

## Get your ticket to innovation

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With this issue n. 7 of the European IPR Helpdesk Bulletin, we are about to end the 2012 series. In the present publication we will bring to an end what we started in the previous editions, so that here you will find the second part of the article on how to avoid IPR infringements when building a website. While the first part analysed the structure of a website from an IPR perspective, this second one focuses more on the content and highlights the steps to take to protect your intellectual property (IP). With regard to this, it stresses the importance of being clear about the nature and purpose of the website content and adopting technical solutions.

A final article in the Alternative Dispute Resolution (ADR) mechanisms series will present an objective counterbalance between the costs of IP litigations and ADR, mainly at international level. Under national court systems there is no possibility to resolve multi-jurisdictional IP disputes on an international basis, which results from the territorial nature of such rights. Therefore national courts usually decide upon disputes about IP rights protected in their jurisdiction. This results in a multiplication of court procedures and related costs.

As a low-cost tool for your IP protection management, we offer you an overview of a well-known service, i-DEPOT, offered by the Benelux Office for Intellectual Property (BOIP). Although i-DEPOT does not grant intellectual property rights and does not offer legal protection, it is a mechanism allowing you to prove that your creation already existed on a certain date. A detailed description on how it works follows below.

An interesting service put in place by the Messe Frankfurt forms the content of another article, on protection measures at trade fairs. This initiative aims to ensure that exhibitors and visitors are fully informed about the registration and assertion of intellectual property rights, with a view to avoiding liabilities for IP infringement or counterfeiting.

With regard to IP in EU-funded programmes you will find an interview with a project partner of a "research for the benefit of SME Associations and Groups" action. The IP management of the consortium has indeed proven to be optimal. We will see how.

Together with the usual quiz and a brief article on our social media activities, we close this edition wishing you an inspiring read – as always!

Your editorial team

## Messe Frankfurt against Copying: getting protected at trade fairs

**Dr Sabine Albrecht**  
European IPR Helpdesk



Product piracy is a serious worldwide problem – no doubt about that. The economic dilemma resulting from product piracy is tremendous. Product imitations account for 8% of the global trade – and their share is growing. The worldwide economic loss amounts to approximately 800 billion euros a year. Therefore, it is important that the EU IPR Helpdesk not only supports campaigns and activities against brand and product piracy initiatives, but also transfers best practice from successful initiatives, such as the initiative set by the “Messe Frankfurt”.

Being in charge of the EU IPR Helpdesk training activities, I was invited to give a presentation during the workshop “Intellectual Property Issues in International Business” organized by the Enterprise Europe Network of HA Hessen Agentur GmbH in Frankfurt on September 12, 2012. On the occasion of this year’s Automechanika, I gained valuable insight into the initiative “Messe Frankfurt against Copying” which the European IPR Helpdesk is happy to support.

### Best practice for IP support during trade fairs

In 2006, Messe Frankfurt became the first trade fair organiser worldwide to launch an initiative against brand and product piracy: “Messe Frankfurt against Copying”. With the German Patent and Trade Mark Office being present at the fairs, this initiative aims to ensure that exhibitors and visitors are fully informed about the registration and assertion of intellectual property rights. Furthermore, “Messe Frankfurt against Copying” cooperates with German and European authorities, such as the Office for Harmonization in the Internal Market (OHIM) and other relevant organisations, such as Customs,

Action Plagiarius, and Enterprise Europe Network.

A key component of the “Messe Frankfurt against Copying” range of services is an information booth at all Messe Frankfurt events, at which representatives of Messe Frankfurt and its partner organisations are available to answer questions about how to ensure protection from brand and product piracy. They also provide information on the subject of German or European registration of intellectual property rights and the border seizure measures of German Customs, and offer exhibitors information on the actions that can be taken in specific cases. They can also arrange for legal support if necessary. An on-site emergency legal service carried out by experienced lawyers offers exhibitors practical support for free. Furthermore, customs conducts inspections, and police are authorized to remove copied products and to register personal data of exhibitors who infringe intellectual property rights.

The success of “Messe Frankfurt against Copying” has been striking: more than 22,000 customers have benefited from the information on offer since the initiative was launched. The number of products seized by customs has fallen significantly – by as much as 95 per cent at individual fairs. On the other hand, there has been an increase in registrations of design with the German Patent and Trade Mark Office on the occasion of the fair.

### Success stories from the fairs

In the past six years of trade fairs there have been numerous success stories with regard to the protection against product piracy. Claudia West, attorney at law, pointed out two of them in detail.

#### **Situation 1: “Ambiente” trade fair / Chinaware**

The French owner of a registered design claimed that a German competitor offered dishes with the same design without having a licence. As he confronted the German exhibitor with this fact, it turned out that he didn’t do this on purpose, he simply wasn’t aware of being a copier. He was deeply ashamed and agreed at once to remove his dishes with the design in question from the booth. On the other hand, the French exhibitor noticed that his products didn’t sell very well in Germany.

Finally, they agreed that the German trader would be licensed the products in question from the French trader and sell them (exclusively) in Germany.

#### **Situation 2: “Creative world” trade fair / Christmas decoration**

A German exhibitor claimed that 10 other exhibitors had copied his Christmas decoration to offer it for sale without having a licence.

Together with Ms West, he tried to strike a deal with each one of them. Hence, 9 exhibitors agreed to remove the objects in question which were then deducted by the lawyer. However, one exhibitor did not agree and refused to remove the copied objects. In this case the lawyer obtained a preliminary injunction at the regional court in Frankfurt/Main within only one day, which enabled her to remove the copied goods and impose a sanction.

