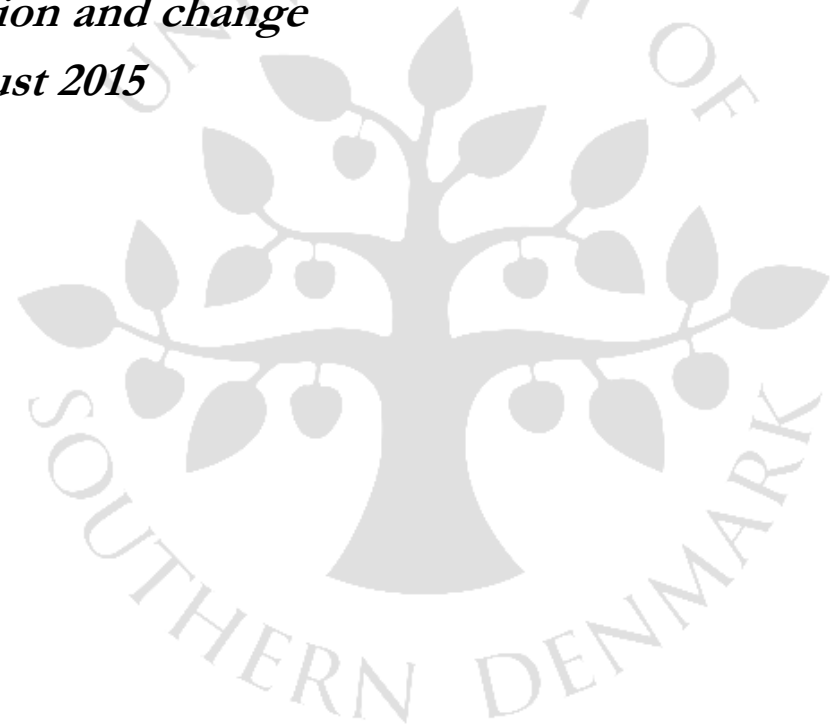




The new Trademark Law of the P.R.C.

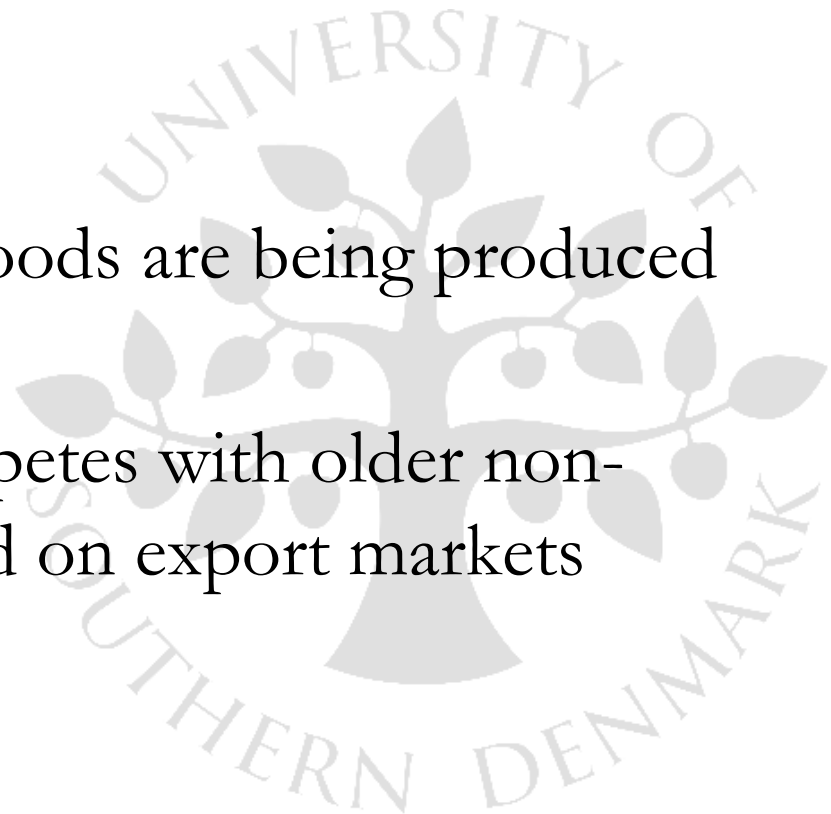
Legal Culture - tradition and change

Bergen, August 2015



Trademark Owners interest in China

- China as a market
 - Growing middle class
 - Growing consumption
- China as a manufacturer
 - A large part of the legal goods are being produced in China
 - Chinese legal brands competes with older non-Chinese brands locally and on export markets



