

How to Protect Your Marks in China and Pitfalls to Avoid

Understanding the Trademark Registration Process

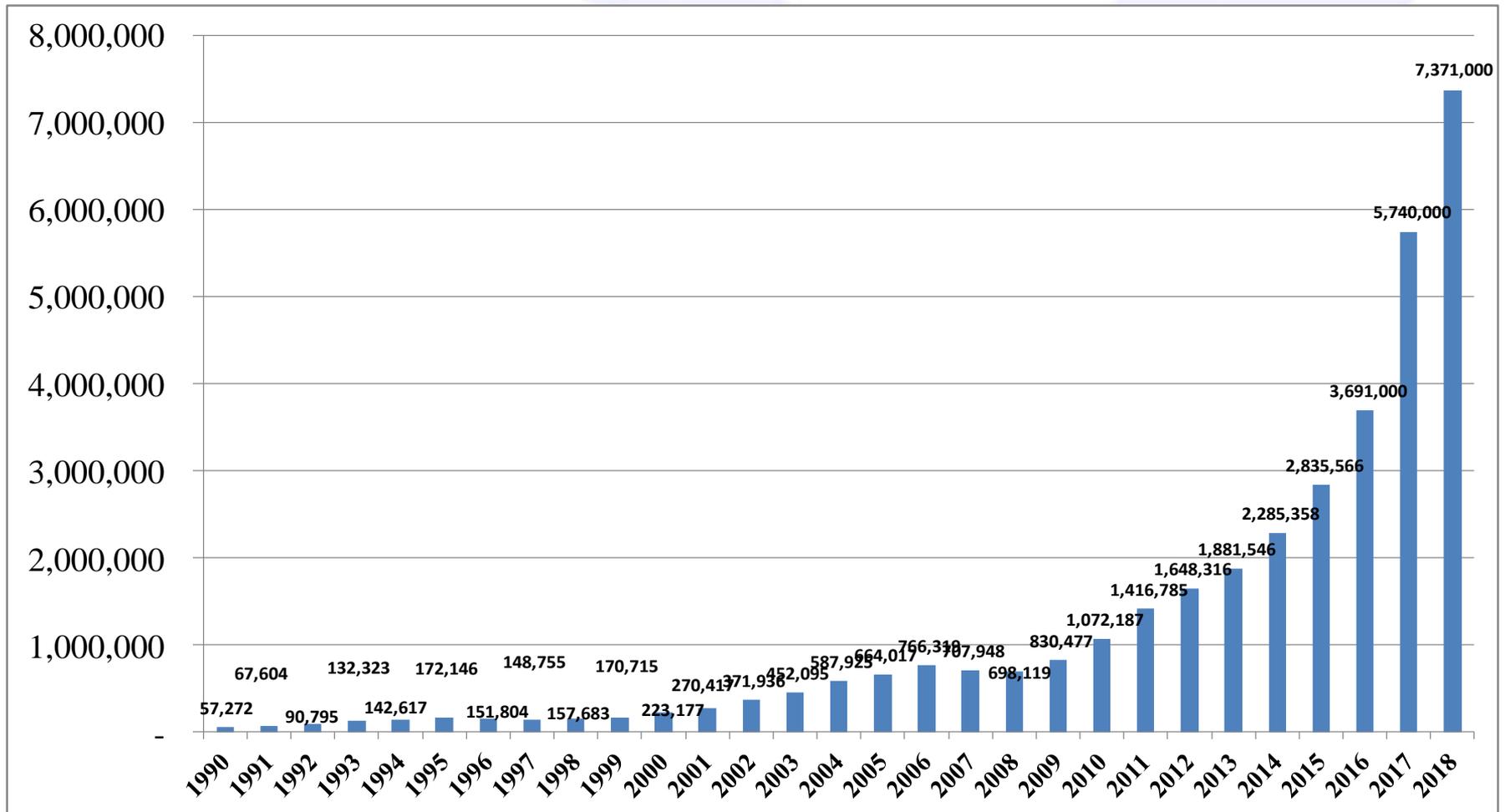
April 2019

Lynn Wang

