

CHINA IP SME HELPDESK



Rigorous empirical
research on
intellectual property

Intellectual Property Systems in China and Europe

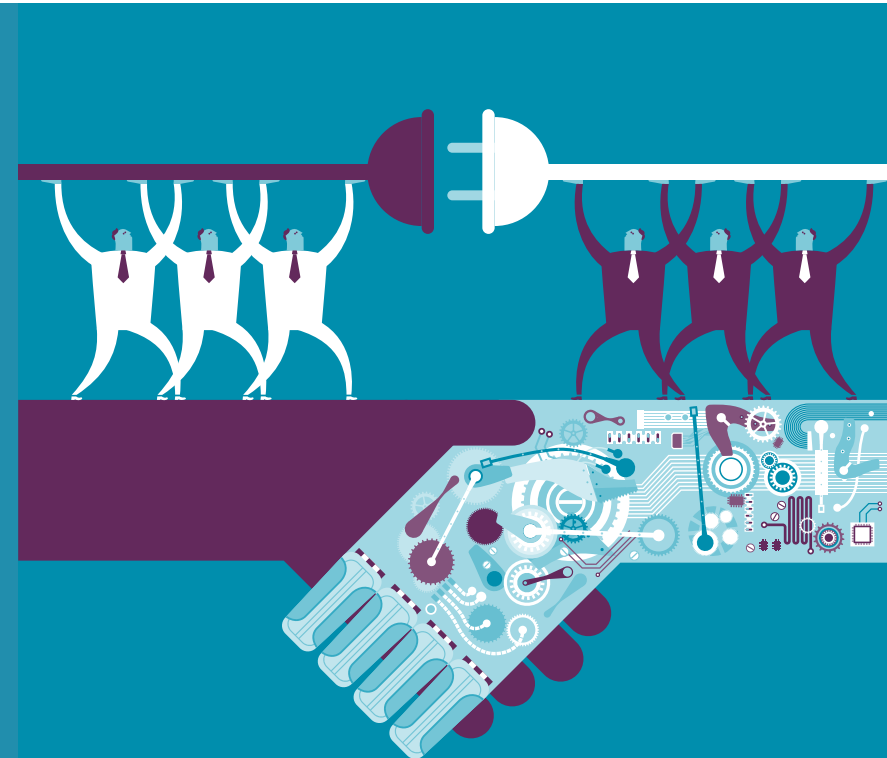
Hosts:

- Axel Ferrazzini, 4iP Council
- Jim Stoopman, China IP SME Helpdesk

Presenters:

- Peter Finnie
- Simon Cheetham

01/12/2021



What do we do?



Non-Profit Activities



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Promotion Innovative SMEs

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For SMEs:

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Which types of intellectual property do you need?

Filter table columns

?	PATENTS	COPYRIGHTS	DESIGNS	TRADE MARKS	TRADE SECRETS
What do they protect?	An invention: a new and creative way of doing something or solving a technical problem. See also	A work of original intellectual creation. See also	A new and original visual appearance of a product. See also	Distinctive signs: words, sounds, images, smells, etc. See also	Confidential information. See also
Examples of what is protected	Invention products and processes in all fields of business. For example of successful patents by EPO: See also	Books, music, films, software, architecture, designs, logos, etc. For example of successful copyrights by EPO: See also	Handbags, shoes, lamps, etc. For example of successful designs by EPO: See also	Words, sounds, images, etc. For example of successful trademarks by EPO: See also	Confidential information. For example of successful trade secrets by EPO: See also
How are they rights protected?	Through a patent application and, once granted, by the patent office. See also	Through a copyright application and, once granted, by the copyright office. See also	Through a design application and, once granted, by the design office. See also	Through a trademark application and, once granted, by the trademark office. See also	Through a trade secret application and, once granted, by the trade secret office. See also
How long is my protection?	Up to 20 years.	Life of the author + 70 years after death (depending on the country). See also	Up to 25 years for registered designs. See also	Up to 10 years for unregistered designs. See also	As long as the information remains confidential. See also
Do I have to register it?	Yes, filing an application for a patent office is required. Have a patent application in: See also	No, copyright protection arises automatically with its creation. See also	Yes, filing a design application is required. Have a design application in: See also	No, trademark protection arises automatically with its creation. See also	No, trade secret protection arises automatically with its creation. See also



