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Some salient points on registrations under the new Trademark Law

The new Trademark Law to be implemented from 1 May 2014 permits applications for the registration of a trademark for goods in multiple classes with one application and allows such application to be submitted either in writing or in electronic format (article 22). The specific means of multiple-class application and electronic submission await further clarification by the Trademark Office.

Article 33 of the new law changes the entity that can file an opposition based on relative grounds, from the existing “any person” to “a prior rights holder or materially interested party”; the entity that files an opposition based on absolute grounds can still be “any person”.

Of greater significance is that article 35 specifies that if the Trademark Office renders a decision granting registration in a ruling in an opposition procedure, the opposed trademark directly secures registration. If the opponent is dissatisfied with the decision, he or she is required to petition the Trademark Review and Adjudication Board (TRAB) for invalidation of the trademark, and while the application for invalidation is pending, the trademark remains a registered trademark subject to the protection of the law.

For the respondent, the above-mentioned provision reduces the barriers to confirmation of his or her trademark rights, and is conducive to reducing malicious oppositions and ensuring that rights are promptly obtained for opposed trademarks. For the opponent, if his or her opposition is found untenable, he or she no longer has the right to apply for an opposition review. The new law also revises the renewal procedure. Article 40 specifies that a trademark registrant can carry out renewal procedures 12 months prior to expiration of the term, and the grace period for renewal remains six months.

Registration examination

The new law sets clear time limits for several trademark examination procedures. Broadly speaking, the time limit for considering new applications, rejection reviews, invalidation applications based on absolute grounds, and applications and reviews for cancellation based on the grounds of no use for three years in succession, is nine months. The time limit for



consideration in cases involving confirmation of the parties' rights, i.e. oppositions, opposition reviews and applications for invalidation based on relative grounds, is 12 months. Except for new applications, an extension of three months or six months may be granted subject to the approval of the State Council's industry and commerce authority.

Subject to the set review time limits mentioned above, articles 35 and 45 of the new law expressly provide, for the first time, for suspension of the procedure, specifying that where the determination of a right of priority requires use of the outcome of another case currently being tried by a people's court, or being handled by an administrative authority as the basis, the TRAB may suspend its examination in a review of an opposition to the withholding of registration or in an invalidation procedure.

General principle

Article 7 of the new law additionally, and expressly, brings in good faith as a general principle, and it can be anticipated that this provision will see profuse application as a minimum guarantee clause. Article 19 of the new law specifies that where a trademark agency is aware, or ought to be aware, that a trademark a client is applying to register is being pre-emptively registered in bad faith, and infringes another's right of priority, it may not accept the appointment of such a client. It further provides that other than applying to register a trademark as part of itsfor its agency services, a trademark agency may not apply to register other trademarks. Hopefully this provision will stop trademark agencies from preemptively registering trademarks in bad faith on the behalf of anonymous clients.

Prior use

Article 59 of the new law specifies that, "in the case where a registered trademark contains the generic name, depiction or model number of the goods concerned, or directly designates the quality, main raw materials, functions, purpose, weight, quantity or other feature of the goods, or contains a geographical name, the holder of the exclusive right to use the registered trademark shall not have the right to prohibit others from making fair use of it.

"In the case where a three-dimensional registered trademark contains the form arising from the nature of the goods concerned, the form of the goods necessary for it to achieve its technical effect or the form that gives the goods its substantive value, the holder of the exclusive right to use the registered trademark shall not have the right to prohibit others from making fair use thereof".



Additionally, to protect the rights of a prior user, article 59 of the new law specifies that, “if, before the trademark registrant applies for registration of a trademark, another party has used a trademark that has a certain influence and that is identical or similar to the registered trademark on identical or similar goods, the holder of the exclusive right to use the registered trademark shall not have the right to prohibit the user from continuing to use the trademark within the original scope of use, but may demand that the user add a suitable distinguishing sign”.

The objective of this provision is to balance the interests of the prior trademark user and the registered trademark rights holder, which, in combination with the provision reading “improper means may not be used to preemptively register a third party’s trademark which is already in use and which has a certain degree of influence” in article 32 of the new law, will perhaps become one of the means of battling legal actions over the pirate registration of trademarks and malicious infringement litigation.

Damages increased

Article 63 of the new law increases the statutory maximum damages from RMB500,000 (US\$81,000) to RMB3 million, and additionally adds a provision for punitive damages: with respect to serious malicious infringement of the exclusive right to use a trademark, the measure of damages may be set at between one and three times the loss incurred by the rights holder as a result of the infringement, the benefits obtained by the infringer as a result of the infringement or the royalties for licensing the trademark. Article 64 of the new law specifies that where a registered trademark has not been used for three years in succession, the alleged infringer is not liable for damages. The intent of this provision is to encourage trademark use. For the rights holder, consideration needs to be given to whether the trademark for which he or she is seeking protection has not been used for three years when instituting an infringement action; and the alleged infringer may use these grounds to mount his defence.

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