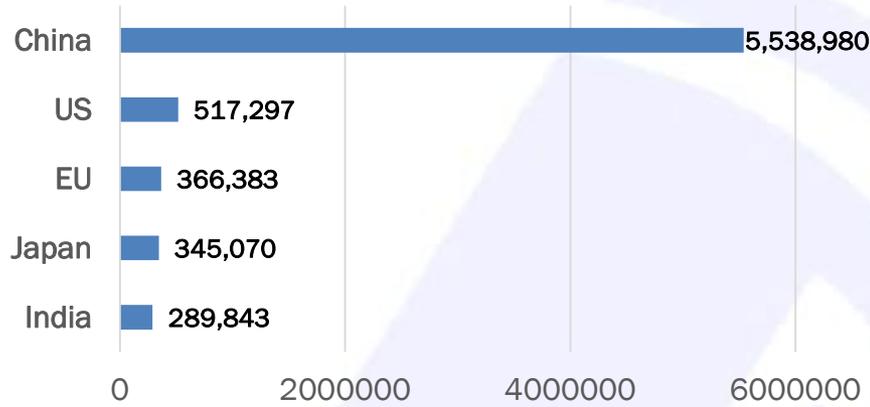
NTD Intellectual Property Attorneys

Huge amount of filings and registrations

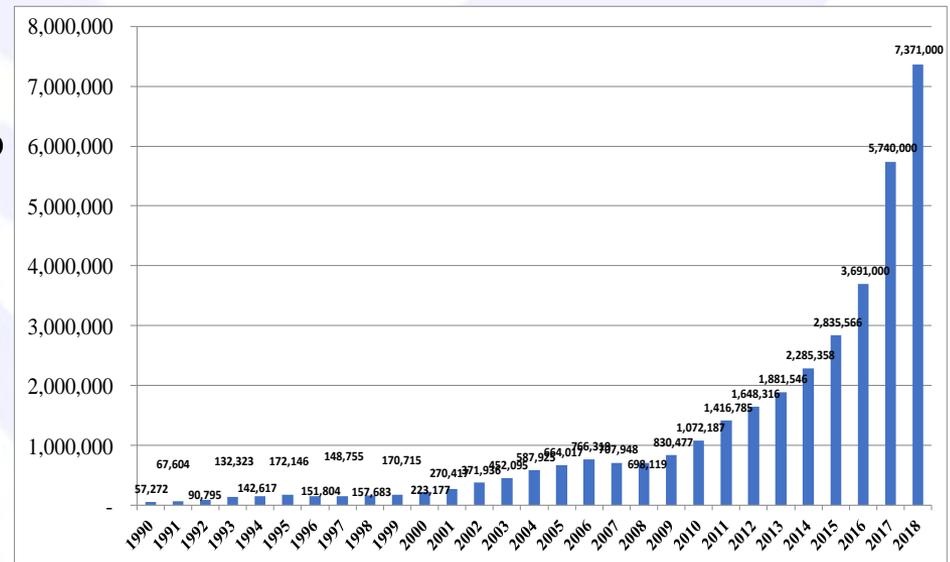
1990 - 2018



