



COUNCIL OF FASHION DESIGNERS  
OF AMERICA

**Condensed Research Report on the Impact of  
Bad Faith Trademark Registration in China on CFDA Members**

*April 11, 2018*

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**Introduction**

CFDA and Its Members

Founded in 1962, the CFDA is the leading industry association representing the interests of U.S.-based fashion designers.

The CFDA's mission is to support the work of American fashion designers on a global basis, including through research and advocacy with respect to barriers to market access.

The organization is also particularly focused on supporting emerging designers in the early stages of their development build their businesses and brands.

- *For more information on the CFDA's activities and programs, see [www.cfda.com](http://www.cfda.com).*

Purpose of Project

This report was prepared in response to wide-spread concerns among our members regarding bad-faith trademark registration and its impact on their businesses.

The CFDA is aware that bad faith trademark registration exists in most countries with negative effects worldwide. The scale of bad faith registrations and the economic impact on our members, in particular, is enormous.

The purpose of this research project is to measure the problem, identify its special characteristics, and deliver the results to relevant authorities and experts in China for their use in generating solutions.

It is our hope that the solutions being developed in China will function as models for other countries also addressing bad-faith registration.

## Survey Data

The research behind this report is based on a review of two types of survey data:

- A membership questionnaire conducted between January and February 2018; and
- A review of data gathered from public sources, primarily the public database of the Trademark Office of the State Administration for Industry and Commerce ([wsjs.saic.gov.cn](http://wsjs.saic.gov.cn)) focusing on the word trademarks of the CFDA's members.

### **1. Observations on CFDA Members and Their Industry**

The majority of CFDA's 503 members own and manage their own small enterprises, or "SMEs" (small and medium-sized enterprise).

A handful of moderately famous brands have attracted significant levels of bad-faith registration and counterfeiting.

However, the vast majority of victims of bad faith registration among our members are small companies with annual revenues under US\$5 million.

Member responses to our questionnaire revealed that most of these small companies began selling their products internationally within two years of commencing business in the United States.

Emerging international fashion brands are almost immediately available in China through "DAI GOU" (grey) trade channels, while information about them is immediately available to Chinese consumers through online news and consumer blogs.

Due to limited resources for expansion and the complexity of doing business internationally – particularly in China – most CFDA members delay decisions to commence direct business in China, and, as a result, delay filing trademark applications in China as well. Decisions to delay trademark filings overseas are made based on the misapprehension that "use" or "intent to use" the trademark is required in other countries as a prerequisite to filing applications and securing registrations.

But our members have gradually realized the extent of Chinese consumer interest in their products and the enormous potential of the Chinese market. Additionally, online trade platforms are offering more convenient ways of entering the Chinese market, and many of our members produce their goods in China for export globally. As a result, our members are increasingly filing their own trademark applications in China to cover the goods they actually make and sell. However, they usually do not register their marks for other types of goods.

## 2. Research Findings

Attachments 1 & 2 contain detailed statistics and analysis of the data compiled in this project:

Attachment	Contents
1	Extrapolations of data and detailed observations
2	Estimate of cost of investigations and legal proceedings for CFDA members (actual and potential)

The key findings and conclusions reached from a review of this data include the following.

	Data	Number	Observation / Conclusion
1	Bad faith filings of marks identical to CFDA member brands	1192	This equates to 2.37 filings for each CFDA member or 4.5 filings per CFDA member which has been pirated
2	Number of CFDA members pirated (identical word marks only)	263	This suggests that 52% of CFDA members have been victims of piracy of their identical marks.
3	Number of pirate applications in Class 25 that have been registered or preliminarily approved	421	Class 25 covers clothing and footwear, and is the key class for the vast majority of our members. Most of these victim brands are small enterprises which – based on limited resources and awareness of the risks – failed to file to file early in China.  These applications represents 35% of all pirate marks identified, and has impacted 99 designers, or 38% of CFDA members

