

## NEWSLETTER – FALL 2016



### **WANG & WANG AT PLI'S TRADE SECRETS 2016: PROTECTING TRADE SECRETS IN CHINA**

Laura W. Young will speak at Practising Law Institute, in New York City, November 1, 2016, and in San Francisco with live webcast, December 5, 2016.

2016 is shaping up to be an epic year for trade secrets: what began with the Defend Trade Secrets Act in the U.S. is now spreading to other parts of the globe, as legislatures throughout the world recognize that new technologies and cross-border transactions place valuable trade secrets at increased risk.

Find out more here:

<http://links.info.pli.edu/ctt?kn=2&ms=OTY0NTgwMwS2&r=MTQ5MjA0ODk3NzY2S0&b=0&j=MTAyMDQ2NTkzMAS2&mt=1&rt=0>

### **CURRENT STATUS OF TRADEMARK USE AND “BACK-SALES”**

Many clients have requested an update on the current interpretation of Trademark Use for offensive and defensive purposes. The manufacturing, packaging, and labeling activities of a company in China will not be considered to be “Trademark Use” where the goods are exported. Exclusive rights are granted only after registration with China’s trademark authority, however, there is currently an exception to the exclusivity owned by a trademark registrant.

China’s Trademark Law states, “use of trademarks refers to the use of trademarks on goods, the packaging or containers of goods and the transaction documents of goods, or the use of trademarks for advertising, exhibition and other commercial activities, for the purpose of identifying the sources of goods.” A simple reading would indicate that affixing the mark to goods and packaging, regardless of destination of the goods, would be use.

#### Trademark Use

There is no specific provision excepting trademark use when dealing with exports. Generally, in order to prove proper use of a registered trademark in China in the defense of a non-use cancellation, the trademark registrant should provide a series of items of evidence, such as distribution agreements, a series of related invoices, packaging bearing the trademark, etc. A single piece or type of evidence of use is not sufficient to defend a non-use cancellation.

#### Back Sales

Despite the fact that, “use of trademarks on goods, packaging,” etc. is described in the Trademark Law, the current PRC policy is that affixing trademarks to goods when those goods are directly shipped out of the country and never visible to PRC consumers is not considered to be trademark use. The policy is not articulated in any law, regulation, or Supreme People’s Court Interpretation. However, a Supreme People’s Court Justice published an article stating that if all the

goods are shipped out of China, any mark affixed to the goods or packaging does not in fact identify the source of goods for the China market. Since any such mark does not identify the source of goods to Chinese consumers, it does not function as a trademark in China. There is, therefore, no trademark use when goods are produced in China and shipped out of China. Furthermore there can be no trademark infringement, even though the trademark is affixed to products inside the borders of China and would otherwise be a trademark infringement.

This may appear as sophistry designed to ensure that Chinese manufacturing is not impeded by anyone's trademark monopoly. However, it is the current policy in China. As the policy has fluctuated in the past, it might change again in the future.

## **CHINA AGAIN HANDLES GREATEST VOLUME OF PATENT, COPYRIGHT, AND TRADEMARK APPLICATIONS IN THE WORLD**

### **2015 CHINA IP Statistics**

#### **Patent:**

- SIPO received 1,102,000 invention patent applications
  - Growth of 18.7%
  - Most in the world for the past 5 years
- 359,000 invention patents granted
  - 263,000 domestic applications
  - Increase of 100,000 approvals from 2014
- SIPO received 30,548 PCT patent applications
  - Growth of 16.7%
  - 2,149 applications from outside of China

#### **Copyright:**

- 1,641,166 Copyright registrations in 2015
  - Growth of 35.49%
  - 1,348,200 for works
  - 292,360 for computer software
  - 606 Copyright pledges

#### **Trademark:**

- 2,876,000 applications received in 2015
  - 25.85% Increase
- Cumulatively, CTMO received 18.4 million applications
  - 12.25 million trademarks registered
  - 10.34 million trademarks valid

智慧財產權保護

## **INTA 3D PRINTING SURVEY**

INTA's Emerging Issues Committee seeks industry opinions on 3D Printing. No matter your industry, 3D printing may be useful or already implemented. Life science and medical device industries, and fashion and consumer product industries, even mass manufacturing and the automotive industry are making use of Additive Printing and 3D Printing technologies. Does it pose an opportunity or a threat? Please let INTA know by answering 10 questions here: <https://www.surveymonkey.com/r/3DPSurvey>