

Expert Guide: Intellectual Property

Featuring:

INTA

ITMA

Intellect

Fitzpatrick, Cella, Harper & Scinto

Norton Rose

And more...



China is a member of Berne Convention, WIPO Copyright Treaty, PCT Treaty, Paris Convention, Madrid Agreement for International Registration of Trade Marks and its Protocol, WTO, Phonograms Convention, Patent Cooperation Treaty, UPOV Convention, Washington Integrated Circuits Treaty and TRIPs Agreement and has its comprehensive legal system to protect Intellectual Property "IP".

Compared to other countries, China IP legal system is quite young. The Trademark Law, Patent Law and Copyright Law only came into force in 1982, 1984 and 1990 respectively. Although the IP history is not long, China's government actively protects IP rights and timely amends the laws to keep close pace with world trends and properly balance the interests between IP owners and the public. After the 3rd amendment of China Patent Law in 2009, the 2nd amendment of China copyright Law in 2010, the 3rd amendment of China Trademark Law is now under discussion which mainly concerns the following issues and expects to take effect sometime in 2012:

- Signs for sounds and colours will be allowed to be registered as trademarks.
- Only entities holding prior rights and interested parties, instead of any entity, shall have the right to file an opposition against a trademark.
- Multi-class filings will be implemented.
- Cross-class protection will apply to the marks bearing strong distinctiveness and a certain level of fame.

- Where a trademark being applied for registration is identical or similar to another's trademark with prior use for identical or similar commodities in China, and the applicant knows the existence of the other's trademark due to its contractual or business relationship with the other party or geographical reason, the applied for trademark shall not be accepted.



- The amount of statutory damage will be increased from RMB 500,000 to RMB 1,000,000.
- Evidence proving the usage of the registered mark within the prior three years and other related evidence shall be provided when the owner of a registered trademark claims compensation.

- Heavier penalties will be imposed on infringers who conduct infringing activities twice or more repeatedly within five (5) years.

Besides the general practice, China has the following distinguishing characteristics on IP:

1. Utility model

There are 3 types of patents in China, i.e. invention patent, utility model ("UM") patent and design patent. Unlike invention patent, utility model application only subjects to formality examination and it is granted without

substantive examination on novelty and inventiveness etc. However, UM patent owner is also entitled to enjoy exclusive right of the patented technology and enforces its UM patent right to stop the infringement. There is no much difference on the enforcement between the invention patent and UM patent in respect of the procedure and compensation.

The slight distinction is that a Patentability Assessment Report issued by the China State Intellectual Property Office ("SIPO") is required at the time of commencing the enforcement and the suspension may happen during the procedure if the counterparty challenges the validity of the UM patent. According to the statistic disclosed in SIPO's website, more than 99% UM applications are filed by the China domestic applicants who take full advantage of UM system to protect the product with short marketing life as the duration for UM patent is 10 years from the filing date. One issue should be noted is that the subject matter of UM application must be a product having definite shape and structure, and occupying a certain space.

All the processes (i.e. the manufacturing processes, methods of use, method of communication, computer programs or the method of applying a product to specific purpose) and the object which exist naturally and are not made by man (i.e. substance or material in gaseous state, liquid state, powder state or particle state) cannot be protected by the UM patent. A litigation which is conducted between Chinese plaintiff, CHINT and SCHNEIDER Electric Low Voltage (Tianjin) Co., Ltd. (SELV) - a joint venture of SCHNEIDER Electric has completely reflected the value of UM patent. The Plaintiff CHINT uses its UM patent to award the highest damages in China patent history.

2. Administrative remedy

Other than the regular judicial remedy, IPR owner may stop the IPR infringement through administrative remedy in different administrative authority, for example, Local Administration of Industry and Commerce is responsible for trademark infringement and anti-unfair competition, local Intellectual Property Office is responsible for patent disputes, local Copyright Bureau is responsible for copyright infringement. Compared to the judicial remedy, the administrative remedy is very efficient especially for trademark and copyright infringement as the administrative authority shall take raid action against the infringer shortly after the IPR owners file a complaint and there is no official cost or very low cost for such action.

Furthermore, formality requirement of the evidence is much lower than the civil remedy. For example, IPR owners needn't do the notarized purchase to prove the acts of infringement. During the raid action, the administrative authority has right to seize the counterfeiting products, collect the evidence ex officio, check the documents relevant to the counterfeiting and interrogate the infringer etc.

The disadvantage of the administrative remedy lies in that the IPR owner cannot secure order for compensation. The administrative authority has no power to force the infringer to compensate the damage. The IPR owners have to rely on judicial remedy to get the compensation. As the evidence collected during the administrative raid action can be used in the Court proceedings, it is a strategy to take administrative remedy as the start off for judicial one.

3. Customs protection

China Customs take active measures to stop not only the import of goods infringing IP Rights but also stop the export of infringing products. There are 2-mode enforcement by Customs, i.e. initiative mode and passive mode.

The initiative mode refers to the action on Customs own initiative. That means the Customs notify the IPR owner in writing when they discover the goods suspected of infringing any IPR on record.

The passive mode refers to the action take upon request by the IPR owner. That means the IPR owner files an application with Customs and requests Customs to take action against any suspected infringing goods. As China is one of the major manufacturing centers, the recordal of IPRs with Customs is one of efficient ways to stop the export of counterfeiting products from China.

4. Hong Kong, Macau and Taiwan

Although Hong Kong, Macau and Taiwan are an integral part of China, the patents and trademark rights obtained in Mainland China cannot automatically extend to these regions. An independent registration must be conducted.

As Hong Kong and Macau do not have resource to make substantive examination for Patent applications, it depends on the grant of patents in Mainland China (and also the UK and the EPO designating the UK), and requires simple 2 step registration.

However, Taiwan is capable of conducting substantive examination on patent applications independently. One issue to be noted is that Taiwan is not a member of PCT treaty and the PCT international application cannot enter Taiwan directly either through China State Intellectual Property or Taiwan Patent Office. The application must be filed in Taiwan before any publication.

Wubin Yan is a director of Ella Cheong (Hong Kong and Beijing). Her technical background is biochemistry. She qualified as a patent attorney in 2000 and as an Attorney-at-Law in 2002.



Wubin is involved in all aspects of intellectual property, in patents, trademarks, copyright, domain name disputes and unfair competition in China. This includes patent and trademark prosecution, opposition, re-examination, invalidation, appeal, license, infringement, as well as raid actions.

She has worked in China and Hong Kong and her working languages are English and Chinese.

We hope this article has provided readers with an idea and general concept of IP in China.

Please feel free to contact us through yanwb@ellacheong.com or echk@ellacheong.com or +852 2810 0558 to reach our Hong Kong office and +86 10 8225 5655 to contact our Beijing office.

