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The application of the system of intellectual property management in small and medium enterprises

Constantinou, Christiana

Master of Business Administration, School of Business, Neapolis University Pafos

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CHAPTER 1: INTRODUCTION

It is widely argued that intellectual capital in the form of intangible assets such as skills, knowledge and creativity is becoming increasingly important as a source of competitive advantage for individuals, firms and nations (Albert and Bradley, 1996). Furthermore Small and Medium enterprises are becoming an innovative engine and they have a key role to play in the economy of Cyprus. As the development of SMEs is difficult to achieve by R & D because it is costly and risky, the application of the Intellectual Property system can be ideal in order to get the prospective development and to be innovative over the competitors. In Cyprus, as the 99,9% of the businesses are characterized as Small or Medium Enterprises, the Small enterprise has from 1 to 50 employees, and the Medium Enterprise has from 50 to 250 employees, it is very significant to make a survey about the Intellectual property assets of the businesses. Is the system of Intellectual property applying in Cypriot Businesses? The aim of this research it is to find out this, and if this system is applying which of the Intellectual property rights are implementing mostly? Especially this research will analyze the patents, copyrights, trademarks and trade names. If this system is not applying the next question it will be tried to answer, its which are the main reasons the Cypriot businesses do not use the Intellectual Property rights? Within this purpose, it will be tried to understand the meaning of these specific Intellectual Property rights, the meaning of Small and Medium Enterprises, and to have a frame of other researches in Europe which were down about similar subject.

As Cyprus, does not have many large companies and as the 99,9% of its firms are Small and Medium Enterprises, it is very important to understand if the system of Intellectual Property is applying in Cypriot businesses, and if it is not, to make the appropriate steps for the future in order owners and managers of businesses, to understand the meaningfulness of the Intellectual Property and how much important it is, for their business in order to be more profitable, competitive and innovative.

The paper is structured as follows. The following chapter is the literature review, chapter 2 which analyzed the basic definitions of the Intellectual Property rights and the Small and Medium Enterprises and the surveys which were down about the application of Intellectual Property rights in SMEs. The next chapter, chapter 3, is the methodology which describes how the research was done, which were the appropriate steps. Then, chapter 4 is analyzed and discusses the results of the research and finally chapter 5, is the conclusion of the research and some recommendations.

CHAPTER 2: LITERATURE REVIEW

This section is articulated into two parts. Firstly, the first part includes the definitions of intellectual property, of several types of formal intellectual property rights and the definitions of the Small and Medium Enterprises (SMEs). The second part includes the Intellectual Property and SMEs, what previous researches found about the application of the Intellectual property rights to the SMEs in European Union or other countries. The topic of how SMEs utilize the IPR system is actually very limited in the literature.

2.1 Intellectual property

Intellectual Property protects the creations of the mind and by this encourages innovation and creative output. There are several types of intellectual property in order creators to reap the benefits of their inventions or works. The main types of formal practices of protection of intellectual property are patents, trade secrets, copyrights, trademarks, or geographical indications. Through Intellectual Property Rights (IPR), governments grant a temporary legal monopoly to innovators by giving them the right to limit or control the use of their creations by others. IPR may be traded or licensed to others, usually in return for fees and or royalty payments.

Because for SMEs to acquire formal intellectual property is high cost, in order to protect their intellectual property they adopt informal practices. These include maintaining a lead time advantage over competitors in bringing new products to market (Moore, 1996) and developing high- trust relations in business transactions (Dickson, 1996).

2.2. Types of Intellectual Property

2.2.1 Patents

Patents are granted for inventions of new products, processes, or organisms known as utility patents and it is a document, issued by a government that grants to its owner a legally enforceable right to exclude others from practicing the invention described and claimed in the document. Patents may also be granted for designs and plants. For an invention to be patentable, it must be new, —non-obvious, involving an inventive step, and have a potential industrial or commercial application. The rights symbolized by a patent can be inherited, sold, and rented, mortgaged and even taxed. The patent provides the holder with the exclusive right to sell the invention for a period of 20 years, or to prevent the incorporation of the invention into other products without the permission of the rights-holder. The patent right is based on the proposition that inventors must be granted a temporary monopoly over their invention in order to encourage innovation and to promote the expenditure of money on research and development. The patent holder recoups his up-front costs through a temporary monopoly over sale of the invention. In return for this economic rent, the patent holder must disclose the content of

the patent along with test data and other information concerning the invention. This is meant to spur further creativity by those seeking to build on the patent after its expiration.

2.2.2 Copyrights

Copyright is an Intellectual Property Right which protects intangible original works of authorship which are fixed in a tangible medium of expression and the expression of ideas, but not the ideas themselves.

Copyrights protect original expressions of authorship including literary or artistic works such as books, music, sound recordings, movies, paintings, architectural works, computer software and databases, pictorial, graphic and sculptural works and photographs.

Copyright also is a statutory property right which grants to creators (authors) certain exclusive rights in their creations for a limited duration. Its purpose is to promote the Progress of Science and useful Arts by providing economic incentive for creative activity.

Copyright is often described as a bundle of rights, which include the right to reproduce the copyrighted work, to make derivative works, to distribute copyrighted works to the public, to perform, publicly, certain works (such as music) and to display, publicly, certain works.

Copyright applies to both unpublished and published works and its registration is simple and inexpensive.

Copyrights in Cyprus are protected also for works whose authors are not citizens or habitual residents in the Republic, or which are not first published in the Republic, the Law extends the protection to works of non Cypriot origin by providing that the Law shall apply also to works which would be legible of protection by virtue of International Treaties or Conventions binding the Republic. Such Treaties are e.g. the Berne Convention and the Universal Copyright Convention. There is no system of copyright registration in Cyprus. Copyright is conferred on works once created, as of right. Copyright law protects Cyprus nationals for their works which are published anywhere in the world, and foreign nationals for their works published in Cyprus.

The term of protection is the life of the author and 50 years after his death. However, there are shorter minimum terms prescribed for certain types of works. The copyright for cinematographic work or a television work is 50 years after the work has been made available for the public. The term of protection of photographs is 25 years from the making of the work as is the term for works of applied art.

2.2.3 Trademarks

Trademarks or service marks, permit the seller to use a distinctive mark or symbol to identify and market a product, service, or company. Also trademarks may be comprised of names, logos, symbols, numbers, images, the shape of goods, colors, sounds, smells, words, phrases, designs or the combination of a number of these elements that create a sign and they are used on or in association with goods and in association with services to be performed. This sign must be able to be represented graphically and its primary purpose is to be able, due to its distinctiveness character to distinguish goods or services of one undertaking from those of other undertakings.

The trademark allows quick identification of the seller's product and it is designed to prevent other companies with similar merchandise from free-riding on the association of quality with the trademarked item. Thus, a trademarked good may command a premium in the marketplace because of its reputation. For trademarks, distinctiveness is at a premium because a trademark must capture the consumer's imagination to be effective as generic names of commodities cannot be trademarked.

The public learns, through purchasing experience, that the goods or services bearing a mark come from a single source and will meet an expectation of a standard of quality that the goods or services sold under the mark have met in the past. This predictability of a level of quality and reassurance of a known source provides the owner or user of the mark with the benefit of good will held by the public for the product or service that he offers. This goodwill is often the cornerstone of the owner's business.

In Cyprus the owners of unregistered marks enjoy no right of action for infringement. No one can institute proceedings to prevent or recover damages for the infringement of an unregistered trademark. However, the owners of unregistered marks are free to bring a passing-off action against anyone that passes off their goods as those of the mark owner, and to seek remedies in respect thereof.

In order to be registrable in Cyprus a trademark must contain or consist of at least one of the following essential particulars:

- The name of a company, individual or firm represented in a special or particular manner
- The signature of the trademark applicant or a predecessor in its business
- One or more invented words
- One or more words that have no direct reference to the character or quality of the goods, and are not, according to ordinary signification, a geographical name or surname or
- Any other distinctive mark.

Colour may contribute to distinctiveness, and is always relevant in determining resemblance and the likelihood of confusion and eventual infringement. If a trademark is registered without limitation of colour, it is considered to be registered for all colours. Colour in itself is registrable only if distinctiveness is proved; no such applications have yet been accepted for registration at the Cyprus Trademark Registry. The same applies for shapes and three-dimensional representations.

A trademark must be registered in respect of particular goods or services, or classes of goods or services. Any question as to the class within which any goods or services fall will be determined by the registrar of trademarks, whose decision may be challenged through a hearing proceeding.

Trademarks are initially registered for seven years and may be renewed for further 14-year periods thereafter. Renewal must be affected during the three months before the registration expires.

2.2.4 Trade names

A trade name or business name is a name that a business uses for trading commercial products or services. A business may also use its registered, legal name for contracts and other formal purposes. Trade names may be registered in Cyprus. Registration of a trade name is effected by sending to the Registrar of Companies, within one month of the date on which the business in Cyprus is commenced, an application containing the business name, the general nature of the business, the principal place of business in Cyprus, the date of commencement of the business and the name, residence and nationality of the applicant. The Registrar may refuse to register a business name which is too similar to an existing one or is considered to be misleading or confusing.

After the name has been entered in the Register, it is published in the Official Gazette. Once registered, a trade name remains on the register until an application for removal is filed by the trader. Where a firm, individual or corporation has registered a trade name and ceases to carry on business, the Registrar must be informed within one month after the business has ceased. The Registrar will then remove the trade name from the register.

2.3 Small and Medium Enterprises (SMEs)

This research project is concerned with small and medium sized enterprises (SMEs). The European Union defines SMEs using three criteria: employment, turnover and assets.

A general definition of SMEs globally is given according to the number of employees or level of assets or turnover or both. Between regions it was tried to find a standard definition, for example, in 1996 the European Commission adopted its own SME definition. In general, SMEs are categorized as enterprises having not more than 250 employees the Medium Enterprises and not more than 50 employees the small enterprises. In countries like the USA the number goes up to 500 employees. According to the European Union, small and medium enterprises (SMEs) are playing an increasingly important role in the global business environment. New companies are founded as startups or spinoffs of larger organizations while others disappear for various reasons. But the overall number keeps growing. In the enlarged European Union of 25 countries, some 23 million SMEs provide around 75 million jobs and represent 99% of all enterprises.

Financial assets are also used to define SMEs. In the European Union, a new definition came into force on 1 January 2005 applying to all Community acts and funding programmes as well as in the

field of State aid where SMEs can be granted higher intensity of national and regional aid than large companies. The new definition provides for an increase in the financial ceilings: the turnover of medium-sized enterprises (50-249 employees) should not exceed EUR 50 million; that of small enterprises (10-49 employees) should not exceed EUR 10 million. Balance sheets for medium and small enterprises should not exceed EUR 43 million and EUR 10 million.

In Cyprus also the economy is dominated by small and medium enterprises. With a population of 789300, the 99,9% of the enterprises employ less than 250 persons whereas the overwhelming majority (95%) employs less than 10 persons. The total number of SME's in Cyprus is 61.041. The definition of SMEs again comes from the number of the employees that the enterprise is employing.

In Cyprus because of the regulatory climate conducive to investment, innovation and entrepreneurship stressed the need to lower costs of doing business and to remove unnecessary procedures which act as a barrier against the development of SME's in Cyprus.

There is also the need of the restructuring and modernization of the productive fabric of the economy in order to assist enterprises to meet the challenges of globalization and accession to the European Union. To this end, various support schemes have been introduced in the different sectors of economic activity like to introduce a simplified legal, regulatory and procedural framework for the function of SME's.

2.4 Intellectual Property and SMEs

Within this competitive environment SMEs may benefit from different aspects of the intellectual property system according to their specific needs. Basic knowledge of the intellectual property system by SME owners and managers will allow them to decide which elements of the Intellectual property system to use according to the needs of their enterprise.

Empirical evidence shows that the propensity to apply for patents is highly related to the size of the company. As Derwent study (2000) which surveyed the use of the IP system by SMEs in the European Union, concluded that a minority of European SMEs file patent applications. The most widespread reasons for not patenting are that patents are not considered relevant to the line of business of the company and that the patent system is perceived as being too costly and complex. Also it shows that "over 50% of SMEs in Spain have applied for a patent and 50% in Scandinavia". The Derwent-funded study makes the point that few SMEs are involved in patenting activities. The study indicates that 30% of all surveyed firms patent on average, while only about 10% of those with 5 employees or fewer do. Similar conclusions were reached by the European Community Innovation Survey (1993) which indicated that there was a significant gap between SMEs and larger firms in their recognition of the importance of patents. As Kitching and Blackburn study (1999) in the UK small business owners placed most emphasis on informal methods of protection of their intellectual

property like lead time, relationships based on trust, limited information sharing etc. rather than on formal registrable rights like patents, trademarks, registered design. This survey also showed that registrable rights, those requiring formal registration were reported less frequently than non-registrable rights. Whereas 53% of respondents reported using at least one registrable right, 83% reported the use of non-registrable rights. Regarding the adoption of formal intellectual property rights is showed that is increasing with size of the enterprise. Micro enterprises (0<10 FTEs) were significantly less likely to adopt formal rights than small and medium enterprises (44% for micro enterprises and 62% for SMEs) . This was explained in terms of owners and managers perceptions of the costs and benefits of acquiring and enforcing formal rights.

In a European Study, The Roland Berger Survey (1994) for the EPO (European Patent Office) showed the following. Firstly the sample was taken from production industries in the EPO countries with one or more employees: it excludes service and trade industries, as well as a large group of small firms in several fields in which R&D was not expected. This study makes the assumption that R&D is a precondition for patent activities. In total, 16% of the firms surveyed had applied for a patent during the previous five years. A further 31% reported R&D but had not applied for a patent. The remaining 53% had done neither of the two. The proportion of patent applicants is closely related to firm size: the proportion of applicants accelerates as size class increases. While 11% of firms with 1-19 employees had applied for at least one patent, the equivalent for those employing 500-1000 was 55%. In the size class 20-99, the proportion was an average 15% for the EPO area. In Spain, a much lower proportion of this mid-sized class had applied: only 4%.

