



## 301 - International IP Law Strategy

**John Hogan**  
*Patent Counsel*  
Wyeth

**Gao Lulin**  
*Chairman*  
EastIP Law Firm

**Alexandre Montagu**  
*General Counsel*  
Lipper, Inc.

**Judith Powell**  
*Partner*  
Kilpatrick Stockton, LLP

## Faculty Biographies

### John Hogan

John W. Hogan, Jr. is patent counsel for Wyeth in Madison, New Jersey. His responsibilities include varied aspects of U.S. and international patent practice concentrating on prosecution, opinion, licensing and counseling in the pharmaceutical area. The primary focus of his current international practice is Canada, Latin America and the Middle East.

Mr. Hogan was senior patent attorney for American Cyanamid Company prior to its merger with American Home Products Corporation working with the agricultural group.

Mr. Hogan is a past chair of the intellectual property committee for ACC and is a member of ACC, AIPLA and NJIPLA. He was also a member of the board of directors for the National Inventors Hall of Fame Foundation.

Mr. Hogan received his B.S. from Pennsylvania State University and J.D. from Franklin Pierce Law Center in Concord, New Hampshire.

**Gao Lulin**  
Chairman  
EastIP Law Firm

### Alexandre Montagu

Alex Montagu is the general counsel of Lipper Inc, a subsidiary of Reuters Group PLC in New York. Mr. Montagu handles Lipper's domestic and international legal work, and is also responsible for the management of the Reuters Group PLC's trademark portfolio globally.

Mr. Montagu previously worked for Sullivan & Cromwell. He is also an arbitrator for the International Chamber of Commerce.

Mr. Montagu is a graduate of Princeton University (summa cum laude), University of Cambridge in England (double first class honors), B.A. law and the Harvard Law School (cum laude).

**Judith Powell**  
Partner  
Kilpatrick Stockton, LLP

This form is required for use by all Product Business Owners and/or Product Managers to request assignment and approval of a name to any new product, solution, feature and/or component. All of the information requested on this form is required to facilitate the assignment of a new name and initiate any trademark search/registration activity as required prior to approval of the use of the name. While assignment of a name can happen quite quickly, the standard lead-time for trademark search, Brand/Legal approval and subsequent registration (if required) is 4 – 6 months, **so plan accordingly**. Note: the costs for trademark search and registration (if required) are the responsibility of the Product Business Owner. Please complete this form, answering all of the questions, then click Submit. Be concise and use plain language.

1. Product name to be searched:

2. This is a request for

- A name for a new product family
- A name for a product upgrade or migration of an existing product
- A name for a new package/offering within an existing product family
- A name for a new feature or component
- A name for a feature or component upgrade or migration of an existing feature or component

3. This is a product for the 'X' customer segment

- Sales & Trading
- Asset Management
- Enterprise Data
- Media

**OR**  
This is a feature or component for

- News
- Information
- Analytics
- Trading
- Collaboration
- Contributions
- Search
- Alerting
- Systems Integration (Adapters/APIs)

Datafeeds

4. This belongs to the 'X' product family

5. Describe briefly what the product does. What is the customer proposition?

6. List existing competitor products which are similar in functionality or positioning to this

7. Describe where the name will appear. E.g. on a website, a marketing material, packaging for software etc.

8. Anticipated lifecycle for this product?

Less than six months

6 months to 12 months

12 months to 18 months

Greater than 18 months

9. In which countries will this product be sold, from when?

Country	Priority	Date
EU	<input type="checkbox"/> Primary	yyyy-mm-dd
Specific EU	<input type="checkbox"/> Primary	yyyy-mm-dd
USA	<input type="checkbox"/> Primary	yyyy-mm-dd
Canada	<input type="checkbox"/> Primary	yyyy-mm-dd
Australia	<input type="checkbox"/> Primary	yyyy-mm-dd
Japan	<input type="checkbox"/> Primary	yyyy-mm-dd
Singapore	<input type="checkbox"/> Primary	yyyy-mm-dd
Hong Kong	<input type="checkbox"/> Primary	yyyy-mm-dd

