



# IP Rights Infringement

A jurisdictional guide to IP litigation

Virtual Round Table Series

IP Working Group 2018

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## A jurisdictional guide to IP litigation

The protection of intellectual property (IP) is crucial to a healthy globalised economy as it allows innovative businesses in a vast range of industries to receive proper value for their designs, branded goods and inventions.

The concept covers patents, copyrights, utility model rights, design rights and trademarks and has been the subject of much debate in recent years.

Figures from the World Intellectual Property Organisation (WIPO) show that there were 8.4 million trademark applications across the globe in 2015, an increase of 13.7 per cent on a year earlier. There were also 2.9 million patent applications, an increase of 7.8 per cent on 2014. Almost 1.1 million applications to protect industrial designs were submitted and 1.2 million for utility models, which are a special form of patent right with less stringent requirements and a shorter term of protection.

Around a quarter of all patents in force worldwide in 2015 were in the USA, and nearly a fifth (18 per cent) were in Japan. But China's share is growing fast according to WIPO – the number of patents in force in China has leapt from about 600,000 in 2010 to almost 1.5 million. China accounts for more active trademarks than any other country (10.3 million), more than a third of all the world's industrial design registrations in force, and fully 90 per cent of utility models in force globally.

In 2015, the top ten WIPO IP offices worldwide were China, USA, Europe, Japan, India, France, Korea, Turkey, Russia, Germany. The China office became the first to receive over a million patent applications in a single year, dealing with almost as many applications as Japan, the Republic of Korea and the USA combined.

Piracy and counterfeiting is a big problem globally, particularly for those developed nations that rely heavily on intellectual property to drive their economies forward.

Figures from the Organisation for Economic Cooperation and Development (OECD) show that imports of counterfeit and pirated goods are worth nearly half a trillion

dollars a year, or around 2.5 per cent of global imports. The total value of imported fake goods worldwide was USD 461 billion in 2013.

Up to 5 per cent of goods imported into the European Union are fakes (worth approximately 85 billion Euros), with Italian and French brands the hardest hit. Most of these fake goods originate in middle income or emerging countries, with China the top producer.

The effective enforcement of IP rights against counterfeiting and piracy can rely on both criminal and civil litigation, but it is vital that a level legal playing field exists to enable innovative corporations to confidently conduct business across multiple jurisdictions, deterring criminals while safeguarding jobs and prosperity.

The task of creating this level playing field falls to the World Trade Organisation (WTO) and WIPO. In conjunction with national and regional bodies, they are attempting to standardise the complex area of IP rights; and they rely on the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) to do this.

TRIPS incorporates detail from various historical agreements and conventions (e.g. Paris and Berne) and is an attempt to regulate how intellectual property law is enforced across the world by national governments.

In this IR Global Virtual Series, you will hear from IP experts in Germany, China, India, Japan, Sweden, Italy, France and The Philippines. They will reveal details of the civil and criminal litigation processes in their jurisdictions as applicable to IP and discuss the effectiveness of TRIPS as a measure to combat product piracy. They will also highlight various IP disputes they have been involved in, that demonstrate IP law in action.



#### THE VIEW FROM IR

## Tom Wheeler

### Managing Director, IR Global

Our Virtual Series publications bring together a number of the network's members to discuss a different practice area-related topic. The participants share their expertise and offer a unique perspective from the jurisdiction they operate in.

This initiative highlights the emphasis we place on collaboration within the IR Global community and the need for effective knowledge sharing.

Each discussion features just one representative per jurisdiction, with the subject matter chosen by the steering committee of the relevant working group. The goal is to provide insight into challenges and opportunities identified by specialist practitioners.

We firmly believe the power of a global network comes from sharing ideas and expertise, enabling our members to better serve their clients' international needs.



#### SWEDEN

## Lena Seratelius

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Lena Seratelius is the founder of the lawfirm ReklamJuridik, specialising in Copyright Law, Trademark Law, Marketing and Media Law and Sponsorship. She has more than twenty years of experience assisting clients in the developing of intellectual property and marketing strategies and to enforce and protect their intellectual property rights. She also represents clients in disputes involving advertising as well as trademark and copyright matters. She has a deep experience in negotiating and drafting sponsorship and advertising agreements and various IP agreements.

Lena is European Trademark Attorney. The firm provides trademark clearance, trademark applications/registrations and trademark watching services

She is also a very experienced lecturer.

Lena is a member of the Swedish Bar Association, INTA (including the Unfair Competition Committee), ICC Commission on Advertising and Marketing, Sweden ICC IP Committee and the Swedish Association of Copyright. Lena is also involved in the Swedish Sponsorship and Events Association, where she is one of three lawyers in the so called Lawyer's Panel.



#### GERMANY

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Johann-Christoph Gaedertz advises national and international companies of all sizes in all areas of the protection of intellectual property and in unfair competition law with special emphasis on trademarks and design patents.

He has extensive experience in complex litigation at many German courts and arbitration panels. Johann-Christoph has special industry knowledge in the areas of media and entertainment, telecoms, branded goods and automotive. He is a member of GRUR, the Studienvereinigung Kartellrecht e.V. (i.e. German Cartel Lawyers Association) and is active in the ICC. He is married and has five children.

Keil & Schaafhausen is a highly specialised, leading IP boutique firm in Germany, offering all legal services in all areas of IP law. The partners of the firm are Patent Attorneys, Trademark Attorneys and Civil Law litigation experts with longstanding experience in advising clients regarding the most effective protection, prosecution and litigation of IP rights.



FRANCE

## François Illouz

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François Illouz has wide-ranging experience in the protection of intellectual creations, communications and business.

He acts mostly for individual artists and institutional clients in audiovisual, telecommunications, publishing, production, industry and the art market on intellectual property, commercial law and litigation.

ISGE & Associés, founded by Raymond ILLOUZ in 1947, celebrates its 70th anniversary this year.

François has published a book on co-ownership. He holds a youth and sports gold medal and has been an international golf player for many years. As a result of this, the firm is also very active in Sport Law and was involved in the organisation of the 2018 Ryder Cup.

In 2001, he received the National Gold Medal for Sport and Youth activities and he is arbitrator at the French Olympic Committee. He is also a member of Morfontaine Golf Club, the Royal Liverpool Golf Club and the Automobile Club de France.

ISGE & Associés assists its clients, for advisory matters, litigation and arbitration in various areas of law such as business and contract law, commercial law, anti-trust law, real property law, corporate law, labour law, IP & IT law, art and sports law.



