

# PROTECTING YOUR IP IN CHINA:

Basic Steps & Recent Developments

## 在中国知识产权之保护： 基本步骤及近期进展

**Paul Jones**

Jones & Co. 钟保禄律师事务所 Джоунс и Ко.

**Sean X. Zhang**

Blake, Cassels & Graydon LLP

LES USA & Canada 2009 Annual Meeting

October 21, 2009

# 简介 - Introduction

- Many foreigners believe that their intellectual property cannot be protected in China
- Consequently they are reluctant to register their IP rights in China,
- or even to do business in the PRC or Hong Kong

## 简介- Introduction – 基本状况 Basic Advice

- China has IP laws that meet international standards
- Chinese courts do enforce IP rights, and particularly IP rights held by foreign parties
- The PRC does have a “wild west” economy
- To a large extent the threat to IP from counterfeiters can be costed and managed

## 简介 - Introduction - 假冒伪劣 - Counterfeiting

“... a tumultuous period in which the rigid hierarchies of colonial times finally dissolved, replaced by the more fluid social order of a democratic commercial society. Self-fashioning and self-advancement slowly became a viable way of life...”

Stephen Mihm, *A Nation of Counterfeiters*, p.24

# 法院及知识产权的维权

## Courts & IP Enforcement

Lego Case - 英特莱格公司 (INTERLEGO. AG) v. 可高 (天津) 玩具有限公司, Beijing 2002

Lego was successful under design patent and copyright law

Beijing Higher People's Court stated:

可高公司的产品确有抄袭之嫌，但同时也应看到英特莱格公司的上述玩具积木块艺术创作程度确实不是很高，与典型的实用艺术作品在艺术创作程度上尚有一定差距，一审法院出于平衡利益关系的考虑，作出上述认定是合理的，本院予以支持。

(While the Kegao Company's products really have the smell of plagiarism, we should also consider that the level of artistic creation in the English Interlego Company's products is not really very high and there is a certain disparity between it and typical practical works of art. The court of first instance struck a balance a reasonable balance of the interests and we will support it.)

# 专利制度 — Patent System

- Three major revisions: 1992, 2000, 2008
- Third amendment came into force Oct 1, 2009
- Signatory to all major international treaties
  - TRIPS, Paris Convention, PCT
- Member of WTO
- Pressure from western countries to conform with international rules

# 专利申请 — Applying for Patent

- First to file
- Absolute novelty – **no grace period, but**
  - disclosure at certain exhibitions etc. exempted
- Three types of patents
  - invention (substantive examination)
  - **utility model** (formality only)
    - “switch” from utility model patent to invention patent
  - design (formality only)
    - design patent in the U.S., industrial design registration in Canada

# 专利权 — Patent Rights

- Make, use, offer for sale, sell or import
  - invention: 20 years
  - utility model: 10 years
  - design: 10 years



# 第三次修改/Third Amendment

- Filing a new application
  - Petition for filing abroad if invention made in China
    - applies to invention and utility model patents
    - separate petition or file application in China first
    - Rules to be finalized
  - Duty to disclose direct and original sources of genetic resources
    - if completion of invention required use of the genetic resources
  - Absolute novelty rule
    - public use abroad included

# 第三次修改/Third Amendment

- Utility model patents
  - “Switch” to invention patent
    - at time of issuance, expressly surrender UM patent
    - must apply for invention and UM patents at the same time
- Design patents
  - Similar designs in one application (variants and set)
  - Description now required
  - Creativity required?

# 第三次修改/Third Amendment

- Patent rights and infringement
  - Joint ownership
    - right to practice invention alone
    - right to grant non-exclusive license alone
    - all must agree when exercising other rights
    - contract around default rules
  - Infringement, exceptions, defenses
    - Bolar exception – for regulatory approval
    - prior art defense
    - enforcing UM or design patents: evaluation report
    - statutory damages increased to RMB ¥ 1M
      - USD \$147,000 at \$1 = ¥ 6.8

# 商标在中国 – Trade-marks in China

- First-to- File system, uses Nice classification
- Currently three years for non-contentious registrations
- Party to the Madrid Protocol – but cheaper to file directly
- Must be well-known **in China** to be protected

# 商标在中国 – Trade-marks in China

麦当劳 – McDONALD'S (mai dang lao)

