Protecting your most valuable assets - IP or Intellectual Property - is always a prime consideration. When those assets include an internationally recognised brand and specific product designs, you will need a little help.

Perfecting your international protection strategy

The first thing I must confess is that the title of my feature is a hopeful untruth. There is of course, no such thing as a 'perfect' enforcement strategy. What works in one given set of circumstances may be wholly inappropriate in another. And since the possible circumstances we may face are as good as infinite, so the ways of addressing them are equally infinite.

I cannot credibly write these words, and then wave a magic wand, and say, "voila, this is a successful formula for effective enforcement". Unfortunately the answer remains the classic lawyer's reply, which clients hate, "well, it depends on the circumstances".

Having made this caveat, there are, however, general guidelines which experience has taught us are prudent to follow. Most are common sense born out of experience. We need to treat them as a mental checklist, not being regimented by them, and whilst remembering that because background factors may change, these general guidelines must remain flexible. In other words, they should constantly be under review.

Before I launch into them, let me briefly address why the "Far East" is of relevance to Europe.

A larger Europe

The enlargement of the EU and the embracing by Western Europe of the countries of Central and Eastern Europe has meant that the borders of Europe as an entity have moved continually eastwards, and have arguably become more permeable to the potential influx of counterfeit and pirated goods produced in the Far East.

At a recent seminar I attended, a representative of German Customs claimed that 95% of counterfeited and pirated goods found in the EU come from outside the Union, and the majority of them originate in the Far East.

When dealing with the key countries, namely China, Vietnam, Indonesia, Thailand, India and the United Arab Emirates, the most effective intellectual property (IP) strategies are those that result from the application of one of either of two sets of guidelines - reactive or proactive.

Reaction sets in

1. Know your problem

It is vital that you know as much as possible about what it is you are up against. To take a simple example let us assume we are dealing with a problem involving counterfeit apparel that has been spotted on a market stall in Vietnam. Only the most foolhardy would immediately launch into any sort of action against that market stall. That may ultimately be the sensible choice, but before deciding to do that you would want more information, such as:

- How widespread is the problem (in that market, in the country and elsewhere)?
- Where is manufacture taking place?
- Is there export/import, or merely production for the local market?
- How easy/difficult is it to manufacture the goods?
- What is it that's objectionable – labelling? embroidered marks?
- Where/how are the objectionable aspects made and applied to the goods?
- How to tell the genuine from the counterfeit (significant differences in markings, styles, labelling, quantity, pricing, etc.).
- How much of a genuine market is under threat (a vital criterion in order to assess the proportionality of any enforcement effort in terms of cost and management time)?



The end of the counterfeit road as fire destroys copied products.

2. Invest in investigations

It will nearly always be the case that the best and most effective way to tackle a problem will be to attack the source. This means that our first objective should be to find that source, or at least a supplier or suppliers so close to the source that action against them would either lead to the source, or at least result in the source shutting down this particular operation in the knowledge that the "forces of good" are closing in.

Sometimes such information falls into your lap, but only rarely in the case of counterfeit goods. Usually, investigations are required. Sometimes these are far from quick, and far from cheap. In each case you have to initially assess, and

continually review, the success or likelihood of success of the investigations, and whether the cost is justified in the context of the problem and the anticipated outcome.

3. Know your rights – and fill in any gaps

Often you will know at an early stage where you will wish to take action, and can speedily review whether you have the rights to enable you to easily do so. The obvious ones are registered trademarks, registered designs and patents.

Checking the existence, validity and vulnerability to attack of these registered rights will be fairly easy in the majority of cases. You may even have the luxury of being able to fill in any gaps prior to commencing enforcement action. Think carefully about this. Not every country should be treated in the same way. In producer countries give careful consideration to specific registrations protecting component parts such as buckles, textiles, labels and bags as opposed to, for example just applying for, "sports-bags". Thailand is a good example of a country where this tactic is particularly useful.

Tied in with this, it is of course vital that you look at the world from an enforcement perspective. You may need registered rights in countries where you have no sales because those countries, whilst having no market for genuine goods, are a potential source of production and the export of the fakes.

