



# China: Safeguarding your IP

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# Overview of Presentation

- About Haseltine Lake
- Haseltine Lake in China
- Background to Chinese IP
- The Chinese systems
- Who *is* applying for patents in China?
- Explanations/myths – the reality as we see it
- Some suggestions...

# About Haseltine Lake LLP

- Long-established (more than 150 Years)
- 16 Partners
- Over 100 staff
- 5 offices: Leeds, London, Bristol, Munich, Guangzhou (PRC)
- Large network of overseas attorneys
- Full range of IP work (not litigation)
- Direct representation in UK, DE, EPO, OHIM
- Multi-lingual professional capability (English, German, French, Italian, Cantonese, Mandarin)

# Stephen Mohun

- Qualified as UK and European Patent Attorney 1993
- Joined Haseltine Lake 1999 & became a partner 2001
- Presented a number of papers to Chinese companies and professional associations on IP
- Regular speaker at CBBC, UKTI events
- Leader of the Haseltine Lake China Team

# Haseltine Lake in China

- Obtaining IPR in China for 20+ years
  - *Patents, trade marks – almost since beginnings of modern system*
- Long-established relationships with Chinese attorney firms
- Change in Chinese IP Profession 6-7 years ago
- Investigation into rapidly changing IP in China
  - *Frequent visits – first hand knowledge*
  - *New relationships*

# Background

- 1960's-1970's private monopolies rare...
  - *IP laws – all of them – formally abolished*
- Late 70's/early 80's recognition of need for change – especially foreign investment
- IP framework necessary to encourage this

# Background

- 1983 first trade mark law in force
- 1985 first patent law in force
- 1990 first modern copyright law
- Now many other IP rights inc:
  - *Software protection*
  - *Unfair competition*
  - *Plant varieties*

# Background

- IP laws amended, improved
  - *3<sup>rd</sup> Amendment to Patent Law came in October 2009*
- Enforcement procedures improved
- International agreements signed
- Most importantly WTO TRIPS

# Chinese IP Rights

- Patents
- Three kinds of patents
  - *Invention patents*
  - *Utility model patents*
  - *Design patents*

# Patents - Comparison

	<b>Invention Patent</b>	<b>Utility Model Patent</b>	<b>Design Patent</b>
<b>Protects what?</b>	<i>Novel, inventive technical ideas (products or processes)</i>	<i>Novel technical inventions related to product shape and/or structure</i>	<i>Aesthetic aspects of shape or pattern and colour</i>
<b>Requirements</b>	<i>Prominent substantive features, notable progress</i>	<i>Substantive features, progress (but examined only for formal deficiencies)</i>	<i>Not identical or similar to prior design (but examined only for formal deficiencies...)</i>
<b>Duration</b>	<i>20 years</i>	<i>10 years</i>	<i>10 years</i>

# Patents – some practical matters

- Translation, Translation, Translation
- If time permits have the specification translated back into English and check it carefully
- Opportunities to amend after filing are very limited
  - *One voluntary amendment, one in response to Exam Report – with severe restrictions*

# Patents – What's New?

- 3<sup>rd</sup> Amendment to Chinese Patent Law
  - *Became effective October 2009*
  - *Scope of prior art extended (now absolute novelty)*
  - *Conflicting applications – now your own cases count*
  - *Can now dual-file for utility model and invention patents*

# Trade Marks

- Visual signs capable of distinguishing the goods/services of one person from those of another
- Words, letters, designs, numerals, colour combinations – any combination of these
- Marks registered in respect of named goods/services

# Trade Marks

- Examination both for formal deficiencies and for prior conflicting rights
- Care when specifying goods – use of expressions such as “footwear, headgear” won’t necessarily get the same coverage as elsewhere
- One class of goods per application

# Well Known Marks

- Special protection in China for marks which have become *“widely known to the relevant sectors of the public and enjoy a relatively high reputation in China”*

