



IP Protection while Contracting with Intermediaries

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EU-China IP Protection Online and Innovation

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Koen Naber

- Works in China since 2010
- Expertise: retail market, commercial contracts, IP and dispute resolution
- Vice President BenCham

R&P China Lawyers

- Offices in Beijing and Shanghai
- 40-50 PRC licensed lawyers
- Specialised in assisting foreign clients who do business in or with China
- As a Chinese firm, R&P may advise on PRC law/represent clients in PRC courts



Examples of what we do:

- Establish **corporate structures** such as wholly-owned subsidiaries (WFOE) and joint ventures, and restructure businesses to make them more effective
- Draft, review and negotiate **commercial contracts** between (international) clients and Chinese counterparts under Chinese law
- Register **intellectual property rights** (trademarks, patents) advise on protection and take enforcement actions
- Draft **employment** documents (contracts, employment handbook) and deal with employment disputes
- Organize **compliance** programs and conduct compliance investigations (e.g. corruption, commercial bribery)
- Represent clients in Chinese **litigation and arbitration**

Service Providers

Tmall / JD / WeChat Partner / Marketing Agencies

- How can your service provider help to protect your brand?
- Include wording that protects your Company from infringing activities by your service provider.
- Require a strong commitment from all involved staff members.
- Create awareness of internal and external risks.

Results / Related Rights

The Client shall be the owner in and to all Deliverables and other inventions, works of authorship and other items developed or otherwise produced as a result of the Services performed by Service Provider for the Client, (the "Results"), together with any and all patent, copyright, trade secret, trademark and other intellectual property rights in any Results ("Related Rights"). To the extent applicable, all Results will constitute "works made for hire" by or for the Client and the Client will be the "author" of all Results under applicable copyright laws. Service Provider hereby assigns and transfers to the Client any and all right, title and interest that Service Provider may have or acquire in any Results and Related Rights (including, without limitation, any such Results and Related Rights that Service Provider may acquire from any of its personnel who performs any Services). Further, ***Service Provider shall require each of its personnel who perform any Services to assign to the Client (either directly to the Client or indirectly by assignment to Service Provider) any rights that such personnel may have in or to any Results or Related Rights.*** Service Provider shall take such action (including, but not limited to, the execution, acknowledgment and delivery of separate assignments and other documents) as the Client may reasonably request to effect, perfect, or evidence the Client' ownership of the Results and Related Rights. Service Provider shall deliver any and all Results to the Client upon request.

Pre-Existing Intellectual Property

The Parties agree that each Party shall remain the sole owner of the intellectual and industrial property rights it owns prior to commencement of the Services and that it contributes to the provision of the Services and/or that may be embodied in the Deliverables (including but not limited to the trade marks, designs, patents, copyrights, software, trade secrets, methodologies, ideas, inventions, concept, know-how or technics).

Covenant

Service Provider shall not, during this Agreement and after its expiration, file in any country, directly or indirectly through another party, one or more trademarks which are identical or similar to the Client's trademarks and tradenames and liable to cause confusion in the minds of consumers. In particular, it shall not file and/or use the trademark as a corporate and/or trade name. Further, ***Service Provider shall immediately inform the Client of any infringement of the Brand (defined below) in the Territory of which it may have knowledge, but does not have the right to pursue a legal action without the Client's prior written authorization. Service Provider shall bring the Client all the assistance needed.*** In all cases, only the Client may bring counterfeit action.

Service Provider is authorized only to act on the basis of unfair competition rules after having obtained the Client prior written authorization.

For the purpose of this Agreement, the "Brand" shall mean all the rights, registered or not anywhere in the world (including in the Territory), on any and all forms of tradenames and/or trademarks used by the Client (including "the Client" and the logo), existing as of to date and to be created.

Should there be any infringement, diversion (grey market), or counterfeit of the Brand by a third party, Service Provider may not under any circumstances claim any kind of compensation from the Client.

License

The Client hereby grants to Service Provider during the term of the Agreement a limited, non-exclusive, non-sub licensable, non-assignable right and license to use the Brand in the Territory solely to perform the Services. All goodwill arising out of any use of the Brand will inure solely for the benefit of the Client. All rights other than those expressly granted to Service Provider under this Agreement are reserved to the Client. The rights granted do not include the right to manufacture. In using the Brand, Service Provider shall comply with any policies, guidelines, and instructions that may be established and shared with Service Provider from time to time by the Client for use of the Brand.

Indemnification

Service Provider will indemnify, defend and hold Client harmless from and against any and all Claims by a third party arising from or in connection with any Claim that a Service infringes, violates or constitutes a misappropriation of any Intellectual Property Right of a third party (an “IP Indemnity Claim”).

In the event of an IP Indemnity Claim (an “Indemnity Claim”) Service Provider, at its own expense and without prejudice to the other rights Client may have under this Agreement, will promptly: (i) use commercially reasonable efforts to secure the right to continue using the Intellectual Property that is subject to the Claim; or (ii) replace or modify the Intellectual Property that is subject to the Claim to make it non-infringing, provided that any such replacement or modification will provide substantially equivalent functionality to that contemplated hereby and conform with the other provisions of this Agreement.

Indemnification

If Client becomes aware of any Indemnity Claim, notice thereof will be given to Service Provider. Upon receipt of such notice Service Provider will promptly take control of the defence and investigation of such claim and employ and engage legal counsel acceptable Client to handle and defend the same, at Service Provider's sole cost and expense.

No settlement of an Indemnity Claim that involves the payment of money or that could affect Client's full rights of enjoyment of the Services may be made by Service Provider without the written approval of Client, such approval not to be unreasonably refused.

If for any reason Service Provider does not assume full control over the defence of an Indemnity Claim, Client will have the right to defend the claim in such manner as it may deem appropriate, at the cost and expense of Service Provider and Service Provider may participate in such defence at its sole cost and expense.

Tips and Tricks

- Standard contracts lack clear deliverables (make things specific).
- Confirmation and payment of actual HR costs ensures capacity of service provider (what is the incentive for a service provider to help you in your combat against IP infringers, if it only costs them money?).
- Monitor and show involvement (both parties benefit).
- Have clear notification procedures in place for the Service Provider to easily share potential infringements.

Follow-Up Steps

- Report to platform (high threshold).
- Investigate further, and litigate after obtaining sufficient evidence.
- What to do with relatively small infringers (use them as a tool to go after bigger fish)?
- Use of outside counsel shows seriousness of the offence, which increases the chances for a positive outcome.

How to Approach ‘small’ Infringers?

1. Immediately stop your IP infringement, stop the production and sales of any infringing products;
2. Remove the infringing product links and any other product links infringing our Client’s copyrights from [LOCATION] and any other platforms and stop any infringing sales activities;
3. Destroy all infringing products, pictures, and materials; the video showing the destruction shall be provided to us;
4. **Provide us with information of your relevant suppliers and purchasers, including the transaction records; and**
5. Confirm that your company has stopped the infringement and warrant that your company will at no time in the future conduct any such infringement again.

Thank you for listening...

For further questions:

- **Go to:** www.rplawyers.com
- **Email:** naber@rplawyers.com