



How to Remove Counterfeit Products from E-commerce websites

1. China: Counterfeit goods and the internet

The internet has become a popular and easy channel for product distribution around the world. It has created a marketplace of around 700 million internet users in China, and is still expanding. Apart from being a forum for legitimate vendors and original products, the internet is also used by illegal and unscrupulous businesses as a platform for the distribution of counterfeit goods which infringe intellectual property rights (IPR).

With the internet providing a convenient platform for counterfeits, we recommend that every European SME (especially those with successful products) should monitor Chinese e-commerce sites for infringing products. By acting quickly you will be able to have infringing products removed from the market therefore preserving your market share. Although some companies find internet monitoring to be time consuming, if you do not you may find yourself at high risk if you sell your product on the Chinese market, manufacture your product in China or even if you have a popular product on sale in Europe.

This guide provides you with information on the regulations governing e-commerce and a practical introduction on how to have infringing products removed from the largest Chinese

e-commerce group, the Alibaba Group, and in particular its two popular Chinese e-commerce sites: Alibaba and Taobao.

1.1 Protection for Intellectual Property online

China, similarly to European countries, provides legal protection of IPRs including trade marks, copyrights and patents. The specific regulations relating to the internet stipulates that if the IP-protected material is uploaded without the right holder's consent, he may request, in writing, that the internet service provider (ISP) removes the infringing work, or removes the relevant website from the ISP's network and disables access to the IPR infringing material. This kind of written warning is known as a 'take-down notice'. The general rule is that if the ISP removes the infringing content following a 'take-down notice' it will not be held liable for any further compensation. If however, the ISP knew or should have



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For free, confidential, business-focused IPR advice within three working days E-mail: **question@china-ipr-helpdesk.eu**

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known about the infringement, the ISP will be held liable jointly along with the person who uploaded the infringing content. In order to avoid liability, Chinese ISPs have developed systems to aid take-down notices.

IN BOX: Trade marks and patent rights must be registered in China. Copyright exists automatically but registration is recommended and is usually necessary for take-down notices.

In order to issue a take-down notice you must have registered your IPR in China. Registration in your home country is not usually sufficient (although Alibaba does accept IP registrations outside of China). For a successful take down action you will need to provide the ISP with the registration documents of your Chinese trade mark, patents or copyright, along with proof of your identity and the links to the infringing pages.

Although ISPs can help to remove infringing products their powers are limited. E-commerce platforms ISPs cannot impose fines on infringers or grant any compensation to right holders. Additionally, the ISP cannot make a judgment on conflicting IP infringement claims. Conflicting claims should be taken before Chinese administrative authorities, e.g. Administration of Industry and Commerce (AIC), or before Chinese courts. More information on enforcing your rights is available in other China IPR SME Helpdesk guides (see the useful links section).



2. How to spot infringing content online

2.1 Where to search for infringing content

In order to stop infringement as early as possible it is recommended that you proactively monitor the internet for counterfeits. A good place to start are two of the most popular e-commerce sites in China, Alibaba and Taobao. The most common infringements encountered on e-commerce sites include trade mark violation (i.e. used without permission), sale of counterfeit products and copyright infringement (advertisements and other images used to promote counterfeit products).

2.2 Tips on how to find infringing products online

- Search for names which are identical or similar to your brand or product name.
- Search for your brand or product name in Chinese. Chinese consumers like to translate brand names into Chinese, either as a phonetic translation or by translating the meaning. Where possible ask a Chinese colleague or use a translation tool to search e-commerce sites in Chinese.
- You may also find more results by conducting your search through a Chinese search engine (baidu.com or bing.com).
- Search for items in the same category as your product.
- Use your product name plus your home country as key search terms.

2.3 How to spot a suspicious sale

The following can often act as indicators of a counterfeit product or unlicensed sale:

- The listing was made by an individual or company who is not involved in your official distribution channel in China.
- There are a large number of listings from one vendor.
- The vendor is offering the product lower than the market price.
- The product is listed several times with a wide variation between prices for each listing.
- The vendor has a large number of units available for sale. Please note that if a vendor offers only one or few units of a product, it may not constitute an infringement as it is legal to sell 'second hand' products or to re-sell original products.

3. Tools provided by popular Chinese ISPs Alibaba and Taobao

Many Chinese ISPs provide tools to facilitate the submission of take-down notices; please see the examples of from Alibaba and Taobao below.

Alibaba group

There are five e-commerce platforms under the Alibaba Group: Alibaba (global wholesale marketplace), AliExpress (global shopping website), 1688.com (China wholesale marketplace), Taobao (China retail platform) and Tmall (China retail platform). The first three use the AliProtect IP handling dispute system, and the latter two use the Taoprotect IP dispute handling system.

