The China IPR SME Helpdesk introduces European SMEs to the knowledge and business tools required to develop the value of their intellectual property rights (IPR) and to manage related risks. The Helpdesk provides free information, first-line advice and training support to European SMEs to assist them in protecting and enforcing their IPR in China. The Helpdesk is an initiative of the Directorate General for Enterprise and Industry at the European Commission and its services are free of charge. The Helpdesk offers first-line advice and provides European SMEs with the jargon free information they need to tackle IPR infringement issues, in China. The online portal contains a range of practical web-based training tools, which are also delivered to SMEs through training workshops in Europe and China.

Following the successful May 2008 launch of the China IPR SME Helpdesk in Beijing and Brussels, the Helpdesk team will provide European SMEs with information on China IPR and upcoming Helpdesk events through our regularly updated web-portal (www.china-iprhelpdesk.eu) and the quarterly produced ‘Helpdesk Update’.

Counterfeiting

Many European SMEs who operate within China experience counterfeiting and it can be a difficult issue to overcome. Protecting your company’s IP before entering a market is essential, as it will:

- Deter counterfeiters from infringing your product
- Put your company in a stronger position to take action if faced with an infringement

Taking anti-counterfeiting action requires the investment of company resources. A well prepared plan increases your chances of a positive outcome. Taking no action against counterfeiters can perpetuate the infringement and ensures counterfeiting practices will prosper. There are, however, a number of actions that you can undertake to protect your business from counterfeiting.

Specific pro-active steps that can protect your business from counterfeiters include:

- Raising IP consciousness throughout the whole organisation. Each department, especially sales and sourcing teams should be made aware of IP issues. This should be extended to staff at offices both at home and in China.
- Preventing the registration of ‘copycat’ IP by monitoring the patents filed by competitors. This can be done by reviewing the State Intellectual Property Office’s (SIPO) Design Patent publication. Inexpensive trademark searches are also available in China by request to the State Administration of Industry and Commerce (SAIC) Trademark Office.
- Protecting your IP by staying in control of who has access to what IP at each stage of production, including the sourcing and/or sales process.
- Taking your time in building trustworthy business relationships and fully protecting your IP in China before you enter the market. ‘An ounce of prevention is worth a pound of cure’.
- Being aware of what actions are available to you if you do encounter IP infringement. The sooner you act, the better the chance of a positive outcome.

For more information on pro-active measures, contact details for the Chinese IP authorities and general IPR information please visit our web-portal, www.china-iprhelpdesk.eu
Case Study
Project Team Leader, Simon Cheetham

Case

An SME was established by golf enthusiasts who devised a novel idea for a lightweight golf bag with integrated wheels to make a golf bag and golf cart in one. The concept was of sufficient interest to secure financial backing and a company was formed to develop and market the product. Design drawings were created and the concept was marketed at trade shows in the US and at golfing events.

The SME was approached by a company offering to act as their agent. The agent claimed to be able to source production in China and steered production to a factory in Shanghai. Eager to fast-track development and production they paid the agent the costs for tooling, raw materials and for setting up a production line.

Efforts continued for 18 months to bring the products to European and US markets with demand driven by successful marketing. Unfortunately, every golf bag produced was eventually returned with defects causing unsustainable losses. At the same time a copy of the golf bag design appeared on sale in Singapore.

When attempting to recover tooling and parts to move production elsewhere, the SME discovered that the factory would only deal with their agent who had usurped their rights. They also discovered that the agent had sub-contracted its services to a sub-agent which in turn was dealing with a furniture factory, unsuited to golf bag production. Recovery was hampered because the SME had not registered its trademark or other rights in China.

Infringement Flashpoints & Lessons:

**Sourcing Agents:** Be CAREFUL when using 'agents'. It's worth taking the time and effort to ensure that they're trustworthy before entering into a contract with them. It is also imperative that you have a clear and well written contract.

**Quality control:** Make sure that you gain a sample of the product and ensure that regular quality checks are conducted on the products that are being produced.

**Protect your IP:** Not protecting their IPR resulted in the agency registering the copyright and (legally) producing and exporting the product for sale in Singapore.

**Contract:** Ensure that a) there's transparency with regards to what (and whether they're specialised or not) factories are used in the production of your goods; and b) that your agent is in no way allowed to sub-contract the work.

**Stay in control:** Make sure that you are involved every step of the way. Employ interpreters if needed as it'll be a fraction of the potential cost to your company and your bottom line. Don't let the promise of a quick return get in the way of ensuring the protection of your IP.

**Marketing & Trade Shows:** Displaying new designs and products can give competitors and infringers a head start. Always take steps to protect your IPR by registering your rights where possible.

Helpdesk Launch

On 7 May 2008, the China IPR SME Helpdesk was officially launched at the Hilton Hotel, Beijing. The Helpdesk was opened by Dr. Michael Pulch, the Deputy Head of the European Commission Delegation to China and Mongolia in Beijing and DG Enterprise and Industry representative Ms. Stephanie Mitchell. Helpdesk Team Leader and IPR expert Mr. Simon Cheetham introduced the Helpdesk at the launch. Four IPR training workshops for SMEs followed the launch in both Beijing and Shanghai. Over 160 participants attended these free workshops which were conducted by European based IPR experts, and met with very positive feedback.

Webportal

To ensure that the Helpdesk’s services reach as wide an audience as possible, the Helpdesk’s online portal went live to coincide with the launch of the Helpdesk. The online portal allows SMEs to gain access to the IPR information that they need in the form of practical business tools. The online portal addresses IPR issues from a real business perspective, and are presented via business practice: **R&D, Licensing, Sales & Distribution, Business Partners, Business Promotion, Sourcing, Manufacturing and Dealing with Counterfeiting.** Each section provides the relevant IPR information giving SMEs the opportunity to easily navigate the training material in order to identify what information is relevant to them. In addition to these tools, SMEs are invited to ‘Ask a question’ or can view the ‘Latest China IPR news’. Please visit the online portal to explore these tools: www.china-iprhelpdesk.eu