



Intellectual Property: Protecting Your Inventiveness

## Strategies for Protecting Your IP in China

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# How to Lose Control of Your IP

- Single sourcing for complete finished products
- Sending tools, molds, dies, drawings to the supplier
- Having tools and molds designed and made in China
- Teaching your supplier your manufacturing processes
- Agreeing to a technology transfer or joint venture
- Manufacturing the latest version of your product in China
- Trusting a contract will be adhered to; Relying on NDAs

# Intellectual Property and Patents in China

- A tradition of copying
- WTO and other world bodies' influence
- 10-year “Utility Patent” and 20-year patent in China
- Need a Chinese attorney to file
- Enforcement is inconsistent



Supreme People's Procuratorate  
China's Supreme Court

# Unpleasant Truths of Doing Business in China

- 1. Chinese don't follow your rules** - and in fact, will show enormous ingenuity finding ways around them. So beware of signing contractual agreements. Chinese companies generally never have any intention of actually honoring the agreement.
- 2. Chinese will copy anything.** There is very little respect for intellectual property - either from the West or home grown. **A typical saying among Chinese is that "once we figure out how to make something, we will never buy it from you again."**
- 3. The trap of joint ventures.** They get access to Western technology; they get an infusion of cash; they get a tax break from the Chinese government. Almost all JVs fail.
4. I hate to be so blunt, but the brutal truth is that **most Chinese consider Americans stupid.** In fact, many Americans love doing business in China because the Chinese will entertain them in a way that they've never experienced in the US. But don't believe you are becoming friends, you are not.



Yue Xi Blog

# Mitigating Strategies

- Separate the production of components across several suppliers and regions
- Build only older-rev products in China
- Be fanatical about secrecy (Apple, Amazon). Use a Chinese NNN agreement (non-use, non-disclosure, non-circumvention)
- If you must supply tools and molds include details of serial numbers, photos and descriptions in your supplier agreement. Attach “Property of” nameplates. Confirm and reconfirm ownership
- Register Chinese-language versions of your trademarks

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