Top 5 Countries for TM filings in 2018

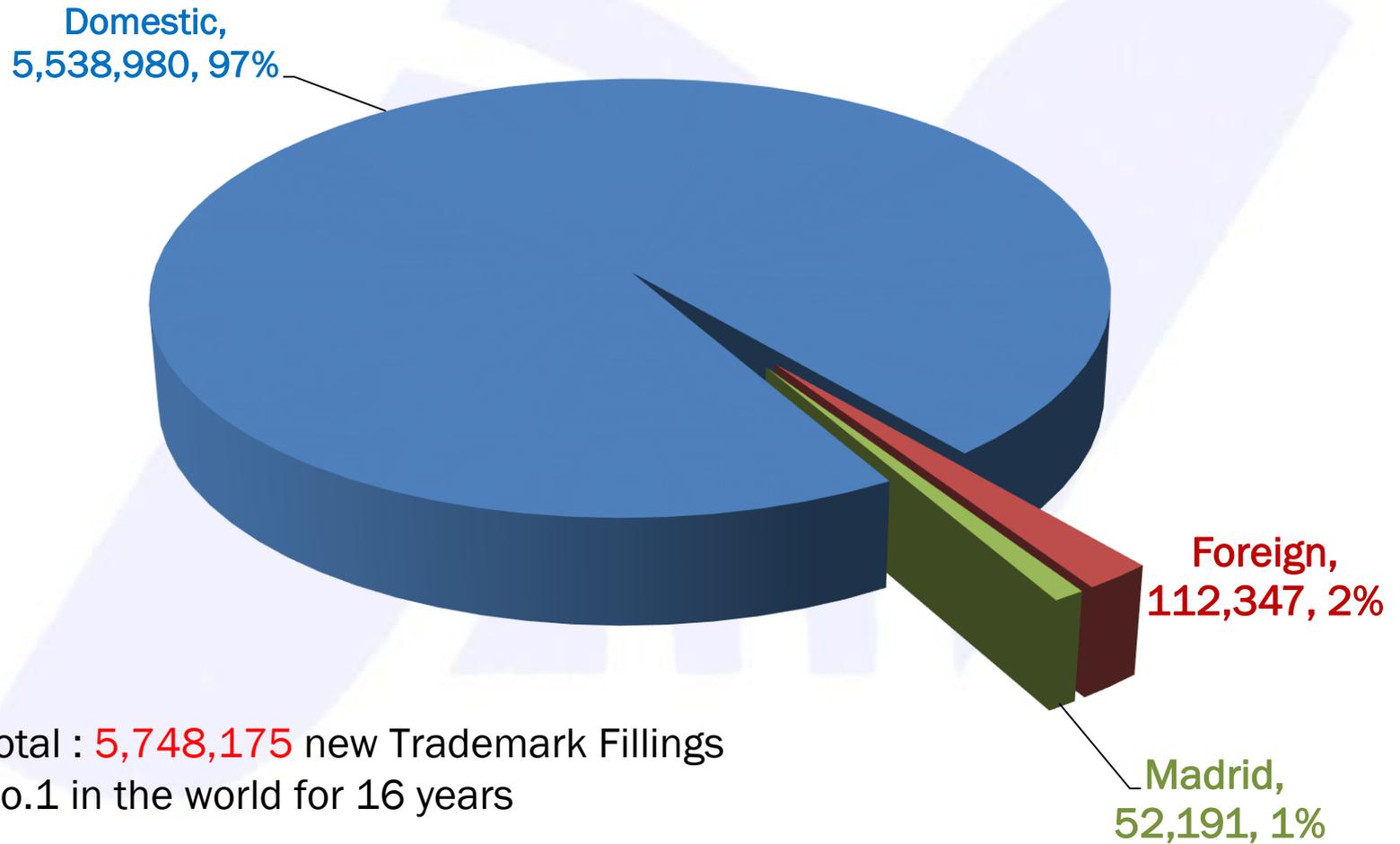


Trademark Filings 1990-2018



China: ranked No. 1 in the world for TM filings
for the 16th time (2017)