Other rights such as copyright, unregistered design rights, and rights in passing off/unfair competition, are more difficult to assess. You will need to satisfy yourself that you can sufficiently establish proprietorship, reputation, and slavish imitation.

4. Know your enforcement options

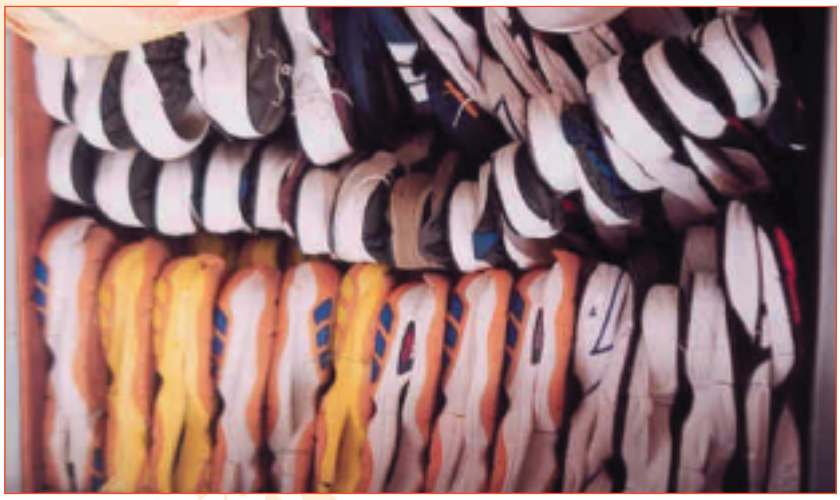
Clearly this overlaps with "knowing your rights". And obviously this is crucial. There is little, if any, point in investing time and resources in tracking down a major manufacturer of counterfeit goods, if you then cannot do anything about it because a combination of your rights and local law/practice mean you cannot effectively enforce the former.

Most countries will have the sort of enforcement options we are all familiar with:

- actions for infringement (of registered or unregistered rights)
- availability of quick *ex parte* (unilateral) relief, including seizure
- availability of criminal actions/remedies
- availability of administrative action/remedies, including action through Customs.

But it is the details that will require particular attention. What may work quickly and cheaply in one country may be wholly inappropriate, or even unavailable, in another. Even within countries there will be variations where the quality of action of the courts, the administration or the police may vary dramatically from city to city. A classic example is India where the high court in Delhi has a fabulous reputation for granting *ex parte* relief, but by contrast the Bombay High Court always, as a matter of practice, proceeds on notice.





Counterfeit footwear awaiting disposal and destruction.

5. 'Out of court' enforcement

By this I mean anything falling short of court action (be it civil or criminal).

The obvious alternative is administrative enforcement – something particularly prevalent in China, Vietnam and the Middle East, where various governmental bodies will have enforcement powers including the power to seize and punish and/or refer cases for prosecution post seizure.

Also, remember that IP is not everything! You may have more effective redress available under other laws/regulations such as product safety and labelling regulations, or food laws. We have dealt with numerous cases in China, for example, where we have succeeded in the absence of local IP rights simply because the 'bad guys' marked their products as 'Made in Germany' and thus fell foul of various laws and regulations which are completely unrelated to intellectual property (such labelling would mean, for example, that the product immediately contravenes applicable product quality laws).

The other obvious action, falling short of taking court action, is the warning letter. Properly used these can be extremely effective and I think industry as a whole is improving in this area. Personal delivery is becoming common around the world – sometimes even successfully removing

infringing stock at the time. But beware! Whilst it is hugely tempting to use letters as a cheap alternative to doing nothing, or spending a disproportionate amount of resources on legal action, it can backfire horribly. The problem comes with the belligerent recipient. Unless you follow up with some sort of escalation of action there is a real danger of word spreading that you are merely bluffing. This would be most unfortunate since one of the best means of preventing counterfeits is to have such a strong reputation for attacking that the offenders either steer clear in the first place or quickly capitulate when they receive a letter.

So generally one should be extremely wary about sending a warning letter unless prepared to carry out the threat or very confident that it will have the desired affect.

