



SIPRE PROJECT

NATHAN ASSOCIATES INC.
ECONOMIC MANAGEMENT CONSULTANTS

STRENGTHENING INTELLECTUAL
PROPERTY RIGHTS IN EGYPT

مشروع تطوير حقوق
الملكية الفكرية في مصر

February 2, 1999

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

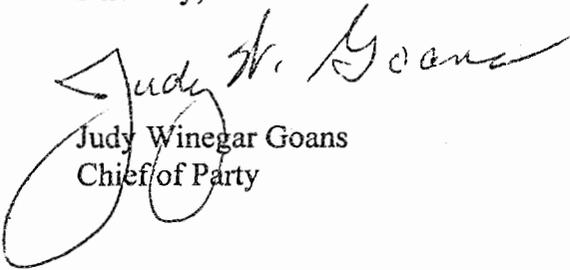
Ms. Lisa Bilder
Contracting Officer
U.S. Agency for International Development
Cairo

Subject: **USAID Contract No. 263-C-00-96-0050-00**

Ladies:

Attached for your review and approval is the SIPRE Project's Tenth Quarterly Report, covering the period October 1, 1998 through December 31, 1998. This is Nathan Associates' official submission.

Sincerely,


Judy Winegar Goans
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: October 1 through December 31, 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 tenth quarter, October 1 through December 31, 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 ninth quarterly report was submitted to USAID/Egypt on October 22, 1998.

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) **Draft Trademark Law:** The Draft Trademark Law developed by the Project was officially submitted to the Minister of Trade and Supply this quarter. The draft was very well received, and the Ministry requested additional copies of both the draft trademark law and the industrial designs report, which includes recommended legal changes to the existing industrial designs law. The Project was informed by the Ministry's legal

advisor, Mr. Sabry Aziz, that the Ministry of Trade and Supply was currently working with the Ministry of Justice on draft Trademark and Industrial Designs laws and that a package of industrial property laws, including patents is expected to be submitted to the Peoples' Assembly in the near future.

- 2) **Industrial Property Definitions:** At the request of the Ministry of Trade and Supply's legal counsel, Mr. Sabry Aziz, the Chief of Party wrote an overview of key intellectual property definitions, which were then translated into Arabic, for use in drafting Ministry IPR laws.
- 3) **Industrial Designs Draft Law:** In December, legal counsel for the Ministry of Trade and Supply requested that the Project draft an industrial designs law. SIPRE expects to submit a draft law to the Ministry early in the next quarter.
- 4) **Infringement Guidelines:** During this quarter, work began on IPR Infringement guidelines. These guidelines are the next step that must be undertaken before judicial training can begin. Work began on patents, trademark and copyright guidelines and a "Quick Reference Guide to Trademark Infringement" was completed this quarter and copies were distributed to lawyers and judges. The trademark infringement expert is expected to come to Cairo in January.

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 submitted a subcontract to USAID/Egypt for approval. When approval is received, the contract will be signed and implemented immediately. Approval is expected in the first week of January.
- 2) **Industrial Designs Office Fully Automated:** All aspects of the industrial designs registration process in Egypt, from accepting the application to issuing the certificate of registration, to the publication of the monthly and annual journals, are now automated. SIPRE Project provided the computer, the programming and the training of Industrial Designs personnel to permit automation. With the new system, one person can now do in a few minutes work that was previously done by hand by many people over the course of two weeks. This will make it possible for the Commercial Registry to reallocate Industrial Designs staff to other tasks and offer faster service to the public - including the possibility of obtaining an industrial designs registration "while you wait."
- 3) **Journals Published Timely, In-house:** For the first time, the Industrial Designs Office computer (which was provided by the SIPRE Project) published the monthly journal of applications and the monthly journal of registrations for all three months this quarter. In addition, in the first week of January 1999, the computer printed the 1998 Annual Industrial Designs Journal. This is the first time the annual journal has been computerized and the first time it has been printed within the Industrial Designs offices. All previous journals were written by hand and sent to Al Ameraya Printing Office to be typeset. The journal is approximately 400 pages in length. It was a very laborious task to

write it out by hand, have it typeset and to check it for error and misspellings. The new computerized system, which was designed and implemented by SIPRE Project staff, is much more efficient and accurate than the previous system.

