

Standing Committee of the National People's Congress
People's Republic of China Trademark Law Revision Comments

Submitted by

The International Trademark Association (INTA)

January 25, 2013

Introduction

INTA is pleased to provide the National People's Congress (NPC) with comments on the current draft of the China Trademark Law Revision. We have provided comments on previous occasions to the State Administration of Industry and Commerce and the State Council in 2009, 2010 and 2011.

INTA is a global organization of 6,000 trademark owners and professional firms from over 190 countries, including 179 members in China. INTA is a not-for-profit membership association dedicated to the support and advancement of trademarks and related intellectual property as elements of fair and effective commerce. The Association was founded in 1878 and today INTA leads the way in global trademark research, policy development, education and training. More details about INTA and its initiatives are available at www.inta.org.

The next Trademark Law Revision will provide the foundation for an innovative and knowledge-based economy in China. INTA believes that the current draft makes many positive steps, including:

- the protection of non-traditional marks, such as sound and single-color marks; and
- greater disincentives for infringement through higher penalties.

INTA also recommends that the next Trademark Law Revision include stronger protection for trademark owners in order to maintain fair competition and market order by improving and strengthening provisions for:

- good-faith registration; and
- protection against counterfeiting.

These comments were developed through the cooperation and research of INTA's policy development and advocacy committees, including:

Non-Traditional Marks Committee - East Asia & Pacific Subcommittee

Legislation & Regulation Committee - East Asia & Pacific Subcommittee

Trademark Office Practices Committee - China Trademark Office Subcommittee

Anti-Counterfeiting Committee - China Subcommittee

Famous & Well-Known Marks Committee - East Asia & Pacific Subcommittee

Non-traditional Marks

Article 8 provides for registration of single-color marks and sound marks.

- INTA supports the expansion of non-traditional mark registrability to single-color marks and sound marks.
- INTA also recommends that the current law be amended to accept any current and future non-traditional marks, including smell, motion and touch marks, that function as indications of source.
- Registrants should be able to provide evidence of acquired distinctiveness during prosecution for certain non-traditional marks, such as single color marks – and not only after rejection and subsequent appeal to the Trademark Review and Adjudication Board (TRAB).

Good Faith

Article 9 (2) provides that registration and use of a trademark adhere to the principle of good faith.

- INTA is concerned that this provision does not provide clear guidance on how the principles of good faith are to be used in the trademark law to protect legitimate trademark owners from bad-faith registration of trademarks. We further recommend that good faith in this provision be clarified through a non-exclusive list of factors.

Article 15 permits action against pirated trademarks for similar goods where the mark has been used previously and where evidence exists that the pirate “clearly knew” of the mark due to a prior relationship, such as through contracts or other business dealings.

- These provisions provide clearer guidance on what would constitute bad faith. However, we believe the scope of protection is still too narrow because this provision would not cover instances where the applicant can be presumed to have copied a mark based on factors such as the inherent distinctiveness of the mark or fame of the mark.

Well-known Marks

Article 14 includes a new paragraph, which states that the “...determination of well-known trademarks should be carried out at the request of the interested party and where it is a fact that needs to be determined in order to handle a case involving trademarks.”

- INTA supports this provision, which codifies current practice. INTA members have noted the cumbersome evidentiary requirements needed to prove well-known status and would favor greater flexibility regarding the acceptance of evidence of international fame. Therefore, we suggest that it be made clear that the list of factors to be taken into account in the determination of whether a mark is well known is a non-exclusive and non-cumulative list.

Enforcement

Article 56(5) provides for intermediary liability for any party who “intentionally... provides facilitating conditions, thereby assisting another infringer.” This language has been elevated from the current implementing regulations.

- INTA recommends that the statute include actual knowledge regarding the infringing activity because there are concerns that “intentionally” can be construed too narrowly.

Article 57 provides for the protection of well-known or registered marks against trade names which mislead the public.

- INTA supports the inclusion of this article in the draft law, which will protect the public and provide added protection to trademark owners from abusive trade naming practices. We also suggest that such protection be expanded to include other business identifiers and domain names.

