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# How to Protect your Intellectual Property in China: A Comprehensive Guide

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## Section 1

# Overview



# Intellectual Property Advisory Service

With Dezan Shira and Associates, you are engaging directly with an Asia-wide strategic IP advisory services firm. In our third decade of operations in Asia, we offer a deep understanding of its various business and regulatory environments, provide comprehensive market entry services, as well as advisory and filing services for trademarks, copyrights, and patents.

## IP Advisory

- IP portfolio management and exploitation
- Appealing trademark refusals
- IP dispute management and strategy
- IP enforcement
- Copyright registration
- Patents intelligence
- IP protection for online business
- Customs recordation of IP rights
- Customized training and workshops

## Trademark Services

- Trademark strategy
- Trademark registration
- Trademark renewal
- Trademark prosecution
- Cancellation against registered trademark
- Trademark invalidation
- Trademark assignment
- Trademark licensing management

## Market Entry Intelligence

- IP research
- Competitive landscape research
- Regulatory landscape research
- Supply chain mapping
- Country comparison and location selection



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# Recap of 2020 China IPR Landscape

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## TRADEMARK

**5.761 Million** Trademark filings in China in 2020

**7553** Trademark filings under the Madrid Protocol from China in 2020

**149,000** TM Opposition Cases, YoY increase of 64.7%

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## PATENT

**530,000** Patents for Invention Granted in China in 2020

**2.377 Million** Patents for Utility Model Granted in China in 2020

**2.213 Million** Valid Patents for Invention Granted in China (excluding HK, MC and TW) by End of 2020

# Recap of 2020 China IPR Landscape

## GEOGRAPHICAL INDICATION (GI)

**10** Filings for Products with Protected GI Received in 2020

**6** Filings for Products with Protected GI Approved in 2020

**1,052** Enterprises Approved to Use the Special Indication for GI

**765** GI Trademarks Filings Approved

**2,391** Products with Protected GI Approved by End of 2020

**9,479** Enterprises in Total Approved to Use the Special Indication for GI by End of 2020

**6,080** GI Trademark Filings in Total Approved by End of 2020



# Recap of 2020 China IPR Landscape

## IP PROTECTION & USE

Over **42,000** patent infringement disputes handled in the national intellectual property system in 2020

**12,039** patent and trademark pledge financing projects in 2020, a YoY increase of 43.8%

**218 billion RMB** total amount of pledge financing , a YoY increase of 43.9%

PCT international patent filings from China increased by **16.1%** year-on-year

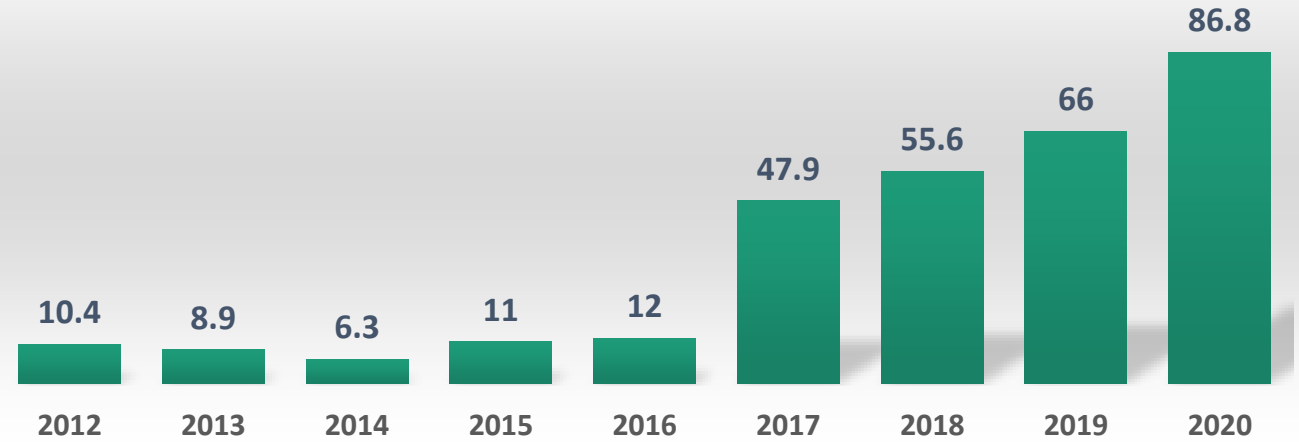
Madrid international trademark registration filings from China increased by **17.9%** year-on-year

