



**International Trademark Association**  
*Representing the Trademark Community since 1878*

February 8, 2007

Mr. An Qinghu  
Director General  
China Trademark Office

**Re: Relative vs. Absolute Examination Systems**

Dear Mr. An:

I hope that this letter finds you well.

As requested during our meeting in Beijing last year, attached is information on the examination systems adopted by various jurisdictions around the world and the presumptions as to validity of registrations in those jurisdictions. We have also attached an extract from the United Kingdom Patent Office newsletter which summarizes the rationale behind the recent decision in the UK to switch from a relative examination system to an absolute examination system in October 2007.

INTA recognizes the concerns of the China Trademark Office driving its serious consideration of whether to eliminate relative examination. The pros and cons of relative and absolute examination systems respectively have been summarized in INTA's October 2005 report on relative vs. absolute examination systems, which we had enclosed with our submissions to the China Trademark Office on the second draft of the revised China Trademark Law. Bearing in mind the specific circumstances in China, we urge the China Trademark Office to give full consideration to the following implications of eliminating relative examination:

1. We assume that, by eliminating relative examination, the registration procedure would be significantly shortened. This would likely improve the considerable backlog of pending cases under examination in the China Trademark Office, and therefore would be viewed as an improvement.
2. However, if relative examination is eliminated, this will affect procedures that follow registration. It would not be unexpected that the number of opposition cases will increase significantly. The current opposition procedure is already very long (more than four years), so an increase in the number of cases will negatively affect the pendency of oppositions. Therefore, the improvement to be achieved in the registration procedure by eliminating relative examination is likely to be offset by the lengthy opposition procedure following it, if no measures are taken to expedite the opposition procedure.
3. In many countries, as in China at present, when a trademark registration is issued following relative examination, the registration per se provides certain legal presumptions as to the validity of the

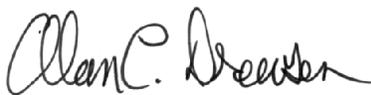
registration, the registrant's ownership of the trademark and the right to use it in commerce. In China, the owner of a registered trademark is not liable for infringement unless the registration is cancelled. Chinese courts are bound by the fact that a trademark is registered and cannot make their own decisions as to the validity of a trademark.

Such compelling legal presumptions arguably may not be possible in an absolute examination system in which no determination is made as to the existence of potentially conflicting marks on the record, as without such an examination, the registering authority cannot certify that there are no others with superior registration rights. Trademark owners may have a less secure feeling and lower confidence in the strength of the rights conferred by the registration.

The presumptions (or lack thereof) of validity of a registration may have great impact on trademark litigation. In some jurisdictions (such as in China now) that have adopted a relative examination scheme with statutory presumptions of validity, the registration itself is often sufficient to prove the trademark owner's rights and the registration certificate is *prima facie* evidence of the validity, distinctiveness, and registrability of the trademark, and also the owner's exclusive rights to the trademark. It can be imagined that if China were to eliminate relative examination but keep the same presumption of validity of a registration as it has now, litigation would be more difficult.

We hope that the information we have provided will be helpful to the China Trademark Office in determining how to address the relative examination issue. INTA will be pleased to provide any further assistance that your Office may need on this issue and on forthcoming drafts of the revised Trademark Law. If you have any questions, please feel free to contact INTA's China Representative Office or Mr. Chen Xuemin of INTA's China Trademark Office Subcommittee.

Sincerely,

A handwritten signature in black ink that reads "Alan C. Drewsen". The signature is written in a cursive, flowing style.

Alan C. Drewsen  
Executive Director

cc.: INTA China Representative Office  
Mr. Chen Xuemin

## **Summary of Existence and Scope of Presumptions as to the Validity of Registration, by Jurisdiction**

### Argentina

Type of Examination System: Relative.

Presumptions of Validity of Registrations:

Registrations are presumed valid.

