

EXPANDING YOUR BUSINESS ABROAD: HOW TO SUCCESSFULLY COMMERCIALISE YOUR IP?

22 JULY 2021

LIVE AT 10.00 (CEST)/ 15.00 (ICT)

VIA GOTOWEBINAR



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Moderators from South-East Asia IP SME Helpdesk:



Nora Bihari
Project Manager



Benoît Tardy
IP Business Advisor

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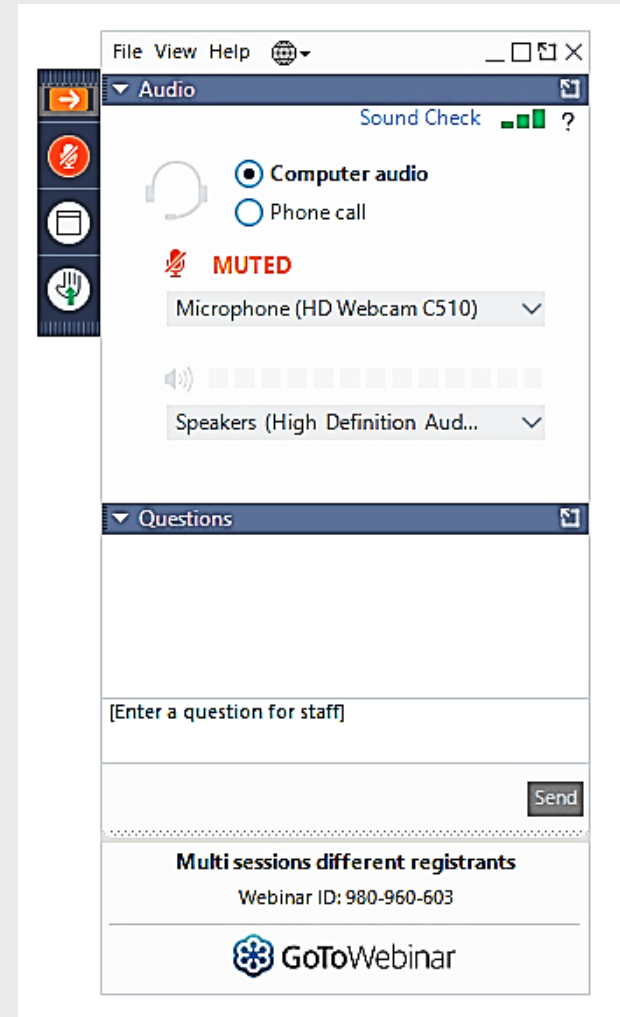
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Speakers



Elio De Tullio
External Expert

**International IP SME
Helpdesks**



Matias Zubimendi
IP Business Advisor

**China IP SME
Helpdesk**



Girish Somwarpet Nagraj
IP Business Advisor

**India IP SME
Helpdesk**



César Fernández Elvira
IP Expert

**Latin America IP SME
Helpdesk**

Overview (CEST)

TIME	OVERVIEW	SPEAKER(s)/ MODERATOR
10:00 – 10:05	Introduction to the International SME Helpdesks	Nora Bihari, SEA IP SME Helpdesk
10:05 – 10:25	<ul style="list-style-type: none"> - Checklist for IP Commercialisation. - Implementing an IP Commercialisation strategy. 	Elio De Tullio, External Expert
10:25 – 10:40	Top tips with region specific input. (China, India, Latin America).	IP Business Advisors, International IP Helpdesks
10:40 – 10:55	Case studies related to IP Commercialisation (Latin America & SEA).	<ul style="list-style-type: none"> - César Fernández Elvira, Latin America IP Expert - Elio De Tullio, External Expert
10:55 – 11.00	Q&A session	All Speakers
11.00	Closing	Benoît Tardy, SEA IP SME Helpdesk

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Expanding your business abroad - How to successfully commercialise your IP?

Elio De Tullio

External Expert, South-East Asia IP SME Helpdesk

Managing Partner, De Tullio & Partners

22 July 2020

Speaker's Bio

Name: Elio de Tullio
Firm: De Tullio & Partners
Location: Rome, Italy



Elio De Tullio is an Italian lawyer admitted at the bar of Bari and trade mark attorney. After 10 years of experience in IP matters, he founded in 2005 the law firm De Tullio & Partners, with offices in Rome and Bari and a liaison office in New York. Managing Partner of De Tullio & Partners, he acts as trade mark attorney in the strategic assessment of IP protection and in prosecution and opposition processes at domestic and international level.

