

Global Innovation Management and Strategies 5

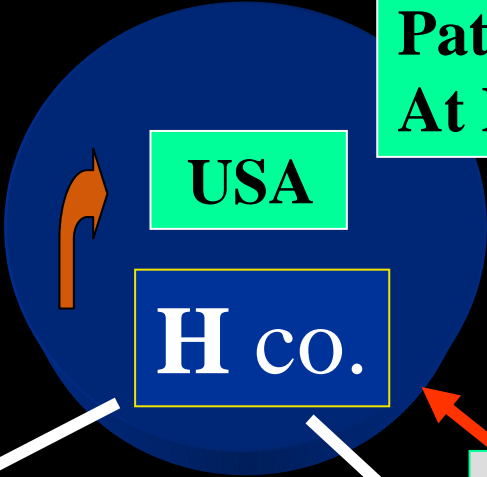
Business Strategies and the Importance of
Intellectual Property Rights 2

Hoberman Designs Inc



Exclusive right at home

Patent Application At Home



Exclusive Right in JPN



Patent Appl.

EXPORT

Patent Applic.



EXPORT

Exclusive Right in Cnina

Newly emerged patents

- **Bio / Gene Patent (遺伝子特許)**

Patentability depends on the identification of the relationship between a gene, chromosome(染色体) and its function.

- **Business Method Patent**

In JPN, it is called “Business model patent”, which requires highly unique online system

**E-cash system patent
(electronic money payment and
charging system)**

Impact of Gene Patent

Chemical, Pharmaceutical, Food, and agricultural companies have strengthened their Patenting strategies in these 10-20 years.

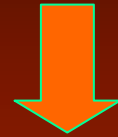
- **It promotes “industrialization” of agriculture.**

**We can live our lives
without VTR, TV, or i-Pod.**

**We can not live
without wheat, rice , and vegetables.**

Terminator Strategy (根絶やし戦略)

- ◆ Identifying the gene and decoding of the genom of grain(穀物の遺伝子解読)



After discovering the g. c. gene

- ◆ Put the germination(発芽) control gene into seeds



- ◆ Incapacitate the germination capacity from the second generation seed

Reinforcement of IPR as National Key Strategy of the US

**“The past 50 years have been the age of physics.
Next 50 years will be that of life sciences.”**

(Former US president B.Clinton)

Bio technologies are integral parts of life sciences.

Our genes are the by-product of history with 3.5 billion years since life began.

In other words, next 50 years will be an era when human beings manipulate and alter genes of lives of plants, insects, animals, and human beings.

2009/11/17

Homo sapiens appeared 190,000 – 200,000 years ago.

- From the standpoint of the national security, “Economic Espionage Act” was enacted in 1994, which makes the theft or misappropriation of a trade secret a federal crime.

impose harsh punishment :

**Individual: Max 15 years Imprisonment and (or)
US\$ 0.5 million fine**

Company crime: US\$ 10 million fine

Drugs and patent

- All most all new drugs are under patent control

Patent system promotes developing new drugs and help people live longer, but

The patent system has made AIDS drugs more unaffordable to the world's poor.

- AIDS Drugs cost about US\$ 23,000-24,000 per person a year.
- Per capita GDP in African countries is about US\$ 300-500.

In these years, pharmaceutical MNCs allow third party companies to manufacture cheap AIDS drugs. Because many people accused pharmaceutical MNCs of selling these drugs at high prices. They called these MNCs “death merchant”.

Cloning technology

- ✧ Cloning technology was patented in 2000 in the UK by the US company: **Geron Corp.**
- ✧ Mankind can regenerate itself by transplantation (移植) and culture (培養) technologies of his (her) stem cells.
- ✧ Regeneration medicine technologies are already under patent control.

Business method patent

- In July 1998: The first business method patent was referred to a judicial court.