2 - NEGOTIATING

3 - FUNDING

4 - STRATEGIC VALUE

Explore how patents add value with our [interactive guide](#).

3 - COLLABORATION

4 - FUNDING

Explore the benefits of copyright with our [interactive guide](#).

4 REASONS 4 TRADEMARKS

- 1 - DIFFERENTIATION
- 2 - PROTECTION
- 3 - REPUTATION
- 4 - REVENUE

Explore the benefits of trademarks with our [interactive guide](#).

4 REASONS 4 DESIGN RIGHTS

- 1 - EXCLUSIVITY
- 2 - COMMERCIALISATION
- 3 - REPUTATION
- 4 - VALUE

Explore the benefits of design rights with our [interactive guide](#).

Case Law post CJEU ruling *Huawei v ZTE* [Back to main 4IP Council site](#)

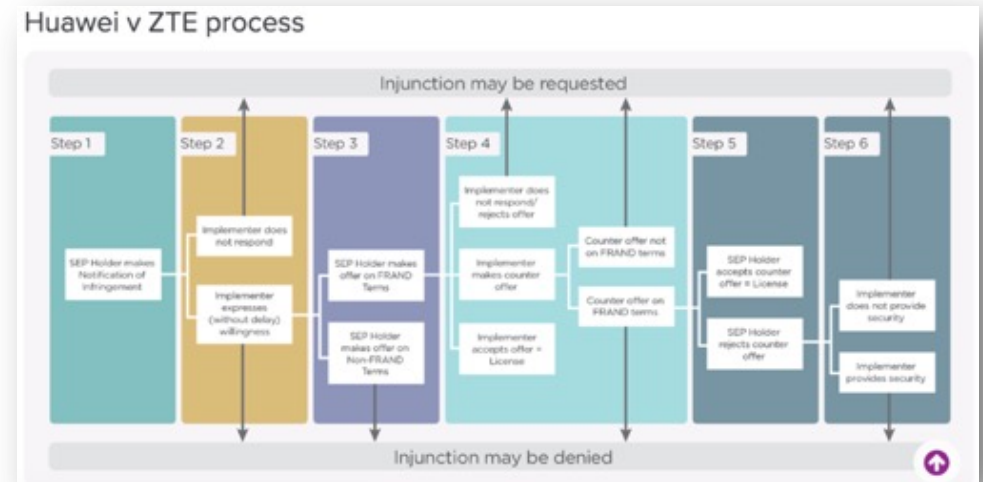
4IP Council home Case law CJEU decisions German court decisions Dutch court decisions English court decisions French court decisions Irish court decisions Italian court decisions Romanian court decisions National Courts Guidance Authors & contributors

National Courts Guidance

Negotiating Licenses for Essential Patents in Europe

Increased clarity provided on the principles established by the Court of Justice of the European Union in *Huawei v ZTE*.

