

## **What can an SME realistically do? Counterfeit products and how to enforce**

The intellectual property right we mentioned below generally refers to trademark, patent (design is protected under Patent Law in China) and copyright, for which a certificate of right can be applied.

First, a valid IP right is usually the first step to safeguard your right when infringement is occurred.

Taking trademark infringement for example, although in China (Mainland), the Trademark Law, and Anti-unfair Competition Law stipulate corresponding protection measures for unregistered trademark (such as trademarks which gains certain popularity after being used, or unregistered well-known trademarks), such protection is far from enough when comparing with protection for registered trademarks and a large amount of evidence material is required to be submitted when applying to enjoy such protection.

- Registering trademark and filing patent application as early as possible to obtain the corresponding rights

Trademark and patent protection is territorial, i.e. the owner of a trademark or patent has the corresponding rights in **ONLY** the countries where the trademark or patent is registered or granted. Therefore, to have its trademark and patent protected in China, enterprises need to apply for and obtain the corresponding rights in China. In China, where two or more applicants file identical trademark, the trademark right shall be granted to the applicant whose application was filed first; the same rule applies to patent applications as well. Therefore, for trademarks, business names, products, designs, and innovative technologies needed to be protected in China, enterprises shall register trademark and file patent application in China as early as possible.

- Understanding your IPs and make different plans for core and peripheral assets

For important products and technology, invention patent provides the strongest protection and the cost is relatively expensive; for a product with minor technical improvement or short shelf-life, utility model application usually is sufficient and cost is lower (a third or a half of that for an invention patent). You can also file for the two types at the same time for the most valued products in order to enjoy a quick (to enjoy the right in 6-9 months from filing) and long period (a protection term of 20 years) of protection.

Comparing with patent application, the cost for registering trademark is relatively lower,

but the effect of brand promotion and business reputation brought by a trademark is more direct. So if there is a limited budget, enterprises are suggested considering registering trademark for at least its core products.

It is also recommended to register domain name with the words identical to your core trademark. It can help you take good position for future market launch and e-commerce in China and avoid others taking advantage of what you have built.

#### ■ Proceeding with copyright recordal as early as possible

Although copyright is achieved automatically at the time the work is completed, it is beneficial to obtain an official confirmation through recording the copyright with the competent authority. Since the international convention on copyright (Berne Convention for the Protection of Literary and Artistic Works) stipulates the principle of national treatment among member countries, it is not necessary to separately record in China if you had made such copyright recordal in other member countries. Such recordal would be a good to the protection scope of your IP assets in addition to the patent application for your product, technology and design, and the registers trademark for your brands and other artistic written works in China.

#### ■ Marking your product to notify the public and competitors

After registering a trademark, enterprises can mark “®” on the upper right corner of the registered trademark or make “registered trademark (注册商标)” on the lower right corner of the registered trademark while use the trademark on such as purchase orders, sales contracts and invoices.

After obtaining a patent, enterprises label the information of the patent, i.e. the type of the patent in Chinese, such as, 中国发明专利 (Chinese invention patent), 中国实用新型专利 (Chinese utility model patent), and 中国外观设计专利 (Chinese design patent), and the Patent number “ZL\*\*\*\*\*.” on the patented product, the product directly obtained by a patented process, or the package of such product.

#### ■ Placing border measures at the Customs for the import and export for monitoring counterfeits (Customs recordal---Customs investigation).

Taking trademark for example, enterprises launch prevention on the import and export of counterfeits through administrative measures (Customs investigation) by recording a registered trademark with China Customs in a timely manner after obtaining the exclusive trademark right. China is vast in territory and it is not easy to monitor the import and export activities at every border provinces. Instead, one recordal with China Customs would help safeguard right in each provincial customer separately and significantly low down the cost.

- Preparing yourself and making advance plans for monitoring the status of the IPR infringements and disputes

Enterprises can monitor the status of their IPRs all by themselves or entrust professional agency to monitor the status of their IP rights and renew the rights in time to prevent the rights from being terminated.

For a detected infringement acts, enterprises may choose in the following measures and have the best combination of solution to tackle the infringement:

1. sending Desist Letter to the infringer;
2. for e-commerce, conducting online infringement complaints through the platform's own dispute solution system, such as the Intellectual Property Protection Platform of Alibaba;
3. trying to negotiate with the other party to realize the IP rights by granting a license to the infringer or a co-existence agreement with the owner of similar trademark, etc;
4. filing complaints with the relevant administrative departments, such as the Industrial and Commercial Administration Bureau, the IP Offices and the Copyright Office to request administrative investigation;
5. taking protective measures by reporting such a matter to the Customs and asking for detention of suspected infringing products;
6. instituting infringement lawsuit.

In practice, measures 4, 5 and 6 are of high cost and time consuming, and where the IPR owner is not satisfied with the administrative decision of measures 4 or 5, he can turn to judicial remedy through measure 6. Therefore, when choosing among the options, consideration should be carefully made based on the factors, such as purpose, cost, time span, weight of evidence, and result.

## **CONTACT**

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