PRC  Primary yyyy-mm-dd

Switzerland  Primary yyyy-mm-dd

Other  Primary yyyy-mm-dd

10. Will third parties be involved in selling this product?  Yes  No

11. Indicate all registration classifications which are relevant

Class 9 – Software and Hardware

Class 16 – Paper-based Products

Class 35 – Business Information

Class 36 – Financial Information

Class 37 – Maintenance of software/hardware

Class 38 – Telecommunications

Class 41 – News agency/reporter services

Class 42 – Professional services for news & current affairs

12. Requester Employee number

Requester location and phone number

13. Cost center

14. Target date for launch yyyy-mm-dd

**ASSIGNMENT OF TRADEMARK**

ASSIGNMENT OF TRADEMARK, dated as of \_\_\_\_\_, 2007, by and between \_\_\_\_\_, a \_\_\_\_\_ corporation, having its principal place of business at \_\_\_\_\_ (the "Assignor"), and \_\_\_\_\_, a \_\_\_\_\_ corporation, having its principal place of business at \_\_\_\_\_ (the "Assignee").

WHEREAS, Assignor is the owner of or has rights in certain trademarks particularly described in Schedule A (the "Trademarks"), including all common law rights related thereto, and made a part hereof; and

WHEREAS, Assignor wishes to convey all of its right, title and interest in and to the Trademarks to Assignee; and

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged:

Assignor does hereby sell, grant, assign, convey and transfer unto Assignee or its designees, all of Assignor's right, title and interest in and to the Trademarks, the Registrations, and all common law rights related thereto, together with the goodwill of the business connected with the use of, and symbolized by, such Trademarks.

Assignor agrees that it shall execute all further documents reasonably necessary to perfect Assignee's title to the Trademark.

IN WITNESS WHEREOF, Assignor has caused this assignment to be duly executed on this \_\_ day of \_\_\_\_\_ 2007.

\_\_\_\_\_ (Assignor)

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**SCHEDULE A**

<b>Trademarks</b>	<b>Jurisdiction</b>	<b>Reg. \ Serial No.</b>	<b>Filing \ Reg. Date</b>	<b>Status</b>	<b>Class</b>

**ALEXANDRE A. MONTAGU, P.C.**

1060 Park Avenue New York, New York 10128 · Telephone: (212) 996-1287 · Facsimile: (212) 996-9579 · E-mail: trademarks@montagulaw.com

**Sample Trademark Distribution Clauses**

“Marks” means the licensed marks set out in Clause \_\_, as modified, varied or replaced with the approval of Owner.

“Products” means the products set out in Clause \_\_.

“Licensed Products” means Products bearing the Licensed Marks pursuant to the License.

“Advertising Materials” means containers, packaging, hang-tags, labels, wrappers and advertising, promotion or display materials, including press releases, leaflets, brochures and any other printed materials intended for use in connection with the Licensed Products.

“Owner” means Thomson Learning, Inc.

- 1.1 Licensee acknowledges that the Marks are the property of Owner and that Licensee’s use of the Marks will inure to the sole benefit of Owner. Licensee will not grant, or purport to grant, any right or licence to use the Marks to any third party. Licensee will not in any way challenge, or apply for any copyright, trademark or patent protection (whether in respect of the Marks or otherwise) which could adversely affect, Owner’s ownership of the Marks or assist any other person to do so.
- 1.2 Licensee will not develop or use, in particular on Products, any name, logo, symbol or other mark or designation that includes, is confusingly similar to, is a simulation or colourable imitation of or competes with the Marks or otherwise refers to the Owner. Licensee will not use the Marks in any manner contrary to public morals or which is misleading or deceptive or compromises or reflects unfavourably upon the good name, goodwill, reputation or image of Owner or which might jeopardise or limit Owner’s proprietary interests in the Marks.

