
CHAMBERS GLOBAL PRACTICE GUIDES

Trade Marks 2023

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China: Law & Practice

Chuanhong Long, Bin Zhang, Cuicui Liang and Lei Fu
CCPIT Patent and Trademark Law Office

Law and Practice

Contributed by:

Chuanhong Long, Bin Zhang, Cuicui Liang and Lei Fu
CCPIT Patent and Trademark Law Office see p.24

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1. Governing Law and Types of Trade Marks

1.1 Governing Law

Trade marks are governed by the Chinese Trade Mark Law, which is statutory. The rights are not governed by case law. China is a member of Madrid Agreement Concerning the International Registration of Marks, the Paris Convention for the Protection of Industrial Property, and the convention Establishing the World Intellectual Property Organization, but they are not self-executing.

1.2 Types of Trade Marks

In China's legal system, there are different types of trade marks/service marks – eg, unregistered marks, registered marks, certification marks and collective marks.

According to Article 8 of the China Trade Mark Law, any sign capable of distinguishing the goods or services of a natural person, legal person or any other organisation from those of other persons – including words, devices, letters, numerals, three-dimensional signs, combination of colours, sounds, etc, as well as the combination of such signs – shall be eligible for application for registration as a trade mark.

Trade dress, company names and trade names are not stipulated types of trade marks in accordance with the China Trade Mark Law, but they can also be protected under certain circumstances; they are mainly protected by the Anti-unfair Competition Law.

All rights to such trade marks are based on statutory law, rather than case law.

1.3 Statutory Marks

There are no statutory marks in China.

1.4 Well-Known Foreign Marks

In China, well-known foreign marks are not protected. But if the applicant has bad faith, the reputation of the marks will be taken into consideration and can increase the chance of success in actions.

1.5 Term of Protection

A registered mark is valid for ten years.

1.6 Exhaustion of Trade Mark Rights

China sticks to the principle of territoriality. In accordance with the Trade Mark Law of the PRC, replacing a registered trade mark without the consent of the trade mark registrant and putting the goods into the market with a substituted trade mark shall be regarded as trade mark infringement.

Regarding parallel import, there is no specific stipulation in China's trade mark law determining whether parallel import is a trade mark infringement or not.

1.7 Symbols to Denote Trade Marks

According to Article 63 of the Implementation Regulation of the China Trade Mark Law, a registered trade mark can be used on goods, package of goods, illustration book or other attachment. It can be denoted "registered trade mark" or ®.

The TM sign can be used to indicate that the sign is used as a trade mark, but this does not indicate registration.

2. Assignment and Licensing

2.1 Assignment Requirements or Restrictions

If a trade mark is assigned, the assignor and the assignee shall sign a written assignment form. The assignment application shall be filed with the China National Intellectual Property Administration (CNIPA). The assignment application can be filed against registered marks or marks in the process of application. All identical or similar marks in respect of identical or similar goods/services in the name of the assignor shall be assigned together.

The assignment of a mark shall be published after it has been approved by the CNIPA, and the assignee shall have exclusive use from the date of publication.

In case of transfer due to inheritance, enterprise merger, merger or restructuring and other reasons, the party accepting the exclusive right to use the registered trade mark shall file the assignment based on relevant certificates or legal documents.

Where the exclusive right to use a trade mark is transferred according to the judgment of the court, the assignment shall also be recorded.

2.2 Licensing Requirements or Restrictions

For recordal purposes, a licence shall be filed against only registered marks, as required by the CNIPA.

For the licensing of unregistered marks, there is no specific provision. Usually, a contract between the licensor and the licensee regarding an unregistered mark can be deemed as valid.

All three types of licence – exclusive licence, non-exclusive licence and sole licence – can be recorded. The licence term shall be within the validity period of the registration.

2.3 Registration or Recording of the Assignment

The assignment needs to be recorded with the CNIPA. If not, the assignment cannot be against bona fide third parties. After the approval of the assignment by the CNIPA, the CNIPA will publish the assignment in the Trade Mark Gazette. A certificate of assignment will be issued by the CNIPA to both the assignor and the assignee.

Only after the approval of the CNIPA can the assignee be the trade mark owner in China. Before the approval of the CNIPA, the assignor remains the owner of the mark in China.

2.4 Other Requirements for Licences or Assignments to be Valid

The licensed goods' scope shall be within the registered scope. The licensor shall be prudent to limit the registered goods. Once the CNIPA deems the scope is enlarged, the licence recordal will be rejected.

2.5 Assigning or Licensing Applications

The trade mark under an application process is allowed to be assigned, but is not allowed to be licensed. The use of the trade mark is not taken into consideration.

2.6 Trade Marks as Security

A trade mark is considered intellectual property. It can be subject to rights in rem, assigned by way of security, or be levied in execution.

The pledgor and pledgee shall conclude a written contract regarding the pledge of a trade mark which is assignable. Same or similar marks on

the same or similar goods/services shall also be included in the pledge contract. Pledge registration shall be filed with the CNIPA.

3. Registration

3.1 Trade Mark Registration

The trade mark owner can obtain trade mark right by registration. Besides registration, the wide prior use of a trade mark can also be protected in China, but the protection is not as broad as the registered trade mark.

Trade dress is not a stipulated type of trade mark in China. If a trade mark is considered as lacking distinctiveness, by proving that the mark has acquired secondary meaning the mark can still be approved for registration.

3.2 Trade Mark Register

Trade mark applications shall be filed with the CNIPA, the only trade mark register in China. The CNIPA has an online database which is available to the public.

It is normal and necessary to conduct a search for prior filed or registered trade marks, so that the applicant may take action against possible obstacles in advance of filing. The examination period is very short, and is decreasing, so it may be too late to take actions after the application is rejected by the CNIPA.

Marks that are already in use but not yet filed with the CNIPA cannot be located through a trade mark search. The CNIPA can do a trade mark search for either word mark or device mark. The required information includes trade mark, class and goods/services description to be covered.

