CHINA: EUTM and RCD Focus

2010 to 2017 Evolution

1. EXECUTIVE SUMMARY & INFOGRAPHIC

The commercial appeal of the European Union (EU) common market is underscored by the exponential growth in the demand for EU Intellectual Property rights by Chinese applicants during the last eight years.

European Union Trade Mark (EUTM) application filings from China experienced remarkable growth from 2010 to 2017, with an average annual growth rate of 39.4% and an overall growth rate of 806.4% when comparing the 2017 and 2010 filing volumes. More than 34,000 EUTM applications, including over 68,000 goods and services classes, were filed.

The Top 10 EUTM applicants from China during the period in question are all large enterprises operating in various industrial and commercial sectors, such as: consumer electronics; telecommunications equipment, systems and services; automotive design and manufacturing; Internet-related services and products.

The well-known telecommunications equipment and services company Huawei Technologies tops the applicant ranking with a commanding lead, being responsible for nearly two-thirds (2/3) of the collective Top 10 filing volume from 2010 to 2017. ZTE (a global telecommunications equipment, networks and mobile devices company headquartered in Shenzhen) occupies the second position in the ranking, followed in third by Qoros (an automotive manufacturing company headquartered in Shanghai). However, the Top 10 applicants collectively represent only 4.1% of overall EUTM filings from China, which were filed by over 23,000 different applicants.

The predominance of technology-based enterprises in the Top 10 ranking of EUTM applicants from China is echoed in the distribution of the Top 10 classes filed for, with Class 9 (Electrical Apparatus; Computers) accounting for one-fifth (1/5) of all Chinese EUTM class filings, while the Top 10 classes collectively represent almost two-thirds (2/3) of classes filed for.

Nearly 30,000 European Union Trade Mark registrations from China, containing almost 60,000 associated goods and services classes, were in force on January 1st, 2018.

Direct Registered Community Design (RCD) filings from China also demonstrated a strong average annual growth rate of 32.1% during the last eight years and an overall growth rate of 522.6% when comparing the 2017 and 2010 filing volumes.

Nearly 9,800 applications, with an average of 3.5 designs per application, were submitted to the European Union Intellectual Property Office (EUIPO) during this period, leading to more than 34,000 individual design filings by over 10,000 individual applicants.

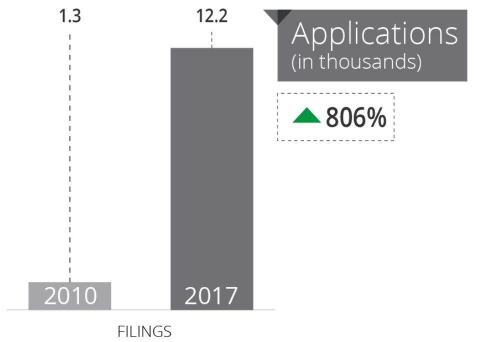
The Top 10 direct RCD applicants from China collectively represent 13.4% of overall Chinese direct RCD filings for the period in question, with the majority being globally operating companies in design intensive industries and commercial sectors such as: furnishing, outdoor products, household goods; textile products; electrical equipment; lighting apparatus and office supplies.

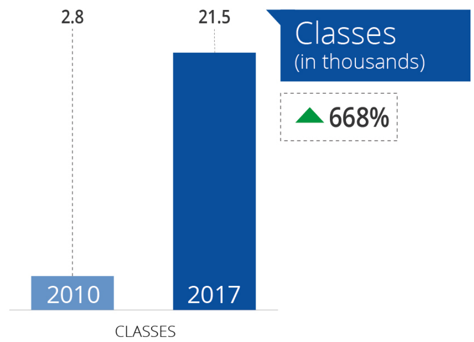
Top direct RCD applicants from China include Yotrio (an outdoor furniture manufacturer), Main Plan (a producer of faucets and other bathroom accessories), Changzhou Shenda (a manufacturer of textile products) and the aforementioned Huawei Technologies.

More than 35,000 associated classes of the Locarno Classification were included in direct RCD filings from China between 2010 and 2017. Class 26 (Lighting Apparatus) tops the ranking, followed by Class 6 (Furnishing). Third place is occupied by Class 14 (Recording & Communication Equipment). The Top 10 collectively represent three-quarters (3/4) of all filed RCD classes by Chinese applicants.

Over 31,000 Registered Community Designs from China, containing over 32,000 associated Locarno classes, were in force on January 1st, 2018.

2010 - 2017 EVOLUTION OF EUTM FILINGS

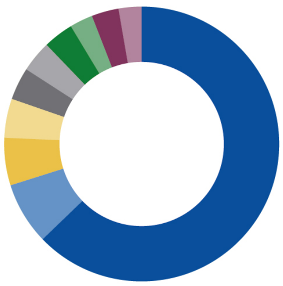




23,000 Applicants → **34,000** Applications

1 Filling → **2.0** Classes (Average)

TOP 10 APPLICANTS



Account for 4.1% of Filings

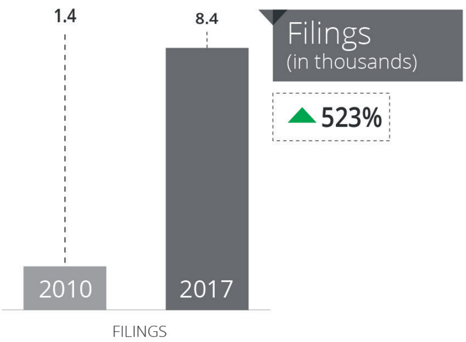
1. HUAWEI
2. ZTE
3. QOROS
4. dji
5. LeEco
6. Shenzhen Yisi
7. Baidu 百度
8. ValueLink
9. Bestway
10. AUKEY

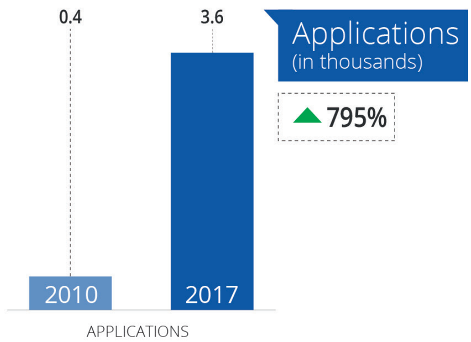
TOP 10 CLASSES

		Share of total classes filed	% growth 2017 vs 2010
1	09 Electrical Apparatus, Computers.	20%	▲ 1,147%
2	25 Clothing, Footwear.	7%	▲ 753%
3	11 Lighting & HVAC Apparatus	7%	▲ 757%
4	35 Advertising; Business Management	6%	▲ 702%
5	18 Leather Goods; Luggage	5%	▲ 755%
6	28 Games & Toys; Sporting Articles	5%	▲ 1,230%
7	21 Household Utensils & Containers	4%	▲ 1,532%
8	12 Vehicles	4%	▲ 335%
9	7 Machines & Tools	4%	▲ 281%
10	14 Precious Metals; Jewellery	3%	▲ 1,815%

Account for 65% of Filed Classes

2010 - 2017 EVOLUTION OF RCD FILINGS

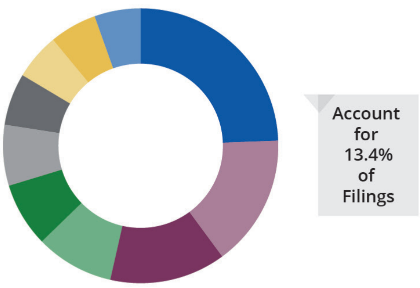




10,000 Applicants → **34,000** Design Filings

1 Application → **3.5** Design Filings (Average)

TOP 10 APPLICANTS



1. Sun
2. YOTRIO
3. MAIN PLAN LIMITED
4. China-best
5. Changzhou Shenda
6. Letright
7. Ningbo Yinrui
8. BEIFA
9. Ningbo Utec
10. HUAWEI

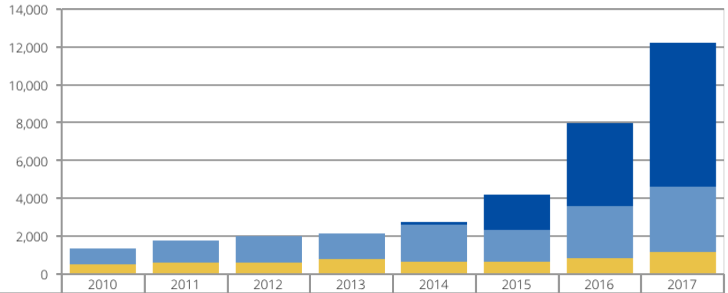
TOP 10 CLASSES

	Class	Share of total classes filed	% growth 2017 vs 2010
1	26 Lighting Apparatus	18%	503%
2	06 Furnishing	12%	137%
3	14 Recording & Communication Equipment	8%	1,032%
4	23 Fluid Distribution & HVAC Equipment	8%	84%
5	12 Means of Transport or Hoisting	7%	496%
6	13 Electrical Equipment	5%	1,840%
7	11 Articles of Adornment	5%	11,144%
8	07 Household Goods	5%	280%
9	10 Clocks & Measuring Instruments	4%	2,507%
10	08 Tools & Hardware	4%	375%