**ALEXANDRE A. MONTAGU, P.C.**

1060 Park Avenue New York, New York 10128 · Telephone: (212) 996-1287 · Facsimile: (212) 996-9579 · E-mail: trademarks@montagulaw.com

- 1.3 Any use of the Marks must include the appropriate copyright notices and/or trademark legends as instructed by Owner from time to time.
- 1.4 Licensee will submit to Owner for inspection, review and approval representative samples of each proposed use of the Marks on a Licensed Product, together with proposed Advertising Materials, at each material stage of the development process. Without limiting the foregoing, Licensee will submit to Owner for inspection, review and approval one sample of each of the following in respect of both Licensed Products and Advertising Materials: (i) rough artwork, layout, copy and storyboards; (ii) finished artwork and proofs; and (iii) pre-production samples.  
  
Licensee shall furnish all such items to Owner free of charge (including shipping and customs duties and clearance). Licensee shall not manufacture, distribute, sell or publish any Licensed Product or any Advertising Material without the prior written approval of Owner.
- 1.5 After manufacture has commenced, Licensee shall provide Owner free of charge (including shipping and customs duties and clearance) with the number of finished samples of each Licensed Product set out in Clause \_\_, together with the Advertising Materials.
- 2.1 Owner will take such measures as it considers reasonable to protect the Marks in the Territory, including, where appropriate, making applications for trademark and/or copyright registrations, and to satisfy itself that the Marks do not infringe third parties’ rights in the Territory.
- 2.2 Licensee will provide Owner with all assistance they may reasonably require (including the execution of documents) for the purpose of protecting the Marks in the Territory. Without limiting the foregoing, Licensee acknowledges that it may be required to submit further samples of Licensed Products, free of charge and at its cost, to Owner in order to assist Owner in implementing an effective trade mark registration and enforcement programme.

# **Several Issues for Acquiring and Enforcing IP Rights in China**

Presentation for IP Session 301  
of the ACC Annual Conference

**Dr. Lulin GAO**  
**Honorary President, All China Patent Agents Association**  
**Chairman, East IP**

October 29-31, 2007  
Chicago

## **Contents**

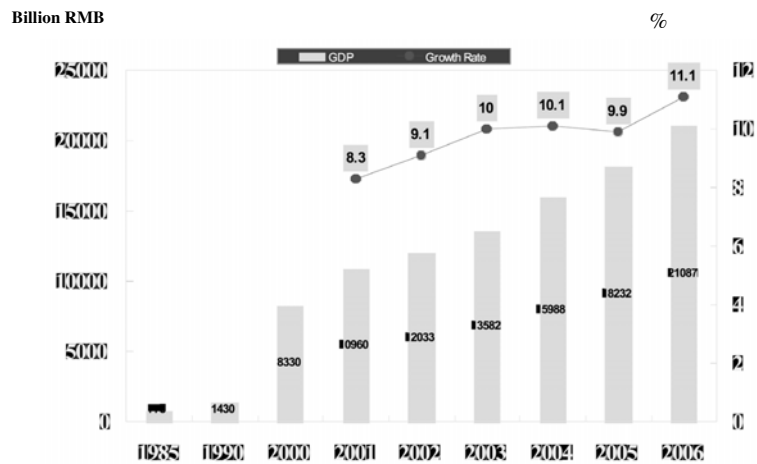
- 1 Number of Chinese Patent Applications from US Is Getting Behind Japan and Europe
- 2 Registration of TMs in China Is an Important Factor for Winning Domain Names Dispute
- 3 Two Year's Time Limit for Initiating Domain Name Dispute Resolution Proceeding in Accordance with CNDRP
- 4 Only Fame of TM in Mainland China Can Be Considered (CNDRP)
- 5 Possible Questions with Provisional Application, Lacking an Assignment Document

