

Global Innovation Management and Strategies 6

Business Strategies and the Importance of
Intellectual Property Rights 3

Intellectual Property Rights

(=知的財産権)

IPR

Industrial PR

Patent

Trademark

Design

Copy right

International Convention for the Protection of New Varieties of Plants

New Seed & Seeding
protection of new variety of plants

Trade Secret

constitutive substance

Trade Marks (=商標権)

The essential function of a trademark is to exclusively identify the commercial source or origin of products or services.

- * Character, figure, graphic symbol, and combination of character and figure. Or combination of character, figure, and colour.
- * Abuse of the brand name; Dunhil, CHANEL-----
- * **CAMON / CANNON / NILKON / SONNY** ????

Trade Marks

The system of registration of trademarks is now used throughout the world and has been incorporated into **international law** by, among other things, **the Madrid Protocol** (マドリッド条約).

- The protection period in Japan is 10 years from the day of registration.

These rights will cease if a trade mark is not actively used for a period of time, normally 5 years.

Industrial Design Rights(意匠権)

Excusive right of Visual Design

Industrial design rights are intellectual property rights that protect the visual design of objects for a specified period.

◆ Apparel, Watch, Electronics and Home appliances, Cars, -----

The protection period

- **JPN:** The protection period in Japan is 15 years from the day of registration.
- **US:** The protection period last fourteen years from the date a patent is granted.
- **UK:** The unregistered right lasts up to 15 years , while the registered design right can last up to 25 years.



Copy Rights(著作権)

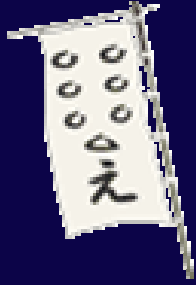
Copyright is a set of exclusive rights that regulate the use of a particular expression of an idea, feeling or information.

A copyright need not be granted or obtained through official registration with any government office.

In any country onto “The Berne Convention”(ベルヌ条約), the default length of copyright for many works is generally the life of the author plus either 50 or 70 years.

Copy Rights include;

- poems, theses, plays, movies, choreographic works (dances, ballets, etc.), musical compositions, audio recordings, paintings, drawings, sculptures, photographs, radio and television broadcasts, and software.



“Seven Samurai” directed by Akira Kurosawa was released in 1954

A.KUROSAWA died in 1998.

$1954+50=2004?$, $1998+50=2048?$ or $1954+70=2024?$

In JPN, the protection period of copy right of a movie was extended to 70 years after the release in 1954.

Copy rights of movies basically belong not to the film maker (company), but to the director or the producer.

Trade Secrets(営業秘密) 1

Technical Know-how:

Production method, Processing method, Measuring method, Composition, Formula, Prescription, Recipe, Ingredients, Drawing and Specification, etc.

E.G ;

Rare Shochu(焼酎), Chartreuse Liqueur, Ramen,
Manufacturing & Processing method of Semiconductors,
Coca Cola,
Cymbal by the Zildjam family,
Sagami Rubber Industries Co., Sharp Corp. -----

Trade Secrets (営業秘密) 2

Strategic Business Information

- (1) the announcement date of the new product
- (2) the release (sale) date of the new product
- (3) the launch price
- (4) Cost structures
- (5) Channel of distribution

Caution when changing jobs !!

Leaks of strategic trade secrets
imposed disciplinary action (懲戒処分)
Act Against Unfair Competition
(不正競争防止法)

When changing jobs, the new company needs main source of your competitiveness which are your own skill, know-how and trade secrets.

- Taking out trade secrets of the company when changing jobs.
- Leaking trade secrets of the former company to the new company, competitor.

In the US

- 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 (=¥50million)

Company crime: US \$10 million fine (=¥1 billion)

Oct.21, 2009: The Nikkei Shinbun

- FBI arrested and charged a Chinese engineer for theft.
- While he was working for Ford for 1997-2007, he illegally copied design information of the company, running to 4000 pages.
- When moving to the Chinese auto company (Beijin Auto:北京自
動車) in 2008, it is that he gave the design information to the
company.
- During his business trip to the US last October(?), he was arrested.
- ◆ If he was found guilty, he would be sentenced to 10 years
prison, and to pay USD 0,25 million (=¥23million) fine.

