

Regulations Issued by China Supreme People’s Court on Several Issues Concerning The Administrative Trademark Litigations Involving the Grant and Determination of Trademark Rights

The above regulations (the “Regulations” or this “Regulation”) were adopted by the Trial Committee of the Supreme People’s Court during its 1703rd Session on Dec. 12, 2016; the Regulations will become effective as of March 1, 2017

The Supreme People’s Court

Jan. 10, 2017

In order to improve the consistency of the administrative trademark litigation cases in respect to the grant and determination of trademark rights, the Supreme People's Court announced the following Regulations. These Regulations were made in accordance with the Trademark Law of the People's Republic of China, the Administrative Procedure Law of the People's Republic of China as well as other relevant laws and regulations. The Regulations also reflect the courts’ current judicial practice and trial experience in reviewing and deciding such cases in modern China.

Article 1

The “administrative trademark litigation cases” referenced in this Regulation refer to the administrative lawsuits brought to the people’s courts which are instituted by the parties involved or interested in the outcome of the following decisions made by the Trademark Review and Adjudication Board of the State Administration for Industry and Commerce (the “Appeal Board”): the review on refusal of trademark applications for registration, review on objections against trademark applications, review on cancellations of trademark registrations, invalidation of trademark registrations, review on invalidation of trademark registrations, as well as other specific administrative acts.

Article 2

The scope of judicial review of the people’s courts in respect to the administrative cases concerning the grant and determination of trademark rights should, in principle, focus on the claims and reasons raised by the plaintiffs. In cases where plaintiffs do not present specific claims and reasons, yet decisions made by the Appeal Board are found to be clearly inappropriate, the people’s courts may review the arguments presented by both parties, review the relevant backgrounds and make decisions accordingly.

Article 3

The phrase “*identical with or similar to*” as discussed in Article 10.1 (1) of the Trademark Law is interpreted as follows: the mark at issue, *as a whole*, is deemed identical with or similar to the country name and other signs of the People’s Republic of China.

With respect to marks that contain the country name or any signs of the People's Republic of China but are not, as a whole, identical with or similar to China's country name or sign, people's courts may still determine such marks violate Article 10.1 (8) of the Trademark Law if the marks may lead to negative impact on China's overall image.

Article 4

Where marks or primary elements of marks are deceptive and are likely to mislead the public regarding certain characters of the underlying products such as the quality, place of origin, and the Appeal Board has determined such marks violate Article 10.1(7) of the Trademark Law (amended in 2001), the Appeal Board's decisions shall be supported by people's courts.

Article 5

Where marks or primary elements of marks might have a negative impact on China's public interests and societal order, the people's courts can refuse such marks because they are likely to lead to "*other negative effects*" as discussed under Article 10.1(8) of the Trademark Law.

Marks that seek to register names of public figures in politics, economics, culture, religions, ethnicity or others fall under the definition of marks that would lead to "*other negative effects*" as discussed under Article 10.1(8) of the Trademark Law.

Article 6

Where marks that are composed of: (a) names of the administrative regions at or above the county level or names of foreign places known to the public; as well as (b) other components, and if such marks -- as a whole -- have meaning other than simply function as a reference to the name of the specific places, the people's courts shall not consider such marks violate Article 10.2 of the Trademark Law.

Article 7

In making determination related to the distinctiveness of a disputed mark, the people's court should decide whether or not such marks, *as a whole*, are distinctive regarding the designated products / services to the relevant public; the determination should be made in accordance with the relevant public's general perception of such marks, as a whole, with respect to the designated products / services.

Where disputed marks that include descriptive elements yet such elements do not impact the overall distinctiveness of the marks, or if the "descriptive" marks are represented in a unique and distinguished way so that the relevant public are able to identify the source of product / service origin, such marks shall be regarded as having sufficient distinctiveness.

Article 8

Where disputed marks are composed of foreign languages, the people's courts shall make a determination regarding the distinctiveness of such marks based on the relevant public's general perception, in China, of such foreign languages. If the disputed marks are composed of foreign languages, and the inherent meaning of such languages might impact the overall distinctiveness of the marks, the marks should nevertheless be regarded as having sufficient distinctiveness if the relevant public are not familiar with the foreign words and are therefore able to use such marks as a source identifier for the underlying products.

Article 9

Where a three-dimensional trademark application is composed solely of the underlying product shape or an element of the product shape, such an application shall be refused for registration on the basis of lacking distinctiveness because the general public are not able to use such marks as a source identifier under normal circumstances.

The fact that the shape is originally created by or first used by the trademark applicant is not necessarily sufficient to enable the mark to overcome the lacking distinctiveness refusal thereby, allow it to become a registered trademark.

The mark discussed under the above first paragraph can be regarded or accepted as a trademark with sufficient distinctiveness if, after a period of consecutive or extensive use, the relevant public are able to use the marks as source identifier for the designated products.