Mai – cover up, bury – 埋

- buy, purchase – 买

- step, stride, advanced in years – 迈

- wheat, a surname – 麦

- sell – 卖

- arteries and veins – 脉

# 商标在中国 – Trade-marks in China

## 麦当劳 – McDONALD'S (mai dang lao)

dang – equal, ought to, just at, work as, deserve, manage, sound of a

gong – 当

- keep off, block, a fender, gear of a car – 挡

- political party, the Party (Communist) – 党

- earring, eunuch – 挡

- crotch – 裆

- proper, match, treat as think, that very day, to pawn – 挡

- manure pit – 囟

- loose in morals, a marsh – 荡

- delay – 宕

- outspoken – 谏

# 商标在中国 – Trade-marks in China

## 麦当劳 – McDONALD'S (mai dang lao)

lao – scoop up from a liquid, get by improper means – 捞

- enclosure for animals, jail – 牢

- work, reward – 劳

- old, tough, dark – 老

- waterlogged – 涝

- bake in a pan – 烙

- kind of farm tool – 耨

- fruit jelly – 酪

# 商标在中国 – Trade-marks in China

麦当劳 – McDONALD'S – wheat should work

## Other Possible Names:

卖叻涝 – to sell something that has been waterlogged in a manure pit

买挡捞- to buy in order to prevent someone scooping something (perhaps improperly)



# 辉瑞商标的问题

## Pfizer's Trade-mark Problems

Pfizer – VIAGRA



最出名的药物万艾可(伟哥、威而钢)

## 商标在中国 – Trade-marks in China – cont'd.

### How are Chinese character trademarks developed?

- Similar sounds – WAL-MART – 沃尔玛 –wo'er ma
- Similar meaning – APPLE – 苹果 – ping guo
- Combination – STARBUCKS  
星 – xing – means “star”  
巴克 – ba ke – sounds like “bucks”
- New unconnected mark – BLU SPA – 富丽花 – fu li hua

# 商标法修订草案 Trade-mark Amendments

- Not yet reached the State Council (last draft June 2009)
  - protection extended to non-traditional marks
  - relative examination eliminated
  - civil law concept of “good faith” 诚实 required in applications – new section on bad faith registrations
  - Cost awards proposed in oppositions
  - Rights added for prior use in China

# 著作权— Copyright in China

- Work: literary, artistic, science, engineering etc
  - Including computer software
  - Drawings
  - Photographs in catalogs
    - articles made from photographs also protected
- Economic rights - transferrable
  - Reproduction, publication, rent, public exhibition, broadcasting, network transmission etc
- Personal rights – not transferrable
  - Publish, identify as author, revise, protect integrity of work
- Further amendments under consideration

# 著作权— Copyright (continued)

- Registration not required for acquiring the rights, **but**
  - required for SAFE permit to repatriate royalty payments
  - relied upon by Customs
  - evidence when enforcing rights
  - software issues

# 技术合同 - Licensing

合同法 (He Tong Fa – Contract Law) – in force  
October 1, 1999

- Contains both general and specific provisions
- Art. 6 -当事人行使权利、履行义务应当遵循诚实信用原则 – The parties shall observe the principle of **good faith** in exercising their rights and fulfilling their obligations.

# 技术合同 - Licensing

Art. 42 In the making of a contract, the party that falls under any of the following circumstances, causing loss to the other party, shall hold the liability for the loss.

- (1) engaging in consultation with malicious intention in name of making a contract;
- (2) concealing intentionally key facts related to the making of the contract or providing false information;
- (3) taking any other contrary to the principle of **good faith**

# 技术合同 - Licensing

Arts. 322 - 364 技术合同 (Technology Contracts)

- Common Provisions
- Technological Development Contracts
- Technological Transfer Contracts
- Technical Consultation Contracts and  
Technical Service Contracts



# 技术合同 - Licensing

## 2002 Technology Contract Regulations

- Administration of Technology Import and Export
- Administrative Measures on Prohibited and Restricted Technology Exports
- Administrative Measures on Prohibited and Restricted Technology Imports
- Catalogue of Technologies Prohibited and Restricted for Import
- Circular (MOFTEC & SAFE) Administration of Foreign Exchange Sale and Payment Related to Technology Import Contracts – Feb 20, 2002

# 技术合同 - Licensing

Technology transfer: includes transfer of patent, transfer of patent application, transfer of technical secrets, and patent licenses

Art. 349 Transferor shall .... guarantee the transferred technology to be complete, error free, effective and capable of attaining the contracted goals.

