2019 Intellectual Property Rights Protection in Qingdao

The Office of Qingdao Leading Group on IPRs
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Qingdao took a new step forward in intellectual property right protection in the year of 2019, by earnestly implementing the guiding statements of General Secretary Xi Jinping of the Central Committee of the Communist Party of China (CPC), decisions and arrangements of the CPC Central Committee, the State Council, the Shandong Provincial Committee and Government. In line with the work of CPC Qingdao Committee and Qingdao Municipal Government, efforts has been dedicated into building a city with strong IPR competence, stressing the guiding role of IPR creation, application and protection in shifting driving forces for high-quality development.

I. Convergence for an Optimized Mechanism

Under unified deployment, the Qingdao Administration for Market Regulation (QAMR) has been newly restructured with Intellectual Property Administration. It proactively advanced the convergence of trademark, patent, and geographical indications (GIs) functions and personnel to improve management efficiency. The Intellectual Property Protection Division and Application & Promotion Division within QAMR were organized for administering
functions. The Qingdao Patent Agency (Qingdao Center for IP Affairs) continues to provide public services. Team for administrative law enforcement was formed by incorporating such functions as industry and commerce, quality supervision, food and medicine, and IPRs. Districts and cities also contains respective team forces. In this regards, Qingdao witnessed new breakthroughs in restructuring practice as it attributed to a better coordination on market supervision and IPR law enforcement. It facilitated high-quality development and nurtured favorable environment in alignment with innovation-driven development on IPRs.

II. Joint Forces For More Complete Policy System

— QAMR and Qingdao Municipal Finance Bureau (QFB) jointly issued the *Detailed Measures on the Implementation of IPR Supporting Policies* to step up IPR creation, application and protection.

— QAMR, in collaboration with QFB and People’s Bank of China Qingdao Branch, further improved the rules by releasing the *Regulation on Patent Pledge Financing Risk Compensation of Qingdao Technology-oriented SMEs*.

— QAMR and Qingdao Arbitration Commission (QAC) compiled and published the *Several Opinions on Fostering Connective Mechanism between Mediation and Arbitration for IPR*
Disputes to push ahead diversified system on dispute resolution combining administrative mediation, civil mediation and arbitration.

— Qingdao Municipal Intermediate People’s Court (QIPC) organized the drafting of the *Trial Guide for Technical Investigators of IP Court to Participate in Litigation Activities* and the *Working Rules of Expert Advisory Committee at IP Courts (for Trial)* to improve adjudicating precision and ensure scientific, professional and neutral investigation.

— Qingdao Customs District of China (QCD) unveiled detailed working rules involving chain governance, publicity and protection effect by issuing the *Provisions on Stricter Customs Protection of IPRs*.

— QCD launched the amendments to the *Guidelines for IPR Protection of Qingdao Customs*, to further intensify and unify law enforcement.

— QCD in conjunction with Jinan Customs, consulted the Public Security Department of Shandong Province (PSS) in streamlining work procedures by formulating the *Opinions on Enhancing the Border Connection and Coordination Mechanism for IPR Law Enforcement*.

**III. Innovation-Driven Capacity Towards Better Creation**

— In 2019, a total number of 21,609 invention patents were
examined, of which 7,704 were granted, a year-on-year increase of 18.6%. There were 31,929 valid invention patents in total by 2019, up by 21.6% year-on-year. The number of invention patents divided by per ten thousand population was 34.37. A total of 1,381 international applications under Patent Cooperation Treaty (PCT) were accepted. Qingdao ranked top in the province over the above five aspects. At the 21st China Patent Award, 3 Qingdao-based projects were nominated for China Patent Golden Prize and Layout Design Golden Prize, and 20 for honorable prizes.

