



PROTECT YOUR TRADEMARK IN CHINA



PATENT OFFICE
OF THE REPUBLIC OF POLAND



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1. WHAT IS A TRADEMARK?

A trademark is a mark used in trade, used to identify the goods and services of a specific entrepreneur and to distinguish them from the goods and services of other entrepreneurs. It is an important asset that often increases the value and prestige of the company. Identification of a given company is of particular importance when entering a new and competitive market, where gaining customers is directly related to building a brand image from scratch, as is the case in China. One of the problems that Polish companies may face is the issue of trademark infringement. Most often, we deal here with impersonating local producers under someone else's brand or appropriating trademarks belonging to other companies (manufacturers, distributors, etc.).

TRADEMARKS IN CHINA

According to Chinese regulations¹, a trademark may be e.g. words, drawings, spatial forms, color combinations or melodies that distinguish the source of origin of marked products and are not excluded from registration under the law.

For the trademark to be registered in China, it must meet the following requirements:

¹ Trademark Law of the People's Republic of China dated August 23, 1982 (Last amendment of April 23, 2019). Accessible online (Chinese version only) <https://www.cnipa.gov.cn/art/2019/7/30/art_95_28179.html>.

Previous version from 2013: <https://www.cnipa.gov.cn/art/2015/9/2/art_95_28182.html>.





1. **it must be legal** – it must not be identical or similar to the name or flag of the PRC or another country, the name or logo of a Chinese government agency, the logo or anthem of the Chinese army, the name or logo of an international organization, contain discriminatory content against other nationalities, etc.;
2. **it must be distinctive** – the trademark must be easily distinguishable and allow to distinguish the goods and services of one entrepreneur from other enterprises; it cannot describe the goods and services for which it is intended or mislead consumers;
3. **it cannot be functional** – this requirement applies in particular to spatial signs; spatial trademarks cannot be registered if:
 - result directly from the nature of the goods/services, e.g. the shape of an apple cannot be registered as a trademark;
 - they are a specific technical solution, e.g. a cup of yoghurt separating two ingredients;
 - they have a value in themselves, e.g. an element that is mainly decorative, where the appearance of the trademark is a value regardless of the product;
4. **may not conflict with earlier rights** – by “earlier rights” we mean:
 - identical or similar trademark already registered in China, pre-approved for registration (published in the official journal and pending deadline to file an opposition) or filed for registration on the same day but in use in China earlier;
 - a well-known trademark within the same or similar classes. Copyright, industrial design or right to a business name (company name, name

and surname of a natural person) may also be considered as earlier rights;

- it cannot be reported in bad faith, e.g. by a contractor.

The official Trademark Register of the China National Intellectual Property Administration (CNIPA) is available online and can be used to check trademark availability. The Register contains a List of registered trademarks and is available in Chinese and English².

Additional information on applicable laws, official guidelines and statistics can be found on the CNIPA website³.



² The trademark database is available at: <https://sbj.cnipa.gov.cn/sbj/sbcx/>.

³ The official CNIPA website is available at: <https://www.cnipa.gov.cn/>.

2. HOW TO REGISTER A TRADEMARK IN CHINA

STRATEGY

The first step for an entrepreneur planning to expand into foreign markets should be securing trademark rights on each of these markets. Even before starting sales in a given country, we should protect the trademark that will mark the goods and services offered on that market.

In order for the protection of markings distinguishing our goods or services on the Chinese market to be effective, it must be based on the right strategy – from choosing the type of marking, through examining the availability of the trademark, to determining the appropriate scope of protection, i.e. selecting classes and subclasses of goods and services, to marking which we want to protect the trademark. A well-thought-out choice of classification is the key to effective protection against trademark infringement, including trademark misappropriation by another entity.

An example of how painful and costly a delayed decision to register a trademark in classes strategic for the company can be, was for the case of Apple, which was beaten by a local Chinese manufacturer of leather goods, including iPhone covers, in registering the “iPhone” brand in certain classes.



In order to avoid such situations, commercial expansion on the Chinese market should be correlated with previous brand protection activities (e.g. register a trademark for registration in the appropriate classes and subclasses 3–5 years before the planned launch of the goods on the market).



