



We try to keep tabs on our intellectual property, but sometimes it's difficult to make sure that infringement isn't happening. When it does, it's your work that's at stake, and you have to do what you can to protect it.

Jill Stelfox

Intellectual Property Protection Strategies in China

Suzzess Limited is a "One-Stop" Corporate Investigations company. One of its key services includes running Intellectual Property Protection and Enforcement Programs in the Asia Pacific Region for multi-national companies.



Objectives

As with all trademark owners, an Intellectual Property Protection Programs will be beneficial to decrease the replication of products at production level and to conduct raids of

distributors and retail outlets.

The objectives of this article are to provide a strategy, which is by no means exhaustive and draws on the experience of Suzzess and its precursor companies in brand protection and anti-counterfeiting in Hong Kong and the People's Republic of China for nearly 20 years, working with High Tech companies and other trademark owners, who have similar problems.

Suzzess can assist the trademark owner in identifying and obtaining evidence of infringers, to take the necessary enforcement action against infringers as directed by the trademark owner and more importantly, to monitor and maintain a watch over the markets for further IP infringements and trends and developments in the markets.

"This strategy has been written with a China focus, with the understanding, that as investigators, our main purpose is to assist the trademark owner to maximize its sales of legitimate products

through legitimate channels and to reduce counterfeits.”

Strategies

The trademark owner’s long-term anti-counterfeiting strategy must focus on the following 3 issues.

1. Product improvement to make counterfeiting harder – to, at least, be able to identify counterfeit products and, preferably, to be able to discourage counterfeiting. Such devices and components can be invaluable in detecting counterfeit products.

Generally, counterfeiters will not include such "extras". They can also serve to make it more difficult to copy the product. It is essential that trusted experts are kept up to date with these anti-counterfeiting devices.

2. Appropriate commitment of resources – Counterfeiting of products, particularly in China, is a problem that cannot be resolved quickly. To keep the problem under control, resources must be committed from the outset to investigate and act against suspected counterfeiters.

Resources cannot just be committed based on sales in China, but also must consider the potential worldwide risk from the export of counterfeit products. This is an expensive proposition but before any of the above areas of

initial operation are costed, it is appropriate for the client to identify whether in principal, they agree with the strategy set out above.

3. Long-term intelligence gathering – All intelligence gathered during anti-counterfeiting and anti-parallel import actions if relevant, must be collated and centrally coordinated to have available information concerning previous infringements in any future investigations.



Possible Services

In order to meet the above objectives, Suzess will conduct investigative inquiries in an effort to locate the sources of production in major cities across China.

There are essentially seven key elements as follows: -

1. Preliminary information: Identify for Suzess, the current trademark and patent registration

situation in the PRC. Precise contact details of producers that are in China and the parameters of the agreements with them and products which they are allowed to manufacture.

2. **Training:** Firstly, appoint a person with technical expertise of its products to liaise with Suzzess and answer all and any such technical and identification questions as arise – also to meet with investigators and provide some background and training. Secondly, set up and train at least one individual in Hong Kong and one individual in China for the purposes of identification of counterfeit or genuine/modified products. Such person will need to be trained to a level to be able to assist in civil and criminal legal proceedings and to give evidence.
3. **Precise identification of the targets:** Through informants, development of intelligence, database and statutory searches or visits on the ground. Determination through statutory searches and enquiries size, scope and connections of the target to determine whether there are connections which could cause future problems for investigation (police/military/political connections) and also to gain an insight into whether damages recovery issues are possible.
4. **Investigation:** From the sample purchase, identify the most suitable targets for further investigation. Suzzess may require conducting a mix of surveillance, trash

searches to develop sources of supply information and/or conduct certain sensitive contact enquiries for those targets identified as major suppliers with a view to determine where sources of supply in China or elsewhere. It may be that meetings are required with informants in the field and develop sources of information. The trademark owner may wish to consider an intelligence/evidence gathering exercise through set up of an undercover distributor/retail operation, to identify distributor channels, warehouses and manufacturers.

5. **Approach for samples & Evaluation:** Try for counterfeit sample purchases direct from the target either directly or from another country depending on the nature and size of the operation. China undercover on-shore and off-shore approaches to suspected targets with a view to obtain evidence of counterfeiting. The sample purchase would target areas where the infringing products are located, and it is anticipated that the client could give some leads to those areas. This would then be followed by a review of all information/evidence and identification of appropriate action in the PRC, including administrative, criminal or civil action depending on the scope of the problem identified and the evidence available.
6. **Raids & inspections:** Once a target is located, Suzzess can assist in liaising with the local

authorities in the PRC and to arrange a raid, to seize the counterfeit products, to assist with documentation and to obtain sanctions against the counterfeiter. Note that in order to proceed on each raid, we will require to submit a complaint letter and authorization letter from the client to the respective authorities. (We recommend a power of attorney, authorizing Suzzess to conduct the inspections and to act as expert witness when dealing with the PRC authorities.)

7. **Parallel imports/exports:** If it is found that the client have a parallel imports problem in China, the keys to successful control are (1) to monitor sales by distributors and ensuring that sales do not exceed what can reasonably be sold; (2) marking of codes to identify the source of a product on the product and packaging so that the source of products can be easily identified; (3) regular monitoring of the market to identify as quickly as possible, potential sources of parallel imports and (4) use of legal tools in those jurisdictions which allow controls on parallel imports to stop the flow into those jurisdictions. Suzzess is in the position to provide advice and assistance in each of these areas.



Suzzess is a “boutique” firm headquartered in Hong Kong, with the capability of offering high quality investigations in Hong Kong, Macau and China and through our strategic partners, throughout the Asia Pacific region.

Feel free to contact us at info@suzzess.com for further information.
