

**TECHNICAL ASSISTANCE AND ADVICE TO THE
GOVERNMENT OF THE MALDIVES ON THE
ESTABLISHMENT OF A MODERN INTELLECTUAL PROPERTY OFFICE**

November 18 to 20, 2003

WIPO EXPERT MISSION REPORT

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INTRODUCTION

1. This report sets out findings and recommendations of a WIPO Expert Mission to advise the Government of the Maldives on the establishment of a modern intellectual property office (IPO). The mission was carried out between November 18 and 20, 2003, in Male, Maldives. The study was conducted by a WIPO Expert, Mr. Mart Leesti who is a Canadian Consultant and is a former Commissioner of Patents, Registrar of Trade Marks and Chief Executive Officer of the Canadian Intellectual Property Office (CIPO), Mr. Kurt Kemper, Director, Cooperation for Development (IP Law Division), WIPO, and Mr. Hossein Moayedoddin, Senior Counselor, Cooperation for Development Bureau for Asia and the Pacific, WIPO.
2. The Mission worked in close cooperation with the Minister and senior officials and staff of the Ministry of Trade and Industries. Meetings were held with the Attorney General and senior officials of several other ministries. The Mission also met with key IP system "stakeholders" and potential clients in industry and with members of the legal practitioners. A complete listing of meetings is attached as Annex B.

MISSION OBJECTIVES

3. The formal Terms of Reference for the Mission are attached as Annex A, and called for:
 - a) the carrying out of an initial needs assessment as a basis for identifying options for administering national intellectual property laws;
 - b) the provision of advice on options for creating an appropriate, modern office to administer national intellectual property laws, including:
 - 1) structure and organization of an office;
 - 2) design and development of procedures to be followed;
 - 3) identification of human resources and their training needs;
 - 4) physical plant, equipment and documentation requirements; and
 - 5) budget and financial considerations relating to the operation of an office;and
 - c) advising on implementation and management issues relating to the creation of a modern intellectual property office.

BACKGROUND

4. There are currently no IP laws in Maldives and the country is not a party to any IP convention, with the exception of the Agreement on Trade-related Aspects of Intellectual Property (TRIPS), as a Member of the World Trade Organization (WTO). In order to

meet its obligations under the TRIPS agreement, the Government of Maldives has decided to begin the establishment of a modern and cost-effective intellectual property regime. In this connection it sought the assistance of WIPO and the current Expert Mission was carried out. The Mission was preceded by a national workshop on awareness building on IP.

5. As noted above, the Mission held meetings with representatives of various government ministries, commercial entities and law firms. Government officials that were interviewed represented their interests as public servants charged with administering various laws and programs in the public interest. Business people spoke on their own behalf as well as representing the interests of the broader business community. Attorneys represented the interests of clients, both domestic and foreign, as well as their own profession, in a broad context. Several attorneys were familiar with foreign intellectual property laws and procedures. Additionally, the Mission was provided with background documentation of relevance, including copies of the Master Economic Development Plan (2000) and the Science and Technology Master Plan (2001).

6. Following an analysis of the results of consultations and available documentation, the Mission concurs that it is timely to put in place a system to protect IP rights (IPRs) in the Maldives. It further concludes that there is a preferred order of priority in which the elements of a national IP regime should be implemented. The IP system needs to ensure compliance with the TRIPS agreement and must also become as functional as possible in terms of effectively addressing the needs of rights holders (both foreign and national) and the public as soon as possible and by January 1, 2006, at the latest. Maldives is currently in the category of least developed countries (LDCs).

NEEDS ASSESSMENT: OBSERVATIONS AND RECOMMENDATIONS

POLICY AND LEGISLATIVE CONSIDERATIONS

Policy Issues

7. The Mission notes the importance of ensuring that all those who participate in the making of decisions regarding the form of an intellectual property regime in the Maldives will benefit from having in mind agreed-upon clear statements of purpose of that regime. The Mission therefore proposes that such statements of purpose should be enunciated and incorporated into all strategic and operational plans as well as into each IP statute. The statements could take a form such as:

“The purpose of the Maldivian intellectual property system is

“The purpose of the Patent Act is...”

“The mission of the Intellectual Property Office of the Maldives is to

Such statements of purpose, or mission, will assist in the making of choices among policy, legislative and administrative options by ensuring a consistent and sharp focus on national priorities as these relate to intellectual property.

