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Under Armour v. Uncle Martian: A Case Study in Protecting American Trademarks in China Against Homegrown Squatters

JOHN KELLER, JR.[†]

I. INTRODUCTION

China is an enigma in many regards. For example, China is a country run under the guise of communism, yet is considered by many scholars to have a “hyper-capitalist” economy.¹ This case note will focus on China’s innovational enigma. Ancient China produced many great innovations for the world. However, many claim that modern China’s innovation is attributed to the theft of intellectual property from the United States and other nations.² President Donald J. Trump and other American politicians have called on China³ to

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1. Paul W. Boltz Jr., *Are You Ready for China?*, 16 BUS. L. TODAY 27–28 (2007).

2. See, e.g., *Communist Chinese Cyber-Attacks, Cyber-Espionage, and Theft of American Technology: Hearing Before the Subcomm. on Oversight and Investigations of the H. Comm. on Foreign Affairs*, 112th Cong. 38 (Apr. 15, 2011) (prepared statement of Adam Segal, Ira A. Lipman Senior Fellow for Counterterrorism and National Security Council on Foreign Relations).

3. For purposes of this case note, “China” as used in this sentence, refers to the companies within China that are stealing other’s intellectual property, not the country itself. It should be noted, however, that many of China’s companies are owned, or are under the influence and control of, the Chinese Communist Party (CCP). See *Communist Chinese Cyber-Attacks, Cyber-Espionage, and Theft of American Technology: Hearing Before the Subcomm. on Oversight and Investigations of the H. Comm. on Foreign Affairs*, 112th Cong.

desist engaging in this unscrupulous behavior; and, President Trump has taken retaliatory punitive measures via the implementation of tariffs on Chinese goods.⁴

Despite China's rampant theft of American intellectual property, China recently rendered a trademark judgment in favor of an American company in the landmark case *Under Armour v. Uncle Martian*.⁵ The judgment rendered in *Under Armour* is monumental for two reasons: the first being China's willingness to grant a preliminary injunction against a bad-faith infringer; and, the second, and most important, being China's willingness to acknowledge a foreign trademark holder's rights against one of its own homegrown companies. This case note acknowledges that *Under Armour* is a step in the right direction in terms of protecting foreign-based companies' intellectual property; but, the case note also expresses several reservations about any potential inference that *Under Armour* will serve as the "end-all" case, given China's wavering history with handling intellectual property disputes involving foreign-based entities.

Most importantly, this case note should serve as a guide for American businessmen looking to protect their trademark rights abroad in China, as the case note will conclude with several important takeaways. These takeaways include the importance of filing a trademark registration as soon as possible in China; the importance of registering all potential translations, transliterations, and variations of a tradename; and, the importance of adopting a proactive and aggressive stance for handling infringers. These takeaways provide a case study of how Under Armour was successful in attaining its victory, while similarly-situated sports apparel competitors were left remediless in the Chinese courts.

38 (Apr. 15, 2011). Thus, it may be said the CCP is taking a role in the intellectual property theft; or, at the least, it may be said the CCP is turning a willfully blind eye to the theft. *Id.*

4. Statement on Proposed Additional Tariffs Against China, 2018 DAILY COMP. PRES. DOC. 221, 1 (Apr. 5, 2018).

5. An Dema Inc., An Dema (Zhōng guó) Co., Ltd. (安德玛, 安德玛(中国)有限公司) [*Under Armour v. Under Armour (China) Co., Ltd.*] (Fujian Province Higher People's Ct. 2016), translated in https://oshaliang.com/newsletter/under-armour-won-trademark-battle-against-uncle-martian-in-china/#_ftnref1.

II. LEGAL BACKGROUND

A. Trademark Law in China is a New and Developing Field

Before discussing China's trademark laws, it is important to first note that China did not recognize such rights for most of its history. In fact, the Trademark Law of the People's Republic of China (China's Trademark Law) was enacted only in 1982.⁶ Many intellectual property scholars attribute China's reluctance to adopt trademark and other intellectual property protection to China's Confucianist heritage.⁷ Confucianism encourages, rather than detests, the act of copying and imitating.⁸ In fact, the "Master [Confucius] said: I transmit rather than create; I love and believe in the Ancients."⁹ As soon as China opened its doors to a market-based economy, the Chinese were quick to copy American "ancients" such as Kentucky Fried Chicken, New Balance, and the like, which had long-standing success in America's free market system.¹⁰ Now that China has become a more developed country under a market-based economy, China has realized it needs to adopt the legal protections that come with such an economy, including intellectual property laws.¹¹

6. After being enacted in 1982, the statute has only been amended three times: in 1993, 2001, and 2013. 中华人民共和国商标法 [Trademark Law of the People's Republic of China]. (promulgated by the standing Comm. Nat'l People's Cong., Aug. 23, 1982, amended Aug. 30, 2013), *translated in* <http://www.wipo.int/wipolex/en/details.jsp?id=13198>.

7. WILLIAM P. ALFORD, *TO STEAL A BOOK IS AN ELEGANT OFFENSE: INTELLECTUAL PROPERTY LAW IN CHINESE CIVILIZATION*, 9–30 (1995).

8. *Id.*

9. *Id.* at 9 (quoting *The Analects of Confucius*, bk. 7, ch. 1).