Account for 76% of Filed Classes

2. EUTM APPLICATION FILINGS

2.1 Filing Volumes



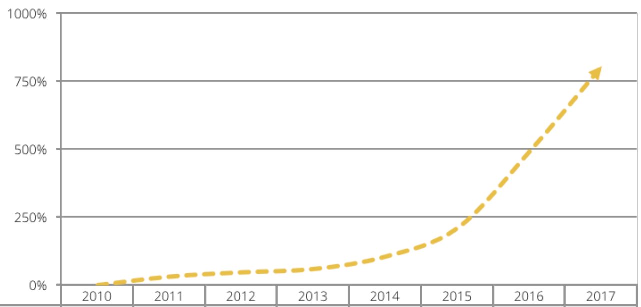
	2010	2011	2012	2013	2014	2015	2016	2017
Fast Track Direct					169	1,878	4,417	7,608
Regular Track Direct	831	1,162	1,397	1,345	1,971	1,668	2,738	3,456
International Registrations	516	608	586	803	625	645	834	1145
Total	1,347	1,770	1,983	2,148	2,765	4,191	7,989	12,209

39.4% Average Annual Growth Rate

34,402 EUTM Application Filings 2010 to 2017

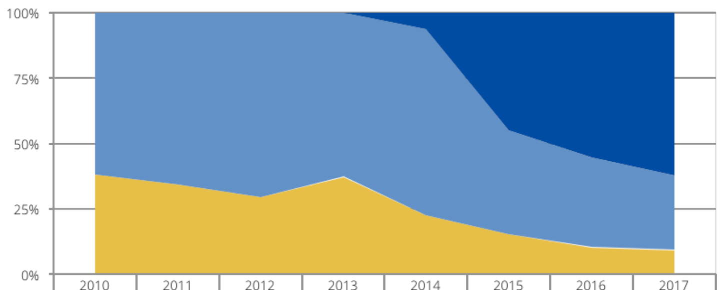
European Union Trade Mark (EUTM) application filings from China experienced remarkable growth in the eight year period from 2010 to 2017, with an average annual growth rate of 39.4% and an overall growth rate of 806.4% when comparing the 2017 and 2010 filing volumes.

Growth vs 2010 EUTM Filings



	2010	2011	2012	2013	2014	2015	2016	2017
Growth vs 2010 EUTM Application Filings	0.00%	31.40%	47.22%	59.47%	105.27%	211.14%	493.10%	806.38%

+806.4% EUTM Application Filings 2017 vs 2010



	2010	2011	2012	2013	2014	2015	2016	2017
Fast Track Direct					169	1,878	4,417	7,608
Regular Track Direct	831	1,162	1,397	1,345	1,971	1,668	2,738	3,456
International Registrations	516	608	586	803	625	645	834	1,145

62.3% Of all 2017 Filings were Fast Track Filings

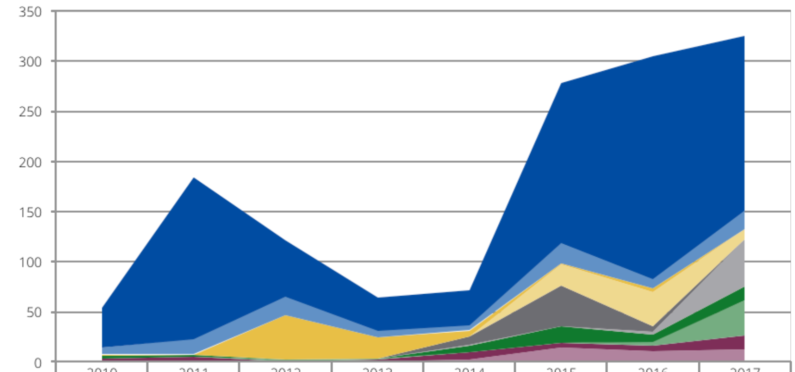
The distribution of the filing routes used by Chinese applicants changed considerably during the relevant period, with International filings through the Madrid System falling from 38.3% of total filings in 2010 to only 9.4% in 2017. Conversely, Fast Track direct filings have accounted for the majority of Chinese EUTM filings since 2016.

The Top 10 EUTM applicants from China during the period in question are all large enterprises operating in various industrial and commercial sectors, such as: consumer electronics; telecommunications equipment, systems and services; automotive design and manufacturing; Internet-related services and products. However, they collectively represent only 4.1% of overall EUTM filings from China.

The well-known telecommunications equipment and services company Huawei Technologies tops the ranking with a commanding lead, being responsible for nearly two-thirds (2/3) of the collective Top 10 filing volume from 2010 to 2017. ZTE, (a global telecommunications equipment, networks and mobile devices company headquartered in Shenzhen) occupies the second position in the ranking, followed in third by Qoros (an automotive manufacturing company headquartered in Shanghai).

Electronics companies like DJI (design and production of electronic products such as drones/aerial photography devices, cameras, filmmaking equipment, virtual reality headsets, etc.) and Aukey (design and production of electronic products such as photography gear, power banks, chargers, headphones, speakers, virtual reality headsets, etc.) also represent the Chinese high technology sector amongst top Chinese EUTM applicants.

Cumulative Yearly Evolution of EUTM Filings by Top 10 Applicants



	2010	2011	2012	2013	2014	2015	2016	2017
Huawei	40	161	56	33	35	159	222	174
ZTE	7	16	19	7	6	21	10	19
Qoros	1		44	21	6	1	4	
DJI						21	34	10
Le Shi					8	41	5	
Shenzhen Yisi					1		3	47
Baidu	3	2			6	16	7	14
Shenzhen Valuelink			2	1	1		4	35
Bestway	3	5		2	7	5	6	14
Aukey					2	14	10	12

Huawei
82.1%
Average Annual Growth Rate

ZTE
51.1%
Average Annual Growth Rate

+501.9%
EUTM Application Filings by Top 10 Applicants 2017 vs 2010

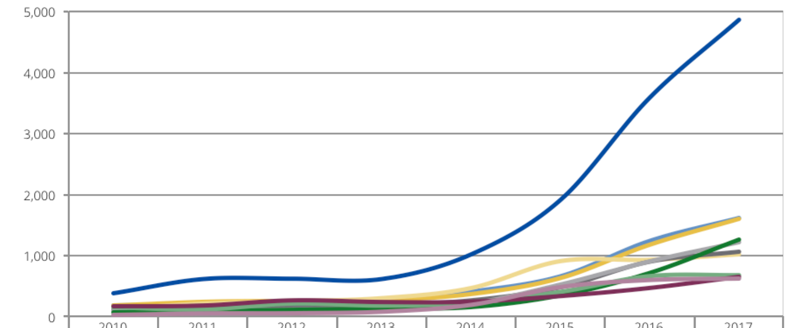
Top 10 Applicants accounted for **4.1%** of all Chinese EUTM Filings

Rank	Applicant	Volume
1	Huawei	880
2	ZTE	105
3	Qoros	77
4	DJI	65
5	Le Shi	54
6	Shenzhen Yisi	51
7	Baidu	48
8	Shenzhen Valuelink	43
9	Bestway	42
10	Aukey	38

2. EUTM APPLICATION FILINGS

2.3 Top 10 Filing Classes

Yearly Evolution of Top 10 Class Filings



Class	2010	2011	2012	2013	2014	2015	2016	2017
09	391	627	633	627	1,030	1,921	3,598	4,876
25	191	226	251	276	422	672	1,252	1,629
11	188	251	267	279	379	641	1,187	1,612
35	128	220	258	308	473	915	937	1,027
18	126	190	170	204	279	493	914	1,077
28	92	97	122	133	221	529	909	1,224
21	78	106	123	143	167	358	726	1,273
12	159	130	225	192	240	417	675	691
07	172	184	269	242	247	339	472	655
14	33	61	64	88	200	491	608	632

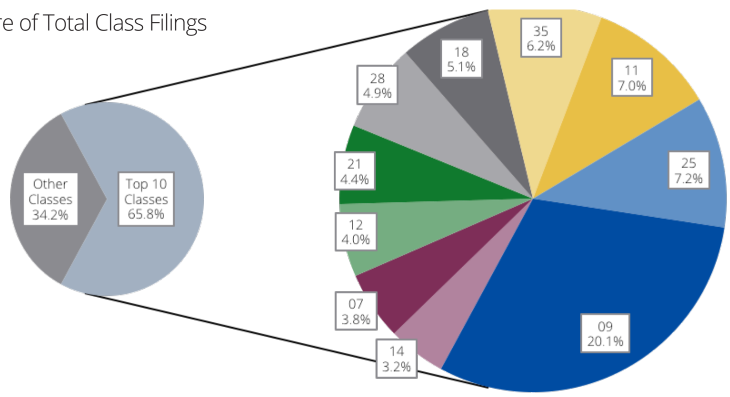
68,315 Class Filings 2010 to 2017

Class 09

+1147.1% Class Filings 2017 vs 2010

More than 68,000 goods and services classes of the Nice Classification were included in EUTM filings from China during the last eight years, with an average annual growth rate of 35.3% and an overall growth rate of 667.8% when comparing the 2017 and 2010 class filing volumes. The predominance of technology-based enterprises in the Top 10 ranking of EUTM applicants from China is echoed in the distribution of the Top 10 classes filed for, with Class 9 (Electrical Apparatus; Computers) accounting for one-fifth (1/5) of all Chinese EUTM class filings.

