TRADEMARK TALK

Rights in China

Time is right for public figures to register in China


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In February and March 2017, the Chinese Trademark Office ("TMO") provisionally approved 38 trademark applications filed by Donald Trump and published them for opposition. US President Donald J Trump has faced obstacles in obtaining trademark rights in China. For 10 years, he litigated a trademark infringement suit in China against Dong Wei, who had filed a similar mark for construction services two weeks prior to Trump.[1] On 6 September 2016, the TMO finally invalidated Wei's mark, and Trump's mark was registered on 14 February 2017.[2] On 27 February 2017, the TMO provisionally approved nine of Trump's applications for publication. On 6 March 2017, the TMO provisionally approved 28 applications for publication.

These approvals followed two recent Chinese Supreme People's Court ("SPC") decisions to award public figures greater trademark protections in China. The first decision, issued in December 2016, awarded retired basketball player Michael Jordan trademark rights over the Chinese characters equivalent to "Jordan".[3] The second decision, in January 2017, limited trademark rights over names of public figures in an attempt to prevent trademark squatters.

Although China's first-to-file system has historically made it difficult to enforce trademark rights against squatters,[4] the SPC's recent decisions aim to support foreign investments and commercial activities in China through greater trademark protections. Significantly, these recent decisions award a broader range of protection over names of public figures in China than the US. The time is ripe for public figures to register and enforce their trademark rights in China.

China v US

In the US, individuals have limited trademark rights over their names. The Lanham Act prohibits the federal registration of a mark that is "primarily merely a surname" unless it has acquired secondary meaning.[5] Secondary meaning attaches to a surname when the consuming public associates the surname with one particular individual.

Since surnames are commonly used to name businesses, the Lanham Act and common law preclude one individual from retaining exclusive rights to use his or her surname as a trademark.[6] However, full names and surnames are treated differently under the Lanham Act. For example, while the US Patent and Trademark Office might approve the registration of the full name "JOHN SMITH" without proof of secondary meaning, it may not approve "SMITH" unless the surname has acquired secondary meaning in the marketplace.[7] The common law rules are even more restrictive; the common law does not award trademark rights to either surnames or first names without proof of secondary meaning.[8]

Comparatively, in China, there are fewer restrictions to registering personal names. In order to file a trademark for a personal name, individuals need only submit a personal identification document. Historically, under China's first-to-file system, unrelated third parties regularly registered names of well-known figures as trademarks, resulting in rampant squatting.[9] However, in January 2017, the SPC decided that trademarks covering the names of "public figures in fields such as politics, economics, culture, religion and ethnic affairs" are forbidden under Article 10(8) of China's trademark laws. Article 10(8) states that signs "detrimental to socialist morals or customs, or having other unhealthy influences" cannot be used as trademarks. Not only does the SPC's decision signal a shift to control trademark squatting of names of public figures, but it may also be a first step toward regulating uncontrolled counterfeiting.

The SPC's decision was issued shortly after the SPC awarded Michael Jordan a trademark in his name, consequently invalidating a Chinese apparel company's registration for "Qiaodan", the Chinese transliteration for "Jordan". The *Jordan* case and Trump's recent victory against Wei demonstrate that rights to personal names can be used as a prior right to invalidate infringing marks.[10] These two recent SPC decisions will result in a proliferation of trademark applications by foreign public figures. Although Article 28 of China's trademark laws requires the TMO to complete its examination within nine months of the application filing date, the influx of applications will likely create a backlog.

When filing applications, prospective trademark owners must also carve out future rights to the family name. Broad trademark rights over personal names, especially surnames, raise a key concern regarding how to share rights to the name among family members. As Annie Tsoi, an attorney at Deacons, a Hong Kong based law firm, stated, "The downside of having the mark in an individual name is that the business will always be at risk that the individual may stop the authorisation of the company to continue to use the mark. The individual may also start another line of business outside of the company's control. Such split of ownership will no doubt create a lot of conflicts."

When conflicts arise or when the trademark owner passes away, fights over who retains rights to the family name are inevitable. Therefore, trademark owners must plan for these contingencies at the time of filing.

Footnotes

1. http://bit.ly/2osgBkY
2. Id. http://nyp.st/2l8tBHD
3. http://nyti.ms/2qwbKQL
4. Id.
5. 15 USC §1052(e).
6. Federal registration of surname marks – Introduction, 2 McCarthy on Trademarks and Unfair Competition § 13:28 (4th ed).
7. Id.
8. Secondary meaning for personal name marks – Rationales for requiring secondary meaning, 2 McCarthy on Trademarks and Unfair Competition § 13:3 (4th ed).
9. http://bit.ly/2osgBkY
10. http://bit.ly/2qaVvnO

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