China's export of intellectual property royalties from Jan. to Nov. 2020 was **USD 8.68 billion**, a YoY increase of 31.5%



# Recap of 2020 China IPR Landscape

China's Export Value of Intellectual Property Royalties  
(100M USD)



China's Total Import And Export Of Intellectual Property Royalties  
and Trade Balance  
(100M USD)





# Recap of 2020 China IPR Landscape

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## REGULATIONS AND LAWS

Throughout the year,

**4** laws and regulations related to IPR were revised and promulgated

- *Patent Law of the People's Republic of China*
- *Copyright Law of the People's Republic of China*
- *Amendment to Criminal Law of the People's Republic of China (11)*
- *Provisions on the Transfer of Suspectable Criminal Cases by Administrative Organs for Law Enforcement*

**6** judicial interpretations related to IPR protection were promulgated

more than **20** policy documents related to IPR were promulgated

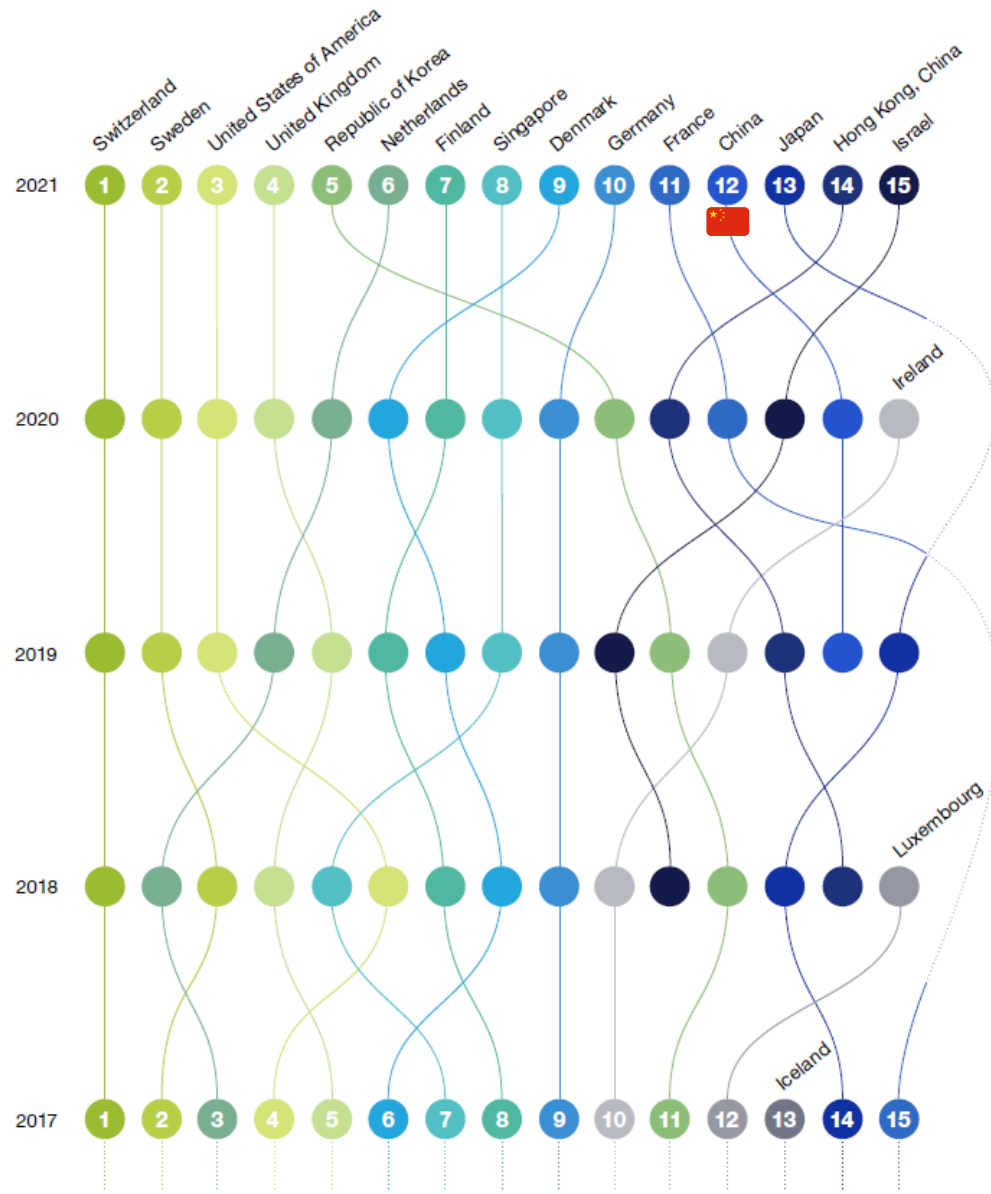
**2** national IP standards were promulgated



