



# Research



## *Protecting your brand*

*Intellectual property for value added exports*

**Agricultural businesses who are exporting branded produce and business who are starting the export journey face many challenges, and one of them is registering and protecting brands.** Counterfeiting and brand theft is rife in many overseas markets. To better understand the challenges the Agricultural value chains and food systems team held a workshop on intellectual property and brand protection in late 2015. Such was the interest that we decided to help industry to manage the threat.

This decision support tool draws on the findings of the workshop and is based on a discussion paper prepared by Dr. Ling Ling He 'Protecting food brands in China' which is part of the Exporting food to China series at ([www.usq.edu.au/research/research-at-usq/institutes-centres/acsbd/our-projects/agricultural-value-chains/exporting-to-china](http://www.usq.edu.au/research/research-at-usq/institutes-centres/acsbd/our-projects/agricultural-value-chains/exporting-to-china)).

We wish to thank the industry participants for sharing their views and experiences to inform this research.

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# Why intellectual property matters

*Like insurance, intellectual property is a tool for managing risk. While insurance protects your physical assets, intellectual property protects something just as important, your ideas and business identity.*

Ideas are a valuable part of every business, from new inventions and technologies to creative branding, packaging and marketing. Intellectual property rights ensure that the brand owner receives the benefit of their work. This helps them to maintain the integrity of their business identity. Without intellectual property protection, anyone would be free to copy technology, designs and branding.

The graphic on the right defines the main types of intellectual property, divided into registered rights (which require filing in a government office) and not registered rights which are automatically granted when the intellectual property is created.

Intellectual property infringement is the unlawful use of intellectual property without the permission of the owner. Infringement is widespread in Asia and can cause serious harm both to sales and brand reputation. In the wake of the 2008 melamine tainted infant formula scandal, in China the US Grocery Manufacturers Association commissioned a study on counterfeit and falsely labelled goods. Its conclusion: these dishonest practices were costing the food industry ten to fifteen billion US dollars each year.<sup>1</sup>

The cost of intellectual property registration is not insubstantial. New ventures are sometimes tempted to put it off until a later date when more capital is available. This can be a recipe for disaster; even a slight delay gives competitors and squatters the opportunity to claim your rights.

It is important to remember that registered intellectual property protection is territorial. Protection in Australia will almost never extend to provide protection overseas. An important step in planning for export is working carefully with professional advice to ensure that all relevant forms of intellectual property are properly registered in every country where you intend to do business.

## ORGANISATIONS AND AGREEMENTS RELATED TO INTELLECTUAL PROPERTY



### IP AUSTRALIA

IP Australia is the government organisation responsible for the registration of trade marks, patents, designs and plant breeder's rights in Australia.



### TRIPS AGREEMENT

The Agreement on Trade Related Aspects of Intellectual Property Rights, a compulsory agreement for all World Trade Organisation member countries that sets minimum standards for intellectual property protection.



### UNITED NATIONS

The world's largest intergovernmental organisation, the United Nations objectives include peace, promoting human rights, economic development, protecting the environment and humanitarian aid.



### WIPO

The World Intellectual Property Organisation is an agency of the United Nations that organises international intellectual property systems. These include the Madrid system for trade marks and the Patent Cooperation Treaty system.



### WTO

The World Trade Organization is an international organisation for supporting trade.

# Intellectual property protection is territorial



## INTELLECTUAL PROPERTY

Intellectual property is a system of rights that grants creators and other rights holders the ability to prevent other persons from using their protected ideas.



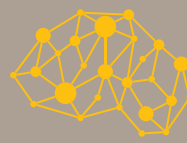
### PATENT

An intellectual property right that protects inventions that are new, useful and incorporate an inventive or innovative step; also known as "utility patents"

# TM

### TRADE MARK

An intellectual property right that protects aspects of branding such as names, slogans, logos, and some cases colours, sounds and scents.



### REGISTERED DESIGN

An intellectual property right that protects the unique shape and appearance of a commercial product e.g. the Coca-Cola contour bottle; also known as "design patents".



### PLANT BREEDER'S RIGHTS

An intellectual property right that protects new plant varieties that are distinct, uniform and stable.

**REGISTERED**



### COPYRIGHT\*

An intellectual property right that protects the expression of creative works including artistic and written works, computer programs and recordings.



### TRADE SECRET

Business or technical information received in confidential circumstances.