INDIA

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Mr. Saisunder holds a Bachelor Degree in Law from the University Law College, Bangalore, India and is a Fellow Member of the Institute of Company Secretaries of India.

He leads the Intellectual Property & Commercial Law Practice of the firm, and regularly assists companies in establishing their international franchises by structuring their franchising and distributorship agreements. He has been involved in several crucial projects in diverse areas of law including the power and energy distribution sectors. His intellectual property law practise involves protection, enforcement and dispute resolution and he has represented business houses before WIPO and other international arbitration forums for resolution of domain name disputes.



CHINA

## Wei Xin

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Wei Xin is from a well-known Beijing legal family and was educated at both Chinese and Australian universities. She spent nearly 10 years in Australia but returned to Beijing in 1995 and worked in the China practice of several internationally acclaimed law firms, ultimately as the China partner of a top 10 New York based law firm.

Wei has spent 20 years helping her clients to successfully engage with China in a wide range of transactions. In 1991, she and Graham Brown began their collaboration and they have been active commentators and speakers on China-related legal issues since then.

Seeking to add more value and to have more autonomy in servicing clients Wei Xin and Graham Brown established their boutique practice in 2002, now known as Liuming International, the international business group of the Beijing Liuming Law Firm. They and their team of lawyers provide highly specialised legal services that are finely attuned to the needs of national and multi-national companies.

Wei is currently Chair for the East Asia & Pacific Subcommittee of the Non-Traditional Marks Committee, 2018/2019, INTA.





#### JAPAN

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Dana Evan Marcos, a long term resident of Japan, is a New York admitted lawyer and has been with Kuroda Law Offices since 2013.

Dana abides by a client-centred philosophy devoted to client satisfaction. He rises to the challenge of improving the quality of services that cater to each client's specific needs, and does so by actively reaching out to clients, timely answering their questions, and anticipating relevant issues.

His practice involves technology and intellectual property-related licensing transactions. He also works with his firm's M&A lawyers as an integrated team with expertise in key areas such as intellectual property, antitrust, and finance.

In addition, he handles arbitration and litigation matters, particularly those involving international issues, and advises clients regarding cross-border and domestic dispute resolution matters. He has a particular interest in fintech, a fast growing sector in Japan, and advises on financial services regulations that apply to fintech services.

Dana was the Chief Editor of Securities Regulation in Japan (2005, 2006 editions), and frequently gives seminars on US legal issues. He is a Tokyo IP Inn member.



#### ITALY

### Maurizio Ruben

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Maurizio Ruben is the co-founder of CDR legal formerly Studio legale Ruben e associati.

CDR Legal has been created to combine in one body, many minds and experiences trained in different sectors. The operational fields of the association reflect its partners' skills and qualifications, acquired in the accountancy, taxation, human resource, economic and legal fields.

CDR Law is known as main consultant for large companies and banking institutions, as well as being an ideal partner for small and medium-sized Italian and foreign companies.

Maurizio was educated at the Mc George School of Law, University of the Pacific, Sacramento, CA (Diploma of Advanced International Legal Studies, 1988); visiting foreign lawyer at Kronick, Moskowitz, Tiedemann & Girard Law Firm, Sacramento, CA.

He is a member of the International Bar Association, the Licensing Executive Society and the International Association for the Protection of Industrial Property.



#### PHILIPPINES

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Divina Pedron is a senior partner specialising in intellectual property law. She is deeply involved in brand protection and rights enforcement through civil, administrative and/or criminal prosecution and border control. She also works with trademark owners in domain name disputes and advises clients on issues involving their trademark rights in the face of unregulated parallel importation.

Divina has an extensive experience in drafting and negotiating licensing agreements, as well as in the registration of patents and trademarks in the Philippines and in other jurisdictions.

She holds a Bachelor of Laws degree from the University of the Philippines and was admitted to the Philippine Bar in 2000. She has served as President of the Intellectual Property Alumni Association composed of intellectual property practitioners in the Philippines.

Divina currently sits as Assistant Chair of the Committee on Intellectual Property Rights of the Philippine Bar Association, the oldest voluntary national organisation of lawyers in the Philippines.

## QUESTION 1

# Is civil litigation commonly used in your jurisdiction to enforce IP rights, if so, what are the advantages/disadvantages of this system?

**Hans Gaedertz - Germany (HG)** In Germany, civil litigation is the most effective way to protect and defend IP rights. The reason is that we have specialised courts for IP work and patent law in Dusseldorf, Mannheim, Munich and Hamburg. These are courts where interested parties can go to litigate patent violations.

The same courts are used as European trademarks courts, so parties can get an injunction or a decision in main proceedings about a European Union trademark valid over 28 member states.

Unfair competition law is dealt with in Cologne and Hamburg where high value cases are litigated. Those two courts have specialised chambers that don't do anything else but unfair competition law. The organisation of the court system and the courts themselves is under the control of the states and is not federal, this means that various courts have different active administrations. In North Rhine Westphalia and Hamburg, the states are keen on specialisation

The burden of proof is not a discovery system like the US, so the plaintiff must prove all relevant facts for his case himself, including presenting affidavits or party witnesses.

The litigation costs in German civil cases are fairly moderate and cases get value assigned, which forms the basis for calculation of court and attorney fees. If somebody loses his case he must pay all costs, including the attorney costs for both the plaintiff and defendant, calculated on the statutory German fee schedule. If you organise a lawyer on hourly rates and they bill you 250,000 Euros, but the statutory fee is only 25,000 Euros, you only get the smaller sum.

The timeframe for injunctions is usually between one and two days. If you file a well-reasoned injunction with an affidavit in the morning, you will get a call from the judge in the afternoon with a decision.

The next day you can pick up the court document and serve that via a bailiff.

Main proceedings can take much longer, up to a year until the execution, but when an injunction is served, it prohibits use of certain technology or trademarks. When the injunction is served, then from that moment on the prohibition is effective and the defendant must abide by it.

**Wei Xin - China (WX)** Civil litigation is commonly used by IP owners to enforce their IP rights in China as this is the most effective way to stop unauthorised use, and to receive compensation from the unauthorised user.

China is a Civil Law country but the local courts are still inclined to follow the decisions of their superior courts. The Supreme Court of the PRC, which is the highest court in China, issues precedents called guidance cases the ruling of which should be generally followed by all local courts in similar cases.

In a civil litigation in China, the plaintiff has the burden of proof to establish infringement and to prove that the compensation is justified. If the plaintiff cannot provide sufficient evidence to justify the compensation, the court will decide an amount up to the statutory cap.

