

Trademarks: Find your way

Since China has a centralised trademark registration system, the assessment and registration process is fairly easy and straightforward.

Overview

What is a trademark and what can be registered?

A trademark is a sign that serves the specific purpose of identifying the goods or services of a producer or service provider and allowing the consumers to distinguish these goods or services from those of others. The sign may be composed of words, devices, letters, numerals, three-dimensional signs (shapes), combinations of colours or any combination of these.

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 in China.

What about trademarks in the Chinese language?

Chinese consumers are likely to find a Chinese name for foreign trademarks either by way of translation or by way of transliteration (sounds alike). It is advisable to register a Chinese version of a foreign trademark. Indeed, the registration in roman characters does not automatically protect the trademark against the use or registration of the same or similar trademark written in Chinese.

Registration

How to register a trademark in China?

A trademark can be registered either through the 'national way' which means directly applying to China's Trade Mark Office (TMO) or through the 'international way' which means applying to the World Intellectual Property Organisation (WIPO). China is a member of the Paris Convention and the WTO, so make sure you file in China within six months of registration of the same mark in Europe if you want to keep the original application date.

'National Way': The first step is to select a trademark agent from the official list. The involvement of a trademark agent for the filing of trademarks at 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.

'International Way': Upon receipt of the application for extension of protection, WIPO issues a certificate, publishes the trademark in the International Trademark Gazette and notifies the Trademark Authority of the state concerned. International registration is theoretically faster than national registration. An international application can be made in English or French while national applications in China can only be made in Chinese. 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 or services. For trademarks applied for directly in China, a separate application must be filed for each class. International trademarks are protected for a (renewable) period of 20 years with fees paid in two installments of 10 years, whereas national registrations are protected for 10 years (renewable).

Make sure that you get a Trademark Certificate, use the trademark and consider a trademark watch service

It is necessary in China to request the Trade Mark Office (TMO) to certify an international registration, which may take up to three months, and this may affect the speed of an enforcement action.

Once registered, a trademark registrant should use the trademark. Use 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 revocation request for non-use.

Chinese trademark agents usually provide a watch service for their clients. It is recommended

that this service be utilised, if only because some trademarks that should be opposed are in Chinese and the assessment and advice as to opposition should be entrusted to Chinese-speaking professionals.

Enforcement

How can I lodge a complaint?

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

This action is mainly of a "practical" nature, and is aimed at investigating and seizing. At the end of the raid, if AIC is satisfied that an infringement has occurred, AIC orders the infringer to stop the infringing acts immediately. In principle, AIC should confiscate and destroy the infringing goods and the tools used for manufacturing the infringing goods and labels.

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. The calculation of the "illegal business" is not easy since in most cases the infringer does not produce any accounting material and reference to the price of the 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 does not grant compensation. It only acts as a mediator. Assessing and granting compensation is the role of the People's Court.

Lodging a complaint can also occur through the Administration of Quality Supervision, Inspection and Quarantine (AQSIQ), which is in charge of managing the quality of products: setting out national standards, certifying the quality of products and taking anti-fake and shoddy

goods actions. Since the main role for AQSIQ 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 a claim to AQSIQ on one of the two following grounds: the goods are of sub-standard quality and/or the goods are sold in a package bearing the name and address of another person.

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

How can I protect my trademark through civil procedure?

A civil procedure is operated according to the following steps:

- A complaint needs to be filed with the civil division of the People's Court
- The court decides on a date for a pre-trial hearing, during which evidence is examined and discussed by the parties before the court
 - In theory, the court may act as a fact-finder and order inspection, but usually the 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

What remedies are available from a civil procedure?

The People's Court may apply the following measures:

1. Order to cease the infringement (injunction)
2. Confiscate the infringing goods, materials as well as the tools and equipment used in the production of the infringing goods
3. Pay damages

The amount of damages for infringing a trademark right shall be calculated according to:

1. The loss suffered by the trademark owner
2. The profits gained by the infringer out of the infringement
3. 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.

Are there criminal procedures for trademark infringement?

Yes. The acts that constitute a trademark crime concern manufacturing or knowingly selling counterfeits and forging or selling unauthorised representations of a trademark. Generally, criminal cases are brought before the court by a bill of indictment by the People's Procuratorate.