He is also a litigation lawyer before the Italian Courts specialized in Intellectual Property. He specializes on trademark, design and patent issues, from a strategy, business intelligence, competition, filing and prosecution perspective. He has written some articles on Italian and European law on intellectual property rights which have been translated into Chinese and South-East Asia languages.

Agenda

1. Introduction to IP Commercialisation
2. Checklist for IP Commercialisation
3. Implementing an IP Commercialisation strategy
4. Case studies related to IP Commercialisation
5. Take-away Messages/ Recommendations

Why IP Commercialisation is good for business?

- It doesn't make sense to protect your IPR through registration, and then keep it locked in a drawer → **your IPRs will have cost you money, but they would not bring you any income;**
- **To reap the economic benefits from your IPRs, you have to make them available in the market →** 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;
- One of the greatest advantages of IPRs is that **they can be commercialised by several business actors at the same time, in different locations, through a variety of business models and contractual instruments.**
- SOURCE → *HANDBOOK ON IP COMMERCIALISATION Strategies for Managing IPRs and Maximising Value*, <https://aanzfta.asean.org/uploads/2020/12/IPPEA-FINAL-HANDBOOK-ON-IP-COMMERCIALISATION.pdf>

Why IP Commercialisation is good for business?

- Enhance the market value of your business;
- Turn ideas into profit-making assets → Licensing your patents or copyright, for example, can lead to a steady stream of royalties and additional income that can boost your business' bottom line.
- Enhance export opportunities for your business → IP can increase your competitiveness in export markets;
- IP rights can help you differentiate your product in the marketplace and promote your business

Source: <https://www.nibusinessinfo.co.uk/content/advantages-protecting-intellectual-property>

Checklist for IP Commercialisation

- Market Analysis
- IP Audit
- IP Registration

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 commercialized (**both geographical and product market**);
 - *Understand the competitive position of your company, also in comparison to other players.*
 - *Understand your and your competitors' strengths and weaknesses;*
 - *Acquire a solid idea of the sectoral potential scenarios, including by identifying possible niches.*

IP Audit

- 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*: through an IP audit you can make an inventory of your potential IP assets → IP Audit should be carried out **at least once a year**.

WHY?

- *Identify all intangible assets of your company.*
- *Determine the overall value of your company (beyond merely the tangible assets).*
- *Monitor compliance of your contractual obligations (e.g.: deriving from licensing agreements).*
- *Monitor possible violation of your IPRs and facilitate their enforcement.*
- *A well-managed list of IP assets can help you identify obsolete assets.*
- *An IP audit is vital to know which IP assets are core to your business and which are not.*
- *Knowing the value of your IP assets makes it easier to take decisions on whether it is cost-effective to take action against infringement and in what way this could be done.*

SOURCE: *Handbook on ip commercialisation strategies for managing iprs and maximising value* → <https://aanzfta.asean.org/uploads/2020/12/ippea-final-handbook-on-ip-commercialisation.pdf>

SOURCE: https://www.wipo.int/sme/en/ip_audit/#:~:text=Licensing%20E2%80%93%20An%20IP%20audit%20is,create%20an%20additional%20revenue%20stream.

IP Registration

- Registration basically means that your invention, trade mark, 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.
- The procedure will vary depending on whether you are registering a mark, an invention or a design.

IP Registration

- **Principle of Territoriality:** If you file your IPRs with your national IP office, your IP registrations will only be protected domestically, and **not** in other countries. 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*
 - *Envisage your return on investment in each country*
- Registrable IP rights are territorial, which means they have to be claimed and asserted in each country individually. **Registered IP in another country is not automatically recognised across the ten countries of the ASEAN region** (Brunei, Cambodia, Indonesia, Laos, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam); therefore, **it is strongly recommended that you register your IP assets in the country you wish to operate in before entering the market.**

IP Registration

REMEMBER: Your protection generally starts from the date of filing your application with your national IP office (or from an earlier priority date).

