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## Why your IP should be in China – even if you aren't

### Blog

China is undoubtedly a major market for most industries. Still, for various reasons, for many Israeli hi-tech companies it makes no sense taking their business into China directly - certainly not in early stages. But even if you do not want to take your company into China, your IP should definitely be registered there. Here's why:

China is on the rise. It had been so for the past four decades. Regardless of what you may think about the "Chinese economic miracle", no one can deny that China has become a major market for all industries - both in terms of sales potential and as a place from which competitors come.

Still, China is not for everyone. China's rise as a market and as an economic and competitive power does not mean that every company should immediately enter the Chinese market. Certainly for some companies it makes sense to try and enter China but not for all. China is a complicated and occasionally strange place to do business, and it can be an expensive market to enter. For many Israeli companies, especially technology startups which are still at a relatively early stage, it may not make sense to invest in a China market entry - now or in the future, while for others it may be a necessity and a great business move (obviously it depends on the industry and specific opportunities as well).

But even if China is not for you, your intellectual property should be there. What this means is that, regardless of whether you plan on entering China or not, you must register your patents, designs and trademarks there. Building a China-based IP portfolio is a necessity and a strategic move without which your company may fare much worse. Consider the following points:

- Your long-term plans may change in the future. Even if you don't have any plans to enter China at the moment, you may change your mind or you'll need to consider China in the future - especially if you succeed and your company grows. You'll need a strategic IP portfolio in place in China if you want to have any chances of succeeding there - but it takes time to build one.
- At some point your company may be in a position to be acquired by a bigger player. If you are a technology company, your value will largely depend on the strength of your IP. Most likely your future suitor is a larger technology company that probably has operations in multiple countries - and even if China is not important for you now it may be crucial for your future investor or acquirer. Now, how much do you think your company is worth when you've conceded all IP rights in one of the most important markets in the world? How attractive are you under such circumstances?

Now consider this:

- IP is a long-term play. It takes a long time to build a portfolio and register IP rights (several years in case of patents) but once these assets exist they live a very long time - patents live for 20 years, copyright can live 50 years or more, trademark can theoretically live forever.
- Timing is important. In many cases you have a relatively narrow window of opportunity in which to register rights in different countries. Not using the window of opportunity means loss of rights (in many cases the "I'll do it later" option does not exist).
- If one of your key assets is a trademark, then you definitely need to act quickly in China - even if you currently have no plans of entering China. China has a "first-to-file" system which makes life difficult for many foreign brands. You need to get your foot in the door and file trademark applications there as early as possible. You may think that registering IP rights in China is pointless, that there is no enforcement and that foreign companies are treated unfairly in China's courts. You may think that... and you'd be wrong. If you want to educate yourself further on the subject look for my upcoming post on how China became an IP superpower.  
The bottom line is this: there is no need to fear registering and protecting your IP in China, and you should do so as a strategic move, first and foremost.

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## Key Contacts



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