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EXPLORING APPLE'S iPad TRADEMARK BLUNDER: CHINESE TRADEMARK APPROVAL PROCEDURE IS A TRADEMARK PROTECTION SAFEGUARD OR ANOTHER NATIONAL PROTECTIONISM?

ARTHUR TAN-CHI YUAN

ABSTRACT

It is well-reported that Apple's iPad® product embodies technological advances that are protected by U.S. and foreign patents. One would also assume that it is protected by trademarks in various jurisdictions, including China. However, to this day, Apple struggles to perfect its iPad trademark rights in China, the second largest economy in the world. While the Chinese trademark registration approval process is different from that in U.S. practice, this approval step is essential to every international corporation doing business in China. This article explains where Apple may have overlooked this step in the overall trademark registration process in China and how other corporations should avoid the same. The article further examines the basis behind this process and explains that the underlying reasoning is not too difficult for non-Chinese jurisdictions to understand and appreciate. This "approval" process under the Chinese trademark implementing regulations is critical and vital to eliminating unnecessary legal disputes as well as securing long-term success in the protection of trademark rights in China.

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INTRODUCTION

Should China be blamed for an onerous and self-justifying trademark assignment approval procedure due to Apple's recent iPad trademark woes? It was about two months ago when news media outlets reported about Apple's trademark trouble in China,¹ and the focus centered on how the accused Chinese company failed to fulfill its promise to transfer the Chinese iPad trademark registrations to Apple.² Last December, Apple lost its "IPAD" trademark infringement law suit in Shenzhen,³ a port city in Guangdong, China, with the result that iPad products would soon be removed from store shelves across China.⁴ Apple appealed the ruling from the Shenzhen Municipal Intermediate People's Court. The hearing on appeal was scheduled and heard on February 29, 2012.⁵ In an unprecedented move, the Guangdong Provincial High People's Court made the proceeding available live on Chinese micro-blog,⁶ a communication technology similar to Twitter. At the same time, the Pudong District Basic People's Court sided with Apple and denied an injunction to stop the sale of the challenged iPad⁷ products. As of April 23, 2012, the Guangdong High Court is arranging for the parties to try to settle before the Court

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¹ Connie Guglielmo, *Apple Keeps Selling iPad in China As Trademark Dispute Escalates*, FORBES (Feb. 18, 2012), <http://www.forbes.com/sites/connieguglielmo/2012/02/18/apple-keeps-selling-ipad-in-china-as-trademark-dispute-escalates>.

² *See id.*

³ *See Authorities Seize iPads in China in Trademark Row*, TELEGRAPH (Feb. 16, 2012), http://www.telegraph.co.uk/technology/apple/9086660/Authorities-seize-iPads-in-China-in-Shenzhen-Proview-Technology-vs-Apple-trademark-row.html#disqus_thread.

⁴ Richard Blacken, *Apple Threatened with China iPad Ban*, TELEGRAPH (Feb. 14, 2012), <http://www.telegraph.co.uk/finance/newsbysector/mediatechnologyandtelecoms/electronics/9082675/Apple-threatened-with-China-iPad-ban.html>.

⁵ *Shanghai Court Rejects Suit Against Apple Over Trademark*, SINA (Feb. 23, 2012), <http://english.sina.com/technology/2012/0223/442599.html>.

⁶ Loretta Chao, *Apple Presses for Rights to iPad Name in China*, WALL ST. J. (Mar. 1, 2012), <http://online.wsj.com/article/SB10001424052970203986604577252950712330904.html>.

⁷ Geoff Duncan, *Court Rejects Apple iPad Injunction in Shanghai*, DIGITAL TRENDS (Feb. 23, 2012), <http://www.digitaltrends.com/international/court-rejects-apple-ipad-injunction-in-shanghai>.

makes a ruling.⁸ All of this happened because Apple failed to comply with the Chinese trademark assignment or transfer approval rule.

While the legal saga between the parties continues, the requirement to receive approval for any trademark transfer or assignment at issue remains. While it is the norm for trademark practitioners to register an assignment or transfer of trademark rights, many, like Apple have overlooked this additional approval process. China requires both registration and approval of the trademark assignment or transfer.⁹ This paper examines the rationale of such an approval process and argues such approval is needed for the current stage of economic development in China. The first part of the paper uses the current "IPAD" trademark disputes between a Chinese company and Apple as the background. The second part of the paper discusses the relevant regulations on trademark registration and approval procedures and their respective histories. In addition, the second part discusses how the proposed draft of the third amendments to the Trademark Law of The People's Republic of China might affect the registration and approval process. The last part of the paper proposes an amendment to the current procedure as a compromise that may further accommodate the improving economic strength of China. The paper concludes by encouraging non-Chinese entities to adhere to this special feature of the Chinese trademark law/regulation to avoid unwanted headaches and even embarrassments. The registration and approval requirements will likely stay in place for some time as China transforms itself into a developed country.

I. WHAT WENT WRONG WITH APPLE'S PROCUREMENT OF "IPAD" TRADEMARK IN CHINA?

It is reported that the story began when IP Application Development LLC, a wholly owned subsidiary of Apple, Inc., contacted a company called (唯冠科技深圳) Proview Technology Shenzhen ("Proview Shenzhen") about some "IPAD" trademarks owned by Proview Shenzhen in 2009.¹⁰ Mr. Rongshan Yang,¹¹ a Taiwanese citizen, first founded (緯冠電子) Proview Electronics Taiwan Co., Ltd. ("Proview Taiwan"). Yang began his CRT monitor display manufacturing business in the 1990s,¹² and, by 1992, he went to Shenzhen to establish Proview Shenzhen to further expand his thriving business.¹³ His business became very successful: he had expanded his production facility to a 50,000 square meter assembly plant, listed his company on

⁸ Zack Whittaker, *China Seeks Settlement in Apple, Proview 'iPad' Trademark Case*, ZDNET.COM (Apr. 23, 2012, 2:41 AM), <http://www.zdnet.com/blog/btl/china-seeks-settlement-in-apple-proview-ipad-trademark-case/74942>.

⁹ Regulations for the Implementation of the Trademark Law of the People's Republic of China (promulgated by the St. Council of the People's Republic of China, Aug. 3, 2002, effective Sept. 15, 2002), art. 25 [hereinafter 2002 Regulations for Implementation].

¹⁰ Yue Tang, *Proview Says it Will Sue Apple*, CHINA DAILY (Feb. 18, 2012), http://www.chinadaily.com.cn/bizchina/2012-02/18/content_14638695.htm.

