

International Risk boosts Chinese IP capabilities

By Howard Winn | 21 February 2008

The Hong Kong-based risk mitigation organisation has strengthened its intellectual property and brand protection capabilities in China by acquiring Thompson Market Services.

International Risk, a Hong Kong-based risk mitigation organisation has acquired Thompson Market Services (TMS), a market leader in the Chinese intellectual property and brand protection arena. The terms of the transaction were not disclosed.

TMS will be fully integrated into International Risk, which is a wholly-owned subsidiary of NYSE-listed FTI Consulting. Steve Vickers who is President and CEO of International Risk will become chairman of TMS, while Bill Thompson will remain as managing director of TMS.

TMS has 75 full-time professionals and a significant number of part-time contractors. It is headquartered in Hong Kong with a Shanghai-based wholly-owned foreign enterprise, Thompson Market Services (Shanghai), which serves as its main platform for China. It also has a branch office in Guangzhou and maintains operational coverage in some 20 Chinese cities. It serves a considerable number of multinational clients.

TMS provides comprehensive intellectual property and brand protection solutions including: manufacturing and market assessment studies; consulting for the design, development and execution of long-term brand protection programmes; and liaising with various Chinese government and law enforcement agencies in order to achieve high-frequency, high-impact raids and seizures of counterfeit goods.

TMS also conducts investigations to collect evidence regarding the activities of the increasingly sophisticated networks of counterfeit manufacturers, exporters, distributors and cyber-traders that are driving the rapidly expanding global trade in fake goods.

“This acquisition facilitates the creation of a unique brand protection practice with both strategic consulting and on-the-ground resources to defend the growing threat to MNC brands,” said Vickers.

The new brand protection division will operate as a distinct practice area - complementing International Risk's existing business intelligence and investigative business.

Global brands are under intense threat, says Vickers, with the global trade in counterfeit goods valued at \$600 billion. But the enforcement efforts of companies tend to be uncoordinated.

“Many companies don't understand the extent of the threat they face. My experience is the greatest threats to brands are from the people closest to you: former employees, former distributors, former manufacturers, people who are involved in the production and distribution of your product,” he says. “They are actually very often the people most likely to be most materially damaging to companies in a counterfeiting world.”

He says that executives need to bear in mind that although there is a huge effort through lawyers and others aimed at trying to neutralise individual factories and operations, these counterfeiting operations are run by big sophisticated international syndicates. While the factory may be in China, the business is often run from another country.

Piecemeal approaches to counterfeiting are very dated, says Vickers. “With most of the West's manufacturing being down in China all that they own is the intellectual property. If they don't protect that effectively they are going to go out of business,” he adds.

So rather than neutralising individual factories, the best approach is to first establish a strategic evaluation of what is going on, analyse the scale of the problem, and come up with the linkages that show where the money comes from, and where the goods are distributed. Then, rather than trying to attack the whole organisation, cut the five or six key wires that hold the operation together.

Vickers believes that the marriage of International Risk's strategic consulting and professional experience with TMS's practical on-the-ground capabilities is a powerful combination and will open up new and more effective ways to protect brands and the intellectual property of international companies.

Commenting on the acquisition, Jack Dunn, FTI's President and CEO, said: "We enter 2008 with strong momentum in the marketplace as we continue to grow our business through both internal and external means. This transaction fits in perfectly with our overall strategic acquisition programme. In acquiring TMS, we add a leader in the Chinese marketplace that greatly enhances FTI's existing coverage in Asia and significantly expands our operational capacity to serve clients facing major threats to their intellectual property or to their overall brand in China. Patents, copyrights, trademarks and other intellectual property are among the major assets of the world's leading corporations. The increasing sophistication of criminal networks requires an incrementally refined response. The combination of FTI's specialist resources and TMS's practical operational experience further differentiates us from our competitors in the complex Greater China market."

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International Risk has extensive experience in resolving a wide variety of brand protection issues.

Our services include:

- Strategic consulting as to brands
- Strategic and tactical program design and implementation
- Piracy investigations & the coordination of multiple raid actions
- IP registration, renewal, cancellation, opposition and licensing
- Market surveys, market monitoring and evidence collection
- Enquiries into the rogue registration of patents and trademarks
- IP related criminal and civil litigation legal support services and litigation intelligence gathering
- Strategic assessment and market penetration studies
- Customs liaison, coordination and cross-border protection programs
- IP due diligence into suppliers, distributors & third party manufacturers
- Anti-counterfeit information management and database management
- Quantifications of losses through infringement
- Local and international lobbying and alliance building
- Coordination of anti-counterfeiting publicity campaigns
- Cyber-trade investigation and intervention measures
- Forensic analysis of seized computer evidence

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