶ Invoices proving the quantity of sales, or the investment in advertisement,
- ▶ TV and radio interviews, testimonials.

All the above documents must bear clear indication of a date¹⁰, since in the field of IP “who comes first” is a fundamental factor to win a case.

When you go to court, there are a number of measures that you can request. These include:



ADMINISTRATIVE ACTIONS BEFORE THE IP OFFICE

Most IP offices provide mechanisms for interested parties to:

- ▶ Oppose the granting of an IP right, and
- ▶ Contest an IPR that has already being granted.

The first possibility is normally known as “opposition”. It enables individuals and companies to object to the granting of a given IPR that, in their view, would allegedly infringe their own prior IPRs. The opposition proceedings are normally characterised by relatively fast, straightforward and inexpensive procedures.

In most countries, the second option is carried out before the national courts. However, in other countries (including some ASEAN countries), it takes place before the domestic IP office. In these instances, interested parties may request the cancellation (also known as invalidation or revocation) of a granted IPR.

CIVIL ACTIONS & MEASURES

The majority of IP violations lead to civil trials with the application of civil measures. This might be the case for example when:

- ▶ The owner of an earlier mark esteems that a subsequent mark (whether registered or simply used) is too similar to his/her own mark, for identical or similar goods/ services; or
- ▶ The legitimate holder of a patent believes that a third party has put on the same market a technological devise embodying an invention that falls within the scope of the claims of its registered patent; or
- ▶ The proprietor of a registered industrial design finds on the market utilitarian objects bearing the same ornamental shape as compared to that protected under its industrial design certificates; or

¹⁰ Or you must have other ways to unequivocally prove their date.

- ▶ The author of a copyrighted work feels that someone has copied part of his/her song or has made an adaptation without his/her consent.

In all these cases, the legitimate owner of an IP right may start a civil action before the local court. In this action, the plaintiff will normally ask any of the following:

- ▶ A preliminary (or final) injunction to oblige the defendant to immediately stop the infringing behaviour;
- ▶ *Ex parte* measures, i.e. injunctions granted by the judges without having previously heard the infringer;
- ▶ The seizure and possible destruction of the infringing goods;
- ▶ Damages resulting from the infringing activity. The amount of damages is normally calculated on the basis of two criteria:
 - I. The profits of the infringer (if accounting books are available);
 - II. The loss of sales for the plaintiff;
- ▶ A declaration that reconfirms the validity of the IPR in question.

CRIMINAL ACTIONS & MEASURES

Criminal actions and measures are rarer than the civil ones. They are applied only in case of large violations of copyright and trademarks, carried out wilfully by the infringers. They are known, respectively, as "piracy" (in the case of violations of copyrighted goods) and "counterfeiting" (for trademarks violations). Sanctions consist of fines and/or imprisonment.

In general, it will be up to the IP owner to initiate legal proceedings to request criminal measures for these offenses. However, the relevant government authority (e.g. the prosecutor) may also initiate on its own initiative the prosecution of such large infringements.

CUSTOMS MEASURES

Customs play a fundamental role in the defence of your IP rights, as they control the import into your country of products and as well as their export. This governmental body should check suspected infringing goods crossing the border and block them instead of releasing them in free circulation in the local market. The modalities to request and obtain a customs measure varies depending on the particular country. We would invite you to look at the provisions of your relevant domestic legislation (often your IP law or regulations, at times also Customs Law). Usually IP holders requesting a customs measure need to prove ownership of the allegedly infringed IP rights and pay a deposit.

Finally, if you fear that your court system may not be sufficiently efficient, effective, reliable or fast, you may want to revert to **ALTERNATIVE DISPUTE RESOLUTION** mechanisms, such as mediation and/or arbitration. A particularly suitable and tailor-made ADR system for IP is administered by WIPO (please refer to the following website: <http://www.wipo.int/amc/en/>).