China Trademark Filings in 2017

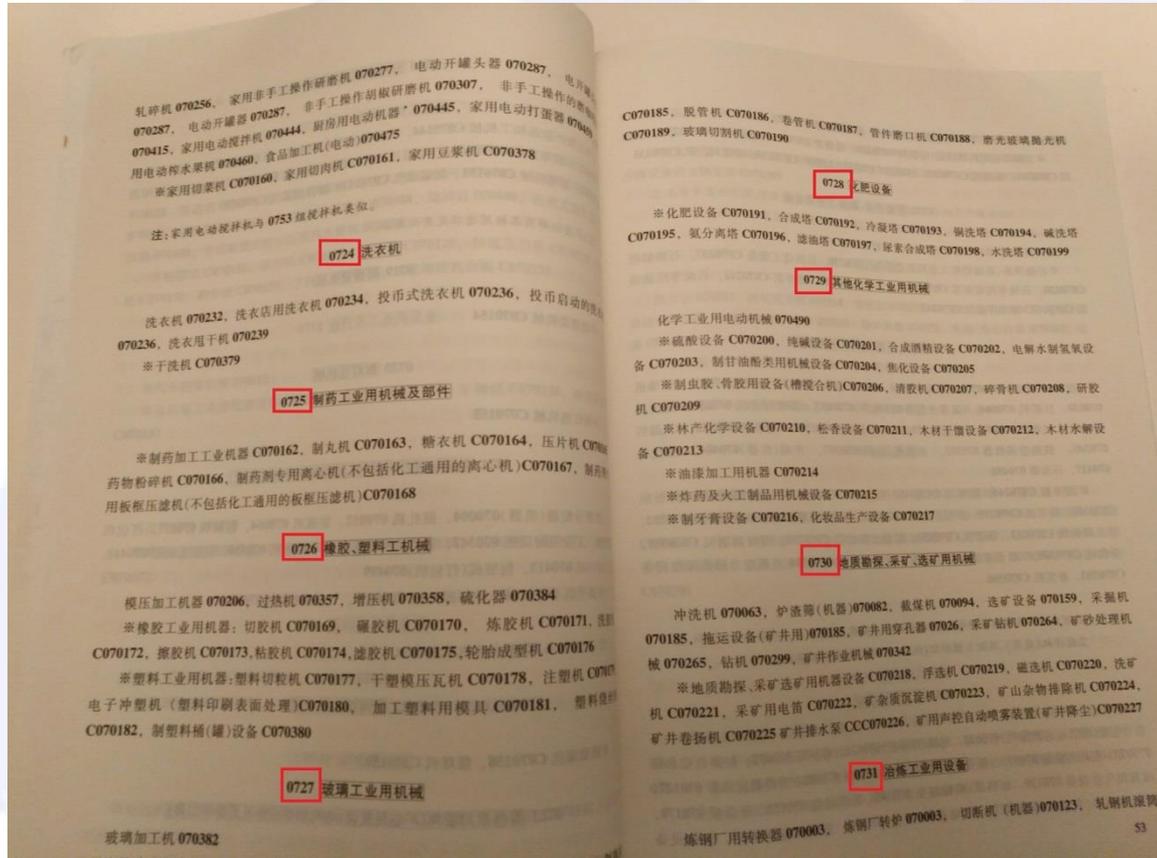


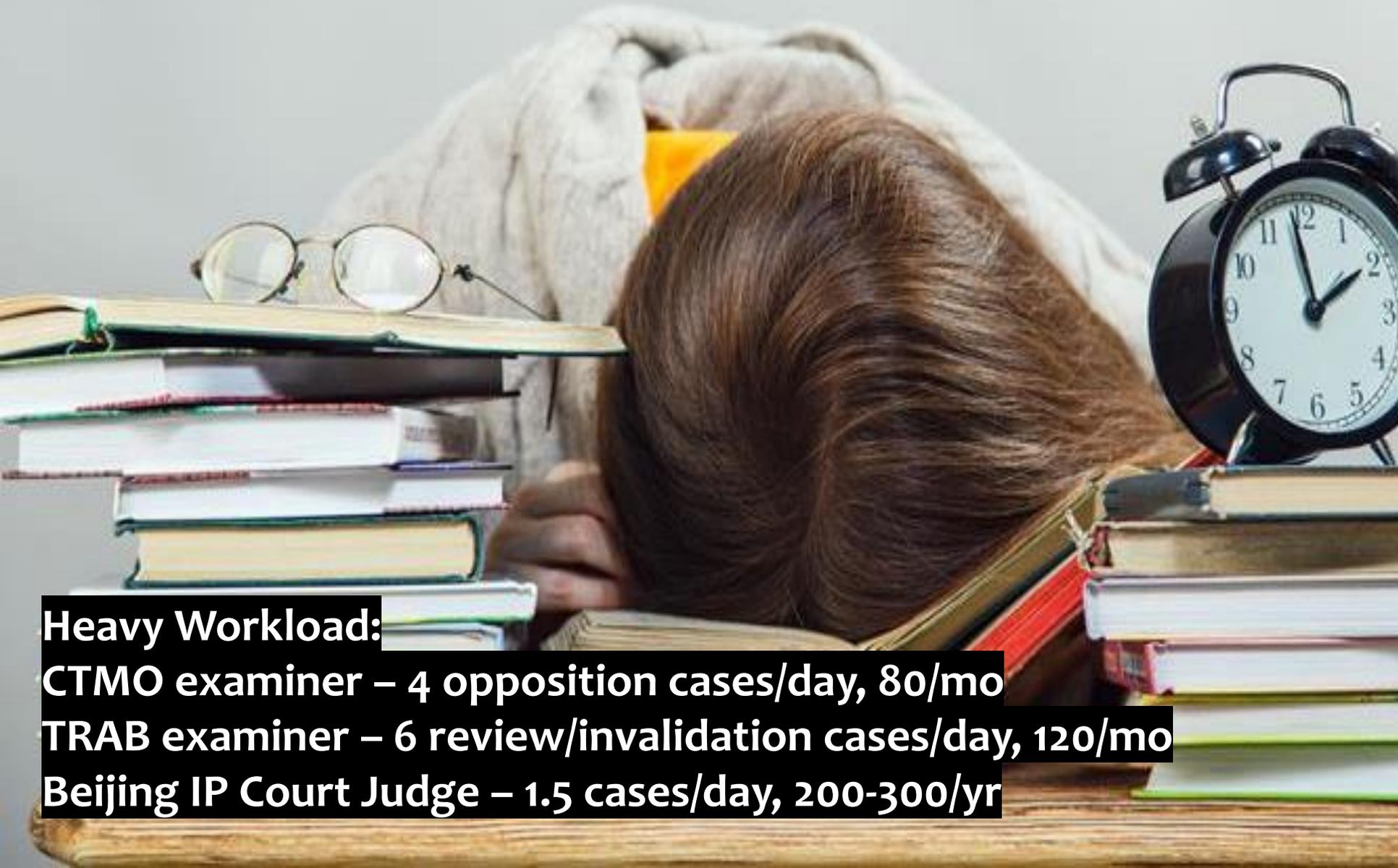
China Trademark System Basics

- **First to File vs. First to Use (Use evidence or intention to use not required at or after filing)**
- **File exactly how you plan to use vs. text format**
- **Complicated subclass system based on Nice Classification (Standard Goods and Determination on Similarity)**
- **Non-use cancellation available only after 3 years of registration (how to prepare)**
- **3D/Audio/Color Combination**



SubClassification





Heavy Workload:

CTMO examiner – 4 opposition cases/day, 80/mo

TRAB examiner – 6 review/invalidation cases/day, 120/mo

Beijing IP Court Judge – 1.5 cases/day, 200-300/yr

Problems Caused by the Huge Number

Over 14.92 Million Valid Registrations (2017.12)

<http://sbj.saic.gov.cn/sbcx/>



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* 国际分类	(输入：1 - 45之间的阿拉伯数字,例如查询第9类输入：9)	🔍
类似群	请先输入国际分类号，然后选择类似群号，最多不超过5项。	🔍
* 查询方式	<input type="radio"/> 汉字 <input type="radio"/> 拼音 <input checked="" type="radio"/> 英文 <input type="radio"/> 数字 <input type="radio"/> 字头 <input type="radio"/> 图形 ⓘ	
* 商标名称	请输入3-26个字符 商标名称不能为空	

重填 查询

High Rate of Rejection

2017

- **Total filings :** **5.748 M**
- **Filings approved:** **2.66 M**
- **Rejected/partially rejected:** **1.59 M**

Overall rejection rate: 37.41%

2018 rejection rate even higher (~52.8%)

Reasons for the Filing/Registration Increase

1. Large number of new enterprises in China

2018 – over 100M existing business entities; 45K new/day

2. Encouragement by the governments

2008 national IP strategy; public entrepreneurship & innovation

3. Large number of investment registrations

Registrations to trade, not for use

4. **Bad faith filings** and defensive filings

About Bad Faith Filings

- An industry of professional trademark squatters, tracing from tier 1 to tier 3 brands of any industry, especially foreign brands
- To invalidate or cancel a registration consumes time and money
- Bad faith alone is not a sufficient legal ground to oppose or invalidate, additional elements required (prior use, prior right, contractual relationship, well-known trademark, etc.)

What To Do

Watch/Opposition/Invalidation are Important

2016

Total oppositions – 57,274

Success rate – 28.8% (16,495)