- 4) **Patent Attorney Database:** Industrial Designs personnel continue to use the Patent Attorney Database. All previously registered patent attorneys have been entered into the database and only new registrations are now entered into the database. Twenty-four new patent attorneys were registered during this quarter, increasing the total number of attorneys from the previous total of 1,325 entries to 1,349 patent attorneys.
- 5) **Industrial Designs Database:** All Industrial Designs Office procedures are now computerized. Industrial Designs personnel are actively using the programs for all new applications. All applications for the year 1998, 1225 applications, have been entered into the database and were used for publishing the journals.
- 6) **Scanning of Industrial Designs Files:** Industrial Designs Office employees, with technical assistance from SIPRE staff, have been scanning the Office's, backfiles onto a computerized system. During this quarter, the Project procured a Jazz™ drive to provide more storage space (additional 2 gigabytes of storage) for the scanned industrial design files. At the end of last quarter only 35 files had been scanned. During this quarter, a total of 1,000 files had been scanned and archived onto electronic media, including 1,645 industrial designs. This effort could proceed more quickly with additional scanning stations. Arrangements have been made to use scanners from the Commercial Registry (procured with Italian aid) and to shift one computer from Trademarks to Industrial Designs for this purpose. The Project assigns a high level of importance to this effort, which is key to file security and will attempt to procure additional equipment for this purpose.

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:** During this quarter, the Project procured lighting for the Patent Office, and desks and partitions were delivered to the Patent Office. The Project also delivered 751 computer CDs of US patent images, which were provided by the USPTO with assistance from Mr. Christopher Kim, an expert who worked under the auspices of the CLDP Project (see Task 6 below). For the Trademark Office, the Project procured 65 metal filing shelves and four wooden bookcases. In addition, desks and partitions were ordered and bids received for office chairs, conference room chairs, and window blinds. A two-gigabyte computer storage device (Jazz drive) was procured for the Industrial Designs Office and a standing white board was procured for training purposes. A number of English-Arabic dictionaries and reference books were also procured for the Ministry of Trade and Supply. In addition, as part of the process of modernization of the Trademark and Industrial Designs Offices, paint supplies were procured.

- 2) **Procurement Tenders:** The SIPRE Office has received bids for chairs for both the Patent and the Trademark and Industrial Designs Offices, window blinds for the Trademark and Patent Offices and conference room chairs for the Trademark Office.
- 3) **Patent Office Computer Network:** The SIPRE Office accepted tenders for networking the Patent Office based upon the report of the network consultant. Bids were evaluated, and negotiations with the tentatively selected bidder are underway. Work should begin on the network system early in the next quarter.
- 4) **Additional Funds for Commodities:** The Project's approved Procurement Plan and Commodities Needs Assessment shows \$934,413 in needs against a total of \$437,085 in funding with priorities in the allocation of those funds. Significant savings have been realized through competition and items undertaken by the GOE, but the Project will probably need to allocate additional funds for commodities in order to complete its activities in a timely manner. Early next quarter, the Project will explore how this might best be accomplished within its existing budget.

TASK 5 – Training

- 1) **WIPO/USPTO IPR Conference:** During this quarter, SIPRE aided CLDP (another USAID-sponsored effort) by facilitating arrangements for a senior representative from the Ministry of Trade and Supply to attend a conference sponsored by the World Intellectual Property Organization and the USPTO.
- 2) **IPR Compliance Study Tour:** During this quarter, SIPRE organized and conducted an IPR Compliance study tour for Egyptian officials whose responsibilities affect implementation of Egypt's IPR system. These officials met with their counterparts in the United States to observe how IPR laws are implemented in the United States. An emphasis of the tour was private sector involvement. The group met with a number of consumer protection associations and trade organizations concerned with intellectual property rights. More than 30 different briefings and appointments were held during the three-week study tour, which began on October 30, 1998. The group had representatives from four different Ministries (including three from the Ministry of Trade and Supply) and the private sector (a Vice Chairman of the Egyptian Consumer Protection Society).
- 3) **TRIPS Contact Point:** SIPRE also arranged with the CLDP Project to offer a program for TRIPS Contact Point personnel and facilitated arrangements for that program, which is expected to occur in February 1999.
- 4) **English-language Training:** Fourteen IPO employees successfully completed taking the seventh Armed Forces Language Institute course offered and fourteen IPO employees participated in the eighth course offered from October 17th through December 24th.
- 5) **Speeches at the Union of Arab Lawyers:** The Chief of Party, Ms. Judy W. Goans, Mr. Moustafa El-Shafie and Ms. Amal Helal all gave speeches at a Conference of the Union of Egyptian and Arab Lawyers entitled "Egypt's Lawyers and the Challenges of the Future" held from December 13 through 16. Ms. Goans spoke about Intellectual Property as a Tool of Economic Development: Advising the Intellectual Property Client. Mr. El-

Shafie's speech provided a general overview of IPR-related issues, and Ms. Amal gave a general overview of trademark-related issues.