8. Important determinations regarding balancing of private interests against public interests and also the balancing of domestic vs. foreign interests in the context of national economic development need to be made. Policy options and choices need to be addressed in advance of taking final decisions about establishing and administering an IP regime that will most effectively support such national socio-economic development goals and priorities.

9. For example, on the basis of an assessment of need for a trademark law, would it (on balance) be in the national interest to accede to the Madrid system of international registration? How should a patent law be administered in order to ensure maximum benefits for minimum costs to the Maldives? What should those benefits be? Given the limited availability of resources, how should implementation of the IP system be sequenced or phased?

10. As referenced earlier, the Mission conducted fifteen meetings with a broad range of stakeholders and also performed a cursory review of key planning documents. It is nevertheless important that additional analysis of IP system "needs" should be carried out so as to ensure that optimal legislation is drafted and that such legislation is administered so that maximum benefits accrue to the country. The Mission therefore recommends that a closer examination of both the Master Economic Development Plan (2000) and the Science and Technology Master Plan (2001) should be carried out from an intellectual property perspective. This would help to clarify and focus the priorities and directions that are recommended by the current Mission. The Mission is of the view that such further analysis of IP system "needs" should be done immediately and should not be an overly complex process.

TRIPS Compliance

11. Compliance with the TRIPS agreement requires that the IP system of the Maldives will meet all TRIPS standards concerning the availability, scope, use and enforcement of intellectual property rights in the following areas:

- Copyright and Related Rights
- Trademarks
- Geographical Indications
- Industrial Designs
- Patents
- Layout-Designs (Topographies) of Integrated Circuits
- Plant varieties

- Protection of Undisclosed Information
- Control of Anti-Competitive Practices in Contractual Licences

12. Given the relatively greater urgency attached to some of the above, as expressed by stakeholders, and recognizing that only limited resources are likely be available for the implementation of an IP regime, the Mission recommends that minimum TRIPS requirements should initially be aimed for and that an order of priority for implementation of IPRs should be established. The Mission is of the view that, initially, the Maldives is likely to experience a relatively low volume of IP creation. The country is additionally faced with limited numbers of professional (legal and technical) staff available locally. Finally, the Mission was advised that an IP office in the Maldives will likely face low levels of recurrent budget resource availability. Under the circumstances, the Mission recommends that consideration should also be given to early accession to several international registration conventions that are administered by WIPO in order to ensure that the most cost-effective procedures may be implemented to operationalize IP legislation. The proposed legislative and convention priorities are detailed below.

National IP Legislation

13. The clear consensus of stakeholders interviewed by the Mission was that the most urgent priority should be accorded to the protection of subject matter under copyright (including collective enforcement), trademarks and industrial design laws. At the next level of priority should come the protection of patentable subject matter. All other forms of IPRs should be accorded a third level of priority. Additionally, stakeholders who are familiar with IP urged the adoption of the simplest form (administratively) of legislation possible in each case. The following table summarizes the recommendations of the Mission in respect of the priority of implementation and the basic nature of IP laws for the Maldives, based on expressed needs of stakeholders who were interviewed.

14. First Priority

IPR	Comments
Copyright	No registration requirement
Trademarks	No substantive examination
Industrial Designs	No substantive examination
Collective Copyright Management Society	

Notes: In the case of both trademarks and industrial designs, it is proposed that the examination process should include:

- examination for formalities
- publication for opposition

- an opposition procedure
- registration or refusal following opposition
- appeal to courts

15. Second Priority

IPR

Comments

Patents	No substantive examination
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Notes: the patent procedure should be based on accession to the Patent Cooperation Treaty (PCT) and should include:

- examination for formalities
- adoption of PCT procedures and full acceptance of International Search and International Preliminary Examination Report
- grant of patent based on grant of patent for the same application in selected foreign patent office(s), subject to compliance with the patent law of the Maldives
- appeals from office decisions to the courts

16. Third Priority

IPR

Comments

Geographical Indications	<i>sui generis law</i>
Layout Designs (Topographies)	<i>sui generis law</i>
Plant Varieties	<i>sui generis law</i>
Undisclosed Information	
Anti-Competitive Practices	

Notes: in the case of protection of undisclosed information and protection against anti-competitive practices in licensing, these may be addressed by other existing laws or may require the drafting of appropriate legislation.