The jurisdiction of a Chinese court regarding IP enforcement cases can be quite complicated. China has established special Intellectual Property Courts in Beijing, Shanghai and Guangzhou which have exclusive jurisdiction over various cases provided by the law.

The plaintiff is required to pay the litigation fee in full when filing the case. The litigation fee is calculated at a progressive rate of the compensation claimed by the plaintiff, ranging from 2.5 per cent to 0.5 per cent. The plaintiff can ask the defendant to pay back the litigation fee if it wins the case.

Pre-trial injunction and injunction during the court procedure are available in China and the court will grant an injunction if the legal requirements are met. The court should decide whether to grant the injunction within 48

hours in urgent situations. Actions will be taken to implement the injunction immediately after it is granted by the court.

China does not have a mandatory requirement on how long it should take the court to conclude a civil dispute if one party (plaintiff or defendant) is a foreign company or a foreign national. After a case is filed at the trial court, the court will ask the parties to submit and cross-examine the evidence, organise a court meeting and/or a court hearing, and then render the judgment.

**Saisunder N.V. – India (SN)** Civil litigation is an effective way to address IP infringement issues in India. It's the most common way to deal with disputes.

IP disputes in India, regardless of the nature of IPR's in question, are considered specialised disputes and are heard by the respective High Court, of the relevant state or district court in the states.

Specialised disputes involving technical issues are generally dealt with in the High Court, and the High Court judges appreciate the technicalities inherent in the dispute and are quite quick to appreciate the specialised nature and grant injunctions in prima facie matters. The district courts however are not keen to grant injunctions and do not appreciate the technicality of the issues involved in such IP disputes, leading to delays in availing remedies for IP infringements.

Most of the important IP disputes involving large multi-national corporations are agitated before the Delhi, Bombay, Madras or Calcutta High Courts where the judges possess subject matter expertise and have passed various landmark judgements, which forms the bulk of the IP jurisprudence in India.

India is a common law country and, as part of the infringement suits, we also include joint action of passing off under the copyright and trademark infringement matters.

Interim injunctions are generally granted quickly by the High Courts in prima facie cases even as ex-parte orders and normally in the first hearing or posting before the court.

The district courts are normally reluctant in granting ex-parte interim injunctions even in prima facie matters and typically obtaining an injunction in infringement or civil litigation before a district court could take a month or two after service of notice on the opposite party.

Timeframes for civil litigation before the high court can take up to two years, while district courts can take up to four years, in case of contended matters.

The burden of proof for IP infringement usually lies with the plaintiff. In the case of product patents, the burden of proof lies with the patentee, but, in terms of a process patent, the burden of proof shifts to the infringer.

Indian courts used to be averse to awarding damages, but nowadays there is an inclination to grant damages in IP infringement matters. More recently, in 2016 the Delhi High Court, awarded damages in the unprecedented amount of Rs. 10 million to the plaintiff in an ex parte suit against the defendants, who had sold online counterfeit watches of luxury brands. Since the recovery of damages is by itself a time consuming process, the bulk of the IP litigation gets settled out of court at the interim injunction phase, and courts have started encouraging the IP litigation parties to involve themselves in mediation and settlement. The bulk of cases go into a settlement team before the matter finally gets concluded.

Filing fees and statutory fees are moderate and reasonable. Attorneys generally work on a fixed fee model and not on an hourly rate. There are a large number of players in the market, so fees are competitive, with a copyright or trademark case averaging around USD 3,000 end-to-end.

**François Illouz – France (FI)** IP litigation is more likely to be civil litigation in France, because it is faster and can include more damages. We have specialised judges and courts, with nine courts in France competent to deal with IP disputes across all matters of IP including design and trademarks. The courts are in Bordeaux, Lille, Nantes, Nancy, Paris, Lyon, Marseille, Rennes and the French Antilles. Patents can only be litigated in Paris. Inside of this, there is a specialised IP court. France is very keen on the protection of IP because of its large perfume and luxury goods industry.

Burden of proof for infringement is different than the criminal courts sometimes require. In a civil case, the IP rights holder has to prove the existence of an infringement. In criminal litigation you have the help of the police and customs, but not in civil law, where we have the same system as in Germany. IP owners have to bring all the proof, including order, seizure, affidavits or proof of purchase.

The cost of litigation to get an order from a judge or a consideration by a bailiff is about 2000 Euros. Some claimants have insurance to cover this fee.

If the claim is not contradictory, you can accomplish a seizure within two days, but main proceedings take longer. the timeframe is usually between one and two years, depending on how many parties are involved. It is the same thing for the court of appeal.

**Maurizio Ruben – Italy (MR)** Italy has established twelve specialised IP Courts, located in the most important cities.

Most industrial and service companies are located in northern Italy, so therefore a very large amount of IP litigation and, as a consequence, IP decisions are rendered by a small number of specialised IP courts, (i.e. Milan, Turin, Venice and Bologna.)

The IP Court of Turin is the historical headquarters of FIAT (now FCA), and considered the leading jurisprudence in IP cases in the automotive industry, while the IP Court in Milan takes the lead on cases concerning the violation of registered designs and the counterfeit of products in the fashion and cosmetics industry.

Italy has a civil law system, and does not recognise the discovery system as used in the United States. The burden of proof under the civil system is strictly on the claiming party, meaning the plaintiff must prove themselves to be the legal and effective owner/holder of the right.

The same is true for damages, where the party assumed to have suffered damage must not only prove the damage, but also provide evidence of the entity/quantity of the damages according to criteria provided for in the IP Code.

Most IP cases start with a preliminary (injunction) phase in which the plaintiff seeks an interlocutory relief decision, preferably as an ex-parte order. Italian judges are, in general, quite reluctant to grant ex-parte orders, unless the case is well established. The contents of the order can be very ample and various, depending on the nature of the case, such as a seizure, a temporary restraining order or the publication of a press release. We have seen cases in which the Italian judge has granted an ex-parte seizure order ad horas, within 24 hours.

The preliminary injunction procedure gives the defendant the right of appeal before the court at a hearing in which he can file his defence statements and documents. The discovery phase should be very limited in this situation, to avoid exceeding the scope of the injunction procedure and encourage a quick decision.

The time frame to get a decision is usually two to three months for the first stage and a couple of more months for the appeal. Once the injunction is granted the plaintiff can start the main proceedings to get economic relief, such as recovery for damages. Main proceedings could take three or four years to complete.

