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M02 Types of Outputs in the Industrial Property Rights

Study material





**TECHNICAL UNIVERSITY
OF KOŠICE**



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DE GRANADA**

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Introduction

Intellectual property is an **intangible asset** which is the result of a process of human creative activity. Value of intellectual property depends on the rate of its subsequent usability, the benefits for both the individual and society and the ability to induce the production of other products, material and immaterial.

Intellectual property is often the result of research activities in academical or research institutions and in this sense, it is useful to note the difference between the concept of innovation and invention. The invention can be understood as a new solution to a certain technical problem. Inventions or other solutions arising from a person's creative intellectual activity and the intellectual property rights associated with them are not, in principle, valuable in themselves. From an economic point of view, they become important only through their real use. On the other hand, innovation can be understood as a process of transforming an invention, solution, new idea or process into a commercially usable product or service that creates value. Innovation can generally mean the implementation of a new or significantly improved product, process or service, or the implementation of a new marketing method or a new way of organization in the workplace and in business. Innovation is characterized by complexity, which requires unconventional thinking and must be socially accepted in order to succeed. For this reason, the concept of innovation includes new technological, economic, organizational, and social solutions that are not necessarily successful in the market but are applied and used.

The sequence of activities leading to the creation and implementation of a new product, service or organization is called an innovation process. The innovation process generally consists of three parts, within which innovation is designed, implemented, and disseminated. However, this process is not linear, but involves a complicated system of interactions between the various participants in the process. In general, this process can be divided into creation of an invention, creation of an innovation, and innovation diffusion. The creation of an invention includes all activities related to research and development and the subsequent verification of the feasibility of the invention. The creation of innovation ultimately means the commercial exploitation of the invention, i.e., its production and marketing. The diffusion of innovation is a stage in the dissemination of innovation to third parties, who then take over this innovation.

The intellectual property rights have always been an important tool for economic and technological development. The aim of intellectual property rights over the centuries of its existence was to encourage the efforts of inventors or authors to create socially and economically beneficial innovative products. Intellectual property rights allow that the time, funds, and other resources devoted to research and development could be offset by protecting the commercial use of products and services embodying intellectual property rights, thus encouraging the innovative efforts of the individual and society. In addition, the various types of industrial property rights are intended to reveal to the society the details of the individual inventions in order to increase the pool of knowledge that will assist others in their innovation

activities. Industrial property rights are legally enforceable rights to use inventions that allow innovators (when the invention is first commercially viable) to value the investment in research that has led to innovation in the first place, as inventions are only valuable when they are used.

Industrial property rights enable the return on investment of various research and development (R&D) resources by protecting the commercial use of the products and services embodying these rights, thus supporting inventive and innovative efforts. In essence, intellectual property rights are a compromise between the interests of inventors and the part of society that aims to achieve a socially beneficial pace of innovation and progress. Although intellectual property rights can be understood as providing a time-limited monopoly to prevent the use of intellectual property without proper authorization, they play an increasingly important role in times of open innovation as a means of technology transfer from one entity to another. Intellectual property rights have become a key element of global innovation policy and international trade. Intellectual property as a result of intellectual creative activity may have property value and thus may become the subject of business relationships. It is an institution of private law which, within the legislative limits, grants originators and owners the exclusive rights to protect, use and dispose of intellectual property, independently of the rights of other entities.

Intellectual property law serves to ensure adequate protection of the unique results of creative intellectual activity and results with significant commercial potential. Institutions protecting their intellectual property and building their intellectual property portfolio appear to be more successful than institutions that do not rely on or rely less on intellectual property protection. It is now common for intellectual property to have enormous value and be included in the institution's assets, and academical and research institutions are also more aware of the need to protect research results and transfer those results to industry. This means that not only technology R&D but also their rights need to be properly supported and managed.

Keywords

- Intellectual property rights, Industrial property rights, Patents, Utility models, Industrial designs, Trademarks, Trade secrets.

Intellectual Property Rights

Intellectual property rights are institutionalized in a complex set of national and international structures that have evolved over centuries. Some degree of harmonization has been achieved, but there are still significant differences between some legislative systems. These differences hinder the trend towards harmonization and mutual recognition of intellectual property rights. Harmonization and mutual recognition of intellectual property rights are considered essential between companies and many policy makers, especially in relation to international trade. Some of the basic features of the global intellectual property rights system are the result of international negotiations and compromises, but there is still room for some flexibility and change. In the area of intellectual property law, there is a high level of uniformity between EU Member States. There are clear examples of how Member States offer similar solutions to the same legal issues. This unity has its origins in the common legal tradition between the Member States, but also in the mutual treaties and conventions (Berne Convention, Paris Convention, TRIPS and UPOV) in the field of intellectual property rights at international and European level.

Intellectual property rights can be generally divided into two categories:

- **Industrial rights and rights related to the industrial rights** (which are primarily of economic importance).
- **Copyright and copyright-related rights** (which are primarily of cultural significance).

A detailed breakdown of intellectual property rights is shown in Figure 1.

It is also important to mention rights related to the intellectual property rights, in particular the law of trade secrets and the law of unfair competition. Trade secrets, as an institute of commercial law, allow certain facts not to be disclosed to unauthorized persons and to be protected from misuse, damage or destruction. Unfair competition means conduct that is contrary to the good morals of competition and is likely to cause harm to competitors or consumers.

While the formal (registration) principle applies to industrial rights, in the area of copyright and rights related to copyright, protection arises informally after the fulfilment of the conceptual features of the individual objects of protection.

