



# PROTECTION OF CHINESE MARKS IN THE UNITED STATES

2011 China Trademark  
Annual Meeting  
Chengdu, September 7, 2011

David M. Silverman  
Davis Wright Tremaine  
Washington, DC  
[DavidSilverman@dwt.com](mailto:DavidSilverman@dwt.com)



Davis Wright  
Tremaine LLP

DEFINING SUCCESS TOGETHER



# U.S. REGISTRATION CONSIDERATIONS



# Benefits of U.S. Registration

- **Presumption of ownership (incontestable after 5 years)**
- **Right to use ® symbol**
- **Ability to have U.S. Customs block importation of infringing goods**



## **Benefits of U.S. Registration (cont'd.)**

- **Federal court jurisdiction**
- **Ability to recover statutory damages up to \$1 million for counterfeit mark**

# Ways to Protect Marks in U.S.

- Intent to Use (ITU)
- Actual Use
- Foreign (e.g., China) Registration (Section 44)
- Madrid Protocol (Section 66)

# Intent to Use

- Way to protect mark not yet in use in U.S. commerce
- Notice of Allowance (v. Registration)
- Good for up to 3 years
- Establishes priority but cannot enforce prior to use



## Actual Use

- If used in U.S. commerce or between U.S. and China
- Requires specimen(s) of use
- USPTO requires narrow descriptions of goods/services



## Actual Use (cont'd.)

- **Results in Registration**
- **Notice of Allowance followed by Statement of Use (ITU app.)**



# Foreign (e.g., China) Registration (Sec. 44)



- Means of registration available only to those who are NOT U.S. citizens
- Priority in U.S. may be based on China application if filed within six months
- Foreign (e.g. China) registration required for U.S. registration

# Foreign Registration Basis (cont'd.)

- May be combined with use or intent-to-use bases
- Must state intent to use in U.S.

# Madrid Protocol (Sec. 66)



- **Extension of Protection to U.S. Can be Requested Based on China Registration**
- **Subject to Same Examination as U.S. Application**
- **Must state intent-to-use in U.S.**



## Madrid Protocol (Sec. 66)

- Resulting registration treated like U.S. registration
- Subject to “central attack” within 5 years

# CASE STUDY: ABC UMBRELLA CO.



# ABC Umbrella Timeline

- **March 2004: ABC files Madrid Protocol Application Seeking Protection of Mark in U.S.**
- **April 2005: Application declared “abandoned” for failure to Respond to Office Action – (No U.S. Counsel Involved)**

## ABC Umbrella Timeline (cont'd.)

- **December 2007: Former U.S. “middleman” files U.S. trademark application for ABC UMBRELLA**
- **May 2009: ABC Umbrella opposes middleman application**
- **October 2009: Former U.S. counsel withdraws from case**



## ABC Umbrella Timeline (cont'd.)

- **December 2009: Middleman serves discovery on ABC Umbrella (unrepresented)**
- **March 2010: Middleman moves for Summary Judgment on unanswered admission requests deemed admitted**



## ABC Umbrella Timeline (cont'd.)

- June 2010: TTAB grants Summary Judgment motion and issues registration to middleman
- August 2010: DWT brought into case
- Motion to reopen opposition on basis of incorrect service

## ABC Umbrella Timeline (cont'd.)

- **March 2011: TTAB grants motion to reopen and cancels registration as “inadvertently issued”**
- **August 2011: Middleman agrees to assign application to ABC Umbrella**

# Expensive Lesson for ABC Umbrella

- **Lost U.S. sales due to customs seizure threat**
- **Settlement payment to middleman**
- **Attorneys fees**
- **All unnecessary if original (March 2004) application not abandoned**

## Applicable Law

**“It is well settled that between a foreign manufacturer and its exclusive United States distributor, the foreign manufacturer is presumed to be the owner of the mark unless an agreement between them provides otherwise.”**