**NOT REGISTERED**

\*voluntary (recommended) registration in some countries

## Intellectual property

WHAT CAN YOU PROTECT?	INTELLECTUAL PROPERTY RIGHT	MAXIMUM TERM IN AUSTRALIA	EXAMPLES	ADVICE	ACTION REQUIRED
An invention that is new, useful and incorporates an innovative or inventive step.	<ul style="list-style-type: none"> <li>patent</li> </ul>	<ul style="list-style-type: none"> <li>20 years</li> </ul>	<ul style="list-style-type: none"> <li>buffalo fly brush trap</li> <li>tetra pak® packaging</li> </ul>	<ul style="list-style-type: none"> <li>patent attorney</li> <li>solicitor</li> <li>IP Australia</li> </ul>	<ul style="list-style-type: none"> <li>registration in each country</li> </ul>
Signs of brand identity such as names, logos, slogans and sometimes colors, scents and sounds.	<ul style="list-style-type: none"> <li>trade mark</li> </ul>	<ul style="list-style-type: none"> <li>ongoing, with renewal fee payable every ten years</li> </ul>	<ul style="list-style-type: none"> <li>Weis'®</li> <li>Woolmark®</li> <li>red wax tipped bananas</li> </ul>	<ul style="list-style-type: none"> <li>trade mark attorney</li> <li>solicitor</li> <li>IP Australia</li> </ul>	<ul style="list-style-type: none"> <li>registration in each country</li> </ul>
The unique shape and appearance of a commercial product.	<ul style="list-style-type: none"> <li>registered design</li> </ul>	<ul style="list-style-type: none"> <li>10 years</li> </ul>	<ul style="list-style-type: none"> <li>Coca-cola® contour bottle</li> </ul>	<ul style="list-style-type: none"> <li>trade mark attorney</li> <li>solicitor</li> <li>IP Australia</li> </ul>	<ul style="list-style-type: none"> <li>registration in each country</li> </ul>
A new plant variety that is distinct, uniform and stable.	<ul style="list-style-type: none"> <li>plant breeder's rights</li> </ul>	<ul style="list-style-type: none"> <li>25 years for trees and vines</li> <li>20 years all other genera</li> </ul>	<ul style="list-style-type: none"> <li>Queen garnet plums</li> <li>herbicide resistant cotton</li> </ul>	<ul style="list-style-type: none"> <li>patent attorney</li> <li>solicitor</li> <li>IP Australia</li> </ul>	<ul style="list-style-type: none"> <li>registration in each country</li> </ul>
A creative work such as photograph, drawing, written work, recording, or computer program.	<ul style="list-style-type: none"> <li>copyright</li> </ul>	<ul style="list-style-type: none"> <li>70 years from the author's death</li> </ul>	<ul style="list-style-type: none"> <li>images</li> <li>pamphlets</li> <li>website elements</li> </ul>	<ul style="list-style-type: none"> <li>solicitor</li> <li>Australian Copyright Council</li> </ul>	<ul style="list-style-type: none"> <li>none, protection is automatic, optional registration in some countries</li> </ul>
Business or technical information that is received in confidential circumstances.	<ul style="list-style-type: none"> <li>trade secret</li> </ul>	<ul style="list-style-type: none"> <li>variable depending on circumstances</li> </ul>	<ul style="list-style-type: none"> <li>business plans</li> <li>some product formulations</li> <li>secret recipes</li> </ul>	<ul style="list-style-type: none"> <li>solicitor</li> </ul>	<ul style="list-style-type: none"> <li>signed confidentiality agreement, some protection is automatic</li> </ul>

*It is also important to review competitors' registrations.*

*An essential first step is to review your creative output*

## What can be protected?

*Not every idea is protectable, the concept must fall within a recognised intellectual property right.*

An essential first step is to review your creative output and work out what is able to be protected.

In some cases more than one type of intellectual property right will be relevant. A jar of strawberry jam might have its container shape protected by a designs registration, its logo protected by trade mark registration and its recipe protected by trade secret.

It is also important to review competitors' registrations to determine what areas of intellectual property they have "fenced off". For example, be aware of slogans or logos that have already been registered by others in the marketplace. The table opposite gives some examples of what can be protected by intellectual property and how protection can be arranged. Contact information for the professional organisations in the advice column can be found in the back of this decision support tool.



A jar of Beerenberg Strawberry Jam, image:Wikimedia

## Deciding what to register

*Once you have determined what ideas you need to protect, the next step to consider is where you need to protect them. All intellectual property is territorial. This means that rights in one country do not secure protection in other countries.*

With unlimited resources, businesses could register every form of intellectual property in every country. However this would be prohibitively expensive. Most businesses will strike a balance between scope of protection and cost. This means considering your business's current activities and your future plans for expansion, licensing and export. Businesses selling bulk commodities, or shipping occasional overseas orders to individual households will need few if any trade marks. In contrast, the export of products in branded packaging is likely to require several trade mark registrations in each foreign country.



