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Li Jianchang, chief of the SAIC trademark department, accompanies World Intellectual Property Organization Director Francis Gurry to a trademark registration center.

## Trademark law to set stricter standards

With most applications globally, China looks to deter malicious filings

By WANG XIN  
CHINA DAILY

New standards of proof for ownership and a ban on malicious registration will be included in the next draft of China's trademark law, which has been under discussion, according to a senior government official.

Copying registered trademarks and applying to use the marks on other types of goods will also be illegal, Li Jianchang, chief of the trademark department of the State Administration of Industry and Commerce (SAIC), told China Daily.

Under current legal system, only well-known trademarks are eligible for protection beyond their specific industry. Well-known trademarks are the most vulnerable to counterfeit attack and have long been a priority worldwide.

"Since China joined the Paris Convention in 1985 and the World Trade Organization in 2001, our trademark system is in accordance with international practice," Li noted.

"We fulfilled the promises we pledged to the WTO and provide like protection to both domestic and foreign well-known trademark holders."

Compared with most countries where only the courts settle issues surrounding infringement, China has a double mechanism that combines the judicial system and administrative departments in industry, commerce and customs, Li said.

Various levels of administration are also legally authorized to initiate investigations into suspected trademark violations.

The authorities' efforts also include regular visits to companies to gauge their needs in

trademark protection, offering consultancy services for corporate brand-building and crackdowns on counterfeits, Li said.

To date, 112 foreign trademarks from 15 countries and regions have been recognized as well-known trademarks in China, accounting for 6 percent of the nation's total.

Illustrating the appeal of its market, China is among the most popular nations for foreign trademark applicants, Li cited World Intellectual Property Organization Director Francis Gurry saying.

Increased protection of intellectual property and an improved investment environment have also contributed to boosting overseas business confidence in China, Li added.

Trademark applications by foreign-funded companies increased nearly 2 percent to about 6,600 in the first half of this year, bringing the total to some 148,000.

More than 490,000 applications from both home and abroad have been filed in China in the same period, a 35 percent year-on-year increase.

The projected full-year total of more than 1 million trademark applications would be a new record high, Li said.

With a total of 7.7 million applications and 4.9 million trademarks, China ranks top in the world in both categories.

In the face of mounting numbers of applications, the SAIC has overhauled procedures, expanded the workforce and improved its efficiency.

The organization processed more than 1.4 million applications in 2009, up 88.7 percent over the previous year, with the processing period shortened to 17 months from 36 months two years ago.

## Thorough patent homework crucial overseas

By TUO YANNAN  
CHINA DAILY

Chinese companies should do extensive homework on intellectual property before seeking opportunities in the United States, said Richard Racine, a partner at the law firm Finnegan, Henderson, Farabow, Garrett & Dunner.

While process of examining intangible assets is complex and challenging — covering patents, trademarks, copyrights and trade secrets — such due diligence is crucial to forestalling a potential

disaster, the attorney said.

Racine said the process could range from a couple of days to several weeks.

"US companies have grading procedures before new products are commercialized to make sure there are no patent problems," he noted.

If a Chinese company finds an existing patent or trademark, it should first see whether it is valid or whether it can be licensed.

As well, Chinese companies should build their own patent portfolio to protect themselves against competitors or to ben-

## Invention awards: Not just academics, but farmers

By WANG XIN  
CHINA DAILY

Cities that come to readily mind for invention awards might be New York, London, Geneva and Paris. Xi'an, capital of Shaanxi province, is not likely to be listed among them.

Yet it is hosting an authoritative exhibition and awards to "offer encouragement for inventors," according to Lu Dahan, general secretary of the China Invention Association, one of the event's sponsors.

During the annual event's 19th session, which will be held between September 8 and 11, awards in three categories — best creations, and innovations by youth and women — will be presented.

Awards in separate categories came a result of cooperation with the World Intellectual Property Office and the International Federation of Inventors' Associations.

Gold, silver and bronze

**“Aspirations resulting from encouragement may shape our entire life. I hope the exhibition awards will have a similar stimulating effect on our inventors.”**

LU DAHAN  
GENERAL SECRETARY OF THE CHINA INVENTION ASSOCIATION, ONE OF THE EVENT'S SPONSORS

medals will be awarded during the event after appraisal by an expert panel.

And not all candidates for awards are professionals or from academia and research centers.

Some of them are expected to come from other walks of life. Workers, farmers and students are also under consideration.

