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**An Action Plan for Trademark and Copyright Protection
(C.3.1)**

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1. INTRODUCTION

Intellectual property (IP) comprises legally protected rights in products of the mind, including useful inventions, novel designs, creative works, symbols of origin or sponsorship, non-public business information, and the like. Intellectual property includes patents, copyrights, trademarks and trade dress, and trade secrets. In industrial countries and an increasing number of developing nations, owners of IP rights of different kinds receive limited, defined exclusive rights to make, use, sell, copy, distribute, and/or license their inventions or creations.

Although emerging market countries stand to gain much from granting better intellectual property protection, many also recognize that there are major disincentives to improving the enforcement process. As in some industrial nations, they fear the “misuse” of IP rights for monopolistic or anticompetitive purposes. They also recognize that if IP protection is strengthened, they will be compelled to increase their imports of proprietary knowledge or products. Consumers, including former consumers of pirated products, would directly and indirectly pay the immediate costs of adjustment. Indeed, the short-term financial costs of rigorous IP enforcement to developing nations may be high.

These are important arguments the public and policymakers in emerging market countries marshal for their position. Unauthorized copying of works of authorship including, for example, textbooks and other educational materials as well as entertainment products saves developing countries large amounts of money. Under a strong IP system, universities and students would have to pay much higher prices for authorized copies of textbooks than for the bootlegged copies that are now used in countries such as Cuba, South Korea and Venezuela. Many agrarian countries also pay lower prices for pirated seeds and agricultural products than would prevail under a strong IP regime. Similar arguments are raised for certain medicines.

Nevertheless, rigorous IP enforcement could establish the basis for a system where everyone benefits. In particular, key benefits of strong protection of proprietary rights include: better access to technology for developing countries; strengthening of an entrepreneurial culture; greater incentives for inventors and individual or corporate owners of IP; and increased foreign and domestic investment in critically important research and development (R&D) efforts.

In drafting or revising their IP laws, governments in developing countries can learn from the experience of industrial nations. A healthy IP system must provide sufficient protection to give real incentives for technological investment and development, and sufficient flexibility to respond to changing needs while maximizing competition as much as possible.

But drafting or revising a good IP law is not enough. Laws must be enforced to be effective. For this reason, a government must have institutions and mechanisms to protect private property. An independent judiciary is also essential to guarantee these, as other, property rights.

Many businesses face difficulties with intellectual property issues in Georgia. These include counterfeit products manufactured in Georgia or imported; piracy¹; bootlegging²; and trademark and copyright violations. This causes considerable financial loss for some companies, often results in the illegal transfer of technologies as well as goods, and undermines the public’s faith in brands.

¹ Illegal production.

² Illegal importation.

Consumers are the real victims of IP violations, since their health and safety are often threatened by false products.

The problems mainly stem from factors like general unawareness about IP problems, porous borders, poor enforcement of relevant laws, and lack of capacity to enforce existing and future IP laws.

The situation is ripe for improvement. Georgia is committed to EU accession as well as to improving the country's reputation as a good place for investment. Georgian authorities are also generally aware that IP problems reduce government revenues, since counterfeit and contraband products usually escape taxation. In addition, most high-level officials are open to dialogue aiming at the improvement of the business environment. The Caucasus Brand Protection Group was formed to address trademark protection issues through cooperation with relevant stakeholders in intellectual property.

The Criminal Code of Georgia differentiates between counterfeits and illegal use of a trademark (Articles 197 and 196, respectively) and envisages criminal liability for violating intellectual property rights (IPR). It defines "counterfeit" as a product with changed/altered properties. Illegal use of a trademark is different: specifically, if the product of a famous company is being manufactured without proper permission of the trademark owner, but the product has the same nature and quality as the brand product, then it is qualified as illegal use of a trademark. If the quality and nature of a product does not comply with the company's product, this combines the crimes of counterfeit and illegal use of trademarks. Such cases are investigated by the Ministry of Interior, but the Office of the State Prosecutor, as a supervisory body, retains the right to request the materials and investigate the case.

Georgia is a participant of Paris Convention for the Protection of Intellectual property. The Law on Border Actions Regarding Intellectual Property (1999) enables seizure of counterfeit products at the customs border. The Customs Department does consider requests to prevent products infringing trademarks from import into Georgia. However, so far, there were only a few such cases. The appropriate state agencies lack training and qualified staff in the area of trademark protection. While the government formally claims that IPR protection is among its priorities, there is no real action taken in the area of anti-counterfeiting and trademark protection.