Regarding academical and research institutions, intellectual property arises mainly from research and development, which can take place at the institution in isolation, but often takes the form of contract research and development and joint research and development carried out in a consortium of partners consisting of academia and industry.

The choice of the method of protection of the industrial property object (or failure to protect the industrial property object in one of the possible ways) as a basic element in the technology transfer process depends on the specific industrial property object. If the object of industrial property meets the necessary conditions for the relevant legal protection, it can be protected by granting a patent, registration of a utility model, trademark, design, etc. This protection can be implemented at the national, regional or international level, depending on the planned commercial viability of the industrial property.

When considering the method and strategy of protection of an industrial property, it is necessary to pay attention to the return of funds that have been invested in its legal protection and also to take into account the characteristics of a particular industrial property. There are several ways to commercialize intellectual property, depending on the subject of the intellectual property. The basic ways of commercializing intellectual property are licensing, franchising, transfer of rights, establishment of spin-off companies or other forms of business cooperation. It is the establishment of spin-off companies, which in the conditions of academe and research institutions can be characterized as commercial companies (or other organizations) using the research results of academe and research institutions for their commercialization (and ultimately profit), deepening cooperation between academia and industry.

In next parts of this Study Material, only some industrial property rights, which are most relevant with respect to outputs of R&D created by academe and research institutions, shall be discussed.

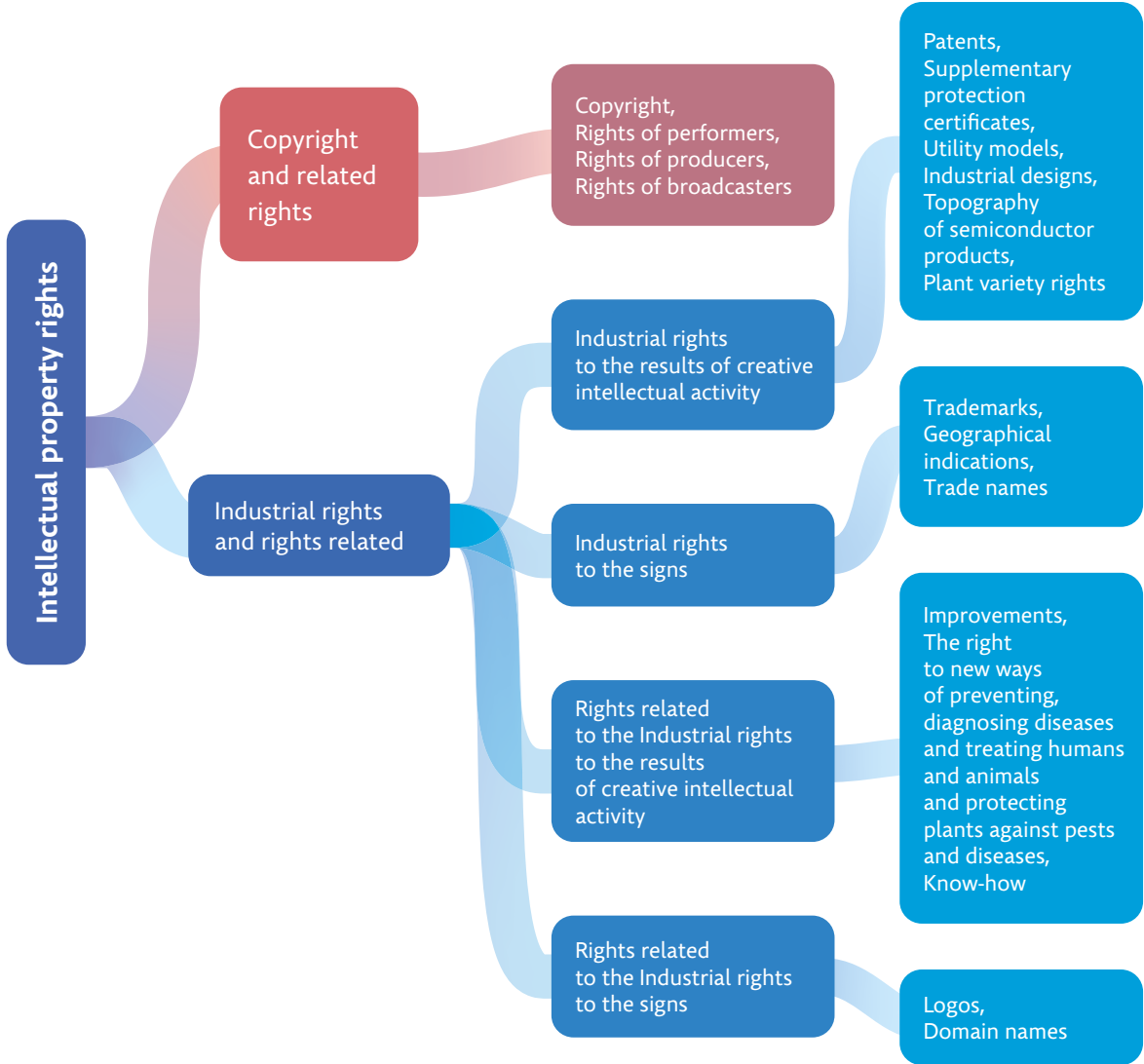


Figure 1: Intellectual Property Rights

Patents

Patents are one of the oldest forms of intellectual property protection. It is generally considered that the first patent was granted in 15th century in Florence. Since then, many countries gradually introduced their own national patent laws. First international treaty regarding patents was signed in 1883 in Paris, named Paris Convention for the Protection of Industrial Property.

