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IP Strategies for International Businesses – Trade Marks

8 May 2017

Agenda

- What is a trade mark?
- The protection conferred to a trade mark
- Maximising the value of your trade marks: global filing strategies
- Trade marks as a profit engine
- Trade marks as valuable assets for financing business development
- Tackling squatters and infringers



What is a trade mark? (Cont.)

- Consist of words:
 - Letters
 - Characters
 - Slogans *You Dream, We Display*
 - Numerals *2.55*
- Consist of devices:
 - Designs (devices)
 - Figurative elements
 - Shape of goods or their packaging

TP-LINK



Y-3



NEW YORK



What is a trade mark? (Cont.)

- Non-conventional marks

- Sounds



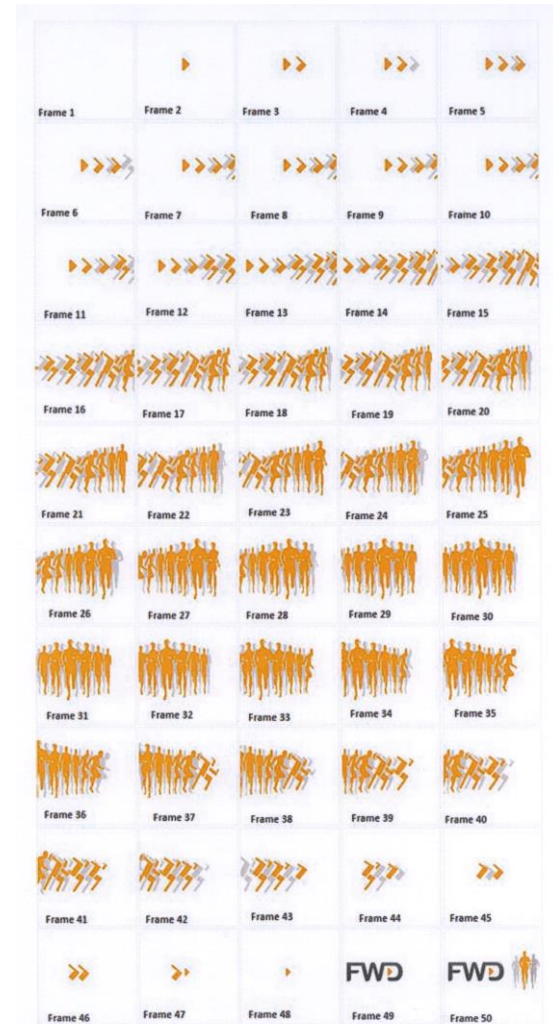
- Movements

- Smell

- Colour(s) e.g.



- Combination of the above



Non-conventional marks

- Certification mark
 - A sign indicating that the goods/services with such a sign are certified by the owner of the sign in certain respects (e.g. origin, material, mode of manufacture of goods or performance of services, quality, accuracy etc.)



Non-conventional marks (Cont.)

- Collective Mark
 - A sign distinguishing the goods or services of members of the association which is the owner of the sign from those of other undertakings
 - Helps to indicate the commercial origin of goods or services in members of an association





The protection conferred to a trade mark

- Grant of exclusive right upon registration
- Territorial protection only
- First to file v first to use trademark priority system
- Some countries with a first-to-file for registration system are:
 - China
 - Japan
 - Thailand
 - Spain
 - Germany
 - France

The protection conferred to a trade mark (Cont.)

- Limits to the specification of goods or services intended to covered by its registration
 - Class 3 : Cosmetics, perfumery personal care products
 - Class 9 : Scientific apparatus, sunglasses
 - Class 14 : Jewellery, timepieces
 - Class 24 : bedding and linen
 - Class 25 : Clothing, footwear, headgear
 - Class 35 : Retail services
- Perpetual, subject to renewal generally at the interval of 10 years (may need to prove use before renewal in some jurisdictions)

- ® / ™



Maximising the value of your trade marks: global filing strategies

- What kind of trademark, how and where to register
 - Registering the mark as a whole and/or breaking it up into different distinctive elements and registering these individually

Example :



- Prioritise the countries e.g. countries of market, places of manufacture, potential future markets etc.
 - Classes of goods/services of interest e.g. likelihood of expanding into different lines of goods/services
- **Clearance search**

Maximising the value of your trade marks: global filing strategies (Cont.)

PRC, Hong Kong, Macau, Taiwan

- Separate systems of registration and protection in Hong Kong, Macau, PRC, Taiwan
- register your trade marks in all these jurisdictions separately



Maximising the value of your trade marks: global filing strategies (Cont.)

European Union Trade Mark (EUTM)

- Managed by the European Intellectual Property Office
- Allow a single registration of trade mark to cover 28 countries of the European Union (EU)
- Unified exclusive right to use the trademark throughout all EU member countries
- Cannot select to cover only some of the countries.
- Advantage
 - Economical way to register trademark worldwide in terms of cost
- Disadvantage
 - Refusal or opposition in one member state will make the application fail in all the other member states

Maximising the value of your trade marks: global filing strategies (Cont.)