***All intellectual property is territorial, rights in one country do not secure protection in other countries.***



# Internet domain names and business registrations

*Registering your company or brand as a domain name on the internet can be a crucial part of marketing your organisation and products.*



## INTERNET DOMAIN NAME

Domain names are the unique “www” addresses used to identify the location of web pages. Domain names are not territorial, an address will link to the same location from anywhere in the world.

An important part of the domain name is the domain suffix. These are short endings such as .com or .edu.au that are used to administer websites. Different suffixes are reserved for different types of websites and are administered by different authorities under the broad oversight of ICANN, the Internet Corporation for Assigned Names and Numbers.

Businesses mostly use the popular .com or .net suffixes or regional suffixes such as .com.au (Australia) .cn (China) or .desi (Indian subcontinent). The .com and .net suffixes are well known across cultures while regional suffixes are useful if you wish to link your brand to a particular culture or geographic area.

Domain names are purchased from domain registrars or resellers for a fixed annual fee. The cost for registering a new name is negligible, usually less than \$50 a year. Purchasing a name from a reseller is much more costly. At the time of writing www.fleece.com was listed for \$300,000 USD.<sup>2</sup>

Unscrupulous traders called domain squatters specialise in registering the names or trade marks of other businesses. They will then offer to sell the domain to the business owner at a large profit. It is sometimes possible to take legal action to reacquire domains taken in this way, but only after substantial effort, expense and delay. The best policy is to register any and all domains your business may need as soon as possible.

## BUSINESS REGISTRATIONS

Many countries require foreign businesses and joint ventures to register in a national system. This may need to be done separately in each country where you plan to do business. The process, cost and time for registration varies greatly between countries and specific advice is essential.

Registering a business name is *not* the same as registering a trade mark; it will not secure an exclusive right to use the name. A separate trade mark application is required.

# Understanding how trade marks protect brands



This packet of crackers is branded with the Shapes and Arnott's trade marks, image: Wikimedia

Up until this point this decision support tool has looked at intellectual property rights in a general sense. From here it looks in detail at trade mark protection, an intellectual property right that will be important to most businesses. For further guidance on other intellectual property rights contact the organisations listed in the back of this guide.

Trade marks are signs used by businesses to indicate that they are the manufacturer of goods and services, or are at least in some way responsible for them. At a minimum most businesses trade mark their name or logo, and any distinctive names or logos used on their branded products. Trade mark applications must be classified into one or more classes of goods or services. These are known as the "Nice Classes" named after the city where they were agreed. Once a trade mark is registered, nobody but the registered owner may use the mark in connection with the specified goods or services in the country or territory where they are registered.

The boxes on the page opposite define some terms that are commonly used in relation to trade marks.

***Trade mark applications must be classified into one or more classes of goods or services known as the "Nice Classes".***

## TRADE MARK TERMINOLOGY

### COLLECTIVE MARK

A trade mark that is used by members of a region or organization to brand their products based on a common origin or characteristic.



### SQUATTING

Registering others' intellectual property with the intention of selling the rights back to them at a substantial profit.



### PRIORITY DATE

The date from which intellectual property rights are claimed. This is usually, but not always the date of the application. If two people apply to register the same right, the earlier priority date will succeed.

### AUTHORIZED USER

A person who has received permission to use a trade mark from the owner.

### ADVERTISEMENT

In a trade marks context, advertisement occurs when the national trade marks office publishes a copy of your planned registration in the national trade marks journal.

### BASIC APPLICATION

A domestic trade mark application that is used as the basis for an international "Madrid" application.

### DISTINCTIVE

A distinctive trade mark is one that is able to distinguish goods and services, it must contain more than merely descriptive elements.

### EXAMINATION

During examination an officer of the relevant trade marks office assesses the trademark against their national legal requirements and marks already on the register.

### NICE CLASS

Named after the city where it was developed, The Nice classification comprises 45 classes used to organize goods and services.

### OPPOSITION

When a competitor or other third party formally challenges the registration of a trade mark at the trade mark office.

### CERTIFICATION MARK

A trade mark that is used to identify that products have a certain characteristic such as quality, ingredients or method of manufacture e.g. "Woolmark".



### MADRID SYSTEM

International treaty system that creates a simplified application system for filing trade marks in multiple member countries.

### PARIS CONVENTION

An agreement that sometimes allows parties to claim the priority date from an application in another member country.

### RENEWAL

The payment of a fee to keep intellectual property on the register. For example, the renewal fee for an Australian trade mark must be paid every ten years after registration.