# 技术合同 - Licensing

## Who is liable for infringing other's IP rights?

- Art. 352: Transferor liable for infringement of third party's rights if transferee practices the patent or uses the technical secrets in accordance with the contract, unless agreed upon otherwise.

## Who owns the rights to any improvements?

- Art. 354: the party who made the improvements unless clearly stipulated in the agreement otherwise.

# 技术合同 - Licensing

Art. 329 Any technology contract that illegally monopolizes technologies, impedes technological progress or infringes upon technological results of others is null and void

# 反垄断法 – Anti-Monopoly Law

Article 55 – This Law does not apply to action taken by undertakings to protect their legitimate intellectual property rights in accordance with the intellectual property laws and regulations;

however, this Law does apply to action taken by undertakings that **eliminates or restricts competition** by **abusing** intellectual property rights.

# 知识产权的滥用 – What is an Abuse?

## Existing Guidelines:

Interpretation of the Supreme People's Court concerning some issues on the Application of Law in the Trial of Cases on Disputes over Technology Contracts – December 16, 2004

Article 10 – illegal monopolization and impairing technological progress

1. restricting one party from undertaking new research and development on the technology; requiring non-reciprocal grant-backs or sole-ownership of jointly developed IP

# 知识产权的滥用 – What is an Abuse?

2. restricting a party from obtaining similar technology from other origins

3. impeding one party's exploitation of the market

4. requiring the licensee to also acquire raw materials and other items from the licensor

5. unreasonably restricting the source of raw materials and other items

6. prohibiting the licensee from making objections as to the validity of the IP

# Impact of the AML on Licensing ?

- Ask yourself why is the restriction being used in China? Is it reasonable and proportionate for that purpose?
- Consider the principles when interpreting the rules
- Use the Supreme People's Court 2004 Interpretation as a guide; European practice may also help
- Consider the issues that China has raised in the 2005 report and elsewhere
- Monitor the forthcoming regulations and guidelines, and be prepared to adapt to changes in the rules
- Consider concept of 诚实 (good faith) as applied to proposed action



# 维权 – Enforcement

- More patent and trademark litigation cases than any country in the world
  - New patent cases in 2008: 4074
  - New trademark cases in 2008: 6233
- Only about 5% involved foreign companies!
  - Foreigners won majority of cases
    - Beijing 1<sup>st</sup> Intermediate Court: 22% of cases involving foreign parties, who won 80% (2002-2006)
    - Zhejiang High People's Court: foreigners in Zhejiang won 95% of IP cases involving foreign parties (2003-2008)
- Recently, more foreign companies as defendants and lost IP cases

# 维权 – Enforcement

- Administrative
  - no damages awarded
  - stop infringement quickly and less costly
  - evidence collection
- Litigation
  - time consuming (up to 2-3 years) and costly
  - all remedies available, including damages and injunctions
  - good evidence required (not easy in China)
- Arbitration
  - arbitration clause – governing law, location, rules, language

# 维权 – Enforcement

- Customs Protection
  - recordal of IP rights
  - can act ex officio
  - security required for seizure
- Criminal Sanctions
  - threshold issue
  - passive participation
  - no damages
  - eliminate source of infringement

# 商标案例 Trade-mark Cases

- Ferrero- Rocher – in Tianjin - 2005

意大利费列罗公司(FERRERO S.p.A.) v. 蒙特莎(张家港)食品有限公司

- Ferrero-Rocher had not registered their Chinese character name and had allowed infringing use by a Chinese dairy for well over 15 years.

- Ferrero-Rocher lost at trial and won on appeal and at the Supreme People's Court

# 商标案例 Trade-mark Cases

- Ferrero-Rocher – cont'd

- Commenced action in 2003 under Anti-Unfair Competition Law - 反不正当竞争法

- Grounds for win in Tianjin Higher People's Court:

1. In determining whether a mark is well-known regard to be had to foreign and domestic market – Paris Convention

2. Chinese infringer could not prove independent creation of packaging

4. Court cited Article 10bis (2) of the Paris Convention in support of the proposition that Article 5(2) of China's Unfair Competition Law should be read liberally.

# 商标案例 Trade-mark Cases

- Ferrero-Rocher – cont'd

3. 根据诚实信用和公认的商业道德准则，知名商品应当是诚实经营的成果。因此，在法律上不能把使用不正当竞争手段获取的经营成果，作为产品知名度的评价依据。

( Based on the principles of good faith and recognized business ethics, “well-known” status for a product must be achieved through management’s own efforts. Therefore unfair competition as specified in law cannot be used as a method for management to achieve “well-known” status for a product.)

