

INTELLECTUAL PROPERTY RIGHTS

DEFINITIONS

Intellectual property (IP) can be defined as “creations of the mind: inventions, literary and artistic works, symbols, names, images, and designs used in commerce.” IP consists of copyrights, patents, trademarks, and trade secrets and are sometimes referred to as industrial property.

Copyrights: Protect the expression of ideas in literary, artistic, and musical works.

Patents: (Utility, Design, or Plant) Protect inventions and improvements to existing inventions.

Trademarks: Words, names, symbols, devices, and/or images that are applied to products or used in connection with goods to identify their source. Service marks are the same as a trademark except that they identify and distinguish the source of a service.

Trade Secrets: Confidential information that is not readily available and allows a company to gain an economic advantage. Company secrets may include formulas, practices, processes, designs, patterns, or compilations such as a customer list or financial data.

Intellectual property rights (IPR) give the owners of ideas, inventions, and creative expression the right to exclude others from access to, or use of, their property for a certain period of time. Practically speaking, these rights provide a legal means for recourse and are not automatically enforced by the criminal courts but rather must be settled in civil courts. This Fast Fact provides a synopsis of IPR and the international organizations charged with protecting them.

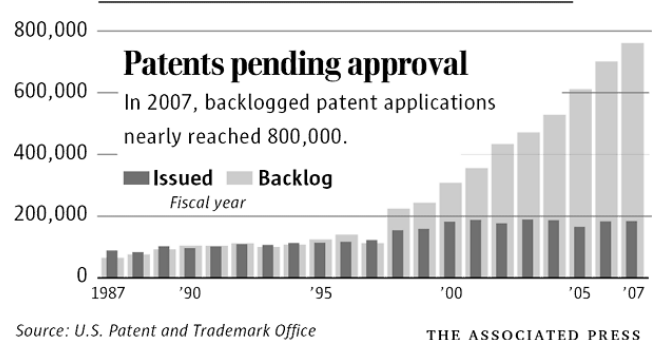
THE BASICS OF INTERNATIONAL IPR

COPYRIGHTS

Although there is no such thing as an “international copyright”, copyright protection is automatic in all World Trade Organization (WTO) countries without any formality (such as registration or copyright notice). The procedures have been standardized and are extended on the basis of national treatment – a U.S. author suing in France under French copyright law is entitled to the same protection as a French author suing in France under French copyright law. The Berne Convention and the Universal Copyright Convention are the two principle agreements protecting IPR in most nations. The World Intellectual Property Organization (WIPO) is the United Nations agency established in 1967 to protect IP throughout the world through cooperation among states and in collaboration with other international organizations.

PATENTS

Nearly 200,000 patents are issued each year in the United States alone. With so many innovations across diverse fields from biology to nanotechnology, new protections must be enacted to encourage investment in the research and development needed for the expansion of innovative ideas. The Patent Cooperation Treaty (PCT) streamlines the process for U.S. inventors and businesses wishing to obtain patent protection in other countries. By filing one international patent application with the U.S. Patent



INTELLECTUAL PROPERTY RIGHTS

Office (USPTO), U.S. applicants can concurrently seek protection in over 110 countries. To file an international patent under the PCT, see the USPTO website at: <http://www.uspto.gov/go/pct/>. To secure full patent rights in another country, you must apply for a patent there. Filing patents in multiple countries can be prohibitively expensive—figure \$2,000 minimum per country.

SUPPORTING YOUR PATENT INFRINGEMENT CLAIM

The IPR holder should pursue IP infringements with legal actions in the appropriate courts. However, the legal grounds upon which your copyright claim rests may be ambiguous and subject to interpretation. In response to an infringement accusation, the defending party may use the following arguments:

- The defending party was not using the patented invention.
- The defending party was not performing any infringing act in the jurisdiction of the patent.
- The patent is expired or is invalid because the invention is not patentable.
- A license has been obtained under the patent.
- The patent holder is infringing the patent rights already belonging to the accused. Sometimes the dispute may be resolved with a cross-licensing settlement.

TRADEMARKS

Most countries honor the “first to file” rule. It is important to determine which company marks are vital to your international operations and file those first in key countries. Trademark disputes are the most common suits and their validity is measured based on 8 specific criteria:

1. Strength of the mark
2. Proximity of the goods
3. Similarity of the marks
4. Evidence of actual confusion
5. Marketing channels used
6. Type of goods and the degree of care likely to be exercised by the purchaser
7. Defendant’s intent in selecting the mark
8. Likelihood of expansion of the product lines

TRADE SECRETS

Your trade secrets must be protected and disclosed on a “need-to-know” basis because corporate espionage is prevalent. There may be cases when it is advisable to forego patent protection to safeguard sensitive information that could be exposed (published) in the patent process. Furthermore, protect your trade secrets through appropriate confidentiality provisions in employment, licensing, marketing, financing, distribution, and joint venture agreements. By failing to address these terms upfront, your partner may become your adversary by gaining a legal foothold in the market, pre-empting your ability to profit from your own industrial property.

HOW ARE INTELLECTUAL PROPERTY RIGHTS PROTECTED INTERNATIONALLY?

The U.S. provides a variety of IP protections via federal registration of trademarks and service marks, federal patent protection and copyright protection, and under state laws through protection of trade secrets and marks. Bear in mind, federal jurisdiction does not extend beyond U.S. borders, territories, and possessions. The U.S. Trade Representative’s Office of Intellectual Property and Innovation focuses on bilateral and multilateral trade agreements promoting IP laws and effective enforcement worldwide, which is important for innovation and the economy’s growth.

