



INTERVIEW: DUNCAN WILLSON, US IP ATTACHÉ IN CHINA, IDENTIFIES TRENDS TO WATCH

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Karry Lai speaks with the newly appointed IP attaché at the US Embassy Beijing to better understand the USPTO's work in China in addressing concerns of US rights holders

Managing IP: Can you tell me about your role as US IP attaché in China?



Willson: The US has had long-standing and significant concerns regarding the protection afforded US rights holders in China, and has consistently raised these concerns with China through a multitude of bilateral dialogues and channels, including at the highest levels of government. As a USPTO IP attaché based on the ground in Beijing, I support and complement those ongoing efforts by advocating for improvements to Chinese IP laws, regulations and policies for the benefit of US stakeholders and by advising US stakeholders on a wide range of IP protection and enforcement considerations. I engage directly with Chinese government officials on an ongoing basis, hold training and capacity-building programmes, meet with individuals, company representatives and/or legal counsel and participate in IP-related forums and discussions. I also work closely with the IP attachés of other foreign missions in China and provide updates, recommendations and technical advice to US government agencies regarding the protection of IP in China.

Managing IP: How has your experience been in the role?

Willson: I've been in the role for approximately one month. That said, I am familiar with many of the IP issues faced by US rights holders in China. Prior to assuming the role of IP attaché for the US Embassy in Beijing, I was an attorney adviser on the China team in the Office of Policy and International Affairs at the USPTO, where I worked extensively on Chinese IP policy matters. Before that, I was a senior associate in the Beijing office of a US law firm's IP practice group. I hope my background will allow my team and I to make substantial progress on a range of pressing IP issues in the years ahead.

Managing IP: What IP initiatives are you working on?

Willson: The US has raised a number of serious concerns regarding IP protection in China in recent years. In addition to supporting those high-level efforts, our office manages a wide range of technical initiatives that track closely with US rights holders concerns. Some of the initiatives we are working on seek to:

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- Enhance the effectiveness of China's civil litigation system, including through the development of discovery-type evidence production systems and the issuance of higher, deterrent-level damage awards;
- Build on earlier efforts to strengthen legal protections for trade secret holders;
- Curb piracy and counterfeiting in China's extensive and rapidly developing e-commerce marketplace in order to increase the sale of legitimate products and content by US stakeholders;
- Reduce, substantially, the number of trade marks registered in China in bad faith, as well as enhance the ability of brand owners to prevent future applications from registering; and
- Ensure a level playing field for US IP owners and innovators to use and commercialise their IP in the Chinese market free from discriminatory or market-distorting policies, including with regards to standards development, pharmaceutical product development and protection, the treatment of business confidential data and IP during regulatory proceedings, and the enforcement of competition law impacting IP rights.

Managing IP: What are some of the most important IP developments you've seen out of China in the past six-12 months?

Willson: In recent years, China has undertaken numerous reforms of its IP system, including substantial revisions to all the core IP laws and related regulations as well as the establishment of three specialised IP courts and 15 new cross-regional IP tribunals. Nevertheless, US rights holders continue to encounter significant obstacles to protecting and enforcing their IP in China effectively. In this environment of constant change, it can be challenging for US rights holders to stay up to date on all of the changes. A few recent developments important to US rights holders include:

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- The ongoing revision to China's E-Commerce Law. As commerce increasingly moves online, IP disputes have followed. The provisions of China's E-Commerce Law will not only impact the ability of US stakeholders to enforce IP online in China, but also in third-country markets where China's e-commerce giants expand their operations, bringing their IP enforcement structures and strategies with them. It is critical that China's legislative authorities give due consideration to public comments from stakeholders and foreign governments, and strike the right balance between online service providers' business needs and the ability of rights holders to protect their IPR.
- Recent measures limiting the transfer of IP and data out of China. In relatively rapid succession, on March 29 and April 2, 2018, the State Council published *Trial Measures on the Transfer of Intellectual Property Rights to Foreign Parties* and *Measures for the Administration of Scientific Data*. Many foreign companies are already or are in the process of establishing R&D operations in China, oftentimes to assist with product development for the China market, or to take advantage of tax or government funding benefits available here. And, of course, US and Chinese academic institutions have engaged in joint R&D for many years, some of it funded by US government grants. These two *Measures* have, at the very least, introduced significant *additional* ambiguity regarding the mobility and ownership of data and IP resulting from China-based R&D.
- State Council Reorganisation. It remains too early to confirm the impact of the significant reform of IP protection and enforcement entities under the newly-formed State Administration for Market Regulation (SAMR). However, it will not only impact, most directly, the granting and determination of patents, trade marks and

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geographical indications and the administrative enforcement of IP, but also policy-making in regard to standards and IP, issue-prioritisation in the drafting of future IP legislation, and competition

law enforcement against IP rights holders.

Managing IP: How has the focus of the US on China's IP practices/tech transfer affected the US business community in China?

Willson: The US has pushed for improvements to China's IP protection and enforcement environment for many years. These efforts sought also to address concerns regarding China's technology transfer and licensing regimes, including the Technology Import and Export Administration Regulations (TIER), and these topics have been the subject of several formal and informal bilateral discussions with the relevant authorities in China. We continue to advocate strongly for changes to China's IP and technology licensing system that benefit the US business community.

Managing IP: What are developments IP practitioners should pay attention to in the coming months?

Willson: There are several reforms currently underway that impact the ability of practitioners to protect and enforce IP in China. I would recommend that practitioners pay attention in the coming months to the following:

- The structure of the enforcement entities under the new SAMR, which is said to move administrative patent enforcement outside of the SIPO and into a new enforcement entity, which would also enforce trade marks, and may impact how effectively US rights holders are able to enforce IP rights through China's administrative authorities, particularly as these reforms are implemented at the local level.
- The development of an appellate IP court has been the subject of bilateral IP engagement between China and the US for many years, and was most recently listed as a Key Measure in the 2016-2020 Outline for Judicial Protection of Intellectual Property in China. This development, along with the many experiments currently underway in China's IP court system, including researching a system of precedent, is something to watch closely in the months ahead.
- Shifting responsibilities or obligations for online service providers discussed at the most recent National People's Congress Standing Committee (NPCSC) session might increase the burden on online platforms to exercise a greater duty of care in regard to the goods offered by merchants on these platforms. The US business community, SMEs in particular, have expressed their concern regarding the scope of infringing and pirated goods available for sale on China's vast online marketplaces. These changes may significantly impact the ability of US businesses to enforce their rights online. A draft for public comment has been issued, and we hope that US stakeholders will participate in the commenting process and provide their insight to China's legislative authorities.
- Revisions to China's IP Laws and Regulations. Though at very different stages of amendment, the Patent and Trademark Law are under revision in ways that will fundamentally impact trade mark and patent protection in China. Practitioners should track these and other draft IP laws, regulations, measures and judicial interpretations, to ensure that they take advantage of opportunities to submit public comments, and thereby participate in and possibly influence the widespread reforms currently under consideration by China's IP authorities.



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