



TRADEMARK
REGISTRATION
IN CHINA

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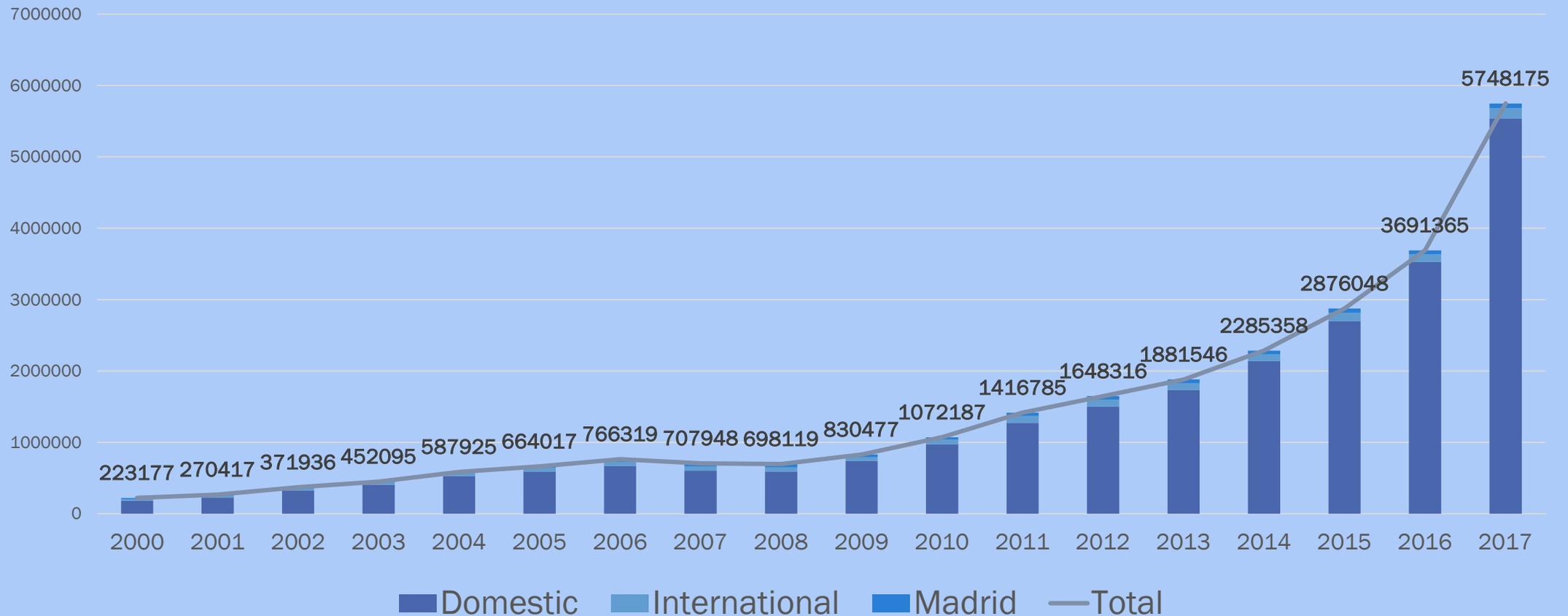
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OVERVIEW