4	Number of serious pirates that filed for two or more CFDA member brands or otherwise filed for huge numbers of trademarks	181	<p>These 181 applicants filed 605 applications. See details in Attachment 4.</p> <p>Over 66% of pirates identified filed for 50 or more trademarks – well more than needed for their normal operations.</p>
5	Of all 181 pirates of CFDA brands, the number of pirates found through online research to have no substantial business operations	138	This suggests that 76% of pirates have no business operations other than speculation in trademarks.
6	Number of oppositions, invalidations or non-use cancellations filed by CFDA members.	546	The enormous cost of pursuing all of these actions is explained in Attachment 4.
7	Number of pirate registrations and applications not yet under proceedings by CFDA members	456	The potential cost of pursuing all of these actions is explained in Attachment 4.
8	Estimated total investigation and legal costs to CFDA members of proceedings filed for an average case involving a core fashion class	US\$12,280 / RMB79,820	See section 3 below for further information on other forms of direct harm suffered by CFDA members due to bad faith trademark registration.
9	Percentage of completed cases filed that were ultimately successful	66%	<p>33% of cases were unsuccessful.</p> <p>About 256 additional cases are the subject of pending appeals.</p>

### 3. CFDA Member Brands Sold on Taobao.com

While most CFDA members do not yet do direct business in China, a survey of Taobao.com indicates that 60% of their brands are current advertised and sold through this platform. These statistics amply demonstrate the critical role of online trade platforms in China in introducing emerging American fashion brands to the local market.

< 50 Advertisements	≥50 Advertisements	Total Number of CFDA Member Brands Currently Offered on Taobao.Com	Percentage of All CFDA Member Brands Currently Offered on Taobao.com
138	165	303	60

### 4. Analysis of Harm to CFDA Members

This impact of bad faith trademark registration to CFDA members is principally felt in four ways:

- barriers to sourcing;
- barriers to distribution;
- direct cost of legal actions; and
- payments to pirates to settle disputes.

These are explained in more detail below.

#### (a) Barriers to Sourcing in China

Many CFDA members source fashion products from China. However, bad-faith registration of their trademarks poses a significant barrier to such sourcing by creating a significant risk of legal actions by pirates against our members' factory suppliers. As a result of this risk, CFDA members are forced to source from countries at significantly higher costs, resulting in significant lost profits and inconvenience to our members and their customers.

#### (b) Barriers to Distribution in China

In theory, China represents a promising market for all of our members. However, bad-faith registration also poses a barrier to distribution in China due to the risks of legal action by pirates against our members' distributors and other trading partners.

NB: CFDA member brands are generally known by Chinese consumers soon after they begin sales in the US, including through media reports, blogs and trading platforms, such

as JD and Alibaba, which host enormous sales of grey market goods (DAI GOU). This fame attracts pirates, and once marks are registered by pirates in China, our members find it nearly impossible to persuade local distributors and online trade platforms to cooperate.

(c) Cost of Legal Proceedings

In each instance where a pirate application or registration is discovered, significant costs are incurred to investigate the pirate, seek advice from lawyers and trademark agents, and file oppositions or invalidations, and in many cases judicial appeals and retrial requests.

**Attachment 2**, below, contains a chart setting out typical costs in such cases.

On average, the CFDA estimates that costs for companies pursuing actions involving important marks in core fashion classes are US\$12,280, while those involving non-core classes are US\$9,480. The foregoing costs exclude the cost of in-house lawyers and other managers, as well as the cost of negotiating settlements with pirates.

For cases that are appealed up to the Beijing Higher People's Court or to Retrial to the Supreme People's Court (SPC), costs for our members can be between US\$26,000 to \$60,000.

In addition to the above, members incur costs when filing appeals in response to rejections of their applications – many of which require judicial appeals to Beijing courts. In some cases, costs of appeals are at least half the cost of actions made directly against pirate marks.

Meanwhile, some of our members (most of whom are SMEs) have reported investigation and legal expenses exceeding US\$150,000 while dealing with pirates that have filed multiple applications for their brands.

