

IPR Protection in China for the Creative Industries: Know Before You Go

China's rapidly expanding consumer market creates both opportunities and challenges for European businesses in creative industries. Ideas and designs are the lifeblood of creative businesses and infringement can be particularly costly and damaging. Because creative ideas and designs that are not adequately protected can often fall victim to infringement by potential Chinese clients or Chinese competitors, European businesses are sometimes reluctant to enter the China market and build relationships with Chinese partners. However, by effectively using the Chinese IP system and taking a few key steps, you can protect your company's IP and foster successful partnerships in China.

There are three key IP issues often faced by creative businesses in various sub-sectors of the creative industry in China including in architectural design, product design, graphic design, web-design, brand design, photography and cinematography, writing, etc. These are copyright, design patents and trade secrets.

Copyright

As in Europe, copyright in China is automatically awarded upon the creation of a copyrightable work. Copyrightable works include: architectural or engineering drawings; works of fine art; applied art; literary works; music or sound recordings; dramatic or cinematic works; compilations; software, etc. It is important to remember that copyright protects only the expression of an idea, not the idea itself.

China also allows you to voluntarily register your copyright. Copyright registration is presumptive evidence of ownership if you wish to enforce your copyright and greatly reduces the preparation of evidence. Copyright registration in China is inexpensive, easy, and generally recommended.

When creating works for others, or commissioning others to create works for you, make sure that your contract clearly states who owns the copyright to the works. In China, the commissioned party owns the copyright to the works unless the contract states otherwise.

In addition to using copyright as a form of protection, it is also equally important to make sure you do not infringe upon another's copyright such as when using someone else's work. For example, this can happen when you use someone else's photograph on the Internet without permission in your project proposal. It is important to obtain the permission of the copyright owner when using someone else's work.

Design patents

A design patent protects the aesthetic features (shape, pattern, colour) of industrial products. To receive protection for a design, the design must be registered as a design patent. Designs registered in a foreign country do not enjoy protection in China. To qualify for protection, a design cannot be an existing design and must be sufficiently distinguishable from other designs. Currently, it takes approximately 9 months to 1 year to obtain a design patent in China. A design patent gives you the exclusive right to use or allow others to use your design in China for 10 years.

You need to keep your design secret and ensure that it is safe until you have applied for a design patent in China. If you disclose your design anywhere in the world (in any way) before you apply for a design patent in China, you will be ineligible for protection in China.

Trade Secrets

In China, a trade secret is any non-public information of commercial value that is treated as confidential. Trade secrets include undisclosed designs, sketches, concepts, models, project proposals, customer lists, supplier lists, price lists, contractual terms, business operational methods, contact lists, internal emails, business strategy or initiatives, negotiations, etc. However, trade secrets protection is lost as soon as the information becomes public. Measures to ensure confidentiality include the use of confidentiality agreements tied to disclosure, non-disclosure agreements with employees, use of passwords, marking of documents as confidential, etc.

Prevention is the key to protecting trade secrets. Although legal action is available, it is often difficult and not always feasible to prevent the dissemination of sensitive information once it has been disclosed. It is a good practice to periodically catalogue what potentially valuable trade secrets you may have so that proper precautions can be taken.

Most cases involving the theft of trade secrets involve former employees or potential clients. It is important that you require all employees to sign an employment agreement with non-disclosure provisions and, if necessary, non-compete provisions. It is also important that you limit access to certain valuable information to only certain employees with a need to know and to conduct exit interviews.

It is also a good practice to insist that third parties, including potential clients or suppliers, sign a confidentiality agreement before you start negotiations or transfer documents. Sometimes, however, a potential client may refuse to sign a confidentiality agreement because they may consider such a request as “hostile”. It is recommended that companies should insist on an NDA, as not using an NDA will qualify your documents as non-trade secrets – as you will not have protected your confidential information in accordance with Chinese law.

Preventative Measures for the Protection of IP

Although there are effective legal and administrative remedies for IP infringement in China, cost-effective protection of creative ideas and designs in China generally requires a combination of knowledge, prevention and business savvy. Preventative strategies for the protection of IP generally include:

1. Registration of IP
2. Contractual protection
3. Preventative operating measures

Your IP is most protected when properly registered. Design patents, invention patents, utility models, and trade marks must all be registered for them to be protected in China. Although copyrights do not need to be registered, registration is useful in the event you need to enforce your copyrights. It is important to have a plan in place to determine which IP you will register and to take proper measures for IP you will not register.

In addition to or in lieu of registered IP rights, you can protect your IP contractually by ensuring that your contract clearly stipulates the ownership of the IP and contains proper confidentiality provisions. However, contractual protection only is available once negotiations have matured to a point where a contract can be negotiated. In lieu

of a full contract, insist on having a confidentiality agreement before negotiations start or documents are transferred.

Takeaway message

Though seemingly daunting, with a few simple preventative steps and appropriate registration of rights, your creative work can be adequately protected in China. Remember these key points:

- Use **preventative measures**: don't wait to take action. Most of the steps described above should be taken before entering the Chinese market. If you wait until a problem arises, there is a chance that it will already be too late to take action.
- Use the system: **register your IP in China**. China has a robust, effective IP enforcement system. Registered IP should include copyrights and design patents, as well as others such as invention patents and trade marks.
- Use contracts: protect your business from the inside out. Include **contracts and agreements** with all involved parties, including employees, partners and clients to properly protect your trade secrets.

*The **China IPR SME Helpdesk** supports small and medium sized enterprises (SMEs) from European Union (EU) member states to protect and enforce their Intellectual Property Rights (IPR) in or relating to China, Hong Kong, Macao and Taiwan, through the provision of **free information and services**. The Helpdesk provides jargon-free, first-line, confidential advice on intellectual property and related issues, along with training events, materials and online resources. Individual SMEs and SME intermediaries can submit their IPR queries via email (question@china-iprhelpdesk.eu) and gain access to a panel of experts, in order to receive **free and confidential first-line advice** within **3 working days**.*

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