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Iowa City, IA: August 28, 2018

Kansas City, MO: August 30, 2018

By Amy Hsiao

Partner at **Swanson & Bratschun**

May 2018 China IP Roadshow with
USPTO

3 Key Differences in China

Amy Hsiao - Presented at China IP Roadshow USPTO



Agenda

- 24 slides
- 3 key differences
- 1 story



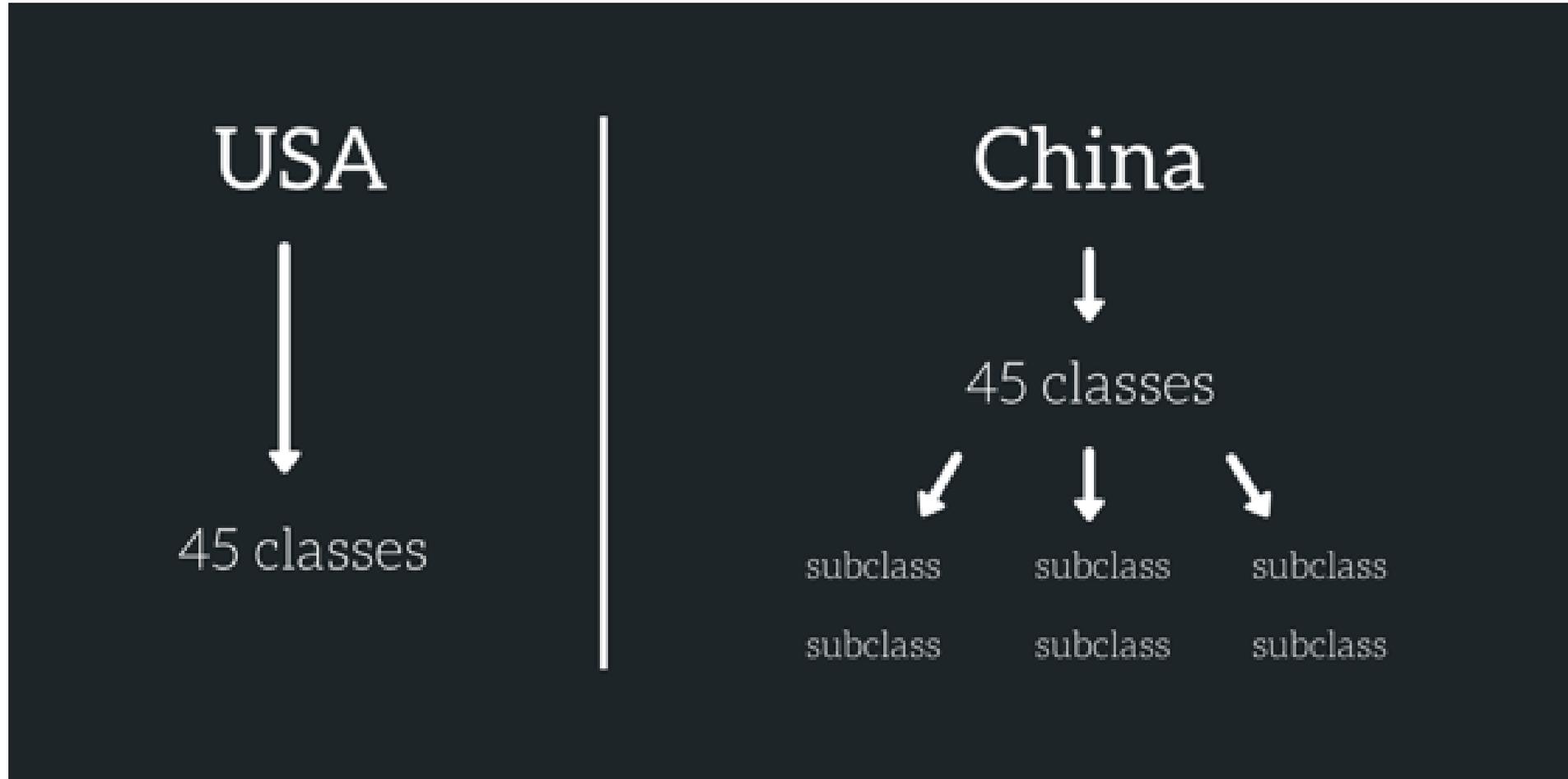
5 million

Chinese trademark applications
January 2017 – November 2017

月份	2017年	去年同期	增长数	同比增长
1	279,722	272,826	6,896	2.53%
2	230,325	152,157	78,168	51.37%
3	375,451	339,450	36,001	10.61%
4	517,101	333,713	183,388	54.95%
5	530,552	344,508	186,044	54.00%
6	558,871	353,682	205,189	58.02%
7	523,658	335,571	188,087	56.05%
8	571,416	360,865	210,551	58.35%
9	573,355	324,131	249,224	76.89%
10	451,612	281,350	170,262	60.52%
11	505,303	363,207	142,096	39.12%
合计	5,117,366	3,461,460	1,655,906	47.84%

Difference #1 -

China Subclass system



Western ID → very
specific, based on use,
literal

China ID → subclass
system

Meaning: “formally
different”

Subclass
System

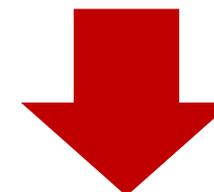


Using Madrid or Typical Western Filing Strategies



	/ 服务列	光学品；紧凑型光谱仪； 光学器械和仪器； 查看详细信息...	类 似 群	0911
	/ 服务列	计算机硬件安装、维护和 修理； 查看详细信息...	类 似 群	3706
	商 品 / 服 务 列 表	颜料；适用于改变材料光 学性质的涂料；提供安全 和品牌保护、鉴别以及辨 别的柔版、雕刻凹板以及 凹版印刷油墨，以及高性 能涂料和分散剂；光学涂 料；涂覆在基层上的薄膜 和多层光学涂料；油墨、 染料、油漆、塑料、纸制 品和纺织品中用的颜料和 工业油墨；着色油墨。	类 似 群	0202