10. The adage "a picture is worth a thousand words" has great force in terms of trademark matters, since trademarked brands and logos are inherently visual in nature – something words alone cannot fully depict. Thus, for first-hand video and photographic depictions of these trademark infringements in China, see ADVChina, *Chinese Advertisers Hate This Man!*, YOUTUBE (Mar. 29, 2018), <https://www.youtube.com/watch?v=r9d50DgH9Yo> (showcasing a street filled with six different counterfeit New Balance stores passing off counterfeit New Balance shoes); ADVChina, *How Bad is Piracy in China?*, YOUTUBE (Jan. 5, 2016), <https://youtube.com/watch?v=9loDBwp5ST0> (showcasing a knockoff Kentucky Fried Chicken).

11. Ben Blanchard, *China's Supreme Court to Take on Intellectual Property Cases*, REUTERS (Dec. 29, 2018), <https://www.reuters.com/article/us-china-ipr/chinas-supreme-court-to-take-on-intellectual-property-cases-idUSKCN1OS0C5> ("China is already the world's second largest economy, and in the future China's development will rely on innovation. The protection of innovation needs there to be legal protection for intellectual property rights.").

The relative newness of China's Trademark Law may explain the inconsistent legal rulings emanating from various jurisdictions, such as the ones discussed in this case note. In 1995, a legal scholar noted that many "local courts are simply not independent enough to pass judgment on pirating industries which, at times, practically comprise the entire local economy."¹² China seems to have addressed this problem earlier this year with the addition of a national intellectual property court, where intellectual property-related appeals from local courts may be made directly.¹³

B. Modern Chinese Trademark Law as Applied to Foreign-Based Sports Apparel Companies

From *Michael Jordan v. Qiaodan*¹⁴ to *New Balance v. Zhou Lelun*,¹⁵ trademark squatting in the field of sports apparel and athletic footwear is a lucrative space for pirates in China.¹⁶ Successful American brands such as Nike, Converse, and Vans are the usual targets of pirates.¹⁷ Under Armour, however, broke the barrier as the first major foreign sports apparel company to win a trademark lawsuit in China.¹⁸

1. Michael Jordan v. Qiaodan

Michael Jordan v. Qiaodan was a landmark case between NBA superstar Michael Jordan (Jordan) and Qiaodan Sports, Co. (Qiaodan Sports) that reached the Supreme Court of the People's Republic of China (the Court) over the use of the name "Jordan" for branding

12. Guy Yonay, *Book Note: To Steal a Book is an Elegant Offense: Intellectual Property Law in Chinese Civilization*, 8 HARV. J. L. & TECH. 537, 539 (1995).

13. *Updates on China's Specialized IP Courts and Tribunals*, LEXOLOGY (Jan. 27, 2019), <https://www.lexology.com/library/detail.aspx?g=365fea3e-d682-4b63-822d-d7c9f0959b5d>; Ben Blanchard, *China's Supreme Court to Take on Intellectual Property Cases*, REUTERS (Dec. 29, 2018), <https://www.reuters.com/article/us-china-ipr/chinas-supreme-court-to-take-on-intellectual-property-cases-idUSKCN1OS0C5>.

14. Michael Jordan, Qiaodan. (迈克尔·乔丹, 乔丹) [*Michael Jordan v. Qiaodan*] (Sup. People's Ct. 2016), translated in <https://oshaliang.com/newsletter/chinas-supreme-court-ruled-on-%E4%B9%94%E4%B8%B9-jordan-trademark-dispute/>.

15. Xinbailun (China) Co Ltd v. Le Lun Zhou (周乐伦), Guangzhou Intermediate People's Court, Guangdong Province (2013) No. 547.

16. Ai-Leen Lim, *Under Armour Successfully Ends Copying by Uncle Martian*, LEXOLOGY (Feb 21, 2018), <https://www.lexology.com/library/detail.aspx?g=b57a156c-82e8-4a95-9e9f-a8f25f0da5f3>.

17. See, e.g., Brandon Richard, *Half a Million Pairs of Fake Shoes Valued at \$87 Million Seized in China*, SOLE COLLECTOR (May 25, 2017), <https://solecollector.com/news/2017/05/half-million-fake-shoes-seized-china>.

18. See *infra* Section III.

athletic footwear.¹⁹ In 2002, Qiaodan Sports registered ten trademarks in China relating to the Chinese characters for Jordan, 乔丹, and the pinyin word for Jordan, QIAODAN.²⁰ Ever since, Qiaodan Sports has regularly used these trademarks in merchandising and advertising its footwear.²¹ The issue before the Court was whether a United States citizen, Michael Jordan, has the right to use the Chinese transliteration of his surname.²² While the Court declared Jordan has rights to the Chinese characters of his name, 乔丹, the Court did not grant Jordan rights to the pinyin word of his name, Qiaodan.²³

Unlike most countries, including the United States, which have a first-in-use trademark registration system, China has a first-to-file system.²⁴ In other words, in the United States, whomever is the first to *use* the mark in commerce generally has ownership in the mark, whether it is registered with the Trademark Office or not; whereas, in China, whomever is the first to *file* a registration has ownership of the mark. Michael Jordan had no registered trademarks in China, while Qiaodan had already registered its trademarks and had used the trademarks for over a decade before Jordan tried asserting his rights to his surname as a trademark.²⁵

Since Michael Jordan's trademarks were not registered in the country, Jordan had to resort to claiming his mark was famous and had an established reputation in China.²⁶ The Court agreed with Jordan in that he had prestigious renown in China, and was thus

19. Michael Jordan, Qiaodan. (迈克尔·乔丹, 乔丹) [*Michael Jordan v. Qiaodan*] (Sup. People's Ct. 2016), translated in <https://oshaliang.com/newsletter/chinas-supreme-court-ruled-on-%E4%B9%94%E4%B8%B9-jordan-trademark-dispute/>.

