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The price of popularity

The rush for trademark registration means it is increasingly difficult to register marks in China. However, a number of strategies can be implemented to maximise the chances of success

Over 1.4 million new trademark applications were filed with the China Trademark Office in 2011 – a number which is increasing at a rate of approximately 30% a year. Therefore, it is little wonder that it is increasingly difficult to register trademarks successfully in China.

The Chinese language constitutes a totally different system from its Latin counterpart, and it is crucial for any party which is planning to develop business in China to obtain a Chinese version of its Latin trademark. Selecting the correct or appropriate Chinese equivalent of the original trademark before filing a trademark application is the first step.

Generally, there are three types of equivalent – translation, transliteration and a combination of the two. Once the applicant has selected the Chinese characters that are equivalent to its brand, there is an additional issue to consider: which version of characters should the applicant choose? If the applicant wants to demonstrate that the brand has a long history or convey a sense of nostalgia, the traditional version may be a better option; otherwise, the simplified version is recommended, because it is more widely used and understood in daily life than the traditional version. Another task is to check exactly how the chosen words are pronounced, not only in Mandarin, but also in Cantonese and other Chinese dialects, depending on which provinces the applicant wishes to cover for business development. The next stage is to choose between a standard design or a stylised version. With so many aspects to consider, it may take a long time for applicants to select, check, design and finalise a Chinese trademark.

China operates a first-to-file system. From the moment that an English mark is used or known in China, others may use Chinese versions if the applicant fails to offer a Chinese equivalent simultaneously.

Therefore, rights holders should file a Chinese equivalent immediately; if a rights holder subsequently develops a better or more appropriate mark, it can file a new trademark registration, abandoning its initial choice.

The Trademark Office recently updated the Chinese Classifications of Goods and Services according to the 10th edition of the Nice Classification. At present, multi-class and series applications are not accepted in China. If any applicant intends to register the same mark for goods in different classes, a separate application for registration should be filed in respect of each class of the prescribed classification of goods.

Class or sub-class headings are not accepted as specifications in an application; the applicant must select specific items. Another common mistake relates to the scope of coverage. Some categories are not as broad as they sound. For example, the category entitled ‘clothing’ sounds like a general concept covering everything in Class 25, but this is incorrect. ‘Clothing’ falls into Sub-class 2501; its scope of protection is limited to this sub-class. Other apparel from other sub-classes (eg, shoes and socks) are considered as different goods and are not protected under the term ‘clothing’. If an applicant requires a broader scope of protection, it should pick at least one item from each sub-class within a main class and pay attention to the special notes regarding similar crossover items.

The application is then subject to a formal examination. In recent years, the examination of specifications has become increasingly strict, and some goods or services which had been accepted in the past are now being rejected.

There are usually three ways in which to overcome an official action:

- Amend the item in question directly into

the standard item – if there is a standard item which has a similar meaning to the item in question, it is recommended to amend it into such standard item;

- Reword the items in question to include the standard item as the key component – sometimes there is no standard item that can express the same or similar meaning of the specific item in question. In such case, the item in question can be reworded to include the standard item as its key component.
- If neither of the above-mentioned means of amendment correctly describes the intended goods or services, or if the applicant insists on the original expression, it can attempt to explain to the examiner the function and characteristics of the goods or services and explain why such item falls into a specific class. However, this course of action carries a high risk of being rejected, and the examiner may issue a second official action insisting that the applicant amend the item in question into a standard item.

Once an application has passed the formal examination stage, it will progress to the substantial examination stage, which will produce one of three results. First is preliminary approval and publication in the *Official Gazette* and second is refusal based on absolute or relative grounds. The final one is partial approval and partial refusal.

