



INFORMATION FOR CLIENTS OF TEXAS ATTORNEYS

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Protecting Intellectual Property in International Markets

BY JIM CHESTER

While globalization provides numerous business opportunities to U.S. companies, the mercurial nature of intellectual property (IP) assets can present a myriad of risks for business owners that transact business internationally. However, a well-planned and executed IP protection strategy can successfully mitigate these risks.

HOW CAN IP BE PROTECTED OUTSIDE OF THE UNITED STATES?

For anyone conducting business outside of the United States, the first step in the protection process is to properly identify all IP assets. Since *all* businesses make use of names, brands and logos (trademarks and service marks), designs, websites and software (copyright), inventions, ideas, and processes (patent and trade secrets) in some form, IP protection is essential. Once IP assets have been identified, prompt action must be taken to protect them using a combination of direct and indirect strategies.

Direct protection means using contracts and individual relationships to protect IP rights, such as using non-disclosure agreements with anyone exposed to your company's secrets (including employees). This allows business owners to define the scope of their IP rights and identify incidences of infringement. However, a key limitation of direct protection is that owners can typically enforce IP rights only against those with whom a contractual relationship exists.

Indirect protection takes advantage of government registration protections to secure IP rights against a much-broader group of would-be infringers. However, the broad scope of indirect protection



makes it more difficult to spot infringement, particularly when the infringing activity is isolated or remote. In addition, because owners must register in each country where they seek IP protection, this method can be both expensive and burdensome from an administrative standpoint.

IF INTELLECTUAL PROPERTY IS REGISTERED IN THE U.S., DOESN'T THAT PROVIDE PROTECTION IN OTHER COUNTRIES, AS WELL?

For the most part, rights granted to IP owners under American law stop at the

U.S. border. That said, a number of international treaties and conventions provide some degree of protection for U.S. business owners when their IP moves across borders. For example, the Trade Related Aspects of Intellectual Property (TRIPS) Agreement requires member nations of the World Trade Organization (WTO) to provide some basic levels of IP protection. These basic methods of IP protection include requirements for minimum time periods of protection, in addition to mandating that foreigners have the same rights pro-



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vided to domestic companies to register and enforce their intellectual property rights.

In addition to TRIPS, treaties and conventions make it possible for American owners to claim earlier priority filing dates based on their U.S. registration applications and those providing for consolidated multi-national IP registration application filings.

Absent special treaty privileges, American business owners must use the IP protection laws and registrations provided within each country in which they choose to do business.

IN THE EVENT THAT INFRINGEMENT OF U.S.-PROTECTED IP IS OCCURRING WITHIN A FOREIGN COUNTRY, WHAT REMEDIES ARE AVAILABLE?

First, much like in the United States, the burden of policing and enforcing IP rights rests with the owners of the intellectual property. IP owners must be vigilant in discovering infringement issues and in taking swift action to stop it.

As previously discussed, the laws of that nation will define an American IP owner's rights in another country. For example, if an American IP owner wishes to stop trademark infringement that is occurring in Japan, the business owner will need to consult Japanese law to discern what types of enforcement are available. Moreover, any legal action against a Japanese infringer will likely take place in Japan.

If, however, the infringement is being caused by a manufacturer, distributor, vendor, or some other party with whom the American IP owner has a contract, then the terms of the contract (including

choice of law and forum) would impact the rights and remedies the American IP owner might have.

IS THERE A WAY TO STOP FOREIGN-MADE "KNOCK-OFFS" FROM COMING INTO THE UNITED STATES?

Although there is little U.S. law can do to directly disrupt international counterfeiting and piracy, U.S. Customs and Border Protection (CBP) officers and import specialists are aggressively working together to intercept shipments containing counterfeit and pirated items once they arrive at the U.S. border.

To empower the CBP and obtain their assistance in preventing IP-infringing goods from entering the United States, American IP owners must register their IP. Via a simple and inexpensive online procedure, U.S. IP owners must record their IP on the CBP website so that officers can identify and seize counterfeit merchandise.

Stopping patent-infringing imports is more complex. Through a U.S. International Trade Commission (ITC) process known as "Section 337," holders of U.S. patents can request that the ITC issue an order excluding patent-infringing products from importation into the United States. The ITC process can be lengthy and expensive, but can effectively prevent patent-infringing goods from entering the country.

THE BOTTOM LINE

When it comes to protecting IP abroad, no single "magic bullet" exists. Today, the best and most prudent global IP strategy involves using a combination of direct and indirect tactics, in conjunction with

a cost-benefit analysis to determine the best course of action. ✪



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