

Actions and Reactions: Exercising your China Trademark Rights

Hey everybody and welcome back to our third installment on trademarks in China. If you've been on this journey from the beginning, you're likely familiar with the process requirements for registering your trademark in China.

Today we're going to get into what it takes to maintain the good faith of your mark and keep it safe from counterfeiters and infringers. Today is all about taking action. We're going to show you how to protect your mark proactively and reactively.

Let's start with a warm-up. You've got your China trademark registered so count to ten years . . . and renew your mark . . . and count to ten years . . . and renew your mark. Very good.

If your workout were to end with the warm-up it may be a long time before you see any results. The same is true with maintaining your mark. You need to actively protect your trademark.

There are two areas of trademark protection we're going to focus on today: regular infringement and black market counterfeit.

China is the top trademarking country in the world. 5.7 million trademarks have been filed in 2017 alone. With so much traffic, it's always possible for a bad faith application to slip through.

There is also the problem of counterfeiting. Unfortunately, 12.5% of China's export in 2016 was counterfeit goods. With so many businesses and manufacturers, the black market knock-off business is booming. So policing your mark is an absolute must.

There are a couple of simple exercises you can do to strengthen your mark's protection.

Subscribe to a monitoring service to get notified of any pending trademarks that are too similar to your own. Be quick to oppose any possible infringing marks before they hit the market. Pick up your legal weight and lunge.

The second thing you can do, at very little cost and energy is register your intellectual property with the General Administration of Customs (GAC). In fact, you should register your trademark with customs in every country in which you are registered. You will need a local PRC agent to help you register in Chinese. You'll need to provide:

- Your name and contact information
- Your agent's contact information
- You and your agent's business licenses
- Registration type
- Trademark registration number
- A representation of your mark
- A list of classes and goods
- The names and pictures of the items you want protected with a description

- Your trademark registration certificate
- And the timeframe in which your IP registration is valid

You can also give the GAC a list of priority items you want to protect as well as any and all information regarding previous or suspected counterfeiters. The registration costs \$160 Canadian and needs to be renewed every ten years. The more you put in to your registration, the better protection you get.

These are the best actions to take to strengthen your IP protection, but sometimes, just through the sheer weight of business and manufacturing in China, a copycat or infringer will slip through the cracks. In that case, it is time for you to step up, take action, and exercise your trademark rights.

Happens to be, China has a lot of convenient systems in place to help investigate potential cases of infringement.

Let's call the first system the cardio exercise. This is taking your case to the State Administration of Industry and Commerce (SAIC). Why am I comparing it to cardio? Because it's quick and doesn't require a lot of strength. First of all, SAIC's operate by district, which means that there is less traffic, so the whole process could take just one to three months. And of course it's a lot cheaper than going to court. The SAIC is equipped to deal with:

1. Non-standard use of registered trademarks
2. Unfair competition such as counterfeit, infringement of trade secrets, and commercial disparagement
3. Violation of Advertisement Law
4. Unlicensed business activities

So if you are a small business and you notice another company infringing on your trademark, this is the action for you.

The second way to exercise your rights is strength training--using a little muscle. You would take a civil or criminal infringement cases to the People's Court at the intermediate level and appeals would go to a higher level. Recently, China has changed their policy so that trademark disputes can be heard by the Supreme Court. Civil actions take 6-12 months to be resolved and Criminal actions can take 3-6 months, once the case is accepted.

What you must be wondering right now is, what's the difference? Both the SAIC and the People's court deal with trademark infringement. And the SAIC is cheaper and a lot faster.

Well, just like different exercises work on different parts of your body, the SAIC and the People's Court are suited for different situations.

The great advantage of the SAIC is that you do not have to show evidence of damages or proof of value in order to file a complaint, unlike in a regular court where your case only holds water if the infringement has hurt your company significantly. Even if you have not yet incurred damages, you can still bring in the SAIC to take administrative action. The SAIC is empowered to conduct raids, confiscate infringing goods and fine an infringing party. All you have to show is proof of infringement.

But what if you do incur damages? The SAIC can slap a fine on the infringer, but they do not have the power to give an injunction or require the defending party to give compensation for damages and legal fees. That's where the People's Court comes in. If your company has incurred significant damages from infringement, you want to go to the People's court.

What makes the SAIC really useful is that it makes it so much easier to police your trademark because you don't have to wait to get hit hard before you can take action. It's proactive versus reactive.

Here are some stats of what the SAIC has accomplished in trademark enforcement in 2016 alone:

- They handled 28, 189 cases of trademark infringement
- The total value of which was 354 million RMB
- 293 of those cases were brought by the SAIC to the Public Security Bureau for Criminal Investigations
- And the total value of those cases was 160 million RMB, about \$27 million US.

So yeah, they are getting a lot done and are a valuable system to businesses in trademark enforcement.

One thing to keep in mind throughout all this is that it is always useful and often necessary to work with a Chinese agent, attorney or agency with expertise in Chinese trademark law and, of course, Chinese languages and markets. Witmart is one of those agencies, with customer service centres operating across 106 cities in Mainland China as well as partnerships with top Chinese lawyers.

That's all for this time, and we hope that you are feeling empowered by this knowledge to take action in any situation that may come your way when doing business in China. Next time we'll be talking about common misconceptions and changing policies regarding China trademarks, so don't miss it! Thanks for watching.