

How to Protect IP Right on E-Commerce Platform under the Law of China

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Basic Rules



A

Tort Law

B

E-Commerce Law



Tort Law

Art 8-11

Principle: Joint infringers shall be jointly liable.



Art 36 Notice-and-Take-Down Rule

A network user or network service provider who infringes upon the civil right or interest of another person through network shall assume the tort liability.

Where a network user commits a tort through the network services, the victim of the tort shall be entitled to send notice to the network service provider to take such necessary measures as deletion, block or disconnection.

If, after being notified, the network service provider fails to take necessary measures in a timely manner, it shall be jointly and severally liable for any additional harm with the network user.



Art 36 Red-Flag Rule

Where a network service provider knows that a network user is infringing upon a civil right or interest of another person through its network services, and fails to take necessary measures, it shall be jointly and severally liable for any additional harm with the network user.



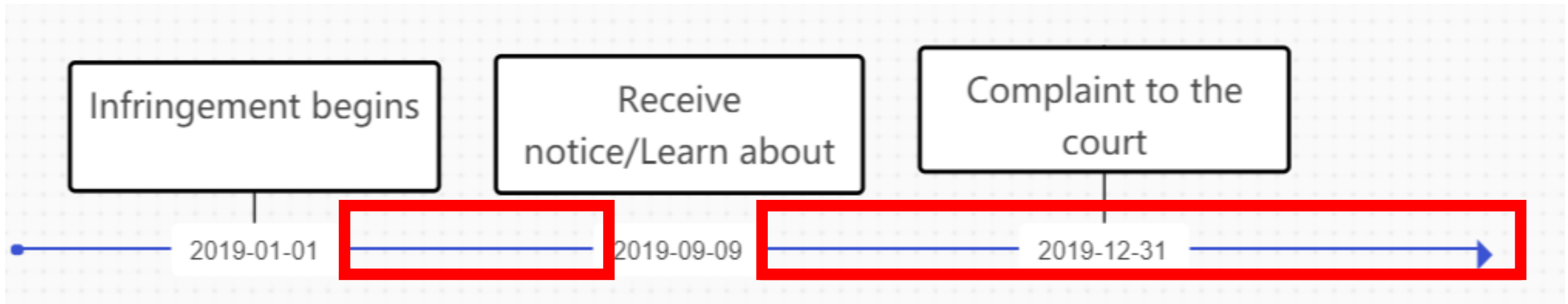
Interpretation

1. No fault, no liability.
2. Fault=learn about + fail to take necessary measures
3. Necessary measures: deletion, block or disconnection.
4. Timely manner.
5. Platform's joint liability or complementary joint liability.



Interpretation

6. Full or additional harm





E-Commerce Law

Art 42

Where an intellectual property **right-holder** believes that its intellectual property right has been infringed, it shall have the right to **send a notice to the operator of the e-commerce platform**, requiring it to **take necessary measures to delete or block relevant information, disable relevant links and terminate transactions and services**. Such notice shall include **preliminary evidence** for alleged infringements.



Article 42

Upon receipt of such notice, the operator of the e-commerce platform shall take necessary measures in a timely manner and forward the notice to operators on its platform; if it fails to take the necessary measures in due time, it will be held jointly liable with the concerned operators on its platform for the increased part of the damages.

Where the notice issued is erroneous and thus causes damage to the operators on the platform, civil liability shall be borne according to the law. Where an erroneous notice is issued maliciously, which causes losses to the operators on the platform, the compensation liability shall be doubled.



Interpretation

1. **Preliminary evidence** for alleged infringements is required.
2. Necessary measures: **delete or block** relevant information, **disable** relevant links and **terminate** transactions and services.
3. **Right-holder should take civil liability for Erroneous notice.**



Article 43

The **operator** on an e-commerce platform **may make a statement** to the operator of such e-commerce platform that there exists no infringement, upon receipt of a forwarded notice. The statement shall specify **preliminary evidence** that excludes the existence of any infringement.



Article 43

After receiving such statement, the operator of the e-commerce platform shall **forward the statement** to the intellectual property right-holder who sends out the notice, and inform the right-holder of the opportunity to **make complaints to the related competent authority or file a lawsuit** with the people's court. Where the operator of the e-commerce platform does not receive a notice from such right-holder that it has made a complaint or brought a lawsuit, within **15 days** of the statement having been successfully delivered to the intellectual property right-holder, it shall **promptly lift all measures** that it has taken.



Article 45

The platform shall be jointly liable for failing to take necessary measures.



Interpretation

1. Platform shall transfer the notice to the seller(alleged infringer).
2. Seller/alleged infringer's right to make Non-infringement Statement.
3. Counter-Notice-and-Put-Back: Preliminary evidence excluding the infringement is required
4. 15 Days Cool-Down period.



