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INTELLECTUAL PROPERTY

China: Opportunities and opportunist

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China implemented anti-dumping duties on Australian wines

Media reports that China recently implemented anti-dumping duties on Australian wines introducing import tariffs of anywhere from 100% – 215%. Understandably this will have dealt Australian wine producers exporting to China a severe blow, Australia being a significant trader with China.

Even though China produces some of its own wines, it continues to import a significant range of wines from all over the world, and, with Australian wine imports curtailed, there are further opportunities for other wine growing regions to sell their wines in China, notwithstanding South Africa.

Be trade mark savvy

Exporters are reminded that intellectual property, in this case trade marks, are both territory and class specific therefore the filing and continued maintenance thereof in all relevant territories is essential. Further since China's Trade Mark Regulations make provision for brand owners to deal with trade marks filed and registered in bad faith, termed "malicious trade marks" in the Regulations, the following considerations are key for comprehensive protection:

a) Is the scope of your trade mark registration adequate?

- In China it is possible to file a trade mark in three different forms that is in 'first language' (majority being in English), Mandarin and the transliteration which is the way the local audience would recognise your brand and it is also the most common method by foreign entities to develop a Chinese language mark and trade name. Three forms of a mark can make it difficult to monitor unauthorised use, therefore if your mark is used, or proposed to be used, in a variety of ways in China, consider registration in each form.
- Classes 29-33 are the food and beverage classes, 33 being the most relevant class for alcoholic beverages in particular wine while class 32 is the relevant class for non-alcoholic beverages and beers. The Covid-19 pandemic has accelerated online prevalence with increased social media presence, online marketing and communications, particularly for FMCG's. It is therefore also highly recommended that protection extends to include service class 35 namely advertising; marketing consultancy in the social media field; marketing services; presentation of goods on communication media and the provision of an on-line marketplace for buyers and sellers of goods and services.

b) What if someone else owns your mark?

- Prior to filing a trade mark, searches of the relevant registers are recommended which may also reveal your mark belongs to an unrelated third party. Unfortunately this practice is common, particularly in China often by an existing/past and/or future agent or distributor.
- In 2019, the Chinese Trade Mark Regulations introduced several key amendments in particular Article 4 which concerns "*The application for registration of a malicious trade mark that it not intended for use should be rejected*". Article 33 and 34 in turn extend the provisions for trade mark oppositions and/or invalidations to also include the definition of "malicious trade marks".
- The following can be indicative of a "malicious trade mark":

- The mark is identical and/or similar to another trade mark with a reputation;
- The applicant/registrant has a history of infringements and/or the filing of other marks;
- There are previous decisions or judgements against the applicant or records of prior recognition of malicious trade mark registrations;
- Trade marks have been filed in bulk.

c) What remedies are available against "malicious trade marks"?

If someone else owns your mark, your preferred agent or distributor may be reluctant to act on your behalf. Customs may also require proof of your ownership. As a consequence of Article 4 there are several remedies available to brand owners depending on the whether the mark is a pending application or is registered:

i. **Application:** in this case if an application for the mark has been made but not yet been published, a trade mark opposition can be filed once the application is published in the Chinese Trade Mark Journal. If not yet published, a watch should be implemented so as to alert you when published;
ii. **Registration**: in this case the mark is already registered therefore it will be necessary to apply to invalidate the malicious mark, filed in bad faith. Non-use cancellation proceedings can also be instituted provided the mark has not been used for at least three years or longer in China.

Safeguards

i. Maintain regular contact with agents, retailers and distributors to stay up to date with market trends and to monitor activity;

ii. Maintain and retain existing trade marks, albeit for defensive purposes;

iii. Prior searches of the relevant trade mark registers are recommended before committing to a new venture and filing your trade mark – ask an expert for guidance;

iv. Consider implementing a trade mark watching service – watches can be tailored to certain goods/services, certain countries alternatively world-wide;

v. Maintain and retain all evidence of use including exhibition and virtual conference attendance.

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