# Top three innovation economies by region

Source: Global Innovation Index 2021, WIPO

# Movement in the Global Innovation Index Top 15, 2017–2021



The Republic of Korea enters the top five in 2021. Turkey jumps into the top 50 at 41<sup>st</sup> place.

France breaks into the top 15 and ranks 11<sup>th</sup> in 2021. India and the Philippines reach the top 50.

China breaks into the top 15 in 2019; it is 12<sup>th</sup> in 2021. Israel makes it to top 10.

Sweden has been in the top 3 from 2011 up to 2021. Chile moves into the top 50.

Switzerland has ranked first from 2011 up to 2021. Malaysia gets closer to the top 35.

# FUTURE PLANS FOR IP IN CHINA

China to develop the IP framework for new technologies: **China released development plan of IPR (2021-2035)**

## What caught our eye:

“[We will] accelerate the legislation of IPRs in new fields and business forms such as big data, artificial intelligence, and genetic technology.”

## Goal of the Plan

- By 2025 the IPR market will be more valuable, brand competitiveness will significantly be enhanced, patent-intensive industries will account for 13% of the GDP, and the patent industry will account for 7.5% of the GDP.
- Build a sound legal system, management system, and policy system on IPR protection.

## Get Smart

Beijing is stating its intention to develop the IP framework that will underpin the next generation of technological innovation. Next-gen IP legislation will also underpin the data economy by allowing companies and individuals to buy and sell data assets and machine-generated works, knowing that ownership of those assets is legally clear.



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## Section 2

# Why is it so important to protect your IP in China



# 1. Definition of IP under China Civil Code

➤ Intellectual property is a proprietary right enjoyed by a holder in accordance with law in respect of the following objects:

- Works
- Inventions, utility models and designs
- Trademarks
- Geographical indications
- Trade secrets
- Layout designs of integrated circuits
- New varieties of plants
- Other objects specified by the law

## 2. Legal Characteristics of IP

### Three characteristics

- Regionality
  - Rights acquired under the laws of a country can only be valid within the territory of that country and protected by the laws of that country unless an international convention or bilateral or multilateral agreement is signed.
- Exclusivity
  - Only the right holder can enjoy, others without the permission of the right holder shall not exercise its rights.
- Validity
  - The laws of each country stipulate a certain period of time for intellectual property rights, after which the rights automatically terminate.
  - Validity of each category:
    - Copyright: 50 years (General)
    - Patent: 20 years (Invention); Utility model (10 years); Design (15 years)
    - Trademark: 10 years



### 3. Challenges without having IP Protected

*If you operating in Chinese Market without Getting IP Protected...*



**Without Copyright Registration: lack most convincing evidence for ownership in disputes**



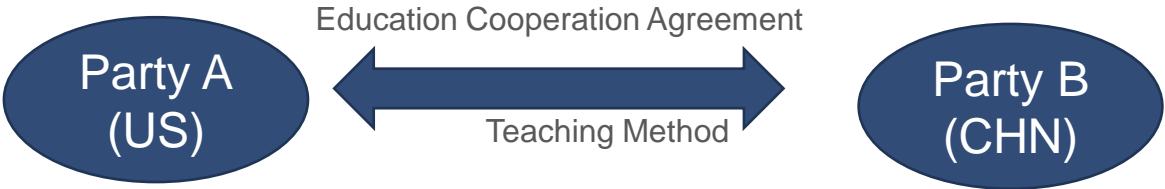
**Without Patent Registration: cannot be protected by Chinese Patent Law (if someone produces, uses or sells the products per the patent content in China, it is not an infringement.)**