¹¹ 唯冠楊榮山移師大陸再造"深圳神話" [Yang Rongshan of Proview Technology (Shenzhen) Co. Repositions to Mainland to Build a "Shenzhen's Fairy Tale"], HUAXIA.COM (June 3, 2004, 01:15 pm), <http://big5.huaxia.com/sw/zjts/00208337.html> [hereinafter HUAXIA].

¹² *Id.*

¹³ *Id.*

the Hong Kong Stock Exchange under the name Proview International Holding in 1997, and had over 10,000 employees in 2004.¹⁴

Like many businesses, Yang thought to apply for trademarks to promote his products and brand. In 2000, he began this strategy in China and Taiwan, among other countries. With respect to the “IPAD” trademark, Mr. Yang first filed a standard character “IPAD” trademark (application number 1590557) on January 10, 2000.¹⁵ He followed up with a stylized “IPAD” trademark application on July 1, 2000¹⁶ in Taiwan. This mark was subsequently registered on April 16, 2002¹⁷ as registration number 01006722, but was later cancelled according to a trademark notice published on July 1, 2003.¹⁸ He later filed the same stylized trademark in China on September 19, 2000, filed under application number 1682310.¹⁹ Both Chinese trademark applications were later registered as Chinese trademarks and owned by Proview Shenzhen.

Fast forward to 2009, when IP Application Development (“British IP”) sought to purchase the rights to about ten “IPAD” trademarks, including the two in China,²⁰ from Proview Shenzhen. According to allegations revealed in email communications between Proview Shenzhen and British IP, a representative from Proview Shenzhen claimed that Proview Taiwan owned the trademarks in China, not Proview Shenzhen.²¹ It is reported that Proview Taiwan and British IP reached an agreement that included a sale of rights to these “IPAD” trademarks for £35,000 in 2009.²² In addition, it is reported that the agreement included provisions that British IP would not produce anything that competes with Proview’s products with the same trademark.²³ Therefore, the transfer of rights went from Proview Taiwan to British IP, and that the deal was completed in Taiwan, not in Shenzhen, China. Today, Shenzhen is a thriving city where a majority of Apple’s products such as iPad, iPhone, and other Mac products are made. In addition, these Apple products are made by a well-known, although controversial, original design manufacturer:

¹⁴ *Id.*

¹⁵ *Search Results From Query on Appl. No. 1590557*, TRADEMARK OFF. OF THE ST. ADMIN. FOR INDUS. & COM. OF THE P.R.C. (last visited June 5, 2012) (on file with author) [hereinafter SAIC IPAD Search].

¹⁶ *Search Results From Query on Appl. No. 089037821*, TAIWAN INTELL. PROP. OFF. TRADEMARK SEARCH SERV. (last visited June 5, 2012) (on file with author) [hereinafter TIPO Stylized iPad Search].

¹⁷ *Id.*

¹⁸ *Id.*

¹⁹ *Search Results From Query on Appl. No. 1682310*, TRADEMARK OFF. OF THE ST. ADMIN. FOR INDUS. & COM. OF THE P.R.C. (last visited June 5, 2012) (on file with author) [hereinafter SAIC Stylized iPad Search].

²⁰ Guglielmo, *supra* note 1.

²¹ Email from Author, Attorney at Proview Technology Shenzhen, to British IP counsel (Dec. 15, 2009) (on file with author) [hereinafter Proview Shenzhen email]; *see also* Jack Paczkowski, *Take a Look at Some of Apple’s Evidence in Proview iPad Dispute*, (Feb. 16, 2012), <http://allthingsd.com/20120216/take-a-look-at-some-of-apples-evidence-in-proview-ipad-dispute>.

²² Limited Assignment of the Trade Marks in China Between Proview Electronics Co. & IP Application Development (Dec. 23, 2009) (on file with author) [hereinafter Limited Assignment of Trade Marks]; *see also* Paczkowski, *supra* note 21.

²³ Tang, *supra* note 10.

Foxconn Technology Group, a subsidiary of Hon Hai Precision Industry Co. Ltd., another Taiwanese corporation.²⁴

What was missing from British IP's purchase was the proper transfer of the "IPAD" trademarks. To properly obtain trademark rights in China, the beneficiary of a trademark assignment or transfer shall receive approval of such assignment or transfer from the Trademark Office.²⁵ On February 16, 2012, John Paczkowski posted what appears to be a copy of the agreement between British IP and Proview Taiwan and other public documents on AllThingsD.com.²⁶ If the alleged copy were indeed the complete copy, Apple's strongest cause of action against Proview Taiwan would have only been an allegation of fraud and a breach of contract against Proview Taiwan, not Proview Shenzhen.²⁷ Of course, based on an email exchange between Proview Shenzhen and British IP,²⁸ it is alleged that there was a misrepresentation made by Proview Shenzhen that Proview Shenzhen did not own the "trademark," but that Proview Taiwan did.²⁹ This does not appear to be accurate based on the trademark status³⁰ obtained from the Chinese Trademark Office. There are also allegations from Yang that he was tricked by British IP that it was not related to Apple, and that, had he known about the relationship, he would not have sold the marks at the lowly £35,000. Moreover, it is interesting that the "choice of law" provision states that the laws and courts of Hong Kong shall have exclusive jurisdiction over any disputes arising from or in connection with the agreement.³¹ Furthermore, there does not appear to have any disputes between Proview Taiwan and Apple's over other trademark registrations in their deal. Therefore, any damage would just be the two registrations in China, which would have only accounted for twenty percent of the £35,000 overall purchase price.

In a press release dated December 6, 2011 at 7:04:34 pm by the Shenzhen Municipal Intermediate People's Court³² about the dispute between plaintiffs (Apple Inc. and (British) IP Application Development Inc.) and defendant Proview Shenzhen, the court found the following facts and shed some light on this issue:³³

1. Proview Shenzhen is a Chinese subsidiary of the publicly traded Proview International Holding company;
2. Proview Shenzhen received the registrations of two trademarks: "iPad" (stylized) and "IPAD" in 2001;

²⁴ Given the close relationship between business activities in Taiwan and China, non-Chinese entities should also keenly observe how Taiwanese businesses operate in China.

²⁵ 2002 Regulations for Implementation, *supra* note 9, art. 25.

²⁶ Paczkowski, *supra* note 21.

²⁷ Limited Assignment of Trade Marks, *supra* note 22, ¶¶5, 7.

²⁸ Proview Shenzhen Email, *supra* note 21.