A patent is a legal document that guarantees its owner **the exclusive right** to use the invention commercially for a **certain period of time** and **in a certain territory**. Patent gives its owner the right to prohibit another person from producing, marketing or using a patented invention in the course of his economic activity without his consent. However, the patent owner may give consent to others to use his protected invention through a license. By disclosing his invention described in the patent application, the patent owner provides the public with valuable technical information. This publication creates one of the largest and most up-to-date sources of technical information available in the world.

Invention needs to be generally understood as a solution of a technical problem by technical means. These can be physical objects (products) or activities (processes) in all areas of technology.

However, individual countries may **exclude from patentability** inventions, the prevention within their territory of the commercial exploitation of which is necessary to protect ordre public or morality, including to protect human, animal or plant life or health or to avoid serious prejudice to the environment, provided that such exclusion is not made merely because the exploitation is prohibited by their law. In many countries, diagnostic, therapeutic and surgical methods for the treatment of humans or animals are not patentable, as well as plants and animals other than micro-organisms, and essentially biological processes for the production of plants or animals other than non-biological and microbiological processes. Also, aesthetic creations, scientific theories, mathematical and business methods, as well as computer programs as such are not generally patentable.

There are several criteria that an industrial property office will look at to determine whether the invention is patentable or not. In accordance with the Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS), patents shall be available for any inventions, whether products or processes, in **all fields of technology**, provided that they are **new**, involve an **inventive step** and are capable of **industrial application**. Patents shall also be generally available and patent rights enjoyable without discrimination as to the place of invention, the field of technology and whether products are imported or locally produced.

Novelty – The invention is considered to be novel if it is not part of the state of the art. The state of the art is considered to be everything made available in any way anywhere before the date on which the applicant has filed the first patent application for such invention.

Inventive step – It must represent a sufficient advance in relation to the state of the art as of the filing date. The invention is considered to be the result of an inventive step if it is not obvious to the person skilled in the art. Generally the content of patent or utility model applications, which have not been published on the filing date shall not be taken into account in assessing the inventive step.

Industrial applicability – The invention is considered to be industrially applicable if its object can be produced or used in any sector, in particular industry and agriculture. The invention has to be susceptible of use for an industrial or business purpose beyond a mere theoretical phenomenon.

A patent shall confer on its owner the following exclusive rights:

- where the subject matter of a patent is a product, to prevent third parties not having the owner's consent from the acts of: making, using, offering for sale, selling, or importing for these purposes that product;
- where the subject matter of a patent is a process, to prevent third parties not having the owner's consent from the act of using the process, and from the acts of: using, offering for sale, selling, or importing for these purposes at least the product obtained directly by that process.

Patent owners shall also have the right to assign, or transfer by succession, the patent and to conclude licensing contracts.

Respective countries may provide limited exceptions to the exclusive rights conferred by a patent, provided that such exceptions do not unreasonably conflict with a normal exploitation of the patent and do not unreasonably prejudice the legitimate interests of the patent owner, taking account of the legitimate interests of third parties. Such limited exception can be, e.g., the use of invention for private purposes, for the purposes of research and experiment etc. Another exception can be compulsory licensing, whereby the use of patented invention can be authorized to a third party either by the competent court or by a patent office, although strict conditions must apply before granting a compulsory license.

The right of priority – The countries to which the Paris Convention for the Protection of Industrial Property applies constitute a Union for the protection of industrial property. Any person who has duly filed an application for a patent in one of the countries of the Union, or his successor in title, shall enjoy, for the purpose of filing in the other countries, a right of priority during the period of twelve months. Any filing that is equivalent to a regular national filing under the domestic legislation of any country of the Union or under bilateral or multilateral treaties concluded between countries of the Union shall be recognized as giving rise to the right of priority. By a regular national filing is meant any filing that is adequate to establish the date on which the application was filed in the country concerned, whatever may be the subsequent fate of the application. This period shall start from the date of filing of the first application; the day of filing shall not be included in the period. In practice this means, that if in this period of twelve months another person filed a patent application containing the same invention, or published an article describing the same invention, such application or publication does not affect the patentability of the subsequent patent application claiming the priority.

A subsequent application concerning the same subject as a previous first application, filed in the same country of the Union shall be considered as the first application, of which the filing date shall be the starting point of the period of priority, if, at the time of filing the subsequent application, the said previous application has been withdrawn, abandoned, or refused, without having been laid open to public inspection and without leaving any rights outstanding, and if it has not yet served as a basis for claiming a right of priority. The previous application may not thereafter serve as a basis for claiming a right of priority.

Obtaining a Patent

To obtain a patent for an invention, a first step is to file a patent application in a chosen territory. Person who files a patent application is called an applicant. Person who created an invention described in such patent application is called an inventor. With respect to recent judicial decisions, only a human, physical person can be named an inventor. An inventor shall have the right to be mentioned as such in a patent. Inventor and applicant can be the same person, or applicant can be, e.g., the employer of an inventor (which is generally the case with inventions belonging to academical and research institutions). Once a patent is granted, an applicant becomes an owner of such patent.

Patent offices require that an applicant for a patent shall disclose the invention in a manner sufficiently clear and complete for the invention to be carried out by a person skilled in the art and may require the applicant to indicate the best mode for carrying out the invention known to the inventor at the filing date or, where priority is claimed, at the priority date of the application.