## Contents

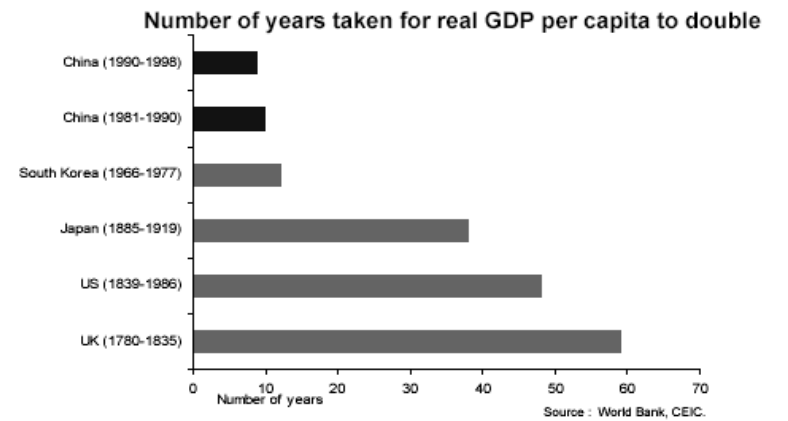
- 6 Problem with One Year Grace Period. Harmonization with “First to File” and Grace Period
- 7 Ownership of Patent Right for Entities Established by Foreign Companies
- 8 Protection of Trade Secrets
- 9 Forum Shopping and Preservation of Evidences
- 10 Copyright Troll on Internet
- Conclusion

## **(1) Number of Chinese Patent Applications from US Is Getting Behind Japan and Europe**

## GDP Growth in China

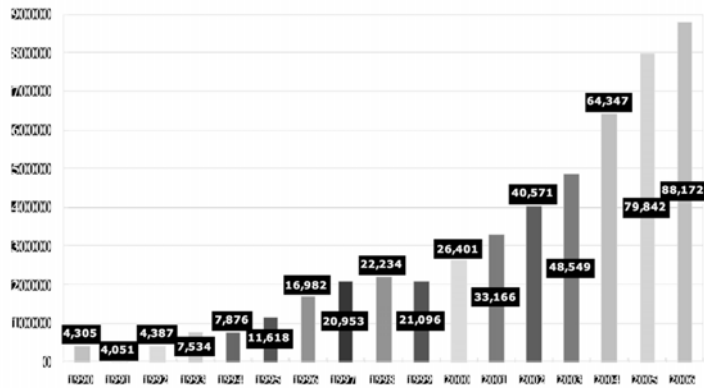


## The Pace of China's Rise Is Almost Without Historical Precedent





## Growing Application of Invention Patent from Abroad



## Top 5 Countries Filing Patent Applications in China (2001-2006)

State	Amounts					
	2001	2002	2003	2004	2005	2006
Japan	13,736	18,275	24,241	30,444	36,221	37,848
US	8,994	10,012	12,221	16,187	20,395	23,494
Korea	2,498	3,626	5,015	6,660	9,300	10,596
Germany	3,524	4,015	4,522	5,917	7,502	8,676
Netherlands	1,397	2,147	1,376	2,960	3,988	3,721
France	1,521	1,932	1,941	2,465	3,190	3,614

### Top Ten Foreign Corporations Filing Patent Applications in China, 2006

No.	INID	Name of Corporation	Number
1)	South Korea	Samsung	4,355
2)	JP	Matsushita	3,067
3)	Netherlands	Philips	2,523
4)	JP	Sony	1,648
5)	South Korea	LG	1,506
6)	US	IBM	1,435
7)	JP	Toshiba	1,211
8)	JP	Seiko Epson	1,144
9)	Germany	Siemens	887
10)	JP	Hitachi	836

### Some Observations

- ◆ China is growing rapidly with no precedent (~10% annually for GDP and more than 20% for patent filing during last 10 years)
- ◆ Despite US companies occupied predominate position in Forbes Top 500 in accordance with recent publication, however they are behind Japanese companies in terms of filing patents in China. Among the top 10 companies filing patents in China there are 5 Japanese, 2 Korean and 2 European companies but only one American company, IBM.
- ◆ In terms of filing patents in China, Japan bypassed the US since 1994 and ranks the first for last 12 years, South Korea ranks the third after Japan and the US, bypassing Germany since 2003
- ◆ Our recommendation: US and European companies should take more active position to file patents in China

**(2) Registration of TMs in China  
Is an Important Factor for  
Winning Domain Names Dispute**

**Most Domain Name Dispute Cases Are  
Decided Based on Trademark Rights**

- ◆ Pursuant to Article 4 of the Chinese TM Law: Any natural person, legal entity or other organization need to acquire the right of exclusive use of a trademark for the goods they produce, manufacture, process select or market shall file an application for registration of trademark with the Trademark Office.
- ◆ In accordance with Article 8 of the CNDRP, in order to succeed domain name dispute cases, the complainant must prove that the disputed domain name is identical with or confusingly similar to the complainant's name or mark in which the complainant has civil rights or interests.
- ◆ Majority of domain name dispute cases in China are still decided based on trademark rights.