—A total of 86,585 applications for trademark registration were accepted in 2019, representing a year-on-year increase of 12.8%. 68,911 applications were examined, showing a year-on-year increase of 44.4%. By the end of the year, there had been 246,891 trademarks in force, up by 34.4%. Five famous trademarks were newly approved, marking a cumulative total of 150, pushing Qingdao to the top among cities of Shandong province and top 3 among sub-provincial cities. 4,705 international trademark applications under Madrid system were filed. This represents a year-on-year increase of 23.6%, top over sub-provincial cities.

—In 2019, the cumulative number of GI trademarks amounted to 21, with 16 companies being approved to use special indications for the protection of GI products. Qingdao fostered a
batch of typical GIs, involving “Jiaozhou Cabbage” and “Majiagou Celery”. These brands and clusters served well in enhancing farmer’s income, agricultural efficiency and rural development.

— In 2019, a total of 11,754 copyrights were registered, pushing Qingdao to the top in Shandong. Six copyright demonstration units and parks (bases) at provincial level were newly granted.

— As of the end of 2019, a cumulative 70 applications for new agricultural plant variety rights were granted, of which 21 were newly accepted, 12 under application process, and 348 newly introduced. 167 minor agricultural varieties were newly filed at the Ministry of Agriculture and Rural Affairs (MOA), making a total minor variety of 742. The city cultivated 1,042 agricultural products of “three products and one indication” (namely, pollution-free agricultural product, green food, organic agricultural product and GI agricultural products). As many as 52 were granted the GI certificate for agricultural products, top among sub-provincial cities. Licha Black Pig, a localized pig variety in Shandong, was selected into national protection breed, with local raising number of over 6,600. Langya chicken was listed into local quality poultry, including 20,000 in conservation. Laoshan dairy goat was classified as national livestock breed, growing to 930 in number. Five bee farms
at national level were constructed, with 839 breeding clusters.

— In 2019, the city pressed ahead with 48 experimental reforms, 86 standardizing missions, and 130 projects of “Shandong Standard” under planning, shouldng the most tasks in Shandong. Qingdao pushed forward the formulation or amendments to 24 international standards, 181 national standards, and 156 industrial standards. The certification system of “Qingdao Standard” was launched for trial by issuing the *Provisions on the Latest Appraisal Method of Qingdao Standard*. It attempted to boost a safe consumption environment through intensified food supply system.

**IV. More Achievements Comes From Efficient Application**

— QAMR continuously enhanced the influence of creative entities for IP application.

- The system of IP operation and service also progressed positively as it ranked 2nd among first batch of 8 cities in national mid-term appraisal. Chengyang and Shinan districts of Qingdao were approved national pilot counties with strong IPR competence.

- Qingdao made a new look in nurturing high-value patents. 22 applications for core technology patent portfolios (patent pools) declared by 10 large businesses were handled, 15 of which including “Technology Research and Industrialization of New Amorphous Soft Magnetic Materials” were voted out. “High-voltage Ultra-high...
Voltage Cable System” based in a company was selected into the 3\textsuperscript{rd} batch of IP core technologies (patent groups) in Shandong.

- New progresses were achieved in powerful IPR businesses. 25 operational patent navigation projects were approved in Qingdao, with three projects such as “Diethyl Aromatic Amine Product Patent” being determined as 2019 Pilot Projects of Shandong. Qingdao applied earnestly the requirements of the \textit{SIPO Notice on the Regulation of Standard Certification System}, and issued the \textit{Notice on the Suspension of Awards and Compensation for IP Businesses} timely, and conducted necessary adjustments to its subsidy policies. Throughout the year, almost 1,000 companies passed the certification. Qingdao University (QDU) and Qingdao Institute of Bio-energy and Process Research under Chinese Academy of Sciences passed the authorization. By the end of 2019, there had been 12 model businesses and 107 enterprises with IPR competence.