Development of the Chinese Trademark Law

- 1928: First Intellectual Property Law - The Nanjing Government Copyright Law
- 1983: First Chinese Trademark Act came into force
- 1993: Possibility to register trademarks
- 2001: China joined the WTO and thereby accepts the minimum requirements of TRIPS
 - Has acceded to most international conventions

International relations

- The need for modern intellectual property law occurred in the end of the 1970's
 - Financial reforms
 - The desire to attract international investors
- In many years China has occupied a prominent place on America's so-called Special 301-list of countries that have problems with the protection of intellectual property rights and the enforcement of these
 - 2014 Special 301 Report on Copyright Protection and Enforcement

Clause of Purpose

- Improving the administration of trademarks
- Protecting the exclusive right to use a trademark
- Encouraging producers to guarantee the quality of their goods
- Protecting consumers' interests
- Promoting the development of a socialist market economy



Chinese trademark registration

- Trademark registration: China Trademark Office (CTMO) – part of the State Administration for Industry and Commerce
- Board of Appeal: The Trademark Review and Adjudication Board
- Judicial review
 - Typically presented in front of "the Intermediate Court"
 - "The Higher Peoples Court", if more than 100 million yuan
 - A typical infringement case will usually last between 6 and 12 months

Processing time

- In 2013 CTMO received 1,881,546 applications
- Processing time: So far about 2 years at CTMO
- The new amendment introduced a 9-month processing period and a corresponding deadline at the appeal board
- Uncertain whether the processing deadline will have effect

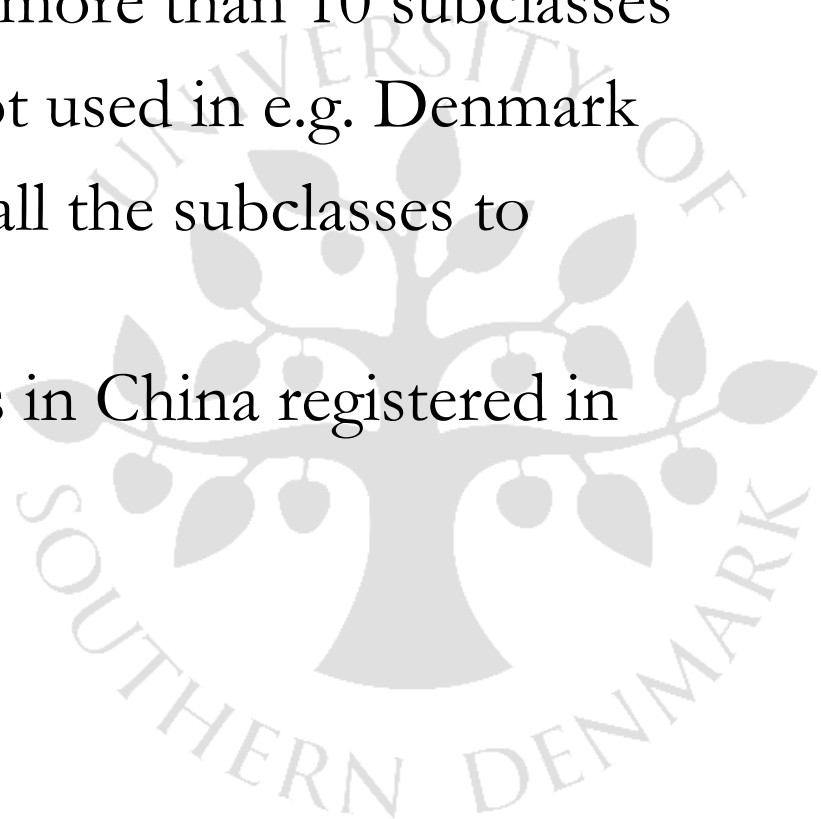


Registration or use

- In China, the trademark protection can not be achieved through commencement of use
- First in time is extinguished by registration
- Rights follows "first-to-file"
 - Provides the ability to acquire rights of a trademark owned and used by others in foreign countries
 - Can be exploited to sell the Chinese trademarks rights to the foreign rights holder for large sums as a form of domain-name-piracy
 - Can also result in local production and export