EUTM (Cont.)



Maximising the value of your trade marks: global filing strategies (Cont.)

International Registration (IR) under the Madrid System

- An international arrangement to facilitate the registration and management of trade marks in multiple jurisdictions, administered by the World Intellectual Property Organization (WIPO)
- Application via the trade mark office where the basic registration/application is held (Office of origin)
- Simply file a single international application, pay one set of fees, and designate one or more contracting parties
- Manage post-registration matters of trade mark portfolio (e.g. renewal, recording of licenses and assignments) in different designated contracting parties through a single procedure with the WIPO and the payment of one fee

Maximising the value of your trade marks: global filing strategies(Cont.)


International Registration (IR) under the Madrid System (Cont.)

- 98 contracting states, China is a member but the Madrid System does not apply to Hong Kong
- 2014 consultation exercise on proposed implementation of the Madrid System in Hong Kong
 - ☺ HK to adopt the Madrid System in 2019 the earliest
 - ☺ Hong Kong Trade Marks Registry
 - act as an Office of origin and a designated office
 - submit international applications to the WIPO directly after certification
 - receive from the WIPO and process incoming requests for territorial extension of protection directly

Maximising the value of your trade marks: global filing strategies (Cont.)

- **International Registration (IR) under the Madrid System (Cont.)**
 - ☹ Brand owners filing through Hong Kong (or China) as the Office of origin will be subject to territorial restrictions
 - ☹ An IR originating from Hong Kong cannot designate China, and vice versa
 - ☺ Brand owners not filing through Hong Kong or China as the Office of origin → option of extending protection for IR to both Hong Kong or China
 - ☺ A special arrangement with China to facilitate reciprocal filing of trade mark applications?

Trade mark as a profit engine – Trade mark license

- Permits a third party to use the trade mark in connection with specific products or services
- In return for rewards 
 - Extend reach and increase exposure of trade marks
 - Additional cash flow in the form of royalty payments for revenue and expansion
 - sparing the costs and risks in creating the IP assets
- Freedom for parties to negotiate the terms of licence
 - General or limited licence
 - Exclusive or non-exclusive licence

Trade mark as a profit engine – Trade mark license (Cont.)



Trade marks as valuable assets for financing business development – Assignments

- A trade mark is personal property transmissible by assignment
 - A registered trade mark, or an application for registration of a trade mark can be assigned
 - may be partial/limited → not all of the goods or services of the registration or application
 - must be in writing and signed by the assignor
 - a registrable transaction
 - Failure to record an assignment within a prescribed period of time will deem the transaction as ineffective as against a person acquiring a conflicting interest without knowledge of it
 - Limited relief in infringement proceedings



Trade marks as valuable assets for financing business development – Security Interest

- Security for loans or other financial obligation
 - A charge over the trade mark application or registration
 - Registrable transaction again
 - Registration of the particulars of a security interest over a trade mark
 - gives notice to persons who search the register
 - protection to the lender

Trade marks as valuable assets for financing business development – Valuation

- “Can a trade mark have value separate from the company’s assets?”
- Estimation: the trademark “Coca-Cola” worth billions USD

























The image shows the iconic Coca-Cola logo in its signature red script font. The letters are fluid and connected, with a classic, elegant design.

Trade marks as valuable assets for financing business development – Valuation (Cont.)

- Transforming intangible trade mark asset into quantifiable terms for commercial transactions
- Different approaches for valuing IP
 - Cost method
 - Method value method
 - Income or economic benefits method

Trade marks as valuable assets for financing business development – Valuation (Cont.)

Best Global Brands 2016 report published by Interbrand

01  +5% 178,119 \$m	02  +11% 133,252 \$m	03  -7% 73,102 \$m	04  +8% 72,795 \$m	05  +9% 53,580 \$m	06  -19% 52,500 \$m	07  +14% 51,808 \$m	08  +33% 50,338 \$m <small>TOP GROWING</small>
09  +18% 43,490 \$m	10  +2% 43,130 \$m	11  +12% 41,535 \$m	12  -1% 39,381 \$m	13  +6% 38,790 \$m	14  +4% 36,952 \$m	15  +48% 32,593 \$m <small>TOP GROWING</small>	16  +4% 30,948 \$m
17  -3% 26,552 \$m	18  +9% 25,034 \$m	19  +8% 23,998 \$m	20  +2% 22,681 \$m	21  -4% 22,106 \$m	22  +13% 21,293 \$m	23  +3% 20,265 \$m	24  -10% 19,950 \$m

Enforcement – Tackling squatters and infringers

Trademark Infringement and Passing-off

- unauthorised use in the course of trade or business a sign which is identical or similar to a **registered** trade mark in relation to goods or services which are identical or similar to those which it is registered
- some **unregistered** trademarks may be protected under Common Law doctrine “Passing-off”
 - the brand owner has goodwill or reputation in his goods or services (e.g. the relevant goods/services are well-known to the public);
 - the alleged infringer has made a misrepresentation leading or likely to lead the public to believe that his goods or services are those of the brand owner; and
 - the brand owner has suffered or is likely to suffer damage (usually business loss) as a result.