- Qingdao witnessed new breakthroughs in IPR financing. “Qingdao Model”, the first and typical practice in China facilitated Qingdao in building a powerful city with IPRs. It took the lead in providing pledge financing to be popularized all over the nation. Mr. Liu Jiayi, Party Secretary of Shandong, instructed and Vice Governor Liu Qiang underlined in the report of “incorporating
‘Qingdao Model’ strictly into the province”. By the end of 2019, members of patent pledge alliance had grew to 41, which tackled 393 financing applications. 224 were granted involving 146 enterprises. In particular, the insurance amount added up to 815 million yuan, with the total loan of 770 million yuan. A cumulative 17.03 million yuan of government financial funds had been invested, which equals 45-times multiple effect to enlarge businesses. Operational fund of smart home (200 million yuan) was invested in 5 projects, with actual investment of 51 million yuan. Qingdao Gaochuang Aohai Equity Investment Management Co., Ltd served as fund manager and planned to organize special fund for IPR investment. Two investors had been ensured for the fund cooperation of smart economy and instrument. Central special funds for service industry contributed 40 million yuan and 20 million yuan respectively.

——Qingdao Culture and Tourism Bureau (QCTB) showcased fruitful results in copyright transactions. It carried out “2019 China (Qingdao) Arts & Crafts Expo and Cultural Tourism Commodities Fair” (EXPO) and “International Copyright Fair 2019 Qingdao” (ICF2019), in an effort to promote copyright transformation, culture and tourism integration, and upgrading of traditional industries. It is worth mentioning that the EXPO exhibited over tens of thousands of
works from 1,500 participators in 200 agencies and realized transactions of 42.1 million yuan. In particular, it facilitated the signing of 7 strategic cooperation contracts on copyright transfer, and issued 58 golden prizes for Qingdao culture and tourism commodity. Its corresponding database was thus collected to open up a new channel for commodities design and employment of college graduates. ICF2019 intensified efforts in the evaluation of IP value, promotion and application of trading rules. Participated by 300 domestic and foreign businesses with high-end copyright attributions, it received tens of thousands of visitors, realizing contract value of 14 billion yuan, almost three times that of the previous year.

V. More Intensified Law Enforcement for IPR Protection

1. Higher Efficiency in Administrative Law Enforcement

In 2019, QAMR stepped up law enforcement against IPR-related crimes in key fields like exhibitions, e-commerce, and trading markets, by issuing “Iron Fist” Action Plan 2019. Special actions were strictly carried out to combat infringement and counterfeiting on famous trademarks, foreign trademarks, and GIs, and protect trademark rights and GIs on spring tea. It organized 1,501 person times to conduct 448 law inspections, investigating 242 administrative cases and fining 4.1 million yuan.
➢ Qingdao applied for a national pilot city of establishing IPR inspection and identification system on IPR disputes. It resolved 33 patent dispute cases and conducted “random and publicity” on law enforcement of 14 patent agencies and 21 trademark agencies. Patent enforcement was carried out at 20 large exhibitions, and 20 complaint cases were investigated. As for an illegal publicity case of famous trademark, QAMR won the lawsuit retrial over a company, the first winning case of this kind in China.

——Qingdao Bureau of Agriculture and Rural Affairs (QARA) enhanced its administration by cracking down on the counterfeiting of agricultural materials and other unlawful activities. Meanwhile, it carried out deeply the rectification of illegal activities related to seeds and the special action “Sword Guard for Farmers”. It dispatched over 7,500 person-times of law-enforcement personnel, and inspected 1,690 agricultural material entities and 2,140 operation entities. In addition, it tackled 928 illegal cases, seized 38 tons of forged and fake agricultural materials, and fined over 3.2 million yuan. One typical cross-regional case on the production and sale of fake pesticide was selected into Top 10 Joint Action for Food Safety in China, and averted an economic loss of 20 million yuan.

——QCTB organized special action “Swordnet 2019” for cracking down on Internet infringement and piracy and “Autumn
Wind 2019” for ideological security. It stepped up Internet monitoring by dispatching over 11,000 person-times of law enforcement personnel to check randomly 1,000 enterprises and entities covering 13 key fields, registering and investigating 881 online infringement and counterfeiting cases of 400 websites. It cracked 24 cases, involving a value of 60 million yuan, and captured over 19,000 infringing and pirate publications. Over the year, it handled more than 30 copyright dispute cases by virtue of the Copyright Dispute Litigation Mechanism signed in conjunction with QIPC, Qingdao Municipal Bureau of Justice and Qingdao Municipal Copyright Protection Association.