In a study of Cordes (1999) studied the innovation and competitive strategies of SMEs in high-tech firms. In terms of intellectual property, the study showed that “patents and other formal intellectual property rights appear to be less important than trade secrets, which were an informal protection and to be first to the market. The costs of the patent system were a frequently-cited reason for not relying on them, and the problems of patent enforcement also contributed to the lack of importance of patents.”

In general, what is discovered above is that SMEs in European Union use the formal intellectual rights in order to protect their assets, in a limited degree. Also what is found is that there are several surveys about the use of the patents in an extent degree while at the same time there are not so much surveys about other formal or informal intellectual property rights. It is not clear since now what intellectual property rights are using the SMEs in the Republic of Cyprus, one of the countries of European Union.

CHAPTER 3: METHODOLOGY

Research can be defined as a systematic and scientific search for pertinent information on a specific topic. With the present research it will be tried to find out information of the application of the system of Intellectual property in SMEs in Cyprus. The purpose of the research is to discover answers to questions through the application of scientific procedures. The main aim of the research is to find out the truth which is hidden and which has not been discovered as yet about the application of some intellectual property rights from SMEs in Cyprus. Also it will be tried to determine the frequency some IP rights, patents, copyrights, trademarks, trade names, are occurred in Small and Medium Businesses in Cyprus.

3.1 Qualitative and Quantitative research methods

With the qualitative research method the qualitative researchers aim to gather an in-depth understanding of human behavior and the reasons that govern such behavior. The qualitative method investigates the why and how of decision making, not just what, where, when. Hence, smaller but focused samples are more often used than large samples. In qualitative research the intent is to explore the complex set of factors surrounding the central phenomenon and present the varied perspectives or meanings or meanings that participants hold. Qualitative method generally aim to understand the experiences and attitudes and a given research problem or topic from the perspectives of the local population it involves. Qualitative research is especially effective in obtaining culturally specific information about the values, opinions, behaviors, and social contexts of particular populations. There are three most common qualitative research methods the participant observation, the in depth-interviews and the focus groups.

As Aliaga and Gunderson (2000), the quantitative research method is “explaining phenomena by collecting numerical data that are analysed using mathematically based methods (in particular statistics)”. The quantitative research is collecting numerical data and it analyze them mathematically, so the data have to be in numerical form. Quantitative research is generally done using scientific methods, which includes the following steps:

- Developing models, theories, and hypotheses of what the researcher expects to find.
- Developing instruments and methods for measuring the data.
- Experimental control and manipulation of variables.
- Collecting the data.
- Modelling and analyzing the data.
- Evaluating the results.

3.2 Choice of the most appropriate research method - Quantitative research methodology

According to the questions that it will be answered it must be find out the appropriate research method for the research. The choice of the method and the way in which it is implemented will largely be determined by the research questions, but will also be influenced by practical considerations, such as the availability of resources including the type of data available and the knowledge and skills of the persons undertaking the research.

One way of thinking about research questions is to consider the purpose of the research in relation to an argument or theory.

For this research the most appropriate research method is the quantitative research method. The data collected were in numerical form and they were analyzed mathematically, in percentages of the frequency each phenomenon occur.

It was used the " Survey of Intellectual Property Management 2010 ", Business Special Surveys and Technology Statistics Division (BSSTSD) (**Appendix A**, p. 32) as a framework and the questions of this research were converted into the Cypriot Businesses reality in order the respondents to be able to answer the questions of the questionnaire. The questionnaire used by this research is as seen at the **Appendix B**, p.50.

3.3 Questionnaire development process: Content and sources

Questionnaire development involves more than drawing up and formatting question texts. Questionnaire development is a process that consists of six steps the conceptualization and research design, the questionnaire design, the testing, the revision, the data collection and the process monitoring and evaluation.

The first step in questionnaire development is conceptualization, which involves defining the subject and the variables to be measured. The research design gives rise to a set of conditions that the questionnaire must satisfy. This phase of conceptualization and research design therefore defines the survey terrain. In this step, the subject of the present research was defined, which was the Intellectual Property Management in Small and Medium Enterprises.

Next, one of the first steps of questionnaire design is to devise a questionnaire structure that respondents will find logical. This step sets down the sequence in which the various topics are presented and then the question sequence for each topic is determined. The questionnaire was separated in six sections. In the process, the variables defined in the previous phase are translated into specific survey questions. Each section has some questions and sub questions of the main question while all the questions together were thirty three (33). The section 1, is the "enterprise structure" which includes six (6) questions, the next section 2 is the "enterprise activity" which includes two (2)

questions, the section 3 is “patents” which includes seven (7) questions, the section 4 is the ‘copyrights’ which includes six (6) questions, the section 5 is the “trademarks” which includes seven (7) questions and finally is the section 6 the “trade names” which include five (5) questions. When choosing the variables and questions it was borne in mind which question is relevant for which respondent. Routing is used to lead respondents to the questions that are relevant for them. At the last page of the questionnaire it was designed a glossary with the main definitions of the terms used in the questionnaire, in order every respondent to be able to understand exactly the meaning of the terms, and the questions in general.

When the questionnaire was designed the informal tests was performed. The questionnaire developers completed their own questionnaire using real answers and read all the texts out loud. Testing in this way gave an initial impression of how easy the questions are to read out, understand and answer.

At the step of revision, it fixed out the problems that occur after the testing of the questionnaire. The probability to occur various problems after the testing is big and with the revision it is tried to restate some questions, to clarify some other. In this research and the questionnaire that was prepared it was implemented this step by restate some questions and clarify some other.

After the revision there is the step which data are collected. Research involve either empirical data which are ‘facts’ identified within a pre-specified conceptual view or conceptual data. Empirical research is often adding up results to describe situations or to test theories. Conceptual research is often developing and arranging conceptual understandings. Because of the complex nature of projects make it difficult for all aspects of a research question to be answered by a single method so in this research it was implemented a mixed method which refers to research in which the investigator collects and analyses data, integrates the findings, and draws inferences using more than one method.

The final step of the process is the monitoring and evaluation. Questionnaire development is not over when a questionnaire has been implemented in the field. It is important with new questionnaires in particular to keep an eye on what happens during data collection. It can happen that minor adjustments are needed in spite of extensive development and testing, or that a supplementary instruction for the interviewers, help desk, respondents, or data processing has to be added during data collection to limit the consequences of the problems that occurred. An evaluation of how a questionnaire fared in the field can yield valuable information for those who analyze the data. The primary important sources of information about questionnaire performance are the respondents and the employees who come into contact with them, i.e. the interviewers, the field staff and help desk staff. Data quality can be investigated by analyzing aspects such as nonresponse, how answer scales were used, the plausibility of answers, or the distribution of answers across response categories.

3.4 Research Setting: Location and Target Populations

After the questionnaire was finalized, it was found out the location that they were given and the target populations. The questionnaires were given to Small and Medium Enterprises located at Paphos District, Cyprus and the target businesses were mainly businesses that there was probability to used

the Intellectual Property rights before, like legal firms, art studios etc. Some of the population was personally known while some other no. The questionnaires were given both to businesses providing services and businesses which produce or sale products. The questionnaires were given mainly to managers or directly to the owners of the businesses because many of these firms have only one owner and it was easy to find and ask him directly. The value of the questionnaires that were collected was 30, which were analyzed below in chapter 4.

3.5 Conduct of the main study

3.5.1 Sample selection

For this research the sample selection was mainly done by conduct directly owners or managers of the enterprises by giving to them by hand a questionnaire to answer in a specific time period. Some of them preferred to answer it at the same time and give it back to the interviewer, while some others were preferred to answer it and give it back in a specific time period of ten days. Questionnaires for these respondents were used, and interviewers used paper surveys, and enter the data later into the computer system for analyzing. The interviewer was well prepared in order to answer any questions that may have the respondents.

Also many questionnaires were sent by mail, through the internet in specific Small and Medium enterprises located in Paphos District and the respondents were asked to answer the questionnaire through the computer and send it back via the email. This was done in order to save time and to have a faster response. The difficulty of this practice was that it must be sent many questionnaires in order to have back responses as many as it was possible.

3.5.2 Data collection

In quantitative research which it is used in this research the data which are collected are from someone or something. The people or things from which they are collected are known as units or cases. The data that are collected from these units are known as variable which is any characteristic of the unit which it is interested in and want to collect. The label 'variable' refers to the fact that these data will differ between units. If there are no differences at all between the units that are studying, it probably isn't going to be able to do any interesting research. In this research there were significant responses but there were also questions that there were no differences between the units. These questions will not be analyzed in a big extent because they will not give significant result from the analysis of them.

3.6 Data analysis procedures

After the collection of the answered questionnaires the data which were collected were analyzed in a table, in an excel file. After that each answer was measured manually and each response was used to make charts with the percentages of each answer. The results will be analyzed analytically in chapter 4 below in charts. The number of the questionnaires collected was 30. The questionnaire was separated in 6 sections, the enterprise structure, the enterprise activity, the patents, the copyrights, the trademarks and the trade names. Each of this section was analyzed separately and after this procedure some of the results was compared between them such as the utilization of each intellectual right from SMEs. For this purpose charts were used and mainly “pies” shown the percentages of each option of each question.

CHAPTER 4: FINDINGS / DISCUSSION

The questionnaire given, had thirty three (33) questions and it was separated into 6 sections. At the beginning of the questionnaire the respondents were asked some general information, the company name, the contact person (name), the title of the contact person, and the City. The section 1 was the “enterprise structure” which consists of six (6) questions. The section 2 was the “enterprise activity” which consists of two (2) questions. The section 3 was the “patents” which consists from seven (7) questions. The section 4 was the “copyrights” which consists of six (6) questions. The section 5 was the “trademarks” which consists from (7) questions. The section 6 was the “trade names” which consists from five (5) questions. Over the thirty three (33) questions there were about ten (10) questions which were answering the main question of the research if the system of the intellectual property - like patents, copyrights, trademarks and trade names - is applied in Small and Medium Enterprises, and if though in which extend it is applied. The other questions were sub questions of the main questions. The main questions were analyzed into “pie charts” and some questions which were not given a noteworthy result were not discussed in an extent degree below. The questions given a noteworthy result are analyzed below, and are representing also into a ‘pie chart’.

4.1 Participants’ general information - Company Name

The questionnaires given were answered from Law firms by 30% , from cafes-restaurants by 17%, from computer firms by 6%, from telecommunication firms by 7%, from bookstores by 7%, from hotels by 7%, by construction developers by 10%, from design studios by 3%, from photography studios by 7%, from wedding studios by 3% and from art studios by 3%. These results are represented in the “Figure 1” as shown below. Also, all the enterprises which took part in the research are located in Paphos city, Cyprus.

Figure 1

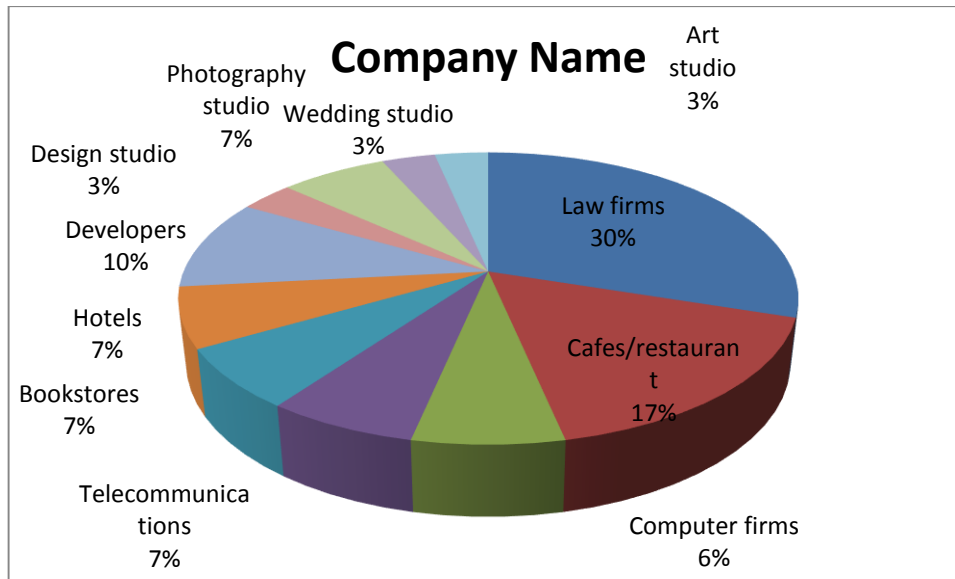


Figure 1: Company name

4.2 Main part of the questionnaire

4.2.1. Section 1: Enterprise structure

To this section there were questions about the enterprise structure. As shown in the “Figure 2” the Cypriot enterprises which are subsidiaries or branches of another enterprise are the 60% of the SMEs in Paphos. The other 40% of the enterprises were developed once and they are not subsidiaries or branches of another enterprise. This shows that if the intellectual property is applied then for the 60% of the enterprises the intellectual property rights are applying and to the head office. The next question was about the location of the head office, which for the most enterprises twenty one (21) are in Paphos city, and for the remaining nine (9) enterprises is in Nicosia city, the capital of Cyprus. Then the next question was if the Cypriot enterprise have subsidiaries where the respondents responded that only the two (2) of the enterprises have, and the next sub question asked about where are they located, where the answer was one (1) to Nicosia city, two (2) to Limassol city and one (1) to Larnaca city. The next two questions were about the employees that employ the enterprise and the size of the enterprise. As shown in “Figure 3” below, the 83% of the enterprises are characterized as small and they employ from 1 to 50 employees. The 13% of the enterprises are characterized as medium enterprises and they employ from 50 to 250 employees.

