Assisting Clients in International Transactions–Basic Considerations
Trade Regulation*

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I. Export Controls

a. U.S. Dept. of Commerce Bureau of Industry and Security

http://www.bis.doc.gov/licensing/exportingbasics.htm 15 CFR 700-774

1. What is the item? Commerce Control List [CCL]
   15 CFR chapter VII, subchapter C

2. Where is it going? Country Chart
   http://www.access.gpo.gov/bis/ear/pdf/738spir.pdf

3. Who is involved?
   http://www.bis.doc.gov/complianceandenforcement /liststocheck.htm

   "Deemed Exports" http://www.bis.doc.gov/deemedexports/

4. What are they going to use it for? "Dual use" technology and EAR99
   http://www.export.gov/regulation/exp_001498.asp

   Legal Authority: Export Administration Act of 1979 (as amended)
   http://www.access.gpo.gov/bis/ear/txt/legalauthority.txt

   Export Administration Regulations [EAR]
   http://www.access.gpo.gov/bis/index.html

   Export Control Enforcement Stories
   http://www.bis.doc.gov/complianceandenforcement/dontletthishappentoyou2007_sm.pdf

   Export Licenses: Apply online http://www.bis.doc.gov/snap/pinsnapr.htm

   Anti-boycott Regulations 15 CFR 760-764 Arab boycott of Israel

b. U.S. Dept of State Directorate Defense Trade Controls

22 CFR 120-130

Legal Authority: Arms Export Control Act 22 U.S.C. § 2778
(Int'l Trade in Arms Regulations [ITAR]
http://www.pmddtc.state.gov/itar_index.htm
ITAR Embargo Countries http://pmddtc.state.gov/country.htm

c. U.S. Dept of the Treasury Office of Financial Asset Control [OFAC]
http://www.treas.gov/offices/enforcement/ofac/ 31 CFR 500-598

Areas of OFAC interest: Balkans, Burma, Cote d'Ivoire (Ivory Coast), Cuba, Diamond Trading, Iran, Iraq, Liberia, Libya, Narcotics, Nonproliferation (uranium, etc.), North Korea, Sudan, Syria, Terrorists, Zimbabwe

d. U.S. Customs and Border Protection Export License Enforcement
http://www.cbp.gov/ex/cgov/trade/basic_trade/export_docs/export_licenses.xml

II. Basic information about International Intellectual Property Protection for Proprietary Technology and Market Goodwill

a. Patents – Dept. of Commerce, U.S. Patent and Trademark Office
35 U.S.C. §§ 101-376, 37 CFR § 1,1-1.809 www.uspto.gov

Presumption of Territoriality of Patent Protection
Microsoft Corp. v. AT&T Corp., 550 U. S. ____ (2007)

Paris Convention of 1883 for the Protection of Industrial Property
Article 4bis (Independence of national patent registrations)

"1. Patents applied for in the various countries of the Union by nationals of countries of the Union shall be independent of patents obtained for the same invention in other countries, whether members of the Union or not."

b. Trademarks – Dept. of Commerce, U.S. Patent and Trademark Office
15 U.S.C. §1051 et. seq. www.uspto.gov
http://www.ita.doc.gov/exportamerica/TechnicalAdvice/ta_trademarks.htm

Paris Convention of 1883 for the Protection of Industrial Property
http://www.wipo.int/treaties/en/

Article 6 (Independence of national trademark registrations):

> "3. A mark duly registered in a country of the Union shall be regarded as independent of marks registered in the other countries of the Union, including the country of origin."

Protection from Infringing Product Imports by Recording Your U.S. Trademarks: IPR e-Recordation and IPR Search 19 CFR §§ 133-21—133.27
http://www.cbp.gov/xp/cgov/trade/priority_trade/ipr/protect_ipr.xml

c. Copyrights – Library of Congress Copyright Office
Copyrights 17 U.S.C. §100 et. seq. www.copyright.gov

Copyright Registration - Registration is easy and cheap ($35-$45.00)
37 CFR §§ 202.1–202.23

In general, copyright registration is a legal formality intended to make a public record of the basic facts of a particular copyright. However, registration is not a condition of copyright protection. Even though registration is not a requirement for protection, the copyright law provides several inducements or advantages to encourage copyright owners to make registration. Among these advantages are the following:

* Registration establishes a public record of the copyright claim.

* Before an infringement suit may be filed in court, registration is necessary for works of U.S. origin.

* If made before or within 5 years of publication, registration will establish prima facie evidence in court of the validity of the copyright and of the facts stated in the certificate.

* If registration is made within 3 months after publication of the work or prior to an infringement of the work, statutory damages and attorney's fees will be available to the copyright owner in court actions. Otherwise, only an award of actual damages and profits is available to the copyright owner.