## Registration steps

<p><b>1</b></p> 	<p><b>RESEARCH EXPORT MARKETS</b></p> <ul style="list-style-type: none"><li>■ identify markets</li><li>■ allocate resources</li><li>■ plan for market entry</li></ul>	<p><b>2</b></p> 	<p><b>DESIGN TRADE MARKS</b></p> <ul style="list-style-type: none"><li>■ develop new or use existing brand</li><li>■ review competing marks</li><li>■ test brand with destination consumers</li></ul>
<p><b>Brand threats:</b></p> <ul style="list-style-type: none"><li>■ trade mark squatting</li><li>■ counterfeiting</li><li>■ lookalike branding</li><li>■ product tampering/ adulteration</li></ul>		<p><b>3</b></p> 	<p><b>REGISTER TRADE MARKS</b></p> <ul style="list-style-type: none"><li>■ obtain IP advice</li><li>■ search existing marks</li><li>■ plan filing strategy</li><li>■ select Nice Classes*</li><li>■ register marks</li></ul>
<p><b>4</b></p> 	<p><b>APPLICATIONS IN EACH COUNTRY</b></p> <ul style="list-style-type: none"><li>■ file individually in each country</li><li>■ some applications may claim priority* from earlier applications</li><li>■ translations may be needed</li></ul>	<p><b>4</b></p> 	<p><b>ONE INTERNATIONAL APPLICATION</b></p> <ul style="list-style-type: none"><li>■ one filing for multiple countries</li><li>■ must be based on a "basic" registration*</li></ul>
<p><b>5</b></p> 	<p><b>ENTER THE MARKET</b></p> <ul style="list-style-type: none"><li>■ develop supply chain</li><li>■ market products</li><li>■ build reputation</li><li>■ sell products</li></ul>	<p><b>6</b></p> 	<p><b>DEFEND BRAND ASSETS</b></p> <ul style="list-style-type: none"><li>■ address trade mark infringement*</li><li>■ maintain supply chain traceability</li><li>■ renew trade marks as required</li><li>■ review brand and update</li></ul>

\*see page 3 for definitions

*Once a trade mark is registered, nobody but the registered owner may use the mark.*



Branded food products in Thailand.

## Steps to registering your brand

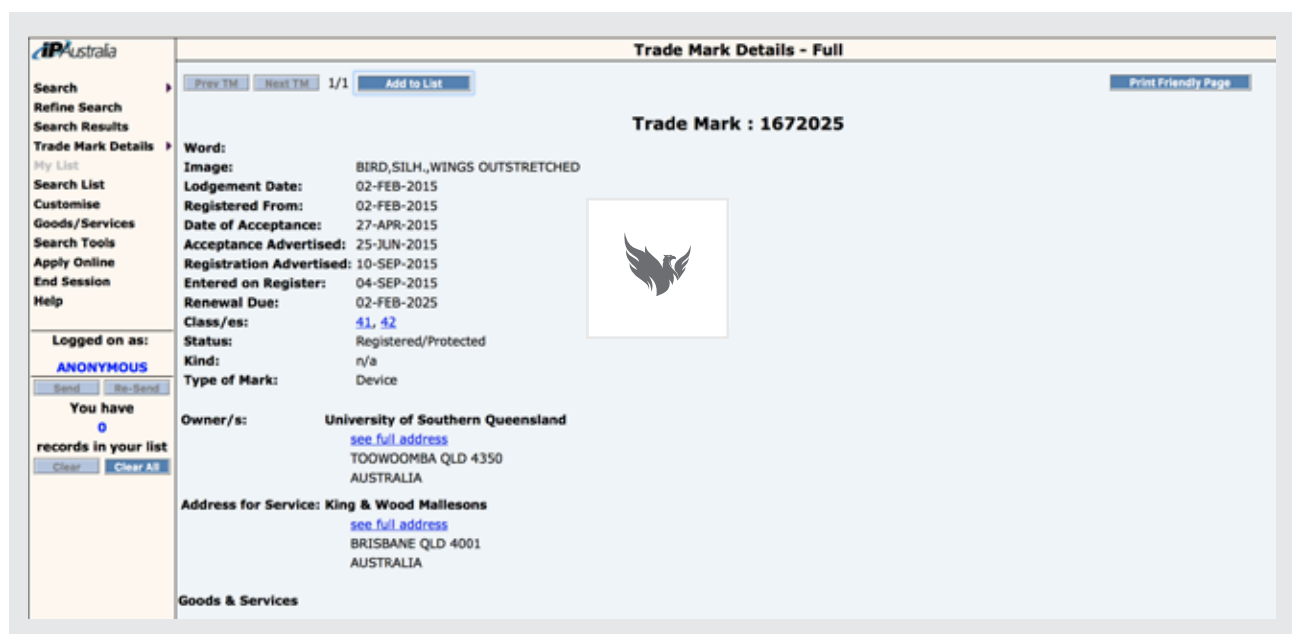
Trade mark registration is a complex process that requires a substantial commitment of time and money. In developing countries the time from application to registration can be 1 to 2 years. Country specific intellectual property advice is strongly recommended. Many professionals offer fixed fee services on a per class per mark basis. Budgets should account for at least \$1,500 per mark per class per country and can grow considerably if the registration is complex, or is opposed.

