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IP UPDATE



Anna Mae Koo PARTNER

MA (Law) (Hons), University of Cambridge (Prince Philip Scholar)

- Asialaw Rising Star Lawyer in Intellectual Property 2018
- Techstars Mentor 2015
- IP Rising Star (Euromoney Women in Business Law Awards) 2013
- Litigation Committee Member, International Bar Association
- Anti-Counterfeiting Committee (2018), Internet Committee (2014-2016), INTA



Ann Xu CO-HEAD OF BEIJING OFFICE

PRC Licensed Trademark Attorney
BA (Capital Normal University)
MIP (Franklin Pierce Law Center)

Top 10 Updates to Trademark Developments from China

The top 10 updates this year from the China Trademark Office ("CTMO") and the Trademark Review and Adjudication Board ("TRAB") that every brand owners should know.

1. GREATER TRANSPARENCY OF TRAB DECISIONS

As of December 2017, all decisions of the Trademark Review and Adjudication Board (TRAB) have been put online and made searchable. The time lag is around one month from the date of the decision.

This provides greater transparency over the rulings of the TRAB and allows the Board to adopt a more consistent approach. However, as the public will now have access to the relevant arguments put forward, appellants should be more cautious in preparing arguments to ensure they do not offer inconsistent views in connected cases.

2. GREATER USE OF PRECEDENT

Judge Yang Jing of the Beijing IP Court provided guidelines regarding the use of precedent in an article published in the *People's Court Daily* in July 2017. She pointed out that no more than three precedent cases, each with a summary of

less than 800 words, should be used and submitted in respect of each line of argument. Cases should be exchanged between the parties seven days before the hearing.

3. STRICTER REQUIREMENTS FOR COURT FORMALITY DOCUMENTS

In 2017, the Beijing IP Court adopted a more stringent requirement on formality documents. Common issues faced by companies include:

- Difficulty in proving the person signing the Certificate of Identity of Legal Representative (ICLR) has been duly authorized (Issue 1); and
- Company documents cannot be retrieved from the relevant government registry (Issue 2).

Failure to abide by these requirements will lead to the abandonment of the cases. Here are a few solutions:

JURISDICTION OF TRADEMARK OWNER	SOLUTION
<p>United States (Delaware, New York, California)</p>	<p>Issue 1: "Delegation of Authority" signed by the managing director authorizing a person (usually another senior executive) to sign the ICLR. An ICLR signed by an individual who is authorized by the by-laws to sign on behalf of the company may be accepted</p> <p>Issue 2: For listed companies, company documents may be retrieved from the U.S. Securities and Exchange Commission.</p>
<p>United Kingdom</p>	<p>Issue 1: ICLR to be signed by director(s) together with a copy of section 44 of the Companies Act 2006, which states a document is validly executed by a company if it is signed by a director in the presence of a witness.</p>

4. STRICTER WELL-KNOWN STATUS REQUIREMENTS

A high-profile anti-corruption case involving the inappropriate awarding of 10 trademarks with well-known status in Guangzhou was concluded last year and widely reported in the media in March 2018. As such, the China Trademark Office (CTMO) has become extremely cautious and conservative in the granting of new well-known trademarks and re-recognizing old well-known trademarks.

Hence, brand owners should rely on other grounds, such as bad faith or prior right and/or establishing a relationship with the trademark squatter to obtain a favorable ruling.

5. ELECTRONIC FILING MORE BROADLY AVAILABLE

Through e-filing, brand owners are able to obtain application numbers in one working day and obtain filing receipts within one month, in contrast to three to six months for paper filing. This is important for brand owners who need to have an application number earlier to enter e-commerce platforms such as Tmall.

However, e-filing is applicable only to trademark filings or license recordals which use standard specifications of goods/services. Further, the e-filing system does not apply to applications filed under the Madrid System.

6. IMPORTANCE OF NEW FILINGS

When filing oppositions/invalidations/non-use cancellations against a third party's prior mark, brand owners should always remember to file their subject mark simultaneously; otherwise, their mark may be re-filed by a third party.

Also, the TRAB will not suspend the examination to wait for the outcome of any actions. New filings should be made to reserve rights.

7. RELYING ON PRIOR RIGHT

Since well-known status is difficult to obtain, brand owners may look to establish prior rights to bolster their actions. Copyright is especially useful as it is a cost-effective defensive mechanism against other marks and is not class specific.

8. FASTER EXAMINATION TIMEFRAME

The CTMO and the TRAB have generally been able to abide by the regulatory requirements of the law. In fact, the CTMO is looking to further speed up examinations. New examination centers have been established in Guangzhou, Shanghai, and Chengdu in the last few months. The current time frames of examination are as below:

ITEM	TIME FRAME
Filing receipt	4 to 6 months
Assignment	10 to 12 months
TRAB APPEAL	
Review on refusal	6 to 8 months
Non-use cancellation review	9 to 12 months
Invalidation application	11 to 14 months
Opposition review	11 to 14 months

9. CONSOLIDATION OF ADMINISTRATION AND ENFORCEMENT OF IP RIGHTS

In March 2018, the National People's Congress approved the proposal to restructure agencies under the State Council, which includes:

- The State Intellectual Property Office (SIPO) will take over registration of trademarks and also registration of geographical indications; and
- SIPO will be subordinate to a new State Administration for Market Supervision (SAMS), which will also be responsible for enforcement of patents and trademarks.

This is a big structural change unifying the offices that administer patents, trademarks, copyright, etc. The restructuring is not yet completed, but has caused some confusion over the responsible officers. We expect it to clear up in the next few months.

10. FIGHTING BAD FAITH AND OTHER DISHONEST BEHAVIOR

The CTMO has announced potential additional measures to stem trademark squatting behavior, including the development of a database of bad-faith trademark applicants. This may be used as evidence of bad faith in the future.