20. *Id.* Pinyin means the standardized phonetic equivalent of traditional Chinese characters.

21. *Id.*

22. *Id.*

23. *Id.*

24. For the United States' law regarding priority, see 15 U.S.C.S. § 1127 (LexisNexis 2018). For China's law regarding priority, see 中华人民共和国商标法 [Trademark Law of the People's Republic of China] (promulgated by the standing Comm. Nat'l People's Cong., Aug. 23, 1982, amended Aug. 30, 2013), art. 31, translated in <http://www.wipo.int/wipolex/en/details.jsp?id=13198>.

25. Michael Jordan, Qiaodan. (迈克尔·乔丹, 乔丹) [*Michael Jordan v. Qiaodan*] (Sup. People's Ct. 2016), translated in <https://oshaliang.com/newsletter/chinas-supreme-court-ruled-on-%E4%B9%94%E4%B8%B9-jordan-trademark-dispute/>.

26. Fame is one of the few exceptions to China's "first to file" trademark registration system. 中华人民共和国商标法 [Trademark Law of the People's Republic of China] (promulgated by the standing Comm. Nat'l People's Cong., Aug. 23, 1982, amended Aug. 30, 2013), arts. 13-14, translated in <http://www.wipo.int/wipolex/en/details.jsp?id=13198>.

famous for purposes of China's trademark law.²⁷ Even so, Jordan's fame was not enough to secure the basketball superstar rights in the *transliteration* of his name in the eyes of the Court.²⁸ While the Court granted Jordan rights to the Chinese characters of his name, the Court decided that Qiaodan had rights to the pinyin trademark QIAODAN, as Qiaodan had used the registered trademark for over a decade with undisputed ownership.²⁹ The verdict was a tragedy for Michael Jordan as he was effectively barred from using the Chinese translation of his own name on shoes sold to the Chinese. Even though the Court allowed Jordan to use the traditional Chinese characters 乔丹 in ascribing his name to his shoes, Chinese citizens had already come to mistakenly associate the QIAODAN trademark with the real-life Michael Jordan.³⁰

2. New Balance v. Zhou Lelun

New Balance v. Zhou Lelun is a case emblematic of the theory that even if a trademark owner holds valid trademarks registrations in China, the Chinese courts will only grant protection over the uses and variations of the mark that are directly on file with the People's Republic of China.³¹ New Balance was sued in the Guangzhou court system (the Court) for using the registered trademark XIN BAI LUN, which is a pinyin translation of its name.³²

While New Balance undisputedly owned the English-spelled trademark NEW BALANCE in China, the Chinese-spelled trademark XIN BAI LUN was owned by an individual named Zhou Lelun.³³ Zhou's relatives had first applied for a BAI LUN trademark – sans the Xin – in 1994. During that time period, it was common practice for Chinese entrepreneurs to register foreign company names in China's trademark office and to propose negotiations or file lawsuits when the companies expanded to China.³⁴ In 2003, New Balance

27. Michael Jordan, Qiaodan. (迈克尔·乔丹, 乔丹) [*Michael Jordan v. Qiaodan*] (Sup. People's Ct. 2016), translated in <https://oshaliang.com/newsletter/chinas-supreme-court-ruled-on-%E4%B9%94%E4%B8%B9-jordan-trademark-dispute/>.

28. *Id.*

29. *Id.*

30. *Id.*

31. Xinbailun (China) Co. Ltd. v. Le Lun Zhou (周乐伦), Guangzhou Intermediate People's Court, Guangdong Province (2013) No. 547. See Michele Ferrante, *Strategies to Avoid Risks Related to Trademark Squatting in China*, 107 TRADEMARK REP. 726 (2017).

32. Xinbailun (China) Co. Ltd. v. Le Lun Zhou (周乐伦), Guangzhou Intermediate People's Court, Guangdong Province (2013) No. 547.

33. *Id.*

34. *Id.*

started ascribing the tradename Xin Bai Lun on its Chinese shoes.³⁵ While Xin Bai Lun was slightly different than Zhou's registered trademark BAI LUN, New Balance never took any action to attempt to register Xin Bai Lun.³⁶ Zhou saw the same opportunity his family did when they registered BAI LUN in 1994, and thus Zhou registered the full name "XIN BAI LUN" as a trademark in 2004.³⁷ New Balance fought to block Zhou's registration of the trademark, but Zhou was ultimately granted rights to the trademark XIN BAI LUN in 2011.³⁸ When Zhou acquired rights to the trademark, Zhou then sued New Balance for continuing to use the tradename Xin Bai Lun in its advertisements and other printed materials.³⁹ The Court ordered New Balance to pay monetary damages of \$15.8 million, a figure that was determined by dividing New Balance's profits in China by half.⁴⁰

III. UNDER ARMOUR V. UNCLE MARTIAN

A. Case Background

1. The Parties

Plaintiff, Under Armour, Inc. (Under Armour), is a United States company based in Baltimore, Maryland, which develops and sells Under Armour branded sports apparel, footwear, and accessories, for adults and youth.⁴¹ Established in 1996, Under Armour is a multinational corporation with segments targeting all corners of the globe.⁴² While Under Armour has been manufacturing its sports apparel in China for years, it has just recently started targeting and selling its products to the citizens of China.⁴³ Under Armour officially entered the Chinese market in 2010, and sales in

35. *Id.*

36. *Id.*

37. *Xinbailun (China) Co. Ltd. v. Le Lun Zhou (周乐伦)*, Guangzhou Intermediate People's Court, Guangdong Province (2013) No. 547.

