

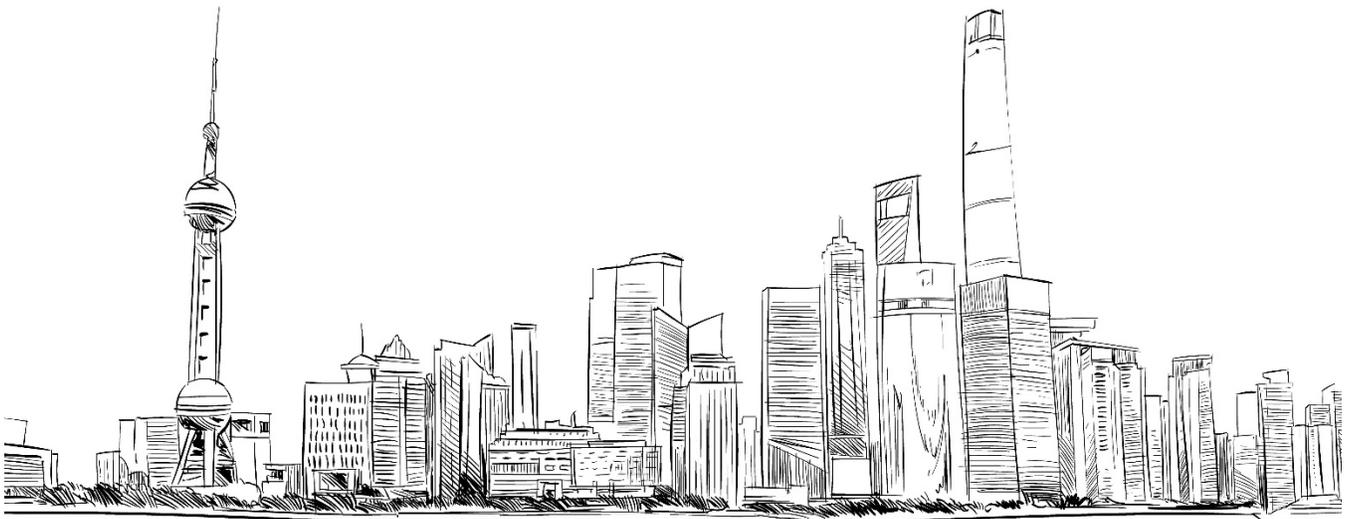


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Save your Brand in China

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China is emerging as a global Intellectual Property (IP) leader and enforcer. As such it is the responsibility of any business owner to register their IP in China in a timely fashion before any IP hijacker or squatter can. Before you begin your internet searches, content downloads, social media networking, joining local or even foreign trade shows that have a “China delegation”, local networking events or even on the ground investigations and due diligence **REGISTER YOUR IP**. If you do not you are openly making it easy for any local Chinese company to hijack or steal your trademark and/or patent.

Search the Trademark Database before Filing for Registration

Although not required prior to filing an application, you are encouraged to search the China trademark database to see if any mark has already been registered or applied for that is like your mark **and** used on related products or for related services. If your search yields a mark that you think might conflict with your mark, you should then check status to see if the application or registration is active. Note that failure to use a registered trademark for three consecutive years in China means it will be subject to cancellation and can be considered inactive.

A complete search is one that will uncover all similar marks, not just those that are identical. As part of the overall examination process, the search will involve a search within its database to determine whether registration must be refused because a similar mark is already registered for related products or services (i.e., even identical marks may co-exist if used on goods or services not considered to be related in any way). Please note that the China IP Bureau does not offer advisory opinions on the availability of a mark prior to filing of an actual application. You will need the expertise of a qualified IP expert to assist you.

The “First-to-File” system

The advantage in China is that the trademark registration process is a **“First-to-File”** system. This means that the first party to file for the registration of a trademark will be granted the rights of that trademark. A trademark is valid for up to 10 years with the renewal process being requested to begin six months prior to the expiration date. The application process does take a minimum of nine months to complete.

The disadvantage of the “First-to-File” system is that law in China allows anyone to register a trademark irrespective of whether it is owned by another party or is in use in another jurisdiction. If a trademark is not currently registered in China, anyone can lay claim to it. This means that your trademarks could be legally owned by another party, leaving you locked-out of China.

Considerations for registering your trademark

1. Searching that your trademark is available;
2. Choosing what you want to register – for example, logo, brand name, company motto, words, designs, numerals, letters of the alphabet, combinations of colors, three-dimensional symbols, etc. Avoid using



names of cities, countries and Chinese presidents.

3. Choosing which entity will own the trademark;
4. Searching which classes and sub-classes of goods and services you wish to register your trademark. Every jurisdiction has a class list with a series of classes and sub-classes highlighting the individual goods and services. A company needs to properly investigate each class and sub-class so that they are 100% protected, both in the short and long-term.

Important Terminology to remember in China

Trademark Hijacking

This is when a local business registers a trademark in China which is owned in another jurisdiction by another unrelated company. The registrant then uses the success of the brand elsewhere and demands license fees or even sues for infringement when the original products or services enter the Chinese market. This form of hijacking can tarnish the image of the brand, especially if the infringer sells inferior goods or provides inferior services under the same trademark.

IP Squatters

This is a serious problem for late registrants and occurs when foreign trademarks that are perceived to hold future value are registered in China, and nothing is done with it until the original overseas registrant enters the Chinese market to manufacture or sell goods and/or services. At that point the Chinese registrant can claim trademark infringement and ask for license fees or sell the trademark at a great profit.

Why is this important for new market entrants?

- It is illegal for you to sell any goods or services bearing the trademark in China;
- It is illegal for you to manufacture or source goods from China bearing the trademark;
- Likely that any goods you do manufacture in China will be seized by Chinese customs as counterfeit goods;
- Possible for the Chinese registrant to freely manufacture goods under the trademark and export them to any other country where you have not registered your trademark, effectively taking business that should be yours.

What should be your trademark strategy in China?

As mentioned above, your first step should be to conduct a search as to whether your trademark has already been registered or not and under which classes / sub-classes. If there are no problems, then file as soon as



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possible. It is an easy and quick to file process, only needing to follow the step-by-step considerations outlined above.

If you find that somebody is in the process of filing for your trademark and it has not been registered yet OR somebody has already filed your trademark, choose an IP lawyer in China to represent you to understand what options you have in taking counteractive action.

For further information please contact Our Offices.



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About Us

Woodburn Accountants & Advisors is specialized in inbound investment to China and Hong Kong. We offer companies a one-stop shop approach to their corporate service's needs. We offer market-entry advisory and ongoing corporate, accounting, tax and human resource services. Our mission is to provide quality tailor-made services and solutions to each company in conjunction with value for money. We speak a variety of European languages and local Chinese dialects to help clients communicate transparently and more easily when entering and operating in the market. Our clients are international companies focused on inbound Asia investments, with a focus on China and Hong Kong. The strategy of our clients is on manufacturing in China, exporting from China, selling to China and offering a variety of services within China. They range from start-up organizations to multinational and publicly-listed companies.

Our Offices

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