

Japan Intellectual Property Association Anti-Counterfeiting Forum

Feb. 19, 2002

Jack Chang, Vice Chairman

**Quality Brands Protection Committee
China Association of Enterprises
with Foreign Investment**

- **Counterfeiting in China**

 - Background

 - Problems

- **Introduction to The Quality Brands Protection Committee (“QBPC”)**

 - Brief history

 - Mission & Objectives

 - Teamwork & Achievements

Counterfeiting in China-Background

- **Political & Economic**

- Planned economy system changed to market economy system

- Following the plan v.s. Market needs & Competition

- State ownership v.s. personal ownership

- Brand development v.s. Free ride

- **Social**

- Labor Structure & surplus

Counterfeiting in China-Background

• Legal

-Under developed legal systems

- Copyright Law-September 7, 1990
- Patent Law-September 4, 1992
- Trademark Law - July 1, 1993
- Product Quality Law- February 22, 1993
- Consumer Rights Protection Law-October 31, 1993
- Anti-unfair Competition Law-September 2, 1993

Counterfeiting in China-Background

- Protecting intellectual property right
- Improving product quality
- Safeguarding consumer interests
- Keeping fair trade order

Counterfeiting in China-Problems

Counterfeiting Trademarks

+

Fake & Shoddy Quality Products

+

Poorly regulated distribution channel

+

Local protectionism

+

Consumers, who lack self-protection awareness



Results?

Under developed legal environment

Counterfeiting in China-Problems

- Damaging consumer interests
- Infringing intellectual property rights
- Destroying brand equity
- Causing severe economic & job losses
- Destroying market economy order

Scope of Problem in China

- For majority of members, over 10% of their brands in the Chinese market are counterfeits
- For our largest members, average is 15-20%
- 15% of members suffer 60%+ counterfeits
- >30% of members report export problem
- Problems likely to worsen after WTO entry



Introduction to QBPC -Brief History

- 8 companies gathered informally in early 1998 to exchange ideas & thoughts to combat counterfeiting
- Formed the China Anti-counterfeiting Coalition (“CACCC”) in July 1999 & incorporated CACCC in Hong Kong in December, 1999

Introduction to QBPC -Brief History

- Started working with the China Association of Enterprises with Foreign Investment (“CAEFI”) under the Ministry of Foreign Trade & Economic Cooperation (“MOFTEC”) thereafter on setting up a legally recognized organization in Mainland China
- Recognized by the MOFTEC as QBPC with 28 members in March 2000

Quality Brands Protection Committee

MISSION:

*To work **cooperatively** with the Chinese central and local governments, local industry, and other organizations to make positive contributions to anti-counterfeiting efforts in the People's Republic of China.*

Objectives

- Create dialogue with government officials to successfully address the counterfeiting issues

-Position papers

-State Council (Development & Research Center)
research on Economic Impact of counterfeiting

(Feb. 2000)

-QBPC report (Mid. 2000)

-Meeting with Chinese leaders

Objectives

- Support Chinese government efforts to improve existing anti-counterfeiting legislation & enforcement
 - Administrative
 - Confiscation & destruction of counterfeiting goods, trademark labels & production facilities
 - Higher economic penalties

Objectives

-Civil

- Reasonable compensation

-Criminal

- Judicial Interpretation (April 9, 2001)
- Prosecution guidelines (April 18, 2001)
- Case transfer Regulation (July 9, 2001)

-Ten Best Cases Award (March 1, 2002)

Objectives

- Serve as a resource for the Chinese government regarding counterfeiting issues
 - PSB Anti-fake & shoddy product seminar (January 2001)
 - Xian Judge Intellectual Property Protection Seminar (March 2001)
 - Chongqing Judge Intellectual Property Protection Seminar (July 2001)
 - MOFTEC Guangdong Trade Fair IP Seminar (October 2001)

Objectives

- Greater China Intellectual Property Protection Forum (Oct. 2001)
- China-EU Train the Trainers Program (Nov. 2001)
- Chengdu Prosecutor WTO & IP Protection forum (Dec. 2001)

Objectives

- Offer assistance to the Chinese government to meet international standards through information/expertise exchange