38. *Id.*

39. *Id.*

40. *Id.* On appeal, the judgment stood, but the damages were lowered to "RMB 5 million (about US \$750,000), which is the amount of Zhou's claimed actual damages." Michele Ferrante, *Strategies to Avoid Risks Related to Trademark Squatting in China*, 107 TRADEMARK REP. 726, 740 n. 32 (2017).

41. *Profile: Under Armour Inc. (UA)*, REUTERS, <https://www.reuters.com/finance/stock/s/company-profile/UA> (last visited Apr. 22, 2019).

42. *Id.*

43. Marc Bain, *While it Struggles in the US, Under Armour is Thriving Around the World*, QUARTZ (Feb. 13, 2018), <https://qz.com/1206001/under-armours-ua-international-business-grew-in-2017-especially-in-china>.

the Chinese market have skyrocketed since.⁴⁴ Under Armour has expressed interest in expanding the company's operations in China, referring to the country as a "hyper-growth market."⁴⁵ While Under Armour's sales in North America have stagnated, sales in the Asian-Pacific grew sixty-one and four-tenths percent the year of the Court's decision alone.⁴⁶ Under Armour estimates that China makes up roughly half of its total Asian-Pacific sales.⁴⁷

Uncle Martian does not publish company information to United States readers, but the Ministry of Commerce of the People's Republic of China has provided a brief company profile on its website.⁴⁸ There, the Ministry of Commerce discloses that defendant, Uncle Martian, is a subsidiary of Tingfei Long Sporting Goods (Tingfei Long), established in 1991.⁴⁹ The parent company is a shoe company headquartered in the Fujian Province of Southeastern China.⁵⁰ Tingfei Long employs approximately 800 people and is headed by an individual named Ms. Chen.⁵¹ While Tingfei Long had been selling its off-brand shoes for twenty-five years, the company created the subsidiary Uncle Martian to make its way into the high-end market of athletic wear, the market segment of which Under Armour is a member.⁵²

2. The Alleged Infringement

Plaintiff Under Armour owns the Chinese wordmark UNDER ARMOUR as well as their interlocking UA logo in their portfolio of Chinese registered trademarks.⁵³ The trademarks were registered in China prior to the formation of Uncle Martian.⁵⁴ Additionally, Under

44. *Id.*

45. *Id.*

46. *Id.*

47. *Id.*

48. See *Tingfei Long Sporting Goods Co., Ltd.*, MINISTRY OF COMMERCE OF THE PEOPLE'S REPUBLIC OF CHINA, <http://ccn.mofcom.gov.cn/1062809> (last visited Apr. 22, 2019) (China).

49. *Id.*

50. *Id.*

51. *Id.*

52. Following Under Armour's cease-and-desist order, Uncle Martian Executive Huang Canlong said that his brand aims to be associated with "comfort, excellence, and innovation" and that he intends to create a high-profile brand with high expectations. *Under Armour in Trademark Fight with Uncle Martian*, RETAIL NEWS ASIA (Sept. 5, 2016), <https://www.retailnews.asia/armour-trademark-fight-uncle-martian>.

53. Ai-Leen Lim, *Under Armour Successfully Ends Copying by Uncle Martian*, LEXOLOGY (Feb 21, 2018), <https://www.lexology.com/library/detail.aspx?g=b57a156c-82e8-4a95-9e9f-a8f25f0da5f3>.

54. *Id.*

Armour registered the pinyin⁵⁵ and Chinese character transliterations of the English version of their marks, AN DEMA and 安德玛 respectively.⁵⁶ Under Armour's trademarks are registered under Class 25, which covers clothing, and Class 28, which covers gymnastic and sporting articles.⁵⁷ Uncle Martian had registered its Class 25 wordmark UNCLE MARTIAN and logo on June 6, 2007.⁵⁸ Uncle Martian started using the UNCLE MARTIAN wordmark in their advertising efforts and authorized staff to make business cards identifying themselves as "Under Armour (China) Company Limited" in Chinese (安德玛 (中国) 有限公司).⁵⁹

On April 29, 2016, word of the alleged infringement spread following an Uncle Martian press conference,⁶⁰ and the Washington Post reported that:

Uncle Martian, a Chinese sports apparel company launched this week, posted images ... on social media of the brand's logo, which shares a striking, nearly carbon-copy resemblance to Under Armour—complete with the red-and-white color scheme. Seen from afar, you probably can't even tell the difference between the two logos, both of which have a stylized letter U with an inverted U directly underneath.⁶¹

A Chinese news source described Under Armour's logo as "a U over an inverted U that intersect to form a stylized A," while describing Uncle Martian's logo as having "the same two-U configuration," but differentiating the two on the fact that the "U's" do not touch in Uncle Martian's logo.⁶²

55. Pinyin means the standardized phonetic equivalent of traditional Chinese characters.

56. Ai-Leen Lim, *Under Armour Successfully Ends Copying by Uncle Martian*, LEXOLOGY (Feb 21, 2018), <https://www.lexology.com/library/detail.aspx?g=b57a156c-82e8-4a95-9e9f-a8f25f0da5f3>.

