INTELLECTUAL PROPERTY LAW IN CHINA

HONG XUE



Kluwer Law International

Intellectual Property Law in China

Hong Xue

This book was originally published as a monograph in the International Encyclopaedia of Laws/Intellectual Property Law.

General Editor: Roger Blanpain
Associate General Editor: Michele Colucci
Volume Editor: Hendrik, Vanhees



AUSTIN BOSTON CHICAGO NEW YORK THE NETHERLANDS

Published by: Kluwer Law International PQ Box 316 2400 AH Alphen aan den Rijn The Netherlands Website: www.kluwerlaw.com

Sold and distributed in North, Central and South America by:
Aspen Publishers, Inc.
7201 McKinney Circle
Frederick, MD 21704
United States of America
Email: customer.service@aspenpublishers.com

Sold and distributed in all other countries by: Turpin Distribution Services Ltd. Stratton Business Park Pegasus Drive, Biggleswade Bedfordshire SG18 8TQ United Kingdom Email: kluwerlaw@turpin-distribution.com

DISCLAIMER: The material in this volume is in the nature of general comment only. It is not offered as advice on any particular matter and should not be taken as such. The editor and the contributing authors expressly disclaim all liability to any person with regard to anything done or omitted to be done, and with respect to the consequences of anything done or omitted to be done wholly or partly in reliance upon the whole or any part of the contents of this volume. No reader should act or refrain from acting on the basis of any matter contained in this volume without first obtaining professional advice regarding the particular facts and circumstances at issue. Any and all opinions expressed herein are those of the particular author and are not necessarily those of the editor or publisher of this volume.

Printed on acid-free paper.

ISBN 978-90-411-3382-3

© 2010 Kluwer Law International BV, The Netherlands

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means, electronic, mechanical, photocopying, recording, or otherwise, without written permission from the publisher.

Permission to use this content must be obtained from the copyright owner. Please apply to: Permissions Department, Wolters Kluwer Legal, 76 Ninth Avenue, 7th Floor, New York, NY 10011-5201, USA. Email: permissions@kluwerlaw.com

Printed in Great Britain.

The Author



Dr Hong Xue is a Professor of Law and Director of the Institute for the Internet Policy & Law at Beijing Normal University (BNU), Before joining BNU, she was an associate professor with the Faculty of Law, University of Hong Kong. Prof. Xue specializes in intellectual property law, information technology law, and Internet governance. Prof. Xue is a fellow of the Yale Information Society Project. Prof. Xue was elected as one of the Ten Nationally Distinguished Young Jurists by the China Law Society. She works in many governmental and non-governmental organizations. She is the only Asian Scholar in the Executive Committee of the International Association for Promotion of the Advanced Teaching and Research of Intellectual Property (ATRIP), the Editorial Board of World Intellectual Property Journal, and

the Expert Advisory Board of Diplo Foundation. After serving as a founding member of the ICANN At-Large Advisory Committee, she was appointed to the Internet Corporation for Assigned Names and Numbers (ICANN) President's Advisory Committee on Internationalized Domain Names, the Nomination Committee, and the Fellowship Selection Committee. She is one of the founders of the Internet Users Organization in the Asia-Pacific Region.

The Author

=

The Author	3
List of Abbreviations	13
General Introduction	15
§1. GENERAL BACKGROUND I. Geography II. Cultural Composition III. Political System IV. Population Statistics	15 15 15 15 16
§2. Historical Background	16
Selected Bibliography	17
Chapter 1. Copyright and Neighbouring Rights	19
§1. Sources: Legislation	19
§2. PROTECTED SUBJECT MATTER I. Different Categories of Protected Works II. Works Excluded from Protection III. Special Categories of Works A. Computer Software B. Databases C. Other	20 20 21 22 22 22 22
§3. CONDITIONS OF PROTECTION I. Formal Requirements II. Substantive Requirements	23 23 24
§4. OWNERSHIP I. The Author (Original Authorship) II. Joint Works/Works Created by Several Persons III. Works Made for Hire	24 24 25 25

§5.	Transfer	26
	I. Assignment of Copyright	26
	II. Licenses	27
§6.	SCOPE OF EXCLUSIVE RIGHTS	27
	I. Moral Rights	27
	II. Exploitation Rights	28
	A. Reproduction Right	28
	B. Performing Right	28
	C. Adaptation Right	28
	D. Translation Right	28
	E. Other Rights	28
	1. Droit de Suite	28
	2. Public Lending Right	29
	3. Other	29
§7.	LIMITATIONS OR EXEMPTIONS TO THE SCOPE OF	
	COPYRIGHT PROTECTION	29
	I. Exempted Use	29
	II. Non-voluntary Licensing	31
§8.	Duration of Protection	33
§9.	NEIGHBOURING RIGHTS	34
	I. Performers' Rights	34
	II. Producers' Rights	34
	III. Broadcasters' Rights	34
	IV. Publishers' Typographical Design Right	35
§10.	Infringement and Remedies	35
	I. Principles	35
	II. Liabilities of Software End-users	35
	III. Civil Remedies	36
	IV. Provisional Measures	37
	V. Penalties	37
	VI. Administrative Penalties	38
§11.	OVERLAP AND RELATION TO OTHER INTELLECTUAL PROPERTY LAWS	38
Cha	pter 2. Patents	39
§1.	Sources: Legislation	39
§2.	PATENTABLE SUBJECT MATTER	39
§3.	Conditions of Patentability	39