# Well Known Marks

- Well known marks which are *not* registered can prevent others from registering similar marks for *similar* goods.
- Well known marks which are registered can prevent others from registering similar marks even for *dissimilar* goods

# Copyright

- Original intellectual creations in literary, artistic and scientific fields capable of reproduction in certain, tangible form
- Includes oral works, musical, dramatic, choreographic, architectural, fine art, photography
- No registration necessary (though it may be advisable)
- Most rights – term is author's life + 50 years

# Enforcement

## Three strands:

- Administrative
  - *AIC, AAPA, Customs, Technology Supervision Bureau (TSB)*
- Judicial
  - *Lower, Intermediate, High & Supreme Courts*
- Criminal



## **Administrative Strand**

- Advantages
  - *Speed, cost*
- Disadvantages
  - *No damages, enforcement of orders, local protectionism, local effect*

## **Judicial**

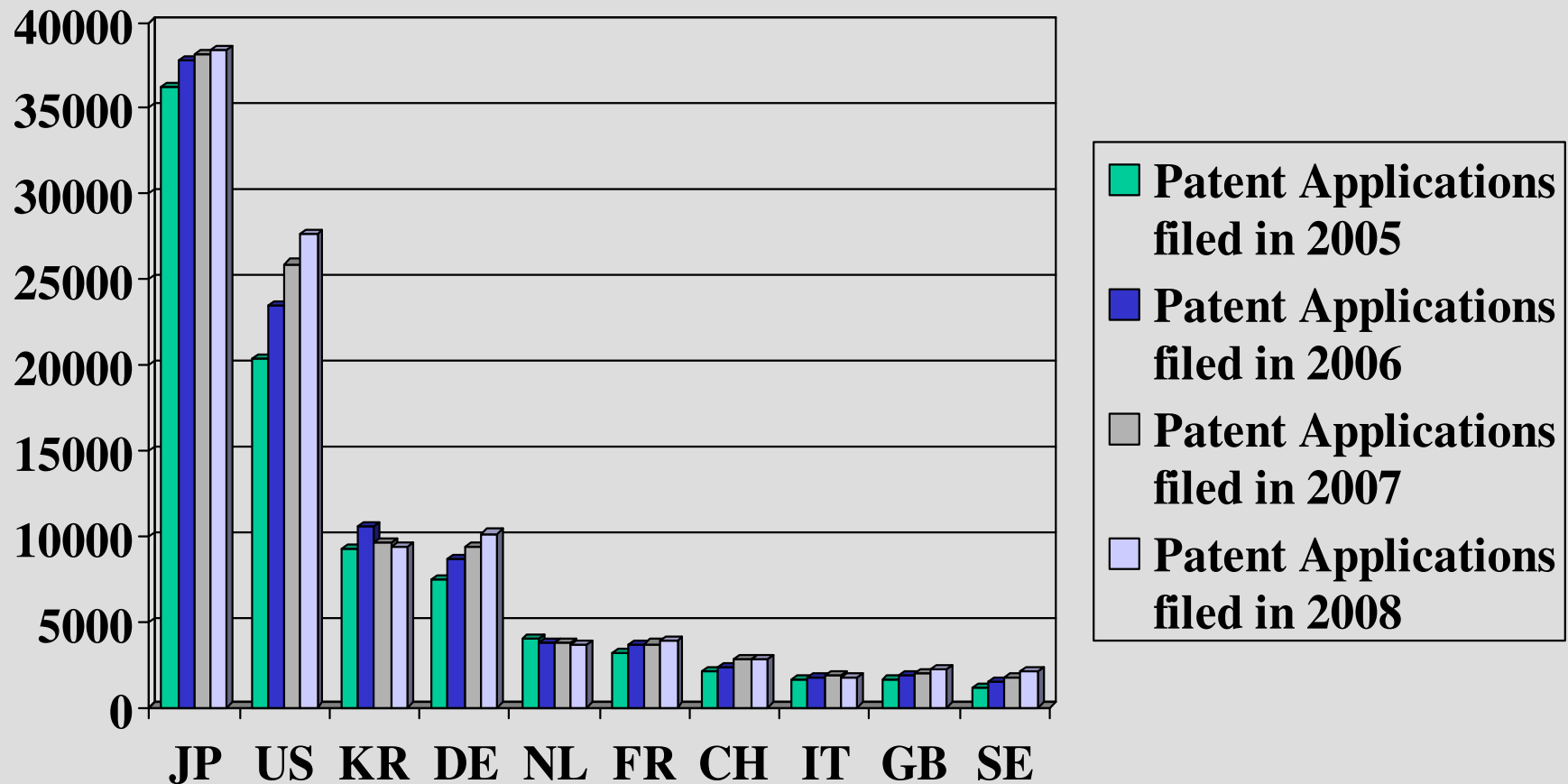
- Advantages
  - *Compensation available, as well as injunction*
  - *Expert panels (patent cases)*
- Disadvantages
  - *Slower, more expensive*