Article 10

Where the disputed marks are composed of legal names of the underlying products or names that have been established for the underlying products due to cultural reasons or customs, the people's court should conclude such disputed marks are the "generic names" as discussed under Article 11.1(1) of the Trademark Law. A product reference should be deemed a "generic name" of such products if the relevant laws, the country's or relevant industry's standards have settled on this specific name to refer to such products. If the relevant public commonly use a specific name to refer to certain products, such a reference should be deemed a "generic name" for such products because the relationship is already established through traditions, culture or customs. If a dictionary or a professional reference book has listed a particular name as a reference to certain products, such background should be considered in determining whether or not a name should be deemed a "generic name" established through traditions or customs.

In general, the relevant public to determine whether or not a particular name should be deemed a generic name for certain products that is established through culture, customs and tradition is through the *nationwide* relevant public in China. With respect to certain names that have been established as references for certain products due to historic reasons, local customs, geographic locations or other reasons, such a reference can be deemed as a generic name in certain regional markets.

If an applicant knows or should have known that its trademark application is composed of general product reference established by culture or customs within certain regions, the people's court can conclude such a mark a generic reference of the underlying products.

The examination and determination regarding whether or not a mark should be deemed generic name of the underlying products shall be based on the factual background during the time the application is filed. If there are substantial changes to the relevant facts while the mark is approved for registration, such facts that occur during the registration time should be considered so as to determine whether or not a mark should be deemed a generic name for the underlying products.

Article 11

Where marks that describe or principally describe, explain or illustrate the quality, primary raw material, functionality, purpose, weight, quantity, place of origin and other characteristics of the underlying products, the people's courts shall deem such marks meet the definition as discussed under Article 11.1(2) of the Trademark Law. If a mark or its primary elements simply suggests certain characteristics of the underlying products and the mark can still function as a source identifier, the people's court shall not conclude such marks meet the criteria as discussed under Article 11.1(2) of the Trademark Law.

Article 12

Where parties seek to oppose or invalidate a disputed mark on the basis that such a mark is a reproduction, imitation or translation of the parties' well-known non-registered trademark and the parties' claim is made in accordance of Article 13.2 of the Trademark Law, the people's courts shall consider the following factors as a whole in determining the likelihood of confusion between the disputed mark and the senior mark:

- (1) The similarities of marks;
- (2) The similarities of the underlying products;
- (3) The distinctiveness and fame status of the senior mark that is seeking protection;
- (4) The relevant public's attention to the marks when making a purchasing decision; and
- (5) Other relevant factors.

Evidence relating to the trademark applicant's subjective intent and information proving the existence of actual confusion could be considered by the courts when making the likelihood of confusion determination.

Article 13

Where parties seek to oppose or invalidate a disputed mark on the basis that such a mark is a reproduction, imitation or translation of the parties' well-known *registered* trademark and the parties' claim is made in accordance of Article 13.3 of the Trademark Law, the people's courts shall consider the following factors as a whole in determining whether or not the use of the disputed mark is capable to confuse or mislead the relevant public into believing that the disputed mark is somehow related to the well-known trademark, and

therefore is likely to negatively impact the legitimate rights of the trademark owner of the well-known registered mark:

- (1) the distinctiveness and fame status of the cited mark;
- (2) whether the cited mark and the disputed marks are sufficiently similar;
- (3) whether or not the products / services designated under the disputed marks are similar to those of the cited mark;
- (4) the extent of overlapping relevant public for the cited mark and the disputed mark and the attention paid by the respective relevant public when making the purchase decision; and
- (5) factual background regarding other market entities' legitimate use of any marks that are similar to the cited mark as well as other relevant factors.

Article 14

Where parties seek to oppose or invalidate a disputed mark on the basis that such a mark is a reproduction, imitation or translation of the parties' well-known registered trademark, and the Appeal Board supports the parties' claims in accordance of Article 30 of the Trademark Law, the people's court may proceed directly to hear and review the case based on Article 30 of the Trademark Law so long as the disputed mark has not been registered for more than five years. If the disputed mark has been registered for or more than five years, the people's court should review the case in accordance with Article 13. 3 of the Trademark Law.

Article 15

Where a trademark agent or representative, a distributor or retail agent of a trademark or any similar agent or representative seeks to register the represented mark (or marks that are similar to its principal's marks) without authorization in its own name in respect to the same or similar products of the represented mark, the people's courts shall review the dispute in accordance with Article 15.1 of the Trademark Law.

If the above-referenced dispute occurs during the negotiation stage where the principle - agent relationship has not yet been formally established, the people's courts shall review the case in accordance with Article 15.1 of the Trademark Law.

