



## Intellectual property

### Management summary

Politicians, the press, and businesses worldwide have spoken and written extensively about the problems with intellectual property rights in China.

China faces numerous challenges related to international intellectual property rights and their enforcement.

It is estimated that there are between 100,000 and 150,000 outstanding international copyright/trademark cases with Chinese businesses. Given the costs and time involved in raising a case, we expect this number to be much higher, as many companies lack the resources to navigate the complexities of Chinese legal processes.

If your trademark or copyright is registered in China, a dispute over it can often be resolved with a letter from a local Chinese solicitor. No business or Chinese person wishes to be seen breaking Chinese rules and regulations.

If you do not register your trademark in China, you could spend years in the Chinese legal system trying to block the use of your trademark. If you have registered your trademark and there is an infringement, it is usually resolved after a letter from a Chinese-based solicitor.

We strongly recommend that you protect your trademark in China in accordance with local Chinese laws and regulations.

### Background

In reviewing intellectual property law with our Chinese legal firm, they point out that China only started developing Commercial and Civil law in the last 40 years. This marks the first time China has had Commercial and Civil law in 4,000 years, whereas England, for instance, began developing these laws over 900 years ago.

Given China's historical lack of Commercial and Civil law, local businesses have exploited this saturation, creating copies of Chinese and international products and brands.

Although China has been a member of international trade agreements that protect IP rights since 1979, the scale of IP rights infringements means that Chinese authorities lack the resources to enforce them effectively.

IP rights enforcement becomes local, not international, by registering the IP in China. This allows enforcement between Chinese companies and Chinese legal firms without often involving Chinese authorities. Chinese people and businesses recognise that having the correct paperwork enables IP enforcement, which in turn ensures that rules and regulations are followed. No company or person in China (or worldwide) wants to involve local authorities in legal conflicts.

Chinese IP laws are split into three areas

- Trademark
- Copyright
- Patent

*Note: Trademark law in China is often referred to as brand registration, which involves registering your Trademark.*

The Chinese are developing Commercial law, which includes intellectual property rights. The laws being developed are independent of international law,

For example, a Trademark registered in the EU, USA, etc., is not generally protected in China and therefore must be registered there.

If you manufacture in China, you will train and set up a production line for your products and brands. If you fail to protect your trademarks, patents, and other intellectual property, the factory can legally sell your products and use your brand name throughout China.

Please be aware that factories in China often manufacture products for other overseas businesses. You could try to enforce your Chinese trademark protection with the factory. Firstly, you need to be aware that they are doing this. Your products are often sent to a factory in another area. Secondly, you may not be able to enforce the trademark as the goods are not to be sold in China.

Once your IP rights have been correctly registered in China, they can be successfully enforced.

All IP registrations need to be renewed every 10 to 15 years, depending on the type of registration (e.g., trademarks vs. patents).

Please seek advice in your local country. We recommend starting with trade organisations. In the UK, these would be the Chinese British Business Council (CBBC) and the British Chamber of Commerce. They should have a list of local businesses that specialise in Chinese IP.

If your business has products/services that would interest the Chinese or international market, protecting your IP, specifically trademarks, in China is strongly recommended.

## Chinese trademark registration

Chinese trademark registration, also known as brand registration, covers logos, company names, brand names, product names, and more.

Protecting your interests outside China, including Hong Kong, will not protect your interests in China.

*Note: Please check*

- *if your IP is registered in mainland China. Does this cover Hong Kong?*
- *If your IP is registered in Hong Kong, does this cover mainland China?*

*This was the case when writing this paper.*

Any business or person/person inside or outside China can register a trademark in China. There is some protection for significant international trademarks. When reviewing a trademark application, we understand that the Chinese authorities will check their international trademark registration database. This database is limited to substantial trademarks and offers minimal protection for SMEs.

Recently, the Chinese authorities have encouraged Chinese companies to register their trademarks. This has led to many trademarks being registered in China by Chinese companies seeking to protect their existing overseas brand names. This has been causing problems for overseas businesses that have registered trademarks in China.

Once you have registered a trademark in China, it is illegal to copy and trade using the trademark in China, regardless of any registration outside China.

Make sure your trademarks are in your company name, regardless of whether you own a Chinese company. Do not allow a third party to own your trademark, irrespective of the agreement. The best solution is to register your brand names, logos, product names, etc., at the outset before you involve any parties inside/outside China.

Suppose you wish to allow an organisation in China to use your trademark. In that case, you can give written permission but include detailed terms and conditions in an MOU (Memorandum of Understanding). Followed by a written agreement.

## Trademark registration process

- **Appoint a local agent in your country to handle your trademark registration**

Appoint an agent from your country with a successful track record in Chinese trademark registration. They will, in turn, appoint a Chinese agent; only a Chinese licensed agent can apply to the Chinese authorities.

