



# **SPECIAL CONSIDERATIONS FOR “FOREIGN” PLAINTIFFS IN IP LITIGATION IN CHINA**

**GLOBAL LAW OFFICE**

[www.glo.com.cn](http://www.glo.com.cn)

**MEPH JIA GUI | PARTNER**

**THE 4TH ANNUAL US-CHINA IP CONFERENCE:**

**BEST PRACTICES FOR INNOVATION AND CREATIVITY**

**PANEL 6: CROSS-BORDER IP ENFORCEMENT**

**OCTOBER 9TH, 2015 | BERKELEY, CALIFORNIA**

## CONTENTS

<b>1</b>	<b>Equal Litigation Rights and Obligations</b>	<b>03</b>
<b>2</b>	<b>Protection from Supreme People’s Court</b>	<b>04</b>
<b>3</b>	<b>Consideration of Forum Shopping for IP Litigation</b>	<b>06</b>
<b>4</b>	<b>Time Periods in IP Litigation</b>	<b>07</b>
<b>5</b>	<b>Other Considerations in IP Litigation</b>	<b>08</b>
<b>6</b>	<b>Remedies to IP Litigation</b>	<b>10</b>

- The same litigation rights and obligations
  - Foreign nationals, stateless persons, foreign enterprises and organizations that bring suits or enter appearance in the people's courts shall have the same litigation rights and obligations as citizens, legal persons and other organizations of the People's Republic of China. (Art. 5 (1) of *Civil Procedure Law*)

## Protection from Supreme People's Court (1/2)

- The Supreme People's Court (SPC) enacted several regulations to protect the legal rights and interests of the foreign parties in the IP respect
- The courts at all levels shall adjudicate according to law cases of foreign-related IP rights, and equally protect the legitimate rights and interests of the Chinese and foreign party concerned. (*Opinions of the Supreme People's Court on All-round Intensification of the Work of Adjudication Related to Intellectual Property Rights to Provide Judicial Protection for the Construction of an Innovation-oriented Country*, effective November 1<sup>st</sup>, 2007)

## Protection from Supreme People's Court (2/2)

- The Supreme People's Court (SPC) enacted several regulations to protect the legal rights and interests of the foreign parties in the IP respect
- The level of judicial IP protection has been enhanced continuously during the recent 30 years in China. During the trial of foreign-related IP cases, the Chinese courts adhere to the principle of equal protection and protect the legal rights and interests of both China and foreign parties equally in accordance with the law, establishing a good international judicial image.  
*(Judicial Protection of Intellectual Property by China's Courts [2011], effective April 21<sup>st</sup>, 2007)*

# Consideration of Forum Shopping for IP Litigation

- In general, lawful IP interests of foreign enterprises having business in the PRC could be and have been equally protected for the recent years
- Less and less foreign corporations would have the fears that their legitimate IP interests may be treated differently with Chinese counterparts by Chinese courts
- Mind local protectionism when considering forum shopping
  - Local protectionism that may cause the court to render an unfair judgment unfavorable for parties incorporated elsewhere still, to some extent, exists, especially in the places where the economy is relatively poor
  - Most foreign plaintiffs prefer suing infringers in **Beijing, Shanghai, Shenzhen and Guangzhou**

# Time Periods in IP Litigation

- In practice, proceedings in IP litigation may be extended if one party to the lawsuit is a foreign party or both of them are foreign parties.
- For instance, according to the procedural laws in China, litigation proceedings may be prolonged if one party is a foreign party. (Art. 269 & 270 of *Civil Procedure Law*)

## Other Considerations in IP Litigation (1/2)

- If an international treaty concluded or acceded to by the People's Republic of China contains provisions that differ from provisions of this Law, the provisions of the international treaty shall apply, except those on which China has made reservations. (Art. 260 of *Civil Procedure Law*)
- The people's court shall conduct trials of civil cases involving foreign element in the spoken and written language commonly used in the People's Republic of China. Translation may be provided at the request of the parties concerned, and the expenses shall be borne by them. (Art. 262 of *Civil Procedure Law*)
- When foreign nationals, stateless persons or foreign enterprises and organizations need lawyers as agents ad litem to bring an action or enter appearance on their behalf in the people's court, they must appoint lawyers of the People's Republic of China. (Art. 263 of *Civil Procedure Law*)



## Other Considerations in IP Litigation (2/2)

- To initiate an IP infringement lawsuit, a “foreign” plaintiff needs to provide, inter alia, the Power of Attorney (in favor of its litigator(s)), the Certification of Identity of Legal Representative, and its Company Registration Certificate, and these documents must be notarized by a notary office in the country of domicile and authenticated by the Chinese embassy or consulate accredited to that country or, for the purpose of verification, must go through the formalities stipulated in the relevant bilateral treaties between China and that country before it becomes effective. (Art. 264 of *Civil Procedure Law*) The whole process may last from one to four months, depending on each country’s respective situations.

# Remedies Available in IP Litigation in China - Equitable

- Traditional common law requirements for equitable remedies (“Clean hands”, “laches” ...) not required in China
- Injunctive relief
  - Decree for pre-litigation or post-lawsuit-filing injunction
    - After balancing interests on both sides
    - Bonds to be provided by moving party
  - Judgment for permanent injunction
- Special performance
  - Quasi – “account of profits” – Art. 63 (2) of *Trademark Law*
  - To put differentiating logo - Art. 59 (3) of *Trademark Law*
  - Compulsory patent license – Art. 48 & Art. 51 of *Patent Law*
  - To make public apology – Arts. 47 & 48 of *Copyright Law*
- Declaratory relief
  - Non-infringement declaratory judgment
  - Declaratory judgment on disputed IP ownership
  - Declaratory judgment of patent invalidity – NOT available in infringement lawsuits

# Remedies Available in IP Litigation in China - Legal

- Legal/monetary damages
  - Compensatory damages
  - Punitive damages
    - De jure punitive damages only in Art. 63 (1) of *Trademark Law*
  - Statutory damages
    - Copyright: RMB0 - RMB500,000
    - Patent & Trade Secret: RMB10,000 - RMB1,000,000
    - Trademark: RMB0 – RMB3,000,000
- Order for determining damages for IP infringements
  - Right holder's actual losses
  - Infringer's profits
  - Reasonably multiplied amount of royalties (N/A for copyright suits)
  - Statutory damages

# Remedies – Civil, Administrative or Criminal

## ■ Civil actions

- Advantages: multiple claims and damages available; case can be combined with criminal action; plaintiff can forum-shop the venue
- Disadvantages: time-consuming; expensive; very heavy burden of proof for plaintiff

## ■ Administrative actions

- Advantages: quick; cheap; no need for evidence to be as formal as court actions
- Disadvantages: officers reluctant to act due to local protectionism; decisions subject to judicial review; officers unable to handle complex cases; damages cannot be rendered (officers can mediate, however)

## ■ Criminal actions

- Advantages: strongest deterrent; officers can use “only-available-to-police” means to collect evidence; cheap; case may be combined with civil action
- Disadvantages: high thresholds for criminal action; officers reluctant to act due to local protectionism



环 球 律 师 事 务 所  
GLOBAL LAW OFFICE

Questions ? Thanks !

■ Meph Jia GUI Partner

Tel: (86 10) 6584 6622

Email: [meph.gui@glo.com.cn](mailto:meph.gui@glo.com.cn)

■ Official Website: <http://www.glo.com.cn>