* Registration allows the owner of the copyright to record the registration with the U. S. Customs Service for protection against the importation of infringing copies. For additional information, go to the U.S. Customs and Border Protection website at http://www.cbp.gov/xp/cgov/trade/priority_trade/ipr/

Registration may be made at any time within the life of the copyright. Unlike the law before 1978, when a work has been registered in unpublished form, it is not necessary to make another registration when the work becomes published, although the copyright owner may register the published edition, if desired.

d. Border Enforcement to Keep out Goods Infringing U.S. IP Rights

1. U.S. Dept. of Homeland Security Customs and Border Protection
Protection from Infringing Product Imports by Recording Your Trademarks and Copyrights: IPR e-Recordation and IPR Search
http://www.cbp.gov/xp/cgov/trade/priority_trade/ipr/protect_ipr.xml

The first step in obtaining IPR protection by CBP is to record validly registered trademarks and copyrights with CBP through the Intellectual Property Rights e-Recordation (IPRR) online system . (IPRR) CBP's on-line recordation allows rights owners to electronically record their trademarks and copyrights with CBP, and makes IPR recordation information readily available to CBP personnel, facilitating IPR seizures by CBP. CBP uses this recordation information to actively monitor shipments and prevent the importation or exportation of infringing goods.
As of the end of Fiscal Year 2007, over 21,000 trademarks and copyrights were recorded with CBP. While CBP enforces both recorded and non-recorded trademarks and copyrights, enforcement of recorded trademarks and copyrights takes precedence over those that are not recorded with CBP. Public versions of trademarks and copyrights recorded with CBP are available in the Intellectual Property Rights Search (IPRS) searchable database.

2. Int'l Trade Commission - Office of Unfair Import Investigation
Legal Authority 19 U.S.C. § 1337
http://www.usitc.gov/trade_remedy/int_prop/index.htm

Section 337 investigations conducted by the U.S. International Trade Commission most often involve claims regarding intellectual property rights, including allegations of patent infringement and trademark infringement by imported goods. Both utility and design patents, as well as registered and common law trademarks, may be asserted in these investigations. Other forms of unfair competition involving imported products, such as infringement of registered copyrights, mask works or boat hull designs, misappropriation of trade secrets or trade dress, passing off, and false advertising, may also be asserted. Additionally, antitrust claims relating to imported goods may be asserted. The primary remedy available in Section 337 investigations is an *exclusion order* that directs Customs to stop infringing imports from entering the United States. In addition, the Commission may issue cease and desist orders against named importers and other persons engaged in unfair acts that violate Section 337. Expedited relief in the form of temporary exclusion orders and temporary cease and desist orders may also be available in certain exceptional circumstances. Section 337 investigations, which are conducted pursuant to 19 U.S.C. § 1337 and the Administrative Procedure Act, include trial proceedings before administrative law judges and review by the Commission.

III. Anti-Bribery

U.S. Dept. of Justice – Foreign Corrupt Practices Act (Securities Exchange Act of 1934 - amended 1979 and 1998) 15 U.S.C. §§ 78dd-1

Basic Information
http://www.justice.gov/criminal/fraud/docs/dojdocb.html

a. Five Elements:

1. Who does it apply to?: "Issuers" and "domestic concerns"

An "issuer" is a corporation that has issued securities that have been registered in the United States or who is required to file periodic reports with the SEC. A "domestic concern" is any individual who is a citizen, national, or resident of the United States, or any corporation, partnership, association, joint-stock company, business trust, unincorporated organization, or sole proprietorship which has its principal place of business in the United States, or which is organized under the laws of a State of the United States, or a territory, possession, or commonwealth of the United States.

In addition, issuers and domestic concerns may be held liable for any act in furtherance of a corrupt payment taken outside the United States. Thus, a U.S. company or national may be held liable for a corrupt payment authorized by employees or agents operating entirely outside the United States, using money from foreign bank accounts, and without any involvement by personnel located within the United States. [due diligence test]

2. Corrupt intent

The person making or authorizing the payment must have a corrupt intent, and the payment must be intended to induce the recipient to misuse his official position to direct business wrongfully to the payer or to any other person. You should note that the FCPA does not require that a corrupt act succeed in its purpose. The offer or promise of a corrupt payment can constitute a violation of the statute. The FCPA prohibits any corrupt payment intended to influence any act or decision of a foreign official in his or her official capacity, to induce the official to do or omit to do any act in violation of his or her lawful duty, to obtain any improper advantage, or to induce a f oreign official to use his or her influence improperly to affect or influence any act or decision.

3. Payment

The FCPA prohibits paying, offering, promising to pay (or authorizing to pay or offer) money or anything of value.

4. Recipient

The prohibition extends only to corrupt payments to a foreign official, a foreign political party or party official, or any candidate for foreign political office. A "foreign official" means any officer or employee of a foreign government, a public international organization, or any department or agency thereof, or any person acting in an official capacity. [DOJ has an Opinion Procedure for particular questions as to the definition of a "foreign official".]

5. Business Purpose Test

The FCPA prohibits payments made in order to assist the firm in obtaining or retaining business for or with, or directing business to, any person. The Department of Justice interprets "obtaining or retaining business" broadly, such that the term encompasses more than the mere award or renewal of a contract. It should be noted that the business to be obtained or retained does not need to be with a foreign government or foreign government instrumentality.

b. Exceptions and Affirmative Defenses

Payments for "routine government action" excepted - does not include any decision by a foreign official to award new business or to continue business with a particular party.

A person charged with a violation of the FCPA's antibribery provisions may assert as a defense that the payment was lawful under the written laws of the foreign country or that the money was spent as part of demonstrating a product or performing a contractual obligation. Defendant is required to show in the first instance that the payment met these requirements. The prosecution does not bear the burden of demonstrating in the first instance that the payments did not constitute this type of payment.

c. Sanctions

Criminal - Fines up to $2 million. Imprisonment up to 4 years.
Civil - Fines up to $10,000 against corporation, officer, director, employee or agent.
RICO - triggers treble damages in any RICO action.