**Lena Seratelius – Sweden (LS)** Civil litigation is commonly used in Sweden to enforce IP rights. In September 2016, the Swedish Patent and Market Court and the Patent and Market Court of Appeal came into being. These specialised courts hear all cases and matters in Sweden relating to intellectual property law, marketing law and competition law. The idea of this is to create a more efficient system and establish a higher quality of legal judgment. The application fee to the Patent and Market Court is low, normally SEK 900 (about 100 Euros).

The decisions of the Patent and Marketing Court of Appeal, apart from the rulings in criminal proceedings, will generally not be possible to appeal. In some cases, however, the court may allow a decision to be appealed to the Supreme Court. In such cases, it is also required that the Supreme Court grant a review permit.

In civil litigation, the principle applies that the losing party pays all costs, including attorney costs for both parties. The litigation costs are, for the most part, covered by corporate insurance (provided that the company has taken out such insurance).

In civil litigation regarding IP matters - unlike lawsuits based on the Marketing Act in which a reversed burden of proof applies - the burden of proof lies on the plaintiff.

So far (since September 2016) the time from the summons application to the judgment from the Patent and Market Court has on average taken less than a year.

If the plaintiff shows probable cause that an act implying a trademark or copyright infringement is taking place and, if the defendant's actions diminish the value of the exclusive right, the Court may render an injunction.

This injunction empowers the court to impose a penalty or a fine on the plaintiff until the case has been finally adjudicated. However, such an injunction may be rendered only if the plaintiff deposits a security with the Court for the potential damage to the defendant.

If it can reasonably be assumed that someone has committed, or contributed to, an infringement, the Court may order an infringement investigation.





Wei Xin pictured at the 2017 IR Annual Conference in Berlin

Prohibition and penalties for damages are normal in civil proceedings, rather than criminal court proceedings.

**Dana Evan Marcos – Japan (DEM)** Japan has a three-tier court system including District Courts, High Courts and the Supreme Court. The Intellectual Property High Court (IP High Court) was established in 2005 as a special branch of the Tokyo High Court.

The Tokyo District Court and the Osaka District Court have specialised departments (IP Departments) to handle intellectual property disputes. The IP High Court handles all appeals for Patent Litigation and deals with any and all intellectual property related appeals for Design Rights Litigation that are subject to the jurisdiction of the Tokyo High Court.

Japan is a civil law country. Most Supreme Court decisions and High Court decisions are binding on District Courts in practice. Supreme Court precedents are critical in judges' understanding of codified law and are often relied upon when rendering a decision. Intellectual property laws, for example, the Patent Law, are based on general laws such as the Civil Code. A judge's decision making process in intellectual property litigation compared with other general litigation therefore does not differ.

Japan has a high standard of proof, similar to some European countries. Japan's Civil Code does not set out the degree of the required conviction to which judges must

adhere. The standard of proof for a claim is whether it is highly likely that the claim is supported by the facts, and therefore true.

Reversals of the burden of proof are expected in patent law, and the plaintiff's burden of proof is greatly lessened by damage estimates and orders to submit documents. In short, from a common law perspective, Japan's civil standard is slightly lower than beyond a reasonable doubt, but high above preponderance of the evidence.

According to the Bureau of Justice Statistics, hearings in the first instance of IP litigation nationwide (including both the Tokyo District Court and the Osaka District Court) took an average of 13.3 months and hearings for appeals at the IP High Court took an average of 8.3 months in 2016.

There are two types of injunctions: injunctions by provisional disposition (preliminary injunction) and injunctions by ordinary civil cases (permanent injunction).

A decision for a preliminary injunction for trademarks and copyrights may be rendered in approximately one to two months for piracy, but normally requires roughly six months. Preliminary injunctions for patent rights, utility model rights and design rights often require about a year.

Permanent injunctions often take approximately six months to a year for trademarks and copyrights, and approximately one to one and a half years for patent rights, utility model rights and design rights. Appeals usually take anywhere from six months to a year.

When executing injunctions, whether preliminary or permanent, the executor will normally seal off the other party's factory or warehouse according to the order or decision. Breaking the seal without permission is a punishable offense.

In general, in civil litigation, the prevailing party's costs are not all covered by the losing party. The court may order the payment of the attorneys' fees for fees under patent infringement litigation and other acts of tort. When it does, the payment is normally limited to 'reasonable' attorneys' fees, and is approximately 10 per cent of damages, which usually covers only a part of the actual attorneys' fees expended.

Attorney's fees in small patent litigation is likely to be less than JPY10 million, medium-sized patent litigation will be around JPY20 million, while larger or more complex patent litigation can cost upwards of several tens of millions of Yen. Costs for a typical trademark dispute generally cost several million yen.

In Japan, insurance companies sell insurance covering litigation costs including attorneys' fees. Directors' and officers' insurance (D&O insurance) is also available to cover litigation costs including attorneys' fees if a lawsuit is brought against them in connection with the company's business.

**Divina Pedron – Philippines (DP)** Civil litigation is commonly used in the Philippines to enforce IP rights. In the Philippines, civil litigation may either be an administrative case before the Philippine Intellectual Property Office (IPO), or a civil action before the trial courts.

As the administrative agency mandated to implement state policies on intellectual property, the IPO has the power to administratively adjudicate contested proceedings affecting intellectual property rights. An intellectual property owner in the Philippines usually enforces its rights by filing an administrative case before the IPO as the resolution is much faster than with the trial courts. The IPO usually issues a decision within two to three years after a case is initiated, while the trial court takes an even longer period to finally dispose of a civil case.

The IPO is also empowered to issue injunctions and award damages. A writ of injunction issued by the trial court may only be enforced within its judicial region or local jurisdiction. On the other hand, a writ of injunction issued by the IPO is enforceable anywhere in the Philippines.

The lengthy time frame in prosecuting a civil case is hoped to be addressed by the appointment of special commercial courts in judicial regions. Special commercial courts are presided by judges that have received training in intellectual property issues involving patents, trademarks and copyright.

While the Philippines follows the doctrine of stare decisis, in civil litigation involving trademark opposition or infringement cases, the success of a plaintiff is at times difficult to determine with exact certainty due to the inconsistent interpretation of our trademark laws by the Supreme Court. Trademark opposition and infringement suits are decided on a case-to-case basis. Copyright and patent issues, on the other hand, more reliably follow a set of case law.

In administrative litigation before the IPO, the plaintiff is required to present substantial evidence, which means such relevant evidence as a reasonable mind might accept as adequate to support a conclusion. In civil actions before the trial courts, on the other hand, the standard of proof is preponderance of evidence, which means the 'greater weight of evidence.' It may be said then that the standard of evidence is higher in civil litigation.

