

# Strategies for IP protection and valorization in a multinational company

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# How competition is changing

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- ❑ Competition on a global level, with new emerging markets
- ❑ Tough competition by asiatic players
- ❑ Dynamic markets, high risks, high uncertainty
- ❑ High pressure on costs

# How does this impact on IP strategies

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- ❑ IP strategy must be linked to business strategy
- ❑ Efficiency is essential: high quality, low costs
- ❑ Care to all the IP aspects to get the broadest protection (patents, designs, trademarks, secrets, copyrights)

# Review the IP strategy

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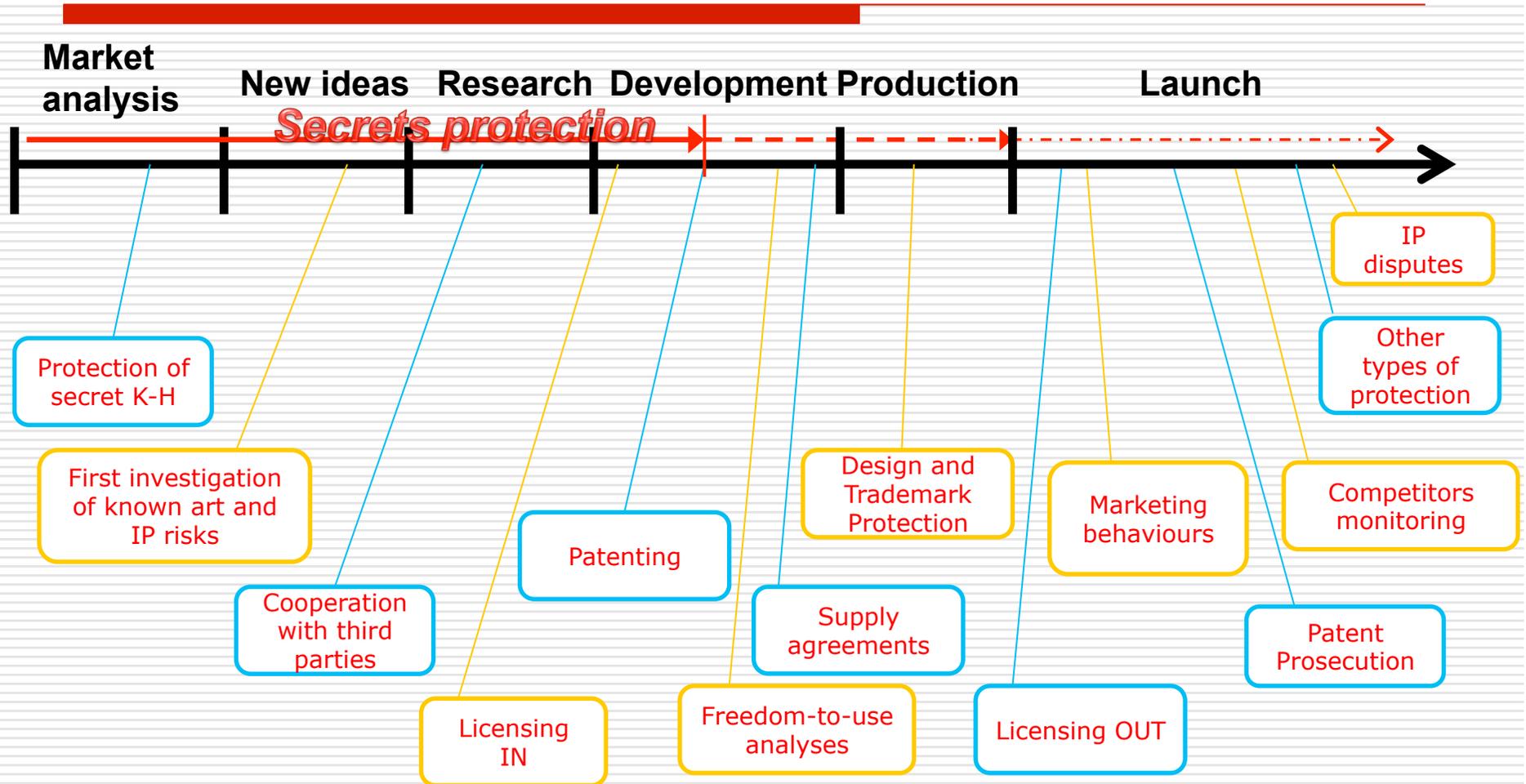
- Where to place the IP within the company?
  - Possibly in a single stable “black box”
- Use of IP in a “offensive” or “defensive” way?
  - In depends on the technological sector, on the type of competition, on the business strategy, on the budget available
- Internal or external management of the IP activities?
  - It depends on IP volumes and on the resources, but it’s important to keep control, coordination and decision power
  - It is important to have internal IP procedures and policies
- The inhouse IP department:
  - Possibly on a high hierarchic level, to have decisional autonomy
  - Multi-functional structure, with patent attorneys, trademark attorneys, patent&trademark assistants, IP lawyers
  - Suitable IP databases/search engines
  - High interactivity with other company functions

