



How to Resolve Intellectual Property Rights Disputes in China

Owners of patents, trademarks or copyrights in the Chinese mainland may deal with infringements of their intellectual property rights in two ways, namely by administrative procedures (i.e. through administration offices for intellectual property rights at various levels), and by legal proceedings (i.e. through people's courts at various levels).

To protect the intellectual property rights of imports and exports, owners of the rights, including copyright owners and their licensees, trademark owners and patentees, may file their rights with the General Administration of Customs and request the customs to take appropriate actions when necessary.

1. Administrative Procedures

There are administrative offices for intellectual property rights throughout the country with both administrative and enforcement functions:

(1) Administrative offices for patents: Patent Offices set up in provinces, autonomous regions, municipalities and coastal cities.

(2) Administrative offices for trademarks: offices of Administration for Industry and Commerce set up in cities at county level and above.

(3) Administrative offices for copyrights: Copyright Offices set up in provinces, autonomous regions, municipalities and coastal cities.

The victim of infringement may lodge a complaint with the administrative office of the place of the infringing party or of the place where the infringement takes place. The local administrative office will then conduct mediation or arbitration. In the event of any objection to the decision of the local administrative office, the objecting party in a trademark infringement case may apply for review by the Administration for Industry and Commerce at a higher level within 15 days upon receipt of the notice of the decision. Any party who objects to the review decision may commence proceedings at the people's court within 15 days upon receipt of the notice of the review decision.

In a patent or copyright case, the objecting party may commence proceedings within three months upon receipt of the notice of the decision of the administrative office. Should the party concerned neither commence proceedings within the time limit nor comply with the decision, the Administration for Industry and Commerce, the Patent Office or the

Copyright Office may request the court to enforce its decision.

In cases of disputes over copyright contracts the parties concerned may request the Copyright Office to conduct mediation or arbitration. If the parties still fail to resolve the disputes, or upon reaching an agreement on resolving the dispute one of the parties fails to comply with the agreement, the other party may commence proceedings at the people's court.

Any party reluctant to resolve the dispute by mediation may directly commence proceedings at the people's court. The decision of the arbitrator is binding on the parties. If a party fails to comply with the decision, the other party may apply to the people's court for enforcement of the decision.

If the contract does not provide for arbitration nor is there any subsequent agreement on arbitration the parties may directly commence proceedings at the people's court.

2. Legal proceedings

Legal proceedings concerning disputes over intellectual property rights are classified into civil, administrative and criminal proceedings. It is a two-tier judicial system with the second tier being the court of final adjudication. The basic and intermediate people's courts in provinces, autonomous regions and municipalities are courts of first instance (intermediate people's courts are courts of first instance for patent cases).

The intermediate and high people's courts in provinces, autonomous regions and municipalities are courts of appeal. The victim of infringement may commence proceedings at the people's court of the province, autonomous region or municipality where the infringing party is situated or where the infringement takes place.

Intermediate and high people's courts in major cities have set up intellectual property adjudication divisions since 1995 to deal with cases of intellectual property disputes. To commence proceedings in the Chinese mainland, Hong Kong enterprises must complete the procedures of:

(a) notarisation at a Hong Kong law firm appointed by the Ministry of Justice; and

(b) certification by China Legal Service (Hong Kong) Ltd.

Foreigners, stateless persons, foreign enterprises and organisations acting as plaintiffs or defendants, in China have the same rights and obligations in legal proceedings as Chinese citizens, enterprises and

organisations. They may appoint one to two persons as representative(s) in the legal proceedings. Lawyers acting for them in the proceedings must be those practicing in China.

Foreigners and stateless persons outside the territory of China or foreign enterprises and organisations with no resident representative offices in China must give a power of attorney to a lawyer practicing in China or a Chinese citizen. The power of attorney must be certified by a notary office and notarised at a Chinese embassy or consulate in the country concerned.

Proceedings against the decision of the board of review of China Patent Office are conducted at the First Intermediate People's Court of Beijing as the court of first instance and at the High People's Court of Beijing as the court of appeal.

The resolution of intellectual property disputes through administrative procedures, especially for trademark infringement cases, is mainly by mediation in order to avoid legal proceedings.

The merits of mediation are: (1) an amicable relationship between the parties can be maintained; (2) less time consuming; (3) lower costs; and (4) general disputes can be resolved more thoroughly without any side effect while protecting the interest of the intellectual property right holder.

Where the amount in dispute is relatively large and particularly with infringement cases involving patented technology, legal proceedings are more appropriate as the cases are usually complicated and may lead to invalidation of the patent.