57. *Id.*

58. *Id.*

59. Han-Mei Tso & Ken Yu, *Under Armour Won Trademark Battle Against Uncle Martian in China*, OSHALIANG (Sept. 29, 2017), https://oshaliang.com/newsletter/under-armour-won-trademark-battle-against-uncle-martian-in-china/#_ftnref1.

60. Kelyn Soong, *Chinese Knockoff Brand Uncle Martian Looks Exactly Like Under Armour*, WASH. POST (Apr. 29, 2016), https://www.washingtonpost.com/news/early-lead/wp/2016/04/29/chinese-knockoff-brand-uncle-martian-looks-exactly-like-under-armour/?noredirect=on&utm_term=.6cc5d41813b8.

61. *Id.*

62. *Under Armour in Trademark Fight with Uncle Martian*, RETAIL NEWS ASIA (Sept. 5, 2016), <https://www.retailnews.asia/armour-trademark-fight-uncle-martian>.

Uncle Martian, in addition to imitating Under Armour's logo, took other action "appear[ing] to embrace the similarities" it had with its American counterpart.⁶³ On a Weibo⁶⁴ post, Uncle Martian juxtaposed its rendering of its logo side-by-side to the official Under Armour logo as if to suggest an affiliation or sponsorship between the companies.⁶⁵ Additionally, Uncle Martian took an Under Armour advertisement depicting Stephen Curry's⁶⁶ line of shoes and replaced all the UNDER ARMOUR trademarked logos on his shoes with its own logo.⁶⁷

3. Procedural History

Under Armour brought suit in the People's Higher Court of the Fujian Province, the jurisdiction covering Tingfei Long's headquarters.⁶⁸ Under Armour was initially granted a preliminary injunction against Uncle Martian.⁶⁹ The Court later held that Uncle Martian's act had infringed Under Armour's trademark rights and the

63. Soong, *supra* note 60.

64. Weibo is China's social media network. WEIBO, <https://weibo.cn/pub/> (last visited Apr. 27, 2019). Because China blocks its citizens from having access to foreign internet content, China only allows certain social media companies to operate within its borders. See Elizabeth Economy, *The Great Firewall of China: Xi Jinping's Internet Shutdown*, GUARDIAN (June 29, 2018), <https://www.theguardian.com/news/2018/jun/29/the-great-firewall-of-china-xi-jinpings-internet-shutdown>. And, China closely monitors these outlets. *Id.* Weibo, China's officially sanctioned social media network, copied the features of Twitter, YouTube, and Instagram, all of which are banned in China, and incorporated them into one social media outlet. See Manya Koetse, *An Introduction to Sina Weibo: Background and Status Quo*, WHAT'S ON WEIBO (Sept. 21, 2015), <https://www.whatsonweibo.com/sinaweibo/>.

65. Soong, *supra* note 60. The post drew a critical response from Chinese citizens. One Weibo commenter wrote "How come you can't even design a logo? All you do is plagiarize – don't you feel it's disgusting?" *Under Armour in Trademark Fight with Uncle Martian*, RETAIL NEWS ASIA (Sep. 5, 2016), <https://www.retailnews.asia/armour-trademark-fight-uncle-martian>. Another commenter pointed out that "such blatant copying goes against the national policy of encouraging homegrown activity." *Id.* A third commenter said, "Don't blame people when they say they look down upon domestic brands" and called the move "a loss of face" for China. *Id.*

66. Stephen (a.k.a. Steph) Curry is a professional basketball player in the United States with the NBA's Golden State Warriors. As a celebrity promoter for Under Armour, Curry licenses his name to Under Armour to use on shoes. See, e.g., *Under Armour Extends Curry Deal*, LICENSE GLOBAL (Sep. 18, 2015), <https://www.licenseglobal.com/sports/under-armour-extends-curry-deal>.

67. Marco H. Negrete, *Chinese Brand Uncle Martian is Now Ripping off Stephen Curry's Under Armour Sneaker Designs*, COMPLEX (May 5, 2016), <https://www.complex.com/sneakers/2016/05/uncle-martian-copies-under-armour-curry-design>.

68. Matthew Dresden, *Chinese Trademarks: Under Armour v. Uncle Martian, Part Two*, CHINA LAW BLOG (Aug. 15, 2016), <https://www.chinalawblog.com/2017/08/china-trademarks-under-armour-vs-uncle-martian-part-two.html>; see *supra* note 50 and accompanying text.

69. *Id.*

use of its tradename also constituted unfair competition.⁷⁰ In its final injunction, the Court ordered Tingfei Long to: (1) stop using the infringing trademark UNCLE MARTIAN; (2) destroy all infringing products; (3) pay RMB 2,000,000;⁷¹ and (4) publish a statement on one of China's major web portals to publicly apologize for the negative impact it caused Under Armour.⁷² Tingfei Long has since appealed the decision.⁷³

B. The Court's Decision

The People's Higher Court of Fujian Province (the Court) rendered a final judgment in favor of Under Armour on both Under Armour's trademark infringement claim and unfair competition claim.⁷⁴ The Court awarded Under Armour final injunctive relief, monetary damages, as well as ordered Tingfei Long to write a public apology on a major Chinese internet portal.⁷⁵ The Court analyzed the similarity of the companies' logos in a side-by-side visual analysis in concluding Under Armour's trademark was infringed.⁷⁶ The Court looked largely at the subjective intent, i.e. the bad faith, of Tingfei Long in adopting its logo to profit from the reputation of Under Armour in concluding that Tingfei Long's act constituted unfair competition.⁷⁷ In deciding damages, the Court employed a totality of the circumstances test, and awarded reasonable damages over-and-above the monetary cost that Under Armour incurred taking the matter to court.⁷⁸

70. *Id.*

71. The damages approximate the equivalent of \$300,000 USD. Ai-Leen Lim, *Under Armour Successfully Ends Copying by Uncle Martian*, LEXOLOGY (Feb 21, 2018), <https://www.lexology.com/library/detail.aspx?g=b57a156c-82e8-4a95-9e9f-a8f25f0da5f3>.