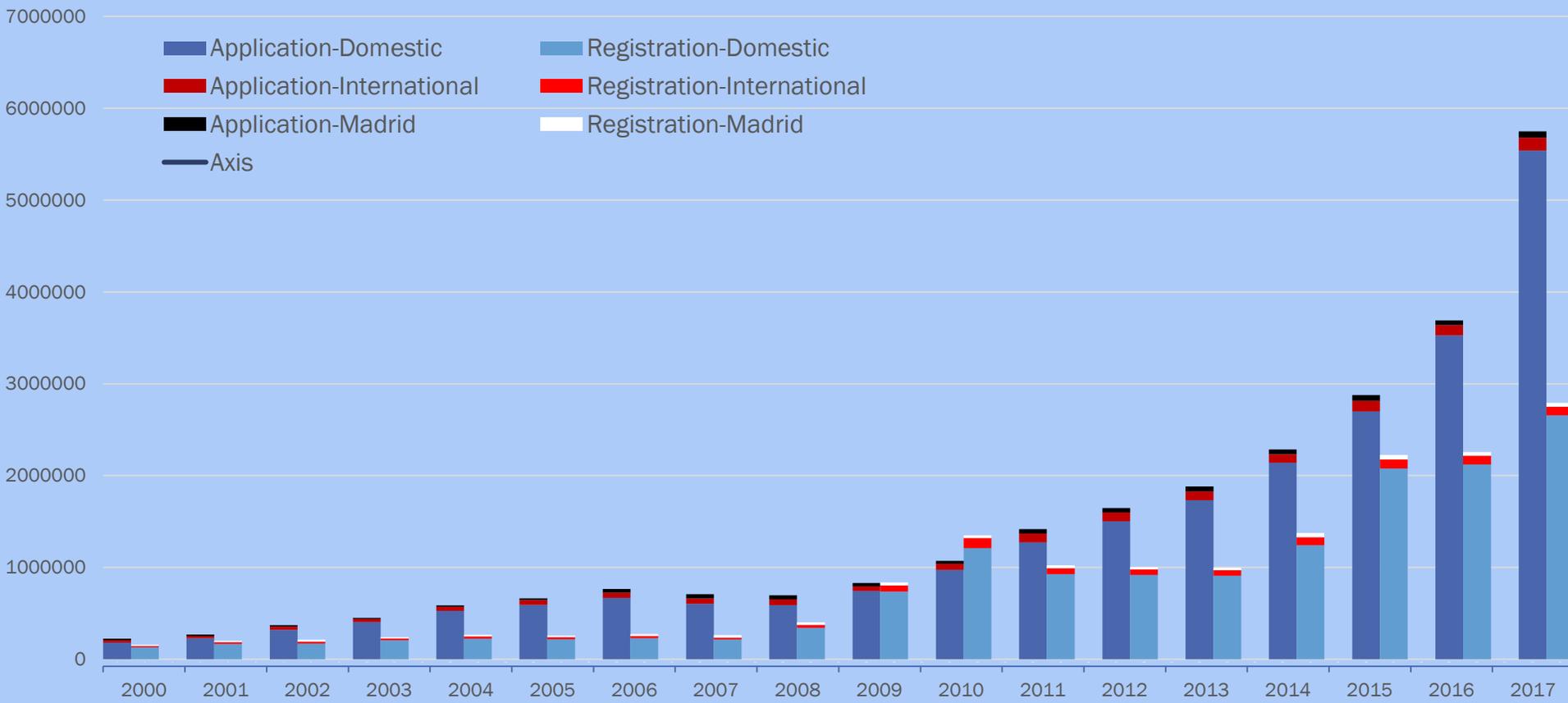
China Trademark Application

In 2017, on average 15,748 new trademark applications per day.



Trademark Application vs Registration

The rejection rate is high. In 2017, only 48.6% (2,792,072) trademarks registered successfully.





WHY REGISTERING TRADEMARK IN CHINA?

Commercial Aspects

- Need trademark for marketing & sale
- Need trademark for manufacturing
- MOST IMPORTANT OF ALL
- **You need Chinese market sooner or later**