Where a trademark applicant described in the above paragraph has certain relationship with the agent or representative (such as family relationship), and such relationship is sufficient to infer bad faith collaboration between the trademark applicant and the said agent or representative, the people's courts shall review the dispute in accordance with Article 15.1 of the Trademark Law.

Article 16

The "other relationship" discussed in Article 15.2 of the Trademark Law includes the following relationship:

- (1) family relationship between the trademark applicant and the prior user of the mark;
- (2) employment relationship between the trademark applicant and the prior user of the mark;
- (3) geographic proximity between the trademark applicant and the prior user of the mark;
- (4) the fact that the trademark applicant and the prior user of the mark has previously discussed the possibility of forming an agency or representation relationship but the discussion later falls apart and the relationship has never been established; or
- (5) the fact that the trademark applicant and the prior user of the mark has previously discussed the possibility to enter into a binding contract or business cooperation but the discussion later falls apart and the relationship never results in a binding contract.

Article 17

The people's court should support the claim asserted by an interested party of a geographic indication where it seeks to oppose or invalidate a disputed mark based on Article 16 of the Trademark Law, even if the products covered by the disputed mark are not the same as those designated by the geographic indication, so long as the interested party is able to prove that the use of the disputed mark is likely to mislead the relevant public into believing that the products covered by the disputed marks are originated from the specific geographic area and accordingly, such products enjoy certain features, quality, commercial reputation or other unique features.

If the said geographic indication has become a registered trademark either as a collective trademark or a certification mark, the owner or interested party of the said collective mark or certification mark may assert its claims based on Article 16 or Article 13 or Article 30 of the Trademark Law.

Article 18

The "prior rights" discussed under Article 32 of the Trademark Law include the parties' civil rights or other protectable legitimate interests that the parties enjoy or are entitled to prior to the application date of the disputed mark. If such prior rights are no longer in existence when the disputed mark is approved for registration, the alleged "prior rights" shall not negatively affect the registration or the registrability of the disputed mark.

Article 19

Where a party claims that the disputed mark would negatively impact its copyright, the people's court should examine the claim based on relevant provisions in the Copyright Law such as whether or not the work the party is interested in protecting meets the definition of "work" under the Copyright Law; whether the party is the owner or an interested party and is entitled to claim such copyright protection; and whether the disputed mark does constitute a copyright infringement to the party's rights as discussed under applicable provisions of the Copyright Law.

Where the design the party is seeking copyright protection does constitute "work" as defined under the Copyright Law, the people's court can consider the following as

preliminary evidence in the party's ownership over such design: design manuscript, manuscript original, the contract agreement that allows the party to claim rights over the work, copyright registration certificate obtained showing prior to the application date of disputed mark.

The people's court can rely on trademark gazette or trademark registration certificate as preliminary evidence proving that the party has standing and is entitled to claim copyright protection of the design(s) included in the disputed mark.

Article 20

Where a party is seeking to challenge a disputed mark based on his/her name rights, the people's court shall support such a claim if the name and the individual already forms certain relationship so as to allow the relevant public to believe the mark (that is composed of the specific name) refers to the certain individual, the products covered by the disputed mark belong to or are licensed by that certain individual, or that such products bearing the disputed mark enjoy some level of connection with the certain individual.

The people's courts shall also support a party's challenge to a disputed mark based on its personal name rights and that such names are the party's pseudonym, stage name, translated name, or other specific names if: the name enjoys certain level of fame, has formed a certain corresponding relationship with the individual, and the relevant public has been using the name to refer to such an individual.

Article 21

The people's court should support a party's trade name claim as a basis to challenge a disputed mark if: the trade name has enjoyed a certain level of fame in the marketplace, the owner of the disputed mark seeks to apply for or registered the mark without authorization, the disputed mark is identical or similar to the trade name, and the similarities between the trade name and the trademark are likely to result in consumer confusion.

The above provision also apply to the situation where a party seeks protection for an abbreviation of its company name so long as such an abbreviation has enjoyed a certain level of fame and has been the consistent name the relevant public uses to refer to the company.

Article 22

The people's court should review the case based on Article 19 of the Regulations if a party challenges the disputed mark by claiming copyright to certain characters in a copyright work.

Where a work is within its copyright protectable period, the people's court should support a party's claim of "prior rights" if the title of the work or the names of figures in the work

enjoy a higher level of fame so that when such a name is being used as a trademark, in connection with certain relevant products, the relevant public would be misled into believing that the disputed mark has been licensed or approved by the party claiming protection of prior rights or that the disputed mark has certain level of connection with that party.

Article 23

The people's courts should support a prior user's claim that the other party seeks or has obtained the registration of the disputed mark through "other improper means" if: the claim is based on the prior user's mark which has been put to use prior to the application of the disputed mark and has enjoyed a certain level of fame, and the trademark applicant of the disputed mark knows or should have known about the senior mark. Despite the above, the people's court should not support the claim if the applicant of the disputed mark can provide evidence showing that it does not have any bad faith in seeking to trade off the goodwill and commercial reputation associated with the senior mark.

