

Impact of the Fourth Revision of China's Trademark Law on Curbing Malicious Registration

Du Ying and Wang Wenjing

The China's Trademark Law, which was revised for the third time in 2013, made a series of institutional arrangements to emphasize the use of trademarks. For reasons of system design and market operation issues, relevant provisions, however, fail to effectively curb malicious trademark registration, but instead increasingly worsen the malicious preemptive filing of marks and the hoarding of marks with no intent to use. On 23 April 2019, the four revision of the China's Trademark Law was passed with an aim of curbing the above phenomenon and guiding market entities to have their marks registered for the purpose of use. The following provision was added into the first paragraph of Article 4 of the China's Trademark Law: a malicious application for trademark with no intent to use shall be rejected. Accordingly, the newly revised Law further imposes restrictions on the act of agencies of applying for malicious trademarks on behalf of clients, and lists malicious application as one of the grounds for trademark opposition and invalidation and adds more provisions concerning administrative penalties for malicious application, thereby forming a strict system regulating malicious filing acts under the current legal framework.

To facilitate the enforcement of the Fourth Revision of the China's Trademark Law, the Beijing High People's Court (hereinafter referred to as the "BHC") and the State Administration for Market Regulation (hereinafter referred to as the "SAMR") respectively issued the Guidelines for the Trial of Trademark Rights Grant and Validation Cases (hereinafter referred to as the "Guidelines") and the Several Provisions on Regulation of Trademark Application and Registration (hereinafter referred to as the "Provisions") on 24 April 2019 and 11 October 2019. Pitifully, neither the Guidelines nor the Provisions interpret Article 4 of the China's Trademark Law. As a result, it is necessary to further clarify,

in practice, how to judge whether an application for trademark is "a malicious application for trademark with no intent to use", and whether enterprises' defensive registration and a small number of preemptive filings are at the risk of rejection under Article 4. At the same time, it is essential to explain how to distinguish the application of Article 4 from that of Article 44.1, and coordinate the relations between Article 4 and Article 49.2 in judicial practice. This article is going to delve into the impact of the fourth revision of the China's Trademark Law on curbing the malicious trademark registration in view of the relevant provisions before and after the fourth revision.

I. Background for curbing malicious registration by the fourth revision of the China's Trademark Law

Malicious registration results in the increase in the number of administrative disputes over trademark grant and validation to some extent, and has been a hot topic that has aroused great concerns among scholars and practitioners in China. From the perspective of administrative trademark review and trial, the Annual Development Report on China's Trademark Brand Strategy (2017) issued by the China's Trademark Office and the former Trademark Review and Adjudication Board (TRAB) showed that the number of trademark applications exceeded 5 million in 2017, and among 22,000 examination decisions on opposition or partial opposition to trademark applications, 5,734 cases were found malicious, accounting for 26.6% of the opposition (partial opposition) cases, wherein 1,212 cases, making up 5.6%, were found "violating the principle of good faith" under Article 7 of the China's Trademark Law; 2,352 cases,

taking up 10.91%, were rejected on the grounds of providing “extended protection to well-known trademarks of third parties” under Article 13 thereof; 246 cases, occupying 1.13%, belonged to preemptive trademark applications filed by agents or representatives under Article 15 thereof; and 1,924 cases, accounting for 8.92%, were rejected for the purpose of protecting other prior rights or prohibiting malicious squatting under Article 32 thereof.¹

In terms of judicial trials, according to the survey of the Beijing Intellectual Property Court, it accepted 1,978 administrative cases relating to trademark grant and validation in the first quarter of 2017, with an increase of 49.9% over the same period last year, wherein the cases suspected of malicious registration accounted for more than 30% of administrative trademark cases apart from cases in relation to a review of trademark rejection or a review of trademark cancellation.² Among 18 typical malicious registration cases released by the Beijing Intellectual Property Court, which are divided into five categories, cases relating to preemptive filing³ and large-scale hoarding of marks with no intent to use⁴ are particularly outstanding.