International Conventions

17. In order to ensure that minimum resources may be allocated for the establishment of a cost-effective national IP regime, and to ensure that maximum benefits will accrue to the Maldives, the Mission recommends that consideration should be given to accession to the WIPO Convention (this is not a requirement for administering IP laws) and the following

global registration conventions and treaties administered by WIPO at the earliest opportunity:

- Berne (Literary and Artistic Works)
- Paris (Industrial Property)
- PCT

At a second level of priority consideration may be given to international registration treaties for trademarks and industrial designs, namely the Madrid (and Protocol) and Hague treaties.

Collective Management of Copyright

18. Collective societies are commercial (private sector) organizations that administer the rights of copyright owners. They can grant permission to use the works of copyright owner-members and set the conditions for such use. Collective administration is common throughout developed countries and rapidly expanding in developing countries, particularly for music performance rights, reprography rights and mechanical reproduction rights. Many national collective societies are affiliated with foreign societies, allowing them to represent the interests of foreign copyright owners in the country. Generally, the operations of collective societies are monitored and regulated by national governments. The Mission recommends that the Maldives should establish a collective society for the management of copyright.

Public Awareness and Education (“outreach”) Program

19. The costs of the lack of awareness, lack of knowledge and lack of effective access to the IP “system” are high. For the creators of innovative products the magnitude of losses due to infringement of IPRs is estimated by various authorities to be in the hundreds of billions of U.S. dollars. The costs can be high even when intentional infringement of rights is not at issue. The mis-allocation of scarce R&D resources to “re-inventing the wheel” translates into significant direct financial as well as opportunity costs, particularly for small and medium size enterprises.

20. The Mission recommends that an effective public outreach program should be established as an important component of an IP system in the Maldives. The strategic objective of such a program could be: to increase awareness, understanding (knowledge) and use of the IP system by nationals. This objective comprises three components:

- a) increasing awareness of IP (i.e. bringing IP to the attention of potential users);
- b) increasing understanding of IP (demonstrating the benefits of IP to potential users); and

- c) increasing use of IP (making the IP system as accessible as practical to those who would and should use it).

In order to ensure that the effectiveness of an outreach program, each of the above three components should be analyzed, in the domestic context, and implementation activities for each should be designed and prioritized.

ADMINISTRATION AND ORGANIZATION DESIGN

Estimates of Office Workloads

21. WIPO statistics on IP applications and registrations in Member States are available on the WIPO web-site¹. For LDCs, the statistics indicate that, on average, less than 6%² of trademark registrations were effected³ in the name of nationals. In other words, over 94% of trademarks were registered by foreigners. For the purposes of establishing criteria for the design of a national IP office in the Maldives, the Mission assumes that 100 trademark applications would be filed per annum by the second year of operation. Of these, approximately 40 would be by nationals. Should it be decided that Maldives would join the Madrid Agreement (Protocol) the total number of filings may be expected to be somewhat higher.

22. With regard to patents, the referenced WIPO statistics for 1999 reflect that LDCs are "designated" under the PCT in relatively large numbers (i.e. ranging from 14,000 to over 80,000⁴ in some countries) but that none, or very few (e.g. 30 or less), were in those countries. At the same time, LDCs as a group, saw less than 1.5% of patents granted to nationals (i.e. almost 99% of patents are granted to foreigners). It should be noted that, during the same year, the numbers of designations and grants among developing countries (including large DCs) generally fall within the same numeric range. Thus, there is no reliable model for projecting what proportion of "designations" will eventually enter the national phase as applications (i.e. "elections"), particularly for LDCs. In order to establish assumptions, for planning purposes, for a national IP office in the Maldives, the capacity to accept up to 50 national patent application filings and record up to 50,000 PCT designations is proposed.

23. With regard to industrial designs, WIPO statistics suggest that 50 applications per annum may be a reasonable projection for filings by the second year of operation of a

¹ WIPO Intellectual Property Statistics (Publication A) for years up to 2001 may be found on the Internet at <http://www.wipo.org/ipstats/en/>.

² See WIPO statistics for 1999.

³ Registrations effected reflect applications filed in LDC offices directly (national filings), as designations under the Madrid Agreement or Protocol, or through ARIPO.

