PROTECTING YOUR TRADEMARKS IN CHINA

Michael Moore
Assistant General Counsel & Director of Intellectual Property Mattel, Inc.
June 7, 2019
VIEWS EXPRESSED ARE MY OWN AND NOT NECESSARILY THOSE OF MATTEL
from a local garage workshop...

to the
Most Successful, Most Innovative Toy Manufacturer in the World

MATTEL HISTORY
- #1 Toy Company Globally
- Sold in 150+ Countries
- Offices in 40 Countries
- Asian Operations
  - Shanghai
  - Hong Kong
  - Thailand
  - Malaysia
  - Indonesia
- Significant Presence in China
At Mattel, we vigorously protect our brands.

We believe it is our responsibility to safeguard our Intellectual Property in order to protect consumers and children against unsafe, untested counterfeit products.

Through our efforts, Mattel is able to fuel the innovation and creativity of employees and protect their ideas so that they continually produce the best products in the industry. In turn, this safeguards jobs, create value for shareholders and helps keep the toy industry healthy and thriving.

Mattel’s priority is to provide the safest toys for children and maintain the trust of their parents.
Was No. 1 Corporate TM Filer at the USPTO for many years

Still Top 10....!

TM registrations owned:
- 15,000+ WW
- 3,000+ in the US
- 1,800+ in China

TM Oppositions in China
- 500+ pending for all brands
- 600+ filed for Barbie alone in last 3 years

US Oppositions
- 20 for all brands in past 3 years
PROTECTING YOUR BRAND IN CHINA
PROTECTING YOUR BRAND IN CHINA

• STEP ONE -- REGISTER YOUR TRADEMARKS!
• China is a “First to File” Jurisdiction
• Failure to file allows 3rd parties to file first
  – Recovering rights may not easy or cheap
  – May prevent your use of trademark in China
  – Online brand enforcement much more difficult

• Official Filing fee is 300RMB (under $45)
• Non-Chinese Entities Must Use an Agent ($$)
## PROTECTING YOUR BRAND IN CHINA

## TIMELINES IMPROVING

<table>
<thead>
<tr>
<th>Cases</th>
<th>Timeframe</th>
</tr>
</thead>
<tbody>
<tr>
<td>Official Filing Receipt for New Application</td>
<td>15 days - one month</td>
</tr>
<tr>
<td>Notice of Amendment</td>
<td>2 months</td>
</tr>
<tr>
<td>Notice of Refusal or Internal Approval</td>
<td>5 - 7 months</td>
</tr>
<tr>
<td>Publication/Gazettal of Application</td>
<td>6.5 months</td>
</tr>
<tr>
<td>Non-Use Cancellation</td>
<td>8 - 9 months</td>
</tr>
<tr>
<td>Opposition</td>
<td>13 months</td>
</tr>
<tr>
<td>Change of Name/Address</td>
<td>2 - 3 months</td>
</tr>
<tr>
<td>Change of Agent</td>
<td>2 months</td>
</tr>
<tr>
<td>Renewal</td>
<td>1 month</td>
</tr>
<tr>
<td>Assignment</td>
<td>5 - 6 months</td>
</tr>
<tr>
<td>Certified Copy of Registration Certificate</td>
<td>2 months</td>
</tr>
<tr>
<td>Application Appeal</td>
<td>6 - 8 months</td>
</tr>
<tr>
<td>Invalidation</td>
<td>11 months</td>
</tr>
<tr>
<td>Non-use Cancellation Appeal</td>
<td>9 - 11 months</td>
</tr>
<tr>
<td>Evidence Exchange Notice for Invalidation</td>
<td>7 months</td>
</tr>
<tr>
<td>Notice to Defend against Opposition</td>
<td>5 - 6 months from filing of the opposition</td>
</tr>
<tr>
<td>Re-issuance of Registration Certificate</td>
<td>1 month</td>
</tr>
<tr>
<td>Withdrawal</td>
<td>2 months</td>
</tr>
</tbody>
</table>
BAD FAITH TRADEMARK FILING
2011  Mojang Files TM Applications in EU and US (January)
iOS Launch
Pirate Files TM Application in China (December)

2013  Mojang files TM application in China

2014  Mattel Licenses Toy Rights WW
Minecraft - A Story

- Pirate Records TM Registration at Chinese Customs
- Pirate Becomes a “Trademark Troll”
- Minecraft Shipments Stopped at Border
- Mojang Seeks to Invalidate Pirate/Troll’s TM Registrations in China
- Mattel Manufactures Products Outside of China
MINECRAFT - A STORY

• Pirate’s name is DOCKIE VIDICSCHE

• Offshore Company (British West Indies)

• Pirate Filed over 100 TM Applications

• Targeted Small Fashion Designers … and Others
• Issue Well Known

• Recent Initiatives Have Not Been Enough

• Rejection of over 100,000 “Warehoused” Trademarks in 2018

• More Positive Decisions and Favorable Interpretations of Current Law

• Victims Can Petition to Blacklist Pirates
NEW TM LAW AMENDMENTS
NEW TM LAW AMENDMENTS

• Enacted April 23, 2019; effective November 1, 2019
• SUDDEN AND SUPRISING
  “One of the most significant legal breakthroughs in Chinese IP law in recent years”
• Did not proceed through the normal process
• FOCUS: Bad Faith TM Filers and Bad Actors
• Legislation is Encouraging
• Implementing regulations have yet to be seen
ARTICLE 4

New Language (translation):

Applications for trademark registrations in bad faith which are not intended for use shall be refused.

• Trademark Office can reject Bad Faith Applications at Examination Stage

• Bad Faith TM Filings may be Opposed or Invalidated by Rights Owner … or Anyone per Articles 33 & 44

• QUESTIONS
ARTICLE 19

New Language (translation):

A trademark agency is forbidden from representing a client where it knows or should know the trademark to be filed for registration by such client falls under the circumstances prescribed in Article 4, Article 15 and Article 32 of this Law.”

• Prohibits TM agents from filing TM applications where they know or should know that applicants are filing in bad faith

• QUESTION: How will this be enforced?
ARTICLE 68

New Language (translation): Where applications are filed for registration in bad faith administrative penalties shall be made, such as a warning or a fine, etc., according to the circumstances; if a trademark lawsuit is filed maliciously, the People’s Court may impose a penalty according to law.

• Penalties and fines may be imposed for bad faith filers and TM agents that assist them

• Malicious prosecution of trademark lawsuits may be penalized
ARTICLE 63

PUNITIVE DAMAGES

• May be awarded in cases deemed “malicious” and the circumstances “serious”
• Maximum to increase from 3x to 5x the base award amount

STATUTORY DAMAGES

• Increased from RMB 3 million ($434K US) to RMB 5 million ($724K US).
QUESTIONS
QUESTIONS

• What will be the practical effect of the new TM legislation?
• What will the implementing provisions look like?
• How will certain issues be addressed, such as:
  • Bad Faith
  • Intention to Use
• Will increased civil damages actually be awarded?
• Criminal Law Amendments Coming?
STRATEGIES & NEXT STEPS
BEST PRACTICE: Register your brand. File TM applications ASAP!

Search Proactively

Look for serial piracy/warehousing

Send C&D letters to Bad Faith Applicants and their Agents

File actions jointly with other victims

Civil Actions

Connect with your Trade Association
THANK YOU
PROTECTING YOUR TRADEMARKS IN CHINA

Michael Moore
Assistant General Counsel & Director of Intellectual Property Mattel, Inc.
June 7, 2019