Breaking through the Great Wall: Problems of Enforcement of Intellectual Property Rights in China

by Paulina Rezler

I. INTRODUCTION

Beyond the Great Wall of China lies a land filled with counterfeit goods. Goods of all types, from movies and music to designer bags, wallets and shoes, as well as pharmaceuticals and even motorcycles. A land of malls and outdoor markets dedicated to selling only counterfeit goods. A land where whole village economies survive on the production of counterfeit goods. A land where intellectual property rights are a myth because “the business is simply too lucrative to shut down.”

The multitude of problems with intellectual property rights in China has been a topic of much controversy and much interest for at least the past two decades. China is a proverbial black hole when it comes to intellectual property rights. The amount of infringement that occurs within its territories, and the amount of money made through the sale of counterfeit goods at the expense of copyright and trademark owners’ rights to royalties, is astronomical and ever-growing. The industries responsible for producing counterfeit goods are more lucrative than many legitimate businesses on the market, as China accounts for nearly two-thirds of the global

* © 2010 Paulina Rezler. J.D. expected May 2011, Touro College, Jacob D. Fuchsberg Law Center. I would like to thank Professor Ralph Porzio of St. John’s University for first introducing me to the fascinating world of intellectual property in a college classroom, Professor Rena Seplowitz of Touro for agreeing to be my advisor and for her constant patience, encouragement and insight, and Roy Sturgeon, who was the Foreign & International Law Librarian at Touro at the time, for sharing his wealth of knowledge about Chinese law and culture and for his inspiration throughout the writing process.

2 Holly Williams, Counterfeit China: Fake Goods Rife, SKY NEWS (Aug. 8, 2008),
3 Id.
counterfeit goods market. This market makes up two-thirds of a market that nets an estimated $512 billion worldwide. This presents a problem of vast proportions, which developed countries, including the United States, as well as the international community, are fighting to resolve to facilitate the return of the large amount of money being illegally obtained to its rightful owners, the owners of the copyrights and trademarks that are being counterfeited.

This article will explore legislation in China that seeks to protect intellectual property rights and the reasons for the existence of such monumental problems with enforcement of these rights. It will also discuss the effect China’s membership in WIPO and the WTO have, as well as what steps the U.S. should take to protect its intellectual property owners. More specifically, Part II will discuss American copyright and trademark laws. Part III will evaluate Chinese copyright and trademark laws as well as the recent revisions made to those laws and compare them to the American laws. Part IV will introduce the roles of the international fora, the World Trade Organization and the World Intellectual Property Organization. Part V will discuss international copyright agreements to which China has acceded, the Berne Convention and the WIPO Copyright Treaty. Part VI will discuss the international trade-related agreement of which China has become a member, the Agreement on Trade Related Aspects of Intellectual Property, which is more commonly known as TRIPS. Part VII will discuss cultural, political and economic factors which should be considered when evaluating the problems with enforcement that exist in China. Finally, Part VIII will suggest some alternatives that may help to resolve or at least alleviate the problems that are prevalent in China.

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4 Priest, supra note 1, at 797.
5 Id.
II. WHAT ARE INTELLECTUAL PROPERTY RIGHTS? WHAT DO THEY PROTECT?

Intellectual property rights are divided into three broad categories, each protecting different types of works or sometimes different parts of works. The three categories are patents, trademarks and copyrights which are used in conjunction with each other in order to protect different facets of intellectual property. One example would be a software program which is protectable by copyright, and may also qualify as a patent if the work serves a novel function. The copyright would protect the actual language or code of the software while the patent would protect its functional aspects. The trademark would protect the brand of the company or person who created the software. This article will focus on copyrights and trademarks to the exclusion of patents because of the highly technical nature of patents.

Copyright and trademark protection in the United States is as old as the United States itself. Intellectual property rights were recognized and included in the U.S. Constitution. The United States Constitution states that “[t]he Congress shall have power to promote the process of science and useful arts, by securing for limited times to authors and inventors the exclusive right to their respective writings and discoveries.”6 Through this clause the Framers of the Constitution recognized the existence of copyrights and patents and the need to protect their creators. Trademarks were not included under that section but were impliedly included in the Commerce Clause.7 It is from the Commerce Clause that the requirement of use in commerce in the Trademark (Lanham) Act is derived.8 Thus, copyright and trademark protection and its laws are an area of American law that has grown and developed with the country from its inception. The protections guaranteed are central to Americans who are accustomed to enjoying them.

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6 U.S. Const. art. I, § 8, cl. 8.
7 U.S. Const. art. I, § 8, cl. 3.
8 15 U.S.C. § 1127 (2009) which defines “commerce” as meaning “all commerce which may lawfully be regulated by Congress” thus referring back to the Commerce Clause in the U.S. Constitution.
a. Copyright Law

The Copyright Act protects “original works of authorship fixed in any tangible medium of expression, now known or later developed, from which they can be perceived, reproduced or otherwise communicated, either directly or with the aid of a machine or device.”9 The purpose of a copyright is to “promote literary and artistic creativity.”10 Copyright protects the expression of an idea and not the idea itself.11 This means that facts are not copyrightable.12

The United States Copyright Office is the agency that is responsible for evaluating applications for new copyrighted work. Applications for copyright registration are to be submitted to the Copyright Office on a form prescribed by the Register of Copyrights.13 Along

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9 17 U.S.C. § 102(a) (2009). Works of authorship include the following categories: “literary works; musical works, including any accompanying words; dramatic works, including any accompanying music; pantomimes and choreographic works; pictorial, graphic and sculptural works; motion pictures and other audiovisual works; sound recordings; and architectural works.”
11 Id.
13 17 U.S.C. § 409 (2009). Information required in the application is:
   1. the name and address of the copyright claimant;
   2. in the case of a work other than an anonymous or pseudonymous work, the name and nationality or domicile of the author or authors, and if one or more of the authors is dead, the dates of their deaths;
   3. if the work is anonymous or pseudonymous, the nationality or domicile of the author or authors;
   4. in the case of a work made for hire, a statement to this effect;
   5. if the copyright claimant is not the author, a brief statement of how the claimant obtained ownership of the copyright;
   6. the title of the work, together with any previous or alternative titles under which the work can be identified;
   7. the year in which creation of the work was completed;
   8. if the work has been published, the date and nation of its first publication;
   9. in the case of a compilation or derivative work, an identification of any preexisting work or works that it is based on or incorporates, and a brief, general statement of the additional material covered by the copyright claim being registered;
   10. in the case of a published work containing material of which copies are required by section 601 to be manufactured in the United States, the name of the persons or organizations who performed the processes specified by subsection (c) of section 601 with respect to that material, and the places where those processes were performed; and
with an application for registration the owner of the work must also make a deposit of the work for which registration is being sought. Copies deposited with the Library of Congress may be used to satisfy the deposit requirement of the application process. If the Register of Copyrights determines that the material deposited constitutes “copyrightable subject matter” and that all other requirements prescribed under the Copyright Act have been met the Register will issue a certificate of registration to the applicant. If the Register of Copyrights should determine that the material deposited does not constitute “copyrightable subject matter” it shall refuse registration. Notification of such refusal along with reasons for the refusal must be given to the applicant. The copyright registration is considered effective as of the date when the application, deposit and fee were received by the Copyright Office.

Copyright owners are afforded a bundle of six exclusive rights. The rights listed are the right to: reproduce the work, prepare derivative works, distribute copies or phonorecords of the work to the public, public performance, public display and public performance through a digital audio transmission. The rights that are of main concern in this article are the rights to make copies and to distribute to the public. Section 501 of the Copyright Act defines infringement of a copyright as the violation of “any of the exclusive rights of the copyright owner as provided by sections 106 through 122.” Sections 107 through 122 are sections that deal with the limitations

11. any other information regarded by the Register of Copyrights as bearing upon the preparation or identification of the work or the existence, ownership, or duration of the copyright.

15 Id. Section 407 requires that the owner of a work or an exclusive right to publish a work that has been published in the United States must deposit two copies of the work or two complete phonorecords of the work within three months of the first publication of the work. 17 U.S.C. § 407(a) (2009).
18 Id.
21 Id.
on the rights guaranteed copyright owners in section 106. In order to prove infringement the copyright owner must either present direct evidence of copying or circumstantial evidence of “(1) access and (2) substantial similarity.”

The requirement of access exists because it is possible that two individuals could create similar works without copying from one another. Therefore, without access the element of substantial similarity would be insufficient to show infringement. A situation in which there was no access and two substantially similar works were created is more likely to have occurred before the internet age. For example, if an author on one continent wrote a novel that was substantially similar to a novel written by another author on a different continent and neither author had any access to the work of the other or even any way of knowing of the existence of the other author or his work, no infringement has occurred. In such a hypothetical although substantial similarity may exist between the two works, without direct evidence of copying, proof of access is necessary. Without access it is reasonable to assume that two independent individuals living a great distance apart and maybe even some time period apart, as long as that time period is not long enough to put the work of the first in the public domain because of the durational limit of a copyright, could independently come up with an idea for a work of authorship and express it in a way that would render the two works substantially similar to each other. In such a situation no infringement would have occurred.

Chapter 5 of the Copyright Act covers infringement and provides the owner with different remedies for infringement. In copyright law, registration is a prerequisite to an owner’s right to bring an infringement action. There are a number of remedies available to a

24 KENNETH L. PORT ET AL., LICENSING INTELLECTUAL PROPERTY IN THE INFORMATION AGE, 26 (2d ed. 2005).
copyright owner who successfully brings an infringement suit. One of these remedies is an injunction, temporary or final, which a court may grant “on such terms as it may deem reasonable to prevent or restrain infringement of a copyright.” 27 The court may also impound infringing articles while an action is pending and order their destruction as part of a final judgment or decree. 28 Further, an owner may seek or be awarded actual damages “suffered by him or her as a result of the infringement, and any profits of the infringer that are attributable to the infringement and are not taken into account in computing the actual damages.” 29 The owner further has the choice to elect to seek statutory damages instead of actual damages and profits. 30 Owners usually choose to seek statutory damages when actual damages and/or profits would be lower than the statutory damage amount. Statutory damages may be “not less than $750 or more than $30,000 as the court considers just” for any one work. 31 The court may also in its discretion award “a reasonable attorney’s fee to the prevailing party as part of the costs.” 32 Finally, the statute also provides for criminal sanctions if it were to find that there was criminal infringement. 33

In Part III, the Copyright Act of the United States will be compared with that of China. It will become apparent why there exist so many problems in the intellectual property market in China and why there is such disagreement between China and American copyright owners whose work is being exploited and infringed in China. It is through this comparison that the shortcomings of Chinese laws will become apparent.

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31 Id.
b. TRADEMARK LAW

The Lanham Act defines a trademark as

any word, name, symbol, or device, or any combination thereof (1) used by a person, or (2) which a person has a bona fide intention to use in commerce and applies to register on the principal register established by this chapter, to identify and distinguish his or her goods, including a unique product, from those manufactured and sold by others and to indicate the source of the goods.\(^\text{34}\)

Trademarks are meant to protect consumers from confusion.\(^\text{35}\) A trademark identifies the source of the product and assures the consumer of a consistent quality of goods, whether that quality be good or not.\(^\text{36}\) The rationale behind trademark protection is to promote “commerce by providing a fluent consumer shorthand for identifying products and services in the marketplace and thereby avoiding confusion.”\(^\text{37}\) Thus, a trademark provides the right “to exclude others from using it in a manner ‘likely to cause confusion, or to cause mistake, or to deceive as to affiliation, connection’…or as to origin.”\(^\text{38}\)

The United States Patent and Trademark Office is the agency that evaluates applications for the registration of a new trademark. The Lanham Act provides for registration of trademarks already used in commerce as well as those that are intended for use in commerce.\(^\text{39}\)

The application for a trademark already in use in commerce must include the applicant’s domicile and citizenship, the date the mark was first used, the date it was first used in commerce, the goods that the mark is used in connection with, and a drawing of the mark.\(^\text{40}\) The application


\(^{36}\) J. Thomas McCarthy, McCarthy on Trademarks and Unfair Competition § 3:10 (4th ed. 2009).

\(^{37}\) Port et al., supra note 24, at 7 (citing Qualitex Co. v. Jacobson Product Co., 514 U.S. 159, 162-65(1995)).

\(^{38}\) Id. at 5-6 (citing to 15 U.S.C. §§ 1114(1), 1125(a)(1) (2009)).


must also include a verified statement. The verified statement must specify that the person believes he owns the mark, that the mark is being used in commerce and that the facts in the application are true. In cases where there is concurrent use the verified statement must also include exceptions to exclusive use, and also specify any concurrent use, the goods used in connection with the concurrent use as well as the areas in which such use exists, the periods of the use and the goods and the area in which the applicant seeks registration of the trademark.