- Your **Trade mark** registration lasts 10 years and can be renewed for additional 10 years terms, indefinitely
- Your **Patent** lasts 20 years and cannot be renewed (Utility models: 10 years)
- Your **Industrial Design** registration lasts 5 or 10 years, renewable according to the local legislation (in the EU 5 years renewable up to 25 five years); please check duration of protection in your country).
- Your **Copyright** is protected for the life of the author plus (normally) 50 years (in some countries 70 years) and cannot be renewed after its expiry.

IP Registration Abroad

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

- ***National route***: when 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.
- ***International route***: There are three international registration systems administered by WIPO:
 - 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.
- ***Regional route***: if you want protection in countries which are members of a regional trade mark system you may apply for registration, with effect in the territories of all member countries, by filing an application at the relevant regional office.

Trade Secrets

- **Trade Secret:** 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..
 - **Business information** (e.g.: information relating to customers and suppliers, their names, addresses, contact details..)
 - **Strategic information** (e.g.: special techniques for marketing and for providing after-sale services, results of market surveys..)
 - **Technical information** (e.g.: tests results, quality control methods..)
 - **Financial information** (e.g.: sales data, pricing lists..)
- To make sure that the information can be protected:
- **Take any measure to keep the information secret**
 - Trade Secrets should essentially be of **commercial significance to your business**, precisely because they are not known to your competitors.

Drafting agreements with IP clauses

- **Non-disclosure Agreements:** 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.*

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;*
- *Provision of damages in case of unlawful disclosure of confidential information;*
- *Specification of the duration of the NDA;*

SOURCE: <https://aanzfta.asean.org/aanzfta-sector-portals/intellectual-property-sector/ip-for-business/non-disclosure>

Implementing an IP Commercialisation strategy

- The best way to prevent IPR-related issues is to use a layered, holistic IPR protection strategy, which includes **protection both by registration of your registrable rights and other methods such as contractual protection** (confidentiality agreements, IP protection clauses in employee agreements) **and internal security measures** (limited access to certain work areas, etc.).
- **Licensing Agreements:** *IP Licensing is a process whereby the holder of an IP grants permission to third parties to utilize 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.*
- **Most significant advantages of licensing if you are the Licensor:**
 - *You will be able to earn money in terms of licensing fees and royalties;*
 - *You will be able to expand your business to new territories;*
 - *If you are lucky, your Licensees might even be able to improve the products or services encompassing your IPRs.*

SOURCE: *Handbook on ip commercialisation strategies for managing iprs and maximising value*

Implementing an IP Commercialisation strategy

- **9 main contractual clauses** that should be included in an **IP licensing agreement**:
 - *Declaration and Warranties (i.e. precise identification and definition of the IPRs licensed; precise description of the rights granted under the license to the Licensee; etc.);*
 - *Type of license: Exclusive, Non-Exclusive or Sole license;*
 - *Compensation (type, modalities, amount, etc.);*
 - *Duration of the contract;*
 - *Right for the Licensee to sublicense;*
 - *Precise indication of the geographical scope of use for the licensed IPRs;*
 - *Rights on possible improvements of the licensed IPRs and their ownership;*
 - *Confidentiality;*
 - *Applicable Law and Competent Jurisdiction in case of infringement of the licensing agreement (e.g.: the adjudication system for any disputes arising out of licensing agreement).*
- **Non-Competition Covenants** → Non-competition clauses are generally acceptable in SouthEast Asia, though the region is adopting various anti-monopoly regulations which must always be considered in light of your desired non-competition covenant → Only if these restrictions are considered fair and reasonable under local law will they be upheld as valid.

Implementing an IP Commercialisation strategy

- **Technology Transfer Agreements:** is a process whereby one party transfers its technology to other party for commercial purposes or for developing some new products.
 - *Remember to negotiate in the same agreement the possibility of using also the registered trade mark and industrial design that are going to be instrumental for the successful exploitation of the newly acquired technology.*
- **Franchise Agreement:** Franchising is a business system for expanding sound businesses, based on a business model that is replicated through the creation of a network under the same brand name. The franchisor is the company or person who is in possession of the successful business concept, know-how and brand, which are licensed for a fee to the franchisee.