Figure 2

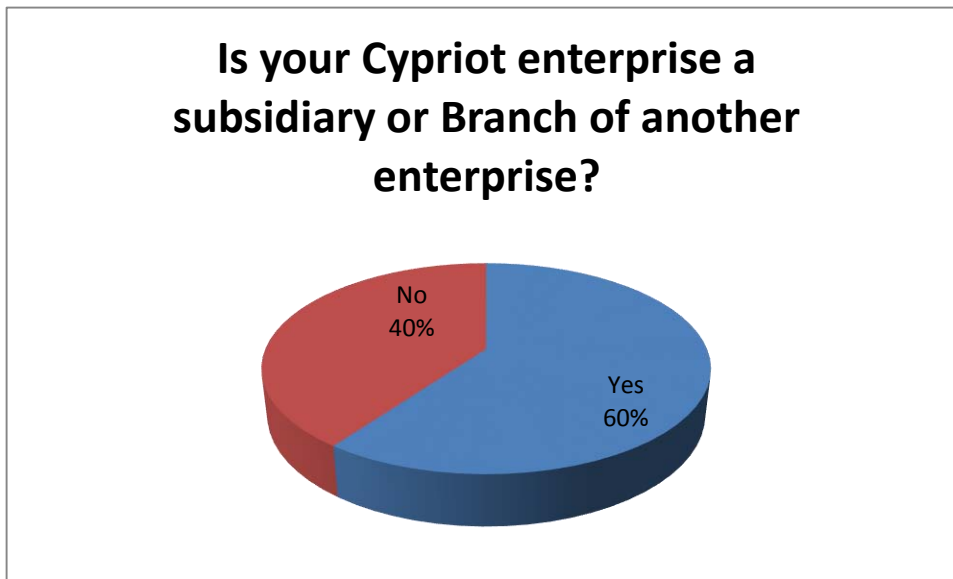


Figure 2: Is your Cypriot enterprise subsidiary or branch of another enterprise?

Figure 3

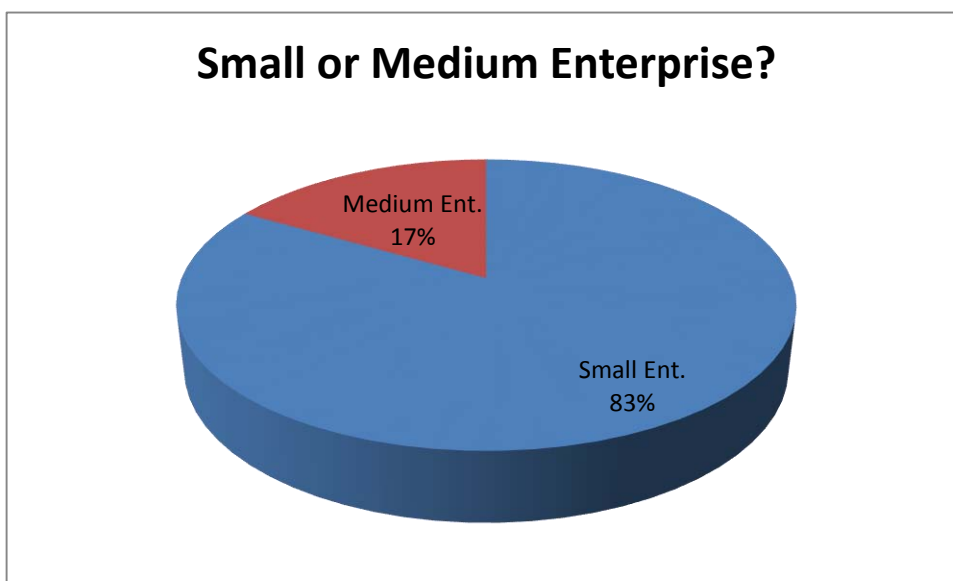


Figure 3: Small or Medium enterprise?

4.2.2. Section 2: Enterprise activity

This section was consisted from two questions regarding the activity of the enterprise. As it is shown to the "Figure 4" the 47% of the respondents said that their enterprise is providing services, and the 53% of the respondents said that their enterprise is producing or sales products.

Figure 4

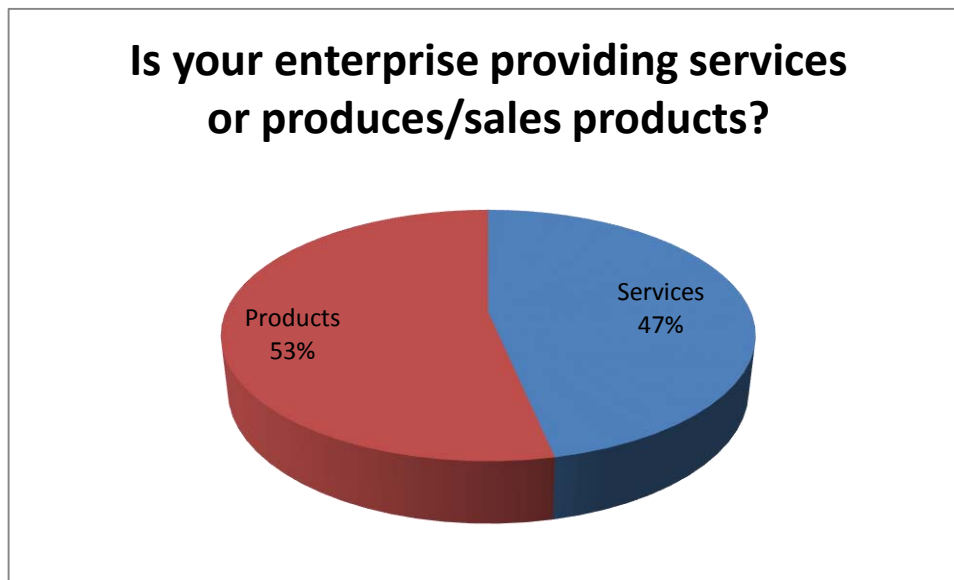


Figure 4: Is your enterprise providing services or produces/sales products?

4.2.3. Section 3: Patents

This section was asking about the patents use, by the enterprises. From the results, as shown in "Figure 5" below, only the 13% of the Small and Medium Enterprises in Cyprus are using this type of Intellectual Protection and the other 87% does not. The enterprises which are using the Patents, as an Intellectual property protection, they applied for patents by their own. As it was found in "Figure 6", the 13% of the enterprises which was applied for a patent, the 80% of them preferred to register it with the Registrar of Companies and Official Receiver in Cyprus, and only the 20% had applied to the European Patent office (EPO). None of the enterprise had applied to the International application for patents (PCT). All the enterprises to the questions if they sell or buy any patents they responded no, and to the question of how many of the patents had expired or were to expire, only one enterprise chose the answer 1 to 3 patents. In comparison with the Derwent study, which was discussed above similar results with the SMEs in Cyprus had and the Derwent study about the use of the IP system by SMEs in the European Union which concludes that a minority of European SMEs file patent applications. To the critical question if the enterprise didn't apply for a patent at all, for which reasons do you think it does not do it, as is shown in "Figure 7" the 58% of the Cypriot enterprises responded that it was not necessary for their enterprise, the 24% that it is not common practice of the enterprise, the 9% that they don't know the procedure and the 9% they didn't answer. In comparison with the

Derwent study, the most widespread reasons for not patenting are that patents are not considered relevant to the line of business of the company and that the patent system is perceived as being too costly and complex while the Cypriot enterprises mainly answered that it was not necessary for their Small or Medium Enterprise.

Figure 5

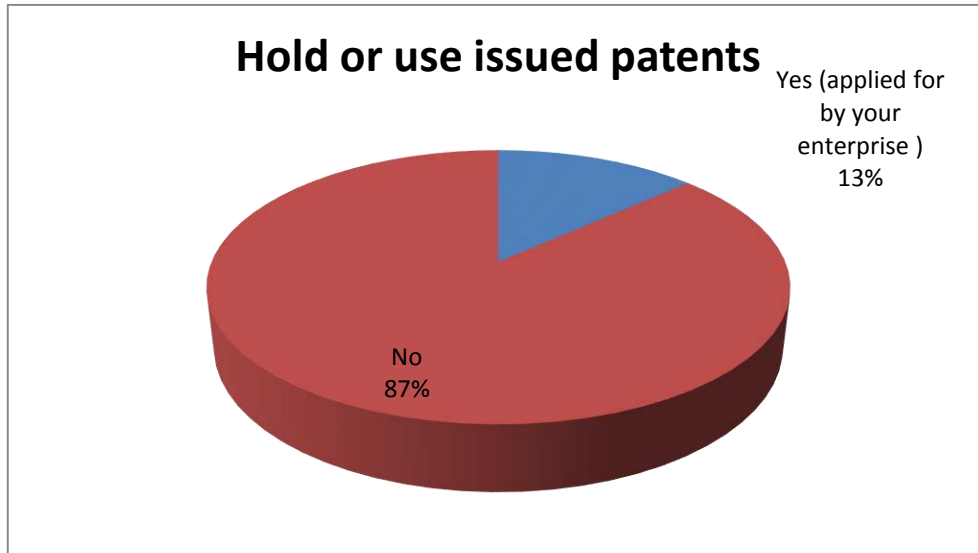


Figure 5: Hold or use issued patents

Figure 6

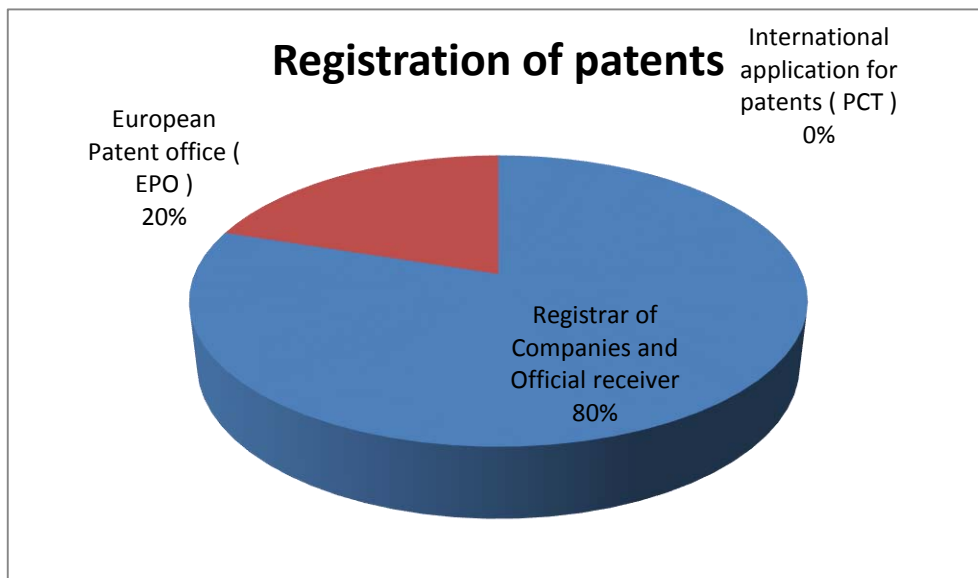


Figure 6: Registration of patents

Figure 7

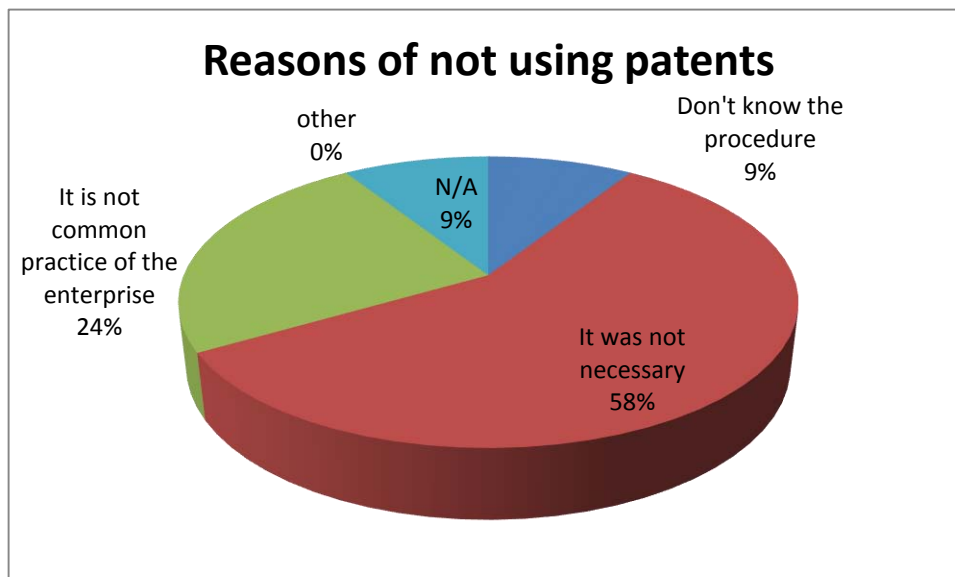


Figure 7: Reasons of not using patents

4.2.4. Section 4: Copyrights

This section was asking about the copyrights use by the Small and Medium Enterprises. As shown graphically, to the “Figure 8” the 63% of the SMEs do not use the copyrights as an Intellectual property Protection while the 37% of the SMEs are using the copyrights as an IP protection. All of this 37% used from 1 to 50 copyrights as of December 2013, and none of them above 50 copyrights. Also as “Figure 9” shown only the 10% of the enterprises had licensed copyrights from others, while to the question how many copyrights were licensed to others none respond that it did it. Also they did not know if others used known or unknown unauthorized uses of the copyrights of the enterprise. As “Figure 10” showed to the question which are the reasons of not using the copyrights, the 6% of the enterprises responded that they do not know the procedure, the 53% that it was not necessary, the 12% that it is not common practice of the enterprise and the 30% didn’t give an answer.

