



# Factsheet

## IP Protection in P.R. China

Despite Chinese government's demonstrated commitment in strengthening its IP protection regime, both Sino-Benelux Business Survey 2018 and European Business in China Business Confidence Survey 2018 showed that IP infringement remains one of the key areas of concern.

This factsheet provides some basic but practical tips and includes referrals to specialists.

- a. Ensuring protection for your IPs should be one of the first things to take into consideration even if you are just drawing up business plan prior to entering the Chinese market or even only outsourcing manufacturing without sales. It is advised that you take the time to consult an IP specialist law firm with extensive experience in China to develop a strategic IP protection plan.
- b. IP rights are territorial, which means they are only enforceable upon valid domestic registrations. Mainland China employs a **'first-to-file'** system for IP registrations (patents & trademarks). The first entity or individual that registers IP-rights is the entity that will hold the rights, regardless of the original user. Filing IP rights in Mainland China as early as possible in your own company's name before anyone else does is essential to safeguarding your IP rights.
- c. Regularly monitor the Chinese marketplace both online and offline for any infringement, maintain good communication with your suppliers and distributors.
- d. If your company encounters an IP infringement, there are several options to enforce your rights.
  - A 'Cease & desist' letter can be first considered.
  - Chinese Customs can seize shipments of infringing goods if IP rights owners record their IPs with China Customs IP Protection Filing & Query System.
  - IP rights owners can submit take-down requests to Chinese e-commerce sites to have infringing products removed from the platform.
  - Fast, straightforward and inexpensive administrative actions - government authorities can organise raids, seize infringing products and charge penalties
  - Judicial protection - civil courts can issue injunctions and award compensation. Administrative authorities and Customs may transfer cases that

exceed fixed thresholds to the police to initiate criminal investigations.

## Trademarks

- It is equally important to register a **Chinese language version of your trademark** as your original trademark.
- Mainland China employs a 'first-to-file' system for trademark registrations.
- Bad faith trademark registrations affect both multinationals and SMEs due to China's lack of a 'use' requirement for a trademark application to proceed to registration. You could, in limited circumstances, challenge bad faith trademark filings. China is making efforts to crack down on malicious trademark registrations.
- China divides products and services into 45 product/service classes under the Nice Classification. Uniquely, 45 classes are further divided into sub-classes in China. You should consider registering defensively to cover any products/services for which you do not want others to use your trademarks. The double-edged sword - China's lack of a 'use' requirement - allows you to do so.

### Two ways to register trademarks:

- 1) Direct applications of trademarks with the Trademark Office of China National IP Administration
  - 2) International applications under the 'Madrid Protocol' through WIPO designating China (can only be filed in English, French or Spanish, Chinese characters not accepted)
- Due to language and classification differences, the first option direct applications with China Trademark Office tend to have better outcomes.
  - Foreign applicants without domicile or place of business in China must submit applications through a qualified Chinese trademark agent.
  - The domestic trademark filing fee is CNY 300 per class, covering up to 10 products/services.
  - The validity term of a trademark is 10 years starting from the date when the right is granted.
  - A registered trademark which has not been in use for three consecutive years may be subject to a non-use cancellation.

## Patents

- Granted on a 'first-to-file' basis
- The utility model, which has no Dutch parallel, should not be neglected for your corporate patent strategy. Its lower inventiveness requirement and simple formality examination make UMs cheaper and much quicker to obtain and enforce. For the same invention, it is permitted to apply for both invention patent and UM protection on the same date, the common same-day parallel filing practice in China to fill up the protection-free gap. A declaration has to accompany both applications respectively noting the co-filing of the other. Once the invention patent which enjoys a longer protection term is granted, the UM must be abandoned/terminated.
- Foreign applicants with no legal presence in China must work with a local patent agency to file a patent.

### Three ways to file patents:

- 1) Direct filings with China National IP Administration
- 2) Filing a patent application in a foreign country which must be a signatory nation of the 'Paris Convention' (the Netherlands is a member state) and then filing a patent application in China within 12 months for invention patents and UMs, within 6 months for design patents and 'backdate' its application to the date of the first application.
- 3) International applications under the PCT "Patent Cooperation Treaty" at the European Patent Office or any national patent office within the EU, designating China as one of the states (procedure with China National IP Administration no later than 30 months from the priority date).

## Copyrights

- Copyright plays a supplementary role in enforcing alongside other IP rights like design patents or trademarks.
- Copyrights apply automatically in China. Registration is technically not required, however in practice is advised to possibly alleviate the burden of proof in the event of any dispute or court case.
- Authorised by the National Copyright Administration of China, the 'Copyright Protection

Centre of China' administers copyright registration in China.

Type	Definition	Substantive examination?	Time to register	Fee (CNY)	Protection Term	Parallel filing
<b>Invention Patent</b>	New technical solutions or improvements relating to a product/process	YES - subject to full and stringent examination	Approx. 3-5 years	Approx. 3.500	20 years	With Utility Model (must be same day filing)
<b>Utility Model (UM)</b>	New technical solutions proposed for the shape, structure of a product, or combination thereof, which are for practical use	NO - only simple formality examination	Within 1 year	500	10 years	With Invention Patent (must be same day filing)
<b>Design Patent</b>	New design, shape, pattern, colour or combination thereof relating to a product with aesthetic appeal	very simple formality examination	Within 1 year	500	10 years	N/A

Further professional referrals:

- China IPR SME Helpdesk supports EU SMEs to protect and enforce their IP rights relating to China through the provision of free information and services: <http://www.china-iprhelpdesk.eu/>
- Should you wish to consult an IP professional who is familiar with the legal system in China, please request the Economic Network in China to share a list of legal service providers.

*Disclaimer: the information in this factsheet only pertains to mainland China. Under the legal frameworks of the Hong Kong SAR and the Macau SAR other rules and regulations apply. For more information on the situation in Hong Kong and Macau please refer to [HON-EA@minbuza.nl](mailto:HON-EA@minbuza.nl)*

*This factsheet should not be construed as legal advice, but be used as a guide only. Dutch companies should seek independent legal advice as required. Readers should take note that the Ministry of Foreign Affairs does not guarantee the accuracy of any of the information provided in this factsheet.*

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