

**Regulations of the Supreme People's Court on
Certain Issues Related to Trials of Administrative Cases Involving the Grant and
Confirmation of Trademark Rights**

Draft for Comment

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In order to ensure proper handling of trials of administrative cases relating to the grant and confirmation of trademark registration, exercise judicial examination powers in accordance with the law, and clarify and unify trial standards, these Regulations are hereby enacted in accordance with the Trademark Law of the PRC, the Administrative Procedure Law of the PRC and other laws, together with adjudication practices.

Article 1 [Types of administrative cases involving the grant and confirmation of trademark rights]

Administrative cases involving the grant and confirmation of trademarks as mentioned in these Regulations refers to lawsuits filed with the People's Court by a counterparty or interested party, who is dissatisfied with the review of a rejected trademark application, the review of decisions not to register marks [following failed oppositions], the review of trademark cancellations, invalidations or other concrete administrative acts by the Trademark Review and Adjudication Board (TRAB) of the State Administration for Industry and Commerce.

Article 2 [Scope of Examination]

The scope of examination by the People's Court regarding whether administrative acts of trademark authorization and confirmation are legal shall be generally determined according to the claims and grounds of the parties concerned. With respect to facts and grounds previously presented by the parties during the appeal period, the People's Court may make adjudications on any obvious mistakes made by the TRAB, even if not requested to do so in the lawsuit.

Article 3 [Large-scale acts of piracy]

The People's Court shall uphold decisions in which the TRAB has refused registration or invalidated the mark by application of Articles 4 and 44 of the Trademark Law where the trademark registrant clearly lacks a genuine intention to use [trademarks], has

applied for the registration of a large number of trademarks of others that have a certain degree of fame, or that are identical with or similar to geographic names that enjoy a certain degree of fame, or that apply to register a large number of trademarks without proper reasons.

Article 4 [Article 10.1(1) of the Trademark Law]

The provision "identical with or similar to the country name and national flag, national emblem, national anthem, flag, emblem, military songs, medals etc., of the People's Republic of China" in Article 10.1 (1) of the Trademark Law refers to trademark signs that, as a whole, are identical with or similar to the official name etc., of the People's Republic of China.

Where the registration of trademarks with symbols that contain the country name and equivalent symbols of the People's Republic of China but, as a whole, are not identical with or similar to the country name and equivalent symbols may lead to the abuse of the country name, the People's Court can determine that the mark meets the conditions provided for in Article 10.1(1) of the Trademark Law.

Article 5 [Other negative effects]

"Other negative effects" as set out in Article 10.1(8) of the Trademark Law refers to trademark signs or their constituent elements that may bring negative influences with respect to politics, economics, culture, religion, ethnic groups and other social and public interests and public order in our country.

During the process of reviewing refusals, where the TRAB holds that the registration of the name of a public figure as a trademark without his consent may cause other negative effects and registration is refused, such refusal shall be supported by the People's Court.

Where an application for registration of the name of a deceased natural person without the permission of his heir may cause the public to associate the goods bearing the trademark with the natural person, it may be recognized as "other negative effects."

Article 6 [Distinctiveness of three-dimensional trademarks]

Where a trademark application is made for a 3-D design consisting of the shape of or a part of the shape of a product, whether or not it possesses distinctiveness shall be determined by reference to the general consensus of the relevant public.

If the applicant provides evidence that, following long-term or extensive use, the relevant public is able to recognize the sign as an indication of origin, it may be determined that the mark possesses distinctiveness.

When determining whether a 3-D mark possesses distinctiveness, consideration may be given to whether or not it was coined by or used earlier by the applicant.

(Second option:

Under normal circumstances, a 3-D mark that consists of the shape or part of the shape of the product itself would not be easily considered by the relevant public as an indicator of origin of the product, and therefore, under normal circumstances, such a mark should be deemed to not possess distinctiveness.

The fact that the shape is coined by or used earlier by the applicant cannot by necessity result in the determination that it possesses distinctiveness as a trademark.

Where an indistinctive mark has enjoyed a high reputation through use and is well-known by the relevant public thereby causing it to have the distinguishing function of a trademark, it may be determined to possess distinctiveness.)

Article 7 [Well-known unregistered trademarks]

Where a party concerned, in accordance with Article 13.2 of the Trademark Law, claims that a later trademark constitutes a reproduction, imitation or translation of its earlier unregistered well-known trademark and that the later mark shall not be granted registration or shall be invalidated, the People's Court shall, in accordance with the relevant provisions of laws and judicial interpretations, determine if it is liable to cause confusion based on comprehensive consideration of the following factors:

1. The degree of similarity between the two marks;
2. The degree of similarity or association between the goods on which the two marks are respectively used;
3. The degree of distinctiveness and reputation of the earlier trademark;
4. The degree of attention that the relevant public may pay.

