

“ IP can be

your

biggest

asset

or your

biggest liability ”

Importance of Intellectual Property in China

China presents a unique and impressive opportunity for international enterprises that seek to enter the market. With a population that has increasing levels of discretionary income and interest in imported and international products, selling to this market is very desirable for most companies.

However, before selling to China, it is crucial to make sure your Intellectual Property (IP) rights are in place.

Due to the increasing presence of international brands in China, IP leakages are more and more common. A recent study by the U.S. government found that China accounted for 80% of brand theft of U.S. brands, whilst Chinese IP theft is also estimated to have reduced potential profits for European manufacturers by 20% in recent years. Thus, IP protection should be a priority when looking at entering the Chinese market.

There are four fundamental steps to establishing and protecting IP in China:

1. Register/apply for trademark

- Applying for a trademark in China can take up to 12 months - so it is important to register as early as possible
- Chinese trademarks are granted on a first come, first served basis – so register ASAP
- Cost is very reasonable – approximately USD 600 for 10 years protection

2. Come up with a Chinese brand name

- Many international enterprises overlook this step, but it is fundamental in establishing the brand in China and is paramount to fully protecting IP in China
- Given the fact that most Chinese will search in Chinese, having a Chinese brand name will increase access for your enterprise to a much larger demographic of Chinese consumers
- If a Chinese brand name isn't established, the market can often come up with unflattering names for the brand
- TM squatters may register your informal Chinese brand name and demand a high price to purchase the IP back

3. Register .com.cn and .cn domain names

- It is imperative to register these domain names as soon as possible
- If you don't, there's a chance that domain squatters will see the enterprise's interest in entering the market and will buy these domain names only to sell back at a much higher price

4. Protecting IP

- Ensure your IP rights are maintained and re-applied for as needed
- Actively check for cases of IP rights infringements

IP establishment and protection is a service that FCP IP provides. We work with King and Wood Mallesons, a leading PRC law firm to assure IP protection globally, with a focus on China.

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