Questions

1. What is “preliminary”? What is the standard to decide whether the notice or counter-notice constitutes “preliminary evidence” or not?
2. How to coordinate 15 days Cool-Down period with injunction?
3. How to prove harms?
4. Should it be on case-by-case basis in view of so different IPRs in nature?





Practice ▶

- A** Alibaba Intellectual Property Protection Mechanism
- B** Effective Notice
- C** Responsibility of Platforms



Alibaba Intellectual Property Protection (IPP) Platform

IPP PLATFORM INSTRUCTIONS

Alibaba Intellectual Property Protection Platform Instructions

How Alibaba protects your intellectual property rights?



One Stop Complaint

Alibaba Intellectual Property Protection Platform (IPP) covers the following Alibaba E-Commerce platforms: Taobao.com, Tmall.com, Tmall.hk, 1688.com, Aliexpress.com and Alibaba.com. If you encounter listings or behaviors which you believe infringing your IP rights (trademarks, copyright, patent, etc), we recommend you file complaints on the IPP platform.



Intellectual Property Disputes Resolution Mechanism

Option 1: Alibaba Intellectual Property Protection Platform (IPP) is a web-based IP infringement claims processing system. Once your identity materials and intellectual property rights documents have been verified, you may submit takedown notices against suspected infringing product listings. Where takedown notices are established and processed, relevant product listings will be removed as per relevant system rules and policies. Sellers may file counter-notices, and the Platform may review the supporting documents and evidence submitted by both parties and determine whether or not to reinstate the product listings.

Option 2: If you do not need the above convenient and fast IP dispute resolution mechanism offered by Alibaba but wish to seek further remedies from relevant judicial bodies or administration authorities after submitting takedown notices to solve your IP disputes, please submit takedown notices by email. Please submit your notices of infringement together with supporting prima facie evidence to the email box ipr@alibaba-inc.com. We will process your takedown request as per relevant legal procedure.

Alibaba IPP Platform

Option 1



Submit IP right documents

Filing Complaint

The platform takes necessary measures (if needed)

Seller answers

Right-holder replies

Finally handled by the platform

Option 2

If you do not need the above convenient and fast IP dispute resolution mechanism offered by Alibaba but **wish to seek further remedies from relevant judicial bodies or administration authorities** after submitting takedown notices to solve your IP disputes, please **submit takedown notices by email**. Please submit your **notices of infringement together with supporting prima facie evidence** to the email box ipr@alibaba-inc.com. We will process your takedown request as per relevant legal procedure.

—From Alibaba IPP Platform



Implications

1. Platform transfers the Notice/Statement and annex to the seller/right-holder.
2. Right-holder shall make a complaint to related authority or file a lawsuit within 15 days upon receiving the Statement and preliminary evidence.
3. If not being informed of filing a complaint/lawsuit in due time, platform shall recover the information, link and transaction.





Effective Notice

Effective Notice

Rules

“Effective notice” shall:

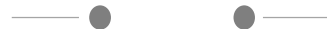
- 1)include right-holder’s name and contact information;
- 2)include proof of ownership, or authorization by the right-holder;
- 3)accurately position the infringement information;
- 4)include reason to delete, block, or to disconnect;
- 5)include preliminary evidence of the infringement acts.



Effective Notice

Weihai Jiayikao Life Electricity Co. Ltd v. T-mall Zhejiang Co. Ltd & Jinshide Co. Ltd

Fact: The platform argued that the documents submitted by the right-holder were not sufficient for them to make a judgement on a patent infringement accusation, therefore, rejected the right-holder's complaint.



Effective Notice

Weihai Jiayikao Life Electricity Co. Ltd v. T-mall Zhejiang Co. Ltd & Jinshide Co. Ltd

Holding 1: Platforms are entitled to set requirements to notices in consideration of their lack of professional capacity to handle complex infringement. Nevertheless, **the standard of effective notice shall be stipulated in the law, not the rule of platforms.**



Effective Notice

Weihai Jiayikao Life Electricity Co. Ltd v. T-mall Zhejiang Co. Ltd & Jinshide Co. Ltd

Holding 2: The “notice” stipulated in the Act 36 of Infringement Liability Law can be oral or in written, which shall include right-holder’s identification, proof of ownership, preliminary evidence of infringement acts and, the URL of the webpage directing to the accused infringement information.



Responsibility of Platforms

1. Platform shall **transfer the notice** to the alleged infringer, whether it is effective or not.



Responsibility of Platforms

Weihai Jiayikao Life Electricity Co. Ltd v. T-mall Zhejiang Co. Ltd & Jinshide Co. Ltd

Fact: The platform argued that the complaint materials **did not accord with the requirement** of its process, and **rejected** the complaint **without informing the accused infringer.**



Responsibility of Platforms

Weihai Jiayikao Life Electricity Co. Ltd v. T-mall Zhejiang Co. Ltd & Jinshide Co. Ltd

Holding 1: “Necessary measures” stipulated in the Tort Law Art 36 shall be decided on the character of the infringed right, the fact of infringement acts and, the technical ability of the platform.