An applicant may also apply for the registration of a mark intended for use in commerce if the applicant has a “bona fide intention, under circumstances showing the good faith of such person, to use a trademark in commerce.” Like an application for a trademark that is already being used in commerce, the application for a trademark intended for use in commerce must include the applicant’s domicile and citizenship, the goods in connection with which the mark is intended to be used and a drawing of the mark. Like the application for a trademark already used in commerce, an application for a trademark intended for use in commerce must include a verified statement.

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41 15 U.S.C. § 1051(a)(3) (2009). The verified statement must specify that the person making the verification believes he is the owner of the mark, that the facts in the application are true, that the mark being used in commerce and that to the best of the verifier’s knowledge and belief, no other person has the right to use such mark in commerce either in the identical form thereof or in such near resemblance thereto as to be likely, when used on or in connection with the goods of such other person, to cause confusion, or to cause mistake, or to deceive...

42 Id.


46 15 U.S.C. § 1051(b)(3) (2009). The verified statement must specify that the person making the verification believes that he is entitled to use the mark in commerce, that it is his bona fide intention to do so, that the facts in the application are accurate and that to the best of the verifier’s knowledge and belief, no other person has the right to use such mark in commerce either in the identical form thereof or in such near resemblance thereto as to be likely, when used on or in connection with the goods of such other person, to cause confusion, or to cause mistake, or to deceive.
If upon examination of the application it would appear that the applicant is entitled to registration the mark will be published in the Official Gazette of the United States Patent and Trademark Office.\(^{47}\) Upon such publication any person who believes that the registration of the mark would be damaging to him may file an opposition within thirty days of the publication in the Official Gazette.\(^{48}\) If no opposition is filed, and no extension for the filing of opposition is requested, a mark which is being used in commerce will be entitled to registration, a certificate of registration will be issued to the applicant, and a notice of the registration will be published in the Official Gazette.\(^{49}\)

For an application for the registration of a trademark intended for use in commerce, if after publication in the Official Gazette no opposition is filed within thirty days, a notice of allowance is issued to the applicant.\(^{50}\) Within six months of the notice of allowance, the applicant must file a verified statement that the mark is in use in commerce, specify the first date of such use and provide specimens or facsimiles of the mark as used in commerce.\(^{51}\) Upon request, the Director has the discretion to extend this six month period for an additional six months if request is made before the expiration of the initial six months.\(^{52}\) Upon showing of good cause the Director may extend for a period that will not exceed two years in total as long as each request for an extension is accompanied by a verified statement specifying the applicant’s continued bona fide intention to use the mark in commerce.\(^{53}\) Upon filing of the verified statement


\(^{53}\) Id.
evidencing use in commerce the mark will be examined and if it is accepted a certificate of registration will be issued and a notice of registration will be published in the Official Gazette.\textsuperscript{54}

Section 2 of the Lanham Act begins with a negative statement that presumes marks to be registrable.\textsuperscript{55} Subsections (a)-(e) of the section contain exceptions to this presumption. Marks that consist of “immoral, deceptive, or scandalous” material, and those that are disparaging are not registrable.\textsuperscript{56} Marks that include the flag or coat of arms or other insignia of the United States, any state, or a foreign nation are also not registrable.\textsuperscript{57} Marks that consist of the name, signature or portrait of a deceased United States President whose widow is still living as well as marks that use the name, portrait or signature of a particular living individual are also prohibited unless written consent is given by the person whose name, portrait or signature is being used.\textsuperscript{58} A mark that resembles an already registered mark that is likely to cause confusion or mistake when used in connection with the goods of the applicant are also prohibited except in cases of concurrent uses.\textsuperscript{59} Subsection (e) lists a few more exceptions to the presumption of registrability by providing that a mark which is “merely descriptive or deceptively misdescriptive…, primarily geographically descriptive…, primarily geographically deceptively misdescriptive…, primarily merely a surname…, or comprises any matter that, as a whole, is functional” cannot be registered.\textsuperscript{60} Subsection (f) states that if the applicant can prove that a mark which is primarily deceptively misdescriptive has become distinctive through use in commerce, then the mark can be registered.\textsuperscript{61} This also applies to merely descriptive, primarily geographically descriptive

marks as well as marks that are merely surnames. Any mark that is likely to cause dilution by blurring or tarnishment may be refused registration, or if it has been registered already it may be cancelled.

In order for a mark to be registrable it must be distinctive. Security Center, Ltd. v. First National Security Centers, along with many other cases, points out that there are categories of distinctiveness which form a spectrum and that these categories “tend to merge imperceptibly from one to another.” Vision Center v. Opticks, Inc. distinguishes between descriptive and suggestive terms by stating that a suggestive term “suggests, rather than describes, a characteristic of the goods or services and requires an effort of the imagination by the consumer in order to be understood as descriptive.” A suggestive mark can be registered, whereas a descriptive mark cannot unless it acquires secondary meaning. Arbitrary or fanciful terms are those that are “so far removed from the quality of goods or services” and, like suggestive marks, do not require a showing of secondary meaning in order to be registered. In order to show secondary meaning a plaintiff “must show that the primary significance of the term in the mind of the consuming public is not the product but the producer.” The court in Bank of Texas v. Commerce Southwest, Inc. identified five types of evidence to consider when determining whether a mark has acquired secondary meaning.

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62 Id.
63 Id.
64 15 U.S.C. § 1052 (2009). The provision states that no mark that may be “distinguished from the goods of other shall be refused registration.” Id.
65 750 F.2d 1295, 1298 (5th Cir. 1985) (citing Vision Ctr. v. Opticks, Inc., 596 F.2d 111, 115 (5th Cir. 1979), cert. denied, 444 U.S. 1016 (1980)).
66 596 U.S. at 115-16.
67 Id. at 115.
68 Security Center, 750 F.2d at 1301 (citing Bank of Texas v. Commerce Sw., Inc., 741 F.2d 785, 787 (5th Cir. 1984)).
69 741 F.2d at 787. The five types of evidence are: “(1) survey evidence; (2) the length and manner of use of the name; (3) the nature and extent of advertising and promotion of the name; (4) the volume of sales; and (5) instances of actual confusion.”
The courts use several tests to determine whether there is a likelihood of confusion and consequently infringement. The Second Circuit Court of Appeals employs the *Polaroid* factor test, which is derived from a case of the same name.\(^71\) In this case the Second Circuit listed factors a court should consider when determining whether infringement occurred. The factors listed by the Court are:

- the strength of his mark,
- the degree of similarity between the two marks,
- the proximity of the products,
- the likelihood that the prior owner will bridge the gap,
- actual confusion,
- and the reciprocal of defendant’s good faith in adopting its own mark,
- the quality of defendant’s product,
- and the sophistication of the buyers.\(^72\)

Several remedies are available to trademark owners whose marks have been infringed. The different remedies available all serve the purpose of compensating the owner of the mark as well as encouraging enforcement of the mark, and in some extreme cases in punishing the infringer. The most common form of relief is injunctive which is provided for under section 34 of the Lanham Act.\(^73\) Section 35 of the Lanham Act provides the trademark owner with more remedies.\(^74\) Under that section the owner is entitled to attorneys fees “in exceptional cases.”\(^75\) Such exceptional circumstances may occur if the infringer acted in bad faith. If “the court finds extenuating circumstances” the infringer may also be subject to paying the owner treble damages.\(^76\) Lastly, under section 36 of the Lanham Act the owner may be entitled to the destruction of the infringing material.\(^77\)

As will become evident in Part III the Lanham Act is more thorough and expansive than the corresponding Chinese statute.

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\(^71\) *Polaroid Corp. v. Polarad Elecs. Corp.*, 287 F.2d 492 (2d Cir. 1961).
\(^72\) *Id.* at 495.
III. CHINESE COPYRIGHT AND TRADEMARK LAW

A country like China compared to the United States in terms of intellectual property rights is just a baby taking its first steps. The differences existing between the two countries regarding intellectual property laws should be no surprise.

The Chinese legislation regarding these areas is far broader and more theoretical than the American legislation. In part the disparity is due to the revisions and refinement in American intellectual property law during the past two centuries. Concomitantly, in China the relevant copyright and trademark law is divided into two separate statutes. There is the actual law itself as well as a separate statute which outlines regulations for implementing the legislation on the subject matter. Put together the law and the regulations are still broader and less expansive than the relevant American laws.

a. COPYRIGHT LAW

The Copyright Law in China was first adopted in 1990. The law became effective on June 1, 1991. The Copyright Law in China relied on the Berne Convention provisions as well as those of the Agreement on Trade-Related Aspects of Intellectual Property (TRIPs). Briefly, the Berne Convention is an international treaty which seeks to protect authors’ literary and artistic works. TRIPs is an agreement promulgated by the World Trade Organization which provides trade-related protection for intellectual property.

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79 Id. at art. 56.
81 Id. at 395. See discussion infra Part V.
82 Id. See discussion infra Part VI.
The Chinese copyright law is divided into six chapters and establishes the copyright administration department of the State Council as the administrative authority which is responsible for the “administration of copyright” with separate offices in each province, region and municipality.\(^8^3\)

Article 2 of the law makes a distinction between different classes of copyright owners. Copyright protection is guaranteed to all “Chinese citizens, legal entities or entities without legal personality” regardless of whether they have been published.\(^8^4\) Works of foreigners that were first published in China are also guaranteed copyright protection. Works created by foreigners that were published outside of China are eligible for copyright protection, contingent on the existence of an agreement between the foreigner’s country of citizenship and China, or the existence of an international treaty to which both China and the foreign country are parties.\(^8^5\)

Works protected by the copyright law include

1. Written works.
2. Oral works.
3. Music, dramatic, quyi\(^8^6\), and choreographic works.
4. Works of fine art and photographic works.
5. Cinematographic, television, and videographic works.
6. Drawings of engineering designs and product designs, and descriptions thereof.
7. Maps, sketches, and other graphic works.
8. Computer software.\(^8^7\)

This list is similar to the one provided in the United States Copyright Act under section 102.

Although different terms are used to describe the protected works, in substance the list is

\(^8^4\) Id. at art. 2.
\(^8^5\) Id.
\(^8^6\) ROBERT HABIN HU, GUIDE TO CHINA COPYRIGHT LAW STUDIES, 54 n. 2, William S. Hein & Co., Inc. (2000). (Hu notes that “Quyi refers to such traditional art forms as ballad singing, story telling, comic dialogues, clapper talks, and cross talks.”).
comparable.\textsuperscript{88} The only major difference is that the Copyright Act does not list “computer software” among the categories of protected works, whereas the Chinese law does include computer software in its list.\textsuperscript{89}

The Chinese law also emphasizes that works that are prohibited from being published or distributed by law are not protected.\textsuperscript{90} These works are known as heterodox and include pornography and works that mention members or ancestors of the imperial family in an “inappropriate” manner or which “are not beneficial to scholars.”\textsuperscript{91} The law also does not apply to “(1) laws; regulations; resolutions, decisions, and orders of state organs; other documents of a legislative, administrative, or judicial nature; and their official translations; (2) news on current affairs; and (3) calendars, numerical tables, forms of general use, and formulas.”\textsuperscript{92}

Copyright owners include authors as well as “other citizens, legal entities and entities without legal personality enjoying copyright.”\textsuperscript{93} The copyright ownership of the work will belong to the author unless the work is created “according to the intention and under the supervision and responsibility of a legal entity or entity without legal personality” in which case that entity will be considered the author.\textsuperscript{94} The citizen or entity whose name is mentioned with the work will be considered the author unless proved otherwise.\textsuperscript{95} Although it is not termed as such, this provision is similar to the United States Copyright Act’s second definition of a “work made for hire.”\textsuperscript{96}

\textsuperscript{90} \textit{Id.} at art. 4.
\textsuperscript{91} WILLIAM P. ALFORD, TO STEAL A BOOK IS AN ELEGANT OFFENSE, 13-14 (Stanford University Press, 1995).
\textsuperscript{93} \textit{Id.} at art. 9.
\textsuperscript{94} \textit{Id.} at art. 11.
\textsuperscript{95} \textit{Id.}
\textsuperscript{96} 17 U.S.C. §101 (2009). This section defines a “work made for hire” as “(2) a work specially ordered or commissioned for use…”
Copyrights are given “personality rights” and property rights that include:

1. The right of publication, that is, the right to decide whether to make a work available to the public.
2. The right of authorship, that is, the right to claim authorship and to have the author’s name mentioned in connection with the work.
3. The right of alteration, that is, the right to alter or authorize others to alter one’s work.
4. The right of integrity, that is, the right to protect one’s work against distortion and mutilation.
5. The right of exploitation and the right to remuneration, that is, the right of exploiting one’s work by reproduction; live performance; broadcasting; exhibition; distribution; making cinematographic, television, or video production; adaptation; translation; annotation; compilation; and the like, and the right of authorizing others to exploit one’s work by the above-mentioned means and of receiving remuneration thereof.\(^7\)

Referencing back to the bundle of rights guaranteed a copyright owner under section 106 of the United States Copyright Act, it can be argued that the right of publication and all the rights included in subsection 5 of the Chinese provisions are comparable to those in the American law.\(^8\) The right to alter or to authorize others to alter is an analog to the right to create derivative works included in section 106 of the Copyright Act.\(^9\) An American copyright owner has the right to control how his work is altered through the right to create derivative works and allow others to create derivative works.\(^10\) Licenses are used to allow another to use a right reserved by the copyright owner and in those licenses the copyright owner can restrict the content of the derivative work. The rights of integrity are also specifically outlined in section 106A of the Copyright Act.\(^11\) In this section the author is reserved the right to claim authorship, and to prevent distortion or mutilation which is analogous to subsections 2 and 4 of the Chinese

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\(^9\) Id.
\(^10\) Id.
provision. These rights are limited by section 107 which provides a fair use defense if the copyrighted work is used for “criticism, comment, news reporting, teaching, scholarship, or research.”