Total reviews on oppositions in 2016 – 1,280

2017

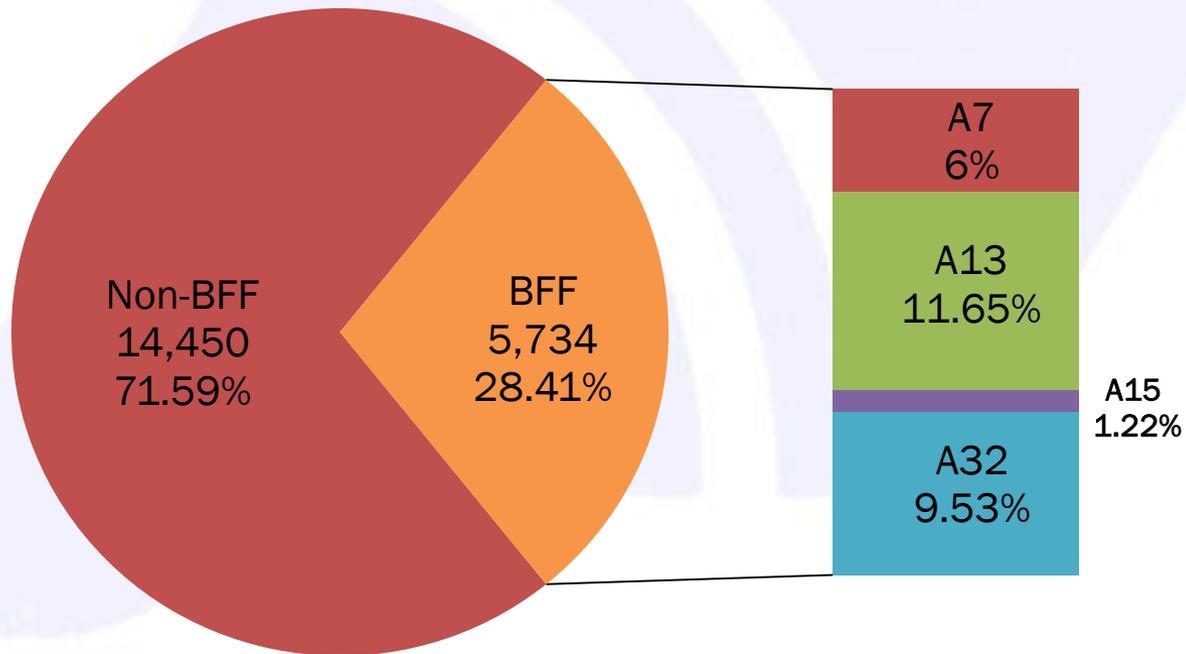
Total oppositions – 72,559

Success rate – 34.25%

(2013 – 17%; 2015 – 26%)

Bad Faith Cases in Oppositions

20,185 winning oppositions in CTMO
(2017)



A race to registration/Frustrating timing game

- File Madrid Protocol vs. Direct Filing (convenience/costs)
- Cross Class/SubClass Protection - Copyright is used as a powerful tool
- Registration is the KEY and basically no common law rights
- Examination is fast and **unsophisticated** (More sophisticated professional suggestions and appeals to Court)
- About use evidence

Total Cases Received by TRAB in 2017

Review on rejection	174,118
Invalidation	23,173
Review on cancellation	6,273

Our overall impressions:

If bad faith evidence is strong, chances are better than ever before

3. Recent Reform of Gov. Relating to IP

Old Structure

SIPO in charge of Patent

CTMO/TRAB in charge of TM

TSB in charge of GI

Copyright Office in charge of
Copyright

New Structure

CTMO/TRAB merged into SIPO

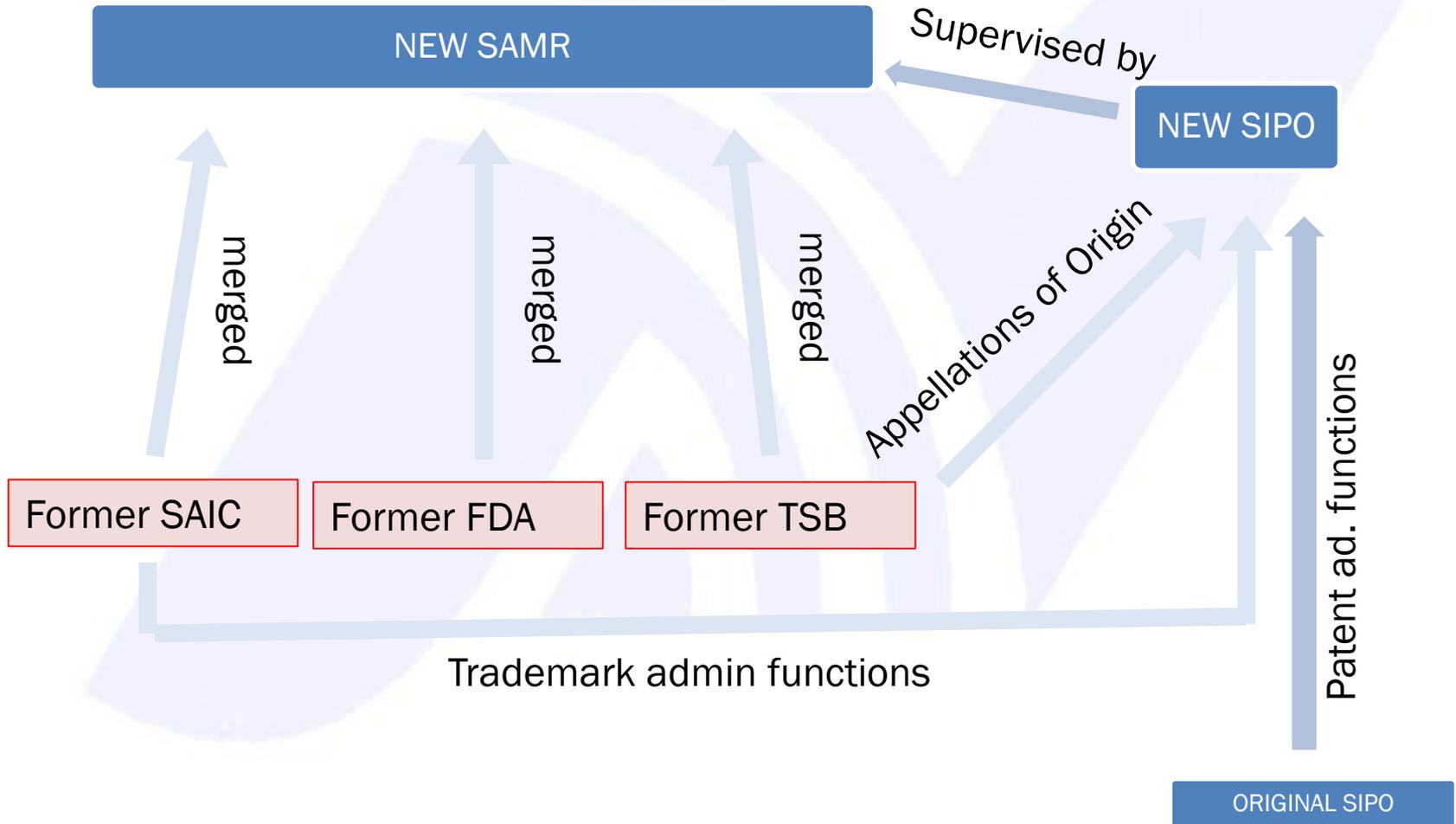
TSB's GI function merged into SIPO

SIPO merged into SAMR (State
Administration for Market Regulation)

Local AMR in charge of Patent/TM/GI
enforcement

Copyright Office merged into Propaganda
Dept. of CPC

3. Recent Reform of Gov. Relating to IP





Numbers from Beijing IP Court (from Nov 2014 to Mar 2017)

- **13,558** trademark administrative litigations
- Partial cases (review on opposition and invalidation) involving bad faith - **30%**

Statistics on TM Administrative Litigations 2017 (by TRAB)

1st instance 6,330 cases – 1,594 lost (25.2%)			2nd instance 2614 cases – 977 lost (37.4%)		
Reason of revocation	2017	2016	Reason of revocation	2017	2016
Change of situation	28.4%	8%	Change of situation	22%	18%
Similarity of marks	21.1%	20.5%	Similarity of marks	18.8%	22.5%
New evidence	13.6%	11%	New evidence	12.6%	7.6%
Non-use	13 %	12.6%	Non-use	9.1%	6%
Distinctiveness	6.8%	9.7%	Distinctiveness	12.6%	7.2%
Similarity of goods	5.4%	14.2%	Similarity of goods	8.8%	10.6%
A10.1.8	5.4%	2.1%	A10.1.8	1.4%	2.3%
Coexistence protocol	4.1%	4.5%	Coexistence protocol	2.7%	2.5%
A13	2.3%	4.8%	A13	4.8%	5.8%



Thank You!

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