Figure 8

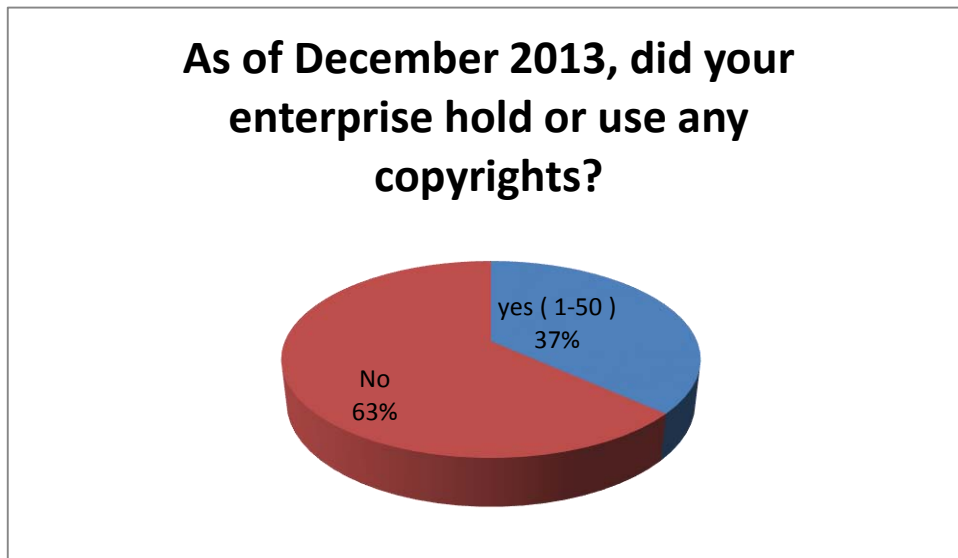


Figure 8: As of December 2013, did your enterprise hold or use any copyrights?

Figure 9

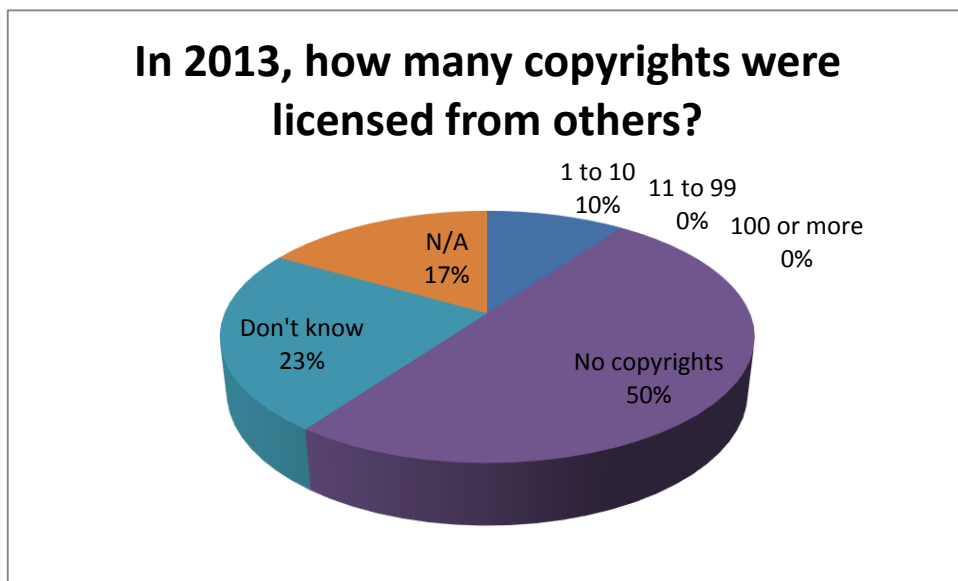


Figure 9: In 2013, how many copyrights were licensed from others?

Figure 10

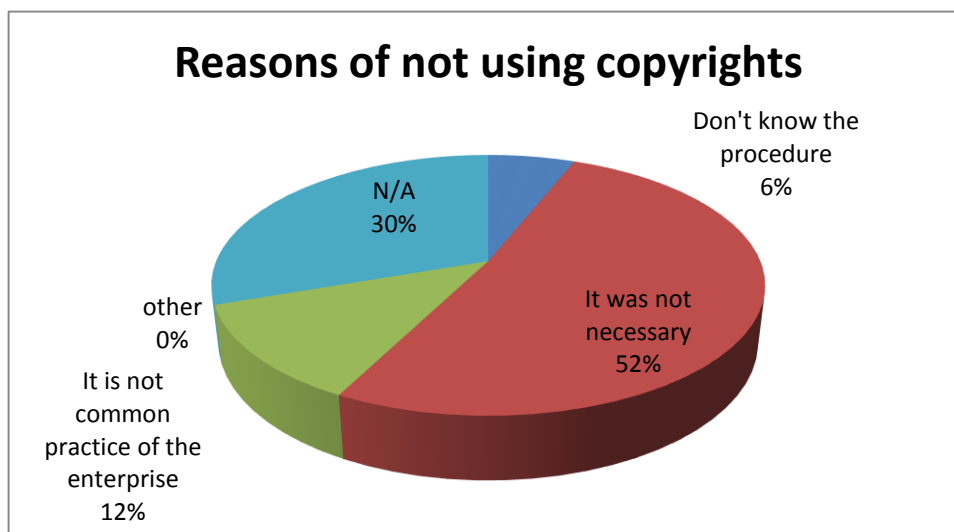


Figure 10: Reasons of not using copyrights

4.2.5. Section 5: Trademarks

With this section the respondents had to answer questions about the use of the trademarks by their business. As "Figure 11" the 57% of the respondents reported that their enterprise hold or use a trade mark, from one to five trademarks, while the other 43% reported that they didn't use this practice as an intellectual property protection. To the question of how many of these trademarks reflect the entire enterprise, the 48% reported that it did, none reported that they are specific to software, goods, services or creative works, 26% reported that they are specific to new processes and the remaining 26% reported that they are specific to new technologies (Figure 12). As "Figure 13", the trademarks acquired, by creating and used by the enterprise (42%), through registration with a trade mark office (47%), indirectly through the purchase of another enterprise (0%) and through licensing or franchising agreements (11%). To the question if any of the trademarks were registered, as "Figure 14" showed the 33% of the enterprises reported that they did it, the 30% reported no and the 37% didn't give an answer. To the question, if any of the trademarks were infringed the 7% reported yes, the 23% reported no, the remaining didn't give an answer or reported don't know. To the last question about the reasons of not using trademarks, as "Figure 15" the 19% of the enterprises said that they don't know the procedure, the 19% that it was not necessary, and the 6% that it is not common practice of the enterprise and the 56% didn't give an answer.

Figure 11

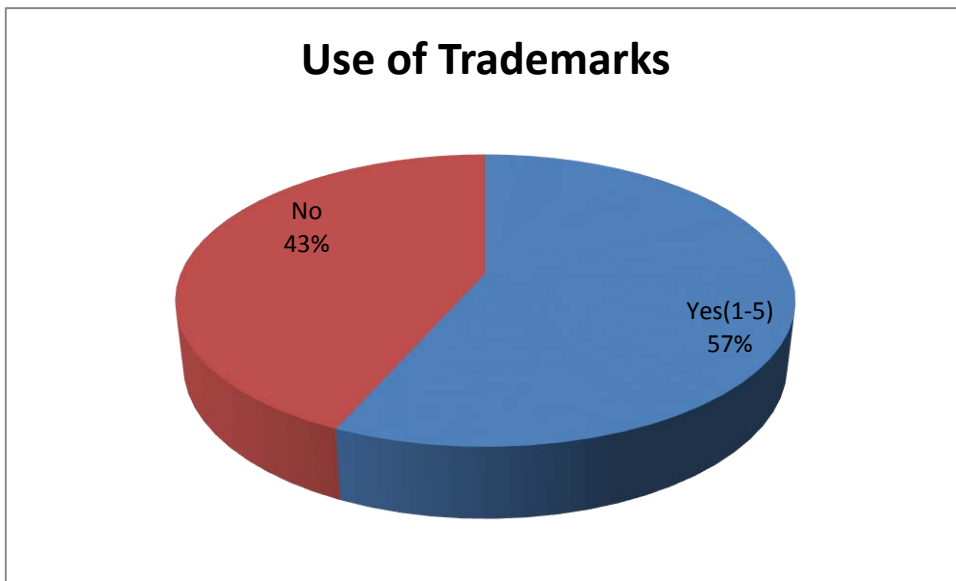


Figure 11: Use of Trade Marks

Figure 12

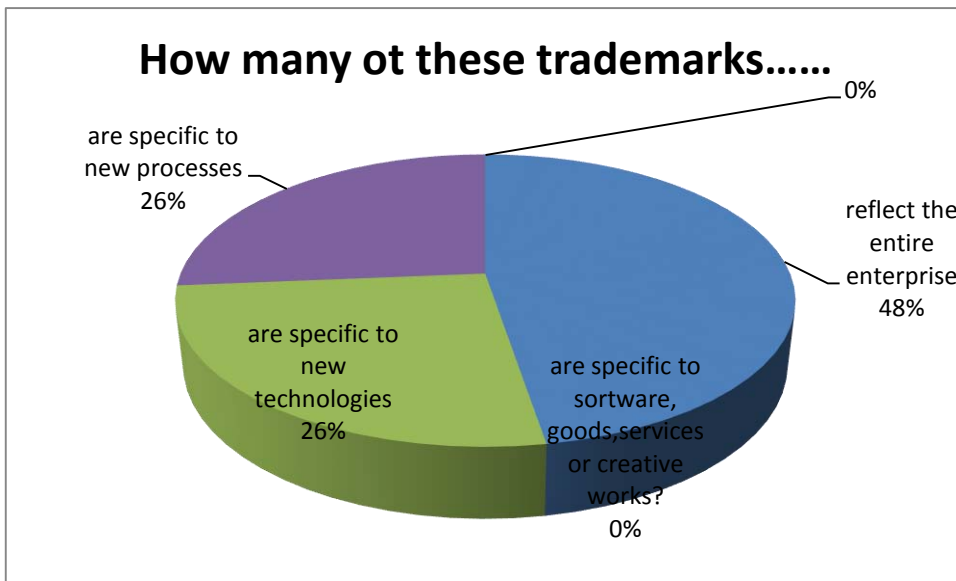


Figure 12: Conforming of the trademarks

Figure 13

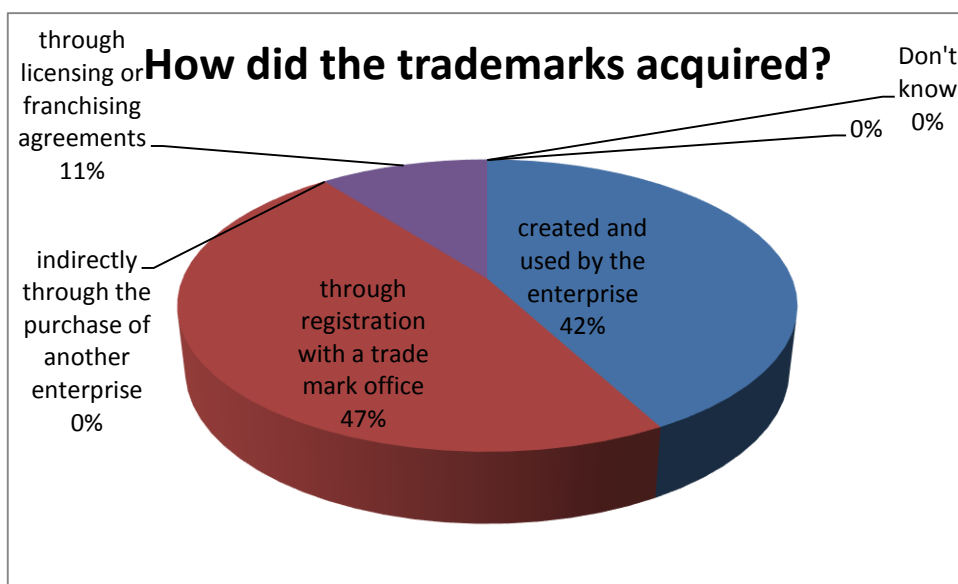


Figure 13: How did the trade marks acquired?

