

ALIBABA AND THE FORTY INFRINGERS: IP ENFORCEMENT WITH
CHINA'S BIGGEST ONLINE MARKETPLACE
by Brian Platt

Ali Baba and the Forty Thieves tells a tale of a poor woodcutter who discovers the lair of forty thieves and their secret password: "open sesame." Ali Baba takes some of the treasure for himself and leaves quietly, leaving the thieves none the wiser. However, when Ali Baba's greedy relative discovers the secret of the lair, Ali Baba must confront the thieves in a battle of wits to the death.

The modern merchant confronting IP infringement on Alibaba.com might find some similarities in their plight. Alibaba maintains a dominant position as China's largest eCommerce marketplace. In 2019, it is estimated to capture a staggering 56% of Chinese eCommerce, with total sales in excess of \$1 trillion. Unfortunately, Alibaba's great success has enabled a scourge of IP infringers and counterfeit goods. According to Alibaba's 2018 IPR enforcement report, last year it considered thousands of infringement reports regarding billions in counterfeit goods. Alibaba seems focused on the defense of IP rights, and this is a great start; however, it is still not uncommon to find counterfeit goods on Alibaba. In one recent evaluation of Alibaba counterfeit goods, our firm located more than one-thousand infringing listings for a single product. For another, we found scores of exact copies of complex, patented electronic devices. In both cases, the goods were priced at a fraction of our client's US-made products, severely undercutting their price point and causing harm to their bottom line. In both cases, infringing products were targeted for distribution to US customers through Amazon.com.

A problem of this magnitude demands serious enforcement tools. Fortunately, Alibaba embraces its role in policing IP rights. Compared to other online marketplaces, the IP Protection ("IPP") tools offered by Alibaba are robust and comprehensive. This article focuses on enforcing IP rights through Alibaba, including what you'll need, taking the right steps, and effectively using the IPP tools Alibaba provides.

1. Mastering the Prerequisites

Alibaba's IPP approach includes several prerequisites: registration, authentication, and setup for their system for managing IP rights. The initial process takes time, but the verification

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process contributes to the overall effectiveness of the enforcement platform. And once completed, it need not be done a second time. Taken together, the initial requirements of the IPP tools add value to the process and to Alibaba's IPP platform.

Intellectual Property. Enforcement of IP rights first requires IP. When developing new products and inventions, consider how you'll protect your innovations. Your strategy should include utility and design patents, and trademarks; you should protect your images, graphics, and videos with copyright registrations. The right IP lawyer will help you craft the best strategy based on your budget and time constraints. If you choose to delay your IP strategy, there are numerous traps and pitfalls that may preclude you from obtaining rights at a later date. Talk to your IP lawyer **first** to avoid unexpected surprises. Importantly, however, you don't need Chinese IP to enforce your rights in China. Alibaba allows enforcement based on product destination: for products sold to US customers or distributors, you can enforce with US patents, trademarks, and copyrights.

Business Formalities. One difference in China is a strong emphasis on business formalities. In some countries, for example, an attorney might simply represent that she is "the authorized representative of XYZ company," over her signature; and this would be accepted as evidence of the representation. In China, however, such a statement carries little weight unless accompanied by a signed and sealed power of attorney. Compliance with these formalities is not difficult but requires attention to detail. You should expect to prove-up your identity, ownership of intellectual property, and representative capacity. The advice of trusted counsel can be invaluable and will simplify the process.

Alibaba IPP Platform. With the right inputs, Alibaba's IPP platform provides an excellent tool for inexpensive and efficient enforcement of your IP rights. You'll need to document your rights, as well as your ownership or authority to enforce those rights. This ensures the appropriate enforcement of IP rights and integrity in the process.

1. Infringement Complaints and Takedown.

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Identification. The first step in enforcement requires identifying infringers. One client compared this process to weeding the garden: daunting at first, but it gets better with time. Listings should be grouped with similar infringements, based on the asserted IP.

IPP Complaint. The hard work of registration and authentication now pays dividends: the IPP Complaint process is simple and straightforward. Don't be afraid to group dozens—or even hundreds—of infringing listings. Here's some information you'll need:

1. **Copyright.** Submit a copyright complaint where a listing wrongfully uses your images, text, or graphics. Alibaba does not require an actual copyright registration (if you haven't registered your copyright, you'll need to file a "copyright claim" statement). Your copyright claim will include selection of the copyright and a link to the infringing listing. Numerous infringers of the same copyright can be grouped in one Complaint.
2. **Trademark.** Submit a trademark complaint where a listing makes unauthorized use of your registered mark. Alibaba requires registration of your mark in order to assert those rights (as opposed to common-law rights). Your trademark claim will include selection of the mark, a link to the infringing listing, and a short statement regarding the unauthorized use of your mark.
3. **Patent.** Submit a patent complaint where a listing offers a product that infringes your utility or design patent. Alibaba requires an issued patent (not an application) and is savvy regarding non-examined patent rights (for example, you can't assert an unexamined Chinese design patent without obtaining a "patent evaluation report" from CNIPA). We suggest a slightly different process for patents: rather than merely claiming ownership, submit a claim chart detailing infringement. For multiple listings, a generic chart may be acceptable. Have your counsel assist with preparation of the chart: patent attorneys expect a claim chart to look a certain way—and to contain certain information. Alibaba's IPP team is sophisticated and will expect quality work. We do not recommend a "do-it yourself" approach.

Response and follow-through. Submitting your complaint begins a process. Alibaba will distribute your complaint to sellers, and each seller will be permitted to submit a counter-

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notification. A seller may argue their product is different from the asserted IP, or that sales occurred on Alibaba before the patent. You may accept or reject a counter-notice. A rejection triggers consideration by the IPP enforcement team. Our experience with the Alibaba IPP enforcement process has been extraordinarily successful, with removal of more than ninety-nine percent of infringing listings. For persistent infringers, direct contact from outside counsel (outside of Alibaba) has resolved lingering issues.

Your enforcement efforts will require maintenance. For several of our clients, we have worked together to train an in-house non-lawyer to manage the process. One small client hired a part-time college student to manage their enforcement efforts. Backed by outside counsel, she manages the entire process and saves the company thousands of dollars in legal fees.

There is another positive side effect to IP enforcement with Alibaba. Many Amazon sellers distribute products purchased on Alibaba. Our clients using Alibaba's IPP platform experience a sharp decline in infringing products offered on Amazon and elsewhere after clearing infringing listings from Alibaba.

If your business is experiencing challenges with counterfeits and online enforcement, consider starting first with Alibaba. You may be able to end the problem before it begins. If you need assistance with the process, please contact [Tim Nichols](#) or [Brian Platt](#).