International Trademark Association

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INTA Comments on the Draft Certain Provisions for Regulating Application for Trademark Registration

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The International Trademark Association (INTA) is pleased to submit these comments for consideration in promulgating the *Certain Provisions for Regulating Application for Trademark Registration* ("Draft Provisions")

INTA is a global organization of 7,200 brand owners and professionals from over 191 countries, including 269 members in China. INTA is a not-for-profit membership association dedicated to supporting consumer confidence, economic growth and innovation. Founded in 1878, INTA is a leader in global trademark research, policy development, and education. For more information please visit our website at www.inta.org.

The following comments were prepared by INTA advocacy committees and staff. We would welcome the opportunity to discuss these issues in-depth and to answer any questions. The below input is submitted in the format provided for this purpose. We hope you will find our comments helpful.

I. General Comments

INTA commends the initiative of the Chinese government to curb the problem of bad-faith trademark applications in China. We agree that the large volume of trademark applications that are filed in bad faith before the Trademark Office places a significant burden on government resources and the resources of legitimate brand owners. The proliferation of trademarks filed in bad faith harms the effectiveness of the trademark system as a whole, and violates the foundational principles that animate the *Trademark Law of the People's Republic of China* ("Trademark Law"). Those foundational principles are set out in Article 1 of the Trademark Law, and include *inter alia* the strengthening of the administration of trademarks; the protection of the rights of legitimate trademark owners; safeguarding the interests of consumers, manufacturers and business operators; and the promotion of the healthy development of the socialist market economy. The comments and suggestions proposed herein reflect and support these important principles.

As a general matter, INTA members have observed that the language of several Articles of the Draft Provisions is arguably ambiguous and potentially inconsistent with the current Trademark Law. INTA therefore hopes that these ambiguities can be clarified and that clearly-defined criteria and processes for determining "abnormal trademark applications" can be formulated so as to ensure that priority is given to both the quantitative and qualitative aspects of marks filed in bad faith, as well as take account of the impact of such filings on legitimate brand owners and the public. For example, the Provisions (particularly Article 3) leave ambiguous whether the TMO will in practice be willing to designate as "abnormal" applications by

parties that file obviously bad faith applications in relatively small numbers. Indeed, INTA members observe that a large proportion of cases involving bad faith applications in China involve just such circumstances.

II. Detailed Suggestions

Article No.	Content of the Article	Comments	Suggestions
Article 2	When applying for a trademark registration, an actual need for the exclusive right to use the trademark for goods or services in production and business activities is required, and shall not harm the existing prior rights of others. When submitting or representing others in submitting applications for trade mark registration, applicants shall comply with the relevant provisions of laws, regulations and rules, abide by the principle of honesty and credibility, and shall not engage in improper applications for trade mark registration.	An "actual need" to use a trademark is not a condition for obtaining registration of a trademark in the Trademark Law. It is thus inconsistent with current law and examination procedure to introduce an "actual need" standard for trademark applications.	We suggest that this reference to "actual need" be one of multiple factors to be considered when determining whether an application was filed in bad faith in violation of Article 7 of the Trademark Law.
Article 3	The abnormal acts of applying for trade mark registration mentioned in these Provisions refers to: (1) Applying for registration of a trademark that is familiar to the relevant public, and passing off the business reputation of another; (2) Preemptively applying for registration of a trademark that has been used by others and that has obtained a certain influence, and improperly extracting the business reputation of another;	In general, shifting the burden of proof will help reduce the practical burden on victim brands and TMO examiners. This Article should clarify that the abnormal applications should not be limited to marks that cover identical and/or similar goods, but also different goods in different classes/subclasses. Item (4) is not clear. It should clarify whether this would pertain to refiling by a legitimate brand owner of the same trademark every three years in order to avoid susceptibility to cancellation on grounds of non-use.	Suggest clarifying whether Item (1) would take account of the reputation of marks outside of the PRC. Bad faith filers often prey on companies or brands that have a certain degree of reputation in global markets but have yet to file trademarks in the PRC or formally enter the PRC market. Evidence of overseas fame and reputation is often very important because failure to take account of such fame could serve as a barrier to market entry to