Then there is the recipient (typically a retailer) of a warning letter who simply doesn't reply. Leaving him unchecked could be fatal. Normally such traders will have stopped dealing in the product concerned following the warning, but simply couldn't be bothered to tell you. (Understandably they are hardly likely to be in the mood to send a reply). For these, a useful tactic is to check their activities to ensure they are now behaving themselves, and then simply write again telling them that you have checked their progress, informing them that in the circumstances no action will be taken, but that they will be kept under observation and action will be commenced, without further notice, should they revert to their infringing ways. This is cheap, easy, and will make the trader much less likely to infringe again.

6. Be aware of local influence and connections in general

This can be a particular problem in Asia, especially in countries where heavy reliance is placed on enforcement through administrative bodies.

China is a good example. There, a lot of enforcement is done through the State Administration for Industry and Commerce (SAIC) and its various local offices dotted around the country. Since they are closely involved with local industry as the nature of their function, they are perfectly likely to have good relations with the very people you are targeting for action. You simply have to be aware of this and be as clever as you can. Typically we, and others conducting enforcement actions in China, will avoid revealing details of parties to be raided until the very last minute – often when the raiding party is on its way to the target. In addition, the recent emergence of the Technical Standards Bureau (TSB) as an administrative force in intellectual property enforcement actions has helped, as they are not so acquainted with local industry.

In Vietnam we have, on a recent major campaign, faced even more acute problems where our targets have been acquainted with, or even related to, senior officials. We endeavoured to get around this by writing to numerous officials (including the related ones), copying everyone in, alerting them to what we were about to do. This widespread knowledge made it extremely difficult for the connected/related officials to seek to protect their connections.

7. Think global

This is obvious, but worth stressing. The problem that manifests itself in, say, Indonesia, may just be the "tip of the iceberg". Manufacture, and more significantly retailing, may be taking place elsewhere. Indonesia may, therefore, be wholly inappropriate as a country in which to take action, at least in the short term.

Tied in with this, "think Customs". We have never had a more global economy, with goods flying around all over the place. Customs get a chance to seize all of these goods – usually two chances (at the point of export and point of import).

Proactive guidelines

Following on from the above re-active measures, are a series of more proactive measures which brand owners ought to thinking about on a more 'macro level'.

1. Education, education, education ...

Following on from my comments about Customs, it is extremely sensible to seek to 'educate' other relevant officials as well – most notably administrative officials in bodies such as the AIC in China, the Marketing Managing Bureau (MMB) in Vietnam, the Economic Department in Dubai, etc. All such officials have many aspects to their jobs, in addition to tackling counterfeiting. They also have counterfeit products from many different companies appearing in their jurisdiction, so anything a company can do to highlight itself and its products in the minds of such officials can only assist. Of course companies can't visit and 'educate' everybody around the world. But it must be prudent to make a point of spending time, regularly, with key officials in key places, either directly or through local staff or local lawyers.

However 'education' goes way beyond that. Consumers need to be educated. In any country where counterfeit problems are particularly acute a media campaign, alerting consumers to the problem, seeking to inform them of how to be sure they buy genuine goods, and, perhaps most importantly, seeking to convince them that knowingly purchasing counterfeits is not in their long-term interests, can be extremely useful.

Traders themselves also need educating. Many will be involved in the supply chain without properly realising that they are involved in activity which may give rise to civil or even criminal liability, and which is detrimental to the interests of their own country as well as the brand owner concerned. Again, advertising campaigns can be extremely useful, particularly in key territories. An even more targeted approach, which we have used on occasions, is to locate relevant trade associations, and their members, and write to them directly as a form of pre-emptive strike.

2. Early warning system

It is often critical to act against infringements/counterfeits at a very early stage in order to be as effective as possible. It stands to reason that it is generally easier to combat a problem from its inception, than to try to tackle it once it has taken hold.

Key areas for production and marketing should be assessed. Within these territories, companies need to be continually on the look out for infringements/counterfeiting, and have mechanisms in place for speedy reporting back of any problems, in a usable format, to relevant personnel - be they internal or external lawyers. The possibilities for implementing this are almost endless. A good basic requirement is to have a standard 'suspect product report sheet' which will be a means for reporting, and will, hopefully, ensure that all relevant material or information is passed back to where it can be used effectively.

