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PROTECTION OF INTELLECTUAL PROPERTY IN THE REPUBLIC OF CHINA

Trademark Protection of Motion Pictures, Merchandising Items, and Television Programs in the Republic of China

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I. INTRODUCTION

Trademarks and service marks are valuable intellectual property rights which must be protected against unauthorized use. For example, a world-famous mark such as *E.T.* is capable of generating millions of dollars for its owner. However, the *E.T.* mark would have little or no value if any company were allowed to use it on any product of any quality without the owner's consent.

Unfortunately, trademark infringements, or unauthorized uses of marks, are common throughout the world. Therefore, trademark owners, such as motion picture studios, must adopt the most cost-effective and efficient procedures and policies in order to protect their marks and eliminate infringements. This paper discusses the protection of trademarks and service marks as they relate to motion pictures, merchandising items, and television programs in the Republic of China ("ROC").

II. DEFINING THE PRODUCT

A trademark or service mark is a word, drawing, symbol, or combination thereof, which is used on a product (or in connection with a service) to identify and distinguish that product (or service) from those products (or services) which are manufactured (or provided) by others.¹ In the entertainment industry, a trademark or ser-

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1. TRADEMARK LAW art. 4 (ROC) (1985) (English translation).

vice mark may be anything from an item of merchandise sold in connection with a feature film or television show, to the name of the film or show itself. For example, "Miami Vice" is both a service mark and a trademark. The title "Miami Vice," which is the name of the television series, is a service mark, registrable in the ROC as an entertainment service in Class 1.² The words "Miami Vice," in their stylized logotype, are also trademarks, registrable in the ROC for items of merchandising, such as clothing and toys.

When a trademark is used to identify merchandising items, it is typically licensed by the trademark owner to the merchandiser pursuant to a license agreement. This license agreement should define the licensed product and its territory. However, the licensed trademark remains, at all times, the property of the trademark owner as licensor.

Another category of trademarks, closely related to marks for a television series, consists of trademarks for motion pictures or for a motion picture series, such as the trademark *Jaws*. The title of the motion picture *Jaws*, together with its distinctive shark logo, may be registered as a trademark and merchandised in the same manner as the title of a television series.

Finally, perhaps the most valuable type of trademark in the entertainment industry is the name and logo of the movie studio itself. For example, the famous name and globe design logo "Universal Studios" appears on every film and television series which that studio produces, as well as on all advertising for such films and series. In addition, the "Universal Studios" name and logo may be marketed in association with various consumer goods. Accordingly, the registration of this type of mark and logo is essential, and every effort must be made to protect and preserve the exclusive ownership rights in these valuable trademarks and service marks. The procedure for protecting these marks is discussed below.

III. METHODOLOGY—PROTECTING AND PRESERVING RIGHTS IN TRADEMARKS AND SERVICE MARKS IN THE ROC

Protecting and maintaining the exclusive right to utilize a trademark or service mark in the ROC is a two-step process. First, the mark must be registered. Second, the mark must actually be used on the goods or services for which its registration is obtained.

2. Under ROC Trademark Law, goods and services are separately classified. Specifically, goods are placed into 95 classes, and services into 12 classes. 3 E. HORWITZ, *WORLD TRADEMARK LAW AND PRACTICES*, app. at 5-7 (2d ed. 1990).

A. Registration

ROC trademark law is similar to the laws of most other countries in that it does not impose a requirement that a trademark or service mark be "used" prior to either filing an application to register the mark or prior to obtaining the actual registration.³ An ROC trademark or service mark registration confers upon the owner the exclusive right to use the mark as of the date of the registration.⁴ The exclusive right to use the mark, however, is limited to the matter which is actually registered. The exclusive right to use the mark is also limited to those same goods or services, or goods or services which are in the same class as those for which the mark is registered.⁵ For example, the mark "Miami Vice" may be registered for certain articles of clothing which are categorized as Class 40 under ROC trademark law.⁶ However, if the mark is not also registered for toys and games, which are categorized as Class 78,⁷ then the exclusive right to use the mark only applies to the registered articles of clothing, and *not* to the toys and games. Therefore, if economically feasible, trademark and service mark registrations should always be obtained for all goods and services which the owner intends to manufacture, distribute, or otherwise use in the ROC.