Figure 14

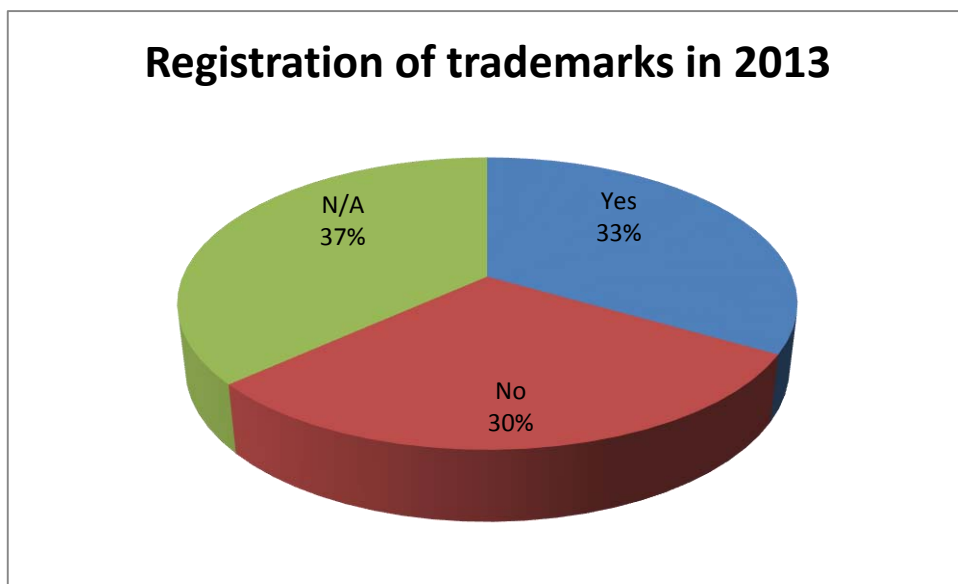


Figure 14: Registration of trademarks in 2013

Figure 15

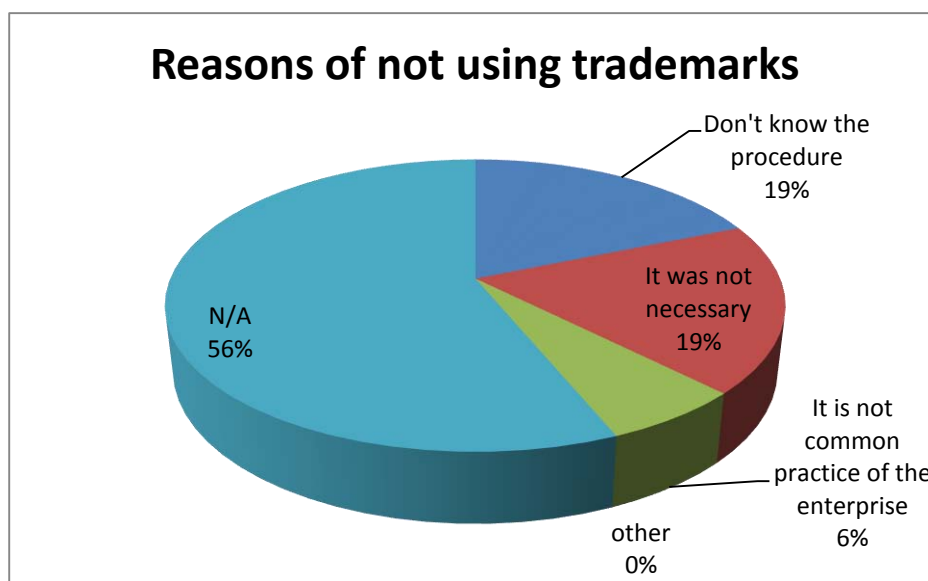


Figure 15: Reasons of not using trademarks

4.2.6. Section 6: Trade names

This section was asking about the trade names of the enterprises, if they asked for the protection of their trade name or not. As "Figure 16" the 60% of the respondents said that they used the protection of their trade name while the 37% said no, and 3% answer that they don't know. As "Figure 17", the trade marks acquired, by creating and used by the enterprise (41%), through registration with a trade name office (36%), indirectly through the purchase of another enterprise (0%) and through licensing or franchising agreements (23%). To the last question about the reasons of not using trade names, as "Figure 18" the 3% of the enterprises said that they don't know the procedure, the 34% that it was not necessary, the 3% that it is not common practice of the enterprise and the 60% didn't give an answer.

Figure 16

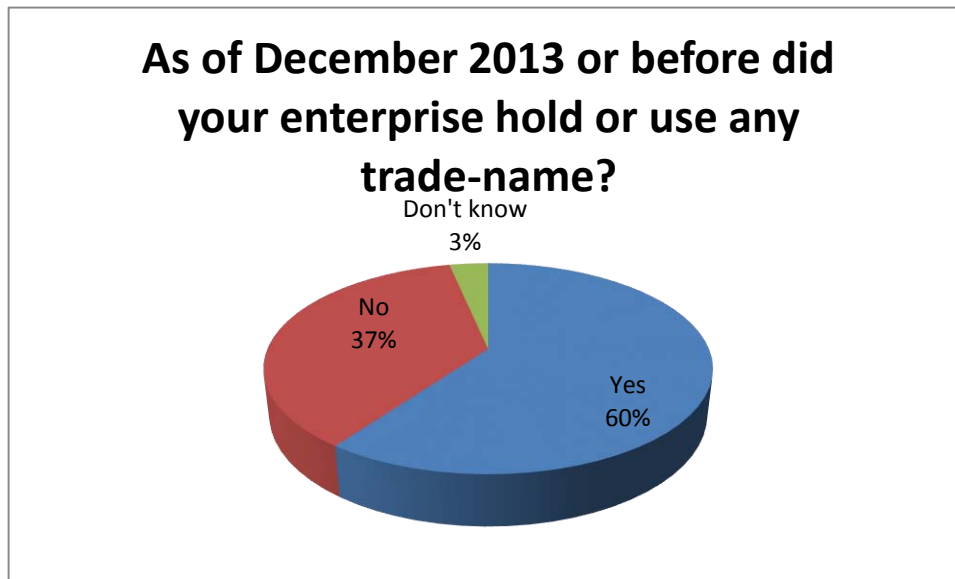


Figure 16: As of December 2013 or before did your enterprise hold or use any trade-name?

Figure 17

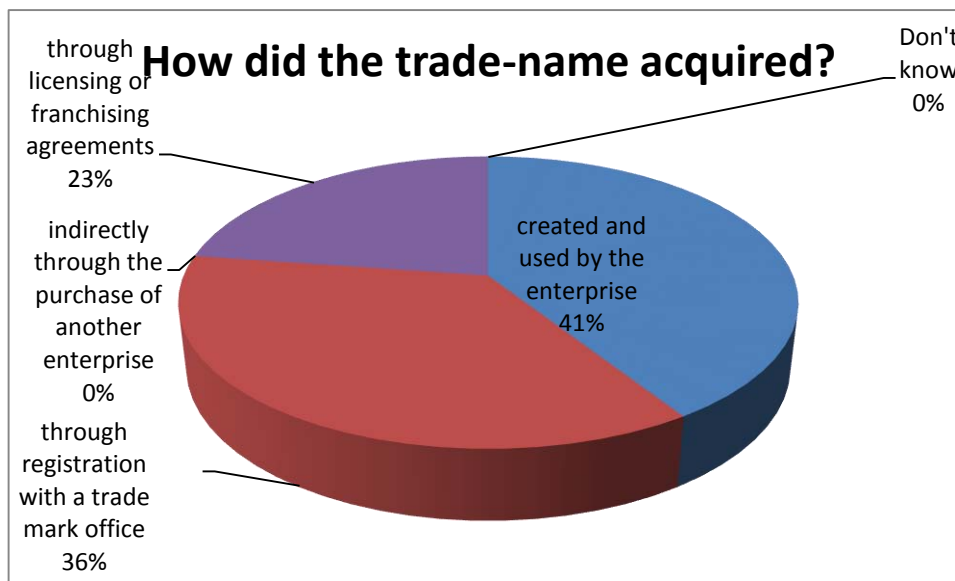


Figure 17: How did the trade name acquired?

Figure 18

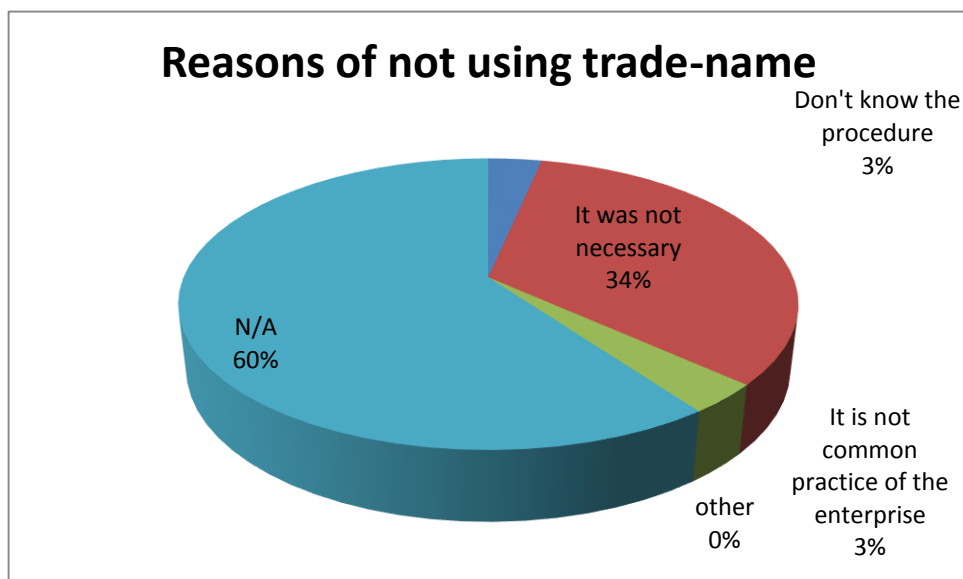


Figure 18: Reasons of not using trade name

4.3 Comparison of the utilization of patents, copyrights, trademarks and trade names by SMEs in Cyprus

As “Figure 19” below the Small and Medium enterprises in Cyprus, which are providing services or are producing or sale products, are using the Intellectual Property rights in a limited degree. The 8% of the enterprises used patents, the 22% used copyrights, the 34% used trademarks and the 36% used the trade names as an Intellectual Property protection. As, it was found it is limited the degree of using the patents and copyrights, in spite of trademarks or trade names which they are using from the enterprises in more extent. In comparison with the UK study of Kitching and Blackburn, this survey showed that small business owners placed most emphasis on informal methods of protection of their intellectual property than on formal registrable rights like patents, trademarks, registered design. This survey also showed that registrable rights, those requiring formal registration were reported less frequently than non-registrable rights. With the present research the enterprises which are using the trade marks only the 36% of them are proceeding with the Registration of this Intellectual Property, and the enterprises which are using trade names only the 33% of them are proceeding with the Registration of this type of property.

Figure 19

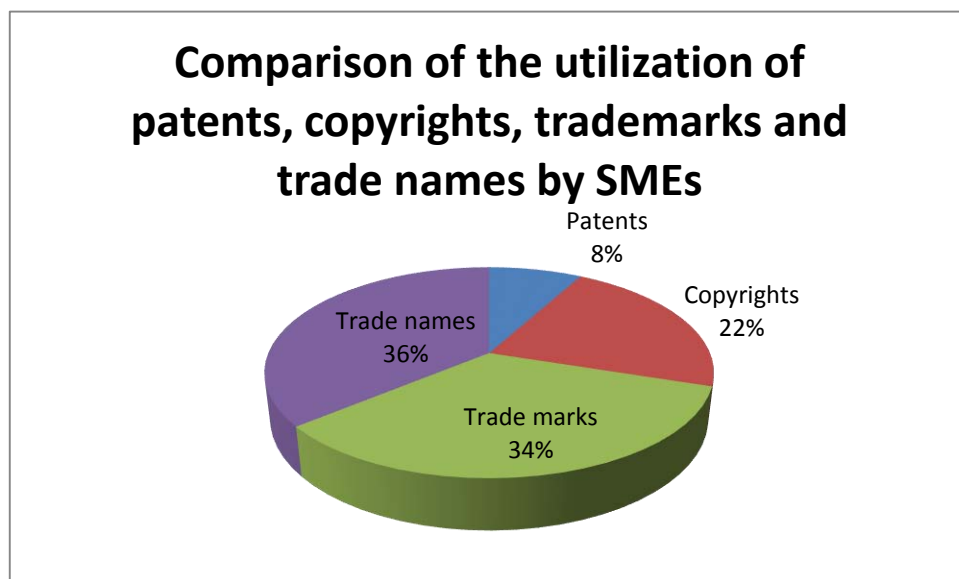


Figure 19: Comparison of the utilization of patents, copyrights, trademarks and trade names by SMEs

4.4 Comparison of the utilization of patents, copyrights, trademarks and trade name by enterprises providing services and by enterprises produce/sale products

As “Figure 20” showed, from the enterprises which are providing services only the 7% of them are using patents, 33% of them used copyrights, the 27% used trademarks and the 33% used trade name. While as “Figure 21” showed from the enterprises which are producing or sale products, only the 3% are using patents, 17% of them used copyrights, the 43% used trademarks and the 37% used trade name. As these figures showed both enterprises providing services or sale products are not using patents as an intellectual property protection or they use them in a limited degree, while they are using trademarks and trade names in more extension. In comparison, the enterprises providing services are using more the copyrights (33%) than the enterprises which produce products (17%). Also the enterprises providing services are using less the trademarks (27%) in comparison with the enterprises which produce products which are using them in more extent (43%). In comparison with the Roland Berger Survey (1994) for the EPO (European Patent Office) which had taken sample from production industries in the EPO countries with one or more employees and it excludes service and trade industries the results were that only the 16% of the firms surveyed had applied for a patent during the previous five years, a further 31% reported R&D but had not applied for a patent and the remaining 53% had done neither of the two. This survey also shown that the firm size was playing an important role in applying for a patent because 11% of firms with 1-19 employees had applied for at least one

patent, the equivalent for those employing 500-1000 was 55%. In the size class 20-99, the proportion was an average 15 % for the EPO area. In Spain, a much lower proportion of this mid-sized class had applied: only 4%. In comparison with the present research, within the production businesses only the 3% had applied for a patent, while in Roland Berger's survey the 16% of the businesses had applied for a patent. The two percentages are very low for the production businesses which mean that the patents as an intellectual property protection do not play an important role for production business' owners and managers.