# Careful control of IP costs

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- The limited IP budget must be duly managed by:
  - Intelligent use of internal/external resources
  - Proper filing/extension strategies
  - Constant review of the IP portfolio

# Intelligent management of IP in all the steps of the product life



# Protection of secret know-how

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- Typologies of K-H:
  - Technical: technical designs, notes, manuals, secret formulations, manufacturing processes
  - Commercial: lists of clients/suppliers, financial data, marketing data and strategies, contracts, advertising/promotional methods, market analyses, business methods
- Methods to keep the K-H secret:
  - Physical: access restrictions to certain documents and areas
  - Informatic: access restrictions to electronic documents and company's networks
  - Organisational rules: behaviours to be followed by employees and visitors
  - Contractual: constraints for those persons having access to sensitive information (employees, consultants, partners, stageurs, suppliers...)
- Secret must be kept at least until the product is made publicly available, but also later for those information that are not derivable from the product

# First investigation of known art and IP risks

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- Before starting with a new R&D activity, it is convenient to investigate the state of the art, in order to:
  - know what technical solutions are already known to solve a certain technical problem
  - which ones of these solutions can be freely used and which not
  - which technical areas are more covered by patents, and which are free for developments/new patent protection
  - If and how the main competitors are active in the same areas
- At this step, some “broad” (landscaping) search can be useful

# Cooperations with third parties

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- ❑ Danger of “contamination” by external K-H: the patentability of internal K-H could be put at risk
- ❑ Secrecy agreements to be used for any exchange of sensitive information with third parties
- ❑ Contract regulating the IP of future results (Foreground) and rights of use of existing IP (Background)
- ❑ If the partner is an Italian University, particular attention must be paid to the fact that according to law inventions belong to single researchers and not to the University (art. 65 CPI)

# IP acquisition and licensing-in

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- ❑ For certain technologies, it can be necessary/convenient to get them from third parties, through IP and/or K-H acquisition or licensing
- ❑ The license can be paid by a lump sum and/or *royalties*
- ❑ The license can be limited in time, geographically, by type of product, by maximum amounts/volumes; it can be exclusive or not, with the possibility of granting sub-licenses or not

# Patenting

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- Patent or secret? If a certain technology is not derivable from the product (for example: manufacturing process, chemical formulation) it could be advantageous to keep it secret
  - No filing/registration needed
  - Potential unlimited protection
  - No costs
  - However: trade secret protection does not allow to stop competitors from using the same invention, if obtained independently
- A prior art search is strongly recommended to avoid patenting of known solutions
- First filing strategy: national, european or PCT?
- It is important to instruct R&D people on the risks of pre-disclosures: the public availability of the invention before patent filing, in whatever form and wherever in the world, can jeopardize the possibility to patent

# Freedom-to-use analyses

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- ❑ For new technical solutions to be applied into the product, it is better to verify that they are not already protected by valid competitor's patents, at least in the markets of interest
- ❑ The analyses is often concluded with an assessment of the infringement risks towards some identified patents
- ❑ The final decision can be a balance between IP risks and business opportunities

# Supply agreements

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- ❑ In addition to confidentiality, the agreement can also regulate a (typically free) license on patents belonged by the supplier, and the ownership of possible improvements made by the supplier
- ❑ In theory as far as such that supplier is used the above license would not be needed, but it becomes necessary if the supplier is changed (a sub-licencing power is therefore also needed)
- ❑ Typically, the supplier is also requested to warrant that the material or component supplied is not infringing any third party's patent