The first step is to check the mark meets local legal requirements and to search for similar registrations. Trade marks may not be registered if they are too similar to existing trade marks for the same class of product. It is essential therefore, to review trade marks registrations in the countries where the mark is intended to be registered and considering whether there might be a conflict with existing trade marks.

The mark must be capable of distinguishing your product. This may be a problem if the mark is highly descriptive or consists solely of words that are common in your industry. It would be not be possible, for example to protect the phrase "low prices" or the term "organic" for class 31 (Agriculture, horticulture and forestry products...).

In some cases national requirements will also limit what can be registered. For example, China does not permit registrations that have "the nature of exaggeration and fraud in advertising goods," or are "detrimental to socialist morals or customs, or having unhealthy influences."<sup>3</sup> It can be difficult to predict how these types of requirements will be applied in practice and specific advice is important.

FIGURE 1: IP AUSTRALIA NATIONAL TRADE MARK SEARCH SYSTEM<sup>4</sup>



<sup>4</sup>The University of Southern Queensland phoenix on the Australian Trade Mark Online Search System, image: IP Australia



- <250
- 250-500
- 500-1000
- 1000-2000
- 3000+

**TRADE MARK APPLICATIONS MADE BY AUSTRALIAN BUSINESSES 2014 (TOTAL CLASS COUNT)**  
 SOURCE: WIPO STATISTICAL DATABASE<sup>5</sup>



## How to apply for your trade mark overseas<sup>6</sup>

There are two ways for brand owners to register for trade mark protection overseas. Firstly a brand owner may register an ordinary domestic trade mark with the trade mark office of each chosen country. Each application must adhere to local requirements and may need to be translated to meet application requirements. Alternatively, a brand owner may make an international “Madrid system” application.

It is possible to register trade marks through each country’s national trade mark office. This will often require translation and the use of a local solicitor, trade marks attorney or trade marks agent. The Madrid protocol provides a means to file in several countries with a single application in a single language. The Madrid Protocol is available in over 95 countries. To apply, businesses must have an existing domestic application or registration in Australia (the “basic application”). The business then files an International Application with IP Australia and pays application fees. The application is made in English and will designate one or more member countries for registration.

The World Intellectual Property Organisation (WIPO) checks that the application meets formal requirements, then forwards it to the designated countries where it is translated by them and is individually examined by their individual national trade mark offices. Where successful, the trade mark offices issue separate national registrations. These have the same effect as domestic registrations except that they remain dependent on the original basic application for a period of five years.

Both the domestic and international routes are useful in different circumstances. In general domestic applications are more flexible while international applications may provide cost advantages for filings in multiple countries. You should discuss filing options with your intellectual property professional to determine the best strategy for your business.

### DOMESTIC APPLICATIONS IN EACH COUNTRY

#### ADVANTAGES<sup>7</sup>

Applications may be tailored to local laws and preferences  
Applicant retains control over the translation process  
Advice will be local to each territory

#### DISADVANTAGES<sup>7</sup>

Higher fees and legal costs in some circumstances  
Application must be translated at your own cost

### SINGLE INTERNATIONAL APPLICATION

#### ADVANTAGES<sup>7</sup>

Applications may be made in English  
Simpler, streamlined process for filing and amendments  
Lower fees & legal costs in some circumstances  
Further countries may be added after filing

#### DISADVANTAGES<sup>7</sup>

Application cannot be tailored to suit individual countries’ legal systems  
Translations will rely on government translators  
Registrations remain dependent on basic application for five years.  
Cannot transfer registrations to person from non-protocol country during dependency period



## Once a trade mark is registered, nobody but the registered owner may use the mark.

The procedure for registration is similar for both domestic and Madrid system applications. National trade mark offices examine the application and consider whether the application meets the requirements for registration. If there is an issue, the office will often send an "adverse examination report" to allow an opportunity to correct any issues with the trade mark.

If the trade mark office accepts the mark, they will make the proposed trade mark available for public consideration in a national trade mark journal or electronic system. This gives the public opportunity to view the mark and potentially to file an opposition to its registration. Oppositions are legal proceedings to prevent registration. If an opposition is filed there will usually be substantial additional costs.

Most trade marks are not opposed and proceed to registration upon payment of the registration fee. Once a trade mark is registered, the owner has the right to prevent others from using it within that territory for the registered class(es) of goods.