# 商标案例 Trade-mark Cases

## Sony Ericsson Case - July 2008— Bad Faith Registrations

- Sony Corporation is well-known in China as 索尼
- Ericsson also well-known under the name 爱立信
- In 2001 they formed a joint venture to manufacture and sell mobile phones
- Joint venture incorporated in China as 索尼爱立信移动通信产品（中国）有限公司

# 商标案例 Trade-mark Cases

- Businessman in 广州 applied to register the mark 索爱 on March 19, 2003 – Sony opposed, but lost twice

北京市第一高级人民法院 – Beijing No. 1  
Intermediate People's Court

- Applied Article 31 of the Trade-mark Law



# 商标案例 Trade-mark Cases

- Purpose of Article 31 – to prevent violations of the principle of good faith – 诚实
- Court said the joint venture was widely reported in the press
- so businessman is presumed to have known about it
- his actions 不正当性 – do have clear legitimacy

# 判案原则的发展- Development of Doctrine

H-D密执安公司诉北京哈雷商贸中心, 北京市第二中级人民法院, (2007)二中民初字第10758号 – November 25, 2008

Can the trademark be used by others to describe the product? (known as “nominative fair use”)

In China this case and others say – only if used as little as possible

Harley-Davidson won overall

In Canada the cases are not as clear

# 外观设计专利案例 - Design Patent Cases

## Fiat Panda



## Great Wall Peri



# 外观设计专利案例 - Design Patent Cases

Fiat Auto S.P.A v. 长城汽车股份有限公司 (Great Wall Motor Company),  
Hebei Higher People's Court, December 29, 2008

Fiat claimed that Great Wall infringed its design patent

Court said:

- design patents only protect the unique aspects, in this case Fiat considered this to be the side view, but the average consumer would be more interested in the front view.

- the design patent does not protect the size and technical parameters of the shape

# 外观设计专利案例 - Design Patent Cases

## Neoplan Vehicle Co., Ltd. v. Zhongda Group, Yancheng Zhongwei Bus and Beijing Zhongtong Xinghua Vehicle Sales

- Neoplan Vehicle: a German company and owner of a design patent for a bus
- According to the Court:
  - minor differences but not sufficient to alter overall visual impression
  - prior use not proved by evidence
  - Zhongda's own design patent not a valid defense
- Damage award: RMB ¥21M (about USD\$3M)
  - damage award against manufacturers, not retailers
  - dispute over size of damages: calculated from projected number of units produced and industry profit margin

# 外观设计专利案例 - Design Patent Cases

## Neoplan's Starliner



## Zhongda's A9



# 外观设计专利案例 - Design Patent Cases



# 近期IP案例 - More Recent IP Cases

## Tianjin Northern Steel Plate Co. Ltd. v. Lu

- Lu: inventor, patentee and licensor
- Tianjin Steel: licensee
- Dispute over royalty payment
- Tianjin Steel did not pay 2nd and 3rd installments, required upon producing first 10 tons of quality products and when patent application laid open
- One issue was whether the invention was capable of being practiced (and by extension, whether quality products had been produced)



# 近期IP案例 - More Recent IP Cases

## Tianjin Northern Steel Plate v. Lu (continued)

- According to the Court:
  - Tianjin Steel was able to produce the products (though not mass production scale). There was evidence that the technology basically was capable of being realized. As the parties did not clearly specify technical parameters for determining what would be quality products and there had not been necessary cooperation between the parties, both parties were partially responsible for the dispute over whether “quality products” had been produced.
- Injunction not granted in view of the performance by both parties and benefit of the technology to the society
- Tianjin Steel’s second instalment was “appropriately” reduced from RMB 100,000 to RMB 70,000.

## 近期IP案例 - More Recent IP Cases

### Wuhan Jingyuan v. Fujikasui Engr Co. Ltd., Huayang Electrical

- Jingyuan: patentee and plaintiff
- Fujikasui, a Japanese chemical engineering company
- Huayang, Fujikasui's customer in China
- Huayang and Fujikasui engaged Jingyuan to work on a waste water processing project and then decided to use Fujikasui's equipment
- Jingyuan sued for infringement