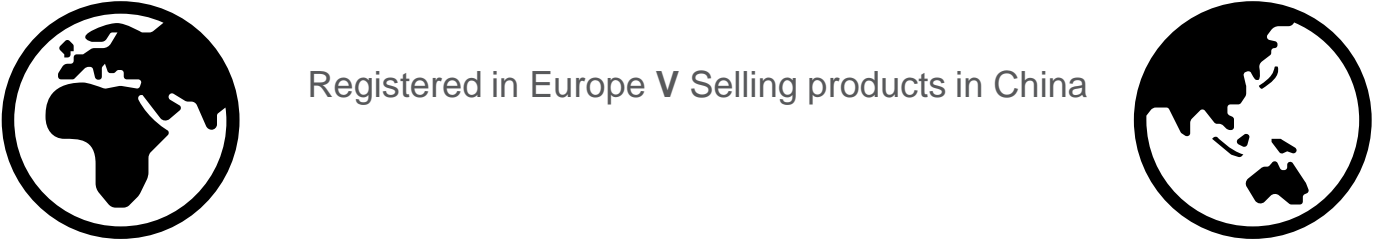
**Without Trademark Registration: no exclusive right, has risk of being deemed as infringing others' trademark right**

# Case Study

➤ Copyright

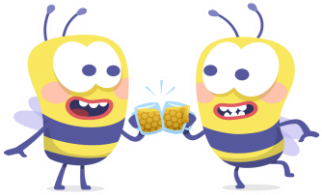


➤ Patent:



➤ Trademark

Registered by Party A in Australia



Registered by Party B in China



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## Section 3

# How to protect your IP in China





## Part 1. IP Registration in China

# IP Registration: 1) Copyright

## Copyright

### ➤ Registration Route

Directly register in China

### ➤ Basic Requirements

- Agent: not mandatory but shall operate in Chinese.
- Foreign company/organization: Legalized Qualification Certificate
- Foreign individual: Passport copy with translation in Chinese

### ➤ Authority

- Copyright Protection Center of China

### ➤ Procedure



### ➤ Timeline

- Around 30 working days

# IP Registration: 2) Patent

## Patent

### ➤ Registration Route

- PCT international application
- Directly apply in China

### ➤ Basic Requirements

- Agent: mandatorily required
- Foreign company/organization: Qualification Certificate
- Foreign individual: Passport copy with translation in Chinese