The Office cannot resolve an opposition procedure. Once an opposition is filed, the parties should negotiate a settlement resulting in the withdrawal of the opposition. If the opposition is not withdrawn within a statutory period, however, the applicant must file suit so that the court may decide whether or not the opposition is well grounded, which sometimes leads to the filing of frivolous oppositions to stop the prosecution of a trademark application.

### Australia

Type of Examination System: Relative.

Presumptions of Validity of Registrations:

The presumption of validity during examination (s33 (1) in Div 1 of Pt4) does not exist with respect to Pt5 opposition proceedings under the Trade Marks Act 1995 (Cth). Only when a ground of opposition exists does the burden shift to the applicant.

### Benelux

Type of Examination System: Absolute (as of 1996 – no examination whatsoever prior to 1996).

Presumptions of Validity of Registrations:

Courts are not bound by the fact that a trademark is registered; they make their own determinations as to the validity of a trademark.

### Brazil

Type of Examination System: Relative.

Presumptions of Validity of Registrations:

No presumptions of validity attach to registrations in opposition or cancellation proceedings; however, if a registration is granted by the Office, it is considered valid until an authority makes a determination to the contrary, even if the trademark is not in use or is subject to forfeiture.

All administrative authorities (including officials at the Office) are permitted by law to review their own decisions, which means that almost all decisions taken by the Office may be reviewed ex officio or through the request of a third party.

### Chile

Type of Examination System: Relative.

Presumptions of Validity of Registrations:

Chilean law does not refer to any specific presumption of validity. General law principles may be applied in this regard.

### Denmark

Type of Examination System: Absolute (as of 1999).

Presumptions of Validity of Registrations:

No information available.

### Ecuador

Type of Examination System: Relative.

Presumptions of Validity of Registrations:

Registrations are presumed valid until a final resolution on the contrary is issued.

### El Salvador

Type of Examination System: Absolute and relative examinations systems. They are used as a primary examination before the admission of the application (articles 8, 9 and 10 of the Salvadoran Trademark Law).

Presumptions of Validity of Registrations:

There is a presumption of validity of registrations while they are not revoked in a judicial court. Once a mark is registered it cannot be attacked in an administrative instance, only at judicial courts (Articles 9, 74 and 79 of the Salvadoran Trademark Law)

### France

Type of Examination System: Absolute.

Presumptions of Validity of Registrations:

Registration is presumed valid until cancelled by a court.

Validity of opposing trademark may not be questioned during an opposition proceeding. If an applicant wishes to challenge the registration of the prior registered trademark, applicant must pursue a nullity proceeding in court, which results in the suspension of the opposition proceedings until the court case has been resolved.

### Germany

Type of Examination System: Absolute.

Presumptions of Validity of Registrations:

Registration is accepted as fact, not as “presumption.”

### Hong Kong

Type of Examination System: Relative (with absolute grounds reviewed).

Presumptions of Validity of Registrations:

No information available.

### Ireland

Type of Examination System: Relative (with absolute grounds reviewed).

Presumptions of Validity of Registrations:

Registration constitutes *prima facie* evidence of validity unless challenged.

If the validity of the registration is challenged, the burden is on the owner to prove its validity.

### Japan

Type of Examination System: Relative (with absolute grounds reviewed).

Presumptions of Validity of Registrations:

Once a trademark right has been granted, it is considered valid and enforceable until cancelled. If a third party initiates an Opposition or Invalidation Trial against a trademark registration, it is presumed that the trademark is still valid. In the case, however, that the Office issues a Decision to cancel (or invalidate) the subject trademark, the trademark owner could be liable for compensation to the third party, retroactively, from the application date. Similarly, a trademark is valid until its expiry date, provided that a third party does not successfully cancel the registration by a Cancellation Action.

### New Zealand

Type of Examination System: Relative.

Presumption of Validity of Registrations:

Registration constitutes *prima facie* evidence of validity in cancellation proceeding with burden on petitioner to prove otherwise.

Burden is on applicant in opposition proceeding to show that it is entitled to registration.

### Nigeria

Type of Examination System: Relative examination.

