



China - Recent Development in Technology Law

China's recent legal reforms demonstrate a strategic push toward economic modernization, tightened governance, and enhanced foreign relations. These updates cover a wide spectrum of areas, including data protection, intellectual property, technology, labor, real estate, commercial and trade law, and more. Below is a comprehensive overview of some of the most notable legislative changes and their potential impact.

Strengthening Data and Privacy Laws

Personal Information Protection Law (PIPL) and Data Security Law (DSL)

China's PIPL and DSL are landmark regulations designed to protect personal data and national security. Since their introduction, several amendments have expanded their scope and enforcement powers.

- PIPL: Modeled after the European Union's GDPR, PIPL sets out stringent rules on how companies collect, store, and process personal data. Penalties for non-compliance are severe, with fines reaching up to 5 million Yuan or 5% of the last year's annual revenue.
- DSL: The Data Security Law, which requires the state, local governments and departments to classify data according to its importance to national security, is critical for both domestic and international entities operating in China. Companies are expected to take measures to protect data and report potential breaches promptly.

Recent changes focus on cross-border data transfers and include provisions for the assessment and approval of data that could pose risks to national security. These laws have prompted businesses to rethink their data strategies, and many are now investing in robust data protection frameworks to comply with Chinese regulations.

Intellectual Property (IP) Protections

Revised Patent and Trademark Laws

China has revised its IP laws to improve protection for both domestic and foreign intellectual property rights holders. These amendments strengthen enforcement and increase penalties for infringements, addressing long-standing concerns among international businesses about IP protection in China.

- **Enhanced Enforcement:** The amended Trademark Law, for instance, includes provisions to combat "bad-faith" trademark registrations, where individuals or entities register well-known foreign brands without intending to use them.
- **Patent Law Revisions:** The revised Patent Law offers stronger protections for design patents and extends the duration of pharmaceutical patents, aligning with international IP standards and promoting innovation.
- These changes aim to bolster confidence among innovators and foreign investors, encouraging them to bring their innovations into China.

Kommentiert [JH1]: The Draft Amendment to the Trademark Law 2023 includes provisions to combat 'bad-faith' trademark registrations but does not specifically address the bad-faith registration of foreign trademarks

Kommentiert [JH2]: The Implementing Rules of the Patent Law, which came into effect on January 20, 2024, mention this point. There is no problem with this paragraph.

Technology and Cybersecurity Legislation

New Cybersecurity Regulations and Emerging Technology Standards

China's Cybersecurity Law updates impose more stringent controls on technology firms and data usage. These regulations emphasize the protection of critical information infrastructure, introducing tighter control over sensitive data handled by technology and telecom companies.

- **Technology Transfers and Standards:** China has released a three-year action plan to strengthen standards, such as AI chips, generative AI in 2024. Emerging technology standards have also been put in place, encouraging companies to adopt standardized practices to enhance security and compatibility. This is scheduled to be completed by 2027.
- **Focus on AI and Autonomous Systems:** Regulations on artificial intelligence (AI) are growing, with new measures addressing algorithmic transparency and ethical AI. AI services with public opinion attributes or social mobilization

capabilities are required to file, ensuring alignment with national security interests.

- These measures are part of a broader trend where China seeks to balance innovation with security, promoting tech advancements within a controlled regulatory framework.

Conclusion

These recent legislative developments signal China’s strategic approach to achieving its economic, social, and diplomatic goals. The reforms have far-reaching implications for businesses operating in China, impacting areas such as corporate governance, data security, IP protection, and labor rights. As China continues to update its legal framework, both domestic and international stakeholders must stay informed and adapt to this evolving landscape to ensure compliance and leverage opportunities in China’s vast and dynamic market.

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Imprint

Editors

Chief editor (responsible):
Ulrich Herfurth

Published by

ALLIURIS A.S.B.L.
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