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China Trade Mark Office Dedicated to Expediting Trade Mark Prosecution

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APRIL 2008

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In order to clarify China's intellectual property rights (IPR) protection measures and provide more detailed instructions to local intellectual property (IP) administrations, the State Office of Intellectual Property Protection (SOIPP) together with members of the National Working Group for IPR Protection set out China's Action Plan on IPR Protection 2008 (Action Plan). The Action Plan covers 10 aspects of IPR protection and includes 280 specific measures relating to legislation, enforcement and court trial. The highlights are summarised as follows.

Legislation

The Action Plan revises and drafts 24 laws concerning trade mark, copyright, patent, foreign trade, customs and intellectual property protection, and drafts five judicial interpretations, relating in particular to the prosecution and hearing of trade secret criminal cases, and judicial cognizance of well-known trade marks. The current Copyright Law and Trade Mark Law were revised in 2001, and the current Patent Law was revised in 2000. The draft of the Patent Law (third amendment) has been submitted to the State Council and People's Congress for review and is expected to be passed in 2009. The Trade Mark Law amendment is being debated in the State of Administration of Industry and Commerce and is expected to be made available to the public in 2009.

Administrative Enforcement

The Action Plan organises and strengthens enforcement actions to crack down on internet piracy, counterfeiting and famous brand free riding, and to conduct full-scale surveillance of books, audio and visual products, software and online games.

Judicial

The Action Plan indicates the Supreme Court will conduct more thorough research and make preparations regarding hearing antitrust cases that may arise as a result of the upcoming effectiveness of China's Antitrust Law on 1 August 2008.

Other aspects of the Action Plan include strengthening the coordination among various government departments and regional interaction to promote the criminal sanctions of IPR infringement; guiding enterprises to complete their IP system and improve their competitive ability by using IP system; and promoting the trade mark license system in wholesale and retail trade centres in big cities to standardise the surveillance of the trade mark use.

China Trade Mark Office Dedicated to Expediting Trade Mark Prosecution

According to an internal meeting in the China Trade Mark Office (CTO), CTO will try to speed up the review of trade mark prosecution and trade mark adjudication in the next few years, and settle current backlog cases.

Currently, a trade mark registration in China generally takes 36 to 40 months. Such a long pending period not only puts right holders at a disadvantage in terms of intellectual property (IP) protection, but also prevents foreign investors from utilising their trade mark assets. For example, a subsidiary of a foreign company set up in China is unable to remit the trade mark license fee to its overseas affiliated company unless the outbound company obtains a registered trade mark in China.

According to the work plan, the trade mark review period will be shortened to 30 months in 2008 and will be further shortened to 19 months in 2009. In 2010, the review period will be shortened to nine months.

This is good news for both foreign investors and free riders. Because the principle of first-to-file prevails in trade mark prosecution in China, many free riders take reputable targets in foreign countries for trade mark registration in China prior to the commercial presence of those foreign right holders in China. Therefore, foreign companies that have interests in the Chinese market should pay special attention to their trade mark strategy in China in order to win this cat-and-mouse game.