## US Trademarks Based on Use

- ◆ Since trademarks in US can be based on use, many US companies do not pay attention to timely register their marks in China.
- ◆ During trademark and domain name dispute cases in China, in accordance with CNDRP, it is much easier to use the registered trademark in China to re-claim the disputed domain name.
- ◆ In order to protect legitimate interests on offline and online, including e-commerce and avoid cyber squatting US companies should register trademark/service mark in China as early as possible.

## Emerson Case

- ◆ Emerson Electric company claimed emerson.com.cn based on registration of EMERSON trademark July 7, 2002. However the domain name was registered on July 20, 1998. So, the panel rejected Emerson's claim for the mentioned .cn domain name in accordance with the Article 8, Regulations of CNDRP

**(3 ) Two Year's Time Limit  
for Initiating Domain Name  
Dispute Resolution Proceeding  
in Accordance with Amended  
CNDRP**

**CNNIC Domain Name Dispute  
Resolution Policy (CNDRP) of 2006**

- ◆ In accordance with the Article 2 of CNDRP, which came into force since March 17, 2006, “ ....the Dispute Resolution Service Providers do not accept the complaint regarding domain names with registration term of over (including) TWO years”
- ◆ In this circumstances, our recommendation:
  - 1) to watch registration of .cn domain names more carefully and systematically.
  - 2) if it happens after two years registration of the domain name, complainant can only file a lawsuit with the court, which is a much complicated procedure.

**(4) Only Fame of TMs in China  
Mainland Can Be Recognized  
(CNDRP)**

**Well-known Trademark/Service  
Mark and Cyber Squatting**

Well-known marks enjoy expanded protection:

- 1) Well-known marks enjoy cross class protection
- 2) Well-known marks enjoy protection extended to service/trade mark
- 3) Well-known marks enjoy special protection in cyber space against domain name's cyber squatting

### **Chinese Practice in Determining the Fame**

- 1) According to the UDRP, to solve a dispute of .com domain name, there isn't a specific indication on geographic fame. However, for .cn domain names only fame in Mainland China can be recognized under CNDRP.
- 2) fountain.cn and fountain.com.cn case:
  - a) "fountain" trademark was in application process but not yet approved by SAIC TMO when the captioned two .cn domain name registered
  - b) Chinese panelist didn't recognize the fame of "fountain" in Hong Kong and Macao. There is no evidence proofing "fountain" as famous mark issued by SAIC TMO or Court in China Continent
  - c) The complaint, Wason Corporation lost in fountain.cn and fountain.com.cn cases

### **(5) Possible Questions with Provisional Applications, Lacking an Assignment Document**

## Lacking Assignment Document

- ◆ Some patent applications filed in China from US are based on provisional application.
- ◆ Some of these applications presented with no assignment document. Difficult for providing these documents, because:
  - 1) former employee-inventors may have left
  - 2) complicated notarization and legalization process
  - 3) sometimes, it's difficult for applicant to fulfill whole procedure in time required by the Chinese Patent Office.
- ◆ Lacking assignment document often constitutes a problem in China not only for applications based on provisional, but also for normal application cases, therefore need to pay special attention.

