

How Washington IP practices serve clients with global needs.

Around the World

By Claudia MacLachlan

Every once in a while, trademark lawyer Michael Clayton gets a dramatic reminder that the globalization of commerce spans more than oceans—it spans worlds. From his office at Morgan, Lewis & Bockius in downtown Washington, D.C., Clayton corresponds with people in places where trademark registration would seem to be the least of anybody's worries.

Once he received an envelope containing the original trademark documents he

had sought—along with the insects that had burrowed in and died. On other occasions, he has received apologetic replies from foreign officials who explain that they haven't had time to look for the paperwork because they've been too busy fighting a war or suppressing a revolution.

“My personal favorite,” says Clayton, “is the time when the goat managed to get into the trademark office and feasted on the files, including the certificates of registration we had requested.”

Somewhat less exotic are the growing number of nations with well-developed intellectual property law systems that resemble, but don't replicate, the U.S. model. To understand the particularities of IP law and practice across Europe alone is more than any one lawyer can manage.

These reminders that IP protection doesn't end at the water's edge rise up more frequently than they used to, says Clayton, who heads Morgan, Lewis' trademark and copyright practice group. "Five or six years ago I had a mostly domestic trademark and copyright practice, and I was litigating in U.S. courts, under U.S. law, involving pretty much U.S. companies."

In recent years, all that has changed. Although the United States remains the single biggest market in the world—and thus the focus of most patent, trademark, and copyright issues—many American and multinational companies do significant business overseas. Increasingly, they can't afford not to protect their intellectual property in multiple jurisdictions.

So somebody has to help CEOs in the United States find knowledgeable counsel in Greece when their patents are threatened. Somebody has to explain discovery rules to Japanese exporters facing infringement claims in the United States. Somebody has to facilitate global mergers by poring over trademark registrations in every jurisdiction you can think of and a few you probably can't.

"It was challenging enough to keep up with changing law in the United States," says Clayton. "Now we have found that our clients have become global and their problems have become global." And so their D.C.-based lawyers have also become global.

D.C. law offices with IP practices are responding to the booming demand for worldwide representation both tactically and geographically. Some, like McDermott, Will & Emery and Howrey Simon Arnold & White, have opened London offices in recent years and are now expanding further into Europe. Howrey opened a

Brussels office in April, and McDermott opened a Munich office in January.

Finnegan, Henderson, Farabow, Garrett & Dunner, which already has offices in Brussels and Tokyo, is setting up a small outpost in Taiwan—a nation that, not coincidentally, just joined the World Trade Organization. In London, the firm relies on Richard Fawcett, former chief patent counsel for British Petroleum, to serve as its eyes and ears in the United Kingdom and on the Continent.

"I keep them informed of what's going on politically in the European Union, especially with respect to patent litigation," says Fawcett. "I also advise on specific issues, mainly before the European Patent Office in Munich."

Fawcett's other duties as an independent counsel include introducing the firm to the right people, among them potential clients and local counsel. He notes, "I know a lot of people in the industry in the U.K. and the EU."

Arnold & Porter, which has had a London office for about a decade, began adding IP capability there about five years ago, says David Apatoff, co-chair of the firm's 100-lawyer IP group. For a while, Arnold & Porter also had a Tokyo office. Because of the long Japanese recession, says Apatoff, the firm has shuttered that office and now serves clients with Asian interests from its Los Angeles and D.C. offices.

Almost without exception, the lawyers and other experts hired to staff these overseas IP practices are licensed in that country or in nearby jurisdictions. The global economy has delivered Big Macs to Moscow with a lot more speed and efficiency than it has served up a unitary worldwide intellectual property law system. And the result is: "For anything really meaningful, you really need local counsel," says Apatoff, adding, "The more different the culture is, the more you want to have someone capable [in that jurisdiction]."

For example, the 11 IP lawyers in Howrey's London office—including two French attorneys joining the firm in June—are licensed to practice before a

number of different authorities. These include the European Patent Office in Munich, the European Community Trademark Office in Alicante, Spain, and the national patent and trademark offices in England, Wales, the Netherlands, Germany, and Australia. Collectively, the 11 lawyers speak seven languages.

To head its London office, Howrey hired Jacobus Rasser away from the Procter & Gamble Co. in Cincinnati, where he had been chief worldwide patent counsel. Rasser, a Dutch native licensed to practice before the patent offices in England, Wales, and the United States, opened the U.K. office in January 2001 with one English solicitor. By the end of this year, he expects to have 18 lawyers.

"Our approach to IP practice is quite different from the typical European practice," says Rasser. His years at Procter & Gamble taught him, he says, that it was essential to develop a coordinated strategy involving both patent prosecution and litigation. So Howrey's London office brings together lawyers who prosecute—or procure—patents with those who litigate them.

"Traditionally, firms do one or the other," says Rasser. "But your chances in litigation are determined to a large extent by the quality of the patent prosecution work. [And] you need to understand litigation to draft a good patent."

In addition, firms need to plan ahead for their clients, says Rasser. "Law firms tend to get involved *after* a suit is filed, and that is a bit late," especially in a global economy with multiple forums.

At Procter & Gamble, Rasser recalls, the in-house legal team would pick its battles carefully: "When we saw litigation on the horizon, we had people in-house who could sit down and develop strategy for how to proceed to defend or assert a patent. If we decided, for example, that there was an easy win in Germany, we would say, 'Let's file suit there first,' and then maybe we would do pre-emptive filings in other countries."

