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Hong Kong, liaison offices in the U.S.

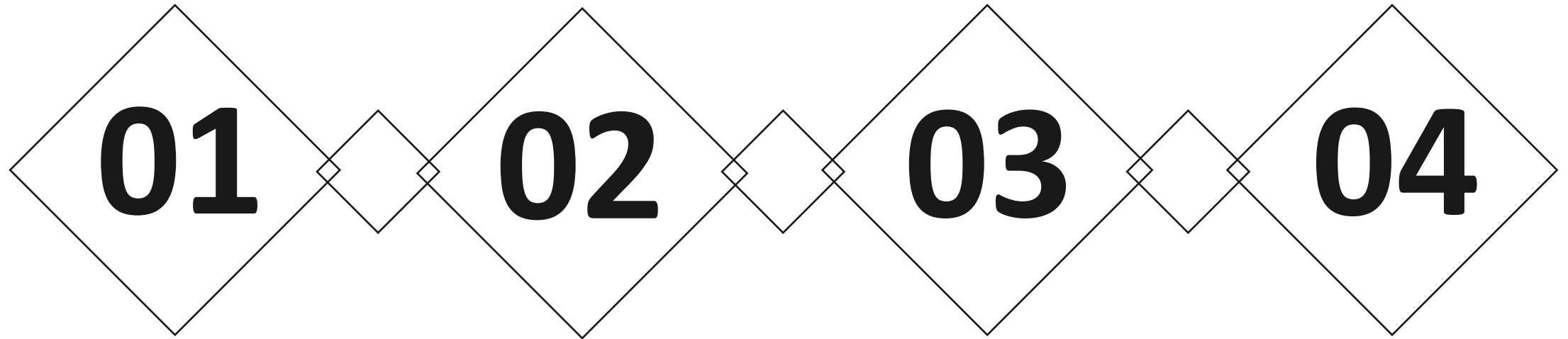
SECURING YOUR RIGHTS IN A CHANGING CHINA

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IP Administrative and Criminal Enforcement in China

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Administrative Route



Patent

local IP Offices

Trademark

Administrations for
Industry and
Commerce

Copyright

local copyright
offices

**Important &
Exportation**

local customs offices

Administrative Enforcement

Number of administrative patent infringement cases has increased from 4,684 in 2013 to 14,202 in 2015

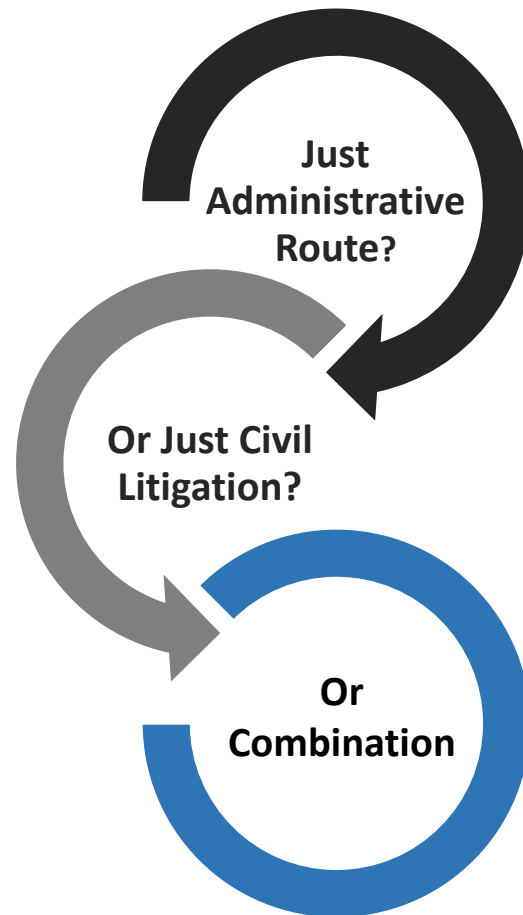
In 2017, dealt with 27,400 (increased by 35%) administrative cases of patent infringement.