Thus, ROC trademark law provides an advantage to those companies which have the capacity to file applications for every class of goods on which their marks will be used. Also, because there is no prerequisite that the marks be used prior to their registration, the law provides an incentive for trademark owners to protect their marks well in advance of their actual use.

Although obtaining an ROC registration is costly,⁸ once obtained, a registration enables the trademark owner to enter into licensing agreements and otherwise use the registered mark with some degree of security against infringers.

In light of the above, applications to register trademarks and ser-

3. The ROC law has no provisions which require use. See *id.* §§ 3.01-.07; A. JACOBS, *TRADEMARKS THROUGHOUT THE WORLD* C-29 (4th ed. 1989).

4. A. JACOBS, *supra* note 3, at C-29.

5. *Id.*

6. E. HORWITZ, *supra* note 2, app. at 4.

7. *Id.* app. at 5.

8. An ROC registration costs approximately \$1,800. Wang & Wang, U.S.A., Fee Schedule for Handling Patent, Trademark and Copyright Matters in Taiwan, R.O.C. (effective Aug. 1, 1989).

vice marks should be filed, at a minimum, in all of the following categories of goods and services:

1. Toys and games (Class 78);⁹
2. Clothing and wearing apparel (Class 40);¹⁰
3. Movie films and video tapes (Class 93);¹¹ and
4. Education and entertainment services (Class 1).¹²

If a trademark or service mark registration is not obtained either prior to the initial release of a film or television series in the United States, or prior to its distribution in the ROC, then any unlicensed or otherwise unauthorized third party may seek to register the mark. For example, if after the release in the United States of the film *The Land Before Time*, but prior to its release in the ROC, the owner of the trademark has not yet registered the mark *The Land Before Time*, any unauthorized third party with knowledge of the film may file an application to register the mark for the sale of merchandising items. In the ROC, such registration would preclude the United States owner from licensing the mark in the ROC. Under this scenario, the trademark owner will be forced to oppose registration of the infringer's mark without the benefit of the true owner's own ROC registration.

B. Use of Trademarks and Service Marks

Registration, alone, however, is not enough to protect a trademark or service mark in the ROC. Rather, once the trademark or service mark is registered, it must actually be used on the goods or services for which it is registered.¹³ For example, if the mark *E.T.* has been registered for merchandising items, such as clothing and toy dolls, then the trademark owner must enter into licensing agreements for the actual manufacture or sale of those goods in the ROC. A new television series, such as "Knight Rider," must be distributed to local ROC television stations for actual airing in the ROC. Likewise, motion pictures, such as *E.T.* and *Jaws*, must be distributed either initially in ROC theaters, or later on videocassette. These recommendations are acknowledged to be based upon optimal market conditions. For example, it may not always be economically feasible to

9. E. HORWITZ, *supra*, note 2, app. at 5.

10. *Id.* app. at 4.

11. *Id.* app. at 6.

12. *Id.* app. at 7.

13. One cannot prevail in an infringement opposition or enforce one's rights without evidence of use.

market or sell certain films or television series in the ROC, even if they are successful in the United States. Moreover, even if the series or film is to be aired or released in the ROC, there may be a lag time between the initial release in the United States and the subsequent distribution in the ROC. The United States owner should be aware, however, that this situation will often leave the trademark vulnerable to unwanted infringements.

IV. CONSEQUENCES OF FAILURE TO REGISTER OR USE MARKS

A. Opposition Proceedings Against Unauthorized Applications to Register the Mark

It is likely that unauthorized third parties will attempt to register well known United States trademarks, such as *Jaws* or *E.T.*, in the ROC in order to exploit their fame. If the owner of the United States trademark has not registered the mark in the ROC, or has only registered the mark for a limited number of goods or services, then the owner will be forced to enter into a potentially lengthy and costly "opposition proceeding" to preserve his or her rights.

In order to guard against such unauthorized registrations, trademark owners frequently subscribe to outside "watching" services. These services notify the owner when a mark which is confusingly similar to, or identical with, the owner's mark, has been approved for registration by the trademark office of a foreign country.¹⁴ The United States trademark owner, as an interested party, must then file an "opposition" to the registration of the mark. The opposition proceeding must be initiated in the ROC within three months of the mark's publication date.¹⁵

The grounds upon which the United States trademark owner may base his or her opposition are limited. Generally, the owner may only oppose registration of the mark on the basis that the mark is likely to deceive the public, or on the ground that the mark is identical with or similar to the owner's own famous mark.¹⁶ Substantial

14. The ROC Trademark Office, for example, will approve a third party's trademark application if there are no conflicting registered marks. TRADEMARK LAW art. 37(12) (ROC) (1985) (English translation).