# 近期IP案例 - More Recent IP Cases

## Wuhan Jingyuan v. Fujikasui Engr Co. Ltd., Huayang Electrical

- Patent held valid after re-examination
- Infringement found but injunction not granted: technology beneficial to environment protection
- Fujikasui ordered to pay
  - Jingyuan's economic loss of RMB 50.6 m (= sale price of equipment)
  - half of Court's acceptance fee of RMB 390,010
- Huayang ordered to pay royalty
  - retroactively from first use of infringing products
  - until expiry of patent term
  - at a rate of RMB240,000 per unit
- Case appealed to Supreme People's Court

# 近期IP案例 - More Recent IP Cases

## Chint v. Schneider: US\$45M damages

- Patent war between two companies
- Chint, a Chinese company making low-voltage electric devices, owns a utility model patent
- Schneider Electric, a major global maker of medium- and low-voltage electric equipment
- Chint filed patent case in Wenzhou, Zhejiang, against Schneider Electric's JV company in Tianjin
- Schneider did not apply for its own patent in China, thought Chint's patent invalid
- Chint's patent held valid
- Infringement found, with a US\$45M award – September, 2007
- Settled for US\$22M – April 15, 2009

# 近期IP案例 - More Recent IP Cases



Chint and Schneider settled for US\$22M – April 15, 2009

# 中国法院中的涉外纠纷

## Foreigners in the People's Courts

浙江蓝野酒业有限公司 诉 上海百事可乐饮料有限公司  
(Zhejiang Blue Wild Liquor Company v. Shanghai Pepsi  
Cola) May 24, 2007



# 中国法院中的涉外纠纷

## Foreigners in the People's Courts

- December 14, 2003 Chinese co. applied for the trademark “蓝色风暴” (BLUE STORM) – registered January 24, 2006
- July – August 2005 Pepsi used the same mark in a promotional campaign
- Pepsi won in the court of first instance on grounds that use as a slogan was not used as a trademark
- On appeal Zhejiang Higher People's Court awarded 3 million yuan (\$393,576.00 USD) to the Chinese company

# 最佳做法 – BEST PRACTICES

## 1. Register your IP

- Trademarks
  - as many classes as possible
  - develop Chinese character version of mark
- Patents
  - Do both invention and utility applications
  - Search Chinese language prior art
- Copyrights
  - Consider registration to improve damage claims



# 最佳做法 — BEST PRACTICES

## 2. Prepare a Business Plan for China

- Select what will be made in China carefully – perhaps withhold the most innovative or high-margin products, or separate functions so that no one manufacturer makes the whole product
- Make sure that your project is economically feasible – for you and potential partners
- Build monitoring and enforcement costs into your project feasibility plan
- Know your limit on losses from the project in advance, do a thorough risk analysis

# 最佳做法 — BEST PRACTICES

## 2. Prepare a Business Plan for China

- Pricing and Channels of Distribution
  - For products with broad consumer appeal in China many purchases are made in small retail shops – difficult to monitor and police
  - Consider developing a stripped-down, low-cost version of the product for sale in China

# 最佳做法 – BEST PRACTICES

## 3. Audits – Know What is Going to China

- What are the key commercial elements?
- How are they protected?
  - Invention patent
  - utility patent
  - design patent
  - copyright
  - trade secret
  - trademark
- How valuable are they? Are they older items that have largely become known?

# 最佳做法 — BEST PRACTICES

## 4. Find the Right Partner in China

- Retain advisors experienced in China
- Conduct searches through networks, look for introductions
- Attend trade conferences in China, get to know your options and the differences in your industry in China

# 最佳做法 — BEST PRACTICES

## 4. Find the Right Partner in China – cont'd.

### Conduct Due Diligence:

- Insist upon the right to make background checks on key people and the company
- Conduct checks on the reputation of the local area.
- Hire outside investigators, and use them
- Audit the other side - Carefully evaluate any property contributions by your Chinese partner, disputes over property valuation have plagued joint ventures
- Some prefer partners with foreign trained key personnel

# 最佳做法 — BEST PRACTICES

## 4. Find the Right Partner in China – cont'd.

### Conduct Due Diligence:

- Know if there is any state interest in the other party
  - Does the other party need higher authorization to enter into the contract?
  - Does the other party truly own the assets that it is contributing, or does the state still have an interest in the assets – e.g. Danone and the Wahaha trademark – “娃哈哈”

# 最佳做法 — BEST PRACTICES

## 5. Structure the Deal Carefully

- License, technology transfer, co-operative joint venture, equity joint venture, WFOE?
- What is Plan B – if things don't work out?
- How to get your money out of China – dividends, payment for services, royalties
  - Withholding taxes on royalties now 10%

# 最佳做法 — BEST PRACTICES

## 6. Develop a Good Contract

### General Items

- Do not use your standard form agreement for North America
- Consider preparing for enforcement in China with a civil law form of contract in Chinese
- Do not rely on the other party as to the legal validity of the terms
- Negotiate in good faith and disclose material facts – required by Article 42 of the Contract Law (中华人民共和国合同法)



# 最佳做法 — BEST PRACTICES

## 6. Develop a Good Contract — cont'd.

### — IP Issues

- Carefully describe the scope of the grant — for example — territorially what is China?
- Rights to improvements — remember the restrictions on grantbacks
- How will access to the IP be controlled, monitored?

