

Protecting Trademarks in China Is Crucial But Challenging, Wolf Greenfield Experts Write

BOSTON—Nov. xx, 2007—Protecting your trademarks in China is crucial to producing profits, not disaster, Ed Perlman and Octavian Timar of Wolf, Greenfield & Sacks, P.C., Boston, write in Mass High Tech.

“U.S. firms must think through and launch their China legal strategy as early as possible, including registering all useful transliterations of their trademarks so as to avoid potential problems,” they write.

“Many companies selling in China have had their brand identities stolen by counterfeiters selling lower-quality products. And many of the best-known brands, like Starbucks, Dell, Disney have come to China only to discover that others had previously registered their mark in hopes of extracting exorbitant sums from the original mark holders,” they write.

China maintains a “first-to-file” system that generally grants protection to the first party to file an application for a trademark, rather than the first party to actually use it. “This opens the door to thieves who can register trademarks without needing to prove they are the rightful owners, a very dangerous possibility for companies with a well-known brand,” they say.

A company whose trademark is being infringed can pursue administrative adjudication, civil litigation or criminal prosecution.

While criminal prosecution rarely works, administrative remedies offer an effective, prompt process. However, administrative bodies cannot impose jail sentences or award compensatory damages, and the sanctions that can be imposed are often insufficient to deter infringers.

With civil litigation, owners must generally bring an action within two years of the infringement. Statutory damages in cases where compensatory damages are difficult to prove will be limited to RMB 500,000 Yuan, or roughly \$65,000.

“However, many Chinese officials seem genuinely interested in stronger intellectual property enforcement, especially as the looming 2008 Olympics generates greater worldwide scrutiny of Chinese business and legal practices,” Perlman and Timar write. “Revisions to Chinese trademark law now underway will attempt to simplify the overall process as well as close many enforcement loopholes.”

China’s trademark system will probably grow more similar to Western trademark systems over time. Meanwhile, U.S. companies must ensure that their attempts to capitalize on business opportunities do not leave them exposed to trademark theft or sabotage, they say.

The article can be read at
<http://masshightech.bizjournals.com/masshightech/stories/2007/10/01/focus3.html>.

Perlman co-chairs Wolf Greenfield trademark practice group, and Timar was a summer associate with firm.

Wolf Greenfield, the largest law firm in New England devoted exclusively to intellectual property law, serves companies that make everything from pharmaceuticals to software to electronics to snowboards, as well as representing academic research centers. The firm counsels clients in the areas of patents, trademarks, copyrights, designs, trade secrets, and related licensing and litigation. In 2006, the firm filed 2266 patent applications and 883 trademark applications in over 130 countries. Web:
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