***Global Maschien GmbH v. Global Banking Systems, Inc. (TTAB 1984)***



## Compare

**“There is no absolute bar to an entity with use in the United States registering a trademark despite earlier use of the same mark by a foreign entity outside the United States even if the U.S. entity was aware of the foreign use.”**

***Person's Co. Ltd. v. Christman***  
**(Fed.Cir. 1990)**



# OTHER U.S. TRADEMARK CASES INVOLVING CHINESE COMPANIES

# Effect of Bankruptcy

Bankruptcy of the foreign manufacturer has no effect on the general rule that foreign manufacturer owns marks *vis-à-vis* U.S. distributor. Successor in bankruptcy continues to be rightful owner.

*Lanzhou Foguang Pharmaceutical Co. v. Kingsway Trading, Inc. (TTAB 2007)*



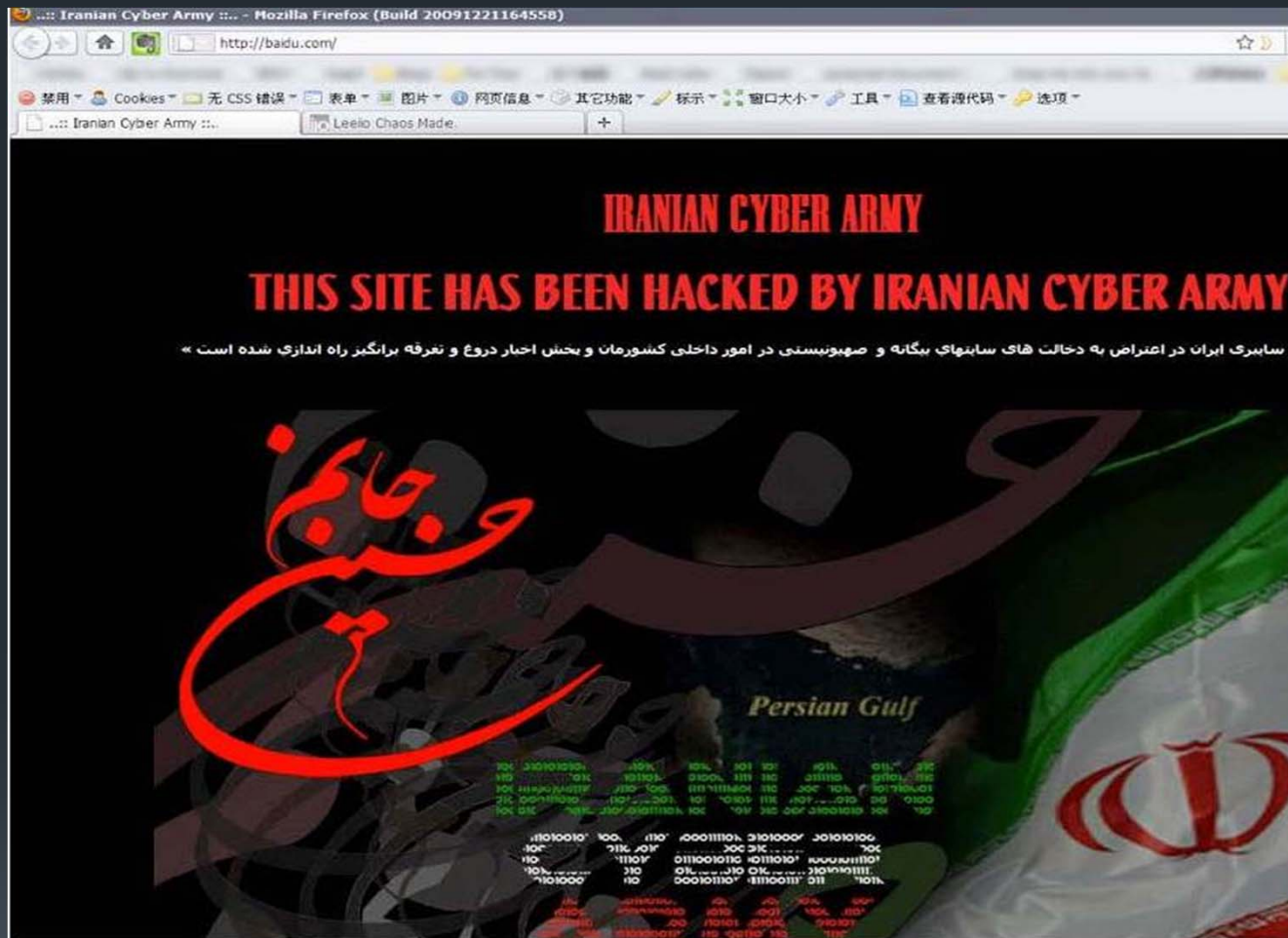
## ***Baidu, Inc. v. Register.com***

- **Baidu = largest search engine in China;  
No. 3 in world.**
- **Register.com = Domain name registrar**



## ***Baidu, Inc. v. Register.com (cont'd.)***

- **Facts: Register.com allowed cyber-attack of Baidu's website by providing user name and password to intruder**
- **Baidu sued for contributory trademark infringement (among other things)**



## ***Baidu, Inc. v. Register.com (cont'd.)***

- **Held: Register.com did not induce infringement and had no reason to know of infringement**
