

International IP

How to protect your intellectual property in the global marketplace **Interviewed by Clare DeCapua**

Added to the complication of doing business abroad — tax structures, logistics, insurance, just to name a few — is the continuous need to monitor and guard your intellectual property in the fast-paced global marketplace.

Owners can lose sales due to IP infringements, suffer damage to their brands and goodwill, and lose revenue through missed licensing and product sale opportunities.

“One of the biggest changes we’ve seen over the last 10 years is that international IP issues have become relevant for smaller and mid-size enterprises,” says Steve Barsotti, a director at Kegler, Brown, Hill & Ritter. “It’s a function of globalization and removing some of the practical barriers for doing business abroad. Participating in foreign markets, whether by contracting with a foreign supplier or selling product overseas, raises the issue of IP protection abroad.”

Smart Business spoke with Barsotti about how businesses can protect their intellectual property in the global market.

How has international IP law changed in recent years?

There have been strides made primarily on the procedural front through international treaties and cooperation. However, while those mechanisms provide more efficient procedures for initiating the process, the actual grant of protection is still a territorial and country-specific process. In other words, there is no ‘global’ trademark or patent registration. As a result, the cost of seeking protection increases as the number of markets in which you seek protection increases.

What that means for a small or mid-size business is that they have to be very strategic in where and how they’re protecting their IP, because the registration process can be very expensive. You always have to weigh the costs and benefits in a particular market and determine on an evolving basis what your strategy should be.

How does the Internet play into international IP?

The Internet is not bound by territorial borders. There is only one Internet and it’s accessible from everywhere in the world. So in a very real sense, the marketplace has shrunk and that raises new issues. For example, you may discover through a simple Google search a potential conflicting use of a similar trademark somewhere else in the



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world; prior to the Internet, there would be very little likelihood that an issue would ever arise. Now, because e-commerce is easily transacted across borders, there can be a very real risk of potential confusion among customers shopping over the Web.

To protect your company’s presence and identity online, effective domain name protection is critical. That, of course, means maintaining and renewing key domains, but also potentially protecting similar or alternative domains. Equally as important is protecting your brand and trademarks through registration in critical overseas markets where your sales will justify the expense.

If you do encounter an issue with respect to domains, there are processes in place that make it simpler to enforce your rights internationally, and that’s largely because the process is managed by ICANN, a non-profit entity that manages the assignment and registration of domain names. Anybody who wants to register a domain has to sign up and play by those rules; so some of the barriers that you typically face in the traditional legal process across borders are removed.

How does a company go about protecting its IP in other countries?

First, a company should consult with counsel about the cost and benefit of registration

in the markets where they are transacting business and their IP is exposed. If the business case justifies the cost of registration, then it should be pursued. Most companies don’t go from domestic sales to a worldwide footprint in a single step; it’s usually a staged process. I always encourage clients to keep asking themselves what they’ve done to protect their intellectual property in the markets where they’re potentially expanding and to have an evolving strategy that accounts for changes in the business plan. The most important thing is to not make decisions in the dark and rack up huge expenses that really aren’t going to produce material benefits.

Another critical aspect of protection is effective cross-border contracting, including strong contractual IP clauses that clearly delineate who owns the IP, and non-disclosure obligations where appropriate. Enforcement of those rights remains expensive and fraught with obstacles in many cases, but your leverage will be greater if contracts are thoughtfully drafted with IP considerations in mind.

What should a business do if it discovers its IP is being infringed upon in another country?

The first step is to talk to good business-minded counsel on the front end, because you need to be very strategic in the response. You have to assess what your rights are in that particular jurisdiction to determine whether you even have rights to enforce at all and where the pressure points may be for the infringer. If you do have rights to enforce, it’s necessary to consider the most practical way to achieve your compliance goal; often that starts and ends with a letter exchange. If you must resort to litigation, you need to decide whether it will be more effective to sue in the foreign jurisdiction or in the United States, which requires an analysis of many factors, including ultimate enforcement of any judgment that you are able to obtain.

At the end of the day, the best piece of advice is to conduct sufficient due diligence on your foreign business partners to ensure that you are working with organizations and individuals that you trust, and to be proactive in contracting and in consideration of IP registration in your key markets. That way, you can ideally avoid problems altogether, and if issues do arise, you will be positioned with the best possible leverage. <<

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