



SIPRE PROJECT

NATHAN ASSOCIATES INC.
ECONOMIC MANAGEMENT CONSULTANTS

STRENGTHENING INTELLECTUAL
PROPERTY RIGHTS IN EGYPT

مشروع تطوير حق الملكية الفكرية في مصر

July 19, 1998

Dr. Francesca Nelson
Contracting Officer's Technical Representative
U.S. Agency for International Development
Cairo

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Cairo

Subject: **USAID Contract No. 263-C-00-0050-00**

Ladies:

Attached for your review and approval is the SIPRE Project's Eighth Quarterly Report, covering the period April 1 through June 30, 1998, in compliance with Sections F.2 of the referenced contract.

This represents Nathan Associates' official submission.

Sincerely,

Jaleen M. Moroney
Acting Chief of Party

Strengthening Intellectual Property Rights in Egypt Project
A USAID/Egypt-Funded Project
Ministry of Scientific Research and Ministry of Trade and Supply

QUARTERLY PERFORMANCE REPORT

Contractor: Nathan Associates Inc.
Contract #: 263-0233-C-00-6050-00
Reporting Period: April 1 through June 30, 1998

Section I. CONTRACTOR'S REPORT

A. Narrative:

1. Contract Final Objective: The goal of the SIPRE Project is to improve the protection of intellectual property in Egypt in order to bring Egypt's intellectual property protection into line with GATT standards and create a more positive environment for investment and domestic innovation. Particular emphasis is given to improvement of the industrial property offices, providing support to non-governmental IPR bodies, and providing technical assistance to encourage the introduction of new laws and regulations. This activity contributes to the Sector Policy Reform II Program goal of promoting investment and the overall growth and development of Egypt's private sector. The assistance activity contemplated under this contract consist of: (1) technical and commodity assistance in the organization and improvement of the intellectual property system, including assistance on the development, management and automation of the industrial property offices; (2) training in various aspects of intellectual property; and (3) legal assistance in preparing guidelines for the examination of industrial property and enforcement of industrial property rights, and support for necessary legal and regulatory changes.

The contract is for a total of \$3,798,413. The first quarterly report covered the four-month "quarter" June 1 through September 30, 1996. The second quarterly report covered the period October 1 through December 31, 1996, and so forth. This report covers the eighth full quarter, April 1 through June 30, 1998.

2. Expected Results: At the conclusion of the contract, Egypt should provide stronger protection for intellectual property. Specifically, Egypt should have better laws and procedures for the protection of intellectual property and stronger Patent, Trademark and Industrial Designs Offices. By the conclusion of the contract, the contractor should have conducted at least three major studies on how to strengthen the above offices and provided training to at least 50 participants. In addition, patents should be issued and trademarks registered more quickly, modern data bases should be created and in use, and at least five seminars will have been held on such topics as drafting of IPR laws and/or regulations,

examination techniques, and IPR training for judges, prosecutors and court experts.

3.a. Current core activities: The Project's core activities are divided into a framework of seven major tasks set forth in Section C of the Contract

- Prepare Annual Work Plans
- Preparation of Guidelines and IPR-Related Legal Advice/Assistance
- Modernization of Industrial Property Offices
- Procurement
- Training
- Organization and Management
- Public Advocacy

3.b. Current buy-ins: The SIPRE Project does not authorize or contemplate buy-ins and there are no delivery orders thereunder outstanding or contemplated.

3.c. Current subcontracting activities: As provided for in the Project Contract, the provision and payment of all local staff are employed under subcontract with Allied Corporation - Egypt, which also provides the Project with assistance such as communications and logistical services. At the end of the quarter, the Project received and evaluated bids for quotations for a subcontractor to provide specialized database software and data entry of the Trademark Office files. The evaluations have been sent to IRM for approval. The database software/data entry subcontract should be in place next quarter.

4. Performance During the Quarter:

TASK 1 - Prepare Annual Work Plans

1) Quarterly Report: The Project's eighth quarterly report was submitted to USAID/Egypt on April 21, 1998.

2) SIPRE Project Deputy: The SIPRE Project Chief of Party is currently the only expatriate American full-time with the SIPRE Project. The Chief of Party is also the primary IPR expert. The work load is such that the Project requires a Deputy Chief of Party to handle the daily administrative matters so the Chief of Party can have more time to undertake substantive IPR work.

TASK 2 - Preparation of Guidelines and IPR-Related Legal Advice/Assistance

Assistance in this area falls into two major areas: 1) analyzing statutes for WTO-consistency and making recommendations for possible changes in the statutes, and 2) developing a body of law interpreting the statutes. A major deficiency of the current industrial property system is that it lacks a sufficient body of law interpreting its statute to guide those responsible for applying the statute. This results in uneven application of the laws. In a civil code-based system, such as Egypt, the courts cannot remedy this omission. A major focus of the SIPRE Project has therefore been to develop a substantive body of legal principles, or "guidelines," interpreting Egyptian law. Where Egypt's law is not WTO-consistent, the Project will either

defer preparation of the guidelines or will prepare guidelines in those areas where they can be prepared at present.