If an invention described in a patent application does not fall under one of the subjects excluded from patentability, the patent application is published in a registry of a patent office, where patent application was filed (generally the patent application is published eighteen months from the date of priority). Later, the patent application is examined by the patent office. If the invention described in the patent application meets the conditions for granting a patent, the patent is then granted.

Agreement on a trade-related aspects of intellectual property rights stipulates, that the term of protection available shall not end before the expiration of a period of twenty years counted from the filing date. However, that does not mean protection for every patent lasts for twenty years. For example, a patent may be lapsed because a patent owner didn't pay a maintenance fee, or patent may be revoked or invalidated.

Since patent protection cannot be obtained world-wide by filing one patent application and patent protection is territorial in nature, obtaining a patent for an invention requires strategic thinking. There are couple of ways to file a patent application.

National route – an applicant can file a patent application in a chosen country, or in as many countries as is required. In this case, in every country, a separate patent application must be filed, with regard to the right of priority.

Regional route – an applicant can file a patent application in a chosen region, if such option exists. For example, under The European Patent Convention, an applicant can file a patent application to the European Patent Office. The grant of a European patent may be requested for one or more of the Contracting States. The European patent shall, in each of the Contracting States for which it is granted, have the effect of and be subject to the same conditions as a national patent granted by that State, unless this Convention provides otherwise.

PCT route – under the Patent Co-operation Treaty, administered by World Intellectual Property Organization (WIPO), an applicant can file a single international application that can become (by decision of an applicant) a multitude of national and/or regional applications. Such applications are then either granted or refused in the countries selected by applicant. Process of filing and obtaining a patent application via PCT route is described in Figure 2.

After a patent is granted, it is up to the owner of such patent to enforce its patent. Patent owner shall have the initiative to enforce its patents and stop patent infringement. In case patent owner shall grant an exclusive license to a licensee (third party), that the issue of patent enforcement can be passed to the licensee.

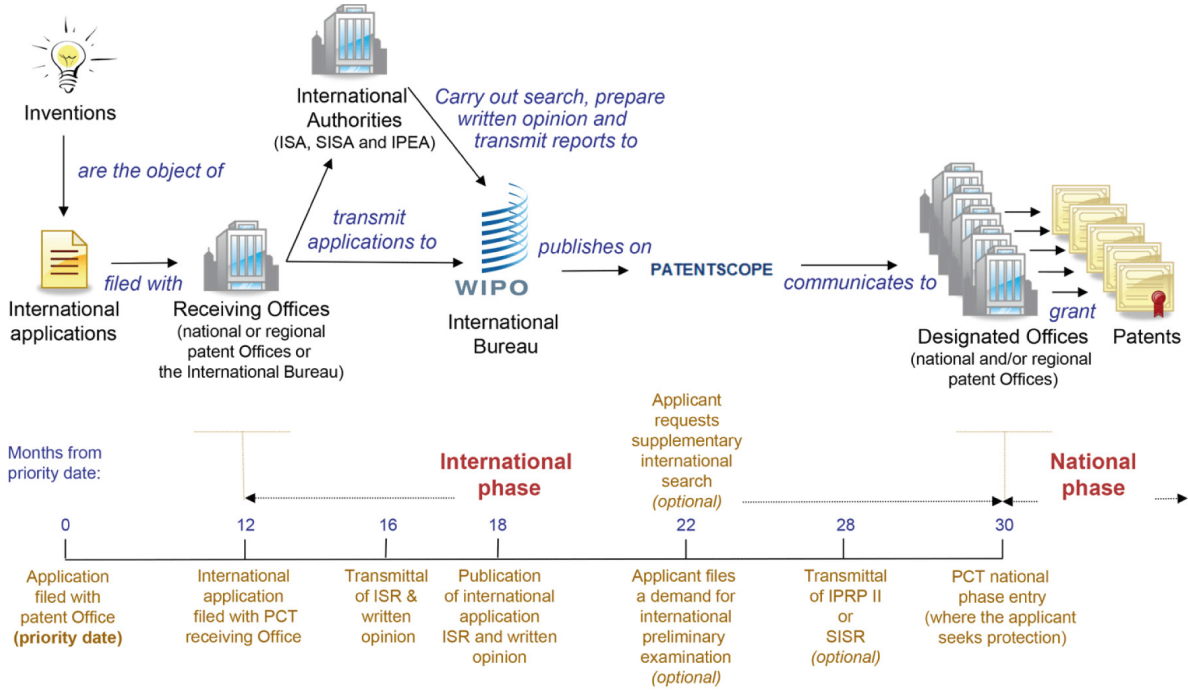


Figure 2: Obtaining a patent by PCT route

Utility Models

In some countries, it is possible to file a utility model application (sometimes called a small patent). Since the law of utility models is not harmonized across the countries, the process of obtaining a utility model, conditions for registration of utility model and term of protection largely depends on a country and rule of law in such country.

Generally, utility models shall be available for any technical solutions (inventions), whether products or processes, in all fields of technology, provided that they are new, involve an inventive step and are capable of industrial application.

In the case of a utility model application, generally a patent office does not ex officio investigate the novelty or inventive step of the technical solution described in the application. Patent office only verifies the formalities of the application and the fact whether the technical solution described in the application is not excluded from the protection of the utility model, whether it is industrially applicable, etc. (the so-called registration capability of the utility model) and will carry out a search for the subject matter described in the application. Depending on the result of the registration examination, the patent office will either publish the application together with the search report, reject it or stop the application proceedings. If after a specific period after publication no objection to the registration of utility model is filed, the utility model shall be registered.