Under Chinese laws works created by “adaptation, translation, annotation or arrangement of a preexisting work can have their own copyright,” and the author may enjoy that protection as long as it does not prejudice the original work. When a work is created by multiple authors the copyright will be enjoyed jointly by those authors, but if the work can be separated into independent parts and exploited as such, the coauthors will be entitled to independent copyrights to those parts, on the condition that this shall not prejudice the copyright of the whole. In the event that a compilation is created, the copyright will be owned by the author of the compilation, but this copyright will only be for the compilation and not for each individual work as the owners of the individual works are entitled to copyrights in those works.

Article 16 defines a work made for hire as a work created by a citizen in fulfillment of tasks during the course of employment. The copyright shall be given to the author but the employer shall have a right to exploit the work within the scope of his activities. During the first two years after the work is completed the author may not authorize a third party to exploit the work in the same way as the employer unless the employer consents. Works for hire occur in two contexts and those contexts are:

1. Drawings of engineering designs and product designs and descriptions thereof, computer software, maps, and other works created in the course of employment mainly with the material

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102 Id.
105 Id. at art. 13.
106 Id. at art. 14.
107 Id. at art. 14.
108 Id. at art. 16.
109 Id.
and technical resources of the legal entity or entity without legal personality and under its responsibility.

2. Works created in the course of employment where the copyright is, in accordance with laws, administrative regulations, or contracts, enjoyed by the legal entity or entity without legal personality.\(^{110}\)

The ownership of the copyright in a commissioned work shall be agreed upon between the parties, and in the event that it is not agreed upon it shall by default belong to the commissioned party.\(^{111}\) The work made for hire provision is similar to the United States Copyright Act’s first definition of a work made for hire.\(^{112}\) The Chinese provision more specifically defined what constitutes a work made for hire with its inclusion of two contexts in which a work made for hire may occur, while in the American version the provision is more general and leaves more room for judicial interpretation.

In the event of the death of the owner of the copyright, if that owner is a citizen, the copyright shall be transferred in accordance with Inheritance Law.\(^{113}\) If the owner of a copyright is a legal entity or an entity without legal personality, and that entity’s status is terminated, the copyright shall be transferred to a successor of that entity, or in the event that there is no successor, to the State.\(^{114}\) The rights of authorship, “alteration and integrity of an author” are unlimited by time.\(^{115}\)

The term of copyright protection for the right of publication, exploitation and remuneration shall be for the lifetime of the author plus fifty years, where expiration of the rights shall occur on December 31 of the fiftieth year, or in the case of a joint authorship on December

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\(^{111}\) Id. at art. 17.


\(^{114}\) Id.

\(^{115}\) Id. at art. 20.
31 of the fiftieth year after the death of the last surviving author.\footnote{Id. at art. 21.} The term of protection of a work for hire, a work owned by a legal entity or a cinematographic, television, videographic or photographic work is fifty years, where the expiration will occur on December 31 of the fiftieth year after the first publication.\footnote{Id.} If a work is not published within fifty years after its completion protection under law shall also occur for the duration of the author plus fifty years.\footnote{Id.} In the United States, the term of protection lasts longer as the term is the lifetime of the author plus seventy years, thus giving authors an extra twenty years of copyright protection.\footnote{17 U.S.C. § 302(a) (2009).} For a joint work, protection lasts for the lifetime plus seventy years of the last surviving author.\footnote{17 U.S.C. § 302(b) (2009).} For works made for hire as well as anonymous and pseudonymous works, protection lasts for ninety-five years from the date of first publication, or one hundred twenty years from the date of creation, whichever expires first.\footnote{17 U.S.C. § 302(c) (2009).} Generally, the protection in the United States is significantly longer than that awarded to a copyright owner in China.

The rights of an owner are limited, in that a work may be exploited without permission provided that there is an attribution to the author and title of the work and that all other rights enjoyed by the owner shall not be prejudiced in the process.\footnote{Copyright Law (adopted by the Standing Comm. Nat’l People’s Cong. Sept. 7, 1990) art. 22 (P.R.C.).} This statute is comparable to the

\begin{enumerate}
\item Use of a published work for the purposes of the user’s own private study, research, or self-entertainment.
\item Appropriate quotation from a published work in one’s own work for the purposes of introduction to, or comments on, a work, or demonstration of a point.
\item Use of a published work in newspapers, periodicals, radio programs, television programs, or newsreels for the purpose of reporting current events.
\item Reprinting by newspapers or periodicals, or re-broadcasting by radio stations or television stations, of editorials or commentators’ articles
\end{enumerate}
fair use exceptions listed in the United States Copyright Act, although the fair use exceptions in the American statute are not as extensively defined. One flaw in the Chinese provision is that it does not provide a standard which the court should use to determine whether the owner has been prejudiced.

Chapter III of the law specifically deals with licensing contracts and requires that subject to instances where no permission is needed, anyone who plans to exploit a work created by another must obtain permission through contract from the copyright owner of the work. The statute lists the basic clauses that are necessary in such a contract. The statute bars a license from having a term of more than ten years, but allows for renewal of licenses, where the renewed licenses may also have terms of up to ten years.

Published by other newspapers, periodicals, radio stations, or television stations.

5. Publication in newspapers or periodicals, or broadcasting by radio stations or television stations, of a speech delivered at a public gathering, except where the author has declared that publication or broadcasting is not permitted.

6. Translation, or reproduction in a small quantity of copies, of a published work for use by teachers or scientific researchers, in classroom teaching or scientific research, provided that the translation or reproduction shall not be published or distributed.

7. Use of a published work by a state organ for the purpose of fulfilling its official duties.

8. Reproduction of a work in its collection by a library, archive, memorial hall, museum, art gallery, or similar institution, for the purposes of the display, or preservation of a copy, of the work.


10. Copying, drawing, photographing or video recording of an artistic work located or on display in an outdoor public place.

11. Translation of a published work from the Han language into minority nationality languages for publication and distribution within the country.

12. Transliteration of a published work into Braille and publication of the work so transliterated.

125 Id. at art. 24. (These clauses include the manner of exploitation, whether the license shall be exclusive, the scope and terms of the license, the amount and method of remuneration and liability in the case of breach.).
126 Id. at art. 26.
Book publishers must sign contracts with the copyright owner of the work to be published and must have a contract which grants them the exclusive right to publish. The contract, like a license, may not exceed ten years but may be renewable. Where a copyright owner submits a manuscript to a newspaper or periodical publisher, if the owner does not receive notification of a decision within fifteen days if it is a newspaper publisher, or thirty days if it is a periodical publisher, the owner may submit the manuscript to another publisher. If the owner has not prohibited reprinting or excerpting, other newspapers and periodicals may after publication, reprint the work, print an abstract or print it as a reference as long as the other publisher pays remunerations to the copyright owner. When the work being published was created by adaptation, translation, annotation, arrangement or compilation, the publisher must pay remuneration to both the owner of that adaptation and to the owner of the copyright of the original work. A performer who exploits an unpublished work created by another must obtain permission and pay remuneration to the copyright owner of the unpublished work. A performer who exploits a published work created by another does not need permission, unless the copyright owner has prohibited such exploitation, but must pay remuneration to the copyright owner. A performer who exploits a work created by adaptation, translation, annotation, or arrangement of a preexisting work must pay remuneration to both the copyright owner of the adapted work and to the copyright owner of the original work. These same principles apply to producers of sound or video recordings, as well as radio or television stations.

127 Id. at art. 30.
128 Id.
129 Id. at art. 32.
131 Id. at art. 34.
132 Id. at art. 35.
133 Id.
134 Id.
135 Id. at art. 37, 40.
Articles 45 and 46 list acts that constitute infringement of a copyright.\textsuperscript{136} Anyone who infringes on the copyright of another will be civilly liable for remedies such as “ceasing the infringing act, eliminating the effects of the act, making a public apology, or paying compensation for damages” and may also be subjected to confiscation of unlawful income or the imposition of a fine by the copyright administration department.\textsuperscript{137} The remedies available are similar to the remedies provided under the United States Copyright Act.\textsuperscript{138} The only remedy not available in the United States is that of making a public apology which is specifically listed in the Chinese provision, which is reflective of the cultural differences between the two

\footnote{Copyright Law (adopted by the Standing Comm. Nat’l People’s Cong. Sept. 7, 1990) art. 45, 46 (P.R.C.). The list includes:

1. Publishing a work without the consent of the copyright owner.
2. Publishing a work of joint authorship as a work created solely by oneself, without the consent of the other coauthors.
3. Having one’s name mentioned in connection with a work created by another, in order to seek personal fame and gain, where one has not taken part in the creation of the work.
4. Distorting or mutilating a work created by another.
5. Exploiting a work by performance; broadcasting; exhibition; distribution; making cinematographic, television, or video productions; adaptation; translation; annotation; compilation; or by other means, without the consent of the copyright owner, unless otherwise provided in this law.
6. Exploiting a work created by another without paying remuneration as prescribed by regulations.
7. Broadcasting a live performance without the consent of the performer;
8. Committing other acts of infringement of copyright and of other rights related to copyright.

Other acts of infringement listed in the statute are:

1. Plagiarizing a work created by another.
2. Reproducing and distributing a work for commercial purposes without the consent of the copyright owner.
3. Publishing a book where the exclusive right of publication belongs to another.
4. Reproducing and publishing a sound recording or video recording of a performance without the consent of the performer.
5. Reproducing and distributing a sound recording or video recording produced by another, without the consent of the producer.
6. Reproducing and distributing a radio or television program produced by a radio station or television station without the consent of the radio station or television station.
7. Producing or selling a work of fine art where the signature of an artist is counterfeited.}

\footnote{Id. at art. 45, 46.}

Disputes regarding copyright infringement may be settled by mediation or through a proceeding in the People’s Court.  

**ii. AMENDMENTS**

The Copyright Law was amended for the first time and became effective on October 27, 2001. The first amendment appears in Article 10 in which the owner’s rights are described more thoroughly. Article 10(5) of the original law has been expanded. The new additions more clearly define the rights previously mentioned in Article 10(5).

