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How to Search for Basic Chinese Company Information to Protect your IP

CHINA IPR SME HELPDESK
1. Introduction

When establishing business operations in China, finding local business partners and customers can be a major task. While it is challenging to reach out to a new business community, how can you have confidence in the honesty of your potential partners? How can you check that the company really has the scope and capabilities claimed? If you find out that your intellectual property in China has been infringed (your product or trade mark has been copied) how can you start to research the infringer?

Information on every company registered in China is publicly available and can be accessed via the electronic database of the National Enterprise Credit Information Publicity System (NECIPS). This search can reveal, amongst other details, if the company is an officially registered company in China; who can legally represent the company and sign contracts on behalf of the company; what the business scope of the company is, and where the company is located.

Why should I carry out the search?

This search is relevant to any EU SME who is searching for, or is approached by, a potential Chinese business partner, or is dealing with a (possible) infringer of their intellectual property. Examples of situations in which you can carry out basic company search in order to find the official registered basic information of a Chinese company include:

- You want to produce in China and you are looking for a Chinese manufacturer;
- You want to have a distribution partner to sell your products on the Chinese market;
- You want to licence your technology to a Chinese company;
- You want to engage in R&D with a Chinese company;
- You are considering entering into a joint venture or a merger and acquisition;
- You have discovered the name and location of a company that infringes upon your IP, and you want to know more about that company, for example their address, information about their shareholders, or the amount of their registered capital, in order to decide if you want to take action to enforce your intellectual property rights.

This guide provides you with information on how to obtain the information from the database, what the information means and how you can use the information.

What can I do with the search information?

The information resulting from the online search does not give you comprehensive information and cannot answer whether or not you should go into business with the company. However, by comparing the results of the search with the information you already have from the Chinese company, you might have certain indications that you can use as a first indication whether or not you want to interact with that company. Before signing any contracts we highly advise you to conduct a full due diligence and seek the advice of professionals. For more resources please see the Useful links section at the end of this guide.
2. Case Study

InTent is a European SME producing camping and outdoor equipment. In order to reduce their production costs the CEO, Ms. Cooper, is looking for an original equipment manufacturer (OEM) in China to produce some elements of their products. Via a matchmaking event, the CEO met a company based in Fujian province claiming to have the capacity to produce all the components InTent is looking for at a great price. Mr. Li stated he is the chief representative of the company and is able to sign the manufacturing contract. As well as a down payment, InTent would need to license its Chinese trade mark and provide certain trade secrets in order for the Chinese partner to produce the high performance fabric used in the products. While Ms. Cooper was initially enthusiastic about the relationship, she decided to take a cautious approach and research the company before going further in the negotiation.

As a first basic step to check the Chinese company’s official registered details, Ms Cooper sat down with a Chinese speaking employee to conduct a preliminary search of the Administration of Industry and Commerce (now NECIPS) database. To conduct this preliminary search, only the name of the company needs to be entered into the database.

To her surprise, Ms. Cooper learned the company is classified as a consultancy and manufacturing is not within the company’s business scope. Furthermore, the registered capital of the company was quite low, which could indicate that the company is actually quite small, and not the large enterprise which it claimed to be. It is likely that the consulting company intended to subcontract the manufacturing to another factory. However such a subcontracting situation could put InTent’s trade mark licence and trade secrets at risk.

Lastly, Ms. Cooper noted that Mr. Li was not the legal representative listed in the database and therefore would not be entitled to sign contracts on behalf of the company.

As there were differences between the information provided by Mr. Li and that available on official registered records, Ms. Cooper decided to not pursue the deal further. InTent’s trade mark and trade secrets were too important to risk losing them. Ms. Cooper eventually found a trustworthy partner and the first shipment of goods was well received.

Lesson learned: Conduct a search of the official registered company information on all potential partners. Even though the search can only provide minimal information, it may be sufficient to let you know whether the relationship is worth investing resources into or not.
3. Case Study

Step 1

Go to the “National Enterprise Credit Information Publicity System” website http://www.gsxt.gov.cn. The database is only available in the Chinese language. If possible, we suggest asking someone who can read and write Chinese to assist you.

Step 2

Fill in the company name, for which you want the official registered basic information, in Chinese characters. When you have filled in this information, please press “查询”. In the example below, the search is for “华为” (Huawei).

Verification in Chinese characters is required. You must press the characters in common Chinese language order.
After verification, you will be taken to a page (see the picture) which contains the upper ‘toolbar’ window and lower window with a list. The list includes all enterprises that contain your search key words in the enterprise name. All enterprises are included regardless of whether they are still operational or if they have closed operations. The ‘toolbar’ allows filtering according to the selected conditions.