²⁹ See SAIC 1590557 Search, *supra* note 15; see Limited Assignment of Trade Marks, *supra* note 22, ¶¶5, 7.

³⁰ SAIC IPAD Search, *supra* note 15; SAIC Stylized iPad Search, *supra* note 19.

³¹ Limited Assignment of Trade Marks, *supra* note 22.

³² 深圳中院对苹果公司诉唯冠公司IPAD商标权属纠纷一案作出一审判决 [Shenzhen Municipal Intermediate People's Court issued a decision on the IPAD trademark dispute between Apple Inc. and Proview Technology (Shenzhen) Co.], Shenzhen Municipal Intermediate People's Court, <http://www.szcourt.gov.cn/ArticleInfo.aspx?id=4134> (last visited June 5, 2012).

³³ *Id.*

3. Both trademarks are associated with products in class 009;
4. In early 2009, plaintiff British IP, started negotiations with Proview International Holding company's subsidiary in Great Britain about acquisition of all of "Proview" trademarks, including the two in question;
5. By the end of 2009, British IP signed a trademark transfer agreement with Proview International Holding's subsidiary in Taiwan, Proview Taiwan. In exchange of £35,000, Proview Taiwan agreed to transfer the rights to all trademarks owned by "Proview," including the two in question;
6. In February 2010, Plaintiffs Apple, Inc. and British IP signed a "Rights Transfer Agreement" assigning all rights to relevant trademarks (i.e., all relevant "IPAD" and "iPAD" trademarks transferred from Proview Taiwan to British IP) for £10.00; and
7. **Up to this date, the transfer registration process has not been initiated** (emphasis added).

According to the press release above, Apple alleged that the agreement was a collective transaction with Proview International Holding and that, although the agreement was signed by Proview Taiwan, Proview Taiwan was an agent of the defendant and the defendant is bound by the provisions of the agreement. As such, Apple asked the court to hold that it owns the rights to these trademarks.

The court, however, found that plaintiffs who sought to acquire trademark rights through business transactions should be keenly aware of the importance of compliance with Chinese laws and regulations.³⁴ In particular, with respect to establishing trademark transfer contracts, one must complete the necessary trademark transfer registration process. Moreover, the agreement was agreed to by Proview Taiwan and British IP, and the defendant Proview Shenzhen did not participate in the negotiation, nor did it authorize others to act on its behalf. Therefore, the agency relationship between the defendant and the signing party was not established, and the defendant was not bound by the agreement. Hence, the court held that plaintiff's complaint was not supported by the facts and law.

If the alleged agreement was indeed the agreement signed by both Proview Taiwan and British IP,³⁵ the panel of three Chinese judges would be correct to rule in favor of Proview Shenzhen. The agreement failed to mention Mr. Yang by name, and he would not be personally liable for breach of contract. If Apple/British IP believed it properly obtained the rights to the two Chinese trademarks, why didn't British IP initiate the transfer registration immediately after the purchase and subsequently transfer the rights to Apple? In fact, had British IP been diligent in applying for the transfer of trademark rights, it would have discovered that Proview Taiwan had produced a document that would be accepted by the CTO.³⁶ The documents labeled

³⁴ *Id.*

³⁵ Limited Assignment of Trade Marks, *supra* note 22, ¶1.

³⁶ *Id.* at ¶¶5-6.

“Application for Registration of Trademark Assignment” were written in English and notarized by a notary in Taiwan.³⁷ In addition, paragraph 6 was merely a power of attorney.³⁸

However, Apple certainly knew how to properly register a trademark assignment in the United States. It did the right thing in early 2010 after it acquired the “IPAD” trademark from Fujitsu in the United States,³⁹ and properly recorded an assignment with the U.S. Patent and Trademark Office (“USPTO”) soon thereafter.⁴⁰ It may be difficult to imagine that sophisticated international corporations like Apple would fail to initiate and complete the necessary registration process. But, it was certainly not the first multinational corporation that failed to adhere to the regulations. Danone and Hanzhou Wahaha Group agreed to form Wahaha Joint Venture Company in which Danone would pay Hanzhou Wahaha Group 100 million RMB in exchange for the exclusive rights to the Wahaha trademarks in China.⁴¹ However, when the approval of the registration of the trademarks by the proper authority did not occur for a number of years into the joint venture, Danone had to act. But, the joint venture agreements failed to provide remedies to resolve any “approval failure” issue. By 2007, the parties had spent millions in legal fees on law suits in Europe, China, and the U.S.⁴² In the end, the parties settled after the invisible hands from high-ranking government officials in China and France intervened.

It is curious as to what kind of due diligence work have both sides performed. In any event, without being entangled in the parties’ media posturing and further speculations, one critical question remains: what did, or did not, Apple do to secure the proper registration of transfer/assignment of trademark rights in China?

Some suggest this matter should be dealt with politically,⁴³ given Apple’s status in worldwide consumer electronics. But that suggestion would rather be ironic since mainstream media has long accused that Chinese courts are not an independent organ of the Chinese central government. They are merely another mouthpiece. While the Shenzhen Municipal Intermediate People’s Court’s ruling against Apple in favor of a Chinese entity founded by a Taiwanese businessman may appear to be a victory for the Chinese, the Chinese may not have anything to gain. The court and its municipal government are keenly aware of the beneficial and economic impact that Apple manufacturing brings to the local and national economy. The court could have bowed to the pressure from Apple and the aura surrounding its products by siding with Apple. But the court upheld the law.

³⁷ *Id.* at ¶5.

³⁸ *Id.* at ¶6.

³⁹ *Apple Buys iPad Trademark From Fujitsu*, PATENT AUTHORITY (Mar. 26, 2010), <http://patentauthority.com/2010/03/apple-buys-ipad-trademark-from-fujitsu>.

⁴⁰ *Search Results From Query on Reg. No. 3,776,575*, U.S. PAT. & TRADEMARK OFF. (last visited June 5, 2012) (on file with author) [hereinafter USPTO IPAD Search].

⁴¹ Lan Xinzhen, *Wahaha v. Danone: A Peaceful Resolution to the Dispute Between Wahaha and Danone can Avoid Great Losses on Both Sides*, BEIJING REV., (June 7, 2007), http://www.bjreview.com.cn/business/txt/2007-06/04/content_65226.htm.

⁴² Steven M. Dickinson, *Danone v. Wahaha*, CHINA ECON. REV. (Sept. 1, 2007), <http://www.chinaeconomicreview.com/node/24126>.

⁴³ Joe McDonald, *Apple's iPad Problem Will be Test for Chinese Leaders*, MERCURY NEWS, (Feb. 17, 2012), http://www.mercurynews.com/breaking-news/ci_19988387.

