

The Third Amendment Draft to the Chinese Trademark Law

On April 28, the Third Draft of Amendments to the Chinese Trademark Law (hereinafter referred to as “the Draft”) has been publicized for comments, in which mainly the following amendments have been made to the Trademark Law currently in force:

At filing phase:

- Introduction of new elements of trademarks: Under the current Trademark Law, only visible signs are registrable. The Draft provides that the Trademark Office may accept applications for registration of non-conventional marks, such as sound, smell, and dynamic marks, according to the specific circumstances.
- Multiple-class and divisional applications and registrations: In contrast with the rule of single-class application under the current Trademark Law, the Draft provides that an applicant may file an application for a trademark designating more than one class. In addition, the Draft also provides that an applicant may apply to the Trademark Office to divide their multiple-class application into several applications. The original filing date applies to each of these applications after the division. Once the division request is filed, the applicant cannot withdraw it. The said provision on division also applies to registered trademark.
- E-filing: the Draft has introduced e-filing. It provides that trademark applications and other related documents may be submitted to the Trademark Office in paper, electronic or any other forms as specified by the Trademark Office.

At examination phase:

- Extension of the time limit for appeal against refusal: The Draft has extended the time limit for filing appeal against refusal from the current fifteen (15) days to thirty (30) days from receipt of a refusal notification.
- Introduction of new circumstances under which a trademark is not allowed to be used in China: Trademarks, likely to confuse consumers with respect to the quality, features and origin of goods or services, are not allowed to be used.

At opposition phase:

- Restriction on the eligibility of opponents: The current Trademark Law does not specify who are eligible to oppose. The Draft has provided that only the prior right holders or interested parties are.
- Restriction on the grounds for opposition: The current Trademark Law does not define the grounds for trademark opposition. The Draft provides that any prior right holder or interested party may raise opposition to an application filed in violation of the provisions on the protection of well-known marks, liabilities of trademark agent or representative, geographical indications, prior trademark rights, trademark application for identical or similar marks filed on the same day, protection based on other prior rights, and registration in bad faith.

- Change of the accepting & examination authority: The Draft provides that oppositions will be accepted & examined by Trademark Review and Adjudication Board (TRAB), not the Trademark Office as it is now provided in the current Trademark Law.
- Assignment of trademark right under opposition: As a new provision specifies in the Draft, where an opposition is raised to a trademark on the ground of non-compliance with the provision on well-known marks, liabilities of trademark agent or representative, and registration in bad faith, the prior trademark owner may request the TRAB to make an adjudication to obtain the exclusive right to use the mark.

At cancellation phase:

- Eligibility to initiate cancellation: The Draft provides that any prior right owner or any interested party may file a cancellation act with the TRAB to cancel a trademark registration where it has been registered in violation of the provisions on the protection of well-known marks, liabilities of trademark agent or representative, geographical indications, prior trademark rights, trademark application for identical or similar marks filed on the same day, protection based on other prior rights, and registration in bad faith, or by other unfair means.
- Assignment of a cancelled trademark right: the prior trademark right owner may request the TRAB to make an adjudication for it or him to obtain the exclusive right to use the mark.

At judicial review phase:

- Litigation against decision on a cancellation act on the ground of non-use for three consecutive years: The current Trademark Law provides that any interested party, dissatisfied with a Trademark Office decision on non-use cancellation, may appeal to the TRAB to re-examine the case. The interested party may bring an action in the Court if it or he is still not satisfied with the TRAB's adjudication. The Draft provides that, the party, if dissatisfied with Trademark Office's decision, should bring action directly in the People's Court within thirty (30) days from receipt of the Trademark Office's decision.

Other amendments:

- Prohibition of registration in bad faith: The Draft expressly stipulates that a trademark application should not be approved for registration under the following circumstances:

where an applicant has preemptively registered, by unfair means in respect of identical or similar goods, a mark that is already in use by another party and has certain influence;

where a mark applied for registration is identical with or similar to a mark that is already in use by another party in respect of identical or similar goods as the registrant has learned the existence of the other party's trademark due to its or his contractual or other business transaction with, or being in the same region as that of, the other party; and

where a trademark applied for registration in non-identical or dissimilar goods is identical with or similar to a mark that another party has already registered and has relative high distinctiveness in China, and is likely to confuse consumers; and where the applicant applies for the registration for unfair purposes.

- Civil liability for damages: The Draft provides that if it is difficult to determine the benefits made by an infringer or the losses suffered by an infringer because of an infringement, the People's Court should decide on the damages at an amount of not more than RMB 1,000,000 yuan, depending on the circumstances of the infringing acts, rather than at the amount of not more than RMB 500,000 yuan under the current Trademark Law.

New provisions in this regard: in case of infringement of the trademark right intentionally or with fault, the infringer should be liable for the damages therefor. No such liability is to be imposed for infringement of a mark that has not been in use for three consecutive years. One who infringes a mark that another party has never used but the registration of which was acquired less than three years ago is held liable for paying the infringer for its or his reasonable expenses for ceasing the infringing act.

- Heavier penalty on infringer: the Administrative Authority for Industry and Commerce may impose heavier penalty upon infringer having repeatedly infringed others' trademark rights.
- Enhanced administration of trademark agencies: The Draft has provided that the Administrative Authority for Industry and Commerce under the State Council is required to enhance its administration of the trademark agencies in China. There are no such provisions in the Trademark Law now in force.

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