If a prior user of a mark can prove by evidence that the mark has been continuously used to a certain extent in terms of time, territory, sales volume or advertising and publicity, the people's courts could conclude that the mark has enjoyed a certain level of fame.

If the mark in dispute is applied for registration in respect of dissimilar goods, the people's courts shall not support the claim by a prior user of a mark that has enjoyed a certain level of fame under Article 32 of the Trademark Law.

Article 24

The people's court can deem a mark that is registered through "other improper means" as defined under Article 44.1 of the Trademark Law if the mark is registered, although not by deceptive means, with the result to disrupt the trademark registration order, negatively impact the public's interest, illegitimately occupy the public resources or is registered for the purpose to obtain other improper illegitimate interests.

Article 25

The people's court should take a holistic approach and consider all relevant factors such as the fame status of the cited mark, the reason the applicant seeks to register the disputed mark, and the use of the disputed mark when determining the subjective intent of the applicant and if it is seeking to register a third party's well-known trademark in "bad faith". When a cited mark enjoys a high level of fame and the applicant of the disputed mark cannot offer a legitimate rationale to support its application of the mark, the people's courts could then infer the disputed mark as a "bad-faith" registration as discussed under Article 45.1 of the Trademark Law.

Article 26

The “use” of a trademark as discussed under Article 49.2 of the Trademark Law includes the following use: use of a trademark by its trademark owner, use of a mark by a party that is licensed or authorized by the trademark owner, and any other uses that are not contradictory to the trademark owner’s free will.

Where an actual use of a registered trademark has some slight differences to the form the mark is registered, yet the difference does not involve any substantial change of the prominent element of the registered trademark, the people’s courts should deem such use as valid trademark use.

The following should not be deemed legitimate use a registered trademark: when there is no actual use of a registered trademark, the use is limited to transfer or licensing of the mark, or the owner merely publicly announces the mark is now registered or makes a declaration that the owner enjoys exclusive rights over the registered trademark.

The people’s courts shall determine the trademark owner has legitimate reasons to justify non-use when the owner has demonstrated that it has real intention to use the mark, and has made necessary preparations to put the mark to use but is not able to do so due to objective reasons.

Article 27

The people’s courts shall support the party’s claim where the Appeal Board has “violated the legal procedures” under Article 70(3) of the Administrative Procedural Law if the Appeal Board:

- (1) neglects to review any claims or arguments raised by a party and such an omission has a substantive impact to the parties’ legitimate rights;
- (2) fails to notify the parties of the members of the collegial panel during the review process, and an examiner should have withdrawn from his or her reviewing the case but has failed to withdraw;
- (3) fails to notify a proper party to attend the review proceeding and such a party has expressly raised an objection in this regard;
- (4) any other situations that would constitute a violation of the legal procedures.

Article 28

During the proceeding of an administrative trademark litigation, if the relevant facts based on which the Appeal Board relies to reject, refuse registration or to invalidate the disputed mark are no longer in existence, the people’s courts may revoke the Appeal Board’s prior decision based on the new facts and order the Appeal Board to make a new decision based on the new circumstances.

Article 29

An application for trademark review and adjudication will not be regarded as based on “the same facts and legal grounds” if the application is filed on the basis of new evidence that is discovered after the original administrative act, or evidence that is unavailable due to objective reasons or inadmissible during the required time frame in the original administrative procedure, or an application is filed based on new legal grounds.

If the Appeal Board approves a trademark application in the review of trademark refusal process on the ground that the application does not constitute the same or similar trademark in respect to the same or similar products, and the application has been preliminarily approved for publication, a new trademark review and adjudication application in the following situations shall not be rejected on the basis that it is filed based on “the same facts and grounds”:

- (1) the owner or interested party of the cited mark opposes the application based on the cited mark and the Trademark Office supports the opposing party, and the applicant of opposed mark has applied for a review;
- (2) after the applied trademark is approved for registration, the owner or an interested party of the cited mark applies to invalidate the registration of the applied trademark, on the basis of the same cited trademark.

Article 30

In cases where the people’s courts have already made specific determination in respect to the relative facts and the application of the law and such decisions have become effective, the people’s courts should reject a lawsuit filed by the relative or interested parties seeking to challenge the Appeal Board’s decision that is made in accordance of the above-reference effective judgment. In cases where the litigations have already been accepted by the courts, the people’s courts shall render a judgment to dismiss the lawsuit.

Article 31

This Regulation shall become effective on March 1, 2017. In cases involving the grant and determination of trademark rights where the amended 2001 Trademark Law is applicable, the People’s Court may consider and apply the Regulations.

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