



Analysis on Pros and Cons of Madrid Trademark Registration From the Perspective of Obtaining Protection for Foreign Trademarks in China

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As China's Singles Day approaches, all e-commerce platforms have exploited their best tricks by displaying dizzying product pictures and applying money-off calculations as complex as Mathematical Olympiad on their websites to lure people joining into the annual shopping festival. The goods from all over the world bought in Tmall International, JD Global, and other e-commerce platforms are the most eye-catching among wide variety of products. Sitting at home in Beijing, making orders on mobile phone by moving fingers, you can receive laundry and daily chemicals from Japan, health products from the United States, and chocolate from Belgium within a week. With the advent of the era of economic globalization, cross-border e-commerce has become a common consumption mode familiar to average public. Accordingly, the issue of the cross-border trademark protection has become one of the top concerns for enterprises.

It is known there are two ways for protection of foreign companies' trademarks in China, namely, filing a Madrid trademark application and filing a Chinese national trademark application. The former is filing the trademark application before WIPO through the national office of the applicant designating China for territorial extension while the latter is filing before China IP Administration (CNIPA) via Chinese trademark agencies. An applicant can obtain legal protection of its trademark in China through either way if the application meets registration requirements after the examination of the CNIPA. Once the mark is registered through either way, it is entitled to equal protection in China.

Many foreign companies often hesitate when deciding which filing approach they should choose. Based on years of practical experience, the author summarizes the pros and cons of Madrid trademark registration as follows with the hope that it could be helpful for readers.

➤ Pros

1. The cost of filing Madrid registration is lower than those of filing Chinese national application when multiple contracting parties are designated

Fees for filing a new Madrid trademark include basic fee, a complementary fee, a supplementary fee, etc. The basic fee is fixed at 653 Swiss francs, and the supplementary fee standard is 100 Swiss francs per class if more than 3 classes of goods are designated. Supplementary fees are charged by class instead of the number of designated contracting parties, which is very favorable to registrants.

The official fee of filing a Chinese national trademark application is CNY300 per class, and an



additional fee of CNY30 would be charged if more than 10 goods are designated in each class. The filing cost will be substantial if a large number of goods are designated. However, there is no limit on the number of goods in international trademark registration, which means no additional official fees will be charged regardless how many goods are designated.

In addition, since there is no need to entrust a Chinese trademark agency, the cost of Chinese attorney fees can be saved. Therefore, the Madrid trademark registration can be highly cost-effective if no refusal occurs and trademark is registered smoothly.

2. Post-grant procedures are concise, making trademark information management easier for enterprises

In post-grant procedures such as transfer, change, deletion, etc., fees for Madrid trademark registration is charged based on registration numbers, and not on number of designated classes and contracting parties. The fee for change application is more preferential. All international trademarks under the name of the applicant can be changed at one time and only 150 Swiss francs will be charged no matter how many international registrations and how many countries are involved.

If an international trademark gains protection in multiple designated contracting countries, it would be easier for companies to conduct unified management, since they only need to file one application for subsequent changes, transfers, etc., which is simple and could cover all the designated contracting parties.

In contrast, the CNIPA has continuously reduced official fees for trademark cases. From July 1, 2019, the renewal fee has been reduced by half to CNY500 per class for each registration, and the official fee of change application has been reduced to CNY150 per class per registration (application). In order to promote the electronic filing, the official fees of change are even waived if the change applications are filed online. Even so, it is still far eclipsed by the cost of international registration which could cover multiple contracting parties by filing one application.

3. Broad goods specifications could be accepted for registration

So far, the CNIPA's examination on the designated goods filed through Madrid trademark registration system is relatively loose. Even if the goods specification is not listed in the official classification or the official pre-approved list, as long as it does not exceed the scope of the correspondent class, it is likely to be accepted even when it covers multiple subclasses.

For example, according to the official classification, the class heading "*scientific, optical, measuring, signaling and checking (supervision) apparatus and instruments*", which covers multiple subclasses including subclasses 0907, 0910, 0911, etc. could be acceptable in Madrid trademark registration system.