(d) Costs of Settling with Pirates

Typically, pirates targeting small and medium-sized fashion companies will demand anywhere from RMB2 million to RMB7 million (US\$315,000 to US\$1.1 million) to settle disputes. Compensation eventually negotiated will range from RMB200,000 to RMB2 million (US\$31,000 to US\$310,000). Most of our members have refused to settle with pirates who demand more than RMB320,000 (US\$50,000). However, by refusing to settle, these members run a high risk of losing profits due to lack of access to the Chinese market and factory suppliers.

## 5. Pirate Strategies

Analysis of the pirates of our members' marks reveals that over 76% are actively engaged in business of any kind. Trademark pirates are simply speculators that are betting on at least a few of the marks they file becoming valuable.

Regrettably, this form of gambling is not a criminal offence, either in China or worldwide.

Trademark pirates file for marks of others based on the following specific assumptions:

- a) Victim Brands' Lack of Resources and Legal Knowledge – Most victims of pirates are SMEs, and they lack the resources and legal knowledge to adequately protect their IP rights worldwide, especially in the initial phase of their operations.
- b) Time Required for Final Decision – The normal timeframe for final decisions in relevant proceedings is between one to six years (oppositions, invalidations, non-use cancellations, and related court appeals).
- c) Commercial Pressure on Victim Brands – Victim brands will eventually need their trademark registrations to produce goods in China and sell domestically. Some Chinese online trade platforms, including TMall and JD.com, require a trademark certificate before sellers are allowed to open a mono-brand shop.
- d) High Costs for Victim Brands – The cost of paying a pirate can seem more attractive to victim brands compared to the cost and uncertainty of entering legal proceedings.
- e) Chances of Success Reasonable – Trademark pirates often prevail in oppositions and invalidations, particularly in the first instance. Such outcomes are sometimes due to gaps in the law or the victim brand's inability to produce adequate evidence to support its complaint.
- f) No Penalties – Trademark pirates know that there are no criminal, administrative or civil penalties or other negative consequences that result from their behaviour.
- g) Low Costs – The costs of filing trademark applications are low, and under current law and practice, pirates are not required to respond to oppositions, invalidations, or appeals. Furthermore, trademark agents or lawyers are often willing to represent pirates on a contingency fee basis.

## **6. Recommendations**

The purpose of this report has been to illustrate the scale and nature of bad faith trademark registration. We leave to the experts the difficult work of developing practical solutions to the problem.

However, the CFDA offers the following general recommendations, focusing on issues of priority concern.

- (a) Reject obvious bad faith applications during examination. Applicants always have the chance to pursue registration through appeals to the TRAB, at which point they can illustrate their “good faith” at that time.

The CFDA is willing to assist Chinese authorities, including the TMO, in establishing channels for transmission of information that would assist in examining suspected bad faith applications.

- (b) Increase costs for pirates. Consider specific measures to increase the costs for bad faith pirates, including perhaps by allowing victim brands to file civil actions to seek compensation of their actual investigation and legal cost. In appropriate cases, consider awards of punitive damages.
- (c) Faster decisions. Find ways to accelerate decision-making where the existence of bad faith is clear, where parallel disputes are pending (e.g., counterfeiting by the pirate), or where the pirate's behaviour otherwise warrants.
- (d) Shift burdens to pirates. Shift more of the burdens to pirates, i.e., to prove their "good faith" and file appeals. Where there is reasonable evidence to suspect bad faith intent by an applicant, reduce the burden of proof on the victim brand to prove influence and use of their mark.
- (e) Adopt appropriate criteria for establishing "reasonable suspicion of bad faith." Evidence of pirating even two brands should be sufficient. In appropriate circumstances, filing marks across a wide range of classes and industry sectors should also help to establish a presumption of a lack of intent to use the marks.
- (f) Regard applications by pirates that fail to respond to oppositions as abandoned and invalid.
- (g) Eliminate bad faith registrations that are not used. Ensure evidence of bad faith registration is carefully considered in the context of non-use cancellations.
- (h) Greater protection to personal names. Give greater protection to the personal names of emerging designers, keeping in mind that with the globalization of information and commerce, the distinctive names of designers achieve a certain degree of fame in China almost instantaneously after they acquire fame in their home country.