T_2	ы	e	Λf	Co	nte	ents

§4.	Formalities (Procedure for Granting and	
	Obtaining Patent Protection)	40
	I. Applications	40
	II. Examination	41
	III. Approval	41
§5.	Ownership and Transfer (Assignment: Licenses)	42
	I. Ownership	42
	II. Transfer	43
§6.	Scope of Exclusive Rights	43
§7.	LIMITATIONS AND EXCEPTIONS TO THE SCOPE OF PATENT PROTECTION:	
	COMPULSORY LICENSES	43
	I. Non-patentable Items	43
	II. Exemption to Patent Infringements	43
	III. Compulsory Licensing	44
§8.	DURATION OF PROTECTION: MAINTENANCE AND TERMINATION OF	
	PATENT PROTECTION	45
§9.	Infringement and Remedies	45
	I. Burden of Proof	45
	II. Doctrine of Equivalence	45
	III. Innocent Infringements	46
	IV. Bad Faith	46
	V. Provisional Measures	46
	VI. Injunctions	46
	VII. Damages	47
	VIII. Limitation of Civil Litigation	47
	IX. Administrative Punishment	47
§10.	OVERLAP AND RELATION TO OTHER INTELLECTUAL PROPERTY LAWS	48
Cha	pter 3. Utility Models	49
§1. S	Sources: Legislation	49
§2. 1	The Protection of Utility Models	49
.,	I. Conditions of Protection	49
	II. Formalities (Procedure for Granting and Obtaining Protection)	49
]	III. Rights and Duration	49
	IV. Limitations, Infringement, and Remedies	50

Cha	pter 4. Trademarks	51
§1.	Sources: Legislation	51
§2.	PROTECTED SUBJECT MATTER I. Signs That May Serve as Trademarks II. Different Categories of Marks	51 51 51
§3.	CONDITIONS OF PROTECTION I. Banned Signs II. Signs Excluded from Trademark Registrations	52 52 52
§4.	FORMALITIES (PROCEDURE FOR OBTAINING PROTECTION AND ESTABLISHING AND MAINTAINING TRADEMARKS) I. Applicants for Registration II. Right of Priority III. Principle of First Filing IV. Examination, Publication, and Opposition V. Review VI. Approval VII. Trademark Disputes A. Absolute Grounds of Cancellation B. Relative Grounds of Cancellation C. Other Grounds of Cancellation	53 53 53 54 54 54 54 55 55 55
§5.	OWNERSHIP AND TRANSFER (ASSIGNMENT: LICENSES)	56
§6.	SCOPE OF EXCLUSIVE RIGHTS	56
§7.	LIMITATIONS OF THE SCOPE OF TRADEMARK PROTECTION	56
§8.	Use Requirements	56
§9.	Duration of Protection, Renewal, and Termination	57
§10.	INFRINGEMENT AND REMEDIES I. Acts of Infringing Trademark Right II. Liability of Sale of Infringing Goods III. Special Protection for Well-known Marks IV. Civil Remedies V. Administrative Enforcement VI. Penal Punishments	57 57 57 58 58 59

§11. Overlap and Relation to Other Intellectual Property Laws

60

Table of Co.	ntents
Chapter 5. Trade Names	61
§1. Sources: Legislation	61
§2. THE PROTECTION OF TRADE NAMES	61
Chapter 6. Industrial Designs	62
§1. Sources: Legislation	62
§2. Protected Subject Matter	62
§3. Conditions of Protection	62
§4. Formalities (Procedure for Granting and Obtaining Protection)	62
§5. Ownership and Transfer (Assignment: Licenses)	63
§6. Scope of Exclusive Rights	63
§7. Limitations of the Scope of Protection	63
§8. Duration of Protection	63
§9. Infringement and Remedies	64
§10. Overlap and Relation to Other Intellectual Property Laws	64
Chapter 7. Plant Variety Protection	65
§1. Sources: Legislation	65
§2. Protected Subject Matter	65

§3. Conditions of Protection

OBTAINING PROTECTION)

