



Taming the Dragon

- Dealing in IPR's in China –

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patents, trade marks, ip law

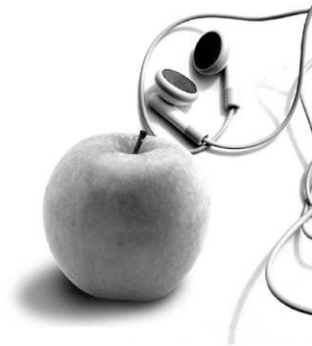
working with clever people

China - Summary

- Move from Manufacturing to Knowledge-based Economy (30 yrs open door policy)
- Adopting Improved IP Laws, Judicial Processes & Enforcement Procedures
- Cultural Shifts within China - Better Recognition of IPR's.
- Deficiencies Remain but Trending in Right Direction
- China extremely important to Australia

Major Issues:

- Quantum of Damages Still Too Low
- Cultural practices - Counterfeiting of Well-known Brands & Copyright Works

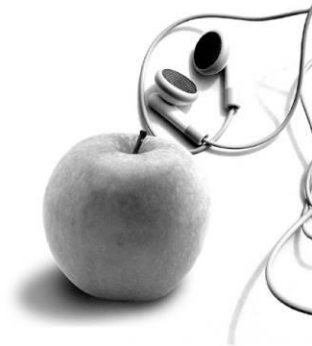


The Dragon's Offer?

- Chinese IP Registration System Works Well
- Chinese Enforcement Offers Two Avenues:
 - Judicial
 - Administrative
- No Shortage of Case Experience in Each Arena
- Case Statistics - Foreigners Compare Favourably to Nationals

But

- Median Damages Awarded – Insufficient (Not a Deterrent)
- & Accounting for Profits Insufficient (Profits - Too Small)
- & No “Common Law-style” Discovery (Instead -Evidence Seizure Actions)
- “IP Cultural Impediments”



Enforcement Procedures

Judicial

Procedurally Fair
Rel. Cost Effective
Can be Protracted
Use of Investigation
Control of Jurisdiction
Low Damages

**for stronger message
better evidence process**

Administrative

Procedurally Fair
Very Cost Effective
Quick (3-6 mths or less)
Little Evidentiary Process
Use Local Jurisdiction
Small Fines

**for quick injunction
for lower cost**



Better IPR Laws

Patents, Utility Models, Designs

- Absolute Novelty
- Better Options for Use of Prior Art
- Patents & UMs – same invention, same base date
- Statutory Damages Doubled
- Administrative Fines Quadrupled
- Bolar Exception (Experimental/Research Use)
- Genetic Resources Protection
- 1st File in CN for CN Companies Abolished
- Single Application for Multiple Designs



Better IPR Laws

Trade Marks

- Better Enforcement of Well-Known Marks
- Anti-Dilution Provisions
- Fines Increased 10-Fold
- Single Colour & Non-Visual Marks Registrable
- Online Applications
- Fines for Bad Faith Oppositions



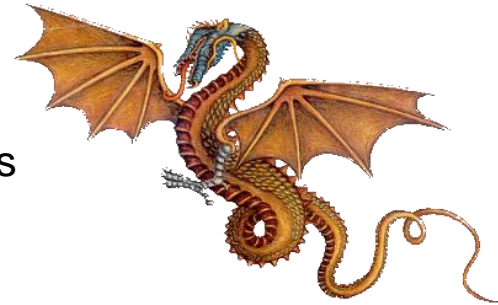
But

- Tighter Examination Time Limits
- Abolition of Examination of Comparable Marks



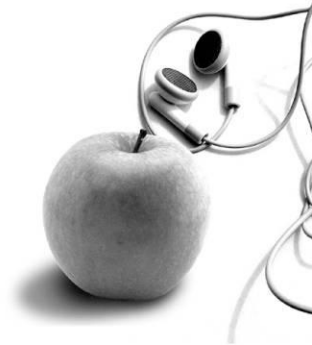
IP Enforcement Tips

- Effectively & Early Register All IP Rights
 - register copyright (including TM logo copyright)
 - select the best trade mark translation methodology
 - TM registrations to specify a good from each Chinese sub-class
- Go to China and Pre-Plan Enforcement Strategy with Experienced Local Counsel
- Initiate Proceedings Without Warning to Infringer
 - prevents infringer from counter-initiating a non-infringement declaration to transfer jurisdiction
 - can prevent infringer destroying evidence
- Issue Proceedings in IP Experienced Jurisdiction (Beijing, Shanghai, etc).
- Use Private Investigators to carefully trap evidence and infringer background information
- Issue Preservation of Evidence Order with Legal Proceedings (swiftly with police assistance)



IP Enforcement Tips cont.

- Determine Judicial or Administrative Procedure (Damages or Injunction?)
- Perform a Realistic Quantum of Damages Calculation
- Use Multiple Administrative Actions Around China (instead of 1 Judicial Action)
- Use Chinese Customs Seizure Provisions (Register IPR with and have Chinese Agent train Customs)
- Consider Alternative Approach (e.g. “enforcement-to-license” strategy that incentivises infringers to become licensees)

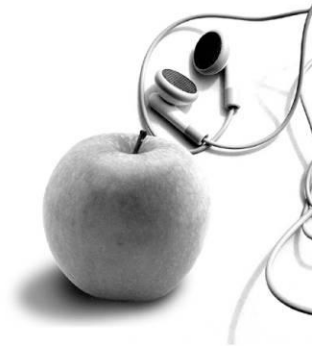


Concluding Remarks

- China is making considerable efforts to improve its regimes for IP registration and enforcement

Nevertheless:

- First register all possible IP rights
 - At outset, get expert, strategic local advice
-
- A well developed enforcement strategy improves the chances of “taming the dragon”





Thank
You

