



Authors

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1. Legal framework

National

Trademark law in China is governed primarily by the Trademark Law 1982 (amended 2001, currently under revision) and the Implementing Regulations of the Trademark Law 2002.

Additional key legislation includes:

- the Anti-unfair Competition Law 1993;
- 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; and
- the Rules for the Recognition of Well-Known Trademarks 2009.

In addition, judicial interpretations of the Supreme People's Court apply.

International

China is a signatory to:

- the Paris Convention for the Protection of Industrial Property;
- the Agreement on Trade-Related Aspects of Intellectual Property Rights;
- the Madrid Agreement and Protocol; and

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- the Nice Agreement on the International Classification of Goods and Services

2. Unregistered marks

Protection

Establishing protection for unregistered trademarks is difficult, but may be possible for well-known trademarks or marks that have obtained a certain reputation in China. Article 13 of the Trademark Law states that the owner of an unregistered well-known trademark has the right to prevent the reproduction, imitation or translation of the mark by a third party for use in relation to identical or similar goods or services if such use may cause confusion. Article 31 provides that a prior unregistered trademark that has acquired a certain reputation through use can also enjoy protection against the pre-emptive registration of an identical or similar mark by a third party in relation to identical or similar goods or services. Under Article 15, the owner of an unregistered mark has the right to prevent its agent or representative from using and registering the same mark without its authorisation.

Article 5 of the Anti-unfair Competition Law provides that an operator may not adopt unfair means to carry out transactions in the market and cause damage to competitors, including using a name, packaging or decoration that is identical or similar to that of the well-known goods of another party without authorisation.

Use requirement

The determination of whether a trademark is well known in China depends on an examination of the following factors:

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

The same criteria may also be used to

determine whether a mark has a certain reputation, although the evidentiary requirements are lower than those for a well-known mark.

3. Registered marks

Ownership

Any natural or legal person can apply to register a trademark in China. Two or more natural or legal persons may jointly register and exercise trademark rights. Foreign trademark applicants and owners must conduct trademark matters through an officially recognised local agent holding power of attorney. The power of attorney need not be legalised or notarised for new applications.

Scope of protection

Protected: Under the Trademark Law, any visually perceptible sign (including words, devices, letters, numbers, three-dimensional (3-D) marks, colour combinations and combinations of these elements) which is capable of distinguishing goods of one party from those of another can be registered as a trademark.

Not protected: Registration will be refused on absolute grounds when a mark:

- is identical or similar to a state name, national flag, national emblem, military flag or decoration, or identical to the name of the place or the name or image of a building where a central government department is located;
- is identical or similar to the name, national flag, national emblem or military flag of a foreign country, unless consent has been given by the government of that country;
- is identical or similar to the name, flag or emblem of an international intergovernmental organisation, unless consent has been given by the organisation or the public is unlikely to be misled by such use;
- is identical or similar to an official sign or hallmark, unless authorisation has been given;
- is identical or similar to the name or symbol of the Red Cross or the Red Crescent;

- has the nature of discrimination against any nationality;
- has the nature of exaggeration or fraud in advertising goods; or
- is detrimental to socialist morality or customs, or has other unhealthy influence.

In addition, a 3-D sign shall not be registered if it consists exclusively of a shape resulting from the nature of the goods themselves which is necessary to obtain a technical result or gives substantial value to the goods.

Registration of a trademark will be also refused on relative grounds if the mark:

- consists exclusively of the generic name, design or model number of the goods in respect of which the trademark is used;
- consists exclusively of a direct indication of the quality, primary raw material, function, intended purpose, weight, quantity or other characteristic of the goods; or
- is devoid of any distinctive character.

The relative grounds may be overcome if the mark has acquired distinctive character through use and can be readily identified and distinguished.

In addition, a mark may not be registered if it conflicts with any prior legal rights, including trademark rights, copyrights, trade name rights, personal name rights and design rights.

4. Procedures

Searches

Free trademark searches can be conducted using the online search system of the China Trademark Office (CTMO) (<http://sbcx.saic.gov.cn/trade-e/>). However, these are for reference only and the online database is not as accurate as the official internal database. For example, applications filed three to six months before the search date are often not included. A formal official search is always recommended before filing, as the online search gives no indication of the inherent registrability of a trademark and determination of the similarity of trademarks is complex.

An official search of the internal database covers records of all registered marks and

applications pending before the CTMO, with the exception of applications filed between one week and one month before the search. Since March 2012 a specimen of the mark, a list of the items of goods or services, identification of sub-classes and cross-class notes must be submitted with a search request. The official fee for a trademark search for up to 10 items of goods or services is Rmb200 (approximately \$33).

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 legal requirements. The examination procedure comprises a formal examination and a substantive examination.

The formal examination focuses on whether the application meets the formal requirements, including whether the proper application documents have been filed and whether the description of goods or services is acceptable. If the description of the goods or services does not comply with standards or is wrongly classified, a notification of amendment will be issued requesting that an amendment be filed within 30 days. In recent years the CTMO has tightened its criteria for examining descriptions of goods or services that do not appear in the Classification of Similar Goods and Services (published by the CTMO based on the Nice Classification).