## QUESTION 2

# In what circumstances would an IP owner initiate criminal /police investigations and immediate enforcement, or turn to the criminal courts in your jurisdiction to get their rights enforced?

**Japan –DEM** In Japan, criminal proceedings are held mainly for infringements of copyrights and trademarks. Of course, criminal proceedings are not held for all copyright and trademark infringements, but they are held for piracy and illegal use of brand logos.

For example, criminal proceedings are held in cases where movies, animation, TV shows, software, music, and comics, etc. are illegally uploaded onto the Internet, where they are copied onto DVDs and sold, or where counterfeit clothing, bags and other accessories of famous brands are sold. By contrast, criminal proceedings are never used in design and patent infringements.

In criminal procedure, a prosecutor decides whether to pursue the case or to drop it after the other party has received a complaint from the rights holder and the police have conducted an investigation and forwarded the results to the prosecutor.

In general, the rights holder does not bear the expense for the criminal procedure. It usually takes several months from the time the complaint is made until the investigation begins, and it often takes more than a year to arrive at a final decision from the time when the complaint was first made.

Penalties in criminal cases range anywhere from imprisonment for ten years or less to fines of JPY10 million for infringement of copyrights, publishing rights and neighbouring rights. Claims for damage compensation under civil law cannot be made in criminal cases.

Further, in the case of piracy and the illegal use of brand logos, bans are sometimes enforced at customs. If the customs authorities receive a statement from the rights holder and infringing goods are discovered at customs, they may enforce an injunction.

While the advantage of criminal procedure is that the proceedings themselves do not incur fees and that they are incredibly effective, on the other hand, disadvantages include the fact that it is effectively limited to obvious cases of infringement, such as piracy and dead copies, and the fact that one cannot know or control when the case will begin.

**India –SN** Like most of the jurisdictions, criminal remedies for IP enforcement is not the preferred route in India.

Penalties and punishments have to be initiated by way of a police complaint, but in India the police have limited knowledge of IP matters and hence seeking criminal remedies and enforcement of such remedies pose a challenge. As a result, IP owners typically avoid criminal enforcement. There have been various instances of counterfeiting and pirated goods seized by the police, but this intervention happens rarely and only for large scale counterfeits.

The criminal remedy for Trademark and Copyright infringement provides for both fine and imprisonment, which may extend up to USD 3000 and imprisonment which may extend to a maximum period of 3 years.

Generally, all criminal remedies have to be initiated by way of a police complaint and the police can directly initiate criminal prosecution by lodging a First Information Report (FIR), investigate, search and seize the infringing goods from known and unknown offenders and arrest the offenders. While, for patents only, civil action can be initiated in a Court of Law and no penal action can be initiated. There are also Administrative Remedies available to the copyright, trademark and patent owners that provide for border seizure of infringing and counterfeit goods and products, which include ban, either absolutely or subject to conditions, confiscation of infringing material by Customs Authorities



Divina Pedron pictured at the 2017 IR 'On the Road' Conference in Singapore

Any criminal action in India is a time consuming process taking up to at least three years. However, state governments have started setting up specialised IP enforcement and cyber cells to offer secure protection against cyber-crimes which includes copyright infringement and piracy.

**Germany –HG** In Germany and in Europe as a whole, we have a very effective border seizure system operated by the customs authorities. It's the major area where police investigations into the violation of IP rights takes place. mostly it's anti-piracy work involving the seizure of fortified goods in big ports, airports or large cargo locations inside the EU. That basically means 90 per cent of all criminal cases start with these kind of customs seizures.

A smaller percentage of investigations start at trade fairs, which have a tight connection to the police and customs in Germany. Frankfurt is a big hub for trade fairs, and the police patrol automatically within trade fair halls. The organisers of the fairs also inspect the booths for problems with anti-piracy issues

Usually it's very rare that somebody files a criminal complaint out of the blue at a state prosecutor's office. It does happen though; offices are active and we are doing anti-piracy work with Samsung in Germany. They have a market surveillance system with private investigators watching the market. If they find out that some guys in a bad part of Frankfurt are trading in falsified Samsung mobile phones, we will usually file a criminal complaint on their behalf with the state prosecutor. The police will then start an investigation and complete a dawn raid on the premises. We do it on a frequent basis and other branded goods such as Sony. Nokia and Nike do the same thing.

If the dawn raids have taken place, then the criminal proceedings start six months after the prosecutors have finished the investigation work. We can participate side-by-side with the state prosecutor and file for damages within the criminal proceedings, which is something that is done more and more.

In our unfair competition statute, we also have a criminal statute within the civil law code.

It has not been used yet, but has been given a very prominent role with the recent scandal involving Volkswagen (VW). This was a case of false unfair competition advertising and the state prosecutors have indicted high ranking managers within VW based on civil unfair competition law.

This could become normal practice with other cases, including trademarks, copyright design and unfair competition.

**China –WX** In China, criminal investigations should be undertaken by police departments and criminal prosecutions should be filed by prosecutors. The IP owners can report to the competent police department or the People's Procurator on crimes. The officials will review and decide whether to open a case to start the investigation, and whether to file a prosecution.

As for import and export of goods infringing IP rights, the China Customs and its local delegates have the right to investigate, detain the suspicious goods and impose punishment on the infringing party. They can transfer the case they are working on to the competent police department if they are of the view that criminal liability may be triggered.

The prosecutors will file prosecutions against the crimes if pre-prescribed thresholds have been met. The IP owners can file a claim for compensation together with the prosecution filed by the prosecutor and the court may review and decide the two matters in the same procedure.

China's criminal law has specific provision on the legal consequences in each of the above crimes which may include fines, criminal detention, surveillance or imprisonment. If it is a legal entity that commits the crime, the legal consequence can be fines, but the person who is responsible for the criminal conduct of the company is subject to the above mentioned legal consequences.

It usually takes two to three months for the court to complete the first trial of a criminal case. If there is a claim for compensation, the time needed to complete the case review could be longer. The defendants or the IP owners filed a claim for compensation are allowed to appeal. The appeal review should be completed within two months, or longer if there is a claim for compensation involved.

The IP owners have to assume the costs for civil compensation but they are not required to assume the costs for the investigation of the police departments and the prosecution conducted by the prosecutor.

In China, it can be very difficult for the IP owners to conduct investigation and collect evidence on the infringement activities and the police department is more capable in this regard. However, once the IP owner reports a crime to the police department, the whole process is no longer under the control of the IP owner.