Presumptions of Validity of Registrations:

Registration is *prima facie* presumed to be valid.

### OHIM (EU)

Type of Examination System: Absolute.

Presumptions of Validity of Registrations:

Registrations are deemed valid until declared invalid or revoked in parallel proceedings.

Scope of registration may be reduced if the inherent distinctiveness of the trademark is low (*i.e.*, the trademark is nearly descriptive).

Burden of proof lies with petitioner for opposition/cancellation in OHIM proceedings.

### Peru

Type of Examination System: Absolute and relative examinations.

Presumptions of Validity of Registrations:

Yes.

### Spain

Type of Examination System: Absolute (as of July 31, 2002).

Presumptions of Validity of Registrations:

No information available.

### Sweden

Type of Examination System: Relative (Considering switch to absolute examination).

Presumptions of Validity of Registrations:

Variable over the years depending on current practice, but generally strong.

### Taiwan

Type of Examination System: Relative.

Presumption of Validity of Registrations

Registration remains in full effect until the registration is cancelled due to opposition or cancellation proceeding.

### Thailand

Type of Examination System: Relative.

Presumptions of Validity of Registrations:

Registration constitutes *prima facie* evidence of validity, which could be perceived by opponents as a rather high burden to overcome in opposition and cancellation proceedings.

### United Kingdom

Type of Examination System: Relative (Will switch to absolute examination in October 2007).

Presumptions of Validity of Registrations:

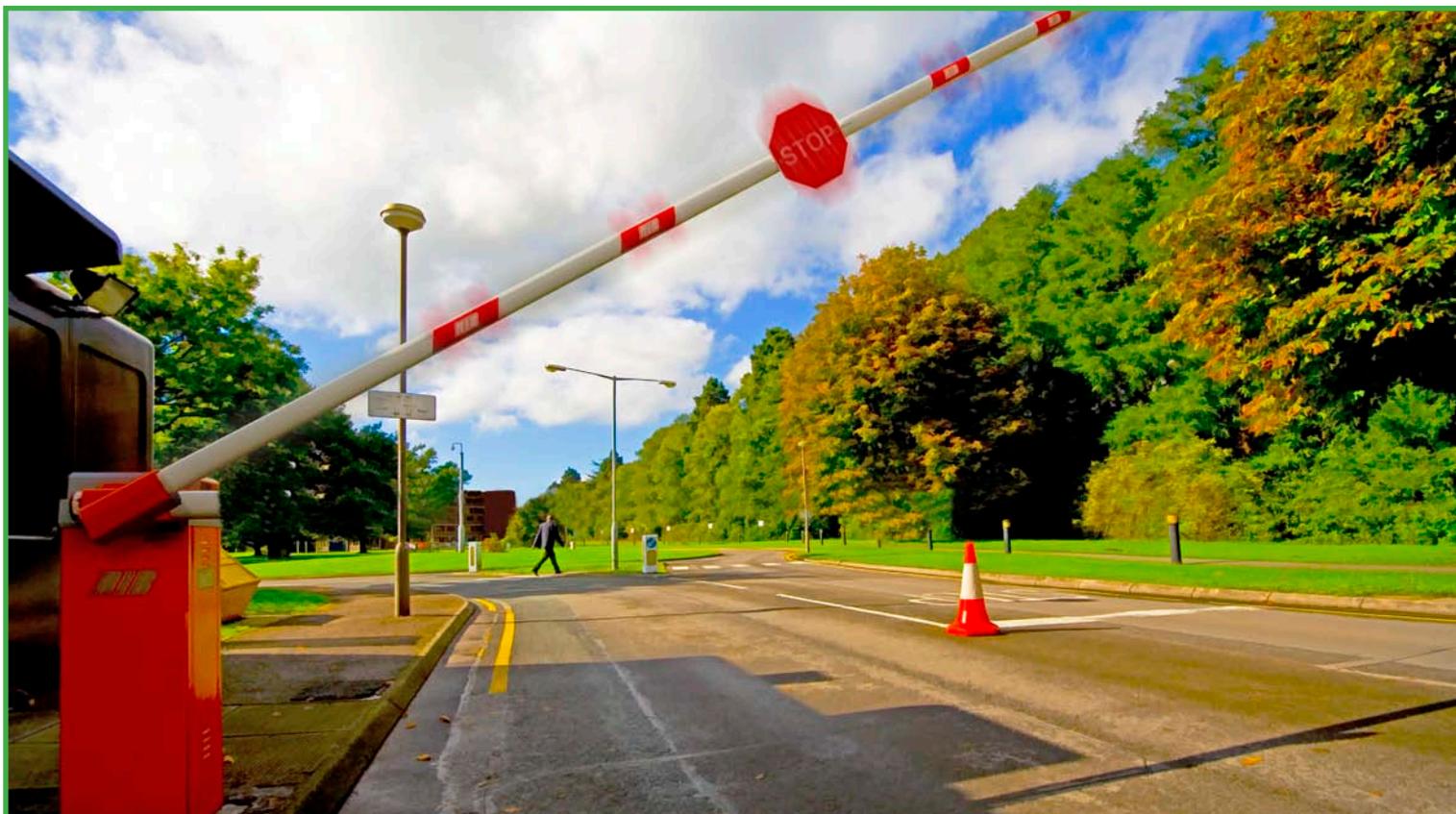
Registration constitutes *prima facie* evidence of validity of the original registration and of any subsequent assignment or other transmission of it.