I. Applications

II. Examination

IV. Re-examination

III. Approval

§4. FORMALITIES (PROCEDURE FOR GRANTING AND

65

66

66

67

67

67

§5.	Ownership and Transfer (Assignment: Licenses)	68
§6.	Scope of Exclusive Rights	68
§7.	LIMITATIONS OF THE SCOPE OF PROTECTION: COMPULSORY LICENSES	69
	I. Exemptions	69
	II. Compulsory Licensing	69
	III. Termination of Rights	69
§8.	DURATION OF PROTECTION	70
§9.	Infringement and Remedies	70
	I. Liabilities and Civil Remedies	70
	II. Administrative Penalties	71
§10.	OVERLAP AND RELATION TO OTHER INTELLECTUAL PROPERTY LAWS	72
Cha	pter 8. Chip Protection	73
§1.	Sources: Legislation	73
§2.	PROTECTED SUBJECT MATTER	73
§3.	Conditions of Protection	73
§ 4.	FORMALITIES (PROCEDURE FOR GRANTING AND	
	Obtaining Protection)	73
§5.	Ownership and Transfer (Assignment: Licenses)	74
§6.	SCOPE OF EXCLUSIVE RIGHTS	75
§7.	LIMITATIONS OF THE SCOPE OF PROTECTION	76
	I. Exemptions	76
	II. Non-voluntary Licensing	76
§8.	Duration of Protection	77
§9.	Infringement and Remedies	77
	I. Dispute Resolutions	77
	II. Infringements	77
	III. Innocent Infringements	78
	IV. Damages	78
	V. Provisional Measures	78
810	OVERLAR AND DELATION TO OTHER INTELLECTUAL PROPERTY LAWS	70

Table of Co	
Chapter 9. Trade Secrets/Confidential Information	80
§1. Sources: Legislation	80
§2. The Protection of Trade Secrets/Confidential Information I. Subject Matter II. Scope of Protection III. Liabilities and Remedies	80 80 80 81
Chapter 10. Geographical Indications and Appellations of Origin	82
Index	83

List of Abbreviations

General Principles General Principles of Civil Law of the People's Republic

of China

CNY Chinese Yuan Renmibi

Internet Regulations Regulations for Protection of the Right of Communication

via the Information Network

IPR Intellectual Property Right
NPC National People's Congress
PRC People's Republic of China
SIPO State Intellectual Property Office

Software Regulations Regulations on the Protection of Computer Software

WTO World Trade Organization

List of Abbreviations

General Introduction

§1. GENERAL BACKGROUND

I. Geography

1. China is the third-largest country in the world, behind Russia and Canada. China is a very diverse land including deserts, mountains, and fertile river basins. Much of western China is mountainous with the Himalaya, Tian, and Pamir ranges. Western China also has a large desert. Central China consists of mountainous regions. Rivers also play a major role in China, both for transportation and for irrigation. Much of the northern wheat fields and southern rice fields are irrigated from rivers.

II. Cultural Composition

- 2. China has a civilian history of more than 5,000 years full of artistic, philosophical, political, and scientific advancement. Though regional differences provide a sense of diversity, commonalities in language and religion connect a culture distinguished by such contributions as Confucianism and Taoism. Confucianism was the official philosophy throughout most of Imperial China's history, and traditional Chinese culture is heavily influenced by it.
- 3. With the rise of Western economic and military power over China beginning in the mid-nineteenth century, however, non-Chinese systems of social and political organization gained adherents in China. Since then, China has been in the conflicts of the strengths of Chinese and Western cultures. In essence, the history of twentieth-century China is one of experimentation to find a new system of social, political, and economic organization that would allow for the reintegration of the nation in the wake of dynastic collapse.

III. Political System

4. The Constitution is the fundamental law of the China. The existing Constitution was adopted for implementation by the Fifth Session of the Fifth National People's Congress on 4 December 1982. Amendments were made to the Constitution, respectively, at the First Session of the Seventh National People's Congress on 12 April 1988, the First Session of the Eighth National People's Congress on

15

- 29 March 1993, and the Second Session of the Ninth National People's Congress on 15 March 1999.
- 5. The Communist Party of China is the country's sole political party in power. The People's Republic of China was founded by the Communist Party of China, which is the ruling political party of the Chinese people.
- 6. The socialist system led by the working class and based on the alliance of the workers and farmers is the fundamental system of the People's Republic of China.
- 7. The National People's Congress is the highest organ of State power. Local people's congresses are local organs of State power.

IV. Population Statistics

8. The population of China is more than 1.3 billion people. This is about one-fifth of the world's population.

§2. HISTORICAL BACKGROUND

- 9. The Chinese contemporary legal system for the protection of intellectual property has been developing with the economic reform and the opening-up to the foreign trade. Since the 1990s, China has been continuously adjusting the intellectual property system that was largely established during the 1980s to meet the need of the socialist market economy and the accession to the World Trade Organization (WTO). At the dawn of the new century, China harvested the fruits of a decade's labours a handful of new laws and regulations. On 11 December 2001, China finally became a member of the WTO, and Chinese intellectual property laws entered into post-WTO times.
- 10. The State Council approved the Guidelines for the National Strategy of Intellectual Property on 9 April 2008. These guidelines were drafted by the State Intellectual Property Office and other relevant government departments. They aim at perfecting China's system of intellectual property, promoting creativity and innovation in the Chinese people and economy, and supporting the exploitation of resulting intellectual property.