

Trade Mark Protection in China: Know Before You Go

Introduction

Since China has a centralised registration system, the assessment and registration process is relatively straightforward. It is important to note that China uses the 'first-to-file' system, meaning that companies may lose legal protection in China if a similar mark has already been registered within China. China is a member of the Paris

Convention and WTO, so you ought to file in China within six months of registration of the same mark in Europe in order to keep the original application date.

Use of a trade mark is defined as 'use on the goods, packages or containers, or on trading documents, in advertising, an exhibition or any other business activities' to avoid a request for non-use.

1. Trade Marks

What is a trade mark?

A trade mark is a sign that serves the specific and primary purpose of identifying the goods or services of a producer, thus allowing the consumers to distinguish goods or services of one producer from those of another.

What can be registered as a trade mark?

The sign may be composed of words, devices, letters, numerals, three-dimensional signs (shapes), combinations of colours or any combinations of the above.

Trade marks in Chinese

If one does not exist, Chinese consumers are likely to find a Chinese name for foreign trade marks either by way of translation or by transliteration. It is therefore advisable to register a Chinese version of a foreign trade mark to at least prevent an undesirable name or meaning from being assigned to your brand. In addition, the registration of a trade mark in roman characters does not automatically protect the trade mark against the use or registration of the same or similar trade mark written in Chinese.

2. Registration procedure

A trade mark can be registered either through the 'national system' implying a direct application to China's Trade Mark office (TMO) or through the 'international system' meaning an application to the World Intellectual Property Organisation (WIPO).

National System

To begin, select a trade mark agent from the official list. The involvement of a trade mark agent for the filing of the trade marks at the TMO is advisable for all companies, particularly new entrants to the Chinese marketplace, and mandatory for foreigners without residence or place of business in China. National applications can only be made in Chinese.

For trade marks applied for directly in China, a separate application must be filed for each class. National registrations are protected for 10 years (renewable).

International System



Upon receipt of the application for extension of protection, the WIPO issues a certificate, publishes the trade mark in the International Trademark Gazette and notifies the trade mark Authority of the state concerned. An international application can be made in English or French.

The international application may cover more than one country at the same time and at the same cost, and the basic fee covers up to three classes of goods and/or services.

International registration is usually processed faster than national registration.

International trade marks are protected for a (renewable) period of 20 years.

Since the duration of protection provided for internationally is 10 years, fees must be paid in two instalments.

Comparisons: National vs. International Registration System

- The national Chinese trade mark registration and the international trade mark registration are, in practice, both valid for ten years.
- If you use the international system, you can make your application in English, French or Spanish, however, if you follow the national system the application can only be made in Chinese. As a foreign company, you will have to use a Chinese trade mark attorney, and have a Chinese company name and address.
- The basic fee for the international system covers more than one country at the same time and up to three classes of goods or services. Under the Chinese national system a separate application must be filled per class.
- In theory there is no difference between the international and national trade mark registration, however, for practical reasons you may wish to apply through the national system in China. By doing so you will also obtain a Chinese language certificate which can be used when undertaking any enforcement action in China and will help speed up proceedings when dealing with local authorities. If you use the international system you will need to request a Chinese language certificate from the CTMO to certify an international trade mark, which can take up to three months.
- Both the Chinese and the European trade mark registration systems use the International Classification of Goods and Services under the Nice Agreement, however Chinese classes also include sub-classes which are not widely used in Europe.
- The CTMO applies different criteria for examining specifications of goods and services for national and international applications. Broader specifications are acceptable for international applications while for national applications, the specifications need to be clear and specific.

3. Trade Mark Certificate

It is necessary in China to request the TMO to certify an international registration, which may take up to three months, and this may affect the speed of an enforcement action. Chinese trade mark agents usually provide a watch service for their clients. It is highly recommended that this service, as well as the assessment and advice regarding the possibility to oppose, be entrusted to Chinese speaking professionals and conducted in Chinese, as some infringing trade marks that should be opposed may be in Chinese.

4. Lodging a complaint: Administration for Industry and Commerce (AIC)

A complaint can be lodged with the local trade mark bureau of the Administration for Industry and Commerce (AIC), above the county level, where the infringement is committed (manufacture, sale, storage, etc.), specifying the trade mark rights of the owner (a copy of the trade mark registration certificate) and providing any evidence of the infringement (sample of the infringing product).

- In theory, the court may act as fact finder and order inspection, but usually, evidence is produced by the parties themselves.
- At the end of the hearing, the court asks the parties if they wish to settle the dispute.
- The judgment is delivered within a few months, depending on the complexity of the case.

Remedies as a result of civil procedure

The court may apply the following measures:

- Order to cease the infringements (injunction);
- Confiscate infringing goods, materials as well as the tools and equipment used in the production of the infringing goods;
- Order the payment of damages. Damage for infringing a trade mark right is calculated according to:
 - The losses suffered by the IP owner;
 - The profits gained by the infringer out of the infringement;
 - An amount of damages not exceeding RMB 500,000 where difficulties arise to determine the illicit profit that the infringer has earned or the loss suffered by the injured party.

5. Administration of Quality Supervision Inspection and Quarantine (AQSIQ)

AQSIQ is in charge of managing the quality of products: setting out national standards, certifying the quality of products and taking anti-fake and poor quality goods actions. Since the main issue is a quality issue, and not the protection of an intellectual property right, any person may go to AQSIQ and complain without having to justify a personal interest.

It is necessary to base the claim on one of the two following grounds:

- Sub-standard quality of the goods
- That the goods are sold in a package bearing the name and address of another person.

AQSIQ has the same powers as AIC during a raid. The fine for fake and poor quality goods is, in most cases, between two and five times the value of the goods.

6. Civil procedure

Protection of trade mark

The civil procedure is operated according to the following steps:

- A complaint needs to be filed with the civil division of the People's Courts.
- The court decides on a date for a pre-trial hearing, during which evidence is examined and discussed by the parties before the court.

7. Criminal procedure



What acts constitute a trade mark crime?

The activities concerned are:

- Manufacturing or knowingly selling counterfeits
- Forging or selling unauthorised representations of a trade mark.

Public prosecution

Generally, criminal cases are brought before the court by a bill of indictment of the People's Procuratorate. This action is mainly of a 'practical' nature and is aimed at *investigating and seizing*. At the end of a raid, if the AIC is satisfied that an infringement has been committed, it will order the infringer to stop the infringing acts immediately. In principle, AIC should systematically confiscate and destroy the infringing goods and the tools specially used for manufacturing the infringing goods or labels.

The AIC may also *impose fines*. The amount of the fine depends on the size of the illegal business, and cannot exceed three times this amount. However, the calculation of the 'illegal business' is not an easy matter since in most cases the infringer does not produce any accounting material, and reference to the price of authentic goods is still not as a rule accepted by the Chinese authorities. If the fine cannot be easily calculated, a fixed amount may be decided by AIC, with a maximum of RMB 100 000. AIC *cannot grant compensation*, it can only act as a mediator. Assessing and granting compensation is therefore within the exclusive jurisdiction of the People's Courts.

8. Take-away message

- Protecting and enforcing your trade marks in China is extremely difficult, if not impossible, without registration. Make sure you register your trade marks early.
- Use your trade mark correctly; both your Roman and Chinese language versions need to be used on your products to enjoy protection.
- Monitor the market to make sure your rights are not being infringed and enforce them when necessary.

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