Evidence of the subjective intention of the later applicant as well as the evidence of actual confusion may be used as reference factors in determining the likelihood of confusion.

Article 8 [Well-known registered trademarks]

Where the party concerned, in accordance with Article 13.3 of the Trademark Law, claims that the later application constitutes a reproduction, imitation or translation of its earlier well-known registered trademark and that the later mark shall not be registered or shall be invalidated, the People's Court shall, in accordance with the relevant provisions of the law and judicial interpretations, determine whether it can easily mislead the public and whether it may damage the interests of the trademark registrant based on comprehensive consideration of the following factors:

1. The degree of reputation of the earlier mark;
2. The degree of distinctiveness of the earlier mark;
2. Whether the later mark and the earlier mark are sufficiently similar;
4. The conditions of use of the two trademarks, respectively;
5. The relevant public of the later mark's knowledge of the earlier mark;
6. The status of use of marks used by other entities in the market that are similar to the prior mark.

Article 9 [Change of application between Article 13 and Article 30]

Where a concerned party claims that a later mark constitutes a reproduction, imitation or translation of its well-known registered trademark and that the later mark shall not be granted registration or shall be invalidated, if the TRAB holds that the later trademark and the earlier trademark constitute identical or similar marks in respect of identical or similar goods and hence it applies the provisions of Article 30 of the Trademark Law in making adjudication, where the later mark has not been registered for over five years, the People's Court may, after hearing the opinions of the parties concerned, try the case in accordance with the provisions of Article 30 of the Trademark Law.

Where the later trademark and the earlier trademark are registered in respect of identical or similar goods, if the party concerned holds that Article 30 of the Trademark Law is not sufficient to protect its interests and claims Article 13.3 of the Trademark Law, the People's Court may, according to circumstances of the case, try the case in accordance with Article 13 or Article 30 of the Trademark Law.

(Second option:

The above two paragraphs consolidated into the following:

Where the later mark and the earlier mark are registered in respect of identical or similar goods, and the party concerned claims in accordance with Article 13.3 of the Trademark Law, if the later mark has not been registered for five years, the People's Court may try the case in accordance with the provisions of Article 30 of the Trademark Law; if the later mark has been registered for five years, Article 13.3 of the Trademark Law shall be applied in the trial.)

Article 10 [The sequence for application of conditions under Article 13]

When the People's Court applies Article 13.2 or 13.3 of the Trademark Law, it shall firstly determine whether the claimed trademark is a well-known one. In cases where it can be determined as such, the People's Court shall then determine whether the disputed mark constitutes a reproduction, imitation or translation of the well-known trademark, and whether it is liable to cause confusion or misidentification among the public, which may bring damages to the interests of the owner of the well-known mark.

(Second opinion: Delete the above article.)

Article 11 [Piracy by agent, representative and person of specific relationship]

If there exists a specific status relationship or other specific connection between the applicant of a trademark registration and the agent or representative as provided for in Article 15.1 of the Trademark Law, where it can be assumed that the registration of the trademark is the result of collusion or conspiracy with the agent or representative, the People's Court shall apply the provisions of Article 15.1 of the Trademark Law in the trial.

(Second option:

Where there exists a specific status relationship or other specific connection between the applicant of the trademark registration and the agent or representative as provided for in Article 15.1 of the Trademark Law, where it can be assumed that the applicant has knowledge of the party represented or the mark thereof, the People's Court shall apply Article 15.2 of the Trademark Law in the trial.)

Article 12 ["Other relationships" under Article 15.2]

Under the following situations, "other relationships" as provided for in Article 15.2 can be determined as:

1. The trademark applicant and the earlier user are in the same geographic area or industry, and the trademark of the earlier user enjoys relatively strong distinctiveness;
2. The two parties previously negotiated the formation of an agency or representative relationship but never finalized the relationship;
3. The trademark applicant applied for registration for several marks [belonging to] the earlier user.

Article 13 [Geographic indications]

Where the rights holder of a geographic indication claims that another party's mark should not be registered or should be invalidated, in accordance with Article 16 of the Trademark Law, if the goods designated by the disputed mark are not identical to the goods of the geographic indication, the rights holder shall prove that the use of the geographical indication in respect of the products can still easily mislead the relevant public into believing that the goods are sourced from the region and hence they have a specific quality, reputation or other characteristics.

If the geographical indication has been registered as a collective mark or a certification indication, the relevant rights holders can choose to claim rights based on this article or otherwise in accordance with Article 13 or Article 30 of the Trademark Law.