Share of Total Class Filings



Top 10 Classes Accounted for **65.8%** of all Class Filings

Rank	Class	Abbreviated Nice Class Headings[1]	Volume	%
1	09	Electrical Apparatus; Computers	13,703	20.1%
2	25	Clothing; Footwear	4,919	7.2%
3	11	Lighting & HVAC Apparatus	4,804	7.0%
4	35	Advertising; Business Management	4,266	6.2%
5	18	Leather Goods; Luggage	3,453	5.1%
6	28	Games & Toys; Sporting Articles	3,327	4.9%
7	21	Household Utensils & Containers	2,974	4.4%
8	12	Vehicles	2,729	4.0%
9	07	Machines & Tools	2,580	3.8%
10	14	Precious Metals; Jewellery	2,177	3.2%
-	-	Other Classes	23,383	34.2%
-	**-**	**All Classes**	**68,315**	**100.0%**

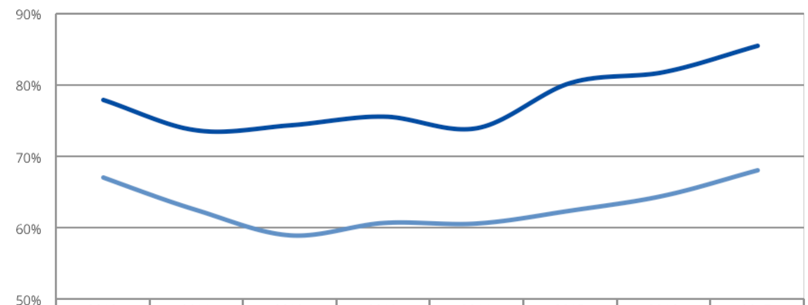
[1] Full Class Headings available in Annex

3. EUTM ROUTE TO REGISTRATION

3.1 Straight-through Applications

Increases in application volumes imply increases in examination efforts. More straight-through applications (without objections or deficiencies) result in a more efficient examination process. In 2017, straight-through applications were 17.4% higher in EUTMs with Chinese applicants when compared with the EUIPO overall rate.

Yearly Evolution of Straight-through Applications



	2010	2011	2012	2013	2014	2015	2016	2017
Overall	66.98%	62.51%	58.97%	60.71%	60.64%	62.44%	64.55%	68.10%
China	77.92%	73.68%	74.39%	75.60%	73.99%	80.34%	81.86%	85.54%

81.3% EUTM Straight-through Applications (China) 2010 to 2017

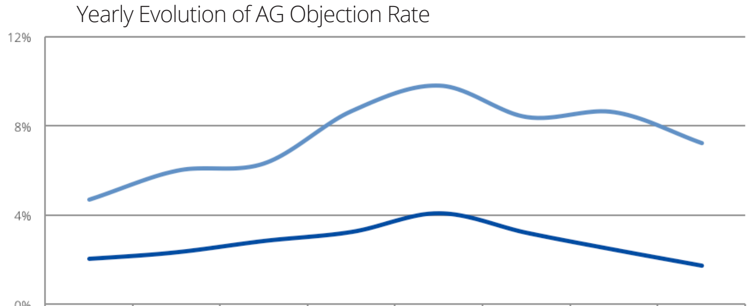
+17.4% EUTM Straight-through Applications China vs Overall in 2017

3. EUTM ROUTE TO REGISTRATION

3.2 Absolute Grounds Objection Rate

Lower Absolute Grounds (AG) objection rates also result in a more efficient examination process. In 2017, the AG objection rate for EUTMs with Chinese applicants was 5.5% lower in comparison with the EUIPO overall rate.

Yearly Evolution of AG Objection Rate



	2010	2011	2012	2013	2014	2015	2016	2017
Overall	4.71%	6.03%	6.36%	8.71%	9.85%	8.44%	8.66%	7.27%
China	2.03%	2.34%	2.85%	3.25%	4.09%	3.21%	2.45%	1.74%

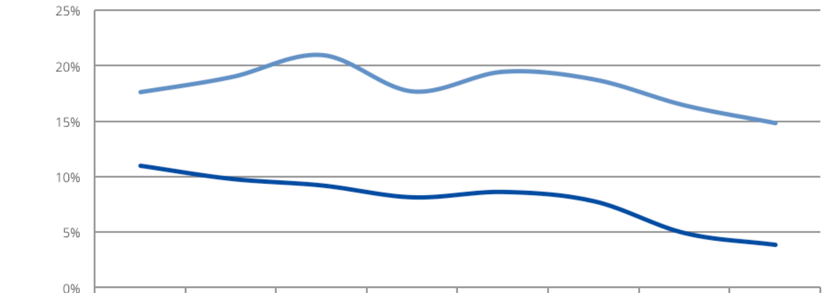
2.4% AG Refusal Rate (China) 2010 to 2017

-5.5% AG Refusal Rate China vs Overall in 2017

3. EUTM ROUTE TO REGISTRATION

3.3 Classification Deficiency Rate

Yearly Evolution of Classification Deficiency Rate



	2010	2011	2012	2013	2014	2015	2016	2017
Overall	17.61%	18.99%	20.98%	17.70%	19.48%	18.78%	16.45%	14.85%
China	10.98%	9.80%	9.20%	8.14%	8.62%	7.78%	4.91%	3.85%

5.9% Formalities Deficiency Rate (China) 2010 to 2017

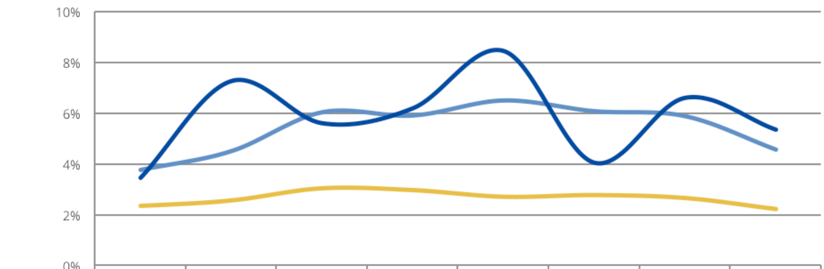
-11.0% Classification Deficiency Rate China vs Overall in 2017

Various actions and projects have been carried out by the EUIPO during the last several years in order to reduce deficiencies related to the classification of goods and services associated with EUTM filings, since lower classification deficiency rates also contribute to a more effective and efficient examination process. In 2017, the classification deficiency rate for EUTMs with Chinese applicants was 11.0% lower when compared with the EUIPO overall rate.

3. EUTM ROUTE TO REGISTRATION

3.4 Formalities Deficiency Rate

Yearly Evolution of Formalities Deficiency Rate



	2010	2011	2012	2013	2014	2015	2016	2017
Overall	3.78%	4.53%	6.06%	5.93%	6.52%	6.10%	5.90%	4.59%
China	3.46%	7.29%	5.62%	6.21%	8.47%	4.07%	6.62%	5.37%
US	2.33%	2.57%	3.05%	2.98%	2.71%	2.78%	2.66%	2.23%

5.9% Classification Deficiency Rate (China) 2010 to 2017

+0.8% Formalities Deficiency Rate China vs Overall in 2017

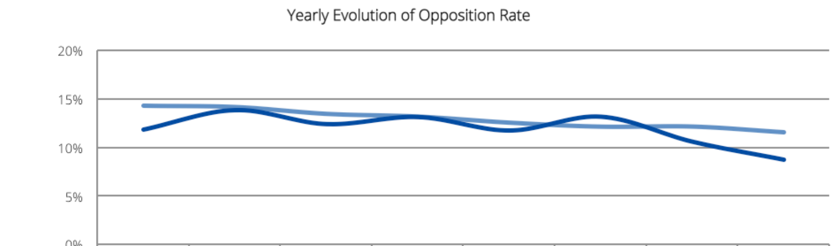
+3.1% Formalities Deficiency Rate China vs US in 2017

In 2017, the formalities deficiency rate for EUTMs with Chinese applicants was 0.8% higher in comparison with the EUIPO overall rate and 3.1% higher when compared to EUTMs with applicants from the United States. Among the most frequent deficiencies detected during the examination process, formalities are the only type of deficiency in which the rate for Chinese EUTMs is higher than the overall rate.

