

## **60 Million Reasons to Register your Trade Mark in China**

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Apple Computers has settled its trade mark dispute with Shenzhen Proview Technology over the IPAD trade mark for a staggering 60 million dollars. Although the IPAD trade mark will be assigned to Apple, the computer giant's experience illuminates the importance of seeking trade mark registration in China.

In Australia, entitlement to use and registration of a trade mark is generally determined by the earlier of the first to use the trade mark or the first to file an application to register the trade mark. In distinct contrast, China (excluding Hong Kong) is a 'first-to-file' jurisdiction. The entitlement to use of a trade mark in China is based upon the first person to register the trade mark in China, not the first to use it.

This means that a party unrelated to an Australian trade mark holder, could and would be well within its rights to, register a trade mark in China that is identical or similar to an Australian trade mark. Once a third party has attained registration in China, the owner of an identical or similar Australian trade mark would have no right to use or register the mark in China. If the Australian trade mark owner were to apply the trade mark to the goods in China for which the Chinese trade mark is registered, the use of the trade mark would amount to trade mark infringement.

As demonstrated by Apple's recent experience, the consequences of failing to attain Chinese trade mark protection can be significant and costly. Not only could one be prevented from using the relevant trade mark in China, but the owner of the registered Chinese trade mark could potentially request that Chinese customs authorities seize and detain branded goods that infringe their trade mark, preventing their import or export. Even if the Australian trade mark owner only manufactures its products in China and applies the trade mark to the goods in China as part of the manufacturing process, the entire manufacture and supply chain could be disrupted.

Given that it can take several years before a trade mark is formally registered in China, it is essential that Australian businesses that manufacture or sell goods in China apply to register their trade marks in China at the earliest opportunity – ideally, prior to commencing trade, or at the latest, immediately upon doing so.

One of the more frequent mistakes made by Australian trade mark owners is to assume that their Australian trade mark registration provides a monopoly to use that trade mark around the world. Registration of a trade mark in Australia only grants the owner of a trade mark a monopoly to use that trade mark in relation to the goods and services listed in the trade mark specification in Australia.

If goods are manufactured or sold, or services provided, under a trade mark in jurisdictions other than Australia, Australian companies should consider seeking trade mark protection in those specific jurisdictions.

Although it is possible to seek cancellation of a Chinese trade mark registration on the basis that the relevant registration violates Chinese Trade Mark Law, in our experience it makes more sense to take pre-emptive and positive action rather than waiting to respond to potentially costly issues as they arise.

***For more information, please contact:***

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Stuart advises on all aspects of trade mark law, including the registration of trade marks, trade mark clearances, trade mark prosecution, oppositions, non-use removal proceedings, online brand enforcement, Australian Consumer Law, packaging and advertising review, due diligence assistance, domain name proceedings as well as managing Australian and international trade mark portfolios.