3.3 Term of Registration

A registered mark is valid for ten years from the registration date. If expired, the trade mark owner can still file a renewal within the grace period (ie, within six months after the expiry date). If no renewal is filed, even in the grace period, the mark will be invalid and the trade mark owner has no way to restore it. A new trade mark application will need to be filed if the trade mark owner still wants to protect the mark in China.

3.4 Updating or Refreshing Registrations

Once the trade mark is registered, it is not allowed to be updated or refreshed. A new application is required.

4. Applying for a Trade Mark Registration

4.1 Application Requirements

The formal requirements to register a trade mark include the following aspects:

- name and address of the applicant;
- clear trade mark sample in electronic form with high resolution;
- class and goods/services items covered;
- power of attorney signed by the applicant; and
- a copy of the commercial registry (certificate of good standing) for a company applicant, or a copy of passport or ID card for an individual applicant.

Any natural person, legal person or other organisation can apply for trade mark registration with the CNIPA.

Multi-class applications are allowed, but are not suggested.

4.2 Use in Commerce Prior to Registration

In China, there is no requirement for use before registration is issued. However, according to Article 4 of the Trade Mark Law, an application for registration of a malicious trade mark not intended for use shall be rejected. Usually the CNIPA will judge whether the trade mark is not intended for use by the filing number. If the applicant files a large number of applications in one day, it may be rejected as malicious trade mark.

4.3 Series Mark Registrations

China does NOT allow for the registration of series marks – ie, a number of trade marks within the same application which resemble each other to some respect. Separate trade mark applications must be made for each.

4.4 Consideration of Prior Rights in Registration

During the examination of application for registration, the CNIPA considers prior trade mark applications. If the application is rejected by citing a similar trade mark, the application can get registration only if the cited mark is removed by filing a non-use, a cancellation or other actions. Currently, the CNIPA is reluctant to accept the letter of consent if the two trade marks are very similar. The rejection can be overcome by the assignment of the cited mark.

Besides, the CNIPA will reject the applications directly if the trade marks are copies of others' well-known trade marks, celebrities, names of martyr, etc.

4.5 Consideration of Third-Party Rights in Registration

If the application is preliminarily approved, an opposition can be filed within a three-month opposition period. If the opposition is based on

absolute reason, any party can file it. If the opposition is based on relative reasons, only a prior right owner can file it.

If the applicant files a large number of applications, beyond the normal use, or copies many other trade marks, a letter can be submitted to the CNIPA to prove bad faith before an application is approved, upon receipt of which the CNIPA might reject the application directly.

4.6 Revocation, Change, Amendment or Correction of an Application

After an application for registration of a trade mark is filed with the CNIPA, the applicant has right to withdraw the application or remove the registration. It is also allowed to delete goods. However, it is not allowed to change, amend or add goods to the trade mark application during the application process or once registered.

4.7 Dividing a Trade Mark Application

It is possible to divide a trade mark application. However, a divisional application shall only be filed after a mark is partially refused by the CNIPA. The divisional application shall be filed with the CNIPA within 15 days after receipt of the refusal notification. A divisional application is irrevocable.

4.8 Incorrect Information in an Application

If information is provided incorrectly due to negligence – ie, incorrect name or address, the applicant can file a recordal of correction with the CNIPA to amend it.

However, if the information provided for trade mark filing is by improper means, according to Article 44 of the China Trade Mark Law, where a trade mark registration violates the provisions of Articles 4, 10, 11, 12 and 19 (4) of this law, or

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the registration of a trade mark was acquired by fraud or any other improper means, the examination division of CNIPA shall invalidate the registration at issue. Any organisation or individual may request that the Review Division make a ruling to invalidate such a registered trade mark.

4.9 Refusal of Registration

A trade mark will be refused by the CNIPA based on absolute grounds, such as descriptive character of the mark, lack of distinctiveness, or misleading character, malicious filing with no intent to use, an applicant acting in bad faith, fraudulent material in application, or an immoral or offensive meaning.

The absolute refusal grounds are mainly stipulated in Articles 4, 10, 11 and 12 of the China Trade Mark Law, as follows.

Article 4 states that natural persons, legal persons, or other organisations that need to obtain exclusive rights to their trade marks for their goods or services in the production and business operations, shall apply to the CNIPA for trade mark registration. An application for the registration of a malicious trade mark not for the purpose of use shall be rejected.

Signs Not to Be Used as Trade Marks

Article 10 requires that the following signs shall not be used as trade marks:

- those identical with or similar to the State name, national flag, national emblem, national anthem, military flag, army emblem, military anthem, or decorations of the People's Republic of China, etc, and those identical with the name or symbol of a central government department of the State, or with the name of the particular place, or with the name or image of the symbolic building, where a

central government department of the State is located;

- those identical with or similar to the State name, national flag, national emblem or military flag of a foreign country, etc, unless consent has been given by the government of the country;
- those identical with or similar to the name, flag or emblem of an international intergovernmental organisation, etc, unless consent has been given by the organisation or the public is not likely to be misled by such use;
- those identical with or similar to an official sign or hallmark indicating control and warranty, unless authorisation has been given;
- those identical with or similar to the name or symbol of the Red Cross or the Red Crescent;
- those having the nature of discrimination against any nationality;
- those having the nature of fraud, being liable to mislead the public about the characteristics of the goods such as the quality or the place of origin; or
- those detrimental to socialist morality or customs, or having other unhealthy influences.

The geographical name of an administrative division at or above the county level or a foreign geographical name well-known to the public shall not be used as a trade mark, unless the geographical name has another meaning or the geographical name is used as a component part of a collective mark or a certification mark; registered trade marks consisting of or containing geographical names shall continue to be valid.

Signs Not to Be Registered as Trade Marks

In Article 11, the following signs shall not be registered as trade marks:

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- signs which consist exclusively of the generic names, designs, or model numbers of the goods in respect of which the trade mark is used;
- signs which consist exclusively of direct indications of the quality, primary raw material, functions, intended purposes, weight, quantity or other characteristics of goods; or
- other signs which are devoid of any distinctive character.

Signs mentioned in Article 11 may be registered as trade marks if they have acquired distinctive character through use and are capable of being readily identified and distinguished.