The term of protection varies from country to country, generally the term of protection of utility model is seven or ten years from the date the application was filed (of from the date of priority).

It is permissible to file a utility model in a country by virtue of a right of priority based on the filing of a patent application, and vice versa. The period of priority is the same as for the patents (twelve months from the date of the filing of the first application).

Industrial Designs

Another form of intellectual protection important as business asset for organizations and companies of all sizes is industrial design protection. Industrial design relates to the appearance of the whole or a part of a product resulting from the features of, in particular, the lines, contours, colours, shape, texture and/or materials of the product itself and/or its ornamentation. A product is any tangible industrial or handicraft item, including packaging, finishing, graphic symbols, logos, web designs, typographical characters or parts intended to assemble a composite product.

According to the TRIPS agreement, members of the TRIPS agreement shall provide for the protection of independently created industrial designs that are **new** or **original**. Members may provide, that designs are not new or original if they do not significantly differ from known designs or combinations of known design features. Members may provide that such protection shall not extend to designs dictated essentially by technical or functional considerations. Each Member shall ensure that requirements for securing protection for textile designs, in particular in regard to any cost, examination or publication, do not unreasonably impair the opportunity to seek and obtain such protection. Members shall be free to meet this obligation through industrial design law or through copyright law.

Novelty – each industrial design application must fulfil the condition of novelty. This means that an industrial design is considered to be new, if it has not been previously disclosed to the public.

Originality – an industrial design may be considered as original if it significantly differs from known designs or combination of known design features.

Of course, the conditions for novelty and originality may differ from country to country.

In accordance with the Paris Convention, industrial design protection is territorial. This means that industrial design rights are limited to the country where protection is sought and granted.

According to the TRIPS agreement, the owner of a protected industrial design shall have the right to prevent third parties not having the owner's consent from making, selling or importing articles bearing or embodying a design which is a copy, or substantially a copy, of the protected design, when such acts are undertaken for commercial purposes. Members may provide limited exceptions to the protection of industrial designs, provided that such exceptions do not unreasonably conflict with the normal exploitation of protected industrial designs and do not unreasonably prejudice the legitimate interests of the owner of the protected design, taking account of the legitimate interests of third parties. The **duration of protection** available shall amount to **at least 10 years**. The term of protection may of course vary from country to country (or from region to region), for example, a registered Community design (design registered in European Union through European Union Intellectual Property Office – EUIPO) is initially valid for five years from the date of filing and can be renewed in blocks of five years up to a maximum of 25 years.

There are couple of means of industrial design protection in the world. Generally, industrial design must be registered in respective country to be protected. In some countries, industrial designs are protected under patent law as design patents (e.g., in United States of America). Registration process also varies from country to country. In some countries, only formal requirements need to be fulfilled for industrial design to be registered. In some countries, the substantive examination takes place (whether the industrial designs is new or original).

In some jurisdictions, a limited protection is granted to unregistered designs (without filing an industrial design application). For example, in European Union, an unregistered Community design is given protection for a period of three years from the date on which the design was first made available to the public within the territory of the European Union. After three years, the protection cannot be extended. The act of making available to the public is called disclosure. Disclosing a design and being able to prove it are key to design protection.

In some jurisdiction, industrial designs may be protected under copyright law or under unfair competition law.

The right of priority – As is the case regarding the right of priority in the field of patents, the same principles apply for industrial designs. It is permissible to file an industrial design application in another country by virtue of a right of priority based on the filing of a first industrial design application in the first country. However, **the period of priority is only six months** from the date of the filing of the first application. Where an industrial design is filed in a country by virtue of a right of priority based on the filing of a utility model, the period of priority shall be the same as that fixed for industrial designs (six months).

Obtaining an Industrial Design

This part will consider possibilities of obtaining an industrial design protection through registration. Since industrial design protection cannot be obtained world-wide by filing one application, there are couple of ways to file an industrial design application.

National route – an applicant can file an industrial design application in a chosen country, or in as many countries as is required. In this case, in every country, a separate industrial design application must be filed, with regard to the right of priority.

Regional route – an applicant can file an application in a chosen region if such option exists. For example, under the European law, an applicant can file an industrial design application to the EUIPO. In this case, a Registered Community Design (RCD) is valid throughout the entire European Union. The RCD is an all-or-nothing deal, either it is registered for all countries of the European Union, or it is not registered at all.

Hague route – under the Hague agreement, administered by World Intellectual Property Organization (WIPO), an applicant can file a single international application that can become (by decision of an applicant) a multitude of national and/or regional applications. Such applications are then either registered or refused in the countries selected by applicant.

The Hague System for the International Registration of Industrial Designs provides a practical business solution for registering up to 100 designs in 75 contracting parties covering 92 countries, through the filing of a single international application.

Trademarks

According to the TRIPS agreement, **any sign**, or any combination of signs, capable of distinguishing the **goods or services of one undertaking from those of other undertakings**, shall be capable of constituting a trademark. Such signs, in particular words including personal names, letters, numerals, figurative elements and combinations of colours as well as any combination of such signs, shall be eligible for registration as trademarks.

Simply, trademarks are signs used in trade to identify products. It distinguishes one competitor from another competitors. Depending on the jurisdiction, examples of the trademarks range from simple word mark, figurative mark, position mark to sound, motion, multimedia or ologram marks.