People need to be tasked to be on the lookout, and to report back. They need to be 'educated' as to what is likely to warrant action. Such people could be private investigators who could, for example, be sent out to analyse the market at regular intervals, or could be a company's internal network of staff, distributors, franchisees, appointed lawyers, etc. There are a number of ways such a network can be suitably educated. Printed media, videos, and these days of course the internet, are all viable options as a replacement or supplement to the preferable, but more costly and time consuming personal visit.

Regular examination of key markets by the same personnel is a good means of seeking to keep a track on the severity of a problem, and in particular whether it is getting worse or better.

3. Know your local lawyers

One of the best proactive measures that companies (and lawyers in private practice who manage work for their clients overseas) can adopt is to get to know and form solid working relationships with key lawyers in key territories. The better the relationship the easier it will be to move quickly and effectively, with the minimum of misunderstanding of legal issues, practicalities, etc, when the time arises.

4. Make best use of Customs

As mentioned before, Customs are potentially a massive weapon in any rights owner's armoury. Many countries already have procedures available through Customs by which rights holders can record their relevant IP rights with Customs, coupled with a request that the authority be on the lookout for counterfeit goods. Some Customs authorities will only be on the lookout for imports, others will cover exports as well. China is a good example of the latter.

Such procedures are increasing in prevalence around the region as Trade Related Aspects of Intellectual Property Rights (TRIPS) obligations start to kick in, border control measures being a specific section of the TRIPS agreement.

Working with Customs will never be a cure all. It is inevitable with the vast amount of goods being traded around the world that Customs cannot possibly look at everything. One only has to consider the amount of illegal drugs and arms that find their way around the world to realise the impossibility of Customs stopping everything. If they cannot stop all the drugs and arms how can we possibly expect them to stop all the counterfeit goods.

Nevertheless, I repeat, Customs are always worthy of attention. Rights holders should make Customs applications where they can, and reinforce them with as much relevant information as possible. For example, if there are known or

suspected importers/exporters of counterfeit goods, Customs should be made aware of this. Such information should be continually updated, as it will obviously assist Customs in screening likely shipments for further examination. Equally, Customs need to be as aware as possible of your rights and your products. In key territories companies should take the time to visit Customs and speak to as many relevant officials as possible, explaining and showing relevant products to them (both genuine and counterfeit), leaving samples, telling them how to differentiate the good from the bad, and so on. In all cases where we have done this on behalf of our clients there has been a noticeable improvement in the level of counterfeit goods being discovered by Customs.

One very good example my employers were involved with recently concerned Customs in Pakistan. For one of our clients, there is one particular city in Pakistan renowned for the production of a particular product, both genuine and counterfeit. Most of the world's genuine and counterfeit production of this product comes from this particular city. Unbelievably, every container cleared through the dry port of this city is opened and examined by Customs. It didn't take the greatest brain in the world to work out that we needed to spend time with Customs, very regularly, acquainting them with our client's marks, their legitimate manufacturers, the suspected offenders, and so on, to make it more likely that they would be that much more focused and thus much more likely to find counterfeit products as they were leaving the country. We did exactly that, and noticed a speedy improvement.

This is another example of the benefit of regular personal attention, continuously raising the level of awareness amongst appropriate personnel, and thus the likelihood of them locating very suspicious cargoes. Now we have to do the same thing at the other ports in Pakistan (fortunately there aren't many) as I'm sure it won't take the counterfeiters long to work out what they need to do to by-pass this increased vigilance at their usual port of clearance.

And of course that is only half the story, since it is then vital that Customs have someone locally, representing the brand owner, who they can report to and who will very quickly ensure that suspect shipments are checked, confirmed (or otherwise) as counterfeit and provide the requisite support to Customs as they seek to maintain their seizure of the goods. Our client in Pakistan has been very good at doing this, and it is no coincidence that Customs have been, and continue to be, extremely supportive.