Expressions such as “strengthening the creation, protection and application of intellectual property”, “strengthening intellectual property protection” and “strictly protecting intellectual property according to law” are key elements that have constantly appeared in documents and reports of various government departments at various levels in recent years. It can be said that strengthening intellectual property protection is a crucial requirement for innovation and driving economic development. To this end, the “Trademark Law” revised in 2013 strengthened the protection of trademark rights from various aspects, but the market is still flooded with free-riding and utilization of other’s business reputation. Meanwhile, the number of market entities is on the increase, and more and more attention is paid to the market value of trademarks. However, malicious preemptive filing of trademarks with no intent to use, but instead for resale is increasingly severe. All of them have seriously spoiled the market business environment of “fair competition and good-faith operation”.⁵

Under such a background, the revision of the China’s Trademark Law was initiated in April 2018. The fourth revision of the China’s Trademark Law was mainly aimed to coordinate with the transformation of government functions and deepen the reforms to delegate power, streamline administration and optimize government services, and facili-

tate trademark registration; comply with China’s economic transformation from speed orientation to quality orientation with the help of brand building; and strengthen trademark protection with the focus on the good-faith principle and in hope of creating a good market operation environment.⁶

II. Limitations of the China’s Trademark Law on curbing malicious registration before the fourth revision

In 2019, the revision of the China’s Trademark Law did not involve trademark registration procedures, but mainly regulated the trademark registration with no intent to use and increased damages for trademark infringement. The China’s Trademark Law (2013) also placed emphasis on trademark use and made institutional arrangements, such as Articles 10, 11, 12, 13, 15, 32 and 44 involving prohibited trademark registration, Article 49.2 involving the cancellation of trademarks for non-use for three consecutive years for urging the actual use of trademarks; and Article 59 restricting the rights of trademark owners. For reasons of system design and market operation issues, these provisions, however, fail to effectively curb malicious trademark registration. Next, we are going to delve into key provisions in terms of system designs and application limitations one by one.

Articles 15 and 32 of the China’s Trademark Law are provisions in relation to prohibition of malicious preemptive filing of trademarks. According to Article 15 of the China’s Trademark Law and the relevant interpretation⁷ of its revision, any agent or representative shall be prohibited from preemptively registering the trademark of a person for whom it or he acts as the agent or representative, and any person who knows the presence of other’s trademark due to a certain relationship shall be prohibited from preemptively registering the other’s trademark. Article 32 of the China’s Trademark Law is a legal provision concerning protection of prior rights and prohibition of malicious registration. The latter part thereof provides that no one is allowed to preemptively register, by unfair means, the trademark that another person has used and that has a certain influence. This provision is a special case to protect an unregistered trademark under the current China’s trademark registration system, and an effective supplement to the China’s trademark validation system as well, which conditionally realizes the bal-

ance of interests between registered trademarks and unregistered trademarks. These two provisions, however, are mainly applicable to registration procedures, wherein Article 15 determines malicious registration based on a *de jure* or *de facto* relationship, whereas Article 32 sets no requirement for the determination of the special relationship, but instead requires that the previously used unregistered trademark must have “a certain influence”, which actually determines malicious registration on the basis of the reputation accumulated through actual use of the unregistered trademark. Generally speaking, the two Articles are applied under strict conditions and within a limited scope.

Article 49.2 of the China’s Trademark Law provides for the cancellation of a registered trademark for non-use for three consecutive years. Anyone can apply for such cancellation. But the reality is that only when a certain market entity intends to register and use a registered trademark which has not been used for three consecutive years will the cancellation procedure be initiated. The administrative trademark department would not cancel those registered trademarks *ex officio*. Average consumers have no enthusiasm for applying for the cancellation of a registered trademark on the grounds of this Article. Hence, although the non-use cancellation is aimed to maintain the intent to actually use a trademark and urge people to put trademarks into actual use,⁸ it indeed has a limited effect on the hoarding of trademarks.

Article 64.1 of the China’s Trademark Law highlights the use of trademarks in damage reliefs, i.e., “if an owner having an exclusive right to use a registered trademark claims compensation and an accused infringer makes a defense on the grounds of non-use, the people’s court may require the owner to provide evidence proving the actual use of the registered trademark in the previous three years. If the owner proves neither the actual use of the registered trademark within the previous three years nor other loss suffered due to the infringement, the accused infringer shall not be liable for damages”. This provision stipulates that the prerequisite to claim compensation is that the owner having an exclusive right to use a registered trademark can prove that the registered trademark had been used for three years or other loss was caused due to infringement; or otherwise, the accused infringer does not undertake any liability for compensation, which fosters the use of registered trademarks to some extent. This provision, however, is merely applicable to the case where an infringement law-

suit is submitted; and furthermore, if the trademark owner does not use it but intends to gain profits through trademark infringement litigation, he or it loses nothing but litigation costs even if no damages are awarded. In contrast, an accused infringer has to not only undertake the liabilities for the cessation of infringement, but also bear the costs incurred for dispute resolution. Therefore, this Article has a limited effect on curbing malicious trademark registration.

