

# Top 8 Actions for IP in China

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# Top 7 Actions for China IPR

- Register your IP in China
- Do raids!
- Clean up Internet sites
- Scout Trade Fair for infringement
- Stop shipment at borders
- Freedom to Operate
- Drop fear of court
- Act in groups



# No. 1 Register Your IP in China

- Trademark
- Patents
- Design patents
- Copyright
- Plant Variety Rights



# Trademark Squatting

# Latest Examples



# Again, why?

- IP is territorial
- If you don't, your competitors, Chinese or non-Chinese will
- Your patents may become a huge leverage when dealing with big size competitors

# Important tips on developing IP portfolio

- File as early as possible
- Protecting your marks in Chinese characters
- Patent filing: Translation, translation and translation
- Be careful about what was submitted/stated to the patent office during the patent examination stage
- Be mindful about what you did with the counterparts in US and EU



# No. 2 Do the raids!

- Three major ways for enforcement
  - Criminal (relying on police)
  - Civil (IP owners file the lawsuits)
  - Administrative (Requesting government authorities to raid)
    - Cost efficient
    - Lacking deterrence
    - Incompetent in dealing with large scale infringements

# No. 3 Clean Up Internet Sites

- Internet shopping is thriving in China
- IP owners have been pressing large trading platform such as www.taobao.com, through cease and desist letters and civil actions

The image shows a screenshot of the Taobao.com website homepage. At the top, there is a purple banner with the text "奢侈大牌天天送 百万现金免费送 满200送100" and icons for various categories like "彩妆" (Cosmetics), "黄金珠宝" (Gold Jewelry), "护肤" (Skincare), "手表" (Watches), "眼镜" (Glasses), and "饰品" (Accessories). Below this is the Taobao logo and a search bar with the text "淘宝网 热卖" and "一淘 taobao.com". A search button labeled "搜索" is on the right. Below the search bar, there is a row of navigation links: "首页", "商城", "特卖", "女人", "美容", "男人", "运动", "数码", "疯狂购", "导购画报", "热销榜", "巨优惠", "品牌特卖", "名店街". A row of hot keywords follows: "热门关键词: 新品 秋装 T恤 雪纺 单鞋 女包 面膜 牛仔裤 iphone4 衬衫". The main content area is divided into several sections. On the left, there is a "热卖促销" (Hot Promotions) sidebar with a list of items: "秒杀满立减天天惊喜", "时髦潮范牛仔衬衫", "遮肉混搭立显瘦", "品牌特卖9点准时上新", "复古小魔女来袭", "百搭帅气工装外套", "优雅搭配大行其道", "秋季装扮日式范儿", and "小资女出游气场搭". The central part of the page features a large banner for "SKYRII 时尚先锋五冠女装" with a "秋冬爆款 2折" (Autumn/Winter Hot Item 20% Off) promotion. The banner includes the text "套餐6折/越早越便宜6折" and "包邮 + 上新50款 低至5折". Below the banner, there are several smaller images of women wearing different styles of clothing. On the right side, there is a "流行趋势" (Fashion Trends) section with a table of trends: "型男装扮", "鞋包搭配", and "最热关注". The table lists items like "复古军装风潮衣", "秋日俏皮出游清新装", "出街简约欧美范", and "日系秋装简约搭". Below this is a "天天疯抢" (Daily Crazy Sale) section with a "明星店铺" (Celebrity Store) and "创意新鲜" (Creative Fresh) sub-section. The "天天疯抢" section features a large "天天疯狂购" banner and a product listing for "米奇情侣居家棉拖鞋" (Mickey Couple Home Cotton Slippers) with a price of "¥49" and "包邮价: 12.9元". The "明星店铺" section features a product listing for "阳澄湖大闸蟹" (Yangcheng Lake Crabs) with a price of "¥12.9元". At the bottom of the page, there is a "当前热点" (Current Hotspots) section with a list of items: "连衣裙", "靴子", "鞋包", "雪纺", "韩版", "男鞋", "打底裤", "诺基亚", "手表", "板鞋". Below this is a "购物比价 全在一淘" (Shopping Price Comparison All in Taobao) section with a list of items: "新款秋装", "大码女装", "男士T恤", "波西米亚", "性感内衣", "靴子", "补水", "脱毛膏", "运动鞋", "睡衣". At the very bottom, there is a "女装服" (Women's Clothing) section with a list of items: "雪纺衫", "情侣装", "打底", "薄外套", "牛仔裤", "开衫", "风衣", "针织衫", "韩版", "休闲", "礼服", "卫衣", "马甲", "衬衫".