ATTENTION:

In China, goods and services are divided not only into classes (45 classes according to the Nice Classification⁴), but also into subclasses assigned to each class. In order to avoid unnecessary problems or possible losses related to the misappropriation of the trademark by another entity, it is recommended that the scope of protection be as wide as possible, i.e. registration in as many classes and subclasses as to cover both the current and future scope of the company’s activities. When considering plans for the future, a period of at least 3 years should be taken into account, because after such a period of not using the trademark to mark specific goods or services, we may lose the right to it. Even if, on the date of registration of a trademark, goods and services from a given subclass are only slightly related to our business, they may be of strategic importance. However, it should be remembered that the protection of the trademark will strictly apply only to those classes and subclasses in which the registration was made. This means that if a company producing energy drinks registers

⁴ International Classification of Goods and Services for the Purposes of the Registration of Marks – a classification managed by WIPO, created for the classification of goods and services for the purposes of trademark registration freight; The Nice Classification is available on the WIPO website: <<https://www.wipo.int/classifications/nice/nclpub/en/fr/>>.





only a class 32 soft drink, there will be no obstacles for another entity to legally register the same brand, e.g. in class 33, promoting its alcoholic beverages with this trademark, or in class 43, promoting gastronomy services. Particular care should be taken when marking a subclass in a declaration. Before making a final decision on the scope of the registration, the current Chinese classification should be carefully analyzed.



Since Chinese law does not know the concept of a “reputed trademark”, we cannot count on broader enhanced protection also for other goods or services that are dissimilar even in the case of a registered trademark known and reputed by a significant proportion of Chinese consumers.

Is registration in Chinese necessary?

It should be remembered that the registration of a trademark written in the Latin alphabet does not guarantee protection of this trademark against its use in the form written in Chinese script. Products sold in the Chinese market should be named in Chinese, especially if they are products sold directly to consumers. Registration of a trademark in Chinese is therefore a necessary step on the way to full protection and creating conditions for sale on the Chinese market.

Therefore, it is recommended that you register Chinese versions of foreign trademarks in Chinese characters. If the name of a given brand in Chinese characters does not exist, it is very likely that consumers will create such a version themselves and it will start functioning completely beyond our control, including registration of such a brand by third parties.

Thus, it is recommended to file a trademark application in China both in the original form and in the Chinese version.

EXAMPLE: Due to the appearance of the logo, the American breakfast cereal brand Quaker Oatmeal is commonly referred to as “Lao Ren Pai” (老人牌), which translates to “old man’s brand”.

How to create a trademark in Chinese

If we want to create a Chinese version of our trademark (written in Chinese characters), we can do it thanks to one of three options:

1. **transliteration** – this variant works well when the brand is already known and distinctive on the Chinese market, e.g. Apple has chosen the sign 苹果 (Ping Guo) for an apple;
2. **phonetic translation** – Chinese characters whose wording corresponds to the original, e.g. McDonald’s is known and registered as 麦当劳 (Mai Dang Lao) and KFC as 肯德基 (Ken De Ji);
3. **a combination of transliteration and phonetic translation** – such a translation of the trademark is particularly enthusiastically received by Chinese consumers and consists in choosing Chinese characters in such a way as to preserve the sound of the original while using terms characteristic of a given brand and carrying positive semantic associations, e.g. Carrefour has registered the trademark 家乐福 (Jia Le Fu) meaning happy, blessed home.





Whether and when to report the trademark to Chinese customs

To obtain full protection and prompt assistance from China Customs (GACC) in apprehending goods that infringe on our trademark (counterfeit goods) destined for export or import into China, you must immediately report your trademark to the customs administration database after obtaining your trademark registration. This simple and quick procedure can help in effectively blocking the export or import of so-called fakes. Importantly, in the case of trademarks previously reported to the GACC database, the customs authorities take action ex officio, and after conducting an investigation, they may, without undue delay, not only destroy the seized goods, but also impose an administrative penalty on the consignee/sender.

