



Intellectual Property Strategies in Doing Business in China

Top 10 Practical Issues

Catherine Sun
Foley & Lardner LLP
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Three Points to Make

- Acquire IP assets in China;
- Conduct your due diligence carefully;
- Prepare to enforce and do enforce.



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Myths about Chinese Legal System

- Case law is binding;
- There is discovery;
- It takes millions of dollars to litigate in China;
- Judges are selected from experienced legal practitioners;
- Litigation is lengthy;
- Arbitration is cheaper than litigation;
- Foreign companies are treated unfairly;
- Lost in translation.



Issue No.1

My former distributor is copying my product in China, but I have not filed patents covering the product, and my Chinese trademark application is pending. The worst I have heard is that this former distributor filed a patent application based on my product in China.



Issue No.2

My former licensee has continued to use my IP after the license expired.



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Issue No.3

My licensee/distributor in China now makes extra products by its connections bearing my trademark, and selling at a price that is 40% lower with poor quality.



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Issue No. 4

Normally my US parent registers IP in China, then licenses to my China operations to use the IP. I was told it may not be an efficient plan.



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Issue No. 5

My company is intended to buy a technology company in China, but the due diligence reveals that the target has not kept good records on IP. My business people want to go ahead but my legal department says no.



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Issue No. 6

I am working with a State Owned Enterprise (SOE) in China on a JV. The Chinese government requires me to transfer my most up to date technology to the Chinese party, also share my future improvements, and one thing I don't feel comfortable is that the Chinese party will own my technologies at the end of JV.



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Issue No. 7

I want to do R&D in China as there are so many universities and research institutes full of cheap and talented students, professors and researchers. But I am not sure if I can hire them as an independent contractor and whether I can obtain unencumbered ownership of the research result.



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Issue No. 8

My people in China reported that they suspect that some local companies may infringe our IP after they have done the comparison. My US counsel tells me to send a cease desist letter right away.



Issue No. 9

My top engineers in China recently quit and started a competing business.



Issue No. 10

I know a big SOE in China is infringing my IP, how to approach it for a license?



Summary

- Acquire IP assets in China when there is a strategic need;
- Conduct a careful due diligence when you are about to distribute, license, form a company and acquire a target in China;
- Enforcement is always centralized in order for your China IP strategy to work.



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Questions?

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