

# China's IP Environment

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My name is [Shane Chen](#). I came to the US from China almost 32 years ago. I created a business named [CID, Inc.](#) and started inventing and making scientific instruments for plant physiology scientists. It was a nice, but small niche market. There were no patent infringements except from one company in the UK. My life was peaceful. Then I started inventing consumer products for my new company, [Inventist Inc.](#) That was about 16 years ago.

Photosynthesis



## Razor Powerwing



As soon as I started introducing my new products into the market I started dealing with knockoffs from China that impacted my business.

So far, 7 of my inventions have been copied and sold worldwide. The popular ones are: a 3-wheeled scooter that I licensed to Razor scooters called the Powerwing.

The Solowheel, an electric one wheeled vehicle you may have seen people riding around in the streets on. [Solowheel.com](http://Solowheel.com)

And the extremely popular Hoverboard. But the ones that have caused fires are not mine. In fact, you probably have never seen mine: the original hoverboard called the Hovertrax.

99% of the ones you have seen are illegal knockoffs. I later licensed it to Razor. Based on a Chinese government report, there were over 1000 hoverboard makers who exported 4.6 billion dollars of hoverboards in 2015! The number didn't go down in 2016 and 2017.

For the 7 infringed inventions I successfully sued many factories in China in the past 16 years. So, the Chinese patent system is working.

The government has been trying hard to protect IP. Things are improving every year. Now they have added specific IP courts in the major cities. My last case was in an IP court. I heard that the penalties will be increased on infringers. For the products that are not too popular, the problems were solved after I sued a few infringers.

But for the popular products it has not worked. The problem is that there are too many infringers. You know China is the largest product maker. All of the factories are constantly seeking products to make. You can sue a few but there are many more. Often,

when you win a lawsuit and shut the factory down, they will reopen again with a different name. Two Chinese judges on two different cases talked to me on the phone to explain the situation in China. They advised me to help create jobs by licensing to the factories instead. I realized it's impossible to stop all of them by suing.



For a legal system to work we must assume most people obey the law. You can imagine if half the citizens don't follow the law in our community, our police simply cannot protect the rest of us. It becomes a war, which is what I am facing in China for IP.

### What is an Inventor?



However, I am not saying that half the Chinese factories don't follow the IP law. It's just that they don't understand it. For one thing, many of them are confused about the definition of "inventorship".

I've met a factory owner who said, "our engineers didn't copy your product, we only saw your Hovertrax Kickstarter project and then created the same on our own." Also, someone showed me a Chinese news broadcast talking about a young inventor who invented the electrical one-wheel vehicle. They reported that he saw my Solowheel on the web and then he created his own. So, he is considered an inventor of Solowheel, too.

Furthermore, much of the Chinese public don't know that stealing IP is a crime. I've also found out that most factories don't even know where inventions come from. They make something because they see their neighbor is making it and figure that it must make money, so they copy the copies.

I don't know if you have heard this, but often in one area or town, everybody makes the same thing. I saw a town where everybody makes ties. 80% of the ties made in China come from there. The tie you are wearing today may have come from there.

In another town, everybody either does aluminum extrusion or makes lingerie. And, the 1000 hoverboard makers are mostly in two cities. So, whether it's a tie, lingerie or the newly invented Hoverboard, they just want to make whatever their neighbors are making to be sure they can make money.

When Amazon froze all the hoverboard factory accounts, lots of people protested in front of the Amazon building in China with signs that said, "give us back the money from the blood and sweat of our labor". Here is an article about it from the web. It's too bad that the photo has been removed.

## Tie City

- City where 80% of all ties produced in China are made.

TIE STATUE FROM THE CITY



## 2016 News Article

扭扭车被亚马逊强行下架 600深企受损严重!  
2016-01-27 10:37:59来源:深圳晚报作者:我有话说(0条跟帖)  
[字号减小 字号增大](#)

中国扭扭车被亚马逊强行全面下架, 600深企受损严重, 3000家上下游企业受牵连  
扭扭车企业抱团抵抗“品牌驱逐战”

“我们要及时通知各供应链的供应商, 叫他们把所有东西停下来, 而且能消耗的物料尽量消耗掉, 把损失降到最低。”1月24日, 记者见到汪兆光时, 他还在忙着向各地供应商告知行业在国际遇到“地震”的消息。作为全球电动滑板车(俗称“扭扭车”)的主要生产地, 深圳有600家生产企业、600家跨境电商, 在全国的产业链有近3000家企业。

去年12月12日, 亚马逊宣布全面下架中国制造的扭扭车, 汪兆光的企业正是其中受损最严重的公司之一。汪兆光的企业在宝安区, 因亚马逊冻结资金, 他的企业有400万元人民币无法回款, 另外导致价值约1200万元材料积压, 还有完成的成品单约200万元, 总的损失近2000万元, 而后续的影响在继续扩大。“我们有的企业只能提前放假, 有的濒临倒闭, 有的不敢维权。”汪兆光说, 去年的9月、10月、11月三个月, 扭扭车的出口额就达到了200亿元, 目前停工一个多月的损失预估已达到上百亿元。

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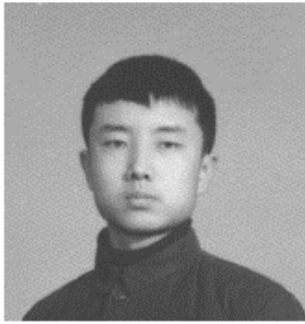
concept. And it will take time for the Chinese people to understand and respect IP. In fact, the US and many other countries went through similar issues when their patent systems started.

Someone told me that I was destroying the Chinese hoverboard industry if I sued. So, they only see the value of the product they made from their hard work.

They are missing the fact that the idea of the product must come from someone.

I started to realize that in China, IP is still a relatively new

## I WAS ALMOST A COPIER



I've even gone through this process myself. After coming to the US I was hired to design agricultural instruments. The first thing I proudly said to my boss was that I could redesign any of those instruments in the market. Make them cheaper. Sound familiar?

Instead he asked me if I could design something new, something better. After I started my own business, I bought a competitor's instrument and asked my engineer to reverse engineer it, so we could use the technology for part of our own product. Even though there was no patent on that product, he was reluctant to do it.

I have to say living in America changed the way I think. After my own inventions were on the market, I never again wanted to make anything that other people had made before. The creative culture of America helped me become creative, too. You can imagine that if I had stayed in China, I might have become one of the most successful copiers! I believe Chinese companies want to do the right thing. It's a learning process and China will get there some day. I can already see the difference from a few years ago. Many factories now ask me to license to them. It's a step in the right direction. We have a great country and we should also try to understand others that are working their way up to our level of understanding.

My conclusion is that enforcement is often necessary and effective, but if you have a popular consumer product, don't drive yourself crazy trying to sue everyone who copies it. Consider using the money to invest in more marketing and branding, and use your patent to support them. If your product is good, it will get copied, but don't let it discourage you. Keep inventing.

### Keep Inventing

