

China

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1. Legal framework

National

The most important legislation governing trademarks in China comprises the Trademark Law (enacted in 1982 and last revised in 2001) and the Regulations for the Implementation of the Trademark Law (2002). In addition, various other laws and regulations govern trademark-related issues, which – together with the various relevant judicial interpretations issued by the Supreme Court – form the integrated part of the Chinese trademark-related legislation. The key statutes include the following:

- the Anti-unfair Competition Law (1993);
- Article 213 of the Criminal Law (1997);
- the Provisions on the Recognition and Protection of Well-known Trademarks (2003);
- the Measures for the Registration and Administration of Collective Marks and Certification Marks (2003);
- the Regulations on the Customs Protection of Intellectual Property (2004);
- the Rules for Trademark Review and Adjudication (2005);
- the Trademark Examination Guidelines (2005);
- the Measures for the Protection of IP Rights during Exhibitions (2006);
- the Rules for the Recognition of Well-known Trademarks (2009);
- the Judicial Interpretation Related to the Application of Law in Trial of Trademark Civil Dispute Cases (2002);
- the Judicial Interpretation Related to the Jurisdiction and the Scope of the Application of Law in Trial of Trademark Cases (2002);
- the Judicial Interpretation on Issues Concerning the Trial of Civil Dispute Cases over the Conflict between Registered Trademarks and Enterprise Names with Prior Right (2008); and
- the Judicial Interpretation on the Application of Law in Hearing Civil Disputes Concerning Well-known Trademark Protection (2009);

In April 2010 the Supreme Court issued the Opinion on Several Issues Concerning the Trial

of Administrative Cases Involving the Granting and Confirmation of Trademark Rights. This is the first ever regulatory document to provide guidance on judicial criteria involving the granting and confirmation of trademark rights – for example, the criteria on trademark distinctiveness, the protection of well-known trademarks and the application of the disputable Articles 31 and 41 of the Trademark Law, among other things.

International

China is a signatory to the following international treaties:

- the Paris Convention for the Protection of Industrial Property;
- the World Trade Organisation Agreement on Trade-Related Aspects of Intellectual Property Rights;
- the Madrid Agreement on the International Registration of Marks;
- the Madrid Protocol; and
- the Nice Agreement on the International Classification of Goods and Services (Ninth Edition).

2. Unregistered marks

Protection

Trademark rights are generally established by registration in China according to the Trademark Law, but there are two major exceptions to this principle. First, Article 13 of the law grants the owner of an unregistered well-known trademark the right to prevent the reproduction, imitation or translation of the mark by a third party for use in relation to the same or similar products or services if such use may cause confusion. Second, a prior unregistered trademark that has acquired a certain reputation through use can also enjoy protection against the preemptive registration of the same or similar mark by a third party in relation to the same or similar products or services (Article 31).

Besides, according to Article 15 of the Trademark Law, the owner of an unregistered mark may also have the right to prevent its agent or representative both from using and registering the same mark without its authorisation.

Use requirement

To prove that an unregistered mark is well known in China, various factors need to be considered. They include:

- the degree of knowledge of the relevant public;
- the duration of use;
- the duration, degree and geographical range of any publicity of the mark;
- any record of the mark being protected as a well-known mark; and
- any other factor that makes the mark well known.

The criteria for obtaining protection of an unregistered mark with a certain reputation are not clearly established by law. However, it is commonly agreed that although the factors listed above in relation to well-known marks may also be used in relation to marks with a certain reputation, the evidential requirements for proving a certain reputation should be much lower than those for a well-known mark.

3. Registered marks

Ownership

Any natural person, legal person or other organisation can apply for registration of a trademark in China. Joint ownership and joint exercise of the trademark right are acceptable. For a foreign individual or enterprise which wishes to apply for trademark registrations or file other trademark matters in China, an officially recognised local agent shall be entrusted together with a signed power of attorney.

Scope of protection

Under the Trademark Law, any visible sign capable of distinguishing the goods or service of one natural person, legal person or any other organisation from others can be registered as a trademark. The forms of such visible signs may include words, devices, letters, numerals, three-dimensional symbols, combinations of colours or any combination of the above elements.

Registration of a trademark will be refused on absolute grounds if the mark does not comply with the criteria which include that the mark is:

- identical or similar to protected political emblems such as the state names, national flags, national emblems, military flags or decorations of the People's Republic of China, or those of other foreign countries or intergovernmental organisations (except with consent from the relevant government, organisation or where the use is unlikely to mislead);
- identical or similar to the official signs and hallmarks indicating control and warranty (except with the relevant authorisation), or the names or symbols of the Red Cross or the Red Crescent;
- indicating discrimination against any nationality or having the nature of exaggeration and fraud in advertising;
- detrimental to socialist morals or customs, or having other unhealthy influences; or
- the geographical name of the administrative divisions at or above the county level or the foreign geographical name well known to the public (except those having alternative meanings or as an element of a collective mark or a certification mark).

