

Practical Magic

Review your brand protection strategy against counterfeiting with help from **Jo Gregory**, of Joelson Wilson

Governments around the world recognise the value of IP and the need to capitalise upon it. It's almost as widely recognised that counterfeiting erodes this value substantially. This illegal activity has grown enormously in recent years in terms of its sophistication both online and at border control. The growth is driven almost equally by those who regard it as legitimate business and those in organised crime and terrorism. Whichever the viewpoint, all are driven by money.

So, what should you be doing to protect your IP and, ultimately, your brand and your business?

First and foremost, keep abreast of the policies and initiatives of governments. These will influence global thinking in respect of IP protection. There may be new practical steps which arise out of these developments. Equally, new policies and initiatives also provide a steer as to what you need to be alert for, in terms of enforcing your IP rights.

Customs and border control

One area of the world well known for its problems with counterfeit goods is China. China is very alive to this issue. It appears to have a wealth of measures in place to try and prevent illegal goods being imported and exported from the country. In common with other countries, China has focused on border control and has a range of measures for issues such as detention of goods, investigation of the infringement, destroying goods and penalising counterfeiters. Indeed, Mr Luo Zhen Zhong, Senior Partner in J Tongue in Shenzhen China who specialises in IP states that "I would advise my clients to firstly make a record in the People's Republic of China General Administration of Customs for IP Rights Customs protection."

Customs and border control agencies in China have put in place practical measures to help businesses prevent counterfeiting activity. These measures have teeth and are backed up through the substantive laws and regulations of the country such as the Regulations of People's Republic of China for Customs Protection of Intellectual Property.

Customs appear focused on trademark infringement copyright and patents. Given the technical knowledge needed to judge a patent infringement, Customs are very cautious and only move to intercept such infringing goods upon a specific application from the IP owner.

Brand owners within China can register their IP with Customs, to take advantage of the above measures by making an application to Customs. Applications can be downloaded from the General Administration of Customs (GAS) website. Once the application has been completed, this information is logged onto a national internal Customs database.

Customs officers recognise some infringements very easily and they have the power to dispose of the goods in these circumstances. In more difficult case they will invite the brand owner to take their own court action for infringement within a certain period of time. If action is not taken within the time frame stipulated then Customs can release the goods. The downside is that the brand owner will be liable for any damages suffered by the third party whose goods have been detained.

The clear message for all brand owners who have IP rights registered in China is to apply as early as possible to GAS to record trademarks, copyrights or patent. You must, however, be prepared to move very quickly if infringing goods are intercepted

and obtain court relief if necessary to enforce the infringement.

In terms of developing an effective IP strategy, focus initially on those goods where IP has already been infringed - they are most susceptible to future infringement. Interestingly, Customs offices are quite open to training sessions from IP owners, educating them about what to look for. This can only increase the chances of intercepting goods which potentially infringe your rights.

Customs in the US, as well as in China and other countries, place the prevention of entry of counterfeit goods high on the agenda. Working with Customs officials can prove highly beneficial; they have wide and varied powers to seize and detain counterfeit goods and impose fines. Extensive use should be made of these wherever possible.

As with all IP, maintaining documentation and preserving evidence is key to successfully protecting a brand. You need to move fast once an interception has been made.

The internet

Counterfeiters are becoming ever more savvy and increasingly deal in the online world where they have the added advantage of remaining relatively anonymous. They can duplicate almost any product from retail to software and pharmaceutical products. The channels through which these goods are sold on the internet makes it more difficult to identify whether they are genuine or whether there has actually been a trademark infringement. This, compounded with the relative anonymity of the infringer, makes taking action and actively protecting the brand increasingly difficult.

Counter-measures are typically not as effective in the online world. Online auction platforms such as eBay try to prevent the sale of illegal goods, however, the sheer volume of sales and rapid pace of technology means that most control measures are circumvented shortly after introduction.

Life is made no easier by the diversity of international laws which govern this arena. This is apparent from the divergent case law which has lately emerged from Europe and the US (see elsewhere in this issue, pp 36-37, pp 40-41, pp 43-44, pp 45-47).

It is important to be aware of recent decisions across the major jurisdictions so that you can take proactive measures to ensure compliance and awareness of the remedies available.

Indeed, very recently in a bid to try and increase co-operation in the international community against IP infringement, including information sharing, the European Commission has published the text of the draft Anti-Counterfeiting Trade Agreement. This is currently being negotiated by Australia, Canada, the EU, Japan, Mexico, Morocco, New Zealand, Republic of Korea, Singapore, Switzerland and the US (see this issue pp 11). This agreement aims to set down an accessible legal framework to enforce IP rights against the counterfeiting threat.