The revision has added a new provision which grants publishers the right to permit or forbid others from using the layout of the book or periodical that they publish. The term of protection for this right is ten years and expires on December 31 of the tenth year after the first date of publication of the book or periodical using the layout in question. The revision has

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142 Id. at art. 10. Some new rights not mentioned in the original version of the law include:

7. the right of rental, i.e., the right to permit others to temporarily use one’s cinematographic work, work created by a process analogous to cinematography or computer software (unless the computer software itself is not the essential object of the rental arrangement for consideration;…

10. the right of projection, i.e., the right to publicly show one’s work of fine art, photographic work, cinematographic work or work created by a process analogous to cinematography by means of technical equipment such as a film projector, slide projector, etc.;…

12. the right of communication via an information network, i.e., the right to make one’s work available to the public by wire or wireless means and enable members of the public to access the work at the time and place of their choosing;…

143 Id. at art. 35.

144 Id. The new acts added to the list include:

8. Unless this law provides otherwise, renting a cinematographic work, a work created by a process analogous to cinematography, computer software or a sound or video recording without the permission of the owner of the copyright or associated rights therein;

9. Using the layout of a published book or periodical without permission from the publisher…
further added to the list of acts that constitute infringement. Other acts that constitute infringement were added in Article 47.\textsuperscript{145}

In 2001 and for a few years before, China was making efforts to become a member of the World Trade Organization (WTO).\textsuperscript{146} In an effort to comply with WTO requirements the Chinese Congress approved amendments to the Copyright Law shortly before the WTO accepted China’s accession agreement.\textsuperscript{147} The Chinese Congress amended the Copyright Law in order to comply with TRIPs, which is the governing intellectual property law of the WTO.\textsuperscript{148} Before a developing country may become a member of the WTO it must first be in compliance with the TRIPs regulations.\textsuperscript{149} Evidenced by their acceptance as a member of the WTO just a few short weeks later China’s efforts were not futile.\textsuperscript{150} The amended provisions attempt to prevent infringement on the internet and mention “the information network” in several of the new

\begin{itemize}
\item[\textsuperscript{145}] Id. at art. 47. Those acts are:
\begin{itemize}
\item 1. reproducing, distributing, performing, projecting, broadcasting or compiling a work or communicating the same to the public via an information network without permission from the owner of the copyright therein, unless this Law provides otherwise; …
\item 3. reproducing and/or distributing a sound or video recording of a performance or communicating the same to the public via an information network without permission from the performer, unless this Law provides otherwise; 
\item 4. reproducing and/or distributing a sound or video recording or communicating the same to the public via an information network without permission from the producer, unless this Law provides otherwise; 
\item 6. deliberately circumventing or cracking the technical measures taken by a copyright owner or owner of associated rights to protect his copyright or associated rights in a work, sound recording, video recording, etc., without the permission of such copyright owner or owner of associated rights, unless otherwise provided in laws or administrative regulations;
\item 7. deliberately removing or modifying the electronic rights control information contained in a work, sound recording, video recording, etc., without the permission of the copyright owner or the owner of associated rights, unless otherwise provided in laws or administrative regulations…
\end{itemize}
\end{itemize}

\begin{itemize}
\item[\textsuperscript{146}] Yonehara, supra note 79, at 389.
\item[\textsuperscript{147}] Id. at 389, 395-96.
\item[\textsuperscript{148}] Id at 405.
\item[\textsuperscript{149}] Id.
\end{itemize}
subsections included in the amended law.\footnote{Copyright Law (amended by the Standing Comm. Nat’l People’s Cong., Oct. 27, 2001) art. 47 (P.R.C.).} The provisions defining infringement are more extensive than those in the United States Copyright Act, which does not mention the internet specifically. The United States Copyright Act defines infringement as a violation of “any of the exclusive rights of the copyright owner as provided by sections 106 through 122” and leaves the courts with much room for interpretation.\footnote{17 U.S.C. §501 (2009).}

A provision specifically regarding damages was added in the revision of the law. When a copyright is infringed, the infringer must pay damages based on the actual loss of the copyright owner.\footnote{Copyright Law (amended by the Standing Comm. Nat’l People’s Cong., Oct. 27, 2001) art. 48 (P.R.C.).} If the loss is difficult to calculate the damages may be based on the income earned by the infringer, and the damages shall include reasonable expenses incurred by the copyright owner in stopping the infringement.\footnote{Id.} In the event that both actual loss and income unlawfully earned are difficult to determine or cannot be determined, the People’s Court shall determine the amount of the damages to be awarded, as long as these damages do not exceed 500,000 Yuan.\footnote{Id.} The court also has the power to confiscate any income earned, as well as the infringing material used by the infringer.\footnote{Id. at art. 51.}

A copyright owner also has the option of applying for an injunction and a property preservation order if he has evidence showing that infringement is occurring or is about to occur and that failure to halt the activity will result in damages that would be difficult to remedy.\footnote{Id. at art. 49.} Prior to the institution of proceedings against an infringer the copyright owner may apply for an order of preservation of evidence if it can be proved that the evidence may be destroyed, lost or
difficult to obtain later.\textsuperscript{158} A court must render a decision on such an application within forty-eight hours, the applicant may be ordered to provide security, and his failure to provide such security may mean the rejection of his application for preservation of evidence.\textsuperscript{159} Where an application for preservation of evidence is granted the applicant must institute proceedings within fifteen days or else the preservation measures will be terminated.\textsuperscript{160} The law also now imposes liability on publishers and producers of reproductions who cannot prove that their activities are lawfully authorized and on distributors or renters who cannot prove that the materials they are renting were lawfully reproduced.\textsuperscript{161}

The Copyright Law was amended a second time on February 26, 2010 and this new amended version became effective on April 1, 2010.\textsuperscript{162} Two changes were made to the 2001 version of the Copyright Law. The first prohibits copyright owners from violating the Constitution or any other laws or regulations and from damaging public interests.\textsuperscript{163} It also provides that administration and supervision of publications and transmissions of works shall be done by the nation.\textsuperscript{164} The second and more notable change in the newly amended version is the provision which states that “[w]here the copyright is pledged, both the pledgor and pledgee shall register the pledge with the copyright administrative authorities of the State Council.”\textsuperscript{165} The objective of these amendments is the same as that of the 2001 amendment, and that objective is to expand the scope of protection in a time when technology is constantly evolving, and to

\begin{flushright}
\textsuperscript{158} Id. at art. 50.
\textsuperscript{159} Copyright Law (amended by the Standing Comm. Nat’l People’s Cong., Oct. 27, 2001) art. 50 (P.R.C.).
\textsuperscript{160} Id.
\textsuperscript{161} Id. at art. 52.
\textsuperscript{163} Id. at art. 4.
\textsuperscript{164} Id.
\textsuperscript{165} Id. at art. 26.
\end{flushright}
reinforce the protection and enforcement measures provided by the Copyright Law.\textsuperscript{166} In achieving these objectives China also strives to comply with international standards of copyright laws, protection and enforcement.\textsuperscript{167}

\textit{iii. Regulations for the Implementation of the Copyright Law of the People’s Republic of China}

In May of 1991 China adopted regulations to implement the Copyright Law adopted just a year earlier.\textsuperscript{168} In 2002, the State Council promulgated a new version of the Regulations on the Implementation of the Copyright Law.\textsuperscript{169} The 2002 version of the Regulations repealed the 1991 version of the Regulations.\textsuperscript{170}

Article 1 specifies that these regulations are formulated in accordance with the Chinese Copyright Law.\textsuperscript{171} Articles 2 through 5 define some of the terms used in the Copyright Law.\textsuperscript{172} Such definitions are helpful as many words have multiple meanings and it is crucial for terms integral to a law to be defined specifically to minimize the areas that require interpretation. The definitions are similar to section 101 of the United States Copyright Act which is the definitional provision that governs the statute.\textsuperscript{173} Article 2 requires that all works be original and capable of being reproduced in a tangible form.\textsuperscript{174} Similarly, section 102 of the United States Copyright Act provides copyright protection for “original works of authorship fixed in any tangible

medium.”175 In the 2001 revision of the Copyright Law acrobatic works and architectural works were added to the list of works protected under the Law.176 The Regulations provided a definition of what constitutes an acrobatic work and an architectural work in the definitions which comprise articles 2-5 of the Regulations.177 Article 6 then states that copyright originates on the day of creation.178 This provision supplements Article 21 of the Copyright Law which states the term of protection for the rights of publication, exploitation and remuneration but only states when the protection terminates and not when it begins.179 Article 18 also supplements that provision by setting the term of protection for a work of unknown authorship at fifty years ending on December 31st of the fiftieth year after first publication.180

The 2002 version of the Regulations does not name the National Copyright Administration as the administrative agency in charge of copyrights. Instead it mentions that the “administrative department of copyright under the State Council” may investigate and handle infringement of “national influence” and also keeps local administrative authorities intact.181 However, it does not define what constitutes an act of national influence and leaves that up to interpretation by the administrative agency.182

In the case of joint authorship, when the authors cannot agree on the use of the work and the work cannot be separated into individual copyrightable parts, the authors may not prevent

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178 Compare Regulations for the Implementation of the Copyright Law (promulgated by the St. Council., Sep. 15, 2002) art. 6 (P.R.C.) with 17 U.S.C. § 302(a) (where copyright protection “subsists at creation”).
181 Id. at art. 37.
182 Id.
each other from using the work without a legitimate reason.\textsuperscript{183} This provision is problematic because what constitutes a legitimate reason is not defined. When a work is created in the course of employment and the copyright is held by the author instead of the employer, the employer may exploit the work in the scope of its professional activities.\textsuperscript{184} If it has not done so within two years, the author may request the entity to permit a third party to exploit the work in the manner that the entity had the right to, and unless there is a legitimate reason this request may not be denied.\textsuperscript{185} This is again problematic because the regulations do not define what constitutes a legitimate reason. If there is permitted use by a third party within that two year period with the consent of the entity, any remuneration received is to be divided between the author and the entity according to an agreement between the two.\textsuperscript{186}

In the case of joint authorship, if one of the authors dies without an heir or designated beneficiary the rights to copyright shall be enjoyed by the surviving authors.\textsuperscript{187} If the copyright in a work is in one author, after death the rights of authorship and integrity shall be enjoyed by his heirs or designated beneficiaries.\textsuperscript{188} However, if that author dies without leaving an heir or designating a beneficiary, the rights of authorship, revision and integrity in that work shall be protected by the administrative agency.\textsuperscript{189} In the event of a posthumous work, the right of publication may be exercised by the heir or beneficiary who received the work, within fifty years of the author’s death as long as the author has not prohibited the publication of the work.\textsuperscript{190} If there is no heir or beneficiary this right may be exercised by the “lawful holder of the original

\textsuperscript{183} Id. at art. 9.
\textsuperscript{184} Id. at art. 12.
\textsuperscript{185} Regulations for the Implementation of the Copyright Law (promulgated by the St. Council., Sep. 15, 2002) art. 12 (P.R.C.).
\textsuperscript{186} Id.
\textsuperscript{187} Id. at art. 14.
\textsuperscript{188} Id. at art. 15.
\textsuperscript{189} Id.
\textsuperscript{190} Regulations for the Implementation of the Copyright Law (promulgated by the St. Council., Sep. 15, 2002) art. 17 (P.R.C.).
work.” 191 Where a work’s author is unknown, the copyright for the work with the exclusion of the right of authorship shall be held by the holder of the original copy of the work, until the author is identified, at which time the copyright shall be exercised by that author or his heirs. 192

Exclusive license agreements, except those published in newspapers and periodicals, must be in writing. 193 The Regulations also created a default rule, where if not otherwise stipulated, the licensee has the right to exclude others from using the work in the manner provided by the license, and the licensee must obtain permission from the copyright owner if he wishes to grant a sublicense to a third party. 194 The Regulations also create a default rule for book publishing contracts, where if not otherwise stipulated, the publisher has the right to publish the original or revised versions in the same languages within the term of the contract and the geographical regions stipulated in the contract. 195 If the copyright owner does not want his work reprinted or compiled in extracts he must attach such claim in the newspaper or magazine that will be publishing his work. 196 If he does not want an audio recording to be made of his work he must announce his claim in any lawfully made audio recordings of the work. 197

The Regulations mandate that payments of royalties must be made within two months of use. 198 Performances of foreigners and audio recordings produced by foreigners within the territory of China shall be subject to protection by the Copyright Law in China. 199 Foreign radio broadcasting stations and television stations shall also be protected under the Copyright Law. 200

191 Id.
192 Id. at art. 13.
193 Id. at art. 23.
194 Id. at art. 24.
195 Id. at art. 28.
196 Id. at art. 30.
198 Id. at art. 32.
199 Id. at art. 33, 34.
200 Id. at art. 35.
Article 47 of the Copyright Law lists acts that constitute infringement as well as the remedies available for infringement.\(^{201}\) One of the available remedies for an infringement that prejudices the public is a fine.\(^{202}\) However, the law does not specify the amount of the fine.\(^{203}\) For any acts of infringement that also “injure the social public good” a fine of up to three times the proceeds may be imposed and if it is difficult to calculate the proceeds, a fine of up to 100,000 Yuan may be imposed. This article supplements Article 47 by specifying how large the sum for infringement may be. However, what constitutes an act that “prejudices the public” is not defined by the regulations and is therefore left unclear and up to the interpretation and discretion of the administrative authority.

\(b.\) Trademark Law

\(i.\) Trademark Law of the People’s Republic of China

Trademark law in China was first adopted in 1982.\(^{204}\) The law became effective on March 1, 1983 and abrogated any laws and provisions contrary to it.\(^{205}\) The law is divided into eight chapters and establishes the Trademark Office as the appropriate administrative authority and names the office as the place where all marks are to be approved and registered.\(^{206}\)

The law defines a trademark as “any word, design, or their combination, used as a trademark” and also requires that the mark “must be distinctive so that it will be distinguishable” and that the mark should “carry the indication ‘Registered Trademark’ or a sign indicating that it is registered.”\(^{207}\) The law also provides that “certain kinds of goods must bear a registered

\(^{202}\) Id.
\(^{203}\) Id.
\(^{205}\) Id. at art. 43.
\(^{206}\) Id. at art. 2.3.
\(^{207}\) Id. at art. 7.
trademark” and that “where no trademark registration has been granted, such goods shall not be
sold in the market.” The law lists words or designs that cannot be used in a mark. Included in the list are state names, national flags, emblems or decorations of the People’s Republic of China, foreign countries as well as “international intergovernmental organizations” and the Red Cross or Red Crescent. Other prohibited words or designs include generic names, words directly referring to quality, function, use “or other features of the goods,” words or designs which discriminate against nationality, which have “the nature of exaggeration and deceit in advertising goods” as well as those which are “detrimental to socialist morals or customs.” This list is similar to the list included in the Lanham Act except that the Chinese law does not include a prohibition on the use of a “name, portrait, or signature identifying a particular living individual” or that of a dead President of the United States whose widow is still living, unless there is written consent of such use. There is also no prohibition on marks that are geographically descriptive or those that are geographically deceptively misdescriptive. The prohibition on marks that are “detrimental to socialist morals or customs” is unique to the Chinese law.