2. LEGAL FRAMEWORK

The Intellectual Property Center of Georgia, “Sakpatenti,” is the government institution that registers intellectual property rights in patents, industrial designs, trademarks, and service marks.

Georgia has acceded to the following international intellectual property rights treaties and conventions:

- Paris Convention for the Protection of Intellectual property
- Patent Cooperation Treaty
- Madrid Protocol Concerning the International Registration of Trademarks
- Agreement on Trade Related Aspects of Intellectual Property
- Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Marks
- Hague Agreement Concerning the International Deposit of Industrial Designs
- Lisbon Agreement for the Protection of Appellations of Origin and their International Registration.

Georgia has also expressed its intention to accede to the Budapest Treaty on the International Recognition of the Deposit of Microorganisms for the Purposes of Patent Procedures.

Intellectual property rights are governed by the following national laws³:

- Patent Law (1999)
- Trademark Law (1999)
- Law on Appellations of Origin and Geographical Indications of Goods (1999)
- Law on Topographies of Integrated Circuits (1999)
- Law on Border Measures Relating to Intellectual Property (1999).

Georgia became a member of the World Trade Organization (WTO) in July 2000 and, in preparation for the accession, national laws that govern intellectual property rights were examined and the above-mentioned laws were adopted. These laws are recognized to broadly comply with WTO standards and with Georgia’s other international obligations.

2.1 Patents⁴

Any physical or judicial person may file a patent application with Sakpatenti, directly or by post. By a patent shall be protected:

- An invention, which is patentable and satisfies the criteria of novelty, inventive step and industrial applicability

³ These laws are available in English on the website of Sakpatenti at <http://www.sakpatenti.org.ge/>.

⁴ “Georgia – Study of Administrative Barriers to Investment”, FIAS 2001 is the key reference for this section and the next.

- A utility model, which relates to improved devices, substances, or methods and satisfies the criteria of novelty and industrial applicability
- An industrial design, which represents a new artistic-constructive exterior of the article and complies with the criteria of novelty and industrial applicability.

A foreign applicant who owns a valid patent in any country outside Georgia can apply for an importation patent based on the foreign patent, which gives the patent owner the exclusive right to use, produce, or sell the goods; however, it does not give the patent holder the right to prohibit a third party from importing products from abroad. Patent registration is conducted on the basis of a formal and substantive examination and official publication carried out by Sakpatenti, and can take up to a year. A decision by Sakpatenti not to grant a patent can be appealed to the Chamber of Appeals of Sakpatenti, which in turn can be appealed in a court of law.

A patent is valid for 8-20 years from the date on which the application is filed with Sakpatenti, depending on the patent type (utility model, industrial design, invention). The validity term of an importation patent is defined by the validity term of the basic foreign patent, but it shall not be longer than 10 years as from the date of its filing with Sakpatenti. Terms of validity cannot be extended.

Infringement of exclusive rights can be appealed to the courts by patent owners. Infringement of exclusive rights is defined as production, use, or inclusion in economic circulation, or other use of a patent without the permission of the patent owner, or disclosure of its content prior to the publication of the patent data by Sakpatenti; and disclosure of a secret invention, utility model, or misappropriation of an invention.

2.2 Trademarks and Service Marks

A trademark is a sign or a combination of signs that can be represented graphically, and which is capable of distinguishing similar goods and services and their producers. A trademark can be verbal; expressed in digits, sounds, and designs; and three-dimensional figures, including the shape of packaging and colors or a combination of colors.

A trademark is protected by its registration with Sakpatenti on the basis of direct application or application based on of international agreement. Well-known trademarks in Georgia are protected without registration under Article 6bis of the Paris Convention.

Any natural or legal person may file a trademark application with Sakpatenti, directly or by post. Trademark registration is conducted on the basis of formal and substantive examinations, and official publication by Sakpatenti, and may take up to one year. The exclusive right of the holder starts from the date of registration. Denied trademark applications can be appealed to the Chamber of Appeals of Sakpatenti, then in the courts.

Trademarks are valid for 10 years from the date of registration, and can be extended for 10 years at a time, without any limit on the total number of years of protection. By law, the holder of the trademark is given an additional maximum term of 6 months after an earlier registration has expired to extend the validity of the trademark after paying appropriate fees. Infringement of exclusive rights on a trademark can be appealed to the courts by the trademark owner.

2.3 Copyrights

In 2004, Georgia practically completed its integration into the international system of protection of copyrights and related rights by acceding to the following international treaties and conventions:

- Berne Convention for the Protection of Literary and Artistic Works
- WIPO Copyright Treaty and WIPO Performances and Phonograms Treaty
- Rome Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations.