# No. 4 Scouting Trade Fairs For Infringement

- Infringers often display infringing items at Trade fairs
- IPR protection actions available at trade fairs
- Three ways to protect your Designs
  - Design patent – 10 year validity
  - Copyright protection as “applied art”
  - Trade dress under the unfair competition law



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# No. 5 Stop Counterfeits at Borders

- Customs inspect both imported and exported goods for IP infringement
- You need to record your rights
- Bond is to be paid



# A Word about Anti-Counterfeiting Strategy

- It takes stamina and persistence to deal with counterfeiting and piracy
- Don't hope it can be resolved overnight
- It is part of the competition in the market
- You can never give it up
- Select and win the cases you can win



# No. 6 Clear Risks of Infringement

## China fines Schneider €31m

French company in court patent dispute  
Record intellectual property case penalty

By Jamil Anderlini in Beijing

A Chinese court has ordered France's Schneider Electric to pay a Chinese company €31m in damages for infringing its patent, the largest amount ever awarded in an intellectual property case in the country.

Intellectual property violations are one of the main sources of

friction between China and the rest of the world, and in the vast majority of IPR cases involving foreign players, the Chinese company is the defendant.

The Intermediate People's Court in Wenzhou city, eastern Zhejiang province, told Schneider to stop making five types of miniature circuit-breakers, which it ruled were based on patents held by low-voltage equipment maker Chint Group of Wenzhou. The court also awarded Chint Rmb335m (€31.2m) in damages.

"This is the biggest amount by far granted in an intellectual property case in China," said

Larry Sussman, partner at O'Melveny & Myers lawyers in Beijing. "It's a startling development and could mean we are embarking on a new path in China."

Lawyers say China is notable for awarding tiny sums in IP rights cases and while there has been a number of high-profile rulings in favour of foreign companies, the wins have been largely symbolic and the amounts awarded inconsequential.

The fact the ruling was made by the hometown court of the plaintiff could have affected the outcome, lawyers say.

Schneider said yesterday it was

"disappointed" by the verdict, but intends to appeal and is challenging Chint's patents in a separate case. The company "strongly contests the validity of Chint's utility model" and "will continue working closely with the related Chinese judicial authorities to clarify the dispute". It asserts it has been using the technology in the disputed circuit-breakers since the early 1990s, before Chint's patent applications in 1999.

In spite of the record size of the damages a Chint spokesman said yesterday the ruling was "very normal in the process of the law" and showed the company was jus-

tified in protecting its intellectual property rights.

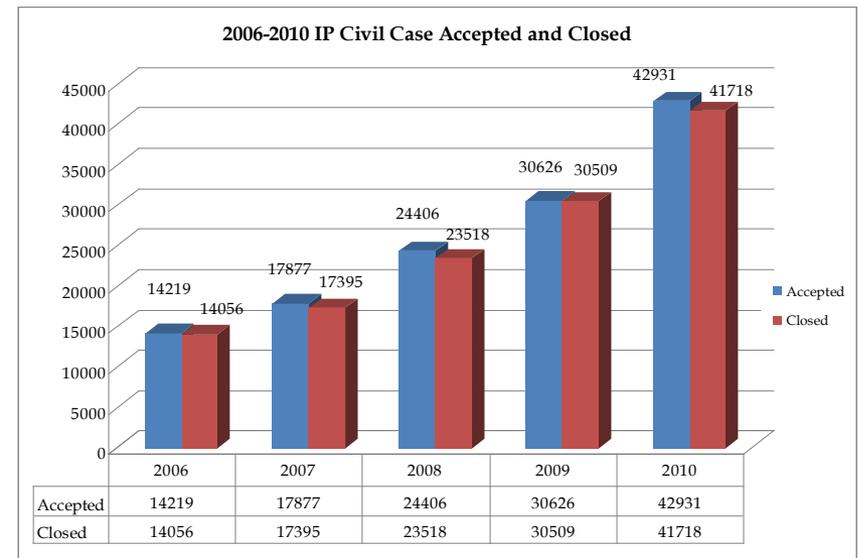
The damages were based on Schneider's profits from sales of the products from August 2004 to July 2006, according to a copy of the verdict obtained by the FT. Last month the Supreme Court in Beijing upheld the Zhejiang Provincial High Court ruling ordering Chinese motorcycle manufacturer Zhejiang Huatian to pay Rmb8.3m to Yamaha of Japan for infringing its trademark. That was the largest pay-out to a foreign company in an IP case in China and was seen as a watershed, said August Zhang, a lawyer at Rouse & Co.



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# No. 7: Drop Fear of Court

- Move beyond suspicions and worries
- Fast growing number of IP disputes
- Increasing efficiency of court adjudication of patent cases
- A maturing body of IP judges that are keen to learn
- Ongoing updated rules and regulations



# Examples

Strix won damages up to US\$ 1.4 million in invention patent litigation



# Examples

Neoplan won damages close to US\$ 4 million in a design patent case



# No. 8 Act in Groups

- Gaining attention from government at all levels
- Diplomatic efforts are important
- Potential for government lobbying



**Thank you**

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