

Exclusive: Proview says any ban of iPad exports hard to impose

Lee Chyen Yee and Clare Jim, Reuters

A debt-laden Chinese technology firm seeking to ban all shipments of Apple's popular iPad tablet into and out of the country has been told that China's customs authorities are unlikely to intervene in the trademark battle.

Proview Technology, the Chinese company embroiled in a legal battle with Apple Inc over the iPad name, said on Wednesday that customs authorities had told it that the sheer size of the market and the popularity of iPads would make it difficult to impose a ban.

"The customs have told us that it will be difficult to implement a ban because many Chinese consumers love Apple products. The sheer size of the market is very big," Yang Long-san, chief of Proview Technology (Shenzhen), told Reuters in a telephone interview on Wednesday.

"We have applied to some local customs for the ban and they'll report to the headquarters in Beijing."

On Tuesday, lawyers representing Proview Technology (Shenzhen) Co Ltd said the company would seek a ban on exports of Apple's iPads from China, a major manufacturing base, a move that could deal a blow to the U.S. technology giant's sales globally.

Authorities in some Chinese cities had ordered retailers to stop selling Apple's iPad due to the dispute. Proview has asked authorities in about 20 cities, including Shijiazhuang near Beijing, to stop the sales.

"We will be asking commerce departments of more cities to investigate and deal with the case accordingly," said Roger Xie, a lawyer with Grandall Law Firm, which is representing Proview.

Yang said the best option to resolve the legal dispute would be an out-of-court settlement. The next hearing of the case is due for February 22 in Shanghai.

Apple lost a case to Proview Technology (Shenzhen) in a Shenzhen court in southern China late last year, when the court agreed that Proview owned the iPad trademark. The next hearing for this case is on February 29.

LAST-DITCH EFFORT?

Local media reported recently that Proview was taking legal action, seeking up to 10 billion yuan (\$1.6 billion) in compensation from Apple for trademark infringement, saying that the compensation could be the last hope to help rescue

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the company.

"Some people say that Proview wants to take the chance to make a sum of money from Apple and this is tarnishing our company's reputation. We need to clarify what's the truth behind it," Yang said.

He said there was currently a gap in expectations on both sides, but declined to say whether it was related to the amount of compensation.

Proview Technology (Shenzhen) is a unit of troubled Hong Kong-listed Proview International Holdings, which used to be one of the world's top monitor makers until the financial crisis in 2008 crippled its business and operations.

Reuters correspondents visited the site of its operations in Shenzhen listed on its website and found that the building has largely been abandoned, with its windows shattered and debris strewn liberally.

Proview International, whose shares have been on a trading halt since August 2010, posted a net loss of HK\$755.8 million (\$97 million) in the six months ended December 2009, which was the last time it published financial results.

Proview International's shares last traded at HK\$0.20. On Tuesday, Apple's shares ended at \$509.46, setting a record high on hopes of strong iPhone 4S demand and investor optimism over the potential launch of a new iPad in 2012.

Apple says it bought Proview's worldwide rights to the trademark in 10 different countries several years ago, including rights to the iPad name from a Taiwan subsidiary of Proview International.

Back then, the Proview Taiwan unit had sold the rights to IP Application Development Ltd, a London-based company that was set up by Apple, for 35,000 pounds, Proview's executives and lawyers said. IP Application Development then sold the iPad name to Apple for 10 pounds months later, they said.

However, Proview Technology (Shenzhen) says the sale did not cover the trademark's use in China, where it owns the iPad name.

Yang said the company had been developing a tablet product called the iPad back in 2000.

"We spent a lot of resources on it. It's the same concept as the iPad today, except that back then, there were practically no LCD screens," Yang said.

(Additional reporting by Artemisia Ng from Asian Legal Business, Sisi Tang and Jonathan Gordon; Editing by Alex Richardson)

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