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Intellectual Property Rights Violation

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Intellectual Property Rights Violation

Intellectual property rights violations have numerous effects not only on the company but also on the entire economy. This paper will be addressing the different types of violations and ways to mitigate them. Again, the paper will discuss different legal issues associated with global commerce together with several sources of political risks.

Intellectual Property

For US companies involved in business overseas, intellectual property rights violation is always a serious problem. Exporters are most significantly affected when it comes to these violations. Therefore, it is necessary to understand where these problems come from and the possible ways in which they can be limited if not solvable. Intellectual property is a classification of possessions that includes untouchable constructions of the human intellect. The most common intellectual properties are ² trade secrets, copyrights, patents and trademarks. Thus, intellectual property rights violations commonly refer to the violations aforementioned (International Trade Administration).

There are different dangers involved in intellectual property rights violations. The effect these types of violations have on exporters is immense hence need for coming up with effective solutions. Technology has always played a critical role from way back and as it evolves it is capable of dealing with the dangers these types of violations bring. These dangers include the legal costs exporters use to enforce and protect intellectual property rights which is one of the most significant effects intellectual property rights violations have. Exporting companies have to spend more money trying to protect their intellectual property rights. This is common to a government that is restricting US exporters from benefiting in their market. Therefore, they end up giving the exporters hard time through paperwork and increased scrutiny of the products

being exported. These types of expenditures also include the cost of trying to safeguard against a given infringement. Secondly, intellectual property may end up diminishing in value as an asset that comes as a consequence of legal outcomes of non-infringement, unenforceability and invalidity, or challenges to ownership or title. Lastly, there could be harm to consumer relations leading to share price of the company reducing (International Trade Administration). Almost all company performance depends on their customers' ability to acquire products and services. Therefore, whenever there is an interruption in this flow, the company ends up making losses, thus, reducing its share price. All these rotate around costs.

Most conflicts arise from trade barriers which are commonly government procedures, policies, or practices. To limit trade from US companies, governments may end up using these procedures, policies, or practices to target them, hence, unnecessarily or unfairly restricting companies from engaging in trade within their borders. Unfortunately, this unfair treatment has brought about the emergence of various offices meant to assist exporters from the US in dealing with such violations. Additionally, technology has the upper hand in trying to fix this problem (International Trade Administration).

Technology nowadays is applicable in almost if not all areas of business. Therefore, it also plays a crucial role in intellectual property rights. For instance, most products are available online thus, whenever a similar product is uploaded by a different individual it may reject the upload or notify the first person who uploaded the product. This commonly applies to platforms that are genuine and are free of any suspicious behaviors. In this way, copyright infringement normally reduces and the developer benefits wholly from what they engineered. Most US exporters make their products public and through technology, their goods and services are recognizable even before they proceed to offer them overseas. By doing this, every company that

has or had the intention of creating a similar product is made aware and in case they chose to proceed anyway, there is evidence. Companies that are too preservative are the ones that usually benefit more through technology since their products remain privately owned (Chapter 5).

Global Commerce Legal Issues

One of the most common issues is employment laws. Once a company has identified a market and wants to expand to that market, it has to source for employees in the same market. Therefore, the company must familiarize itself with the regions' employment laws to know the dos and don'ts when dealing with foreign employees (Todd, 2017). Moreover, there are different employment laws from one jurisdiction to the other thus as a company it is critical to comply with these laws usually provided by local authorities. These laws may relate to health and safety and any other legal needs properties required in operating businesses in the target region. Normally, if a company violates the set laws, the consequences are harsh such as serving penalties from the host country's government authorities or even closure.

Another legal issue involved in global commerce is the exclusive distribution agreement. Ordinarily, when setting foot onto a new market, the company is offered a chance to sign a distribution agreement with only one distributor. Meaning, the company's products can only be sold by a single distributor bringing in the benefit of entering into a market easier and faster (Todd, 2017). However, it restricts possible growth, as the company will not be allowed to distribute or sell its products through any other distributor. Furthermore, such types of agreements contain stringent constraints and are difficult to end. Additionally, the distributor controls the entire company's businesses within the region, thus, having power over it. Therefore, it is necessary for every company interested in expanding its business globally offered this type of agreement to evaluate the pros and cons before signing it (Todd, 2017).

Sources of Political Risk

There are several sources of political risk involved in international business. The most popular is the restriction of entry of foreign investors. This manifests itself in various ways such as restrictions on the type of business the foreign investors are to undertake. Therefore, new investors are not allowed into their target region eliminating the opportunity to trade limiting foreigners in a specific region. Such behavior hurts the country due to the reduced number of potential investors (Todd, 2017).

Another source of political risk is government interference. Also known as expropriation, governments for no justification or no reason at all may decide to confiscate, expropriate or seize a firm's investment. Alternatively, government can endorse measures containing expropriation effects. In both cases, a company may lose overseas assets or investments hence focusing on the local market (Chapter 5).

Political violence is also relatable when it comes to sources of political risk. Generally, political violence is a result of the political instability in a country making the country inhabitable for most international businesses. Therefore, resulting in most companies shying away from investing in such a region. Mostly, this happens due to damage of assets leading to termination of normal operations by a company. Lastly, conversion and transfer can also be related to sources of political risks. Whenever there is an economic crisis, foreign governments and the central banks may choose to stop the hard currency from leaving the country or impose prohibitions on conversion of local currency to hard currency (Chapter 5). Hence, during the process also limiting foreign exchange transfers.

In summation, intellectual property rights violations can significantly limit companies' normal operations. Different factors such as political, social and legal can all influence these

violations. For that reason, it is crucial that whenever a company wants to extend its field of operation globally, they take into consideration such factors first and evaluate them before venturing into new territories.

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