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Building an international protection program, one BRICS country at a time

Since the 1980s, international protection regimes for intellectual property rights have largely been divided into two “camps” — the Developed North and the Developing South.

Those countries that belonged to the Developed North — including the European Union, the United States, Canada and Japan — were generally perceived to be technology-exporting countries that provided fairly strong protection for intellectual property rights domestically.

The Developed North formed a relatively consistent block in seeking increasingly heightened protection for IP rights, demonstrated most strongly by the creation of the Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS) in 1994.

Disputes might arise among them, such as the present dispute between the United States and the European Union over the scope of moral rights granted authors, but these disputes did not alter the generally consistent, united demand for heightened IP protection.

By contrast, the Developing South — including Latin America, most of Asia and the former Soviet Union — were generally considered technology-importing countries that were still in the relatively early stages of commercial and industrial development. Domestic IP laws were generally underdeveloped and/or unenforced. In the critical decades leading up to TRIPS, these countries formed part of the “Block of 77” that consistently sought greater access to foreign intellectual property by creating exceptions to IP protection.

In the past 10 years, a new block of countries has arisen to take the lead in the development of new standards for protecting intellectual property rights. They are the BRICS countries — Brazil, Russia, India, China and South Africa. As demonstrated at the fifth annual BRICS Intellectual Property Conference, held at The John Marshall Law School this month, these emerging economic powers are rewriting intellectual property protection standards in

ways that require IP owners to reconsider present international protection strategies.

The clearest message from the conference was the need to create an international protection program that registers all relevant intellectual property in each of the BRICS countries. Differences in protection, however, require a careful one-BRICS-country-at-a-time approach.

For patent owners, BRICS countries generally do not grant patents for new uses of known substances. Thus, in India for example, under the Glivec decision, the Indian Supreme Court last month rejected the patentability of Novartis’ claimed cancer drug imatinib mesylate because it was an anticipated development of the “known substance” imatinib free base. Patent protection for computer software is similarly difficult to obtain absent evidence that the software provides a “technical solution” to the problem at hand.

BRICS countries represent an emerging consensus that patents must be worked (practiced) in their countries or face compulsory licenses at reduced royalty rates. In India, South Africa and Russia, importation of patented items may not be sufficient to avoid such licenses. Although compulsory licenses for failure to work a patent are generally based on whether the item is “reasonably accessible” in the domestic market, there is an increasing reliance on price as an indicator of accessibility.

While differential pricing for patented products, based on each country’s standard of living, should help avoid such compulsory licenses, efforts to prevent the unauthorized export of reduced-price products to other countries are inconsistent. Although China has laws that prevent the export of “unauthorized goods,” it is not clear if such prohibitions apply to lawfully manufactured, but illegally exported, goods (often referred to as “gray market” or even “generic” goods internationally). Other BRICS countries provide no controls over exported goods at all.

Trademark owners must be



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equally vigilant to register their brands in BRICS countries. Although the Paris Convention, Article 6bis, requires countries to protect “well-known” marks from unauthorized use or registration, even in the absence of use in-country, the major trend of the BRICS countries is to require registration on a “well-known” or “famous” marks registry to secure enhanced protection.

On the plus side, registration as a “well-known” mark should expand the scope of protection beyond the precise categories of goods listed in the registration certificate. Thus, if Coca-Cola is registered as a well-known mark in China for beverages, the registration should allow it to challenge successfully unauthorized uses of its mark on affiliated products.

On the minus side, China, Brazil and Russia generally base determinations of sufficient renown on actual “use” of the mark in the country. Thus, companies that are late to enter the domestic market of a BRICS country may find that renown abroad is insufficient to secure their rights domestically. In all instances, registration on local well-known marks registries is currently a

lengthy and costly process that may only be desirable for a company’s leading brands.

Although enforcement of intellectual property rights remains problematic throughout BRICS countries, each speaker at the conference emphasized the availability of an increasing array of new enforcement procedures.

In Russia, a special intellectual property court, established within the existing Arbitrazh courts and located in Moscow, should be fully operational by year’s end. In India, courts are increasingly granting punitive damages to deter defendants, even though actual damages remain difficult to recover.

In China, IP administrative actions have proven increasingly effective against counterfeit goods, particularly where those goods are of inferior quality. In all countries, in addition to the traditional arenas for protection — civil lawsuits, criminal prosecutions and border measures — anti-monopoly, sanitary (food and drug) and environmental agencies are increasingly being used successfully by patent and trademark owners to remove harmful goods from the marketplace.

Because of their booming economies, rapidly expanding consumer markets and increasing export of technology-based products, BRICS countries remain potent entryways for U.S. products abroad. They also share a relatively unique development pattern featuring highly developed areas around key cities and ports with largely underdeveloped interiors.

Balancing the conflicting interests of IP protection and public access that these patterns necessarily create has already resulted in legal regimes that are strikingly different from U.S. domestic laws.

Their similarities to one another; however, signal a potential new convergence in protection principles that will require continued monitoring and tweaking of present international protection programs to assure maximum continued protection for U.S. intellectual property rights.