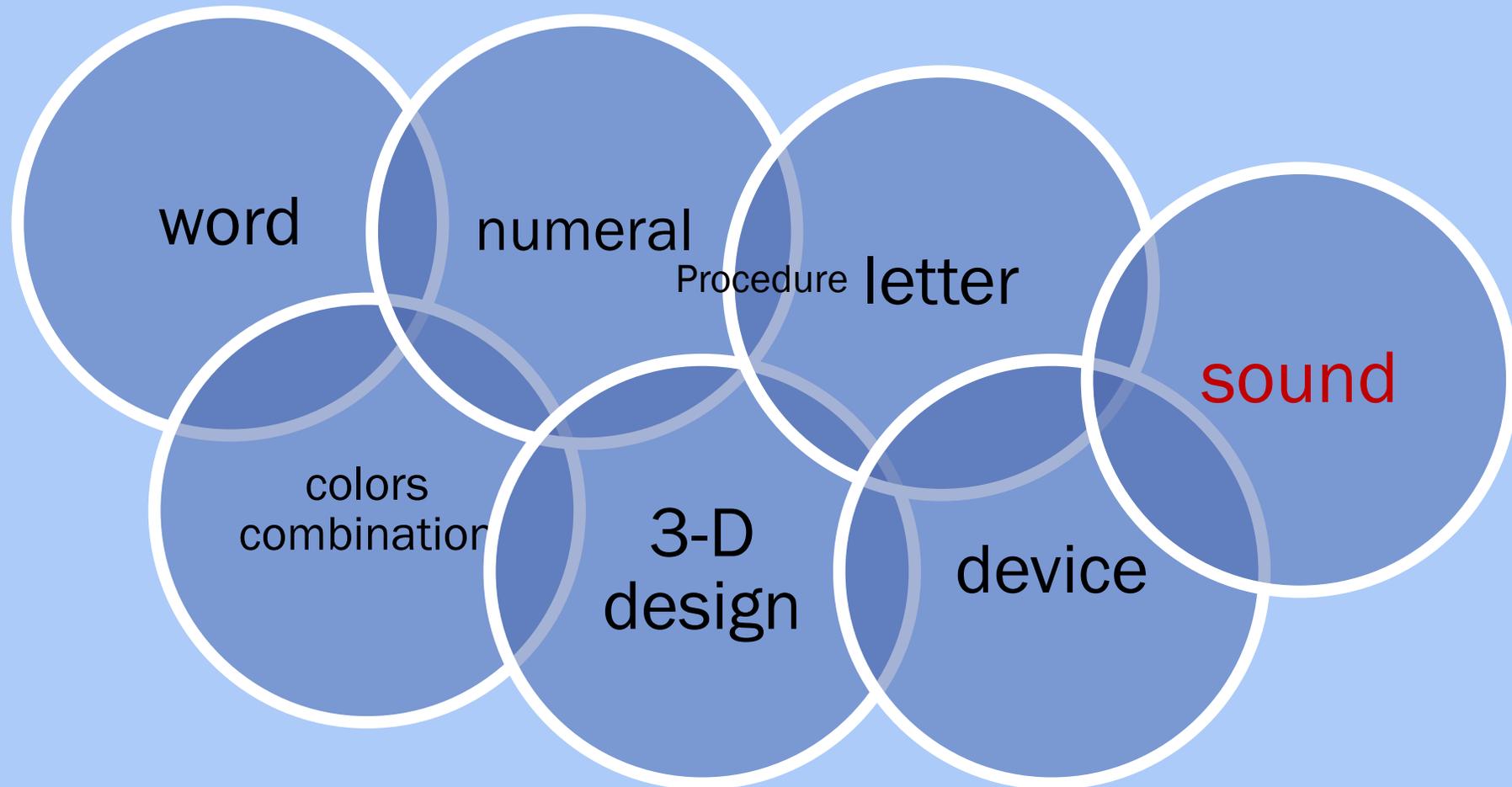
Legal Aspects

- First to file, first to registration; the later to file, the higher chance to be refused
- No use requirement for filing; no use requirement with the first three years after registration; no compulsory filing of use evidence until being challenged
- Higher cost and risk to fight trademark squatters or buy back your trademarks



HOW TO REGISTER A TRADEMARK IN CHINA

Registrable Trademarks in China



International or National?

INTL REGISTRATION	NATIONAL APPLICATION
18+ months	12 months
Goods limited by basic US application	ANYTHING GOODS WANT
No restriction on goods description	Only standard names under Nice Classification & TM5

International or National?

Other Disadvantages of International Registration

- Higher risk of rejection caused by non-standard goods descriptions
- Uncertainty of goods translations prepared by Chinese examiners
- Central attack risk
- Limitation of Assignment to non Madrid members

International or National?

