

# Supreme People's Court's Opinions on Several Issues Relating to Trial of Administrative Cases Involving Trademark Right Grant and Affirmation

(No. Fafa 12/2010 issued as of 20 April 2010)

Ever since the Decision Made by the Standing Committee of the National People's Congress on the Amendment to the Trademark Law of the People's Republic of China came into force as of 1 December 2001, the people's courts have been receiving and hearing administrative lawsuits instituted by interested parties against the Trademark Review and Adjudication Board (TRAB) of the State Administration for Industry and Commerce for the specific administrative actions of trademark refusal reexamination, trademark opposition reexamination, trademark dispute resolution and trademark cancellation reexamination in relation to trademark right grant and affirmation. The people's courts have been actively exploring the issues of application of the pertinent laws and accumulated relatively rich experience in their trial of cases

of the nature. With a view to better adjudicating the administrative cases involving trademark right grant and affirmation, further summarising the trial experience, specifying and harmonising the standards of court trial, the Supreme People's Court have held special meetings, made special researches and solicited comments from relevant courts and departments, scholars and experts to study the matter of application of law to the trial of administrative cases involving trademark right grant and affirmation. On the basis of these studies, in accordance with the Trademark Law of the People's Republic of China, the Administrative Procedure Law of the People's Republic of China and other law provisions, and in line with the practice of the court trial, these opinions are hereby presented in connection with the trial of cases of the

nature:

1. When hearing administrative cases involving trademark right grant and affirmation, the people's courts may, in respect of marks in suit not in extensive use, follow the stringent trademark right grant and affirmation standards in making examination and judging similar trademarks and similar goods and in addressing conflicts of these marks with prior commercial signs or indications under the law, with full consideration taken of the interests of consumers and businesses in the same industry, to effectively curbing registration in unfair means and attaching importance to the protection of other parties' rights and interests in the commercial signs of higher repute and more salient distinctive character, such as prior marks and enterprise names, in an effort to eliminate likelihood of confusion of the signs as much as possible. As for marks in suit that have higher market repute and are known to the relevant sector of the public through relative long time of use, the people's courts should duly capture the legislative spirit underlying the Trademark Law of striking a balance between the protection of the rights and interests in the prior commercial signs and safeguarding the order of the market, fully respect the practical market where relevant sector of the public have objectively distinguished the relevant commercial signs, and attach importance to maintaining the established stable market order.

2. In practice, some signs or elements thereof are somewhat inflated, but not to such an extent as to mislead according to the experience in our daily life or the understanding common to the relevant sector of the public. In this case, it is inadvisable for the people's courts to hold the signs or the elements thereof having the nature of exaggeration and fraud.

3. The people's courts, when examining and determining whether some signs constitute signs having other unhealthy influence, should consider whether the signs or the elements thereof have negative impact on the public interests and order, in aspects of politics, economy, culture, religion and ethnic communities in China. If the involved signs are prejudicial only to some specific civil rights and interests, since the Trademark Law provides for separate remedies and corresponding procedures, it is undue to hold the signs having other unhealthy influence.

4. Under the Trademark Law, the geographical names of the administrative divisions at or above the county level or foreign geographical names well known to the public should not be registered and used as trademarks. In practice, some

trademarks consist of a geographical name and some other elements. In case like this, if a trademark has distinctive character as a whole due to the presence of some other added elements, and it no longer or mainly has the meaning of a geographical name, it is inadvisable for the people's courts to find them not registrable as they contain a geographical name of the administrative divisions at or above the county level and a foreign geographical name well known to the public.

5. The people's courts, when hearing administrative cases involving trademark right grant and affirmation, should examine and judge whether a mark, as a whole, has its distinctive character according to the understanding common to the relevant sector of the public of the goods in respect of which the mark in suit is used. Where the descriptive elements of a sign do not affect the distinctive character that the trademark in suit has as a whole or unique manner the descriptive sign presents itself, and the relevant sector of the public can use it to identify the source of goods, the sign should be found having its distinctive character.

6. The people's courts, when hearing administrative cases involving trademark right grant and affirmation, should examine and judge whether a mark consisting of foreign words in suit has its distinctive character according to the understanding common to the relevant sector of the public within the territory of China. Where the foreign linguistic element of a sign in suit has its own intrinsic meaning, yet the relevant sector of the public can use it to identify the source of goods, it does not affect the determination that the trademark has distinctive character.

7. The people's courts, when judging whether a mark in suit is a generic name, should examine to find out whether it is a statutory or arbitrary commodity name. A mark that is a generic name according to the law provisions or the standards of the state or an industry should be established as a generic name. Where a name is generally believed by the relevant sector of the public to stand for a class of goods, the name should be determined as an arbitrary generic name. Where a commodity name is included as an entry in a special reference book or dictionary, the fact may serve as a reference for determining that it is an arbitrary generic name.

The standard of understanding common to the relevant sector of the public nationwide generally applies in determination of an arbitrary generic name. For some goods relatively well established in a relevant market, coming into being for reasons of historical tradition, local culture or geographi-

cal environment, it is possible to hold a generally used name thereof in the relevant market to be a generic name.

Where an applicant knows or has reason to know that the trademark it applies for registration is an arbitrary commodity name in part of the region, the mark it applies for registration should be deemed to be a generic name.

8. The people's courts should generally examine and judge whether a trademark in suit is a generic name or not on the basis of the state of affairs of the time when an application was filed for trademark registration. If the mark was not a generic name at the time of filing, but the mark in suit becomes a generic name when it is approved for registration, it should still be established as a generic name of the goods. Where a mark was a generic name at the time of filing, but no longer is at the time of registration approval, the mark is unaffectedly registrable.