V. CASE STUDIES AND SUCCESS STORIES

1. UBCO (New Zealand): *Electric utility bikes (e-bike)*¹¹



Product peculiarities

The UBCO 2x2 is a two-wheel vehicle that responds to a market gap identified by its creators. The aspects that make it different are:

- ▶ The engine works on electricity, instead of gasoline or diesel;
- ▶ The engine is almost silent;
- ▶ The e-bike has great performance on any kind of terrain;
- ▶ It is very light in weight; but has a strong and resistant structure;
- ▶ A USB power port permits to charge any device and its tools at the same time;
- ▶ It has an array of accessories;
- ▶ It can be connected digitally, and
- ▶ It requires low maintenance.

The story behind

- ▶ **2014:** Presentation of the first prototype of the 2x2 e-bike at the National Agricultural Fieldays (“Fieldays”), one of the largest agricultural events of New Zealand for technology and innovation.
- ▶ Locus Research (company devoted to support the implementation of innovative products) and the creators of the “UBCO” brand worked on a commercialisation strategy and further improved the prototype.
- ▶ **2015:** A more commercial prototype is presented at Fieldays: this attracts more global attention.
- ▶ This determines the need to enlarge the market strategy, expanding operations and protection to numerous other countries (including the United States).
- ▶ **2018:** release of a new line of accessories and a more expanded digital connection platform.
- ▶ Locus Research invests in the recently incorporated company to become partly owners.
- ▶ A partnership with Chinese companies is built to make UBCO grow.
- ▶ Legal permission to freely use UBCO vehicle on the roads is issued.
- ▶ **2018-2019:** further expansion of the UBCO market to new markets such as tourism, hunting and conservation.

¹¹ Most case studies described in this Chapter are based on information obtained with WIPO’s permission from WIPO “IP Advantage” database, available at <https://www.wipo.int/ipadvantage/en/>. The cases were summarised by the author and, in some cases, enriched by research on the website of the company concerned.

IP in action

Brand development strategy

- ▶ The portfolio includes several trademark and industrial design registrations, as well as registered patents.
- ▶ Schemes of license to third parties are protected as Trade Secrets.
- ▶ Priority is given to the protection and development of a unique and distinct brand, promoted through ads, social media, and printed material, with the objective to appeal to new investors and to make the company grow.
- ▶ International application for UBCO trademark is filed in several countries through the Madrid Protocol.
- ▶ In order to become an international brand, the company carried out an exhaustive trademark research in all key jurisdictions to be sure that the word mark would be registrable.
- ▶ To facilitate the process, they used the Madrid Protocol, using the New Zealand trademark as the basis.

Design protection in all markets

- ▶ Isolation of what makes potentially unique each design.
- ▶ Every developed idea must be usable in all the jurisdictions where the UBCO has a market.
- ▶ Every registered design must comply with the overall distinctive shape of the UBCO frame.
- ▶ Designs are registered in countries of manufacture and in the main markets where the vehicle is sold.

Market monitoring

The company developed an excellent system to protect the product in its development process through Trade Secrets (until the patent application process is complete), and a monitoring system to promptly detect any possible IP infringement (with the support people involved in the manufacturing and supply-chain processes).

2. ROYAL SELANGOR (Malaysia): Luxury Decorative Objects



Product peculiarities

The company is renowned for its decorative and luxurious objects, based on the work of its sister companies, especially for 18th century English style silversmith works, the finest silverware, and gold and diamond jewellery inspired from European style. Today, from its Malaysian headquarter, the company has reached global presence in the world most important cities, from London to Sydney, passing through Singapore, Beijing, Melbourne and Hong Kong. Its craftsmanship objects are exhibited in the top department shops, such as Harrods (London) and Wako (Japan).