### ➤ Authority

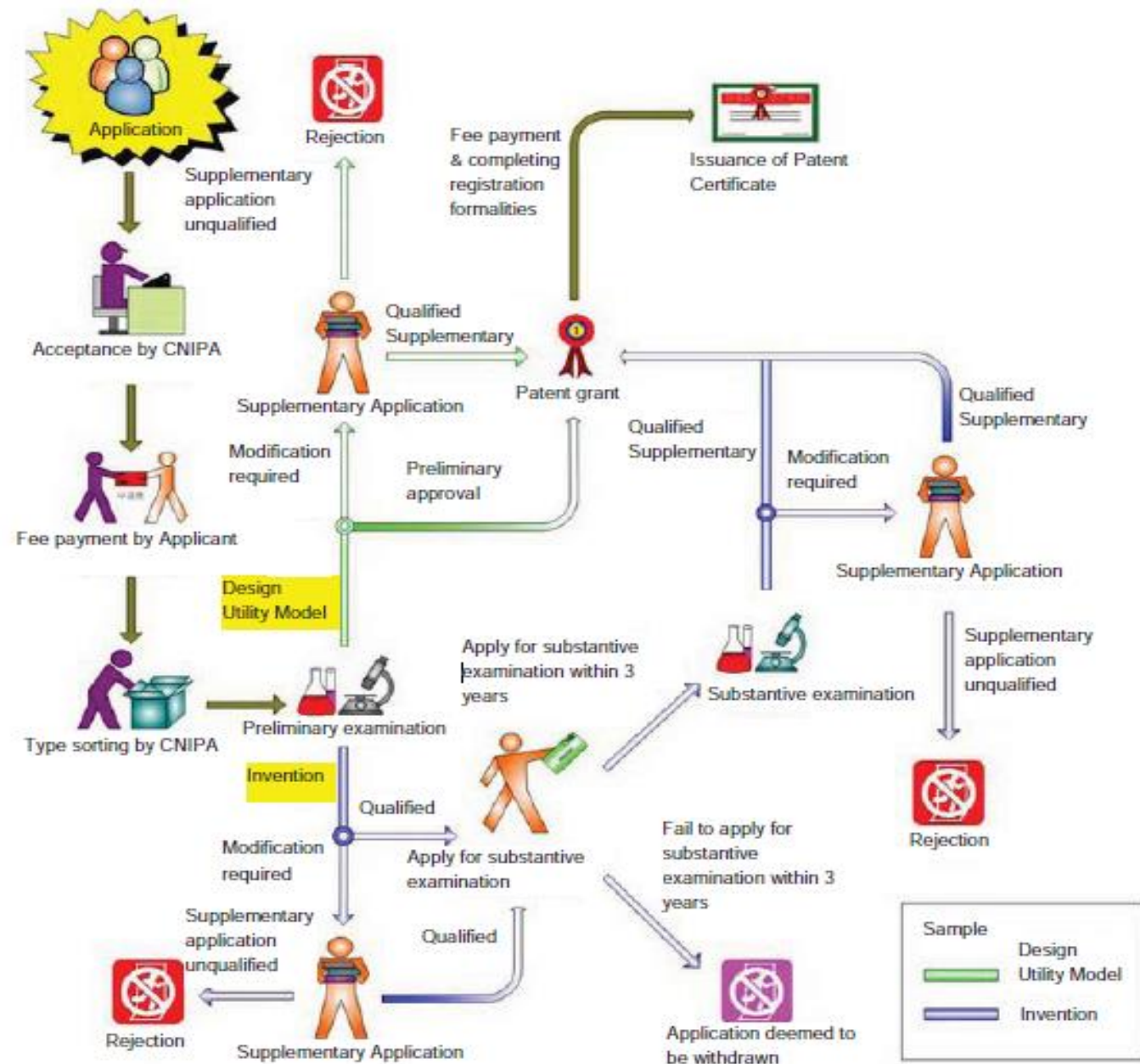
- China National Intellectual Property Administration (CNIPA)