In fact it is just these non-professional inventors that need encouragement, Lu said.

"Aspirations resulting from encouragement may shape our entire life," Lu said. "I hope the exhibition awards will have a similar stimulating

effect on our inventors."

Notable farmer inventors include Li Denghai, known for his outstanding prowess in planting hybrid corn, and Li Guanqi, who developed technologies for extracting soybean fiber out of oil leftovers.

Since China's patent law took effect in 1985, individuals have contributed more than half of the total inventions.

While corporations have made the lion's share of total innovations in recent years, patents by individuals still account for some 40 percent of the total.

In contrast with professional

industry fairs designed to close deals on the spot, the invention exhibition has more long-term and far-reaching goals, Lu said.

During this year's event, a new exhibition section will showcase inventions by women.

Statistics from both home and abroad show that the number of female professors or academics is much lower than men, though before graduation women are not inferior to men in school-work.

"By showing women inventors' achievements, we encourage women to contribute more in building an innovation-oriented nation," Lu noted.

A series of business talks will also be held to promote commercialization of patents.

Patent auctions may be mounted as a part of the annual event in the future, according to Liu.

Founded in 1985, the gala for inventors is much younger than its renowned overseas

peers, some of which boast a 100-year history, but the Chinese exhibition plays an increasingly important role, Lu said.

Over the past 25 years, the exhibition has been held in different cities across the nation.

This year marks the 10th anniversary of the campaign to develop China's western regions and their vast rural areas.

The upcoming exhibition will highlight projects related to the rural economy as well as eco-friendly technologies, including crops for arid climates and an irrigation system for efficient use of water.

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### FIGHT

PHOTO BY JING WEI, CHINA DAILY

A banner on a Shanghai street exhorts people to fight trademark infringement. Total trademark applications surpassed 830,000 last year in China.

## Pickled prosperity: Fuling dish now known globally

By XIAO WANG  
CHINA DAILY

Pickled mustard root, a seemingly humble part of the Chinese dinner table, has turned out to be a culinary giant popular with millions, especially when traveling or along with fast food.

Made from mustard root, a large, radish-like vegetable indigenous to Fuling, a district of Chongqing municipality in southwest China, the traditional dish's history can be traced back more than 110 years.

Qiu Shou'an, a local businessman in Fuling, pickled the vegetable, squeezed out the salt water, mixed it with spices and then cured it over time. Its unique flavor won customers from the moment it went on sale.

Since winning a gold award at the Panama-Pacific International Expo in 1915, the Fuling preserved vegetable has ranked along with the Western pickle and Germany's sauerkraut as world's most popular pickled dishes.

Nowadays, whether in a convenience store or a super-

market, Fuling-made pickles are often one of the most common items on the shelves.

Approved as a geographical indication by the State Administration of Industry and Commerce (SAIC) in 2000, the processed vegetable is now a pillar industry in the district.

Some 600,000 local farmers grow mustard root across 433 sq km. Their yield is projected to reach 1.5 million tons this year, up 202 percent from 10 years ago. The sector generated 4 billion yuan in gross revenue in 2009.

The Fuling pickle continues to win honors and was included on the list of protected original local products in 2005.

Its production procedures were then listed as national intangible cultural heritage in 2008. It was praised at a 2009 international seminar as an example of how a geographic product can help advance a rural economy.

Early this year, it was recognized as a well-known trademark by SAIC.

Fuling pickles are now exported to more than 50

countries and regions, including Southeast Asia, Europe and the United States.

According to the district's development plan, the sector will continue on the path of modernization and internationalization.

Faming fields are expected to expand to more than 533 sq km by 2020, providing an estimated 2 million tons of raw materials for producing the pickled dish.

The sector is projected to quadruple gross revenue, exports and farmers' earnings by that time.

### DILIGENCE CHECKLIST

If a company has a product it plans to sell in the US, due diligence should include:

- Gathering information about the product and searching for relevant intellectual property from other companies.
- Identifying possible third-party patents.
- Sorting the search by the categories of irrelevant, potentially relevant and cause for concern, then undertaking detailed investigation.
- Analyzing the risk, then designing around that to avoid infringement.
- Searching open records in the US for possibly similar patents, then researching that they are clear and valid.

Source: Finnegan

property issues with your joint venture partner?"

Problems can be averted beforehand, "but some mistakes are not correctable", she said.

One of the world's largest law firms working solely on intellectual property, Finnegan was founded in 1965 and now has 375 attorneys. It opened its office in China in 2008.