3. EUTM ROUTE TO REGISTRATION

3.5 Opposition Rate

Increases in application volumes also entail increases in published EUTMs, which potentially lead to more opposition filings. The procedural and technical work related to oppositions requires a considerable effort and a well-planned workforce. Within this context, the measurement of opposition rates can be used to estimate the volume of oppositions that will be received by the EUIPO in the future. In 2017, the opposition rate for EUTMs with Chinese applicants was 2.9% lower in comparison with the EUIPO overall rate.



	2010	2011	2012	2013	2014	2015	2016	2017
Overall	14.35%	14.24%	13.53%	13.25%	12.63%	12.21%	12.22%	11.64%
China	11.83%	13.85%	12.41%	13.14%	11.75%	13.17%	10.60%	8.74%

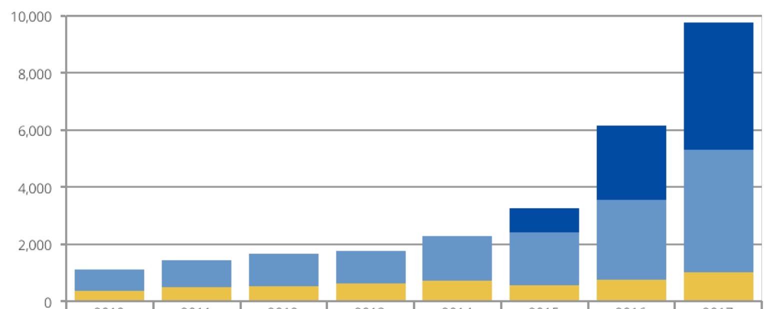
11.0% Opposition Rate (China) 2010 to 2017

-2.9% Opposition Rate China vs Overall in 2017

4. EUTM REGISTRATIONS

4.1 Registration Volumes

The strong growth in EUTM filings from China during the last eight years is reflected in the number of successful EUTM registrations, which grew continuously during the period. It is worth noting that while the average annual growth rate was 38.6%, there was an increase of 773.0% in the number of registrations when comparing the 2010 and 2017 volumes.



	2010	2011	2012	2013	2014	2015	2016	2017
Fast Track Direct						849	2,581	4,477
Regular Track Direct	759	959	1,125	1,160	1,535	1,836	2,822	4,283
International Registrations	359	488	545	613	736	578	750	1,018
Total	1,120	1,447	1,670	1,773	2,271	3,263	6,153	9,778

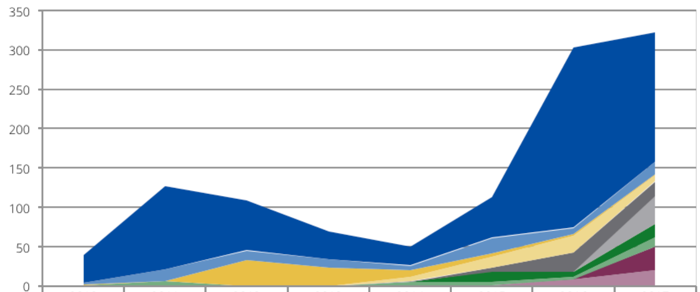
27,475 EUTM Registrations 2010 to 2017

+773.0% EUTM Registrations 2017 vs 2010

38.6% Average Annual Growth Rate

4.2 Top 10 Registration Owners

Cumulative Yearly Evolution of EUTM Registrations



	2010	2011	2012	2013	2014	2015	2016	2017
Huawei	35	106	64	35	24	52	229	164
ZTE	2	15	12	10	6	19	8	16
Qoros	1		33	24	8	5	2	1
Le Shi					6	13	21	8
DJI						5	24	18
Shenzhen Yisi					1		1	36
Aukey						14	6	17
Bestway	1	6			5	4	3	12
Pengzhan Wanguo							1	30
Changchun Chengji						1	8	20

ZTE

+700.0%

EUTM Registrations 2017 vs 2010

118.9%

Average Annual Growth Rate

Huawei

+368.6%

EUTM Registrations 2017 vs 2010

73.6%

Average Annual Growth Rate

Top 10 Owners accounted for **4.1%** of all Chinese EUTM Registrations

Rank	Owner	Volume
1	Huawei	709
2	ZTE	88
3	Qoros	74
4	Le Shi	48
5	DJI	47
6	Shenzhen Yisi	38
7	Aukey	37
8	Bestway	31
9	Pengzhan Wanguo	31
10	Changchun Chengji	29

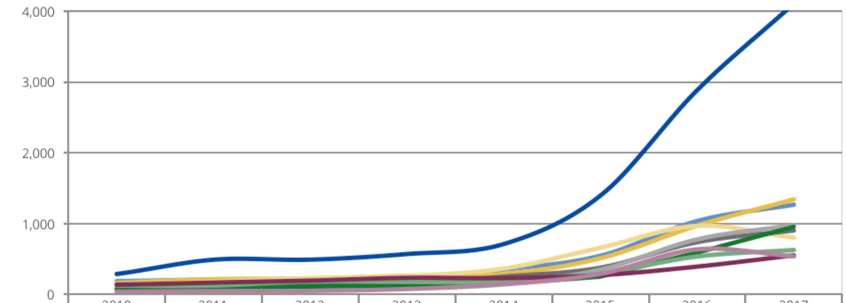
The Top 10 Chinese owners of successful EUTM registrations from 2010 to 2017 include eight of the Top 10 Chinese EUTM applicants from the same period, with Huawei Technologies again dominating the ranking, accounting for nearly two-thirds (2/3) of the collective Top 10 registration volume.

When comparing the two rankings, ZTE and Qoros maintain their second and third positions, while Le Shi (a technology company engaged in the production and distribution of video, film and television) and DJI switch places as the fourth and fifth ranked enterprises. Shenzen Yisi (a technology company specialising in the manufacture of surveillance equipment, CCTV security systems and LED lights) maintains its sixth position, while Aukey and Bestway (a manufacturer of inflatable leisure products, water sports products, and other plastic products) move up slightly into seventh and eighth place.

Finally, Baidu (an Internet search provider and technology company specialising in Internet-related services and products, as well as Artificial Intelligence) and Shenzhen Valuelink (an E-commerce and software enterprise), which were also amongst the Top 10 Chinese EUTM applicants during the relevant time period, narrowly miss out on the Top 10 owners ranking, being replaced by Pengzhan Wanguo and Changchun Chengji (a mobile phone and tablet distributor and supplier).

The Top 10 ranking of Chinese class registrations mirrors the observed order and distribution of class filings, with variations of less than 1% for all the Top 10 classes, both individually versus each other and collectively as opposed to all the other classes filed for and registered during the period in question. The Top 10 classes jointly correspond to two-thirds (2/3) of all Chinese class registrations, while Class 9 again accounts for one-fifth (1/5) of all Chinese EUTM class registration activity.

Yearly Evolution of Class Registrations

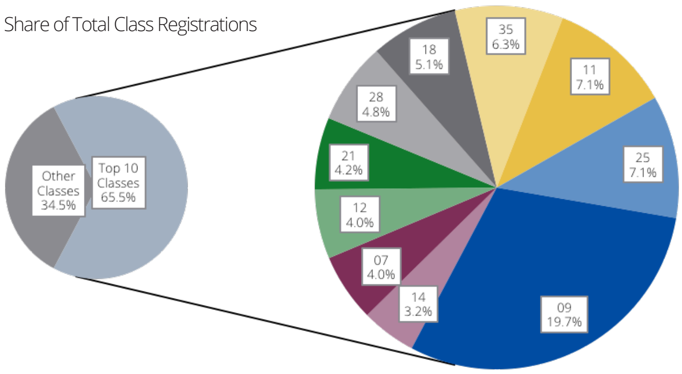


	2010	2011	2012	2013	2014	2015	2016	2017
09	282	495	496	575	716	1401	2890	4113
25	175	204	204	217	343	539	1030	1261
11	160	213	224	262	287	509	969	1342
35	103	172	221	252	358	652	961	794
18	115	149	160	153	251	377	737	903
28	68	108	90	99	160	355	782	984
21	76	96	102	118	147	249	586	956
12	120	126	184	177	181	297	536	628
07	136	170	198	237	234	275	396	555
14	32	42	46	72	138	286	632	533