5. Look at your own organisation – are you making it easy for the counterfeiters?

Counterfeiters are really only opportunistic businessman looking to exploit a particular market for profit. Often there is much that IP rights holders can do themselves to reduce the commercial viability of the counterfeiters' activity, beyond merely attacking them when located. An obvious example is security labelling



Counterfeit footwear is covered during transit

– this may or may not be easy for the counterfeiters to copy, but will be an added cost in any event which might be enough to persuade them to concentrate on other brands. It may also be a way to make it easier for anyone (Customs, investigators, etc.) to detect counterfeit goods on the shelves.

But moving beyond this, companies often suffer from counterfeits in markets which they are not serving themselves in sufficient volume to satisfy demand - a classic case of leaving the door wide open for counterfeiters. In such cases it is hardly surprising when they walk right through. But that very obvious example makes the point – rights owners should look very closely at their own activities to see if there is anything they are doing which is actually making it easier for the counterfeiters to operate.

Internal arrangements - with licensees, franchisees and sub-contractors - is another vital area to look at. All arrangements need to be carefully reviewed, and renegotiated if necessary, with 'worst case scenarios' in mind. A simple example that crops up time and time again is with the terminated sub-contractor who, because he is geared up and able to do it, simply carries on using his tooling for the production of his recent principal's branded goods, but now without authorisation and without any of the usual quality control a brand owner would look to exercise. It is vital that contractual arrangements anticipate this. In addition, ideally, any particularly relevant tooling should be owned by the brand owner and ruthlessly removed on termination. It would surprise many to know the number of brand owners who cut corners by having their sub-contractors invest in tooling themselves, only then to be surprised when the former sub-contractors carry on using that tooling, complete with any in-built branding, post termination.

Brand owners should also envisage the possibility of sub-contractors in turn contracting out some aspects of the manufacturing process. If this is to be allowed it must be carefully controlled, again from an enforcement perspective and with 'worst case scenario' in mind. At its simplest brand owners' agreements with sub-contractors should provide a right of veto over any proposed further sub-contracting, including a right of veto over any contract terms in that relationship.

The final obvious area to mention is the question of 'overruns' and 'seconds'. These are an inevitability of any manufacturing process and agreements need to specifically provide for them.

6. Be ready to provide support

This will be relevant to a greater or lesser degree depending on the inevitability of infringement for any particular brand owner. Obviously, if widespread infringement is happening already, or expected, it makes sense to be ready to provide the support that lawyers around the world will require. We all know the questions that will be asked on issues such as sales figures, advertising and promotion figures, samples of advertising materials, details of global trade mark protection, global sample statements of claim, global survey evidence and so on. The most organised companies proactively seek out and maintain such material for easy retrieval when the need arises. The most well organised company I have ever come across actually maintains a web site for the use of all outside counsel. That's quite an investment for a company to make, but for this particular company, fighting lots of infringements around the world, the investment very quickly paid dividends.

7. Focus

It's obvious, but worth stating, that the world is a big place. No company that I am aware of has the luxury of being able to attack every infringement or counterfeit wherever it may arise. IP rights holders need to be clear in their own minds about where infringements and counterfeits are most likely to be manufactured and marketed, and where the marketing of such infringement/counterfeits will cause the most damage to their legitimate business. Obviously, efforts should be concentrated in such territories.

8. Budget

Budgets are important, and yet so often forgotten.

In an ideal world, in-house counsel will know their enforcement budget and will be able to issue instructions quickly, when required, without having to waste time getting internal approval.

Beyond this, in an even more perfect world, the local, outside, lawyer will know how much of his clients' budget he has to work with and will have such a good and trusting relationship with his client that he can simply get on with initiating action, within that budget, without the need for prior approval. It is a huge privilege to be in such a position, and very nice when you get there.

Elliot Papageorgiou

Elliot Papageorgiou is the European-Far East Coordinator for Rouse & Co International - a specialist intellectual property consultancy specialising in all aspects of intellectual property (including brands) acquisition, protection and enforcement. The firm has several offices in the "Far East", namely in Beijing, Shanghai, Guangzhou, Hong Kong, Ho Chi Minh City, Bangkok and Jakarta as well as in Dubai and New Delhi - and UK offices in London and Oxford.
The foregoing is the summation of a recent presentation to a conference organised by the Federation of the European Sporting Goods Industry.