END OF MAIN REPORT



## **Attachment 1**

### **Bad Faith Trademark Registration of CFDA Member Brands in PRC – Data Analysis**

#### **Explanation**

1. The survey used for this analysis was conducted alongside thorough searches of member brands in the Chinese Trademark Office's online database.
2. Searches were conducted only for identical or near-identical foreign and Chinese-language versions of the brands.
3. Our members have reported additional piracy of their logo marks and portions of their foreign-language marks. Our members have also incurred enormous costs in pursuing appeals following rejections of their trademark applications. However, due to limited resources, data on these marks was not included in this project.

#### **Index of Data**

1. Number of Affected CFDA Members
2. CFDA Companies Witnessing 10+ Pirate Filings
3. CFDA Members Witnessing Registration of Their Marks in Class 25
4. Number of TM Applications (for any brand) Filed by Pirates of CFDA Member Brands
5. Number of TM Applications for CFDA Brands Filed by Pirates
6. Pirates Operating on Largest Scale (Based Upon Total Number of Applications Filed)
7. Business Activities of Pirates of CFDA Member Brands
8. Two Largest Serial Pirates

### 1. Affected CFDA Members

- The survey identified 1192 pirate applications, 228 of which were rejected and the remainder were either approved (457) or are pending (507).
- 263 of the CFDA's 503 members (52%) have been the subject of bad faith trademark registration in China.
- 99 of the victim members have encountered two or more instances of piracy of their brands.

Number of CFDA Brands Affected	Number of Pirate Filings per Member
82	1
45	2
35	3-5
11	6-9
8	10+
Total: 181 CFDA member brands	

### 2. CFDA Companies Witnessing 10+ Pirate Filings

CFDA Member	Number of Pirates	Total Number of Pirate Marks Filed Targeting Member
Ralph Lauren	32	46
Michael Kors	21	44
Tom Ford	21	37
Brian Atwood	2	40
Thom Browne	16	24
Tory Burch	16	24
Tommy Hilfiger	19	23
Marc Jacobs	12	19
Kate Spade	8	18
Mansur Gavriel	6	15
Anna Sui	6	14
Gemma Kahn	4	12
Rebecca Minkoff	2	12
Donna Karan / DKNY	11	11

### 3. CFDA Members Witnessing Registration of Their Marks in Class 25

- Class 25 covers clothing and footwear – the category of primary interest to the vast majority of our members. The survey, therefore, attempted to identify the number of members that had witnessed pre-emptive filings of their marks in this class.
- Pirates have registered or obtained preliminary approval for 99 CFDA member marks. This equates to roughly 20% of all members, or 30% of all pirated members.

- In some cases, members have witnessed two or three pirate registrations in this class, attesting to their popularity among pirates.
- Among the above registrations, 503 or 42% are currently under attack by the victim brand owner through oppositions, invalidations, or non-use cancellations. The remaining victims have taken no action.
- This data illustrates the weak position of CFDA members in protecting their rights.
- A survey of these following victim brands indicates that the majority of pirates filed for registration of the marks in China within three years of the commercial launch of the brand. Some are pirated within one year. In one case, a pirate mark was filed before the CFDA member even filed its own application in the US.

