

Recommendations on Third Amendment to Trademark Law

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Now, the Chinese Trademark Law is being amended for the third time with a view to bringing the revised Trademark Law in harmony with the practical situation in China, with the international practice and advanced level to provide a law basis for keeping the trademark-related work in line with the international standards, to promote the development of the trademark profession, and to cater to the healthier and faster developments of the economy and society.¹ This writer will be making several recommendations on the amendment to the Trademark Law now underway on the basis of some issues encountered in the trademark prosecution practice.

I. Simplifying trademark right confirmation process, shortening the time for examination and approval of trademark registration and establishing procedure more convenient for interested parties

The amendments, made to the Trademark Law as of 2001, were mainly aimed at meeting the requirements for China to enter the WTO, rather than making a full revision of the law². For one thing, the former Trademark Law was made by adding only the requirement of judicial review of trademark-related administrative decisions and adjudications, without taking account of the resultant effect on the time necessary for the examination and approval of trademark registration and on other trademark cases. In fact, the addition of the judicial review may result in a prolonged process from filing application for a mark registration to the approval thereof: refusal of the mark by the Trademark Office in the substantive examination is followed by the review by the Trademark Review and Adjudication Board (TRAB), and then the first and second instance judicial trials. Even if an application for the trademark registration is preliminarily examined and published upon approval through the procedure, any other person may raise opposition to said mark. It is possible for the preliminarily approved mark to go through the same four procedures after being opposed. It is thus shown that the burdensome and repetitive trademark right confirmation proceedings not only

waste a lot of administrative and judicial resources, adversely affect the efficiency of trademark registration, but also impair the rights and interests of the interested parties. Besides, with regard to the established trademark registration proceedings under the current law provisions, more consideration is given to the need of the administration without giving enough consideration to making things more convenient for the interested parties. For example, in the absence of express law provisions, the Trademark Office now generally does not accept evidence in writing in the course of substantive examination, and there is no channel of communication between the interested parties and examiners; too short a time limit is set, under the current law, for refusal reexamination without any provision set forth for extending it. For this writer, the Trademark Law should be procedurally revised as in the following aspects.

1. Putting back in place the office action system and giving interested parties the opportunity to communicate with examiners and present evidence during the substantive examination

The Rules for the Implementation of the Trademark Law as of 1993 has established the office action (or examiner's advice) system³, that is, during the substantive examination, when the Trademark Office considers, amendable, an applicant's application for trademark registration in goods/services, it should send an Office Action to the applicant, requiring him or it to make necessary amendment within a specified time limit; where the amended application is in conformity with the law provisions, the Trademark Office should preliminarily examine and publish it. But this procedure is deleted in the Trademark Law as amended in 2001, under which the Trademark Office would no longer send Office Action to give an applicant an opportunity to amend his or its trademark application before refusing the trademark registration application. Now, since the Trademark Office generally does not accept any evidence during the substantive examination, many

registrable marks under the trademark examination standards, such as the marks “EVESWISS” and “AMERICANSTAR”, which were registered respectively in Switzerland and America and deemed to be the registered marks containing the names of country as approved by the respective governments⁴, would not be approved for registration before submission of the relevant evidence in the follow-up review proceedings.⁵ This practice undoubtedly prolongs the time for the approval of trademark registration.

Under the Singapore Trademark Law Treaty Convention (the Convention), before its refusal of an application for trademark registration, the competent office should give the applicant an opportunity to make observations⁶. Although now not party to the Convention, China is the signatory state of said Trademark Law Treaty. The amendment to the Trademark Law now underway should be made in the light of the relevant provisions thereof. Given the practice of sending Office Action and the provisions of the Convention, it is recommended that the office action system be put back in place, under which opportunity should be given to applicants to make observations and produce evidence. Although addition of the procedure of sending office action may lead to longer time needed for the approval of some applications for trademark registration, applicants would have an opportunity to make their observations. In this case, the number of cases of refusal reexamination will be greatly reduced, which, on the whole, shortens the time for the approval of trademark registration.