**France –FI** IP owners in France have several proceedings that they can trigger, that also can be triggered by the police if they see a clear infringement of IP. We also have proceedings by which the owner of IP rights can ask the customs authority to restrain goods. When the suspected goods are in a port or airport, they can block the goods for ten days and ask the owner of the IP rights to come and check the goods. Customs can intervene spontaneously or on the request of an IP owner.

Fines for criminal infringement in France are high, with up to four years in jail and a fine of 400,000 Euros fine. This applies if someone sells, imports, exports or re-exports under a counterfeiting brand. It is the same for patents and registered models etc. If it is done as part of a gang the jail time increases to seven years and the fine to 750,000 Euros.

In terms of damages claimed by the IP rights owner, they can claim all the negative consequences of the loss, including the moral prejudice, loss of profits and debt servicing.

At the request of the IP owner, the jurisdiction can grant a lump sum.

All in all, the arsenal at the disposal of the courts is quite heavy and complete.

**Italy MR** It is possible in Italy to get protection for an infringed IP right under criminal law. The proceedings generally start by filing of a notice or a complaint before the Authorities (Police or Public Prosecutor). These procedures are commonly instigated following investigation by one of the police bodies tasked with monitoring criminal organisations involved in counterfeit luxury goods.

The role of the Special Task Force on IP Protection within the Tax Police (Guardia di Finanza) is very important. Their operational strategy has three important functions; to control the customs areas, to trace the movements of goods on the streets and in the shops, and to investigate illegal actions such as piracy and counterfeiting.



The Task Force is effective because it is able to operate immediate seizure of counterfeited goods displayed in fairs or expositions.

Seizure of imported counterfeited goods can also be undertaken by the Customs Authorities, on request by the IP owner, or even independently if there are sufficient grounds to think the products are violating an IP right. In this latter case, the authorities have to inform the IP owner in order to let him check the products.

The police action can be very quick and effective in mass infringement cases when there is a real public interest at stake. On the other hand, a proceeding before a criminal court usually takes much longer than a civil one, and, once started, there is no way to control or stop it; this could affect any possibility for private negotiations and out of court settlements, including payment of damages.

**Sweden –LS** Swedish law allows for prosecution of IP offences under criminal law.

The victim/right holder must indicate the crime to the authorities in order for trademark infringements to be prosecuted. The public prosecutor may bring an act of prosecution only if the injured party calls for a prosecution and also that prosecution is, for specific reasons, called for in the public interest.

Regarding copyright infringements though, criminal actions may, with some exceptions, be initiated by a public prosecutor if there is a complaint from an injured party or if such an action is called for in the public interest (specific reasons not required).

Criminal responsibility becomes relevant in cases of wilful infringement of trademarks, counterfeiting or piracy. It is possible to claim damages within the proceedings.

Illegal file sharing is a major issue in Sweden. There have been several criminal cases, starting with the Pirate Bay trial in 2009, in which the four co-founders were sentenced to jail and made to jointly pay damages.

In February 2017, the Patent and Market Court of Appeal ordered the Swedish Internet Service Provider (ISP) Bredbandsbolaget to block The Pirate Bay and streaming portal Swefilm. This precedential court decision in favour of Universal Music, Sony Music, Warner Music, and the Swedish film industry, forced Bredbandsbolaget to block the sites for the next three years. The injunction has a penalty of SEK500,000 if the ISP fails to comply. The verdict cannot be appealed.

**Philippines –DP** An IP owner may initiate criminal/police investigation and utilise criminal courts to enforce its IP rights in the Philippines because of the chilling effect of criminal proceedings. These actions are usually resorted to when the infringer refuses to comply with a cease and desist letter, and the volume of the infringing goods is so high that the sale of authentic goods is being negatively affected.

A search and seizure action is also undertaken to prevent the further proliferation of the infringing goods in the market, and when the goods are movable by nature and have a high distribution and sales rate. This route is preferred by IP rights owners because search warrants are usually issued immediately after an application is filed, with the aim of capturing counterfeit goods, even before a criminal or civil action is concluded. This action may also be publicised to set an example to other infringers.

The IP rights holder may also initiate investigations into the alleged infringers by filing letter-complaints with the National Bureau of Investigation's IP Rights Department, which may conduct investigations and file applications for search warrants or directly file criminal complaints.

Criminal actions for trademark/patent/copyright infringement, and unfair competition are heard in the Regional Trial Courts sitting as special commercial courts. The Supreme Court has recently adopted rules on continuous trial of criminal cases that aim to dispose of cases within months from commencement, as opposed to the usual three to five years.

A less expensive remedy to prevent the entry into the country of counterfeit goods, is for an IP rights holder to file an application for customs recordation under Philippine customs rules and regulations, particularly Customs Administrative Order No. 6-2002. An intellectual property rights owner may request that its intellectual property rights are recorded with the Bureau of Customs (BOC) to prevent the entry of counterfeit goods to the Philippines.

Recording IP rights with the BOC allows the right holder to apply for the seizure of the goods which infringe on his/her intellectual property rights.

### QUESTION 3

## Is your jurisdiction a party to the Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) or other initiatives, and how are they used as a measure to combat product piracy?

**Sweden –LS** Sweden is a party to the TRIPS agreement and has to fulfil its obligations according to the minimum requirements in Article 61. Members have to provide for criminal procedures and penalties to be applied in cases of wilful trademark counterfeiting or copyright piracy on a commercial scale.

It has been questioned, however, whether the actual enforcement in Sweden of rules of criminal responsibility fulfil those obligations in all respects, especially considering the strict prosecution rules inherent in Swedish law.

The Swedish Government network against piracy, consists of the ECC Sweden/Swedish Consumer Agency, the Medical Products Agency, the Police Authority, the Prosecution Authority, the Patent and Registration Office, the Companies Registration Office and Customs. They work together to limit piracy and to raise awareness, allowing consumers to feel a greater sense of security when shopping.

The Swedish Anti-Counterfeiting Group (SACG) is also very active and collaborates with Customs.

**France –FI** France is party to the TRIPS agreements as a member of the European Union. The French legal system has incorporated most of the general obligations issued from article 41 of the TRIPS Agreement.

France has put in place an efficient system of custom restraint to block counterfeiting goods at borders. This seizure procedure allows the owner of the IP rights to have it recorded by a bailiff authorised to enter any place where the infringement occurs and seize evidence of the piracy. This procedure is subject to a judge's authorisation, which can be obtained within two days of a request.

In copyright law, the procedure differs from that in other areas of intellectual property law, because it is more expeditious. With the exception of the seizure of software and / or databases, the seizure process can be carried out by a police officer or

by order made upon request to the President of the Tribunal de Grande Instance de Paris (TGI), which hears all patent infringements in France. This includes seizure of any income generated by the exploitation of counterfeiting rights.