- QCTB pushed forward the use of licensed software by formulating the Promotion Measures of Using Licensed Software 2019, to advocate information submission through copyright big data systems. Joining hands with the State-owned Assets Supervision & Administration Commission of Qingdao, it conducted supervision and inspection to Qingdao state-owned enterprises for building long-term mechanism in the use of licensed software.

2. Further the Fight Against IPR-related Crimes

—— In 2019, public security organs at all levels within Qingdao adequately performed their role in launching special action for the punishment against crimes. 362 infringement and counterfeiting cases
were solved, arresting 653 suspects and involving a total value of 901 million yuan.

➢ In June 2019, according to unified instructions of the Ministry of Public Security (MPS) and PSS, the Qingdao Public Security Bureau (PSQ) initiated to build up a comprehensive database of infringement crimes. It organized raid on a large-scale trans-regional, industrialized fake manufacturing and sales network of such brands as “North Face”, “MCM”, “ANTA”, “Chanel”, and “Adidas” involving 11 provinces and 17 cities nationwide. PSQ participated and cracked 34 cases with a judgement of guilty, arresting 114 suspects, destroying 29 production sites, capturing over 186,000 counterfeit sportswear and shoes of such brands as “North Face”, “Adidas”, “Nike”, “FILA”, “ANTA”, and “MCM” and other registered trademarks, and 399,700 counterfeit trademark accessories, with a value of nearly 770 million yuan. Critical progresses were achieved in deterring crimes. MPS sent congratulatory message on December 13, 2019 to commend such excellent performance.

3. More Rigorous in Adjudicating IPR Lawsuit

—— In 2019, QIPC upheld the establishment of trans-regional circuit courts in the city of Weihai, Weifang, and Yantai. In order to facilitate civil lawsuit and optimize environment, it co-organized
with Weifang IP Protection Center on an structural and grand IPR protection mechanism over Shandong Peninsula.

- In 2019, the IP Court of QIPC accepted 1,887 IPR cases, up by 18.23% year-on-year. 400 were based on the infringement of technical patent (270 cross-regional ones), down by 7.4%, among which, 68 concerning invention patent, an increase of 33.3%, and 32 new types involving technical secrets, new plant varieties, and computer software development.

- In 2019, 5 cases trialed by the IP Court of QIPC was included into “Provincial Top 10 Cases of 2018”. One trial was honored “China’s Top 100 Excellent Trial”. One judgment won second prize of the first “100 National Excellent Judgment Selection”, and one rated second prize in the 9th Typical Case Selection of Shandong. With regard to the lawsuit case from Japan Bridgestone company, the trial was well-received from the Japanese side for the timely protection of their lawful rights and interests.

4. Better IPR Protection though Customs

—QCD deployed joint enforcement action of “Longteng Action” and “Double Cracking” for IPR protection by seizing 1,196 batches of commodities, involving more than 197,000 pieces of goods at the point of import and export, safeguarding legitimate rights and interests of 73 IPR holders from 13 countries. Cases
concerned were selected as typical cases of IPR protection by the General Administration of Customs of China (GACC) for 13 consecutive years.

➢ QCD proactively promoted trans-regional cooperation for law enforcement, built network to combat infringement, carried out joint enforcement with Nanjing and Guiyang Customs, where 2 batches of infringing commodities were seized. Major breakthroughs were made through joint enforcement.

➢ QCD proposed cooperative governance with IPR holders and associations. It continued to cultivate model businesses for the purpose of protecting independent intellectual property rights (IIPR) and stimulate innovation and entrepreneurship. 7 companies including Shandong Tianjiao Biotechnology Co., Ltd. and Yantai Dongcheng Pharmaceutical Group Co., Ltd. were put into key list, making a cumulative number of 35 companies with IIPR from 2017 to 2019.