	(3) Preemptively applying for registration of a trademark that is the same of similar to that of another, when one knows or should have known of the existence of other's prior rights; (4) Applying repeatedly for trademark registration with obvious improper purposes; (5) Applying for a large number of trademark applications within a short period of time that obviously exceeds reasonable limits; (6) Applying for trade mark registration without a genuine intention to use or without an actual need to obtain exclusive trademark rights on goods or services; (7) Engaging in other acts when applying for trademark registration that violate the principles of honesty and good faith, infringe upon the legitimate rights and interests of others or disrupt the market order; (8) Helping others or trademark agencies with applying for trademark applications with the actions mentioned in items (1) to (7) of this Article.	Item (5) introduces the concepts of "reasonable period of time" and "reasonable limit", but provides no guidance as to how these terms would be applied in practice. Item (6) introduces an "intent to use" standard that is not consistent with the Trademark Law. Item (7) references "other actions" but provides no guidance as to what these other actions may cover.	many small and medium sized companies that are often the target of bad faith filers in the PRC. Include illustrations to assist TMO examiners in determining whether a particular case qualifies as "abnormal". Clarify that action may be taken against serial pirates based not only on the number of filings but the "quality" or obviousness of the act. For example, the filing of one trademark application that comprises a clear and intentional copy of a highly distinctive third-party mark in bad faith should meet the "qualitative" threshold in light of the net effect on the victim brand owner and the public. Clarify that "abnormal" status should be recognized and victim brands protected based on the results of online research by the TMO examiners that confirm the influence and use of the mark outside of the PRC. Include a definition of " repeatedly filing applications for trademark registration with a clearly improper purpose" (art. 3.4)

Article 4	The following acts shall be handled in accordance with the provisions of the Trademark Law and the Implementation Regulations of the Trademark Law for the abnormal applications for trademark registration: (1) When an application for trademark registration is filed, the applicant shall submit the relevant evidentiary materials and explain the reasons for the application in accordance with Article 29 of the Trademark Law, and if there is no proper reason or the evidence is insufficient, the application shall be rejected in accordance with Article 30 or registration shall not be granted in accordance with Article 35 of the Trade Mark Law; (2) When registration of a trademark has been obtained, if the trademark has been registered by other improper means as stated in Article 44 of the Trademark Law, the registration of trademark should be declared invalid; (3) When a registered trademark is acquired via an assignment, and the assignment causes other adverse effects as provided in Article 42 of the Trademark Law, it shall not be approved; (4) When a trademark agency engages in abnormal acts	Item (1) appears to expand the normal process contemplated under Article 29 of the Trademark Law. Article 29 provides a procedure for a TMO examiner to request information during the formalities review of a trademark application, such as a more precise description or an amendment to the filed trademark and doesn't include a process for introducing relative grounds for refusal. The potential options of initiating a filing stage relative grounds refusal would include petitions filed by third parties under Article 7 of the Draft Provisions, information gathered and shared by the TMO under internal blacklisting procedures, as well as the examiner's own research (including proprietorship searches and web searching) conducted during the normal examination process. Item (3) appears to be aimed at discouraging trademark hoarders from registering trademarks for profit. However, if implemented improperly, it could damage the very interests of legitimate right holders. Legitimate right holders will often use third party companies to purchase pirate marks from bad faith filers in order to avoid having to pay unreasonably high prices for the marks. It is thus hoped that a procedure would be set up by the CTMO to ensure that an assignee has an opportunity to show whether they have legitimate rights to the mark or have been authorized	Specify in more detail the types of evidence that a suspected bad faith filer may be required to file. Include an article, in which examiners may reject trademark applications where the applicant has been requested to provide an explanation or evidence during prosecution but fails to do so. Explicitly grant the TMO the power to invalidate registrations under Article 44 together with other provisions that involve bad faith, such as Article 15 (filings by agents, representatives and associated parties) and Article 32 (prior rights, including copyright, trade names, personal names, etc.). Allow the TMO to initiate non-use cancellations against abnormal registrations. Allow the rejection of applications for assignment of pending trademark applications, and not just registrations. Include more detailed language clarifying the obligations of trademark agents to refrain from assisting bad faith pirates, as well as the potential penalties. Delegate power to local Market Supervision Bureaus to conduct investigations into