Customs seizure is a procedure that applies exclusively to branded goods. It applies to goods brought into the territory of the European Union, whether in transit or for import or export, irrespective of the country of origin.

The objective is confiscation to prevent profit and also to provide evidence of the alleged infringement. Goods are not returned following seizure, unlike customs deduction.

As a precautionary and evidentiary measure, customs seizure is the decisive step before the administration initiates legal proceedings against the holder of the counterfeit goods.

**Philippines –DP** The Philippines is a party to the TRIPS agreement, among others conventions and treaties, including Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks, the WIPO Copyright Treaty and the Patent Cooperation Treaty.

These treaties are deemed incorporated to our municipal law and act as an additional source of IP rights when the Philippine Intellectual Property Code or other related laws are deemed inadequate. In 2013, the Philippine legislature amended the Intellectual Property Code to comply with the minimum requirements under TRIPS.

The IPO has also partnered with ICC's Business Action to Stop Counterfeiting and Piracy (BASCAP) for several endeavours. IPO and BASCAP entered a Memorandum of Understanding for IP enforcement, and BASCAP is one of the sponsors in an IPO Anti-Counterfeiting and Piracy Summit in Manila.

In the pharmaceutical industry, the Philippine legislature also enacted the Cheaper Medicines Act in light of the provisions of the TRIPs agreement. Due to these provisions, necessary pharmaceutical products have been made more accessible.

Intellectual property protection is seen as one of the key issues in an upcoming free trade agreement with the European Free Trade Association. This is currently undergoing the Philippine Senate's ratification process.

**Italy –MR** Italy is very sensitive to the international fight against infringement actions; we shouldn't forget that Italy is a country of creativity and good taste, much admired and imitated abroad.

Aside from the fashion and luxury industry, one of the main problem areas is the agricultural industry. The world is full of Italian sounding names which have nothing to do with Italy and its local production. One of thousands of possible examples is the Parmesan cheese 'Perfect Italiano Parmesan' produced in the USA, or the "Fresh Buffalo Mozzarella" produced in China.

These copycat products caused more than 60 billion euros of damage to the Italian economy in 2016, resulting in the loss of 200,000 jobs. For these reasons, Italy is part of the main agreements and conventions to stop and fight counterfeiting, including TRIPs.

A global key action to challenge piracy is also being pursued by the ICC's Business Action to Stop Counterfeiting and Piracy (BASCAP), which was set up to develop new technologies and strategies to aid the fight against piracy. The Italian authorities and most of the big Italian companies are working together, in order to minimise damage to the economy due to counterfeiting and piracy.

In 2016 audiovisual piracy alone cost the Italian economy 1.6 million euros. Two Italians in every five (more than 20 million) buy pirated films and music, without considering that it is directly responsible for the loss of more than 7,000 jobs.

**Germany –HG** Germany is a party to the TRIPs agreement and has transferred its stipulations into national law.

The EU and Germany have a sophisticated and well-functioning system of border seizure measures through which product piracy is effectively combatted. German custom authorities at the borders and airports confiscate counterfeited goods every day and the customs authorities have a special unit with well-equipped and motivated officers. The German civil courts issue injunctions in anti-counterfeiting cases very quickly, usually within one or two days.

The German state prosecution offices and the police undertake dawn raids in anti-piracy cases and are very successful and quick in doing so. Due to the effectiveness of this system of anti-counterfeiting, there are no specific additional political initiatives or supranational agreements playing a specific role in the combat against product piracy.

Free trade agreements do not play an important role in the legal practice regarding product piracy.

**China –WX** China is a party to the TRIPs Agreement but performs its obligations under this Agreement by incorporating them into its domestic laws. Provisions in the TRIPs Agreement cannot be directly implemented or relied on in IP litigations in China.

China has signed 15 Free Trade Agreements involving 23 countries or regions. There are IP protection provisions in nine of them including the ones signed with Georgia, Australia, Korea, Switzerland, Iceland, Costa Rica, Peru, New Zealand and Chile.

China has set up a special government department called the Office of the National Leading Group on the Fight against IPR Infringement and Counterfeiting under the Ministry of Commerce which is responsible for the liaison, coordination, supervision on the actions taken by the local government authorities against counterfeit products. It also arranges meetings with foreign government officials or association representatives to discuss cooperation between the parties to stop counterfeit.

In 2015, the National Copyright Administration, the Office of the Central Leading Group for Cyberspace Affairs, the Ministry of Industry and Information Technology and the Ministry of Public Security in China, jointly ran a taskforce called 'Internet Sword' against IP infringement on the internet. In this initiative, 383 cases were concluded by the administrative authority and 59 cases transferred to the police department for further criminal investigation.



Maurizio Ruben pictured at the 2016 IR Annual Conference in Amsterdam

In the same year, the State Intellectual Property Office ran operation 'Lighting' against IP infringement and counterfeiting in e-commerce businesses. It is reported that about 4,000 cases were dealt with by local administrators.

The Chinese Customs Authority is also actively investigating the export of counterfeits to Africa, the Arab States, Mexico and Argentina. It is reported that in 2015 Shanghai Customs has uncovered 29 cases of exported counterfeits to Mexico or Argentina with an aggregated value of about RMB 2,440,000. The Ningbo Customs has prosecuted 33 cases of exported counterfeits to these countries with an aggregated value of about RMB 5,920,000 in that year.

**India –SN** Indian IP legislation has been codified and amended over the years to satisfy the various multilateral treaties, agreements and conventions such as TRIPS, GATS, GATT, WIPO Convention and Paris Convention to which India is a party; aligning its IP prosecution processes as per internationally recognised practices.

India also adheres to the various international IP conventions and treaties, including the PCT, Madrid Protocol and Berne Convention and the various international classification systems such as the NICE Classification and Locarno Classification.

Multi-national corporations from different jurisdictions are afforded National Treatment in India when it comes to enforcement of their IP rights in India against infringement, counterfeiting and piracy. Large multi-national

corporations have been fairly successful in enforcing their proprietary rights through various judicial remedies and orders to effectively and efficiently act against product piracy, infringement and counterfeiting.

Despite this, the issue of piracy and counterfeiting is widespread and the Indian Government has, in recent years, initiated serious and focused steps and initiatives to address it, including a public education program. This conscious effort by the various government ministries has increased IP awareness and discouraged piracy, and includes pro-active measures to block various websites that indulge in online video piracy.