A substantive examination then follows, during which the examiner determines the inherent registrability of a trademark and conducts a search of the internal database to ascertain whether the trademark is confusingly similar to any prior marks for identical or similar goods or services. Confusing similarity is determined based on the Trademark Examination Guidelines, while similarity of goods or services is determined based on the Classification of Similar Goods and Services.

If the CTMO finds any grounds for refusal, it will issue a notification of provisional refusal (whole or partial). The applicant can file for review before the Trademark Review and Adjudication Board (TRAB) within 15 days of receipt of the refusal. At present, the TRAB takes around one year to review a case and issue a decision, which is subject to further appeal before the courts.

Opposition

After passing the CTMO's examinations, a trademark is published in the *Trademark Gazette*. Any party may file an opposition to a preliminarily approved trademark within three months of the publication date. The opponent then has another three months to file supplementary grounds and evidence to support the opposition. The opposition grounds and evidence (including supplementary grounds and evidence) will then be sent to the applicant for a response, although the applicant's failure to respond does not mean that the opposition will be successful. The opposition procedure currently takes 18 months to two years before the CTMO, after which either party may appeal to the TRAB and then the courts.

Registration and renewal

After successfully passing the examination and any other procedures, the application is again published in the *Trademark Gazette* and a registration certificate is issued. A registration without notification of amendment, refusal or opposition takes around one year.

The registration will be valid for 10 years from the date of registration. A renewal of the trademark should be filed within the six-month period before the expiration date, although the trademark owner has a six-month grace period in which renewal will still be granted on payment of a fine.

Removal from register

A registered mark may become invalid due to the following reasons:

- failure to renew in time;
- cancellation for non-use initiated by a third party based on non-use for an uninterrupted period of three years from the date of registration or conclusion of the opposition proceedings;
- withdrawal by the registrant;
- cancellation in dispute initiated either by the CTMO or at the request of a third party before the CTMO or the TRAB. The grounds for removal include the following:
 - The mark is inherently unregistrable;
 - The mark was registered by fraud or other improper means;
 - The registration infringes the rights of a well-known mark in bad faith;

- The registration infringes a mark with a certain reputation or any prior rights of a third party, under which circumstance the cancellation must be filed within five years of the registration date; or
- The mark was registered by the agent or representative of the original mark owner without authorisation.

Without evidence of use or reputation in China before the date of registration for the opposed mark, a cancellation in dispute is unlikely to succeed.

5. Enforcement

Causes of action

As the Anti-unfair Competition Law overlaps with the Trademark Law to a certain extent, rights holders can choose to bring an enforcement action on the basis of trademark infringement, unfair competition or both.

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

- 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;
- selling goods that infringe the exclusive right to use a registered trademark;
- counterfeiting or making without authorisation representations of a registered trademark of another person, or selling such representations;
- replacing another party's registered trademark on goods without authorisation and selling such goods;
- using a sign that is identical or similar to a registered trademark as the name or decoration of goods on identical or similar goods, thus misleading the public; or
- intentionally providing facilities such as storage, transport, mailing or concealment for the purpose of infringing a registered trademark.

Unfair competition: According to Article 5 of the Anti-unfair Competition Law, an operator

may not adopt the following unfair means to carry out transactions in the market and cause damage to competitors:

- passing off the registered trademark of another person; or
- using without authorisation a name, packaging or decoration that is identical or similar to that of well-known goods of another party.

Administrative enforcement procedures

China offers both administrative and judicial procedures for enforcing trademark rights. The administrative procedures are as follows.

Customs protection: A trademark owner may record trademarks with the General Administration of Customs. Customs will then monitor goods passing through for use of the recorded trademarks and, if a potential infringement is found, will notify the rights holder. If infringement is confirmed, Customs will investigate, confiscate the goods and issue punishment against the exporter or importer. The rights holder can also sue the exporter or importer in court for trademark infringement. Service marks and unregistered trademarks cannot be recorded with Customs.

AIC raids: Raids by the local Administration for Industry and Commerce (AIC) are the most commonly used administrative enforcement action. A rights holder or its agent may file a complaint against suspected infringers to the AIC including supporting documentation.

While investigating suspected infringing activities, the AIC may exercise its power of inquiry, investigation, examination and reproduction of relevant documents or evidence, conduct onsite inspection of the relevant premises and seal or take into custody the relevant articles. If infringement is determined, the AIC can order immediate cessation of the infringing acts, confiscate and destroy the infringing goods and instruments and impose a fine. Where fines are imposed, they can be no more than three times of the illegal turnover. Where the illegal turnover is impossible to calculate, the amount cannot exceed Rmb100,000 (approximately \$15,000).

The AIC's decision is usually issued within one to three months from the date of action.

Such decision can be appealed before the court within 15 days or before the higher level AIC or local government within 60 days of receipt of the decision, in accordance with the Administrative Procedural Law.

If a crime is suspected, the AIC may immediately transfer the case to the Public Security Bureau for further investigation before transferring the case to the local procuratorate. The trademark owner can also request the involvement of the bureau.

Compared with judicial enforcement, the administrative action is relatively time and cost effective and the evidential requirements are less stringent. However, no damages can be granted to the rights holder in an administrative action.

