



## **IP rights protection in developing markets: An exclusive interview with AGMA**

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Founded in 2001, the Alliance for Gray Market and Counterfeit Abatement (AGMA) has been at the forefront when it came to intellectual property rights protection. A non-profit organization made up primarily of tech companies, theirs is a high-stakes battle worth billions of dollars and stretches to all corners of the globe.

For as long as trade has existed, counterfeit goods have existed to make a quick buck for criminals. While the world may have moved on from cocoa beans to computers, counterfeiting, and the newly emergent gray market, is still a bane for legitimate businesses big and small.

### **Mutual cooperation**

It all began with a meeting between brand protections professionals where companies discovered that they had the same problems with regards to gray market and other IP protection issues. With the goal of educating each other by sharing the best practices to address, a united front was formed.

AGMA was established for the sole purpose of fighting this illegal industry by raising awareness as well as informing consumers about the pitfalls of patronizing counterfeit and gray market products. The company does refrain from taking an active part in combating gray marketers and counterfeiters through legal channels and instead focuses on developing strategies to best combat them.

“The AGMA organization itself does not engage in enforcement activities,” Kasia Maciola, AGMA communications committee chair, told us in an email. “Rather, we gather during events to share best practices and foster education among our members.”

The cooperation between its members has allowed them to mutually benefit by creating their own robust enforcement strategies which are certainly needed now more than ever. With the advent of globalization and the internet, stopping counterfeit and gray market products is becoming more difficult, if not impossible.

### **IP protection today**

Many tech firms have moved production overseas, greatly reducing their ability to manage and secure their supply chain. The growth of gray market activities shows that, despite contracts and agreements. Many manufacturers are willing to risk their partnerships in the name of profit selling legitimate goods through illegitimate channels without approval from the owner of the original manufacturer or trademark.

Much of these goods flow to developing markets where their cheap prices and consumers’ low purchasing power create the perfect condition for the gray market to flourish. Add to that lax or non-existent IP protection laws and you have a perfect storm of illegal commodities trade.

For years, AGMA and their members have been using education and validation tools to combat the flow of counterfeit and gray market goods. These involved informing consumers and their dangers as well as how to identify them. This is coupled with a “zero tolerance” policy when issues are found, and for the most part, their efforts have been met with success.

AGMA also encourages their members to implement strong supply chain and manufacturing security programs to prevent their products from leaking into the hands of gray marketers. Among the tactics they recommend include serialization, indelible genuine markers, and robust tracking to get more insight into where their products are going.

The Asia-Pacific region is currently the focal point of many company’s IP protection efforts, not just AGMA members. Not only is it the most valuable emerging market but its diverse composition of different governments, laws, peoples, cultures, and financial mindset make it difficult for any firm to gain a foothold into let alone enforce IP protection.

“IP protection in Asia-Pacific is complex due to the diversity of economies and legal standards,” Maciola stated. “Companies need to understand the legal system of the country fighting counterfeiting and utilize the appropriate legal and ethical means to enforce their IP rights.”

## **Welcome to the new age**

While the tried and tested strategy of educating of customs, police and other enforcement officials on the issues and risks of counterfeit goods and utilize the appropriate legal and ethical means to enforce their IP rights is still being employed, AGMA and its members are also looking into new technology to address its IP issues.

This was highlighted in their more recent paper outlining the use of blockchain technology to aid in the protection of their products and IP. According to AGMA, many companies are already developing and they are closely monitoring their progress with great interest.

As for their effects on the cost of goods, AGMA states that while companies often find it challenging to find a balance between IP protection and the cost of goods, their strategy of using new technologies helps in this regard. Effective proper brand protection means yield improvement to the total bottom line of a business thereby keeping the cost of goods competitive. A definite win-win for both company and consumer.

## **Where AGMA stands today**

After nearly two decades of campaigning for IP rights, AGMA is confident that their events, white papers, articles, and networking have significantly enhanced the effectiveness of their brand protection programs. While most consumers take them for granted, many of their IP protection strategies have seamlessly blended into the products they buy, as if they were already there to begin with. Verification codes, serial numbers, online registration, it’s much harder to find products without one or two of these than to find one that has.

Although significant strides have been made, the battle is, nonetheless, a perpetual one. And as long as there is demand for counterfeit and gray market products, AGMA and its members will continue to push the envelope of IP protection. While at first glance, their organization’s activities might be for their members’ own ends, small and medium enterprises have directly benefited from their efforts to protect intellectual property rights.