

Building the New Great Wall of China in Intellectual Property Litigation

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international patent applications in 2020, beating even the United States of America for the second consecutive year.

In four major cases in 2020, Chinese courts granted anti-suit injunctions to bar any foreign entity from pursuing legal action anywhere in the world. Out of these decisions, three were in favour of Huawei, Xiaomi, and BBK Electronics, some of China's most prominent tech giants. Due to the general trend of Chinese courts, China's major telecom players are essentially shirking away from any potential claims of intellectual property (IP) theft and violations.

Xiaomi v. InterDigital Inc.

Xiaomi found itself sued by InterDigital Inc., an American company handling patents for digital technology used in smartphones, and was granted an anti-suit injunction against Interdigital Inc.

InterDigital Inc. holds patents on wireless and digital technology that is used in smartphones and Xiaomi has been using this technology in their smartphones since 2013 amidst negotiations for licensing the same.

In 2020, InterDigital Inc. sue for Xiaomi for patent infringement. However, at the behest of Xiaomi, a Chinese court issued an injunction that prevented foreign firms from filing a suit against Xiaomi, in the country or anywhere else in the World. If InterDigital does not comply, it will be slapped with hefty fines, which could rise to over \$1 million per week.

Targetting foreign companies?

Such rulings by Chinese courts are targeting foreign businesses working with Chinese companies. Despite various guarantees made by the Country's capital city, Beijing, the Xiaomi v. InterDigital Inc. case is just another example of how China and its courts are indifferent to the laws and principles that govern patents, copyrights, and trademarks.

Strict IP legislation in China signifies that foreign companies will have to prepare and adjust their IP relations to avoid being part of long-drawn expensive lawsuits.

Chinese provisions and statutes regarding trademarks, patents, and copyrights were heavily amended and revised in 2019 and 2020. These changes in the legislative framework allow courts to grant higher damages for IP violations.

Conclusion

With Chinese companies becoming more aware and protective of their IP rights, IP-related litigation and lawsuits have risen exponentially. Chinese companies are more in possession of IP than ever before, leading to the need for the protection of their rights.

China is widely known for its litigation ecosystem and now more than ever, it has become infamous for its moves with respect to IP-related matters. Foreign companies, including Indian companies, can become targets of tedious lawsuits due to the upper hand that most Chinese

companies have with the courts. For this reason, foreign companies must chart out effective strategies if they get embroiled in IP lawsuits in China, irrespective of being the defendant or the plaintiff.

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With Chinese companies becoming more protective of their intellectual property rights, cases of patent litigation are on the rise in China and the consequences for foreign companies in such cases can go either way. Check out this article on the current IP litigation scenario in China to learn more!

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