TRADEMARK REGISTRATION IN CHINA

MARKET INFORMATION

June 2017
Business Sweden, China
REGISTERING YOUR TRADEMARK MEANS PROTECTING YOUR NAME, LOGOTYPE AND/OR CHINESE NAME

TRADEMARKING IN CHINA

First-come-first-serve policy
- Whoever has a trademark registration approved first in China owns the rights to that specific trademark. Little emphasis is placed on the rightful owner of a brand.

Trademark squatting
- A common issue in China – Chinese businessmen trademark famous Western brands.

Trademark retrieval costs or fines
- When a brand wants to enter the market, they may be forced to pay large sums to retrieve the trademark or risk fines.

THREE ALTERNATIVES FOR REGISTERING TRADEMARK IN CHINA

1. Name or word e.g. Business Sweden
2. Image or logo e.g.
3. Chinese name e.g. 瑞典投资与贸易委员会

Examples of disputes due to omission of trademark registration

- American sports brand New Balance deemed to pay USD 15.8 million to a local Guangdong businessman for infringing on his trademark.
- Penfolds competitor has registered three versions of Penfold’s Chinese name, leaving Penfolds with risk of having no brand name in China or hefty fine for trademark infringement.
# FIVE REASONS WHY TRADEMARK REGISTRATION THROUGH CHINA TRADEMARK OFFICE IS RECOMMENDED

<table>
<thead>
<tr>
<th>Reason</th>
<th>Madrid System Application</th>
<th>China Trademark Office (CTMO) Application</th>
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<tbody>
<tr>
<td>1. Faster Speed</td>
<td>International trademark applications take <strong>12-18 months</strong> under the Madrid Agreement</td>
<td>Examination of a domestic application is concluded as rejected or initial accepted within <strong>9 months</strong> <em>(It takes an additional 3 months for the publication for opposition before official registration)</em></td>
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<td>2. Pre-filing Check</td>
<td>Pre-examination tends to be rough and seeking local advice may be needed for verification, which will cause additional cost</td>
<td>A pre-application trademark clearance will be conducted locally before filing the application*</td>
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<td>3. Subclass Scope</td>
<td>The applicant only chooses the class and <strong>the trademark examiner will decide subclasses</strong> by consulting the applicant</td>
<td>The applicant will determine both the class and the subclasses that are most suitable based on the complete list** defined by CTMO</td>
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<td>4. Certificate Availability</td>
<td>Only a WIPO certificate will be issued. <strong>A formal certificate needs to be applied separately</strong> in case of an enforcement situation.</td>
<td>A national certificate will be issued by CTMO</td>
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<td>5. Protection Stability</td>
<td>Subject to “central attack” protocol within 5 years, meaning that if the basic domestic registration had ceased, the extended international registration will be cancelled accordingly</td>
<td>No specific requirement</td>
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* Pre-examination check includes distinctiveness, statutory compliance, pre-existing trademarks etc.
** Registration through CTMO allows access to the most comprehensive subclasses enlisted in China, of which some items are not listed in the Nice classification system.
BRAND NAMES CARRY DEEP SIGNIFICANCE IN CHINA
DUAL ADAPTATION OF “SOUND” AND “MEANING” PROVES TO BE MOST EFFECTIVE

Business Sweden urges all Swedish brands to carefully consider its Chinese brand name.

- Coca-Cola’s success as a brand is attributed to the dual adaptation approach.
- Consumers want to associate the product name semantically and by meaning.
- When KFC entered the Chinese market, their slogan “finger-lickin’ good” came out as “Eat your fingers off.”
- Important to evaluate Chinese names and slogans.

Four Approaches in China:

1. **No adaptation**
   - Chinese name has no resemblance to original in sound or in meaning.
   - Enables a company to customize brand identity, and avoids problems with dialects. However, may be considered as being merely local.

2. **Sound adaptation**
   - The Chinese name correspond to the original, but has no meaning.
   - Primarily used for brands who rely on advertising and word to mouth as well as its global identity. But names lacking in meaning are hard to process.

3. **Meaning adaptation**
   - The Chinese name in writing is a good fit but the sounds completely different.
   - Gives brands an image and an identity that does not vary with Chinese dialects, yet making global marketing efforts difficult.

4. **Dual adaptation**
   - Both the sound and the meaning of the new name relate to original.
   - Although the hardest out of the four approaches to implement, this two-way match gives a product in China the best chance of success.

Source: Harvard Business Review

SHARE OF FOREIGN COMPANIES’ APPROACH IN CHINA

- **PIZZA HUT**: SOUNDS LIKE: BÌ SHENG KÈ
  MEANS: GARANTUEE WINS GUESTS
- **HEINEKEN**: SOUNDS LIKE: XÌ LI
  MEANS: HAPPY POWER
- **SONY**: SOUNDS LIKE: SUÓ NÌ
  MEANS: EXPLORING NUN OR PRIEST
- **AUDI**: SOUNDS LIKE: ÀO DÍ
  MEANS: PROFOUND ENLIGHTEN
- **GM**: SOUNDS LIKE: TONG YÒNG QÌ
  MEANS: GENERAL MOTORS
- **GE**: SOUNDS LIKE: TONG YÒNG DIÀN QÌ
  MEANS: GENERAL ELECTRICITY
- **NIKE**: SOUNDS LIKE: NÀI KE
  MEANS: ENDURANCE CONQUER
- **COCA-COLA**: SOUNDS LIKE: KE KOU KE LÈ
  MEANS: CAN BE TASTY, CAN BE HAPPY
The registration process will take 12-18 months in total.

**Step 1: 1-2 days**

- **Trademark search 1-2 days**
  - Investigate if the trademark is currently registered in China**

**Step 2.1: 4 weeks**

- **Trademark application procedure**
  - Estimated 4 weeks for the documents preparation and collection
  - The actual time depends mainly on when Business Sweden receive full information required from client
  - Application will be submitted to the Chinese authorities responsible for intellectual property rights

**Step 2.2: 12-18 months**

- **Application procedure with Chinese authorities**
  1. Check whether the information provided is complete and correct
  2. See if the same or similar trademark has already been registered or applied
     - Examination against the requirements of laws and regulations within PRC
  3. Trademark will be published in the gazette of China Trademark Office
     - If no third-party/person oppose the trademark within a 3-month period from the publication, the application will proceed to the final step
  4. Trademark is being registered and a certificate is being issued

If the information is incorrect, a note will be sent to you within 2 months.

If you lack the requirements, you may file an application with TRAB* for their re-examination.

If an opposition is raised, you may file an application to TRAB for their re-examination. The party may be required to go to People’s Court in Beijing within 30 days in case they disagree with TRAB’s ruling.

* TRAB = TRADEMARK REVIEW AND ADJUDICATION BOARD
** CAN ONLY BE CONDUCTED FOR A WORD / NAME I.E. NOT A PICTURE / LOGOTYPE
ONCE YOUR TM IS APPROVED AVOID INFRINGEMENTS WITH THE ANNUAL MONITORING SERVICE

Trademark owners are responsible for enforcing their own trademark rights, including monitoring other people’s trademark.

Early detection of trademark infringement is a necessity if companies are to meet deadline associated submitting objections.

Without action the trademark becomes weaker in the eyes of the China Trademark Office.

Once you have a registered trademark you are responsible to report any potential infringements.