European Commission

CHINA IP SME HELPDESK

Case Study: Risks of Trademark Transfer in China

SME details

Name of the company: Europe
Location of headquarters: Manufacturing of organic basic chemicals
Status in China: Already active in the China market

✓ Case Background

A European SME manufacturing and selling insect repellents encountered some issues with trademark registration in China. Their new product does not use common toxic ingredients and is safe around people and pets. It slowly releases an insect repellent which stops insects from crawling across or landing on sprayed surfaces. The product would potentially have success amongst the more and more health-conscious Chinese customers.

The SME had registered their trademark in the EU, but in China they let their business partner register the trademark because they were informed by the partner that only local entities were allowed to register trademarks in China. This could have been a misunderstanding due to the language barrier or a deliberate act by the partner. While foreign enterprises are free to register trademarks in China, they need to rely on local trademark attorneys to submit the application on their behalf if they wish to directly file their application with the China National Intellectual Property Administration (CNIPA) and if they do not have a business address in China. There is no need to involve a local trademark attorney if the application is filed via the Madrid System international filing route . It is easy to see how a misunderstanding might have happened due to the language barrier. On the other hand, some businesses partners might take advantage of the foreign company's ignorance and insist on registering the trademark under their own name. Some do it for the ease of managing business, while others may want to improve their bargaining position in the case that the partnership sours. In general, it is not uncommon to see Chinese entities registering their foreign partners' trademarks.

Actions Taken

Recently, the SME also learned that they may have been misinformed about the trademark registration rules in China, so they contacted the China IP SME Helpdesk to inquire about the possibility of transferring the trademark from the Chinese business partner back to the SME.

Trademark assignment (transferring the trademark back to the European owner), if both parties agree, is a relatively straightforward process, taking 4-10 months, but the company would need to hire a local trademark attorney to finalise it. The documents required for trademark assignment usually include:

- Business registration of both parties (for a foreign entity, translation is required).
- Power of Attorney from both parties.
- Assignment declaration signed by both parties.
- Assignment application signed by both parties.

It will be more complicated if the Chinese partner disagrees, including negotiations and a possible lawsuit.

[1]*A local trademark attorney will still be needed if the CNIPA has questions, or issues a (provisional) refusal.*

In the SME's case, the IP Business Advisor discovered that the trademarks had been refused by the CNIPA during the initial registration by the Chinese business partner and may have been invalid in China all along. In this case, the SME would need to hire a trademark attorney to find out why the trademarks were refused and what could be done to register the trademarks in the SME's name.

European Commission

Case Study:
Risks of Trademark Transfer in China

Outcome

On one hand, as the trademarks were not actually registered in China, they cannot be transferred to the SME. On the other hand, as the trademarks were not approved for registration in the previous applications, the SME may encounter the same problem when re-filing the trademark application. The SME decided against taking any immediate action in China, due to the complexity of trademark proceedings. They will contact a lawyer to discuss potential future actions including trademark registration.

Lessons Learnt

- **All European companies can register a trademark in China under their own name.** However, if you are filing your trademark directly with the CNIPA, rather than extending an international trademark to China, you would need to hire a Chinese trademark attorney to act on your behalf. They would still register the trademark under your name.
- You should always register your trademark under your own name (or the name of your company). If your trademark agent or partner in China offers to register it under their name first and then transfer it to you later, it might be better to refuse them. Having full control over your IP is important for doing business in China. If your trademark is registered in China under someone else's name, they control the trademark in China and can complicate your business.
- The CNIPA would sometimes refuse to transfer the trademark for various reasons, such as suspicion of bad faith on the part of the trademark owner, lack of documentation, or if the trademark was invalid. Getting your Chinese partner to register your trademark and then transferring it back to you may be more difficult than you think.

www.intellectual-property-helpdesk.ec.europa.eu/
@chinaiphelpdesk
question@china-iprhelpdesk.eu

Publications Office of the European Union

Luxembourg: Publications Office of the European Union, 2025

Print: ISBN 978-92-9412-056-4 doi:10.2826/2616096 EA-01-25-022-EN-C
PDF: ISBN 978-92-9412-055-7 doi:10.2826/5677288 EA-01-25-022-EN-N