These absolute grounds cannot be overcome by proving extensive use. By contrast, the following absolute grounds of refusal can be overcome if the trademark has acquired distinctive character through use:

- the mark consists exclusively of generic names, designs or models of the goods or services;
- the mark consists exclusively of signs or indications that have direct reference to the quality, main raw material, function, intended purpose, weight, quantity or other characteristics of goods or services; or
- the mark is devoid of any distinctive character.

Moreover, the law also forbids the registration of a three-dimensional symbol whose shape is derived from the nature of the relevant products, is necessary to obtain a technical result, or gives substantial value to the goods. The law does not stipulate whether this absolute ground can be overcome by use.

An application may also be refused on relative grounds if the trademark conflicts with

any other legal rights acquired earlier by others; these include not only prior trademark rights, but also prior copyrights, trade names, personal names and designs, among other rights. Prior trademark rights include trademarks with an earlier filing or registration date, a trademark in prior use with a certain reputation and a priorly used or registered well-known trademark (in the latter case, if the prior well-known mark is already registered, the protection may even extend to non-similar products or services, depending on some specific conditions).

4. Procedures

Searches

The China Trademark Office (CTMO) has made its trademark database available online. However, that database is not as accurate and timely updated as the official internal database. Thus, in view of the fact that China's official guidelines on judging similarity of goods/services are complex, a formal official search with the professional opinions of local associates is always recommended. Such a pre-filing search does not necessarily include the search for trade names or actual commercial use.

Examination

After a trademark application (one trademark in one class) is filed, the CTMO will examine each application to determine whether it complies with the requirements of the Trademark Law. The examination procedure consists first of a formality examination. This focuses on the formality issues of the application documents as filed. During this stage, if the examiner finds that the descriptions of goods or services do not comply with the local standards or are wrongly classified, a notification of amendment will be issued that requests amendment within the next 30 days. In the past few years the CTMO has tightened its criteria on examining those descriptions of goods or services that do not appear in the Nice Classification; it often issues notifications of amendment for those goods or services.

After an application has passed the formality examination, it will then enter the stage of substantive examination, during

which the examiner will not only look into the inherent registrability of a trademark, but also conduct a thorough search in the database to ascertain whether the trademark is confusingly similar to any prior mark, and whether a relative ground of refusal can be established.

If the CTMO finds any ground of refusal and issues a notification of provisional refusal (either whole or partial), the applicant can file a review before the Trademark Review and Adjudication Board within 15 days of receipt of the decision; the decision of the board may be further appealed before the Beijing No 1 Intermediate Court.

The CTMO has greatly expedited the examination process over the past three years: it now takes between 12 and 18 months to examine a trademark. The CTMO is planning to shorten this examination period further to bring it to under 12 months in the near future.

Opposition

If the CTMO finds a trademark registrable after the formality and substantive examinations, then the trademark will be preliminarily approved and published for three months in the *Trademark Gazette*. According to the Trademark Law, during that publication period any third party, either interested or not, can file an opposition to the trademark. The grounds of opposition can be either absolute or relative grounds of refusal as stipulated in the law. After initially filing the opposition, the opponent will then have a further three months to file supplementary arguments and/or evidence. After that period, the CTMO will forward the full copy of opposition documents to the trademark applicant for further response within 30 days (with a further three months for supplementary submissions). However, the applicant's failure to respond will not necessarily affect the decision of the CTMO. After the deadline for response by the applicant expires, the CTMO will accept no further submission and will directly make a decision on opposition. The entire opposition procedure may take around three years, after which either party may still appeal before the Trademark Review and Adjudication Board.

At the time of writing, China was proposing a revision of the Trademark Law, including an amendment that oppositions are filed directly

before the Trademark Review and Adjudication Board.

Registration

If no party files an opposition, or the opposition is found to be ungrounded, then the application will be published again for registration and a registration certificate will be issued within one to three months. The registration will be valid for 10 years from the date of registration and the renewal should be filed within the six-month period prior to the expiration date or the six-month grace period after the expiration date (upon payment of a fine).