Use National Application for

- Broader scope of goods
- Quicker registration and early enforcement
- Alteration of trademark to reduce refusal risk

Use International registration only when

- Non-standard goods descriptions have to be kept:
 - New or specialized products
 - Restriction description subject to co-existence agreement

China's Sub-class System

- ◆ Nice Classification adopted in China (11th Edition)
 - *Basis for calculating filing fee*
 - *Basis for trademark search*
- ◆ Sub-Class for each International Class
 - *Basis for determining similarity of goods*
 - *Basis for determining scope of protection*



PITFALLS TO AVOID

Scenario 1

Company X finds a Chinese factory to manufacture goods and ships back for sale in US

“I don’t need to register my mark in China because I am not selling there!”

Scenario 1

Manufacture constitutes trademark use in China

■ Consequences

- *May infringe upon other's trademark rights*
- *Goods may be seized by AIC*
- *Goods may be detained by Chinese customs*

■ Solutions

- *Register your mark in China*
- *Record your manufacturer as licensee*

Scenario 2

Company X

wants to sell its
goods in China

introduced to
Chinese company Y

starts to receive
orders from Y

Scenario 2

Business Partners Could be Dangerous

■ Consequences

- *Trademark registered by business partner*
- *Take much time and money to reclaim the trademark*
- *Business plan obstructed*

■ Solutions

- *File your mark before disclosing to your partner*
- *Conclude a comprehensive contract with your partner*
- *Take action to reclaim your rights*

Actions to be considered:

- Opposition
- Invalidation
 - **Within 5 years of registration**
- Negotiation & transfer

Legal Basis for Opposition & Invalidation

Article 15 of China Trademark Law:

- Where **the agent or representative** of a person who is the owner of a mark applies, without such owner's authorization, for registration of the mark in his own name, if the owner opposes the registration applied for, the application shall be refused and the use of the mark shall be prohibited.
- A trademark applied for registration in respect of goods identical with or similar to those of an unregistered trademark already in prior use by another person shall not be approved if the applicant **has contractual, business or other relations** other than the relationship prescribed in the preceding paragraph with such another person and is thus clearly aware of the existence of the trademark of such another person, and such other person raises an objection to the registration of the trademark.

Trademark Examination Standards

Article 15 applies to

- Distributors
- Registration attempts during negotiation stage before an agency or representative relationship is formed or after termination of the relationship
- Complicity by relatives or investors of trademark owner's agent or representative

Scenario 3

Company X sells its goods in China but finds its trademark already registered by a Chinese individual.

“No big deal, the Chinese guy won’t take action against us”

Scenario 3

Trademark Infringement is a Big Deal

■ Consequences

- *Getting sued*
- *Permanent Injunction*
- *May face huge damage*

■ Solutions

- *Cease use before problem solved*
- *Take action to reclaim your rights ASAP*

Actions to be considered:

- Opposition
- Invalidation
- Non-use cancellation
- (Anonymous) negotiation & purchase

Legal Basis for Opposition & Invalidation

- *Article 13: well-known mark*
- *Article 15: preemption by agent or potential / former business partner*
- *Articles 30 & 31: prior registration / application*
- *Article 32:*
 - *Other prior rights (copyright / trade name rights / personal name rights, etc.)*
 - *Prior use right*
- *Article 44: bad faith registration*

Strengthened Measures against Trademark Squatting

Paragraph 1, Article 44 of China Trademark Law

Where the registration of a trademark was **acquired by fraud or any other unfair means**, the Trademark Office shall declare the registered trademark invalid; and any other organization or individual may apply to the Trademark Review and Adjudication Board for invalidation of the registered trademark.

Strengthened Measures against Trademark Squatting

Circumstances constituting “registration acquired through other improper means”

registering many trademarks which are identical with or similar to highly distinctive trademarks of others

registering many trademarks which are identical with or similar to others’ business names, entity names or the special names for well-known products

registering a large amount of trademarks with obvious lack of use intention. Further definition has been given to “obvious lack of use intention” as having neither actual use nor intention to use and merely aiming at selling the mark, seeking a royalty fee or compensation



CONCLUSION

Conclusion

- Register your mark in China ASAP
- Take actions to remove obstacles ASAP
- Be alerted of infringement risk
- Always consider business solution

Thank you!

Speaker: Dan Chen
Partner
Unitalen Attorneys at Law
www.unitalen.com
Email: dan.chen@unitalen.com
Telephone: 925-789-7213