Figure 20

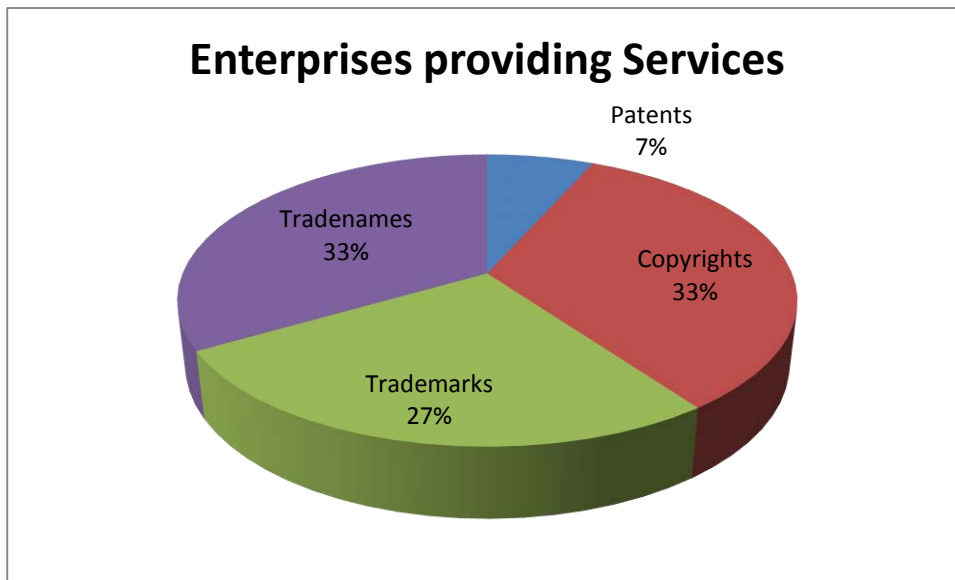


Figure 20: Enterprises providing services (percentage of each IP)

Figure 21

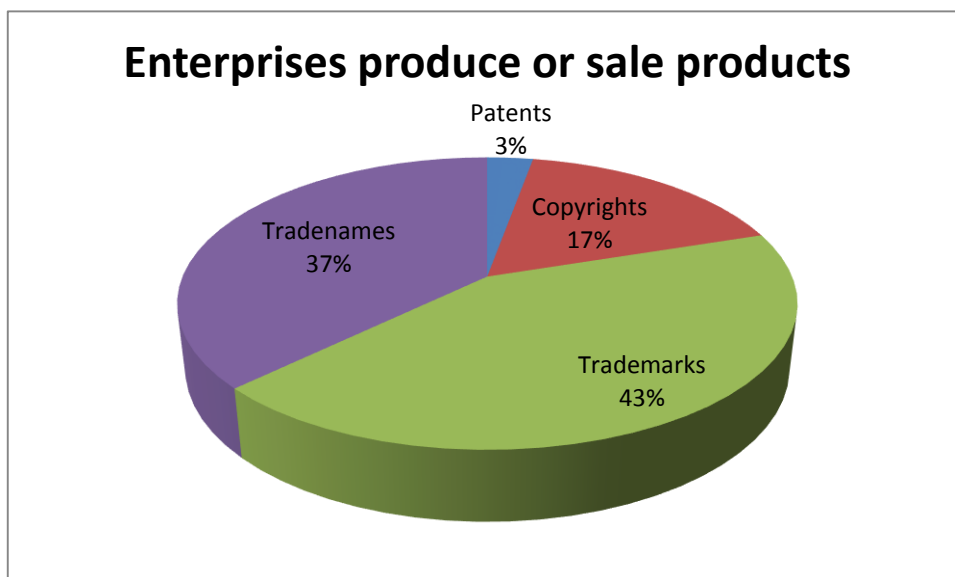


Figure 21: Enterprises produce or sale products (percentage of each IP)

CHAPTER 5: CONCLUSION / RECOMMENDATIONS

5.1 Concluding Remarks

Concluding, the application of the system of intellectual property rights in Small and Medium enterprises, as this survey showed is applying in Cypriot small and medium businesses, but in a limited degree, especially the application of patents and copyrights, as Intellectual Property rights protection. The use of trademarks and trade names is applying in more extension as the enterprises are proceeding with the application of trademarks and trade names as Intellectual Property rights. In Cyprus, Small and Medium Enterprises reflect the entire environment of businesses as the 99,9% of the businesses in Cyprus are characterized as Small and Medium. The Small enterprise employs under 50 employees and the Medium Enterprise from 50 to 250 employees. So, in other words the economy of Cyprus is depending largely from the innovation, good will and effectiveness of those enterprises. As this research showed us about the system of the Intellectual property, the reasons that the most businesses do not proceed with the use of the Intellectual Property are mostly that they think it is not necessary or it is not common practice of their business. But how they can be innovative and how they will improve the competitiveness if they do not protect their Intellectual property rights? This can be for sure a question that all the businesses owners in Cyprus have to think about again. In contrast with European researches, in Europe also the businesses in a big degree do not proceed with the registration of their intellectual property rights while the most important factor of not doing that, it is the cost of the procedure. The present research can be continued to the future by providing how one business can be more innovative, competitive and has more profits if it proceeds with the registration of its Intellectual properties and which it's the importance of doing that for the future profits of the business. Every study about the role and importance of intellectual property in the Cypriot economy must consider SMEs because of the majority of firms which are small. Also businesses owners must consider the benefits of Intellectual Property rights and specifically their capacity to deter infringements against their Intellectual Property.

5.2 Recommendations

The Small and Medium enterprises in Cyprus, must learn about how to protect their Intellectual property rights better. Maybe some seminars about this subject must be organized in order the owners and managers of the enterprises to learn about the procedures of protecting an Intellectual Property right, or to learn why it is that necessary and important for their enterprise. Also, future research can be about how one business can be more innovative, competitive and has more profits, if it proceeds with the registration of its Intellectual property rights. If this research should be done again it would have more questions about the reasons of not using Intellectual property rights, and if some informational seminars will organized, the business' owners would they be willing to take part? Also, it will include questions about some informal methods the enterprises are using in order to protect

their intellectual property, like contracts, trust relationships with customers and suppliers etc. If they prefer those practices which are the reasons and how did they build those practices? Is it easier or just a practice of the business?

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APPENDICES

Appendix A

Business Special Surveys and Technology Statistics Division Survey of Intellectual Property Management 2010

Confidential when completed

Si vous préférez ce questionnaire en français, veuillez appeler au **1-800-565-1685**.

Please correct information as required.

- Company name
- **Contact person**
 - First name
 - Last name
 - Title of contact person
 - Address (number and street)
 - City
 - Province/Territory
 - Postal code

Please report for all of your operations in Canada.

Information for respondents

This information is collected under the authority of the *Statistics Act*, Revised Statutes of Canada, 1985, Chapter S-19.

Completion of this questionnaire is a legal requirement under this act.

Survey objective

Statistics Canada is undertaking this survey to provide statistical information on the use and management of Intellectual Property (IP*) by Canadian enterprises. Patents, copyrights, trade-marks and other IP instruments are important marketplace frameworks that impact on the Canadian economy. The information compiled by this survey will be used by the Canadian government to better understand the impacts of patents, copyrights, trade-marks and other IP protection on industry efforts to become more productive and innovative.

Confidentiality

Statistics Canada is prohibited by law from releasing any information it collects which could identify any person, business or organisation. Confidentiality provisions of the *Statistics Act* are not affected by either the Access to Information Act or any other legislation. Therefore, for example, the Canada Revenue Agency cannot access identifiable survey records from Statistics Canada.

Reporting period and coverage

The questionnaire should be completed for the calendar year 2010. Financial information should be for the **fiscal year ending between April 1, 2010 and March 31, 2011**. Please report all currency amounts in thousands of **Canadian dollars**.

Data linkages

To enhance the data from this survey, Statistics Canada may combine it with information from other surveys or from administrative sources.

Return of questionnaire

Please return the completed questionnaire to Statistics Canada within 30 days of receipt by mail, using the enclosed envelope or you can send it by fax at 1-888-883-7999.

Fax or other electronic transmission disclosure

Statistics Canada advises you that there could be a risk of disclosure during facsimile or other electronic transmission. However, upon receipt, Statistics Canada will provide the guaranteed level of protection afforded.

Appreciation

Canada owes the success of its statistical system to a long-standing co-operation involving Statistics Canada, the citizens of Canada, its businesses, governments and other institutions. Accurate and timely statistical information could not be produced without their continued co-operation and goodwill.

Who should complete this questionnaire?

Authorised representatives of the enterprise such as senior managers with a thorough knowledge of its intellectual property management.

Please consult the glossary if necessary at the end of the questionnaire.

For additional information, please call us toll free at 1-800-565-1685.

For this survey, please report for all of your operations in Canada for 2010.

All items marked with an asterisk (*) can be found in the glossary at the end of the questionnaire.

Section 1 – Enterprise Structure

This section asks about the ownership and organisation of your enterprise.

1. Is your Canadian enterprise* a subsidiary or branch of another enterprise?

- Yes
- No (Go to question 3)

2. Where is your enterprise's head office* located? Check only one.

- Canada
- United States
- Europe
- Asia Pacific
- Other (please specify)

3. Does your Canadian enterprise have subsidiaries*?

- Yes
- No (Go to question 5)

4. Where are they located? Check all that apply.

- Canada
- United States
- Europe
- Asia Pacific
- Other (please specify)

Section 2 – Enterprise Activity

This section asks about software, goods, services and creative works*, which your enterprise produces.

5. In 2010, did your enterprise earn operating revenue from sales of **software** products?

Exclude: Pre-packaged software products and applications (apps).

- Yes
- No

6. In 2010, did your enterprise earn operating revenue from sales of **goods**?

Include: Devices, Medications, Chemicals, Energy, Vehicles, Specialized equipment, Pre-packaged software, and other tangible goods.

Exclude: Music, Audio or film recordings, Software (other than pre-packaged), Publications, Other creative works, other intangible works.

- Yes
- No

7. In 2010, did your enterprise earn operating revenue from sales of **services**?

Include: Designs, Management, Monitoring, Technical advice, Plans, Consulting, Formulas, Repair and/or maintenance.

Exclude: Promotion of music, audio or film recordings, Consulting services for music, Audio or film recordings, Other services for creative works.

- Yes
- No

8. In 2010, did your enterprise earn operating revenue from sales or promotion of **creative works** created for the market or for a client?

Include: TV shows, Compilations, Interactive digital media, Publications, Music scores, Music lyrics, Music publications, Audio-visual works, Voice performance for animation, Magazines, Paintings, Commercials, Films, Websites, Webpages, Apps.

- Yes
- No

9. Thinking about your most important product or product-line* (i.e., software, goods, services or creative works) how many direct competitors* does your enterprise have in Canada?

- 0
- 1 to 3
- 4 to 6
- 7 to 10
- More than 10
- Don't know

10. Thinking about your most important product or product-line, does your enterprise sell high end and low end versions of similar software, goods, services or creative works at different prices in Canada?

- Yes
- No

Section 3 – Patents*

This section asks about your patent activities.

11. As of December 2010, did your Canadian enterprise hold or use issued patents...

A patent can fit into more than one category. Report one (1) patent for multiple registrations.

- **...applied for by your enterprise**
 - Yes
 - No
 - Total number
- **...originated with founders or predecessors**
 - Yes
 - No
 - Total number
- **...licensed* to others**
 - Yes
 - No
 - Total number
- **... purchased directly by your enterprise (excluding mergers and acquisitions)**
 - Yes
 - No
 - Total number
- **... obtained through mergers* & acquisitions***
 - Yes
 - No
 - Total number
- **... obtained via strategic alliance* or partnerships**
 - Yes
 - No
 - Total number
- **... that were cross-licensed***
 - Yes
 - No
- **...owned by your foreign head office**
 - Yes
 - No
- **... accessed through patent pools***

- Yes
- No

If 'No' to ALL options (i.e. 0 patents), Go to question 21.

12. In 2010, please report the number of patenting activities by your Canadian enterprise.

- **New Patent applications**
 - With the Canadian Intellectual Property Office (CIPO)
 - With the United States Patent and Trade-mark Office (USPTO)
 - With patent offices in other countries
- **Patents issued**
 - With the Canadian Intellectual Property Office (CIPO)
 - With the United States Patent and Trade-mark Office (USPTO)
 - With patent offices in other countries

13. Please list the patent numbers that were most important to your enterprise in 2010.

Please report multiple registrations for the **same patent** on the same line.

- **Patent 1**
 - Canada: CIPO Patent number
 - United States: USPTO Patent number
 - **Patent offices in other countries**
 1. Yes
 2. No
- **Patent 2**
 - Canada: CIPO Patent number
 - United States: USPTO Patent number
 - **Patent offices in other countries**
 1. Yes
 2. No
- **Patent 3**
 - Canada: CIPO Patent number
 - United States: USPTO Patent number
 - **Patent offices in other countries**
 1. Yes
 2. No
- **Patent 4**
 - Canada: CIPO Patent number
 - United States: USPTO Patent number
 - **Patent offices in other countries**
 1. Yes
 2. No
- **Patent 5**
 - Canada: CIPO Patent number
 - United States: USPTO Patent number
 - **Patent offices in other countries**
 1. Yes
 2. No

14. In 2010, did your Canadian enterprise sell any patents to other enterprises or organizations? (excluding establishments and companies within your own enterprise)

- Yes
- No (Go to question 16)

15. As a result, did the book value* of your Canadian enterprise:

- Increase
- Decrease
- Stay the same
- Don't know

16. In 2010, did your Canadian enterprise **buy** any patents from other enterprises or organizations? (excluding establishments and companies within your own enterprise)

- Yes
- No (Go to question 18)

17. As a result, did the book value of your Canadian enterprise:

- Increase
- Decrease
- Stay the same
- Don't know

18. In 2010, were any of your patents infringed*?

- Yes
- No (Go to question 20)
- Don't know (Go to question 20)

19. How many infringements were there in 2010?

- Number of infringements
- Don't know

20. In 2010, in which of the following patent enforcement activities did your Canadian enterprise engage? Check all that apply.

- No active patent enforcements in 2010
- Monitoring for potential patent infringement*
- Legal actions to enforce patents
- Oppositions* to an intellectual property office with respect to patents
- Enforcement undertaken by your enterprise's foreign parent

21. As of December 2010, how many of your patents had expired or were allowed to expire?

- No Patents held or used
- 0
- 1 to 3
- 4 to 6
- 7 to 10
- More than 10
- Don't know

Section 4 - Copyrights*

This section asks about your copyright activities.

22. As of December 2010, did your Canadian enterprise hold or use any copyrights?

Include: Registered* and unregistered copyrights and copyrights licensed to and from others.

- **Yes:** How many copyrights as of December 2010?
 - 1 to 99
 - 100 to 999
 - 1000 or more
 - Don't know
- No (Go to question 30)

23. In 2010, how many copyrights were licensed **TO** others? (excluding establishments and companies within your own enterprise)

- 1 to 10
- 11 to 99
- 100 to 999
- 1000 or more
- No copyrights licensed **to others** in 2010
- Don't know

24. In 2010, how many copyrights were licensed **FROM** others? (excluding establishments and companies within your own enterprise)

- 1 to 10
- 11 to 99
- 100 to 999
- 1000 or more
- No copyrights licensed **from others** in 2010
- Don't know

25. In 2010, did your Canadian enterprise register any copyrights?

- Yes
- No (Go to question 27)

26. Please indicate the number of copyrights registered by your Canadian enterprise in 2010 with the following entities:

Please enter 0 if none.