Article 12 says that, where a three-dimensional sign is the subject of an application for registration of a trade mark, the trade mark shall not be registered if it consists exclusively of the shape which results from the nature of the goods themselves, the shape of goods which is necessary to obtain a technical result, or the shape which gives substantial value to the goods.

4.10 Remedies Against the Trade Mark Office

If the applicant is dissatisfied with the refusal, it may file a review with the Review Division. During the process of review, the applicant may take some actions against the cited marks to increase the chance of success, such as non-use cancellation and assignment of the cited mark.

4.11 The Madrid System

China participates in the Madrid system.

There is no procedure for notification of amendment for international trade mark registration designating China. If the goods/services are not accepted, the CNIPA will refuse the mark and there is no review on refusal based on non-

acceptance of goods/services description. The applicant has to re-designate the international registration into China.

5. Opposition Procedure

5.1 Timeframes for Filing an Opposition

An opposition can be filed within three months after the publication of a trade mark; this is non-extendable. For international trade marks designating China, the deadline for filing the opposition is the last day of the third month since its publication by WIPO, which is non-extendable. Supplementary evidence can be filed within three months from the filing of opposition.

After filing of the opposition, the CNIPA usually issues an official filing receipt in approximately three months. It takes the CNIPA 12 months to make the decision on opposition. The term can be extended for another six months.

5.2 Legal Grounds for Filing an Opposition

An opposition can be filed based on absolute grounds, such as malicious filing with no purpose of use, lack of distinctiveness, being misleading as to the characteristics of the goods/services, having bad social influence, etc. The opposition can also be filed based on prior rights such as prior trade mark right, well-known trade mark, prior-use right, etc.

5.3 Ability to File an Opposition

Any person can file the opposition based on absolute grounds. Only a prior right-owner or an interested party can file opposition based on prior rights.

A Chinese opponent can file the opposition either personally or through a trade mark agent

recorded with the CNIPA. A foreign opponent must file opposition through a trade mark agent.

The official fee for filing an opposition is CNY500 (approximately USD73). If the opposition is filed electronically, the official fee is CNY450 (about USD65). The attorney fee is usually charged depending on the complexity of the case, working hours required, etc.

5.4 Opposition Procedure

After an opposition is filed, the CNIPA will forward the opposition grounds and evidence to the opposed party and give a chance to the opposed party to make a response within 30 days from receipt of the notification. The opposed party has an additional three-month period to supplement evidence. There is no evidence-exchange procedure for opposition.

The CNIPA will not forward the grounds and evidence filed by the opposed party to the opponent for counter arguments. Instead, the CNIPA will make a decision on opposition directly.

Now it is encouraged to file the opposition electronically. The disadvantage of the electronic filing is the limitation of evidence.

5.5 Legal Remedies Against the Decision of the Trade Mark Office

After the decision on opposition is made, only the opposed party is allowed to file an appeal. Since it is an administrative procedure, no award will be involved.

6. Revocation/Cancellation Procedure

6.1 Timeframes for Filing Revocation/Cancellation Proceedings

If the revocation is based on absolute reason, there is no limitation to file. If the revocation is based on relative reasons, it can be filed within five years from the date of registration. Where the registration has been made in bad faith, the owner of a well-known trade mark shall not be bound by the five-year time limit.

Cancellation based on non-use can be filed after the registration has been in place for three years.

6.2 Legal Grounds for Filing a Revocation/Cancellation Proceeding

Where a registered trade mark has no effectiveness or has a bad social influence, or the registration of a trade mark has been acquired by fraud or any other unfair means, the CNIPA shall declare the registered trade mark invalid; any other organisation or individual may request the CNIPA to declare a mark invalid.

Where a registered trade mark is a copy, imitation or translation of a prior well-known trade mark; has a misleading geographical indication; the registrant is an agent or has another relationship with the true owner of the mark; the registered mark is similar to a prior registered or applied mark on similar goods/services; or it is an infringement of another's prior right or a copy of another's mark which has been used and has gained certain reputation, the earlier right-owners or any interested party may, within five years from the date of registration, request the CNIPA to declare the registered trade mark invalid. Where the registration has been made in bad faith, the owner of a well-known trade mark shall not be bound by the five-year time limit.

Where a trade mark registrant, in using a registered trade mark, alters the registered trade mark, or changes the name or address of the owner of a registered trade mark, or other matters contained in the registration, without the prescribed procedure, the CNIPA shall order it to make corrections within a specified time limit, or the registered trade mark can be cancelled by the CNIPA, if no corrections are made at the expiry of the specified time limit. Where a registered trade mark has become a generic name for its designated goods, or has not been used for an uninterrupted period of three years without justified reasons, any entity or individual may request the CNIPA to cancel the registered trade mark.

If the registration is obtained with improper means, anyone can file revocation.

As long as the registration has been in place for more than three years, a cancellation based on non-use can be filed without any reason.

6.3 Ability to File a Revocation/Cancellation Proceeding

If the revocation is based on absolute reasons, anyone can file it. If the revocation is based on relative reasons, only a prior right owner can file it.

The cancellation based on non-use can be filed by any party.

6.4 Revocation/Cancellation Procedure

Revocation or cancellation can only be brought before the Examination Division or Review Decision of the CNIPA. If dissatisfied with the decision on such a revocation/cancellation of the Review Decision, an administrative litigation can be filed with the Beijing Intellectual Property Court.

6.5 Partial Revocation/Cancellation

A partial revocation/cancellation is allowed.

6.6 Amendment in Revocation/Cancellation Proceedings

After the revocation/cancellation is filed, it can also be withdrawn any time before the decision is made.

6.7 Combining Revocation/Cancellation and Infringement

Revocation/cancellation is examined case-by-case. For revocation with the same nature (the same application, same registrant of the disputed mark, same supporting evidence) and filed at the same time, it is possible to request the examiner to examine them together. However, decisions are still made on a case-by-case basis.

Revocation/cancellation and infringement are not heard together. The court for infringement has discretion to determine whether the court will wait for the decision on revocation/cancellation.

6.8 Measures to Address Fraudulent Marks

According to Article 44 of the China Trade Mark Law, if a trade mark is registered fraudulently, the CNIPA can declare the registered trade mark invalid. Any applicant may request that the Trade Mark Review and Adjudication Board declare the registered trade mark invalid.

