

## TRADE MARK FILING CHALLENGES IN THE PRC

A foreign (meaning non-PRC) party who applies to register a trade mark in the PRC may face one or more of the following challenges: -

### *Challenge*

1. **First to file<sup>1</sup> – which means the first to file a trade mark application enjoys priority over one who first uses the trade mark.**



Many times, foreign applicant only found that his mark has been misappropriated by a third party who filed / registered the same mark or a confusingly similar variant only at a rather late stage, say, when the PRC Trademarks Office raised that third party's registration as a citation to refuse the foreign applicant's own PRC trade mark application. Or in a more unfortunate case, when that third party threatens to sue against the foreign applicant's use or manufacture of products using the trade mark in the PRC as a trade mark infringement.

2. **Goods / services specification and Classification – the PRC follows the Nice Classification of Goods and Services (10<sup>th</sup> ed) but it also has adopted its own standardized classification of goods and services (published in the PRC Trademarks Office website [www.ctmo.gov.cn](http://www.ctmo.gov.cn) but in Chinese language only).**

### *Suggested countermeasures*

- Subscribe to trade mark monitor service;
  - Register early one's own trade mark in the PRC (even well before it plans to market or manufacture in the PRC and particularly before any discussion with any potential business partner in the PRC);
  - Apply for a PRC Copyright Registration to increase the chance of success in a trade mark dispute (e.g. opposition);
  - Do pre-application trade mark search before filing a PRC trade mark application;
  - Do take action (like cancellation) on finding any third party misappropriation of one's trade mark;
  - Keep a good record of any use or exposure of one's trade mark in the PRC (which may serve as helpful evidence in a trade mark dispute).
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- Careful choice of goods/ services description on filing of a PRC trade mark application to minimize official refusal or query;
  - If appropriate, the foreign applicant may consider covering more different sub-

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<sup>1</sup> Amendment to the PRC Trademark Law (effective 1 May 2014) might slightly improve the first user's position over the first filer. Art. 7 PRC Trademark Law states all applications and use of trade marks must follow the principles of honesty and good faith. Art. 15 of the Law broadens the protection of unregistered prior used mark by suggesting an opposition brought by a prior unregistered trade mark user will succeed if there is some contractual, business or other relationship with the applicant instead of merely covering distributor relationship.



The PRC Trademarks Office often insists on straight adherence to its standard description of goods/ services according to the standardized classification, or else refusal or query will be issued.

Furthermore, goods / services that are grouped under the same sub-class according to this standardized classification will be considered similar goods/ services. On the other hand, goods/ services falling in the same class but NOT the same sub-class are regarded as dissimilar goods/ services. This may be subject to abuse in that a third party can register the foreign applicant's mark for goods/ services falling in that same class but a different sub-class as that of concern to the foreign applicant.

**3. Time – trade mark application/ opposition/ review processing time is long but the response time allowed to applicant to extremely short.**



The amended PRC trade mark Law (effective 1 May 2014) expressly provides that the examination should be done within 9 months after filing, and that a trade mark application review should be made in 9 – 12 months and a trade mark opposition be decided in 12 – 18 months. Time will tell whether these expedited processes get achieved. Delay<sup>2</sup> in the processes means not only time and costs but also uncertainty to the parties involved.

classes instead of covering more items of goods/ services in the same sub-class;

- International trade mark registration can be extended to the PRC but not unusual the foreign applicant may face refusal because of the differences in the description of goods/ services used in the International trade mark application and the standard description of goods/ services according to the standardized classification used in the PRC. An appropriate revision to the goods / services may be tried out in filing a review but it may be quicker (and more economical) to (simultaneously/ alternatively) file afresh a local (PRC) trade mark application using the standardized description of goods / services.
- Register early one's own trade mark in the PRC (even well before it plans to market or manufactures in the PRC and particularly before it discusses with any potential business partner in the PRC);
- Use good and experienced legal representatives who can give timely and useful advice to enable the foreign applicant to make a quick and appropriate decision to meet any pressing deadline.

<sup>2</sup> Prior to the amendment of the PRC trade mark Law (effective 1 May 2014), an application could take 2 years or more before getting examined and a trade mark review also took some 2 -3 years and a trade mark opposition was likewise subject to years of processing.

On the other hand, when the PRC Trademarks Office (or the Trademarks Review and Adjudication Board) issues any refusal or query, the response time available to a foreign applicant is extremely short (15 days/ 30 days).

**4. Chinese name/ mark – should be adopted early particularly for goods/ services targeted at the general consumer market.**

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After the amendment of the PRC Trademark Law (effective 1 May 2014), a **full** Chinese translation of the applicant's name is required *even if the applicant's name contains letters of alphabets that do not usually translate / transliterate into Chinese*. This is particularly so if the applicant files in the PRC for the first time.

The majority population in the PRC is Chinese speaking only and a Chinese language trade name / mark often better connects to a Chinese consumer. It is a helpful marketing tool. Facts show that for some trademarks, the public might have adopted and used Chinese versions before the trade mark owner officially adopts its own Chinese version trade mark. Such public generated Chinese name / mark may not always be the most desirable or suitable to the foreign applicant or if that suits, the foreign applicant may need to act fast to formally and officially appropriate it by filing a PRC trade mark application for it.

- Devise early and adopt a Chinese name of the applicant to be used consistently on all official records in China.
- Plan ahead and take into consideration the Chinese translation / transliteration of the applicant's name. Chinese mark chosen may need to keep consistency with the Chinese translation / transliteration of the applicant's name. And to provide a FULL Chinese translation / transliteration of the applicant's name, letters of alphabets should be translated / transliterated to Chinese as well<sup>3</sup>;
- Choose and register early one's own Chinese version trade mark in the PRC (even well before it plans to market or manufacture in the PRC and particularly before any discussion with any potential business partner in the PRC);
- When choosing and considering a Chinese version trade mark, consider what suits the Chinese population in the PRC, Taiwan, Hong Kong, Macau and perhaps also Malaysia and Singapore as Chinese population can be substantial in all these places and it is better to adopt one uniform Chinese version trade mark fitting all these places. Get help from one who knows the Chinese language and slightly different cultures in these places and conduct necessary clearance searches (on possibly two or more options chosen).
- If different Chinese versions are already known to the public, apply for trade mark

<sup>3</sup> e.g. a letter "I" in the applicant's name may be translated as "埃" (chosen as it pronounces "ai" ) or "愛" (which also pronounces "ai" ) or something similar but not remaining as "I" in the Chinese name of the applicant. Another example would be "ABC Company Limited" . After 1 May 2014, "ABC" will need to be translated / transliterated into Chinese such as "爱比丝" (pronounced in Putonghua "ai bi si" , translated as "love, compare, silk" )

registration of as many variants as you could afford to maximize protection and to avoid hijacking by trade mark squatters.

- 5. Greater China coverage - a foreign applicant should ideally register his trade mark in the PRC, HK, Macau and Taiwan. This is a more complete coverage if a foreign applicant's target customers are Chinese people. As widely known, trade mark infringement / misappropriation is rampant in the PRC (and in fact also in Taiwan), so securing one's own trade mark registrations in the Greater China is of utmost importance.**

- If budget allows (but each registration may cost little when compared with the tremendous benefit each trade mark registration can avail to the owner), register one's trade mark in the Greater China.



Macau allows for Customs seizure of infringement goods even if that comes in as transshipment only. The volume of infringing goods transhipped via Macau is significant.

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