

DRAFT IMPLEMENTING REGULATIONS FOR THE TRADEMARK LAW OF THE PEOPLE'S REPUBLIC OF CHINA PUBLISHED FOR COMMENTS

The State Council has just published the Draft Implementing Regulations for the Trademark Law of the People's Republic of China ("the Draft Regulations") for public opinion. The Draft Regulations have been highly anticipated given that the Trademark Law will be effective in May 2014. The Draft Regulations are still in draft format and is subject to review. A summary on the important changes are as below.

SHORTENED DEADLINES FOR TRADEMARK PROSECUTION

Currently, applicants are given 30 days to respond to office actions such as attending to deficiencies in the formality examination stage of applications. This has been amended to 15 days, which is similar to the current deadline for filing a review on refusal with the Trademark Review and Adjudication Board (TRAB). This is likely to increase the time pressure on foreign clients and will mean that clients would need to be even more vigilant as to deadlines in China.

Furthermore, the time frame for filing of supplemental evidence and submissions in support of the grounds of opposition, applications for review before the TRAB would be shortened from 3 months to 30 days. However, in relation to opposition proceedings, evidence may now be considered admissible even if the evidence was filed out of time as long as it can be shown that it may affect the decision substantially.

The shortening of the deadlines means that clients are well advised to ensure evidence in support of a trademark application (likely to face a refusal) or an opposition is gathered well in advance of the actual filing.

EXAMINATION TIMEFRAMES SET ON EXAMINERS

To address the long examination time of Chinese trademark applications, the New Trademark Law has imposed timeframes on the Trademark Office and TRAB to complete the examination process of trademarks (refer to our newsletter Issue 7, 2013 on the New Trademark Law). The Draft Regulations further details some instances whereby time is not to run. Most worthy

of note is that the Draft Regulations allows the suspension of the examination pending settlement negotiations upon the application by interested parties. This is a welcome change as there is currently no prescribed ability on applicants to apply for a suspension of examination proceedings.

FORMALITY REQUIREMENTS

The Draft Regulations stipulate that a Certificate of Incorporation or an ID copy (for individual) needs to accompany all types of trademark applications (i.e. applications, opposition, assignment recordal, renewal, cancellation, request for change of particulars, review and other trademark matters). This formality requirement is new and should be noted.

EXAMINATION CRITERIA

The Draft Regulations has removed the reference to the Nice Classification Guidelines for the adjudication of similarity of goods and services. Although it remains to be seen how this will be implemented, it is expected that this will support a more holistic assessment of similarity in China. "Similar goods" is defined as goods that have the same function, production units, sales channel and target consumers, whereas "similar services" are services that have the same purpose, content, means, target consumers, etc. "Similar marks" are words that have a similar shape of characters, pronunciation and meaning or images that have a similar composition and colour, or similar in the overall structure of the above elements, or similar in three-dimensional shape, colour combination or melody.

DIVISIONAL APPLICATIONS

The Draft Regulations introduce a new mechanism in relation to responding to Notice of Partial Refusals. If only part of the goods are rejected for registration, the applicant now has an option to divide the application into two applications, enabling the divisional application containing unobjected goods to proceed to publication first. This is a welcome change since it allows for an earlier registration process and the possibility of obtaining a registration certificate earlier. The registration certificate can then immediately be used for enforcement.

INTERNATIONAL TRADEMARK REGISTRATIONS ENTERING CHINA THROUGH THE MADRID SYSTEM

The Draft Regulations dedicates an entire chapter on clarifying the process for filing international registrations. A worthy point to note is that divisional applications will not be available for international registrations entered into China through the Madrid System.

OPPOSITION

The New Trademark Law requires oppositions to be made only by interested parties or owners of prior rights. The Draft Regulations requires there to be proof as of the date of submission of the opposition. As such, it is advisable to take an audit of the trademark certificates currently in possession by client and provide the same to Chinese counsel so that oppositions can be filed timely.

CHANGE OF NAME/ADDRESS ETC, ASSIGNMENTS AND LICENSE RECORDALS

Any changes of name/address etc. applications are required to be made all at once, and cannot be made partially to some applications and not others. This is a codification of current practice.

Assignment recordals have to be applied by both the assignor and the assignee, or an agent jointly appointed by the assignor and the assignee. It remains to be seen how this is to be effected as it is likely to cause practical difficulties with one joint agent representing two parties.

For license recordals, the requirement that the license has to be recorded within three months from the date of signature is removed from the Draft Regulations. Instead, it is stipulated that the license recordal may be recorded within the validity period of the license and is effective against third parties from the date of publication of the recordal. This is a welcome change as it extends the time when license recordals are to be recorded.

ENFORCEMENT

In relation to Article 57(6) of the New Trademark Law, the Draft Regulation expands the definition of “assisting and facilitating other parties’ infringement activities” to include “printing, providing internet services and business venue”. With the above expansion, more actions are likely to be brought against third parties relying on third party liability. This supports the growing current trend of the court cases in China.

The Draft Regulations further details the standard for enforcements by the Administration of Industry and Commerce (AIC actions). The Draft Regulation defines “illegal business revenues” as the value of infringing products manufactured, stored, transported and sold during actual infringing activities. The Draft Regulations further specifies how to estimate the illegal business revenues. This is a codification of current practice. Key concepts such as “two acts of infringing activities”, “serious infringing activities” and the defence of “products as legally obtained” have been defined in the Draft Regulations.

LOOKING FORWARD...

The New Trademark Law will be effective in May 2014, and as such, we expect the consultation period on the Draft Regulations to be brief. In any event, the ultimate enforcement will also depend on the practice guidelines taken by the authorities. We will continue to update you as to the results of the consultation and the relevant practice guidelines as and when they are released.

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