

# Leveraging the value of IP in China

**KIM O'CONNELL**  
**PARTNER**  
**KING & WOOD MALLESONS**  
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# Introduction

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Why IP is key

2

Why IP in China is different

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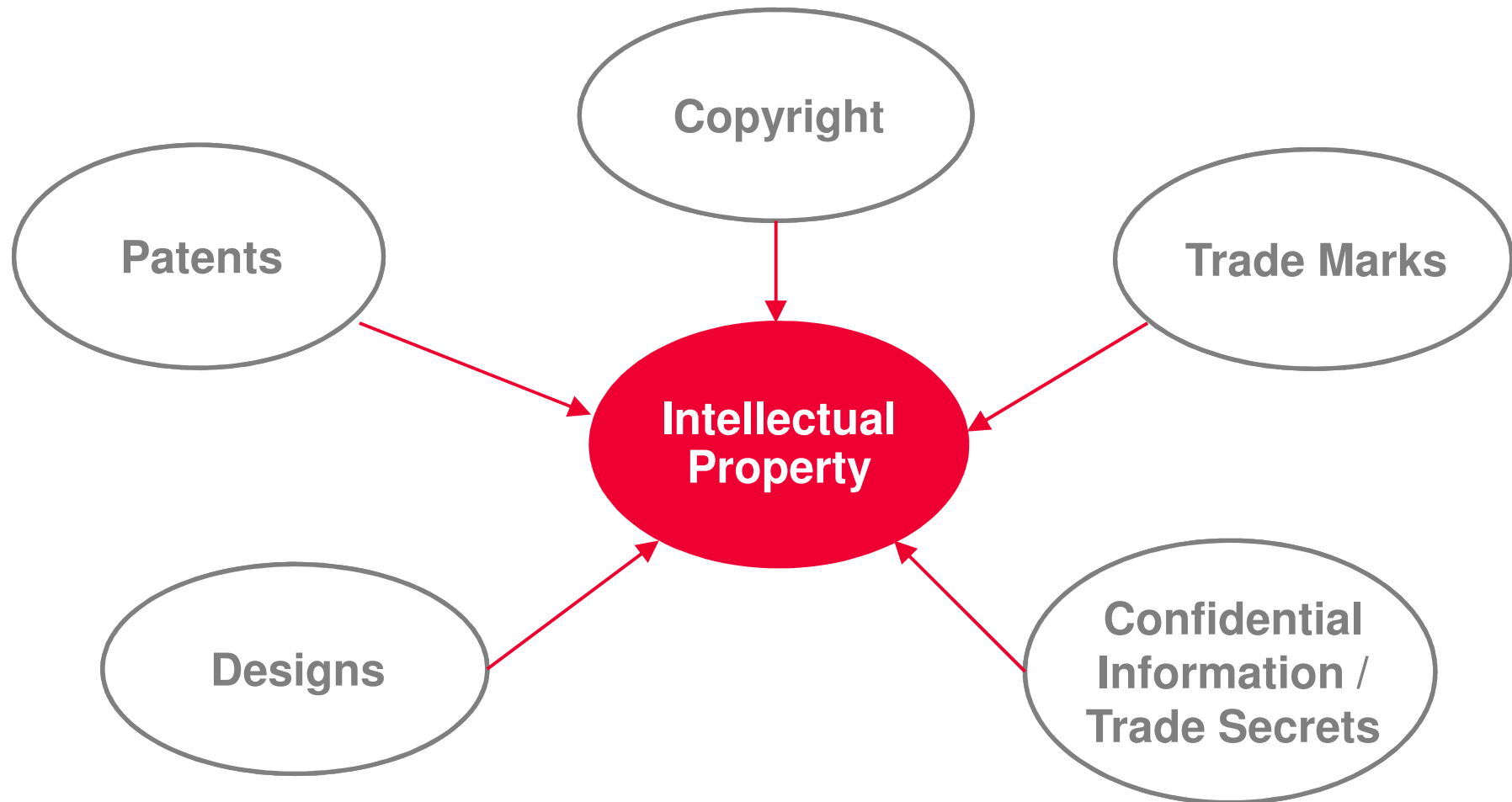
Opportunity presented by the ChAFTA

# Leveraging IP

- Secure a competitive advantage
- Generate high value return from commercialisation
- Quality relationships
- Protect the value of your IP



# Intellectual Property



# IP overview

Type		Duration of Protection	Notes
Patent	Invention	20 years after filing	<ul style="list-style-type: none"> <li>• First-to-file system</li> <li>• “Novelty” + ”Creativity”+ “Practicality” (Invention)</li> <li>• <i>Registration with SIPO</i></li> </ul>
	Utility model	10 years after filing	
	Design	10 years after filing	
Trade Marks		10 years after registration and renewable	<ul style="list-style-type: none"> <li>• First-to-file system</li> <li>• <i>Registration with CTMO</i></li> <li>• Unregistered well-known trade mark can be protected in China as well</li> </ul>
Copyright		Corporate authors/software: 50 years Individual authors: life of the author + 50 years	<ul style="list-style-type: none"> <li>• <i>Voluntary Recordal with CPCC</i></li> <li>• Computer software recognized as copyrightable work</li> </ul>
Trade Secret		N/A	<ul style="list-style-type: none"> <li>• <i>No registration</i></li> <li>• Secrecy + value + confidentiality measures</li> </ul>

# Intellectual Property



## Copyright

- Consider registration in China.
- Exclusive right to reproduce the work for author's life plus 50 years or 50 years from first publication.
- "Works" include literary (including computer programs), artistic, dramatic and musical works, sound recordings, cinematic films, published editions.

