



European IPR Helpdesk

Case Study

Fortuna Federn/Phoenix: How bitter experience changed a company's IP approach

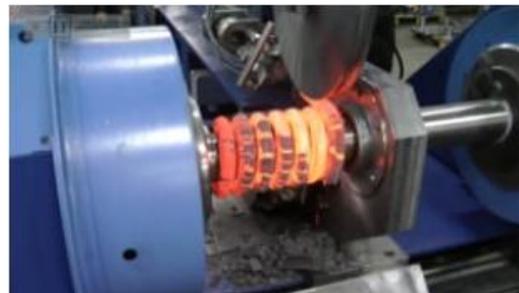
September 2018

Company details

Fortuna Federn / Phoenix Ltd.

Spring machines production

<http://www.fortunafedern.com>



1. Background

Fortuna Federn, a company specialised in technical spring production, was founded by Mr. Juray Fofonjka in Austria in 1975.

Because of the strong competition and high production costs, it was decided to relocate the production plant to Croatia (then Yugoslavia) in 1989 and start producing spring-making machinery under a new company, Phoenix Ltd.

Now, with over 70 employees, the company has become a globally well-known producer of spring machines thanks to its vast expertise.

The company's products are now exported all over the world serving its customers from Europe to New Zealand, Asia, and North and South America.

In the early years, the company was primarily focused on the production of reliable and efficient high-quality machinery to gain customer trust, which set IP back in the list of priorities.

2. Problem faced

Soon after the launch of the first spring-making machines, the market became aware of the quality of the products made by the company.

Moreover, at that time, Fortuna Federn's marketing strategy was to attract potential customers through promotional videos, showing how machinery is produced by using the latest technology.

However, because of the time constraints caused by extreme market pressure to launch new products, and due to lack of internal knowledge on IP, developing an IP strategy and securing IP rights were always disregarded.

Consequently, the company has started to face an increasing number of infringing products on the market, and thus it has realised how little attention was paid to IP protection.

These fake products not only cut down the market share of the company, but they also started to harm the company's reputation as many customers associated these fake, low quality and inexpensive machines with Fortuna Federn/Phoenix products.

Furthermore, the company became aware of the fact that some of the infringing products were produced by a new company founded by former employees of Fortuna Federn/Phoenix, who had stolen the drawings and drafts of the original products.

3. Actions undertaken

Therefore, the need to safeguard their IP assets and develop a comprehensive IP strategy became clear for the company, and one of the first steps they took was to train the employees about the importance of IP.

In the meantime, technical changes and improvements were made in the machinery design with an innovative approach, which makes it hard for the products to be reverse engineered. In addition, all possible protection measures, i.e. patent applications for the technical features of the products/processes, design protection for the original aesthetical characteristics of the machines, and trade mark protection for the product brand have been taken.

Furthermore, special attention has been given to the transfer of confidential information within and out of the company. It has been decided not to share any video images of the products before securing the relevant IP assets, employee contracts have been reviewed and technical protection procedures have been implemented (e.g. restricted access areas, use of passwords, etc.) in order to secure the company's trade secrets from both external threats and potential thefts from inside the company.

The company also contacted with the European IPR Helpdesk Ambassador in Croatia to get first-line advice on IP, during the integration of the company's new IP-oriented business approach.

4. Outcome

After taking relevant measures and successfully implementing the new IP strategy, the number of infringements has decreased dramatically. Furthermore, the commercial success of the new and innovative machines shows that the company has won back customer trust.

Entering into confidentiality agreements with employees, customers and manufacturing partners has become an essential part of the company's policy, and utmost importance is given to training employees on IP.

Consequently, the previous bitter experience is now left behind, but many lessons have been learned.

5. Lessons learned and suggestions

It is evident that IP protection has an important role in business development and in achieving market success, especially when leading the market with innovative products and/or services.

Disclosing products or processes to the public prior to securing the IP rights can cause irreversible damage on IP protection as only novel or original products and processes can be protected as a patent or design.

There are different IP protection measures for different aspects of IP and for different needs¹. For example, while patents protect novel technical inventions, designs protect the original appearance of products. Trade mark registration secures the distinctive signs on products and services, and copyright provides protection for original works of authorship such as videos, books or musical works. Hence, it is important to consider all possible IP protection titles and follow the best route according to the company's business objectives and expectations.

Without any doubt, it is essential to train employees about IP. This will decrease the chances of possible leakage of sensitive data from the company and makes the company staff more attentive when dealing with confidential information².

Dealing with IP issues requires certain expertise. Therefore, it is always recommended to get advice from IP professionals³. Besides, making use of the European IPR Helpdesk services and/or knocking on a European IPR Helpdesk Ambassador's⁴ door for local IP support is always a good start when dealing with IP.

¹ Please check the European IPR Helpdesk's IPR Charts [here](#) to get more information on different IP titles.

² For further information about managing confidential information, please consult the European IPR Helpdesk Fact Sheet on "[Trade secrets: An efficient tool for competitiveness](#)".

³ The European IPR Helpdesk's publication "[10 steps to find a suitable IP professional](#)" provides guidance on the steps to be followed to find a suitable IP professional.

⁴ For more information about the European IPR Helpdesk Ambassador Scheme and to find your local contact please click [here](#).

GET IN TOUCH

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ABOUT THE EUROPEAN IPR HELPDESK

The European IPR Helpdesk aims at raising awareness of Intellectual Property (IP) and Intellectual Property Rights (IPR) by providing information, direct advice and training on IP and IPR matters to current and potential participants of EU funded projects. In addition, the European IPR Helpdesk provides IP support to EU SMEs negotiating or concluding transnational partnership agreements, especially through the Enterprise Europe Network. All services provided are free of charge.

Helpline: The Helpline service answers your IP queries within three working days. Please contact us via registration on our website – www.iprhelppdesk.eu – phone or fax.

Website: On our website you can find extensive information and helpful documents on different aspects of IPR and IP management, especially with regard to specific IP questions in the context of EU funded programmes.

Newsletter and Bulletin: Keep track of the latest news on IP and read expert articles and case studies by subscribing to our email newsletter and Bulletin.

Training: We have designed a training catalogue consisting of nine different modules. If you are interested in planning a session with us, simply send us an email at training@iprhelppdesk.eu.

DISCLAIMER

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