55,669 Class Registrations 2010 to 2017

+651.5% Class Filings 2017 vs 2010

Share of Total Class Registrations



Average Number of Classes 2.0 In EUTM Registrations 2010 to 2017

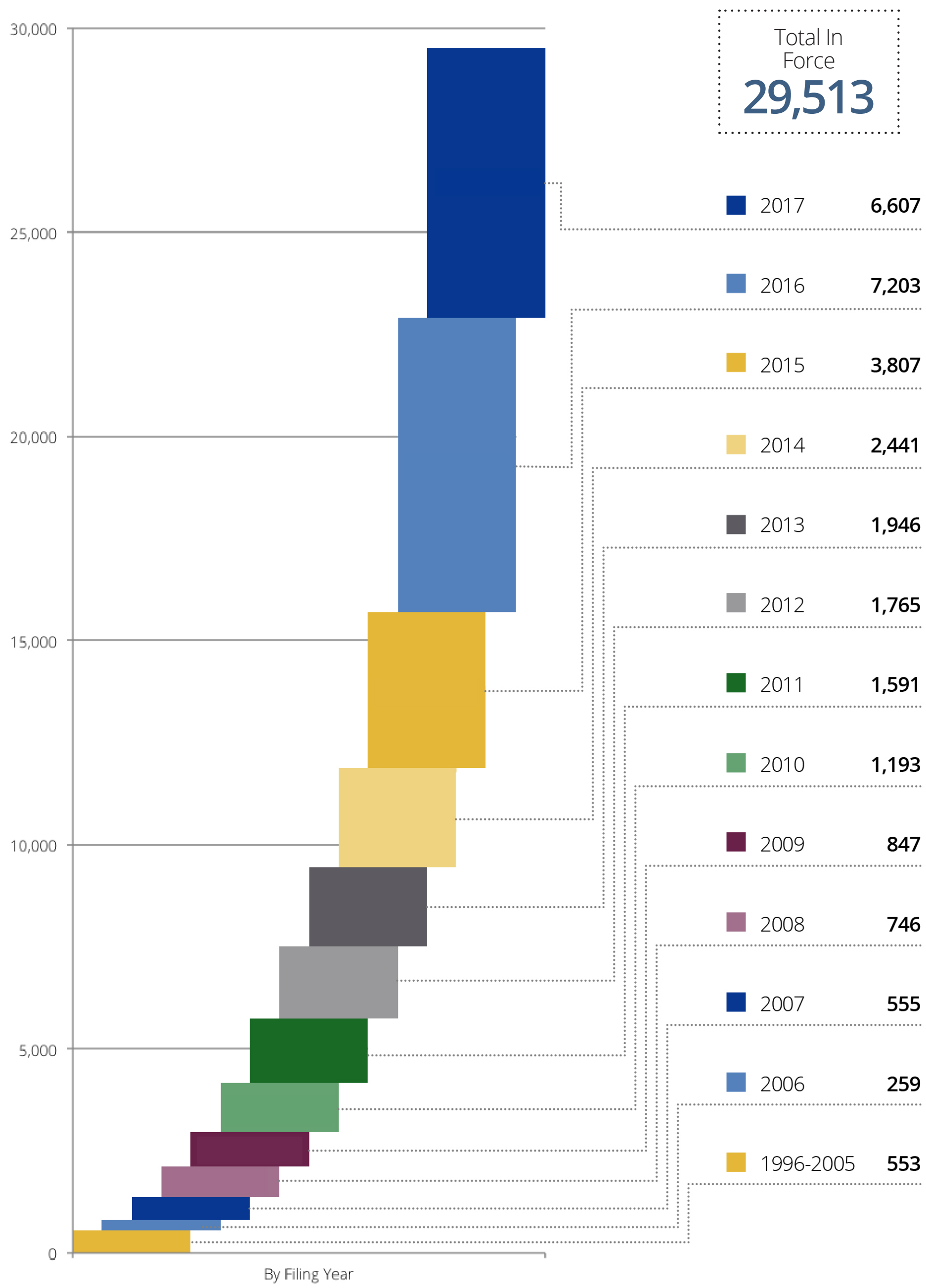
Top 10 Classes accounted for **65.5%** of all Class Registrations.

Rank	Class	Abbreviated Nice Class Headings [2]	Volume	%
1	09	Electrical Apparatus; Computers	10,968	19.7%
2	25	Clothing; Footwear	3,973	7.1%
3	11	Lighting & HVAC Apparatus	3,966	7.1%
4	35	Advertising; Business Management	3,513	6.3%
5	18	Leather Goods; Luggage	2,845	5.1%
6	28	Games & Toys; Sporting Articles	2,646	4.8%
7	21	Household Utensils & Containers	2,330	4.2%
8	12	Vehicles	2,249	4.0%
9	07	Machines & Tools	2,201	4.0%
10	14	Precious Metals; Jewellery	1,781	3.2%
-	-	Other Classes	19,197	34.5%
-	-	All Classes	55,669	100.0%

[2] Full Class Headings available in Annex

5. EUTM IN FORCE

In Force European Union Trade Marks by Filing Year

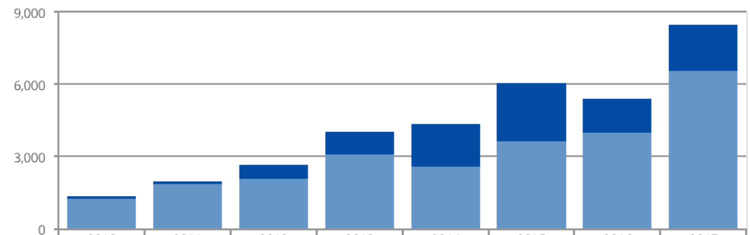


Nearly 30,000 European Union Trade Mark registrations from China, containing almost 60,000 associated goods and services classes, were in force on January 1st, 2018.

6. DIRECT RCD FILINGS

6.1 Direct Filing Volumes

Direct Registered Community Design (RCD) filings from China demonstrate a strong average annual growth rate of 32.1% for the years between 2010 and 2017 and an overall growth rate of 522.6% when comparing the 2017 and 2010 filing volumes. Nearly 9,800 applications, with an average of 3.5 designs per application, were submitted to the EUIPO during this period, leading to a total volume of more than 34,000 individual design filings.

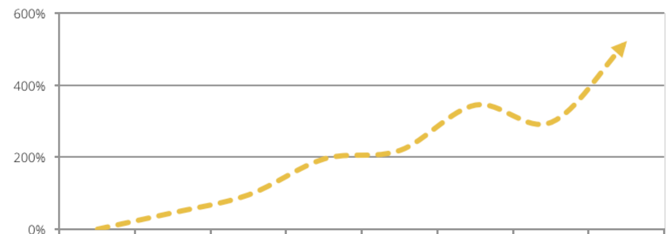


	2010	2011	2012	2013	2014	2015	2016	2017
Fast Track Direct	125	123	593	939	1,770	2,418	1,425	1,934
Regular Track Direct	1,236	1,858	2,065	3,079	2,565	3,634	3,971	6,539
Total	1,361	1,981	2,658	4,018	4,335	6,052	5,396	8,473

34,274 RCD Filings 2010 to 2017

32.1% Average Annual Growth Rate

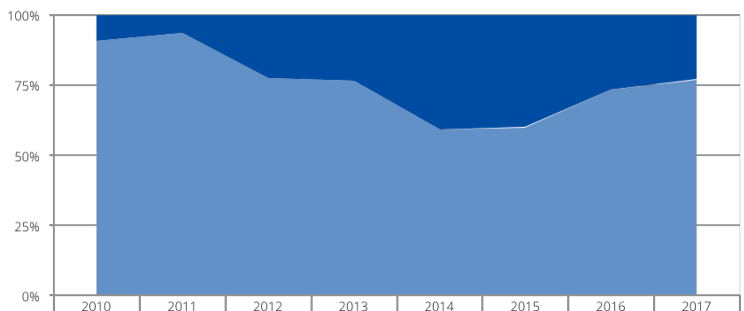
Growth vs 2010 RCD Filings



	2010	2011	2012	2013	2014	2015	2016	2017
Growth vs 2010 RCD Filings	0.00%	45.55%	95.30%	195.22%	218.52%	344.67%	296.47%	522.56%

+522.6% RCD Filings 2017 vs 2010

In 2017, almost 23% of all direct RCD filings were filed as Fast Track, which represents a strong increase, up from less than 10% in 2010. This evolution is in line with the robust overall growth of RCD filings in the specific case of China as well as regarding overall filing volumes at the EUIPO.



