

Takeaways From Trump's Recent TM Victories In China

Law360, New York (April 3, 2017, 1:29 PM EDT) --

President Donald Trump is not only creating headlines for the Western media but also the Chinese media. Shortly after Trump became president and decided not to challenge China's policy in Taiwan, more than 30 of his trademark applications in China were all immediately approved. This begs the question, "Is China returning the political favor by approving Trump's applications, or is the timing simply a coincidence?" Either way, the approval status of Donald Trump's trademarks is a welcome sign and a clear indication that Western brands are enjoying greater protections in China.



Amy Hsiao

Background

Since 2006, Donald Trump has filed around 120 trademark applications in China. Forty-two of these applications were filed in 2016 and caught the attention of the media. These 42 applications can be categorized into six groups — including Donald Trump's English name and variations of his Chinese name. (It is very common to have more than one Chinese name for an English brand/ name. For example, New Balance had more than five different Chinese names in the market at one point which ultimately led to trouble in 2015 when the most popular version of the Chinese name was registered first by an infringer.)^[1] Click here for my published article if you would like to learn more).

For those curious about details, I have outlined, at the end of this article, the six groups within which Donald Trump filed his applications. Each group covers seven international classes: Classes 35, 36, 37, 41, 42, 43, 44 (thus, a total of 42 applications). In plain English, these applications cover the following services: advertising, real estate service, construction services, entertainment, and hotels and restaurants etc.

Update

Out of these 42 applications, seven received rejections and are going through the appeal process. As for the remaining 35, nine were approved and published on Feb. 27, 2017; 26 were approved and published on March 6, 2017. The publications which signal the Chinese authorities' "preliminary approvals" of President Trump's trademarks have raised some questions:

1. The timing is sensitive — many of Donald Trump's marks were granted just days after President Trump backed down from his challenge to China's policy on Taiwan. Is Beijing returning a political favor?
2. The number is suspicious — not just one or two but over 30 of Trump's applications were approved in one batch. A clear gesture of Beijing's favoritism?

3. Is President Trump enjoying greater protection now in China because he's the president of the United States? Is there an innocent explanation to the above or is political influence clearly at play?

Let's deal with questions (1) and (2).

It took only 10-11 months for Donald Trump's applications to go through China's trademark examination process. For anyone who has experience trying to register a trademark in China, this time line seems extraordinarily short. In most circumstances, it takes at least 14-20 months for an application to go through the examination process and then if the stars are aligned correctly and China's trademark office does not issue any rejection, the mark will then become registered. In addition to the short approval time line for Trump's applications, it certainly raises eyebrows when such a large number of applications are approved — in one batch — in China.

Is there something at work other than pure coincidence?

On the surface, these applications do appear to have complied with China's standard procedural rules without much trace of favoritism. Here's why.

Prior to 2014, it was a painfully slow process to get a mark registered in China. This triggered a lot of complaints from the Western world because, under China's system, without protection of a trademark, a business was vulnerable at all times to an infringement lawsuit. This is because, unlike the Western world, use does not give rise to trademark rights (unless some extremely rare exceptions apply). With minor exceptions, one only enjoys protection of its trademark when the mark has been registered in China.

The Chinese government finally had heard enough and decided to overhaul its system in 2014. Under the "new" law, the Trademark Office is given a definite timeline of nine months to complete its examination of a trademark application.

When it comes to implementing a policy, China is extremely efficient as long as the top people in power want to make a difference. It certainly seems to be so in this case. Since 2014, those of us practicing and focusing on protecting brands in China have indeed seen a dramatic change in speed. Before 2014, the process moved at a glacial speed and a trademark procedure could take years to complete; however, post-2014, it is certainly fast and furious. To put things in perspective, it could take two years or more to receive a decision in 2009, whereas, after 2014, we have often received decisions issued by the Chinese Trademark Office in five months and sometimes in less than two months.

In short, under the new Chinese Trademark Law, there is nothing out of the ordinary for Donald Trump's applications to be examined and approved in 10-11 months in China.

It is also not "unusual" for more than 30 of his applications to be approved at one time. This is because the applications were submitted for review on the same date in Beijing. China does not have a formal procedure for an applicant to file paperwork to combine actions together; however, the Chinese Trademark Office does this internally. In other words, the Trademark Office itself groups the similar types of actions together and assigns the same examiner to maintain consistency of the decisions. In this case, since all 30-plus applications belonged to Donald Trump, it was not a surprise that they were reviewed and approved in one batch.

Let's deal with question (3).

The question is: Does Donald Trump enjoy greater protection in China because of his status as president of the United States of America?

The answer is: Probably yes. However, Donald Trump's applications were also helped in China from an unlikely source: Michael Jordan.

