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IP: China's alternative administrative route for enforcing intellectual property

ADMINISTRATIVE ACTIONS MAY BE QUICKER, CHEAPER AND JUST AS EFFECTIVE AS COURT RULINGS

In Western countries, we look to the courts to enforce intellectual property rights. In China there are two enforcement routes the IP owner can take: judicial and administrative. Those who take the administrative route are almost exclusively Chinese. When it comes to enforcing IP rights in China, perhaps, like choosing a restaurant in a new town, Western business should consider "where the locals eat."

In the provinces and designated cities, there are various administrative agencies with local offices that can redress infringement of IP. For patent infringement, there are local intellectual property offices (IPOs) that are overseen by the State IPO; for trademark infringement and trade secret theft, local Administration for Industry and Commerce (AIC); and for IP infringement generally, there is the local General Administration of Customs office, which can ban the import/export of infringing goods. These local offices operate as a quasi-judicial authority, and are staffed (albeit sparsely) with people who specialize in their respective areas of IP law. They can issue injunctions and thus halt the infringement. They can even enlist the police to assist in enforcing their orders. But the agencies do not have the authority to award monetary damages. Also, there is no established appeal procedure, so if a party is dissatisfied with the agency's decision, it would have to take the case to court to change the result.

Generally speaking, the administrative route is a policing action by the agency. The procedure is for the IP owner to bring a satisfactorily documented case of infringement to the local agency office. Suitable evidence would include samples or photographs, an IP comparison chart and supporting witness statements. If convinced, the agency will undertake an investigation. The agency will notify the alleged infringer and demand an answer. It may conduct an inspection of the infringer's operation, ask for further proofs, conduct a hearing or perform a combination of all three. There is no direct involvement by the complainant, but the opportunity to "assist" the agency staff exists. The total term for an infringement case should be three to four months from the date of filing. But if the local office is absolutely convinced that infringement exists, it has authority to take action immediately.

If the case is straightforward and injunction is the major objective, administrative enforcement should be a good choice. And, if the IP owner wants monetary damages, the agency may offer to mediate, even though it cannot decide the damages amount. If the mediation fails, the owner can still sue the infringer in court for damages. The administrative action does not bar the IP owner from also launching a judicial case.

The IP owner can use the variety of enforcement authorities to its advantage: If one particular authority does not cooperate (perhaps because of local protectionism), it may be possible to achieve the desired objective by involving an alternative agency. If, for example, patent infringement is difficult to prove, but obvious quality defects exist in the counterfeits, it may be possible to act based on product quality and consumer protection rules. Similarly, if a software

copyright case would be hard to bring, a trademark action based on counterfeited packaging rather than the copyrighted contents may be more desirable. In China, prior discussions with the available authorities are appropriate to determine the best possible channel for bringing an enforcement action.

An interesting example of the effectiveness of administrative enforcement versus the court system is seen in the area of trademarks. The first instance concerns Yi Jian Lian (YJL), a famous basketball star in China. A Chinese sports products company registered the trademark "yi jian lian" even though there was no business relationship between YJL and the company. YJL filed a cancellation action with SAIC since the trademark law says that no trademark shall prejudice another person's existing prior rights in a trade name or the right to exploit their own famous name. YJL provided substantial evidence to establish his popularity in China before the filing date of the trademark and, on that basis, SAIC rightly cancelled the company's mark as infringing upon the famous name right of YJL.

Yet when the former NBA superstar Michael Jordan (MJ) took the same matter to court, he lost. In 1998 and 1999, Qiaodan Sports, a Chinese maker of sports products, filed trademark applications for "qiao dan" which in China is the translation for "Jordan." A market survey in Shanghai showed that 90 percent of the 400 Chinese citizens polled believed "qiao dan" was MJ's brand. In 2012, MJ sued Qiaodan for name right infringement in the People's Court of Beijing. Despite the undeniable fact that MJ is world renowned, the court held that "Jordan" is a common surname in the U.S. and therefore not sufficiently unique for MJ to be entitled to the name right to "qiao dan" for sports equipment.

The administrative route to IP enforcement in China may not always be appropriate, but it is an alternative that can be quicker, cheaper and just as effective as court.

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