“The principle of good faith” was formally incorporated into the China’s Trademark Law through the third revision in 2013, which prohibited the preemptive filing of other’s early-used marks and clarified the definition of trademark use, in hope of curbing malicious trademark squatting from the aspects of the legislative principle and the protection of prior use. However, the optimized trademark registration procedure, shortened registration period and reduced registration costs all lead to the sharp rise in trademark applications in China in recent years, and malicious trademark registration tends to be on a larger scale and specialized. What’s more, the China’s Trademark Law puts excessive emphasis on the way to obtain a trademark by registration, so that the initial “use” value of a trademark has been overlooked. As there is no actual requirement for “use” and trademark registration brings profits to its owner at the expense of low cost, a huge number of maliciously registered trademarks, hoarded trademarks and zombie trademarks surged, which are major negative factors affecting the trademark market order in China.⁹

The above Articles emphasize the use of trademarks from different perspectives, which would indirectly curb malicious registration to some extent. However, it can be seen from the above analysis that they all have limitations in terms of function and scope. In this regard, the trademark review and adjudication department, as well as the judicial authority, tries to cite other provisions to solve relevant problems, including Articles 4, 7, 10.1.8 and 44.1 (the second half) of the old China’s Trademark Law. But the use of these Articles for curbing malicious registration has caused considerable controversy.

In the light of Article 4 of the old China’s Trademark Law, any natural person, legal entity or other organization, intending to acquire the exclusive right to use a trademark for goods or services in production or business activities, shall file an application for the registration of the trademark with the Trademark Office. This provision merely clarifies that marks are registered in China under a unified registra-

tion principle, instead of the use of trademarks. In *Tanita Corporation v. the former TRAB*, an administrative dispute over trademark¹⁰, the BHC held that Article 4 of the China's Trademark Law, as a declarative provision, is set forth to standardize trademark application, that is, a trademark shall be applied for the sake of production or business, rather than for hoarding trademark resources which may give rise to resource waste. Although the BHC deemed that trademark registration shall serve the needs of production and business, it also highlighted that Article 4 is just a declarative provision, and cannot serve as the basis for court trial.

Apart from Article 4, there is another general clause, i.e., Article 7 of the China's Trademark Law, "the principle of good faith shall be followed for the application of trademarks and use of trademarks". The principle of good faith is a basic principle of the civil law, and the China's Trademark Law incorporates it as the fundamental notion and value orientation¹¹ when dealing with civil trademark disputes. But the China's Trademark Law does to take the violation of the principle of good faith as the basis for filing a trademark opposition or a request for cancelling a registered trademark, but instead as the basic principle of the trademark law. In judicial practice of trademark review and adjudication, that Article is also regarded as a general clause, and is generally not used as the direct basis for trademark review and adjudication on the grounds that its legislative spirit has been embodied in the specific provisions of trademark law. For instance, in *Huayi Brothers Media Co. et al v. the former TRAB*¹², an administrative dispute over trademark invalidation, the former TRAB determined that Article 7 of the China's Trademark Law, as a principled clause, generally cannot be directly invoked, and a specific provision shall prevail if there is a specific provision in this regard.

Therefore, the legislative intent of Articles 4 and 7 of the old China's Trademark Law should have regulated malicious trademark registration, but they cannot be directly invoked in examining and trying trademark cases as they are declarative (general) clauses by nature. For this reason, Articles 4 and 7 become idle in the old China's Trademark Law.

The trademark review authority and judicial authority sometime consider invoking Article 10.1.8 of the China's Trademark Law, namely, "detrimental to socialist morals or customs, or having other unhealthy influences". However, this Article is only applicable within a certain scope, and