Applications to the GACC database may be made by the trademark owner himself or through a proxy. The application system is available online⁵. Registration in the GACC database is payable and costs 800 RMB (approx. PLN 450) for one trademark. In 2020, CNIPA temporarily suspended the collection of fees.

WHAT IS THE REGISTRATION PROCEDURE?

As a general rule, there are two ways to obtain trademark protection in China: registration under the national system or under the international system.

⁵ GACC's IP registration system is available online: <http://english.customs.gov.cn/zscqpbh/main.html?page=04.htm>.

National registration

To register in the national system, you must apply directly to the China Intellectual Property Office (CNIPA).

Such a notification can be made both online and by submitting relevant documents at the seat of the office.

In order to register a trademark in China in the domestic system, foreign entrepreneurs who do not have their place of residence or registered office in China must use a Chinese representative. When choosing a Local Patent Attorney, it is best to use the List of authorized representatives provided by CNIPA on the office's website⁶.



The national procedure begins with the submission of an appropriate application to the CNIPA.

1. The application must be filed in Chinese by a Chinese patent attorney.
2. The application is subject to an initial formal examination, and then, if all absolute grounds (in terms of legality, distinctiveness, lack of functionality) are met, the substantive examination begins (relative conditions, i.e. conflict with earlier rights). If, at the stage of formal examination, the expert finds that the absolute grounds are not met, the applicant has 30 days to modify the application accordingly. However, if in the substantive examination relative grounds for refusal are found, the office will notify the applicant, who will be able to verify the application and present its arguments.

⁶ The list of certified patent attorneys (Chinese version only) is available at:
<<http://dlgl.cnipa.gov.cn/txnqueryAgent.do>>.





3. After a positive substantive verification, the trademark obtains the so-called pre-registration and the application is published in the official bulletin of the CNIPA (China Trademark Gazette). At this point, the 3-month period for filing an opposition starts to run. The basis for filing an opposition may be a registration in bad faith or an earlier right, e.g. copyright or the right to a well-known trademark. If no opposition is filed within 3 months from the initial publication or the opposition is rejected, the final information on the registration of the trademark is published in the official bulletin, thus the right of protection for the given trademark is granted in China.

Registration in the national system ends with obtaining an official certificate in Chinese, which is proof of registration of the trademark in China. Such a certificate is a valuable document that enables contact with other offices, government agencies and courts, as well as quick initiation of administrative or customs procedures in the event of a trademark infringement. It should be remembered that the protection of a trademark lasts from the date of its registration, not from the date of application for protection.



International registration

To obtain trademark protection in China, you can also use the international registration in the so-called Madrid system⁷. For this purpose, an application for extending the protection of an existing trademark to China must be submitted. Such an application is submitted to the International Office of the World Intellectual Property Organization (WIPO) through the national patent office (PPO). Applications must be made in English, French or Spanish. Prior to the initiation of an international procedure, the applicant must have a national or regional trade trademark (or an application thereof) registered with the patent office of one of the territories of the Madrid system (e.g. PPO or EUIPO⁸). In order to maintain the filing date of the original application, an extension application for registration in China must be submitted within six months of the filing date of the trademark in Poland/Europe.

An international application must be for a mark identical to the one filed with the national office — the applicant's primary trademark. The application must indicate the territories in which the trademark is to be registered, and contain a clear indication of the goods and services according to the Nice Classification for which the trademark is to be protected. The international procedure makes it impossible to independently indicate the subclasses in accordance with the categories of goods and services in force in China, which significantly limits the possibility of obtaining the full scope of protection.

⁷ Protocol to the Madrid Agreement Concerning the International Registration of Marks, done at Madrid on 27 June 1989.

⁸ European Union Intellectual Property Office, official website: <<https://euipo.europa.eu/ohimportal/en>>.