Implementing an IP Commercialisation strategy

- **Joint Ventures Agreements:** 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).
 - Formed by creating a new and separate entity.
 - Simply established by way of a contract.
- This type of arrangement usually comes into practice when both companies will share IP, or are going to be researching and developing existing IP to create new IP
- It is vital that the agreement covers what IP each party is bringing to the JV and who owns the new IP.

SOURCE: https://www.southeastasia-iprhelpdesk.eu/sites/default/files/publications/EN_using_Contracts_20170417.pdf

Implementing an IP Commercialisation strategy

- **Joint Ventures Agreement's advantages:**

- 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.

- **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.

Implementing an IP Commercialisation strategy

GENERAL TIPS:

- *The best strategy is always to **patent all your cutting-edge technologies in as many countries as possible** (including new markets like SEA); combine a good patent strategy with a high level of secrecy and be aware of local legislation;*
- ***Tailor your IP contracts** to suit the IPR you are protecting, and make sure you include **sufficient specific detail** in the contracts' key provisions;*
- ***Certain provisions are unlawful under the law of particular South-East Asian countries** and may render a contract void if you include them in your agreement, so be cautious when drafting these provisions (you may need to seek local legal advice);*
- ***Sign an NDA** or ensure that there is adequate protection in your contract addressing confidentiality issues (never start business negotiations without previously contractually securing your trade secrets which are to be disclosed);*
- ***Include confidentiality provisions in all employee contracts.***

SOURCE: https://www.southeastasia-iprhelpdesk.eu/sites/default/files/publications/EN_using_Contracts_20170417.pdf

IP licensing agreement & Regional specificities

SOUTH- EAST- ASIA

Applicable laws:

How South-East Asian laws governing IP licensing may differ from European laws:

- **Non-Competition Covenants:** Non-competition clauses are generally acceptable in South-east Asia, though the region is adopting various anti-monopoly regulations which must always be considered in light of your desired non-competition covenant. Only if these restrictions are considered fair and reasonable under local law will they be upheld as valid.
- **Protection of new IP rights generated:** the issue of ownership shall be included into the IP licensing agreement; South – Asia Countries laws generally recognize the creator of a work/inventor as the owner, even if the underlying licensed rights belong to another party.
- **Governing law:** parties are free to select the law governing their IP agreements and, generally, are not required to be based on the law of the jurisdiction where the IP is registered. Usually, the selected law is the law of the licensor's jurisdiction, to ensure the adequacy with their law in case of future disputes.
- **Monitoring of the Licensee's Activities:** clauses that usually identify the parties who will have permission to use the licensed rights, as well as the security procedures that are in place to prevent unauthorized use or misuse of the IP assets.

SOURCE: <https://ebn.eu/index.php?lnk=K2tiZmlkaWp5MVZzVWF6SzFUWkpHMUdPYWppUE4vNU1rd3BUbTZ5cDdSbz0=>

IP licensing agreement & Regional specificities

Follow up

- ❑ ASEAN countries:

- ❑ example of practices in China – Thailand

- ❑ LATIN AMERICA:

- ❑ Example of practices in BRASIL

IP licensing agreement & Regional specificities

CHINA

- **Applicable law:** Chinese law would normally govern despite what the parties have agreed (e.g. in joint venture agreements, or if the contract is between two companies registered in China).
- **Type of licenses/ exclusive, sole, or non-exclusive license agreements; *Some particularities* →**
 - In China, exclusive licensees obtain a right by law to initiate proceedings against infringers based on its license rights.
 - In China, a sole licensee, unlike an exclusive licensee, cannot initiate an infringement suit entirely independent of the licensor.
- **Record of licensing agreement:** although not recorded licenses are still valid, certificates of recordal of license agreements are often required for remitting royalties overseas.
 - **Where to record license agreements?** CNIPA (for trade marks); SIPO (for patents); CPCC (for copyrights)
 - **The technology import contract** should be recorded within 60 days from when it becomes effective, unless the contract provides royalty payments. In the latter case, the contract should be registered within 60 days from the generation of the royalty base for the first instalment.
 - **The Ministry of Commerce (MOFCOM) and local branches of MOFCOM** are in charge of the administration of registration of technology import contracts (e.g. technology licenses into China).