cannot be applied in most cases involving malicious trademark registration. On the one hand, it cannot be applied to the protection of rights and interests of specific right holders. For instance, in the "WeChat" trademark case¹³, the court held that this primary issue in this case is whether the "unhealthy influences" clause is applicable to the protection of the civil rights and interests of a specific subject. The views on this issue are currently unified in judicial practice, that is, when judging whether a sign has other unhealthy influences, account shall be taken of whether the sign or constituent elements thereof could have any bad and negative effect on the public interests and public order in China, like politics, economy, culture, religion and nationality. If the registration of the relevant sign is only detrimental to specific civil rights and interests, it should not be determined to have other unhealthy influences since the Trademark Law has already otherwise provided for remedies and relevant procedures.¹⁴ The Provisions on Several Issues Concerning the Trial of Administrative Cases Involving Trademark Grant and Validation (hereinafter referred to as "the Grant and Validation Provisions") released by the Supreme People's Court also clarify such an issue in Article 5.¹⁵ In judicial practice, there are cases where the names of celebrities in the economic field¹⁶, like Li Xingfa, or in the cultural field¹⁷, like Lu Xun or Bing Xin, are applied for trademarks. Since the relevant celebrities all have influences in specific fields and are related to the maintenance of good social public order, the registration of the names of celebrities does not fall within the circumstances where specific rights and interests are impaired, and the "unhealthy influences" clause shall be applied in this regard. On the other hand, the "unhealthy influences" clause is only applicable to signs, rather than acts. Although Articles 10.1 and 44.1 of the China's Trademark Law are both related to absolute prohibition of registration, it can be seen from the literal expressions that Article 10.1 prohibits some "signs" from trademark registration by using the term "signs", whereas Article 44.1 prohibits some trademark registration "acts" if "the registration of a trademark was acquired by fraud or any other unfair means".¹⁸ In addition, the Grant and Validation Provisions also clarify in Article 5.1 that the trademark sign or its constituent elements could have a bad and negative effect on China's social public interests and public order.

The trademark review authority and judicial authority sometimes invoke Article 44.1 of the old China's Trademark Law to curb malicious registration, namely, "if a regis-

tered trademark violates Article 10, 11, or 12 of this Law, or a trademark was registered by fraud or any other unfair means, the Trademark Office shall declare the registered trademark invalid; and other entity or person may request the TRAB to declare the registered trademark invalid”, wherein the primary way to curb malicious registration is to identify that “a trademark was registered by fraud or any other unfair means”. There are also disputes over the use of this Article for curbing malicious registration. First, the application phase is controversial. People, who support the full-phase application theory, think that this Article is applicable not only to the invalidation proceedings of a registered trademark in a trademark dispute phase, but also to the opposition review proceedings for refusal of trademark registration, which can be applied throughout all phases ranging from trademark review, approval, opposition to dispute.¹⁹ People, who are in favor of the dispute phase theory, believe that this Article is only applicable to the invalidation proceedings of a registered trademark.²⁰ Second, the nature of the Article is controversial. It is manifested as a dispute between relative ground clause and absolute ground clause. People, who support the relative ground clause theory, think that the wording “a trademark was registered by fraud or any other unfair means” is intended to stipulate the circumstances under which others’ legitimate rights and interests are infringed by improper means and which are not regulated by other provisions of the China’s Trademark Law.²¹ People, who are in favor of the absolute ground clause theory, believe that this Article specifies the circumstances under which the public interests are infringed by improper means, and is, in essence, identical to Articles 10, 11 and 12. It is an absolute ground clause that does not require a right holder or interested party to initiate the invalidation proceedings.²² Third, there is also a dispute between a procedural clause and a substantive clause. People, who support the procedural clause theory, think that such clause is not applicable to substantive issues, but only to the circumstances where the procedures of trademark application are fraudulent or improper, such as forging a certificate for the sake of trademark registration.²³ People, who are in favor of the substantive clause theory, believe that in addition to improper procedural issues, this Article is also intended to solve improper substantive issues. Controversial substantive issues should be examined in trial.²⁴

On the whole, different problems may occur when the existing current problems of the China’s Trademark Law

are directly used to curb malicious registration. From the perspective of the institutional design, comprehensive consideration should be given in the phases before, during and after the registration so as to curb malicious registration more effectively. The pre-registration measure includes requiring a trademark registrant to provide evidence of use, and evidence or explanation of intended use when applying for trademark registration. In the fourth revision of the China’s Trademark Law, Article 4 is added with the content that “a malicious application for trademark with no intent to use shall be rejected”, that is to say, in the application for trademark, a trademark applicant is required to have an intent to use, which is a pre-registration measure. The during-registration measure includes requiring the trademark registrant to provide evidence in support of actual use during the term of trademark protection, and during the renewal of trademark registration. The post-registration measure includes the system of declaring the maliciously registered trademark invalid. In the fourth revision of the China’s Trademark Law, Article 44 lists Article 4 as the ground for trademark invalidation, and in judicial practice, the infringement accusation is often rejected if a malicious preemptor is found to have been abusing its right. For instance, in *Wang Suiyong v. Shenzhen Ellassay Clothing Co., Ltd. and Hangzhou Intime Century Department Store*,²⁵ a dispute over trademark infringement, the Supreme People’s Court held that Wang filed an infringement lawsuit against Ellassay for its use of trademark in suit obtained in bad faith, which constituted the abuse of rights.