The Court of Justice of the European Union clarified, in *Huawei v ZTE* (Case No. C-170/13), European law relating to the availability of injunctive relief for infringements of FRAND-based standard essential patents. In doing so, the Court provided a legal framework focused on the good faith conduct to be expected of both parties. Since



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FACTSHEET

- THE FACTS: Business in Mainland China for EU Companies**
 - Size of Market
 - Key INDUSTRY SECTORS
- IPR in Mainland China for SMEs: BACKGROUND**
 - Intellectual Property Rights for SMEs: Why is this RELEVANT to you?
 - How does Mainland China's IP legal framework compare to INTERNATIONAL STANDARDS?
- IP Rights in Mainland China: THE BASICS**
 - A. Copyright
 - B. Patents
 - C. Trade Marks
 - D. Geographical Indications (GI)
 - E. Trade Secrets
- Using CUSTOMS to block counterfeits**
- Enforcing of rights**
 - Administrative actions
 - Civil Litigation
 - Criminal Prosecution
- RELATED LINKS and Additional Information**



IP Factsheet: Mainland China

CHINA IPR SME HELPDESK



For free, confidential, business focused IP advice within three working days E-mail: questions@china-ipshelpdesk.eu

Protecting Your Trade Secrets in China

Prevention is the key to protection.



WHAT EXACTLY CAN BE A TRADE SECRET



KEEP IT SECRET, KEEP IT SAFE

It is important to remember that once trade secrets become publicly known, they can no longer be protected as trade secrets.



DON'T FORGET YOUR EMPLOYEES

- Limit access and copying rights to the personnel who actually need it.
- Require all employees to sign an employment agreement with strict confidentiality provisions.
- Be sure to hold exit interviews and have them return documents, materials, computers, and files.
- Establish an internal management system for trade secrets. Training and clear written guidelines are essential.

DEALING WITH THIRD PARTIES

Business dealings or negotiations with third parties, potential partners, suppliers, contractors, licensees, or customers

monitor your partners, suppliers or licensees to make sure they are complying with your trade secrets protection policy



Questions?

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HELPLINE

free, fast & confidential

3 ^{working} *days*

question@china-iprhelpdesk.eu



@iprchina



@ChinaIPR-hd

Intellectual Property Systems in China and Europe



Peter Finnie

UK & European Patent Attorney in the London office of IP law firm POTTER CLARKSON. He works with investors and European tech start-ups advising them on how to develop their IP strategies. He has extensive experience of proceedings before the EPO.



Simon Cheetham

China IPR Enforcement expert with over 30 years' experience in commercial investigations, due diligence and IPR enforcement in China and internationally. He is also the Managing Director of ERINYES INTERNATIONAL LTD.

Benefits of intellectual property



What is an IP strategy?

An IP strategy is a framework for dealing with:

- Development and commercialisation of your technology
- Development and ownership of IPR
- IP owned by third parties – Freedom to Operate (FTO)
- Enforcement and defence of IPR
- Managing IP-related costs!

