

China Trademarks and the Madrid Protocol

The BCA Expo approaches and, with it, comes the promise of new products. Whether differentiated by technology and/or design, this year's exhibitors will naturally seek to protect their intellectual property and, in turn, realize the full market potential of new products. The question is *how*?

As discussed in last month's issue, counterfeiting poses a serious threat to U.S. and western cue makers seeking to expand in Asia and, in particular, achieve success in the rapidly growing PRC or China market. Counterfeiters, now well known, appear to have no reservations about pirating brand names, destroying good will or usurping others' business opportunities. They are incorrigible and, even under Chinese law, their behavior is criminal.

Last month, on World Intellectual Property Day, U.S. Commerce Secretary Gary Locke described the theft of intellectual property as a serious challenge, costing U.S. companies billions of dollars per year. U.S. companies rightfully wonder how to combat piracy and what recourse might exist. After all, if Microsoft can't stop Chinese computer owners from ignoring copyrights on products such as Microsoft Windows and Office – software piracy in China cost the global software market more than \$20 billion in 2010 – how can a smaller company protect itself and its products?

There is hope. Foreign companies planning to conduct business in China, whether sourcing or selling, should become acquainted with the trademark registration process in China. Though enforcement remains an issue, China's intellectual property laws do afford some protection. One critical difference between U.S. and Chinese registrations, and one worth noting, is that in China, protection is granted to the *first to file*, rather than the *first to use*. China-bound foreign companies should therefore engage legal counsel in China and pursue registration as early as possible, registering not only in their own language but in Chinese as well. Applicants should further consider registering transliterations of their mark(s) and/or selected Chinese names.

Alternatively, foreign companies planning to market their products in multiple countries or globally should consider using the Madrid Protocol, governed by the World Intellectual Property Organization (WIPO), a United Nations agency, which simplifies the filing process in more than 80 countries. Applicants may register marks concurrently with one application, in one language and without need for local counsel, thus saving critical time and resources.

Worth noting, the Madrid Protocol requires applicants to first register their mark(s) in their home country, such as the U.S., and to apply for international registration within six months of the home-country application. U.S. companies would first file with the U.S. Patent and Trademark Office and then submit one application, in English, for registration in any combination of the 80 Madrid-Protocol member countries. Applicants pay a single fee for application under the Madrid Protocol and registration fees to each of the designated member countries. Fees vary from country to country and generally fall below the cost of national registrations. Visit <http://www.wipo.int/madrid/en/> for information on member-country fees and additional information about the Madrid Protocol.

In China, applications for trademark registration are posted by the China Trademark Office (CTMO), and upon successful completion of an initial legitimacy examination (about 30 months), the CTMO posts the mark(s) for 90 days in the "Trademark Gazette." During this period, other individuals/companies may reasonably oppose registration of the mark(s) by filing a formal opposition with evidence of infringement. Absent any opposition, the CTMO will automatically register the mark(s) to the applicant for a period of 10 years.

Forewarned is forearmed. However, in the event the CTMO approves registration following the 90-day period, Chinese law still allows for rescission of the registration, provided an opposing party can prove

that the registrant rushed the registration with the intent to exploit its use in China. More specifically, Chinese law contemplates protection of famous international marks even if not registered in China and especially if usage by the local (counterfeiting) company will mislead, confuse and, potentially, harm Chinese consumers.

In light of the above, reasonable minds would anticipate that the CTMO will rescind Taiba's registration of McDermott, Pechauer and Predator marks. That said, enforcement remains *the* issue and only time will tell. The proof of the pudding is always in the eating.