-USIS Exchange Program

- I November, 1999
- II May, 2000
- III March, 2001

-EU IPR Training Program

Objectives

- Protect and educate consumers through public awareness activities

Quality Brands Protection Committee

(76, total investment USD 15 billion, up to February, 2002)

- 3M 3M (中国)有限公司
- ABB ABB(中国)有限公司
- Adidas 阿迪达斯(苏州)有限公司公司
- American Standard 美国标准公司
- AMD 超微半导体(苏州)有限公司
- Anheuser-Busch 安海斯-布希亚洲有限公司
- Aventis 安万特制药有限公司
- Avon 雅芳(中国)有限公司
- BAT 英美烟草公司
- Bayer 拜耳医药保健有限公司
- Black & Decker
- Bosch 博世贸易(上海)有限公司
- Canon 佳能有限公司

- Campaq 康柏电脑公司
- Caterpillar 卡特彼勒(中国)投资有限公司
- Chanel 香奈尔有限公司
- Coca-Cola 可口可乐(中国)饮料有限公司
- Colgate-Palmolive 美国高露洁棕榄公司
- Daimler Chrysler 戴姆勒-克莱斯勒
- Dell 戴尔公司
- Dow Chemical 陶氏化学太平洋有限公司
- Dow Corning 道康宁有限公司
- Du Pont 杜邦公司
- Energizer 劲量(中国)有限公司
- **Epson** **爱普生(中国)有限公司**
- Gillette 吉列(中国)投资有限公司
- GlaxoSmithKline 葛兰素史克(中国)投资有限公司
- Heineken 喜力(中国)有限公司
- Henkel 汉高(中国)投资有限公司
- Hewlett-Packard 惠普(中国)有限公司

- Hitachi
- IBM
- Irdeto Access
- Johnson & Johnson
- Kimberly-Clark
- Kodak
- Lancoste
- Lee Kum Kee
- Levi Strauss & Co.
- Logitech
- L'Oreal
- Louis Vuitton
- Makita
- Mars
- Matsushita Electric
- Merck
- M-real alliance