Like Howrey, the London office of McDermott, Will also bucks European tradition by offering both patent prosecution and litigation expertise. "It gives clients better, more integrated service," says Larry Cohen, who heads McDermott's 15-lawyer intellectual property practice in London.

It also saves time and money—which is likely a selling point with companies looking for legal help overseas. Observes Cohen: “Clients in the U.S. feel that, whatever happens in the U.K., it is very expensive because of the demarcation [of prosecution and litigation], which means they have to hire two firms.”

Cohen describes McDermott’s London office as “a bit polyglot”: Its lawyers too are licensed to practice in a variety of European countries and forums.

For cases that must be fought on both sides of the Atlantic, Cohen says, one project manager is designated by the firm, or by the client, to be in overall charge. The project manager “takes responsibility for making sure that what is said in various jurisdictions” is consistent, explains Cohen.

Lack of a consistent strategy is one of the potential hazards in protecting IP around the world. David Marsh, a partner in Arnold & Porter’s D.C. office who specializes in biotechnology cases, notes that most patent clients want their lawyers to oversee related issues in foreign countries. The key difficulty, he says, is “to speak with a single voice.”

For a major global litigation, Arnold & Porter will pull everyone together to coordinate their work under one roof, says Marsh. Typically, he says, the firm will get together with overseas counsel at the client’s headquarters.

Arnold & Porter does worldwide patent work for some big pharmaceutical and agricultural companies, among them the Monsanto Co. Yet Marsh’s own travel abroad is very selective and rarely undertaken to assist in court proceedings, which are handled either by the firm’s London office or by local counsel. Instead, Marsh occasionally will go overseas at the specific request of a client or in order to attend a patent opposition hearing.

Similarly, many D.C.-based intellectual property lawyers say that their overseas work is limited to document gathering, depositions, and face-to-face meetings with clients and their engineers to discuss highly technical mat-

ters—such as microchip configuration—which are sometimes impossible to explain by telephone or e-mail.

For example, Thomas Jarvis, who specializes in representing computer chip manufacturers in high-stakes, fast-track litigation at the U.S. International Trade Commission, spent nearly one-third of his time last year at his firm’s office in Palo Alto, Calif., and visiting clients in Asia. Yet Jarvis stays based in Washington, D.C., where the ITC is located and where he co-chairs Finnegan, Henderson’s ITC practice.

Jarvis does put a high value on the time he spends in Asia meeting with clients. “You can get the details that you can’t get from documents or even over the phone, particularly with clients where English is their second language,” he says.

Connecting with the engineers is particularly important. “Engineers are not usually involved in the selection of attorneys, but they often are involved in firing them,” notes Jarvis. “It’s the engineers who know whether the lawyers can engage in a substantive discussion of their products in court.”

International clients need intellectual property lawyers with ITC expertise because the ITC has jurisdiction over goods imported into the United States and makes quasi-judicial decisions about allegations of unfair trade practices—mainly, claims that imported goods infringe U.S. patents and trademarks. The ITC can order that infringing imports be excluded from the United States.

In the last year, the ITC’s caseload has tripled, primarily because of globalization and recession. “In a recession, companies are willing to litigate for market share,” Jarvis explains.

Howrey’s Cecilia Gonzalez also litigates at the ITC. And she too spends time at her Asian clients’ offices preparing them for litigation in U.S. courts, especially, she says, trying to explain the bewildering concept of discovery.

“There is still a basic lack of understanding and acceptance of discovery,” says Gonzalez, who is based in Washington, D.C., and serves as vice chair of Howrey’s IP group. “Foreign companies feel it is an invasion of their privacy, and in most Asian countries there are no similar provisions for discovery.”

She points to Japan as one obvious example. There is no discovery law in Japan, says Gonzalez, and the Japanese government frowns on letting American attorneys apply U.S. discovery law there. As a result, she says, lawyers need a special visa to take depositions in Japan and must conduct them at the U.S. consulate. In Europe, she adds, the deposition rules vary by country.

“If you are on a fast track, it’s a huge problem,” says Gonzalez. “You just have to be very resourceful in doing discovery overseas. You’ve got to think out of the box.”

So sometimes the tricky part of an international IP practice is just explaining U.S. law to incredulous foreign clients. Other times, it’s the need to navigate the world’s IP systems at double time.

Last year, Morgan, Lewis handled the trademark work for Diageo in its joint bid with Pernod Ricard for the Joseph E. Seagram Co.’s spirit and wine business. The job entailed worldwide due diligence on Seagram’s trademark registrations for such brands as Seagram’s VO whisky and Captain Morgan rum.

Along with Diageo’s in-house counsel, Clayton, the Morgan, Lewis partner, assembled a team of 16 trademark lawyers—about half of the firm’s trademark group—plus 10 paralegals to try to track down the registrations in 200-plus jurisdictions around the world. “It would be virtually impossible to independently verify each registration,” says Clayton, “but it would be foolhardy to not verify them in the key jurisdictions.”

The task had to be tackled, explains Clayton, because the registrations were key to the value of Seagram’s brands—and thus a big element in calculating Diageo’s \$8 billion offer.

In the end, the job required enormous coordination, frequent trips to Diageo’s London headquarters to inspect documents, and close contact with a far-flung network of local counsel. In other words, Diageo’s D.C. attorneys provided a global IP solution to a global IP problem. ■