72. Dresden, *supra* note 68; Tso & Yu, *supra* note 59.

73. Dresden, *supra* note 68. Also, it appears as though Tingfei Long subsequently sold the mark "Uncle Martian" to Quanzhou Changwan Trading Co. *Id.*

74. An Dema Inc., An Dema (Zhōng guó) Co, Ltd. (安德玛, 安德玛(中国)有限公司) [*Under Armour v. Under Armour (China) Co., Ltd.*] (Fujian Province Higher People's Ct. 2016), translated in https://oshaliang.com/newsletter/under-armour-won-trademark-battle-against-uncle-martian-in-china/#_ftnref1.

75. Tso & Yu, *supra* note 59. Having to publicly apologize for its act may have done more damage to Tingfei Long than the monetary damages it had to pay Under Armour, as the concept of "losing face" is a permanent, lasting consequence in China's collectivist society. See Sean Upton-McLaughlin, *Gaining and Losing Face in China*, CHINA CULTURE CORNER (Oct. 10, 2013), <https://chinaculturecorner.com/2013/10/10/face-in-chinese-busines/>.

76. See *infra* Section III.B.1.

77. See *infra* Section III.B.2.

78. See *infra* Section III.B.3.

1. Trademark Infringement Claim

The Court employed Article 57 of China's Trademark Law to analyze Under Armour's trademark infringement claim.⁷⁹ Translated to English, the relevant parts of Article 57 provides:

Any of the following conducts shall constitute an infringement of the exclusive right to use a registered trademark.

1. [omitted]
2. Using a trademark that is similar to a registered trademark on the same goods, or using a trademark that is identical with or similar to a registered trademark on similar goods, which may be easily confusing, without the licensing of the trademark registrant;
3. Selling goods that violate the exclusive right to use a registered trademark;
4. Counterfeiting or arbitrarily forging others' registered trademark, or selling the counterfeited or arbitrarily forged trademarks;
5. Altering the trademark registrant's registered trademark without authorization of the same and selling goods bearing such altered trademark;
6. [omitted]
7. Other conducts causing prejudice to others' exclusive right to use its registered trademark.⁸⁰

While comparing the two stylized marks, the Court found that both marks are composed of a graph in the higher part and a logo in the lower part.⁸¹ After viewing those two portions of the mark separately, the Court then found that the marks are similar in their overall structure.⁸² The Court further noted that the 'U'-shaped

79. An Dema Inc., An Dema (Zhōng guó) Co., Ltd. (安德玛, 安德玛(中国)有限公司) [*Under Armour v. Under Armour (China) Co., Ltd.*] (Fujian Province Higher People's Ct. 2016), translated in https://oshaliang.com/newsletter/under-armour-won-trademark-battle-against-uncle-martian-in-china/#_ftnref1.

80. 中华人民共和国商标法 [Trademark Law of the People's Republic of China] (promulgated by the standing Comm. Nat'l People's Cong., Aug. 23, 1982, amended Aug. 30, 2013), translated in <http://www.wipo.int/wipolex/en/details.jsp?id=13198>.

81. An Dema Inc., An Dema (Zhōng guó) Co., Ltd. (安德玛, 安德玛(中国)有限公司) [*Under Armour v. Under Armour (China) Co., Ltd.*] (Fujian Province Higher People's Ct. 2016), translated in https://oshaliang.com/newsletter/under-armour-won-trademark-battle-against-uncle-martian-in-china/#_ftnref1.

82. *Id.*

structure of the two marks are relatively close.⁸³ The Court also addressed the added element of Uncle Martian's decorative pattern,⁸⁴ but decided it was not enough to distinguish the two marks, as it was intentionally toned light.⁸⁵ Even with the added element, the Court decided the marks could "easily" cause customer confusion with respect to the source of the goods sold.⁸⁶ All factors considered, the Court reasoned that the marks are considered similar for purposes of Article 57.⁸⁷ That, and the fact that the product line of Uncle Martian, e.g. shoes and sports apparel, is the same as that of Under Armour, led the Court to rule that Tingfei Long use of its mark constituted trademark infringement.⁸⁸

2. Unfair Competition Claim

The Court next turned to Article 58 of China's Trademark Law.⁸⁹ Article 58 provides that: "Using characters of the registered or unregistered well-known trademarks of others in the name of an enterprise to mislead the public that constitutes unfair competition shall be subject to the Anti-Unfair Competition Law."⁹⁰ The Court focused its analysis on Tingfei Long's bad-faith adoption of its trademark.⁹¹ The Court first found that the company was aware that a series of Under Armour trademarks had been registered, but nonetheless used the tradename "Under Armour (China) Co. Limited," and the pinyin equivalent, on its business cards.⁹² Again

83. *Id.*

84. The decorative pattern the Court is referring to is the wreath-looking element surrounding the infringed logo. That element on its own appears to be a copy of another sports company's logo, Fred Perry. *See, e.g., Under Armour Files \$15 Million Trademark Suit Against Chinese Infringer*, THE FASHION LAW (July 11, 2016), <http://www.thefashionlaw.com/home/under-armour-files-15-million-trademark-suit-against-chinese-copypat>.