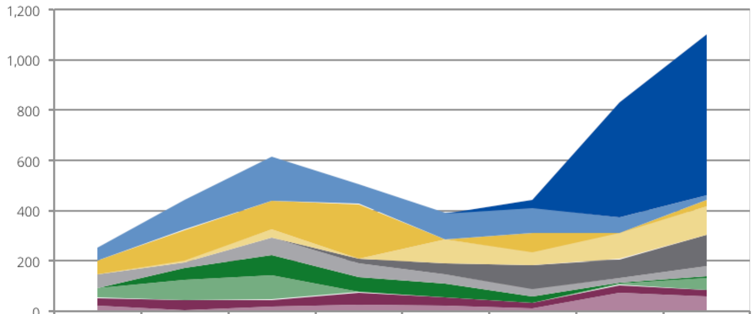
	2010	2011	2012	2013	2014	2015	2016	2017
Fast Track Direct	125	123	593	939	1,770	2,418	1,425	1,934
Regular Track Direct	1,236	1,858	2,065	3,079	2,565	3,634	3,971	6,539

22.8% Of all 2017 Direct RCD Filings were Fast Track Filings, up from **9.2%** in 2010

6. DIRECT RCD FILINGS

6.2 Top 10 Direct Filing Applicants

Cumulative Yearly Evolution of Direct RCD Filings by Top 10 Applicants



	2010	2011	2012	2013	2014	2015	2016	2017
Sun	0	0	0	0	0	32	461	640
Yotrio	50	118	175	78	103	99	59	18
Main Plan (Ningbo)	58	121	113	219	0	77	0	27
Zhejiang China-Best	0	12	35	0	98	53	106	113
Changzhou Shenda	0	0	0	18	44	94	76	125
Letright	55	22	70	56	36	31	17	40
Ningbo Yinrui	0	48	81	60	55	26	5	10
Beifa	37	78	95	0	0	0	6	45
Ningbo Utec	32	41	28	47	33	19	29	26
Huawei	22	4	19	28	22	14	75	59

YOTRIO
Yotrio
6.7%
Average Annual Growth Rate

LETRIGHT
Letright
25.5%
Average Annual Growth Rate

Huawei
99.6%
Average Annual Growth Rate

LUTEC
Ningbo Utec
4.9%
Average Annual Growth Rate

Top 10 Applicants accounted for **13.4%** of all Chinese Direct RCD Filings

Rank	Applicant	Volume
1	Sun	1,133
2	Yotrio	700
3	Main Plan (Ningbo)	615
4	Zhejiang China-Best	417
5	Changzhou Shenda	357
6	Letright	327
7	Ningbo Yinrui	285
8	Beifa	261
9	Ningbo Utec	255
10	Huawei	243

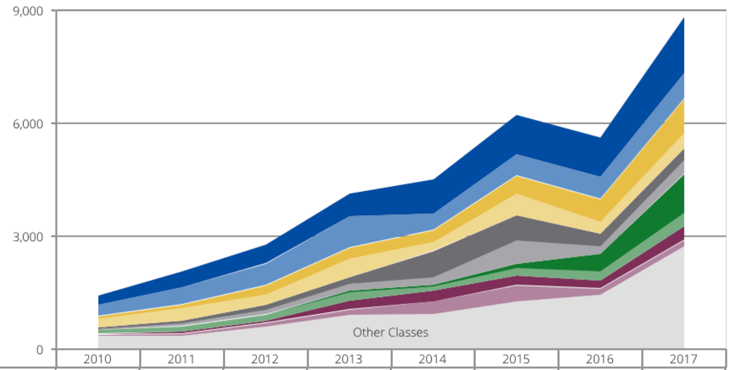
The Top 10 direct RCD applicants from China collectively represent 13.4% of overall direct RCD filings for the 2010-2017 period, with the majority being globally operating companies in design intensive industries and commercial sectors such as: furnishing, outdoor products, household goods; textile products; electrical equipment; lighting apparatus and office supplies.

The applicant Sun leads the ranking, with a commanding lead in direct RCD filings over outdoor furniture manufacturer Yotrio, which occupies the second position. Third place is held by Main Plan (Ningbo), a producer of faucets and other bathroom accessories, followed by trading company Zhejiang China-Best in fourth place. Changzhou Shenda (a manufacturer of textile products) completes the first half of the Top 10, with enterprises such as Letright (a manufacturer of furniture products), Beifa (stationary products) and Ningbo Utec (lighting fixtures and apparatus) comprising the lower half of the Top 10.

Huawei Technologies (the top Chinese EUTM applicant/ owner) closes out the Top 10 Chinese direct RCD filing applicants ranking in 10th place, demonstrating an enhanced IP strategy that seeks to utilise various protection mechanisms in order to add value to its products in the EU market.

More than 35,000 associated classes of the Locarno Classification were included in direct RCD filings from China between 2010 and 2017. Class 26 (Lighting Apparatus) tops the ranking, followed by Class 6 (Furnishing). Third place is occupied by Class 14 (Recording & Communication Equipment). The Top 10 collectively represent three-quarters (3/4) of all filed classes.

Cumulative Yearly Evolution of Direct RCD Class Filings



	2010	2011	2012	2013	2014	2015	2016	2017
26	246	424	500	606	907	1,037	1,051	1,485
06	284	447	565	826	430	554	574	674
14	81	91	250	291	315	470	612	917
23	216	333	273	494	233	587	313	397
12	51	57	121	184	701	668	323	304
13	20	100	142	177	209	631	213	388
11	9	3	12	40	25	97	455	1,012
07	98	133	151	228	129	218	250	373
10	14	59	60	227	278	250	216	365
08	32	49	85	133	325	429	159	152
Other Classes	353	353	605	921	941	1,263	1,441	2,738

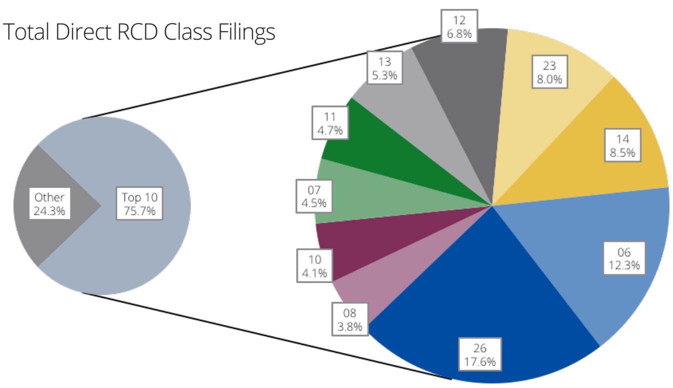
35,453 Direct RCD Class Filings 2010 to 2017

+527.1% Direct RCD Class Filings 2017 vs 2010

Class 26
+503.7% Direct RCD Class Filings 2017 vs 2010

Class filings for products such as electrical equipment (Class 13) and articles of adornment (Class 11) experienced strong growth, while other classes such as Class 7 (Household Goods) and Class 6 (Furnishing) grew at lower rates.

Share of Total Direct RCD Class Filings



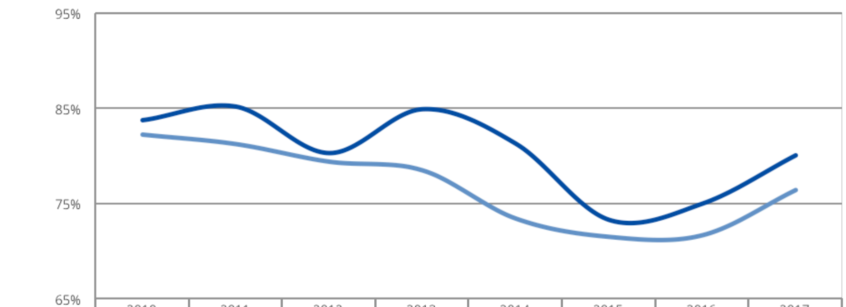
Top 10 Classes Accounted for **75.7%** Of all Direct RCD Class Filings

Rank	Class	Locarno Class Headings[3]	Volume	%
1	26	Lighting Apparatus	6,256	17.6%
2	06	Furnishing	4,354	12.3%
3	14	Recording & Communication Equipment	3,027	8.5%
4	23	Fluid Distribution & HVAC Equipment	2,846	8.0%
5	12	Means of Transport or Hoisting	2,409	6.8%
6	13	Electrical Equipment	1,880	5.3%
7	11	Articles of Adornment	1,653	4.7%
8	07	Household Goods	1,580	4.5%
9	10	Clocks & Measuring Instruments	1,469	4.1%
10	08	Tools & Hardware	1,364	3.8%
-	-	Other Classes	8,615	24.3%
-	-	All Classes	35,453	100.0%

[3] Full Class Headings available in Annex

7. RCD ROUTE TO DIRECT REGISTRATION

7.1 Straight-through Direct Registrations



	2010	2011	2012	2013	2014	2015	2016	2017
Overall	82.34%	81.34%	79.49%	78.58%	73.51%	71.59%	71.75%	76.51%
China	83.71%	85.22%	80.33%	84.95%	81.33%	73.31%	75.01%	80.10%

79.3% RCDs Straight-through Registrations (China) 2010 to 2017

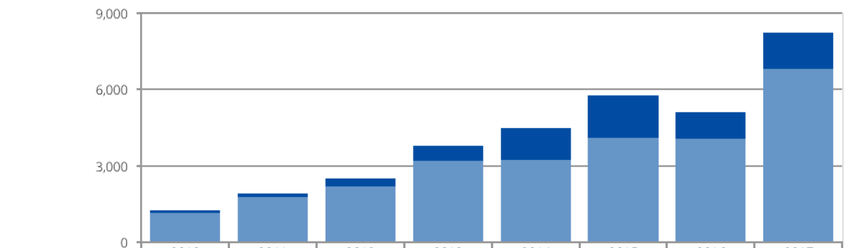
+3.6% RCDs Straight-through Registrations China vs Overall in 2017

The large growth in RCD filing volumes during the past eight years goes hand in hand with increases in examination efforts aimed at enabling successful direct RCD registrations. RCD applications are mainly examined for formalities such as proper filing languages, correct owner and/or representative data, clear representations and consistent views of the product(s) for which protection is sought and the full payment of the appropriate fees. Direct filings that do not experience any examination deficiencies are considered straight-through cases, with a higher ratio of straight-through cases leading to a more efficient examination process.