**Criminal** – Public Securities Bureau, theoretically draconian penalties, relatively few prosecutions

# Customs

- 300 ports, limited resources
- Initially relatively few investigations/seizures – but signs that this is on the increase
- Assist Customs to use the system
  - *Educate customs officers, provide them with intelligence*
  - *Record IP centrally with General Administration of Customs – RMB 800 per application*

# Foreigners who file for patents in China



# Some Common Myths

1. There is no worthwhile IPR available in China
2. The Chinese IP system is too alien to us
3. IPR is impossible to enforce in China – especially for foreigners – so it's pointless

## And our view.....

1. There's no worthwhile IPR available in China
  - ***China now has a sophisticated array of IP laws covering patents, trade marks, designs, copyright and others.***
  - ***The laws are regularly updated and improved***
  - ***An experienced body of professionals practice IP law in China***

## Our view...

2. The Chinese IP system is too alien to us
  - ***From the beginning the Chinese Government has ensured that the IPR systems are similar to European and American ones***
  - ***Most if not all of the procedures – and the issues/judgements – will be familiar to your western IP attorney***

## Our view...

3. IPR is impossible to enforce in China – especially for foreigners – so it's pointless
  - ***The Chinese Government has repeatedly demonstrated that it is committed to improving IPR enforcement - and is acutely sensitive to these perceptions***
  - ***Especially since WTO (TRIPS)***
  - ***There are many uniquely Chinese procedures for dealing with infringements, as well as familiar ones***
  - ***Still it is a fact that a lot of infringement goes on in China. But....***
  - ***IPR rights last a LONG TIME....***

# Summary

## As a market

- *China is too important to ignore*
- *The rules are changing – don't expect that Chinese companies will ignore IP, they are embracing it very quickly after a slow start*
- *Treat China as you would any other important market; protect what is yours and defend your rights*

# Summary

## As a manufacturing base

- *The old methods are not going to work forever*
- *China invests heavily in R&D – especially in development and produces 3/4M engineering graduates per year*
- *PRC government is committed to developing a knowledge-based economy*
- *Co-operative partnerships which do not take ENOUGH account of IPR – its creation and ownership - are very risky*

Don't forget.....

- Commercial Agreements
  - *Take account of ownership of IP created beforehand and after co-operation begins*
  - *Ensure appropriate provision for the IP when/if the relationship ends*
  - *Ensure employment contracts are explicit about IP*
  - *Reinforce the message in the Employees' Handbook*
  - *As well as "formal" IP don't forget commercial secrets, know how, confidentiality*



# Finally...

- Be FLEXIBLE
  - *There are often a number of different ways to resolve IPR disputes in China. A good Chinese IP attorney will be able to provide alternatives*
- Be REALISTIC
  - *The systems in China are far from perfect and you should not expect to get 100% of what you want **but you can still win.***
- Start putting down your markers now – and give yourself the best chance of success.



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