9. A sign that merely or mainly describes or specifies the characteristics of the goods in respect of which the sign is used, such as the quality, main raw material, function, intended purpose, weight, quantity or place of production, should be held not having its distinctive character, with exception to signs or elements thereof that imply the characteristics of the goods, but do not prevent the signs from distinguishing the source of goods.

10. The people's courts may hear administrative cases of trademark right grant and affirmation involving well-known mark protection with reference to Articles 5, 9 and 10 of the Supreme People's Court's Interpretation of Several Issues Relating to Application of Law to Trial of Civil Cases of Dispute Involving Well-known Trademark Protection.

11. When identifying the extent of protection, in terms of dissimilar goods, for a well-known trademark registered in China, attention should be focused on making the well-knownness of the mark compatible with the extent of protection. In terms of dissimilar goods, a relatively broad extent of protection compatible with the well-knownness of a mark should be accorded to a well-known trademark registered in China and widely known to the public there.

12. Where a trademark attorney, or representative, or an agent or representative in the sense of dealership or agentship registers, in his or its own name without authorisation, a mark in respect of which he or it acts as an agent or representative, the people's courts should determine the registration as an act of registration of the mark by an agent or representative in unfair means. In the trial practice, some registration of the nature arises at the time of consultation to

establish an agentship or representativenesship. That is, the registration in unfair mean precedes the establishment of the agentship or representativenesship. The act should be deemed to be an act of registration of the mark by an agent or representative in unfair means. A trademark registration applicant acting in collusion, in joint plot, with said agent or representative may deemed to be an agent or representative. Acts of such registration in collusion in joint plot may be presumed depending on special identity relations between the trademark registration applicant and said agent or representative.

13. The trademarks or signs an agent or representative should not apply for registration include those identical with or similar to sign of the proprietors; the goods in respect of which an agent or representative should not apply for registration of a mark include those identical with or similar to the goods in respect of which the trademark proprietors uses the trademark.

14. The people's court may judge similar goods and marks in their trial of administrative cases involving trademark right grant and affirmation with reference to the relevant provisions of the Supreme People's Court's Interpretation of Several Issues Relating to Application of Law to Trial of Civil Cases of Dispute Involving Trademarks.

15. The people's court should examine and judge whether involved goods or services are similar with account taken of whether goods or services are identical or relatively very much relevant in terms of function, intended purpose, manufacturer, channel of commerce and consumer group; whether the services are identical or relatively very much relevant in terms of objective, content, mode of provision and intended consumers; and whether the goods and services are so relevant that the relevant sector of the public are likely to be misled to believe that the goods and services are provided by the same business or the providers are related to each other in a special fashion. The International Classification of Goods and Services for the Purposes of Registration of Marks and the Classification of Similar Goods and Services may be referred to in the determination of similar goods or services.

16. The people's courts should establish a similar mark with account taken of both the similarity of the elements of the mark or sign and the mark or sign as a whole, and the distinctive character and repute of the relevant mark and the association of the goods in respect of which the mark is used depending on the likelihood of confusion.

17. The general provision that "no trademark application

shall infringe another party's existing prior rights" of Article 31 of the Trademark Law should be correctly understood and duly applied. When examining and judging whether a mark in suit has infringed another party's existing prior rights, the people's courts protect the existing prior rights under the special provisions of the Trademark Law relating to the existing prior rights with such provisions set forth in the Trademark Law; where the Trademark Law does not set forth special provisions along the line, but the existing prior right is the lawful right and interest that should be protected under the General Principles of the Civil Law and other law provisions, it should be protected under the general provisions.

The people's courts examine and judge whether a mark in suit has infringed another party's existing prior rights as of the date of filing of an application for registration of the mark in suit. Any prior right that does not exist at the time of filing of the application for the registration of the mark in suit does not affect the registration of the mark in suit.

18. Under the Trademark Law, an applicant should not register in an unfair means a mark that is already in use by another party and has certain influence. If an applicant knows and has reason to know that a mark that is already in use by another party and has certain influence and registers it, his or its registration may be established as one in unfair means.

A mark that is already in use within the territory of China and known to the relevant sector of the public should be established as one that is already in use and has certain influence. In the presence of evidence showing a period of time and region in which a prior mark is in use, the volume of sales of the goods in respect of the mark is used and advertisement of that is carried on for the mark, the prior mark may be established as having certain influence.

Trademarks that are already in use and have certain influence should not be accorded protection in relation to their use in respect of dissimilar goods.

19. In hearing administrative cases involving cancellation of registered marks, the people's courts should judge whether a mark in suit is registered in unfair means with account taken of whether the means, other than those of fraud, disrupt the order of trademark registration, infringe public interests, unfairly seize public resources, or seek illicit benefits in other ways. Article 41, paragraphs two and three, and other relevant provisions of the Trademark Law should apply to the examination and judgment of a case involving infringement of some specific civil rights and interests.

20. The people's courts should hear administrative cases involving cancellation of registered marks that are not used for three consecutive years in the legislative spirit in which the relevant provisions of the Trademark Law have been made, and duly judge whether an activity in suit constitutes a case of practical use.

A trademark proprietor's own use, his or its license to another party to use, and any other use that is not against his or its own will may all be established as practical use. Where a mark in practical use differs from one approved for registration in minor aspects, without changing the distinctive character of the mark, the use may be deemed to be the use of the registered mark. Lack of practical use of a registered trademark, mere presence of assignment or license, or mere publication of the trademark registration information or declaration of one's proprietary right of the exclusive right to use the registered mark should not be established as use of the trademark.

If a trademark proprietor fails to use or ceases using a registered trademark as a result of force majeure, policy restriction or bankruptcy liquidation, or he or it has true intent to use the mark and has made the necessary preparation to, but yet to, put use the mark in use for other objective factors, it may be determined that the mark proprietor has justifiable reasons. ■