⁴ These may include utility models or design patents.

design registry in the Maldives. Should accession to the Hague Agreement be contemplated, then the number may be higher.

Coping With Workloads

24. As noted earlier, the PCT, Madrid and Hague agreements are keys to increasing exploitation of IPRs and also to managing the work involved for member offices in processing the resultant increased filings. They allow needless duplication of work relating to application processing, searching, formalities and substantive examination, publication, registry building and maintenance to be avoided. In the case of the Maldives, the Mission has recommended that a Maldivian IP office should avoid duplication of administrative work through membership in key international IP treaties and agreements, initially Berne, Paris and the Patent Cooperation Treaty.

25. In the case of trademarks and industrial designs, the Mission is of the view that the potential exploitation of the Madrid Agreement (and Protocol) and the Hague Agreement by Maldivian nationals to file applications abroad may initially be sufficiently low so as to warrant the delay of accession to those agreements. It is nevertheless noted that Madrid would be a mechanism that would facilitate the filing of trademark applications in the Maldives by foreign applicants and would reduce the increased administrative workloads that "direct" national (i.e. non-Madrid) filings by foreigners could impose on the office. A similar argument may be made with respect to industrial designs and the Hague agreement⁵. The Mission recommends that an analysis should be undertaken to determine, on balance, whether accession to Madrid and/or Hague would result in national benefits that would offset increased administrative workloads.

26. From 98% to 100% of patent applications filed in LDCs arrive via the PCT or PCT/Regional Office route, requiring minimal original work to be done by member national offices. To fully benefit from PCT the IP office should accept and adopt, as much as possible, the results of the searches conducted by International Search Authorities (ISAs) and the preliminary "non-binding" opinions on patentability based on such searches from International Preliminary Examination Authorities (IPEA's), under the PCT.

27. Beyond the effective "outsourcing" of search and examination that result from membership in the PCT (as well as Madrid and Hague), the outsourcing of work in a bilateral context is a further option. Such outsourcing generally involves the novelty search and substantive examination of a small country's domestically originating patent applications. These are usually applications that are filed by nationals directly, not

⁵ See earlier discussions of this issue above, under Policy Considerations (paragraph 10) and International Conventions (paragraph 18).

through PCT or a regional treaty and without the benefit of “priority⁶” under the Paris Convention. Pending accession to Paris and the PCT therefore, an IP office may wish to outsource both trademark and patent search and substantive examination by accepting the work of specified foreign offices. The Mission recommends that the Maldives accede to the Paris Convention for Industrial Property (a requirement for accession to the PCT).

Interministerial Linkages

28. The establishment and maintenance of effective linkages with other ministries, user community and international organizations is a key reason for the establishing an IP office in any country. In addition to the primary function of ensuring the creation of IPRs that have a high presumption of validity and are therefore enforceable, an IP office should also support the development and achievement of effective broader economic and social development goals by government, as discussed earlier in this report in the section entitled “Policy Issues”. To permit this, the Mission recommends that the IPO should establish and actively cultivate a network of contacts with key stakeholders both within government and outside. Annex C identifies a typical network of this kind.

Policy, Legislation and International Relations

29. Following the preparation of TRIPs-compliant legislation over recent years, efforts to modernize existing IP laws and IP institutions have highlighted discontinuities that may occur from the development of national trade policy and operational IP policy (i.e. IP laws) to the implementation of the latter through regulations and office procedures. This has led to unnecessary difficulties, particularly among developing countries, in establishing or revising IP office organizations and operating procedures.

30. The Mission therefore recommends that a policy, legislative and international relations unit should be established within the IP office of the Maldives. This expertise should be shared among two or more individual officers who would also have management and administrative responsibilities in the office. The goal should be to make this unit the national centre of IP knowledge that would provide policy and legal advice to the office and also to other ministries and the government, on all matters relating to intellectual property.

Budget and Financial Considerations

⁶ Patent applications that exercise Paris Convention priority would often be expected to have the results of foreign prosecution available that would assist the national office of a developing country in determining patentability.