III. Article 4 of the China’s Trademark Law and relevant amendments

Prior to the fourth revision of the China’s Trademark Law, Article 4.1 relates to the subject, scope and principle of trademark registration. Trademark is applied for under the principle of voluntary registration, that is, the exclusive right to use the registered trademark is granted after the trademark registration, and the registrant has the right to prohibit others from using or registering an identical or similar trademark on identical or similar goods. For this reason, a registered trademark is provided with more comprehensive and powerful protection than an unregistered trademark. Meanwhile, this Article also indicates that a registered trademark shall exist for production or business purpose and with a real intent to use. This Article should have

been more suitable to serve as the legal basis for curbing large-scale squatting. However, China's Trademark Law has clearly enumerated the grounds for trademark opposition and invalidation, but this Article is not one of them. In addition, the China Trademark Office currently does not require an applicant to submit the evidence of use or a statement of intent to use during the examination of trademark application. Thus, it is extremely hard to use this Article as the legal basis for curbing malicious trademark registration, such that the trademark administrative or judicial authority seldom invokes this Article directly in administrative or civil trademark cases. In particular, the Beijing courts previously did not invoke Article 4 as the judging basis, but directly deducted the specific grounds like the hoarding of trademarks that copy well-known trademarks on non-similar goods with no intent to use and incorporated them into the scope of "other unfair means".²⁶ Furthermore, the costs for law-breaking are relatively low. These all lead to more severe malicious preemptive filing and hoarding of trademarks.

Accordingly, Article 4.1 was added with the sentence that "a malicious application for trademark with no intent to use shall be rejected" through the revision in 2019. In Articles 19, 33, 44 and 68, the new law further restricts agents from applying for trademarks in bad faith, lists malicious application as one of the grounds for trademark opposition and invalidation, and increases the punitive damages for malicious application, thereby forming a stringent system for regulating acts of malicious registration under the current legal framework. Specific provisions are presented as follows:

Article 19.3 of the new China's Trademark Law incorporates the content of Article 4 into the scope of circumstances where agents should refuse to file a malicious application.

Article 33 of the new China's Trademark Law treats Articles 4 and 19.4 as the grounds for opposition, which provides a legal basis for regulating malicious filing of trademarks with no intent to use in the opposition proceedings. Procedurally speaking, Article 4 is the absolute opposition ground for raising an opposition to a trademark application, that is, any person, who may not be a right holder or an interested party, may raise an opposition accordingly, which puts acts of malicious registration under wide supervision, and meanwhile solves the issues concerning the application of law to large-scale malicious squatting that the trade-

mark opposition department faces.

Article 44.1 of the new China's Trademark Law is consistent with Article 33 thereof, wherein Article 33 is the legal basis for raising an opposition against an unregistered trademark application that has been preliminarily approved, and Article 44.1 is the legal basis for filing a request for invalidating a registered trademark. Incorporating Article 4 as one of the grounds for opposition and invalidation renders the legal provisions for curbing malicious registration consistent and cohesive in trademark opposition and invalidation proceedings, thereby maximizing the effect of curbing malicious registration.

Article 68.1.(3) of the new China's Trademark Law provides enforcement action when trademark agencies act in "violation of the provision of Article 4", and a fourth paragraph is added as follows: "administrative sanctions such as warnings and/or fines shall be levied against the parties who file such malicious applications according to the circumstances; and for trademark lawsuits filed in bad faith, the people's court shall impose penalty on the plaintiff", which show that the trademark law intensifies the crackdown on malicious registration. Trademark agencies shall be legally liable for refusing malicious registration, and shall undertake administrative, civil or even criminal liabilities if they violate that provision. The newly added fourth paragraph further intensifies the sanctions against malicious registration, expands the scope of parties who bear liability for applying for trademarks maliciously, and imposes administrative and civil penalties respectively on parties maliciously applying for trademarks and those maliciously initiating trademark lawsuits.