1) Legal Reforms and Trademark Guidelines: The Project has developed proposed changes to Egypt's current trademark law, first effective in 1939, and in the corresponding Ministerial Decree to make the law consistent with the TRIPS portion of GATT. This is an obligation Egypt must fulfill as a World Trade Organization member. Another objective of the proposed legal changes is to incorporate in the law and decree provisions for trademark protection similar to provisions adopted by members of the European Community and other nations. These countries feel that uniformity in the trademark law and practice will enhance trade relations.

During this quarter, the Project completed translating a legal package into Arabic and it was to the Ministry of Trade and Supply. This package includes:

- Suggested Revisions to Law No. 57 for the Year 1939
- Suggested Revisions to the Ministerial Decree No. 239 for 1939
- Guidelines for Handling and Examining Documents Concerning Trademarks Filed in the Arab Republic of Egypt Trademark Office

The proposed revisions to the Egyptian Trademark law include:

- Protection for well-known marks
- Registration of ownership transfer separate from business
- Judicial review of final administrative decisions
- Protection for geographic names that are appellations of origin for wines and spirits
- Customs measures to prevent importation of products bearing infringing marks
- Provision for cancellation of registration based upon non-use of marks
- Strengthened provisions concerning certification marks

This legal package including guidelines is a SIPRE contract deliverable.

2) Trademark Reforms for Transparency, Consistency and Reduced Administrative Burden: During this quarter, the Trademark expert completed two Quick Reference Guides covering confusingly similar marks and descriptive marks and trained examiners in their use. In addition, the expert prepared a chart comparing the current trademark law to the proposed law with comments referring to the applicable provisions of the GATT, Uruguay Round, Agreement on Trade-Related Aspects of Intellectual Property Rights.

In addition, the trademark expert taught six different courses to 20 examiners. (See TASK 5 below).

3) Study on Legal Standards for Protection of Industrial Design: The Project was informed that its study on Legal Standards for Protection of Industrial Designs which was

submitted to the Ministry of Trade and Supply in the last quarter is under study by a Ministerial committee on legislation.

TASK 3 - Modernization of Industrial Property Offices

1) Trademark Archiving/Database Solution: One of the Project's main objectives is to provide an archiving and automation solution for the Trademark Office that is up to date with international developments and intellectual property standards. During this quarter, the Project put out a call for tenders to provide an Archiving/Database Solution for the Trademark Office. The Project received six technical and financial bids from four different companies. The Project evaluated and ranked the technical bids and then evaluated the six financial proposals. The Project is currently negotiating with the company that provided the best technical proposal. The Project expects to begin implementation of the chosen archiving/database solution during the next quarter.

2) Patent Attorney Database: Industrial Designs personnel continue to use the Patent Attorney Database. During this quarter patent attorneys who registered for the first time in 1998 were registered into the database, increasing the total from the previous total of 1,052 entries to 1,220 patent attorneys.

3) Industrial Designs Database: During the sixth quarter, the SIPRE Project's computer expert created a database for the Industrial Designs Office which includes the form that applicants use and automatically creates the industrial designs certificate the applicant receives once his or her design has been registered. The computer expert has since expanded this program to include additional information and has added a module to issue a *hafza*, a kind of official file folder cover which holds a picture of the industrial design and the design registration certificate.

4) Scanning of Industrial Designs Files: Industrial Designs Office employees, with technical assistance from SIPRE staff, have been scanning industrial design files onto a computerized system. At the end of last quarter 25 files had been scanned. During this quarter, 475 additional files were scanned for a total of 500 scanned files.

TASK 4 - Procurement

During this quarter, most procurement activity pertained to items required to improve the organization and management of the Trademark and Industrial Designs Offices and the Patent Office as detailed in the Space Needs Studies for these offices (See Task 6).

1) Procurements: Procurements made during this quarter included: Internice software which classifies products according to international standards; electrical supplies for use in modernization of the Patent Office; lighting for the Trademark and Industrial Designs Offices; twenty-six movable wooden index units for the Trademark Offices; cement and stone tile flooring for the Trademark and Industrial Design Offices; and a network system for the SIPRE Offices. In addition, some painting supplies were procured for painting of the offices which is being undertaken by the Ministry of Trade and Supply.

2) Procurement Tenders: The SIPRE Office also received bids for desks and partitions for the industrial designs offices. These items will be procured during the next quarter.

TASK 5 - Training

1) Training Awards Ceremony: During this quarter, the Project held an awards ceremony in the main Ministry building for Ministry of Trade and Supply employees who have completed training with SIPRE. Training certificates were 142 certificates, all signed by the Minister, were awarded to 67 Trademark and Industrial Design employees. (See Task 7).

2) Substantive Training in Industrial Property - Trademark Office: During this quarter, twenty people completed the lecture series entitled "Format of a Mark. In addition, the Trademark expert provided training on six topics to twenty Trademark Office employees (primarily examiners). These topics included:

- Computer Searching using the ROMAIN database for international Registrations
- Geographical Names
- Surnames
- Descriptive Marks
- Classification of Marks
- Confusingly Similar Marks

3) Substantive Training -Patent Office: In May, a patent expert from the United States provided training for approximately 25 Patent Office employees on a number of topics. These include:

- Basic Principles of the Patent Cooperation Treaty (PCT)
- Foreign Filing
- Confidentiality and Access to Patent Applications
- Comparison of TRIPS with Egyptian Law

In addition, the Project continued scientific training series for Patent examiners. A series of eight lectures on laser technology was provided to Patent examiners during this quarter by an imminent Cairo University professor.