- The Canadian Intellectual Property Office (CIPO)
- United States Copyright Office
- Copyright offices in other countries

27. In 2010, were there any known unauthorised uses of your copyrights (e.g. piracy*)?

- Yes
- No (Go to question 29)
- Don't know (Go to question 29)

28. How many known unauthorised uses were there in 2010?

- Number of unauthorised uses
- Don't know

29. In 2010, in which of the following copyright enforcement activities did your Canadian enterprise engage?

Check all that apply.

- No active copyright enforcements in 2010
- Monitoring for potential copyright infringement*
- Legal actions to enforce copyrights
- Enforcement undertaken by your enterprise's foreign parent

Section 5 - Trade-marks

This section asks about your trade-marks activities.

30. As of December 2010, did your Canadian enterprise hold or use any trade-marks?

Include: Both registered and unregistered trade-marks, enterprise and all company names (if trade-marked) and enterprise logos and product logos (if trade-marked).

Exclude: Domain names.

- Yes
 - How many total trade-marks as of December 2010?
- No (Go to question 37)

31. How many of these trade-marks ... A trade-mark can fit into more than one category. Please enter 0 if none.

- ...reflect the entire Canadian enterprise? (e.g. company name or logo)?
- ...are specific to software, goods, services or creative works?
- ... are specific to new technologies?
- ... are specific to new processes?

32. In which of the following ways were the trade-marks acquired? Check all that apply.

- Created and used by the enterprise
- Through **Registration** with a trade-mark office
- Through the direct purchase **From** another enterprise
- Indirectly through the purchase **Of** another enterprise
- Through licensing or franchising agreements
- Don't know
- Other (please specify)

33. In 2010, please report activities for trade-marks by your Canadian enterprise: Please enter 0 if none.

- **Number of Trade-mark registrations**
 - With the Canadian Intellectual Property Office (CIPO)
 - With the United States Patent and Trade-mark Office (USPTO)
 - With Trademark offices in other countries
- **Number of Trade-mark renewals**
 - With the Canadian Intellectual Property Office (CIPO)
 - With the United States Patent and Trade-mark Office (USPTO)
 - With Trademark offices in other countries

34. In 2010, were any of your trade-marks infringed (e.g. counterfeiting*)?

- Yes
- No (Go to question 36)
- Don't know (Go to question 36)

35. How many infringements in 2010?

- Number of infringements in 2010
- Don't know

36. In 2010, in which of the following enforcement activities did your Canadian enterprise engage? Check all that apply.

- No active trade-marks enforcements in 2010
- Monitoring for potential trade-marks infringement*
- Legal actions to enforce trade-marks
- Oppositions to an intellectual property office with respect to trade-marks
- Enforcement undertaken by your enterprise's foreign parent

Section 6 - Other forms of protection and management of intellectual property

This section asks about other aspects of your intellectual property (IP).

37. In 2010, did your Canadian enterprise hold or use: Check all that apply.

- Industrial designs*
- Clinical trial data protection*
- Domain names (websites)*
- Trade secrets* to protect your Intellectual Property*
- Non-disclosure agreements*
- Open source*
- Any other type of Intellectual Property (please specify)
- None of the above

38. In 2010, where were business decisions regarding Intellectual Property managed? Check only one.

- In Canada
- Outside Canada
- Both in and outside Canada
- No decisions required on intellectual property (Go to question 40)

39. In 2010, which of the following types of services did your enterprise employ in managing Intellectual Property? Check all that apply.

- **Legal service or counsel**
 - Yes
 1. Internal
 2. External (contracted out)
 - No
- **Patent agent* or Trade-mark agent***
 - Yes
 1. Internal
 2. External (contracted out)
 - No

- **Other service provider**
 - Yes, please specify
 1. Internal
 2. External (contracted out)
 - No

Section 7 - Revenue and expenses

For these questions, please report in thousands of Canadian dollars for your **fiscal year ending between April 1, 2010 and March 31, 2011**.

Revenue

The next questions ask about your enterprise's **operating revenue*** in fiscal year 2010. Please enter 0 if no revenue.

40. In 2010, what was the total operating revenue of your Canadian enterprise?

- Total operating revenue
- If '0' Go to question 42.

41. In 2010, estimate the percentage of this operating revenue that came from the following geographic markets:

- Canada %
- United States %
- Europe %
- Asia Pacific %
- Rest of world %
- Total **100%**

42. In 2010, did your enterprise earn revenue from goods, services or creative works protected by **patents** (regardless of overlapping IP rights)?

- **Yes**
 - In Canada
 - Outside Canada
 - Both in and outside Canada
- No

43. In 2010, did your enterprise earn revenue from goods, services or creative works protected by **copyrights** (regardless of overlapping IP rights)?

- **Yes**
 - In Canada
 - Outside Canada
 - Both in and outside Canada
- No

44. In 2010, did your enterprise earn revenue from goods, services or creative works protected by product-specific **trade-marks** (regardless of overlapping IP rights)?

- **Yes**
 - In Canada
 - Outside Canada
 - Both in and outside Canada

- No

45. In 2010, did your Canadian enterprise earn any **revenue from royalties* or licensing fees?** (excluding establishments and companies within your enterprise)

- Yes
- No (Go to question 48)

46. In 2010, please report the amounts of these **royalties and licensing fees received from ...** (excluding establishments and companies within your enterprise). Indicate '0' if no amount received.

- **Patents**
 - In Canada ('000 \$)
 - Outside Canada ('000 \$)
- **Industrial designs**
 - In Canada ('000 \$)
 - Outside Canada ('000 \$)
- **Trade-marks**
 - In Canada ('000 \$)
 - Outside Canada ('000 \$)
- **Copyright works (except software)**
 - In Canada ('000 \$)
 - Outside Canada ('000 \$)
- **Pre-packaged software**
 - In Canada ('000 \$)
 - Outside Canada ('000 \$)
- **Other software (customized)**
 - In Canada ('000 \$)
 - Outside Canada ('000 \$)
- **Other intellectual property rights (please specify)**
 - In Canada ('000 \$)
 - Outside Canada ('000 \$)

47. How were these royalties and licensing fees received? Check all that apply.

- Running royalties*
- Milestones payments*
- One-time licenses*
- Pay-per-play* (e.g. SOCAN, BMI, ASCAP)
- Don't know
- Other (please specify)

Expenses

The next questions ask about your enterprise's **operating expenses** in fiscal year 2010. Please enter '0' if no expenses.

48. In 2010, what were your enterprise's **operating expenses** for the management and maintenance of intellectual property?

- Salaries and wages for managing and maintaining Intellectual Property \$
- Direct fee payments to intellectual property offices (e.g. CIPO, USPTO, US Copyright Office) \$
- Legal services to manage IP (excluding salaries & wages) \$

- Administrative fees paid to copyright collectives \$
- Expenses to comply with IP-related government regulations (e.g. health and agriculture) \$
- Other expenses to manage and maintain intellectual property
 - (please specify) \$

49. In 2010, did your enterprise make any **payments for royalties or licensing fees?** (excluding establishments and companies within your enterprise).

- Yes
- No (Go to question 51)

50. In 2010, please report the amounts of these **royalties and licensing fees paid for...** (excluding establishments and companies within your enterprise)... Indicate '0' if no amount paid.

- **Patents**
 - In Canada ('000 \$)
 - Outside Canada ('000 \$)
- **Industrial designs**
 - In Canada ('000 \$)
 - Outside Canada ('000 \$)
- **Trade-marks**
 - In Canada ('000 \$)
 - Outside Canada ('000 \$)
- **Copyright works (except software)**
 - In Canada ('000 \$)
 - Outside Canada ('000 \$)
- **Pre-packaged software**
 - In Canada ('000 \$)
 - Outside Canada ('000 \$)
- **Other software (customized)**
 - In Canada ('000 \$)
 - Outside Canada ('000 \$)
- **Other intellectual property rights (please specify)**
 - In Canada ('000 \$)
 - Outside Canada ('000 \$)

These next questions ask about the enterprise's **technology and marketing-related expenses**. Please report all in thousands of Canadian dollars where applicable.

51. In 2010, did your Canadian enterprise incur any expenses for **internet** and internet-related services (including service providers)?

- **Yes**
 - How much in 2010? ('000 \$)
- No

52. In 2010, did your Canadian enterprise incur any expenses for the development of **in-house, custom designed** or contracted out **computer software**?

- **Yes**
 - How much in 2010? ('000 \$)
- No

53. In 2010, did your Canadian enterprise incur any expenses for off-the-shelf **pre-packaged** purchase or acquisition and/or upgrade of **software**?

- **Yes**
 - How much in 2010? (**'000 \$**)
- No

54. In 2010, did your Canadian enterprise incur any expenses for the purchase and maintenance of **personal computers** (including handheld devices)?

- **Yes**
 - How much in 2010? (**'000 \$**)
- No

55. In 2010, did your Canadian enterprise incur any expenses for the creation of **spin-off*** companies?

- **Yes**
 - How much in 2010? (**'000 \$**)
- No

56. In 2010, did your Canadian enterprise incur any expenses for **advertising or marketing**?

- **Yes**
 - How much in 2010? (**'000 \$**)
- No

Other intellectual property related questions

These questions ask about other activities that relate to intellectual property.

57. In the last 3 years, did your Canadian enterprise produce any **manuals** associated with your software, goods, services or creative works?

- Yes
- No

58. In the last 3 years, did your enterprise produce any marketing **brochures** or **pamphlets** associated with your software, goods, services or creative works?

- Yes
- No

59. In the last 3 years, did your enterprise perform any **research and development*** in Canada?

- Yes
- No

60. In the last 3 years, excluding government funding, did your enterprise receive any **funds from external investment sources** (e.g., angel investors, venture capital, banks and other enterprises)?

- Yes
- No (Go to question 62)

61. In the last 3 years, how important were the enterprise's patents, copyrights or trade-marks in securing funds from external investment sources? Check only one for each column.

- **Patents**
 - Very important

- Moderately important
- Slightly important
- Not important at all
- Don't know
- Not applicable
- **Copyright**
 - Very important
 - Moderately important
 - Slightly important
 - Not important at all
 - Don't know
 - Not applicable
- **Trade-marks**
 - Very important
 - Moderately important
 - Slightly important
 - Not important at all
 - Don't know
 - Not applicable

62. In the last 3 years, did patents, copyrights or trade-marks **held by others** prevent any R&D performed by your enterprise?

- Yes
- No
- Not applicable

63. In the last 3 years, did patents, copyrights or trade-marks **held by others** prevent commercialization of new software, goods, services or creative works?

- Yes
- No
- Not applicable

64. In the last 3 years, did patents, copyrights or trade-marks **held by others** prevent your enterprise's ability to obtain financing?

- Yes
- No
- Not applicable

65. In the last 3 years, did patents, copyrights or trade-marks **held by others** prevent your enterprise's ability to compete outside Canada?

- Yes
- No
- Not applicable

66. Please indicate the name and phone number(s) of the person(s) who completed this questionnaire:

- Name
- Telephone number

67. How long did it take you to fill out this questionnaire?

Comments

Thank you for completing this questionnaire. Please retain a copy for your records.

Visit our website at www.statcan.gc.ca

Lost the return envelope or need help?
Call Statistics Canada at: **1-800-565-1685**.

Glossary

Book Value:

Book Value = Assets – Liabilities. How much money would be left for shareholders if the company were to immediately liquidate, sell all its assets and pay off all its liabilities.

Clinical trial data protection:

Refers to the obligation on Health Canada, pursuant to the Food and Drug Regulations, to protect confidential clinical test data.

Copyright:

Copyright (©) is a set of exclusive rights granted to the author or creator of an original work, including for example the right to copy, perform and adapt the work, and to authorize others to do such acts. Copyright does not protect ideas, only their expression. In most jurisdictions copyright arises upon fixation and does not need to be registered.

Copyright infringement:

The unauthorized or prohibited use of works under copyright, such as the right to reproduce or perform the copyrighted work, or to make derivative works.

Copyright registration:

It is possible to formally register a copyright with a governmental body (such as the Canadian Intellectual Property Office) or other institution as evidence that your creation is protected by copyright and that you, the person registered, are the owner.

Counterfeit:

A counterfeit is an imitation, usually one that is made with the intent of fraudulently passing it off as genuine. The word counterfeit frequently describes both the forgeries of documents, as well as the imitations of works of art, software, pharmaceuticals, electronics and company logos and brands. In the case of intellectual property, it results in patent, copyright or trade-mark infringement.

Creative Work:

A tangible or intangible manifestation of creative effort such as literature, music, paintings, audio-visual work, jingles, TV shows, piece of music or score, compositions, gigs, voice-over work, voice performance for animation, performance, commercials, books, magazines etc.

Cross-licensing:

A contractual arrangement whereby neither party pays monetary royalties to the other party while they are using each others' patents.

Direct Competitors:

Those enterprises that produce the same product or set of products and deliver it to the same set of consumers.

Domain Name:

Domain names are hostnames that identify Internet Protocol (IP) resources such as web sites (e.g. canada.gc.ca). Domain names are formed by the rules and procedures of the Domain Name System (DNS).

Enterprise:

A single corporation or a family of corporations under common ownership and/or control, for which

consolidated financial statements are produced. The enterprise directs and controls the allocation of resources relating to its domestic operations.

Head Office:

Denotes the location where most, if not all, of the important functions of an organization are coordinated.

Industrial Design:

A combination of the visual features of shape, configuration, pattern or ornament—or any combination of these features—applied to a finished article made by hand, tool or machine.