IP licensing agreement & Regional specificities

CHINA – Tech transfer agreement

- **Technology import and export** refers to the **cross-border transfer of ownership or right to use of technologies between domestic and foreign parties**
 - In China: **The import and export of civilian technologies** is regulated by the "Technology Import and Export Management Regulations"; other specific regulation refer to different regimes, e.g. *export control regime for sensitive items and related technologies, such as nuclear dual- use items, missiles, biological supplies and export of specific chemicals.*
 - **Specific measure for the licensing of restricted technologies are provided for the import and export of restricted technologies** → (see [link](#)) e.g. art. 4 provides that the *local competent commercial authorities shall be the review authorities of restrictive import of technologies, responsible for licensing of the restrictive import of technology in their administrative divisions. The enterprises under the administration of the Central Government shall go through the licensing procedures with the local competent commercial authorities in the territorial principle.*
- **Assignments of Chinese patents shall be approved and registered by the State Administration for Industry and Commerce (SAIC)** → if not, the foreign company has no right to the patent as the contract is not formed.
- **Provisions on technology improvements** → separate compensation to Chinese partners for the grant-back of ownership rights in the improvements shall be included in the contract - if not, the assignment clause may not be enforced by Chinese courts.
- **Selection of applicable Law and jurisdiction for conflict resolution** → selecting a foreign jurisdiction and applicable law may be useful only when Chinese partners have local assets/operations → Otherwise enforcement of an arbitration award or court judgement in China can be difficult.
- **For Arbitration procedures** → the Beijing China International Economic and Trade Arbitration Commission (CIETAC) or the Shanghai International Economic and Trade Arbitration Commission (SHIAC) should be considered

Source: <https://www.southeastasia-iprhelpdesk.eu/en/upcoming-events/technology-transfer-china-and-south-east-asia-how-protect-your-ip>

IP licensing agreement & Regional specificities

THAILAND

- **Applicable law:** In some of the AESAN Countries, like Thailand, there is no legislation specifically regarding licensing or tech transfer. Therefore, provisions may be included in IP laws and laws governing contracts (Civil and Commercial Code, Trade Competition Act, *et similia*)
- Civil law provides the general principle of **“freedom of contract” with limited interference of the Thai Courts.**
 - Exceptions: unfair competition clauses, public policy or law violations.
 - Clauses unfairly or excessively restricting the rights of a party will be invalid (Section 373 of Civil and Commercial Code- An agreement made in advance exonerating a licensor from his own fraud or gross negligence is void) See [here](#).
- **PS. Be aware of Franchise Business regulation in Thailand:**
 - On 6 December 2019, the Office of Trade Competition Commission issued guidelines to regulate franchise businesses in Thailand pursuant to the Commission’s rights under Section 57 of the Trade Competition Act (2017). The guidelines come into effect on 4 February 2020 and are legally binding.

Source: <https://www.southeastasia-iprhelphdesk.eu/en/upcoming-events/technology-transfer-china-and-south-east-asia-how-protect-your-ip>

IP licensing agreement & Regional specificities

BRASIL

- **Applicable law:** The Brazilian Industrial Property Law (Law No. 9,279 of 14 May 1996) (BIPL) presents the general provisions on technology transfer agreements → further regulated by Normative Act No. 135 of 15 April 1997 of the National Institute of Industrial Property (INPI)
- **Normative Act No. 135** specifies the categories of agreements that **involve transfer of technology**:
 - licensing of rights (use of trade marks or exploitation of patents or industrial designs);
 - the acquisition of technological knowledge (supply of technology and rendering of technical assistance services); and
 - franchise agreements.
- **Can Unregistered IP and TM be license?** yes, but It is important to highlight that the remittance of payments from trade mark licences will only be accepted after grant of a respective trade mark registration by the INPI. Retroactive payments before the grant of the trade mark registration are not allowed.
- **Can a TM be object of sub-license?** The right of sub-licensing must be granted contractually as it does not derive from statutory law.
- **Joint ownerships**, is each co-owner free of dealing with the its right? For TM, for instance, co-ownership in Brasil is forbidden. However, the simultaneous use of TM through license agreements is allowed.



Expanding Your Business Abroad

- How to successfully commercialise your IP?