(Second option for the second paragraph:

Where the party concerned claims that a geographical indication, certification trademark or collective mark applied by another party violates Article 13 or 30 of the Trademark Law and that the mark should not be registered or should be invalidated based on its earlier registered ordinary trademark, it shall not be supported. Where the party concerned, based on its earlier registered geographical indication, certification trademark or collective mark, claims that the ordinary mark applied for registration by other party violates the provisions in Article 13 or 30 of the Trademark Law and the mark should not be granted registration or should be invalidated, it shall not be supported.)

Article 14 [Prior rights in copyright]

Where a concerned party claims that it enjoys earlier copyright in the disputed mark and that registration of the disputed mark would damage its prior rights, it shall provide evidence to prove that it is an interested party that owns copyright or [otherwise has] the right to assert copyright.

The Trademark Gazette, trademark registration certificate and other items may be used as prima facie evidence to confirm a party is the copyright owner or an interested party; where the applicant of the disputed mark objects, it must provide evidence to the contrary.

The People's Court shall, in accordance with relevant provisions of the Copyright Law, examine if the earlier right claimed by the party concerned constitutes a work and if the application for registration of the disputed mark constitutes infringement of the copyright.

(Second option:

Where a concerned party claims that the disputed mark infringes upon its earlier copyright, the People's Court shall, in accordance with relevant provisions of the Copyright Law of the PRC and other relevant regulations, examine if it constitutes a work, whether the copyright owner or other interested party is entitled to assert copyright and if it constitutes an infringement of the copyright.

Where there exists only a trademark registration certificate, trademark gazette or copyright registration certificate that the party concerned obtained during or after the trademark review and adjudication procedure, it cannot be used to determine ownership of the copyright in the trademark sign; but it can, in combination with other relevant evidence, be used as prima facie evidence of copyright ownership.)

Article 15 [Prior rights in names]

Where the party concerned claims that the disputed trademark infringes upon its right of name, if the relevant public holds that the name refers to the natural person and tends to hold that goods bearing the name are licensed by the natural person or have another specific association with the natural person, the People's Court can determine that the trademark infringes upon the natural person's right to its name.

Article 16 [Prior rights in trade names]

Where a trade name claimed by a party enjoys a certain degree of fame, if another person, without authorization, applies for registration of a mark identical with or similar to the trade name in respect of goods identical with or similar to those the party concerned produces or deals in, and which is liable to cause confusion among the relevant public as to the source of goods, the People's Court shall support the concerned party's claims that its earlier right is subject to protection under Article 32 of the Trademark Law.

Article 17 [Names and images of characters from works]

Where the party concerned claims that the disputed party infringes its copyright in a character image, thereby violating Article 32 of the Trademark Law, the People's Court shall examine whether such character image constitutes a work in the sense required under the Copyright Law.

The title of a work and the names of characters, etc., in a work do not constitute works; but where they enjoy a relatively high degree of notoriety, and the registration of the same as a trademark in respect of goods in relevant classes can easily cause the relevant public to assume that it has been authorized by the rights holder of the work or other specific relations exist with the right holder of the work, the People's Court shall support the concerned party's claims that it constitutes a prior right subject to protection by Article 32 of the Trademark Law.

Article 18 [Determination of bad faith piracy via other unfair means]

Where a party asserts that an applicant for a trademark has used improper means to register a trademark that enjoys priority and was previously used and enjoys a certain degree of influence [fame], the People's Court shall consider whether the applicant used improper means by considering both whether the applicant knew or should have known of the prior use of the mark and whether the applicant exploited the reputation of another party's trademark in bad faith.

Under normal circumstances, if the mark previously in use enjoys a certain degree of influence, and the trademark applicant knew or should have known of the trademark, then it can be presumed that the application was made in bad faith. Factors for determining bad faith that may be useful in this regard include the relatively high distinctiveness of the previously-used mark, whether the applicant and the prior user of the mark are from the same geographic area, etc.

Article 19 [Determinations of bad faith reproduction, imitation, and translation of well-known trademarks]

Where the cited mark already constitutes a well-known mark through use and the applicant of the disputed mark knew or should have known of this fact before the filing date of the disputed mark, the People's Court may presume that the application for registration was made in bad faith.

Article 20 [Coexistence agreements]

The People's Court may approve an application to register a mark which has been refused, not approved [following an opposition] or invalidated by the TRAB due to a

citation of a prior mark if the appellant and the rights holder of the cited mark reach an agreement allowing the mark to register.