Upon receipt of the application, WIPO issues an appropriate certificate and publishes the trademark in the WIPO Gazette of international Marks, notifying the CNIPA at the same time. The Chinese Trademark Office then proceeds with a substantive examination of the application. At this point, the 3-month period for filing an opposition also begins. If CNIPA independently finds grounds for refusing registration in China or an opposition is filed, the Chinese office will notify WIPO of this fact. The applicant can then act as a party before the CNIPA – from now on, however, he must act through a Chinese patent attorney. If within 18 months of submitting the application to the CNIPA, the Chinese office does not notify the wipo of the refusal of protection, the registration is considered effective. Thus, unlike in the national registration system, the applicant does not receive any formal confirmation of the registration of the trademark in China. A registration certificate must be requested separately, directly from the CNIPA.

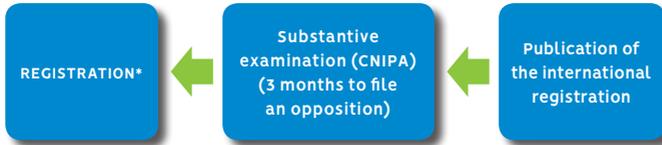
Due to the above-mentioned disadvantages, i.e. the lack of a choice of subclasses of the Chinese classification and the lack of a registration certificate, the international procedure is considered less effective than the national registration.

INTERNATIONAL PROCEDURE

SUBMITTING YOUR APPLICATION TO WIPO



SENDING YOUR APPLICATION TO CNIPA



* Registration becomes final if WIPO does not notify CNIPA of its refusal within 18 months.

TIME

At present, the registration procedure in the national system takes up to 12 months. Registration in the international system takes about 18 months. Both in the case of international and national registration, the protection period lasts 10 years (with the possibility of extension). It is worth remembering that the application for renewal must be submitted 6 months before the protection expires. If we fail to do so within the specified period, it may be extended for another 6 months. If the application is not submitted before the extended deadline, the right of protection for the trademark will expire.

COSTS

National registration

When we register a trademark directly with the Chinese office, we pay the official fees and the cost



of the services of a local patent attorney. The list of basic fees in proceedings before the CNIPA is presented in the table below:

	Official fees (RMB)	Estimated costs of lawyer services (RMB)	Comments
Trademark accessibility study	0	1000–1300	Report on the review of official registers in the field of identical and similar marks
Trademark application (for one class)	300	2500–3000	An entry in one class covers max. 10 goods/services
Trademark application (for each additional class)	300	2000–2500	Application in one class includes max. 10 goods/services
Declaration of additional goods/ services in each class	30	100	Reporting each additional element of the area 10 goods/services
Filing an opposition	500	6000–15 000	The costs depend on the complexity of the case
Reply to opposition	0	6000–15 000	The costs depend on the complexity of the case
Extension of protection	500	1500–1800	In one class max. 10 goods/services

International registration

When we register a trademark in China through the Madrid system, we incur the costs of official fees of intermediary institutions (PPO and WIPO). The Patent Office of the Republic of Poland charges an application fee of PLN 600. For international applications, the WIPO International Office charges fees in Swiss francs. The elements that make up the WIPO fee include:

- a **basic fee**, the amount of which depends on whether the trademark is black and white (CHF 653) or in color (CHF 903);
- **additional fees** (CHF 100 for each class of goods above three classes);
- Country Designation **Supplement Fees** (CHF 100 for China).

If a trademark is already internationally registered in other countries, we can extend that registration to China. We then pay a basic fee of **CHF 300** and a supplementary fee for designating China of **CHF 100**.

The estimated cost of international registration can be calculated using the **free WIPO calculator** available on the office's website⁹.

⁹ The WIPO fee calculator is available at:
<<https://www.wipo.int/madrid/feescalculator/>>.



In short

- ➔ Register key trademarks in China as soon as possible (before starting any activity in the Chinese market – including attending trade fairs).
- ➔ It is recommended that you select a national registration with a local, licensed patent attorney.
- ➔ It is worth making a strategic registration and taking into account all relevant classes and subclasses to cover both the current and future scope of the company's activities.
- ➔ You should consider registering your key trademarks in Chinese.
- ➔ After registering a trademark, it is recommended to submit it to the customs administration database.