5. More Prominent in IPR Arbitration and Mediation

—Based on mutual understanding, QAC upheld mediation into priority to solve IPR disputes by applying it widely before or during the process, and in line with the international, industrial and common practice. Mediation process shall be simple, efficient, flexible, and economical for more dynamic effect. In 2019, it
accepted 14 dispute cases in China, involving contract of computer software development, technology and franchise businesses, with the value of 5.44 million yuan.

**VI. Better Platform Served for Better Services**

——China’s first think tank of IP experts in maritime sectors was settled in Laoshan District, one and the only national demonstration cluster for IPRs in Shandong province.

——By the end of 2019, there had been 58 patent agencies in Qingdao, including 2 national brands of training, 1 brand entity, 2 patent pilots at national level, and 2 analysis appraisal demonstrations, totally serving 2,000 small and micro enterprises on IP custody and rights protection in 2019.

——China’s first Public Service Platform for IP Operation (the Platform) was established, rendering five major functions of administrative service, operation notes, intellectual property financing, free training, and public information. It realized more efficient and convenient “one-stop” services involving patent agent, information publicity, rights protection, free training, government services, pledge financing, and international exchange. The Platform was officially launched in December 2019, and approved for preparatory construction of the Technology and Innovation Support Center (TISC) of World Intellectual Property Organization (WIPO)
in China.

——“Internet+” server functions was promoted to improve trademark application. Qingdao established “Trademark Cloud Base” that contains offline pavilions and online software systems, to facilitate public service and smart supervision. Qingdao pressed ahead with the reform on the effectiveness of trademark registration. Since June 2019, “SIPO Trademark Service Qingdao Branch”, one of China’s first batch of 13 pilot projects, has realized e-application attributed to 23 newly-added services, including trademark modification, transfer and extension.

VII. Sound Foundation Renders More Positive Awareness

——From October 19 to 20, 2019, the first annual Qingdao Multinationals Summit (QMS) was held at the Qingdao International Conference Center. As we can see that IP became a hot discussion topic at this summit. Mr. Francis Gurry, Director General of WIPO, delivered video speech. Mr. Gan Shaoning, deputy Director-general from SIPO attended the close-door meeting on the theme of “IPR Protection and Development of Multinationals” and addressed about the “Achievements and Latest Progress of IPR Protection in China”. SIPO leadership members compared notes with representatives from 19 multinationals referring to industries of new generation information technology, high-end equipment, health care, new
energy and materials, on such topics as patent licensing standards, e-commerce platform infringement, software patent and copyright protection and patent value evaluation in emerging technologies.

—The Training Seminar on the Implementation of National IP Strategy was convened from July 9th to 10th, 2019, hosted by the Joint Meeting Office on IP Strategy Implementation of the State Council (the Office). Mr. He Hua, Director of the Office and Deputy Director of SIPO, attended and addressed the opening ceremony. Mr. Gong Yalin, full-time Deputy Director of the Office, introduced the formulation of the Strategic Outline on Building a Powerful Nation by IPRs. Experts from the Supreme People’s Court of China (SPC) and China Academy of Science and Technology for Development (CASTFD), presented lectures on such topics as IPR judicial protection, technological innovation trends, and macro planning. Representatives from Tianjin, Jiangsu, Guangdong, and Qingdao also introduced local IPR strategies.

—QAMR launched joint programs with QDU and Shandong University of Science and Technology, to form Intellectual Property College in alignment with the need of high-level IPR talents. The role of university was fully played in promoting degree-based education and social training. IP major was added to cultivate urgently-needed personnel, and 40 undergraduates and 4 graduates
were enrolled in IP major. 2019 marked the second year to host the National Patent Agent Qualification Test and QAMR performed its duty of guaranteeing test order. 1,241 candidates took the test and 159 of them obtained the certificate. At present, there had been more than 650 patent attorneys in Qingdao, with 300 practicing ones. A cumulative number of IP talents exceeded 10,000.