3.1 Alibaba's IPR Policy

Alibaba's IPR protection policy expressly prohibits, 'listings of counterfeits, replicas, or other unauthorised items.' Furthermore, it stipulates that the, 'listings of offers to sell or purchase counterfeits, replicas, or other unauthorised items shall be subject to removal by Alibaba.com.' In case of infringement Alibaba may:

- Remove the listing upon receipt of a take-down notice from the IPR holder;
- Notify members responsible for listings subject to IP infringement claim;
- Impose posting restrictions to repeated infringers;
- Suspend or terminate the membership of a user who has received multiple IP infringement claims.

AliProtect: File claims and request take-downs

Through AliProtect IP right holders and authorized agents can request a notice and take down procedure with Alibaba, AliExpress and 1688.com if they suspect an IP infringement, or are reacting to an IP infringement claim against them. The link to Aliprotect, which also operates in English, can be found here: <http://legal.alibaba.com>.

In order to proceed you need to complete a free registration and accept the terms and conditions. In addition, you need to accept a disclaimer which states the right holder will, 'hold Alibaba.com harmless from all claims, causes of action, damages and judgments arising out of any removal of product listings pursuant to intellectual property infringement claims.'



Necessary documents

Three sets of documents must be submitted to AliProtect for IP infringement claims:

- Proof of identity - For companies this includes business incorporation certificate or certificate of incorporation. For individuals, your identification documents such as a passport or national identification card are required. For authorised agents this includes the above proof of identity plus the relevant authorisation if the agent is not the IP owner.
- Proof of IPR ownership - Including patent registration certificate, trade mark registration certificate or copyright registration certificate (please note that an application receipt is insufficient).
- The exact hyperlink to the infringing listings and details of the listings which you wish to have removed. We suggest providing clickable hyperlinks.

After receiving a complaint the alleged infringer must:

- If there is no objection to the complaint - delete the link and clear up other product information involving intellectual rights on relevant webpage.
- If there is an objection to the complaint - submit a counter-notification in the system

The complainant must take the following steps after receiving any counter-notification:

- If the complainant accepts the counter-notification - confirm so in the system.
- If the complainant does not accept the counter-notification - submit a dispute handling request in the system.
- If the complainant does not respond - the listing under complaint will be reinstated until the complainant responds.



Overview of the process

- The IPR owner submits proof of his identity and proof of ownership of IPR in the system;
- AliProtect checks that the IPR rights are submitted;
- In case AliProtect approves the IPR right(s) submitted by the owner, the IPR owner has to submit the details of the case, including the product listings of the party being complained of and details of the party being complained of;
- The alleged infringer will receive a notification with regard to the IPR complaint from AliProtect.
- The alleged infringer can submit a counter-notification or can confirm the case.
- In case of a counter-notification, the IPR owner can either accept the counter-notification or submit the case for dispute with AliProtect;
- The dispute will be handled by AliProtect, and they will decide whether the listings will be deleted or not.

Alibaba's further enforcement actions

According to Alibaba's Enforcement Actions for Intellectual Property Rights Infringement Claims as of April 8, 2015 (Enforcement Actions), users of Alibaba are not allowed to infringe IPR on the Alibaba website. The Enforcement Actions make a distinction between general infringements and serious infringements. General infringements include, for example, unfair use of copyright or trade marks in product descriptions, store names, hyperlinks, on offer or sale of products. Serious infringement includes offer or sale of copyright infringing works, and offer or sale of trade mark infringing products. The reason why this distinction is relevant, is that Alibaba has envisaged a points system for general infringements and a number system for serious infringements. AliProtect takes different measures against an IPR infringer depending on the number of violations it has committed and how this corresponds to number system.

For general infringements an email notification with a severe warning will be issued by Alibaba to the infringer. When 12 points are incurred, the search results and mini site of the infringer will automatically be blocked for seven days and an email notification will be sent. This blocking will occur again when 24 points are incurred but will last for 14 days. When 36 points are incurred, the blocking will last 21 days. Finally, when 48 points are incurred the membership

will be terminated. Watch out for the way that Alibaba uses definitions for complaints etc. and time schedules that might impact on the stage of your enforcement action.

For serious infringement, Alibaba sends a warning after the first infringement. Watch out that all complaints within the first five days will be counted as one, regardless of the number of complaints in this period. In case of a second identical IP infringement with an identical IP owner, Alibaba will block the search results and mini site of the infringer. In case of a third identical IP infringement with an identical IP owner, the search results and mini site of the infringer will be blocked for 14 days, or, in case it is the same right holder that keeps complaining, the account of the infringer will be terminated. After a fourth infringement complaint, with an identical IP owner the account will be terminated. Watch out for the way that Alibaba uses definitions for complaints etc. and time schedules that might impact the stage of your enforcement action.

The complete points system can be found at the following links:

- Alibaba: <https://rule.alibaba.com/rule/detail/2043.htm>
- AliExpress (21 January 2015): http://activities.aliexpress.com/adcms/help-aliexpress-com/ipr_penalty.php

Fees

There is no charge for registration and submission of IPR infringement claims.