3. FIGHT AGAINST INFRINGEMENTS

Trademarks are among the most valuable assets a company can own. From the consumer's point of view, they determine the company's image and reputation. Therefore, if the basis for the protection of trademarks is their well-thought-out registration, the next step will be a conscious fight against infringements.

Trademark infringement can be divided into two categories:

1. **infringements committed before the application for the trademark.** For example, bad faith registrations, trademark trolling;
2. **infringement of rights to a registered trademark.** For example, the sale of "counterfeits", i.e. someone else's products bearing a trademark identical to or similar to our own.

TRADEMARK TROLLING

One of the basic problems faced by Polish entrepreneurs on the Chinese market is the so-called trademark trolling. This term is used to describe situations in which a given entity deliberately registers and obtains protection rights to someone else's trademark (so-called bad faith registration) in order to later claim damages or resell the rights to the trademark to the original owner. Foreign companies using their trademarks registered in bad faith by others in Chi-





na are usually accused of infringement and sued for damages. Trademark trolling is especially possible in countries that have a first-to-file registration system, such as in China. First-to-file means that the right of protection in a given territory is granted to the person who first filed the application. Entrepreneurs should therefore register well in advance and absolutely before starting operations on the Chinese market. In this simple way, we can significantly reduce the risk of losing trademark rights in China.

EXAMPLE: The French wine producer Castel Frères SAS entered the Chinese market in 1998. In 2001, the company started cooperation with Changyu, China's largest wine producer. For the collaboration, the French manufacturer began using the name "Ka Si Te - Changyu Chateau", operating under the brand name "Changyu Ka Si Te" (张裕卡斯特).



Due to the rapidly growing sales, the brand gained considerable popularity and began to be recognized by Chinese consumers. In March 2000, the name "Ka Si Te" was registered in class 33 by Wenzhou Wujin Jiaodian Huagong Group, which transferred the rights to this trademark in 2002 to Mr. Li Dao Zhi, a Spanish-Chinese wine producer. In 2008, Li founded Shanghai Ka Si Te Wine Co. Ltd, a company selling imported French wines in China under the brand "Ka Si Te". Meanwhile, in 2005, Castel became aware of the existence of a trademark registered by Mr. Li. The case came to light when Castel applied for the registration of the trademark

“Ka Si Te” (卡斯特) in class 33, which was rejected due to conflict with Li Dao Zhi’s earlier law.

Castel attempted to invalidate the registration of Mr. Li’s trademark due to its non-use for a period of 3 consecutive years. The annulment case lasted 6 years and ended with Castel’s application being rejected.

Meanwhile, in 2009, Li Dao Zhi filed a trademark infringement lawsuit against Castel. When considering the case, the court found that there had been a violation and, by judgment of April 10, 2012, awarded the French company damages in the amount of RMB 33.73 million (approximately USD 5.11 million). The amount of compensation was finally reduced to PLN 500,000. RMB (approx. USD 76,000). As a consequence of the judgment, Mr. Li also sued distributors and retail chains throughout China (including Beijing Yansha Yonyi Mall, Carrefour and Wal-Mart) for selling “fake” wine. With the help of the administration, Li Dao Zhi was able to block the sale of competing wines bearing the “Ka Si Te” logo in 50 Chinese cities.

In the cited case, it was obvious that by registering the “Ka Si Te” brand in 2000, the Wenzhou Wujin Jiaodian Huagong Group took advantage of Castel’s oversight. The French wine producer, despite the huge expenditure of time, work and money to promote the brand both in the world and in China, did not register it in China at the right time, i.e. at the latest when it entered the Chinese market in 1998. Li Dao Zhi who took over the trademark, had every intention of actually using it to promote his own products and effectively combat competition from the rightful owner of the trademark. Accordingly, there was no legal





ground to invalidate Mr. Li's trademark, and Castel's use of the trademark had to be declared illegal.

To avoid such situations, you should register your trademark in China before we establish cooperation with the distributor and start any sales in that market. When planning the registration, you should take into account the duration of the procedure and the risk of extending it if conflicting rights to our trademark come to light.