### Cooperation with the EU IPR Helpdesk

This year, the European IPR Helpdesk cooperated for the first time with “Messe Frankfurt” to inform visitors and exhibitors about the different tools of protection and enforcement, i.e. by providing a training session and direct contacts to SMEs. Furthermore, knowing how to gain legal certainty on trade fairs is an important issue, which will be increasingly addressed in our general training packages to convince SMEs to pay attention to the protection of their inventions. In the same vein, the European IPR Helpdesk has issued a fact sheet aiming to present some risks connected to IP that



Dr Sabine Albrecht (EU IPR Helpdesk Training Activities) giving a presentation at Automechanika 2012, Frankfurt

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all participants to trade fairs and brokerage events should be aware of<sup>1</sup>.

The knowledge and experience gained in the cooperation with “Messe Frankfurt” will be further exploited in a cooperation scheme with the Enterprise Europe Network to be applied to

trade fairs and brokerage events. By now, “Messe Frankfurt against Copying” has implemented its services at most trade fairs worldwide, thus taking serious action against the global economic dilemma caused by product piracy. The European IPR Helpdesk is looking forward to a further cooperation with “Messe Frankfurt against Copying”.

**Contact**

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<sup>1</sup> The fact sheet on “IP issues in brokerage events” is freely downloadable from the [European IPR Helpdesk library](#).

## The i-DEPOT, a powerful evidence!

**Marleen Kuiper**

Public Relations Officer, Benelux Office for Intellectual Property

There is no statutory regime for the protection of ideas. However, this does not have to mean that anybody can just start exploiting any idea. This could in fact be an unlawful act. In such a case, the i-DEPOT could provide you with the documentary proof that you need. Submitting an i-DEPOT means that in the event of a dispute, an inventor or an organization has a powerful tool that can be used to prove that a particular idea, concept or process was already in existence and in its possession on a particular day. The i-DEPOT is a product of the BOIP (Benelux Office for Intellectual Property), the official body for the registration of trademarks and designs in the Benelux.

### 1. A good idea...

A good idea, more often than not, arises spontaneously when you least expect it. You are sitting in a meeting, drinking coffee or driving



your car. Suddenly, you see a gap in the market for a new design, a TV format, product, process or concept. This may just be the idea that will boost your business or make your project succeed! But you cannot develop and finance it on your own. You need partners. And obviously, you will want to make certain they do not “steal” your idea. How?

**Submitting an i-DEPOT makes sense in different situations:**

*For intellectual property rights without formal registration*

Some intellectual property rights arise automatically without any need to register or record them. One example is the copyright that arises spontaneously the moment you create anything that is original and has a style of its own (originality); strictly speaking, registration is not necessary. That is why it can be difficult to prove you had the idea. **An i-DEPOT can help you with that.**

In addition to the registered design right, a protection can be granted through the non-registered Community design. This type of protection does not require registration, which can imply difficulties to prove it. The period covered by the protection is three years from the date that it is published (i.e. made available to the public). This type of protection is potentially helpful, for example, for designs with a short life-cycle, such as for clothing.

*If you want to keep your idea secret*

A patent right is an exclusive right to a technical



invention. It enables you to prevent others from unduly exploiting your invention. A patent right requires formal registration of your invention through a patent application. However, you may choose not to apply for a patent and keep your invention secret as long as possible, for example if the costs of a patent are not in proportion to the expected revenues or if the life-cycle of your product is shorter than the time it takes to complete the patent application process. Or simply if you prefer to keep your method or invention secret, which The Coca-Cola Company did with its Coca-Cola recipe. In such cases, the i-DEPOT can serve as a very useful piece of evidence. If, after negotiations have failed, your former partner were to file a patent for your invention, the **i-DEPOT would enable you to prove that the invention already belonged to you.**

*When your idea is still in the development stage*

There are cases in which you may want to register a design or patent but cannot do so immediately because it does not yet satisfy all the conditions. For example, if your design is still in the early

stages of development but has already acquired a distinct style or if your invention needs to be fleshed out in further detail to qualify for a patent. If you wish to apply for a patent or design right at a later stage, it is important to keep the content of your i-DEPOT strictly secret. If you do not, you might harm the novelty of your idea and lose your option of getting protection on it. **This is why the BOIP will strictly guard the secrecy of your i-DEPOT.**

*If you want to be able to speak freely with potential partners*

If you are planning to approach potential business partners with your idea, the i-DEPOT will give you the opportunity to negotiate more freely. You can include a reference to the i-DEPOT in a confidentiality agreement. If a potential partner subsequently discloses your idea, you may be able to demonstrate the breach of confidentiality.

## 2 ... should be recorded in an i-DEPOT...

An i-DEPOT allows you to prove that your idea was existing on a certain date. Effectively, it is an official date stamp for your idea, invention, TV format, fashion design or other creation. Anyone can file an i-DEPOT. In a limited number of steps you will be asked to fill in your reference details and add a detailed description and/or indication of your concept, idea, musical composition, prototype, process, etc.

You can supply one or more attachments, e.g. photos, videos, drawings, tables, graphics, presentations, lab journals, etc. Once your payment has been processed, you can open and download your i-DEPOT certificate immediately, all for € 35.

The i-DEPOT certificate is a digital PDF file with a unique number and is secured with an electronic signature. This electronic file serves as proof that all data included in it were submitted to the BOIP on the date stated on the certificate. The certificate features the officially recognised signature in Europe of the Benelux Office for Intellectual Property. The digital certificate guarantees the identity of the signatory (the Benelux Office for Intellectual Property) and can be compared to a passport.