# Design and Trademark protection

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- ❑ When the design and name of the product are decided, they can be protected through design and trademark registration
- ❑ Design protection has a maximum duration of 25 years, while trademark protection may be illimited
- ❑ If not protected before the product is made publicly available, in most of the countries the design can be in any case protected within a “grace period” (12 months in EU)

# IP disposal and Licensing-out

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- ❑ For those technologies that are no more used, or no more within the “core business” of the company, it can be convenient to sale or to license corresponding patents or K-H
- ❑ This applies for example when the use of a certain technology concerns sectors or geographical areas that are no more within the business of the company, or when the production capacity is limited with respect to the demand, or when the company finds some business partner
- ❑ The licensing-out can be accompanied by a parallel licensing-in in “cross-licensing” agreements with competitoes

# Marketing behaviours

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- Recently competition is also more and more on aspects related to marketing, such as false advertising
- Advertising can be false if it contains information that is not correct or apt to mislead consumers regarding the nature and the main characteristics of a product, or its price
- Advertising is not admitted also when it denigrates competitor's products, or when it uses absolute expressions to qualify the product ("the most efficient", "the safer", "the most silent"...)

# Patent prosecution

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- It can last several years
- In this phase it is possible to adjust the patent claims to distinguish from the cited prior art but also to better protect the own products or to get closer to competitor's products

# Competitors monitoring

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## □ Patent monitoring:

- Patent applications just published, to early identify possible infringement risks
- Patents just granted (ex: EP or DE) to file possible oppositions

## □ Product monitoring:

- To identify possible infringements to own patents
- Sometimes the information available on websites or on brochures is sufficient
- The comparison must be done feature-by-feature between the competitor product and the claims of the patent

# Other types of protections

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- **Copyrights:**
  - Until 70 years from author's death
  - In the industrial field, copyrights protect multimedia works, software, advertising material and industrial design (only 25 years)
- **Non-registered designs:**
  - In EU, 3 years protection (starting from first disclosure) against exact copies of the product
- **Non-registered trademarks:**
  - "famous" trademarks, well known to the public in a certain commercial sector
- **Unfair competition (in IT: art. 2598 c.c.):**
  - "slavish" imitation of product shape, so as to create confusion on the product origin

# IP disputes

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- IP can be attacked through administrative actions (such as european or national oppositions) or legal actions
- Infringement action:
  - typically preceded by warning letter (which can be “soft” or “hard”)
  - Forum shopping
  - Possible preliminary injunction in dangerous situations
  - Possible claims to the court: seizure, stop to activities, damages, publication of decision
  - Other possibilities to reduce costs and decision time:
    - Arbitration
    - Transaction
- Nullity action:
  - Typically in response to an infringement action
- Breach of contract:
  - The contract shall indicate how to proceed in case of dispute, if by a competent court (to be indicated) or through arbitration

# An example of international company: Electrolux

## Position

- Sales SEK 102 billion
- Op income SEK 3.2 billion
- Sales in more than 150 markets
- A world leader in appliances

## People

- 58,000 in 60 countries

## Products

- More than 40 million products per year
- To meet the real needs of consumers and professionals