Although there are couple of conditions that apply. Trademark should be distinctive and not descriptive.

Distinctiveness – Consumers should be able to recognise a sign for what it is, for example as an indication of origin. It should distinguish one undertaking from other undertakings in the marketplace so that the respective undertaking can protect and build its brand identity and value. For example, the sign “Deluxe” could not be registered as trademark, because it is devoid of any distinctive character. Such sign would be perceived by the relevant public as a promotional statement or promotional meaning. It would not enable the relevant public to memorise it easily and instantly as a distinctive trademark for the goods or services covered.

No descriptiveness – Trademark should not describe what the undertaking sells under the sign that is protected as trademark. In essence, trademark should not monopolise a sign that merely describes the goods and/or services that the undertaking offers on the market. Such signs should remain available for everybody. For example, sign “Apple” can be registered as a trademark for computers, because it has to do absolutely nothing with computers. However, the same sign could not be registered for apples or similar goods, because the sign would merely describe the goods.

There are couple of benefits of registering a trademark. For example, it protects the brand value, builds an asset, defends against rival marks, defines the rights of trademark owner and prevents counterfeiting and fraud.

The owner of a registered trademark shall have the exclusive right to prevent all third parties not having the owner's consent from using in the course of trade identical or similar signs for goods or services which are identical or similar to those in respect of which the trademark is registered where such use would result in a likelihood of confusion. In case of the use of an identical sign for identical goods or services, a likelihood of confusion shall be presumed.

Respective countries may provide limited exceptions to the rights conferred by a trademark, such as fair use of descriptive terms, provided that such exceptions take account of the legitimate interests of the owner of the trademark and of third parties.

According to the Paris Convention some signs cannot be protected as trademarks. This includes armorial bearings, flags, and other state emblems, of the countries of the Union (under the Paris Convention), official signs and hallmarks indicating control and warranty adopted by them, and any imitation from a heraldic point of view. This applies equally to armorial bearings, flags, other emblems, abbreviations, and names, of international intergovernmental organizations of which one or more countries of the Union are members, with the exception of armorial bearings, flags, other emblems, abbreviations, and names, that are already the subject of international agreements in force, intended to ensure their protection.

Well-known marks – Some undertakings have established world-wide renown through their trademarks. Such trademarks are considered well-known. In practice this means that consumers can, without effort, recognize and identify these marks and goods and services in question without referring to the location of the undertaking in question. According to the Paris Convention, the countries of the Union undertake, ex officio if their legislation so permits, or at the request of an interested party, to refuse or to cancel the registration, and to prohibit the use, of a trademark which constitutes a reproduction, an imitation, or a translation, liable to create confusion, of a mark considered by the competent authority of the country of registration or use to be well known in that country as being already the mark of a person entitled to the benefits of this Convention and used for identical or similar goods. These provisions shall also apply when the essential part of the mark constitutes a reproduction of any such well-known mark or an imitation liable to create confusion therewith. This also applies to goods or services which are not similar to those in respect of which a trademark is registered, provided that use of that trademark in relation to those goods or services would indicate a connection between those goods or services and the owner of the registered trademark and provide.

According to the TRIPS agreement, initial registration, and each renewal of registration, of a trademark shall be for a term of no less than seven years. The registration of a trademark shall be renewable indefinitely. **The standard duration of a trademark registration is ten years from the date of filing**, this period can be renewed indefinitely.

Generally, there are three kinds of trademarks that can be registered. These are individual marks, certification marks and collective marks.

Individual trademark – distinguishes the goods and services of one undertaking from those of another. However, this does not mean that an individual trademark must be owned by a single person. Individual trademarks can be owned by one or more legal or natural persons. This means that there are multiple applicants.

Collective trademarks – distinguish the goods and services of a group of undertakings or members of an association from those of competitors. Collective trademarks can be used to build consumer confidence in the products or services offered under the collective trademark. Very often they are used to identify products which share a certain characteristic. Only associations of manufacturers, producers, suppliers of services or traders, as well as legal persons governed by public law, may apply for collective marks.

Certification trademarks – are used to indicate that goods or services comply with the certification requirements of a certifying institution or organisation; they are a sign of supervised quality. Generally, any natural or legal person, including institutions, authorities and bodies governed by public law, may apply for certification trademarks provided that such person does not carry on a business involving the supply of goods or services of the kind certified.

The right of priority – As is the case regarding the right of priority in the field of patents and industrial designs, the same principles apply for trademarks. It is permissible to file the same trademark application in another country by virtue of a right of priority based on the filing of the first trademark application in the first country. However, **the period of priority is only six months** from the date of the filing of the first application.

Obtaining a Trademark

This part will consider possibilities of obtaining a trademark protection through registration. Since trademark protection cannot be obtained world-wide by filing one application, there are couple of ways to file a trademark application.

National route – an applicant can file a trademark application in a chosen country, or in as many countries as is required. In this case, in every country, a separate trademark application must be filed, with regard to the right of priority.

Regional route – an applicant can file an application in a chosen region if such option exists. For example, under the European law, an applicant can file a trademark application to the EUIPO. In this case, a trademark is valid throughout the entire European Union. As is the case with RCD (Registered Community Design in European Union), it is an all-or-nothing deal, either

it is registered for all countries of the European Union, or it is not registered at all. In European Union, trademark can also be for example regionally registered in Belgium, the Netherlands and/or Luxembourg, together via Benelux Intellectual Property Office.