The provisions on applications for registration require that the application must indicate the prescribed classification of goods for which the trademark is intended to be used, that if the

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208 Id. at art. 5.
209 Id. at art. 8.
211 Id.
same trademark is to be used for different classes separate applications must be filed for each class, and where the trademark will be altered, a new application is required.\textsuperscript{215}

If an application for registration conforms to the law, the Trademark Office will preliminarily approve the trademark and publish the mark.\textsuperscript{216} Once a trademark is published a person has three months to file an opposition, and if no opposition is filed within that three month period or if oppositions filed are found not to be justified, a trademark certificate shall be issued.\textsuperscript{217} In the Lanham Act the period during which an opposition is filed is substantially shorter, and lasts only thirty days, unless a request is made for an extension with good cause.\textsuperscript{218} Where two or more applicants apply for registration of identical or similar marks the mark that was filed first shall be granted, and if more than one was filed on the same day the applicant who used the mark earliest will be approved.\textsuperscript{219} The law also establishes a Trademark Review and Adjudication Board which is the forum where all trademark disputes are to be handled.\textsuperscript{220} The Board is authorized to handle cases where an application for registration is denied and the dissatisfied applicant applies for review of his application within fifteen days of receiving notice of the rejection of his application.\textsuperscript{221} Even though the law requires oppositions to be made during the three month period after a preliminary approval of the application is made, any person who disputes a mark may apply for adjudication with the Board within one year of the date of approval.\textsuperscript{222} This one year period extends the time oppositions can be made to one
year and three months, between the time the preliminary approval is made, and the time a year has passed from the final approval of the application.

A registered trademark in China is valid for ten years from the date of approval and is renewable through a renewal application for another ten year period. Renewal must be made within six months before the expiration, and such renewal period may be extended for six months if the renewal could not be filed within the prescribed period and all renewals are published after approval. In the United States the term of protection for a trademark is also ten years. However, the renewal period is more flexible than in China, as in the United States the owner of a trademark may apply for a renewal within a year before the expiration of the registration, and a six month grace period after the expiration is also given if the owner pays a fee and surcharge. Where no renewal application is made, the mark shall be cancelled.

The law requires that any assignees of the mark must file a joint application and such assignments must be published after approval, all contracts between a licensor and a licensee must also be filed with the Trademark Office and all licensees and assignees “guarantee the quality of the goods in respect of which the registered trademark is used.”

The Trademark Office retains a limited amount of control over all marks it registers. The Trademark Office has the power to cancel a mark if the applicant alters a mark unilaterally without a required registration, changes the name or address of the owner without a required application, assigns the trademark unilaterally without approval or does not use the mark for

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223 Id. at art. 23, 24.
224 Id. at art. 24.
228 Id. at art. 25, 26.
three consecutive years. When the Trademark Office discovers that any of the four above named situations has occurred it must order the applicant to rectify the situation within a specific period of time and if the application fails to comply with the order the registration shall be cancelled. If the Trademark Office notices that the goods are made with poor quality or that the quality of the good has deteriorated over time, the Office can order a rectification of the quality and may impose a fine or “circulate a notice of criticism” or cancel the mark if no rectification is made. If a trademark is cancelled or has not been renewed the Trademark Office shall not approve applications for the same or similar marks within one year of the cancellation or expiration of the mark.

These provisions and those listed below about infringement are relevant to counterfeiting because it is the obligation of the Trademark Office to monitor these marks using the powers it retains over every mark. By monitoring quality, the Trademark Office may be able to discover when a counterfeit market has become prevalent because of the disparity in quality between the original good protected by a trademark and the counterfeit good which has no trademark protection. By then alerting a trademark owner to a poorer quality good for which he is not responsible the Trademark Office will have discovered a counterfeiter and thus allow the party whose rights have been infringed to take steps against the infringing party.

The law provides that the following acts constitute infringement of a trademark:

(1) to use a trademark which is identified with or similar to the registered trademark in respect of the same or similar goods without the authorization of the proprietor of the registered trademark;

(2) to make or sell, without authorization, representations of the registered trademark of another person;

229 Id. at art. 30.
230 Id.
231 Id. at art. 31.
to cause, in other respects, prejudice to the exclusive right to use the registered trademark of another person.\textsuperscript{232} The Chinese law seems to use “prejudice” as a standard as opposed to the American standard of likelihood of confusion.

The party whose rights were infringed may request the administrative authority to act and the administrative authority has the right to grant the equivalent of injunctive relief in the United States as well as award compensation to the party whose rights were infringed.\textsuperscript{233} The compensation to be awarded may be the profit that the infringer earned or the damages that the trademark owner suffered through the infringement, and in extraordinary circumstances a fine may also be imposed on the infringer.\textsuperscript{234} The administrative authority may also ask the People’s Court for execution of the order if it is not complied with.\textsuperscript{235} Although the powers of the People’s Court are not listed in the statute, a trademark owner may also institute a proceeding directly with the Court without first requesting the administrative authority to take action.\textsuperscript{236}

\textit{ii. Amendments}

The law was amended for the first time in 1993 and then again in 2001. After the adoption of the Trademark Law in 1982 and its promulgation in 1983, criticisms continued because of the law’s lack of proper registration procedure and enforcement mechanisms.\textsuperscript{237} In 1993, China revised the law as well as the Implementing Regulations to address the criticisms and rectify its mistakes.\textsuperscript{238} When this was not enough to meet the standards of those in the West

\textsuperscript{232} Id. at art. 38.
\textsuperscript{234} Id.
\textsuperscript{235} Id.
\textsuperscript{236} Id.
\textsuperscript{238} Id.
with more sophisticated statutory schemes, China made a second attempt at addressing the criticisms in 2001.

The purpose of the amendments was to create “greater protection for well-known trademarks and to fulfill China’s international obligations, to conform with priority concerns adopted by the Paris Convention… and to transfer final review of the Trademark Review and Adjudication Board to the judicial branch of government.”

On paper these amendments are promising and should be effective. China endeavored to comply with international standards as it did with its Copyright Law. For a developing country like China international standards are a good model from which to create its own legislation. However, as we have seen and will continue to see China’s problem is not so much the legislation as it is its enforcement of the legislation. We have seen throughout this article that China has modeled laws from international standards and many of the provisions are comparable to those in the United States and are sometimes even more extensive than those of the American law. It is China’s ability to enforce these laws that is most troubling.

The Trademark Law was first amended on February 22, 1993. The first change appears in article 8 where a prohibition of “geographical names of administrative division above country level or public-known foreign geographical names” is now included where it was not included in the original version of the law. This appears to be an attempt to include a provision that prohibits marks that are geographically descriptive which is included in the Lanham Act.

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239 Id. at 289.
241 Id. at art. 8.
Article 38 of the Trademark Law lists acts that constitute infringement.\textsuperscript{243} In the 1983 version of the law subsection 3 provided for infringement when an act causes prejudice to an exclusive right to use, but what constitutes prejudice was not defined.\textsuperscript{244} In the amended version, the list has grown to include four acts that constitute infringement.\textsuperscript{245} The list now provides that the selling of a commodity with a falsely-used registered trademark is an act of infringement.\textsuperscript{246} The list has also replaced the subsection which referred to acts that caused prejudice and replaced it with acts that are “harming, in other ways, another person’s right to exclusive use,” also without defining what constitutes “harming.”\textsuperscript{247}

October 27, 2001 was a big day for Chinese legislation as it is the day that both the Copyright and Trademark laws were amended.\textsuperscript{248} As already mentioned, during this time and for years before China was attempting to become a member of the WTO and this attempt was the “driving force behind much of its intellectual property legislation and enforcement during the 1990s.”\textsuperscript{249} Like in previous Trademark Laws, Article 2 establishes the Trademark Office as the administrative agency responsible for trademark registration and administration nationwide.\textsuperscript{250} In the 2001 version of the Law, Article 2 also gives the Trademark Office the power to establish a Trademark Review and Adjudication Board whose function will be to handle disputes.\textsuperscript{251}

\begin{flushright}
\textsuperscript{246} Id.
\textsuperscript{247} Id.
\textsuperscript{251} Id.
\end{flushright}
Article 3 has been expanded to define collective marks and certification marks. A collective mark is “registered in the name of a group, association, or any other organization and is used in business by its members to indicate membership.” A certification mark “is owned by an organization that exercises supervision over a particular product or service and is used to indicate that third-party goods or services meet certain standards pertaining to place of origin, raw materials, mode of manufacture, quality, or other characteristics.”

Article 5 now provides that two or more persons or other organizations may file jointly for the registration of a trademark. Article 9 requires that all marks must be distinctive and that they shall not conflict with the rights of others. Article 9 also gives registrants the right to indicate “Registered Trademark” or another symbol indicating registration of their marks.

The list of marks that shall not be used as trademarks has again been expanded. The list now includes a prohibition on the use of names identical with specific locations of central state organs, as well as the names and designs of landmark buildings. The prohibition on the use of names, flags or emblems of foreign countries or the use of flags, emblems or names of international inter-governmental organizations is now contingent on any permission granted by the government of the country or organization. Another prohibition added to the list is for the use of “an official mark or inspection seal that indicates control and guarantee, except where authorized.”

Marks that are generic, that indicate quality or other features of goods and those...

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252 Id. at art. 3. Collective marks and certification marks are also recognized under the Lanham Act, 17 U.S.C. §1054 (2009).
253 Id. at art. 5.
254 Id. at art. 9.
255 Id. at art. 10.
257 Id. at art. 10.
258 Id. at art. 10.
260 Id.
261 Id.
that lack distinctive characteristics are also prohibited.\textsuperscript{262} There is one caveat in this article, that the marks mentioned in Article 11 may be registered if they acquire distinctiveness.\textsuperscript{263} When an application is filed for the registration of a three-dimensional sign, that registration will be refused if the sign “merely indicates the shape inherent in the nature of the goods concerned or if the three-dimensional sign is only dictated by the need to achieve technical effects or the need to give the goods substantive value.”\textsuperscript{264} Registration will also not be granted if a mark is a reproduction or imitation of a well-known trademark not registered in China, if the mark is to be used for similar goods and may cause public confusion or damage the interests of the owner of the well-known mark.\textsuperscript{265} Further, registration will not be granted if the mark is similar to a third party’s well-known mark for use on different or dissimilar goods if it may mislead the public or cause injury to the owner of the well-known mark.\textsuperscript{266} This is similar to the concept of dilution prohibited by the Lanham Act.\textsuperscript{267} Article 14 outlines factors that should be used to determine if a mark is well-known.\textsuperscript{268}

\begin{footnotesize}
\textsuperscript{262} Id. at art. 11.
\textsuperscript{263} Id. The same condition of what has become known as secondary meaning is present in the Lanham Act and has been cited to in many cases. 15 U.S.C. § 1052(f) (2009). See e.g. Bank of Texas, 741 F.2d at 787; Security Center, 750 F.2d at 1301.
\textsuperscript{265} Id.
\textsuperscript{266} Id.
\textsuperscript{267} 15 U.S.C. § 1125 (c) (2009). The Lanham Act recognizes two types of dilution. Dilution by blurring is defined as “the association arising from the similarity between a mark or trade name and a famous mark that impairs the distinctiveness of the famous mark.” Dilution by tarnishment is defined as “the association arising from the similarity between a mark or trade name and a famous mark that harms the reputation of the famous mark.”
  1. the degree of public recognition of the mark in its trading areas
  2. how long the mark has been in use
  3. the duration and extent of advertising and publicity of the mark, and the geographical extent of the trading areas in which the mark is used
  4. the protection of the mark as a well-known trademark
  5. other reasons for the fame of the trademark)

\textit{with} 15 U.S.C. §1125(c)(2)(A) (where the factors listed are:
  i. The duration, extent, and geographic reach of advertising and publicity of the mark, whether advertised or publicized by the owner or third parties.
\end{footnotesize}
Article 16 clarifies what the addition in article 8 attempted to accomplish in the 1993 revision. Article 16 provides that an application for registration shall not be approved if it includes “a geographical indication that does not describe the location or the origin of the goods in question and causes confusion to the public.”