China's Supreme Court issued final decisions on Michael Jordan's trademark appeals in December of 2016. The Michael Jordan case helped the American brands in two major ways: First, it broke ground in China to state that a registered trademark is no longer king by the ruling that in some occasions, a public figure's personal name right can be recognized even though it has not been officially "registered" in China. Second, this public figure's name right covers not only famous people in China, but also famous people outside China who nevertheless enjoy popularity in China (note: this individual must also be famous in China in order to get this personal name right; fame outside China carries little weight).

President Donald Trump certainly meets the fame requirement; he is therefore entitled to the protection for his personal name both in English and Chinese characters. With this layer of protection, Trump's applications were likely to be considered more distinctive and therefore less likely to cause consumer confusion. This explains why President Trump's applications smooth-sailed and were approved in barely 12 months without many refusals from China's Trademark Office.

Key Takeaways for Western Brands in China

Registration was the bright-line rule of the land in China — i.e., the authorities recognized no rights unless such rights were registered first with China's system. Use and fame carried little weight unless the mark met the "well-known trademark" standard (a close to impossible task for Western brands). This (partially) explains why infringement is so rampant in China because an infringer can essentially become the "legitimate" brand owner so long as he or she beats the brand owner to China's Trademark Office and registers the mark first.

After the Michael Jordan decision, things are a bit different. Specifically, without registration, a Western brand can still be recognized as having rights in China as long as the brand is an individual's name and the individual is famous in China. Not surprisingly, the Chinese courts have not yet articulated the criteria of what amounts to "an individual being famous" in China.

Nevertheless, a "crack" has been opened in the "registration-is-king rule." Although this is by no means an indication that China will start to recognize common law rules, it is certainly encouraging to see the Chinese authorities showing flexibility and a willingness to recognize nonregistered rights.

Two messages for Western brands:

- **Offensive strategies:** In addition to following the first-to-file rule and executing defensive filing strategies in China, focusing on cultivating brand awareness and popularity can also yield practical legal benefits. Key evidence will be media coverage and award information in Mandarin Chinese, not English.
- **Defensive strategies:** Remember those infringers' marks and Chinese domain names where the infringers refuse to give back your intellectual property rights in China unless the business first pays a ransom? Now, with China's Supreme Court fully embracing this unregistered personal name right, it might be a good time to launch new strikes against these infringers in China.

Trademark 1	Class	App No.	Current Status
特朗普	35	19643016	Rejected (or partially rejected)
	36	19643015	Published on 2017-03-06
	37	19643014	Rejected (or partially rejected)
	41	19643013	Published on 2017-03-06
	42	19643012	Rejected (or partially rejected)
	43	19643011	Rejected (or partially rejected)
	44	19643010	Rejected (or partially rejected)

Trademark 2	Class	App No.	Current Status
唐纳德·特朗普	35	19643044	Published on 2017-02-27
	36	19643043	Published on 2017-02-27
	37	19643042	Published on 2017-03-06
	41	19643041	Published on 2017-03-06
	42	19643040	Published on 2017-03-06
	43	19643039	Published on 2017-03-06
	44	19643038	Published on 2017-03-06

Trademark 3	Class	App No.	Current Status
唐纳德·川普	35	19643037	Published on 2017-03-06
	36	19643036	Published on 2017-03-06
	37	19643035	Published on 2017-03-06
	41	19643034	Published on 2017-03-06
	42	19643033	Published on 2017-03-06
	43	19643032	Published on 2017-02-27
	44	19643031	Published on 2017-02-27

Trademark 4	Class	App No.	Current Status
川普	35	19643023	Rejected (or partially rejected)
	36	19643022	Published on 2017-03-06
	37	19643021	Published on 2017-03-06
	41	19643020	Published on 2017-03-06
	42	19643019	Published on 2017-03-06
	43	19643018	Published on 2017-02-27
	44	19643017	Published on 2017-03-06

Trademark 5	Class	App No.	Current Status
DONALD TRUMP	35	19643051	Published on 2017-02-27
	36	19643050	Published on 2017-03-06
	37	19643049	Published on 2017-03-06
	41	19643048	Published on 2017-02-27
	42	19643047	Published on 2017-02-27
	43	19643045	Published on 2017-03-06
	44	19643046	Published on 2017-02-27

Trademark 6	Class	App No.	Current Status
TRUMP	35	19643030	Published on 2017-03-06
	36	19643029	Published on 2017-03-06
	37	19643028	Rejected (or partially rejected)
	41	19643027	Published on 2017-03-06
	42	19643026	Published on 2017-03-06
	43	19643025	Published on 2017-03-06
	44	19643024	Published on 2017-03-06

—By Amy Hsiao, The Sladkus Law Group

Amy Hsiao is a partner in The Sladkus Law Group in Atlanta

The opinions expressed are those of the author(s) and do not necessarily reflect the views of the firm, its clients, or Portfolio Media Inc., or any of its or their respective affiliates. This article is for general information purposes and is not intended to be and should not be taken as legal advice.

[1] See my previous Law360 Expert Analysis article if you would like to learn more.

All Content © 2003-2017, Portfolio Media, Inc.