The Indian Government also has a program for IP awareness called CIPAM (Cell for IPR Promotion and Management) and has launched a dedicated portal to provide more insight on IPR laws in India.

India has also entered into various free trade and bilateral agreements to promote and protect the trade and commercial interests of other nations in India and also to provide effectual remedies to foreign nationals, in line with its international obligation to provide equal treatment.

**Japan –DEM** Japan is a party to the TRIPS agreements, adhering to measures combatting product piracy, demands for injunction and damage compensation under civil law. Provisional disposition procedures and shore-line injunctions at customs for trademark and copyright infringement are also stipulated by the applicable laws and regulations.

#### QUESTION 4

## Do you have any specific examples of IP litigation you have been involved with recently, particularly for multi-jurisdictional IP rights?

**Italy –MR** Our law firm was recently involved in a multinational litigation across Italy, France and Austria, concerning the alleged violation of a copyright on an industrial design product.

An Italian firm which manufactures a mannequin with a unique head shape, sued an Austrian Group which had been using a very similar mannequin, purchased from a French manufacturer and displayed in their boutiques in many countries including Italy and France.

It must be noted that the mannequins were not sold in the boutiques but only displayed for wearing the company's products.

The Italian manufacturer was claiming the infringement on its (alleged) copyright over the shape of the mannequin heads, and sued the Austrian company and its local branches in Italy and in France, asking for preliminary injunctions.

Our firm was representing the Austrian company and its Italian branch; we succeeded in getting the Italian court to refuse any protection under Italian copyright law according to the Italian Supreme Court's criteria on the validity of a copyright on industrial design products.

The French trial was considered much more difficult, due to the very narrow criteria applied by the French courts to what constitutes a valid copyright on an industrial design product. According to the Berne Convention on copyright, validity must be considered according to the law of the state of origin of the copyright (i.e. Italy).

As a result, our client claimed that the French law was not applicable to the case and we then drafted a legal opinion on the applicable Italian law to be used in the French trial. This defence led the plaintiff to a more reasonable position, allowing the parties to find a satisfactory agreement and dismiss the pending cases.

**France –FI** Our firm has been involved in various litigations concerning multi-jurisdictional rights.

In one recent case of orders of goods coming from China, a restraint was exercised by the customs authority against products at Marseille Port because they infringed the model IP rights of a Dutch company which had protected the model all over Europe.

This case went into litigation and a settlement was reached by the parties. The custom restraint proceedings were very efficient and prevented the goods penetrating the market.

Another case we worked on concerned a famous brand of jeans. The company had to face illegal importation of counterfeited products sold without security labels. Again a procedure of seizure stopped the infringement very quickly.

**India –SN** We have handled a wide range of IP litigations, including infringement suits and trademark opposition matters before the Indian Trademark Office (TMO). We are also regularly involved in representing our clients in rectification and cancellation proceedings before the Intellectual Property Appellate Board (IPAB) in India.

**Sweden –LS** The preferred procedure for clients depends on what the specific IP litigation is about. It is common though that the parties reach a settlement during court proceedings, when the legal situation has become clearer.

The recent IP litigations I have been involved with recently concern reasonable compensation in cases of indisputable copyright infringement or violations of the Act on Names and Images in Advertising, in connection with commercials and digital advertising campaigns.

Besides handling several trademark oppositions, my firm has also handled cases regarding apps, where the complainant claimed infringement of its trademark and blocked the plaintiff from using it on App Stores. In those cases, the parties have not had trademark registrations for the same or similar goods and services. Nevertheless, there has been some confusion among the users. So far, a swift settlement has been reached in all those cases.



**Germany –HG** We litigate trademark violation cases with European effect at the European trademark courts in Düsseldorf. Also, we currently litigate identical copyright cases in Germany, UK and France.

**Philippines –DP** Our firm handles lots of complex IP cases while at the same time allowing clients to effectively enforce their IP rights using different avenues for enforcement.

As an example, we successfully obtained search warrants issued by the Regional Trial Court for the seizure of counterfeit Yale padlocks against three different establishments that distributed counterfeit ‘Yale’ products. Our lawyers were involved in the service and enforcement of the search warrants, while applications for search and seizure were filed against the infringers resulting in the immediate confiscation of counterfeit products.

This required our lawyers to closely coordinate with the National Bureau of Investigation for the proper and orderly enforcement of the warrants, successively on the same day.

In an interesting pharmaceutical patent infringement, we represented Therapharma Inc., an affiliate company of United Laboratories Inc., which is the largest pharma company in the ASEAN region.

The firm develops and manufactures a generic version of a medication used to treat hypertension, otherwise known as losartan. When Dupont sought to revive its patent application for losartan, which it had abandoned more than 13 years earlier. Our firm acted on behalf of Therapharma to oppose the revival.

The Philippine Supreme Court agreed that the 13-year abandonment was beyond the four-month allowable period to revive an abandoned application, and held that Dupont failed to show that the revival of its patent application would be beneficial to public interest.

**China –WX** We have acted for many clients in IP infringement cases in China.

In our experience, local courts in China may differ in their views from higher courts, but still follow the lead of those courts in deciding the cases.

One good example is the unauthorised use of a China registered trademark by an original equipment manufacturer (OEM). It has been debated for some time whether

this would infringe the trademark rights of a China registrant, until the China Supreme Court finally made its position clear in 2016.

Since 2009, the Shanghai courts have been of the view that this unauthorised use should not be regarded as trademark infringement. The Fujian courts changed their position from non-infringement to infringement in 2012, while the Zhejiang courts changed their position back and forth a number of times before 2016.

In one case, our client was the plaintiff and the owner of a China registered trademark. They filed a lawsuit against a domestic company engaged by an offshore entity to manufacture kitchen tools bearing the same OEM trademark as our client.

When we filed the case at the Zhejiang Court on behalf of our client, the court made it clear to us that it was not an infringement case according to prior judgments on similar cases concluded in Zhejiang.

In the middle of the court review, the judge handling the case told us that they were waiting for their higher court to decide on a similar case and they would follow the position of their higher court. The higher court changed its position and decided that there was infringement. Accordingly, in our case, the client won.

Another issue worth noting in IP litigation in China is that it is very difficult to obtain a pre-trial injunction. The requirements on the application documents are very high and strict and the Chinese courts are very cautious in granting pre-trial injunction in IP cases.

The final point is that, in addition to court actions, IP owners can file complaints at various government authorities to stop the infringement activities and these actions can be effective if they are done properly. The disadvantage is that no compensation will be supported by the government authorities under these circumstances.

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