

MICHAEL JORDAN'S TRADEMARK VICTORY IN CHINA: A LESSON LEARNED FOR INTERNATIONAL COMPANIES

On December 8, 2016, the China Supreme People's Court rendered a partially favorable decision for basketball legend Michael Jordan in his four-year battle against China-based sportswear company Qiaodan Sports Company Limited ("Qiaodan Sports") over the use of his name. Jordan's victory signals China's highest court recognizes non-Chinese citizens' right to protect their names and to some extent implies the court's determination to fight copycats. Yet, international companies should not celebrate too soon – the majority of trademark infringement cases in China still favor trademark squatters.

The Court found that "Jordan" in its Chinese characters enjoys wide popularity and has been used on various occasions to refer specifically to Michael Jordan. The claim raised was that Qiaodan Sports had "maliciously" registered trademarks for the use of Jordan's name under different classes and built its entire business on that goodwill. Although Qiaodan Sports had significant investment in the brand and had occupied a certain market share for nearly a decade, Jordan's right to his Chinese name prevailed. However, the Court declined the protection on Jordan's family name in its phonetic spelling version, "Qiaodan" (pronounced as "Chee-ow-dahn") because the Court believed that there was no established link between the phonetic spelling and Jordan as a person. Jordan, who is also the chief executive officer of The Jordan Brand, a division of Nike, said he was happy about the Court's recognition of the right to protect his name.

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Implications for International Companies

Unlike the “first-to-use” principle in the U.S., China implements a “first-to-register” trademark policy under which trademark rights are granted not based on use but instead on registration. Although Jordan finally scored victory in his long campaign, this case should serve as a warning to international companies that trademark squatters are rampant in some foreign countries. Be wary that someone may already use your name or well-known mark in another corner of the world and might have already obtained the legal right to do so. When evaluating overseas trademark protection, businesses should consider:

- *Defensive Trademark Registration in China*

Most companies doing business in China are familiar with this concept, but besides seeking cross-class filing as a defense, they need to be more cautious about the language itself. For example, in China, other than “Apple” the English mark, there is “Apple” in Chinese character and “Apple” in Chinese phonetic spelling. Even Jordan was unable to protect the Chinese phonetic version of his name, so less widely known brands would most likely suffer the same fate. Additionally, the names of celebrities are often of great commercial value. When a famous name is associated with a brand like Jordan and Nike, don’t assume a foreign court would always support the celebrity. Develop a proactive overseas trademark strategy as early as possible. Note that most other countries, including the U.S., require the “intent to use” for trademark registration, so defensive filing may not be an option in those territories. Consult your legal counsel for advice on defending trademark rights when protection is based on use.
- *Other Approaches to Cross-class Protection*

Sometimes from the business perspective, filing and maintaining too many defensive trademarks can be costly and wasteful. Seeking cross-class protection as a “well-known” mark in China would help simplify the “watch list.” Also, cross-class trademark protection



could be achieved through securing other priority rights, such as copyright and the right of name.

- *Monitor Counterfeiting Activities*

Jordan did not start opposing Qiaodan Sports' use of the disputed trademarks until 10 years after they were first registered. Overseas copycats are difficult to detect, and by the time they are discovered, either the statute of limitation has passed or the counterfeiting business has developed too far. More challenges are posed with the rise of cross-border shopping on e-commerce platforms.

International companies should implement robust anti-counterfeiting programs to monitor and detect potential infringements around the globe for early prevention.