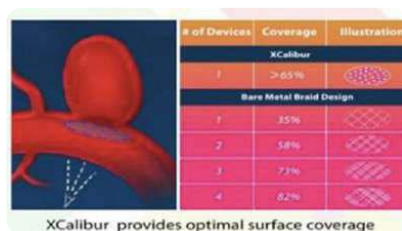
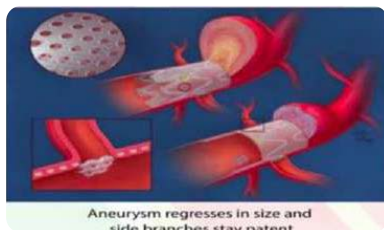
The story behind

- ▶ The company has its origin in a family-run shop that was founded in 1930 in China as Malayan Pewter Works. It was dedicated to manufacture Chinese ceremonial objects and European-style utility items.
- ▶ In **1968**, its owner establishes the first shop in Malaysia as Selangor Pewter, and soon it becomes a successful business.
- ▶ In **1979**, the Selangor's Sultan grants the license of "Royal Pewterer" to Selangor Pewter.
- ▶ In **1992**, Selangor Pewter changes its name for Royal Selangor Pewter.
- ▶ In **1993**, the company acquires Comyns, a silver manufacturing company from London, including its 35,000 designs.
- ▶ In **2000**, Royal Selangor Pewter restyle its name and corporate identity, as Royal Pewter.
- ▶ In **2002**, it acquires the Canadian Seagull Pewter.

IP in action

- ▶ All Royal Selangor's works are protected by copyright and other IP rights around the world.
- ▶ The company owns all intellectual property rights on its website, or it has licenses for the parts it does not own.
- ▶ The products of the company are created on behalf of the company, by designers, inventors, sculptors and engineers. Their creations are protected by IP rights vested in the company.
- ▶ The company also has collaborations with several Museums of decorative art and design (Victoria & Albert Museum); national museums (National Palace Museum and Islamic Arts Museum Malaysia) and with a subsidiary of the Walt Disney Company, Marvel Comics.
- ▶ Currently, the name is registered as a National Trademark as "ROYAL SELANGOR" registered in the Nice classes 6, 14, 21, and 20.
- ▶ The company owns another registration for trademark "ROYAL SELANGOR PEWTER 1885" registered in the Nice classes 14, 20, and 21, as well as several industrial designs registered for its decorative utilitarian items.

3. MERLIN MD (Singapore): Technology and Medical devices for strokes prevention



Product peculiarities

- ▶ Merlin MD produces an Aneurysm Occlusion Device (AOD) named Calibur Chant (or XCalibur), an implant that cures the aneurysm.
- ▶ The device permits to cause stasis and controlled thrombosis within the aneurysm (as controlled thrombosis is the main purpose of endovascular embolisation treatments).

- ▶ The AOD implant is made of a polymer (a micro-porous membrane) that, without losing optimal radial strength of the vessel, allows for a low inflation pressure.
- ▶ The material was tested to ensure its biocompatibility and safety. The porous membrane serves to redirect blood flow from the aneurysm neck, thus occluding the aneurysm and reducing its potential for rupture.
- ▶ When carrying out surgery on a patient, physicians can better shape the vessel by post-dilating it, thanks to the better control that AOD provides.
- ▶ As a consequence, one device is sufficient for the entire operation, with no need to use any other instrument or tool.
- ▶ Evidently, the surgical market has enthusiastically embraced the invention.

The story behind

- ▶ In 2002, the Company was constituted in Singapore, by specialists (e.g.: executives and engineers) with profound experience in companies devoted to medical devices at very high level.
- ▶ The company developed a device for the treatment of cerebral aneurysms: an innovative tool to support life-saving interventions.
- ▶ The technology platform has evolved to be applicable to diverse clinical fields.
- ▶ Today, the company headquarters is located in Singapore for strategic reasons: the environment that permits to maintain competitive costs, good healthcare and business-related infrastructures, and the presence of numerous competent engineers.

IP in action

The IP strategy of Merlin is based on the registration of patents (and utility models) and trademarks and on copyright. Utility and design patents protect all the products and technology that the company has developed. In total they have:

- ▶ 20 granted utility patents,
- ▶ 3 granted design patents, and
- ▶ 6 patent applications.

