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### **China Revises Rules on Enterprise Names**

By Ms. Haiyu Li, Lawyer of Chofn IP

On October 1, 2023, the *Rules for the Implementation of the Provisions on the Administration of Enterprise Name Registration* made by the State Administration for Market Regulation (SAMR) came into force. The Rules shall apply to enterprises which need to register business within the territory of China, with all domestic entities and branches of foreign companies included.

The Rules consist of seven chapters and 55 articles, including general provisions, standardization of enterprise names, self-declaration of enterprise names, use of enterprise names and supervision and administration of enterprise names, disputes resolution, legal liability, and supplementary provisions.

As a basic principle, the Rules stipulate that the declaration and use of enterprise names should comply with the principle of honesty and creditability, respect of prior legitimate rights and avoid confusion. In addition, the Rules explicitly regulate the declaration, registration and use of enterprise names, particularly the highlights below.

1. SAMR will continuously update its database for enterprise names that are prohibited and restricted from use. Enterprise names shall not include terms relating to national strategies or policies, misleading terms such as "national", "top", "best", etc., terms similar to others' influential names or abbreviations in the same industry, or terms suggesting non-profit organizations, etc.
2. Acts such as hoarding enterprise names without use intention, declaring enterprise names by submitting false materials or using other fraudulent means, or intentionally declaring an enterprise name that is similar to others' influential prior names shall be forbidden and punished.
3. If a company believes that another enterprise name infringes upon its lawful rights and interests in its business name, it may file a lawsuit with the people's court or request the responsible enterprise registration authority to deal with the matter. A smooth dispute

resolution process filed with the enterprise registration authority usually takes 3-4 months, much shorter than that of litigations.

Enterprise name is the intangible assets of a company, and carries the business value, reputation and brand image. The implementation of the Rules will make sense in protecting the legitimate rights and interests of enterprises, maintaining the market order of fair competition, and continuously optimizing the business environment. Also, in addition to the Trademark Law and Anti-unfair Competition Law, the Rules give the right owners a new weapon which might be more cost-efficient to fight against infringing trade names which free-ride their prior legitimate rights on business names.