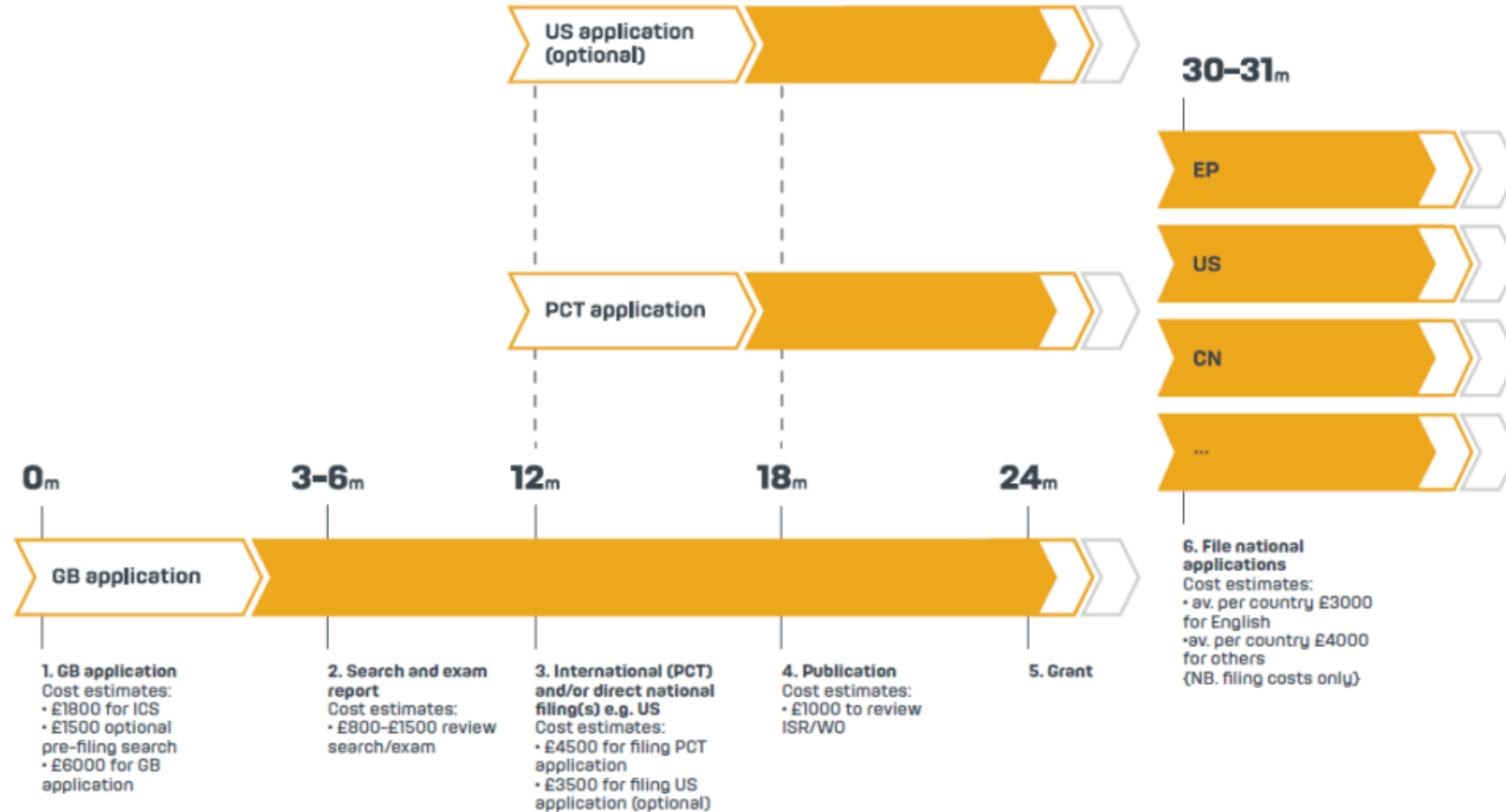
Why does IP strategy matter?

- Deepens the understanding of the business and improves decision making
- Provides a clear plan for protecting investment in technology R&D and brand development
- Identifies and mitigates IP related risks to the business
- Supports fund raising efforts - always ready for investor-led due diligence
- Supports exit valuation

