

**CHINA**  
**IP SME HELPDESK**



*10 golden rules regarding IP in China*

*28.04.2021*  
*10:00-11:00*

*Waiting for the organisers, the webinar will begin shortly...*

## Speakers



**Pascal Mülner**

Human.technology

Styria



**Thomas Pattloch**

IP Expert

China IP SME Helpdesk

# Agenda

<i>Time</i>	<i>Title</i>	<i>Speaker</i>
10:00 – 10:05	<b>Introduction to the Webinar</b>	<i>Pascal Mülner, Human.technology Styria</i>
10:05 – 10:45	<b>10 golden rules regarding IP in China</b>	<i>Thomas Pattloch, China IP SME Helpdesk</i>
10:45 – 11:00	<b>Q&amp;A</b>	



# 10 golden rules regarding IP in China

Thomas Pattloch

# Speaker's Bio



*Name* **Thomas Pattloch**

*Company* **Taylor Wessing**

*Email* **t.pattloch@taylorwessing.com**

Thomas Pattloch specialises in industrial property rights and technology transfer with a particular focus on China. He provides comprehensive assistance and advice with regard to all aspects of Chinese industrial property law, covering inter alia strategic establishment of industrial and intellectual property rights in China, enforcement of rights and assisting clients in particularly sensitive fields of technology, competition-related aspects of license agreements, drafting of software and technology license agreements, designing R&D projects as well as IP transactions. His remit also comprises assistance in fighting product piracy in China and Asia. Thomas went to law school in Munich. Afterwards, he did his doctorate at the University of Passau, with a thesis on Chinese IP rights, and was a research assistant with the Asia department of the Max Planck Institute for Foreign and International Patent, Copyright and Competition Law. After obtaining his doctorate degree, he practised law in Shanghai. Before joining Taylor Wessing he was the European Commission's IP Officer in Beijing, China.

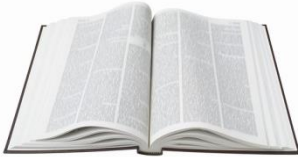
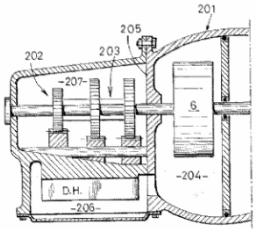
# 10 Golden Rules for IP in China

- (1) Understand what can be protected – and what not!
- (2) Know before you go!
- (3) Register – or die?
- (4) Defend you „name“: the power of trademarks
- (5) Technical innovation requires patenting
- (6) Do pay attention to an underestimated right: Copyright
- (7) Trade secrets and Know-how require work, but offer great rewards
- (8) Fighting free-riding and bad faith is part of the game
- (9) Enforcement must not build on hope, but necessity
- (10) Do not be a have-not: License, leverage and utilize your IP

# Rule 1: Understand what can be protected – and what not!

©European Patent Academy:

Legal right	What for?	How?
<b>Patents</b>	<b>New inventions</b>	<b>Application - examination - registration</b>
<b>Copyright</b>	<b>Original creative or artistic forms</b>	<b>Exists automatically</b>
<b>Trade marks</b>	<b>Distinctive identification of products or services</b>	<b>Use and/or registration</b>
<b>Registered designs</b>	<b>External appearance</b>	<b>Registration</b>
<b>Trade secrets</b>	<b>Valuable information not known to the public</b>	<b>Reasonable efforts to keep secret</b>



# Rule 2: Know before you go!

- Third parties may infringe your rights – but you may do so as well, even unknowingly
- IP rights in China grant right to request cease-and-desist without any degree of fault
  - **Different from many European countries, claims for damage compensation also do not require proof of fault!**
- China is a strong competitive market with strong focus on IP – you may have lost your IP already during negotiating a deal, or upon entering
  - **Safeguarding IP in China also requires better understanding of the local culture and competitive environment**
- “If you know the enemy and know yourself, you need not fear the result of a hundred battles. If you know yourself but not the enemy, for every victory gained you will also suffer a defeat. If you know neither the enemy nor yourself, you will succumb in every battle.”
- Find the right information before leaving for China or investing there – do not rely on “common knowledge”, use IPR SME Helpdesk resources
  - **China is a country undergoing significant change and fundamentally new developments**





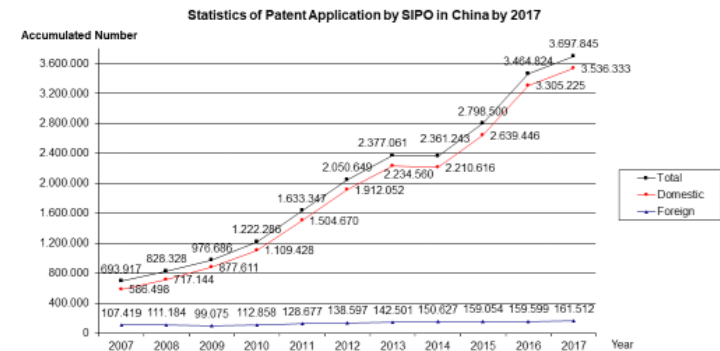
# Rule 3: Register – or die?

A trend that started many years ago and continues until today...