In 2017, straight-through cases for RCDs with Chinese applicants were 3.6 % higher compared to the EUIPO overall rate for all countries. The above-average evolution of the straight-through rate for China was observed during the whole 2010-2017 period, consistently displaying higher efficiency in the examination process in comparison with overall rates.

8. DIRECT RCD REGISTRATIONS

8.1 Direct Registration Volumes



	2010	2011	2012	2013	2014	2015	2016	2017
Fast Track Direct	124	111	317	577	1264	1675	1049	1398
Regular Track Direct	1136	1786	2178	3201	3225	4097	4068	6822
Total	1260	1897	2495	3778	4489	5772	5117	8220

33.028 Direct RCD Registrations 2010 to 2017

+552.4% Direct RCD Registrations 2017 vs 2010

32.9% Average Annual Growth Rate

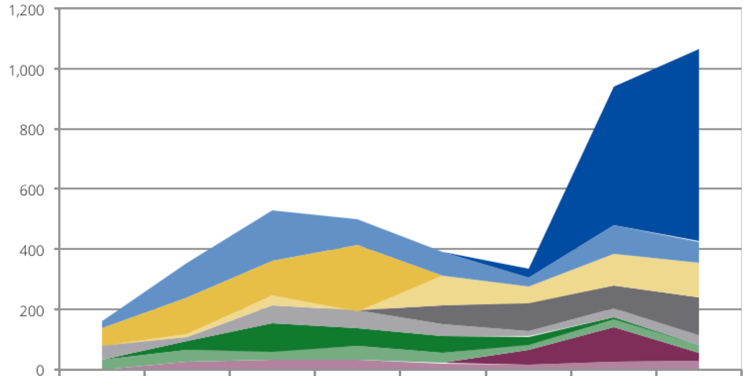
The robust growth in overall RCD filings from China during the last eight years was equally reflected in the number of successful direct RCD registrations, which grew at an average annual rate of 32.9% and had an overall growth rate of 552.4% when comparing the 2017 and 2010 filing volumes. The overall number of direct RCD registrations between 2010 and 2017 totalled 33,028, mostly driven by a strong growth in direct registrations via Regular Track that can clearly be observed in 2017.

The Top 10 Chinese owners of direct RCD registrations during the last eight years include eight of the Top 10 Chinese direct RCD applicants from the same period. Sun again leads the ranking, accounting for more than one-quarter (1/4) of the collective Top 10 registration volume, even though all registrations for this owner only occurred between 2015 to 2017, denoting a vigorous effort to penetrate the EU market with duly protected design products.

Indeed, the first seven positions coincide in composition and order with the Top 10 applicants ranking, while Ningo Utec moves up slightly from being the ninth-ranked Chinese applicant to occupying eighth place in the owners ranking.

Finally, Beifa and Huawei Technologies, which were also amongst the Top 10 Chinese direct RCD applicants during the relevant time period, narrowly miss out on the Top 10 owners ranking, being replaced by DJI (a Top 10 Chinese EUTM applicant/ owner) and Yuyao Hilite (a company specialising in the production of LED lights, outdoor lamps and other lighting fixtures).

Cumulative Yearly Evolution of Direct RCD Registrations by Top 10 Owners



	2010	2011	2012	2013	2014	2015	2016	2017
Sun						32	461	640
Yotrio	23	112	168	84	79	29	95	71
Main Plan (Ningbo)	58	121	113	219				
Zhejiang China-Best		12	35		98	53	106	113
Changzhou Shenda					62	94	76	125
Letright	48	12	59	58	41	18	28	33
Ningbo Yinrui		30	93	59	55	26	5	1
Ningo Utec	32	41	28	47	33	19	29	26
DJI					2	50	116	27
Yuyao Hilite		25	33	32	21	15	25	29

Yotrio

+208.7%

Direct RCD Registrations 2017 vs 2010

74.3%

Average Annual Growth Rate

Ningbo Utec

-18.8%

Direct RCD Registrations 2017 vs 2010

4.9%

Average Annual Growth Rate

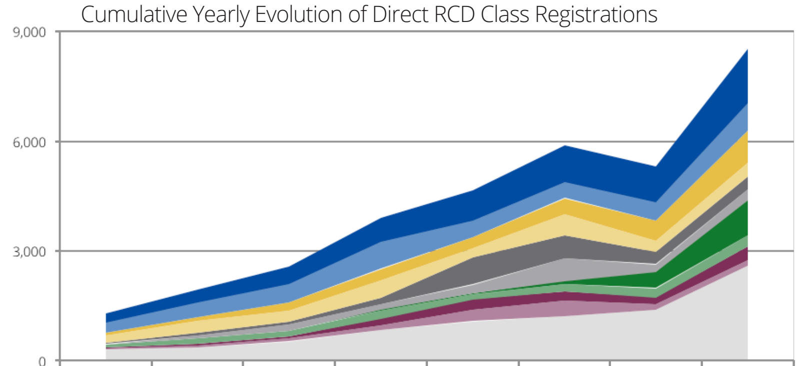
Top 10 Owners accounted for **12.9%** of all Chinese Direct RCD Registrations

Rank	Owner	Volume
1	Sun	1,133
2	Yotrio	661
3	Main Plan (Ningbo)	511
4	Zhejiang China-Best	417
5	Changzhou Shenda	357
6	Letright	297
7	Ningbo Yinrui	269
8	Ningbo Utec	255
9	DJI	195
10	Yuyao Hilite	180

8. DIRECT RCD REGISTRATIONS

8.3 Top 10 Direct Registration Classes

Cumulative Yearly Evolution of Direct RCD Class Registrations



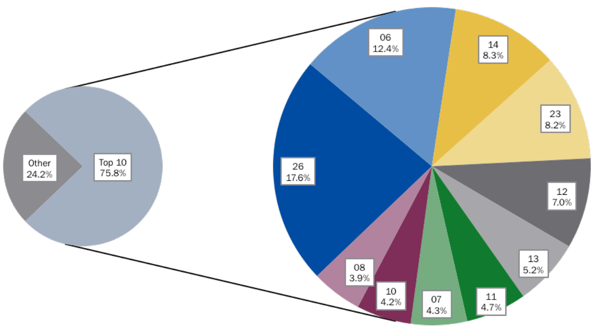
	2010	2011	2012	2013	2014	2015	2016	2017
26	260	348	480	638	819	1,008	971	1,477
06	291	421	515	767	474	461	526	768
14	65	94	225	298	297	434	552	872
23	194	326	289	484	245	583	293	379
12	40	70	80	176	729	609	334	342
13	12	83	160	143	244	619	209	293
11	7	5	8	40	25	95	452	970
07	82	144	153	207	142	198	251	305
10	16	60	60	192	296	262	181	379
08	31	44	87	134	311	425	152	148
Other Classes	304	359	519	823	1,071	1,207	1,394	2,590

The strong link between direct RCD class filings and direct RCD class registrations is evident by the identical nature in both composition and order of the two respective Top 10 cumulative class rankings. Most of the classes showed significantly positive average annual growth rates during the last eight years, with Class 11 (Articles of Adornment) having the largest growth rate (166.3%), followed by Class 13 (Electrical Equipment), with 124.6%.