Removal from register

A registered mark can be cancelled either *ex officio* by the CTMO or by request of a third party before the CTMO or the Trademark Review and Adjudication Board. The grounds of removal may include the following:

- the mark is inherently unregistrable (see section 3 above);
- the mark is registered by fraud or other improper means;
- the registration infringes the rights of a well-known mark or a mark with a certain reputation, or any prior rights of a third party;
- the mark is registered by the agent or representative of the original mark owner without authorisation;
- the mark contains or consists of a misleading geographical indication;
- the registered mark has not been used for three consecutive years, or is either altered or assigned unilaterally without the required approval; or
- the mark is not renewed.

5. Enforcement

Criteria for infringement

Under the Trademark Law and the Implementing Regulations, infringement occurs in the following circumstances:

- when using a mark that is identical or similar to a registered trademark in respect of identical or similar goods without the authorisation of the trademark owner;
- when selling goods that infringe the

exclusive right to use a registered trademark;

- when counterfeiting or making, without authorisation, representations of a registered trademark of another person, or selling such representations of a registered trademark as were counterfeited, or made without authorisation;
- when replacing another party's registered trademark, without authorisation, and selling goods bearing such a replaced trademark;
- when using any signs that are identical or similar to a registered trademark as the name of the goods or decoration of the goods on the same or similar goods, thus misleading the public; or
- when intentionally providing facilities such as storage, transport, mailing and concealing, for the purpose of infringing a registered trademark.

China offers a dual system of enforcement of trademark rights through administrative and judicial procedures.

Administrative enforcement

Jurisdiction: Any trademark owner which finds its registered right infringed by a third party may file a complaint before the local administration for industry and commerce (AIC) at or above county level in the place where the infringement occurs.

AIC proceedings and remedies: While investigating the suspected infringing activities, the AIC can exercise the power of inquiry, investigation, examination or reproduction of the relevant documents or evidence, onsite inspection of the relevant premises, seal or taking into custody the relevant articles. If the infringement is affirmed, the AIC can order cessation of the infringing acts immediately, confiscate and destroy the infringing goods and instruments and even impose a fine. Where fines are imposed, they can be no more than three times the value of the infringement. Where that value is impossible to calculate, the amount cannot exceed Rmb100,000 (approximately \$15,000).

If a crime is suspected to have been

committed, the AIC shall immediately transfer the case to the judicial authority for handling, or the trademark owner can also request the involvement of the judicial authority. The decision of the AIC is usually issued within three months; such decision can be appealed within 15 days before the court, in accordance with the Administrative Procedural Law.

Compared with judicial enforcement, the administrative procedure is more time, cost and effort-effective and the evidential requirements are less stringent. However, no damages can be granted.

Judicial enforcement

Jurisdiction: Trademark infringement cases are normally tried by intermediate courts in major cities where the infringer has its domicile, or the infringing act takes place; only a limited number of district courts (usually at the county level or the district level in each major city) are vested with the authority to adjudicate trademark infringement cases. Cases where a significant amount of damages is requested may be assigned to the Higher Court at provisional level.

Court proceedings and timeframe: There is usually only one hearing held for a trademark infringement case; there is no discovery procedure as such, although a procedure of production and exchange of documents and evidence between the litigation parties that is similar but simpler to discovery exists. In a case where only domestic parties are involved, the court of first instance is required to complete the proceeding within six months; if a case involves a foreign entity, then it may typically be decided within nine to 12 months. The decision of the court of first instance may be appealed within 15 days (for domestic parties) or 30 days (for foreign parties) to the court of second instance, which will make a final judgment within three months (for domestic parties) or usually between six and nine months (for foreign parties).

Provisional and permanent remedies: The types of remedy obtainable from the court in a trademark infringement case may include:

- preliminary/interlocutory injunctive orders;

- orders for preservation of evidence;
- orders for preservation of property;
- permanent injunctions; and
- damages.

Chinese courts award compensatory damages, but no punitive damages. The damages shall be determined according to either of the following principles:

- the actual losses suffered by the injured party;
- the profit gained by the infringer from the infringement; or
- statutory compensation no more than Rmb500,000 (approximately \$75,000) if it is impossible to determine the above losses or profits.

Border measures

The border control performed by Chinese Customs has been an important measure to combat trademark infringement activities both inside and outside China. According to the Regulations on the Customs Protection of Intellectual Property, the holder of a registered trademark may apply for recordation of its trademark right with the General Administration of Customs. The recordation may remain valid for 10 years, during which the trademark owner can request Customs to take measures against the infringing imports or exports.

