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Client Success: Thinking Outside the “Bag” Leads to Victory in China.

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In January 2010, a global handbag and accessory brand (“The Brand”) filed a trademark application in China to protect its mark for use in connection with handbags.

To set the stage for this story, we note that China is an important jurisdiction for global brand owners to secure protection. China is a “first-to-file” country, meaning that generally, only registered trademark rights are recognized and enforceable against third parties. While many jurisdictions around the world have a similar trademark system, securing protection in China is particularly critical given the jurisdiction’s historically rampant counterfeiting problem. Since brand owners need a registration in China to protect against counterfeiters, trademark-squatters in China have developed a practice of filing trademark applications for up and coming brands with the intention of selling the applications back to the owner for a hefty premium. These squatters are basically extorting brand owners and there is little a brand owner can do absent paying off the squatter.

Regarding the application in question, the Chinese Trademark Office rejected The Brand’s application in late 2010 based on an idiosyncratic provision in local trademark law prohibiting trademark registration of religious terms. The Brand’s prior trademark counsel advised to abandon the application in China and that’s what occurred.

About a year later, The Brand engaged Kilpatrick Townsend to take over its global trademark portfolio. The firm team handling the matter at the time was **Marc Lieberstein**, **Jill Tomlinson**, former partner, Linda Du, and former associate, Lindsay Victor.

The team reviewed our new client’s portfolio, identified a huge gap in protection in China, and constructed a creative plan to garner some protection for The Brand in China, including filing for a misspelling of its mark to avoid a religious refusal.

In the interim, an infamous trademark-jacker (“Third Party X”) in Hong Kong filed several applications for our client’s marks, including an application incorporating elements of The Brand’s logo.

Our client subsequently filed applications for its trademark and attempted to negotiate a purchase of the Third Party X’s prior filed applications. The initial offer was $1 million.

As soon as Third Party X caught wind of the fact that The Brand was considering purchasing its applications, it upped the ante by filing for a misspelled version of The Brand’s trademark.

Our client was backed into a corner, but the Kilpatrick Townsend team (adding associate **Tina Mepani** at this stage) stepped in and came up with a creative registration strategy that, if successful, would avoid having to pay Third Party X anything. Specifically, the firm recommended filing for the misspelling, filing for a copyright registration for its iconic design, and opposing Third Party X’s applications on the basis that they were filed in bad faith.

The plan was implemented and the firm was able to successfully stop Third Party X's prior bad faith applications from registering. Moreover, Kilpatrick Townsend was able to altogether cancel Third Party's registration for The Brands' misspelling along with the design on the basis that it owns a copyright registration in the design. By clearing up Third Party X's bad faith applications and registration, The Brand's mark was able to mature to registration.

With creative legal thinking and persistence, the firm team was able to get an excellent result for a client that gave up on securing important protection in China years ago.

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