Madrid route – under the Madrid agreement and Madrid protocol, administered by World Intellectual Property Organization (WIPO), an applicant can file a single international application that can become (by decision of an applicant) a multitude of national and/or regional applications. Such applications are then either registered or refused in the countries selected by applicant. The Madrid System is a convenient and cost-effective solution for registering and managing trademarks worldwide. It is possible to file a single application and pay one set of fees to apply for protection in up to 126 countries. Any natural or legal person can use the Madrid System if it has a personal or business connection to one of the System's members. This means that a person must either be domiciled, have an industrial or commercial establishment in, or be a citizen of one of the countries covered by the Madrid System's members. The process of registering a trademark through WIPO can be seen in Figure 3.

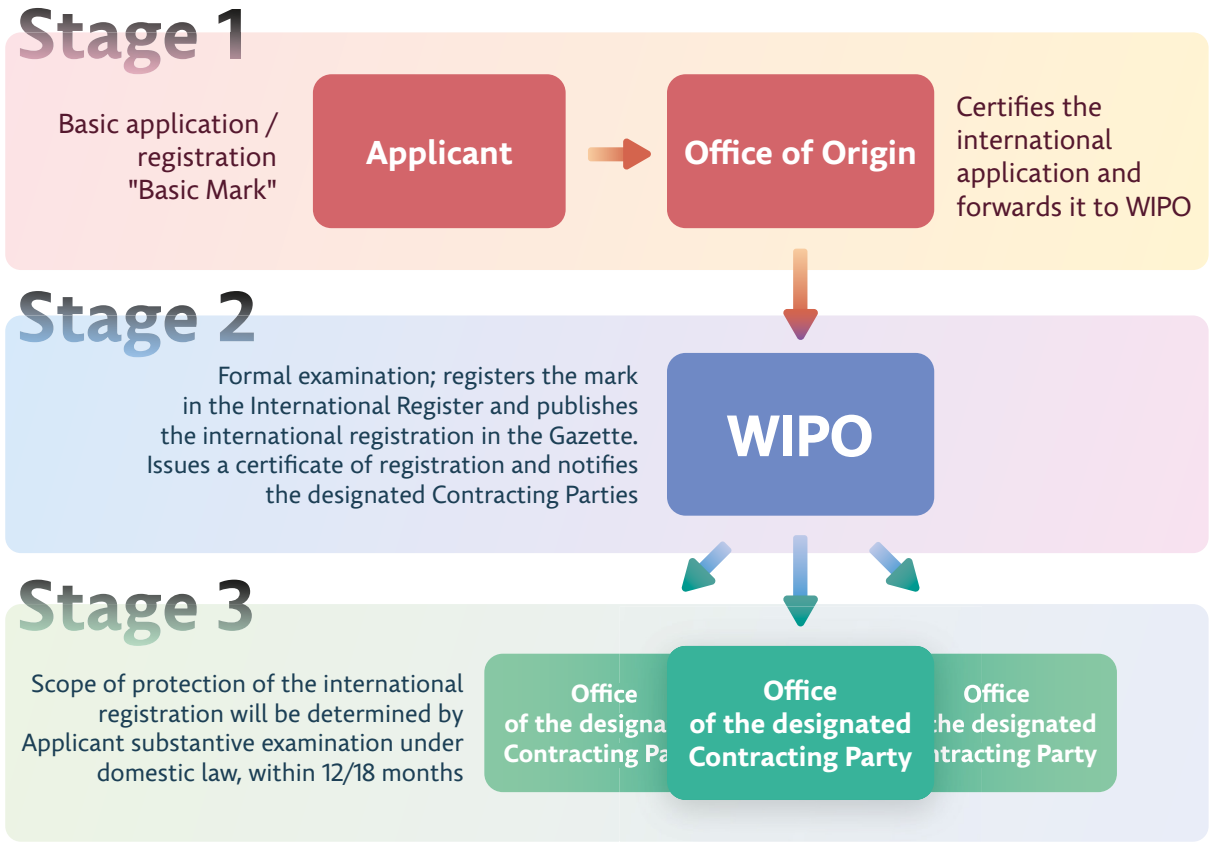


Figure 3: Madrid system of filing a trademark application

Trade Secrets

When it comes to inventions, patents can be the most effective way of their protection. But patent rights are granted in return for the full disclosure of the invention to the public. Patent rights are also territorial, and the term of protection is limited to twenty years. However, it is not always wise (from strategic and economic perspective) to protect an invention by filing a patent application. It largely depends on the characteristics of the invention. Protection by means of trade secret can be a good option, if the invention is a process invention, or it is a good option in case of know-how, which means namely the technical expertise required to use a given technology in the most effective way. Unlike a patent, a trade secret is not publicly known.

Trade secrets are protected without registration and can be protected for an unlimited period of time. The definition of trade secret, as well as its protection, largely depends on the respective jurisdictions. Although there is a general agreement among countries with respect to trade secret, as defined by the TRIPS agreement.

Natural and legal persons shall have the possibility of preventing information lawfully within their control from being disclosed to, acquired by, or used by others without their consent in a manner contrary to honest commercial practices so long as such information:

- is secret in the sense that it is not, as a body or in the precise configuration and assembly of its components, generally known among or readily accessible to persons within the circles that normally deal with the kind of information in question;
- has commercial value because it is secret; and
- has been subject to reasonable steps under the circumstances, by the person lawfully in control of the information, to keep it secret.

However, once the information becomes public, or the invention embodied in a product that is put on the market, is dismantled and the secrets can be learned merely by looking at the product, the trade secret protection is lost.