IV. Comments on the amendments to Article 4 of the China's Trademark Law

The amendments to Article 4 of the China's Trademark Law solves the problem, to some extent, of registering a trademark with no intent to use, but only under the circumstances of "having no intent to use and malicious registration", both of which are indispensable. Thus, the malicious squatting of trademarks for the purpose of use should not be regulated by Article 4. In practice, some trademarks are registered for use, but such use is characterized by counterfeiting and infringement, like squatting other's trademarks or "copycatting". Shall the malicious squatting of trademark for use be regulated by Article 4? In this regard,

the writers think that it can be regulated by other provisions in the China's Trademark Law. Moreover, *bona fide* registration of trademarks with no intent to use should not be regulated by Article 4 as well, such as defensive registration, normal brand portfolio or a small amount of logo preemption.

Regarding how to judge whether a trademark application is "maliciously filed with no intent to use", there lack definite provisions in the China's Trademark Law. It is urgent in practice to clarify the standards for judging whether a trademark application is "maliciously filed with no intent to use". As stated above, to facilitate the enforcement of the new China's Trademark Law, the BHC and the SAMR respectively issued the Guidelines and the Provisions, from which, together with their official interpretations,²⁷ we can tell that they are intended to regulate malicious filings and hoarding of trademarks. But there are no clear interpretations about Article 4 of the new China's Trademark Law that "a malicious application for trademark with no intent to use shall be rejected". Therefore, it is still necessary to set forth detailed provisions on how to prove the "intent to use" for a trademark application, how to judge whether the application is filed "maliciously" and whether an enterprise's defensive application is at the risk of rejection under Article 4. Meanwhile, in the application of Article 4 in judicial practice, more efforts shall be made to further delve into the relationship between Article 4 and relevant provisions, as well as systems.

1. The relationship between Article 4 and the second half of Article 44.1

Before the revision of the Trademark Law, it is generally deemed in judicial practice that Article 4.1 of the old China's Trademark Law merely solves the issues concerning the subject of trademark application and the principle of voluntary registration, but does not take them as the absolute grounds for approval of the registration and cancellation of registered trademarks. Since the Crayon Shin-chan case,²⁸ the judicial authority has come to realize the value of Article 4 for cubing registered trademarks with no intent to use and gradually attempted to invoke the provisions of Articles 4 and 41.1 of the old China's Trademark Law.

In *Li Longfeng* (the retrial petitioner) *v. the former TRAB* (the respondent) and *Sanya Haitangwan Administrative Committee* (the third party in the first instance), an administrative dispute over trademark,²⁹ Li Longfeng registered the trademark "Haitangwan" on services such as accommoda-

tion (hotels and boarding houses), restaurants and bistros in class 43, as well as on goods or services in other classes, and 30-plus trademarks like "Xiangshuiwan" and "Yelinwan" on goods or services in several classes, many of which are related to well-known names of places or tourist attractions in Hainan Island. The Supreme People's Court rejected the retrial ruling, holding that according to Article 4 of the China's Trademark law, any civil subject that applies for a trademark shall have the real intent to use for the purpose of meeting its own needs of trademark use, and the act of applying for a trademark shall be reasonable or legitimate. Li's preemptive filings of "Haitangwan" trademarks and large-scale hoarding of other trademarks with no intent to use for no justifiable reasons are not legitimate as registered trademarks should be, occupy public resources improperly and disturb the order of trademark registration, which fall within the circumstances of "obtaining a registered trademark by unfair means" under Article 41.1 of the China's Trademark Law. In this case, the Supreme People's Court definitely confirmed the value of invoking the purpose of trademark use in Article 4, which was used as the theoretical basis for the use of "other unfair means" in Article 41.1. According to the judgment in this case, Article 24 of the Grant and Validation Provisions stipulates that "other unfair means" in Article 44.1 of the China's Trademark Law refers to the acts of disturbing the order of trademark registration, impairing the public interest, and improperly occupying public resources or gaining unfair interests by means other than deception."

After the revision, how to distinguish the application of Article 4 from that of Article 44.1 is an issue worthy of discussion. Although Article 4 is intended to crack down on malicious registration and maintain the order of trademark registration, this Article literally does not explicitly express the intention, but only emphasizes "malicious registration" "with no intent to use". The Provisions give further opinions on the application of Article 4 of the China's Trademark Law, and enumerate, in Article 8, the circumstances under which Article 4 of the China's Trademark Law are applicable. The Provisions require that when judging whether a trademark application violates Article 4 of the China's Trademark Law, the following factors should be considered: (1) the number of trademarks applied by the applicant or any natural person, legal person or other organization that is associated with the applicant, the designated class thereof, trademark transactions, etc.; (2) the industry

