



**Providence Enterprise**

*Full-Service Global Contract Manufacturing*

# DISPELLING MYTHS ABOUT DOING BUSINESS IN CHINA:

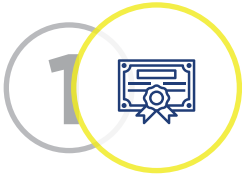
How “The World’s Factory”  
Protects Your Intellectual  
Property

Historically, foreign companies operating – or planning to operate – in China have been apprehensive about the safety of their intellectual property. This is reflected in yearly surveys conducted by the **American Chamber of Commerce in China** (AmCham China) as well as the **US-China Business Council**, in which members repeatedly raise IP as a primary concern. However, many of these misgivings surrounding IP are based on outdated or downright erroneous information.

Tackling misconceptions about IP laws and protection in China could fill its own book. **Below are just a few assumptions that bear correcting.**

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# 6 MYTHS ABOUT IP IN CHINA



## “Patents aren’t taken seriously”

China files more international patent applications than any other country. In 2019, it filed twice as many as the runner-up, the U.S. (1,400,661 vs 621,453 applications, respectively) and over 40 percent of the world’s share.

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...there is a strategic vision and leadership from the top in China. This concerns building scientific capacity and innovation, which means new products, services or technology entering the economy and intellectual property, whose role is to protect the competitive advantage that is given by that innovation.

Francis Gurry, • Director General • World Intellectual Property Organisation



## “Software is not protected”

China is one of few countries to have specifically included software under their copyright protection laws. In addition, it allows for the patenting of certain software and biotechnology that are not covered by patent laws in the EU or US.



## “Laws are not enforced”

China has established courts with special jurisdiction over cases involving IP. In addition to the three IP courts in Beijing, Shanghai, and Guangzhou, it has set up IP tribunals in cities and municipalities across the country.



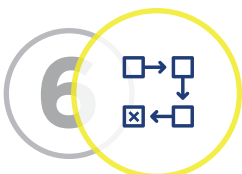
## “Damages awarded in IP cases are too small to dissuade infringers”

While it is true that in the past damages were negligible (as little as \$4,000 including legal fees), this amount has skyrocketed. Since 2018, the range for statutory damages runs between \$155,000 and \$775,000.



## “Courts tend to favor local companies in IP disputes”

To the contrary, foreign firms win a majority of infringement cases in civil courts. They also tend to receive more in damages.



## “Any process is marred with red tape”

Granting patents in China is faster and easier than in the US or the EU and “invention patent examination appears to be of higher quality in China than in some national offices in Europe

# Keeping up with China's Speed of Change

China's IP protection laws are newer than those of other strong economies; its system for IP protection started in the late 1970s. However, since then the system has evolved "at a speed unmatched in the history of intellectual property protection."(source)

In June 1980, China became a member state of the World Intellectual Property Organization (WIPO). This was followed by a quick succession of IP law adoption that conformed with world standards and participation in numerous global conventions. To ensure the population's understanding of these new laws, the government has conducted numerous public education programs and professional trainings. In addition, in 2018, the government released its blueprint for "the foundation of a modern, authoritative, optimally resourced and highly efficient IP judicial system" to keep pace with, if not lead the world in IP protection.

China's clear commitment has paid off. In spite of lingering misconceptions, a survey on the quality of the Republic's investment environment reflects dramatic changes in how risk is perceived. Today, China has the greatest number of ISO 27001 certificates in the world, over ten times more than the US. AmCham China members who believe things are improving doubled from 24 percent in 2016 to 50 percent in 2020. Conversely, those who say it is deteriorating has drastically shrunk from 31 percent 5 years ago, to only 12 percent in last year's survey.

## Don't Let Misinformation Hold You Back

The laws to protect your IP exist and are stringently enforced in China, so don't let old misgivings prevent you from accessing the benefits of a global supply chain that includes "The World's Factory." Just make sure you partner with a CM who not only conforms to global standards (again, ISO 27001 is a great indicator), but also possesses all the local knowledge and networks essential to getting the protection you are entitled to under the law.

## About Providence Enterprise

Providence Enterprise is a Hong Kong medical device contract manufacturer of Class I and II medical devices with manufacturing in China & Vietnam. We specialize in electro-mechanical assemblies and high-volume disposables. We are FDA registered and ISO 13485, ISO 14971, ISO 14001, ISO 27001 certified. Our capabilities include fabricating tooling for silicone rubber and injection molded plastics, clean room injection molding, electronics, clean room assembly, and sterilization.



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