- **But – court held for Baidu on grounds of gross negligence**

# Theories of Contributory Infringement

- Infringement by third party
  - Specific knowledge of and material contribution to infringement
- OR
- Inducing third party to infringe

## ***Beijing Tong Ren Tang Corp. v. TRT USA Corp. (ND Calif. 2009)***

- **Beijing Tong Ren Tang = well known brand of herbal based medicines dating back to 1669**
- **TRT USA = exclusive U.S. licensee**
- **TRT USA attempts to continue using mark after parties have falling out**



## ***Beijing Tong Ren Tang Corp. v. TRT USA Corp. (cont'd)***

- **Beijing TRT sues to enjoin use of mark by TRT USA**
- **TRT USA claims its use was authorized by Beijing TRT and cannot be stopped due to laches**
- **NOTE: Only court can issue injunction or award monetary damages**

## ***Beijing Tong Ren Tang Corp. v. TRT USA Corp. (cont'd)***

- **Held: TRT USA use was under authorization of Beijing TRT**
- **Beijing TRT has three US trademark registrations**
- **Court enjoins TRT USA from using mark**





# DOMAIN NAME DISPUTES

# UDRP CRITERIA

- Complainant has established rights in mark
- Use of same or confusingly similar mark by Respondent in domain name
- Respondent has no rights or legitimate interests in mark
- Respondent's registration and use of domain name in bad faith