Business Plan: IP considerations



Typical patent filing strategy

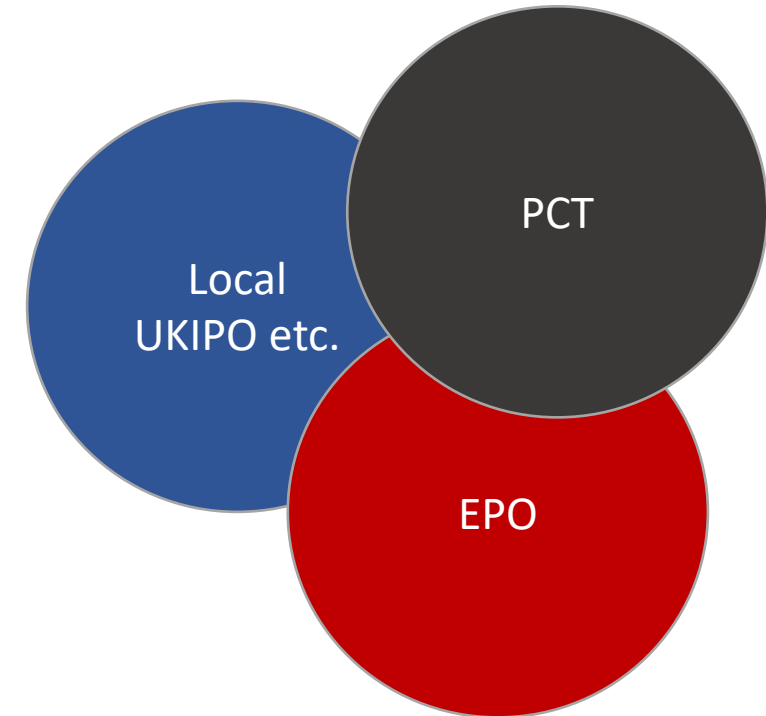


Overview of IP system in Europe

- Primary types of IP include patents, trade secrets, copyright and trade marks
- Mixture of EU and national law applies
- EU Regulations and Directives across a wide range of IP rights, including SPCs, medical devices, medicinal products, plant varieties, database rights, trade secrets, competition law etc.
- Community Designs and Community Trade Marks are administered by EUIPO, but there is still no EU patent!
- Enforcement (litigation) through national Courts (but Unitary Patent Court?)
- CJEU interprets EU law to ensure harmonisation
- European Patent Convention sits outside of the EU

Patent system in Europe

- National patent systems, with ‘local’ patent offices e.g., UKIPO, DPMA etc. to grant national patents
- International patent system under the Patent Cooperation Treaty (PCT)
- European Patent Office established under the European Patent Convention (EPC) to grant European patents



European Patent Office (EPO)

- One application, one language, one procedure
- Offices in Munich, Berlin and The Hague
- 38 Contracting States covered
- Cost effective when protection sought in at least 4 countries
- Robust search and examination procedures
- Requires national 'validation' after allowance and grant



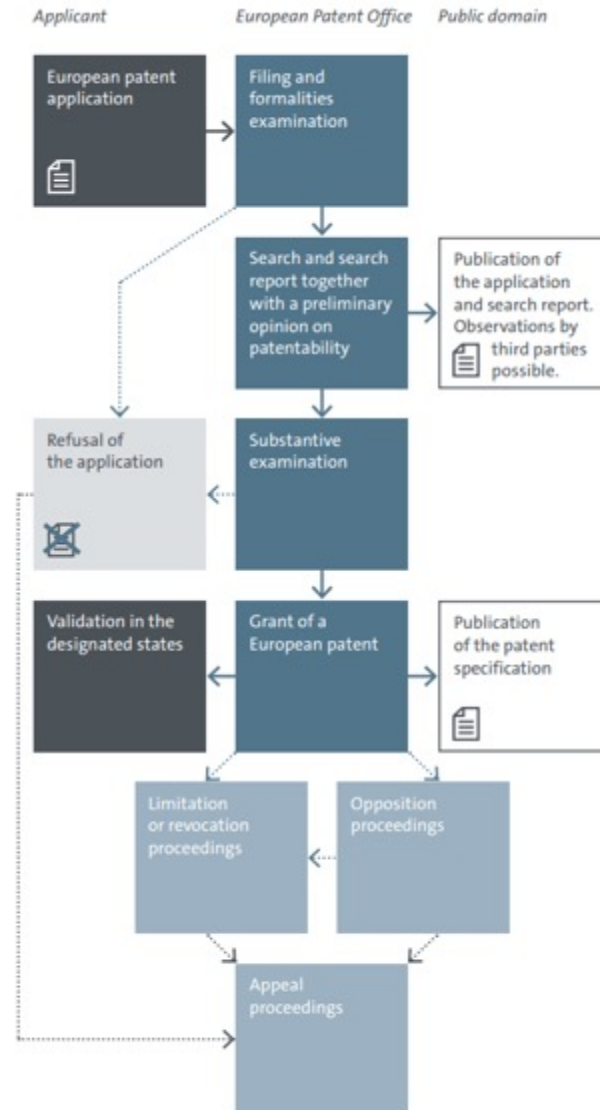
EPO – patentability

- To be patentable, an invention must:
 - have technical character (product, process, apparatus)
 - be new
 - involve an inventive step
 - be industrially applicable
- BUT some innovations are not patentable:
 - for example, mathematical methods, business methods, and computer programs as such are not recognised as inventions