Article 24 provides that a foreigner who has applied for registration of a trademark in another country will be granted priority if he files an application for registration of the same mark within six months of the date filed in the foreign country. An applicant that intends to claim priority must state so in writing at the time of filing the application and must submit a copy of the original application in the foreign country within three months of filing in China. An applicant who used the trademark for the first time at an international exhibition organized or recognized by China may also claim priority if he files an application to register within six months of the exhibition. In order to claim priority the applicant must state the intention in writing and must provide the name of the exhibition, evidence of use of the mark on goods displayed at the exhibition and document validating the date the exhibition took place within three months of the date of filing the application to register.

The recourse for an applicant whose application has been rejected has been expanded. When registration is refused the applicant may apply for review by the Trademark Review and...
Adjudication Board within fifteen days of the notice of refusal by the Trademark Office.275 If the applicant is dissatisfied with the decision of the Trademark Review and Adjudication Board, the applicant may now further appeal to the People’s Court within thirty days of notification of the Board’s decision.276 The same rights are extended to a party who is dissatisfied with the decision of the Trademark Review and Adjudication Board from a hearing based on an opposition to a trademark published after preliminary examination.277

Article 52 lists the acts that constitute infringement and the list has again been expanded and now includes “counterfeiting, or making, without authorization, representations of another party’s registered trademark, or selling such representation.”278 This list is similar to the one provided in the Lanham Act.279 If the infringement is suspected to be criminal the administrative authorities have been given power to investigate the infringing conduct and in such investigation the administrative authority may question the parties involved, study contracts, invoices and other materials which are relevant to the infringing activities, conduct an inspection of the site where the infringing activities occurred and inspect articles involved in infringement and confiscate any articles proven to be of an infringing nature into custody.280 The amount of statutory damages for any infringement shall be the profits earned by the infringing party, or the losses that the party whose rights were infringed suffered because of the infringement as well as any reasonable expenses incurred for trying to stop the infringement.281 If profits or losses cannot be determined the People’s Court has the discretion to award damages not exceeding 500,000

275 ld. at art. 32.
276 Id.
278 Id. at art. 52.
281 Id. at art. 56.
Yuan.\textsuperscript{282} If a party unknowingly sells goods with an infringing mark, can prove that he obtained those goods lawfully and identify the supplier from whom he obtained the goods, he will not be held liable for any damages.\textsuperscript{283}

A trademark registrant may seek injunctive relief if he can prove that another party is infringing on his rights or will soon be infringing on his rights and that if the activities are not stopped it will cause injury to his rights and interests.\textsuperscript{284} A registrant may apply to the People’s Court for a ruling to preserve evidence prior to filing a lawsuit in order to prevent evidence from being destroyed, lost or if evidence may become unobtainable in the future.\textsuperscript{285} The People’s Court must make a ruling on such an application within forty-eight hours and may order the applicant to provide security.\textsuperscript{286} This provision is new to the Law but the same provision exists in the Copyright Law.\textsuperscript{287} The purpose of the provision is to preserve evidence during the length of a lawsuit.

\textit{iii. IMPLEMENTING REGULATIONS UNDER THE TRADE MARK LAW OF THE PEOPLE’S REPUBLIC OF CHINA}

When China adopted its Trademark Law in 1982 it also adopted the Implementing Regulations corresponding to that law.\textsuperscript{288} Regulation 1 of the law explicitly provides that the regulations “are drawn up in accordance with the provisions” of the Trademark Law.\textsuperscript{289}

\textsuperscript{282} Id.
\textsuperscript{283} Id.
\textsuperscript{284} Id. at art. 57.
\textsuperscript{285} Id. at art. 58.
\textsuperscript{288} Implementing Regulations under the Trade Mark Law (promulgated by the St. Council., Mar. 10, 1983) (P.R.C.).
\textsuperscript{289} Id. at reg. 1.
Regulation 2 defines an applicant as a “legally registered enterprise, institution or individual producer or trader, or a foreigner or foreign enterprise.”  

The Implementing Regulations require that all applications must be “accompanied by 10 copies of the reproduction of the trademark” and that all trademarks must be “printed on smooth and clean durable paper” whose “length and breadth shall not exceed 10 cm each.” The regulation also provides that any materials not suitable for pasting with the applications can be substituted by photographs or reproductions of such materials on paper.

The Regulations require that pharmaceutical products bear the registered trademarks and that the application for registration be accompanied by a certificate of authorization of manufacture issued by the health department.

All applications will date back to the day when the Trademark Office received the application. If two or more applications for the same or similar marks for the same or similar goods are received on the same day, the Trademark Office shall request each applicant to show proof of the date on which the applicant began using the trademark, and if one applicant successfully proves use of the trademark before the other that applicant will obtain the registered trademark. However, if both applicants started to use the mark on the same day, or there was no use, there shall be consultations and if no agreement is reached then the Trademark Office shall have the power to make an adjudication on the matter.

The Implementation Regulations bestow upon the Trademark Office the obligation to establish a Register of Trademarks where trademarks and other matters regarding registration

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290 Id. at reg. 2.  
291 Id. at reg. 3.  
292 Id.  
293 Id. at reg. 4.  
294 Implementing Regulations under the Trade Mark Law (promulgated by the St. Council., Mar. 10, 1983) reg. 5 (P.R.C.).  
295 Id.  
296 Id.
should be entered.\textsuperscript{297} The regulations provide that all registered trademarks must carry the indication “Registered Trademark” or the sign ® or their Chinese equivalents.\textsuperscript{298}

When an application is refused, written notification must be sent to the applicant and the authority who examined the application.\textsuperscript{299} If an applicant chooses to request a review of a refused application, an application for review must be filed with the Trademark Review and Adjudication Board.\textsuperscript{300} The Trademark Review and Adjudication Board also has the power to review decisions of the Trademark Office if an opposition is filed against a preliminarily examined trademark application and the party filing the opposition is dissatisfied with the decision reached by the Trademark Office.\textsuperscript{301} The Board also has the power to review disputes concerning a registered trademark when an application for adjudication is filed.\textsuperscript{302}

When an owner of a trademark files an application for renewal of a trademark registration he must provide five copies of the reproduction of the mark, instead of ten as is required with the original application, as well as the original certificate of registration, which will be returned upon renewal with a renewal mark.\textsuperscript{303} When a renewal application is approved by the Trademark Office publication of the renewal must be made in the Register of Trademarks.\textsuperscript{304}

Application for an assignment must also be made as provided in the Trade Mark Law.\textsuperscript{305} When such application is filed with the Trademark Office the original certificate of registration must be attached so that if the assignment is approved, the Office can make a mark on the

\textsuperscript{297} Id. at reg. 6.
\textsuperscript{298} Id. at reg. 8.
\textsuperscript{299} Id. at reg. 9.
\textsuperscript{300} Implementing Regulations under the Trade Mark Law (promulgated by the St. Council., Mar. 10, 1983) reg. 10 (P.R.C.).
\textsuperscript{301} Id. at reg. 11.
\textsuperscript{302} Id. at reg. 12.
\textsuperscript{303} Id. at reg. 3, 13.
\textsuperscript{304} Id. at reg. 13.
original certificate and return it to the owner of the mark.\textsuperscript{306} As with renewals, the Trademark Office must publish the assignment.\textsuperscript{307} The Trademark Office is responsible for reviewing all applications for registration, the approval of an assignment or a renewal of a registration, as well as modifications of name or address and other matters and the applicant is responsible for submitting a copy of the application to the authority charged with the examination.\textsuperscript{308} The Trademark Office also requires that all documents be submitted with the application and that no application can be accepted unless the fees relating to it are paid at the time of filing.\textsuperscript{309} Although the Trademark Office requires an application for approval of an assignment, only a copy of the contract is required when a trademark registrant licenses use of the trademark to a licensee.\textsuperscript{310}

Administrative authorities are granted the power to supervise quality of goods and if superior quality is replaced by inferior quality the Trademark Office reserves the right to cancel the registered trademark.\textsuperscript{311} The Trademark Office also reserves the right to cancel the registration if the mark is altered without the required registration, if the name or address of the registrant changes and no application is made or the trademark is assigned without approval.\textsuperscript{312} Rectification may also be ordered for a minor offense if the quality of the good has deteriorated

\begin{flushleft}
\textsuperscript{306} Implementing Regulations under the Trade Mark Law (promulgated by the St. Council., Mar. 10, 1983) reg. 14 (P.R.C.).
\textsuperscript{307} Id.
\textsuperscript{308} Id. at reg. 16.
\textsuperscript{309} Id. at reg. 17.
\end{flushleft}
or a registrant is using an unregistered trademark and falsely representing it as registered.\textsuperscript{313} For a major offense the administrative authority may order the making of a self-criticism by the user or impose a fine no greater than 2,000 yuan, or submit the case for cancellation if a registered trademark is at issue.\textsuperscript{314}

In the case of an infringement the registrant has the option of requesting the local administrative authority to handle the matter or instituting proceedings with the People’s Court in the jurisdiction.\textsuperscript{315} The local administrative authority has the power to grant the equivalent of an injunction by ordering an “immediate halt of the infringing act,” order the removal of the mark from the goods, circulate a notice of criticism if one is requested by the registrant, order compensation, and “if the case is serious” it may impose a fine of up to 5,000 yuan on the infringing party.\textsuperscript{316} The registrant may also appeal to the People’s Court if he is dissatisfied with the actions of the administrative authority and the People’s Court also has the power to order compulsory execution of the order made by the administrative authority if the infringing party is not compliant.\textsuperscript{317}

If an applicant applies for the removal of his mark from the register, or the mark is cancelled in accordance with the Trademark Law, it is the obligation of the Trademark Office to make such removal or cancellation and also publish the action taken.\textsuperscript{318}

\begin{itemize}
\item \textsuperscript{314} Id.
\item \textsuperscript{315} Implementing Regulations under the Trade Mark Law (promulgated by the St. Council., Mar. 10, 1983) reg. 24 (P.R.C.).
\item \textsuperscript{316} Id.
\item \textsuperscript{317} Id. at reg. 25.
\item \textsuperscript{318} Id. at reg. 28.
\end{itemize}
decides to cancel a mark the registrant may apply to the Trademark Review and Adjudication Board for review of the cancellation. 319

The China Council for the Promotion of International Trade is named as the body that shall act on behalf of a foreigner wishing to apply for registration of a mark in China and for dealing with other matters concerning a trademark in China. 320 Foreigners must submit a power of attorney with their application for registration and their fees and such power of attorney must indicate the authority given to the person who shall act on behalf of the registrant. 321 The power of attorney will be based on reciprocity between China and the country where the foreigner is a citizen. 322 All applications for registration made by a foreigner must be in the Chinese language and all documents accompanying the application that are in a foreign language must be translated into Chinese. 323

iv. Amendments to the Implementing Regulations

The regulations were amended in 1988, 1993 and lastly in 2002. The 2002 version repeals both the 1993 and the 1983 versions of the regulations. 324 At this time only the 2002 version will be discussed because the changes in the 1988 and 1993 versions were minor and because they have now been repealed. Some changes to note between the previous revisions and the 2002 revisions are as follows.