Enforcement – Tackling squatters and infringers (Cont.)

Defence to Infringement Claim

- use of a mark which is registered;
- use by a person of his own name;
- use of signs which serve to designate characteristics of goods or services;
- use of a mark where it is necessary to indicate the intended purpose of goods or services (for example, as accessories or spare parts);
- continuous user of the mark or sign **before the first use and registration of the registered mark in Hong Kong**;
- where the mark was used in relation to goods put on the market anywhere in the world under that mark with the owner's consent (express or implied, and conditional or unconditional), except where the condition of the goods had been changed or impaired after they have been put on the market, and the use of the mark would be detrimental to the distinctive character or repute of the trade mark.
- etc.

Enforcement – Tackling squatters and infringers

Trade Mark Squatters

- opportunists trying to obtain abusive registrations in hopes of selling them to brand owner at a profit in future
- Precautions
 - Country-specific or worldwide trademark watching for publications of trademark registration applications
 - Monitoring the activities in company name registries, domain name registries etc. to identify misuse of a company's trademarks

Enforcement – Tackling squatters and infringers (Cont.)

Shadow/Offending Companies

No.	English Name	Chinese Name
1.	FRANCE <u>MONTAGUT</u> HOLDING GROUP LIMITED	法國 夢特嬌 控股集團有限公司
2.	FRANCE <u>MONTAGUT</u> SPINNING & WEAVING TECHNOLOGY LIMITED	法國 夢特嬌 紡織科技有限公司
3.	<u>Montagut</u> Far East Limited	夢特嬌 遠東有限公司
4.	FRANCE <u>MONTAGUT</u> HOLDINGS LIMITED	法國 夢特嬌 控股有限公司
5.	<u>MONTAGUT</u> ARISTOCRATIC FAMILY (HK) GROUP LIMITED	夢特嬌 世家(香港)集團有限公司
6.	FRANCE <u>MENGTEJIAO</u> SHOES & CLOTHES HOLDING LIMITED	法國 夢特嬌 鞋服控股有限公司
7.	<u>MONTAGUT</u> FINERY GROUP (HK) DEVELOPMENT LIMITED	夢特嬌 服飾集團(香港)發展有限公司
8.	<u>MENGTEJIAO</u> YIDE GROUP (FRANCE) TEXTILES CO., LIMITED	夢特嬌 易得集團(法國)紡織品有限公司
9.	SHANGHAI <u>MENGTEJIAO</u> (HK) TEXTILE LIMITED	上海 夢特嬌 (香港)紡織品有限公司
10.	FRANCE <u>MONAQU</u> (YUANDONG) INT'L LIMITED	法國 夢納嬌 (遠東)國際有限公司
11.	<u>MONTAGUT</u> APPAREL GROUP (SHANXI) CO., LIMITED	夢特嬌 服飾集團(山西)股份有限公司
12.	FRANCE <u>MOTOJO</u> INTERNATIONAL (HOME TEXTILES) LIMITED	法國 夢特嬌 國際家紡有限公司
13.	<u>MTJ</u> (FRANCE) FINERY CO., LIMITED	夢特嬌 (法國)服飾有限公司
14.	<u>MONTAGUE</u> INTERNATIONAL TRADING LIMITED	-
15.	<u>MONTAGUE</u> PICTURES LIMITED	-

Enforcement – Tackling squatters and infringers (Cont.)

Shadow/Offending Companies

- HK Companies Registry only conducts search for “identical” company names
- No trade mark search by HK Companies Registry
- Easy for anyone to register a company name consisting of a famous brand

1. Lodge complaints to the Companies Registry

- on the basis it is “too like” prior company names and within 12 months of incorporation

2. Initiate court proceedings for cancellation or change of name

- on the basis of trademark infringement and passing-off against the said company

Enforcement – Tackling squatters and infringers (Cont.)

Domain Name Squatters

- montagut.com
- montaut.com.tw
- montagut.cn
- montagut.net
- montagut.tech
- montagut.biz
- Montagut.org
- montagut.eu
- montagut.asia
- montagut.link
- montagut.club
- montagut.live
- montagut.news
- montagut.space
- montagut.co.nz
- montagut.net.co
- montagut.trade
- montagut.website
- montagut.site
- montagut.group

Enforcement – Tackling squatters and infringers (Cont.)

Domain Name Squatters (Cont.)

- “First-come, first-served” rule for domain name registration
- Domain Name: Internet keyword
 - E.g.: .com / .hk / .cn
- review company’s domain name policy and portfolio to decide what domain names they wish to protect
- Dispute handled by arbitration
 - Hong Kong International Arbitration Centre
- A trade mark registered owner can demand the domain name squatter to transfer or deregister the domain name registered in bad faith

Points to take away – Managing your IP assets

1. Developing a trademark registration program
2. Using a trademark properly
3. Having an ongoing enforcement program



Q&A

solutions • not complications