As the appeal is pending, both sides should respect the legal process and allow the court to conclude its work. For those who are familiar with Chinese appellate practice, the appellate court can review and accept additional factual evidence during appeal.⁴⁴ Notwithstanding the legal wrangling, the key to properly obtaining Chinese trademarks for non-Chinese entities continues to be this: it is not enough just to purchase the rights to trademarks, it is critical to obtain the actual and successful registration of Chinese trademarks before the Trademark Office of The State Administration for Industry & Commerce of the People's Republic of China.

In addition, now that the Guangdong High Court has asked the party to find a common ground, Apple should begin to prepare an exit strategy. One could suggest that Apple should firstly attempt to purchase the rights to trademarks from Proview Shenzhen for a reasonable price (i.e., about 1 to 10 million U.S. dollars) and settle this case. According to a court ruling from Hong Kong, Proview Shenzhen's chairman, Yang Long San, filed for bankruptcy in China in 2010.⁴⁵ Therefore, this amount would be reasonable to Apple (to be explained further below) and would be considered a comfortable sum for Proview Shenzhen and Yang.

Secondly, Apple should then bring a malpractice action against the firm or firms that handled the original negotiation and execution of the agreement between Proview Taiwan and British IP. The damages Apple is seeking should at least be equal to the settlement amount with Proview Shenzhen. In reviewing all the documents that were made public about this case, the lack of due diligence is appalling. The fact that some of the documents were in English only, and not in traditional Chinese (the version used in Taiwan and Hong Kong) and/or simplified Chinese (the version used in mainland China) is also disturbing. In addition, a simple and quick search on the publicly available website of the CTO would reveal that Proview Shenzhen, not Proview Taiwan or any other entity, owns the two Chinese trademarks.

Moreover, in addition to the two Chinese "IPAD" trademarks that Apple wishes to obtain from Proview Shenzhen, Apple (in Chinese characters: 苹果公司) has also filed about fifteen additional "IPAD" trademarks in China.⁴⁶ Unfortunately, Apple is not having much success with "IPAD" trademarks in the U.S. either. As noted above, Apple purchased the right to "IPAD" trademarks in the U.S. (registration number 3,776,575), which was filed by Fujitsu back in 2003 for its "IPAD" product at the time with the following description: "Hand-held computing device for wireless networking in a retail environment."⁴⁷ However, that was all Apple could get in terms of "IPAD" trademark in the U.S. Apple, through its subsidiaries IP Application Development Inc. and Slate Computing (USA) Inc., has filed about ten other "IPAD" trademark

⁴⁴ Zhong Jianghua & Yu Guanghua, *Establishing the Truth on Facts: Has the Chinese Civil Process Achieved This Goal?*, 13 J. TRANSNATIONAL L. & POLY 393, 395 (2004).

⁴⁵ Apple Inc. v. Proview Int'l Holdings, at 3 (High Court of the Hong Kong Special Administrative Region Court of First Instance, June 28, 2011).

⁴⁶ *Search Results For Chinese 'iPad' Trademarks*, TRADEMARK OFF. OF THE ST. ADMIN. FOR INDUS. & COM. OF THE P.R.C. (last visited June 5, 2012) (on file with author) [hereinafter SAIC iPad Search].

⁴⁷ USPTO IPAD Search, *supra* note 40.

applications,⁴⁸ but has yet to obtain registrations for any of these pending applications.

II. REGULATION EXPRESSLY REQUIRES THE APPROVAL PROCESS BEFORE THE REGISTRATION PROCESS IS COMPLETE

How could other non-Chinese entities take heed of Apple's blunder in China? A strict adherence to the letter of the law is advisable. According to current Regulations for the Implementations of Trademark Law of China⁴⁹ (which is available in English in its entirety), chapter 4 specifically governs the Modification, Assignment and Renewal of Registered Trademarks, with emphasis added below:

Article 24: Where the name or address of a trademark registrant or any other registration matter is to be modified, the applicant shall submit an application for modification to the Trademark Office. The Trademark Office shall, upon approval, issue a corresponding certification to the trademark registrant and publish the modification; if no approval is granted, the applicant shall be notified in writing and the reasons therefor shall be given.

Where the name of a trademark registrant is to be modified, the modification certification issued by the relevant registration authorities shall be also submitted. If the modification certification is not submitted, it may be submitted within 30 days from the date on which the application is filed; if it is not submitted at the expiry of the time limit, the application for modification shall be considered abandoned and the Trademark Office shall notify the applicant in writing.

Where the name or address of a trademark registrant is to be modified, the trademark registrant shall make the modification in respect of all its registered trademarks in a lump; if they are not so modified, the application for modification shall be considered abandoned and the Trademark Office shall notify the applicant in writing.

Article 25: When a registered trademark is to be assigned, **both the assignor and assignee shall jointly send an application for assignment of the registered trademark to the Trademark Office.** The assignee shall go through the formalities for the application for assignment of the registered trademark. **The Trademark Office shall, upon approval of the application for assignment of the registered**

⁴⁸ *Search Results from Query on Terms 'IP Application Development' and 'iPad,'* U.S. PAT. & TRADEMARK OFF. (last visited June 5, 2012) (on file with author) [hereinafter *IP Application Development & iPad Search*]; *Search Results From Query on Terms 'Slate Computing (USA) LLC and 'iPad,'* U.S. PAT. & TRADEMARK OFF. (last visited June 5, 2012) (on file with author) [hereinafter *Slate Computing & iPad Search*].

⁴⁹ 2002 Regulations for Implementation, *supra* note 9.

trademark, issue the assignee a corresponding certification and publish the assignment.

Where a registered trademark is to be assigned, the trademark registrant shall assign in a lump all of its trademarks that are identical or similar to each other in respect of the same or similar goods; if they are not so assigned, the Trademark Office shall notify it to rectify the situation within a specified time limit; if it fails to rectify it at the expiry of the said time limit, the application for assignment of the registered trademark shall be considered abandoned, and the Trademark Office shall notify the applicant in writing.

With respect to applications for the assignment of registered trademarks, which may produce misleading, confusing or other adverse effects, the Trademark Office shall refuse them, and shall notify the applicants in writing and give the reasons therefor.