2. Simplifying opposition proceedings, directly granting registration of marks approved after opposition, without putting in place the relevant proceedings for judicial review

To date, cases of trademark opposition are handled by the Trademark Office, and those of trademark opposition reexamination by the TRAB. In the course of substantive examination, the Trademark Office examines the registrability of a mark; the opposition proceedings are one in which the Trademark Office reexamines its own decisions. With dramatic increase of cases involving applications under opposition⁷, the Trademark Office makes decisions in respect of opposition to applications filed for trademark registration in summary proceedings, and the decisions made neither involve grounds on which an interested party raised his opposition nor comment on the evidence from interested parties. Rather, they directly present the conclusion it has drawn. In the subsequent opposition reexamination proceedings, the TRAB, instead of reviewing the Trademark Office's opposition decisions, would examine the facts, causes, and requests the in-

terested parties presented in their reexamination applications and defences,⁸ during which the interested parties may give new causes and adduce new evidence. As a result, rather than attaching importance to raising ground and adducing evidence in the opposition proceedings, the interested parties spare no efforts to raise new ground and adduce new evidence in the proceedings for the reexamination of the opposition. The function of the existing opposition proceedings overlaps that of the opposition reexamination proceedings, with the former being disregarded, which wastes the administrative resources.

For this reason, it is suggested to combine the two proceedings into one; the opposition application be directly reviewed and adjudicated by the TRAB; where one is dissatisfied with an opposition decision, he may directly request for judicial review; the court would only hear the legitimacy of TRAB's adjudication, so as to effectively improve the efficiency of the proceedings and avoid waste of the examination resources.

With such procedures in place, it may be further provided that, where a trademark under opposition has been approved for registration according to TRAB's adjudication, said mark may be directly granted the registration without judicial review; where the mark under opposition is found unregistrable, the applicant may request judicial review. If the opponent is dissatisfied with the approval of registration of the mark under opposition, he or it may apply to the TRAB for resolution of the dispute and for cancelling the registration of said mark after the mark under opposition being approved for registration. The proceedings of the kind secure, on the one hand, an earlier registration of an applicant's mark for quick protection of the trademark right and prevention of the trademark opposition proceedings from being abused; on the other, an interested party may still receive relief through judicial procedure in respect of an unduly registered mark even if the judicial review of opposition is cancelled. Such trademark registration proceedings have been put in place in Japan, where there is no procedure for judicial review of decisions made on the registration of a mark under opposition, but with the possible judicial review of only decisions made by the trademark administration on non-approval of trademark registration. Institution of the nature, both preventing repetitive trademark procedure and enabling an interested party to seek judicial review of relevant administrative decisions, conforms to the provisions of the TRIPS Agreement.

3. Improving the provisions on time limit in trademark reg-

istration proceedings

A relatively uniform time limit is provided for in the Trademark Law as of 1993. If an interested party is not satisfied with the Trademark Office's refusal of an application for registration of a mark, its decision on opposition or the decision on handling some matters made by the administrations for industry and commerce, he or it may institute a follow-up procedure within 15 days. Taking into account that the 15-day time limit might be too short, it is provided in the Regulations on Trademark Review and Adjudication as of 1995 that where an interested party is unable to deal with the matters relating to trademark review and adjudication within the specified time limit because of inexorable or for other justifiable reasons, he or it may file an application for extension of the time limit before the expiration thereof⁹. This relatively flexible provision makes it possible for an interested party to adopt necessary measures to avoid losing his or its substantive right for failure to meet the time limit when he or it cannot satisfy the requirement of the specified time limit. In the Trademark Law as of 2001, this provision remains unchanged. But the relevant provision on application for the extension is deleted in the Regulations on Trademark Review and Adjudication as of 2002, and this provision has not been put back in place in the Regulations on Trademark Review and Adjudication as of 2005. Consequently, there are now only 15 days for an interested party to file a request for reexamination of trademark refusal. But it is impossible for the interested parties, foreign applicants in particular, to make a reasonable judgment as to what the reexamination have in store or have a clear idea about whether they can collect enough evidence necessary for the reexamination in such a short time. In order not to lose their substantive right, they have to file the request for reexamination in haste.