### ➤ Procedure

- Directly apply in China

### ➤ Timeline

- Invention: 2-4 years
- Design and Utility Model: 3-6 months

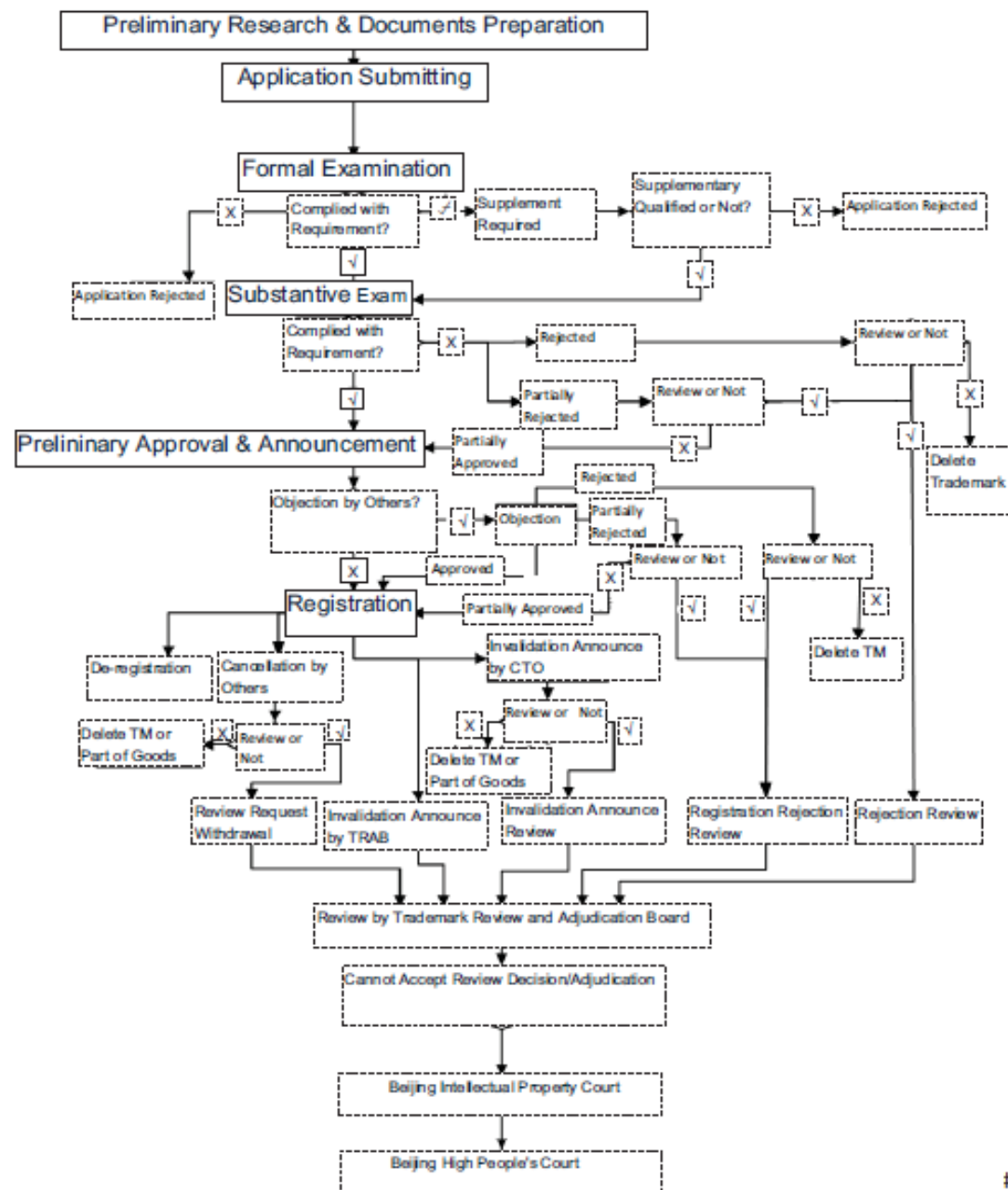


# IP Registration: 3) Trademark

## Trademark

- **Registration Route**
  - Madrid international application
  - Directly apply in China under NICE Classification Agreement
- **Basic Requirements**
  - Agent: mandatorily required
  - Foreign company/organization: Qualification Certificate with Translation
  - Foreign individual: Passport copy with translation in Chinese
- **Authority**
  - China National Intellectual Property Administration (CNIPA)
- **Procedure**
  - Directly apply in China
- **Timeline**
  - 7-10 months (4-6 months from application date to preliminary approval or rejection notice)





#

# Types of Trademark in China:

- *Commodity and service marks:*



Graphic Trademark



3-D Trademark

Tmall 天猫

Text Trademark

# Types of Trademark in China:

- *Collective marks:*



Graphic Trademark



Graphic and Text as Combination

# Types of Trademark in China:

- *Certification marks:*



Graphic and Word as Combination

# Forms of Trademark in China:

**Text**

**Graphics**

**Alphabets/Numbers**

**3-D Mark**

**Color Combinations**

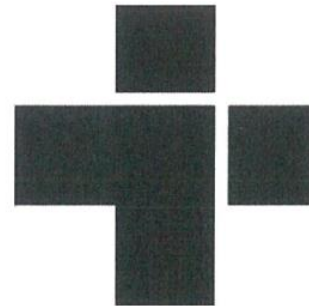
**Sounds**

# Special Issues in Trademark Registration

## 1) Logo & Text

### ➤ How to decide whether to register text and graphic mark respectively or as combination?

1. CTO's examination rule: separate each element in combination
2. Standard use requirement: use exactly as registered in CTO
3. Cost consideration



# Special Issues in Trademark Registration

## 2) Trademarks in Chinese

### ➤ Why Chinese trademark matters?

1. CTO's examination standard: phonetically (registered by others)
2. Goods export requirement: with Chinese label (infringe others' trademark)

圣弗斯药房

聖弗司

# Special Issues in Trademark Registration

## 3) *How to choose a category for your trademarks properly*

### ➤ How to choose goods/services under NICE Classification appropriately?

1. NICE Classification: 45 Classes of Goods & Services (1-34 Goods, 35-45 Services)
2. Real use and protection need: goods & relevant services
  - a) Choose too much (non-use within 3 years after registration, might be cancelled by others)
  - b) Choose not enough (insufficient protection range)
  - c) 10 items under each sub-class





