

## IPR Strategy in China: The DOs and DON'Ts

The principle issues surrounding Intellectual Property Rights (IPR) development, protection and enforcement are essential to all aspects of your business. Your IPR strategy should be considered one of the main pillars of your business, not unlike your business strategy or HR strategy. A strong IPR strategy and proactive preparation not only helps to prevent IPR-related issues but may also result in increased revenue as well as more effective and quick enforcement in the case of an infringement.

### What is IPR?

Intellectual Property Rights are legally enforceable rights over the use of inventions or other creative works. They confer a right to exclude others from their use. Securing your IPR will help you to prevent and enforce against infringers profiting from your innovation or brand by passing it off as their own. IP fall into the categories of registrable and non-registrable IPR rights.

Registrable IP rights are territorial, which means they have to be claimed and asserted in each country individually. Registered IP in another country is not automatically recognised in China; therefore, it is strongly recommended that you register your IP assets in China before entering the market.

The best way to prevent IPR-related issues is to use a layered, holistic IPR protection strategy, which includes protection both by registration of your registrable rights and other methods such as contractual protection (confidentiality agreements, IP protection clauses in employee agreements) and internal security measures (limited access to certain work areas, etc.).

The main types of IP rights are:

### **1. Copyrights**

Copyright protection is provided for written, oral, musical, dramatic, choreographic, artistic, architectural, photographic, cinematographic, audio-visual, graphic works and computer software. While you do not need to register your copyright for protection, you may voluntarily register to prove ownership in China.

### **2. Trade marks**

A trade mark is a sign or name that serves the specific and primary purpose of identifying the goods or services of a producer, thus allowing the consumers to distinguish goods or services of one producer from those of another. You can register either by filing an application directly at the China Trade mark Office (domestic application) or by filing an application at the World Intellectual Property Organisation (international application). If you are making an international application, your trade mark may have to be registered in your home country before requesting the extension of the trade mark to China.

### **3. Patents**

A patent is a set of exclusive rights granted to the inventor of a technical solution of a product for a limited amount of time. There are three different types of patents in China: 1. invention patents, which

are granted for innovations in the field of technology that are new and inventive over the prior art; 2. utility models, which are granted for a new shape and/or structure of an object; and 3. design patents, which are granted for the original shape, pattern, colour, or a combination thereof, of an object. Foreign companies without a registered office in China must file a patent or trade mark application with the help of a local patent or trade mark attorney.

For more information on copyrights, trade marks and patents, please contact the Helpdesk or download free IP guides from the Helpdesk website <http://www.china-iprhelpdesk.eu/>.

An effective IPR strategy is essential to the development and success of businesses everywhere, including China. It is best to prevent IPR issues before they arise by carefully guarding and registering your IP assets before entering any new markets.

### **An example from the business world: Trade Mark Registered by a Competitor**

A Dutch SME (Small or Medium-sized Enterprise) discovered that its trade mark had been filed in China by a Chinese company and a Chinese individual. The SME contacted the Helpdesk and asked for advice on how to address this issue.

The Helpdesk suggested that the SME search through the online trade mark search engine of the China Trade mark Office (CTMO) to learn more details about the filing. The SME then learned that the two filings included the same name and a near identical graphic design as the Dutch company's trade mark. The Helpdesk then informed the SME that it could file an opposition against the trade mark, as the filing date was recent and therefore still within the trade mark opposition window (three months after the publication of the trade mark in the Trade mark Gazette).

The Helpdesk recommended a strategy for trade mark opposition action which the SME successfully implemented to negate the filing.

### **Lessons Learnt**

- China is a first-to-file jurisdiction. If you do not register your IP assets (i.e., trade marks, patents, design, domain names), Chinese competitors can, and often will, register your rights in China first, leading to the possibility of you needing to buy back your own trade mark, or facing legal action or even seizure. **Preventative registration is essential to any IPR strategy and strongly recommended before entering the China market.**
- In this particular case, the Dutch SME became aware of IPR infringements through the careful monitoring of competitor registration activities and immediately took action to protect its rights. If the SME had discovered the infringement after the trade mark opposition window had closed, it would have had to proceed with the trade mark invalidation procedure or buy back the trade mark from the infringer, which are longer and more expensive processes. **Monitoring and defensive action will often prove much quicker and more effective than enforcement proceedings.**

## The Dos and Don'ts of IPR Strategy

### **DO:**

- **Identify and prioritise your key IP assets.** Know which ones are important for your business and how you can effectively protect them.
- **Register your IP before entering the market Chinese market.** You can deal with infringement more efficiently if you already have protection in the territory.
- **Consider putting into place protective measures for your know-how and other unregistrable and registrable rights,** such as:
  - **Signing agreements with business partners** which include IPR protection, clearly defining the ownership and transferability of IP.
  - **Signing non-disclosure agreements with business partners and employees** to safeguard your IPR and business secrets.

### **DON'T:**

- **Presume that your IPR is automatically protected in China** if you already have registrations in other countries
- **Assume that IPR is only confined to products.** Brochures, websites and other promotional materials can be infringed as well.
- **Presume that because the time to get a trade mark granted in China is very long (24-36 months), it means that there is no real use to apply for a trade mark in China.** China uses the first-to file system (as opposed to the first-to-use), which means that the party who files an application first is the one most likely to become the owner of the trade mark. Awareness of these issues is paramount when devising an entry strategy to the China market.

**Rely on others to register your IPR for you.** Don't leave this to your sourcing partner or manufacturer; do it yourself with the help of a China-experienced IPR lawyer.

The China IPR SME Helpdesk is a European Commission funded project that provides free, practical, business advice relating to China IPR to European SMEs. To learn about any aspect of intellectual property rights in China, visit our online portal at [www.china-iprhelpdesk.eu](http://www.china-iprhelpdesk.eu). For free expert advice on China IPR for your business, e-mail your questions to: [question@china-iprhelpdesk.eu](mailto:question@china-iprhelpdesk.eu). You will receive a reply from one of the Helpdesk experts within seven working days. The China IPR SME Helpdesk is jointly implemented by DEVELOPMENT Solutions and the European Union Chamber of Commerce in China.