

*Series on Intellectual Property Issues: Part 47*

## If I notice violation of my intellectual property rights, what should or can I do?

The more valuable the IP assets of your enterprise, the greater the possibility that others will want to make use of them, and preferably without having to pay for them. Do you have a strategy to prevent this? If, despite your best efforts, someone is imitating, copying or infringing the IP rights of your company without your authorization, what should you do? What are your options? How do you weigh up the costs and benefits of various alternatives? Or would you simply rush to court?

Before taking a decision on which option to take it is generally convenient to:

- ❑ Identify who is infringing (including the manufacturers and main distributors, and not merely the retailers);
- ❑ Determine the extent of the problem;
- ❑ Consider whether it is likely to increase;
- ❑ Calculate, if possible, how much direct or indirect loss you have suffered or will suffer.

Once you have a clear idea of the facts of the matter, then focus on the costs and benefits of your response. However, also bear in mind that on occasions it may be advisable to act as fast as possible rather than wait too long.

Below are some of your options:

- ❑ You have the option to 'ignore' the violation of your IP rights of your company if the loss of income,

sales or profits appears to be negligible from your point of view. If the scale of violation is already significant, or soon will be, then you must find out, as quickly as possible, the main culprits and deal with them expeditiously but methodically. It is obvious that dealing with these kinds of situation requires a careful weighing up of the pros and cons of different alternatives. You also have to assess the chances of winning your case, the amount of compensation and damages that you can reasonably expect to get from the infringing party, and the likelihood and extent of reimbursement of attorney's fees if the final decision is in your favour.

- ❑ If you have a dispute with a company with which you have signed a contract (e.g. a licensing contract), check whether there is an arbitration or mediation clause in the contract itself. It is prudent to include a special provision in contracts for the dispute to be referred for arbitration or mediation in order to avoid expensive litigation costs. On occasions, it may be possible to use alternative dispute resolution systems such as **arbitration** or **mediation** even if there is no clause in the contract or no contract at all, as long as both parties agree to it.
- ❑ Once you have found out that someone is infringing the IP rights of your company, you may wish to consider sending a letter (commonly known as a 'cease and desist letter') to the alleged infringer informing him or her of the possible existence of a conflict between your IP rights and his or her business activities (identifying the exact area of conflict) and suggesting that a possible solution to the problem be discussed. It is highly advisable to seek the assistance of an attorney when one writes such a 'cease and desist' letter in order to avoid court proceedings initiated by the alleged infringer protesting that no infringement has taken place or is imminent. This procedure is often effective in the case of non-intentional infringement since the infringer will in most such cases either discontinue the activities or agree to negotiate a licensing agreement.
- ❑ When you are faced with intentional infringement, including, in particular, counterfeiting and piracy, you may wish to seek the assistance of law enforcement authorities to surprise the infringer at his or her business premises in order to prevent in-

fringement and to preserve evidence relevant to the alleged infringement. Furthermore, the infringer may be compelled by the competent judicial authorities to inform you of the identity of third parties involved in the production and distribution of the infringing goods or services, and their channels of distribution. As an effective deterrent to infringement, the judicial authorities may order, upon request from your company, that infringing goods be destroyed or disposed of outside the channels of commerce without compensation of any sort.

- You may initiate **civil proceedings**. The courts generally provide a wide range of civil remedies to compensate aggrieved owners of IP rights. These include damages, injunctions, orders to account for profits and orders to deliver up infringing goods to right-holders. The IP law may also contain provisions that impose **criminal liability** for making or commercially dealing with infringing objects. The penalties for breach of the relevant sections may be imprisonment and perhaps even a fine as well.

In any case, in those situations where there is an alleged infringement or a dispute, before taking any formal action, it would be prudent to seek legal counsel from a competent IP professional in order to more accurately assess the most favourable option for your company, at the lowest possible cost. It may also be important to register your IP rights with the customs authorities, on payment of fees, in case the infringing, pirated or counterfeit items are coming from another country.

## Why should I enforce my intellectual property rights? Who is responsible for enforcing them if they are infringed?

### Why enforce IP rights?

The main objective of acquiring IP protection is to enable your company to reap the fruits of the inventions and creations of its employees. The IP rights of your enterprise can lead to benefits only when they can be enforced; otherwise, infringers and counterfeiters will always take advantage of the absence of effective enforcement mechanisms

to benefit from your hard work. Often, the mere threat of enforcement is a sufficient deterrent to would-be infringers.

In a nutshell, for your enterprise, the enforcement of IP rights is essential in order to:

- Preserve the legal validity of your IP rights before the relevant public authority.
- Prevent infringement from occurring or continuing in the marketplace, thus avoiding damage such as loss of goodwill or reputation.
- Seek compensation for actual damage, e.g. loss of profit, resulting from any instance of infringement in the marketplace.

### Who is responsible for enforcing IP rights?

The burden of enforcing IP rights is mainly on the holder of such rights. It is up to you as an IP right-holder to identify any infringement or counterfeiting of your IP rights and to decide what measures should be taken.

However, it is the responsibility of the national or State government to establish institutions that facilitate the enforcement of IP rights. The judiciary and, in some cases, administrative bodies such as IP offices or customs authorities are government institutions that may have to deal with infringement, piracy or counterfeiting cases.

Where border measures are available at the international border(s) of your country to prevent the importation of counterfeit trademark goods or pirated copyright goods, customs authorities have a major role to play when it comes to IP enforcement. According to the provisions of the applicable legislation, the customs authorities have to take action on their own initiative or on the request of the right-holder, or execute court orders.

Furthermore, in some countries, there are industry associations that assist their members in the enforcement of their IP rights (see [www.bsa.org](http://www.bsa.org) or [www.riaa.com](http://www.riaa.com)).

### References

*A Guide to United States Patent Litigation*. Mark D. Schuman. 3rd ed. Merchant & Gould. 2003. Web page at [www.merchantgould.com/attachments/39.pdf](http://www.merchantgould.com/attachments/39.pdf). Discusses the United States patent litigation system.