Stricter examination standards, by contrast, are applied by the CNIPA for the national trademark filing. If the good specification involves multiple subclasses, being too broad or being too narrow, the applicant is likely to be required to modify the specification into “standard goods specification” in the pre-approved list and the classification.

➤ Cons

1. The principle of central attack

Within 5 years from the international registration date, there is a dependency relationship between an international registration and its basic registration or application. Where the basic registration of an international registration in the office of origin is cancelled or invalidated or its basic application is refused within this period, the international registration is no longer protected by the designated contracting parties. This is often referred to as a "central attack."

The five-year period is not too long, but the most terrifying effect is "as long as the attack takes place within the 5 years from the date of international registration, the international trademark would be cancelled even if the basic registration/application finally becomes invalid after the 5 years' period." For example, where a basic application/registration of an international registration is refused or invalidated within 5 years from its international registration date, the international registration will still be canceled despite that 10 years have passed after applicant has exhausted subsequent review, litigation and other legal remedies.

In response to the principle of central attack, the Madrid Protocol provides the remedy which allows registrants to convert international registrations into national trademarks before the offices of designated contracting parties after the central attack with the original international registration date and priority date. This is undoubtedly good news. But the time cost and fee can be much higher than filing national trademark applications from the very start.

2. It takes a longer time to obtain a registration certificate, which may cause inconvenience when urgent right enforcement is needed.

The certificate of ownership for the right enforcement of a registered trademark through Madrid trademark system in China is a certified copy of registration certificate issued by the CNIPA. However, the CNIPA will not proactively issue a registration certificate. The registrant should entrust a Chinese trademark agency to submit an application before the CNIPA. Strict time limit is posed on the application submission which requires the applicant to wait until expiry of the refusal period (12 months or 18 months depending on the contracting party). Recently, more and more Statement of Grant of Protection is issued by the CNIPA in the 5th to 6th month upon the completion of examination after the date of recording of the territorial extension to China. Usually, when the registrant receives a Statement of Grant of Protection, it means that the trademark has been protected by law as a registered trademark in China. However, even if you have received the Statement, you still need to wait patiently for expiry of the above refusal period before you can submit the application for obtaining a certified copy of



the registration certificate. Otherwise, the application will not be accepted on the ground that the refusal period has not expired.

Taking the actual case handled by the author for an example, the international registration date of a trademark through Madrid trademark registration system is November 26, 2018. The starting date of the refusal period (date of recording) for the trademark designated to China is February 5, 2019, and the CNIPA issued a Statement of Grant of Protection on June 26, 2019. However, the trademark registrant still has to wait until August 5, 2020 (provided that the refusal period is 18 months for the contracting party) to apply for the certificate. It takes over 21 months from the international registration date till receiving the certificate in China.

In contrast, for a Chinese national trademark registrant, the registrant can obtain the trademark registration certificate issued by the CNIPA proactively in one month after it is registered. For a smooth application, it only takes about 10 months from the trademark application date till getting registration certificate.

At present, China's major e-commerce platforms attach great importance to the protection of intellectual property rights. Tmall and JD require sellers to provide trademark registration certificates when they open stores online. Failure to provide a trademark registration certificate may result in the delay of opening online stores and the inability to display the product in time. Since business opportunities are fleeting, it is crucial for enterprises and agents to ensure that products are put on the shelves in time before the arrival of a selling season.

3. For some goods specifications, the expected scope of rights may not match the actual scope of rights.

As aforementioned, the CNIPA's examination on designated goods through Madrid registration is relatively lenient, and a goods specification with wide scope can also pass the formal examination and be successfully registered. According to the author's practical experience, this sometimes causes serious troubles.