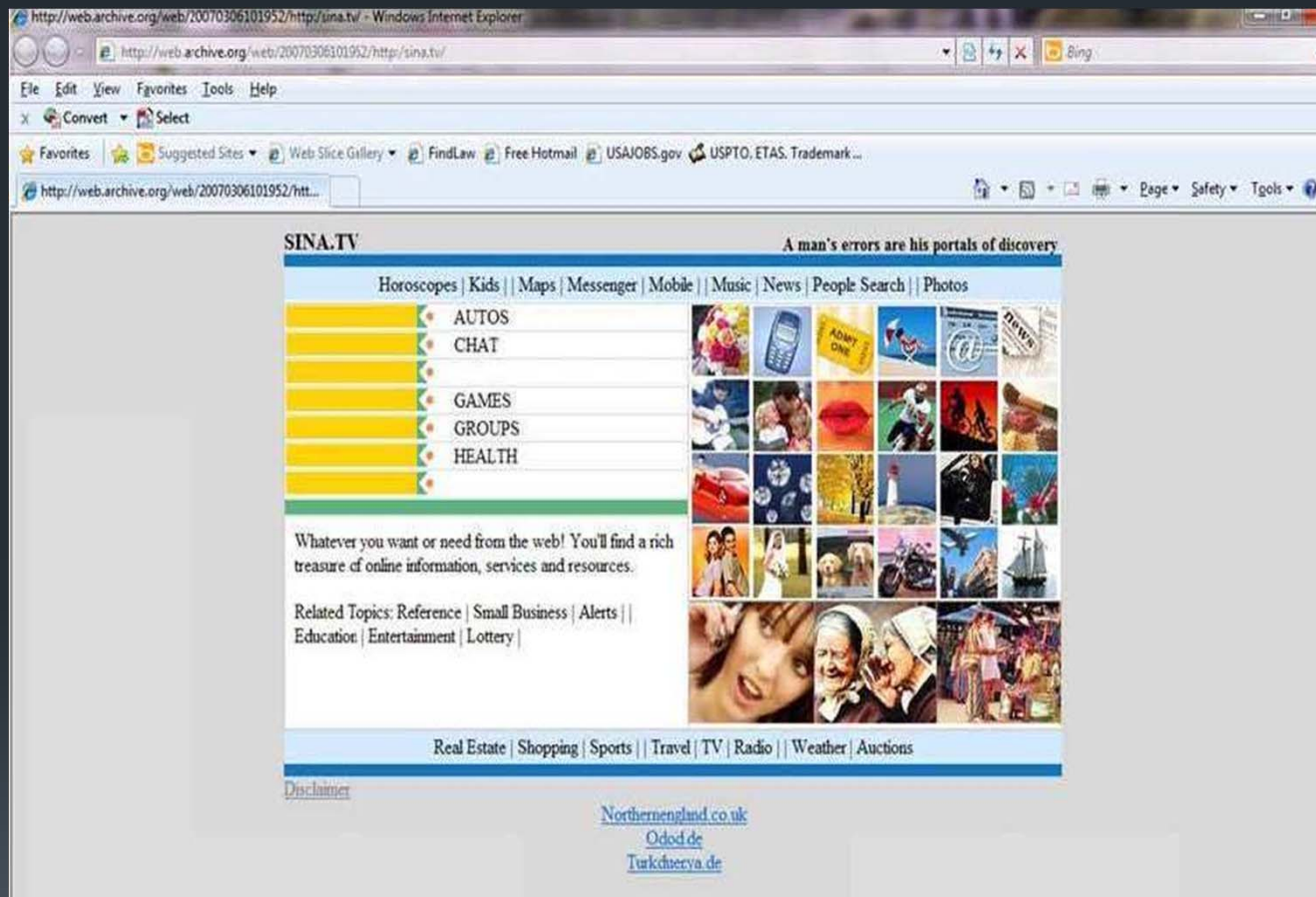
## **SINA.TV (NAF 2009)**

- **Sina.com is third most visited site in China and top 15 worldwide**
- **Sina Corp. used UDRP to obtain transfer of SINA.TV from cybersquatter**
- **Sina relied on U.S. registrations for SINA plus sina.com and sina.net**

## SINA.TV (Cont'd.)

- *Evidence of bad faith use and registration:*
  - Use of sina.tv as “parked” site
  - Offer to sell for \$150,000

# SINA.TV: Respondent's “Parked” Site



# Alibaba Group (NAF 2011)

- Alibaba owns 37 ALIPAY trademark registrations in 27 countries including U.S. and China
- Respondent's arguments
  - ALIPAY.US distinguishable from ALIPAY
  - Alibaba not using ALIPAY as domain name
  - Named for fashion model Ali Michael

# Alibaba Group (NAF 2011) (cont'd)

- **NAF Orders Transfer of Domain Name to Alibaba**
- **Evidence of bad faith use/registration:**
  - **Use of ALIPAY.US as a “parked” site**
  - **Failure to respond to cease and desist letter**



**David M. Silverman  
Davis Wright Tremaine  
Washington, D.C.  
(202) 973-4261**

**DavidSilverman@dwt.com**