It is required in the Singapore Trademark Law Treaty Convention that member states give opportunity for the applicants to receive relief who are not able to take any action within a specified time limit to ensure that they would not completely lose their substantive right for failure to act quickly enough to meet the time limit.¹⁰ No express provision on time limit is set forth in the Japanese Trademark Law, but the wording "within certain period of time" is used, and the specific time limit is set in corresponding administrative laws and regulations. Once the provision on time limit cannot meet the needs of the practice along the line, only the corresponding administrative laws and regulations, rather than the Trademark Law, need to be revised.

In the current Trademark Law is prescribed a 30-day time limit for most cases. For example, the time limit for instituting administrative litigation and Trademark Office's notification for rectifications and response to an opposition. However, that for reexamination of refusal of trademark, reexamination of a mark under opposition and cancellation of reexamination is only 15 days. Foreign clients once complained to most foreign-related agents that 15 days were too short for them to fully examine the case. What they could do within such a short time was to proceed to the follow-up procedure only to find that their evidence or grounds were usually insufficient. For that reason, this writer suggests that in the ongoing amendment to the Trademark Law consideration is given to the matters of time limit and extension, and a procedure be put in place that is truly convenient for interested parties.

II. Concept of similarity between goods and services should be incorporated in law

By similarity between goods and services is meant the existing special connection between goods and services, which is likely to confuse the relevant sector of the public. Such examples are goods of lifts and service of old lifts; goods of computer and service of computer maintenance; goods of hamburgers and fast-food service, and goods of cosmetics and beauty service. Simultaneous approval of registration of different applicants' identical or similar marks in respect of these goods and services may cause the relevant sector of the public to believe that the goods/services are made available by the same manufacturers/providers, thus creating confusion. Therefore, applications filed by different applicants for registration of the identical or similar marks to be used in respect of similar goods or services should not be simultaneously approved.

To the Trademark Law as of 1993 was added the provision on service marks, specifying that the service marks and trademarks were of the equal legal status. Applications for registration of service marks were officially accepted in China on 1 July 1993. However, only the concept of similar goods, not that of similar services, can be found in the Trademark Law as of 1993 and 2001; from the provision of the Trademark Law that "provisions made in this Law concerning trademarks shall apply to service marks" are derived the concept of and provisions on similar services. The Trademark Office make its decisions in relation to similar goods or services respectively according to the law provision in such a way that some goods or services in different class in the international classification were determined as similar goods or services. For example,

waterproof clothing in class 25 and clothing for protection against water in class 9 were determined as similar goods, and the animals temperately raised by others in class 43 and animals raising in class 44 was similar services. But there is no provision on the similarity between goods and services in the Trademark Law. Therefore, the Trademark Office would not, on its own initiative, determine that some goods are similar to a service in its substantive examination. According to the current examination standards, different applicants' identical/similar marks may be separately granted registration to be used in respect of the goods of computers and service of computer maintenance, while in business activities, all computer manufacturers would set up a special computer maintenance department to provide corresponding after-sale and maintenance services for the computers they make. If another party is granted, earlier than the computer manufacturer, registration of a mark identical with the latter's registered mark in the service of computer maintenance, and uses it in goods of computer, then, the latter will be faced with a situation where he or it cannot use the same to provide the service of computer maintenance. It is even more worth giving our attention that the Trademark Office's practice of separate determination of similar goods or services in substantive examination has left loophole for some to get preemptive registration, used in respective similar service mark, of another person's trademark with certain reputation in a justifiable manner. For example, the "BILLABONG" mark used in respect of sportswear of a famous brand in Australia was applied for registration by a natural person in service of "marketing (for others)" in class 35 and the application was preliminarily examined and published. Although the Australian trademark proprietor raised opposition to the registration of said service mark, the protection of said mark used in clothes could not be extended to the service of "marketing (for others)" under the current law framework since it was not of such a high reputation as to satisfy the requirement for the well-known mark protection in China before being preemptively registered. If registration of "BILLABONG" mark in class 35 is granted, the reputation of this Australian corporation's "BILLABONG" mark would be diluted, and as well there exists the risk of infringement of another party's registered service mark when the goods in which the corporation uses said mark are sold by its dealers in China.

