

China

Customs Law of the People's Republic of China (hereinafter "Customs Law"), Article 44 and Article 91 are directed to the protection of intellectual property rights.

Article 44 reads, "Customs may carry out protection of intellectual property rights, which are related to import and export goods according to laws and regulations. Where the status of intellectual property rights need to be declared to the Customs, the importer of import goods and the exporter of export goods as well as their agents are required to make an accurate declaration and submit legal certificates for intellectual property rights to the Customs according to the provisions of the State."

Article 91 reads, "Whoever imports or exports **goods which constitute infringement on the intellectual property rights** under protection by laws and administrative regulations of the People's Republic of China which violating the provisions of this Law, the infringing goods shall be confiscated by Customs and a fine shall be imposed thereof; where the case constitutes a crime the person or persons concerned shall be investigated for criminal liability according to law."

Administrative Regulations

Regulations of the People's Republic of China on Customs Protection of Intellectual Property Rights (hereinafter "Regulations of Customs Protection of IPR"), Article 2-3 prohibits import or export of certain types of goods protected under the laws and administrative regulations of the People's Republic of China.

Article 2 reads, "Customs protection of intellectual property rights in these Regulations means the protection provided by the Customs for the exclusive rights to use a trademark, copyrights and their related rights, and patent rights (hereinafter referred to as intellectual property rights) related to import or export goods and protected under the laws and administrative regulations of the People's Republic of China."

Article 3 reads, "The State prohibits the importation and exportation of goods **which infringe intellectual property rights.**"

The process at Customs is different from those in the court:

Jurisdiction: The Customs of the People's Republic of China is a governmental organization responsible for supervision and control over all arrivals in and departures from the Customs territory. The State Council sets up the General Administration of Customs (GAC), which is charged with the responsibility of carrying unified administration of all the Customs offices throughout the country.

Customs offices are set up by the State at ports of entry open to foreign trade and at places and regions that require concentrated Customs operations. The subordination of one Customs office to another shall not be restricted by administrative divisions (Article 3 of Customs Law).

Domestic Industry Requirement: Customs Act does not have any counterpart of domestic industry requirement.

Parties: The IP right holder is referred to petitioner.

Jury: There are no juries in the procedure of Customs.

The Work Flow of Border Enforcement:

1. Recordation of IPRs

1.1. IP owner in-country shall directly file a recordation or file through an in-country agent; IP owner abroad shall file through an in-country office or through an in-country agent; (Article 2 of Measures of the General Administration of Customs of the People's Republic of China for the Implementation of the Regulation of the People's Republic of China on the Customs Protection of Intellectual Property Rights);

1.2. IP owner shall provide the Application Form and related documents or evidences to GAC; If the documents or evidences are written in foreign language, a Chinese translation should be provided;

1.3. The term of validity for a recordation is 10 years, taking effect from the approved date of the recordation by GAC;

1.4. When an IP right loses its effectiveness according to laws or is assigned, the application of canceling recordation shall be provided to GAC with related documents within 30 working days of occurrence of said causes.

2. Detention Procedure on Accused Infringing Goods:

Detention can be made upon right owner's application or by GAC ex officio. After a detention is approved, the dispute should be decided by a court or by GAC, depending on different circumstances.

Detentions can be made in **two circumstances**:

(a) Detention upon application of IP owner;

(b) GAC informs the IP owner whose IP right is recorded in GAC, and IP owner deliver application within 3 working days after receiving the information; circumstance (a) occurs more.

An application for detention shall include evidences of infringement. Comparatively, a proof of TM and Industrial Design is easier than that of invention patent or utility model, for the former does not include explanation of claims.

Security deposit and working flow

Circumstance (a):

IP owner shall provide a security deposit not exceeding or equivalent to the value of goods (Article 14 of Regulations of Customs Protection of IPR) ; If the goods are suspected for infringing patent rights, the consignee and consigner could request GAC for releasing, but they shall provide a written application and security deposit equivalent to the value of goods first. The GAC shall give a written information to IP owner when a releasing decision is made. (Article 19 of Regulations of Customs Protection of IPR)

After a detention is approved by GAC, the IP owner shall ask for an injunction from court ASAP (making sure GAC can receive a notification of court within 20 working days after detention), and sue within 15 days after the court injunction.

The working flow of GAC:

Recordation of IPRs—Security deposit by IP owner—Detention by GAC—Application for releasing goods—Application for judicial detention—Assisting the judicial detention—Settle accounts and return deposit

Circumstance (b):

The amount of security deposit provided by IP owner is as follows:

- (1) Goods value less than RMB20,000, the amount is same as the goods value;
- (2) Goods value less than RMB200,000 and more than RMB20,000, the amount is equal to 50% of goods value but shall more than RMB20,000;
- (3) Goods value more than RMB200,000, the amount is RMB100,000

(Article 23 of Measures for Implementation of the of the Regulations of Customs Protection of IPR)

In case that GAC could not make sure an infringement of patent right is existed, the consignee and consignor could request GAC for releasing, but they shall provide a written application and security deposit equivalent to the value of goods first.

After a detention is approved by GAC, if GAC could not make sure an infringement of patent right is existed, the IP owner shall ask for an injunction from court ASAP (making sure GAC can receive a notification of court within 20 working days after detention), and sue within 15 days after the court injunction. (Article 28-2 of Measures for Implementation of the of the Regulations of Customs Protection of IPR)

The working flow of GAC:

Recordation of IPRs—Suspending custom clearance of accused infringing goods by GAC—Application for detention and security deposit provided by IP owner—Detention of goods by GAC—Investigation by GAC—Penalty decision made by GAC—Disposition of infringed goods—Settle accounts and return deposit

Bond of right holder: Where requesting the Customs to detain the suspected infringing goods, the holder of an intellectual property right shall present a written application and relevant evidentiary documents, and provide as well any evidence that sufficiently proves the obvious existence of the fact of infringement.

An application shall mainly include the following particulars:

- (1) the name, place of registration or nationality, etc. of the holder of the intellectual property right;
- (2) the name, contents and any other relevant information relating to the intellectual property right;
- (3) the names of the consignee and consignor of the suspected infringing goods;
- (4) the names, specifications, etc. of the suspected infringing goods;
- (5) the possible ports, time, means of transport, etc. related to the importation or exportation of the suspected infringing goods.

The application shall include the number of customs recordation in addition where the goods are suspected of infringing a recorded intellectual property right.

Review: When a party is dissatisfied with the Customs decision, he/she shall apply for administrative reconsideration to the competent authority at the next higher level.

If the decision is still unfavorable, he/she can file an administrative lawsuit with the district court.

Remedies: Customs cannot award money damages. Customs can confiscate and discard the goods to be imported or exported.