4) Computer Training: Computer training continued during this quarter with Windows 95 training at the IBM Training Center. Thirty-two Trademark and Industrial Designs employees completed a thirty-hour course in the Windows 95 operating system in June.

In addition, the SIPRE trademark expert trained four Trademark Office employees in the use of the ROMAIN computer database of international registrations. The SIPRE computer expert also trained a number of employees in the use of the internice software.

5) English-language Training: Twenty-seven IPO employees completed the sixth language course given by the Armed Forces Language Institute this quarter and nineteen of these passed their course. In addition, sixteen IPO employees enrolled in the seventh Armed Forces Language Institute course this quarter.

Finally, ten persons successfully completed the second intensive English-language program offered at American University and sponsored by USAID's ELTT program. And eight enrolled in the third program offered by AUC.

TASK 6 - Organization and Management

1) Implementation of the Trademark Office Space Needs Study Recommendations:

The SIPRE Project continued the process of modernizing the industrial property offices located in the Ministry of Trade and Supply this quarter. The Project installed new lighting in all the offices, replaced most of the floors of the Trademark Offices, began replacing the floors of the Industrial Designs Offices, and the Ministry of Trade and Supply has been painting the offices. The Project has also procured and installed wooden index units for the Trademark search indexes and Trademark employees has begun moving index cards into the units.

2) Implementation of the Patent Office Space Needs Study Recommendations: The Patent Office and the SIPRE Project began implementation of the Space Needs study's recommendations this quarter. The Patent Office has removed on the partitions on their floor of the Patent Office in the Academy of Scientific Research. SIPRE has procured electrical equipment and the Patent Office is responsible for installing them and for painting the offices.

3) Study on Computer Network Requirements for the Patent Office: The SIPRE Project began in June a study of the computer network requirements of the Patent Office at the request of the Patent Office. The Patent Office is undertaking major renovations of its office space and would like to do the electrical wiring, telephone and network cabling work while the offices are being renovated. The SIPRE Project has hired a local network expert to undertake this study. The study recommendations will be completed in July.

4) Study on the Pendency of Patents: In this quarter the Project continued working on a study to improve the effectiveness of the Patent System, to make it more responsive to applicants, and to make a practical difference for applicants by increasing the effective patent term. Recognizing that most of the important issues of the Patent system require legal changes and that the Patent Office has already submitted its recommendations for a new patent law, the Project is now focusing on means to make a practical difference in effective patent terms. Legally, patents have a 15-year term in Egypt (except for chemical processes for foods and pharmaceuticals). However, while expiration date depends on the date a patent was filed, the term does not begin to run until the patent is actually issued. The "effective patent term," the difference between the 15 year term and the number of years a patent was pending before the Patent Office, is the period that applicants actually have available to

obtain the benefit of the patent system in developing and marketing a new invention. The Project has undertaken a study of patent pendency and will present the Ministry with recommendations to streamline the application process and reduce the pendency to a reasonable period from its current level, which is nearly five years. The study and report are expected to be completed early next quarter.

TASK 7 - Public Advocacy

1) Program on the Recent Developments in the Trademark and Industrial Designs Offices: The Project held a ceremony detailing the recent developments of the Offices and awarding training certificates to 67 employees. His Excellency the Minister of Trade and Supply chaired the Ceremony. Members of the press were in attendance on portions of the program was shown on the television program "Good Morning Egypt" on two separate dates. (an invitation, program and photograph from the program are attached).

2) Meeting with Ministry of Justice Officials: SIPRE Project met with Administration of Justice Support Project personnel and judges with the National Center for Judicial Studies in June in order to coordinate work IPR training. SIPRE Project will develop case studies on IPR issues in conjunction with AOJ Project for the training of judges and prosecutors on IPR issues. In addition, MOJ is considering making the IP Office court experts on IPR issues.

3) Meeting with Copyright Office Officials: SIPRE Project personnel met with officials of the Ministry of Culture responsible for enforcing copyright in Egypt. The purpose of the meeting was to investigate how SIPRE can work with the Ministry of Culture on copyright issues.

b. N/A

c. Subcontracting activities are on target and slightly under budget.

5. Statement of Work: One result of the Project's Data Acquisition Study (see above) was to identify a need for additional procurement funds to bring about the results expected under this contract. One expected result under the SIPRE contract is that modern data bases should be created and in use in the industrial property offices. The Data Acquisition Study confirmed that the only practical means by which this result could be achieved within the contract period, or any reasonable period, would be to contract for data entry of Trademark Office records. The Project's budget was not large enough to accommodate this effort, and a revised SOW was submitted to add to the Project's procurement funds. The contract was amended effective September 9 to add \$349,198 to the contract. No further changes are needed at present.