150  
MARKETS

60  
COUNTRIES

40  
MILLION



Figures as of 2011

# Electrolux: the strategic journey

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# The Electrolux business

## A global company



**Cookers, Ovens & Hobs**



**Refrigerators & Freezers**



**Dishwashers**



**Laundry products**



**Vacuum cleaners &  
Small appliances**

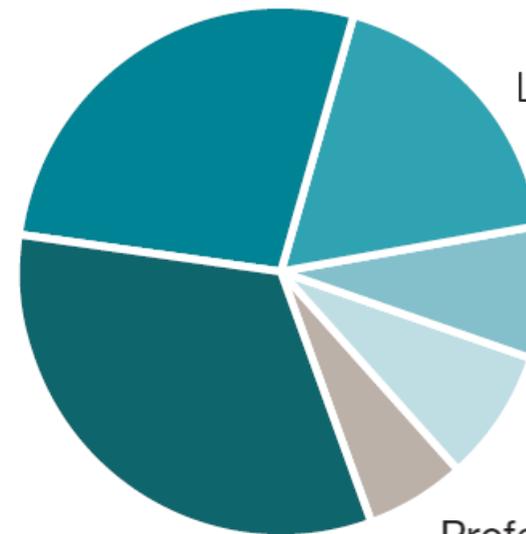


**Air Conditioners &  
Dehumidifiers**



**Products for professional use**

North America, 27%



Latin America, 18%

Asia/Pacific, 8%

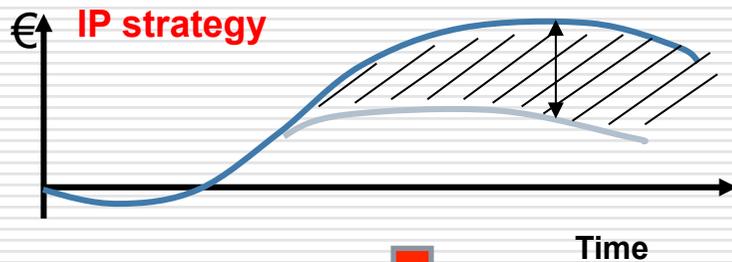
Small Appliances, 8%

Professional Products, 6%

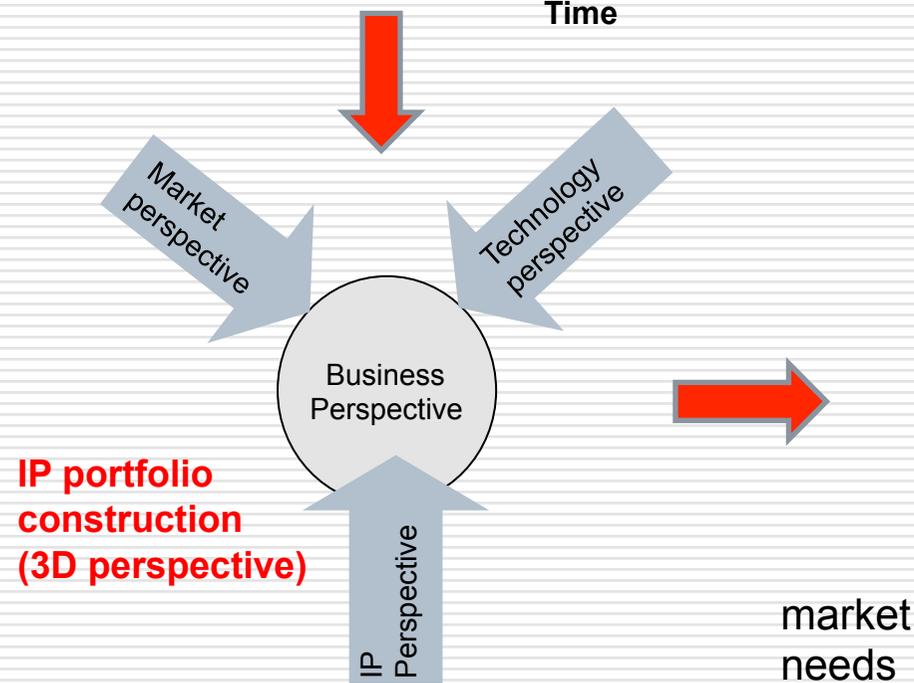
Europe, Middle East and Africa, 33%

Share of net sales as of 2011

# Electrolux: the IP strategy



IP portfolio mapping and management  
(own vs. competitors) technology



	1	2	3	...	...	
A				35%		
B		15%				
C	5%					
...			20%			
...					25%	

# Electrolux: the IP organization

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- Part of Group Legal Affairs
- More than 30 people, including 15 patent attorneys and 3 IP lawyers
- Inhouse departments in
  - Europe (Stockholm, Nürnberg, Porcia)
  - US (Charlotte)
- Focus on coordination and counselling
  - Much prosecution and other services are outsourced
- Main tasks
  - Creation of IP rights (patents, trademarks, designs, ...)
  - Protection of IP (conflicts)
  - Evaluations and general support (searches, opinions)

# Electrolux: cooperation with Universities

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- Electrolux cooperates with many Italian Universities, including:
  - Bologna
  - Modena and RE
  - Padova
  - Udine
  - Tor Vergata
  - Ferrara
  - Trieste

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# Thanks for the attention!

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