The i-DEPOT is in compliance with the European Directive. This means it can be submitted as evidence in legal proceedings in all 27 countries of the European Union. In many cases, this extends to non-European jurisdictions as well.

## 3 ... so you can carry on with your business

Once you have submitted an i-DEPOT, you can take your design, idea or concept to potential partners or investors. After all, you now have a detailed description of it, documented in an i-DEPOT. That means you can always prove that your idea has existed since a certain date.

However an i-DEPOT does not make your idea completely safe. It proves you had a specific creation in your hands at a specific date. However,



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the i-DEPOT does not offer (intellectual) property rights and – like a day stamp from the tax authorities or on a notarial deed – does not offer legal protection. Nevertheless, the i-DEPOT can serve as an important source of evidence in the event of a dispute. Once you have worked out the further details of your idea and want to start marketing it, it might be important to protect your creation through a trademark, design or patent registration.

**i-DEPOT is the fastest growing product of BOIP. It is used by designers, communication and marketing companies, research institutes, universities, governmental organisations and top 100 brands in different European countries.**

**Further information**  
 Email: [info@boip.int](mailto:info@boip.int)  
[www.boip.int](http://www.boip.int)

## IPR and Web: a practical guide for content providers

**Stefano Gentile**

European Commission's Central IP Service

There was a time when books were printed by arranging tiny metal type pieces on a frame, music meant live performances, maps were only available on parchment paper, and portraits required the skills of a painter (and a good dose of patience).



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Those were the times where a “collecting society” was mostly understood as a countryside group of foragers. Back then, copying somebody else’s work implied indeed a form of craftsmanship in itself and was therefore rather uncommon.

Nothing even remotely comparable with today’s digital environment: the advent of the Web and the availability of digital technologies has brought the forms of artistic and literary expressions and their use to a whole new level, and undoubtedly dramatically increased the risks (and opportunities) of misuse. Just one click away when you think about it. In their digital form, text, images, video and music can be transmitted endlessly to users and the codified sequence of bits characteristic of digital media ensures that each copy of the original is exactly the same as the original: in other words, a digital clone of the original.

When dealing with online publishing, you should bear in mind one fundamental yet underestimated rule of thumb: if you really want to be absolutely sure that no one misuses your online content, do not put it online in the first place!

Nonetheless, if you are reading this article, then you probably do want to disseminate, to some extent, your content online. In that case, these three steps might help you to establish the basis for a safer web presence<sup>1</sup>.

### Step 1: Protect your intellectual property

While the Web may possibly represent the force to finally shake the antiquated foundations of copyright law<sup>2</sup>, it nonetheless still greatly relies on its protective umbrella. Copyright, as we all know, applies automatically to an author’s own original creation by the mere fact of it being created and expressed in a tangible form.

Luckily, much of the content available on the Web is subject to automatic copyright protection<sup>3</sup>. However, a webpage can also contain intellectual assets whose protection is instead subject to registration. For this reason, before publishing, you may want to make sure you have the most appropriate intellectual property (IP) regime backing up your assets.

Your company logo, your product names, and your slogan might be registered as trademarks; novel technologies used or presented on your website, and in some countries even software and business methods<sup>4</sup>, might enjoy patent protection; the aesthetic appearance of products, such as the shape, texture, colour and materials used could be protected as registered designs. Depending on your business, protecting these assets before publishing

them online is at the very least recommended if not vital<sup>5</sup>.

### Step 2: Be clear about the nature and purpose of your content

We all may have walked in the shoes of a web user. As such, we may have happened to come across a number of interesting articles or pictures on the Web and wondered who these belonged to and to what extent we were allowed to reuse, copy or even refer to them. Assuming that you do not always happen to sit next to an IP lawyer (and you are not one), would you be willing to exhaustively search through legislation and case law in order to make sure your intentions are not infringing the owner’s exclusive right?

From the opposite perspective, as a content provider, wouldn’t you be willing to permit your visitors to use your online material even just to a certain extent? You may, for example, be more than willing to allow the reproduction of your product pictures as long as that the accompanying reference to your company name is maintained. After all, who wouldn’t like some free advertising these days?

If this is your case, then the most common way to inform your users is by adding a legal notice or a “terms of use”<sup>6</sup> link at the bottom of your web page. There you may assert your IP ownership and clarify what users are (or are not) allowed to do with your online assets<sup>7</sup>.

#### EXAMPLE

© BlueMarlin deliveries Iip., 2001-2012. Reuse is allowed provided that the source is acknowledged. All images are the property of their respective authors and used under Creative Commons v.3 non-commercial attribution licence (CC-BY-NC). Source: PicStock.

<sup>1</sup> This is the second article on the IPR and web topic. The first article, which analyses the structure of a website from an IPR perspective, is “Building a website: how to avoid IPR infringements”, published on the IPR Helpdesk Bulletin issue N.6, available at the [IPR Helpdesk online library](#).

<sup>2</sup> The original text of the [Berne convention for the Protection of Literary and Artistic Works](#) – regarded as the main international copyright act - was drafted in 1886, long before the first xerographic machine was created.

<sup>3</sup> This is due to the fact that most content of a web page such as HTML code, texts, pictures, sounds, and videos are considered artistic/literary works for the purpose of copyright protection.

<sup>4</sup> The patentability of software and business methods is generally excluded under the [Convention on the Grant of European Patents \(European Patent Convention\)](#), Article 52(2)(c).

<sup>5</sup> In the EU, a prior public disclosure of an invention will prevent its patentability. Patent first, publish later!