China as „IP rich“ country



## Patent (Invention/Utility/Design Patents) Applications (SIPO)



## Trademark Applications (SAIC)



TaylorWessing

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# The need to register rights and important basics

- IP rights and the „principle of territoriality“: Ownership of an IP right in one country does not mean automatic ownership of the same right abroad/China
  - **Exception: Copyright, software**
- Need to register trademarks, domain names, patents, designs, utility models
  - **High usefulness to also register copyright and software**
- NO registration of trade secrets, but you must fulfill certain requirements to enjoy protection of your know-how and confidential information
  - **Contracts – the „equivalent“ to registration for trade secret protection**
- You have to register your rights with the help of attorneys and local IP agencies as foreign company or foreign individual
- You need to defend your registration and set-up rules for dealing with IP disputes
- Striking a good balance with costs and must-haves

# Rule 4: Defend you „name“: the power of trademarks

- Trademarks are a „must-have“ in China, registration required
- Rights are granted based on a classification of goods and services
- You can register many things as trademarks – but not everything
- „First to file“ principles – the early bird catches the worm
- What about the name of your company?
- What about goods and services on the Internet? Do special rules apply?

# Confusingly similar marks and free-riding: The problem of sub-classes

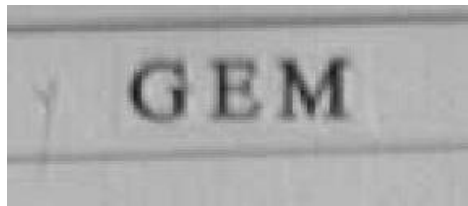
"GEM"



"GEM"



"GEM"



**Same class, likelihood of confusion?**

# Rule 5: Technical innovation requires patenting



- Invention patents protect a technical solution to a technical problem, as do utility models
- In China, designs are also part of the patent law regime. They protect the shape and outer appearance of products
- In life-science industry, patents are absolute essential: Case examples
- Important requirements for filing and obtaining a patent: Novelty and inventiveness
- The effects of patent infringement
- What to do if accused of patent infringement: Patent invalidation
- Patent search and patent monitoring
- Enforcement of patents: An „atomic bomb“ in business? - increasingly also in China?

# Rule 6: Do pay attention to an underestimated right: Copyright

- Copyright does not only cover books, but – under certain circumstances – can also protect drawings, manuals, pictures, videos, artwork, jingles, font types etc.
- A sharper sword than many assume in China: Protect your content with practical measures easily implemented
- Software and coypright protection
- The advantage of copyright registration
- Some tycpial problems: Translations, modifications and use of pictures in presentations of competitors, Chinese fonts

# Rule 7: Trade secrets and Know-how require work, but offer great rewards

- Do you know what trade secrets you possess?
- Do not underestimate the value of your own know-how!
- Chinese law does provide for protection for confidential information under Civil Code, Anti-Unfair Competition Law and in other laws and regulations, BUT: You must do your part!
  - **It cannot be in the public domain!**
  - **Take adequate „reasonable“ safekeeping measures which can be demonstrated**
  - **Be capable of identifying your know-how and trade secret and its commercial value**
  - **Fight against disclosure, agree on „field of use“ clauses**
  - **Non-disclosure agreement and proper contractual safeguards required: Do not rely on one paragraph, make the legal stipulations work in your favor by proper drafting**
  - **Especially relevant in pharmaceutical and chemical industry: Case examples and recent decisions by Chinese courts**



# Rule 8: Fighting free-riding and bad faith is part of the game

- Timely registration, close observation of the local market and partner
- Do not assume that registration by partners is for your benefit
  - **Case examples**
- High requirements do prove bad faith – being late will cost substantially more than early preparation
- Choosing the right partner as essential safeguard against abuse
- The art of cooperation agreements and enforcement – some essentials to take care of to avoid later on conflicts

# Free-riding on famous brands

喜庆

PUMAZS BOSSSZ NIKENB NB

- Preliminarily approved for registration on "shoes, hats, gloves, ties etc"

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- Givenchy

- FENDI

- HUGOBOSS

- Each mark filed on non-relevant goods, such as dishwashers; coffee makers; scissors; bicycles; tableware; tents; carpets. Some got preliminarily approved

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**Beiersdorf**  
拜尔斯道夫

- Registered on all designated goods in class 25 even after opposition

# Rule 9: Enforcement must not build on hope, but necessity

- „There is no such thing as a free lunch“ (Chinese proverb)
- Different channels for enforcement as „option for right holders“
  - **Administrative enforcement, e.g. via SAMR (former AIC)**
  - **Court-based enforcement through lawsuits**
  - **Criminal enforcement with the help of police and prosecutors?**
  - **Customs and the highly useful GACC registration system**
- Expectation and reality if infringement happens
- Patience required, innovative thinking, realistic expectations!
- Looking away will usually make the problem worse – face the dragon!
- Strategy, costs and some tips



# Rule 10: Do not be a have-not: License, leverage and utilize your IP

- Strong and significant increase in licensing in China
- Often required for foreign companies entering the market (IT, gaming, pharmaceutical etc.)
- Special rules apply for technology import and technology export (Technology Import and Export Administration Regulations TIER)
- New rules apply on cross-border data transfer!
- Limitations on licensing: Tax issues, mandatory laws, non-permitted restrictions
- Outlook



# Questions?

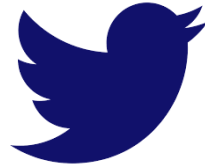
# HELPLINE

*free, fast & confidential*

*3* working  
*days*

*[question@china-iprhelpdesk.eu](mailto:question@china-iprhelpdesk.eu)*

# Stay connected!



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