31. The establishment and operation of an IP office in the Maldives will involve both start-up and recurrent costs. Start-up costs are likely to include acquisition of office space, furniture and equipment, computers, consultants' costs for assisting with the development of strategic and operational plans, and the initial training of employees. An estimate of probable start-up costs was not attempted by the current preliminary needs assessment Mission but may be undertaken at any time. For the purposes of discussion the Mission nevertheless draws attention to a 2002 report⁷ by the World Bank that estimated that a comprehensive *upgrade* of the IPR regime in developing countries, including training, could require capital expenditure of US \$1.5 to 2 million, although evidence from a 1999 survey of relevant World Bank projects suggested that these costs could be far higher. A recent report on modernizing Jamaica's IP system estimated initial automation costs alone of around \$300,000⁸.

32. Recurrent (operating) costs of IP offices are determined primarily by the nature and size of the human resource components of the agencies. Generally, the salaries and benefits paid to employees account for the largest part of on-going operating cost. Other major costs include office accommodations (including utilities), telecommunications and information technology services, and travel expenses related to participation in meetings of international organizations. If a national IP institution includes the functions of substantive examination for patents and trademarks as part of the process for granting IPRs, the salary component may be up to 70% of the annual operating cost. On the other hand, an IP institution that chooses to maintain registry operations only, without substantive examination, may be able to significantly reduce the high salary component. In either case, costs of enforcement activities are generally not included in estimates since these would be incurred by the enforcement agencies rather than the IP office.

33. The Mission recommends that the IP office of the Maldives should adopt an administrative infrastructure that involves only registry operations for trademarks, industrial designs and patents, and no registry for copyrights, and that estimates of start-up costs and recurrent budget requirements should be based on this.

34. The Mission recommends that a detailed estimate of start-up and recurrent costs for the IP regime in the Maldives should be undertaken at an early date following a decision by the government on the form of administrative infrastructure.

35. The Mission further recommends that the IP office of the Maldives should aim to become as self-financing as possible. This would be done through recovery of the costs

⁷ World Bank (2002) "*Global Economic Prospects and the Developing Countries 2002*", World Bank, Washington DC, chapter 5, "Intellectual Property: Balancing Incentives with Competitive Access". Source: <http://www.worldbank.org/prospects/qep2002/full.htm>

⁸ Lehman, B. (2000) "*Modernizing Jamaica's Intellectual Property System*", International Intellectual Property Institute, Washington DC, p.62. Source: <http://www.iipi.org/activities/research.htm>

of administering the office through fees charged to users of the system. The office should also consider adopting a two-tiered system of fees for registration of IPRs, with a lower fee for "small entity" users.

Human Resources and Training Needs

36. The operation of a modern, cost-effective IP office calls for the deployment of a broad set of management, legal and professional skills. These requirements are particularly important for the initial creation of an office and may evolve as the office itself evolves from initial start-up to operating at a "steady state". Thus, the need to "operationalize" policy and legislation, to identify and acquire necessary human, financial and logistical support, and to establish effective working relationships at senior levels of government, the judiciary and enforcement agencies, calls for strong leadership skills, political sensitivity and dedication from the Head of Office. In the context of a small office such as would be the case for the Maldives, the executive Head of Office would likely also be the statutory person charged with administering the laws. The mission recommends that immediate steps should be taken to identify and recruit a chief executive officer (e.g. Director⁹) to head the IP office. The Mission further recommends that the Director should be accountable directly to the Minister of Trade and Industries and should be personally and directly involved in the process of supporting IP policy development, legislative drafting and setting up of the administration of the IP office.

37. Experience has shown that, particularly in small IP offices, there is a need to "back up" the Director¹⁰ with senior level assistants. This gives the office both depth and breadth of management skills and work capacity. Workload sharing between the Director and two Deputy Directors, particularly in the office start-up phase, may be on the basis of policy, legislative and international relations responsibilities on the one hand and administration and operations on the other. Finally, the Mission recommends that an officer responsible for patent and design operations and another, responsible for trademarks operations should be recruited as soon as possible. The office would also require support staff. The mission recommends the initial recruitment of one secretary and two clerks. It is emphasized that the proposed complement of three executives, two officers, one secretary and two clerks is based solely on the preliminary needs assessment that was carried out by the Mission. It is strongly recommended that organization structure and human resource requirements should be continuously assessed and revised as evolving policy and legislative decisions dictate and as operations are commenced. A possible organization chart for an initial IP Office for the Maldives is attached as Annex D.

⁹ The title Director is chose for illustrative purpose only.

¹⁰ This may be particularly critical in the case where the Head of the Office, or "statutory person", may also be a Minister of the Government.