Classes of Goods

- Trademarks must be registered in classes of goods
- 45 after the international Nice-Classification
- In China subclasses are also used
 - For certain classes there are more than 10 subclasses
 - e contrario subclasses are not used in e.g. Denmark
- Registration is also required in all the subclasses to achieve protection
- E.g. the beer brand Carlsberg is in China registered in other classes than beer

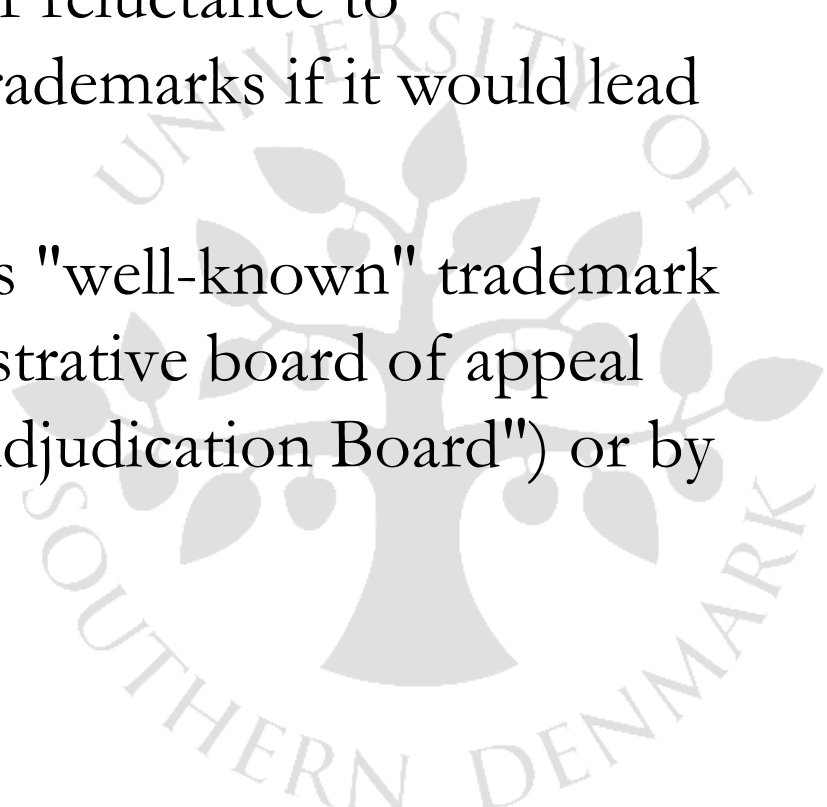


Good Faith

- New explicit requirement of good faith, Art. 15
- The requirement of good faith could already be inferred from the more general legislation ("Civil Code", art. 4)
- Unable to register:
 - For an agent: Without the authorization of the principal, seeks to register in the agent's name the principal's trademark
 - Only unable to register if the principal objects
 - For others than agents: Where the prior user's mark is clearly in use and an opposition to the trademark's registration has been filed

Well-known brands

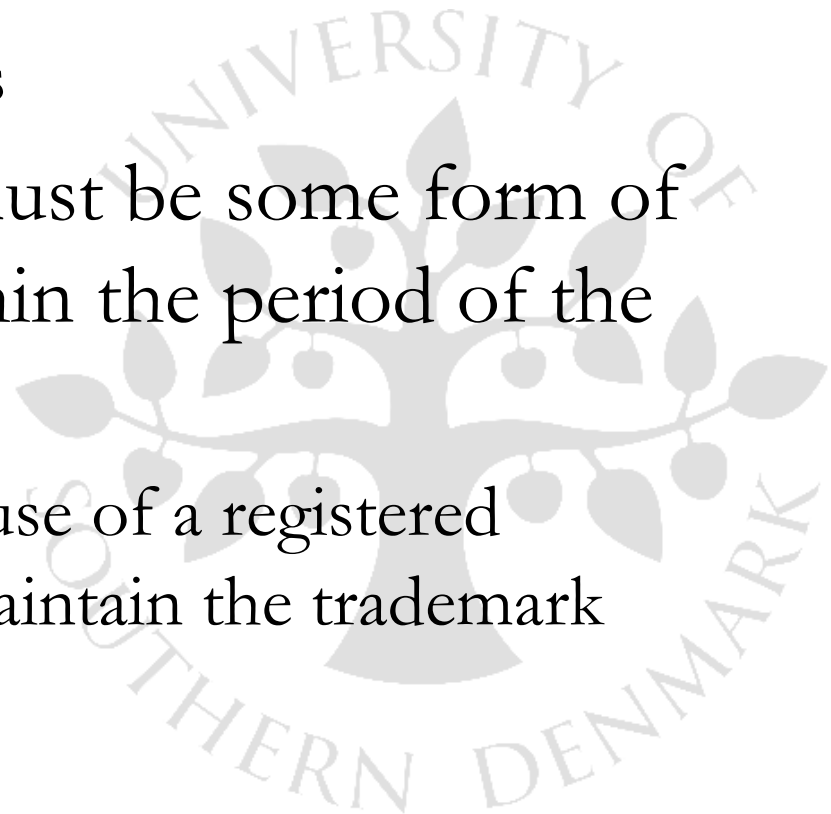
- The Paris Convention contains a provision that offers protection of the well-known trademarks
 - China has acceded
- CTMO has had a reputation for reluctance to acknowledge the well-known trademarks if it would lead to closure of Chinese factories
- In the future, the recognition as "well-known" trademark will also be made by an administrative board of appeal ("the Trademark Review and Adjudication Board") or by the courts