7. Initiating a Lawsuit

7.1 Timeframes for Filing Infringement Lawsuits

The Interpretation of the Supreme People's Court Concerning the Application of Laws in the Trial of Cases of Civil Disputes Arising from Trade Marks

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states that the trade mark infringement claims shall be brought within three years, counting from the day when the trade mark registrant or the interested right-holder knows or should have known about the infringement and the obligor. If the trade mark registrant or the interested party initiates the civil action after the three-year's statute of limitation, and if the infringing act continues at the time when the action is initiated, the people's court shall rule that the defendant stop the infringement within the validity period of the trade mark exclusive right.

7.2 Legal Grounds for Filing Infringement Lawsuits

A trade mark owner could pursue infringement through legal proceedings in the people's court, or request the competent administration to take raid actions against the infringer. The protections on registered trade marks and unregistered trade marks are different in the PRC.

Unregistered trade marks can only be protected under certain circumstances based on "prior use" and that through "prior use" the unregistered trade mark has the function of identifying the origin of goods or service. If the unregistered trade mark reaches the "well-known" status, it could be protected in accordance with the Trade Mark Law. If it obtains "certain influence", it could be protected in accordance with the Anti-unfair Competition Law as product name, packaging or decoration.

A trade mark owner can bring claims for dilution or cybersquatting. The claims for dilution could be brought when the trade mark owner requests the court to recognise that the trade mark has reached well-known status. For cybersquatting, it is regulated in the Interpretation of the Supreme People's Court on Application of

Laws in the Trial of Civil Disputes Over Domain Names of Computer Network.

7.3 Parties to an Action for Infringement

The plaintiff of an action for trade mark infringement could be the trade mark registrant, the licensee to a contract for the licensed use of registered trade marks and the lawful heirs of the trade mark registrant. In most cases, the defendant of an action for trade mark infringement would be the manufacturer and distributor of the infringing products.

Under trade mark law, there are three kinds of licensees based on the contents of the licence agreement: the monopolised licence, the exclusive licence and the ordinary licence. The monopolised licensee could initiate an action with the people's court. The exclusive licensee could initiate a civil action with the trade mark registrant or file an action on its own under the condition that the trade mark registrant refuses to initiate an action. The ordinary licensee could file the action with an explicit authorisation from the trade mark registrant.

As indicated in 7.2 Legal Grounds for Filing Infringement Lawsuits, it is possible for a trade mark owner to take action to stop infringement before its mark is registered, if the unregistered trade mark obtained the well-known status under the Trade Mark Law or reached the status of having "certain influence" under the Anti-unfair Competition Law based on prior use.

7.4 Representative or Collective Actions

Regulations on representative and collective actions are included in our Civil Procedure Law. For joint litigation, it is required that one side or both sides of a civil action consist of two or more parties, the subject matter of action for each party is the same or is of the same kind, the people's

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court considers that the disputes of all the parties could be tried concurrently and all related parties agree. Trade mark infringement litigation is handled in accordance with the Civil Procedure Law, but there are hardly any representative or collective actions for trade mark proceedings as they could not reach the requirements for joint litigation.

7.5 Prerequisites and Restrictions to Filing a Lawsuit

There is no prerequisite to initiate an infringement-related civil lawsuit. It is suggested that the client initiate the trade mark infringement litigation based on a registered trade mark. If the client does not have any registered trade mark, it shall prepare documents proving the reputation of the trade mark obtained through prior use as indicated in 7.2 **Legal Grounds for Filing Infringement Lawsuits**. Most remedies available are for registered trade marks, which is the main subject to be protected under Trade Mark Law.

The defendant could argue that the trade mark owner's claims are groundless, the infringement litigation is filed as misuse of trade mark right or belongs to unfair competition in nature. As regulated in the Trade Mark Law, the trade mark owner's claims might not be supported when filed against "fair use" and "prior use" of marks. If the registered trade mark has not been in use for three consecutive years, the claims for compensation of the damages might not be supported. If the trade mark is registered in bad faith and the civil litigation is filed in bad faith, the claims might not be supported by the people's court.

7.6 Initial Pleading Standards

The standards for initiating a lawsuit are as follows:

- the plaintiff is a citizen, legal person or any other organisation with a direct interest in the case;
- there is a specific defendant;
- there are specific claims, facts and reasons; and
- the case is within the scope of civil actions accepted by the people's courts and under the jurisdiction of the people's court in which the action is initiated.

There are no special provisions for lawsuits in trade mark proceedings that differ from non-intellectual property proceedings. As the facts and reasons are required to be specific, the plaintiff in trade mark infringement litigation shall collect evidence proving the infringements through investigations and by means of notarised preservation of online information as well as notarised purchase through online or offline stores. It is also suggested that the plaintiff submit evidence proving the reputation and wide use of the trade mark in China.

It is possible to supplement pleadings with additional arguments after the acceptance of a case and it shall be before the end of court debate in the first instance. It is also possible for a defendant in a trade mark action to initiate a counterclaim. If the counterclaim filed by the defendant and claims of the plaintiff are based on the same legal relationship and there is causation between such claims, or the counterclaim filed by the defendant and claims of the plaintiff are based on the same facts, the people's court shall try them concurrently.

It seems unnecessary for the defendant in a trade mark action to initiate a lawsuit as a response. If the defendant initiates a lawsuit for confirmation of non-infringement against the plaintiff as a response, this lawsuit would probably be trans-

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ferred to the court in charge of the infringement lawsuit when the plaintiff of the prior infringement lawsuit files an objection of jurisdiction and points out the existence of the former infringement lawsuit.

7.7 Lawsuit Procedure

The first instance of trade mark infringement cases is generally handled by a basic people's court; two exceptions are that the first instance of a major foreign-related intellectual property case and the case involving the recognition of a well-known trade mark are handled by an intermediate people's court. The second instance is handled by the people's court at the next higher level. The party who deems that an effective judgment or ruling is erroneous may file a petition for retrial with the people's court at the next higher level.