## **(6) Problem with One Year Grace Period, Harmonization with “First to File” and Grace Period**



## First to Invent vs. First to File

Items	US	China
Eligible Applicant	Individual inventors	Individual inventors/entities
Patent granted to	First to invent	First to file
Service invention	Need to be assigned to the employers	Employers may directly file patent applications
Recommendation: Attention to priority documents, assignment document and Appropriate amendments for applicants (assignee), inventors, when file patent in China		

## Prior Art in the US

- ◆ Publication anywhere in the world prior to the date of invention
- ◆ Public use or offering for sale in the US more than one year prior to the filing date

## **Prior Art in China**

- 1) Publication anywhere in the world prior to the filing date
- 2) Public use or sale in China (or any other means that publicized the same invention) prior to the filing date

## **Grace Period in China**

Six months prior to the filing date:

- ◆ First exhibited at an international exhibition sponsored or recognized by the Chinese government;
- ◆ First made public at a prescribed academic or technological meeting;
- ◆ Disclosed by any person without the consent of the applicant

## **Harmonization of Patent Laws**

- ◆ One year grace period (filing a patent after publication in one year in US, for example, then based on priority filing a patent in China) may lead to losing novelty in China due to this publication, except
- ◆ All countries would also adopt the same one year grace period when worldwide harmonization of patent laws has taken place
- ◆ In order to adopt one year grace period, majority countries claim US should adopt “first to file” principle instead of “first to invent”

## **(7) Ownership of Patent Right for Entities Established by Foreign Companies**

## **Assignment of Patent Applications & Patents**

In accordance with the Chinese Patent Law, if a subsidiary in China wants to assign a patent application or an issued patent to its abroad mother company, it should satisfy:

- 1) the assignment must be approved by the Chinese authorities;
- 2) the parties should conclude a written contract and register it with SIPO in Beijing;
- 3) the SIPO, China shall announce the registration and the assignment shall take effect as of the date of registration

## **Entrusted Research and Development (R&D) Arrangement**

- ◆ In order to avoid all aforementioned complexities, a foreign parent company may adopt an entrusted R & D arrangement with its subsidiary. In this case both the right for apply a patent and patent right belong to parent company pursuant to contract between them.
- ◆ The service inventors should be awarded when the patent is granted and the reasonable remunerations paid when the patent is exploited and the amount of the reasonable remunerations is based on the economic benefits yielded.
- ◆ In accordance with the Regulation for Implementing the Patent Law, there are articles prescribing the amount of reasonable compensation, which are not mandatory for foreign companies -- our recommendation: it's better set out these award amounts by written agreement in advance.

## **(8) Protection of Trade Secrets**

### **Definition of Trade Secrets**

*Article 10bis of the Paris Convention (1967), Article 39 of the TRIPS Agreement(1994); Article 10 of the Anti Unfair Competition Law of China(1993) have given the definition of trade secret:*

- (a) is secret in the sense that it is not generally known
- (b) has commercial value because it is secret; and
- (c) has been a subject of reasonable efforts to preserve confidentiality

## Huawei Trade Secret Case

- ◆ 1) In 2001, three former employees of Huawei established a new company HuKe in Shanghai.
- ◆ 2) In October 2002, Huawei filed a civil lawsuit with Shanghai First Intermediate Court against HuKe as well as two of the three former employees for using Huawei's trade secret. In November 2002, Huawei withdraw such civil case, due to the fact that Shenzhen police has handled the criminal case involving the two former employees.
- ◆ 2) In 2004, Shenzhen Procuratorate filed a criminal case with Nanshan District Court in Shenzhen against the three former employees. The former employees were sentenced to jail for 3 years and 2 years respectively, and imposed of a fine of RMB50,000 and RMB 30,000 respectively

## Reasonable Efforts to Preserve Confidentiality

There are many measures to protect trade secrets within company such as:

1. Limiting access to the sensitive data on a need to know basis to key employees
2. Signing confidentiality agreements for key employees
3. Alerting employees to the information constituting trade secret by stamping" confidential" on key documents
4. Keeping confidential documents in a secure location
5. Limiting strictly the access of outsiders to the confidential documents and etc.