日立公司

国际商业机器中国有限公司

爱迪德北亚办事处

强生（中国）投资有限公司

金佰利(中国)投资有限公司

柯达(中国)有限公司

拉科斯特公司

李锦记（香港）食品有限公司

利惠私人有限公司

苏州罗技电子有限公司

欧莱雅(中国)有限公司

路易威登太平洋有限公司

牧田(中国)有限公司

玛氏食品有限公司

日本松下电器产业株式会社

默沙东(中国)有限公司

芬兰林业联盟有限公司

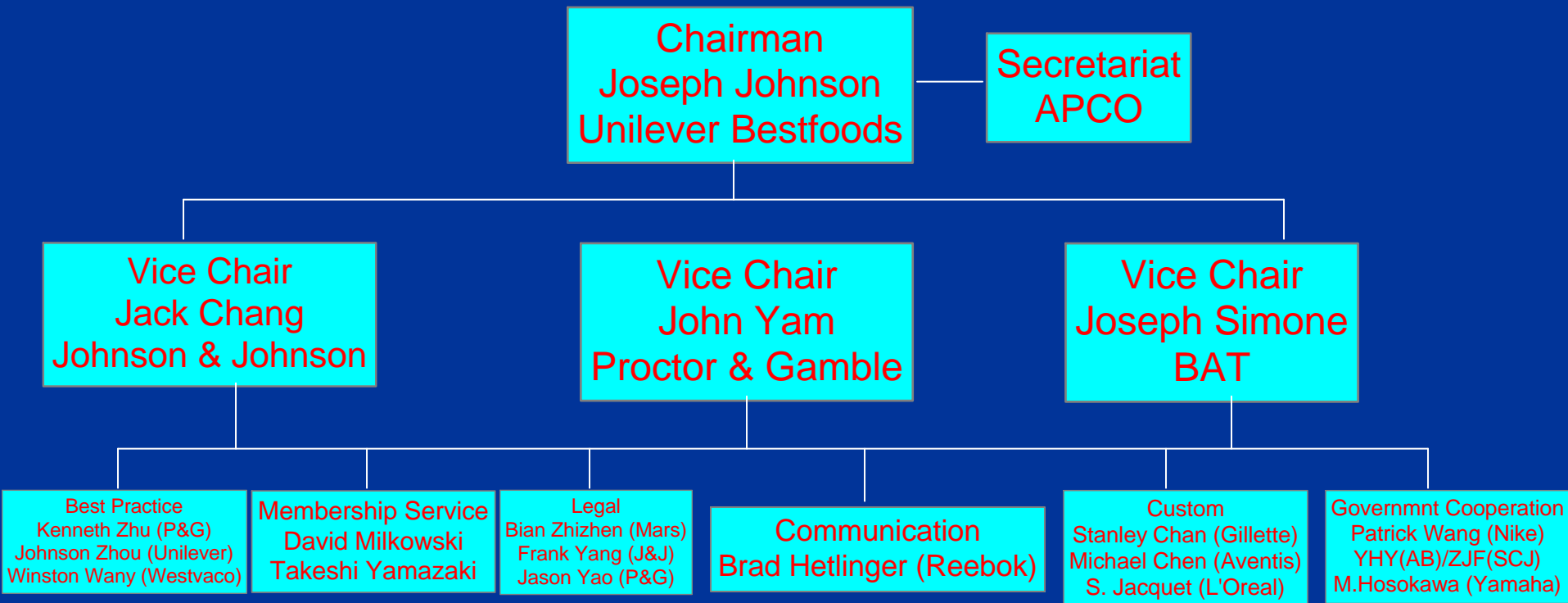
- Microsoft 微软(中国)有限公司
- Nike 耐克(苏州)体育用品有限公司
- Nokia 诺基亚公司
- Perfetti Van Melle 不凡帝范梅勒糖果有限公司
- Pfizer 辉瑞集团
- Philips Electronics 飞利浦亚太区电子有限公司
- Philip Morris 菲利普莫里斯亚洲集团有限公司
- Procter & Gamble 中国宝洁
- Prada 普拉达公司
- Reebok 锐步公司
- Reemtsma 利是美国国际中国有限公司
- Sara Lee 美国莎莉集团
- SEB 法国赛博公司
- S.C. Johnson 上海庄臣有限公司
- Siemens 西门子公司

- SEIKO
- Societe BIC
- Syngenta
- Toshiba
- TRW Inc.
- Unilever
- Volkswagen
- WD-40 Company
- Westvaco
- Wrigley
- Yamaha Motors
- YUASA
- Zegna
- Zippo

精工有限公司

- 比克公司
- 先正达（中国）投资有限公司
- 东芝株式会社
- 天合公司
- 联合利华(中国)有限公司
- 德国大众
- WD-40公司
- 维实伟克(香港)有限公司
- 箭牌口香糖有限公司
- 雅马哈摩托车有限公司
- 广东汤浅新力蓄电池有限公司
- 泽波制造公司

China Association of Enterprises with Foreign Investment Quality Brands Protection Committee



Year 2002 Objectives

- Focus on criminal policy & enforcement
 - further clarify standards for criminal action
 - clarify criminal procedure issues
 - lobby for more resources/training for PSB/prosecutors
- Enforcement coordination: administrative/judicial
- Develop regional lobbying initiatives
- Customs regulations (for TRIPS)
 - very few criminal enforcement!



Year 2002 Objectives

- Lobby on administrative related laws/regs revision (TRIPS)
 - increasing fines
 - statutory damages
 - preliminary injunctions
 - confiscation / destruction of seized goods/equipment
- Cooperation among members in same industry
- Members educating members
- Cooperation with local brand owners
- Seek support from more Asian companies



Conclusion

With the QBPC's experiences within the past two years, as well as a strong membership and government relations foundation, the QBPC is prepared to continue to make significant contributions, not only to the anti-counterfeiting efforts of the Chinese government, but also to those of its member companies'.



QUALITY BRANDS PROTECTION COMMITTEE

Team Work Is The Key!

Let's work together with China to fight
counterfeiting! *A Li Ga Do!*



QUALITY BRANDS PROTECTION COMMITTEE