Article 6 of this revision provides that if a geographic indication is registered as a certification mark, any person or organization whose goods meet the requirements of the

319 Id.
320 Id. at reg. 29.
322 Id. at art. 30, 31.
323 Id. at reg. 31.
certification mark may request to use the certification mark and the organization that controls the certification mark must give it permission.\textsuperscript{325} Article 6 mandates the same permission be granted for anyone who meets the requirements of a geographic indication registered as a collective mark.\textsuperscript{326} Article 8 mandates that all applications for registration and other matters must be submitted in the Chinese language.\textsuperscript{327}

The Trademark Office shows its concern for keeping the application process as well as any review process fair. Article 9 mandates that staff members of the Trademark Office and the Trademark Review and Adjudication Board shall withdraw or be requested to withdraw if: they are a party or a relative or agent of a party in the proceeding, are related to the parties or an agent in a way that would impede impartiality, or they have an interest in the application or other matter being reviewed by the Trademark Office or the Trademark Review and Adjudication Board.\textsuperscript{328}

Article 13 elaborates on the reproductions of the trademark that must be attached to all applications. Unlike in the 1983 version where ten reproductions of the trademark were required, only five copies are now required.\textsuperscript{329} If the trademark is to be in color, five copies of the trademark in color, along with one copy of a black and white reproduction are required.\textsuperscript{330} Where the 1983 version stated that the reproduction’s “length and breadth shall not exceed 10 cm each”

\textsuperscript{325} Id. at art. 6.
\textsuperscript{326} Id.
\textsuperscript{327} Id. at art. 8.
\textsuperscript{328} Id. at art. 9.
\textsuperscript{329} Compare Implementing Regulations under the Trade Mark Law (promulgated by the St. Council, Mar. 10, 1983) reg. 3 (P.R.C.) to Implementing Regulations under the Trade Mark Law (promulgated by the St. Council, Aug. 3, 2002) art. 13 (P.R.C.).
\textsuperscript{330} Implementing Regulations under the Trade Mark Law (promulgated by the St. Council, Aug. 3 2002) art. 13 (P.R.C.).
the 2002 version is more elaborate and states that the reproduction “shall not be more than 10 cm and less than 5 cm each.” 331

Article 42 limits the amounts of the fines imposed by Articles 45 and 48 of the Trademark Law to “less than 20% of the illegal business turnover or less than two times the illegal profits” and to “less than 10% of the illegal business turnover” for fines imposed by Article 47. 332

IV. The WTO and WIPO

The World Trade Organization (WTO) “deals with the rules of trade between nations at a global or near-global level.” 333 The organization was formed on January 1, 1995. 334 In a nutshell it is a “negotiating forum….a set of rules…and it helps to settle disputes.” 335 It is a place where member governments can negotiate trade agreements among themselves where the result in some cases will aid in liberalizing trade and in some cases in maintaining or even strengthening trade barriers. 336 As of July 2008, the WTO has 153 members, one of which is China. 337 China has been a member since December 11, 2001 and has had almost a decade’s worth of time to take advantage of the organization and the benefits of membership. 338

The World Intellectual Property Organization (WIPO) is a specialized agency of the United Nations which was created in 1967 by the WIPO Convention. Its goal is to develop a “balanced and accessible international intellectual property (IP) system, which rewards creativity,

331 Id.
332 Id.
333 Id.
334 Id.
335 Id.
336 Id.
337 Id.
338 Id.
stимulates innovation and contributes to economic development while safeguarding the public interest.\textsuperscript{339} WIPO is an organization that is dedicated to protecting intellectual property rights and an organization of which China is a member state despite its numerous transgressions.

Currently, 184 countries, or 90\% of the world’s countries, are member states of WIPO.\textsuperscript{340} WIPO’s core tasks include developing international intellectual property laws and standards, developing global intellectual property services, encouraging the use of intellectual property for economic development, promoting a better understanding of intellectual property, and providing a forum for debate.\textsuperscript{341}

The two organizations are international fora that provide a means for nations to negotiate and settle disputes regarding intellectual property. One of the organizations, WIPO, is a specialized organization which focuses solely on intellectual property rights. The WTO specializes in world trade and deals with intellectual property rights only to the extent that those rights and laws governing them relate to trade. Both organizations strive to ensure that intellectual property protection does not “hinder economic, social, cultural and technological development in less developed countries.”\textsuperscript{342}

V. COPYRIGHT AGREEMENTS

\textit{a. THE BERNE CONVENTION}

The Berne Convention was first created in 1886 in Berne, Switzerland.\textsuperscript{343} It was not until a century later that it was adopted by the United States probably partly as a response to the ever

growing globalization of markets. As it became easier to access books and other artistic works internationally the discrepancies in the duration of protection became irreconcilable. The Copyright Act of 1976 is the most recent act which became effective on January 1, 1978.\textsuperscript{344} The Copyright Act of 1976 gave the author protection for the duration of the author’s life plus fifty years.\textsuperscript{345} This has been extended to life of the author plus seventy years.\textsuperscript{346} The Berne Convention set the term period to be at least fifty years for all types of works except photography or cinematography and invited member nations to grant a longer term limit.\textsuperscript{347} The United States implemented the Berne Convention through the Berne Convention Implementation Act of 1988 which came into effect in the United States as of March 1, 1989.\textsuperscript{348} The American legislature was hesitant to adopt the Berne Convention because of the differences between the Berne Convention and the Copyright Act in effect in the United States. One major difference is that the Berne Convention did not require copyright notice for protection as it considered notice to be just a formality and one that should not hinder the rights afforded to copyright owners.\textsuperscript{349}

The works included under the Berne Convention are similar to those included under the Copyright Act and the Copyright Law.\textsuperscript{350} The protections guaranteed by the Berne Convention apply to authors who are nationals of one of the countries which have adopted the Berne Convention whether their works are published or not and to authors who are not nationals but have published in a country which has adopted the Convention simultaneously and one that has

\textsuperscript{345} 17 U.S.C. § 302 (as amended by the Sonny Bono Copyright Term Extension Act, Pub. L. No. 105-298).
\textsuperscript{346} Id.
\textsuperscript{347} \textit{Berne Convention}, supra note 333, at art. 7.
\textsuperscript{348} 17 U.S.C. app. II (2009).
\textsuperscript{349} Compare \textit{Berne Convention}, supra note 333, at art. 5 (where no notice is required) with 17 U.S.C. §401 (2009) (where notice was required).
not adopted the convention. Authors are guaranteed the protections granted by the Berne Convention as well as the same rights guaranteed to citizens in each country that has adopted the Berne Convention. Therefore, foreign authors are guaranteed the same rights as a citizen as long as the country in question is one which has adopted the Berne Convention.

The Berne Convention, like the TRIPS agreement, is a minimum standard. The Berne Convention provides that nations that have adopted it may make special agreements with each to grant more extensive rights than those granted by the Berne Convention, as long as the rights are not contrary to any of the provisions of the Berne Convention. It is a good model for developing countries to start from when writing their own intellectual property statutes. As previously mentioned, the Chinese government used this Convention as well as the TRIPS agreement as a model for its own statutes. By creating a minimum standard the Berne Convention also helps avoid many disputes between nations which have adopted it. In the event that there is a dispute, the Convention provides nations with a forum in which to resolve the dispute if a settlement cannot be reached. The forum is the International Court of Justice.

b. WIPO COPYRIGHT TREATY

The WIPO Copyright Treaty is a special agreement within the meaning of Article 20 of the Berne Convention, which allows nations that have adopted the Berne Convention to make “agreements among themselves, in so far as such agreements grant to authors more extensive rights than those granted by the Convention.” Both China and the United States of America

\[351\] Berne Convention, supra note 333, at art. 3.
\[352\] Id. at art. 5.
\[353\] Id. at art. 20.
\[354\] Id. at art. 33.
\[355\] Id. at art. 20. WIPO Copyright Treaty, art. 1, available at http://www.wipo.int/treaties/en/ip/wct/trtdocs_wo033.html [hereinafter Copyright Treaty].
are contracting parties to this treaty.\footnote{356} Therefore, both countries are obligated to comply with the more extensive rights provided for in the Treaty.

The WIPO Copyright Treaty, like both the Copyright Act and the Copyright Law, emphasizes that copyright protection does not extend to “ideas, procedures, methods of operation or mathematical concepts.”\footnote{357} The WIPO Copyright Treaty also states that computer programs are protected as literary works.\footnote{358} The treaty establishes the International Bureau of WIPO as the administrative agency regulating the treaty.\footnote{359} There shall also be an Assembly comprised of a delegate representing each contracting party, which shall “deal with matter concerning the maintenance and development” of the Treaty.\footnote{360} Any member of WIPO may become a contracting party to the Treaty.\footnote{361}

\section*{VI. Agreement on Trade Related Aspects of Intellectual Property Rights (TRIPS)}

The TRIPS agreement covers all main areas of intellectual property.\footnote{362} The agreement serves three main functions.\footnote{363} It sets out minimum standards of protection that each member must provide to intellectual property owners in its country, and also requires that all members comply with both the Berne Convention and the Paris Convention.\footnote{364} The agreement supplements both the Berne and Paris Conventions by adding obligations where the Conventions

\footnotesize

\begin{itemize}
\item[356] Contracting Parties, WIPO Copyright Treaty, http://www.wipo.int/treaties/en/ShowResults.jsp?lang=en&treaty_id=16. China has been a member of the WIPO Copyright Treaty since June 9, 2007.\footnote{Id.}
\item[358] \textit{Copyright Treaty, supra} note 345, at art. 4. \textit{Compare} Copyright Law (amended by the Standing Comm. Nat’l People’s Cong. Oct. 27, 2001) art. 3 (P.R.C.) (which includes computer programs in the list of works protected under copyright) \textit{with} 17 U.S.C. §102 (2009) (which does not include computer programs in its list of works protected under copyright).\footnote{Copyright Treaty, supra note 345, at art. 4. \textit{Compare} Copyright Law (amended by the Standing Comm. Nat’l People’s Cong. Oct. 27, 2001) art. 3 (P.R.C.) (which includes computer programs in the list of works protected under copyright) \textit{with} 17 U.S.C. §102 (2009) (which does not include computer programs in its list of works protected under copyright).}
\item[359] \textit{Copyright Treaty, supra} note 345, at art. 16.\footnote{Copyright Treaty, supra note 345, at art. 16.}
\item[360] \textit{Id.} at art. 15(2)(a).\footnote{Id. at art. 15(2)(a).}
\item[361] \textit{Id.} at art. 17.\footnote{Id. at art. 17.}
\item[363] \textit{Id.}\footnote{Id.}
\item[364] \textit{Id.}\footnote{Id.}
\end{itemize}
were silent.\textsuperscript{365} TRIPS sets out general enforcement procedures that must be applicable to all intellectual property owners.\textsuperscript{366} All disputes between members are subject to WTO dispute settlement procedures.\textsuperscript{367}

Article 1 states that TRIPS is a minimum standards agreement and that members are required to implement the agreement, but that they also have the option to provide more extensive protection as long as that protection does not conflict with the standards of the agreement.\textsuperscript{368} The agreement mandates that citizens of other Member nations must be afforded the same protections as citizens of the Member nation in their territory.\textsuperscript{369} If a Member nation provides citizens of another Member nation “any advantage, favor, privilege or immunity” the Member nation must then grant the same to citizens of all Member nations.\textsuperscript{370}

TRIPS incorporates by reference the Berne Convention and mandates that all members must comply with Articles 1 through 21 of the Berne Convention with the exception of Article 6\textsuperscript{bis}.\textsuperscript{371} Computer software and data compilations, which “by reason of the selection or arrangement of their contents constitute intellectual creations,” shall be protected under copyright.\textsuperscript{372} When a term is calculated on the basis of a factor other than the lifetime of the author, TRIPS mandates that the protection be no less than fifty years.\textsuperscript{373}

\begin{footnotesize}
\begin{enumerate}
\item \textsuperscript{365} Id.
\item \textsuperscript{366} Id.
\item \textsuperscript{367} Id.
\item \textsuperscript{368} Agreement on Trade-Related Aspects of Intellectual Property Rights, art. 1(1), available at http://www.wto.org/english/docs_e/legal_e/27-trips.pdf [hereinafter TRIPS].
\item \textsuperscript{369} Id. at art 3(1).
\item \textsuperscript{370} Id. at art 4.
\item \textsuperscript{371} Id. at art 9(1). Article 6\textsuperscript{bis} protects the author’s rights against distortion, mutilation or “other derogatory action in relation to, the said work, which would be prejudicial to his honor or reputation.” Berne Convention, supra note 324, at art. 6\textsuperscript{bis}.
\item \textsuperscript{372} TRIPS, supra note 358, at art. 10.
\item \textsuperscript{373} Id. at art. 12.
\end{enumerate}
\end{footnotesize}
TRIPS’ definition of trademarks is consistent with both the Lanham Act and the Trademark Law.\textsuperscript{374} TRIPS distinguishes between use and intent to use applications for trademarks which is consistent with the Lanham Act, however, no such distinction is made in the Trademark Law.\textsuperscript{375} Although Members may make registrability of a mark depend on use, registration may not be refused because the intended use has not yet occurred unless the period during which use must occur has expired.\textsuperscript{376} TRIPS requires that all trademarks be published either before or after completion of registration and that there must be an opportunity for petitions to cancel the registration to be heard.\textsuperscript{377} Although an opportunity for opposition to a trademark is not mandated by TRIPS, it is provided for by both the Lanham Act and the Trademark Law.\textsuperscript{378} TRIPS mandates that the period of protection for a trademark may be no less than seven years.\textsuperscript{379}

TRIPS is meant to facilitate developing countries that are forming intellectual property laws to meet demands on the global market.\textsuperscript{380} In many countries, like China, intellectual property laws are not well developed, if developed at all, and TRIPS provides minimum standards which are to serve as an example.

\textsuperscript{374} Id. at art. 15. See 15 U.S.C. § 1127 (2009) for a definition of what constitutes a trademark under the Lanham Act. See also Trade Mark Law (adopted by the Standing Comm. Nat’l People’s Cong., Oct. 27, 2001) art. 8 (P.R.C.) for a definition of what constitutes a trademark under the Trademark Law.


