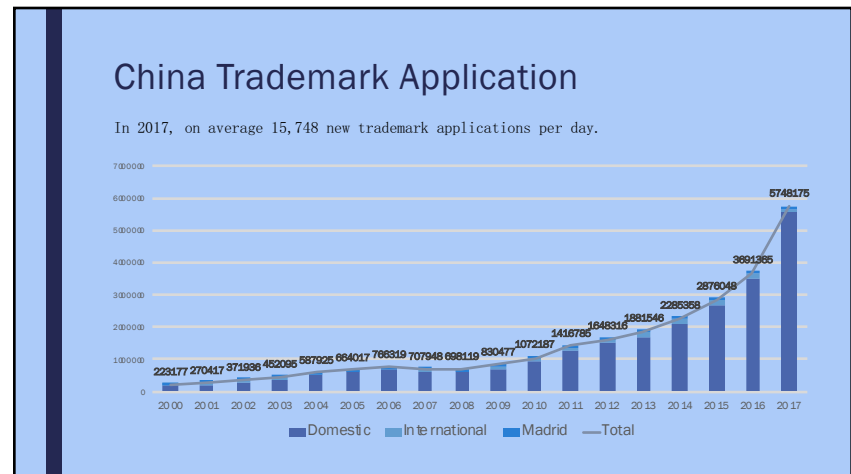




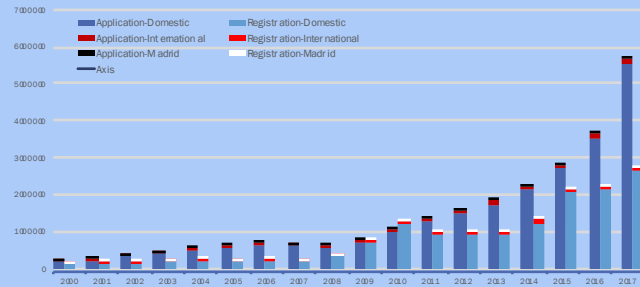
Contents

- General Overview
- Why Filing Trademark in China
- Pitfalls & Solutions
- Conclusion



Trademark Application vs Registration

The rejection rate is high. In 2017, only 48.6% (2,792,072) trademarks registered successfully.



WHY FILING TRADEMARK IN CHINA?

Commercial Aspects

- Need trademark for marketing & sale
- Need trademark for manufacturing

MOST IMPORTANT OF ALL

- **You need Chinese market sooner or later**

Legal Aspects

- First to file, first to registration; the later to file, the higher chance to be refused
- No use requirement for filing; no use requirement with the first three years after registration; no compulsory filing of use evidence until being challenged
- Higher cost and risk to fight trademark squatters or buy back your trademarks

PITFALLS & SOLUTIONS

Scenario 1

Company X finds a Chinese factory to manufacture goods and ships back for sale in US

"I don't need to register my mark in China because I am not selling there!"

Scenario 1

Manufacture constitutes trademark use in China

- Consequences
 - May infringe upon other's trademark rights
 - Goods may be seized by AIC
 - Goods may be detained by Chinese customs
- Solutions
 - Register your mark in China
 - Record your manufacturer as licensee

Scenario 2

Company X

wants to sell its goods in China

introduced to Chinese company Y

starts to receive orders from Y

Scenario 2

Business Partners Could be Dangerous

- Consequences
 - Trademark registered by business partner
 - Take much time and money to reclaim the trademark
 - Business plan obstructed
- Solutions
 - File your mark before disclosing to your partner
 - Conclude a comprehensive contract with your partner
 - Take action to reclaim your rights

Actions to be considered:

- Opposition
- Invalidation
 - Within 5 years of registration
- Negotiation & transfer

Legal Basis for Opposition & Invalidation

Article 15 of China Trademark Law:

- Where **the agent or representative** of a person who is the owner of a mark applies, without such owner's authorization, for registration of the mark in his own name, if the owner opposes the registration applied for, the application shall be refused and the use of the mark shall be prohibited.
- A trademark applied for registration in respect of goods identical with or similar to those of an unregistered trademark already in prior use by another person shall not be approved if the applicant **has contractual, business or other relations** other than the relationship prescribed in the preceding paragraph with such another person and is thus clearly aware of the existence of the trademark of such another person, and such other person raises an objection to the registration of the trademark.

Trademark Examination Standards

Article 15 applies to

- Distributors
- Registration attempts during negotiation stage before an agency or representative relationship is formed or after termination of the relationship
- Complicity by relatives or investors of trademark owner's agent or representative

Scenario 3

Company X sells its goods in China but finds its trademark already registered by a Chinese individual.

"No big deal, the Chinese guy won't take action against us"

Scenario 3

Trademark Infringement is a Big Deal

- Consequences
 - Getting sued
 - Permanent Injunction
 - May face huge damage
- Solutions
 - Cease use before problem solved
 - Take action to reclaim your rights ASAP

Actions to be considered:

- Opposition
- Invalidation
- Non-use cancellation
- (Anonymous) negotiation & purchase

Legal Basis for Opposition & Invalidation

- **Article 13:** well-known mark
- **Article 15:** preemption by agent or potential / former business partner
- **Articles 30 & 31:** prior registration / application
- **Article 32:**
 - Other prior rights (copyright / trade name rights / personal name rights, etc.)
 - Prior use right
- **Article 44:** bad faith registration

Strengthened Measures against Trademark Squatting

Paragraph 1, Article 44 of China Trademark Law

Where the registration of a trademark was **acquired by fraud or any other unfair means**, the Trademark Office shall declare the registered trademark invalid; and any other organization or individual may apply to the Trademark Review and Adjudication Board for invalidation of the registered trademark.

Strengthened Measures against Trademark Squatting

Circumstances constituting "registration acquired through other improper means"

registering many trademarks which are identical with or similar to highly distinctive trademarks of others

registering many trademarks which are identical with or similar to others' business names, entity names or the special names for well-known products

registering a large amount of trademarks with obvious lack of use intention. Further definition has been given to "obvious lack of use intention" as having neither actual use nor intention to use and merely aiming at selling the mark, seeking a royalty fee or compensation

CONCLUSION

Conclusion

- Register your mark in China ASAP
- Take actions to remove obstacles ASAP
- Be alerted of infringement risk
- Always consider business solution

Thank you!

Speaker: Dan Chen
Partner
Unitalen Attorneys at Law
www.unitalen.com

Email: dan.chen@unitalen.com

Telephone: 925-789-7213