INTELLECTUAL PROPERTY RIGHTS

The WTO agreement on Trade-Related aspects of Intellectual Property Rights (TRIPs) increased the standards of protection for IPR. The TRIPs agreement is the first multilateral intellectual property agreement that is enforceable between governments. The agreement is said to have a strong dispute settlement mechanism to resolve disputes and leads members of the WTO to provide criminal procedures and penalties in cases of willful trademark counterfeiting and copyright piracy. International treaties and the laws of various countries differ significantly in terms of the degree of protection and enforcement available. Although most nations have internal commercial codes, many developing countries suffer from institutional deficiencies that fail to protect their citizens. For specific IP laws and requirements for each country, see the WIPO “Guide to Intellectual Property Worldwide” at: <http://www.wipo.int/about-ip/en/iprm/index.html>

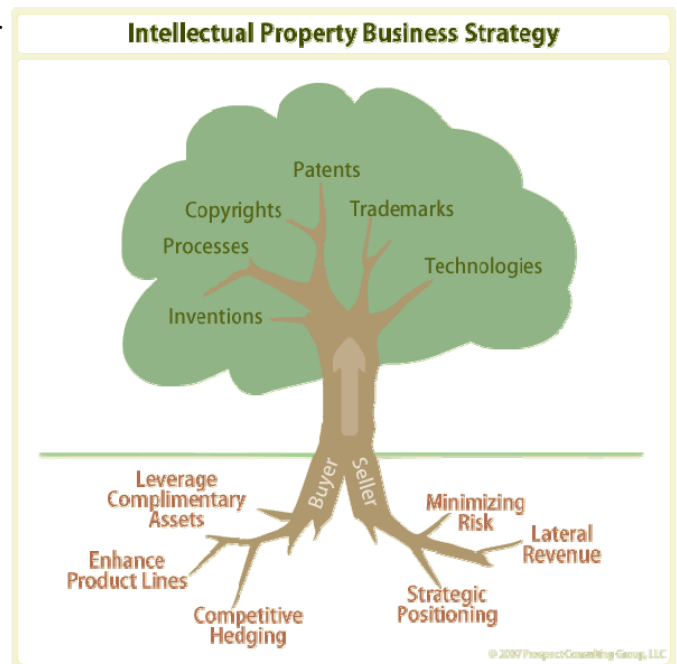
IPR BUSINESS STRATEGY

When consulting with potential foreign partners and expert legal counsel, it is important to consider international protection for your IP. By properly registering your intellectual property, your company has the legal redress on IPR matters. Of course, in addition to legal fees, this will potentially entail costs for travel, investigation, and translation. These burdensome costs lead some companies to license their products internationally and partner with local companies rather than go with more profitable direct sales. Because the partner stands to lose as well, it acts as the eyes and ears on the ground to head off IPR infringements.

While piracy, diversion, and counterfeiting are certainly criminal activities, the reality is that in developed countries, patent infringements are normally dealt with in civil courts and may lead to injunctions and fines, but not necessarily jail time.

In less-developed countries, IPR may not be enforced at all. If you find your company is affected by nefarious activities overseas, you may need to persuade the local authorities to get involved. In some cases, organized crime is to blame, which unfortunately adds a very difficult layer to an already problematic scenario. Criminal organizations can appear to be legitimate, profitable companies, and their activities are rampant because law enforcement agencies are often overwhelmed and understaffed. If your company becomes involved in such a situation, it is in your best interest to offer total cooperation with authorities and show your company’s commitment to resolving the matter. If a counterfeited product poses some kind of risk to the public, the odds of getting full support from the authorities increases.

It is essential to seek legal advice on IPR issues from an international IPR attorney with experience in the target country. For more information on enforcement and dispute resolution, see the WIPO website at: <http://www.wipo.int/sme/en>.



INTELLECTUAL PROPERTY RIGHTS

VEDP SERVICES

The VEDP offers a number of export-related services to Virginia businesses, including group market visits and market research by our Global Network of in-country consultants. These services are available to all Virginia exporters. For more information, please visit our website: www.exportvirginia.org

ADDITIONAL RESOURCES

- European Union- Counterfeit and Piracy: http://ec.europa.eu/taxation_customs/customs/customs_controls/counterfeit_piracy/index_en.htm
- Harvard Business School: <http://hbswk.hbs.edu>
- International Asset Management online magazine: <http://www.iam-magazine.com/>
- IP Watchdog (online blog): <http://www.ipwatchdog.com/>
- IPR e-Recordation (online copyright /trademark filing): <https://apps.cbp.gov/e-recordations/>
- StopFakes.gov (Report Intl IPR violations): www.stopfakes.gov Tel: (866) 999-4258
- U.S. Copyright e-Business Center (file online): <http://www.uspto.gov/ebc/indexebc.html>
Filing Fees: <http://www.uspto.gov/web/offices/ac/qs/ope/fee2009september15.htm>
- U.S. Trade Representative. Office of Intellectual Property and Innovation: <http://www.ustr.gov/trade-topics/intellectual-property>
- World Trade Organization: <http://www.wto.org/>

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Prospect Consulting Group. <<http://www.prospectcg.com/services/ipBusinessStrategy.php>>
United States Copyright Office. <<http://www.copyright.gov>>
World Intellectual Property Organization (WIPO). <www.wipo.org>

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