### United States

Type of Examination System: Relative

Presumptions of Validity of Registrations:

Registration constitutes *prima facie* evidence of the validity, distinctiveness, and registrability of the registered trademark; the registrant's ownership of the trademark; and the registrant's exclusive right to use the registered trademark in commerce on or in connection with the goods or services specified in the certificate, subject to any conditions or limitations stated in the certificate. In addition, upon the issuance of the certificate, the registrant obtains the benefit of constructive use of the trademark, thus conferring a right of priority, nationwide in effect, on or in connection with the goods or services specified in the registration, subject to certain exceptions.



## The Price of Freedom

Following extensive consultation, the future of the examination of marks under Section 5(1) and (2) of the Act has been settled. The barrier has been lifted – the UK Registry will no longer refuse to advertise marks in situations where it identifies a conflicting earlier right. This is a major change in our practice and our role. Since inception the Registrar has considered itself responsible for maintaining the 'purity' of the registry. Now it's up to you. We aim to launch the new system on October 1st 2007.

### Practice

We will continue to conduct a search, but, if we identify a conflicting mark it won't block the new application unless its owner successfully opposes the application. We will notify the applicant of the results of the search and, if they elect to proceed, we will notify the owners of any earlier marks that were identified. Notifying both parties creates an equal footing in terms of the information received, thereby assisting them in deciding whether to proceed in the face of an earlier mark or, from a right holders perspective, whether to oppose the application.

### Benefits

There are a number of benefits to the new system: the assessment of confusion will more likely reflect the actual position in the marketplace as opposed to a purely notional (paper based) assessment. Furthermore, notifying earlier mark owners has the advantage that a potential conflict in the market is more likely to be resolved sooner rather than later. The anomalous situations that resulted from the co-existence of two separate systems (Community Trade Marks and UK Trade Marks) will end. Now both the UK and the OHIM will operate a broadly similar policy – neither office administrates a legal bar to the advertisement of marks which conflict with earlier rights. Under the previous system it was becoming increasingly difficult to obtain a UK registration.

### Transition

Whilst the high level decision has been made, the finer details and the procedural rules that will apply have yet to be finalised. We are now consulting on the draft legislation that will bring the new system to life. Look at the draft legislation and help us ensure that it is practical and workable. The new legislation will impact on you. To manage the transition we are seeking constant feedback. If you have any comments or want more information please phone Oliver Morris on 01633 814287 or e-mail him at [oliver.morris@patent.gov.uk](mailto:oliver.morris@patent.gov.uk).