

CHINESE FAKES. WHAT CAN YOU DO ABOUT THEM?

BY SHARON GIVONI

One question that Australian IP lawyers often get asked is what you can do to prevent your designs and products, such as the weave of a blind or a print on a curtain, from being ripped-off in China. China is undoubtedly an important global economy and trading partner for Australian businesses.

However, the issues surrounding IP protection are alive and well in China, which is notorious for its culture of copying, with “Naik” (Nike) shoes to “Adidos” (Adidas) tops to fake hotels branded as “Hiyatt” (Hyatt).

If your business forms a working connection with businesses in China, such as manufacturing or outsourcing goods, there is a risk that your products may be copied.

On the other hand, even if your business does not have any connections with China, you may find that your products have been copied by people who have researched your profile or products online.

INTELLECTUAL PROPERTY IN CHINA

Companies sometimes hesitate to enter the Chinese market due to the lack of control over their IP.

There is a system for protecting intellectual property in China and the Chinese Government has also implemented some practical protection strategies. For example, a few years ago, it was reported that Microsoft pressured the Chinese Government to install authentic Windows software on government-purchased computers.

However, not all businesses have the bargaining power of Microsoft, and therefore, this article discusses some strategies to protect your IP rights in China, including designs, copyright and trade marks and some practical measures businesses can take to strengthen their protection.

DESIGN IN CHINA

The design of products is often imitated in China.

For example, a Chinese company could replicate a blind shape and may try to get away with it by branding it differently. The products look identical, but is there anything you can do if the copier has branded it differently?

1. Registering your design

Critically, as with the position in Australia, unregistered designs are not protected under Chinese law, therefore, to protect the look of a product, you must register it.

In China, design registration protects the shape, pattern or the combination of colour with shape and pattern of a particular product.

In order to be protected as a design, the design must be new, rich in aesthetic appeal and fit for industrial application.

2. When to file an application for a design

In China, the design registration system works on a “first-in-best-dressed” or “first-to-file” rule.

This means that if you have not filed a design application, there is a risk that you may not be able to stop someone else from copying your product.

Further, given that the design must be new, it is important that

you register your design early on, before the design has been released to the public.

Registering your rights early (and before you go to market) is therefore essential.

3. How long does it last?

Once protection has been granted, it lasts for 10 years from the filing date. This is similar to Australia, where your registered design lasts for five years and can be renewed for a further five years.

4. Take away

If you obtain a registered design in China, this on the face of it, gives you the legal right to prevent anyone else from manufacturing, selling, offering to sell or importing an article embodying the design.

Accordingly, if you are looking to protect the overall look of a product, registering a design is usually a crucial aspect of an effective IP protection strategy.

COPYRIGHT PROTECTION IN CHINA

Copyright protection exists in China as well as in Australia for a number of different works, such as “artistic works” being the two-dimensional prints on fabrics and curtains.

1. Do I need to register?

In China (as in Australia), your work is automatically protected by copyright the moment it is created.

However, it is generally recommended in China that you take the additional step of registering your copyright. The system provides proof of ownership, which can save you time and money if there is a dispute and is therefore highly

recommended.

2. Take away

If you have a pattern or print that you are using on your curtains, you may wish to consider taking the additional step of registering the copyright in China.

TRADE MARK PROTECTION IN CHINA

An important part of protecting your intellectual property is to ensure that your trade mark is registered.

A trade mark is a sign (such as a brand name or logo) which helps to distinguish your business from other businesses.

1. Registering your trade mark

Registering your trade mark is important part of being able to stop counterfeit products that are branded with your trade mark.

2. When to file

In Australia, generally (subject to various other rules) you can register your trade mark if you were the first to use that trade mark. Therefore, although applying early in Australia is generally recommended, it is not the be all and end all.

In contrast, China has a “first-to-file” trade mark registration system. Here, the first person to register the trade mark is first in line to obtain a registration for it.

The “first-to-file” system has encouraged people to register trade marks in bad faith, just to “sit on them” as they become more valuable.

3. How long does trade mark protection last?

Once you have registered your trade mark in China, trade mark



registrations are valid for 10 years and can be renewed for a further 10 year period.

4. Take away

Trade mark registration is an important part of IP protection, especially in relation to counterfeit goods.

The best strategy is generally to file applications to register your brands early and broadly.

CONFIDENTIALITY AGREEMENTS

Another important consideration when dealing with companies (such as your manufacturers) in China is to have them sign confidentiality agreements.

A confidentiality agreement is designed to protect confidential information such as trade secrets and expertise from being misused by others, for example manufacturers.

This is particularly important if you have developed a design and want to get prototypes or initial runs manufactured, but you haven't released the product to the market yet.

This helps to prevent potential counterfeit goods, but that being said, it doesn't guarantee that it won't happen.

HOW TO ACTIVELY MONITOR FOR INSTANCES OF IP INFRINGEMENT?

While there are a number of legal strategies involved in protecting your IP, your business should also be actively monitoring the marketplace to see if there are any issues arising.

There are a number of steps that you can take, such as:

- Look out for counterfeiters at trade shows and fairs;
- Regularly review distribution networks for possible entry of counterfeits;
- Regularly check IP publications (or engage someone to do so on your behalf), such as the China Trade Mark Gazette for new applications to see if any of them infringe your IP;
- Create a means for stakeholders to report possible IP infringement to you;
- Check the Internet regularly for infringing domain names and websites that are known for stocking counterfeit goods, such as Alibaba and Taobao.

WHAT TO DO WHEN YOU DISCOVER IP INFRINGEMENT?

When you discover IP infringement, there can be a temptation to send cease-and-desist letters to infringers on your own.

However, it is important to bear in mind that IP laws in Australia are relatively complex and if you send out groundless threats relating to IP infringement, the person receiving your letter could end up taking action against you.

Therefore, it is generally best to obtain legal advice before you start any action in relation to IP infringement.

PREVENTION IS BETTER THAN CURE

While controlling what is happening on the ground in China may be difficult, you should also consider taking steps

to limit counterfeit goods leaving China and entering Australia.

There are a couple of strategies you should consider, including lodging notices with Customs, as well as sending legal letters to the people importing the counterfeit products.

Again, we always recommend getting advice before taking any action.

KEY TAKE AWAYS

• Although time consuming and at times costly, registration of your intellectual property in China has great value and is a useful deterrent to those who want to copy your products. China is an important economy and trading partner and is essential for any Australian businesses wanting to grow.

• However, when protecting IP in China, it is important to remember to "get in early" as it sometimes could be too late.

• Also, be wary of the dangers of taking legal matters into your own hands, as you may end up being liable for making groundless threats.

• Ultimately, there are no easy answers when it comes to protecting your intellectual property from being copied in China. Even large companies such as Apple face difficulties in managing fake products and fake "Apple" stores.

• However, if you are aware of the steps you can take, you can get in early and invest in your intellectual property protection strategies. This can save a lot of headache in the long run. Intellectual property is an important asset for

most businesses, particularly commodity businesses in the window furnishings industry.

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