Matias Zubimendi

IP Business Advisor, China IP SME Helpdesk

22 July 2020

Licensing

– China particularities

1

Contractual aspects

- Language of the contract – the problem of foreign language only contracts
- Applicable law
- Legal representative and company seal

2

Bureaucracy

- Register the license contract – *Voluntary but beneficial*
- Restrictions to licenses – *Prohibited / Restricted / Free technologies*
- Market access – *Industry specifics*



Licensing

– China particularities

3

Open license - CNIPA

- What can be included
 - Invention patents
 - Utility models
 - Design patents
- How to request an open license?
- Benefits

4

Restrictions on technologies for foreign companies

- Prohibited technologies
- Restricted technologies – How to get authorisation?
- Free technologies





Expanding your business abroad - How to successfully commercialise your IP?

Girish Somawarpet Nagraj

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INDIAN LAWS & PARTICULARITIES

Unique Requirements For **Patents** In India:

- **Before Patent Application** Is Filed : Foreign Filing Fees.
- **During Processing Of Patent Application** : Furnish Details.
- **After Patent Is Granted:** Statement of Working.

Others Subjective Particularities,

- **Pharma:** Secondary medical use is not patentable.
- Software/**Computer Implemented Inventions:** Technical in character(EU approach).

Trade secrets are protected under Indian Penal Code, The Competition Act, The Contract Act.

Unique Requirements For **Copyright** protection for **software** In India

- Databases protected under copyright legislation.
- Registration of Source Code- **First 10 pages – last 10 pages** of entire source code. (Rule 70(5) Copyright Rules 2013)

Enforcement

- IPAB (Intellectual Property Appellate Board) abolished.
- Burgeoning number of cases in Commercial Courts & Federal Courts.
- Federal Courts have Mediations Chambers, and this is being encouraged and mandated when no-interim relief is sought.

GOVERNMENT SCHEMES & SUBSIDIES

- Scheme for Facilitating .‘Start-up.’ Intellectual Property Protection (SIPP)
- Empanelled Facilitators: IP Prosecution Fees paid by the IP office to encourage Start-ups. Start Up India
- Expedited Examination- 12- 18 expedited month patent grant.
- Fee Reduction.



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IP Expert, Latin America IP SME Helpdesk

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Top tips for Latin America

- General
 - **Licenses and any other agreement that affects IPR (i.e. trade mark or patent assignment) must be registered before the National IP Offices to be enforceable against others.**
 - **International business mechanisms (WTO, CAN, Mercosur, etc.)**
- Licenses
 - **Exclusivity of the license**
 - **Price of the license**
 - **License duration**
 - **Quality standards**
 - **License registration**

Case Study: exploiting patent in Peru

Background

- Slovenian SME (Bravka) developed frost-protecting technology for crops
- Machine → patent and trade mark registered in Europe and USA
- Peruvian company (Piscul) signed a license agreement for Spain
- Piscul also commercialized the machine in Peru without permission

Action taken

- Contacted IP lawyer that informed about the possible solutions

Case Study: exploiting patent in Peru

Outcome

- Signed a new agreement for Spain and 3 other EU countries as the exclusive distributor of Bravka products for the next 5 years.
- Registered the trade mark “Bravka” in Peru and continued to operate in the Latin American country

Lessons learned

- Professional IP advice before commercialization
- Register your IPR where you aim to operate
- Use contracts to reinforce protection and use templates carefully
- Be ready to enforce your rights

Case studies related an IP Commercialisation strategy

Merlin MD Pte. Ltd. (Merlin) → a Singapore-based medical devices firm specializing in innovating stent devices (tools used to prop open arteries) and other technologies for the treatment and prevention of stroke and cerebral aneurysms.

- In 2003, Merlin launched its first product line, ***the X*Calibur Bare Metal Coronary Stent*** (X*Calibur Stent); Various types of stents in this line are sold under the Joyeaux and Falchion brand names.
- The following year, Merlin started development of its X*Calibur Patch family of products. The first innovation in this line is the **X*Calibur Aneurysm Occlusion Device (X*Calibur AOD)**, an innovative, minimally invasive cranial stent which can clear up aneurysms (a localized, blood filled bulge of a blood vessel caused by disease or weakening of the vessel wall) **within a few months**.