Administrative route VS. Judicial route (for enforcing **PATENT** in China)

	Administrative Route	Civil Litigation
Authority	Local IP offices	Court (city level)
Jurisdiction	Defendant's domicile; or Place of infringement: places of infringing acts take place/places of consequences of infringing acts arise	
Eligible party	Patent holder or interested party	
Disputable Matter	Patent infringement	
Types of patent	Invention (not good for complicated technology) utility model (preferred)	Invention utility model
Time	3 + 1 months	First instance: 6-12 months Second instance: 6-9 months
Cost	Low-cost (about USD7,300 – 15,000)	First instance: 10 times more
Burden of proof	Basic evidence showing infringement (samples of photos of infringing goods) Notarization is generally not required	Only the notarized or certified evidence are accepted. Documents from foreign country should be notarized and legalized, otherwise the court would refuse to accept.
Proof of right	Patent certificate + receipt of payment of annuity of current year; Original copy of patent registrar	

	Administrative Route	Civil Litigation
Suspension for invalidation decision	Invalidation request is not often filed; maybe	Maybe
Investigation action	Yes (Shanghai)	Typically no
Result	Injunctions (stopping infringement, destroying the equipment for producing infringing goods), cannot award compensation but can mediate damages, cannot impose a fine on infringer	Injunction + damages
Repeated infringer for same patent of same infringing act	Render injunction right away	More powerful: decision is published and damages are awarded
Trade show	Yes	
Appealable	Yes <i>First instance court: intermediate court (city level); Second instance: the Supreme Court (state level) after Jan 1st, 2019; not happen often in practice</i>	Yes <i>First instance court: intermediate court (city level); For invention and utility model, second instance: the Supreme Court (state level) after Jan 1st, 2019 For design, second instance: higher court (provincial level)</i>
Reimbursement of legal costs	No.	Sometimes, attorney fees and investigation costs.
Compulsory execution	Yes for injunction	Yes

How to Choose ?



- Goal
- Resources (money, time)
- Types of IP (Three types of patent: 44% is related utility model and 42% is related to Design Patent)
- Nature of infringement (small v. big competitor)
- Forum shopping (pro-patentee; less developed area)
- Collection of evidence (only collect preliminary evidence; investigation action: on-site raid)
- Public image

- **Combination: obtain evidence (financial records) from administrative route and use it in a court action. Speedy and damages**

Practice Tips

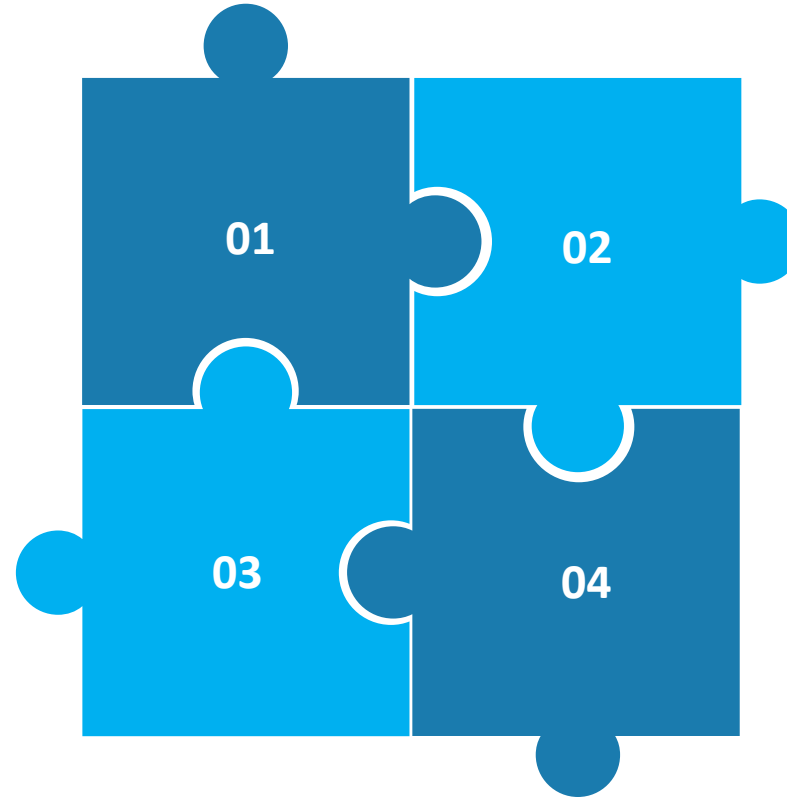
How to make use of administrative injunction?