Trade marks are enforceable from their priority date. This may be the filing date, or the trade mark may claim 'Convention priority' from an application made up to six months earlier in another country. Both applications must be filed with members of the Paris Convention.



1

### AUSTRALIAN "BASIC" APPLICATION

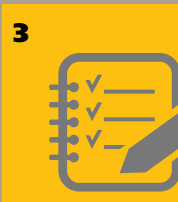
- Domestic application fee



2

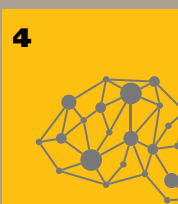
### INTERNATIONAL APPLICATION

- Basic Fee
- Individual Fees



3

### WORLD INTELLECTUAL PROPERTY OFFICE FORMALITIES CHECK



4



### EXAMINATION BY NATIONAL OFFICES



5

### REGISTRATION BY NATIONAL OFFICES

- Renewed through WIPO

THE INTERNATIONAL REGISTRATION IS DEPENDENT ON THE AUSTRALIAN APPLICATION REMAINING ON THE REGISTER FOR 5 YEARS.

# Registering a brand in China

Chinese domestic trade mark fees are denominated in Chinese yuan renminbi (RMB). Fees are paid at two separate stages. Application fees when the application is first filed and registration fees if and when the mark is registered.

FEES <sup>8</sup>	\$ AUD ('16)	RMB
Single Class Application	128	600
Additional Classes (ea)	128	600
Additional Sub Classes (ea)	13	60



First Cut Beef, this branding was developed especially for the Chinese market, image: Sanger Australia

In China, trade mark applications are filed with the Trademark Office of the State Administration for Industry and Commerce. The application must be in the prescribed form and must be made in Chinese. Foreign applicants must also submit copies of: the power of attorney signed by the applicant, the applicant's certificate of business registration, and, where priority is claimed, the priority application. Foreign applicants are required to file through a Chinese trade marks agent or trade marks lawyer. In addition to choosing Nice classes for their trade mark (see page 3 for definition), applicants must also categorise their products within a sub-class system that is unique to China.

For example, an Australian vineyard wishes to trade mark their logo for both alcoholic beverages (class 33) and alcohol free beverages (class 32). The vineyard engage a Chinese trade mark agent to translate and file the application. The agent arranges for the payment of the 600 RMB application fee and the 600 RMB additional class fee. A little over a year later the mark has passed examination and has not been opposed. It is then added to the trade marks register.

*Historically, Chinese name characters were selected because they sound similar to the brand name in English.*



A busy Supermarket in Beijing, China, image: Wikimedia

## Chinese business names

*Registering your business name in Chinese characters offers a means for Chinese customers to identify your brand in their native language. Developing a Chinese name can be a good idea even if it is rarely used; businesses who do not choose a name may find consumers choose one for them.*

Historically, Chinese name characters were selected because they sound similar to the brand name in English. Companies who took this approach include McDonald's mai dang lao 麦当劳 and Sony- suo ni 索尼. Character meanings here must avoid negative connotations but will not necessarily relate to the product.

Alternatively, characters are sometimes chosen because their meaning conveys the essence of the brand irrespective of the pronunciation.<sup>9</sup> Nestle's què cháo 雀巢 was chosen because the meaning "sparrow's nest" referenced the brand's iconic logo.

The most desirable Chinese names are those that combine these approaches, conveying brand essence while maintaining similar pronunciation. BMW's bao ma 宝马 is similar in sound to the English slang Beamer, while its meaning "treasure horse" conveys the brand's image as a prestige vehicle manufacturer.<sup>10</sup>

### TAKING A BRAND NAME TO CHINA

BRAND	CHINESE NAME	CHARACTERS	MEANING
Nike	nai ke	耐克	phonetic
Cadillac	ka di la ke	凯迪拉克	phonetic
Hilton	xi er dun	希尔顿	phonetic
Rolex	lao li shi	劳力士	phonetic
BMW	bao ma	宝马	precious horse
Google	gu ge	谷歌	valley song
Heineken	xi li	喜力	happy and powerful
Colgate	gao lu jie	高露洁	revealing superior cleanliness
Mercedes-Benz	ben chi	奔驰	dashing speed
Nestle	què cháo	雀巢	sparrow's nest

## Case study: Stahmann Farms



(Top) Australian pecan nuts sold under Stahmann's Riverside brand, image: Stahmann Farms  
(Bottom) Australian pecan nuts, image: Stahmann Farms

*When Stahmann farm's began looking into exporting their branded nut products to China they wanted to make sure all of their intellectual property was secure. They had used several logos and by-lines over the years so the first step was to take stock of the trade marks in use and relevant to their business today. Stahmann identified the core "Stahmann" brand identity and the brands used for its "Ducks", and "Riverside" product lines.*

Stahmann took a comprehensive approach to registering each brand, filing marks for the name in English, the logo, and the Chinese characters for both phonetic and meaning-based translations. An issue in translation was the choice of character for farm. An early candidate 农场 carried negative connotations from its use in penal labor camps. USQ value chain group researcher Ximing Sun recommended an alternative 农庄.

