

Highlights of Major Changes in Draft Revised Chinese Trademark Law

The draft revision of the Chinese Trademark Law ("the Draft") was published on 1 September 2011 by the Legislative Affairs Office of the State Council of the PRC to seek comments from the public. The following are some of the major changes in the Draft by their contribution to the protection of trademarks, as compared with the current Chinese Trademark Law.

1. Protection scope to be broadened and definition of trademarks expanded

- "Single colour" registrable as trademark

The current Chinese Trademark Law only allows "colour combination" and denies "single colour" as registrable element. Recognition of "single colour" as element of trademark represents a bold effort to broaden the scope of protection, even by international standard, as single colour trademarks are registrable only in a few countries to date;

- "Sound" to be recognised as new trademark element

The current Chinese Trademark Law does not recognise "sound" as an element of trademark. However, legal precedents in practice prove that "sound" as a type of trademark is sufficient to identify different sources of goods and services.

2. To facilitate process of application for trademark registration

- Electronic applications of trademark registration

E-filing of trademark applications saves manpower and resources, as well as improves administrative efficiency. After a period of tentative implementation of the practice, electronic trademark application is now written into the Draft;

- Multi-class trademark application

The introduction of multi-class trademark application will simplify the trademark application process in China.

3. To strengthen protection for trademark owners in trademark examination and registration

- Restoration of "office action"

This system was provided in the Implementing Regulations of the Trademark Law as of 1993, but was removed in the revised Trademark Law in 2001. The restoration of said step, though adding extra time for the process of certain trademark applications, help shorten the overall cycle of trademark registration, considering that review on refusal cases can be avoided substantially by giving the applicants chances to respond to office action before the decision on refusal is issued;

- Operable provisions for determination of pre-emptive registration

The second option for Article 34 in the Draft provides that "any application for a trademark that is identical with or similar to another party's trademark on identical or similar goods, where the applicant knows on account of contractual, business, geographical or other factors that the trademark is already in use by another party, shall not be approved for registration." Said stipulation specifies some conditions under which the applicant knows about the existence of an identical or similar trademark owned by another party, i.e., as related to contractual, business, or geographical factors. The Draft thereby provides more operable criterion for the determination of "bad faith" preemptive trademark registration;

- Provisions to curb bad faith trademark pre-emption

The second option for Article 34 in the Draft further prohibits registration of trademark copying another party's registered trademark which has strong distinctiveness and has acquired certain reputation in China with respect to non-identical or dissimilar goods. Currently, if an opposition is lodged against bad faith preemptive registration of goods under different class, such opposition is not tenable unless the trademark in suit is recognised as well known;

- Limitations to be imposed on opponent's qualification

The Draft explicitly states that only the true trademark owner or an interested party can initiate an opposition against a trademark application. This provision can effectively prevent any uninterested third party or any party from obviously remote industry from lodging oppositions. Meanwhile, such limitations can also reduce the number of opposition cases in pendency and thus better protect the interests of the trademark applicants.

4. To enhance punishment against trademark infringement

- Further specification of activities that constitute trademark infringement

In addition to the present four types of trademark infringement activities, the Draft has added two new ones and a miscellaneous provision, enhancing specifically the protection for "product name" and "trade dress of goods";

- To increase upper limit of statutory damages for trademark infringement

The Draft raises the upper limit of statutory damages for trademark infringement from RMB 500,000 to RMB 1 million. As for the current Chinese Trademark Law, the civil damages are small, rendering the infringer comparatively low cost for infringement. Furthermore, punishment on repeated infringement by enterprises is also strengthened to better safeguard the legitimate interests of the trademark owners. ■

(Jiang Tao)