SOURCE: https://www.wipo.int/ipadvantage/en/articles/article_0052.html

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Case studies related an IP Commercialisation strategy

Research and Development:

- Building brand identity through new innovation, Merlin's R&D ensures the company develops products that will help maintain its competitive position in the market. After developing its original X*Calibur Stent product line, Merlin's founders spoke with medical professionals and were inspired to create a similar device for preventing and treating cranial aneurysms.
- In 2004, Merlin thus shifted its main R&D focus to finding new ways in which cerebral stents could be produced to successfully prevent and treat brain aneurysms. The result was the creation of X*Calibur AOD, a highly flexible stent coated with a proprietary polyurethane-based polymer that can delicately maneuver through the narrow vessels of the brain.
- Initial animal and human testing started in 2006, and in early 2010 formal clinical trials were started in Spain and Germany. Through these trials Merlin hopes to obtain a CE mark (a European conformity mark certifying that a product has met European Union safety, health and environmental standards) for the X*Calibur AOD in the third quarter of 2010.

SOURCE: https://www.wipo.int/ipadvantage/en/articles/article_0052.html

Case studies related an IP Commercialisation strategy

IP Management

- Merlin believes that the main economic value of their company lies in its intellectual property (IP), and the asset appreciation of their IP is an important factor in securing investors and future customers. To ensure that this continues, Merlin's IP strategy is to file regional and foreign applications to cover key markets for its products worldwide. The firm applies for intellectual property protection for both innovations under development and future products that are at the concept stage.
- Merlin filed a **patent application** based on its proprietary technology for its X*Calibur AOD with the Intellectual Property Office of Singapore (IPOS) in 2004 and also has made many other IPOS applications.
- Merlin's patent portfolio includes technologies in the areas of delivery systems and implant devices for intracranial and coronary applications and cellular management with coating technology.
- Merlin has made **more than eight international applications filed via the Patent Cooperation Treaty (PCT)** relating to its innovations and methods that reduce restenosis (the narrowing of blood vessels) and help to clear up aneurysms.

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SOURCE: https://www.wipo.int/ipadvantage/en/articles/article_0052.html

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- Merlin is party to an **exclusive licensee agreement with The Johns Hopkins University** for several pioneering patents which enhance its product development strategy for stroke management and vasculature disease. **Merlin also licenses selected products for the United States and Europe, which allows the company to create a portfolio of products that are ideally suited to Asia Pacific markets in the shortest time possible.**
- Innovation through R&D is at the core of Merlin's strategy, and this has brought in significant investment. From its founding until 2007, Merlin attracted US\$7 million in investment, with another US\$20 million in 2007. From 2005 – 2010, Merlin consistently received enough investment to cover its yearly average R&D expenditures of US\$1.2 million.

SOURCE: https://www.wipo.int/ipadvantage/en/articles/article_0052.html

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Relevant clauses for license agreements

- **A European company** in the green technology field with an advanced technology for waste management currently manufactures its products in Europe and is willing to enter into a **license agreement** with a **Malaysian company** to grant licenses for manufacturing, distribution and selling of its products **with non-transferrable exclusive and sole right for a period of five years.**
- According to the terms of the license agreement, it is foreseen between the parties that a proposal for changing or adapting the products, changing or adapting parts of the products, and/or changing or adapting the design of the product may take place. As result of this activity, the complete drawings and specifications of the products and components, manufacturing and quality control procedures, label and identification and all other incidental requirements to develop a new product prototype, shall be provided from the European company to the Malaysian company.

SOURCE: <https://www.southeastasia-iprhelpdesk.eu/en/case-studies/case-study-27-relevant-clauses-license-agreements>

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Relevant clauses for license agreements

- Both parties agreed that those changes or adaptations to create a new product prototype **shall be subject to the signature of a separate and binding Non-Disclosure Agreement** for each time the changes or adaptations shall be required.
- Both parties also agreed that any rights of intellectual property concerning the products shall be exclusively owned by the European company, who will always be the owner of all changes or adaptation to the products.
- In the event, any change or adaptation would create new registrable intangible assets, the Malaysian company shall in no cases file for design or patent applications in Malaysia or elsewhere.