<sup>6</sup> A good example of terms of use is provided by Google Maps at: [http://maps.google.com/help/terms\\_maps.html](http://maps.google.com/help/terms_maps.html).

<sup>7</sup> Equally important: if you upload your content on somebody else’s web page (e.g. Facebook, Youtube, etc) remember that the service might come at a cost in terms of reduced control over your content. Read the terms and conditions to avoid surprises.

In the above example, the company “BlueMarlin deliveries llp.” claims copyright ownership on the website from its creation (presumably 2001) to its most recent modifications and additional content. Following the copyright notice, the company informs us that, as users, we are allowed to reuse - that is to say extract, reproduce, modify, store and publish - the company’s content without restrictions as long as we respect the mandatory condition of acknowledging the source.

As we can see, the company is itself acknowledging the use, on its website, of third-party works (PicStock) and thus it reminds us that this third-party material is available under Creative Commons standard terms<sup>8</sup>. The conditions for their reuse is therefore not just subject to acknowledgement as for their proprietary content but entails an additional restriction to commercial uses.

### Step 3: Adopt technical solutions

In the two previous steps, the basic concepts of IP protection (1) and licensing (2) were respectively outlined. This third is, instead, rather a technical step than a legal one. Yet, for the purpose of this quick guide, it is worth mentioning a few.

One very basic method to discourage unauthorised copying on your web pages is that of disabling the right-click context menu (where the copy function is located) by adding HTML or JavaScript code lines to your page code. Using HTML, you could for example protect a link as follows: `<a href="#" oncontextmenu="return false;">yourlink</a>`. The efficacy of this method varies depending on the

internet browser adopted to view your web page but it will, in any case, only discourage novice users. Those who distribute software or provide software services online would instead typically resort to digital right management (DRM) solutions to increase the security of their assets and inhibit certain uses. While these access control technologies are often adopted as a shield against digital copyright infringements, their use is controversial in that they allegedly offer technical means to circumvent copyright law<sup>9</sup> and stifle innovation and competition.

Thus, most online gamers should have become familiar with server authentication mechanisms, whereas desktop software users have long dealt with serial numbers and activation codes. Nonetheless, the scope of DRM technologies is not confined to just computer programs but, in different forms, extends to a variety of digital files such as text (e.g. PDFs), music (e.g. WMA, M4P), and videos (e.g. encryption algorithms) mostly to prevent unauthorised access, extraction, duplication or hard-copy printing. Complementary to the use of DRM mechanisms, digital watermarking might sometime be used to embed for example your unique owner id and timestamp within your online pictures as well as music and video files.

Is that all there is to it? Not quite. As web content is not necessarily presented to users as enshrined into a PDF or other file, additional tools collectively named Rights Expression Languages (REL) are being developed in order to provide machine-readable rights (and restrictions) over online content. Just like terms of use texts, RELs are information tools and as such they are per se devoid of enforcement

capabilities unless used in the context of a so-called “trusted system”<sup>10</sup>.

Finally, common amongst commercial businesses is the struggle towards the top of the lists of popular search engines. In spite of this acknowledged trend, some content providers are concerned that a pervasive indexing of their web pages by search engines’ robots<sup>11</sup> would, to the contrary, negatively impact their commercial activities<sup>12</sup>. In response to these concerns, all major search engines accept user-added limitations to their indexing robots. For example, should you wish to prevent your pictures from appearing in the search engines’ image lists (e.g. Google’s or Yahoo’s image search), you could do so by adding the line `<meta name="robots" content="noimageindex">` in the header of your homepage’s HTML code. More complex indexing settings may be obtained by adding a customised text file in your website’s main directory (server root)<sup>13</sup>.

As anticipated, none of the foregoing measures is unfortunately bullet-proof. For as sophisticated as a protective measure could be, there might always be an equally sophisticated workaround to it. By coupling our protected IP with appropriate technical solutions, we may nonetheless succeed in fending off a good number of inadvertent and even intentional misuses... and that is a good result.

For the residual part, should it be worth the effort, we may always rely on the possibility to enforce our IPR and bring an infringement action before the court. In any case, always choose your battles. After all, the internet is a network conceived to share content and not to withhold it.

<sup>8</sup> Creative Commons is a non-profit organisation that enables the sharing and use of creativity and knowledge through free legal tools. Should you wish to share your content under one of their standard licence models, these are freely available to you at: <http://creativecommons.org/licenses>.

<sup>9</sup> Under most copyright legislations, the exclusive economic right of the author/owner is mitigated, to some extent (e.g. by means of exceptions or “fair dealing” doctrine), in order to remove unjustified restrictions to the circulation of knowledge and thus balance the interests of right-holders and users of protected works. Under EU law, exceptions may allow copying for educational and scientific purposes, for the benefit of public institutions such as libraries and archives, for news reporting, for quotations, for use by people with disabilities, for public security and for administrative and judicial proceedings. See Council Directive 2001/29/EC on the harmonisation of certain aspects of copyright and related rights in the information society, [2001] OJ L 167/10, Article 5.

<sup>10</sup> Intended as a networked environment whereby content providers can rely on the fact that end-user computers will abide by the terms expressed via RELs irrespective of the possible computer owners.

<sup>11</sup> A search engine bot, also called web crawler or spider, is a computer program that browses web pages in order to feed a search engine index database. That way, when a user searches for a specific keyword(s), the latter is compared and ranked by the search engine algorithm with available indexed web pages to find the closest match.

<sup>12</sup> Online businesses often rely on advertisements or other commercial information in order to produce revenues without charging costs to their users. However, in some cases search engines allow bypassing the commercial framework of content providers, thus frustrating their revenue models. As a matter of fact, as the reach of advertisement messages on commercial websites is measured in hits (i.e. the number of times a certain page is accessed), bypassing a website home page might result in no hits being recorded.