Article 21 [Violation of legal procedures]

Under the following circumstances, the People's Court shall support a party's claim that the Trademark Review and Adjudication Board's has violated legal procedures as per Article 54.2(2) of the Administrative Procedure Law of the PRC:

1. Failure to address a party's important appeal arguments such that it might influence the substantive conclusions;
2. Notification in accordance with law of the members of the panel was not given as per review procedures, such that, after examination, it is found that facts and grounds exist (to support the) withdrawal by the member(s) but they have not done so;
3. A qualified party is not duly notified to participate in the review, and such party concerned files an objection;
4. Any other circumstances where there is a serious violation of legal procedures that may affect the substantive interests of a concerned party.

Article 22 [Evidence submitted during the litigation]

Where a concerned party submits evidence during the litigation that was not submitted during the administrative procedure, unless approved by the People's Court, such evidence generally shall not be accepted, unless it meets both of the following conditions:

1. The evidence filed in the litigation proves relevant facts and grounds already examined by the TRAB;
2. The supplemental evidence submitted is sufficient to affect the substantive result of the case, and, in addition, the party that submits the evidence has no other avenues for relief.

The evidence mentioned in the above paragraph shall be submitted within the period specified in the first instance for the filing of evidence, except where, in the second instance and in the course of trial supervision procedures, the evidence submitted in accordance with law by a concerned party is new.

Article 23 [Change of circumstances]

After the TRAB makes a decision that an application for registration of a trademark shall be refused, registration is rejected [in the course of an opposition appeal] or the mark is to be invalidated, in the course of trial of administrative cases for the grant and confirmation of trademark rights, if the grounds on which the disputed mark was rejected or invalidated no longer exist, the People's Court may, based on the change of circumstances, determine that the relevant adjudication made by the TRAB should be cancelled and order it to issue a new adjudication based on the facts after the change.

Article 24 [Double jeopardy]

Where the TRAB has made an adjudication or a decision, no person shall apply for a review and adjudication based on the same facts and grounds again.

In the procedure of review of refusal by the TRAB, where the mark applied for is preliminarily approved and published based on the grounds that the mark applied for and the cited mark do not constitute identical or similar marks in respect of identical or similar goods, the following circumstances shall not be deemed as "application for review and adjudication based on the same facts and grounds":

1. The registrant or interested party of the cited mark files an opposition based on the cited mark, which is supported by the Trademark Office, and the registrant of the opposed mark applies for review;
2. The registrant of the cited mark, after the mark applied for has been granted registration, applies for invalidation of the mark for based on the cited mark.

Article 25 [Death or termination of the trademark registrant]

When the People's Court conducts trials of administrative appeal cases involving decisions to deny registration [in the course of an opposition appeal], if the other party can provide evidence showing that the business license of the applicant of the opposed party has been revoked for three consecutive years or more and that the opposed mark has not been licensed for use, the People's Court may, based on this, presume the opposed party lacks the intention to actually use the mark and adjudicate that the opposed mark shall not be granted registration

(Second option: Delete the above article.)

Article 26 [Direct change in the legal basis in the review of rejections of trademark applications]

When the People's Court tries administrative cases involving reviews of decisions to reject marks, if it is held that the TRAB conducted substantive examination of the disputed facts and grounds, that the facts determined are clear, the examination procedures were legal and the conclusion of the litigated adjudication is correct, and it is only that the law applied is not correct, the People's Court may, based on the grounds of direct change of legal basis, judge that the plaintiff's claims in the lawsuit shall be rejected.

Article 27 [Substantive examination]

When trying administrative cases involving the grant and confirmation of trademark rights, the People's Court shall examine all the substantive issues covered by the TRAB's adjudication and over which the concerned party is dissatisfied, and it shall provide clear opinions regarding those which can be determined based on the available evidence.

Article 28 [Substantive settlement of disputes]

Where upon examination the People's Court holds that all the grounds of the TRAB for invalidation of a disputed mark cannot be established, that all the grounds of the applicant for invalidation have been examined, and that the disputed mark shall be maintained, the People's Court may directly judge that the litigated adjudication shall be cancelled and refrain from ordering the TRAB to issue a new decision.

Article 29 [Recurrent litigation]

Where the judgment of the People's Court takes effect and already clearly confirms corresponding facts and the application of the law, and if the party concerned files a law suit against the new adjudication made by the TRAB based on the effective judgment, the People's Court shall, in accordance with the provisions of Article 44.1 (10) of *the Interpretations by Supreme People's Court on Several Questions Related to the Implementation of the Administrative Litigation Law of the PRC*, refuse to accept the case; where it has already been accepted, the People's Court shall adjudicate that the litigation shall be rejected.