Article 26: Where the exclusive right to use a registered trademark is transferred due to the reasons other than assignment, **the party who accepts the transfer of the exclusive right to use the registered trademark shall, by producing the relevant evidential documents or legal instruments, go through the formalities of the transfer of the exclusive right to use the registered trademark with the Trademark Office.**

Where the exclusive right to use a registered trademark is transferred, the right holder shall assign in a lump all of its trademarks that are identical or similar to each other in respect of the same or similar goods; if they are not so transferred, the Trademark Office shall notify it to rectify the situation within a specified time limit; if it fails to rectify it at the expiry of the said time limit, the application for transfer of the registered trademark shall be considered abandoned, and the Trademark Office shall notify the applicant in writing.⁵⁰

This “approval process” is not new to the Chinese trademark legal landscape. It was codified in the second version of the Implementing Regulation of Trademark Laws of China⁵¹ under chapter 4 and the relevant provisions are included herein, with emphasis added below:

Rule 20: When applying modification of his name, the registrant shall send an ‘Application for Modification of the Name of Trademark Registrant’ and a proof of the modification to the Trademark Office, and return the original ‘Certificate of Trademark Registration’ thereto. Where the Trademark

⁵⁰ *Id.* art. 24–26.

⁵¹ Implementing Regulations Under the Trademark Law (promulgated by the Standing Comm. Nat’l People’s Cong., Mar. 12, 1984, amended Sept. 4, 1992) (China), art 26 [hereinafter Implementing Regulations].

Office, after examination, approves the application, it shall return, to the applicant, the original 'Certificate of Trademark Registration' on which the approval has been marked and shall make a publication of the modification. When applying for modification of his address or any other matters relating to a trademark registration, the registrant shall send an 'Application for Modification of the Address of Trademark Registrant' or an 'Application for Modification of Other Matters Relating to the Registered Trademark' and a proof of the modification to the Trademark Office, and return the original 'Certificate of Trademark Registration' thereto. Where the Trademark Office, after examination, approves the application, it shall return, to the applicant, the original 'Certificate of Trademark Regeneration' on which the approval has been marked and shall make a publication of the modification. When applying for modification of his name or address, the registrant shall do the same modification in respect of all his registered trademarks.

Rule 21: When applying for the assignment of a registered trademark, **both the assignor and assignee shall jointly send an 'Application for Assignment of Registered Trademark' to the Trademark Office, accompanied by the original 'Certificate of trademark Registration.'** The assignee shall do the formalities required in applying for the assignment of a registered trademark. The assignee shall be so qualified as provided for in Rule 2 of these Regulations. Where the Trademark Office approves the assignment, it shall return, to the assignee, the original 'Certificate of Trademark Registration' on which the approval of the assignment has been marked and shall make a publication of the assignment. When applying for the assignment of a registered trademark, the registrant shall, at the same time, do the same assignment in respect of all his other registered trademarks that are identical with or similar to the said registered trademark in respect of the same or similar goods. Where a registered trademark is assigned in respect of such goods as provided for in Rule 7 of these Regulations, the assignee shall, under the provisions of Rule 11 of these Regulations, furnish the Trademark Office with a certificate issued by the competent department concerned. **Where an application for the assignment of a registered trademark may mislead the public or cause confusions or exert any other unhealthy influences, the Trademark Office shall grant no approval thereof but refuse it**

Rule 23: Where an applicant is dissatisfied with the decision of the Trademark Office to refuse his application for an assignment or renewal, he may, within fifteen days from receipt of the notification of review by sending an 'Application for Review of the Refused Assignment' or an 'Application for Review of the Refused Renewal' to the Trademark Review and Adjudication Board, accompanied by the original 'Application for Assignment of Registered Trademark' or 'Application for Renewal of Trademark Registration' and the "Notification of Renewal of Refusal.' The Trademark Review and Adjudication Board shall make a final decision and notify the applicant of the same in writing. If the final decision approves the

assignment or renewal, the case shall be transferred to the Trademark Office for the corresponding actions.

Rule 24: Where a trademark registrant disputes a registered trademark of another party, he shall, within one year from the date of announcement, in the 'Trademark Gazette,' of the registered trademark in question of another party, send two copies of the same 'Application for Adjudication on the Disputed Trademark' to the Trademark Review and Adjudication Board for adjudication. Where the Trademark Review and Adjudication Board makes a final adjudication either to maintain or to cancel a disputed registered trademark, it shall notify the interested parties of the same in writing and transfer the case to the Trademark Office for the corresponding actions. If the grounds for the cancellation involve only some of the registered components, such components as involved therein shall be canceled. Where it is adjudicated that it should be canceled, the proprietor of the disputed trademark shall, within fifteen days from receipt of the notification of adjudication, return the original "Certificate of Trademark Registration" to the Trademark Office.

Rule 25: The following shall be such acts as referred to in Paragraph 1 of Article 27 of the Trademark Law, which are committed in the acquisition of a trademark registration by fraud or any other unfair means:

- (1) to fabricate or withhold the truth or forge an application and the related documents in the registration[;]
- (2) to violate the principles of honesty and credit and plagiarize, counterfeit or translate any well-known trademark of another party in the registration;
- (3) to acquire a trademark registration in the name of a trademark agent but without the authorization of the trademark proprietor who entrusts him in the registration;
- (4) to infringe any legal prior rights of another party in the registration; and
- (5) to use any other unfair means to acquire a registration.

Where the trademark registrant is dissatisfied with the decision made by the Trademark Office to cancel the trademark registration in accordance with Paragraph 1 of Article 27 of the Trademark Law, he may, within fifteen days from receipt of the notification of the decision, apply for review by sending an 'Application for Review of the Cancellation of Improperly Registered Trademark' to the Trademark Review and Adjudication Board. The Trademark Review and Adjudication Board shall make a final decision thereon, notify the applicant of the same in writing and transfer the case to the Trademark Office for the corresponding actions. Wherever any organization or individual considers that a trademark has been improperly registered, it or he may apply for adjudication by sending two copies of the

same 'Application for the Cancellation of Improperly Registered Trademark' to the Trademark Review and Adjudication Board. The Trademark Review and Adjudication Board shall make a final adjudication thereon, notify the interested parties of the same in writing and transfer the case to the Trademark Office for the corresponding actions. Where an improperly registered trademark is canceled, the Trademark Office shall have it published. The trademark registrant in question shall, within fifteen days from receipt of the notification of the decision or adjudication, send the original 'Certificate of Trademark Registration' back to the Trademark Office. Where a registered trademark has been canceled according to Paragraph 1 and Paragraph 2 of Article 27 of the Trademark Law, the exclusive right to use it shall be deemed as not in existence from the very beginning. Where a registered trademark been canceled according to a decision or adjudication, there shall be no tracing force in any such judgment or adjudication on any trademark infringement case as made and enforced by the people's court or in any such decision as made and enforced by the administrative authority for industry and commerce and in any such trademark assignment or trademark license contract as performed prior to the said cancellation. But, if the bad faith of the trademark registrant has caused damages to any other party, a claim shall be made for the compensation therefor.⁵²

Although the content of Rule 25 is noticeably absent in the current Implementing Regulations of 2002,⁵³ other regulations remain intact. In fact, the Implementing Regulations of 1984⁵⁴ (and as amended in 1993⁵⁵) contained similar rules with respect to assignment and approval. Similarly, all versions of the Chinese Trademark Law of 1982,⁵⁶ 1993,⁵⁷ and 2001⁵⁸ have similar provisions regarding this issue. Not surprisingly, the published proposed third amendments⁵⁹ to the Chinese Trademark Law also continue to maintain this tradition that has existed in the Chinese trademark legal history over thirty years now.

