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Against a backdrop of rising global trade tensions, Chinese companies are increasingly turning their attention to international markets. Simply exporting their products abroad is no longer a sustainable strategy and they need to expand overseas. Globalisation has become a strategic imperative. However, as they expand their operations abroad, these enterprises need to deal with all the intellectual property (IP) challenges that are faced by any company going global.

They must secure the registration of their IP rights, according to the laws and regulations of the country where they are planning to invest and/or to sell, and ensure that they are not infringing another local IP right.

Registering IP rights

Disparities in IP protection systems

IP laws vary widely across jurisdictions. Civil law countries differ significantly from common law systems in areas such as patents, trademarks, and copyrights. For example, the US adopts a 'first-to-use' principle for trademark protection, whereas many other nations adhere to a 'first-to-file' rule. Such differences can place Chinese companies at a disadvantage if they are not familiar with local requirements.

Moreover, the level of IP protection and enforcement varies between developed and developing countries. In some emerging markets, the legal framework may be less robust, making it harder for businesses to safeguard their IP effectively.

Complexity in IP applications and global portfolio management

Navigating the maze of international IP requirements is no small feat. An ill-conceived strategy might leave key markets unprotected or lead to an inefficient use of resources in less critical areas. In addition, many countries require documentation in the local language. Any missteps caused by language barriers can jeopardise the application process. Cultural differences in understanding and interpreting IP rights can further complicate communications with local authorities.

Challenges in IP management and commercialization

Expanding into multiple markets brings with it the challenge of managing a diverse portfolio of IP assets. Companies must build a coordinated, global IP management system to ensure efficient protection and utilisation of their assets. However, differences in regional cultures and management practices can impede communication and reduce overall efficiency.

Furthermore, accurately assessing the market value of IP across different regions is a complex endeavour. Misjudgements in valuation can lead to poor strategic decisions, ultimately limiting the potential for monetisation through licensing or sales.

Risk of IP disputes

A limited understanding of local IP landscapes may inadvertently expose Chinese enterprises to infringement claims during product design, manufacturing, or sales. As global operations expand and supply chains become

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more complex, a lapse in managing the IP practices of suppliers or distributors could implicate the company, leading to legal disputes and reputational harm.

Cross-border litigation is also inherently challenging. Variations in judicial procedures and evidence rules across countries mean that even a favourable ruling might be difficult to enforce, ultimately diminishing the value of any legal victory.

IP protection in trade shows

For many Chinese companies, the first step to explore an overseas market is made by attending international trade shows. While trade shows provide good opportunities to establish contact with, and present products to, potential local customers, they also carry risks arising from IP infringement.

For example, Germany is one of the leading destinations for major international trade shows, attracting exhibitors from all over the world each year. However, Germany also has IP protection mechanisms applicable to trade shows that are peculiar to its legal system. For instance, German customs can be actively involved in enforcing IP rights at trade shows, confiscating infringing products and their promotional materials. Such customs actions can lead to criminal proceedings where infringement is confirmed.

It was reported that German customs conducted an inspection at a major trade show in Frankfurt featuring consumer goods in early 2024 and confiscated 1,100 suspected infringing products, including toner cartridges manufactured by some Chinese companies. Those toner cartridges were designed to work with specific printer models and allegedly copied the designs of patented toner cartridges. German customs also removed infringing trademarks during the inspection. As a result of the customs action, 27 criminal proceedings were initiated and an amount of €41,500 was collected as security.

In general, criminal proceedings against exhibitors would not lead to serious consequences due to the minor nature of the infringement. Nevertheless, such customs actions could disrupt the original exhibition plan and result in negative publicity among the potential local customers, thereby undermining the purpose of attending the trade show in the first place. As such, Chinese companies planning to attend international trade shows are advised to go through their products to be exhibited in advance and remove those that could potentially prompt infringement accusations.

Trademark litigation

Whether the target country operates under a first-to-file or a first-to-use system, it is essential to be the first.

As early as 1999, the Chinese home appliance giant Hisense discovered that its name had been registered in Germany by a local company. This move effectively blocked Hisense from registering the 'HiSense' trademark in key European markets. Hisense was forced to adopt a new mark, 'HSense', in Europe. However, the company was subsequently sued in a German court by the German owner of the trademark. In response, Hisense initiated legal proceedings with the German Patent and Trademark Office, demanding the cancellation of the German 'HiSense' registration.

This protracted legal battle and the subsequent negotiations lasted six years. Ultimately, on March 6 2005, through mediation by the Chinese and German governments, Hisense acquired the 'HiSense' trademark for €500,000. This incident significantly disrupted Hisense's international expansion efforts, increasing its overseas development costs and market promotion challenges.

The most recent and widely publicised case involves the Chinese company Luckin Coffee and its logo representing a deer. Founded in 2017, the company rapidly expanded to many countries and achieved a record-setting IPO on the NASDAQ in May 2019. However, in Thailand, a local company established on March 28 2019 under the name Thai Luckin registered trademarks almost identical to Chinese Luckin.