<b>CFDA Class 25 Brands Pirated - Registered or Preliminarily Approved</b>	<b>CFDA Member</b>
AMSALE ABERRA (1)	Amsale Aberra
A PEACE TREATY	A Peace Treaty
SACHIN + BABI (2 marks)	Sachin Ahluwalia
STEVEN ALAN (opposition pending)	Steven Alan
VICTOR ALFARO	Victor Alfaro
BRIAN ATWOOD	Brian Atwood
YIGAL AZROUEL	Yigal Azrouel
LEIGH BANTIVOLGIO (2)	Leigh Bantivoglio
JOHN BARTLETT	John Bartlett
DENNIS BASSO	Dennis Basso
BRADLEY BAYOU (2)	Bradley Bayou
VERONICA & J	Veronica Miele Beard
□ □ □ □ □ ALEXANDRE BIRMAN	Alexandre Birman
ALEXIS BITTAR	Alexis Bittar
SULLY BONNELLY	Sully Bonnelly
MARC BOWER GLAMIT	Marc Bower
DANA BUCHMAN	Dana Buchman
GIGI BURRIS 吉吉芭瑞斯	Gigi Burris
STEPHEN BURROWS	Stephen Burrows
EDMUNDO CASTILLO	Edmundo Castillo
RACHEL COMEY	Rachel Comey
TIM COPENS	Tim Copens
ESTABAN CORTAZAR	Estaban Cortazar
CUSHNIE ET OCHS	Cushnie et Ochs
SANDY DALAL	Sandy Dalal
RUTHIE DAVIS	Ruthie Davis
DONALD DEAL	Donald Deal
PAMELA DENNIS (2)	Pamela Dennis
PATRICK ERVELL	Patrick Ervell
ANDREW FEZZA	Andrew Fezza
TOMFORD	Tom Ford

LULU FROST	Lulu Frost - Lisa Salzer-Wiles
MANSUR GAVRIEL (4)	Mansur Gavriel
NANCY GEIST	Nancy Geist
CHLOE GOSSELIN	Chloe Gosselin
GARY GRAHAM	Gary Graham
HENRY GRETHEL	Henry Grethel
PRABAL GURUNG	Prabal Gurung
DAVID HART & CO	David Hart
GABRIELAHEARST	Gabriela Hearst
STAN HERMAN	Stan Herman
ALEJANDRO INGELMO	Alejandro Ingelmo
KRISTINE JOHANNES	Kristine Johannes
ULLA JOHNSON	Ulla Johnson
ALEXANDER JULIAN	Alexander Julian
LOEFFLER RANDALL (3)	Loeffler Randall
3.1 PHILIP LIM	Philip Lim
GEMMA KAHNG / 吉玛康 (2)	Gemma Kahng
NORMAL KAMALI	Norma Kamali
JENNI KAYNE (2)	Jenni Kayne
NAEEM KAHN	Naeem Kahn
EUGENIA KIM	Eugenia Kim
ADAM KIMMEL (2)	Adam Kimmel
REED KRAKOFF	Reed Krakoff
NIKKI KULE	Nikke Kule
ADRIENNE LANDAU	Adrienne Landau
LIZ LANGE (3)	Liz Lange
SALLY LA POINTE	Sally La Pointe
JUSARRA LEE	Jusarra Lee
ADAM LIPPES	Adam Lippes
NILI LOTAN (2)	Nili Lotan
SIGRID OLSEN	Sigrid Olsen
LANA MARKS	Lana Marks
DEBORAH MARQUIT	Deborah Marquit
BRANDON MAXWELL	Brandon Maxwell
DAVID MEISTER SIGNATURE	David Meister
ANDREAS MELBOSTAD	Andreas Melbostad
CARLOS MIELE	Carlos Miele
ISAAC MIZRAHI (2)	Isaac Mizrahi
MISHA NONOO	Misha Nonoo
JUAN CARLOS OBANDO	Juan Carlos Obando
ASHLEY OLSEN	Ashley Olsen
MARY KATE OLSEN	Mary Kate Olsen
RICKOWENS	Rick Owens
NELIE PARTOW □ □ □ □ □	Nelie Partow
M. PATMOS	M. Patmos
ROBIN PICCONE (2)	Robin Piccone
MARIA PINTO	Maria Pinto
Z SPOKE BY ZAC POSEN	Zac Posen
WILLIAM REID	William Reid
DAVID RODRIGUEZ	David Rodriguez
KARA ROSS	Kara Ross
BEHNAZ SARAFPOUR	Behnaz Sarafpour
TADASHI SHOJI	Tadashi Shoji
MICHAEL SIMON	Michael Simon
SIMON SPURR	Simon Spurr
SUE STEMP	Sue Stemp
COSTELLO TAGLIAPIETRA (2)	Costello Tagliapietra
ISA TAPIA	Isa Tapia