⁵² *Id.* R.20–21, 23–25. Note that Rule 22 has been left out as it governs cancellation and not assignment and approval process.

⁵³ 2002 Regulations for Implementation, *supra* note 9, arts. 24–27.

⁵⁴ Implementing Regulations, *supra* note 51.

⁵⁵ 中华人民共和国商标法实施细则 (1993 年第二次修订), [Implementing Regulations of the Trademark Law of the People's Republic of China (Ed. Second Amendments in 1993)]. Zhonggu Falv Wang, <http://news.9ask.cn/sbq/sbfl/sbflaw/sbflaw/sbfssxz/201008/841516.shtml> (last visited June 5, 2012).

⁵⁶ Trademark Law of the People's Republic of China (promulgated by the Standing Comm. Nat'l People's Cong., Aug. 23, 1982).

⁵⁷ 中华人民共和国商标法 (1993 第一次修订), [Trademark Law of the People's Republic of China (Ed. First Amendment in 1993)], <http://news.9ask.cn/sbq/sbfl/sbflaw/sbfqw/201008/841884.shtml>, (last visited June 5, 2012).

⁵⁸ Trademark Law of the People's Republic of China (promulgated by the Standing Comm. Nat'l People's Cong., Aug. 23, 1982, amended Oct. 27, 2001).

⁵⁹ 国务院法制办公室关于《中华人民共和国商标法 (修订草案征求意见稿)》公开征求意见通知 [Notice to Request Public Comments on the <Draft Amendments to the Trademark of the People's Republic of China> by the Legislative Office of the St. Council, The Central People's Government of the People's Republic of China], http://www.gov.cn/gzdt/2011-09/02/content_1939013.htm, (last visited June 5, 2012).

Yet over these thirty years, many non-Chinese entities seeking proper trademark protection continue to overlook this deep-rooted tradition. According to some of the early interpretation of the 1982 Chinese Trademark Law,⁶⁰ the primary concern of the legislative organ of the Chinese government in codifying the assignment or transfer of trademark rights was to ensure the assignee or transferee would maintain the quality of goods identified by the trademark that were being assigned or transferred.⁶¹ In other words, what is being assigned or transferred is the exclusive intangible rights associated with the trademark.⁶² The beneficiary of such transfer is consumers.⁶³ As such, the assignee or transferee shall ensure the quality of the goods in question for the benefit of consumers.⁶⁴

Guided by the above principle, it is natural to the Chinese Trademark Law that a subsequent approval process is necessary. In this capacity, the CTO safeguards, the assignment or transfer by making the approval process essential as the final step of the assignment process.

Common law also applies a similar rationale for trademark protection, particularly with respect to trademark assignment.⁶⁵ It is a symbol “of goodwill and as conveyers of information to consumers, and only as long as their improper use is likely to confuse the purchasing public.”⁶⁶ Moreover, section 10(a) of the Lanham Act codifies this concept (emphasis added):

§1060(a): Assignment

(1) A registered mark or a mark for which an application to register has been filed shall be assignable with the good will of the business in which the mark is used, or with that part of the good will of the business connected with the use of and symbolized by the mark. Notwithstanding the preceding sentence, no application to register a mark under section 1(b) [15 USC 1051(b)] shall be assignable prior to the filing of an amendment under section 1(c) [15 USC 1051(c)] to bring the application into conformity with section 1(a) [15 USC 1051(a)] or the filing of the verified statement of use under section 1(d) [15 USC 1051(d)], except for an assignment to a successor to the business of the applicant, or portion thereof, to which the mark pertains, if that business is ongoing and existing.

(2) In any assignment authorized by this section, it shall not be necessary to include the good will of the business connected with the use of and

⁶⁰ Zhonghua Renmin Gongheguo Shangbiaofa [Trademark Law of the People’s Republic of China], People’s Government of the Province of Helongjiang, <http://www.hlj.gov.cn/mxqy/system/2007/08/20/000146842.shtml>. (last visited June 5, 2012).

⁶¹ *Id.*

⁶² *Id.*

⁶³ *Id.*

⁶⁴ *Id.*

⁶⁵ See William M. Landes & Richard A. Posner, *Trademark Law: An Economic Perspective*, 30 J.L. & ECON. 265, 265–66 (1987).

⁶⁶ Irene Calboli, *Trademark Assignment “With Goodwill”: A Concept Whose Time Has Gone*, 57 FLA. L. REV. 771, 777 (2005).

symbolized by any other mark used in the business or by the name or style under which the business is conducted.

(3) Assignments shall be by instruments in writing duly executed. Acknowledgment shall be prima facie evidence of the execution of an assignment, and when the prescribed information reporting the assignment is recorded in the United States Patent and Trademark Office, the record shall be prima facie evidence of execution.

(4) An assignment shall be void against any subsequent purchaser for valuable consideration without notice, unless the prescribed information reporting the assignment is recorded in the United States Patent and Trademark Office within 3 months after the date of the assignment or prior to the subsequent purchase.

(5) The United States Patent and Trademark Office shall maintain a record of information on assignments, in such form as may be prescribed by the Director.⁶⁷

In fact, the principle that trademarks do not exist per se but only as symbols of goodwill was first adopted at common law.⁶⁸ Calboli notes that “[t]his principle originated in the assumption that common words and symbols belong to society as a whole and cannot be appropriated by a few trademark owners to the detriment of the general public.”⁶⁹ However, the difference between the US and Chinese practices is the approval process.

