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# IPR Protection in China for European SMEs

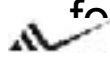
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**WAN HUI DA**  
LAW FIRM IN INTELLECTUAL PROPERTY

# Civil Litigation



- Sneakers and sportswear with  found in Beijing market
- The mark combining the Adidas three stripes with the swoosh, used on the tags and packaging of shoes made by Ai Le
- Civil litigation filed against Ai Le and its two local dealers
- Judgment:
  - Second-instance Court Beijing Higher Court upheld the verdict of Beijing No. 1 Intermediate Court that the swoosh didn't alter the similarity between Ai Le's mark and Adidas three stripes, and the consumers would still be misled.
  - Ai Le ordered to stop the infringement;
  - RMB 300,000 Yuan compensation (from 3 defendants) awarded.

# Civil Litigation

## Grohe

### June 2005

- AIC raid + Ningbo Customs seizure
- Negotiation: counterfeiter promised not to infringe and agreed that if caught again calculation of fake goods would be based on authentic value



### October 2006

- AIC raid and lawsuit filed with Ningbo Intermediate Court
- Judgment: RMB 3.52 million compensation awarded



# Civil Litigation

Volkswagen  
Volkswagen



- A Chinese registered a HK company “*Germany Volkswagen Oil Group*” set up a “*Changchun Volkswagen Lubricating Oil Sales Co., Ltd.*”
- They sold oil products using “*CC Volkswagen*” and “*Germany Volkswagen*”
- Changsha Intermediate Court: awarding RMB 1.6 million as damages plus injunction



# Civil Litigation

## L'ORÉAL VS. LOIYIR

- L'Oreal registered trademark “L'Oreal 莱雅 (Chinese translation of L'Oreal)” in class 3
- Shanghai MILENE produced “LOIYIR” skin care products, with the confusing propaganda “Supervised by Hangzhou L'OIYIR Cosmetic Co., Ltd. (杭州欧莱雅化妆品有限公司监制)” used on the package
- Hangzhou L'OIYIR promoted “LOIYIR” skin care products on its website
- filed complaint to Shanghai AIC, which determined trademark infringement and imposed a fine of RMB 400,000 on Shanghai MILENE
- purchased “LOIYIR” samples with notarization
- lodged civil litigation against Shanghai MILENE and Hangzhou L'OIYIR and Nantong Intermediate Court ordered the defendants to cease trademark infringement and pay in total the damages of RMB 500,000, the highest compensation limit stipulated by the Trademark Law.



# Civil Litigation



- Local dealer selling authentic, Japanese-made tires, Michelin branded tires in China
- Civil litigation filed by Michelin
- Changsha Intermediate Court heard the country's first parallel import trial, in which it held the tire dealers liable for trademark infringement for selling Japanese-made Michelin tires without authorization from the mark owner and mandatory China Compulsory Product Certification (3C) approval in China
- This decision offers a new offensive tool to rights holders to attack unauthorized sales of products that are manufactured outside China and sold within China, especially if imported without 3C certification.

# Civil Litigation



- Local dealer selling Japanese-manufactured Michelin-branded tires with altered speed rating in China
- Civil litigation filed by Michelin
- Changsha Intermediate Court heard the trial, in which it held the tire dealer liable for consumer fraud for selling Japanese-made Michelin tires with its speed rating altered from lower rating to the highest rating
- The court further held the tire dealer liable for trademark infringement as the altered speed rating might pose potential threat to the personal safety of the consumer, and it is also foreseeable that consumers will attribute any such problems to Michelin as the manufacturer. Consequently, the standard of quality denoted by the Michelin trademark and Michelin's reputation as a leading tire manufacturer could be substantially damaged.

# Patent Enforcement

## Gillette (Wenzhou litigation)

In 2005, the Wenzhou Court issued the first preliminary injunction for a patent litigation.

The Gillette logo, consisting of the word "Gillette" in white serif font on a blue rectangular background.



# Patent Enforcement

## SEB, Zhejiang Province



- July 2008: Through online monitoring, found fake “Clipso” pressure cooker
- October 2008: Guangzhou Fair, seizure of a sample
- November 2008: Preservation of evidence by court order
- December 2008: Filed civil lawsuit with Jinhua Intermediate Court
- January 2009: Settlement agreement achieved and executed:
  - Destruction of all infringing products and packages as well as all the moulds;
  - Compensation of RMB 40,000;
  - Undertaking of no future infringement or otherwise bear penalty of no less than RMB 500,000.

# Patent Enforcement

## SEB, Zhejiang Province

- Monitored a suspect manufacturer in Zhejiang
  - 2 kinds of products infringing design patents found to be exported through Ningbo Customs
  - June to July, 2008: Several Customs seizures
  - 4 civil lawsuits lodged in Ningbo Intermediate Court against factory and “shell companies” exporters
  - October 2008: a package settlement:
    - The manufacturer bears entire legal responsibility
    - Compensation of RMB 300,000
    - Destruction of the moulds
    - Undertaking of no future infringement
- All compensation paid in October of 2008



# Patent Enforcement

## Maped (design)

- Location: Ninghai, Wenzhou and Yiwu
- 18 litigations against 9 manufacturers and traders in 2008
- Compensation totals RMB 455,000
- All compensation obtained
- Most cases ended in half a year



# Patent Enforcement

## OSRAM

- Close cooperation with Ningbo Customs
- 590,791 seizures by Ningbo Customs in 2008
- Patent litigations at Ningbo Court



# Criminal Enforcement

## Kodak

*Largest Counterfeiting network of Kodak films in Shanwei and Guangzhou City of Guangdong Province (2002)*

- 3 criminals arrested
- 120,000 pieces of fake Kodak film rolls and bulk of raw materials seized
- Account book seized traced the counterfeiting acts back to 1997, with the total value of the counterfeits worth RMB 11 million
- Listed as one of the top 10 cases of the Quality Brands Protection Committee of China Association of Enterprises with Foreign Investment



# Criminal Enforcement

## Gillette

*Cross-border Counterfeiting trademark of Gillette in Taizhou City of Zhejiang Province (2006)*

- 9 criminals including a foreigner arrested
- Listed as one of the top 10 trademark infringement cases specially supervised by Chinese Ministry of Public Security



# Criminal Enforcement

## ARC



In 2008, first private criminal action in Zhejiang Province

- Counterfeiting of “Luminarc” trademark (27,000 pieces of packaging)
- PSB, for some reason, refuses to take the case
- Success of civil litigation uncertain (no sales at the time of the raid)
- Private criminal action for forging trademark
- Several back and forth filing, refusals, transfers, re-transfer between Yiwu Municipal Court and Jinhua Intermediate Court
- Finally accepted by Yiwu
- Negotiation: RMB 100,000 paid + destruction



# Criminal Enforcement

## HP (Foshan criminal enforcement)



- 4 months' investigation and monitoring disclosed a manufacture and sales network of counterfeiting HP packages.
- November 2008, Guangdong Provincial PSB direct, around 100 police officers from several local PSB branches, together with Foshan AIC
- 4 dens and 2 factories
- 6 suspects arrested
- Seizures over 2 million pieces





# Fighting against Online Counterfeiting



- In 2006, a Taobao seller was identified
- After conducting deep investigation (on-line chat, face-to-face contact and in-depth investigation), 2 factories and 1 workshop were located
- Guangdong TSB took raid actions
- Seizures: 6,800 counterfeit T-shirts, 2,800 semi-finished T-shirts and 40,000 counterfeit Lacoste labels

