



Australian Government

IP Australia

Visiting China: Protecting IP in business discussions & trade fairs



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Australian Embassy Beijing.
Information should not be interpreted as legal advice.



Visiting China: Protecting IP in business discussions & trade fairs

Visiting China to meet potential business partners and customers or exhibit product at trade fairs can be a critical step in entering the Chinese market. However, these actions will advertise your product, brand (including trade marks) and interest in China, bringing risks to intellectual property (IP). If you have not yet applied to register your trade marks in China, you may be vulnerable to trade mark squatters registering your trade mark and

holding it to ransom. Displaying new products before registering patents and designs may be considered a public disclosure that compromises your ability to secure patent or design protection.

This sheet explains how to mitigate some of the potential IP risks associated with visiting China for business discussions or to exhibit at trade fairs.

ARE YOUR IP RIGHTS REGISTERED IN CHINA?

IP rights are territorial, meaning they have to be separately registered in specific countries in order to obtain protection in that country. An Australian IP right only provides protection in Australia. Trade marks, patents and designs have to be registered in China in order to be protected in China.

Be aware that mainland China, Hong Kong, Macau and Taiwan all have separate legal systems. IP rights need to be registered separately in each territory in which you are seeking protection.

TRADE MARKS

A trade mark is the IP right used to protect a brand. If you do not have a registered trade mark in China, your brand is not effectively protected, and is potentially vulnerable to trade mark squatters.

Mainland China has a first to file trade marks system, under which the first person to file a trade mark application will own that trade mark, regardless of who first used or developed the trade mark. Trade mark squatters take advantage of this by registering the trade marks of other businesses in order to sell them to the original company at an inflated price, or sell their own products under that brand. The most effective way to avoid these bad faith trade marks is to register your trade marks in China as early as possible. A trade mark can be registered in China whether or

not it is currently in use, so you can apply ahead of entering the market, ideally before publicly revealing any new brand or label.

The trade mark registration process takes around 9-12 months. At minimum, the most important thing ahead of visiting China is simply having a trade mark application filed. This will give you a filing date, which means your application will take precedence over any later filed applications.

If your trade mark is a logo, you may also be able to seek copyright protection by filing to record the copyright with the Chinese copyright authorities. Copyright can be a useful additional tool to tackle bad faith trade mark registrations and enforce against infringers.

Practical tips

HOW TO REGISTER TRADE MARKS IN CHINA

There are two ways to register a trade mark in China:

1. File a direct application with the Chinese Trademarks Office;
2. Extend protection of your Australian trade mark into China using the Madrid Protocol.

Registering your trade mark in China can be complex, and success rates for self-filed applications filed through either route are low. We strongly recommend seeking the advice of a trade marks attorney with expertise and experience filing in China. Many trade marks attorneys provide a free initial consultation, including but not limited to IPTA members: see <https://ipta.org.au/community/get-free-consultation/>



Be cautious of distributors or business associates who offer to 'take care of' your trade mark registrations on your behalf. You should manage the process yourself, and ensure the trade mark application is made in your company's name. If you find your distributor or business associate has applied to register your trade mark without your consent there are provisions in the Chinese trade marks law that may allow you to challenge the trade mark.

Case study

An Australian food and beverage company travelled to the China Food & Drinks Fair to exhibit their products and look at market opportunities. They also discussed potential partnerships with local importers and distributors. The Australian company did not apply to register its trade mark in China prior to the expo.

Around six months later, the Australian company decided they were ready to take the next steps to export their products to China. When they approached a trade marks attorney about registering their trade mark in China, they

discovered that a Chinese individual had applied to register the Australian company's trade mark under their own name just days after the China Food & Drinks Fair. The Australian company was unsuccessful in its attempt to oppose the registration of the trade mark, and has entered negotiations to purchase the trade mark from the Chinese individual, who has initially asked for in excess of \$100,000.

Lesson: consider filing trade mark registrations in China prior to exhibiting at trade fairs or commencing business discussions.



IP rights in China

PATENTS AND DESIGNS

Invention patents (to protect the working of a product) and designs (to protect the visual appearance of a product) can only be granted if the application is found to be novel (new). This essentially means the product must not have been disclosed to the public anywhere in the world prior to the filing date.

Carefully consider what materials you will display at exhibitions and fairs, especially in relation to

new products. Displaying products or technical information at a trade fair could potentially constitute a 'public disclosure' of the product. The result of this may be that a patent or design application filed after the trade fair is no longer considered to be novel.

CONTRACTS

If you're looking at signing any contracts with Chinese partners, including non-disclosure agreements, be careful. China doesn't enforce foreign court judgements, meaning that a contract that provides for exclusive dispute resolution in an Australian court is unlikely to be enforceable in China. Ensure that contracts have been carefully drafted or reviewed by a Chinese lawyer to

ensure they are enforceable in China. This will often mean the contract provides for dispute resolution in a Chinese court, or through an arbitration process that can then be enforced before a Chinese court. Having an enforceable contract should reduce the risk of the contracting party breaching the contract.

SEEK EXPERIENCED LEGAL ADVICE

An Australian IP professional can work with Chinese associates to register and enforce your IP rights in China.

For other Chinese legal advice, including contracts and business structures, be sure to carefully select a law firm that has expertise with

Chinese law and experience performing similar legal work. Some Australian and international law firms use Chinese associates to provide Chinese legal services, or Chinese law firms can be engaged directly.

FURTHER INFORMATION

IP Australia's [Guide to protecting your IP in China](#) contains further key China IP messages in a single document, and links to more detailed resources. The guide can be found at <https://www.ipaustralia.gov.au/china>, along with IP Australia's other China web content.

The EU China IPR SME helpdesk has produced a guide on [IP Strategy for European SMEs at Trade Fairs in China](#). These messages are also relevant to Australian companies. Find the guide at <http://www.china-iprhelpdesk.eu/content/guides>, along with other useful topic guides.

IP Australia's Beijing-based Counsellor provides IP information and support for Australian businesses in China. For more information, or to discuss your specific situation, contact david.bennett@ipaustralia.gov.au

CHECK LIST:

- File trade mark applications in China before visiting China for business discussions or trade fairs.
- Consider what materials you will display at the events, and whether you should limit display of products not yet covered by patent and design applications.
- Ensure any contracts, including non-disclosure agreements, have been drafted or reviewed by a Chinese lawyer to ensure they are enforceable in China.



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Patents



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Trade Marks



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Designs



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Rights**

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