Using a local agent from your country means you will work in your local language and under your country's trading terms.

Your local agent should also have access to the trademark registration database in China and, therefore, be able to check what is already registered. This will save time and money when submitting trademarks already registered in China.

You can appoint a local Chinese agent directly. This is only recommended if you know the Chinese agent and have a successful trading relationship.

The government must certify all local Chinese agents. Please ensure that you see a copy of their certification that matches the Chinese company name.

Trademark registration is straightforward in China. However, incorrect trademark ownership can prevent you from trading in China and result in the loss of any investments you have made there.

- **Submit the papers to the Chinese authorities**

Your local agent will handle this matter. Please make sure all the information is correct, including the spelling, fonts, etc.

Before submitting, ensure you are not using words in the trademark name that are not allowed or will need further supporting documentation, such as country names or “British.”

You must select an international trademark class(es) for your submission. There is a cost per code. Your registration will be protected within this class(es). Another company can use the same registration but with different trademark classes.

For example, one organisation could Access China class 38 (Telecoms) and 42 (IT Services), while another could Access China class 43 (hotels). Both organisations can use the trade to gain Access to China only in the classes stated in the registration.

This submission must be accurate. Being 99% right is not enforceable in Chinese trademark law. Get the papers checked thoroughly before submission.

- **The Chinese authorities review the paper**

The Chinese authorities will review the information submitted. This comprehensive process can take up to three months to complete.

- **Chinese trademark registration rejected**

The Chinese authorities can reject the registration request. They will give their reasoning.

If it is for missing information, this can often be corrected.

If a change to the brand name spelling, etc., is required, a new submission/money is often needed.

- **Chinese trademark registration acceptance**

Once you have an agreement and the paperwork from the Chinese authorities, you can start using the trademark in China, knowing it is protected.

Once a trademark registration is accepted, a two-year "cooling-off period." During this period, any party can challenge your registration. Although the challenge is unlikely to succeed, there is no guarantee, and it could result in significant time and financial commitments to resolve.

Once the two years have passed, the trademark can no longer be challenged unless you have not used it in China for over three years.

- **Renewal processes**

Depending on the registration type, you may be required to renew every 10 to 15 years.

The Chinese registration authorities can accept an application by another business or person (Chinese or international) to take over your trademark if you have not used/traded it in China for three years.

Please understand the renewal process, rules and regulations, etc., before completing your trademark registration with your local agent.

### **Trademark registration enables**

Stop Chinese and international companies and people from using the registered trademark in China.

Use your trademark on the internet, e.g., e-Malls, social media, etc. On request, the Chinese platform must take down any use of your trademark without your written consent. You may have researched the use of your trademark as part of your submission to the Chinese platforms.

Request that the domains registered under your trademark be closed.

Stop factories from reproducing your trademark.

Please note that this must be performed proactively. This will not happen by default.

At this stage of the process, we recommend that if enforcement is needed, a local Chinese legal firm be used. A local legal contact is far more successful than an international firm in most countries. Chinese vs. Chinese works faster. Usually, a simple letter to the Chinese legal firm will force the issues.

### **Your trademark is already registered in China.**

If your trademark is already registered in China, you can take little action. This is why starting your trademark registration as soon as possible is so important.

## Options available

1. If the trademark is registered within the first 2 years, you can appeal to the Chinese registration authorities. This is not usually successful.
2. If you prove that the Trademark has not been used in China for the last three years, you can apply to take over the trademark.
3. Purchase the trademark registration. This is often expensive.
4. Ensure your trademark is registered outside China to prevent copies of your brand, products, etc., from being exported into your existing market.
5. Create a different trademark name for the Chinese market. This can create an opportunity for a meaningful trade name for the Chinese market.

## Chinese patent registration

Firstly, this process is the same as the one for trademark registration.

Like with trademark registration, we recommend starting with the trade organisation in your local country.

## Chinese software registration

You can register software in China to protect it from cloning. To do so, give the registration authority your first and last 10 to 30 pages of program coding. You do not provide a full copy of your system coding.

This generally does not protect your software from reverse engineering. This is the case with most software worldwide.

## Chinese copyright

Copyright is one of the hardest to enforce in China. The growing use of AI databases to store media, papers, and other digital content is becoming a global problem. We need to wait to see how the issue of copyright protection worldwide is resolved.

We recommend registering a Chinese trademark for all your copyrighted material. It should create clear ownership.

Do not do this if you have no registered trademark in China. You will make it easier to copy material. A local or international company or person can register your trademark in China, which could help protect it with copyright enforcement.

i.e., you could be publishing your copyright material in China with their trademark

We recommend seeking advice or joining professional trading organisations in an appropriate industry, such as music, books, film, etc.