In fact, the definition and doctrine of determination of similarity between goods and services have long been in existence in trademark law practice in China. The Opinions on

Several Issues Relating the Protection of Service Marks issued by the State Administration for Industry and Commerce in 1999 provide that where an act of service provision is related to the goods used in the service provision in a special manner, said service and the goods used in the service provision are similar. Selling articles (say, tableware used for dinner) bearing signs of others' service marks without authorisation from the proprietor of said service marks is deemed to be an infringement of the service marks.¹¹ Part 7 of the Trademark Examination and Adjudication Standards as of 2005 is also related to the concept of similarity between goods and services, providing that whether goods and service are similar should be determined with comprehensive account taken of the extent of relatedness between the goods and service and their identicalness in terms of use, users, common effect, channel of distribution and customary way of marketing.¹² As is defined in the Supreme People's Court's Interpretation of Several Issues Relating to Application of Law to Trial of Cases of Civil Disputes over Trademarks, by similarity between goods and services is meant the existence of special relations between them, which is likely to confuse the relevant sector of the public.¹³

In its review and adjudication practice, the TRAB has long been using the concept of similarity between goods and services to handle trademark cases on many occasions. For example, in the case of reexamination of the "LG" mark cancellation (No.560974), the TRAB held that the service of old lifts the trademark registrant provided was closely related to the goods of lifts *per se*; that the trademark registrant provided the service of lifts and used the cancelled "LG" mark on the lifts of its service should be deemed to be the use of the trademark. Therefore, the registration of said mark should be maintained.¹⁴

However, this is now only a practice of applying the concept of similarity between goods and services in hearing trademark cases *ad hoc*. For this writer, the concept of similarity between goods and services should remain applicable in the whole process from trademark application for registration, trademark right confirmation to trademark protection. Now in the trademark right confirmation proceedings, the Trademark Office separates goods from services; in its examination of similar goods, it does not take account of the special relations between goods and services, nor does it, on its own initiative, refuse the identical or similar marks used in similar goods or services, but simultaneously grants registration of identical/similar marks used in respect of similar goods

or services, which makes it possible for the marks to be granted the the exclusive right to use them. Obviously, this practice would result in the transfer of a large number of cases involving similarity between goods and services to the review and adjudication proceedings and judicial procedure, thus increasing the workload of review and adjudication and judicial review.

It is predictable that, along with the enhanced development, growing proportion and higher level of modern service industry in China¹⁵, the number of applications for registration of service marks will be on a steady rise, and the contradiction between similar goods and services will become more visible. For this reason, this writer suggests that, in the ongoing amendment to the Trademark Law in China, we draw on the practice in Hong Kong. In the Hong Kong Trademark Ordinance has been directly set forth the provision that “any mark similar to a prior mark used in respect of identical or similar goods or services shall not be registrable”.¹⁶ This provision covers the concept of similar goods, similar services, and similar goods/services, under which, examiners may directly refuse the identical or similar marks used in similar goods or services in their examination. The amendment to the Chinese Trademark Law may be made in the light of this provision by incorporating in the Trademark Law the concept of similar goods and services used in the current administrative laws and regulations and judicial interpretations to keep the definition of similar goods/services in the Trademark Law unchanged in confirmation and protection of the trademark right, so as to address the issues arising from separate examination of trademarks and service marks in the substantive examination now in China.