Article 59 details the fines and penalties associated with infringement of a registered trademark.

- INTA suggests that “serious conditions” as mentioned in the provision be defined or non-exclusive examples provided, in order to give broad protection to trademark owners.
- INTA recommends that the statute not limit the confiscation and destruction of equipment only to those “exclusively” used to produce infringing goods. The qualification of “exclusively” used will permit infringers to circumvent the statute and will unnecessarily limit the scope of cases where confiscation and destruction of equipment would be warranted.

Article 62 allows punitive damages up to three times the claimed harm when the situation is qualified as “serious.”

- INTA suggests that this be revised to include all intentional counterfeiting as “serious” for purposes of this provision.

Additional Provisions

- INTA recommends a “John Doe” action – whereby a trademark owner can bring action against an unknown party permitting access to judicial orders for evidence preservation and asset seizure. This suggested provision is necessary considering the rapid rise in online infringement and the anonymity provided by internet transactions.

Trademark Office Practices

Article 29 allows the trademark office to issue examination opinion letters, as was the case in pre-2001 practice.

- INTA supports the reintroduction of “opinion letters” which will provide registrants with an opportunity to amend or provide explanations to an application.

Article 33 provides that “owners with prior rights or interested parties” may file an opposition to a registration of a trademark if the opposing party believes that the application violates Articles 13, 15, 16 (1), 30, 31, or 32 of the amended Trademark Law.

- INTA recommends clarification of this class of possible opposing parties, as current practice allows any party to oppose a mark.
- INTA recommends that opposition not be limited solely to the grounds listed in this Article. Current practice does not restrict the legal grounds for opposition. Reference is frequently made to other legislation and legal authority, such as the Unfair Competition Law or judicial commentary by the Supreme People’s Court.

Article 35 allows a registrant to have an unfavorable opposition decision by the trademark office reviewed at the TRAB, but denies this same right to an opposing party that has an unfavorable decision issued from the trademark office. The unsuccessful opposing party will have to file an invalidation action at the TRAB following the registration of the opposed mark.

- INTA recommends that current practice, which allows an opposing party to have an unsuccessful opposition decision reviewed at TRAB, remain in place. INTA members that frequently oppose bad-faith registrations are concerned that the procedure introduced in the draft law will create excessive delays (several years for a typical TRAB invalidation action) during which time an infringer can use his registration to disrupt legitimate production or export through complaints to local AIC or customs. In many cases, TRAB will support an opposition that was initially rejected by the trademark office. Denying this relief will create a situation where many marks which are ultimately invalidated will be effectively in use and on the market – creating harm to consumers and the legitimate rights holders.
- Although it could be argued that the law allows authorities to suspend enforcement actions during an invalidation proceeding, and thus protect against bad-faith registration, INTA believes that because this authority is discretionary, it will not offer reliable protection.

Article 44 enumerates the bases for which a mark can be cancelled.

- Similar to our concerns above for Article 33 oppositions, INTA believes that the legal grounds for cancelation should not be restricted to those listed in draft Article 44. INTA supports retaining the current enacted Article 41 “catch-all” provision that states: “...applications for a ruling in respect of disputed registered trademarks may be filed with the Trademark Review and Adjudication Board within five years from the date of approval of the registration of such trademarks.”

Article 46 provides that in cases where it would be obviously unfair not to refund damages awarded for trademark infringement, then such damages shall be refunded in whole or in part. In addition, if the trademark registrant has “caused loss to third parties in bad faith” the registrant shall be required to pay compensation.

- INTA supports the language in this article. It is not unusual for trademark pirates to threaten the legitimate owners of a trademark with infringement actions and Article 46 will require pirates to refund damages unfairly awarded in an infringement action. INTA recommends further clarification on the mechanism for the refunding of damages.

Appeal deadlines will be extended from 15 to 30 days.

- INTA welcomes the extension of deadlines. We also encourage further extensions when agreed upon by both parties in order to facilitate negotiations and dispute settlements.

Multi-class applications

- INTA supports the inclusion of multi-class applications into the trademark law draft as a means to improve efficiency and economy of trademark filings.