85. An Dema Inc., An Dema (Zhōng guó) Co., Ltd. (安德玛, 安德玛(中国)有限公司) [*Under Armour v. Under Armour (China) Co., Ltd.*] (Fujian Province Higher People's Ct. 2016), *translated in* https://oshaliang.com/newsletter/under-armour-won-trademark-battle-against-uncle-martian-in-china/#_ftnref1.

86. *Id.*

87. *Id.*

88. *Id.*

89. *Id.*

90. 中华人民共和国商标法 [Trademark Law of the People's Republic of China] (promulgated by the standing Comm. Nat'l People's Cong., Aug. 23, 1982, amended Aug. 30, 2013), art. 58, *translated in* <http://www.wipo.int/wipolex/en/details.jsp?id=13198>.

91. An Dema Inc., An Dema (Zhōng guó) Co., Ltd. (安德玛, 安德玛(中国)有限公司) [*Under Armour v. Under Armour (China) Co., Ltd.*] (Fujian Province Higher People's Ct. 2016), *translated in* https://oshaliang.com/newsletter/under-armour-won-trademark-battle-against-uncle-martian-in-china/#_ftnref1.

92. *Id.* For Under Armour's and Uncle Martian's portfolio of registered trademarks in China, *see* Ai-Leen Lim, *Under Armour Successfully Ends Copying by Uncle Martian*,

noting the companies are doing business in the same industry, the Court ruled that Tingfei Long violated the business ethics of good faith and fair competition.⁹³ This led the Court to rule that in addition to trademark infringement, Tingfei Long's act had constituted unfair competition.⁹⁴

3. Damages

Awarding damages was the hardest part for the Court to determine. Article 63 of China's Trademark Law provides:

[damages] shall be determined based on the actual loss suffered by the right holder as a result of the infringement. If it is difficult to determine the actual loss, the amount of damages may be determined according to the infringer's profits. If it is difficult to determine both the actual loss of the right holder and the profits gained by the infringer, the amount of damages may be reasonably determined and calculated in reference to the multiples of the royalties from a trademark license ... Where it is difficult to determine the actual loss [with any three of the above methods], the People's Court shall render a judgment awarding damages in an amount no more than [three] million RMB *based on the circumstances of the infringement.*⁹⁵

Under Armour originally claimed a damage award of one hundred million RMB.⁹⁶ The Court first found that Under Armour could not prove actual damages, because Tingfei Long had not yet distributed or sold its products in the marketplace.⁹⁷ Under Armour

LEXOLOGY (Feb 21, 2018), <https://www.lexology.com/library/detail.aspx?g=b57a156c-82e8-4a95-9e9f-a8f25f0da5f3>.

93. An Dema Inc., An Dema (Zhōng guó) Co., Ltd. (安德玛, 安德玛(中国)有限公司) [*Under Armour v. Under Armour (China) Co., Ltd.*] (Fujian Province Higher People's Ct. 2016), *translated in* https://oshaliang.com/newsletter/under-armour-won-trademark-battle-against-uncle-martian-in-china/#_ftnref1.

94. *Id.*

95. 中华人民共和国商标法 [Trademark Law of the People's Republic of China] (promulgated by the standing Comm. Nat'l People's Cong., Aug. 23, 1982, amended Aug. 30, 2013), art. 63, *translated in* <http://www.wipo.int/wipolex/en/details.jsp?id=13198>.

96. An Dema Inc., An Dema (Zhōng guó) Co., Ltd. (安德玛, 安德玛(中国)有限公司) [*Under Armour v. Under Armour (China) Co., Ltd.*] (Fujian Province Higher People's Ct. 2016), *translated in* https://oshaliang.com/newsletter/under-armour-won-trademark-battle-against-uncle-martian-in-china/#_ftnref1.

97. Uncle Martian holding a press-conference did not suffice as "in commerce" under China's Trademark Law. *Id.*

also failed to provide a royalty rate as a reference, so the Court rejected Under Armour's one hundred million RMB damages claim.⁹⁸ As such, that left the Court to look at the comprehensive, totality of the "circumstances of the infringement" to figure out the total damages.⁹⁹ The factors the court looked at included: (1) the reputation and fame of Under Armour; (2) the subjective malice of Tingfei Long; (3) Tingfei Long's act constituting both trademark infringement and unfair competition; and (4) Under Armour's reasonable expenses for going about ceasing Tingfei Long's infringing act, including Attorney's fees.¹⁰⁰ In terms of monetary damages, the Court awarded Under Armour two million RMB.¹⁰¹ In terms of equitable relief, the Court granted a final injunction ordering Tingfei Long to (1) stop using the UNCLE MARTIAN trademark, (2) destroy all of the samples, brochures, posters, and business cards that bear the UNCLE MARTIAN trademark, and (3) publicly apologize to Under Armour for the negative impact on a major Chinese internet portal.¹⁰²

IV. CASE ANALYSIS AND TAKEAWAYS

A. Importance of Filing a Trademark Registration A.S.A.P.

Under Armour was victorious over Uncle Martian pursuant to China's first-to-file system of registration. That is, Under Armour beat Uncle Martian to filing its trademarks in China's trademark registry. Unlike Michael Jordan, who had no trademarks registered in China and thus had to resort to the added step of having to prove his trademark's fame in a Chinese court, Under Armour had already established ownership in its marks simply by registering them, which placed all competitors on notice. Thus, Uncle Martian was not even a trademark squatter per se; rather, Uncle Martian was an infringer upon the company's conception in the Chinese marketplace.