## **Part 2. Strategies for Fighting against IP Infringement**

# Channels when IP Infringements occur



Reach  
Agreement



Administrative  
Solutions



Lawsuit



# Administrative Solutions

## 1. Objection:

- 1) Applicable situation: in case a trademark is preliminarily approved and announced by the China Trademark Office, within 3 months.
- 2) Applicant qualification:
  - Applicant who's the prior trademark right holder or interested party
  - Applicant whoever thinks the trademark's approval is illegal

## 2. Cancellation

- 1) Applicable situation: in case a trademark is registered but the owner hasn't used it for 3 years since its registration date.
- 2) Applicant qualification:
  - Anybody

## 3. Invalidation

- 1) Applicable situation: the registered trademark violated the provisions of the *Trademark Law of China*
- 2) Applicant qualification:
  - Anybody

# Lawsuits

- **Applicable situation:**
  - When the administrative measures failed
  
- **The qualifications of an applicant:**
  - Applicant whose trademark right is infringed by others
  
- **Pros and Cons:**
  - ✓ High compensation
  - × Time consuming
  - × Larger evidence providing burden



## Part 3. IP Protection System

# Establishing a Comprehensive IP Protection System

Application for registration and/filing in competent authority in China

Setup thorough IP protection system internally

Make good use of the current IP protection action of China to fight against any IP infringement

Filing the IP rights with Customs

# Suggestions of setting up a sound IP protection system

1. Training for all employees (especially those have chance touching IP) the professional knowledge of IP, including how to build up the protection sense.
2. Assign a dedicated personnel to collect and integrate the IP related data, make up the control sheet tracking the status of the IP: to be applied for? in registration process? registered? time to renew? any opposition received from others?
3. Monitor other competitor's IP status to see if there is any chance to take proactive defending actions?
4. Well coordinate with the other departments including marketing team, business development team and business operation team to assess the registration necessity in any country/region and get the registration started as early as possible.
5. Take actions to fight against any infringement by competitors and/or any other participants of the target market.

# Filing the IP rights at China Customs

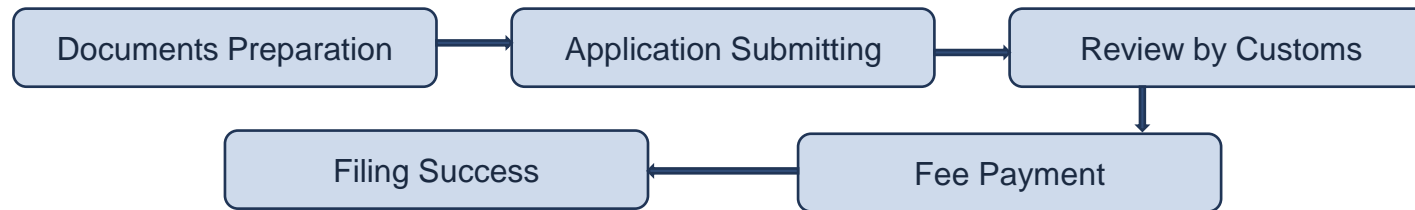
## 1. Necessity:

- Prerequisite for the customs to take active protection measures;
- Help customs to find infringing goods;
- The economic burden of intellectual property right holders is relatively light;
- Can have a deterrent effect on the infringer.

## 2. Requirements:

- Applicants shall either be the IP owner (of which, for trademark and patent, its IP registration shall be done in competent authority of China, for copyright, its country of origin shall be member of Berne Convention for the Protection of Literary and Artistic Works), for application process, shall engage in qualified agent in China.

## 3. Procedure:



## 4. Timeline: 1.25-1.5 months



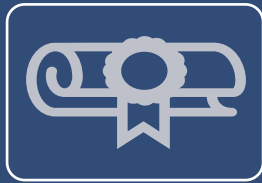
# Key Takeaways



The importance of registration IP in China: proactively, comprehensively and properly



Special issues of IP protection: set up protection system, monitor both yours and others' status



Familiar with current IP laws & regulations: make good use of administrative measures to fight against IP infringement



Seek for professional and localized advisory service



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