

Practical tips for protecting Intellectual Property Assets abroad

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Industrialised countries are constantly making considerable efforts in creating stronger intellectual property rights (IPR) protection systems and in bringing their existing intellectual property laws in line with, or closer to, international standards.

However, counterfeiting, trade mark and other IPR infringements remain one of the major issues in many regions worldwide.

As a matter of fact, when European SMEs enter new markets, there are some key elements to carefully consider out for them to ensure their IPR is effectively protected.

IP Laws worldwide and need to register IP

European SMEs should be aware that IP laws are territorial meaning that IPR are only enforceable upon valid domestic registration.

SMEs planning to enter new markets (especially China and South East Asia ones) and considering to internationalise their sales and activities, they should take steps to register their trademarks and other IP in the countries of destination. Obtaining the relevant information and taking advance action is the key to determine an effective protection.

Trademarks are granted under 'first-to-file system'

The key point is that many trade mark regimes (in particular in the Far East) generally use a 'first-to-file' system. The first person to file for trade mark registration will own that right in the country once the registration is granted, irrespective of 'first use'.

Exceptions on the protection of unregistered trademarks are possible (when a brand is particularly well known already in other markets), however, registrations are always recommended.

If an owner does not apply for protection on time, others may do so as first and subsequently gain the benefits – free-riding the reputation of another's brand or registering a trade mark in 'bad-faith' in order to sell it back to, or even sue, the rightful owner. Registering in 'bad faith' with the intention of making money from it is one of the main causes of IPR infringements, for instance in China and in the South East Asia.

In the case of 'trade mark hijacking' (someone registered one SME's trade mark first), the entrepreneur may consider buying back the trade mark. Generally, using a locally based lawyer may allow the SME to buy it back cheaper than by going directly to the seller themselves because such lawyers can combine the negotiation with administrative filings based on local practice.

Get a local name for your trade mark

Additionally, entrepreneurs should consider how their trademarks would be translated into local languages.

The registration of a trade mark in original Roman characters does not automatically protect the trade mark against the use or registration of the same or similar trade mark written in local scripts. If a local equivalent is not chosen, consumers will almost certainly choose their own and this, of course, might affect the reputation of the company.

Choosing a local trademark equivalent is particularly important because not only the meaning but also the sound, tone and even the look of a trademark in other languages can affect the brand's reputation. If a trademark with a local name/set of characters is not registered, entrepreneurs may also run the risk of a

freely copying or registering locally by third parties. This practise appears to be particularly frequent in South-East Asian countries. Therefore EU SMEs are highly advised to register their trade marks in local script version such as Vietnamese, Tamil, Thai, Lao, Burmese or Khmer.

Register a copyright: highly recommended

Although copyright is an automatic right established upon creation, some extra EU countries, allow a voluntarily recording of copyright.

This can provide useful proof of ownership in settling disputes efficiently. Registering a copyright is not expensive and most IPR enforcement authorities require local copyright registration to start handling company's IPR infringement cases. Furthermore, a registered copyright can be useful for backing-up other IPR in enforcement cases.

For instance a business can generally protect its logo under both copyright and trademark law, or defend an innovative packaging design via a registered design and copyright. Generally, foreign SMEs will need to use abroad a local agent to complete copyright registrations if they do not have a legal presence or residence in the country where they intend to register their copyright.

Non-disclosure and confidentiality agreements essential to protect trade secrets

Most of countries worldwide provide a legal framework for a foreign entrepreneur to protect technical information in form of trade secrets. Common laws generally provide for remedies in the event that these trade secrets are unlawfully disclosed.

However, in order to deal with trade secret infringement cases, entrepreneurs must be able to prove that an obligation of confidence was clearly stated during their business arrangements with third parties.

Non-disclosure and confidentiality agreements can help SMEs ensure that measures have been taken to preserve secrecy. Employees can be contractually bound to confidentiality and creations made by employees in the course of business can be duly assigned to the employer. Such clauses protect the company's existing and future IP and ensures that the company maintains IP rights created for the company by one of its employee.

Patents function under first-to-file and absolute novelty system

A Europe-registered patent may not have an automatic legal effect in other extra continental countries. It is therefore crucial to apply for patent protection in other non-EU systems for each potential innovative creation, even if the launch of a product in an international market is not yet scheduled.

European entrepreneurs have to consider that most countries operate an "absolute novelty" (i.e. innovation is not known anywhere) and 'first-to-file' IP system.

The confidentiality of a new invention should therefore be maintained as long as possible until a patent application filing date has been obtained. SMEs may consider taking advantage of the protection under the Patent Cooperation Treaty (PCT) to seek patent protection for an invention simultaneously in several countries by filing a single "international" patent application instead of filing several separate national applications.

Most of countries in the world are taking part in the PCT. For a complete list of contracting states, please, follow the link: https://www.wipo.int/export/sites/www/pct/en/list_states.pdf

Enforcing IP rights

Entering a new market and protecting IPRs also means being ready to enforce or defend rights in order to ensure that business objectives are met and therefore a budget planning for enforcement represents a key element.

In most cases, when EU SMEs identify infringement, they should actively enforce their rights. If an entrepreneur manages to build a reputation for 'being litigious' and active in case of infringement, then other companies will be less inclined to infringe his/her rights in the future. The human and financial resources required to achieve such a reputation depend on the extent of the infringement protection chosen.

Strategy is highly important when enforcing IP rights worldwide. Multiple possibilities of IP enforcement are generally available in the majority of countries even though IP enforcement is still undeveloped in some countries. Administrative action may be advisable over civil litigation or criminal prosecution.

Administrative enforcement is filed before specialised administrations and is generally fast, cheap and reasonably efficient. Entrepreneurs can obtain confiscation and/or destruction of the infringing goods as well as fines, but no damages are awarded.

At the same time, in certain countries the filing against criminal actions are more effective at ending infringement because civil actions are lengthy and entail only negligible fines. It is advisable to seek professional advice, when trying to create the most cost effective IP enforcement strategy.

Entrepreneurs should also bear in mind that no matter which enforcement route they take, they will need to prepare and collect proper evidence to prove their ownership of IPR in respective countries (this is why IP registration in advance is very important) or that their IP right has been infringed by a third party.

This means that European SMEs should be prepared to collect evidence and proactively work closely with the authorities in the enforcement process.