EPO – grant procedure

- ↓ Filing and formalities examination
- ↓ Search report and preliminary opinion
- ↓ Publication
- ↓ Substantive examination
- ↓ Allowance/Grant
- ↓ National validation
- ↓ Opposition period



Getting the best European patents

- Have the inventive concept clearly articulated and supported with technical detail and formal claims in the very first filing
 - Strict support required for any amendments during prosecution – no new matter allowed
- Be clear about what technical problem is being solved and the technical solution
- Request accelerated search/examination (PACE) to speed up grant if appropriate
- Ensure your patent claims always map to your commercial products
- Be careful what you say ...

Intellectual Property in China

- Discussion Theme

How is IP
administered in
China

What are the
main differences
with Europe?

Prevention and
enforcement of
IP in China

SME Case Study

Take away tips

China IP: Fast Progress



- CNIPA - Restructuring of IP registration, management & enforcement governing bodies in China
- **Patents**
 - Amended Patent Law – 1 June 2021
 - US-China Phase I Trade Agreement (signed 15 January 2020)
- **Copyright**
 - Amended Copyright Law – 1 June 2021
- **Trade Secrets**
 - New Foreign Investment Law - 1 January 2020
 - Anti-Unfair Competition Law - 23 April 2019
- **Geographical Indications**
 - US-China Phase I Trade Agreement - safeguards for generic terms; Option for US to oppose GIs
- **Trademarks**
 - Anti-unfair Competition Law - 23 April 2019
 - Impact of new Trademark Law - 1 November 2019
 - Malicious trade mark registration:
 - invalidate or oppose hostile marks based on the grounds of abnormal filing✓
 - more interventions by companies in the registration process✗

China: EU Comparison Overview

Mainland China

- *In general registered IPR is protected*
- *IPR only protected from registration*
- *IPR is territorial*
- *Patents & trade marks extendable internationally*
- *Registration process*

Europe

Some unregistered IPR can be enforced

Conditional protection from filing

IPR is territorial

Patents & trade marks extendable internationally

Registration process

China: EU Trademarks Comparison

Mainland China

- *Visual & sound trade marks*
- *Register Chinese trademarks too*
- *It takes 9-12 months to register*
- *Madrid system*
- *Int'l classification BUT additional sub-classes*

Europe

Visual, sound & scent trade marks

Register in one language only

*Community reg takes 6-9 months,
national reg longer*

Madrid system

Int'l classification

China: EU Patents Comparison

Mainland China

- *Invention patent takes 3-5 yrs / lasts 20 yrs*
- *Invented in China = confidential exam*
- *Utility models very common takes ≤ 1 yr*
- *PCT filing route is available*

Europe

Invention patent lasts 20 yrs

No mandatory confidential exam

less common in Europe

PCT filing route is available

China: EU Other Rights Comparison

Mainland China

- *No unregistered design protection*
- *Registered designs protected 15 yrs*
- *Copyright protected from date of creation – best to register*
- *Databases protected as compilations*
- *Trade secrets protected*

Europe

Unregistered designs protected 3 yrs

Registered designs protected 25 yrs

Copyright protected from date of creation – keep proof

Databases protected as intellectual creation++

Trade secrets protected

China: EU Enforcement Comparison

Mainland China

- *IPR holder carries burden of proof*
- *Court decides time limit for evidence*
- *Trade secrets enforced in court & admin route*
- *Admin actions fast & cost effective*
- *Copyright cases via on-line courts*

Europe

Courts can help collect evidence

Evidence presented thro whole hearing

Trade secrets enforced in court only

N/A

N/A

Prevention & Enforcement

Taking action against a counterfeiting manufacturer and/or distributor complex - three elements:

- In depth knowledge of the genuine and counterfeit product
- In depth knowledge of the IP available in China, and which legislation to be considered in a given case and
- An analysis of what effect the counterfeit product has on your business, both in the short term as well as the long term.