Advantages and Disadvantages of Various Types of IP

Patent

- | | |
|---|---|
| + For a period of time, offers patent owner a right to exclude others from making, selling, using an invention described in a patent, | - High financial costs, |
| + No effort needed to keep an invention secret, | - Complexity of patent system, |
| + Increases property value of owner/company, | - Limited term of protection, |
| + Easily commercialized, | - Patent must be granted, and it takes considerable time, |
| + Can reduce competition, | - Not an optimal form of protection for all types of innovations, |
| + Can enlarge market share of company, | - Discloses an invention described in a patent application, |

Trade Secret

- + Unlimited term of protection.
- + Invention is not disclosed publicly.
- + Simple system of protection as opposed to other types of IP protection (no procedural formalities and it takes immediate effect).
- + Useful for inventions that cannot be protected by patent.
- Effort is needed to keep it secret.
- Once an invention is not secret by legal means, this form of protection stops to be viable.
- Not an optimal form of protection for all types of innovations.

Copyright

- + Gives authors and/or copyright owners moral and economic rights.
- + Easily commercialized.
- + Suitable for specific types of inventions/products.
- + Offers considerable term of protection.
- + No need for formal procedures to register a copyright (depending on a legislation).
- + Immediate effect of protection.
- Limited term of protection.
- Does not protect an idea disclosed in a work protected by copyright.
- Can be easily circumvented.
- Enforcement and litigation can be complex and costly.
- Not an optimal form of protection for all types of innovations.

Industrial Design

- + For a period of time, offers design owner a right to exclude others from making, selling, using a design expressed in a product.
- + Increases property value of owner/company.
- + Easily commercialized.
- + Can reduce competition.
- + Can enlarge market share of company.
- Limited term of protection.
- Does not protect technical elements embodied in a design.
- Does not cover technical features of innovation.
- Not an optimal form of protection for all types of innovations.

Trademark

- + Unlimited term of protection.
- + Offers trademark owner a right to exclude others from making, selling, using a trademark.
- + Increases property value of owner/company.
- + Increases company prestige.
- + Easily commercialized.
- + Can enlarge market share of company.
- + Can easily create rapport between company and customers.
- Does not protect an idea that is behind products and services protected by a trademark.
- In most cases, trademark should only be supplementary form of protection.
- Costs with renewing trademark protection.

Filing a Patent Application, Good and Bad Practices

A few facts need to be considered when filing a patent or other type of applications to respective industrial property office. Various factors play a major role, such as academic or contract obligations, legal and business demands.

First rule is to keep all records leading to the intellectual property in paper form or in a secure electronic database. These records should be dated and, if possible, signed by the innovator/author. Information about the subject of industrial property should not be published before submitting the application to the industrial property office. Disclosure of information means publication (e.g., in the form of articles, dissertations, etc.), presentation at a conference or any dissemination of information on an industrial property that is accessible to the public.

It is best to perform search in public patent databases, during the research and development of technology, and even better before the commencement of research. It is quite costly to find out, that after a few years of research, devoted time and financial resources, the technology was already invented. Rarely anything can be done or salvaged at this point.

Filing application quickly could potentially get an owner a filing date before publications or similar products come out that could be used against the owner during the patent examination process. Natural inclination could be to file a patent application immediately after conceiving an idea. However, from a business perspective, rushing and filing too soon is not a wise approach. The biggest consideration that is typically overlooked is the large cost commitment that begins after application filing. Also, the deadline to start filing foreign patent applications (using priority right of the first filed application in home country) is a year from the first filing. The cost of proceedings before industrial property offices is not negligible. Rushing to file a first patent application can also be a waste of financial resources. For example, filing patent application when the invention is just a general concept could be seen as a way to be the first on the market with such inventions, but once a prototype is developed, and a commercialization partner is found, the invention can be completely changed or adopted to the needs of a commercialization partner and be nothing like the original invention. The original application thus becomes an unnecessary sunk cost or an ongoing liability for owners who did not abandon them.

Also, it is best to remember, that for example patents give their owners the right to exclude others from making, using, or selling the claimed technology. Patents, however, do not grant owners a right to use and sell their product or service free from any risk of infringement. It is because patents are directed to a specific set of features that may be included on a product or in a process. Products and processes often include numerous sets of features and therefore may be covered by more than one patent. To determine an infringement risk, it is necessary to conduct a patent clearance search.

Conclusion

The intellectual property rights have always been an important part of technology transfer. Intellectual property rights give creators, innovators and authors a reward for their efforts, while public also gets to benefit from their creative efforts. In essence, intellectual property rights are a compromise between the interests of creators, innovators and authors and the part of society that aims to achieve a socially beneficial pace of innovation and progress.

Industrial property rights are a key component of intellectual property rights, focusing on protecting the commercial use of the products and services embodying these rights, thus supporting inventive and innovative efforts.

There are many ways of protecting a creative activity and many forms of protection. Depending on the subject-matter, one product can also be protected by a patent, while also the same product can be simultaneously protected by a design or a trademark. The next step after deciding the best form of protection is to decide the best way to obtain such protection for the territory in which the relevant objectives are pursued, since the industrial property rights are territorial in nature.

Therefore, every actor dealing with outputs of creative activity must understand the importance of industrial property rights and must develop and implement a strategy in accordance with pursued goals. Benefits or risks of industrial property rights must be clearly understood. Understanding how industrial property can benefit its creator, will guide how that creator can implement a strategy of its protection.

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