An international registration needs to be processed based on the basic application or basic registration in the original country of the registrant. Registrants are subject to restrictions of basic registration/application when selecting designated goods, and are inevitably affected by the trademark system and practices of the country of origin. However, China's trademark system and the classification of goods and services are very unique. If a trademark is applied before the CNIPA, goods with a wide range of coverage will be considered as unclear and non-standard, and have to be modified to specific goods according to official requirements. However, such specification can be accepted and successfully registered through Madrid registration system with territorial extension designated to China.

However, in China, if the goods specification in the context of Chinese is vague, the examiner can only determine which subclass it belongs to according to personal understanding and experience. Therefore, for some goods specification, the applicant's expected scope of rights



(scope in the country of origin) does not necessarily coincide with the actual scope of rights in China.

For example, a goods description often designated by Japanese applicants is "electronic machines", which, as far as the author knows, covers electronic computers and its peripherals, scanners, copiers, integrated circuits, computer programs, semiconductors and other commodities according to Japan's classification. As far as the Chinese classification is concerned, the connotation involves at least subclass 0901 titled [*electronic computers and peripheral devices*], subclass 0903 titled [*other office machinery (excluding typewriters, writing machines, mimeographs)*], subclass 0913 titled [*Crystals and carbon materials for electrical appliances, electronic and electrical components*] and other subclasses. However, the author has encountered many times in her professional career that this goods description was only classified into the subclass 0913. The product of a Japanese company is a computer peripheral device, and its trademark is registered in China through Madrid trademark registration. The holder may mistakenly believe the designated good of "electronic machines" in the international registration could cover its actual scope of rights. But in fact, their most important products are not even covered, let alone could it defend subsequent identical and similar trademarks.

4. Translation deviations may occur in goods translation, affecting the normal enforcement of rights

The filing documents submitted to WIPO for international trademark registration should be in English or French. When the territorial extension designating to China through Madrid trademark registration, it is first translated into Chinese by an authorized translation agency and then entered into the trademark database of the CNIPA. Since translators of the agency are not professional trademark practitioners, they may be unfamiliar with China's classification and trademark practice, but translate based on their translation skills. Besides, with the increasing number of trademark applications year by year, the amount of translation work has surged. Occasional discrepancies are inevitable.

In a case represented by the author, the goods in Class 9 "navigational apparatus" was translated as "nautical navigation apparatus", but the product that the applicant originally intended to designate was "navigational apparatus". There is only one word difference between the two in Chinese, but the meaning is quite different. When the applicant wanted to open an online store to sell its car navigation system on the e-commerce platform, the registration certificate specifying the goods of "navigation apparatus" would be required by e-commerce platform. The goods however shown in the registration certificate issued by the authority is "nautical navigation apparatus", as a result, it failed to meet the requirement by the e-commerce platform. In the end, it was solved by submitting the rectification application to the CNIPA and changing the goods to "navigational apparatus".

In practice, after trademarks obtained territorial extension protection through international trademark registration, few companies voluntarily confirm whether there is a deviation in the translation of goods. As in the above case, contacting the authority timely is an effective



method to solve the problem. If the translation error is obvious, generally speaking, the authority will rectify it quickly. But if it is a translation deviation, it may have to be analyzed and handled case by case.

In another case handled by author's firm, a foreign client designated the service "liability guarantee and acceptance of bills" in Class 36. Unfortunately, the translation agency translated it literally into "guarantee and acceptance of the bill" which was classified into 3602 titled [*financial services*] while original intention by the applicant was for "debt guarantee and bill acceptance" which should have covered the two subclasses of 3602 titled [*financial services*] and 3606 [*guarantee*]. Thus, the deviation resulted in the incomplete coverage of clients' rights. Also, related services in subclass 3606 have been squatted by others, and the client is still in the litigation against the squatted trademarks.

As analyzed above, Madrid trademark registration system has pros and cons which is a double-edged sword. Applicants can choose the registration approach that best suits their needs based on the situation of the enterprise and specific trademark.

Reference:

Research on Madrid – The Madrid International Trademark System Authored by ZHANG Yu *China industry and commerce press*