that the applicant works for, and its business status, etc.; (3) the effective administrative decision or ruling or judicial judgment determines that the applicant has engaged in malicious filings of trademarks or infringement of the trademark rights of others; (4) the applied trademark is identical or similar to other's trademark with certain reputation; (5) the applied trademark is identical or similar to the name of a celebrity, or trade name, abbreviation or other business logo of an enterprise; (6) other factors that should be considered according to the trademark registration department. It can be seen that the Provisions place emphasis on requiring the trademark registration department to judge the acts of an applicant in consideration of such factors as the subject, industry, trademark and previous judgments. "If the trademark registration department finds that a trademark applicant has applied for a large number of trademarks and done transactions with no justified reasons, occupied public resources, and preemptively filed other's trademarks on non-similar goods or services very often, it will proceed with the examination as to whether the application is the one maliciously filed with no intent to use."³⁰ It can be seen from the official interpretations that where Article 4 of the China's Trademark Law applies, the trademark registration department shall curb malicious filings and hoarding of trademarks at the very beginning. In other words, Article 4 applies as long as there is evidence proving that the application of a disputed trademark is maliciously filed and hoarded with no intent to use.

At present, the second half of Article 44.1, "obtaining a registered trademark by unfair means", is regarded in trademark examination, review and judicial practice as a provision for cracking down on acts that disturb the order of trademark registration. The interpretation of this provision is consistent in the Trademark Examination and Review Standards and the Grant and Validation Provisions, that is, means, other than by fraud, to disturb the order of trademark registration, impair the public interest and improperly occupy public resources or gain illegal profits by other manners. In the Crayon Shin-chan case, the BHC held that Chengyi Co. was subjectively malicious as it applied for registration of the characters "Crayon Shin-chan" or the cartoon image thereof. Meanwhile, Chengyi Co. has committed large-scale preemptive registration of a number of other's trademarks and resold them for making profits, the circumstances of which were serious. Thus, Chengyi Co.'s application for disputed marks violates the principle of good

faith, disturbs the order of trademark registration and the public order, and impairs the public interest, which fall within the circumstances of "obtaining a registered trademark by other unfair means" under Article 44.1 of the China's Trademark law.³¹ In addition, the judgment in *Li Longfeng v. the former TRAB and Sanya Haitangwan Administrative Committee* was also made based on "disturbing the order of trademark registration". As a result, Articles 4 and 44.1 emphasize different aspects.

2. The relationship between Articles 4 and 49.2

In comparison with the third revision of the China's Trademark Law, the fourth revision thereof requires that the non-use of trademarks will lead to not only the cancellation, but also the non-registration and invalidation of trademarks.³² Meanwhile, the fourth revision of the China's Trademark Law makes no amendments to the non-use cancellation system, which may cause problems in the link between Article 4 and the non-use cancellation system, and pose challenges to the exclusive right and stability of the registered trademarks to some extent.

Judging from the application of the two Articles, the malicious registration with no intent to use under Article 4 is mainly used to curb malicious registration, whereas the "non-use cancellation" system under Article 49 primarily solves the idling and hoarding of trademarks without considering whether the trademark holder is malicious. Meanwhile, Article 4 of the China's Trademark Law has the retroactive effect to deny the validity of a registered trademark, whereas the non-use cancellation system will only have an effect on the validity of a registered trademark in the future. Article 47.1 of the China's Trademark law stipulates that the Trademark Office shall announce a registered trademark which was declared invalid in accordance with Articles 44 and 45, and the exclusive right to use the registered trademark shall be deemed as having been non-existent from the very beginning. If the trademark owner maliciously registers a mark with no use for three consecutive years, any entity or individual may request the Trademark Office to cancel the registered trademark or declare the mark invalid under Article 49 of the China's Trademark law. The only differences between cancellation and invalidation of a registered mark lie in the constituent elements, burden of proof and legal consequences. ■

The authors: Du Ying, Professor and Doctoral Supervisor of Law School of the Central University of Finance and Economics (CUFE); and Wang Wenjing, Ph.D. candidate of Law School of the CUFE

¹ See Annual Development Report on China's Trademark Strategy (2017). Retrieved from <http://sbj.saic.gov.cn/sbtj/201805/W020180513829986812509.pdf>. Last visit on 17 March, 2020.

² Beijing IP Court Regulates Malicious Trademark Registration and Discloses Typical Cases. *China Trademark*, 5/2017, 15.