<sup>13</sup> robots.txt is a file that helps to implement what is known as the Standard for Robot Exclusion. The file is placed in the main directory of a website and advises - at once - complying search engine robots about indexing restrictions. Technical literature about this method is widely available on the internet.

INTERVIEW

**“The IPR management scheme has to be clearly identified and distinguished”**

*Giuseppe Rotondo, engineer at the Italian SME “ALTA Lab” on his experiences with IPR management in a project funded under the European Commission’s SME Actions programme.*



**Can you explain us in a few words the DIRA-GREEN project?**

Powder metallurgy (P/M) is the production of components from metal powders, and a major manufacturing route for a wide range of industrial parts, including gears, bearings, etc. Annual global production of P/M products exceeds €30 billion.

DIRA-GREEN aims at increasing the competitive advantage of the European Powder Metallurgy (P/M) sector by developing a highly effective non-destructive system to inspect “green parts” resulting in a higher-level quality assurance of P/M components and savings in material, time and energy.

**What is the current stage of the project?**

The project is at the development stage, after having finalized in the feasibility phase the characterisation of the flaws on a wide range of defective components and the target specifications. Currently the development of the radiographic system and the parts manipulator is in progress, and a milestone review is scheduled for November 2012.

**What is your role in this project?**

Alta Lab is the Technical SME. It is a role distinguished from End User SMEs, which are industrial P/M manufacturing companies supporting project specification and validation.

As the Technical SME, Alta Lab supports the technical specifications, particularly in its area of expertise, which is X-ray technology, and the related development and prototype testing and verification.

**What was the main motivation of your organisation to participate in an action for the benefit of SME associations?**

Alta Lab is generally motivated, from a technology point of view, to join an innovative project aiming

at challenging results based on X-ray technology for non-destructive inspection and testing applied to the process line in the P/M metallurgy industry.

It is also economically motivated by the outcome of the project in terms of production and distribution licensing of the finished product, which is expected to provide a breakthrough inspection tool for the P/M manufacturing market.

**Do you believe that the IPR management that you have defined in the proposal and established in the project will have a positive impact on the project results’ exploitation and on the overall success of the project?**

During the proposal preparation, we extensively debated the business case and the benefit for the SMEs and the SME associations.

In particular we highlighted the need for the Technical SMEs to make an investment, to bring the prototype demonstrator to a finished product, and we have agreed on allowing a return on investment through a seven year production licensing period, while the SME associations will receive their compensation from a royalty scheme.

So we believe that the proposed IPR management scheme represents a well articulated and innovative practice, and are confident that it will show its effectiveness during the project exploitation. For this purpose, a dedicated Exploitation Manager has been appointed and is in place.

**In your project we understand that the entire foreground is jointly owned by all SME associations. Joint ownership is well known for being challenging to handle. How did the consortium manage to jointly protect the foreground and ensure its exploitation? Do you have any tips or experience you would like to share with our readers?**

In fact, the project foreground is planned to be jointly owned by the SME associations, which will

provide preferential rights to Technical and End User SMEs and will benefit from the royalty scheme on the final product distribution.

The SME associations nevertheless maintain some flexibility in setting alternative routes to marketing in order to guarantee the optimal implementation of the exploitation plan, through the possibility of issuing additional/complementary licences to qualified industrial/marketing players.

The detail of the joint ownership management will be established during the project and finalized in the final Exploitation Agreement coordinated by the Exploitation Manager.

**What advice would you give to other SME associations who are considering applying for this particular funding?**

The advice is to carefully examine the business case, which is particularly important for the impact section of this funding programme, and try to implement in practice the spirit of the programme, which is recognizing the SMEs/SME associations in the leading role and the project outcome benefit.

This has to be reflected by the Consortium Management structure, and by the IPR management scheme, where the IPR ownership and the preferential/exclusive rights for the exploitation licensing have to be clearly identified and distinguished.

## Resolving IP Disputes – costs in court litigation, WIPO mediation and arbitration

**Judith Schallnau**

WIPO Arbitration and Mediation Center

Intellectual Property (IP) rights have become an increasingly important consideration in international research co-operations and business transactions. The significant value of patents, trademarks, copyright and other IP rights, together with an increased complexity of cross-border transactions, requires parties in R&D and technology-based business to carefully choose a strategy on how to protect and enforce their IP rights.

IP rights are protected on a territorial basis and can exist in parallel in different jurisdictions. The territorial nature of IP rights has important consequences from a procedural perspective for the resolution of the increasing number of multi-jurisdictional IP disputes<sup>1</sup>. Under national court systems there is no possibility to resolve multi-jurisdictional IP disputes on an international basis, which results from the territorial nature of such rights. Therefore national courts usually decide upon disputes about IP rights protected in their jurisdiction. This brings with it a multiplication of court procedures and related costs.

### Court Litigation

Costs of court litigation usually include fees and expenses of the lawyers engaged to represent the parties, court fees, expert witnesses' fees, applicable travel and accommodation of lawyers, witnesses and others concerned. In court litigation in a foreign jurisdiction, additional costs for foreign lawyers are likely to occur, which may be rather substantial. Further, costs for translators and interpreters, expenses of telephone, fax, email and other need to be added.

Costs which are more difficult to quantify, but which may have a major impact on continuing research or

business activities, relate to time spent on the case by business executives, directors, in-house legal departments and other employees of the parties. This may lead to disruption of their ordinary business and potentially diminished productivity. In addition to such indirect costs, parties may suffer from reputational losses and non-availability of funds blocked in order to cover the potential worst case outcome of a dispute.