- 6) **Seminar for Egyptian Judges:** SIPRE Project furnished English and Arabic-language legal materials and attended the CDLP- and AOJ-sponsored Conference on Judicial Enforcement of Intellectual Property Rights in Egypt held from December 14 through 16. Materials such as the TRIPS Agreement and intellectual property treaties are often not readily available, especially in Arabic, to lawyers and judges. The Project distributed a "Quick Reference Guide to Trademark Infringement" to the Judges for their use and comments and also arranged for speakers from the industrial property offices.

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. During this quarter the Project completed installing electrical equipment, lighting, flooring and painting, of walls and ceilings and stairwells for the Trademark and Industrial Designs Offices. The Project also renovated wooden filing units and ordered desks and partitions during this quarter.
- 2) **Implementation of the Patent Office Space Needs Study Recommendations:** The Patent Office and the SIPRE Project continued implementation of the Space Needs study's recommendations this quarter. The Patent Office will be reopening its offices in early January after major renovations. SIPRE has procured electrical equipment, lights and desks and partitions for the Patent Office and SIPRE's architectural engineer has supervised the renovations which were paid for and completed by the Egyptian Patent Office.
- 3) **Study on Patent Documentation in the Egyptian Patent Office:** The SIPRE Project arranged with the Commercial Law Development Program (CDLP), another USAID-funded activity, to bring an expert from the US Patent and Trademark Office (USPTO) to conduct research and prepare a report on how to improve Egypt's patent documentation system. Mr. Christopher Kim of the USPTO submitted a final report during this quarter to the Egyptian Patent Office. He recommended that Egypt:
 - Rely more on foreign search and examination reports;
 - Acquire access to sufficient patent documentation for searching prior art;
 - Convert paper and microfilm products to electronic products;
 - Make Egyptian patents available electronically;
 - Provide competent examination of patent applications filed nationally;
 - Reduce pendency of patent applications.

One direct, immediate result of Mr. Kim's recommendations is that the USPTO provided Egypt with US patent documentation in electronic format (751 CDs). In addition, Mr. Kim provided information to the Project on the documentation needs of the Patent Office. The Project will follow his recommendations. One important consequence of his advice is that the Project has been able to lower its estimate of documentation costs by about \$100,000, a substantial savings. A second result is that Mr. Kim identified items that do

not need to be retained in paper format, which will save storage space at the Patent Office and thereby reduce the cost of providing file security.

TASK 7 - Public Advocacy

- 1) **Public Service - Copyright Infringement Video:** Copyright infringement is one of the areas identified by the US Trade Representative as one of the reasons for placing Egypt on its Special 301 Watch List. SIPRE believes that the GOE is making effort to enforce copyright, but that these efforts are overwhelmed by a lack of public understanding of copyright infringement. Many individuals have not considered the consequences of this infringement on the copyright holder. The Project decided that a public service video would help increase public awareness. During the quarter, the Project selected a producer, and is finalizing the negotiations for the content and cost of the video. In addition, a scenario was developed and arrangements were made for a well-known artist to appear in the video.
 - 2) **AUC Library:** During the quarter, SIPRE staff developed a program on IPR or the American University in Cairo's library week, the third week of February (22nd through 25th). The program includes lectures on using intellectual property as a business tool, a panel discussion on current issues in IPR, and a tour of Ministry of Trade and Supply's Consumer Protection Museum. In addition, the Project is trying to arrange with Microsoft to have an opportunity to legalize unlicensed Microsoft software used or owned by the AUC students.
 - 3) **Conference on Consumer Protection:** On December 17th, SIPRE Project staff attending a seminar sponsored by the Ministry of Trade and Supply on consumer protection.
- b. N/A
- c. Subcontracting activities are on target. A request for permission to subcontract for data entry services for the Trademark Offices was submitted this quarter and was pending at the end of this quarter.
5. **Statement of Work:** The contract was amended effective September 9, 1997 to add \$349,198 to the contract to acquire specialized trademark search software and a data entry subcontract, and to require a commodities needs assessment. This resulted in anticipated needs that were almost double the amount provided for commodities. The Project is seeking a method to obtain needed commodities within its current budget. No further changes are needed at present.