REBECCA TAYLOR	Rebecca Taylor
ALEXANDER WONG YALE	Alexander Wong
MARISSA WEBB (2)	Marissa Webb
HEIDI WEISEL	Heidi Weisel
STUART WEITZMAN BLACK	Stuart Weitzman
RACHEL ZOE	Rachel Zoe

#### 4. Number of TM Applications (for any brand) Filed by Pirates of CFDA Member Brands

- 158 (87%) of the 181 pirates of CFDA member brands have filed 21 or more trademark applications, which is well more than needed to support normal business for a small enterprise in China.
- 81 out of 181 pirates (45%) filed 100 or more applications.

Number of All Marks Filed by Pirate	Number of Pirates
1-20	23
21-50	37
51-99	38
100-199	31
201-499	31
500+	20
	Total: 181

#### 5. TM Applications for CFDA Brands Filed by Pirates

- 99 out of 181 pirates of CFDA member marks pirated two or more CFDA member brands.
- 54 out of 181 pirates filed for 10 or more CFDA member brands.
- This data confirms that pirates are particularly attracted to CFDA brands – both emerging as well as established designers.

Number of CFDA Marks Filed	Number of Pirates of CFDA Member Brands
1	82
2	45
10+	54

#### 6. Pirates Operating on Largest Scale (Based Upon Total Number of Applications Filed)

- Below is key data on 18 of the biggest serial pirates – i.e., those that have filed for hundreds or thousands of trademarks, including 239 CFDA marks.



- Online research revealed that five pirates appear to be engaged in counterfeiting. As explained in the case studies, at least one has counterfeited a CFDA member brand, including copying of product designs, trade dress, copyright works, etc.

Pirates without detectable business of any kind	<b>138</b>
Pirates with detectable business in fashion industry (including likely engaged in counterfeiting)	<b>28 (5)</b>
Pirates with detectable business, but not in fashion industry	<b>15</b>
	<b>Total: 181</b>

### 8. Legal Actions against Pirate Marks by CFDA Members

<b>Action</b>	<b>Number</b>
Applications (total)	1192
- Rejected	228
- Opposed	416
- Invalidations/opposition review filed	174
- Registered	101
Successful outcomes in oppositions/invalidations	169
Negative outcomes oppositions/invalidations	103
Number of administrative appeals	21
- Successful outcomes	9
- Negative outcomes	4
- Pending cases or outcome unclear	8

## Attachment 2

### CFDA – PRC – Bad Faith Trademark Registration Costs to Members in Dealing with Bad Faith Trademark Pirates

#### A. Typical Costs for Actions against Pirated Marks Filed in Core Fashion Classes (US\$)

Action	Purpose	High-End	Low-End	Average
Legal advice	To clarify chances of success, identify appropriate strategies and clarify the likely costs	1,200	300	800
Online investigations	To clarify basic facts, including the applicant's normal business, serial piracy, use of the pirate mark (counterfeiting), etc.	1,000	300	500
On-site investigations (Round 1)	To generate evidence of bad faith, confirm use of marks, etc.	3,500	1,500	2,000
On-site investigations with notary (Round 2)	To ensure evidence of bad faith is admissible in Chinese courts	5,000	2,500	3,000
Opposition		5,000	1,500	2,000
Invalidation or opposition appeal		5,000	1,500	3,000
Court appeal – First instance		12,000	6,000	8,000
Court appeal – Second instance		12,000	6,000	8,000
SPC Retrial request		15,000	6,000	10,000

#### Assumptions:

- Mark has been pirated in classes of direct concern to the victim brand owner, i.e., for goods that the victim sells or is planning to sell. This typically includes Classes 3, 9, 14, 18 and 25.
- In all cases, the victim brand will conduct online investigation into the matter; in 50% of cases, one round of on-site investigations will be conducted; in 10% of cases, a second round of investigations will take place, supported by local notaries.
- Where formal legal action is taken, oppositions are filed in ~70% of cases, while invalidations are filed in ~30% of cases.
- In 40% of oppositions, the victim brand will prevail. The pirate will appeal 30% of such cases.