# 最佳做法 — BEST PRACTICES

## 6. Develop a Good Contract — cont'd.

### – Non-Competition Provisions

- Know the provisions of the 劳动合同法 — Labor Contract Law
- Use side agreements with key personnel
- Draft the scope of the restrictions with precision
- Draft the liquidated damages provisions carefully

# 最佳做法 — BEST PRACTICES

## 6. Develop a Good Contract — cont'd.

- **Technicalities:**

- Contract should be in Chinese, or at a minimum, bilingual
- Identify the Chinese party in Chinese characters, as copied from its certificate of incorporation;
- translations vary tremendously and Chinese companies often use short forms of their names in Chinese

# 最佳做法 — BEST PRACTICES

## 6. Develop a Good Contract — cont'd.

- **Technicalities:**
  - Specify exact terms of payment and performance
  - Ensure that that each page is signed and that the contract is properly signed and sealed. Are two signatures required?
  - Make provision for inspections and audits, possibly including for the components or inputs, and use them

# 最佳做法 — BEST PRACTICES

## 6. Develop a Good Contract — cont'd.

### Law, Forum and Venue:

- Generally China does not enforce foreign judgments, U.S. judgments in particular
- Specify a choice of law that matches your exit strategy
- If you are based outside of China, consider using arbitration, China is a party to the New York Convention on Arbitral Awards

# 最佳做法 — BEST PRACTICES

## 6. Develop a Good Contract — cont'd.

### Law, Forum and Venue:

- Be careful in choice of arbitrator and arbitration rules, CIETAC has had serious problems recently
- Consider negotiating for the right of discovery - alternatively make plans to collect and retain written records
- Alternatively chose a foreign law, such as Hong Kong, but accept a Chinese court. Chinese courts will try to enforce foreign laws when the parties specify in the contract

# 最佳做法 — BEST PRACTICES

## 6. Develop a Good Contract — cont'd.

### Law, Forum and Venue:

- Specify a choice of venue, the Chinese party is unlikely to agree to come to North America, in part because of cost considerations, consider Singapore law and venue, or Hong Kong SAR
- There is now an agreement between Hong Kong SAR and Beijing on the reciprocal enforcement of judgments
- If possible chose a Chinese venue in which you have other investments

# 最佳做法 – BEST PRACTICES

## 7. Monitor your IP after Closing

- Inside and outside of China – some are now shipping labels and product separately for assembly in other countries.
- Register trademarks with General Administration of Customs. They can act ex officio in seizing suspected counterfeit goods.
- Visit trade shows, eBay, small commodities markets in key areas of China, wholesalers, key retailers, places where legitimate products are made and sold



# 最佳做法 — BEST PRACTICES

## 7. Monitor your IP after Closing

- Don't forget internal monitoring
  - Implement plant security measures
  - Ensure that new employees are trained on security and confidentiality in Chinese
  - In supplier's plants have a representative on site

# 最佳做法 — BEST PRACTICES

## 7. Monitor your IP after Closing

- Don't forget internal monitoring
  - Use surveillance equipment or firewalls on web sites
  - Ensure that proper security protocols are in place for trade secrets
  - Conduct regular training on security measures

# 最佳做法 — BEST PRACTICES

## 8. Develop your 关系 (guanxi) or relationships

- Customs officials
- Provincial and city authorities
- Embassy
- Chinese and foreign based trade associations
- Local Administration for Industry and Commerce 工商行政管理局

# PROTECTING YOUR IP IN CHINA:

Basic Steps & Recent Developments

## 在中国知识产权之保护： 基本步骤及近期进展

**Paul Jones**

Jones & Co. 钟保禄律师事务所 Джоунс и Ко.

**Sean X. Zhang**

Blake, Cassels & Graydon LLP

LES USA & Canada 2009 Annual Meeting

October 21, 2009