6. Ownership changes and rights transfers

Assignment

A trademark can be assigned as either a pending mark or a registered mark. According to the Trademark Law, where a trademark is assigned, the assignor and the assignee shall sign an assignment agreement and jointly apply before the CTMO. However, in practice, for purpose of registration of assignment, the CTMO would only demand an original assignment application form jointly executed by both parties, a copy of the identification certificate of each party and, where necessary, an executed power of attorney. The CTMO does not normally request the signed assignment agreement, unless the examiner raises doubt over the authenticity of the assignment and issues an office action

requesting submission of the same (in such circumstance, the agreement shall be notarised and/or legalised if executed abroad).

The trademark owner shall assign together all of its trademarks that are identical or similar to each other and apply to the same or similar goods/services; otherwise, the CTMO shall request the owner to rectify the assignment application within a specified time limit, failing which, the application shall be considered abandoned.

Licensing

The Trademark Law requires that a licence contract of a registered trademark be recorded with the CTMO within three months of execution. For recordal purpose various indispensable clauses need to be included in the contract; lately, the CTMO has been very stringent in examining the contents of licence contracts.

According to a judicial interpretation of the Supreme Court issued in 2002, if a licence is not recorded, it will not affect the validity of the contract unless otherwise agreed upon between the concerned parties; however, such an unrecorded licence shall not be used against a good-faith third party.

7. Related rights

Trademark rights may overlap with various other rights – for example, copyrights, designs, trade names, person's names, portraits and even some rights under anti-unfair competition law, particularly the special names, packaging and decorations of well-known commodities. The most common forms of conflict relate to copyrights and trade names.

In terms of handling the conflict between trademark rights and all other rights, the primary guiding principles should include honesty and credibility, the protection of prior rights and fair competition.

8. Online issues

Domain disputes can be:

- submitted, within two years of registration of the domain name, to a domain name

dispute resolution service provider authorised by the China Internet Network Information Centre, which is in charge of '.cn' domain names and other Chinese domain names; or

- directly filed before the court.

The domain name dispute resolution service providers are the Domain Name Dispute Resolution Centre of China International Economic and Trade Arbitration Commission in Beijing and the Hong Kong International Arbitration Centre. The language of the dispute resolution proceeding shall be Chinese, unless otherwise agreed by the parties or determined by the panel.

A dispute resolution can be filed based on the following conditions:

- the disputed domain name is identical or confusingly similar to the complainant's name or mark in which the complainant has civil rights or interests;
- the disputed domain name holder has no right or legitimate interest in respect of the domain name or major part of the domain name; or
- the disputed domain name holder has registered or is using the domain name in bad faith.

According to a judicial interpretation issued by the Supreme Court in 2001, if a domain name dispute is initiated before the court, the court will establish whether the claim of infringement or unfair competition should be upheld by considering whether:

- the civil right claimed by the plaintiff is legal and valid;
- the defendant's domain name or a major part of it is a reproduction, imitation or translation of the plaintiff's well-known mark, or is identical or confusingly similar to the plaintiff's registered trademark;
- the defendant has no right or legitimate interest in the domain name or a major part of it, and does not have reasonable grounds to register or use the domain name; and
- the defendant has registered or used the domain name in bad faith.

<p>Unregistered rights Protection for unregistered rights?</p>	<p>But only for well-known marks and marks in prior use with a certain reputation</p>
<p>Specific/increased protection for well-known marks?</p>	<p>✓</p>
<p>Examination/registration Representative requires a power of attorney when filing? Legalised/notarised?</p>	<p>✓ / ✗</p>
<p>Examination for relative grounds for refusal based on earlier rights?</p>	<p>✓</p>
<p>Registrable unconventional marks</p>	<p>3-D, colours ✓</p>
<p>Opposition Opposition procedure available? Term from publication?</p>	<p>3 months ✓</p>
<p>Removal from register Can a registration be removed for non-use? Term and start date?</p>	<p>3 years' non-use from registration date ✓</p>
<p>Are proceedings available to remove a mark that has become generic?</p>	<p>✓</p>
<p>Are proceedings available to remove a mark that was incorrectly registered?</p>	<p>✓</p>
<p>Enforcement Specialist IP/trademark court?</p>	<p>✗</p>
<p>Punitive damages available?</p>	<p>✗</p>
<p>Interim injunctions available? Time limit?</p>	<p>Only 15 days if no lawsuit is lodged ✓</p>
<p>Ownership changes Is registration mandatory for assignment/licensing documents?</p>	<p>✓ / ✗</p>
<p>Online issues National anti-cybersquatting provisions?</p>	<p>✗</p>
<p>National alternative dispute resolution policy for local ccTLD available?</p>	<p>China Internet Network Information Centre DRP and Rules ✓</p>