When we find out that our trademark has been applied for or registered by someone else, we have several options:

- 1. Filing an opposition** – it is possible only within 3 months from the date of publication of the application in the official bulletin; an opposition may be filed by anyone who believes that the notification was made in bad faith; if the opposition is found to be justified, we will prevent the registration of the trademark in this way, but if the office considers the opposition negatively, the trademark will be registered and any use of it without the consent of the "owner" will be considered a violation; opposition proceedings last 12–18 months;
- 2. Invalidation of the trademark** – if the trademark has already been registered, we may try to invalidate it on the following grounds:
 - fraud,
 - making a report in bad faith,
 - violation of an earlier right; the trademark invalidation procedure takes about 18 months;
- 3. Revocation of the trademark** – the interested party may institute revocation proceedings in the following situations:

- not using the trademark for a period of 3 years from the date of registration,
 - loss of distinctive character by the trademark;
4. **Negotiations** – starting talks with the person who applied for our trademark may be the fastest way to regain the brand; it is also a good opportunity to gather evidence; Negotiations are best conducted through a local lawyer;
 5. **Rebranding** – giving up the existing trademark and introducing a new brand to the Chinese market.

HOW TO FIGHT AGAINST BAD FAITH REGISTRATIONS

The allegation of bad faith registration in the event of an opposition or trademark invalidation application must be based on specific grounds set out in Chinese law. Such conditions may be:

1. **Use of fraudulent or misleading methods** (absolute ground) – an allegation raised especially against entities registering third party trademarks en masse and professionally dealing in trade in such trademarks.
2. **Contradiction of socialist ethics and principals**
3. **Protection of unregistered trademarks and earlier rights recognizable in China** (relative ground) – opposition filed in relation to registrations in the same or similar classes; earlier rights protected by this provision include trademarks not yet registered in China, copyrights to stylized logos, right to a company (company name, name and surname of an individual) or rights arising from busi-





ness relationships; claiming earlier rights must provide relevant evidence of ownership and a certain degree of recognition in China (e.g., participation in trade fairs, having a website in Chinese, etc.).

- 4. **Trade agreements and prior business relationships** – the claimant must provide evidence of prior business relationships resulting in any brand knowledge in China (e.g. e-mail correspondence); the use of the brand in China is required.
- 5. **Well-known trademarks** – the status of a well-known trademark in China is extremely difficult for Western brands to obtain; specific evidence of trademark recognition is required (e.g. company listing on the Fortune 500 list), its geographical scope, duration, history of protection granted by customs authorities, etc.
- 6. **Similarity of trademarks and goods/services** – the most common grounds for refusing to register a trademark may also be used as an alternative argument for bad faith in opposition/invalidation proceedings.

In short

- ➔ It is recommended to monitor the market on an ongoing basis and monitor trademark registries in China¹⁰ to detect infringements.
- ➔ If violations are identified, act as soon as possible.
- ➔ Consider talking to the opposing party, preferably through a local solicitor.
- ➔ Evidence must be gathered before proceeding with an official procedure.

¹⁰ The search engine for Chinese trademark registries is available at: <<https://sbj.cnipa.gov.cn/sbj/sbcx/>>.

REGISTERED TRADEMARK INFRINGEMENT

Several legal avenues may be followed in the event of infringement of a trademark registered in China. Regardless of which path we choose, remember to collect the appropriate evidence before initiating the procedure.

1. **Administrative route** – submitting a complaint to the local market regulation office (Administration for Market Regulation, AMR), competent for the place of the infringement (e.g. where the counterfeits were sold, produced or stored); it is a relatively quick and simple procedure leading to the confiscation and destruction of goods and the imposition of a fine of max. amount of PLN 250,000 RMB.
2. **Litigation** (civil proceedings) – bringing a lawsuit to the court, which may result in the issuance of an order to stop infringements, confiscation and destruction of goods and equipment used for its production and/or award of damages in max. of RMB 5 million.
3. **Proceedings before the customs authorities** – to block the export or import of counterfeit goods, a relevant declaration must be made to the customs authorities (GACC¹¹); depending on whether our trademark has been previously reported to the GACC database or not, the customs authorities will take action ex officio (protection ex officio) or upon request (protection on request). In practice, it is recommended to register the trademark in the customs administration database im-

¹¹ Applications to GACC can be made online at:
<<http://english.customs.gov.cn/zscqbh/main.html?page=01.htm>>.





mediately after its registration; if a batch of counterfeit goods is detected, the customs authorities are entitled to seize and destroy it.

