

# Bird & Bird & Intellectual Property



*Ranked Band 1 globally for Intellectual Property by Chambers in 2018, Bird & Bird have been at the forefront of intellectual property for over a century. With over 300 highly specialised lawyers dedicated to IP, we have one of the largest and most respected intellectual property teams in the world.*

## We see things differently

Intellectual property law is not just a job to us, it's an adventure. Over the last century we've been lucky enough to have played a part in protecting some of the world's most ground-breaking inventions and forward thinking brands and we're pretty confident we're one of the most ambitious, energetic, dedicated groups of intellectual property professionals you're likely to meet.

We thrive on helping clients with creative and cost effective ways to improve or protect their intellectual property position internationally and we think you'll struggle to find few other international law firms that have our track record when it comes to the quality and experience of our team. We continue to top the rankings in the legal market and this first class reputation allows us to attract world leading IP advisors and litigators and by working with us you will be able to draw upon their formidable experience in this field.

## An eye on the bigger picture

It's essential for companies to take an international view of their IP portfolio rather than a piecemeal country-by-country perspective. We have one of the largest teams in the world, with over 300 specialist IP lawyers; we have tremendous resources to tap into and first-hand familiarity with the quirks of different national legal regimes and

court systems, as well as extensive experience in devising international strategy.

## Every angle of IP covered

Our team can provide you with unmatched contentious and non-contentious support in relation to all IP rights, including trade marks, patents, copyright and database rights, confidential information and data privacy. We advise on IP protection, enforcement, strategic management, valuation and monetisation of brand portfolios.

Our long-standing background in technology and IP, combined with our sector-focus, gives us a unique insight into the issues industry is facing. We have a team that has experience working on the front line; from student engineer at Austin Rover to in-house counsel for one of the world's largest branding agencies. It means you'll be dealing with people who have a real interest in the trends and developments that shape your industry and not just their own legal specialism.

*The 'highly reliable and very professional' IP team at Bird & Bird has been operating in Greater China for over 20 years*

Legal 500 Asia Pacific, 2018

## Covering all aspects of the IP Life Cycle

### Create & evaluate

- Ownership and Entitlement
- Collaboration agreements
- Trade secrets
- IP application strategies
- Trade mark clearance
- Trade mark and design filing
- Freedom to operate
- Regulatory advice
- Research and development

### Exploitation

- Licensing and royalties
- Joint venture financing
- Technology transfer
- Leveraging your IP portfolio
- IP due diligence and audit
- IP finance
- Tax structuring and strategy

### Defend & enforce

- All forms of IP litigation (both national and multi-jurisdictional)
- Revocation, cancellation, opposition & entitlement proceedings
- IP arbitration and mediation
- Co-existence agreements
- Reputation management
- Anti-counterfeiting and product piracy strategy
- Border detention

## Your Key Contacts in China

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IP Licensing in China  
LES-SVC

June 2019

# Licensing environment in China

# NDRC Investigation against Qualcomm

- 9 Feb 2015 NDRC found Qualcomm abused its dominant position by:
  - Charging unfairly high royalties
  - Requiring royalty-free grant-back;
  - Licensing expired patents;
  - Refusing to provide patent list during negotiation;
  - Bundling SEPs and non-SEPs
  - Conditioning sale of baseband chips on entering into a licence
- Qualcomm rectification plan:
  - 5% for 3G and 3G/4G devices
  - 3.5% for 4G devices that do not implement CDMA or WCDMA
  - 65% of the net selling price of the device as the royalty base
- Imposed damages of RMB 6.088 billion (8% of Qualcomm's 2013 sales in China)

# Guangdong High Court SEP Guidelines (effective from 26 Apr 2018)

- FRAND royalty determination

*"If either the SEP holder or the implementer seeks the adjudication of licence [terms] of patents in territories other than the jurisdiction of the place of adjudication, and the counter party does not expressly raise any objection in the litigation proceedings or if an objection is raised by the counter party, such objection is found unreasonable, [the court] can determine the royalties applicable for such other territories ."*

# Changes to the TIER

# Regulation on the Administration of the Import and Export of Technologies ("TIER")

*18 March 2019 Administrative Order No.709 amending TIER*

- No more mandatory indemnification provision against infringement risk of third party IP rights
- No more compulsory requirement that improvements owned by improver – parties can decide by contract
- No more prohibited terms in tech import contracts

But note the following remain:

- Warranty that tech is complete, effective, error free and fit for purpose
- And the Contract Law and Anti-Monopoly Law are relevant



# TIER Changes and Existing Laws

	<b>Provisions removed from TIER</b>	<b>Contract Law and Competition Law</b>
<b>Infringement of third party rights</b>	Art 24(3) imposed mandatory obligation on foreign technology owners to indemnify the Chinese party (be it a licensee, assignee or joint venture partner) against any infringement risk of third party IPR	Art 353 of Contract Law: the default position is that the transferor shall indemnify the transferee for third party infringement unless there is an express clause in the contract that says otherwise.
<b>Improvements</b>	Art 27 stated that the fruits of the improvements to the technology shall belong to the party making the improvements, without a proviso allowing the parties to allocate the rights by contract like that in a domestic tech transfer.	Art 61 and 354 of Contract Law provide that the improvements belong to the parties making the improvements if the parties have not contracted this out.
<b>Prohibited terms to technology import contract</b>	Art 29 used to set out the restrictive terms that are prohibited from imposing on a technology contract(e.g. restriction on making improvement or use of the improvement, request royalty payment for expired and or invalid patents)	<p>Art 329 and 343 of Contract Law: a technology contract shall not restrict technology competition and development</p> <p>Art 10 of the 2004 SPC JI on application of law on technology contract disputes: it set out similar prohibited terms as those in the Art 29 of TIER</p> <p>Art 8-10 of SAIC regulation on abuse of IPR also provide that a business undertaking with a dominant market position, without a justifiable reason, shall not engage in abuse of IPR behaviours</p>

# Dos and Don'ts of licensing

Thank you & Bird & Bird

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