Stahmann knew, from its Australian registration that its products were categorised in several different Nice classes depending on how they were prepared. Raw nuts for example were classified differently to ground nuts, or nut confectionary. Stahmann's marks were registered in Nice classes 29, 30 and 31 (which relate to foodstuffs in various forms and degrees of preparation). Additionally the "Stahmann" marks were registered in Class 44 to cover horticultural services offered by the business.

Trade mark registration and attorney fees are typically charged on a per mark per class basis. With forty applications in total, Stahmann's fees were substantial, around A\$8,000 in Chinese government fees and A\$12,000 in Attorney fees. This money was considered well spent for the protection of the trade marks needed for the new export venture.

# Potential threats to your brand

## Trade mark squatting

Registering another's trade mark in bad faith to obtain benefits from the rightful owner or to make use of their reputation.

## Infringement

Trade mark infringement occurs where a third party uses a trade mark (as a trade mark) without the permission of the owner.



## Lookalike

A product whose packaging mimics but does not exactly reproduce the distinctive features of a popular brand.

## Counterfeiting

Making exact imitations of other's products for the purpose of fraud.

## Passing off

Falsely associating your goods or services with another's business reputation; an action for passing off is sometimes used to defeat counterfeits or lookalikes.

## Counterfeiting & lookalikes

Counterfeiting is the outright copying of the protected elements of a product. Counterfeiters aim to profit from the reputation and creativity of popular brands without having to put in the necessary work to build their own. Counterfeits are not always sold fraudulently. In some cases the consumer knows the product is counterfeit, but purchases anyway because the genuine article is more expensive or not available. Counterfeit products are often substandard, and in cases such as food or medicine, may pose a serious health risk.

Lookalikes are products that mimic the appearance of popular brands but fall short of outright copying. Like counterfeits, they have the potential to damage brand reputation, dilute brand value and hijack sales. The legality of lookalikes can be a grey area; some are clearly infringement, others are lawful with a large area between. It will depend on the degree of similarity, the risk of confusion and local law.

There are many options for addressing counterfeit or lookalike products but none is right in every circumstance. Businesses can take legal action in court. This is sometimes effective but awards are usually lower than would be expected in western countries and there is no assurance that stopping one counterfeiter will not see another emerge. In some countries businesses can also seek direct action from government officials or through customs. It is however difficult as officials may favour local people.<sup>11</sup> As a proactive measure, businesses can enhance traceability to help wholesalers or consumers to recognise counterfeit goods. This might mean using technology such as QR codes to follow inventory through the supply chain.

Local knowledge is essential for businesses experiencing counterfeiting or lookalike goods. Businesses should seek country specific legal advice to determine how to proceed.



## Trade mark squatting

Trade mark squatters apply for hundreds of other business's trade marks with the intention of selling them back to their creators. For the squatter, the cost per mark is low, as little as \$A150 per application.<sup>12</sup> Businesses are then asked to pay thousands for the rights to their brand in the squatter's home country. Brand theft occurs when the mark is registered by a third party who uses the mark in trade. This is sometimes the result of a failed joint venture where the overseas partner has been permitted to register the overseas IP.

Trade mark squatting and brand theft are possible because trade marks are territorial. That is, registration in one country does not take effect in others. The best defence to brand theft and trade mark squatting is early registration in each country you plan to do business in. It is important to always ensure that the marks are registered in the name of your business, allowing a distributor to register your mark is the same as giving them your brand!<sup>12 13</sup>



A bottle of Farmer Brown's brand milk, image: ABC News

### AUSTRALIAN DAIRY AND WINE BRANDS TARGETED BY 'TRADEMARK SQUATTERS' IN CHINA<sup>14</sup>

By Cheryl Hall (Updated 13 Dec 2015, 6:43pm)

#### An Australian start-up business has had its trademark stolen in China even before it has begun producing any products.

Tori Best spent months creating her Farmer Brown's label with the intention of selling dairy products in Australian and Chinese supermarkets.

She registered the trademark in Australia but when she tried to register it with the China Trademark Office, she found the name and her flying cow logo had already been registered by a Chinese company.

"It was identical. They were so fast," Ms Best said.

"We had it designed by an in-house studio in Melbourne, a well-known production company, and they came up with the cow and the way it looks."