On Jan. 1st of 2007, new

Act Against Unfair Competition was enacted in JPN.

- ◆ The act punishes executives or employees by maximum 5 years in jail ,or a fine of maximum 5 million Yen, when they used trade secrets, for the purpose of unfair competition, which they got from the holders.
- ◆ The act punishes persons by maximum 5 years in jail ,or a fine of maximum 5 million Yen, when they used trade secrets, for the purpose of unfair competition, which they obtained illegally.
- ◆ The act punishes the corporate by a fine of maximum 300 million Yen(=3億円).

5- 7 percent of the world trade is estimated to be the trade of counterfeit goods.

(ICC) “Nikkei Business” Nov.18, 2002.

Estimated amount of the world trade by counterfeit goods is about US\$ 7,000 billion (= 80 trillion Yen) (“ The Nikkei”: Oct.22, 2007)

- **90 % of music software market in China (USD 8.5 billion= 98 billion Yen) is that of counterfeit goods.**
- **50% of music software market in Taiwan (USD 3.9 billion=44 billion Yen) is that of counterfeit goods.**
- **30 percent of them are JPN music.**

E.X; The price of Music album by Ayumi Hamazaki costs 3059 Yen in JPN, and 225 Yen in Beijin.

International Federation of the Phonographic Industry (IFPI)” The Nikkei” Aug.2, 2002.

Report of JPN Chamber of Commerce in China

Apr. 21, 2003

- ◆ JPN based companies in China damaged more than 1,000 billion Yen by infringement of their IPR annually.
- ◆ Most of them are due to counterfeit goods by infringing **trade marks and design.**

「HONDA」「SUZUKI」 

The Market size of counterfeit goods in Brazil =

USD 30 billion = about 5% of GDP of Brazil.

“ The Nikkei”, Sep.20, 2000

SIIA Report: 2002

◆ **World total sales revenue of Business PC Application Software in 1999**

= **US \$ 21.6 billion (=2兆6千億円)**

◆ **In 1999, economic damage by piracy/copy products in the same year**

= **US\$ 12.0 billion (=1兆4400億円)**

■ **USD 21.6 billion+ USD 12.0 billion
= USD 33.6 billion**

Piracy Rates in 2002 ;

Vietnam:98%, China:91%, Japan:31%, US:25%

SIIA 2004

On average, the software industry loses about US\$11 to US\$12 billion in revenue to software piracy annually. (120億ドル=約1兆3千億円)

A little less than half comes from Asia, where China and Indonesia are the biggest offenders.

Piracy is also a big problem in Western Europe, where piracy losses annually range from \$2.5 and \$3 billion dollars.

Piracy rates are quite high in Latin America and in Central Europe

USTR: 2003 Special 301 Report (May 1, 2003)

- ◆ Estimated amount of damage that US industries suffered by copycat products and IPR infringements amounts to **US \$ 200 billion ~ US \$ 250 billion**
(= 24兆円 ~ 30兆円)

[/www.ustr.gov/Document_Library/Reports_Publications/2006/2006_Special_301_Review/Section_Index.html](http://www.ustr.gov/Document_Library/Reports_Publications/2006/2006_Special_301_Review/Section_Index.html)

Creation of New Technologies and Ideas

Protection by IPR

**Exclusive use of the Technologies,
Appearances, Names, etc.
= Global Entry Barriers**

High Market Share

Premium Price → High Profit Ratio



The Five Competitive Forces that determine Industry Profitability by M. Porter



VRIO Frame Work

Resource Based View (RBV)

by J. Barney(2002)

Main Source of Competitive Advantages

- **Valuable (Value)**
- **Rare (Rarity)**
- **Inimitable (Imitability)**
- **Organizational (Capability)**

**IPR are the only legal rights to
protect the outcome
by Knowledge Work**



**Important Strategic Resources
in the age of Knowledge Capitalism**

In the digital society, IPR becomes much more important than ever.
Everyone, even a kid can copy immediately.