SOURCE: <https://www.southeastasia-iprhelpdesk.eu/en/case-studies/case-study-27-relevant-clauses-license-agreements>

Case studies related an IP Commercialisation strategy

Relevant clauses for license agreements

IP Lessons

- ***Enter into written agreements with your local partners to grant licenses for manufacturing, distribution and selling and insert IP clauses in these agreements;***
- ***Consider always signing Non-Disclosure Agreements (NDAs) with your partners should any new drawings and specifications of the products and components in relation to the manufacturing would be disclosed;***
- ***Include clauses in your agreements in relation to existing and future intellectual property to achieve protection with a clear provision of ownership.***
- ***Make sure you define the duration of the IP licenses in a suitable matter according to the duration of the registered IP you are licensing to maximise the revenues.***

SOURCE: <https://www.southeastasia-iprhelpdesk.eu/en/case-studies/case-study-27-relevant-clauses-license-agreements>

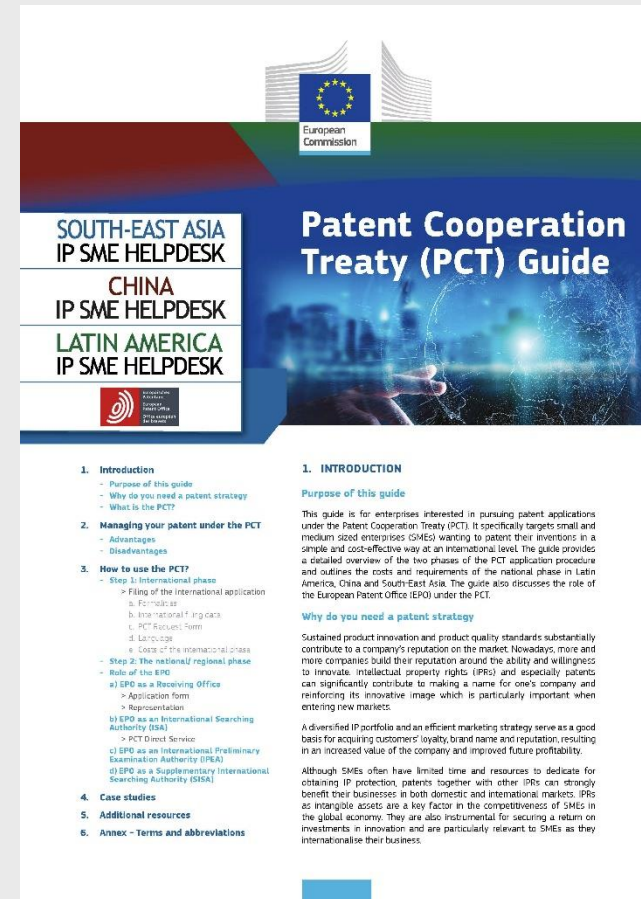
How start-up and SMEs can avoid problems when going internationally

- Before revealing any information to a foreign partner, it can be opportune to consider to sign an agreement in order to avoid future conflicts.
- It is advisable to sign a “**NNN agreement**”: non-disclosure, non-use and non-circumvention:
 - ✓ **Non-disclosure**: this part will protect your confidential data and information (i.e. trade secrets) from abusive disclosure;
 - ✓ **Non-use**: the foreign partner will undertake in written not to use (and register) your works, IPRs and products in a competitive way with your company; if the partner will not fulfil such terms, it will be liable for breach of contract.
 - ✓ **Non-circumvention**: the foreign partner will undertake not to circumvent the agreement and not to interfere with your clients or with the price of the products at your disadvantage.

How start-up and SMEs can avoid problems when going internationally

- In particular, **the agreements should be enforceable in the foreign country and written according the local law requirements:**
 - ✓ The governing law of the agreement should be the local law.
 - ✓ In case of infringements, the competent Court should be the local Court with jurisdiction for the defendant.
 - ✓ The language governing the agreement should be the local language, even if the contract has a foreign language version.
 - ✓ Provide for a specific amount for damages in case of breach of obligations of the contract.
- In this way, the agreement will be **enforceable in an efficient and swift way before competent Courts.**
- It is advisable to draft the agreement with the assistance of your EU IP attorney that will assess the right strategy that will be implemented by a local attorney.

Check-out the Madrid System & Patent Cooperation Treaty (PCT) Guides



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Thanks for your attention

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