Further research revealed a Chinese website, Fujian Province AuMake, was already selling ice cream with the identical Farmer Brown's logo and claimed to be made from 100 per cent Australian milk.

Ms Best believed the brand was leaked after her husband sent it to a business associate for advice.

"It wasn't advertised in the public domain so it was within the networks John had established, not someone he deals with directly," she said.

"We were going to look at exporting milk and ice cream products to China. The push was to align ourselves with manufacturers in Australia."

The company that lodged the Farmer Brown's trademark in China, Putian City Federation Trading Company, is linked by one of its shareholders to the Chinese website, Fujian Province AuMake.

Source: ABC News 13 December, 2015

## Intellectual property watch lists

### UNITED STATES INTELLECTUAL PROPERTY WATCHLISTS

The 2016 special 301 report<sup>15</sup> is published annually by the US Trade Representative. The report reviews intellectual property protection and enforcement among US trade partners. It includes two tiers of watch lists for countries which are said to lack adequate or effective protection for intellectual property rights.

The watch list has been criticised for an alleged lack of objectivity. It might however serve as a starting point for investigation into intellectual property threats within a region.

### SPECIAL 301 PRIORITY WATCH LIST

Algeria, Argentina, Chile, China, Ecuador, India, Indonesia, Kuwait, Pakistan, Russia, Thailand, Ukraine and Venezuela

### SPECIAL 301 WATCH LIST

Barbados, Belarus, Bolivia, Brazil, Bulgaria, Canada, Colombia, Costa Rica, Dominican Republic, Egypt, Greece, Guatemala, Jamaica, Lebanon, Mexico, Paraguay, Peru, Romania, Tajikistan, Trinidad and Tobago, Turkey, Turkmenistan, Uzbekistan, Vietnam





# Checklist



## **HAVE YOU IDENTIFIED YOUR BUSINESS'S INTELLECTUAL PROPERTY?**

Pages 3 and 4 discuss the common types of intellectual property and can help you to identify what aspects of your business can be protected and how to organise registration.



## **IS YOUR PACKAGING READY FOR EXPORT?**

Pages 7 to 14 explain trade marks systems. Logos and product names are often trade marks. Before exporting you should make sure:

- that your packaging elements have been properly registered and;
- that your packaging isn't too similar to products already in the market.



## **WHAT INTELLECTUAL PROPERTY REGISTRATIONS DOES YOUR BUSINESS NEED TO FILE BEFORE THEY ENTER NEW MARKETS?**

Pages 1 to 4 address decisions on what to consider registering. Intellectual property that is not registered prior to market entry may be lost.



## **HOW CAN YOUR BUSINESS RESPOND TO THREATS TO YOUR BRAND?**

Pages 19 and 20 explain threats such as trade mark squatting and counterfeiting, and provides options available to address them.



## **WHAT NEW SKILLS OR INTELLECTUAL PROPERTY ADVICE WILL YOU NEED TO ENTER NEW MARKETS?**

The table on page 4 provides guidance on where to seek advice. Intellectual property is a technical process and many businesses find expert advice helpful. The contact list at the back of this document provides the details of reputable organisations who can provide information on how to register and protect intellectual property in different markets.

## Contacts

### AUSTRALIAN COPYRIGHT COUNCIL

**p** +61 2 9101 2377 **f** +61 2 8815 9799 **e** [info@copyright.org.au](mailto:info@copyright.org.au)

**a** PO Box 1986, Strawberry Hills NSW 2012

[www.copyright.org.au](http://www.copyright.org.au)

### AUSTRADE

[www.austrade.gov.au](http://www.austrade.gov.au)

### INSTITUTE OF PATENT AND TRADE MARK ATTORNEYS OF AUSTRALIA

**p** +61 3 9819 2004 **f** +61 3 9819 6002 **e** [mail@ipta.org.au](mailto:mail@ipta.org.au)

[www.ipta.org.au](http://www.ipta.org.au)

### IP AUSTRALIA

**p** 1300 651 010 **int** +61 2 6283 2999

**a** PO Box 200, Woden ACT 2606

[www.ipaustralia.gov.au](http://www.ipaustralia.gov.au)

### QUEENSLAND LAW SOCIETY

**p** 1300 367 757

**a** 179 Ann Street, Brisbane, QLD 4000

[www.qls.com.au](http://www.qls.com.au)

### TRADE AND INVESTMENT QUEENSLAND

**p** +61 7 3514 3147 **e** [tiq.info@tiq.qld.gov.au](mailto:tiq.info@tiq.qld.gov.au)

**a** lvl4, 400 George St, Brisbane, Qld 4000, PO Box 12400, QLD 4003

[www.tiq.qld.gov.au](http://www.tiq.qld.gov.au)

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