There are IP courts in Beijing, Shanghai and Guangzhou. In accordance with Several Provisions of the Supreme People's Court on the Original Jurisdiction over Civil and Administrative Cases Involving Intellectual Property issued by Supreme People's Court in 2022, the civil and administrative cases involving recognition of well-known trade marks shall be under the original jurisdiction of IP courts and intermediate people's courts; and may also be under the original jurisdiction of a basic people's court upon approval by the Supreme People's Court.

The costs relating to evidence collecting, including investigations and notarised preservation, are the costs typically arising before filing a lawsuit.

The parties in trade mark litigation are not required to be represented by a lawyer. The parties may retain one or two litigation representatives, who could be lawyers or legal ser-

vice workers, close relatives or staff members and citizens recommended by the community or an entity related to a party or citizens recommended by a relevant social group.

7.8 Effect of Trade Mark Office Decisions

Most infringement actions are initiated based on registered trade marks in the PRC. The CNIPA's decisions that have influence on the registration status of the registered trade marks will have influence on infringement actions.

If CNIPA issues the decision to cancel a registered trade mark, the right to use such a registered trade mark exclusively shall be terminated from the date of publication. The decision might not influence a pending litigation suing infringement acts incurred before the trade mark cancellation date. If CNIPA issues a decision to declare invalidation of a registered trade mark, the right to use such a registered trade mark exclusively shall be deemed void at the inception. The plaintiff lost the legal basis for initiating the infringement lawsuit or would not be supported in the pending lawsuit.

7.9 Declaratory Judgment Proceedings and Other Protections for Potential Defendants

The alleged infringer could initiate a lawsuit requesting confirmation of non-infringement. The lawsuit for confirmation of non-infringement could be filed by a specific party which is warned of infringement by an intellectual property right-holder who fails to initiate a lawsuit within a reasonable period.

A potential defendant could initiate trade mark cancellation or invalidation action with the CNIPA against the registered trade mark involved in the trade mark dispute. The potential defendant could prepare evidence proving its "fair use" of

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the relevant trade mark, the “non-infringement defence” or the “prior use” defence.

7.10 Counterfeiting

Counterfeit is considered as a kind of trade mark infringement act. There are special statutes concerning dealing with the cases involving counterfeit. It is regulated that, while hearing a trade mark dispute case, the people’s courts shall, at the request of the right-holders, order the destruction of goods bearing counterfeit registered trade marks, except in special circumstances, and shall order the destruction of materials and tools that are mainly used to manufacture such goods, without giving any compensation; or, under special circumstances, prohibit the aforementioned materials and tools from entering commercial channels, again without giving any compensation. Products bearing counterfeit registered trade marks shall not enter commercial channels after only removing the marks.

For the manufacturer and seller of the counterfeit goods and for those who manufacture and sell the labels of other’s registered trade mark, if a crime is constituted, in addition to compensating for the loss of the victim, the infringer shall also bear criminal responsibility in accordance with law.

8. Litigating Trade Mark Claims

8.1 Special Procedural Provisions for Trade Mark Proceedings

There are no special provisions for lawsuits in trade mark proceedings. Trade mark infringement litigations are handled in accordance with the Civil Procedure Law of the PRC. Trade mark cases are determined by a collegial bench, which may be formed by judges and jurors or

by only judges. Technical judges are not required in trade mark cases. There must be an odd number of members of a collegial bench. Civil cases tried by simplified procedures shall be tried by a single judge.

Generally, the parties do not have any influence over who is the decision-maker. However, under certain circumstances, the parties could request disqualification of the judge, court clerk, interpreters, identification or evaluation expert, and surveyor, either verbally or in writing.

8.2 Requirement to Establish Use of a Sign as a Trade Mark

It is necessary to establish that the defendant has used the sign as a trade mark. Trade mark infringement acts are defined based on the “use of a trade mark”. Nominative and descriptive use is a defence for “trade mark fair use”. There is an article in the Trade Mark Law defining trade mark use.

8.3 Factors in Determining Infringement

Generally speaking, three factors must be taken into consideration in determining whether the use of a sign constitutes trade mark infringement, which are similarity of signs (trade marks), similarity of goods or services and the likelihood of confusion.

Similar trade marks mean that the accused mark and plaintiff’s trade mark are similar in font style, pronunciation, meaning, or in the composition and colour of the graph, the overall structure of all the combined elements, or in the cubic form or combination of colours, so that the relevant general public may be confused about the origin of the goods or believe that the origin of the goods bearing the accused mark has a certain connection with the plaintiff’s goods or service.

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Similar goods mean the goods are similar in respect of function, usage, manufacturing section, sales channel and consuming target, etc, or the relevant general public deem they have certain association and are likely to be confused. Similar services mean the services are similar in respect of service purposes, content, manner, target, etc, or the relevant general public deem they have certain associations and are likely to be confused.

Even if the accused mark and the plaintiff's trade mark are similar in appearance, trade mark infringement is not constituted if the use of the accused mark would not cause consumers confusion. Consumers' confusion means that the relevant general public could not distinguish the goods or services. They consider the goods or services are from the same subject or they are confused about the origin of the goods or services, and/or consider that there are trade mark licences, investment, or other relationships between the providers of the goods and services.

8.4 Elements of Other Trade Mark Claims

According to Trade Mark Law, the elements of trade mark claims or the acts of trade mark infringement are listed as follows:

- uses a trade mark that is identical with a registered trade mark in relation to identical goods without the consent of the trade mark registrant;
- uses a trade mark that is similar to a registered trade mark in relation to similar goods, or uses a trade mark that is identical with or similar to a registered trade mark in relation to similar goods, without the consent of the trade mark registrant, which may easily cause consumers' confusion;

- sells goods that are in infringement of the exclusive right to use a registered trade mark;
- counterfeits, or makes without authorisation, representations of a registered trade mark of another person, or offers for sale such representations;
- changes a registered trade mark and puts goods bearing the changed trade mark on the market without consent of the owner of the registered trade mark;
- deliberately provides conveniences for infringement of the exclusive right of trade marks of others, and helps others to implement the infringement of exclusive rights of trade marks; and
- causes, in other respects, prejudice to the exclusive right of another person to use a registered trade mark.