**Step 3**

Choose the option according to what type of enterprise and data you want to obtain information about. Below is an explanation of the Chinese characters.
<table>
<thead>
<tr>
<th>Information Category</th>
<th>Corporate credit</th>
<th>Business abnormality</th>
<th>List of seriously illegal and untrustworthy enterprises</th>
</tr>
</thead>
<tbody>
<tr>
<td>企业状态 (Enterprise Status)</td>
<td>全部 (All)</td>
<td>存续 (Existing, in operation, in opening stage, in registration phase)</td>
<td>吊销,未注销 (Revoked but registration licence is not cancelled yet)</td>
</tr>
<tr>
<td>成立年限 (Years of establishment)</td>
<td>全部 (All)</td>
<td>成立1年内 (Within 1 year of establishment)</td>
<td>成立10-15年 (Founded 10-15 years ago)</td>
</tr>
<tr>
<td>登记机关 (Registration authority)</td>
<td>全部 (All)</td>
<td>总局 (State Administration for Industry and Commerce)</td>
<td>北京... (All regional databases are listed here, please see the translation below &quot;regional database&quot;)</td>
</tr>
<tr>
<td>高级筛选 (Advanced screening)</td>
<td>全部 (All)</td>
<td>有行政许可信息 (Has administrative licence permission information)</td>
<td>有行政处罚信息 (There are records about administrative punishment)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>有动产抵押登记信息 (There are registration records of movable property mortgage)</td>
<td>有商标注册信息 (There are records of trade mark registration information)</td>
</tr>
</tbody>
</table>

**Regional database (From left to right):**

北京 Beijing, 天津 Tianjin, 河北 Hebei, 山西 Shanxi, 内蒙古 Inner Mongolia, 辽宁 Liaoning, 吉林 Jilin, 黑龙江 Heilongjiang, 上海 Shanghai, 江苏 Jiangsu, 浙江 Zhejiang, 安徽 Anhui, 福建 Fujian, 江西 Jiangxi, 山东 Shandong, 河南 Henan, 湖北 Hubei, 湖南 Hunan, 广东 Guangdong, 广西 Guangxi, 海南 Hainan, 重庆 Chongqing, 四川 Sichuan, 贵州 Guizhou, 云南 Yunnan, 西藏 Tibet, 陕西 Shaanxi, 甘肃 Gansu, 青海 Qinghai, 宁夏 Ningxia, 新疆 Xinjiang
Step 4

Select the correct company name from the list for which you want the official registered basic information. The screen will show the basic information of the company which is the same information that can be found on the company’s official business licence.

In the example, the selected company is 华为机器有限公司 – Huawei (the 4th one in the list).

The screen is divided into 2 windows, the upper window contains a brief registration outline and proposes three functions (the brown rectangle toolbars on the right side) which allow people to print/send or share the information to others via e-mail or social media. Please see below the explanations next to each translation. The lower window displays the registration information in detail.

a. Upper window with registration outline & printing/sharing function
<table>
<thead>
<tr>
<th>华为技术有限公司</th>
<th>存续(在营、开业、在册)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>The full name of the registered corporation</strong></td>
<td>Here it shows the latest enterprise status, whether it is in operation or being cancelled</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>统一社会信用代码</th>
<th><strong>Unified social credit code</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>发送报告</td>
<td>To send it out: press this button, you will see a window, where you can enter the email address you want to send the information to.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>法定代表人</th>
<th><strong>Legal representative</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>登记机关</td>
<td><strong>Registration authority</strong></td>
</tr>
<tr>
<td>成立日期</td>
<td><strong>Date of establishment</strong></td>
</tr>
</tbody>
</table>

信息分享
To share: the information can only be shared with the QQ account by scanning the QR code.

信息打印
To print the information

b. The lower window with the basic registration information in detail.
The official registered basic information generally contains the following information:

| 统一社会信用代码 | Unified social credit code. This is the unique code of a company at all government bodies, such as at the administration & commerce bureau/ taxation bureau, etc. | 企业名称 | Official company name. This is the registered name of the company on business licences which may be quite long and different from the company name used on an everyday basis. However, this is the name that must appear on contracts. |
| 类型 | Type of enterprise. This is the form in which the company is incorporated for example a limited liability company or a wholly foreign-owned enterprise. | 法定代表人 | Legal representative. According to Chinese law this is the only person who is entitled to sign legally binding documents for the company and is responsible for any action of the company. In other words, if you want to sign agreements/contracts with the Chinese company, make sure the person who signs the contract is the legal representative. |
| 注册资本 | Registered capital. This is the declared investment in the company. There is a minimum that has to be paid depending on the scope of business according to the local AIC under which the business falls. The registered capital has to be paid within a certain time limit. By looking at the amount it might be possible to estimate whether or not the Chinese company is a small or a big company. | 成立日期 | Date of establishment. This is the date the business licence was issued. |
| 营业期限自 | Operating business period. | 营业期限至 | Licence expiry date. This is the date the business licence will expire. The business licence can be extended upon approval from the AIC. |
| 登记机关 | Registration authority. This is the office under which the company is registered. This is useful if you were to enforce your intellectual property rights through the administrative route (see Useful links for more information). | 核准日期 | Check and approval date |
| 登记状态 | Registration status (enterprise status). This indicates the current registration status of the company. | | |
| 住所 | Registered address. This could be useful if you are investigating a suspected counterfeiter and are considering a raid action (see Useful links for more information) | | |
| 经营范围 | Business scope. Under Chinese law, a company is only allowed to operate within the scope of its business as registered with the AIC. By checking what the company does and what it is allowed to do under the business licence, you can find out if the company operates in accordance with Chinese law. Also, you can check if the company can actually do what it claimed it can do. For example if it has stated it can manufacture for you, but according to the business scope it offers consultancy services, you know it will not manufacture for you itself as it cannot do this according to Chinese law. | | |