Using the Western Way to Seek Protection in China



Class	Total Subclasses	Subclass Coverage	Number of Subclasses NOT covered
Class 1	16	<ul style="list-style-type: none"> 0102 (industrial raw material) or 0106 (chemical reagent) 	14
Class 5	8	<ul style="list-style-type: none"> 0501 (medicine) 	7
Class 9	24	<ul style="list-style-type: none"> 0901 (computers/software) or 0910 (measuring/lab/scientific instruments) 	22
Class 10	9	<ul style="list-style-type: none"> 1001 (surgical/dental/vet apparatus) or 1003 (electronic/x ray/nuclear medical apparatus) 	7
Class 40	15	<ul style="list-style-type: none"> 4001 (custom processing and info for others) 	14
Class 42	12	<ul style="list-style-type: none"> 4209 (R&D services) or 4211 (chemical research) 	10

This is Why...

- Already have Cl. 25 T-shirts → infringer: **gloves**
- Already have Cl. 28 fitness equipment → infringer: **gym bags**
- Hotel services vs. **high end alcohol, furniture**

Western vs. China Practice

- Prepare ***specifications***
- Review ***watch notices***
- Review and evaluate ***clearance searches***
- Key question: Do you REALLY have rights in China?

Take Away Points

This is Why...

- US is specific → IR extension → China
- Over time:
 - Many oppositions, still lose
 - Investment \$\$ but realize no rights

Conclusion:

- *USA → go narrow; China → go broad*

Difference #2 –



Products / Landmark Trademark Cases in China. An In-Depth Analysis / Hardcover

Landmark Trademark Cases in China. An In-Depth Analysis

\$195.00

Contributor(s) By Wang Ze, Zhou Yunchuan, Zhou Bo, Rui Songyan, Xu Lin
Translated by Hui-Wen (Amy) Hsiao

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Simple Rule – Use does NOT give rise to rights in China (95% of the time)

China rarely recognizes common law rights

Textbook -- China's Trademark System

Relevant Provisions in China's Trademark Law

- **Article 13.2**

Where a mark is a reproduction, imitation, or translation of **a third-party's well-known trademark, which has not been registered in China**, and where the goods are identical or similar, which may cause public confusion and damage the interests of the registrant of the famous mark, no registration shall be granted and the use of the mark shall be prohibited.

就相同或者类似商品申请注册的商标是复制、摹仿或者翻译他人**未在中国注册的驰名商标**，容易导致混淆的，不予注册并禁止使用。

- **Article 32**

No trademark application shall infringe upon another party's existing prior rights. **Nor shall an applicant rush to register in an unfair manner a mark that is already in use by another party and that enjoys substantial influence.**

申请商标注册不得损害他人现有的在先权利，也**不得以不正当手段抢先注册他人已经使用并有一定影响的商标。**

Examples

Cartier – Class 14 jewelry vs. *Cl. 19 ceramic tile*

MICHELIN– Class 12 tire vs. *Cl. 09 acoustics*

Chanel – Class 03 perfume vs. *Cl. 19 ceramic tile*

BMW– Class 12 automobile vs. *Class 25 clothing*

Lipton- Class 30 tea vs. *Class 11 Refrigerator*





A TALE OF TWO GIANTS IN CHINA: WHY DID FACEBOOK WIN...

Two US brands recently battled brand squatters in China with very different outcomes. Facebook won. Apple lost. Jason Wang and Amy Hsiao look behind these different results for strategic insights. What are the key issues to bear in mind when an

My Article

...AND APPLE LOSE?

of this article as a catch-all bad faith provision was controversial because the law's literal language gives the courts authority to go



trademark rights, even where those rights are widely recognised outside of China. And it remains a jurisdiction full of pitfalls for the average brand owner. Brand squatting remains an active and

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Difference #3 –

What is a Chinese mark?



"Treasure horse"
(Concept)



Bottom line... 1 point



Top Case #1

The New Balance Case

Is it possible to be an
infringer to **YOUR OWN**
brand in China?

So ... what happened?

- Zhou owned a registration for “BAI LUN” (in Chinese characters) covering shoes **since 1996**;
- Zhou owned another registration for “XIN BAI LUN” (in Chinese characters) covering shoes since **2011**;
- New Balance was using “Xin Bai Lun” to promote and sell its footwear products in China;
- New Balance’s lack of registrations for that mark for footwear senior to those of Zhou’s in China; and
- New Balance’s significant sales under the Xin Bai Lun mark, resulting in substantial profits available as damages for infringement.
- In **2013**, Zhou sued New Balance under trademark infringement.

No.	Version #1	Version #2	Version #3	Version #4	Version #5
Characters	新百伦	新平衡	纽巴伦	纽百伦	新巴伦
English Phonetics	XIN BAI LUN	XIN PING HENG	NIU BA LUN	XIU BAI LUN	XIN BA LUN
Creation method	Translation (new) Transliteration (balance)	Translation (new + balance)	Transliteration	Transliteration	Translation (new) Transliteration (balance)



Published Article!

PERT ANALYSIS

A \$15.8 million question:

By Danny M. Awdeh, Esq., and Amy Hsiao, Esq.
Finnegan, Henderson, Farabow, Garrett & Dunner





New Balance Decision

- 1st court decision – USD \$15.6 M
- 2nd decision – around USD \$1M
- Also recognized:
 - Bad faith
 - Need to issue public statement to “erase negative infringement effect”

You probably have
two questions...



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Thank you.