The patents are protected in different jurisdictions: three in Japan; three in Europe; nine granted and six pending in the United States; and seven granted in Singapore. The sign "Marlin" is protected as trade name. The Marlin company owns several registrations in Singapore and in several countries for trademarks XCalibur; NChant and X*Calibur. These combined IPRs provide the company with competitive advantages on various geographical markets.

4. BREADTALK GROUP LIMITED (Singapore): Bread, food stores, and restaurants chain



The group peculiarities

- ▶ BreadTalk was a family-run company operating in the bakery field. Its objective is to transform everyday's purchasing of bread into a charming and gourmet experience.
- ▶ The Group has its own Research and Development team, that provides thousands of home-made recipes created by Masterchefs.
- ▶ The concept is to combine world's tastes and Western inspirations blending in local culture (from Asia).
- ▶ Each company of the Group offers its own distinctive and unique recipe.

The story behind

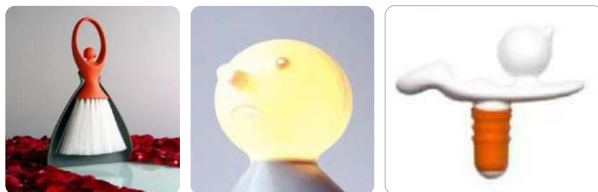
- ▶ In **2000**, Mr. George Quek opens his first BreadTalk store in Singapore, presenting the Floss bun, an innovative bread recipe invented by BreadTalk and highly appreciated by the public.
- ▶ In **2001**, more than 1,000 international enquiries to establish a franchise are sent to BreadTalk.
- ▶ In **2003**, BreadTalk Group Limited is listed on the Singapore Exchange (Sesdaq); in addition, the company expands abroad and opens new franchises in Indonesia and China (Shanghai).
- ▶ In **2004 to 2007**: the Group expands, opening the first Din Tai Fung restaurant; the first thematic restaurant, Food Republic; new stores of Food Republic in Malaysia; and in the largest shopping mall in Singapore.
- ▶ In **2009**, a franchise agreement is signed with Pan Arabian Gourmet.
- ▶ In **2014**, BreadTalk Group reaches sixteen territories in the world, with more than 800 establishments.
- ▶ In **2018**, new Song Fa restaurants opens in Shanghai, and the group enters a joint venture with a Chinese bakery; it also expands its tea beverages brands.
- ▶ From the origin, and almost every year, various prizes and recognitions are awarded to different brands of the Group (20 different in total).

IP in action

- ▶ By 2019, the Group has several different registered trademarks. For example: "BreadTalk" is registered in Viet Nam, U.S., Philippines, Morocco, Australia, Singapore; "FoodRepublic" is registered in Thailand, Japan, Australia, and pending in Laos; "Toast Box" is registered in Korea, Thailand, Singapore, Australia, Indonesia, Malaysia, Philippines; "So" is registered in Singapore; "The Icing Room" in Thailand and Singapore, "Thye moh chan" is registered in Singapore, Korea.

- ▶ In addition, the recipes invented by the Research and Development team of the Group are protected by Intellectual Property rights (copyright and at time also by patents for particularly innovative processes).
- ▶ The Group owns and manages the total of its intellectual property rights¹².
- ▶ The strategy seems to be based on: constantly creating new products, constantly grow presence and expand the territories, maintain a high-quality product and duly develop and protect its IPRs.