More advanced information is also available below, for example:

<table>
<thead>
<tr>
<th>序号</th>
<th>股东名称</th>
<th>股东类型</th>
<th>证照/证件类型</th>
<th>证照/证件号码</th>
<th>详情</th>
</tr>
</thead>
<tbody>
<tr>
<td>number</td>
<td>Shareholders</td>
<td>Type of shareholder</td>
<td>ID/certification</td>
<td>ID/Certification number</td>
<td>details</td>
</tr>
</tbody>
</table>
4. After the search

If the company is in the database: compare information

In order to compare the information that you have found online, you can ask your potential Chinese partner to send you their business licence. Every Chinese company has a hard copy of their business licence and reviewing the licence is a common practice in China. A Chinese company that is serious about doing business with you and has nothing to hide will provide the document. Compare whether the business licence is the same as the registered information on the NECIPS website or if there are differences between them. Also look for differences between the officially registered basic information and information of the company you can see on its Chinese or English website or information that the Chinese company has provided via E-mail. If there are any differences (for example, the name of the person claiming to be the legal representative or the business scope is different from the NECIPS database), it could be an indicator that something is wrong.

If the company is not in the database: visit the NECIPS

Please be aware that the information on the NECIPS websites might not always be up to date or complete. After conducting the initial search, we highly recommend you contact a lawyer to conduct further due diligence. Chinese lawyers have permission to visit the NECIPS in person to take copies of the official registration records (including the business licence and the articles of association of the company). In certain cases, in order to get access to the NECIPS documents, the lawyer needs to have approval from the Chinese company whose records are kept. Please bear in mind that, in case a lawyer does not need approval from the Chinese company, the NECIPS may inform the company that a lawyer came to check their registered documents.

General advice

Please be advised that the online search only gives you a first indication with regard to the officially registered basic information of the Chinese company you conducted the search on. The information resulting from the search might not be up to date and does not in any way give you the full information with regards to whether or not you should go into business with that company. Even if the company information matches, please still act cautiously. We highly advise you to consult Chinese due diligence experts for a complete due diligence in accordance with Chinese law of the Chinese company you want to interact with.

IP Specific

As a next step, you can search for some IP specific information on the company by searching the China National Intellectual Property Administration (CNIPA) database to find out if the company has registered any trade marks in the past and flag up any suspicious trade mark registration behavior (such as registering multiple different trade marks for a very wide range of products or multiple trade marks cancelled). However please be advised that this can only be considered as another tool for your due diligence and may not be exhaustive. For advice on how to use the CNIPA database, please see the China IPR SME Helpdesk How to Conduct a Trade Mark Search Guide.
5. Useful links

Helpdesk resources

- Enforcement of Intellectual Property Rights in China
- Guide to Using Contracts to Protect Your Intellectual Property Rights in China
- Guide to Protecting your Trade Secrets in China
- How to Conduct a Trade Mark Search

Useful links:

External resources

- EU SME Centre Guide on due diligence for joint ventures, mergers and acquisitions in China
- EU SME Centre - https://www.eusmecentre.org.cn/
- National Enterprise Credit Information Publicity System - http://www.gsxt.gov.cn
- CNIPA - http://english.sipo.gov.cn/
- CNIPA Trade Mark Search - http://wcjs.sbj.cnipa.gov.cn/txnT01.do
The China IPR SME Helpdesk provides free, confidential, business-focused advice relating to China IPR to European Small and Medium Enterprises (SMEs).

**HELPLINE** Submit further questions to the Helpdesk via phone, email (question@china-iprhelpdesk.eu) or in person and receive free and confidential first-line advice within three working days from a China IP expert.

**TRAINING** The Helpdesk arranges training on China IPR protection and enforcement across Europe and China, tailored to the needs of SMEs.

**MATERIALS** Helpdesk business-focused guides and training materials on China IPR issues are all downloadable from the online portal.

**ONLINE SERVICES** Our multi-lingual online portal (www.china-iprhelpdesk.eu) provides easy access to Helpdesk guides, case studies, E-learning modules, event information and webinars.

Prepared by:

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Last update June 2020