Introduction to IP protection in China & common IP mistakes SMEs make

- Matias Zubimendi    17 September 2021
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Mr. Matias Zubimendi is the IP Business Advisor at China IP SME Helpdesk, where he advises European SMEs on intellectual property rights matters. Mr. Zubimendi holds a Master’s degree in Chinese Civil and Commercial Law from Peking University as well as a Master’s degree in Intellectual Property Law from Austral University in cooperation with the World Intellectual Property Organisation. Mr. Zubimendi has a strong background in both business development and intellectual property rights protection, having previously worked as a China Business and Legal Consultant at Terragene, where he focused on business development and as a Director of Legal Affairs at Conquer Europe. Previously, he has also worked as a Patent and Trademark Attorney at Phoebus Abogados and Mazzeo & Canet, where he represented SMEs as well as Fortune 500 companies.

Mr. Zubimendi has given lectures at various conferences including the Ibero-American Conference on Chinese Studies and published several articles including The legal protection of intangibles in the video games industry. As a Professor Assistant, he has also given lectures on Commercial Law and Procedural law, while focusing on Copyright and AI in his research. Mr. Zubimendi is a native Spanish speaker fluent in English.
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Intellectual property rights

- **Invention patents**
  - Innovative products
  - Innovative processes

- **Utility models**
  Functional aspects of a product

- **Design patents**
  Aesthetic aspects of a product

- **Trade marks**
  Signs that distinguish products from competitors

- **Copyright**
  Expression of an idea

- **Trade secret**
  Information that is not known by competitors, has commercial value and kept protected
Main principles

Registration

Territoriality

First to File
### 3.1 Common mistakes of EU SMEs

- Not registering your IP

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3.1 Common mistakes of EU SMEs
- Not registering your IP – Case Study

**Background**
- Portuguese company of women accessories
- No registration in China
- No activities in China

**Problem**
- Bad faith registration

**Solutions**
- Litigate
- Rebrand (option chosen)
3.2 Common mistakes of EU SMEs
- Not having a Chinese trade mark – Case study

- Not having a Chinese name for your products and company
  - Using only the international name

- Chinese name assigned by distributors / sellers
  - Products become famous under the Chinese name
  - A new brand appears without being registered

- Chinese brand could be registered by a third party
  - A third party appropriates your trade mark
  - Difficulty to prove bad faith in case of a brand that never existed before
3.2 Common mistakes of EU SMEs

- Not having a Chinese trade mark – Case study

**Background**
- Spanish winery
- Exporting to China
- Selling in retail (supermarket)
- International brand registered

**Problem**
- No Chinese brand registered
- Supermarket phonetically translated the international name and used on displays

**Solutions**
- Assigned a new Chinese brand (fame lost)
3.3 Common mistakes of EU SMEs
- Not protecting trade secrets

Company doesn’t know that some information should be protected as trade secret

- Unregistered IP
- Know-how
- Commercial information (lists of clients / distributors / prices)

No protection is implemented

- Physical
- Technological
- Legal (NDAs / NNNs)
- Need-to-know rule

Trade secret is lost

- Loss of IP
- Loss of competitive advantage
- Possibility of getting a compensation?
3.3 Common mistakes of EU SMEs
- Not protecting trade secrets – Case study

**Background**
- Italian tractor company
- Trade fair coming
- Invention patent no filed

**Problem**
- Engine was new and a future patent
- Need to disclose the last version of tractor

**Solutions**
- Display of non-novel parts
- Covered the engine and showed the aesthetic aspect of the tractor
3.4 Common mistakes of EU SMEs

- Not having enforceable contracts

Company signs contracts in English with dispute jurisdiction in the EU

- No Chinese language version of the contract
- No legal dispute in China

Breach of contract

- Disputes over the language difference
- Difficulty over the recognition of foreign judicial resolutions
- Difficulties to obtain evidence

Consequences

- You won a case but you cannot enforce it
- No compensation
- Start a new case in China
- More costs
3.4 Common mistakes of EU SMEs
- Not having enforceable contracts – Case study

**Background**
- German laser company with IP registered in China
- Licensed the IP to a Chinese company to manufacture
- English language contract
- Germany as litigation jurisdiction

**Problem**
- License established limits that were not respected (territory)
- Litigation in Germany
- Disagreements in the contract translations

**Solutions**
- Have China as main jurisdiction
- Have a Chinese language contract
Questions?

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We appreciate if you could share your comments with us.