



Protecting Your Intellectual Property Overseas

BY SUSAN PERNG PAN

As corporate America continues to expand into foreign markets, it is important to understand that a successful model in the U.S. may be lost in translation overseas. International markets, such as China, continue to have the lure of a “gold rush.” However, for businesses that rely on brand recognition, specialized knowledge, or technical advances, doing business in such a “wild, wild ‘east’” requires strategic intellectual property (IP) oversight to keep

competitors in check and your brand protected.

To protect your company from infringers and clever competitors, here are some key legal strategies to consider for operating abroad:

UNDERSTAND TARGET LEGAL SYSTEMS

Before launching your business internationally, consult an outside firm with expertise in obtaining international licenses and IP litigation in your target country’s legal system. Understand who can be held liable should any infringement occur against you, and know what international laws may impact your IP protection.

Despite continued improvements in the Chinese IP system, there is still a legion of differences between the Chinese and U.S. enforcement mechanisms. Those who may be familiar with a litigation dispute in the U.S. may be accustomed to the transparency in the evidence gathering, decision-making, and case law reporting, for example. Those expecting a similar process in the Chinese legal system are in for a rude awakening.

There, litigation proceeds mostly in documentary submissions, and final infringement decisions are terse, offering no insight on the application of law to facts. On the other hand, the Chinese enforcement system offers administrative proceedings that outpace even the most rapid enforcement proceedings available in the U.S. A local intellectual property practitioner would be able to advise and assist in the execution of the most prudent course of enforcement.

FILE FOR LOCAL INTELLECTUAL PROPERTY PROTECTION

Intellectual property rights—including protection of your brand name, logo, designs, products, trade secrets, written works, etc.—are territorial in nature. With only a few minor exceptions, any IP protection garnered within the United States does not cross international boundaries. In other words, *you can’t take it with you*. Along the same lines, it is important to understand what parts of your business can and should be protected with registered patents, copyrights, and trademarks and what the process for filing for those measures is in each country.

Be cognizant of what rights you are being accorded by each type of intellectual property and determine whether it is sufficient. Similar terminology to describe types of intellectual property protection may not mean the same thing country to country. For example, the broadest and strongest form of intellectual property for technology in the U.S. is known as the “utility patent”. It is typically costlier to obtain than other forms of protection, such as trade secret or copyright. However, a utility patent is broader in scope and has a large body of federal case law to provide uniformity in its enforcement.

In contrast, in China, a similarly named “utility model” is an extremely low cost, and offers commensurately flimsy IP protection. This is not to say that the Chinese utility model does not have value as an IP right. In some circumstances, utility models may be perfectly appropriate and sufficient.

China does have a form of protection analogous to the U.S. “utility patent”. There, it is known as an “invention patent.” Regardless of jurisdiction, ask questions to make sure you know what you are getting.



PRACTICE PREVENTATIVE LAW

Know what you need to do to verify that your designs and products do not tread on your competitors' rights. It is a waste of time and money to attempt to register a trademark that someone else already owns, or to apply for a patent on an invention that may not pass muster with the local IP examination agencies.

Preventative law also means investigating the scope of a competitor's rights. If an IP rights holder has not registered his or her trademark in a sufficient number of classes or has not correctly classified his or her design patent, there may be a large opening for your enterprise to move forward. Even if large gaps in protection are not evident, it is perfectly viable to "design around" another rights holder's intellectual property by taking advantage of any small gaps left open in their legal fences.

USING THE INTERNET: THINK BEFORE YOU POST

Whether or not your business sells products or services over the Internet, most companies have a Web presence through a company site, blogs, etc. Before posting information on the Web, make sure your brand, products, and services are fully protected before sharing them with the world. Also, avoid releasing too much of your company's product details over the Internet. The Internet is an easy form of information gathering. Divulging too much information may make your organization vulnerable to sometimes unscrupulous patent holders who are merely seeking to "shake down" prospective infringers.

BE A GOOD LOCAL CORPORATE CITIZEN

Nascent markets, such as China, are eager to learn from the experiences of others. Local intellectual property agencies are tasked with inculcating homegrown businesses on how to become "IP savvy" or more business-savvy in general. Become a contributor to their mandate and foster local goodwill. In an environment where signs of localism are still apparent, such goodwill pays dividends in spades.

BE PATIENT, MINDFUL AND FLEXIBLE

The concept of an "emerging market" is not synonymous with "gold rush". Several multinational companies spent decades in China before being able to see any financial payoff. The process requires patience, a watchful eye, and adjustments.

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