Counterfeiters will, undoubtedly, be with us always. It's a lucrative business and they will surely develop more and more sophisticated ways to out-manoeuvre brand owners and steal a march on them. It is imperative that you try to remain one step ahead, policing and monitoring your brand and making sure you have the resources to take prompt and effective action based on IP rights solidly established around the world.

1. Re-address the IP rights which have been registered in every country. Seek up-to-date advice to ensure that these are correct for each jurisdiction. Or, if no rights have been registered, consider which need to be protected and how to approach them.
2. Establish an annual IP audit by legal counsel so that you are alive to, and have appropriate protection in place, for all jurisdictions. The law changes rapidly and the measures which different governments will adopt can change and if you are to save money in the long run it is imperative to ensure that you keep ahead of the game.
3. As a brand develops and diversifies, it is crucial that IP registrations are updated and other forms of protection considered. Review your registration practices. A shortfall here provides an open door to any counterfeiter and the ability to prevent exploitation is severely undermined.
4. Identify the most likely targets of infringement of your IP rights and ensure that those areas are properly monitored and have the maximum protection. This will sometimes mean obtaining local advice. Registering marks in every jurisdiction where you have a business presence, or where there is a legitimate concern about counterfeiting is best practice. If a counterfeiter manages to register the mark, you face an additional obstacle to enforcement.
5. Do you have a broad team of investigators who act as your eyes and ears in locating the origin and source of the counterfeiting? It is worth spending money to ensure that this is done properly so that you build information which spans the different jurisdictions where your IP is registered.
6. Great investigative techniques and resources are the foundation for obtaining strong persuasive evidence that can be used in court proceedings and by law enforcement agencies, if this becomes necessary. Louis Vuitton Moët Hennessy for example has "some sixty people at various levels of responsibility work full time on anti-counterfeiting, in collaboration with a wide network of outside investigators and a team of lawyers".
7. Success is not only a matter of targeting the source of a counterfeiting operation but also cutting off the incentive, ie. the money and reward. This means ensuring that illegal goods are seized and destroyed as often as possible. This can be done through factory raids which can also result in the destruction of the equipment which manufactures the goods.
8. Review your readiness. You should be ready to tackle issues as soon as they arise. This means having the resource and manpower to deal with a variety of problems head on. Counterfeit goods may be of unsatisfactory quality which can lead to safety concerns for the public, causing injury or even death. As a result you may have crisis management issues to deal with, as well as media and consumer issues to control.
9. Join and support anti-counterfeiting groups such as Alliance Against IP Theft and Coalition of IP Rights. The greater the voice, the greater the action and impact.
10. Do a skills and expertise audit. Ensure that you have the necessary expertise to work with trademark offices and Customs officials to obtain the widest and most effective protection possible around the world. If using outside counsel, make sure you are armed with the necessary expertise and knowledge of international treaties and procedures so that maximum benefit is obtained.
11. Record registered trademarks with Customs authorities and consider efforts to educate local officials about the marks. It is particularly useful to establish good relationships with local Customs officials and share details about possible counterfeit marks, any suspicions they have and the names of importers.
12. Educate distributors, retailers and partners as to the potential for counterfeit products and any history of such products. Raising their awareness of the anti-counterfeiting efforts will give you added protection. Equally, raising consumer awareness so that they know what to look out for and purchase only your legitimate products can help protect your IP.
13. Forging links with others in your industry to address these issues at a local and global level. Forming or supporting local industry groups to collect and harness ideas will also raise awareness.
14. Be aware of those geographic areas which are most susceptible to counterfeit activities for your industry and take steps to ensure that there is adequate protection as well as monitoring in these countries. For example, India is considered a hotbed for counterfeit auto parts and China likewise for luxury goods.
15. Keep good records of all communications with all agencies worldwide together with good records of all investigations and actions taken. This information will serve you well in any proceedings you take to enforce your IP and will allow you to move swiftly when necessary.

Author



Jo Gregory is the Head of the Litigation and Dispute Resolution Department at Joelson Wilson LLP. She joined the firm in 2006 and became a partner in 2008. She undertakes broad Commercial Litigation work and is a specialist contentious Intellectual Property lawyer. She regularly advises in respect of Copyright and Trade Mark Infringement, Confidential Information, Passing Off and Libel. She acts for clients within the restaurant and leisure sectors, including celebrity chefs, Casino Operators, Hotel Groups and overseas operators.