While these costs increase with the duration of the entire dispute resolution process, they vary greatly depending on the characteristics of different legal systems and litigation practices. Some litigation practices may involve procedures which are very costly. For example, costs of discovery, a method used in court litigation in the United States of America and other common law jurisdictions by which parties gather evidence from each other or from third parties, may be large and unpredictable and constitute in many cases the most expensive part of the litigation.

The table<sup>2</sup> on the following page provides an indication of average duration and costs of patent litigation in some jurisdictions.

### Alternative Dispute Resolution (ADR) mechanisms

Instead of choosing court litigation, parties can agree to use mediation or arbitration to resolve their future or existing disputes. Mediation and arbitration are alternative dispute resolution (ADR) mechanisms which allow parties to resolve their disputes out of court in a private forum, with the assistance of a qualified neutral intermediary of their choice<sup>3</sup>.

ADR procedures are flexible and allow parties to tailor the dispute resolution process in order to limit costs. The costs for ADR may be divided in two broad categories, the costs of the mediation or arbitration and the costs of the parties. Costs for a

mediation and arbitration usually include the fees of the mediator or arbitrator(s), properly incurred travel and other expenses of the mediator or arbitrator(s), costs of meeting facilities, translators and interpreters and reporters who may be used to prepare hearing transcripts, and, in administered proceedings, the fees of the dispute resolution provider. The parties' costs include the fees and expenses of the lawyers engaged to represent the parties, costs for preparing and presenting the case, witnesses, expert advice or other assistance required. In cases administered under the WIPO Mediation Rules, the costs of the mediation, for example, include the WIPO Center's not-for-profit administration fee, which amounts to up to 0.10 percent of the value in dispute, up to a maximum of USD 10,000, where the amount is USD 10 million or more<sup>4</sup>. The mediator's or arbitrator's hourly or daily rates are determined following consultations by the WIPO Center with the parties and the mediator or arbitrator, which ensure that the fees charged are appropriate in the light of the circumstances of the dispute<sup>5</sup>.

In practice, even in complex cases, costs of a mediation can amount to only around 10% of total litigation or arbitration costs<sup>6</sup> and will thus greatly reduce the scope of costs for all involved parties.

### A WIPO Mediation in the area of R&D

A public research centre and a technology company based in Europe signed a research and development agreement related to software. The agreement included a WIPO mediation clause. After several years, a dispute related to the research centre's performance arose and the company discontinued payments provided for under the agreement. When the research centre requested the mediation procedure, the WIPO Center, after consultation with the parties, proposed as mediator a lawyer with experience in technology contracts. After six months of intense negotiations facilitated by the mediator, the parties concluded a settlement agreement. The total cost of this case amounted to EUR 6,100.

<sup>1</sup> Trevor Cook, Alejandro I. Garcia, *International Intellectual Property Arbitration*, Kluwer Law International, 2010, page 9.

<sup>2</sup> This chart is based on figures provided in *Patent Litigation - Jurisdictional Comparisons*, Thierry Calame, Massimo Sterpi (ed.), *The European Lawyer Ltd*, London 2006; \* Report of the Economic Survey, Prepared Under the Direction of Law Practice Management Committee, AIPLA, Arlington 2011.

<sup>3</sup> Further information on mediation and (expedited) arbitration is available in a general introductory article on "Efficient Resolution of Disputes in Research & Development Collaborations and Related Commercial Agreements" published in the *European IPR Helpdesk Bulletin N°4*, January-March 2012, which is available in our library. Additional sources: <http://www.wipo.int/export/sites/www/amc/en/docs/iprhelpdeskschallnau.pdf>; <http://www.wipo.int/amc/en/>.

<sup>4</sup> In the area of R&D and technology transfer, the WIPO Center offers a 50% reduction on its fees under the WIPO Rules to institutions employing AUTM (Association of University Technology Managers) members, to users of the DESCA model consortium agreement and to partner institutions in the framework of the WIPO University Initiative Program.

Further information is available at: <http://www.wipo.int/amc/en/center/specific-sectors/rd/>.

<sup>5</sup> The Schedules of Fees and Costs for WIPO Mediation and WIPO (Expedited) Arbitration are available at <http://www.wipo.int/amc/en/mediation/fees/index.html> and <http://www.wipo.int/amc/en/arbitration/fees/index.html>.

<sup>6</sup> Trevor Cook, Alejandro I. Garcia, *International Intellectual Property Arbitration*, Kluwer Law International, 2010, page 363.