Intellectual property:

A distinct form of creative endeavour such as an invention, literary and artistic work, image or design that may be protected by formal legislation or the common law (e.g. a patent, trademark, copyright, industrial design, integrated circuit topography, plant breeders' rights), or that is provided commercial value (e.g. know-how, trade secrets).

License:

Defines the terms under which patents, trade-marks, and copyrights are licensed by one party to another for exchange of onetime payment or a continuous fee-structure.

Milestone Payments:

The licensee acquires the rights to sell a product of the licensor and, in return, offers an upfront payment, payable upon signing of the agreement, and one or several rounds of payments (milestones) bound to certain events (e. g. successful finish of a clinical trial phase, reception of marketing approval, final product of a software).

Mergers and Acquisitions:

When two companies agree to go forward as a single new company then it is called a merger. When one company takes over another company and clearly establishes itself as a new owner, it is called an acquisition.

Nondisclosure Agreement:

A legal contract between at least two parties that outlines confidential material, knowledge, or information that the parties wish to share with one another for certain purposes, but wish to restrict access to by third parties.

One-Time License:

Once a license is purchased, the licensee is free to use the product or service as long as needed. Sometimes upgrades are free for one year within the same major version that was purchased.

Open Source:

Describes practices in production and development that promote access and/or distribution of the end product and/or source materials. A common example is open-source software, where the source code is provided under a license that permits users to freely study, change, improve and at times also to distribute the software.

Operating Revenue:

Revenue from company's day to day operations or any regular source such as sales and commissions adjusted for discounts and returns is operating revenue.

Opposition:

This is a procedure usually brought before the issuing patent office, initiated by third parties to invalidate a patent.

Patents:

A set of rights granted by a national government to an inventor or their assignee for a limited period of time in exchange for a public disclosure of that invention (such as machines, devices, methods,

designs, processes and compositions of matter). A patent prevents others from using, selling or distributing the invention without the permission of the owner of the patent.

Patent Agent:

An person who has the specialized qualifications necessary for representing clients in obtaining patents and acting in all matters and procedures relating to patent law and practice, such as filing an opposition.

Patent Infringement:

Using the patented invention without permission from the patent holder. The terms of the claims inform the public of what is not allowed without the permission of the patent holder. Patents are territorial, and infringement is only possible in a country where a patent is in force.

Patent Pool:

In patent law, a patent pool is a consortium of at least two companies agreeing to cross-license patents relating to a particular technology.

Pay per play:

A means to collect a stream of future royalty payments on behalf of the creator by copyright collectives such as SOCAN, BMI or ASCAP, every time a piece of music is played anywhere in the world.

Piracy:

The unauthorized or prohibited use of works under copyright, infringing the copyright holder's exclusive rights, such as the right to reproduce or perform the copyrighted work, or to make derivative works.

Product-line:

Comprised of related products of various sizes, types, colors, qualities, or prices.

Research and Development (R&D):

Research and development (R&D) is systematic investigation carried out in the natural and engineering sciences by means of experiment or analysis to achieve a scientific or technological advance.

Royalties:

Payments made by one party (the "licensee") to another (the "licensor") for ongoing use of an intellectual property. Typically agreed upon as a percentage of gross or net revenues or per unit price derived from the use of an Intellectual Property (e.g., royalties collected by SOCAN, BMI, ASCAP).

Running Royalties:

A stream of future royalty payments collected at regular intervals often used in the oil industry and music industry to describe a percentage ownership of future production (only applies to oil industry) or revenues from a given copyright work, which may be divested from the original owner.

Spin off Companies:

A corporate action where a company "splits off" sections of itself as a separate business. The "spin-off" company takes assets, intellectual property, technology, and/or existing products from the parent organization.

Strategic Alliance:

A relationship between two or more parties to pursue a set of agreed upon goals or to meet a critical business need while remaining independent organizations.

Subsidiary:

An entity that is controlled by a separate higher entity called its parent.

Trade-mark:

Words, designs, numbers, shapes, or any combination of these, used to distinguish the goods or services of one person or organization from those of others. A trade-mark may be designed by the following symbols: ®, ™, SM.

Trade-mark Agent:

A person who is qualified to act in matters involving trade-mark and design matters (e.g. advising on the use and registration; filing and prosecuting applications to register; handling oppositions, revocations, invalidations and assignments; carry out searches; and advising on infringement matters). A trademark agent must be registered with the Canadian Intellectual Property Office (CIPO).

Trade-mark Infringement:

Is a violation of the exclusive right attached to a trade-mark without the authorization of the trademark owner or any licensees. Infringement may occur when one party, the "infringer", uses a trademark which is identical or confusingly similar to a trademark owned by another party, in relation to products or services which are identical or similar to the products or services which the registration covers.

Trade Secrets:

Information that is secret or not generally known in the relevant industry and that gives its owner an advantage over competitors.

Appendix B



SURVEY OF INTELLECTUAL PROPERTY MANAGEMENT IN SMALL AND MEDIUM ENTERPRISES

by Christiana Constantinou,
MBA student, Neapolis University Pafos

Information for respondents

- Survey objective

This survey is undertaken by an MBA student, Christiana Constantinou, of Neapolis University Pafos, to provide information on the use and management of Intellectual Property by Cypriot Enterprises. Patents, copyrights, trademarks, and trade names are important marketplace frameworks that impact on the Cypriot economy and they are examined by this survey. The information given by this survey will be used in order to better understand the implementation of the IP rights to the Cypriot enterprises, and the protection on industry efforts to become more productive.

- Return of questionnaire

Please return the questionnaire to the MBA student, within 10 days of receipt by email (christianaconnou@gmail.com), or by hand.

- Who should complete this questionnaire?

Authorized representatives of the enterprise such as senior managers with a thorough knowledge of its intellectual property* management and owners of the enterprise.

- Glossary

Please consult the glossary if necessary at the end of the questionnaire.

Please return the completed questionnaire within 10 days of receipt.

All items marked with an asterisk (*) can be found in the glossary at the end of the questionnaire.

Company name

.....

Contact person:

Name

.....

Title of contact person

.....

City

.....

Section 1- ENTERPRISE STRUCTURE

This section asks about the ownership and organization of your enterprise.

1. Is your Cypriot enterprise* a subsidiary or branch of another enterprise?

..... Yes

..... No

2. Where is your enterprise's head office located?

..... Nicosia

..... Limassol

..... Larnaca

..... Paphos

..... Famagusta

3. Does your Cypriot enterprise have subsidiaries?

..... Yes

..... No

4. Where are they located?

..... Nicosia

..... Limassol

..... Larnaca

..... Paphos

..... Famagusta

5. Is your enterprise characterized as small or medium enterprise*?

..... Yes

..... No

6. How many employees employers your enterprise?

- 1-3
- 4-7
- 8-10
- 10- 50
-50- 250

Section 2- ENTERPRISE ACTIVITY

This section asks about the services or products that your enterprise produces.

7. Is your enterprise providing services?

- Yes
- No

8. Is your enterprise produces or sales products?

- Yes
- No

Section 3 – PATENTS*

This section asks about your patent activities.

9. As of December 2013, did your enterprise hold or use issued patents....

A patent can fit into more than one category. Report one (1) patent for multiple registrations.

	YES or NO		Total number
..... applied for by your enterprise	.....Yes	.....No	.....
..... originated with founders or predecessors	.....Yes	.....No	.....
..... licensed* to others	.....Yes	.....No	.....
..... purchased directly by your enterprise (excluding mergers and acquisitions*)	.....Yes	.....No	.....
..... obtained through mergers & acquisitions	.....Yes	.....No	.....
..... obtained via strategic alliance or partnerships	.....Yes	.....No	.....
..... that were cross-licensed	.....Yes	.....No	
..... owned by your foreign head office	.....Yes	.....No	

..... accessed through patent pools*

.....Yes

.....No

10. If your enterprise applied for a patent, how did it register it?

..... with Registrar of Companies and official receiver

..... with European Patent office (EPO)

..... with International application for patents (PCT)

11. How many patents, did you apply for? (please write a number)

..... with Registrar of Companies and official receiver

..... with European Patent office (EPO)

..... with International application for patents (PCT)

12. In 2013, did your enterprise sell any patent to other enterprises?

..... Yes

..... No

13. In 2013, did your enterprise buy any patent from other enterprises?

..... Yes

..... No

14. As of December 2013, how many of your patents had expired or were allowed to expire?

..... No patents held or used

..... 0

..... 1 to 3

..... 4 to 6

..... 7 to 10

..... Don't know

15. If your enterprise, didn't apply for a patent at all, for which reasons do you think it does not do it? (please mark all the possible answers)

..... don't know the procedure

..... it was not necessary

..... it is not common practice of the enterprise
..... other (please explain).....

Section 4 – COPYRIGHTS*

This section asks about your copyright activities.

16. As of December 2013, did your enterprise hold or use any copyrights?

..... Yes. How many copyrights as of December 2013?

-1 to 50
-50 to 100
-100 or more
- Don't know

.....No

17. In 2013, how many copyrights were licensed TO others?

- 1 to 10
- 11 to 99
- 100 or more
- No copyrights licensed to others in 2013
- Don't know

18. In 2013, how many copyrights were licensed FROM others?

- 1 to 10
- 11 to 99
- 100 or more
- No copyrights licensed from others in 2013
- Don't know

19. In 2013, were there any known unauthorized uses of your copyrights (e.g. piracy)?

- Yes
-No
- Don't know

20. How many known unauthorized uses were there in 2013?

- (number)
- Don't know

21. If your enterprise, did not use copyrights at all for, for which reasons do you think it does not do it? (please mark all the possible answers)

- don't know the procedure
- it was not necessary
- it is not common practice of the enterprise
- other (please explain).....

Section 5 – TRADE- MARKS*

This section asks about your trade-marks activities.

22. As of December 2013 or before did your enterprise hold or use any trade- marks?

Include: All trade-marks

Exclude: Trade names

..... **Yes. How many total trade-marks as of December 2013 or before?**

.....(number)

..... **No**

23. How many of these trade-marks..... Please enter 0 if none.

	<u>Number</u>
.....reflect the entire enterprise?
..... are specific to software, goods, services or creative works?
..... are specific to new technologies?
..... are specific to new processes?

24. How did the trade-marks acquired? Check all that apply.

..... created and used by the enterprise

..... through registration with a trade-mark office

..... indirectly through the purchase of another enterprise

..... through licensing or franchising agreements

..... don't know

..... other (please specify):

25. In 2013, were any of your trade-marks registered?

..... **Yes**

..... **No**

..... **Don't know**

26. In 2013, were any of your trade-marks infringed*?

..... **Yes**

..... **No**

..... **Don't know**

27. If yes, how many infringements in 2013?

..... (number) Don't know

28. If your enterprise, didn't apply for a trade-mark at all, for which reasons do you think it does not do it? (please mark all the possible answers)

- don't know the procedure
- it was not necessary
- it is not common practice of the enterprise
- other (please explain).....

Section 6 – TRADE-NAMES*

This section asks about your trade-names activities.

29. As of December 2013 or before did your enterprise hold or use any trade- name?

-Yes
- No
- Don't know

30. How did the trade-name acquired? Check all that apply.

- created and used by the enterprise
- through registration with a trade-name office
- indirectly through the purchase of another enterprise
- through licensing or franchising agreements
- don't know
- other (please specify):

31. As December 2013, was the trade-name of your enterprise infringed?

- Yes
- No
- Don't know

32. If yes, how many infringements in 2013?

..... (number) Don't know

33. If your enterprise, did not apply for a trade-name at all, for which reasons do you think it does not do it? (please mark all the possible answers)

..... don't know the procedure

..... it was not necessary

..... it is not common practice of the enterprise

..... other (please explain).....

THANK YOU FOR COMPLETING THIS QUESTIONNAIRE

GLOSSARY

Copyright:

Copyright is a set of exclusive rights granted to the author or creator of an original work, including for example the right to copy, perform and adapt the work and to authorize others to do such acts. Copyright does not protect ideas, only their expression, in most jurisdictions copyright arises upon fixation and does not need to be registered.

Enterprise:

A single corporation or a family of corporations under common ownership and/or control, for which consolidated financial statements are produced. The enterprise directs and controls the allocation of resources relating to its domestic operations.

Intellectual property:

A distinct form of creative endeavor such as an invention, literary and artistic work, image or design that may be protected by formal legislation (e.g. a patent, trademark, trade name etc.) or that is provided commercial value (e.g. trade secrets, know-how etc.)

License:

Defines the terms under which the patents, trade-marks and copyrights are licensed by one party to another for exchange of onetime payment or a continuous fee-structure.

Medium enterprise:

An enterprise which employs 50 to 250 employees.

Mergers and Acquisitions:

When two companies agree to go forward as a single new company then it is called a merger. When a company takes over another company and clearly establishes itself as a new owner, it is called an acquisition.

Patents:

A set of rights granted by a national government to an inventor or their assignee for a limited period of time in exchange for a public disclosure of that invention (such as machines, devices, methods, designs, processes and compositions of matter). A patent prevents others from using, selling or distributing the invention without the permission of the owner of the patent.

Patent infringement:

Using the patented invention without permission from the patent holder. The terms of the claims inform the public of what is not allowed without the permission of the patent holder. Patents are territorial, and infringement is only possible in a country where a patent is in force.

Patent pool:

In patent law, a patent pool is a consortium of at least two companies agreeing to cross-license patents relating to a particular technology.

Small enterprise:

An enterprise which employs 1 to 50 employees.

Trade-mark:

Words, designs, numbers, shapes or any combination of these, used to distinguish the goods or services of one person or organization from those of others.

Trade-name:

A trade name or business name, is a name that a business uses for trading commercial products or services.

Trade-mark infringement:

Is a violation of the exclusive right attached to a trade-mark without the authorization of the trademark owner or any licenses. Infringement may occur when one party, the infringer, uses a trade-mark which is identical or confusingly similar to a trade-mark owned by another party, in relation to products or services which are identical or similar to the products or services which the registration covers.