

# The Path and Commercial Value of Internet Brand Protection

## 互联网品牌维权的路径与商业价值

小米法务部 陈一夫

Xiaomi Legal Dept. CHEN Yifu

2023. 05. 26



As of Dec 31, 2022, Xiaomi's smartphones have 582 million active users worldwide.



## Leading market share in 54 countries worldwide

Ranked in top three in 54 countries and top five in 69 countries









## A brand is a differentiated impression that a company left in the minds of customers





## The original intention is to protect the reputation of Xiaomi brand and the health & safety of consumers

### "5.26" Counterfeit Battery Case

Feb 2022, the Police in Jiangsu Province, China cracked down on a criminal case of counterfeiting Xiaomi phone batteries.

- 1. More than 2 million counterfeit batteries were seized;
- 2. Multiple cities such as Guangzhou, Shenzhen, Dongguan, and Hangzhou were involved;
- 3. 16 suspects were arrested;
- 4. Amount of the suspected crime exceeded 300 million yuan.

### **Highlights:**

Protect consumer health, property and safety Supervised by the Ministry of Public Security Reported by CCTV's News















Creating products in the factory.

Cultivating brands in people's minds.

打造品在工厂里,打造品牌在人心中。



### E-commerce Platform Governance 平台生态治理

Technology progress brings challenges, yet technology itself is the solution to the challenges. 科技发展带来的问题,用科技来解决。

- 1. Fast response to take down infringing content and products; 快速响应侵权投诉下架
- Disclosure of entity information;
   主体信息披露
- 3. Provision of sales data and logistics routes; 销售数据和流通线索提供;
- 4. Big data discovery and interception; 大数据发现与拦截;
- 5. Industry exchanges. 行业交流。



JD IP Protection Platform





## Coordinated actions with various law enforcement agencies 多部门执法合作

- Investigate infringements on global ecommerce platforms and preserve evidence; 全球电商平台主动巡查、证据保全
- 2. Coordinated actions with various law enforcement agencies, such as cooperation with customs, criminal strikes, and civil litigations; 海关、刑事、诉讼,跨部门多手段打击
- Participate in industry associations, and share information.
   积极参加行业协会共享信息



Xiaomi actively filed in the customs brand protection system
小米积极在海关保护系统做商标备案



# The commercial value of brand protection 品牌维权的商业价值

**Ideal Profits** 理想利润 Business **Profits** Risks Costs, fees **opportunities** 利润 成本 费用 风险 商业机会 **Total Revenue** 总营收 **Real Profits** 现实利润



# Promoting product sales performance 促进正品销售业绩







The sales volume of Xiaomi Bluetooth earphones had an abnormal decline, before three counterfeit factories were investigated and their operators arrested later in that month. Business value achieved:

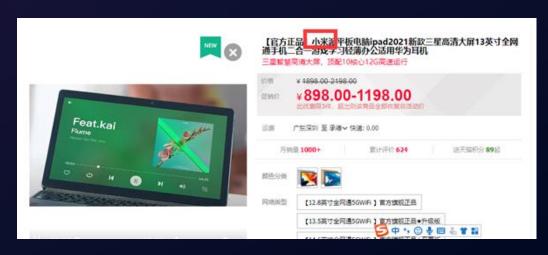
MoM increase

≈ 30%



# Protecting business opportunities from erosion "Xiaomi Pad" Case 保护商业机会不被侵蚀——"小米派案例"

- The damage resulting from the unfair competition of misconduct are enormous, reaching CNY 120 million
   恶意混淆不正当竞争侵权金额高达1.2亿元
- 2. The court ordered them to pay CNY 37 million in compensation to Xiaomi 法院判决其赔偿小米经济损失3700万元
- 3. Compensation = sales volume \* 30% (average profit rate) \* 50% (intellectual property contribution rate) \* 2 times (punitive damages) 赔偿金=销售金额\*30% (平均利润率) \*50% (知识产权贡献率) \*2倍 (惩罚性赔偿)



The Pad named "Xiaomi Pad" in question was not made by Xiaomi company officially 非小米公司生产的"小米派"



## Cost reduction and efficiency increase 降本增效

- 1. Big data analysis of abnormal operating data; 大数据分析异常经营数据
- 2. Criminal strikes against black markets; 刑事打击,震慑灰黑产
- 3. Enhancing the compliance awareness of partners with compliance trainings.

合规培训提升合作伙伴合规意识



# Brand protection throughout the whole product lifecycle 全生命周期保护品牌保护

### 生产制造



模具泄密/超授权生产

Manufacturing

**Mould Leakage / Unauthorised production** 

#### 售后端



假冒门店/假冒配件/骗保

**Aftersales** 

Fake shops / Fake components / Warranty fraud

### 产品立项

商标排查/商标注册

Design

Trademark screening / Trademark registration

### 上市销售

假冒伪劣/不正当竞争

Sales

Counterfeiting / Unfair competition





### Strategy 战略

mI

- Brand protection eco-System
   品牌保护生态
- Protect business opportunities 保护商业机会
- Cost reduction and efficiency increase 减费增效
- Balance property rights, quality and reputation
   平衡专有权、质量和信誉

 E-commerce platforms governance 电商平台治理

Criminal Strike and coordinated legal actions
犯罪打击和其他手段协同

Industry cooperation
 行业合作

Design 产品设计阶段

Manufacturing 制造阶段

- Online Sales电商销售
- Aftersales 售后阶段

Industry Co-Governance 行业共治 Full Lifecycle 全生命周期