The law of Georgia on Copyrights and Related Rights is in line with international standards. Similarly to other intellectual property rights, the main problem with copyrights and related rights is law enforcement. As a result, the market is saturated with counterfeit software, databases, audio, video and multimedia products. In addition, some recently developed websites offer free (and illegal) downloading of different kinds of protected materials, including software.

In order to improve the situation, copyright holders themselves should be more active and apply to law enforcement agencies for help. This is especially true given that according to the Article 26 E of the Criminal Procedure Code of Georgia, filing a criminal case against the copyrights violators is possible only on the basis of the claim aggrieved party (i.e. private-public prosecution). However, a draft law has been prepared, which envisages criminal prosecution for the violation of copyrights by law enforcement authorities without the necessity of a criminal case filing by an aggrieved party.

3. CONCLUSIONS AND RECOMMENDATIONS

The low level of awareness by local businesses and the population at large about the nature of intellectual property rights is evident in the statistics of applications processed by Sakpatenti. In 2001, about 85–90 percent of all applications for trademark registrations were filed by foreign entities. Most Georgian companies do not yet recognize the concept, value of the protection, nor the need for registered trademarks and service marks.

Yet the administrative procedures for the registration of intellectual property rights appear to be straightforward and relatively simple. Interviews with representatives of the private sector confirm a general satisfaction with the efficiency of the procedures for registering intellectual property rights. Entrepreneurs do not perceive the registration process as an impediment to doing business in Georgia. They express general satisfaction with the work of Sakpatenti and commend the office for its openness to consultations and enquiries, including its website which contains all relevant information on requirements and procedures, as well as translations of pertinent laws into English.

Legislation governing intellectual property rights has been considerably modernized. Georgia has adopted a number of international agreements and conventions in order to protect intellectual property rights and national laws have been revised in the process of negotiations with the WTO.

However, it appears that enforcement of these well-written laws is poor. The lack of enforcement of intellectual property rights may be attributed to the:

- Lack of experience and knowledge of judges about the complex subject of intellectual property claims
- Lack of trained enforcement officials
- Low level of awareness by local businesses and the population at large about the nature of intellectual property rights.

In order to address similar problems, some countries have centralized certain types of intellectual property disputes in one or a limited number of courts in order to ensure the availability of necessary expertise. Currently, in Georgia, there are no special courts. However, according to the Article 14 of the Civil Procedure Code, only the Supreme Courts of Abkhazia and Adjara and the Circuit Courts of Tbilisi and Kutaisi hear cases on IP issues. A panel of three judges considers disputes at these courts, which reduces the possibility of rendering illegal decisions. Regional courts, where sole judges hear cases, are not involved in IP dispute resolution. Government might consider assigning a specifically designated court to hear industrial and intellectual property issues. This approach would help to channel limited resources and training to enhance the competence of the judges. Training should also be provided to interested private sector parties.

Also, there may be a need for establishing an IP Registry at the Customs Department, to assist in preliminary detection of IP violations at the borders. However, it is usually accepted that authorized manufacturers and importers are best able to provide the expertise to check whether a good is counterfeit or otherwise in violation. Some system will need to be evolved whereby governmental agencies can call on private sector expertise, without this leading to abuse (that is, where an incumbent business takes advantage of this expertise to stop legitimate competition).

Since it is clear that many local enterprises and customers do not understand the concepts of industrial and intellectual property rights protection, there is a need to undertake an informational campaign.

Sakpatenti has initiated some measures to provide information and training to businesses. However, this needs to be expanded. A program of activities should be developed in collaboration with other government agencies and relevant private sector organizations, aimed at businesses, the broader public and Government, both as an enforcer of IPR and as an important violator (in software).

4. ACTION PLAN

Based on the above, GEGI would form a stakeholders working group including members of the business community, civil society and the Government of Georgia (GOG). The intention would be to increase awareness of, and foster dialogue and constructive debate on IP issues. GEGI would also provide expert advice in drafting policy and/or legislation, as needed, and could assist with training and public outreach. Much of the responsibility for changing the system will remain with Government, however, whether in amending laws and other legislation, restructuring institutions in line with legal changes, or training its representatives to comply with any new rules and systems.

Action	Agent	Months		
		1-3	3-6	6+
PR campaign	Stakeholders			
Law drafting/amending	GOG + stakeholders + experts			
Conference	Stakeholders + GOG + experts			
Training	GOG + stakeholders + experts			
IP Registry	GOG + experts			
Continuous monitoring	GOG + stakeholders			