Omnia Juncta in Uno: Foreign Powers and Trademark Protection in Shanghai's Concession Era

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Abstract:
Intellectual property (IP) institutions have been a salient topic of economic research and political disputes. In this paper, we investigate how firms adapt to trademark protection, an under-examined form of IP protection, by exploring a historical precedent: China's trademark law of 1923---an unanticipated, disapproved response to end conflicts between foreign powers. Exploiting a unique, newly digitized firm-level dataset from Shanghai in 1870-1941 and brand-level price series, we show that the trademark law impacted firm dynamics on all sides of trademark conflicts. The law spurred growth and brand investment for Western firms with greater dependence on trademark protection, but did not lead to significant changes in prices. In contrast, Japanese businesses, who had frequently been accused of counterfeiting, experienced employment contractions while attempting to build their own brands after the law. Further, the trademark law led to increased domestic linkages both within and outside the boundary of Western firms and the growth of Chinese intermediaries. A comparison with previous attempts by foreign powers to strengthen trademark protection --- such as extraterritorial rights, bilateral commercial treaties, and an unenforced legal trademark code --- shows the alternative institutions were ultimately unsuccessful.