III. Changing prohibition of the geographic names of the administrative divisions at or above the county level and the foreign geographic names known to the public from being used as marks into prohibition from being registered as marks

In the Trademark Law as of 1983 there is no provision on trademark containing geographic names; Article 8, paragraph two, of the Trademark Law as of 1993 provides that the geographic names of the administrative divisions at or above the county level and the foreign geographic names known to the public shall not be used as marks, with exception of those which have otherwise meanings; the registered marks using geographic names shall continue to be valid. Geographic names are prohibited from being used as marks out of the following considerations. First, such mark is devoid of distinctive character and does not help consumers distinguish be-

tween different goods through trademarks, thus creating confusion; and second, if one of the manufacturers making the same goods in the same region is first granted the registration of a mark containing the geographic name of the region, this would result in practical monopoly, putting all other manufacturers at disadvantage.¹⁷ The Trademark Law as of 2001 keeps this provision unchanged, but the geographic names having otherwise meanings or being an element of a collective mark or a certification mark shall be exclusive.¹⁸

Article 10 of the Trademark Law provides for the signs that should not be used as marks, that is, those as listed therein are not to be approved for registration, nor should they be used as marks except those specified in the provision. The direct consequence of this provision is that it is impossible for geographic names of the administrative divisions at or above the county level and foreign geographic names known to the public to be distinctive through use as they are prohibited from being used as marks, and it is thus impossible for them to become distinctive under law.¹⁹ If any person uses names of the kind as trademarks, the local administration for industry and commerce would stop the use of it as a mark, order him or it to rectify the situation within a specified time limit, and may, in addition, circulate notice of criticism or impose a fine.²⁰

Businesses have a tradition to use geographic names as marks. Many Chinese businesses customarily use geographic names of the administrative divisions at or above the county level as marks, and some foreign businesses gain registration of and use geographical names known to the public as trademarks. Before the Trademark Law as of 1993 went into force, many geographic names or marks containing geographic names were approved for registration, such as the Yakohama tire in Japan.²¹ Even after the Trademark Law as of 1993 went into force, some businesses did so, for example, the Nanjing Bank set up in 1996 and the Ningbo Bank in 1997, in their service marks, which had no other obvious meanings. With China's increasing economic exchange with foreign countries, many foreign businesses want their products to enter the market in China, for example, the Hokkaido Farming Cooperation Association wanted to export its dairy products and aquatic products bearing “Hokkaido” trademark to China. However, since “Hokkaido” is a geographic name known to the public in China, the Association is now faced with a dilemma where it cannot use its long used trademark in China.

In the Trademark Examination and Adjudication Stan-

dards issued in December 2005, a relatively broad interpretation of the registrability of marks containing geographic names makes it possible for some marks containing geographic names to have been approved for registration. However, under the Trademark Law, the proprietor of those marks, in theory, should not use them in the market in China before the registration thereof. That is to say, the use by the Nanjing Bank and the Ningbo Bank of their respective service marks before they were approved for registration was contrary to the Trademark Law.

For that matter, this writer would like to suggest changing prohibition of the geographic names of the administrative divisions at or above the county level and the foreign geographic names known to the public from being used as trademarks into prohibition of them from being registered as trademarks, that is, geographic names of the administrative divisions at or above the county level and foreign geographic names known to the public should not be registered as trademarks except those with otherwise meanings. A mark containing a geographic name is registrable if it has obtained its own distinctive character through use.

VI. Incorporating relevant provisions of the Madrid Agreement Concerning the International Registration of Marks

China acceded to the Madrid Agreement Concerning the International Registration of Marks and the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks respectively in 1989 and 1995. It is now a member state of the Madrid system of the international registration of marks, and each year, foreign applications seeking trademark protection in China through the Madrid system of the international registration of marks have been on gradual rise ever since. The number of trademark applications filed under the Madrid Agreement designating China reached 46,890 in 2008.²² Since China became a member of the Madrid alliance, more and more Chinese businesses have filed applications for international registration of trademarks under the Madrid system, and in recent years, China has been one of the top ten nations in terms of the number of applications filed for international registration of their marks under the Madrid system. The Madrid registration system for the international registration of marks has provided a convenient, expedite and economical channel for foreign trademark proprietors to seek trademark registration in China, and for Chinese trademark proprietors to obtain effective protection of their marks in foreign nations. However, such important international trademark registration has not been mentioned at all

in the Trademark Law, and provisions in this regard have been set forth only in Article 12 of the Regulations of the Implementation of the Trademark Law and in the Measures for the Implementation of the Madrid International Registration of Marks issued by the State Administration for Industry and Commerce.