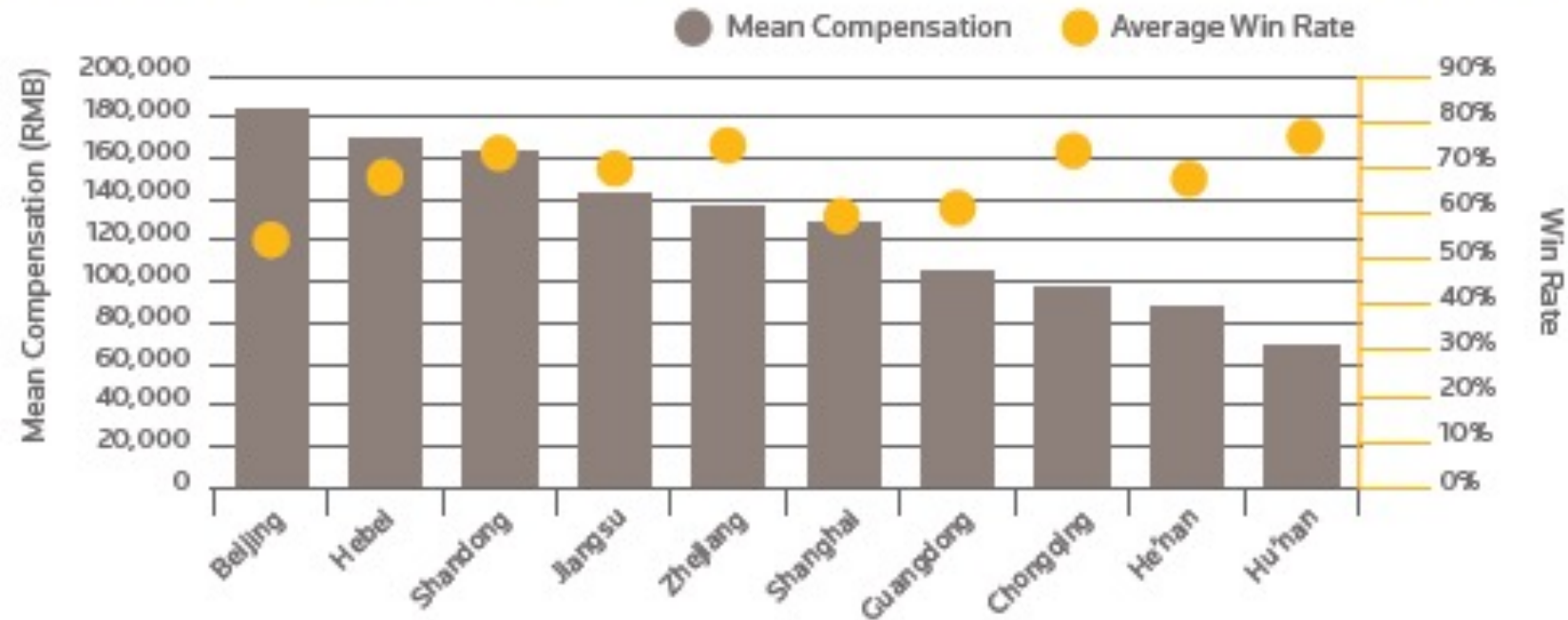
Prevention & Enforcement

Different enforcement options: civil, criminal, administrative plus e-commerce take-downs