Judicial enforcement

The court in the place where the company has its registered office, where an individual lives or where an infringement occurred has jurisdiction in cases of judicial enforcement. The case must be filed with an intermediate or higher level court (depending on the infringement scale), although in major cities such as Beijing and Shanghai the district level courts can also hear trademark infringement cases.

The case must be filed within two years of the infringement occurring. If the infringement is ongoing, the plaintiff can sue at any time, but compensation will be calculated only based on the previous two years. In the 15-day period before filing the lawsuit, the plaintiff can apply for an injunction and evidence preservation.

The court may try to coordinate a settlement, before ruling on the dispute if a settlement cannot be reached. The first instance case is usually concluded within six months. However, there is no legal time limit if a foreign party is involved in the case.

In terms of compensation, the court can award the illegal profits gained by the defendant or the loss incurred by the plaintiff. If neither of these can be determined with sufficient evidentiary support, the court has discretion to order damages of not more than Rmb500,000 (\$81,168). Punitive damages are not available.

The parties can appeal the first instance decision to a higher court, but the second instance decision is final.

China has no specialist IP courts, but each court has an IP tribunal to handle all IP cases.

6. Ownership changes and rights transfers

Name change

If the name of the registrant changes, the registrant shall apply to record the name change with the CTMO by submitting an official name change certificate issued by the relevant authorities.

The trademark registrant must apply for recordal of a name change for all trademarks in its name at the same time.

Assignment

In China, a trademark can be assigned while it is still a pending application. According to the Trademark Law, where a trademark is assigned the assignor and the assignee shall sign an assignment agreement and jointly apply for recordal before the CTMO. Once the recordal is approved, the assignee enjoys the trademark rights.

In practice, for the purpose of registering the assignment, the CTMO requires:

- an original assignment application form jointly executed by both parties;
- a copy of the identification certificate of each party; and
- the original executed power of attorney.

The CTMO does not usually request that the signed assignment agreement be filed, unless the examiner doubts the authenticity of the assignment and issues an office action requesting submission of the same. In such circumstances, the agreement must be notarised or legalised if executed abroad.

The trademark owner must assign at the same time all of its trademarks that are identical or similar to each other for identical or similar goods or services; otherwise, the CTMO will ask the owner to rectify the assignment application within a specified timeframe. If this does not happen, the application will be deemed abandoned.

Licence

The Implementing Regulations of the Trademark Law require that a licence contract

for a registered trademark be recorded with the CTMO within three months of execution. For recordal purposes, key clauses must be included in the contract. Recently, the CTMO has become increasingly strict in examining the content of licence contracts. According to a 2002 judicial interpretation of the Supreme Court, if a licence is not recorded, it will not affect the validity of the contract unless otherwise agreed by the parties; however, such licence cannot be used against a good-faith third party. Recordal is typically required by local Chinese banks to remit money to an overseas licensor.

7. Related rights

Trademark owners may establish broader protection for their marks through the registration of copyright and design patents. According to a 2008 judicial interpretation of the Supreme Court, any party can file a lawsuit against another party's use of a trademark in respect of identical or similar goods or services based on its prior copyright, patent right or trade name right.

8. Online issues

China follows a 'first come, first served' policy for the registration of domain names and internet keywords. Domain name administration and the registration of internet keywords are handled by the China Internet Network Information Centre (CNNIC) under the Ministry of Information.

Within two years of a third party's registration of a domain name or keyword including a registered trademark, the trademark owner may initiate dispute resolution proceedings. According to the Rules for CNNIC Domain Name Dispute Resolution Policy, proceedings can be initiated when:

- the disputed domain name is identical or confusingly similar to the complainant's name or mark;
- the disputed domain name holder has no right or legitimate interest in respect of the domain name or a major part of the domain name; and

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- the disputed domain name holder has registered or is using the domain name in bad faith.

Registered trademarks and unregistered well-known marks can also be protected from online use under both the Trademark Law and the Anti-unfair Competition Law. The greater the reputation of a trademark, the broader its scope of protection; registered well-known trademarks may enjoy cross-class protection.

Examination/registration		
Representative requires a power of attorney when filing? Legalised/notarised?	Examination for relative grounds for refusal based on earlier rights?	Non-traditional marks registrable?
No legalisation or notarisation required		3-D, colour combinations
Unregistered rights		Opposition
Protection for unregistered rights?	Specific/increased protection for well-known marks?	Opposition procedure available? Term from publication?
But only for marks that are well known or have a certain reputation		3 months
Removal from register		
Can a registration be removed for non-use? Term and start date?	Are proceedings available to remove a mark that has become generic?	Are proceedings available to remove a mark that was incorrectly registered?
Three years from registration date or conclusion date of opposition		
Enforcement		
Specialist IP/trademark court?	Punitive damages available?	Interim injunctions available? Time limit?
		No limit
Ownership changes	Online issues	
Mandatory registration for assignment/licensing documents?	National anti-cybersquatting provisions?	National alternative dispute resolution policy for local ccTLD available?
/		CNNIC Domain Name Dispute Resolution Policy

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