III. CURRENT APPROACH REFLECTS THE CHINESE CURRENT ECONOMIC DEVELOPMENT

The Chinese practice is not arbitrary and is not designed to be a mere onerous legal technicality. It is an application of a combination of principles in the civil law system⁷⁰ adopted in China. In summary,⁷¹ there are three pertinent principles to property conveyance: letter of credit autonomy principle,⁷² formation of real rights,⁷³ and formation of creditor rights.⁷⁴ The first derives from the Napoleonic Code

⁶⁷ 15 U.S.C. § 1060 (2006).

⁶⁸ Calboli, *supra* note 66, at 781.

⁶⁹ *Id.* at 782–83.

⁷⁰ 中華人民共和國民法通則 [General Clauses of the Civil Code of the People's Republic of China], 人民网People [People's Net], <http://www.people.com.cn/BIG5/shehui/8217/39932/2944727.html> (last visited June 5, 2012).

⁷¹ See generally HE GUO, ET AL., 商标法教程, [TRADEMARK LAW CURRICULUM], at 107, Intell. Prop. Pub. House, 2004.

⁷² Serguei A. Koudriachov, *The Application of the Letter of Credit Form of Payment in International Business Transactions*, 10 CURRENTS: INT'L TRADE L.J. 37, 39–40 (2001).

⁷³ HE GUO, *supra* note 71, at 107.

⁷⁴ *Id.*

(French Civil Code)⁷⁵ that focuses on the meeting of the mind to complete the transfer and assignment of rights. The second derives from the German Civil Code BGB which states in section 398 for Assignment, that “[a] claim may be transferred by the obligee to another person by contract with that person (assignment). When the contract is entered into, the new obligee steps into the shoes of the previous obligee.”⁷⁶ In other words, the rights are transferred or assigned once parties have entered into a contract. The last concept derives from the Civil Code of Austria and requires the act of registration, in addition to the two previous acts, for the rights to be transferred or assigned.⁷⁷

Of course, as discussed earlier, additional steps are required to complete the transfer or assignment of trademark rights in China based on the current Implementing Regulations. In other words, this “approval” process requires (in addition to having a signed written transfer/assignment contract): (1) an application of the rights to transfer or assignment of trademark rights, submission of underlying agreement between the parties to this transfer or assignment; (2) approval from the CTO; and (3) finally, the publication of such approval.⁷⁸

Critiques in China have argued that the approval process is unnecessary because it appears to be a violation of the principles established in civil code and does not promote honesty and fulfillment of contractual obligations.⁷⁹ For example, with respect to the first argument, article 26 of Chinese Contract Law governs the timing of a contractual relationship between parties:

Effectiveness of Acceptance: A notice of acceptance becomes effective once it reaches the offeror. Where the acceptance does not require notification, it becomes effective once an act of acceptance is performed in accordance with the relevant usage or as required by the offer. Where a contract is concluded by the exchange of electronic messages, the time of arrival of the acceptance shall be governed by Paragraph 2 of Article 16 hereof.⁸⁰

In other words, there is no additional requirement any approval step for the contract to be formed and to bind the parties.⁸¹ Moreover, trademark rights are merely a subject of this legal instrument and, therefore, that should not abridge the fundamental principle established in Chinese Contract Law.⁸² The CTO should not be the arbiter of when a trademark assignment or transfer takes into effect.⁸³

⁷⁵ 3 CIVIL CODE [C. CIV], Ch. II (Fr.) (providing that four conditions are essential to the validity of an agreement: (1) the consent of the party who binds himself; (2) his capacity to contract; (3) a certain object forming the matter of the contract; (4) a lawful cause in the bond).

⁷⁶ Bürgerliches Gesetzbuch [BGB] [Civil Code], Aug. 18, 1896, Reichsgesetzblatt [RGBl.] 195, as amended, § 398 (Ger.).

⁷⁷ PAUL L. BAECK, THE GENERAL CIVIL CODE OF AUSTRIA 92 (Oceana Publ'ns 1972).

⁷⁸ Implementing Regulations, *supra* note 51, R.21.

⁷⁹ He Guo, *supra* note 71, at 111–12.

⁸⁰ Contract Law of The People's Republic of China (promulgated by the Nat'l People's Cong., Mar. 15, 1999), art. 26. *See also id.* arts. 27–36 (discussing various parameters of acceptance and formation of contracts).

⁸¹ *Id.* art. 26; He Guo, *supra* note 71, at 112.

⁸² *Id.*

⁸³ *Id.*

The basis of the second argument lies in the fundamental concept of good faith in contract negotiation, formation and performance. The concept of good faith was indeed introduced into the current Chinese Contract Law (1999).⁸⁴ To support their arguments, critiques proffer the following hypothetical: suppose party A and party B enter into a contract specifying party A, the owner of a registered Chinese trademark, to transfer or assign rights of the registration to party B⁸⁵ for an amount of 100,000 Yuan, which is paid by party B. The next day, party A meets party C and negotiates a higher price, 200,000 Yuan, for the same trademark registration. Party A subsequently refuses to fulfill the “approval” process to complete the transfer or assignment of the trademark registration to party B. The critics thus argue that this process will promote breach of such type of contract or agreements and encourage bad faith in trademark negotiations.⁸⁶

However, such fear is misplaced, because Chinese Contract Law already has the necessary provisions to curtail activities that would violate contract formation and good faith principles of the law. After all, whether a party wishes to breach a contract is not so much the law can control. The parties' respective obligations and penalty for breach are governed by the terms of the contract. Many times, a breach of contract occurs when a party determines it is worth the penalty for breach. Therefore, it is impossible for contract law or the implementing regulations to completely curb such behavior. On the other side of the Pacific, the parties in the U.S. may prefer to have their day in court to deal with these types of issues.⁸⁷ As such, Chinese courts are likely capable in dealing with these types of breaches like any other contract disputes.

In addition, as a response to the first argument, the implementing regulations should treat trademark assignment or transfer contracts differently because their purpose is to govern all activities pertaining to trademarks. As such, the CTO is and should be the proper administrative agency to take charge in this matter and should uphold the legislative intent of “ensuring that the assignee or transferee would ensure and maintain the quality of goods identified by the trademark that was being assigned or transferred.”⁸⁸

Others may argue that such an “approval” process is a Chinese national protectionism rule that prejudices non-Chinese entities. To the contrary, a similar

⁸⁴ See generally Liming Wang & Chuanxi Xu, *Fundamental Principles Of China's Contract Law*, 13 COLUM. J. ASIAN L. 1, 16–23 (1999) (discussing the role of good faith in multiple situations, including contract formation, contract performance, contract termination, and duties of confidentiality).