- The administrative action process:
- Lodging complaint – where infringement occurred:
 - Letter of complaint
 - Registration certificate
 - Certificate of identity of trade mark owner
 - Evidence of infringement
- Successful admin raid – order to stop, destruction and/or fine
- Administrative action common as simple procedure
- BUT Court action also available – useful for injunction and damages and needed for more complex cases

Prevention & Enforcement

MEAN COMPENSATION AND WIN RATES BY PROVINCE/MUNICIPALITY



Source: CIELA by Rouse

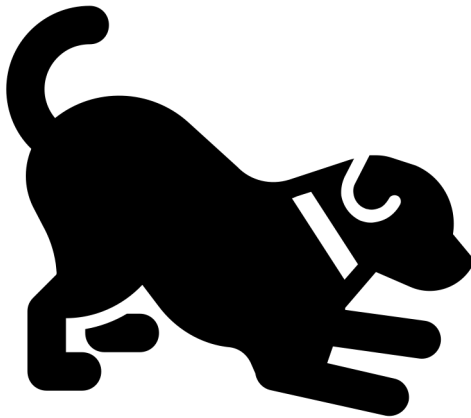
THOMSON REUTERS

Prevention & Enforcement

Prevention is best!

- How – through registering your IP early enough and broadly enough
 - Apply for your China trademark before anyone has any clue that your company is looking to do anything in or with China
- Why -
 - Enables market access strategy
 - Creates space for ROI
 - Deterrence
 - First to file jurisdiction

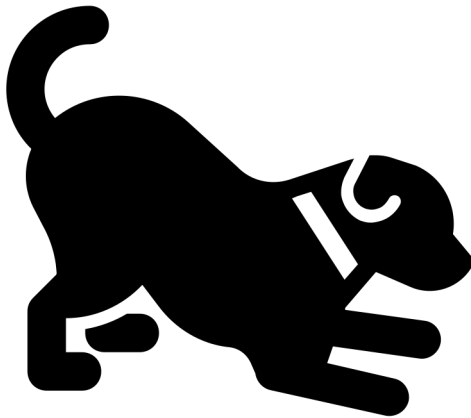
Case Study Pet Toys & Accessories



Pet toys & accessories successfully sold in EU – advertised via Instagram & Tik Tok videos. Started looking at the China market...

Sellers on China's major e-commerce platforms selling copies using trademark, same designs & even same Tik Tok videos with Chinese language subtitles as promotional material

Case Study Pet Toys & Accessories



Brand not registered in China; designs not registered in China & novelty lost; copyright not registered but still available

Major e-commerce platforms all have IP dispute resolution mechanisms

Copyright registration needed plus evidence of 1st publication; start registering trademarks ASAP

Key Factors For Success

- **Learn** about China & make best use of available tools (law & practice peculiarities, filing & enforcement routes) *Know before you go...*
- **Anticipate** future business developments - do due diligence to choose local partner, check freedom to operate, **register IP first** before/while starting business (always in your own name); watch market for infringers; **cost effective** - include IP ownership clauses in employment/manufacture/licensing agreements, secure domain names.
- Add **layered IP protection** to ideas, products, marks, packaging & *register IP early*

Key Factors For Success

- **Use and defend your rights** to avoid risk of cancellation, exploit (licensing/franchising etc.) & enforce IP rights (build connections with local enforcement authorities – faster and usually more effective)
- **Join forces** – exchange info with companies confronted with same problem (share costs), joint lobbying
 - Use Helpdesk
 - Contact MS embassies
 - European and bilateral chambers of commerce
- Know when to **adapt but be persistent** (periodically review IP strategy)

Thank You!
Q&A

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question@china-iprhelpdesk.eu

Next 4iP
Council
Webinar

Solution in Search of a Problem:
Licensing Negotiation Groups in
the Internet of Things (Jan 19th,
2022)



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