01.

Attach to Cease and Desist letter (other locations of same infringer; other infringers)

03.

Send to Customs



02.

Send to e-commerce platform

04.

Send to trade show's organizer

Concerns

- Bias toward domestic companies over foreign ones
- Whac-A-Mole

Future of Administrative Action

Proposed fourth amendment of Chinese Patent Law on administrative action

Send a strong message to enhance administrative power

- Impose a fine on repeated infringer of up to five times of illegal gains (if illegal gains are more than about USD7,200) or a maximum of about USD35K if there are no illegal gains.
- Mediation agreement can be mandated enforced.
- Strengthen power of local IP offices on evidence inspection and products seizure.

Administrative route VS. Judicial route (for enforcing TRADEMARK in China)

	Administrative Route	Civil Litigation
Authority	AIC	Local Court
Jurisdiction	Local area where the infringement happened or the infringer located	The place where infringement occurs or the place where the infringer located.
Eligible party	Trademark holder or interested party	Trademark holder or interested party
Disputable Matter	Trademark infringement	Trademark infringement
Time	3-6 months	First instance: 6-12 months Second instance: 6-9 months
Cost	Around USD3,500	First instance: USD50,000 or more
Burden of proof	Basic infringing facts. Except for the entrusting formalities, no requirement for notarization regarding the evidence.	Only notarized and certified evidence are acceptable. Documents from foreign country should be notarized and legalized, otherwise the court would refuse to accept.
Proof of right	Trademark certificate	

	Administrative Route	Civil Litigation
Suspension for invalidation decision/cancellation decision	Yes. If the right is challenged, the local AIC will not accept the case, or suspend the case.	No
Investigation action	Field investigation, online investigation	Notarized field investigation, notarized purchase, onsite notarization, website notarization, national library search, etc.
Result	Penalty decision: stop infringement, detain the infringing product, fine.	Court judgment: stop infringement, remove the negative influence, pay a compensation.
Repeated infringer	Detain the infringing products, punitive fine.	Punitive compensation (3 times), civil verdict regarding a fine.
Trade show	Take down the infringing product.	Court judgment: stop infringement, remove the negative influence, pay a compensation.
Appealable	Yes	Yes
Reimbursement of legal costs	No	If infringement is decided, yes.
Compulsory execution	No	Yes

Administrative route VS. Judicial route (for enforcing COPYRIGHT in China)

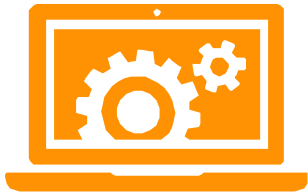
	Administrative Route	Civil Litigation
Authority	Local copyright office	Local court
Time	3 months	First instance: 6-12 months Second instance: 6-9 months
Cost	USD3,500	First instance: USD30,000 or more
Burden of proof	Basic infringement facts	Only the notarized or certified evidence can be accepted by the court. Documents from foreign country should be notarized and legalized, otherwise the court would refuse to accept.
Proof of right	Copyright certificate, evidence proving the first time when the work is created, draft work, first time of publication, reputation and value of the work.	

	Administrative Route	Civil Litigation
Suspension for invalidation decision/cancellation decision	No	No
Investigation action	Field investigation, online investigation	Notarized field investigation, notarized purchase, onsite notarization, website notarization, national library search, etc.
Result	Injunction + fine	Injunction + damages
Repeated infringer		Will be considered in the compensation. No more than about USD71,000
Trade show	Yes	Civil judgment: stop the infringement, pay the compensation
Appealable	Yes	Yes
Reimbursement of legal costs	No	If the infringement is decided, yes
Compulsory execution	No	Yes

Criminal Enforcement

- Types of IP
- Standard of criminal action
- Three stages of criminal action
- Result of criminal action

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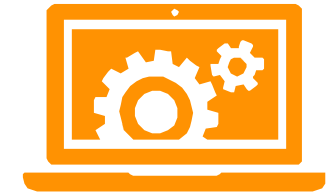
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THANKS

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