Alternative way of reaching Alibaba

In case you wish to ask Alibaba any questions with regard to AliProtect, although they do not recommend this path for IPR claims, Alibaba can also be reached through the following email address: registeredagent@hk.alibaba-inc.com.



3.2 Taobao's IPR policy

Another popular online platform in China is Taobao, which is a Chinese online platform aimed at local users. It operates exclusively in Chinese and only accepts IPRs registered in China for take-down notices. Taobao is a powerful force in the e-commerce sector in China and European SMES should monitor it for IPR infringements. The notice and take down system of Taobao is called TaoProtect, and the link to this system, which also operates in English, can be found here: <http://qinquan.taobao.com/> or the link to file an IPR infringement take down action can be found here: <http://ipp.alibabagroup.com/submission.htm>.

Necessary documents

Identification:

- a. Individuals should provide a copy of a valid ID card (eg. passport, national identity card, driver's license).
- b. Enterprises should provide a copy of a valid business license or incorporation certificate.
- c. Agents should provide an additional authorisation letter.

Supporting documents:

- a. Proof of copyright (worldwide) or Chinese registered trade mark or patent (invention patent, utility model, design patent).
- b. All documents must be in electronic format and must be submitted online.

Taobao's good faith notice and take down procedure

Taobao has created a notice and take down system where the speed of the Taobao's service of take down depends on the quality profile of the IP owner that enforces its rights on Taobao. Taobao distinguishes three statuses: good-faith users, normal users, bad-faith users. Good faith users are users that have a takedown rate of 90 percent or higher, have less than 1.5 percent of counter-notifications, have undisputed proof of IP and have an executed declaration of good faith mechanism. Bad faith users are users that have a success rate of 45 percent or less with regard to take downs, or five percent or more with regard to counter-notifications, or have a bad faith record (provided forges or have submitted false complaints) or have no historical reference of online records.

Time

Good faith users' complaints will be processed within one to three working days, normal user complaints will be processed within five to seven working days and bad faith user complaints will take more time to be processed.

Taobao's further enforcement actions

Taobao also has a points system similar to Alibaba which includes, for example, unfair use of copyright or trade marks in product descriptions, store names, hyperlinks, on offer or sale of products, and for serious infringement which includes offer or sale of copyright, trade mark or patent infringing products. Taobao takes actions at points 12, 24, 36 and 48. At 48 points, the store will be closed. At the same time, depending on the seriousness of the infringement, Taobao can decide to seal shops, close shops and take other measures against the infringer.

For more information on the Taobao points system, please see (in Chinese): <https://rule.taobao.com/detail-14.htm?spm=a2177.723>

Fees

There is no charge for registration and submission of IPR infringement claims.



4. Next Steps

Although issuing a take-down notice is a relatively quick process, it is one which may need to be completed frequently depending on the number of product counterfeits in the market. As well as searching the sites mentioned above, you should look at other popular e-commerce sites in case your IP is being infringed elsewhere. In the case of wide-spread counterfeiting it may be possible to take further legal action against the infringer. Please see the Useful Links section below for more information.

5. Related Links and Additional Information

China IPR SME Helpdesk Trade Mark Guide:

http://www.china-iprhelpdesk.eu/sites/all/docs/publications/EN_TM_2016.pdf

China IPR SME Helpdesk Patent Guide:

http://www.china-iprhelpdesk.eu/sites/all/docs/publications/China_IPR_Guide-Guide_to_Patent_Protection_in_China_EN-2013.pdf

China IPR SME Helpdesk Copyright Guide:

http://www.china-iprhelpdesk.eu/sites/all/docs/publications/EN_Copyright_guide_Aug_2010.pdf

China IPR SME Helpdesk Online Guide:

http://www.china-iprhelpdesk.eu/sites/all/docs/publications/China_IPR_SME_Helpdesk-domain_name_Guide.pdf

Enforcement of IPR in China Guide:

http://www.china-iprhelpdesk.eu/sites/all/docs/publications/EN_Enforcement_Mar-2016.pdf

The China IPR SME Helpdesk provides free, confidential, business-focused advice relating to China IPR to European Small and Medium Enterprises (SMEs).

Helpdesk Enquiry Service: Submit further questions to the Helpdesk via phone, email (question@china-iprhelpdesk.eu) or in person and receive free and confidential first-line advice within three working days from a China IP expert.

Training: The Helpdesk arranges training on China IPR protection and enforcement across Europe and China, tailored to the needs of SMEs.

Materials: Helpdesk business-focused guides and training materials on China IPR issues are all downloadable from the online portal.

Online Services: Our multi-lingual online portal (www.china-iprhelpdesk.eu) provides easy access to Helpdesk guides, case studies, E-learning modules, event information and webinars.

Visit www.ipr-hub.eu to access more China IPR SME Helpdesk services online.

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