4. Criminal Proceedings – According to Chinese law, trademark infringement is:

- manufacturing or knowingly selling counterfeit goods;
- production of counterfeit or unauthorized items depicting trademarks.

Initiating criminal proceedings in court requires submitting an application to the prosecutor's office. The police can detain and question suspects and conduct searches without a warrant; As a result of criminal proceedings, the court may sentence the guilty to imprisonment for up to 7 years and a fine.

EXAMPLE: On July 28, 2020, a court in Shanghai sentenced 35 people to prison for counterfeiting goods bearing the Dyson trademark. The defendants manufactured and sold counterfeit Dyson hair dryers for a total amount of RMB 13.5 million (approx. USD 1.9 million). The main accused was sentenced to 6 years in prison and a fine of RMB 5 million (approximately USD 714,000) was imposed.

4. WHY IS IT WORTH FIGHTING FOR YOUR TRADEMARK?

A strong trademark is crucial to attracting new customers, especially if we are introducing the brand to a new, competitive market. In the eyes of Chinese consumers, the company's reputation is very important, and any use of a trademark in the wrong context can bring measurable losses. For this reason, taking decisive action in the event of any infringement of trademark rights is extremely important. Remember that conscious brand building requires a significant amount of time and money, so it is worth protecting what we have already achieved.

The fight to recover a trademark in China is getting easier. In recent years, the regulations have been amended, especially in regards to the stigmatization of bad faith registrations. The government's program to strengthen the protection of intellectual property rights also included a large-scale administrative reform and the creation of a single government agency responsible for IP protection in China (cnipa). The new policy is also reflected in case law. In 2019, the Chinese Supreme Court issued a landmark ruling in favor of the rightful owner of the trademark (the Uniqlo case), which paved the way for further changes in this area.

EXAMPLE: Two Chinese companies registered the "UL" trademark in China, used by Uniqlo, a Japanese clothing manufacturer. Both of these companies filed lawsuits against the manufacturer, demanding that Uniqlo stores



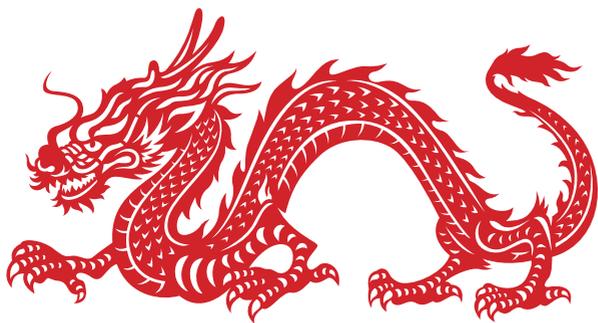


stop using 30 the trademark in China and claiming damages. Considering the case in the first and second instance, the Chinese court found that Uniqlo had indeed infringed the Chinese company's trademark right, but refused to award damages, citing the plaintiff's bad faith. The courts of both instances indicated that the Chinese companies did not suffer actual losses due to infringement of their rights to the trademark, as they never intended to use the trademark themselves. The Supreme Court upheld this argument, additionally stigmatizing the conduct of Chinese companies.

CHANGES IN TRADEMARK REGULATIONS IN 2019

In November 2019, an amendment to the Trademark Law of the People's Republic of China entered into force. The new regulations are aimed at stopping the registration of trademarks made in bad faith. The most important changes include:

- introducing a ban on registering trademarks in bad faith;
- extension of the right to oppose a trademark application to anyone who believes that the application was made in bad faith;
- abolishment of the time limit for filing for invalidation of a trademark registered in bad faith;
- introduction of disciplinary liability for patent attorneys registering trademarks in bad faith;
- increasing the fines imposed for infringements of trademarks.



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