⁸⁵ HE GUO, *supra* note 71, at 112.

⁸⁶ *Id.*

⁸⁷ Calboli, *supra* note 66, at 774–75 (explaining that it is the courts, not the United States Patent and Trademark Office, that adjudicate and enforce section 10 of the Lanham Act). Calboli further states:

Specifically, an analysis of the case law on trademark assignment indicates how the courts have provided trademark owners with a growing flexibility to transfer their marks by gradually relaxing the interpretation of what represents goodwill, a concept per se ambiguous and thus susceptible to inconsistent interpretations. Only in very limited instances have the courts interpreted the rule conservatively and declared assignments invalid.

Id.

⁸⁸ See 中华人民共和国商标法实施细则 (1993 年第二次修订), *supra* note 55.

safeguard procedure is also in place with respect to the U.S. trademark practices. According to the eighth edition of the Trademark Manual of Examining Procedure (“TMEP”),⁸⁹ if one wishes to maintain and renew a registered U.S. trademark, one must file an affidavit of use or excusable nonuse of a mark in commerce under section 8 of the Trademark Act.⁹⁰ In particular, TMEP section 1604, including its subsections, set forth all requirements of the affidavit. In particular, TMEP section 1604.15 states, in pertinent part, that (emphasis added) “If, **upon examination, the USPTO determines that the affidavit or declaration is acceptable**, the USPTO sends a notice of acceptance. If the affidavit or declaration is not acceptable, the USPTO issues an action stating the reasons for refusal. 37 C.F.R. § 2.163.”⁹¹

Although examining the affidavits in this context by the USPTO is different from approving and disapproving a trademark transfer or assignment by the CTO, both agencies are fulfilling a similar objective. It is true that the CTO also has a parallel requirement for renewal of registrations.⁹² However, this is where the marked difference between the USPTO’s approach and that of the Chinese is to what is being examined. The USPTO examines the affidavits of use or excusable nonuse while the CTO examines and approves (or disapproves) the trademark assignments or transfers, as well as the renewal of registrations. Both sides are carrying out their responsibilities as an administrative agency to protect the consumers such that trademark rights, as well as the associated good will, are transferred or assigned properly.

It may also be argued that this approval process enables the CTO to control the growth of branding of Chinese enterprises. By being able to approve or disapprove trademark assignments or transfers, the CTO may potentially protect Chinese entities from being wiped out by more established non-Chinese entities via purchasing of Chinese local brands. While this may protect the Chinese entities at first, as the Chinese economy grows, it might just be prolonging the inevitable and thus actually making Chinese entities less competitive in branding.

In the meantime, parties to any assignment or transfer of a Chinese trademark registration should condition the assignment or transfer upon the final approval process from the CTO. As time goes on, the CTO should also start thinking about amending this approval process. One approach may include adopting an existing practice in other intellectual property laws in China, such as the Chinese Patent Law. The Third Amendment to the Chinese Patent Law introduces a new concept⁹³ which states that, in pertinent part:

⁸⁹ U.S. PAT. & TRADEMARK OFF, TRADEMARK MANUAL OF EXAMINING PROCEDURE (8th ed. 2011), available at <http://tess2.uspto.gov/tmdb/tmep> (last visited June 5, 2012).

⁹⁰ *Id.* §§ 1603.3, 1604.

⁹¹ *Id.* at § 1604.15.

⁹² See 2002 Regulations for Implementation, *supra* note 9, art. 27. Article 27 provides:

Where the registration of a registered trademark needs to be renewed, an application for renewal of registration of the trademark shall be submitted to the Trademark Office. The Trademark Office shall, upon approval of the application for renewal of registration of the trademark, issue a corresponding certification and publish the renewal.

Id.

⁹³ Also known as foreign filing license in the US patent practice.

Any unit or individual that intends to apply for patent in a foreign country for an invention or utility model accomplished in China shall submit the matter to the patent administration department under the State Council for confidentiality examination. Such examination shall be conducted in conformity with the procedures, time limit, etc. prescribed by the State Council.⁹⁴

Rules 8 and 9 of the Implementing Regulations of the Patent Law⁹⁵ further define such examination process outlined in Article 20. In particular, Article 9 states that (emphasis added):

Where the patent administration department under the State Council carries out a confidentiality examination in accordance with the notification prescribed in the preceding paragraph, it shall promptly make a decision on whether the invention or utility mode is required to be kept secret and notify the applicant accordingly. **If the applicant fails to receive such a decision within six months from the date of filing its or his request,** it or he may file, in respect of the invention or utility model, an application for patent in a foreign country or an international patent application with the relevant foreign organization.⁹⁶

In other words, the CTO may adopt a similar approach as a future amendment to allow trademark registration transfers and assignments to react to market conditions. This approach may also improve efficiency but continue to maintain the role of ensuring the proper protection of consumers' rights.

IV. CONCLUSION

As commercial activities become ever more global and international, trademark rights are hotbeds among competitors trying to gain a competitive advantage. In addition, China has an overwhelming consumer market and is ripe for continuing economic growth potential. Yet, non-Chinese, sometimes sophisticated, entities and corporations continue to fail to comply with the necessary regulations and apply prudent legal judgments. For a company which knows how to avoid paying billions in taxes to the U.S. government,⁹⁷ Apple has certainly failed in its attempt to properly acquire the Chinese trademark for iPad, with 67 million of Apple iPads

⁹⁴ Patent Law of the People's Republic of China (promulgated by the Standing Comm. Nat'l People's Cong. Mar. 12, 1984, amended Dec. 27, 2008), art. 20.

⁹⁵ Implementing Regulations of The Patent Law of The People's Republic of China (promulgated by the St. Council, June 15, 2001, amended Jan. 9, 2010), R.8-9.

⁹⁶ *Id.* R.9.

⁹⁷ Charles Duhigg & David Kocieniewski, *How Apple Sidesteps Billions in Taxes*, N.Y. TIMES (Apr. 28, 2012), http://www.nytimes.com/2012/04/29/business/apples-tax-strategy-aims-at-low-tax-states-and-nations.html?_r=1&pagewanted=all.

being sold since 2010.⁹⁸ This “approval” process under the Chinese trademark implementing regulations is critical and vital to eliminating unnecessary legal disputes as well as securing long-term success in protection of trademark rights in China.

⁹⁸ Nick Winfield, *Apple Profit Rises on Higher iPhone and iPad Sales*, N.Y. TIMES (Apr. 24, 2012), <http://www.nytimes.com/2012/04/25/technology/apple-profits-up-as-iphone-sales-grow-88.html>.