8.5 Effect of Registration

The Trade Mark Law of the PRC protects registered trade marks, and unregistered trade marks are under protection only in special situations as indicated in 7.2 **Legal Grounds for Filing Infringement Lawsuits**. Based on a registered trade mark, the trade mark owner could directly file a litigation against infringement while, for unregistered trade marks, evidence proving "prior use" and reputation of the trade mark shall be submitted. After obtaining the trade mark registration, the trade mark owner shall keep using the trade mark, otherwise the trade mark might be cancelled for "non-use" of three consecutive years. With regard to invalidation procedure, the trade mark registered for more than five years is comparatively stable and a third party needs to prove the registration is in bad faith in order to invalidate it.

8.6 Defences Against Infringement

There are procedural defences and substantive defences. For procedural defences, the alleged

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infringer could file opposition against jurisdiction, challenge the qualification of the plaintiff, prove the legitimate sources of the accused infringing goods, etc.

Substantive defences include “fair use” or “prior use”. The alleged infringer could also challenge the effectiveness of the trade mark right, as the status of the trade mark right might be influenced by the official decisions. If the trade mark is cancelled or invalidated during the litigation, it will influence the result of the litigation against the trade mark infringement.

Defences against trade mark infringement also include “non-infringement” defences, claiming both the trade marks and the goods involved are not identical or similar. Besides, the alleged infringer could challenge the use status of the trade mark involved. If the trade mark registrant could not prove the use of the trade mark within three years before filing the infringement litigation, the alleged infringer will not bear the liability for compensation.

8.7 Obtaining Information and Evidence

In accordance with the Civil Procedure Law, lawyers and other agents ad litem have the right to investigate and collect evidence. If the evidence could not be collected by the party and its litigation representative, the party may apply in writing to the people’s court for investigation and collection within the evidence-producing term.

Meanwhile, a people’s court shall have the authority to investigate and collect evidence from the relevant entities and individuals, who shall not refuse to co-operate with such investigation and evidence collection.

8.8 Role of Experts and/or Surveys

According to the regulations, the parties concerned may apply to the people’s court to have one or two experts to appear in court to offer answers to the specialised questions relating to the case. The judges and parties concerned may interrogate the experts that appear in court. Upon the approval of the people’s court, the experts – as applied for by each party concerned – may express their opinions on the issues concerned in the case.

The experts and/or survey regarding likelihood of confusion, secondary meaning, and the generic quality of the mark are considered as ordinary evidence which is not decisive. The courts will not make a decision only based on the experts’ opinions. Other supporting evidence shall also be submitted.

8.9 Trade Mark Infringement as an Administrative or Criminal Offence

Trade mark infringement can constitute an administrative or criminal offence.

Administrative Offence

Regarding the administrative offence, the trade mark registrant could file a complaint with the administration for market regulation, when trade mark infringement disputes arise. If the administration handling the dispute determines that an infringement is constituted, it:

- shall order immediate cessation of infringement;
- shall confiscate and destroy the infringing goods and the tools specifically used to manufacture the infringing goods and counterfeit representations of the registered trade mark; and
- may impose a fine of not more than five times the illegal business revenues if the amount of

illegal business revenues reaches CNY50,000, or a fine of not more than CNY250,000 if there is no illegal business revenue or the amount of illegal business revenues is less than CNY50,000.

Criminal Offence

Regarding the criminal offence, it includes the following three circumstances:

- when without being licensed by the trade mark owner, a party uses a trade mark identical with the registered trade mark on identical goods, if any crime is constituted, the party shall be subject to criminal liability according to the law, in addition to compensating the victim for losses;
- when a party forges or manufactures without authorisation the labels of a registered trade mark of another party or sells the labels of a registered trade mark forged or manufactured without authorisation, if any crime is constituted, the party shall be subject to criminal liability according to the law, in addition to compensating the victim for losses; and
- when a party knowingly sells goods on which a registered trade mark is falsely used, if any crime is constituted, the party shall be subject to criminal liability according to the law, in addition to compensating the victim for losses.

8.10 Costs of Litigating Infringement Actions

The typical costs include investigation fees, notarisation fees, translation fees paid to the qualified translation firm (if documents in foreign languages are involved), attorney fees and expenses and court fees.

9. Remedies

9.1 Injunctive Remedies

Preliminary injunctions are available for trade mark owners. The application for a preliminary injunction could be filed with the competent court before instituting legal proceedings or in the middle of legal proceedings, requesting for measures prohibiting the infringement act or preserving the assets in accordance with relevant laws.

The application for prohibiting the infringement act could be filed with the court under the condition that the trade mark registrant or an interested party has evidence proving that another party is engaged in (or will soon engage in) an act of infringement of the former's exclusive right to use their registered trade mark and that (unless the act is stopped in a timely manner), irreparable damages will be caused to their legitimate rights and interests.

The application for preserving the assets could be filed with the court under the condition that the trade mark registrant or an interested party has evidence proving that another party might conceal its property or the illegal profits obtained from infringement and that even if the trade mark registrant wins the lawsuit, there is no property for enforcement.

The applicant shall provide security if ordered by the court. After accepting the application, the people's court must issue a ruling within 48 hours in urgent situations; if it rules to take a preliminary injunction/preservative measure, the measure shall be executed immediately. For an application filed before instituting the legal proceedings, the applicant shall initiate an action or apply for arbitration in accordance with the law within 30 days after the people's court takes

the preliminary injunction/preservative measure, otherwise the people's court shall remove the measures.

The trade mark defendant may apply for reconsideration with the people's court against the preliminary injunction within five days from the receipt of the ruling. The grounds could be that the plaintiff is not qualified for applying for an injunction, the preserved property does not belong to the defendant, the amount of the preserved property exceeds the amount included in the ruling, and there is no urgency or necessity for imposing the injunction.

9.2 Monetary Remedies

The amount of damages awarded for trade mark infringement shall be assessed on the basis of the actual losses suffered by the right-holder because of the infringement, or the profits the infringer has earned because of the infringement, or the appropriate multiple of the amount of using the registered trade mark under a contractual licence.