Training for the public interest was constantly enhanced. By virtue of public service platform and remote network, professional training online or offline were conducted to enterprises, universities, research institutes, intermediary agent, and creative entities at regular intervals. In 2019, a total of 68 face-to-face training courses were held, and over 1,800 received the education. Meanwhile, 51 online courses of SIPO Literature Department were transmitted. By the end of 2019, over 400 training programs were organized, benefiting 8,000 plus person-times. National (provincial) — municipal — district (or park) three level IP training structures were promoted. Two new training venues were added up, making 5 in total at present. Efforts were emphasized on upgrading training into diploma education, integrating national remote courses into local continuing education, university selective courses, and practical courses in primary and secondary schools. To be specific, it organized 10 remote training and 12 continuing education and
training courses for technical personnel, and two sessions of IPR lectures in primary and secondary schools over the year.

➢ Qingdao took a new step forward in international cooperation in the field of IP, by hosting high-quality “2019 Qingdao Forum on International Standardization” (the Forum). A total of 767 key domestic and foreign guests and corporate representatives attended the Forum, including leaders from National and International Standardization Organizations, State Administration for Market Regulation, Shandong Provincial Government, Qingdao Municipal Party Committee and Government, and 11 academicians. 21 projects to attract talents and 3 projects for investment were signed during the Forum. As of the end of 2019, Qingdao has received 665 officials and experts from 107 countries for training exchanges, which facilitated the publicity of Chinese IP system, and opened up more international exchange. In addition, Qingdao deepened its involvement in the strategic partnerships of agencies in US, Germany, France, Australia, and South Korea, proactively introducing international experts to improve capability for IPR overseas deployment and protection.

➢ Qingdao enhanced publicity using radio and television, periodicals, websites, and WeChat official accounts and other medias and built a favourable atmosphere by virtue of important
time nodes as the “4.26 National IPR Publicity Day” and “China Patent Week”.

In alignment with the China Copyright Protection Center, QCTB organized Copyright Sharing Class Qingdao Station and sent delegates to attend several copyright enforcement training courses held by the National Copyright Administration of China. Meanwhile, QCTB also carried out copyright training for cultural law enforcement to improve professional competence.

QARA held 20 sessions on the publicity of the *Seed Law* and *Seed Regulations of Shandong* on existing databases of TV and newspapers. It organized 29 training classes and countryside education on technology for 20,000 person-times and distributed over 80,000 promotion materials.

QIPC presented to society about its judicial practice and effects on IPR protection by holding press briefings, releasing the *White Papers on IP Trials* and *Top 10 Typical Cases of the Year*, and organizing special lectures and court trials visit of foreign students from Ocean University of China.

QCD conducted 4 special training programs to educate professional IP knowledge and products identification at Huangdao Customs, Yantai Customs, Liuting Airport Customs and Linyi Customs, covering 11 customs organs and 200 participants. It carried
out various publicity activities of public open day and IIPR exhibition at “China Customs IPR Protection Exhibition Center (Qingdao)”, receiving 600 delegates for Seminars on Customs Management of Developing Countries and East African Ministerial Training.

—QAC continued to improve its arbitrator selection system and team structure. Arbitrators with master degree or above accounted for 65%, including 191 doctoral degrees, 26% and 123 IPR-related professionals, 17%. Efforts was exerted to strengthen professional capacity and IP specialties for arbitrators and case secretaries by way of organizing high-end arbitration forums and special lectures in alignment with the need for mediation professionals on IPR dispute resolution.

The IPR development cause has embarked on a new journey. Qingdao stressed the implementation of the Opinions on Strengthening IPR Protection issued by China Central Government and the State Council, to constantly improve IPR creation, protection and application. The city stressed and incorporated the guiding role of IPR into economic development, the construction of a powerful city by IPRs and high-quality development.