	Characteristic of Legal System	Average Length	Average Costs
<b>France</b>	<ul style="list-style-type: none"> <li>• Civil Law</li> <li>• Unified Litigation</li> <li>• No specialized courts</li> </ul>	First Instance: 12-24months Appeal: 18-24 months	€ 80,000-150,000 (1st Inst.)
<b>Germany</b>	<ul style="list-style-type: none"> <li>• Civil Law</li> <li>• Bifurcated Litigation</li> <li>• Specialized courts</li> </ul>	First Instance: 12 months Appeal: 15-18 months	€ 50,000 (1st Inst.) € 70,000 (App.)
<b>Italy</b>	<ul style="list-style-type: none"> <li>• Civil Law</li> <li>• Unified Litigation</li> <li>• Specialized courts</li> </ul>	First Instance: Few months – 24 months Appeal: 18-24 months	€ 50,000-150,000 (1st Inst.) € 30,000-70,000 (App.)
<b>Spain</b>	<ul style="list-style-type: none"> <li>• Civil Law</li> <li>• Unified Litigation</li> <li>• Commercial courts</li> </ul>	First Instance: 12 months Appeal: 12-24 months	€ 100,000 (1st Inst.) € 50,000 (App.)
<b>UK</b>	<ul style="list-style-type: none"> <li>• Common Law</li> <li>• Unified Litigation</li> <li>• Specialized courts</li> <li>• Mediation promoted</li> </ul>	First Instance: 12 months Court of Appeal: 12 months Supreme Court: 24 months	€ 550,000-1,500,000 (1st Inst.) € 150,000-1,500,000 (App.) € 150,000-1,500,000 (Supreme Court)
<b>China</b>	<ul style="list-style-type: none"> <li>• Civil Law</li> <li>• Bifurcated Litigation</li> <li>• Specialized courts</li> </ul>	First Instance: 6 months Appeal: 3 months	USD 150,000 (1st Inst.) USD 50,000 (App.)
<b>Japan</b>	<ul style="list-style-type: none"> <li>• Civil Law</li> <li>• Bifurcated Litigation</li> <li>• Specialized courts</li> </ul>	First Instance: 14 months Appeal: 9 months	USD 300,000 (1st Inst.) USD 100,000 (App.)
<b>USA</b>	<ul style="list-style-type: none"> <li>• Common Law</li> <li>• Unified Litigation</li> <li>• Specialized court of appeals (CAFC)</li> <li>• Jury trial available</li> <li>• Mediation promoted</li> </ul>	First Instance: up to 24 months Appeal: 12+ months	USD 650,000-5,000,000* (1st Inst.) USD 150,000-250,000 (App.)

Costs increase with the time spent in resolving a dispute. Therefore, parties in WIPO cases, together with the mediator, have exercised their control over the timelines in WIPO mediations in order to keep costs limited. On average, WIPO mediation cases took between one and five months. Another important aspect which influences costs is whether parties are able to reach a settlement or whether

they need to take additional steps to resolve their dispute. So far, in 68% of WIPO mediations, the parties settled their dispute.

Comparing court litigation and arbitration, in general, from start to completion an arbitration can be less costly than a fully litigated and appealed case in court. The reason is that by far the largest

cost of both arbitration and court litigation are the parties' costs, in particular the lawyers' fees<sup>7</sup>. In arbitration, the amount of time spent by the lawyers should be substantially less than the amount of time that would be spent if the matter was resolved through court litigation<sup>8</sup>. Reasons for this are that the parties can determine timelines in an arbitration<sup>9</sup> and can choose fast track arbitration

&gt;

<sup>7</sup> ICC Commission on Arbitration, Report on Techniques for Controlling Time and Costs in Arbitration Report.

<sup>8</sup> Thomas D. Halket, Arbitration of International Intellectual Property Disputes, Juris Publishing Inc., 2012, p. 12.

<sup>9</sup> In a WIPO Arbitration in the area of consumer goods, the parties agreed on and stayed within a detailed procedural and hearing schedule. The final award was rendered within five months of the commencement of the arbitration.

procedures, such as the WIPO Expedited Arbitration Rules, which ensure that arbitral proceedings are conducted expeditiously with one exchange of pleadings, shorter time limits, a sole arbitrator, shorter hearings and fixed arbitrator's fees<sup>10</sup>. Additionally, international arbitral awards are final and not normally subject to appeal which should limit the time spent to finally resolve a dispute.

The selection of experienced arbitrators who make available sufficient time to conduct the arbitration<sup>11</sup>, the establishment of appropriate time frames for the submission of documents, decisions on hearing(s) and hearing schedules<sup>12</sup> add further to controlling the costs and time of arbitration. In WIPO cases this led to an average duration of seven months for WIPO Expedited

Arbitration cases terminated by a final arbitral award. A slightly longer period of time applies to arbitration under the WIPO Arbitration Rules with one arbitrator. In the WIPO Center's experience, arbitrations with three arbitrators are longer, given the particular procedural steps relating, inter alia, to the appointment procedure.

**Contact and further information**  
 WIPO Arbitration and Mediation Center  
 Email: [arbiter.mail@wipo.int](mailto:arbiter.mail@wipo.int)

Further information on WIPO ADR Services in Research and Development/Technology Transfer: [www.wipo.int/amc/en/center/specific-sectors/rd/](http://www.wipo.int/amc/en/center/specific-sectors/rd/)



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<sup>10</sup> For example, WIPO arbitration cases include 26% WIPO Arbitrations and 21% WIPO Expedited Arbitrations. WIPO (Expedited) Arbitration Rules are available at <http://www.wipo.int/amc/en/arbitration/expedited-rules/index.html> and <http://www.wipo.int/amc/en/arbitration/rules/index.html>.

<sup>11</sup> Usually the parties' dispute resolution clause should contain the number of arbitrators. In WIPO arbitrations the parties usually select one or three arbitrators (Article 14 WIPO Arbitration Rules). In WIPO Expedited Arbitration the arbitral tribunal is composed of a sole arbitrator ((Article 14 WIPO Expedited Arbitration Rules).

<sup>12</sup> A list of matters for possible consideration in organizing arbitral proceedings is included in the UNCITRAL Notes on Organizing Arbitral Proceedings which is available at: <http://www.uncitral.org/pdf/english/texts/arbitration/arb-notes/arb-notes-e.pdf>.

