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**SESSION NUMBER: 13**

**NAME OF SESSION:**

**Regional IP Enforcement and  
Resolution of IP Dispute**

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**trading ideas**

**THE FUTURE OF IP IN ASIA PACIFIC**



# IP Assets: build-up, enforce, trade

- Build-up: Ideas, IP protection-patents, trademarks, copyrights, markets, profits
- Enforcement: Keep-up competition & market positions, strategy considerations
- Trading ideas: Licensing, strategic alliance, acquisition
- Knowing rules, systems, and recourses



## IP System: courts-China

- Supreme Court: Beijing
  - High Courts: one in each province
  - Intermediate Courts: 50 patent trial courts
  - Basic Courts: trial-trademark & copyright
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- Threshold for trial at higher court
  - Appealing from trial decisions



## IP System: Administration-China

- State IP Office-SIPO: Patent Registration
- Trademark Office/SAIC: Trademark Registration
- Copyright Office: registration not mandatory

### **Enforcement Authorities:**

- Administration Authority of Patent Affairs: AAPA
- Administration of Industry and Commerce: AIC
- Local Copyright Office: CD, books, artistic works,
- Chinese Customs: IP Rights recordation
- Police Dept.—IP criminal cases
- State Quality Control Bureau: quality issue



## Enforcement: Pursue, Proceed ...

- What to find? “source”, manufacturer, seller, warehouse, notarized purchase
- What to look for? sales & accounting records ...evidence of damages
- How to start? preliminary injunction, preservation of evidence, and property
- How to proceed? Jurisdiction/venue (forum shopping), get the case right!



## What to find? Proof of Infringement

- Infringement acts: without authorization, (1) make, use, offer to sell, sell, and import patented products, (2) use patented process, and use, offer to sell, sell, import products directly made from patented process (invention/utility model patents), (3) make, sell and import products of design patents, for business purpose (Article 11 of Patent Law)
- Admissible evidence: notarized purchase, etc.



## What to look for? Proof of damages

- Evidence for damages: (1) illegal gains-sales/accounting records, (2) lost profits-owner's proof, accountable calculation, (3) reasonable royalties-owner's proof, prior or current license if any, industrial standard or customary royalty rate, (4) if hard to calculate, factors for mandatory damages (Article 60)
- Preservation of evidences by the court



## What to find? What to look for? ® ©

- Infringement of ®: unauthorized use of registered mark on same/similar goods, intention not required for infringement, but for liability/damages, and passing off; and copying for ©
- Investigation: shops/fairs v. “sources”-warehouses or manufacturers, for clothing, bags, shoes, CDs, many consumer goods, packaging & labeling!
- Business registration records—AIC, identify party
- Trademark records, identify “trade-markers”



## Pursue, Start and proceed a case-1

- Cease/desist letter: normally ineffective, possible response-no actual product, or sale, stop but not sign undertaking
- Statutory limitation: 2 years, 2 years, but no bar if “continuous or on-going infringement”
- Cost and effects, legal fees in balance of market consideration or value of products
- Let attorney work together with investigator to avoid unnecessary “information”



## Pursue, Start and proceed a case-2

- Alternative resolutions if available/possible, arbitration, administrative actions
- Forum shopping: place of infringement v. defendant location, knowing “judges”
- Preliminary injunction-irreparable harm, likelihood of success, validity of patent
- Preservation of evidence-try luck, in absence of means of evidence collection



## Pursue, Start and proceed a case-3

- Filing complaint: detail or brief with evidences
- Pretrial hearing: venue, evidence, etc. issues
- Trial: six months to one year from filing complaint, but the decision may take time
- Settlement v. mediation (court mediation)
- Appeal: one level court up, final!
- Supreme court review, remand for retrial



## Pursue, Start and proceed a case-4

- Permanent Injunction
- Damage: illegal gain, lost profit, reasonable royalty, mandatory damage, litigation cost
- Execution order: judgment
- Compulsory execution of judgment
- Punitive damages: proposed for repetitive infringement



# Applicable doctrines

- Literary infringement
- Doctrine of equivalent
- File wrapper estoppel
- Indirect infringement-inducement, contributory
- Willful infringement—higher damages



## Defenses, patent invalidation

- Non-infringement: different
- Prior art defense: closer to prior art instead of the patent
- Innocent user or seller, if legitimate source
- Invalidation (separate before Patent Board)
- Stay of court procedure: not for invention patent, but design or utility model, if timely



## Alternative Resolutions-1

- Patent Administration Authority: quasi law suit, similar hearing, proposal of more power, e.g. “seizure” “fine”, formal documentation
- AIC action: trademark & unfair competition causes, less formal, relatively quick, but important to find “source”, AIC will act upon ascertain the actionable case after reviewing the submitted evidence/information



## Alternative Resolutions-2

- Customs Recordation of IP rights, with a list of authorized venders, and a list of potential infringers, certificate of IP rights
- Action: (1) Customs detention with three days notice to confirm, and post bond if detained, (2) initiated with infringement information, and post bond upon detention
- Customs decision, and separate civil action

## Other Resolutions

- Arbitration committee for Domain name dispute resolutions, domain name v. trademark-bad faith v. legitimate interest
- Copyright Office: local office handling all cases, independent creation defense (unless proof of fabrication-forgery), but governmental action—very powerful



# Thanks!

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