- Upon issuance of a decision against the victim brand in an opposition, the victim brand will file an invalidation in 90% of cases.
- Upon issuance of a negative decision in an opposition appeal or invalidation, the victim brand will file a judicial appeal in the first instance to the Beijing IP Court in 30% of cases.
- Where a negative decision is issued by the Beijing IP Court in an appeal, the victim brand will file a further appeal to the Beijing Higher People’s Court in 80% of cases.
- Where positive decision is issued by the Beijing IP Court in an appeal, the TRAB will typically file an appeal to the Beijing Higher People’s Court in 95% of cases.
- Where a decision is issued by the Beijing Higher People’s Court, one of the parties will file a request for retrial to the Supreme People’s Court in 5% of cases.

Average Costs (US\$)

<b>Action</b>	<b>Average Cost / Factoring</b>	<b>Total Expenditure</b>
Preliminary advice:	800 x 100% of cases	800
Online investigation:	500 x 100% of cases	500
Investigations – Round 1	2000 x 50% of cases	1000
Investigations – Round 2	3000 x 10% of cases	300
Opposition	2000 x 70% of cases	1400
Invalidation (1st instance)	3000 x 30% of cases	900
Opposition appeal or invalidation (2nd instance)	3000 x 90% of cases	2700
Judicial appeal (1 <sup>st</sup> instance)	8000 x 30% of cases	2400
Judicial appeal (2 <sup>nd</sup> instance)	8000 x 30% x 95% of cases	2280
SPC Retrial request	Rare	
<b>TOTAL</b>		<b>\$12,280</b>

Total Costs for All Cases Actually Filed in Core Fashion Classes by CFDA Members:

Number of cases filed to date:           546  
Average cost per case:                   \$12,000

TOTAL:                                       \$6,552,000 or RMB42,588,000

**B. Typical Costs for Actions against Pirated Marks Filed in Non-Fashion Classes**

<b>Action</b>	<b>Purpose</b>	<b>High-End</b>	<b>Low-End</b>	<b>Average</b>
Legal advice	(see above)	1200	0	600
Online investigations		1000	0	500
On-site investigations (Round 1)		2500	0	1000
On-site investigations with notary (Round 2)		5000	2500	3000
Opposition		3000	800	1500
Invalidation or opposition appeal		4000	1000	1500
Court appeal – First instance		12,000	6000	8000
Court appeal – Second instance		12,000	6000	8000
SPC Retrial request		15,000	6000	10,000

**Average Costs (US\$)**

<b>Action</b>	<b>Average Cost / Factoring</b>	<b>Total Expenditure</b>
Preliminary advice:	600 x 100% of cases	600
Online investigation:	500 x 100% of cases	500
Investigations – Round 1	1000 x 50% of cases	500
Investigations – Round 2	3000 x 10% of cases	300
Opposition	1500 x 70% of cases	1050
Invalidation (1st instance)	1500 x 30% of cases	450
Opposition appeal or invalidation (2nd instance)	1500 x 90% of cases	1350
Judicial appeal (1 <sup>st</sup> instance)	8000 x 30% of cases	2400
Judicial appeal (2 <sup>nd</sup> instance)	8000 x 30% x 95% of cases	2280
SPC Retrial request	Rare	
<b>TOTAL</b>		<b>\$9,430</b>

**Total Costs for All Surveyed Cases Actually Filed in Non-Fashion Classes by CFDA Members:**

Number of cases filed to date: 124

Average cost per case: \$9000

Total: \$1,116,000 or RMB7,254,000

**C. Total Costs for Actions Actually Filed – All Classes of Goods and Services**

Number of cases filed to date:	670
Average cost per case:	\$9000 to 12,000
Total:	<u>\$6,030,000 to \$8,040,000</u>

**D. Total Costs for Actions Assuming All Potential Cases Identified Were Pursued**

Number of cases:	897
Average cost per case:	\$9000
Total:	<u>\$8,073,000 or RMB52,474,500</u>