If the infringement is committed in bad faith and is serious, the trade mark owner could request for punitive damages, which is up to five times of the amount determined in the aforesaid ways. The amount of the damage shall also include the reasonable expenses of the right-holder incurred in stopping the infringing act.

Where it is difficult to determine the losses suffered by the right-holder, the profits the infringer has earned and the fees of licensing a registered trade mark, the people's court shall grant a compensation not exceeding CNY5 million, according to the circumstances of the act of infringement.

9.3 Impoundment or Destruction of Infringing Articles

The people's court is not likely to permit the remedy of impoundment or destruction of infringing products. When hearing trade mark infringement cases, the people's court may decide that the infringer shall bear the responsibility to stop the infringement, remove the obstruction, eliminate the danger, compensate for losses, eliminate the impact, etc, and may make a decision of civil sanctions including imposing a fine, confiscating properties for producing the infringing goods, forged marks and the materials, tools, equipment mainly used to produce infringing goods.

9.4 Attorneys' Fees and Costs

The plaintiff could request that the defendant shall bear the reasonable costs in the litigation. If the plaintiff wins the case, the judge could request the defendant to bear a certain amount of the reasonable costs including the attorneys' fees, as well as the court fees. It is at the judge's discretion to decide the amount of reimbursements based on the evidence submitted by the plaintiff.

9.5 Ex Parte Relief

The trade mark owner could seek relief without notifying the defendant. Notice is never required. If the trade mark owner sends a warning letter to the infringer and the infringer refuses to stop the infringement act, the warning letter could be used as a evidence to prove the infringer's bad faith as it continues the infringement with full awareness.

9.6 Rights and Remedies for the Prevailing Defendant

Generally speaking, if a defendant prevails in a trade mark infringement case, the court will declare that the defendant is not guilty of trade mark infringement. If the defendant would like

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to request compensation from the plaintiff, the defendant shall file a counterclaim or initiate new litigation for compensation.

9.7 Customs Seizures of Counterfeits or Criminal Imports

The Chinese legal system provides for customs seizure of counterfeits. For the purpose of customs protection, the owner of IP rights should record their IP rights with the China General Administration of Customs on the basis of a certificate for each recordal.

If a designated IP right has been successfully recorded with the China General Administration of Customs, the information of the IP right will be added to the official computer system of the China General Administration of Customs to be shared by every customs office within Chinese territory. When customs officers carry out routine inspection on imported or exported goods, they will pay more attention to the goods bearing the recorded IP rights. If customs suspect some goods have infringed the recorded IP right, it will notify the IP right owner and, upon application filed by the IP right owner with remittance of the required security bond, customs will detain the suspected goods. The security bond will be based on the value of the suspected goods.

Regarding parallel imports, if the products involved in “parallel import” are genuine, in their original packaging with a reasonable indication of the origin of the products that would not mislead the consumers about the origin of the products and will not damage the function of trade mark, and meanwhile the importation of the goods go through the legal customs channels into China, the sale of these products would not be regarded as trade mark infringement.

9.8 Different Remedies for Different Types of Trade Marks

There are no different type of remedies for different types of trade marks.

10. Resolving Litigations

10.1 Options for Settlement

Settlement discussion and mediation are voluntary procedures. The Plaintiff and defendant could decide whether they want a mediation conducted by the court. There could be pre-trial mediation or court mediation. The pre-trial mediation starts after the court accepts the case and before the trial. It has its own case number and generally it should be finished within 30 days. If no settlement is reached within this period, the case will go to trial.

When a people’s court conducts court mediation, it may be conducted by one judge or by the collegial bench; mediation shall be conducted on the spot, as much as possible. When a mediation agreement is reached, the people’s court shall prepare a consent judgment. A consent judgment shall state the claims, facts of the case and results of mediation. The judges and court clerk shall affix their signatures and the people’s court shall affix its seal to a consent judgment, which shall be served on both sides. Once a consent judgment is signed by both sides, it becomes legally binding.

If the parties to a civil action reach a settlement by themselves, they may also regulate that the plaintiff or appellant directly withdraws the case, and the court could issue a ruling granting the withdrawal.

10.2 Prevalence of ADR

ADR is not a compulsory element of settling a trade mark infringement case. In accordance with the Trade Mark Law, when trade mark infringement dispute arises, the parties concerned shall resolve the dispute through negotiation; if they are reluctant to resolve the dispute through negotiation or the negotiation fails, the trade mark registrant or an interested party may initiate a civil litigation in a people's court or request the administration for market regulation to handle the dispute.

Disputes concerning trade mark matters can be handled/resolved through arbitration, if agreed by the opposing parties.

10.3 Other Court Proceedings

According to the law, if the current case depends on the results of the trial of another case which has not been concluded, the current case shall be suspended. In the meantime, the collegial bench of the current proceeding has the right to decide whether to suspend the current case to wait for the result of another proceeding.

A pending invalidation action against a registered trade mark may be a reason for the defendant to file an application for suspension of a trade mark infringement litigation. However, the court may not accept this as a strong reason for suspension.

11. Appeal

11.1 Timeframes for Appealing Trial Court Decisions

If any party is not satisfied with the judgment or a ruling of the first instance, it shall have the right to file an appeal with the people's court at the next higher level within 15 days from the date

of service of the written judgment, or within ten days from the date of service of the written ruling. The original trial people's court shall, within five days after receiving a written appeal, serve the copies of the written appeal on the opposing parties, and the opposing parties shall, within 15 days after receiving the copies, submit their written statements of defence. The trial of the case would not be influenced if the statement of defence is filed in time.

A party that does not have a domicile within the territory of the PRC shall have the right to appeal against a first instance judgment or ruling within 30 days from the date of service of the written judgment or ruling. The appellee shall submit a written statement of defence within 30 days of receiving a copy of the written appeal. According to the Civil Procedure Law, a people's court shall complete the trial of an appeal case against a judgment within three months after the appeal is docketed. Any extension of the aforesaid period under special circumstances shall be subject to the approval of the chief justice of the people's court.

A people's court shall issue a final ruling for an appeal case against a ruling within 30 days after the appeal is docketed.