The Thai company opened stores with logos, interior designs, and packaging that were nearly identical to those of Chinese Luckin – differing only by a mirrored version of the deer logo. On October 5 2021, Chinese Luckin filed a lawsuit in Thailand, asserting its prior rights to the creative deer logo and the 'Luckin Coffee' mark. The company accused the defendants of misusing their trademark registration rights in bad faith and requested that Thai Luckin's trademark be declared invalid, along with submitting a claim for damages. While the lower court initially supported Chinese Luckin's claims, the appeal court dismissed them in September 2023.

On March 4 2024, Chinese Luckin adopted an entirely new litigation strategy and once again initiated legal proceedings in Thailand's Central Intellectual Property and International Trade Court, this time on grounds distinct from the previous case. On February 6 2025, the court confirmed that Chinese Luckin held priority rights to the 'Luckin' trademark and the deer logo, ordering the cancellation of the defendant's trademark registration

in Thailand, mandating a change of the corporate name, and awarding a historic compensation of THB10 million.

In retaliation, Thai Luckin filed a lawsuit against Chinese Luckin. It alleged that even before a final court decision was reached, Chinese Luckin had repeatedly forced Thai Luckin to cease using the contested trademark and had seized its assets on several occasions, leading to substantial financial losses. Thai Luckin is now seeking compensation of THB10 billion.

The litigation is ongoing, and, as a result, Chinese Luckin's plans to enter the Thai market have been temporarily shelved.

Patent litigation

Patent litigation could be another challenge faced by Chinese companies seeking overseas business expansion. This is especially the case in the telecommunications field, where multiple parallel legal proceedings can take place simultaneously in various jurisdictions globally and navigating through different legal landscapes requires legal expertise and a global perspective.

The recent patent infringement disputes between Panasonic and OPPO and their settlement provide a glimpse of the challenge. Panasonic and OPPO are among the world's leading manufacturers of consumer electronics. In 2023, Panasonic lodged multiple infringement actions against OPPO in Europe, including a case before the UK High Court and a case before the Mannheim Local Division of the Unified Patent Court (UPC).

The hearing for the UPC case took place in early October 2024. The hearing for the UK High Court case was scheduled to take place later that month but was stayed as a result of de facto settlements. According to the information published by the UPC, OPPO sought also to stay the UPC case right before the issuance of its decision, but Panasonic did not agree. It appears that the settlement between the parties discussed in the UK High Court case had not been finalised by then and Panasonic saw the necessity to keep the pressure on.

As a result, on November 22 2024, the UPC issued its decision, holding that OPPO and OROPE, OPPO's German subsidiary, infringed a 4G standard-essential patent of Panasonic. Among other things, the UPC granted Panasonic an injunction that is enforceable against OPPO in UPC member states.

In January 2025, a settlement between the parties was officially announced, resolving all pending patent disputes in various jurisdictions. Panasonic and OPPO acknowledged the contribution made by the other to the technical field and vowed to "work together on IP collaboration projects and to be more vocal about addressing IP issues with Asian sensitivities".

Strategic solutions

To address the above challenges, Chinese enterprises should adopt a multifaceted approach.

Develop a comprehensive IP strategy

Before entering a new market, companies should conduct detailed due diligence to understand local IP laws, policies, and the competitive landscape. Analysing competitors' IP portfolios can provide valuable insights. With this information, enterprises can design a forward-thinking global IP strategy that aligns with their international expansion goals. For example, technology-driven companies might prioritise filing patents to create effective barriers against competitors.

Enhance risk management

Establishing a proactive risk management framework is essential. By using specialised IP databases and monitoring tools, companies can keep abreast of changes and potential threats in their target markets. It is also important to educate employees about IP issues. Tailored training for R&D teams on patent procedures and for marketing teams on trademark protection can foster a culture of compliance throughout the organisation.

Streamline IP management

Implementing a unified IP management system helps to ensure that all global activities are coordinated efficiently. Clearly defined roles and processes across departments and regions can lead to more effective management of IP applications, maintenance, and commercialisation. Regularly evaluating the value of IP assets based on market conditions and competitive dynamics will support more informed decision making regarding licensing, acquisitions, or divestitures.

Adopt a proactive approach to disputes

When disputes arise, companies should be ready with a clear and structured response. Forming dedicated teams that include in-house legal experts, external counsel, and technical advisers can streamline the dispute resolution process. Whether through litigation, arbitration, or negotiated settlements, flexibility in resolving disputes can help to minimise disruption and cost.

Foster collaboration and alliances

Strengthening relationships with local IP professionals – such as law firms and IP agents – and participating in international industry associations can enhance a company's ability to manage IP challenges. These partnerships not only offer local expertise but also contribute to the development and refinement of industry-wide IP standards, further protecting the interests of Chinese enterprises abroad.

Final thoughts on the role of IP in Chinese enterprises' global expansion

In today's competitive global market, IP is a cornerstone of innovation and long-term success. For Chinese enterprises venturing overseas, establishing robust IP strategies is essential for protecting innovations, securing market positions, and mitigating legal risks.

By combining comprehensive strategic planning, proactive risk management, efficient administration, and adaptive dispute resolution, Chinese companies can build a resilient IP framework that supports sustainable global growth. Through strategic alliances and local partnerships, they will be better positioned to navigate the complexities of international IP environments and thrive on the world stage.