



# WHAT IS WORTH COPYING IS WORTH PROTECTING

## ...Safeguarding your brand in China

### PROTECTING YOUR BRAND THROUGH COPYRIGHT...

Despite recent advances in the trademark system in China, the problem of trademark piracy in China continues to plague brand owners. The causes of this are many but include China's rigid adherence to a first-to-file trademark system, its adoption of a unique system of trademark classification and the absence of a clear and unambiguous requirement on trademark applicants to act in good faith. Most brand owners are aware of the need to register their core brands in China at the earliest possible opportunity and also to claim for protection as widely as possible. Yet many brand owners still fail to do this or, where they have had the foresight to register, are often constrained from filing as widely as they would like by the costs associated with obtaining trademark protection.

China is a signatory to the Berne Convention meaning that copyright works created in other signatory states are afforded protection in China. This creates valuable opportunities for Western brand owners as copyright can often be used as a basis to take action against brand pirates and infringers where it is not possible to enforce trademark rights. Yet our experience is that brand owners rarely look beyond the registration of trademarks when considering how to develop a strong and defensible brand in China. Few, if any, brand owners are aware of how copyright, and China's system of copyright registration, can be used to strengthen a brand owner's protection of its logos or trade dress in China by acting as both a sword against infringements and as a shield against brand pirates.

### COPYRIGHT AS A SWORD

Examples of Western brands' logos being copied in China are so commonplace as to be a popular truism. The most obvious are copies of a brand's logos being applied to fake goods, fake services and even fake retail stores. Less obvious, but just as insidious, are the examples of brand free-riding where a similar logo is adopted in order either to actively confuse consumers or to attract some of

the "aura" of the Western brand. Yet when combating this kind of copying, Western brand owners frequently find their trademark portfolios are found wanting. Either they have never registered their logos as trademarks in China or their trademarks are not widely enough protected to be able to stop fake products, particularly in respect of non-core products or where the logos used are imitative but not identical. In this situation, copyright can frequently come to the aid of the brand owner because it can be used to protect against many forms of copying, not just copying which causes confusion amongst consumers. Unlike trademarks, copyright is also unconstrained by the need to show that the goods or services to which the fake logo are applied are identical or similar. It can therefore be used by brand owners to obtain "cross class" protection for their brands. However, in order to take full advantage of the latent power of the copyright in their logos, it is vital for the brand to register its ownership of copyright in its logo with the China Copyright Protection Centre.

### COPYRIGHT AS A SHIELD

Copyright can be a hugely powerful tool when a brand owner is faced with the common problem of having to oppose a pirate application which is a copy of the client's logo or some other aspect of the client's trade dress. Typically, problems occur for the brand owner where either it has no registered trademark or where the pirate application covers different, but often closely related, goods or services. In this situation, the brand owner has to rely on claiming that its trademark is well-known in China, that it has a prior use and reputation in China or that there was a prior agency or business relationship between the brand owner and the pirate applicant. Yet, in practice, providing sufficient evidence to establish one of these grounds to the satisfaction of the Chinese authorities can be hugely challenging for a brand owner. Frequently, where the brand owner only manufactures but does not sell in China, sales records to support a prior use and reputation are unavailable or there is no written contract to prove the prior business relationship.

Yet all is not lost. Article 31 of the Chinese Trademark Law requires that an application must not prejudice the prior rights of another person and recognises that copyright is one of the prior rights which can be protected under Chinese law. Copyright can therefore step in where the brand owner's marks have not been used, or are not well known, in China and where there is no prior agency or business relationship with the pirate applicant. Crucially, copyright can also afford the brand owner "cross class" protection against copy marks which are in applied for in respect of goods and services which are non-core to the brand owner. Again, this is good news for the brand owner but, as outlined above, registration with the China Copyright Protection Centre is key to the brand owner being able to rely on the copyright in its logo as a means for opposing pirate applications.

### REGISTRATION IS KEY

As we have seen, copyright can be a powerful weapon in the brand owner's armoury in China. Yet this weapon can be blunted if not deployed properly. When enforcing copyright in logos, many brand owners have found to their cost that failing to register their copyright can result in the Chinese courts and administrative authorities

failing to recognise the subsistence of copyright. This is particularly the case with administrative authorities who are notoriously reluctant to take action without first seeing a copyright registration certificate. Similarly, a lack of recognition is also frequently seen in opposition proceedings before the Chinese Trademark Office and the Trademark Review & Adjudication Board. We have seen first-hand numerous clients' claims to copyright in a logo being rejected for lack of registration. We also frequently see the failure to register copyright negatively impacting a brand owner's ability to take prompt enforcement action or to oppose pirate registrations.

### WHAT DLA PIPER CAN OFFER YOU

Our specialist team of lawyers can help you by:

- Reviewing your brand portfolio against the logos used in your business to identify priority logos for protection;
- Advising you on the evidential requirements for copyright registration in China;
- Protecting your logos through filing copyright registration applications.

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