

Amendments to Chinese Trademark law

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The new law is better served to crack down on infringements and ensure a fair market for Chinese and foreign trademark holders.

The main aspects of the law consist of the following:

1. The new law has stricter penalties, raising the compensation ceiling for trademark infringement to 3 million Yuan (approximately USD 500,000/-), six times the previous limit.
2. The new law contains a provision that trademark agencies are not allowed to accept designation if they are aware or should be aware that their clients are conducting a malicious registration or infringing on the trademark rights of others. Agencies violating the law will face fines and a bad credit record filed by the industrial and commercial authorities. In serious circumstances those involved will have their businesses suspended.
3. The new law offers protection for “well-known” trademarks giving owners the right to ban others from registering their trademarks or using similar ones even if such brand names are not registered. However, the words “well-known trademark” cannot be used in promotions or advertising.
4. The draft also modified clauses regarding the examination period of applications for trademark registration so that the registration process can be more efficient. The initial review period should last no more than 9 months. In case objections are raised, examinations should be completed within 12 months. On average the current review period is 30 months, however this can take anywhere between seven or eight years in case an appeal is launched.
5. The Chinese Trademark Office also plans on introducing an electronic filing system although the Trademark Office has not provided an estimated time as to when they intend to implement the online filing and search system.
6. Under the new law. multi-class applications are also allowed. Currently, each application is only allowed to be filed in one class however, it is not clear as to when the Trademark Office will put into practice multi-class applications.
7. The registration of sound marks is permitted under the new law though the examination standard and procedures have not been outlined.
8. Collective assignment of trademarks has now been formally adopted in the law. Note: Collective assignment of trademarks is when a trademark owner files a request for the assignment of a trademark; the registrations for all identical and similar trademarks on identical and similar goods/services should be collectively assigned at the same time.
9. As per the new law opposition procedures are shortened. If the Trademark Office of China decides in favour of the application (i.e. the opposition is refused), the mark will immediately proceed to registration. The losing opponent will no longer have a right to appeal to the Trademark Review and Adjudication Board and can only challenge the registration by filing an invalidation petition with the Trademark Review and Adjudication Board. On the other hand, if the Trademark Office decides in favour of the opponent (i.e the party launching the opposition) the applicant of the trademark can appeal within 15 days from the issuance of the decision. The Trademark Review and Adjudication Board’s decision will still be subject to an appeal before the court.
10. It is hence very important for an opponent to submit full arguments and adequate evidence at the opposition stage.
11. Prior use: A registered trademark owner is not allowed to prohibit a prior user from continuing to use

an identical/similar mark within the original scope of use, but may request the prior user to add appropriate markings to distinguish the marks.

12. Damages: the highest damages a person can obtain are the amount of actual loss, or the amount the infringer gained, or the amount of the actual royalties.

In summary the new law should bring a certain degree of confidence into the Chinese market though certain aspects like the electronic filing system, multi-class registrations, acceptance of sound marks are still vague.

As of June this year, China held the world's largest number of registered trademarks and valid trademark registrations, at 8.17 million and 6.8 million respectively, according to latest official statistics.