This goes to show the importance of registering early. China's registration system is a complete reversal of what American companies might expect under United States' law. In the United States, a company can defer to the date when its trademarks were first put to use in commerce for purposes of gaining registration status.

98. *Id.*

99. *Id.*

100. *Id.*

101. *Id.*

102. *Id.*

And in the United States, the company must prove continuous use to maintain status as a registered trademark, i.e. it must not be abandoned. In China, on the other hand, anyone can register a trademark and “warehouse” the trademark for future use. That is what people such as Zhou Lelun in *Michael Jordan v. Qiaodan*, do and will continue to do. They are squatters, or opportunistic investors of sorts, much like the people who buy domain names on the internet and sell them at exorbitant prices to the companies that need them. At approximately five hundred USD to register a trademark in China, there is no excuse not to register.¹⁰³ A company should thus register its trademarks in China, even if the company only has the *goal* of entering the Chinese marketplace one day.

B. Importance of Filing Trademarks Registrations for Any and All Potential Translations, Transliterations, and Variations

With its portfolio of trademarks,¹⁰⁴ Under Armour left no space for pirates to come in with variants of its registered marks. Unlike New Balance, Under Armour did not have to prove to the court that it was necessary to extend protection to variants such as translations and transliterations of its UNDER ARMOUR trademark. Rather, Under Armour had separately registered its original English trademark plus its translations and transliterations, thereby putting any competitors on notice of its rights to all potential variations and uses of its trademarks.

To summarize, there are three different languages or variations a company should use in registering its trademark in China to protect its intellectual property. The first, and most obvious, is the trademark should be registered in its native language (e.g. Under Armour registered its English tradename UNDER ARMOUR as a trademark). The second language a trademark should be registered in is its traditional Chinese character equivalent (e.g. Under Armour registered 安德玛). The third language a trademark should be registered in is the pinyin transliteration of the Chinese characters (e.g. Under Armour registered AN DEMA). A foreign company should never assume that because it has one of these versions of its trademarks registered in China, it will be granted protection with the other two variations as well. That is where New Balance failed. Moreover, a company should not assume that because its trademark

103. *Application Trade Mark Fee*, CHINA PATENT AND TRADEMARK OFFICE, <https://www.chinatrademarkoffice.com/about/fee.html> (last visited Apr. 22, 2019) (Listing an “official fee” of \$180 and a “service fee” of \$319).

104. *See supra* note 53.

is famous in the world's eyes that it will be granted registration over an existing registrant under the fame exception to the first-to-file system in China. That is where Michael Jordan failed. Thus, whereas Under Armour understood China's first-to-file system and the importance of registering all variations of its trademarks, both the *Michael Jordan* and *New Balance* cases are emblematic of the legal adage "ignorance of the law excuses no one."

C. Importance of Adopting a Proactive and Aggressive Stance with Infringers

Whereas New Balance and Michael Jordan sat idly on any rights they may have had, Under Armour adopted a proactive and aggressive strategy of attacking infringing trademarks in China. Under Armour asserted its trademark rights as soon as the Uncle Martian press conference was made public to the world, leaving Uncle Martian no time to establish its reputation as a brand in China. In fact, Uncle Martian had not even sold any products yet, as the company was still in its infant, developmental stage. Qiaodan, on the other hand, is an established household name in China's collective conscious. That is, Qiaodan had sold its shoes for a decade preceding Michael Jordan's attempt to enforce any rights he may have had to his name. New Balance made the mistake of tolerating concurrent use of its competitor's infringing mark for nine years before trying to claim infringement in court. New Balance may likely have secured a victory in court had it made its claim earlier; after all, unlike Michael Jordan, New Balance had already registered its trademarks and thus had established ownership of them like Under Armour. New Balance simply failed to act in a timely manner. Because Under Armour took immediate action, Under Armour reaped the additional benefit of a preliminary injunction, a device rarely used in China's courts and even more rarely extended to foreign-based plaintiffs.

V. CONCLUSION

Under Armour v. Uncle Martian serves as an example of how to effectively deal with trademark infringers in China. Companies like Under Armour, that make good use of the People's Republic of China trademark registration system and fight aggressively at the first instance of infringement to pursue enforcement of their rights, are likely to succeed in a Chinese trademark lawsuit. Companies that are "wallflowers" lose time and time again in China. Companies that are passive and expect foreign or international trademark law to control have very little chance of success in China's courts. China has

signaled through *Under Armour v. Uncle Martian* that it is willing to play fair with the rest of the world, so long as foreign companies play by *its* rules.

In summation, to be granted trademark protection in China, a company must register all uses, translations, and transliterations of its trademark before any squatters chose to do so. Additionally, a company should aggressively fight against an infringer the very moment the company is made aware of the infringement, as China is not as lenient as the United States regarding unreasonable delay in filing suit. While this case may not mark the end of the practice of trademark squatting in China, the case should serve as a guideline for foreign-based companies doing business in China on how to effectively assert trademark rights in a Chinese court of law.