## Let's link up: The European IPR Helpdesk on social media platforms

**Roberto d'Erme**  
 European IPR Helpdesk

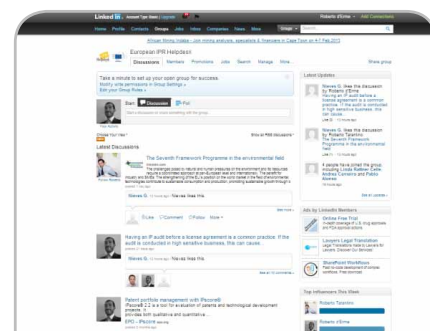
Did you know that the European IPR Helpdesk has set up a group on LinkedIn? The purpose of this group is of course to gather as many members as possible, to build a broad online network of stakeholders.

LinkedIn offers the possibility to reach a wide audience by simply posting discussions. Thanks to that, in fact, it is possible to share thoughts, ask questions and focus on cross-cutting IP issues to which other members may answer, comment and elaborate on. Besides, it is also possible to promote free-of-charge activities and events, such as training, consultancy, conferences and the like. All of this is moderated by the group managers, meaning that discussions and promotions will be removed if considered to be out of scope. Becoming a member of the European IPR Helpdesk group will

give you the chance to gain deeper knowledge on issues being discussed by IP experts and become aware of the most recent trends in IP, both for research and business.

Joining the group is straightforward. Once you have created a LinkedIn account, you can either choose "Groups" in the "search box" and type European IPR Helpdesk, or, if you already have an account, you can just click here and ask to become a member.

You will not need to care about losing the most talked-about discussions or hot topics, as members are kept informed by email of updates to the group. If you wish to be in the loop of the latest news on IP throughout the EU, we also invite you to follow us on Twitter. Here we post all the news published in our newsletters so that you have them promptly notified on your desktop!



## Fancy a little quiz?

As you know in every issue we include a quiz to help you develop your patent searching skills using Espacenet. The solution of the quiz will be given in the following issue. Why don't you try using Espacenet today? Here comes our new quiz:

### QUIZ

#### Never forget to take your medicine

Some innovative companies have developed drugs containing an electronic device that sends a signal when coming into contact with stomach acid. This signal is registered and indicates the drug ingestion. Such a system allows the monitoring of a treatment or can trigger reminders to take your medication.

Try finding patents covering such an invention using Espacenet.

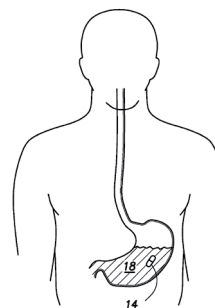


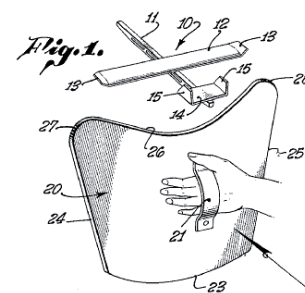
FIG.1

### SOLUTION OF PREVIOUS QUIZ

#### Flying paper planes

Please watch this [film](#) to understand the patents we will look for. Paper planes can fly longer when a sheet manipulated by the pilot creates a wave of rising air under the paper plane. This way you can sustain and control its flight.

Try finding patents on Espacenet relating to such toys.

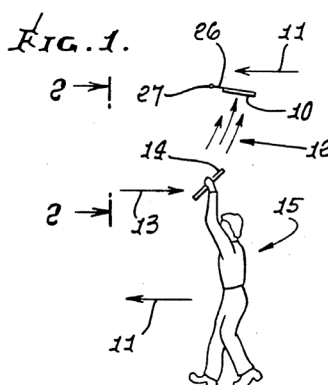


Step one: To find similar patents, identify the most pertinent aspects of the invention – common technical features that may be found in related patents – and for each aspect, define a comprehensive set of synonyms. To perform the search, the following concepts – groups of synonyms covering the different aspects of the invention – can be defined:

1. plane, airplane
2. toy
3. air
4. push
5. upward\*
6. maintain\*, sustain\*

The combination airplane, toy, upward\*, air yields a [preliminary list](#) of relevant patent documents in which one document looks particularly relevant:

[US5100357 \(A\) – Toy aircraft and method of flight control thereof](#)

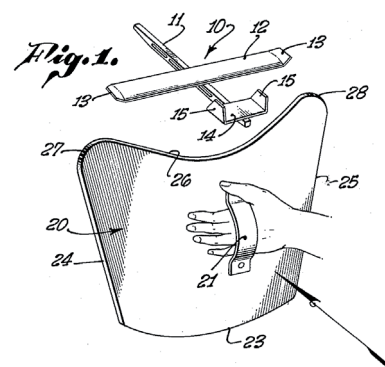


Usually, we pursue such searches using classification symbols combined with keywords. In view of the small number of relevant documents, one can approach this search using the cited/citing records to obtain more relevant patents.

Amongst the [cited documents](#) in this US patent, one will find:

[US2718092 \(A\) – Method of flying toy airplane and means therefor](#)

Further attempts using classification symbols or cited/citing documents are in vain. This does not exclude the existence of additional relevant patent records. One may find more relevant prior art information by consulting [alternative sources on the Internet](#) where this type of toy is described.



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## GLOSSARY

**Alternative Dispute Resolution (ADR)** are the procedures that parties use to settle their disputes, other than starting a proceeding in court. The most common forms of alternative dispute resolutions are Informal Settle Conferences, Mediation and Arbitration.

**Arbitration** is one of the alternative dispute resolution mechanisms that parties may use to settle their disputes instead of going to court. Under this mechanism, the final decision is awarded by a neutral third party ('arbitrator') and is binding.

**Collecting society** refers to the organizations authorized to manage copyright or related rights, which are hold by their members. These organizations often provide the following services: granting licenses, collecting royalties and enforcing rights.

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