

THE LONG-AWAITED NEW TRADEMARK LAW OF CHINA

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TIMEFRAME FOR TRADEMARK EXAMINATION

There is currently no provision in the Trademark Law that regulates the timeframe for trademark examination.

However, to enable the applicant to have greater clarity of timeframe, the new law imposes time limits for the different stages of examination during the prosecution procedure:

- preliminary examination (初步审查) must be issued within 9 months from the date of application;
- a decision on a review against refusal procedure (驳回复审) before Trademark Review and Adjudication Board (TRAB) is to be issued within 9 months of the filing date of the review. In special cases, such time limit is extendable by 3 months upon approval;
- oppositions (异议) must be decided within 12 months from the expiration of the publication date, and such period may be extended to 18 months upon approval;
- reviews against an opposition decision filed by the opposed party (不予注册复审) must be decided within 12 months from the date of request.

Therefore, under the new law, smooth trademark applications should mature into registration within 15 to 18 months from the application date.

For examination of non-use cancellations, decisions must be made within 9 months (extendable by 3 months with approval) from the date of acceptance.

This is a welcoming change giving certainty and predictability. There however is still not a procedure for suspension of pending applications due to another examination procedure. Therefore, the current timeframe would still not address the issue that many trademark applicants face when trying to remove a cited mark through non-use cancellation procedures. This illustrates the continued importance of doing searches prior to trademark filings.

BAD FAITH REGISTRATION

The new law codifies a previous Supreme Court interpretation on the scope of the principal-agent relationship, so that any attempt to register a mark by a party who (a) has contractual relationship, business transaction or other relationship with the trademark owner, and (b) should have known the mark of the trademark owner to register an identical or similar mark, will be refused.

The new law also clarifies that using other's registered trademark or unregistered well-known trademark within a trade name would be considered an act of unfair competition under the Anti-Unfair Competition Law.

REGULATING TRADEMARK AGENTS

The new law imposes a higher standard of honesty and fidelity on trademark agents. The law generally appoints the trademark agent body to regulate their members, however, in addition, provides specific and harsher penalties on the below activities. Upon contravention of the below, the trademark agent will be subject to a fine, or even be subject to criminal sanction if the case is serious.



1. Forge, amend or use forged or amended legal documents, seals or signatures;
2. Defame other trademark agents to attract business or use similar means to disrupt the trademark agency marketplace;
3. Breach the duty of confidentiality by disclosing any trade secret obtained as agent;
4. Fail to inform their client with clarity that their marks may not be registrable under the Trademark Law;
5. Fail to refuse to act if he/she knows or should have known that the intended trademark application would infringe upon another party's existing rights or unfairly obtaining trademark registrations for marks that he/she knows is used by others (trademark squatting behavior).

These measures are put in place precisely to address the issue in China whereby quite a large number of trademark squatters are trademark agents.

OPPOSITION

In order to avoid unnecessary opposition by any unrelated parties, the new law only allows owner of a prior right or an interested party to oppose a mark.

Moreover, to avoid oppositions filed in bad faith, if an opposition fails, the opposed mark will be approved for registration and the opponent can only file a cancellation with the TRAB.

This is a change to the current law whereby the opposed mark will remain unregistered if review is filed. If on the other hand an opposition is tenable, the opposed mark will not be approved for registration and the opposed party can file an opposition review with TRAB.

WELL-KNOWN TRADEMARKS

It is not uncommon to see products bearing the term “well-known trademark” (驰名商标) or words bearing the same meaning used as a gimmick in the course of advertising by a trademark owner in China. Often, “well-known trademark” is used loosely as an adjective denoting “good quality” products and services. The new law strictly prohibits any labeling of the words “well-known trademarks” on products, product packaging or containers, or on advertisements, exhibition and other commercial activities by the manufacturer or trader even if the “well-known trademark” status is obtained by the trademark owner through the court or administrative means.

Although the amendments may curb unscrupulous advertisers from using the term “well-known trademark” in the course of advertisement, it is silent on whether alternative similar terms such as “China’s top brand” (中国名牌) and “famous trademark” (著名商标) can be used. Further, the law is unclear on whether the mere stating of the fact of obtaining the “well-known trademark” status and the surrounding case facts is to be regarded as an advertisement. It will remain to be seen the extent by which the courts will enforce this.

DAMAGES AND ADMINISTRATIVE PENALTIES

The new law increases the damages for trademark infringement cases to triple the claimed amount as opposed to just the claimed amount, which is calculated based on the actual loss suffered by the trademark owner of the profit earned by the infringer or by reference to the royalty fee for the registered mark. Moreover, the maximum statutory damages are to be increased to RMB3 million, which is 6 times of the current maximum of RMB500,000.



Further, if the trademark owner has tried his/her best to provide evidence whereas the relevant books of accounts or information are kept by the infringer, the court can order the infringer to disclose such books of accounts and information.

For administrative penalty, the new law increases the fine for trademark infringements to five times of the volume of the illegal business, or no more than RMB250,000.

If the infringer commits trademark infringement for more than once within a 5-year period or in any situation which is considered “serious”, the AIC should exercise its discretion to impose a heavy penalty.

A NEW DEFENCE

The new law includes a new defence for the alleged infringer, and that is if the trademark owner did not use the registered mark in the past three years, and cannot provide evidence to prove its damages due to the infringing activities, the alleged infringer will not bear any liability for the damage. This increases the need for trademark owners to use their marks in China and to maintain evidence of the same regularly.

SCOPE OF INFRINGING GOODS AND INSTRUMENTS TO BE CONFISCATED AND DESTROYED

Under Art 53 of the current Trademark Law, upon determination of trademark infringement, the AIC shall confiscate and destroy any instruments specifically used to manufacture the infringing goods. However, the new law expands the scope of the instruments to be confiscated and destroyed. AICs are now empowered to confiscate and destroy any instruments so long as they are mainly used to manufacture the infringing goods.

SINGLE COLOUR TRADEMARK

It was suggested in the previous drafts that single colour be registrable as trademark. However, this suggestion is not supported by the NPC and will not be implemented under the new law. Colour combinations will still remain registrable as under the current law.

E-FILING AND MULTI-CLASS FILINGS

The new law allows multi-class filings and e-filings. Currently, e-filings are only possible for applications with standard specification items. It therefore remains to be seen how CTMO will implement the new e-filing system in the future.

RENEWAL OF THE TRADEMARK REGISTRATIONS

Pursuant to the current Trademark Law, renewal applications shall be filed within 6-month prior to the expiration of the registration. The new law extends this to 12 months. However, the grace period remains the same, i.e. 6 months after the expiration of the registration to revive the registration.

LOOKING FORWARD...

As in China, we expect there to be further Implementing Regulations and Judicial Interpretations on the finer details of the new provisions. Further, it remains to be seen how the courts and administrative bodies will come to interpret and implement the regulations. The new law however provides us with a base for the long-awaited changes needed within the system.

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