

Interview No.26

Conversation between Chinese and Japanese Experts in Intellectual Property

How to Effectively Cope with China's Infringement of Rights (I)

Upon finding any infringement case, first consult a specialist!

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In many cases, it is rather hard to know how Japanese enterprises should actually behave when an infringement of a patent or a trademark right occurs, such as cases of counterfeit goods sold in China. Specific countermeasures against infringements of rights were discussed between Chinese and Japanese experts familiar with such infringement suits.

Persons present:

Mr. Chixue WEI, Partner Attorney-at-law, Patent Attorney and Mediator, Linda Liu Group

Mr. Nobuyuki Matsunaga, Patent Attorney, Advisor to Miyoshi & Miyoshi

Matsunaga: When you suspect an infringement of rights, it is conceivable to (1) entrust a research firm to do a detailed survey; (2) consult a specialist on possibility of infringement or validity of patent; (3) consider delivering a warning letter. But in what order should you carry these out?

Wei: I think you should first consult a specialist on the possibility of infringement, because there are times when it is judged to not be an infringement. Sending a warning letter too hastily may be detrimental because the receiver of the warning letter could file a lawsuit with a district court to confirm non-infringement, using the warning letter as evidence. It is all right if the district court makes a correct and unbiased decision, but in certain areas of China, a sort of "local protectionism" still remains, so it is likely that a decision might be distorted in favor of the local area.

In fact, I have experienced this myself and even when I asked local authorities to expose illegal conduct of local businesses, I had to return the submitted documents many times due to inadequacies. Also, suppose an officer in charge is associated with a manager of the manufacturing company or a sales agent of the counterfeit goods, the officer may try to protect the manager. For example, he/she may reveal the information on the accusation beforehand by mobile phone so that the manager can try to get away. A Japanese major home appliance maker experienced exactly this kind



of treatment. It is not unusual to find a factory, which is thought to make the counterfeit goods, is empty when you go there. Not all Chinese companies are like this, but you should be especially careful when you deal with a small or medium-sized business.

The same can happen at the district court, too. If the judge has close relations with the accused company, a decision of "no infringement" may be rendered even if the fact of infringement is apparent. When you find a mala fide infringement, you should first consult a specialist.

Matsunaga: Do you mean there is not much significance in sending a warning letter?

Wei: Sending a warning letter is effective in Internet-related infringement cases. It happens quite often that a case is recognized as an infringement because of a warning letter, and the corresponding part is then deleted from the website. In the case of a bona fide infringement, for example, when a sales agent has sold a counterfeit product because it was confusingly similar to the genuine article, the person in charge often admits the fact owing to the warning letter and disposes of the counterfeit product. In such a case, a warning letter is meaningful.

Matsunaga: When a client consults a specialist, what kind of advice will he/she get?



Wei: In my case, I would advise the client to prepare three kinds of evidence. The first is evidence that a patent right exists, the second is evidence of the fact of infringement, and the third is evidence that the client suffered damage due to the infringement. Especially, I would recommend entrusting a research firm to collect evidence of the fact of infringement. I would investigate essential data such as the whereabouts of the corresponding manufacturer, manufacturing volumes and sales figures. In a recent case, the counterfeiter put only a few pieces in their shop so that it was hard to find any evidence. In such a case, it is important to seize the warehouse. You can also ask a research firm to find evidence that a company is certainly selling the goods, request a public notary to be present at the scene of obtaining any articles which are likely to infringe, and collect evidence such as catalogs and receipts.

Matsunaga: What measures can be taken in case of a trademark right infringement?

Wei: When there is no doubt that it is infringement on a trademark right, go directly to the Administrative Management Bureau for Industry and Commerce to file an accusation. If it

is not a clear cut case, it is better to ask for the opinion of an examiner at the Trademark Office. If it is difficult to take the matter directly to an examiner, you can go through the local administrative management bureau for commerce and industry.

---To be continued in the next issue---