5. PROPAGANDIST (Thailand): Design household objects



- ▶ Established in 1996 in Thailand by four marketing experts, Propagandist Company Limited (Propagandist) promised to keep sending happiness to all users through humour for everyday interior design and household objects.
- ▶ Creativity in designs was always at the core of Propagandist's work, and this made it a big user of intellectual property. According to the company's general director, Mr. Chuayboon "IP is critical to the success of our business. It helps protect the very heart of our business, our designs and name" and "if you want to grow big, you have to think big, and in order to expand internationally you have to protect your most precious assets, your IP".
- ▶ To support its international expansion, Propagandist undertook some smart moves such as:
 - ▷ Filing "Propagandist" as word trademark at the United States Patent and Trademark Office USPTO.
 - ▷ "Propagandist" was also filed as figurative mark in 35 classes of the Nice classification.
 - ▷ Another trademark ("Mr. P") was filed as a figurative at the European Union Intellectual Property Office (EUIPO).
 - ▷ To maximise protection of its IP portfolio, also in view of the company's expansion, Propaganda owns five domain names.
- ▶ Crucial to its success was having a wide network of professional experts in all countries the company expanded. This enabled the company to avoid infringing third parties IPRs and quickly react to possible infringements of its own IPRs.
- ▶ Propaganda uses humour as a weapon; the company based its success on the creation of products that attempt to pull users out of their reality while they are using them. As the company's spokesman said: "Walking side by side with strong IP strategy made the dream come true".
- ▶ Propagandist's creative products can now be found in over 42 countries around the globe.

¹² BreadTalk Group Limited, "Annual report 2017" (22 March 2018), p. 111

VI. USEFUL WEBSITES

1. ASEAN GIs: <http://www.asean-gidatabase.org/>
2. ASEAN IP HELPDESK: <http://www.asean-iprhelpdesk.eu/>
3. ASEAN IP: <https://www.aseanip.org/>
4. ASEAN IPA: <http://www.aseanipa.org/>
5. ASEAN IPR Helpdesk: <http://www.asean-iprhelpdesk.eu/>
6. ASEAN Patent Scope: <https://www.aseanip.org/>
7. Design view: <https://www.tmdn.org/tmdsview-web/welcome>
8. Digital marketing: <https://eclincher.com/blog/social-media-management-marketing-tools/>
9. Digital marketing: <https://www.socialmediatoday.com/content/impact-social-media-marketing-trends-digital-marketing>
10. Directory of IP Offices worldwide: <http://www.wipo.int/directory/en/urls.jsp>
11. EPO: <http://www.epo.org/>
12. EUIPO: <https://euipo.europa.eu/ohimportal/en>
13. European Trade Mark and Design Network: <https://www.tmdn.org/>
14. Google Patents: <https://patents.google.com/>
15. International Chamber of Commerce ICC: www.icc.org
16. International Trademark Association (INTA): <http://www.inta.org>
17. IP Deport (Philippines): <https://www.ipophil.gov.ph/intellectual-property-depot/>
18. IP Market Place (Malaysia): <http://iprmarketplace.myipo.gov.my/>
19. IP Mart (Thailand): <http://www.thaiipmart.com/>
20. IP office of Australia: <https://www.ipaustralia.gov.au/>
21. IP office of New Zealand: <https://www.iponz.govt.nz/>
22. IP Panorama: <https://www.wipo.int/sme/en/multimedia/>
23. IP5: <https://www.fiveipoffices.org/>
24. Magister Lucentinus - University of Alicante Master of Intellectual Property and Information Society Programme: <http://www.ml.ua.es>
25. Max Planck Institute for Intellectual Property, Competition and Tax Law <http://www.intellecprop.mpg.de/enhanced/english/homepage.htm>
26. Patent Scope: <https://patentscope.wipo.int/search/en/search.jsf>
27. TM Class: <http://tmclass.tmdn.org/ec2/>
28. TM View: <https://www.tmdn.org/tmview/welcome>
29. USPTO: <https://www.uspto.gov/>
30. WIPO Arbitration and Mediation Center: <http://arbiter.wipo.int>
31. WIPO Global Brands: <https://www.wipo.int/branddb/en/>
32. WIPO SME Division: www.wipo.int/sme
33. WIPO: www.wipo.int
34. WTO: <http://www.wto.org>



For more information about AANZFTA, please visit <https://aanzfta.asean.org/>