To date, in the Trademark Laws of the countries, such as the United States of America, Japan, the United Kingdom and Australia have been set forth provisions concerning the international registration of trademarks. For example, Part Two of the UK Trademark Law and Part Nine of the US Trademark Act all focus on the Madrid international registration of marks. Given the important role of the international registration of mark played in application for registration of marks and the development of the trademark profession, with reference to the practice of incorporating provisions of the Patent Cooperation Treaty in the third amendment to the Patent Law, to this amendment to the Trademark Law should be added the pertinent provisions concerning the international registration of trademarks or the current pertinent provisions of the Regulations for the Implementation of the Trademark Law be directly incorporated in the Trademark Law. ■

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¹ The Trademark Office: 2008 Annual Report on Developments of Trademark Strategy in China, P. 51.

² Xie Dongwei: Forthcoming Third Amendment to the Chinese Trademark Law, China Patents & Trademarks, 2007, No. 4, (Vol. 91), P. 81.

³ Rule 16 of the Regulations for the Implementation of the Trademark Law of the People's Republic of China as of 1993.

⁴ The Trademark Office/TRAB: the Trademark Examination and Adjudication Standards, P. 10.

⁵ The TRAB: Reexamination Decision on Refusal of the Mark EVER-SWISS and Device (No. Shangpingzi 3677/2006), and Reexamination Decision on Refusal of the Mark AMERICANSTAR and Device (No. Shangpingzi4815/2004).

⁶ Article 21 of the Singapore Trademark Law Treaty Convention.

⁷ According to the statistics published in the 2008 Annual Report on Development of Trademark Strategy in China, there were 25,240 cases of applications under opposition in 2008.

⁸ Article 28 of the Rules for Trademark Review and Adjudication (2005).

⁹ Article 18 of the Rules for Trademark Review and Adjudication (1995).

¹⁰ Article 14 of the Singapore Trademark Law Treaty Convention.

¹¹ Articles 4 and 5 (3) of the Opinions on Several Issues Concerning Pro-

tection of Service Mark issued by the Trademark Office of the State Administration for Industry and Commerce on 30 March 1999.

¹² The Trademark Office/TRAB: the Trademark Examination and Adjudication Standards, P.138.

¹³ Article 11, paragraph three, of the Supreme People's Court's Interpretation of Several Issues Relating to Application of Law to Trial of Cases of Civil Dispute over Trademarks.

¹⁴ The TRAB's Decision No. Shangpingzi 1255/2004.

¹⁵ Section II. Part Five of the Report Hu Jintao delivered at the 17th National Congress of the Communist Party of China.

¹⁶ Sect 12 (3) of the Hong Kong Trademark Ordinance: Relative grounds for refusal of registration:

(3) A trade mark shall not be registered if-

- (a) the trade mark is similar to an earlier trade mark;
- (b) the goods or services for which the application for registration is made are identical or similar to those for which the earlier trade mark is protected; and
- (c) the use of the trade mark in relation to those goods or services is

likely to cause confusion on the part of the public.

¹⁷ Liu Minxue's Explanation of the Amendment to the Trademark Law of the People's Republic of China (draft) published in the Compilation of Trademark Laws and Regulations of the People's Republic of China, the China Legal System Publishing House, 1995.

¹⁸ Article 10, paragraph two, of the Trademark Law as of 2001.

¹⁹ The Intellectual Property Tribunal of the Beijing No. 1 Intermediate People's Court (ed.): Study on Tough Issues Relating to Administrative Trial of Trademark Right Confirmation, the Intellectual Property Publishing House, P. 22.

²⁰ Article 48 (2) of the Trademark Law of the People's Republic of China.

²¹ On 8 March 1979, Yakohama Rubber Co., Ltd. filed an application for and was granted the registration of the mark "YOKOHAMA" (No 145180).

²² The Trademark Office of the State Administration for Industry and Commerce and TRAB: 2008 Annual Report on Developments of Trademark Strategy in China, Pp. 89-90, <http://www.saic.gov.cn/fwzf/zscqzl/200905/P020090531335024536234.pdf>.