The allowance of patents on computer implemented methods for doing business was challenged in the 1998 *State Street Bank v. Signature Financial Group, Inc.*

- In September 1999: Amazon.com obtained patent for one click system.

Amazon sued Barnes and Nobles Barnes for violating its patent right.

◆ priceline.com

**Mr.J.S.Walker obtained patent for
on line reverse auction system in Aug.1998.**

The system that buyers bid a price for some goods, and buy them if requirements are met.

priceline.com sued Microsoft for violating the patent right.

Business method patent at big issue

◆ Oct. 2002

US Patent for international trade payment system on the web site, (called Borderless Order Entry System) was granted to US based company, DETechnologies Inc.

◆ Related international trade transactions accounted for a market of \$2.8 trillion in 2003.

◆ The company claims that it ask for payment of 0.3-0.4% of the trade, which is equivalent to \$840 million(¥1000 億円).

CITIBANK

EMS Patent=Electronic Monetary System

- Jan., 1996; CITIBANK applied
Overall electronic financial transaction
EMS=Electronic Monetary System

Trusted Agent for Electronic Commerce (=TE)

Electronic monetary transaction system on the web site

- Sep. 1996 The patent was issued in the US
- Mar. 2003: issued in China

- An era when IPR covers whole businesses in manufacturing industries, agriculture, finance, distribution, and other service sectors.

Products, Business sectors, Companies, and Industries which can not be protected by IPR, are to be disappeared from the market over time.

On June 18, 2004, Luxury jeweler Tiffany & Co., US, sued online auctioneer eBay. Tiffany claims that eBay supports the sale of fake Tiffany products, which harms the company's brand name.

eBay usually has about 4,000 Tiffany articles for sale on the site, of which 73% were fake (imitation).

eBAY holds some patents on internet auction system. But the company is sued by selling fake products which infringe IPR.

Strategies over Patent

Water Polo

**Gamesmanship
(=sharp-elbowed)**

Experienced IPR Dispute with foreign companies ?

● Total	27.8%
● Precision instrument	62.5%
● Automobile	45.7%
● Electric/Electronics	45.9%
● Pharmacy	35.7%
● Machinery	75.6%

Experienced lawsuit against foreign companies

● Total	8.7%
● Precision instrument	31.3%
● Automobile	20.0%
● Electric/Electronics	14.8%
● Pharmacy	14.3%
● Machinery	6.7%

Solutions to IPR Dispute (JPN Companies)

Solution by Lawsuit : 8.2%

**Out of court settlement
before Court judgment : 11.3%**

**Out of court settlement
without lawsuit : 80.5%**

Settlement with the US company

US Com. dropped a claim	:	29.6%
Cross Licensing	:	6.5%
Royalty Payment	:	61.1%
Giving up breaking in the business	:	2.8%

● Rate of Royalty

JPN Com Overseas Com.

- 2%

17.0%

12.4%

2 - 5%

73.3%

65.2%

5 - 7%

6.4%

13.5%

7 - 10%

2.1%

6.0%

10 - 15%

0.9%

1.9%

15% -

0.3%

1.1%

Licensing-in from overseas

(Technology Import)

	~2%	2% - 5%	5% - 8%	8 % ~	Total
Pharmaceutical	3(3.4)	28(32.2%)	30(34.5%)	26(29.9)	87(100.0)
Metal	15(31.3)	24(50.0%)	6(12.5%)	3(6.2)	48(100.0)
Precision equipment	7(14.6)	20(41.6%)	6(12.5%)	3(6.3)	48(100.0)
Computer & Peripheral	8(11.8)	30(44.1%)	5(7.4)	6(8.8)	68(100.0)
Components for Electronics & Communication	9(10.1)	42(47.2%)	15(16.9%)	3(3.4)	89(100.0)

1 : Business Strategies and the Importance of Intellectual Property Rights

- on the front side of the paper-

2: Questions and Comments

-on the back side-

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<http://www.rikkyo.ne.jp/~takabumi/GIM.html>