

## **New Trademark Law in China**

A new Trademark Law will come into effect in China on 1 May 2014. The amended law features various changes in the fields of anti-piracy, prosecution, well-know trade mark usage, opposition and cancellation, all which are important for any foreign company doing business in China. The most important change being the prohibition of trade mark hijacking: registering a trademark belonging to some else. Below we will highlight a few key points of the new law:

### **Filing procedures**

#### *E- filing:*

The new law allows for the filing of trademark registration applications electronically via the internet or in another format allowed by the Chinese Trademark Office. This way of filing an application will certainly shorten the time-line and make the procedure more efficient, but it may take some time for the authorities to fully implement the online systems.

#### *Multi-class filings:*

The new law provides more convenience for multi-class filings, where in the past applications were only allowed to be filed in one class only.

### **Types of trademark**

Sound marks: Sound marks have been added to the scope of registrable trade marks under the new law, therefore registration is not limited to visually perceptible signs anymore. However, single colours, scents and moving images are still excepted to be registered.

### **Well-known trademarks**

In the recent past there have been cases of misuse of the well-known trade mark system in China, and Chinese courts have often been reluctant to make a determination on whether a trade mark should be granted the status of well-known trade mark. The new law confirms the case-by-case recognition principle for well-known trade marks and the channels of seeking well-known trade mark recognition.

In addition the new law prohibits the use of the words “well-known trademark” on goods, their packaging or containers, or in advertisements, exhibitions or other commercial activities. An administrative fine of RMB 100,000 (approx. USD 16,500) can be imposed.

### **Record of trademark license**

It is very important to be aware that an unrecorded trademark license cannot be used against any third parties acting in good faith. Therefore, you have to keep in mind that any trademark shall have effect against third parties acting in good faith from the date of the record issued by the Chinese trademark Office.

## Time-line

In the new law, time limits are introduced for the trademark registration, review, opposition, invalidation and cancellation procedures, as can be seen in the following table, significantly speeding up the process from current standards.

Item	Time limit	Extension allowed
Initial examination of application	9 months (from the receipt of filing)	N/A
Opposition	12 months (as of expiration of preliminary publication period)	6 months
Review on Refusal of application	9 months (as of receipt of filing)	3 months
Review on Opposition	12 months (as of receipt of filing)	6 months
Cancellation (including 3-year non-use without proper justification)	9 months	3 months
Review on cancellation decision	9 months	3 months
Trademark Renewal	12 months (before the trademark is due to expire)	

## Opposition

A major change to the Trademark Law is that if an opposition fails at the Trademark Office level, which is the first level of review for an opposition, the trade mark can immediately proceed to registration. This is a radical change from the current situation, where the opponent may appeal to the Trademark Review and Adjudication Board and apply for review at two levels of court.

## Trade Mark Hijacking

The new law expresses an important principle, stating that all trademarks shall be registered and used in accordance with the principle of honesty and integrity. In addition, the law states that if the applicant is aware of the other party's trade mark through a contractual relationship, business dealing such as distributorship or other relationship, any application to register a trademark identical/similar to that party's trade mark for similar goods or services will be rejected if opposed by the party that has prior use.

In addition, draft Implementing Regulations have been issued for public comments recently. In the draft, several relevant points should be noted such as: 1) The applicant is allowed to submit explanation and correction within fifteen (15) days of receiving the notification from the Chinese Trademark Office; 2) Opponent is required to provide relevant evidence proving it is a prior rights holder or an interested party for the oppositions filed on related grounds. The burden of proof is accordingly higher than before. We will keep you posted on further development on this matter.

## Conclusion

We believe this amended trademark law is a positive move that will further protect IP owners in China. However, infringement and piracy are still rampant in China, and it remains to be seen how the law will be implemented and enforced.

It remains important to be diligent ensuring your intellectual property is properly protected when doing business in China. This means making sure your IP is registered correctly, knowing who you are doing business with, and having the right clauses in your contract with your Chinese business partners.

Should you have any further questions, please do not hesitate to contact us for a meeting with one of our IP and China legal experts.

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