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Protecting a commercial trademark – the first steps to investing in China safely

If you are thinking about expanding your business to the Chinese market, or you have already started selling in this market, or exhibiting your products at trade fairs or to Chinese partners, it is crucial to protect your trademark from what are known as “intellectual property hijackers”.

Situations of people registering foreign trademarks illegally in China for improper use in their own businesses or for “resale” to other companies are widely known.

What strategy should entrepreneurs adopt in China to protect their trademarks from these abusive registrations?

First of all, they should carry out a search that is as complete as possible to establish whether the trademark has already been registered in the People's Republic of China (PRC). Businesses should carefully analyse each class and subclass of trademarks that have already been registered to ensure their trademark is 100% protected in the short and long term.

Businesses should then choose what they intend to register. For example, the logotype, trademark name, drawings, digits, letters of the alphabet, combinations of colors, three-dimensional figures, etc. They must avoid the names of cities, countries and Chinese leaders.

We recommend that businesses should access the PRC trademark database to check whether any identical or similar trademark to theirs exists, or whether there is any pending application to register a trademark or products or services related to theirs.

This search should be done using a qualified IP specialist because a simple search carried out by the PRC Intellectual Property Office may not be completely effective.

It is important for companies to find out whether there are any trademarks identical to theirs, but also to pinpoint any similar trademarks registered for similar products or services. In other words, it is possible for identical trademarks to coexist if they are used for goods and services that are not related with each other.

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If they find there is a trademark in China that conflicts with their own, they should check whether it is still active, because the non-use of a trademark for three consecutive years means it can be cancelled.

If their trademark has not been registered, they should (quickly) submit an application to register it.

The registration of trademarks in the PRC is governed by the principle of priority. In other words, the first one to apply for the registration of a trademark (that does not conflict with another one already registered in the PRC) will have the right to use that trademark for a maximum period of 10 years, which is renewable. The process of applying for registration is relatively simple, but its approval may take up to nine months.

The main disadvantage of the rule of priority in registration is that the law allows anyone to register a trademark in China, regardless of whether it is already registered in the name of another person or company in another jurisdiction. If a trademark is not registered in China, anyone can apply for its registration.

For this reason, it is essential to consider registering your trademark in China even before thinking about exporting or producing in that market, because if a foreign trademark is well known, this could lead to it being registered abusively in the PRC. That would then make it completely unviable for the business to enter that market.

The law of the RPC prohibits both the sale of goods and services in China, and the production of goods, when they have trademarks similar to others already registered in the country.

Ultimately, a foreign trademark that is registered in bad faith in China may suffer damage to its image if the person that registered it improperly sells goods or services of lower quality than those sold under the foreign trademark.

It is common for foreign companies that decide to enter the Chinese market, which are victims of abusive registration of their trademarks, to be confronted by “trademark hijackers” with claims of violations of their trademark in China and demands for huge fees to assign the licences or re-sell the trademark.

This means that entrepreneurs looking to the Chinese market need an effective and secure marketing strategy to reduce the risk of illegal appropriation of their trademarks and prevent any damage to their business in that country and out of it. ■