Class 13
+124.6% Average Annual Growth Rate

Class 11
+166.3% Average Annual Growth Rate

Share of Total Direct RCD Class Registrations



+554.6%
Direct RCD Class Registrations 2017 vs 2010

34,126
Direct RCD Class Registrations 2010 to 2017

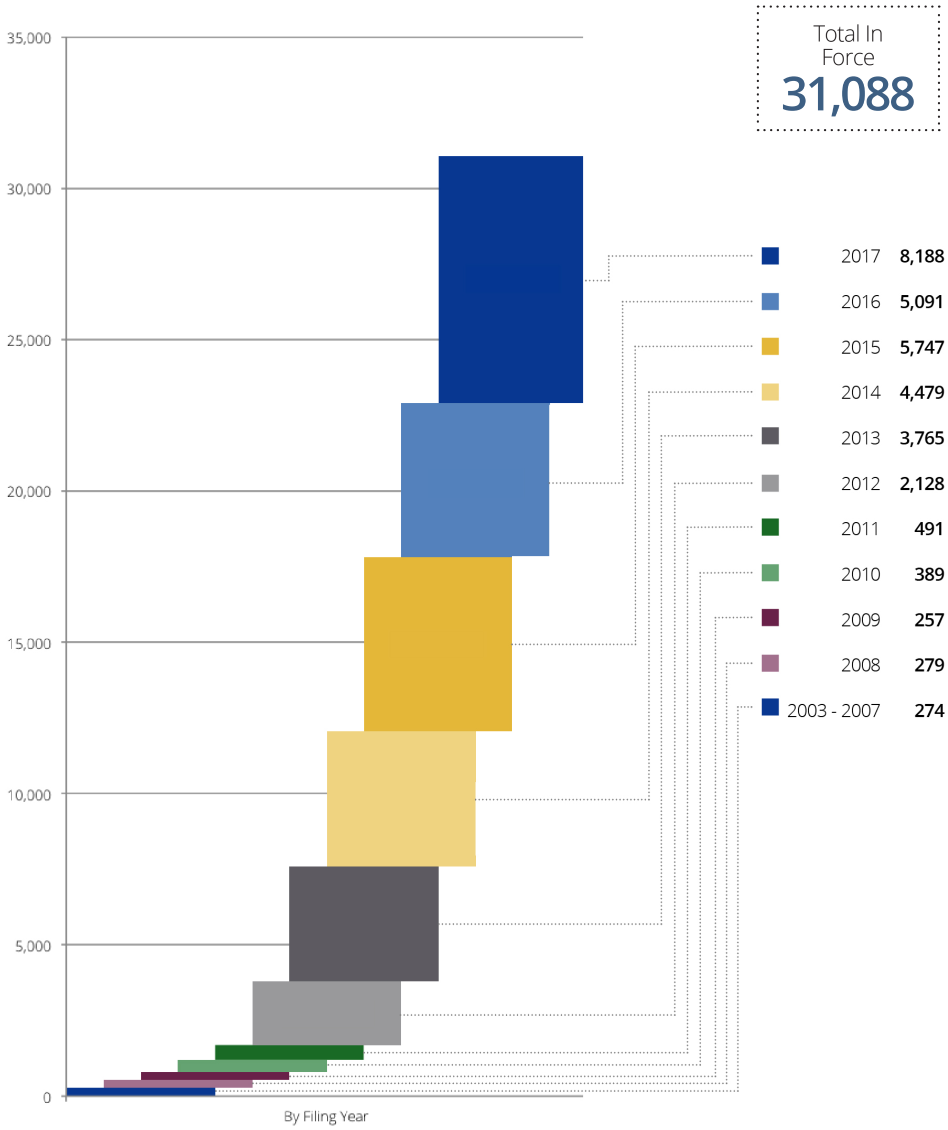
Top 10 Classes Accounted for **75.8%** Of all Direct RCD Class Registrations

Rank	Class	Locarno Class Headings [4]	Volume	%
1	26	Lighting Apparatus	6,001	17.6%
2	06	Furnishing	4,223	12.4%
3	14	Recording & Communication Equipment	2,837	8.3%
4	23	Fluid Distribution & HVAC Equipment	2,793	8.2%
5	12	Means of Transport or Hoisting	2,380	7.0%
6	13	Electrical Equipment	1,763	5.2%
7	11	Articles of Adornment	1,602	4.7%
8	07	Household Goods	1,482	4.3%
9	10	Clocks & Measuring Instruments	1,446	4.2%
10	08	Tools & Hardware	1,332	3.9%
-	-	Other Classes	8,267	24.2%
-	-	All Classes	34,126	100.0%

[4] Full Class Headings available in Annex

More than 31,000 Registered Community Designs from China, containing over 32,000 associated Locarno classes, were in force on January 1st, 2018.

In Force Registered Community Designs by Filing Year



Class	Nice Class Headings
7	Machines and machine tools; motors and engines (except for land vehicles); machine coupling and transmission components (except for land vehicles); agricultural implements other than hand-operated; incubators for eggs; automatic vending machines.
9	Scientific, nautical, surveying, photographic, cinematographic, optical, weighing, measuring, signalling, checking (supervision), life-saving and teaching apparatus and instruments; apparatus and instruments for conducting, switching, transforming, accumulating, regulating or controlling electricity; apparatus for recording, transmission or reproduction of sound or images; magnetic data carriers, recording discs; compact discs, DVDs and other digital recording media; mechanisms for coin-operated apparatus; cash registers, calculating machines, data processing equipment, computers; computer software; fire-extinguishing apparatus.
11	Apparatus for lighting, heating, steam generating, cooking, refrigerating, drying, ventilating, water supply and sanitary purposes.
12	Vehicles and apparatus for the transport of people or goods by land, air or water.
14	Precious metals and their alloys; jewellery, precious and semi-precious stones; horological and chronometric instruments.
18	Leather and imitations of leather; animal skins and hides; luggage and carrying bags; umbrellas and parasols; walking sticks; whips, harness and saddlery; collars, leashes and clothing for animals.
21	Household or kitchen utensils and containers; cookware and tableware, except forks, knives and spoons; combs and sponges; brushes, except paintbrushes; brush-making materials; articles for cleaning purposes; unworked or semi-worked glass, except building glass; glassware, porcelain and earthenware.
25	Clothing, footwear, headgear.
28	Games, toys and playthings; video game apparatus; gymnastic and sporting articles; decorations for Christmas trees.
35	Advertising; business management; business administration; office functions.

Class	Locarno Class Headings
6	Furnishing (seats; beds; tables and similar furniture; storage furniture; composite furniture; other furniture and furniture parts; mirrors and frames; clothes hangers; mattresses and cushions; curtains and indoor blinds; carpets, mats and rugs; tapestries; blankets and other covering materials, household linen and napery).
7	Household goods, not elsewhere specified (china, glassware, dishes and other articles of a similar nature; cooking appliances, utensils and containers; table knives, forks and spoons; appliances and utensils, hand-operated, for preparing food or drink; flatirons and washing, cleaning and drying equipment; other table utensils; other household receptacles; fireplace implements).
8	Tools and hardware (tools and implements for drilling, milling or digging; hammers and other similar tools and implements; cutting tools and implements; screwdrivers and other similar tools and implements; handles, knobs and hinges; locking or closing devices; fastening, supporting or mounting devices not included in other classes; metal fittings and mountings for doors, windows and furniture, and similar articles; bicycle and motorcycle racks).
10	Clocks and watches and other measuring instruments, checking and signalling instruments (clocks and alarm clocks; watches and wrist watches; other time-measuring instruments; other measuring instruments, apparatus and devices; instruments, apparatus and devices for checking, security or testing; signalling apparatus and devices; casings, cases, dials, hands and all other parts and accessories of instruments for measuring, checking and signalling).
11	Articles of adornment (jewellery; trinkets, table, mantel and wall ornaments, flower vases and pots; medals and badges; artificial flowers, fruit and plants; flags, festive decorations).
12	Means of transport or hoisting (vehicles drawn by animals; handcarts, wheelbarrows; locomotives and rolling stock for railways and all other rail vehicles; telpher carriers, chair lifts and ski lifts; elevators and hoists for loading or conveying; ships and boats; aircraft and space vehicles; motor cars, buses and lorries; tractors; road vehicle trailers; cycles and motorcycles; perambulators, invalid chairs, stretchers; special-purpose vehicles; other vehicles; tyres and anti-skid chains for vehicles; parts, equipment and accessories for vehicles, not included in other classes or subclasses).
13	Equipment for production, distribution or transformation of electricity (generators and motor; power transformers, rectifiers, batteries and accumulators; equipment for distribution or control of electric power).
14	Recording, communication or information retrieval equipment (equipment for the recording or reproduction of sounds or pictures; data processing equipment as well as peripheral apparatus and devices; communications equipment, wireless remote controls and radio amplifiers; screen displays and icons).
23	Fluid distribution equipment, sanitary, heating, ventilation and air-conditioning equipment, solid fuel (fluid distribution equipment; sanitary appliances; heating equipment; ventilation and air-conditioning equipment; solid fuel).
26	Lighting apparatus (candlesticks and candelabra; torches and hand lamps and lanterns; public lighting fixtures; luminous sources, electrical or not; lamps, standard lamps, chandeliers, wall and ceiling fixtures, lampshades, reflectors, photographic and cinematographic projector lamps; luminous devices for vehicles).