15. *Id.* art. 41.

16. More specifically, the United States trademark owner may base his or her opposition upon any one of three grounds.

1. The mark is likely to deceive the public or to cause the public to form a mistaken belief. *Id.* art. 37(6).

evidence is necessary to prevail based on these grounds. Examples of the type of evidence sufficient to prevail include:

1. Certificates of registration of the mark in all other classes;
2. Receipts and invoices for advertising expenditures;
3. Accounting records confirming profits;
4. Receipts and invoices for promotional expenditures;
5. Examples of advertisements and publicity, such as the actual advertisements in newspapers, magazines or catalogs, or receipts for those advertisements, or for television and radio commercial advertisements;
6. Copies of schedules documenting the time a motion picture is released or dates a television series is aired;
7. Accounting records, invoices or shipping documents showing the importation of the product bearing the trademark into the ROC;
8. The identity of an ROC agent used for selling or distributing the series, film or product; and,
9. If a product is to be manufactured in the ROC for export only, then the trademark owner must provide evidence of the manufacture and exportation of the product, including sales documents.

Moreover, it may be necessary to bolster the evidence listed above with copies of worldwide trademark registrations, as well as with evidence of worldwide advertising, publicity, distribution, and sales.

However, if the mark has been registered in the ROC for goods or services similar to those for which the infringer has filed his or her application, two outcomes are possible. One possibility is that the infringer's application will be refused registration by the ROC Trademark Office. On the other hand, if the trademark office mistakenly allows the application, then the owner will be able to definitively base his or her opposition upon the exclusive registration provisions of the ROC trademark law and to cite his or her exclusive rights to use the mark.

B. Cancellation Proceedings—When a Registered Trademark or Service Mark Is Not Used

A registered trademark or service mark is subject to cancellation if it is not actually used on the goods or services for which it is regis-

2. The mark is identical with or similar to a famous mark of another person used on the same goods or goods in the same class. *Id.* art. 37(7).

3. The mark is identical with or similar to another person's registered trademark used for the same goods or for goods in the same class, or identical with or similar to a registered trademark which has expired within two years. *Id.* art. 37(12).

tered within two years of the registration date.¹⁷ ROC trademark law provides that the right of exclusive use of a trademark or service mark may be cancelled in either of two ways. First, the ROC government may cancel the right on its own initiative. Second, the government may cancel the right upon application by an interested party if, without good cause, the trademark has not been used for two years after its registration or has not been used for any consecutive two year period after registration.¹⁸ Moreover, once a trademark or service mark has been cancelled pursuant to article 31(2) of the ROC Trademark Law, the owner faces several repercussions. He or she is not eligible to re-apply for registration, or to acquire by assignment, or to use under license, a trademark identical with or similar to the originally registered trademark for the same goods or goods in the same class for a period of three years from the date of cancellation.¹⁹

Thus, failure to use a registered mark results in severe penalties for the trademark owner. In order to successfully defend against cancellation of a registered mark and avoid the resultant penalties, the trademark owner must provide evidence of the following:

1. Examples of continued use of the mark as a trademark on either the products themselves (such as T-shirts) or on packages or containers containing the products;
2. Evidence of sales of the trademarked product (dollar figures and amount of goods sold) either in the ROC, or of goods which were manufactured in the ROC solely for export. Such evidence should indicate the dates of the sales and the names of the marks. Evidence of the sales may be in the form of sales receipts, invoices, certificates for importing goods into the ROC, sales notes, bills of lading, or accounting records; and
3. Evidence of release of a television series or motion picture film, such as newspaper or magazine advertisements, or documents from local ROC television stations which show the length of time the series has been aired, the ratings achieved, or the amount of advertising and publicity dollars spent.

V. CONCLUSION

Established ROC trademark law does provide the mechanism for protecting trademarks. However, compliance with the letter of the law must be total and complete in order for a United States trademark

17. *Id.* art. 31(2).

18. *Id.*

19. *Id.* art. 37(4).

owner to protect its trademarks. Although the procedures for registration and subsequent use are often lengthy and expensive, it is essential that all efforts be made to comply with these procedures in order to fend off unauthorized exploitation of one's valuable trademark and service mark rights.