³ Eleven cases: the "TIFFANY" trademark case, "ESSO Golden Eye" trademark case, "JOHN DEERE" trademark case, Nike "tick-shaped device" trademark case, "aopu" trademark case, "October mommy" trademark case, "BRANE-CANTENAC" trademark case, "JILiyong" trademark case, "JINSIHOU and device" trademark case, "SHENGDOUSHIXINGSHI and device" trademark case, "MICHAEL JACKSON" trademark case.

⁴ Seven cases: the "UL" trademark case, "sheer love" trademark case, "YILISIER and device" trademark case, "A-K-R-I-S-" trademark case, "Kuroko's Basketball" trademark case, "FIVEGUY" trademark case, and "SAKAYORI" trademark case.

⁵ Du Ying (2018). Issues of the fourth revision of the China's Trademark Law and basic reflections thereon. *China Invention & Patent*, 8, 88.

⁶ See *ibid*, pp. 87-88.

⁷ The compilation group of the Interpretations of the China's Trademark Law. *The Interpretations of the China's Trademark Law* (2013 edition, pp. 37-38). China Legal Publishing House.

⁸ Kong Xiangjun (2020). On legal regulation of malicious trademark registration for non-use—Dual analysis based on fact and value. *Journal of Comparative Law*, 2, 17.

⁹ Feng Xiaoqing and Liu Huanhuan (2019). A study on the trademark registration system from the perspectives of efficiency and fairness—Comments on the fourth revision of the China's Trademark Law. *Intellectual Property*, 1, 10-11.

¹⁰ See the Administrative Judgment No. Jingxingzhongzi 1459/2016.

¹¹ Rui Wenbiao and Ling Zongliang (2015). Essence and judicial application of the principle of good faith in the new Trademark Law. *Electronic Intellectual Property*, 1, 100-103.

¹² See the Administrative Judgment No. Jingxingzhong 23/2018.

¹³ See the Administrative Judgment No. Gaoxingzhongzi 1538/2015.

¹⁴ *Wuhan Xiaolong Automobile Technologies Co., Ltd. v. Chengdu Airplane Industry (Group) Co., Ltd. and the former TRAB*. See the Administrative Judgment No. Jingxingzhong 1669/2016.

¹⁵ In accordance with Article 5 of the Provisions on Several Issues Con-

cerning Trial of Administrative Cases Involving the Grant and Validation of Trademark Rights, if a trademark sign or its constituent elements may have a bad or negative impact on China's public interest and public order, the people's court may determine it as falling within "other unhealthy influences" under Article 10.1(8) of the China's Trademark Law. The registration of the name of a celebrity in the fields of politics, economy, culture, religion and nationality falls within "other unhealthy influences" as prescribed previously.

¹⁶ See the Administrative Ruling No. Zhixingzi 11/2012.

¹⁷ See the Administrative Judgment No. Yizhongxingchuzi 2048/2009.

¹⁸ Zhong Ming (2020). Comments on Article 44.1 of the China's Trademark Law. *Intellectual Property*, 2, 28-29.

¹⁹ See the Administrative Judgment No. Jingxingzhong 4850/2016.

²⁰ See the Administrative Judgment No. Gaoxingzhongzi 246/2012.

²¹ Guo Jianguang (2016). On the application of Article 44.1 of the China's Trademark Law. *China Trademark*, 7, 60.

²² Li Mingde. *Intellectual Property Law* (2014 edition, p.235). Law Press.

²³ See the Civil Judgment No. Gaoxingzhongzi 206/2011.

²⁴ Chen Jinchuan. *Judicial Examination on the Grant and Validation of Trademarks* (2014 edition, p. 66). China Legal Publishing House.

²⁵ See the Civil Judgment No. Mintizi 24/2014.

²⁶ See *supra* note 18, p. 4.

²⁷ CNIPA: Questions and answers about the Several Provisions on Regulating Trademark Applications. Retrieved from http://sbj.cnipa.gov.cn/zcfg/sbxzgz/201910/t20191022_307539.html. Last visit on 17 March, 2020.

²⁸ See the Administrative Judgment No. Gaoxingzhongzi 1427/2011.

²⁹ See the Administrative Rulings No. Zhixingzi 41/2013 and No. 42/2013.

³⁰ See *supra* note 23.

³¹ See *supra* note 29.

³² Yang Jingan. How to coordinate Article 4 of the newly revised Trademark Law and the non-use cancellation system? China IP News printed on 17 May, 2019.