

INTELLECTUAL PROPERTY AND SMALL AND MEDIUM-SIZED ENTERPRISES

Intellectual Property for Business

In the increasingly knowledge-driven economy, intellectual property (IP) is a key consideration in day-to-day business decisions. New products, brands and creative designs appear almost daily on the market and are the result of continuous human innovation and creativity. Small and medium-sized enterprises (SMEs) are often the driving force behind such innovations. Their innovative and creative capacity, however, is not always fully exploited as many SMEs are not aware of the intellectual property system or the protection it can provide for their inventions, brands, and designs.

If left unprotected, a good invention or creation may be lost to larger competitors that are in a better position to commercialize the product or service at a more affordable price, leaving the original inventor or creator without any financial benefit or reward. Adequate protection of a company's intellectual property is a crucial step in deterring potential infringement and in turning ideas into business assets with a real market value. Taking full advantage of the IP system enables companies to profit from their innovative capacity and creativity, which encourages and helps fund further innovation.

To help SMEs more fully utilize their IP assets in their business activities, the World Intellectual Property Organization (WIPO) has established a program to assist entrepreneurs, SME-support institutions, and national governments in increasing awareness and use of the IP system among SMEs across the globe.

Enhancing Competitiveness through IP Protection

Many new products or services embody intellectual property in a number of ways. Forward-looking enterprises face the challenge of extracting this latent value and using it effectively in their business strategy. Companies that dedicate time and resources to protecting their intellectual property can increase their competitiveness in a variety of areas. Intellectual property protection will help in:

- ✍ preventing competitors from copying or closely imitating a company's products or services;
- ✍ avoiding wasteful investment in research and development (R&D) and marketing

Intellectual Property – some basic definitions:

Patent: A patent is an exclusive right granted for an invention, which is a product or a process that provides a new way of doing something, or offers a new technical solution to a problem. A patent provides protection for the invention to the owner of the patent for a limited period, generally 20 years.

Trademark: A trademark or brand-name is a distinctive sign which identifies certain goods or services as those produced or provided by a specific person or enterprise. The period of protection for a trademark varies, but can generally be renewed indefinitely.

Industrial Design: An industrial design – or simply design – is the ornamental or aesthetic aspect of an article produced by industry or handicraft; registration and renewals provide protection for, in most cases, up to 15 years.

Copyright and Related Rights: Copyright is a legal term describing rights given to creators for their literary and artistic works (including computer software). Related rights are granted to performing artists; producers of sound recordings and broadcasting organizations in their radio and television programmes.

Geographical Indication: A geographical indication is a sign used on goods that have a specific geographical origin and often possess qualities or a reputation that are due to that place of origin.

(For a more thorough description of each of these elements of intellectual property see <http://www.wipo.int/about-ip/en/> and relevant WIPO leaflets)

Trade Secrets/Undisclosed Information is protected information which is not generally known among or readily accessible to persons that normally deal with the kind of information in question, has commercial value because it is secret, and has been subject to reasonable steps to keep it secret by the person lawfully in control of the information.

- ✍ creating a corporate identity through a trademark and branding strategy
- ✍ negotiating licensing, franchising or other IP-based contractual agreements
- ✍ increasing the market value of the company
- ✍ acquiring venture capital and enhancing access to finance
- ✍ obtaining access to new markets

In addition, a careful search for conflicting existing IP rights, and the examination of applications by IP Offices can help an enterprise to avoid conflicts and unnecessary litigation.

Effective IP Management

Effective IP management enables companies to use their intellectual property to improve their competitiveness and strategic advantage. Acquiring IP protection is a crucial initial step, but effective IP management means more than just protecting an enterprise's inventions, trademarks, designs, or copyright. It also involves a company's ability to commercialize such inventions, market its brands, license its know-how to other companies, conclude joint ventures and other contractual agreements involving IP, and effectively monitor and enforce its intellectual property rights. Indeed, a company's portfolio of IP must be viewed as a collection of key assets that add significant value to the enterprise.

SMEs can also benefit from the wealth of technological and commercial information available in patent and trademark databases to learn about recent technological breakthroughs, identify future partners, and find out about the innovative activities of competitors. Managing IP effectively and using it to devise business strategies is an increasingly critical task for entrepreneurs worldwide.

The Challenge Ahead

Insufficient information on the relevance of IP in day-to-day business, high costs associated with obtaining and enforcing IP rights, perceptions that the IP system is esoteric, too cumbersome and time-consuming: These are among the reasons why many SMEs are sometimes slow to protect their intellectual property.

As an international intergovernmental organization dedicated to promoting the creation, use, and protection of intellectual property worldwide, WIPO draws upon its experience and expertise in IP-related issues to help its Member States to overcome these obstacles and take better advantage of the IP system. Given the importance of SMEs to the economies of all nations – they constitute some 90 percent of all enterprises worldwide and account for more than 70 percent of the production of goods and services – effective use by SME's of IP assets is a key factor in ongoing economic development.

Main Objectives

WIPO's SME initiative aims to:

- ✍ Encourage SMEs to more effectively use IP as part of their business strategy;
- ✍ Promote a greater use of the intellectual property system by SMEs;
- ✍ Strengthen the capacity of national governments to develop strategies, policies and programs to meet the intellectual property needs of SMEs;

- ✍ Improve the capacity of relevant public, private and civil society institutions, such as business and industry associations, to provide IP-related services to SMEs;
- ✍ Provide comprehensive web-based information and basic advice on IP issues to SME support organizations worldwide.

WIPO's SME Activities

- ✍ WIPO is identifying existing programs and activities designed to enhance SME competitiveness at national, regional and international levels to help assess the needs of SMEs, identify and disseminate information on best practices, and forge partnerships with appropriate institutions. Cooperation with these institutions and strengthening their IP component is a key focus of WIPO's SME program.
- ✍ WIPO's outreach activities include distance learning programs, distribution of publications, self-help kits, pilot training workshops, web-based dissemination of information, press campaigns, and direct support to business associations in their own outreach activities.
- ✍ Information on the role of intellectual property rights in the overall business strategy of an enterprise are presented from a managerial perspective, with an emphasis on the role of patents in product development strategy, as well as the use of trademarks, designs and geographical indications as marketing tools.
- ✍ Workshops, seminars, and information materials focus on:
 - ! Introduction to IP concepts from a business perspective
 - ! IP management for business success
 - ! Use of patent and trademark data as a source of technological and commercial information
 - ! Exploitation of IP assets through licensing, franchising, technological alliances and joint ventures

WIPO is continuing to enhance and expand its program for SMEs. For further information, please contact WIPO at the addresses on the back of this brochure.

For more information contact

World Intellectual Property Organization (WIPO)
 34, chemin des Colombettes
 P.O. Box 18
 CH-1211 Geneva 20
 Switzerland
 Tel: 41 22 338 9111
 Fax: 41 22 733 5428

or its SMEs Division
 Director: Wolfgang Starein
 Deputy Director: Guriqbal Singh Jaiya
 Fax: 41 22 338 8760
 E-mail: wolfgang.starein@wipo.int
 guriqbal.jaiya@wipo.int
 www.wipo.int/sme/