11.2 Special Provisions for the Appellate Procedure

The appellate procedure of a trade mark proceeding is generally the same as the appellate procedure for other civil proceedings.

11.3 Scope of the Appellate Review

The people's court of second instance would review both the facts of the case and the application of law in relation to the claims in appeal.

The people's court of second instance would not refer to issues not included in the party's claims, unless the first-instance judgment violates the prohibition of the law, or harms the national interest, the public interest, or the legitimate rights and interests of others.

12. Trade Marks and Other Intellectual Property

12.1 Copyright and Related Rights

A trade mark can also be protected by copyright if it satisfies the requirements of the Copyright Law. If a party claims copyright over a mark, the people's court shall, in accordance with the relevant provisions of the Copyright Law, determine whether the claimed object constitutes a work, whether the party is a copyright owner or other interested party with the right to claim copyright.

12.2 Industrial Design

If a trade mark is also granted with patent right as a design patent, it could be protected by industrial design laws, otherwise it could not be protected by industrial design laws.

12.3 Rights of Publicity and Personality

There is no special regulation on using one's own surname (or name) as a mark. It is regulated that in certain domains using the name of a public figure, to file a trade mark application would be regarded as "having any other adverse effect" – which is prohibited from registration in accordance with Article 10 of the Trade Mark Law.

12.4 Unfair Competition

This jurisdiction has an Anti-unfair Competition Law that could affect trade marks. It is generally considered that unregistered trade marks could be protected under certain conditions in accordance with the Anti-unfair Competition Law. The

product name with certain influence in the Chinese market, the trade name, as well as domain name are under the protection of the Anti-unfair Competition Law.

13. Additional Considerations

13.1 Emerging Issues

"Punitive damages" in trade mark infringement cases is enhanced. Some provincial courts have issued further explanations on implementation of "punitive damages" which is regulated in the 2013 Trade Mark Law. Another key issue is to fight against bad faith registration. It is regulated in the 2019 Trade Mark Law that no application for trade mark registration may infringe upon the existing prior rights of others, and bad-faith registrations by illicit means of a trade mark with a certain reputation already used by another party shall be prohibited.

13.2 Trade Marks and the Internet

The liabilities of internet service providers are regulated in the Civil Code and the E-Commerce Law of the PRC. Moreover, Article 75 of the Implementing Regulations of the Trade Mark Law of PRC regulates that providing "an online goods trading platform" may be regarded as providing facilitation to trade mark infringement.

An Internet service provider which infringes the civil right or interest of another party through a network shall assume the infringement liabilities. If network users use network services to commit infringements, the infringed party has the right to notify the network service provider to take necessary measures such as deleting, blocking and disconnecting links. If the network service provider fails to take necessary measures in time after receiving the notice, it shall be jointly

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and severally liable with the network user for the enlarged part of the damage.

The service provider, mainly online platforms, will require trade mark registration certificates as proof of trade mark right in order to remove goods which are claimed by the trade mark owner to be an infringement.

13.3 Trade Marks and Business

It is required that some products must bear a registered trade mark. For example, it is regulated that cigarettes, cigars and packed cut tobacco shall not be produced and sold before obtaining a registered trade mark to be used on the products. Chinese companies now have a strong sense of IP protection, therefore even though it is not required to have a registered trade mark, most Chinese companies would file applications for registration of trade marks in order to protect their rights and interests.

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CCPIT Patent and Trademark Law Office is one of the oldest and one of the largest full-service intellectual property law firms in China. The firm has 294 patent and trade mark attorneys, among whom 87 are qualified as attorneys-at-law. The firm provides consultation, prosecution, mediation, administrative enforcement

and litigation services relating to patents, trade marks, copyrights, domain names, trade secrets, trade dress, unfair competition and other intellectual property-related matters. Headquartered in Beijing, the firm has branch offices in New York, Silicon Valley, Tokyo, Madrid, Hong Kong, Guangzhou Shenzhen and Shanghai.

Authors



Chuanhong Long focuses primarily on prosecution, invalidation, enforcement and licensing of patent. He has also counselled domestic and international clients on other

IP-related matters, such as trade marks, trade secrets, ownership disputes, and border enforcement. His technical specialism covers chemistry, chemical engineering, material science, pharmaceuticals and agrochemicals. He was invited as an expert to participate in the formulation of the Outline of National Intellectual Property Strategy (2005 to 2007), and participated in the research project organised by SIPO for the preparation of the third amendment to the Implementing Regulations of the Chinese Patent Law in 2007.



Bin Zhang is deputy director of the legal department at CCPIT. He is a senior trade mark attorney and since joining the firm in 1989, has successfully handled a great number of IP

cases covering trade marks, copyright, licensing, unfair competition, customs protection, trade dress, trade name, and cybersquatting through litigation, administration or negotiation. Bin Zhang obtained his LLM in IP Law from UNH School of Law in the USA in 2003. He has published many articles in periodicals or newspapers, and has co-authored a textbook on IP Law.

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Cuicui Liang is a trade mark attorney at CCPIT. Her key practice areas are trade mark registration and prosecution; trade mark search and watch; administrative protection of

trade mark right; opposition, invalidation, litigation; assignment and licensing of trade marks; and providing legal opinion on trade mark protection strategies. She is the author of “Whether the stage name can still be used by the singer if the trade mark right of the registered stage name belongs to the company”, “Prior Public Use is Not a Necessary Element in Recognising Bad Faith” and “Study on the General Name”.



Lei Fu is a trade mark attorney at CCPIT. She started IP-related work in 2003. Her trade mark expertise includes legal advice on handling trade mark infringement and unfair

competition acts, customs recordation of IP rights and related legal issues, domain name registration and disputes, and other trade mark-related matters. Currently, Lei Fu focuses on trade mark infringement, copyright infringement and unfair competition litigations.

CCPIT Patent and Trademark Law Office

10/F, Ocean Plaza
158 Fuxingmennei Street
Beijing 100031
China

Tel: +86 10 6641 2345
Fax: +86 10 6641 5678
Email: mail@ccpit-patent.com.cn
Web: www.ccpit-patent.com.cn



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