	of applying for trademark registration that disrupts the trademark agency market by other improper means as provided in Article 68 of the Trademark Law, it should be recorded in the credit profile. If the circumstances are serious, the acceptance and handling of the trademark agency's business shall cease.	by a legitimate rights holder to conduct a purchase.	misbehavior by such trademark agents. Add an article to stipulate the procedure to file a complaint with the TMO during the examination procedure of a mark. Consider the following additional measures: i) Requiring accelerated processing of cases involving bad faith, or at least those where the circumstances are extreme – such as where pirates have commenced use of marks; ii) Granting to petitioners in non-use cancellations in the first instance the right to review and comment upon evidence of use filed by bad faith filers; iii) Accelerating the processing of non-use cancellations involving abnormal filings; iv) Providing public access to all decisions of the TMO, including in application rejections, appeals and oppositions. v) Specifying the consequences if an alleged bad faith filer presents false evidence; vi) Allowing the TMO or TRAB to consolidate proceedings at an early stage and in a manner that can reduce costs and

			increase efficiencies for all concerned. vii) Establish a procedure to ensure that an assignee has an opportunity to show whether they have legitimate rights to the subject mark or have been authorized by a legitimate rights holder to conduct a purchase before refusing to approve an assignment under Item (3).
Art 5	In relation to abnormal acts of applying for trademark registration, in addition to the provisions of the Trademark Law and the Trademark Law Implementation Regulations, the following measures may also be taken according to the circumstances Notices are to be circulated on the government website of the China National Intellectual Property Administration (CNIPA) and the *China Intellectual Property News*, and are to be published in the national credit information sharing platform, and the relevant departments shall take disciplinary measures according to the law. The amount of registered trademarks obtained through abnormal applications shall be removed from the CNIPA trademark application statistics and marked as such. The departments responsible for intellectual property at all levels shall not provide any subsidy, , support or reward to	Item (3) is an excellent suggestion: any subsidy awarding trademark registration should be reimbursed. Item (4) is agreed, but the self-regulatory measures should be defined. Point (5) is welcomed provision.	The conditions in which the general public may have access to the list of trademark applicants whose trademarks have been cancelled, and the reasons, should be precisely detailed. Consider providing that the improper registrant should pay a fine.

	abnormal applications; if abnormal acts of applying for trademark registration are identified after a subsidy support or reward, it shall be reimbursed in full or in part according to the circumstances; if the circumstances are serious, the applicant or its affiliates shall not be subsidized, supported or rewarded for five years following the date that the abnormal application for trademark registration as recognized. When a trademark agency engages in abnormal acts of applying for trademark registration, the CNIPA shall conduct a rectification interview with its legal representative, and the Trademark Industry Association shall take industry self-regulatory measures against the agency and relevant trademark agents according to law. If subsidies, support or rewards are obtained via abnormal acts of applying for trademark registration, and such acts fall under serious circumstances and constitute a crime, the applicant shall be transferred to the relevant authorities for investigation for criminal liability in accordance with law.		
Art 7	The departments responsible for intellectual property at all levels shall promote the high-quality development of intellectual property rights,	.	Set out more detailed procedures for the processing of petitions from the public, including granting of petitioners the

	actively guide the public and trademark agencies to apply for trademark registration in accordance with law, and regulate the use of registered trademarks by the public in production and business operation activities. If any organization or individual discover abnormal acts of applying for trademark registration, it may file a report to the CNIPA. When the CNIPA receives a report or discovers abnormal acts of applying for trademark registration, it shall promptly handle it according to law.		right to a formal response from the TMO within a reasonable time which explains the status and results of their petitions. Include wording that gives the TMO the right to reach out to petitioners and indeed any other suspected victim of piracy to provide views or evidence to assist the TMO in making determinations that a given party is an "abnormal filer". In order to ensure that the reporting process contemplated in Article 7 is not abused, CNIPA should establish a mechanism to ensure that reports filed regarding alleged abnormal acts are supported by bona fide evidence that the reporting entity is the concerned right holder. Allow for organizations or individuals that report abnormal acts of applying for trademark registration by trademark pirates to support their reports with reference to certain oppositions and/or invalidations that have been won in the past so that the examiners can make decisions based on the arguments and evidence filed on those cases.