## Our Recommendations

- ◆ Special measures should be taken for the top confidential commercial secret, for example, the top secret like a recipe of key product could be preserved in a special box that is located in high security place and can be reached only by consent of several top management persons
- ◆ Non-competition clause should be included in the employment contract and signed by key employees, which may require additional just compensation in order to be enforceable in China
- ◆ In addition, the employer may train its key employees how to meet their obligation for keep confidentiality of company's trade secrets. This additional measure can serve as strong evidence in possible trade secret lawsuit

## **(9) Forum Shopping and Preservation of Evidences**

## Forum Shopping

- ◆ In accordance with the Civil Law of China, plaintiff submit a lawsuit against patent infringer with the court where either defendant is living or working or the infringement act occurs.
- ◆ In case, while alleged products are sold throughout China, then in accordance with the jurisdiction the Plaintiff can choose a preferred court (Forum Shopping).
- ◆ Our recommendation:Beijing and Shanghai Intermediate Courts are the first choice due to their rich experience, expertise and reputation in handling IP cases

## Preservation of Evidences

- ◆ In China there is no extensive discovery process as in US
- ◆ Pre-trial investigation to collect evidences in China plays particularly important role for successful litigation
- ◆ In addition, two ways to collect evidences may be utilized :
  - (1) Per Article 17, the Legal Interpretation of Supreme Court of China, April 1, 2002 the plaintiff can apply to the court that with the assistance of court to collect such evidences that can not be done by plaintiff itself
  - (2) Per Article 74 Civil Proceeding Law (1991) plaintiff can apply to the court for pre-trial preservation of evidences, the court can also initiate this procedure by itself



## **Preservation of Evidences, Case**

- ◆ Chinese Supreme People's Court made a decision recently, ordered Zhejiang Hua Tian Industry Ltd. and its co-defenders to pay RMB8.3 million (this is the biggest amount of damages paid to foreign company for a trademark case) in damages to Yamaha Co. for trademark infringement
- ◆ In reaching that sum the Court turned the tables on infringers who refused to produce their finance records for calculating fair damage amount

## **(10) Copyright Troll on Internet**

## **“Copyright Troll” on the Internet**

- ◆ the “copyright troll” has emerged recently in China, especially for the Internet companies
- ◆ No standardized definition for copyright trolls.  
However, general speaking, the troll can be defined as “a company/individual whose primary business activity is to acquire copyright for the purpose of offensively asserting them against companies either in licensing for unfair license fee or infringement lawsuit for unreasonable damages”
- ◆ Many trolls can and usually will outbid single operating companies in purchasing copyright then force other companies/ICP to take license from them

## **Possible Way to Solve Troll Issues**

- ◆ There are no common understanding for troll and means to solve the troll issue both in US and China
- ◆ New mission: how to stem trolls by undermining the troll’s ability to obtain unfair value for copyright that acquired by such company/individual
- ◆ Some thoughts for discussion:
  - 1) Distinguish the company with R&D, but no intent for exploitation from those who conducts neither R&D, nor exploitation
  - 2) Distinguish fairness of the value of IP rights for patent /copyright
  - 3) Introduce concept of bad faith in copyright licensing
  - 4) Case by case study

## “Copyright Troll” case on the Internet

- ◆ A Chinese company acquires the right for dissemination of a song from authors on Internet, for example, for RMB10 thousand
- ◆ Then this company raises lawsuit against several Internet companies on dissemination of that song without authorization, claiming each company to pay damages RMB 100-200 thousand Yuan, or
- ◆ requires to sign an exclusive agent agreement with Internet Companies for representing it, excluding other entity to do this business
- ◆ The Internet Companies are willing to pay a reasonable royalty to copyright authors for acquiring the right to disseminate their works on the net, but they can't because sometimes it's difficult for them to find the real authors

## Conclusion

- ◆ China has a relatively short history of IP system, however, the established IP system through more than 20 years continues improvement now is in full conformity with TRIPS Agreement
- ◆ Although the main principles of IP System for the US and China are the same, however, there are still a number of differences between these two systems
- ◆ In order to acquire and enforce IP rights in China successfully, all these differences should be carefully taken into consideration
- ◆ Ten issues, discussed in this presentation reflect author's personal opinion, not representing the official position of SIPO, China