

# Trademark Practice Tips in China

By Mr. Xiang Gao, Peksung Intellectual Property Ltd., China

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*China is a challenging market with increasing significance. Foreign companies realize the importance of getting their trademark rights protected if they want to enter this huge marketplace and operate their businesses well. However, many companies are still making mistakes when registering and using their trademarks. Here are several practice tips we summarized based on our practical experiences, and we hope the tips may help the companies to hinder China's trademark squatters and counterfeits and to improve their chances of successful businesses.*

## **Filing as early as possible**

China is a first-to-file country, so whoever registers a trademark first will have exclusive rights to use it. If a foreign company is thinking of doing business in China now or in the future, it needs to register its trademark in China. If not, there is a risk that someone else will do it and the company may have to face costly and time-consuming processes such as opposition, review, cancellation, litigation, and/or negotiation.

## **Filing broadly but properly in respect of specification in one class**

China adopts the Nice Classification system. However, China Trademark Office does not totally copy <International Classification of Goods and Services> enacted by WIPO, but it uses it as the basis to make a unique < Book on Classification of Similar Goods and Services > for Chinese examiner's reference, in which Chinese common goods and services not listed in the WIPO's Classification are added, and subclasses within each of the 45 classes are further designed according to the similarity of the goods or services. In most cases, the goods or the services falling in different subclasses are not regarded as similar. It means that similar or identical marks can be registered within the same class because their specifications may fall in different subclasses. For example, clothing under subclass 2501 is not deemed as similar to footwear under subclass 2507 or headgear under subclass 2508. Therefore, it is considerable to designate more goods or services when a new application is filed. How broadly? Our advice is to register for goods or services you use, you might use, you might want to block, and you assume similar but actually dissimilar according to the Classification Book of China Trademark Office. Another decisive factor is the budget. If you file a trademark application directly to China Trademark Office (through national filing approach rather than Madrid system approach), the goods or services must be specific according to the Classification Book. China Trademark Office charges additional RMB100 (USD 15) for each extra item in excess of the basic ten.. Therefore, a company may want to select only one or several typical goods or services in those subclasses which are less important.

## **“Defensive registrations” in other classes if necessary**

There is not a concept of defensive trademark in China Trademark Law. Nevertheless, some companies register their marks not only in the classes of their main goods or services, but also in the classes of the goods or services dissimilar to theirs. This approach might lead to cancellation actions due to nonuse for consecutive three years, but the cost for registering a mark is much less than that those for initiating other proceedings and this approach may also allow the companies to negotiate from an advantaged position. Multi-class application is not allowed in China, so budget is always a factor to be considered. Our advice is to register your mark at least in other closer classes. For examples, if a company manufactures clothing only, it may consider registering bags and cases in Class 18 in addition to clothing in Class 25.

From perspective of trademark appearance, some companies not only register English-language trademarks but also register variations resulting from change of one or more letters as defense. Registering Chinese-language versions of English-language trademarks can also prevent others from registering similar Chinese translation or transliteration. But registering Chinese-language versions should be, in most cases, an important strategy in China. That brings us to the next topic.

### **Choosing a proper Chinese trade mark**

It may not be easy for Chinese consumers to remember many English-language trademarks. It is recommended to register Chinese-language versions of English-language trademarks too. When developing a Chinese language trademark, companies have three options:

- translation
- transliteration; or
- a combination of both

The most ideal way is to make the translation/transliteration have positive and attractive meaning and still maintain a strong connection to the phonetic content of the original. The popular good example is Coca-Cola in Chinese, 可口可乐. Its Chinese pronunciation is “KE KOU KE LE” which is phonetically similar to Coca-Cola, and its meaning is “delicious and pleasant”. When picking a character, it is always important to avoid the character which has a negative meaning, whether it is conceptually negative itself or it is an inseparable part of the whole Chinese mark which conveys a negative meaning so that the Chinese mark has little resonance with China’s consumers.

### **Using the trademark consistently**

China Trademark Law requires that trademarks should be used as registered. Inconsistent use may result in official punishment or nonuse cancellation because inconsistent use is not treated as actual use of the trademark appearing on the certificates of registration.

### **Maintaining enough evidence**

Many companies failed in some types of opposition or cancellation cases because they lacked evidence to prove that their trademarks were used earlier, had had certain influence, or even had become well-known in China. It is always recommendable to keep commercial and advertising evidence.

### **Timely filing oppositions and periodically monitoring for infringing marks**

If a trademark is preliminarily approved and published, an opposition must be filed within three months as of the date of publication. However, it is not advisable to always wait for the mark to be published before a company takes actions. On one hand, waiting may shorten the time of collecting evidence or investigation; on the other hand, the company might miss the best time of finding the potential infringement because some trade mark squatters were actually doing harm to the company’s interests. Therefore, it is advisable to conduct trademark search periodically and widely to find potential problems early.

### **Deliberatively considering the chance of success of litigation against decision made by China Trademark Review and Adjudication Board**

If any interested party is dissatisfied with the ruling of the Trademark Review and Adjudication Board in respect of cancellation, review on refusal, or review on opposition, it may, within 30 days from receipt of the notice, institute legal proceedings with the People's Court. The court will examine the legitimacy of the administrative decision, by considering whether three types of errors were committed by the Board: whether the evidence supports the Board's decision, whether the Board applied the law correctly to make the ruling, and whether the process complies with Administrative Procedure Law of China. According to statistics, in most cases the Court upholds the Board's decision. It is suggestive to carefully analyse whether the Board has committed the error(s) before litigation.

### **Considering timely filing cancellation petition in an excuse of nonuse for three consecutive years**

This type of cancellation cannot be filed until the mark in question has been registered for three years. When both a non-use cancellation and a cancellation of improper cancellation can be filed, it is optional according to specific circumstances. If a company has little evidence or he or it estimates the chance of success is not large based on the grounds of improper registration, and there is not obvious evidence of use of the mark in question (pre-filing investigation is optional and not compulsory), it is suggestive to first file an cancellation petition in an excuse of nonuse for three consecutive years, because the burden of proof is on the registrant.

### **Recording trademark registrations before General Administration of Customs of China**

Recordal will enable local port customs to take enforcement actions against suspect goods at the border on their own initiatives.

#### ***For more information, please contact:***

Mr. Xiang Gao  
Partner  
Peksung Intellectual Property Ltd., China  
[gxiang@peksung.com](mailto:gxiang@peksung.com)

Xiang Gao graduated from Peking University, Beijing, China with a Bachelor of Law in 1991, and he also obtained a Master of Intellectual Property and Diploma of Advanced Licensing Institute from Franklin Pierce Law Center, Concord, New Hampshire, in the US in 1997. He registered to practice before the Chinese Trademark Office in 1995. In 2004, Gao joined Peksung Intellectual Property Ltd. as a partner to handle trademark, copyright and domain name matters. He is a member of AIPPI China and INTA.