\textsuperscript{376} TRIPS, supra note 358, at art. 15(3).

\textsuperscript{377} Id. at art. 15(5).

\textsuperscript{378} See 15 U.S.C. § 1063(a) (2009) where the period during which an opposition may be filed is thirty days. See also Trademark Law (adopted by the Standing Comm. Nat’l People’s Cong., Oct. 27, 2001) art. 8 (P.R.C.) where the period during which an opposition may be filed is three months.

\textsuperscript{379} TRIPS, supra note 358, at art. 18.

\textsuperscript{380} Peter K. Yu, The Objectives and Principles of the Trips Agreement, 46 Hous. L. Rev. 979, 980 (2009) [hereinafter Objectives and Principles].
VII. CULTURAL, POLITICAL AND ECONOMIC FACTORS TO CONSIDER

a. CULTURAL AND POLITICAL FACTORS

Dating back to the Tang Dynasty, the Chinese government has attempted to regulate the publication of works in China. The early Chinese government was only concerned with preventing the reproduction of materials that were exclusive to state control or that were “heterodox.” The former category included “authorized versions of Classics…model answers to imperial civil service examinations, maps, and materials concerning the inner working of government, politics and military affairs.” The latter category included “pornography…and writing using the names of members or ancestors of the imperial family in ‘inappropriate’ literary styles or that were ‘not beneficial to scholars’ were also deemed heterodox.” Basically, China was engaging in a nationwide practice of censorship. William P. Alford also emphasizes that “although the Tang and later dynasties went to considerable lengths to restrict the unauthorized reproduction of government materials…they seem to have been unconcerned about the pirating or improper editing of other works.”

Confucianism has also had an effect on China’s treatment of intellectual property rights. Confucianism emphasized the past and that it is through the study of the past and through the use of the past as an example that moral development of an individual could be attained. The study of the Classics was emphasized as was the memorization and duplication of past works. Arguably, this stunted originality, as the population was focused on the works of the past and learning from those works, instead of endeavoring to create original works of

381 Alford, supra note 90, at 9, 13.
382 Id. at 13-14.
383 Id.
384 Id.
385 Id. at 17.
386 Id. at 19; Yonehara, supra note 79, at 401.
387 Alford, supra note 90, at 20.
388 Id.; Yonehara, supra note 79, at 401.
their own. In China, “[c]opying was a scholarly effort that prescribed respect because it was beneficial to one’s life and society as a whole.”389 Further, Confucian thought emphasizes that ideas belong to society as one, and not to any one individual.390 Traditional art in China revered the past by copying past works without any attribution.391 Thus, copying was not considered plagiarism but rather denoted wisdom and was praised because it relied on works of the past.392

The governmental structure in China is also very different from that in the United States. In the United States the judicial branch of government is relatively independent of the other two branches of government and the external political pressures, especially in the federal courts where the judges are appointed for life and therefore do not have to worry about being re-elected.393 This is not the case in China where the Supreme People’s Court is not independent of the Congress.394 The Standing Committee of the Congress has the power to override the decisions of the Supreme People’s Court which means that the judicial system is not unconcerned with politics and is therefore not independent.395 The lower courts are also not independent from influence, as those courts are influenced by the local officials of the Communist Party.396 It is evident that corruption is rampant in China397 and as long as the protection of intellectual property is not on the agenda of the politicians it is unattainable.

b. ECONOMIC FACTOR

389 Yonehara, supra note 79, at 401.
391 Id.
392 Id.; Alford, supra note 90, at 28; Yonehara, supra note 79, at 401.
393 U.S. CONST. art. III, § 1.
394 Yonehara, supra note 79, at 407-408.
395 Id.
396 Crane, supra note 248, at 108.
Local economies in China are supported by the counterfeit market.\textsuperscript{398} The livelihood of many villages depends on the production of counterfeit goods.\textsuperscript{399} China has a decentralized government.\textsuperscript{400} Local governments pursue their own agendas, as their loyalty lies with the people of their local villages. Since they are more connected to the local community their loyalties lie with that community. Also, ensuring the well-being of the community usually also means ensuring one’s own well-being. This sense of loyalty in the context of a positive attitude toward plagiarism and copying makes counterfeiting at the local level nearly impossible to curtail.

China is a source of cheap labor which many developed nations use to manufacture goods.\textsuperscript{401} In China the average factory worker receives an hourly wage of $.64 per hour, while in developed countries like the United States that wage would be $21 per hour.\textsuperscript{402} The Chinese worker makes about five percent of what an American worker doing the same job would earn. It is no wonder that so many countries outsource labor to developing nations like China because they save a significant amount of money every year.

\textbf{VIII. RECOMMENDATIONS}

One significant difference between Chinese and American laws is that American laws are more comprehensive and include definitional sections which define integral terms in the laws. The original Regulation on Implementations of the Copyright Law sought to define many integral terms. This effort was a way to address the problems of enforcement that have been a chronic issue in China. In the 2002 version some of these definitional provisions were omitted.

\textsuperscript{398} Yonehara, \textit{supra} note 79, at 403.
\textsuperscript{399} \textit{Id.}
\textsuperscript{400} \textit{Id.}
\textsuperscript{401} Peter Coy, \textit{Just How Cheap is Chinese Labor?}, \textit{BUSINESS WEEK} (Dec. 13, 2004), http://www.businessweek.com/magazine/content/04_50/b3912051_mz011.htm.
\textsuperscript{402} \textit{Id.}
The provisions that have been excluded are ones which further defined many terms in the Copyright Law which needed further explanation in order to prevent the administrative agency from having too much discretion when interpreting the law. By eliminating those provisions from the 2002 version of the Regulations it can be argued that China took a step backward. The same criticism can be made about the Trademark Law, which like the Copyright Law, is short, broad and fails to define many integral terms. Any good law which will effectively achieve its purpose should be expansive and should sufficiently define all integral terms in order to prevent the agency or court that has to interpret it from having too much discretion. Any time there is too much discretion, the law’s predictability and consistency will suffer. The intent of the legislature that wrote the law should be clear so that the court or administrative agency can properly apply it when a case involving the law comes before them. This is what the Chinese laws lack and what contributes to their overwhelming problems with enforcement.

China is a member of the WTO and WIPO as well as the Berne Convention, the WIPO Copyright Treaty and TRIPS. These treaties are all models for developing countries like China to work from when developing their own intellectual property legislation. As this article has shown, China’s legislation, although much shorter and broader than that of the United States, is in compliance with the minimum standards provided in both the Berne Convention and TRIPS and is also in compliance with the WIPO Copyright Treaty.

China’s problem can be attributed to its lack of enforcement as well. Chinese legislation is not as sophisticated as that of some of the more developed countries it satisfies the minimum standards and proper administrative agencies are in place to handle problems that may arise. Over the past three decades China has progressively amended its laws to be more compliant with international standards. Yet, the problem stems from China’s lack of enforcement. This problem
can partly be attributed to broad legislation because many material terms are not defined and much is left up to the discretion of the agencies. Broad legislation contributes to the problems of enforcement because when so much discretion is left to the local agencies, there is not likely to be any consistency from one region to another. This problem was first recognized at the beginning of this article which stated that China’s counterfeit market is a business that is “simply too lucrative to shut down.” It is a market that makes an estimated $512 billion worldwide and two-thirds of it is made up of Chinese counterfeits alone. That is an astronomical amount of money for developed countries that want to deter counterfeiting.

Corruption in China is a major deterrent to effective enforcement. Many of the counterfeiting enterprises are run by government officials and are associated with both local and national politicians. Without an economic incentive to shut down these counterfeiting enterprises and enforce the intellectual property laws that are already in place, the battle against counterfeiting in China is lost before it ever really began. Chinese authors also have no incentive to fight for intellectual property rights because most of them are salaried employees of the State and do not rely on royalties for income.

Another obstacle is the decentralized government in China. It is almost as if each local government controls its own nation, within one vast nation. The old adage “the mountains are high and the emperor in Beijing is far away” could not be truer in China’s current decentralized state. The local governments’ activities are often unsupervised by the central government in Beijing and over the years these governments have gained complete autonomy over certain

403 Williams, supra note 2 and accompanying text.
404 Priest, supra note 1, at 797.
405 Nastase, supra note 387, at 161.
406 Id.
407 Yonehara, supra note 79, at 403.
408 Id. at 404; Crane, supra note 248, at 107.
issues which include the regulation of the economy.\textsuperscript{409} The Copyright and Trademark Laws have also contributed to this problem by establishing local administrative authorities to handle copyright and trademark issues at the local level. It is likely that these local authorities are left unchecked to handle their own issues, just like the other activities of the local governments.

One of the solutions to China’s problem, though a rather ambitious one, would be to work on reforming a centralized government so that the control over issues is uniform. Through uniform control over the economy, as well as other areas, such as criminal laws and civil disputes, corruption could be somewhat curtailed because all local governments will be checked and therefore, local officials will not be able to pursue their own agendas as they are now. Of course, the question remains if anyone in China would actually want to have a centralized government. It is very possible that no one in China would favor this idea, thus making it impossible to achieve. If the country remains decentralized and simultaneously disjointed and disconnected as a whole corruption will continue to be rampant.

The United States and many other developed nations are in a precarious position. On the one hand, their intellectual property is constantly being infringed on within China’s borders. On the other hand, the United States and many other nations use China’s cheap labor for a large percentage of the goods that their companies manufacture. They are reaping the benefits of this labor because the cost of manufacture is substantially cheaper. This allows companies to charge lower prices and still maintain a large profit margin from which to make large sums of money annually. One can only wonder if the amount of money they are making annually is not greater than the amount that intellectual property owners are losing through infringement. The world cannot simply turn a blind eye to infringement because there is more money to be had elsewhere.

\textsuperscript{409} Yonehara, \textit{supra} note 79, at 403; Crane, \textit{supra} note 248, at 107.
The United States has one option: it can take its business elsewhere. There are other Asian nations which make cheap labor available. If the United States decides to move its capital from China to one of these other nations, and if the United States can persuade some of the other developed nations, such as the United Kingdom and other European countries, to do the same, the effect on China’s work force and China’s economy would be devastating. If the loss is devastating enough China may ultimately be strong-armed into making a bigger effort to enforce the intellectual property rights legislation that it has enacted. This would provide an economic incentive to the government officials like no other. The key is to take enough legitimate money out of the region so that the counterfeiting business in itself becomes unprofitable. This would require the cooperation of many companies and a few developed nations to work, but if in effect the United States can set off a boycott of sorts of Chinese cheap labor it may be able to achieve its goal.

In 2001 China became a member of the WTO. China has until 2011 to comply with all TRIPS standards. This is a fast approaching deadline and the question remains, will the WTO and its other member nations hold China accountable for its actions? It is up to the WTO to review China’s efforts of the past decade. If China is not in full compliance, the WTO may have to make an example of China and hold it accountable for its actions, in order to show China and ultimately the rest of the nations, that it has some clout as an organization. Consequences could include rescinding China’s WTO membership. If China was no longer a WTO member it would be subject to higher tariffs and duties on exports and this would hurt China’s economy. If there are consequences, China and ultimately other nations in which counterfeiting is rampant will be more likely to work hard to comply with TRIPS, the Berne Convention and other international standards for intellectual property legislation.

Crane, supra note 248, at 109.
It remains to be seen in the upcoming year what will happen to China and its standing in the international community. On paper, China’s statutes may be in compliance with international standards, but the international treaties and organizations are also concerned with enforcement. If China’s enforcement policies are reviewed, China may very well be found not to be in full compliance with standards because of its weak enforcement policies. China is a rapidly developing country and many developed countries are heavily invested in it. If these nations, such as the United States, continue to be invested in China, through their use of China’s cheap labor, China may not face any consequences even if it does not comply with international standards, because other developed and powerful nations have an interest in it. If that remains the case, the problems with intellectual property rights in China, will remain a problem, because China will not be punished for its non-compliance.

IX. CONCLUSION

The problems with enforcement in China are extensive. Throughout this article, it has been demonstrated that China’s statutes comply with international standards at least on paper. However, that is only half the battle. The statutes may not be as sophisticated as their American counterparts, but they at least comply with international standards, and that is a big step for China. The larger problem, and the one that will be harder to solve, is China’s problem with enforcement of those statutes.

There are three alternatives that may help to solve China’s problem. The first requires that China curtail the corruption in its government, or work to make enforcement of intellectual property rights a responsibility of the central government in Beijing. The second requires that an economic incentive be created, by China or by the international community, to make the
counterfeiting industry in China less profitable or unprofitable as compared to the manufacture and production of non-counterfeit goods. The third requires that the WTO and the international community punish China and make China accountable for its failure to improve enforcement mechanisms within its borders. Until at least one of these alternatives becomes a reality, the problems in China will continue to exist, and very possibly may worsen over time.