

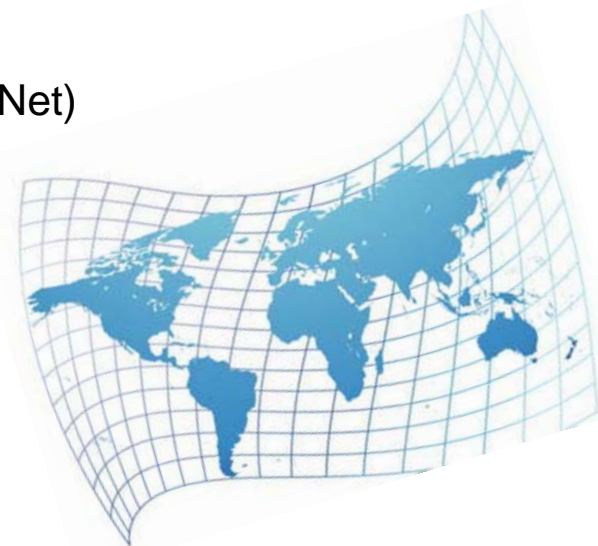
Practical IPR Issues to Consider When Expanding your Business in the Region

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Outline

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- Tips for Expanding Your Business
- Sample Business Models for Expansion Into Foreign Countries
- Remarks



Tips for Expanding Business

1. Local Success

- Maintain product and service standards
- Be well-known among the public
- High value IPRs



2. Knows The True Value of Your IPRs

- Configure the right vision
- Unnecessary expenses vs. Long-term investment
- License to import and sell



3. Knows What IPRs You Have



- Conduct your own internal audit
- Systemize the collection
- Accumulate and prepare all confidential information, know-how or key formulas for licenses
- Prepare a manual on manufacturing / distribution / services standards for quality control

4. Seek Relevant Protection in Countries / Regions of Interest

- Conduct relevant searches
- Seek for registration 1-3 years prior to expansion
- At a minimum before any exhibition
- Study if recordation of non-registrable rights would be helpful



5. Implement Enforcement Actions

- Take all possible enforcement action
- Let infringers know that you are serious about wrongdoing



6. Maximize Protection With All Business Partners And Employees

“ I trust everyone. It's the **DEVIL INSIDE** them I don't trust ”
(Italian Job, 2003)

Marry me VS. Divorce

Contract, Contract, Contract !



Sample Business Models for Expansion Into Foreign Countries

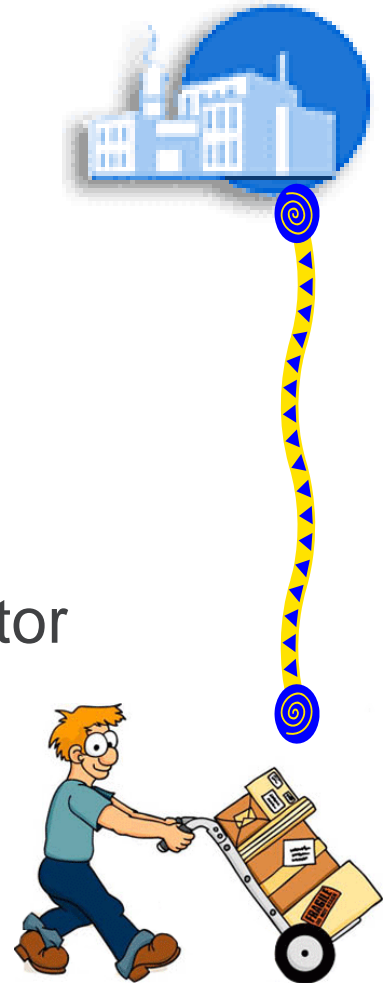
1. Distribution + Sponsorship

- Exclusive or Non-exclusive in the Territory
- Right to appoint sub-distributor
- Scope of rights to use our mark
- Reservation of IPRs that are not licensed



2. Manufacturer + Distributor

- Exclusive or Non-exclusive in the Territory
- Required manufacturing standards
- Minimum manufacturing capacity
- Minimum sales targets
- Right to appoint sub-contractor / sub-distributor
- Scope of right to use our IPRs
- Reservation of IPRs that are not licensed.



3. Franchise

- Exclusive or Non-exclusive
- Scope of Territory (District, City, State, Country)
- Manual/ Handbook to operate the business, and initial set up equipment (if any)
- Supply of raw materials
- Right to appoint sub-franchisee
- Scope of right to use our IPRs
- Reservation of IPRs that are not licensed



4. Joint Venture

- Jointly form an entity with a person or entity in a territory and appoint such entity to be exclusive or non-exclusive distributor and/or manufacturer of certain products
- Terms and conditions on obligation of each party and termination of joint venture
- Same rules for appointment of distributor and / or manufacturer



5. Set Up a Subsidiary

- Setting up its own subsidiary in a territory to operate the business such as distribution of products or operating service business
- Term & Conditions for IPRs should be at a professional level



6. Take Over an Overseas Company

- Take over an entity in a territory by way of share or asset purchase.
- Conduct due diligence to determine the benefits and risks of a take over
- Sale and purchase agreement should minimally address:
 - list of purchased shares or assets;
 - Each part of the transfer process, timeframe, and relevant documentation;
 - indemnification from the seller;
 - resolution in case of delay in transferring;
 - confidentiality.
- Term & Conditions for IPRs should be at a professional level



Remarks

Remarks



- Knows What You Have
- Maintain Your IPR Portfolio Well (registration & enforcement)
- Implement Full Protection With Your Business Partners And Employees
- Prepare for Termination and Post Termination Effects / Actions.



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