Trademarks violating Article 10 of the Trademark Law are not allowed to be registered or used. Article 10 states that: *The following signs shall not be used as trademarks:*

- (1) those identical with or similar to the State name, national flag, national emblem, military flag, or decorations, of the People's Republic of China, with names

- of the places where the Central and State organs are located, or with the names and designs of landmark buildings;
- (2) those identical with or similar to the State names, national flags, national emblems or military flags of foreign countries, except that the foreign state government agrees otherwise on the use;
 - (3) those identical with or similar to the names, flags or emblems or names, of international intergovernmental organizations, except that the organizations agree otherwise on the use or that it is not easy for the use to mislead the public;
 - (4) those identical with or similar to official signs and hallmarks, showing official control or warranty by them, except that the use thereof is otherwise authorized;
 - (5) those identical with or similar to the symbols, or names, of the Red Cross or the Red Crescent;
 - (6) those having the nature of discrimination against any nationality;
 - (7) those having the nature of exaggeration and fraud in advertising goods; and
 - (8) those detrimental to socialist morals or customs, or having other unhealthy influences.

The geographical names as the administrative divisions at or above the county level and the foreign geographical names well known to the public shall not be used as trademarks, but such geographical terms as have otherwise meanings or are a part of collective marks/ or a certification marks shall be excluded. Where a trademark using any of the above-mentioned geographical names has been approved and registered, it shall continue to be valid.

Refusal due to the above reasons is usually difficult to overcome, because the trademark is considered to have inherent defects. However, in practice, there are some exceptions, provided that the applicant submits accompanying evidence:

- The rejected trademark includes words that are identical or similar to country names, but which have another specific meaning, and would not cause confusion among the public;
- The rejected trademark includes the word 'China' within the name of a newspaper, magazine or officially registered entity in China;
- The rejected trademark includes the word 'China', but incorporates another distinctive part independent from the word 'China', and the applicant is a



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- Chinese citizen or Chinese entity;
- The rejected trademark includes a foreign country name, which that foreign country has approved;
- The rejected trademark includes a foreign country name, but the trademark as a whole is identical to the applicant's name; and
- The rejected trademark includes a foreign country name, but the trademark incorporates another distinctive part independent from the word representing the country name, and the applicant is from that country.

Trademarks violating Article 11 of the Trademark Law are not allowed to be registered. Article 11 states that:
The following signs shall not be registered as trademarks:

- (1) those only comprising generic names, designs or models of the goods in respect of which the trademarks are used;
- (2) those having direct and only reference to the quality, main raw materials, function, use, weight, quantity or other features of the goods in respect of which the trademarks are used; and
- (3) those lacking distinctive features.

The signs under the preceding paragraphs may be registered as trademarks where they have acquired the distinctive features through use and become readily identifiable.

The most common arguments to protest refusal under Article 11 include that the trademark is inherently distinctive and the trademark has acquired distinctiveness through use and become readily identifiable.

Trademarks violating Article 12 of the Trademark Law are not allowed to be registered. Article 12 states that: "Where an application is filed for registration of a three-dimensional sign as a trademark, any shape derived from the goods itself, required for obtaining the technical effect, or giving the goods substantive value, shall not be registered."

The refusal rate of three-dimensional trademarks is much higher than for other types of trademark; therefore, it is recommended to add more distinctive elements to the three-dimensional mark when filing to increase the level of distinctiveness of the trademark as a whole.

According to Articles 28 and 29 of the Trademark Law, trademarks that are identical or similar to any prior trademark for the same or similar goods or services shall be refused. The following measures can be used to overcome such refusal:

- dissimilarity of trademarks – in its comparison of trademarks, the Trademark Office adopts a like-for-like examination, whereas the Trademark Review and Adjudication Board usually takes a more comprehensive consideration of the overall appearance, meaning, pronunciation and distinctiveness of the trademark. Thus, this argument could focus on trying to convince the board examiner that the likelihood of confusion is minimal;
- dissimilarity of designated goods or services;
- non-use cancellation against the cited mark – if the cited mark has been registered for over three years, a non-use cancellation order can be filed against it;
- opposition or dispute cancellation against the cited mark;
- co-existence agreement (although the examiner has final discretion as to whether to accept the agreement); and
- trademark assignment over the cited mark. If the cited mark is assigned to the applicant, there will be no conflict of interest, and the applied-for mark will be approved by the board. [WTR](#)