

Counterfeit-Shmounterfeit...I Don't See a Problem Here!



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Don't think international counterfeits affect your business? If they don't yet, they are likely to do so as your brand and product line continues to grow. According to the U.S. Government, counterfeit goods account for 5-7 percent of global trade.

While counterfeiters target many industries, footwear and apparel companies are especially hard-hit as costs are low and margins can be very high (especially when no licenses are sought or royalties paid to the legitimate owners of the brand).

Even when your brands and designs are protected by U.S. trademark registrations, in this era of globalization, you can still be vulnerable to counterfeiters. While U.S. registered trademarks may protect you in the United States, they are pretty much useless elsewhere (other than with respect to establishing priority of use, subject to strict filing and timing requirements). In other words, notwithstanding your registered U.S. trademarks, foreign counterfeiters can copy your brand and knock-off your products with impunity unless you implement an international trademark and brand protection strategy. Unless you take additional steps to protect your brand abroad, you are inviting counterfeiters to profit from your hard work.

What a Growing Brand Can Do to Protect Itself

The first step is to conduct a self-audit of your trademarks and the covered classes and descriptions of goods and services to make sure that your registrations capture the full scope of your current and anticipated product and service offerings. Follow-on trademark applications should be filed to fill-in any gaps.

Unless you have already done so, it would be prudent to record U.S. registered trademarks with U.S. Customs and Border Protection. The cost is minimal but will add a good shield to keep out counterfeit products made abroad where you may not have protection.

U.S. Customs polices the borders and according to U.S. Customs, it intercepted \$260.7 million of counterfeit products at U.S. ports of entry with footwear accounting for 38 percent of such seizures. Any intelligence regarding suspected shipments of counterfeit products should be provided to U.S. Customs. Your international distributors and agents should be used to sniff out and generate leads on any suspected shipments.

Defending Your Brand From International Counterfeiters

Turning to the international arena, an obvious additional step in combating counterfeiters is expanding your trademark portfolio to countries that are sizeable markets for your products. In addition, if any countries play a significant part in the manufacture or distribution of counterfeit goods, they would also be good targets for trademark applications.

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For example, if you are aware of a large counterfeit operation in a particular country, such as China, or if counterfeit goods generally transit through a major distribution port of entry, such as Panama, then obtaining registration in those countries would provide you with tools to combat the infringers where they operate before counterfeit products get to the U.S. or other major markets. Without registrations in such countries you will generally be a spectator and have few remedies until or unless the counterfeit goods are imported into the U.S.

Whatever countries you select for expanding your trademark portfolio, please note that you will generally still be required to either have an intent to use or actually use the trademark in such countries – so careful planning of strategies for use or licensing to local partners is important. The U.S. is a party to the Madrid Protocol, which makes international registration of trademarks simpler and more efficient by providing a one-stop shop where international trademark applications can be filed and concurrent protection can be sought in any member country. Notwithstanding the ease of filing international applications, it is important to note that there are instances where international applications do not make sense and you would be better served in filing national applications in each of the countries.

Regardless of which form of application and protection is sought, the local requirements in each country remain varied and you will need good local counsel to pursue claims against infringers and counterfeiters in each of the affected countries. Local counsel will also be invaluable in advising on local standards for trademark registrability and the most efficient and effective mechanism for enforcement of trademark rights.

A follow-on to the international trademark application and member country designation and registration is to record the trademarks with the corresponding customs authority of the countries in which your trademarks are registered. For example, in the European Union, customs can enforce trademarks that have been registered both in individual countries as well as those that have been registered at the E.U. level. In this way, as with U.S. Customs, you will be able to work with the customs authorities of the countries in which trademark registration is obtained to prevent counterfeit products from being shipped into or out of their countries. Again, your international distributors and agents should be your allies in seeking out and generating leads on any suspected counterfeit activity.

Finally, you should not hesitate to enforce your new found rights where it will make a material impact on curbing the flow of counterfeit goods. Consider that the legal costs in prosecuting infringers will be an investment in building a strong brand and in sending a clear message that you are serious about protecting your rights.