Responsibility of Platforms

Weihai Jiayikao Life Electricity Co. Ltd v. T-mall Zhejiang Co. Ltd & Jinshide Co. Ltd

Holding 2: “Necessary measures” stipulated in the Tort Law Art 36 shall include transferring the complaint documents, the notification, to the accused infringers/sellers and informing them to defend.

Responsibility of Platforms

Weihai Jiayikao Life Electricity Co. Ltd v. T-mall Zhejiang Co. Ltd & Jinshide Co. Ltd

Holding 3: The platform shall inform the accused seller of the complaint, **so that the seller can response to defend or, stop the infringement act.**

The platform shall be liable to the extended part of the loss for failing to transferring right-holder's notification to the seller.

E-commerce Law Art 42

Upon receipt of such notice, the operator of the e-commerce platform shall take necessary measures in a timely manner and **forward the notice to operators on its platform**; if it fails to take the necessary measures in due time, it will be held jointly liable with the concerned operators on its platform for the increased part of the damages.



Conclusion

Transferring notice is a must-have step for platforms to handle complaints, regardless of the effectiveness of the notice or the measures taken.



2. Platforms shall prevent repeating and continuing infringements which they have learned about.



Responsibility of Platforms

Eland (Shanghai) Fashion Trade Co., Ltd. v. Zhejiang Taobao Internet Co. Ltd. and Du Guofa

Fact: the platform, though taking down the infringing product listed by the defendant for 7 times upon receiving notices from the right-holder, did not take any other measures to prevent the defendant from continuing to sell infringing products.



Responsibility of Platforms

Eland (Shanghai) Fashion Trade Co., Ltd. v. Zhejiang Taobao Internet Co. Ltd. and Du Guofa

Holding: since the platform has been disconnecting the infringing URL for 7 times, it shall have known that a network user is infringing upon a civil right or interest of another person through its network service. Therefore, the platform shall be jointly liable to the additional harm for its failing to prevent repeated infringement acts.



Rules of Taobao.com to prevent repeating and continuing infringements



Responsibility of Platforms

Punishments for Severe Infringements

Act	Process
Selling counterfeit goods or piracy.	2 points will be deducted. If the right holder purchases and tests the product, 12 points will be deducted.
Selling counterfeit goods or piracy in severe circumstances.	24 points will be deducted; For someone being convicted by the court, 48 points will be deducted and, the account will be canceled.
Providing any convenience for selling counterfeit goods or piracy.	2 points will be deducted; For severe circumstances, 12 points will be deducted.

*Severe infringement: Selling counterfeit goods or piracy



Three-Strike Rules for Severe Infringements

A seller receives a **STRIKE** for selling counterfeit goods or piracy each time and, his/her account will be canceled upon receiving 3 **STRIKES**.





Development

A

The Case of Ali-Cloud Computing

B

The Case of Applet

In practice, the court may limit the responsibility of the platforms in consideration of their ability and power to control the content stored, and the need to promote the development of internet industry.





The Case of Ali-Cloud Computing

The Case of Ali-Cloud Computing

Fact 1: Right-holder did not show that the server of the game accused of infringement is stored in the platform, neither did it provide the platform with the IP address to locate infringing games.

Holding 1: Right-holder's notification is not effective for not including the information to accurately position the infringement content. **The network service provider shall not be required to move forward to investigate or verify when receiving ineffective notification.**



The Case of Ali-Cloud Computing

Fact 2: Ali-Cloud platform, as a provider of cloud server leasing service, has no access to the content and data stored, and the only measure the platform can take is to shut down the server or, to delete all the data within the server.

Holding 2: Shutting down the server and deleting all the data are the most severe measures in this region, which will hurt users' confidence in data security. **The platform's responsibility should be limited to the measures that reasonably accord with its ability and function.**





The Case of Applet

The Case of Applet

Fact 1: The Tencent Company, as the Wechat platform host, provides applet to various apps for them to connect with Wechat. Tencent has no power to control any contents of each applet, and the only measure Tencent can take is to delete the whole applet.

Holding 1: The court held that Tencent is a provider of basic network technology service, therefore, **the notice-and-take-down rule shall not be applied.**

Holding 2: The notice-and-take-down rule requires platform to accurately delete the infringement content **without affecting other legitimate contents.**



The Case of Applet

Fact 2: The Tencent Company has already public the developer and the content provider of each applet.

Holding 2: The court held that Tencent has fulfill its responsibility, since it has established a reasonable process to protect the IP right, including carrying out real-name identity verification and publicly announce the information of the content provider, so that right-holder can effectively make complaint to protect their rights.



THANKS

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