# Intellectual Property

## Trade marks

- A sign used to distinguish the goods of one trade from those of another.
- Need to register, indefinite protection.
- Exclusive right to use and control use of the trade mark.
- May be removed for non use.
- Value in China - foreign brands for perceived quality.
- BUT – protect the Chinese language version of your mark and any idiomatic names

**Tencent 腾讯**

# Intellectual Property

## Patents

- Need to register.
- Exclusive right to perform an invention which is new and inventive.
- 10 or 20 years protection.

## Designs

- Need to register.
- Protects the features of shape, configuration, pattern or ornamentation that give a product a unique appearance.
- Confers the exclusive right use, licence and sell products with the design.
- 10 year protection.





# Intellectual Property

## Confidential information / Trade Secrets

- Confidential business information which provides a competitive edge, such as manufacturing or industrial secrets and commercial secrets.
- Protected by China's Anti-Unfair Competition Law and the Anti-Trust Law.
- Owner of the trade secret can bring an action in trade secret misappropriation when a third party uses or shares the trade secret.



# Harnessing value - To invest or to commercialise?

## To invest

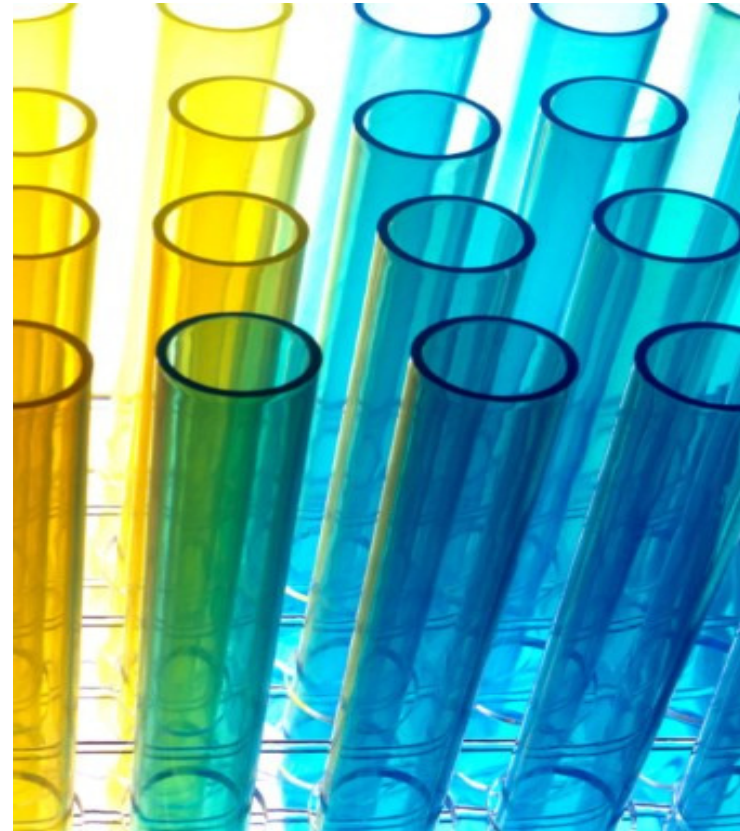
- Consider partnering with a local Chinese firm.
- Seek quality local advice.
- Consider proposed investment structure.
- Properly drafted agreements.
- Consider tax issues.



# Harnessing value – To invest or to commercialise?

## To commercialise

- Scope of licence – exclusivity, duration, field of use
- Revenue -
  - Licence fees
  - Royalty streams
- Renewal provisions
- Termination rights
- Dispute resolution



# Harnessing value – To invest or to commercialise?

## Exercising control in the context of commercialisation

- Infringement of third party IP
- Third party infringement of licensed IP or challenge of licensed IP
- Tax
- Improvements
- Dispute Resolution mechanism



# Contracts in China

## Contract Law in China

PRC contract law vs common law contract law

Different sources but the basic elements are similar

Contract interpretation: “The words and sentences used in a contract, the relevant provisions and the purpose of a contract, usage and principle of good faith would be referenced to interpret such contract (Article 125 of the PRC Contract Law)

# Contract Law in China

## Governing Law and Language

- The parties may choose the law to apply to the handling of disputes unless otherwise provided by law.  
If no choice is made, the law of the state with the closest connection to the contract applies (Art.126)
- Examples of middle ground choice of law – Hong Kong, Singapore, England
- Where the legal documents are subject to the approval of Government agencies, they are to be written in Chinese or both in Chinese and foreign languages
- Documents written in both languages equally authentic and effective



# Case Study

- Lab technology
- 20 year term
- Termination
  - Original information to be returned
  - Customer base?
  - Transition of manufacturing
  - IP
  - Regulatory approvals

# IP under the China Australia FTA

- No less favourable treatment.
- IP databases publicly available.
- **Patents** - applications published 18 months from PD.
- **Trade Marks** - collective marks, certification marks, well known trade marks and geographical indications.
- **Copyright** – collective management of copyright, limitation of ISP liability.
- **Border control** – elimination of trade in infringing goods.



# FTA - Healthcare Opportunities

- Wholly foreign owned hospitals (other than TCM).
- Medical and dental service suppliers - Australian majority owned joint venture hospitals and clinics with Chinese partners.
  - Majority of medical professionals must be Chinese.
- R&D can be conducted in China (including by a wholly owned subsidiary)



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