

INTERNATIONAL PROTECTION OF INTELLECTUAL PROPERTY RIGHTS

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United States companies face issues of intellectual property protection whether they are conducting business domestically or internationally. Protection of trade secrets, trademarks, trade names, copyrights, patents, and domain names from infringement, pirating, and misappropriation are vital concerns for a company involved in export and import activities.

There can be vast differences in the type or extent of legal protection available to owners and licensees of intellectual property both in terms of rights available and of the enforcement of these rights. Many countries do not protect intellectual property rights to the extent afforded by United States laws. There are many reasons for such differences which range from the special needs and problems experienced by most developing countries to differences in cultural, legal and philosophical customs and traditions. In many countries, intellectual property is seen more as an attribute of economic growth and industrial development than as a property right.

Plan for Protection

Unwary companies may find themselves without adequate protection because of ignorance about foreign intellectual property laws. Depending upon the country, violations of law can result in loss of legal protection and financial penalties that can range from a fine to monetary damages and seizure or destruction of the infringing goods. For example, in Europe trademark rights are granted to the first party to register a trademark. In the United States, trademark rights are granted to the first party to use a trademark.¹ Thus, it is critical for United States companies to have a game plan to protect intellectual property *before* beginning to conduct business overseas.

Since the passage of the North American Free Trade Agreement (NAFTA), more United States companies are manufacturing goods in Mexico. A trademark problem may arise for such companies which are manufacturing branded goods in Mexico to be shipped to the United States. Under NAFTA registration of trademarks under the trademark laws of the originating country is recognized.

Mexican law requires that companies assembling or manufacturing goods with brands or trademarks must have the legal right to “use” the trademark in Mexico even if the goods are never marketed, sold, or distributed in Mexico. Thus, a trademark is in “use” in Mexico when it is applied to goods for exportation. If the mark is registered in Mexico by another party before such use, the United States company may be guilty of trademark infringement. The Mexican trademark owner can bring an infringement case before the Mexican Institute of Industrial Property which decides whether an infringement exists and bring a civil action for damages before a state or federal civil court in Mexico. Damages may include a fine, destruction of the infringing goods, or criminal penalties. United States companies manufacturing goods in Mexico should search the Mexican trademark records to ensure their marks are not already registered by another party in Mexico. Where possible, the United States exporter should register its marks in Mexico prior to exportation to Mexico.

Companies seeking international registration of their trademarks should also be aware of the disadvantages of adopting a geographic name as a trademark. In many European countries, a comprehensive system of protection exists for domestic geographic names such as the “Roquefort” name used for cheese. An international treaty, the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS), also restricts rights in geographic names. The long-running battle over the name “Budweiser” in Europe illustrates the difficulties of protecting geographic trademarks in Europe. Because the name is derived from the geographic name Budweis, neither Anheuser-Busch nor the Czech company that produces another beer called Budweiser have gained registration of the name in Europe.

It is prudent for United States companies to research and test market trademarks before using them internationally. One example of a trademark that was successful in the United States but failed to make the transition as an international trademark was “Nova” for an automobile. In Spanish, nova roughly translates as “no go” or “doesn’t go.”

Intellectual property pirates may register a trademark of a United States business in another country. Subsequently, when the company tries to expand into that jurisdiction, the pirates demand compensation from that business for its own trademark. Companies should seek experienced international trademark counsel for international protection as early as possible. United States counsel can associate counsel in foreign jurisdictions to assist. Most countries permit registration of trademarks before actual use in the country thereby preserving the right to use the mark before expansion into international markets.

Because technology makes it easier to produce counterfeit products, some countries have become centers for intellectual property piracy. For example, in the last decade the United States has struggled with the problem of counterfeit music compact discs manufactured in China. Historically, China has not embraced the concept of intellectual property rights. Even famous works of Chinese literature have been revised throughout the centuries. Such cultural difference have made it difficult to enforce intellectual property rights in that country.

World-Wide Web Sites

Persons interested in learning more about intellectual property issues in the context of international trade can turn to several World-Wide Web (Web) sites on the Internet. The United States Department of Commerce International Trade Association Web page is at <http://www.ita.doc.gov/itahome.html>. This Web page references the International Trade Commission, which is a federal agency charged with enforcing the United States Tariff Act of 1930 and related statutes which make it unlawful for persons to import into the United States articles that infringe valid and registered United States patents, copyrights, trademarks, or mask works for semiconductor chip products.

Also available on the Internet is STAT/USA, another service of the United States Department of Commerce found at <http://www.stat-usa.gov/>. The site has a link to the National Trade Data Bank (NTDB) which is a comprehensive source of international trade data and export promotion information from the United States government. The United States Patent and Trademark Office Web page is at <http://www.uspto.gov/>, and FedWorld at

¹ United States laws have been recently changed to allow “intent to use” applications.