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# Praxis

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## Counterfeit Corner

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### Brands (and Their Counsel): Use (Local) Law to Protect Your Intellectual Property Rights

When it comes to the counterfeiting of your products, an ounce of prevention is worth a pound of cure (or if you prefer, 28 grams of prevention is worth 454 grams of cure). Benjamin Franklin, one of the Founding Fathers of the United States, coined this phrase in relation to fire prevention measures that had been implemented in the city of Philadelphia in 1733, but they are equally germane to the deterrence of product infringement.

Yes, if your products are already being counterfeited, there is much that can be done to ameliorate the situation, but the more you do *before* you face an infringement problem, the less likely you are to *have* an infringement problem, and the more weapons you will have in your arsenal to stop an infringement problem if it does materialize. Franklin said something else that might have related to establishing an anti-counterfeiting program *after* counterfeits are widely available: “Glass, China, and Reputation, are easily crack’d, and never well mended.”

### Tips to Minimize Counterfeiting

When asked how a brand can prevent, or at least minimize, the counterfeiting of its products, here are some suggestions:

1. Register your intellectual property, especially trademarks, in the countries where your products are made *and* in the countries in which they are sold. In some cases, it might make sense to register your IP in countries where you do not make or sell products, but where counterfeiters of your products are active. Registering your IP will prevent bad-faith actors, such as unscrupulous competitors, from registering it for themselves. It is important to note that a trademark registration alone will not limit the spread of counterfeit goods. A trademark registration merely gives you the legal capacity to enforce your rights to that mark and is only one of the pieces in an overall IP protection strategy.
2. Record your IP with the customs authorities in the country in which your products are made and in the countries in which your products are sold as soon as the registration is complete. This will let customs officers know that they should be on the

lookout for counterfeits of your goods (and in some jurisdictions, such as China, customs authorities can and will seize infringing products that are being *exported* from the country). This simple measure—registering your IP with customs—can provide opportunities for training to familiarize officers with your genuine product, and in effect brings local customs agencies onto your intellectual property rights protection team.

3. Never lose sight of the fact that your supplier might be your biggest threat. Enter into manufacturing agreements with your suppliers that make clear what they can and cannot do with your IP and provides for remedies in case of IP misuse or leakage. Do not allow your manufacturers to subcontract the production of your goods without your authorization. Get this in writing. If you do allow your manufacturers to subcontract production of your products, enter into separate agreements with any subcontractors to ensure your IP is protected. Maintain full visibility into your supply chain at all times.
4. Enter into a formal mold agreement that makes clear your molds belong to you and imposes a significant monetary penalty on your supplier if your molds disappear. If you decide to change manufacturers, take immediate steps to locate your molds and get them back. Do not wait. Much of the counterfeiting we see stems from missing molds.
5. Establish brand protection guidelines for your suppliers to follow, then audit on an ongoing basis to ensure compliance and detect problems.

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Pay particular attention to IT security. Invest in technology that helps foil counterfeiters, such as security features on products.

6. Monitor online and brick-and-mortar sales of your products to nip threats in the bud early. Issue takedown notices when you identify infringing online retail activity and build relationships with IPR enforcement agencies. Invest resources to gain intelligence about counterfeiters' supply chains. This will allow you to act against factories and warehouses, not just retailers.
7. As Professor Bauer, who taught me civil procedure, would say, sue the bastards. Working with law

enforcement to decommission their wares is great, but it is even better if you can get them to fork over cash as well. That will help deter them from continuing to counterfeit your products, as well as serve as a warning to others. Judicial awards are also a great way to fund your brand protection efforts.

8. Educate consumers to serve as your eyes and ears regarding counterfeiting trends. And educate potential consumers on why your genuine goods are worth the price, as opposed to a fake.
9. Obtain sound legal advice that is relevant to the countries in which you are manufacturing and distributing. Contrary to what some believe, local

laws and courts can and do support foreign companies in their efforts to protect their intellectual property rights, but you need to play by the home team's rules. Make sure you have counsel that does a good job of explaining those rules.

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