User Requirement

Use it or lose it

- Registered trademarks have to be used to maintain their protection
 - Deadline China: 3 years
 - Deadline Denmark: 5 years
- After Chinese law there must be some form of activity or advertising within the period of the indicated 3 years
 - An active and continuous use of a registered trademark is essential to maintain the trademark rights

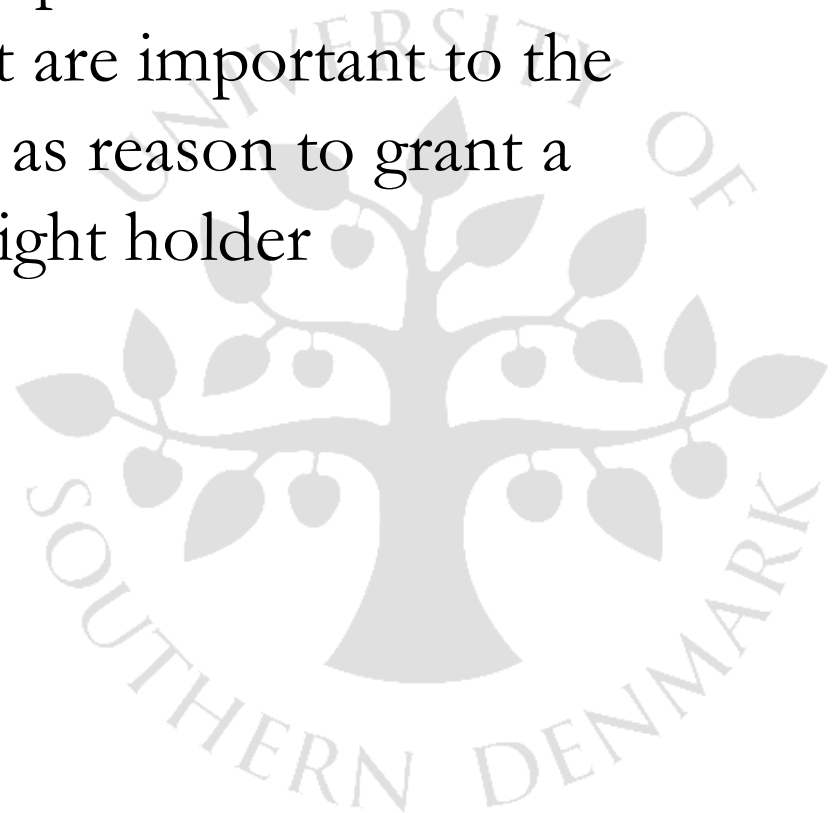


Fines and Compensation

- Amendment: fines up to five times the profit the trademark infringer has achieved
 - Further increase of a sentence in the presence of repetition
- The amount of damages equal to the actual losses (art. 63)
 - If the loss can not be ascertained, the compensation must corresponds to the profit (art. 63)
 - By malicious infringement and an existence of serious circumstances the amount may be tripled
 - The financial ceiling of compensation has been raised from 500 thousand to 3 million yuan, where the loss can not be determined (Art. 64)

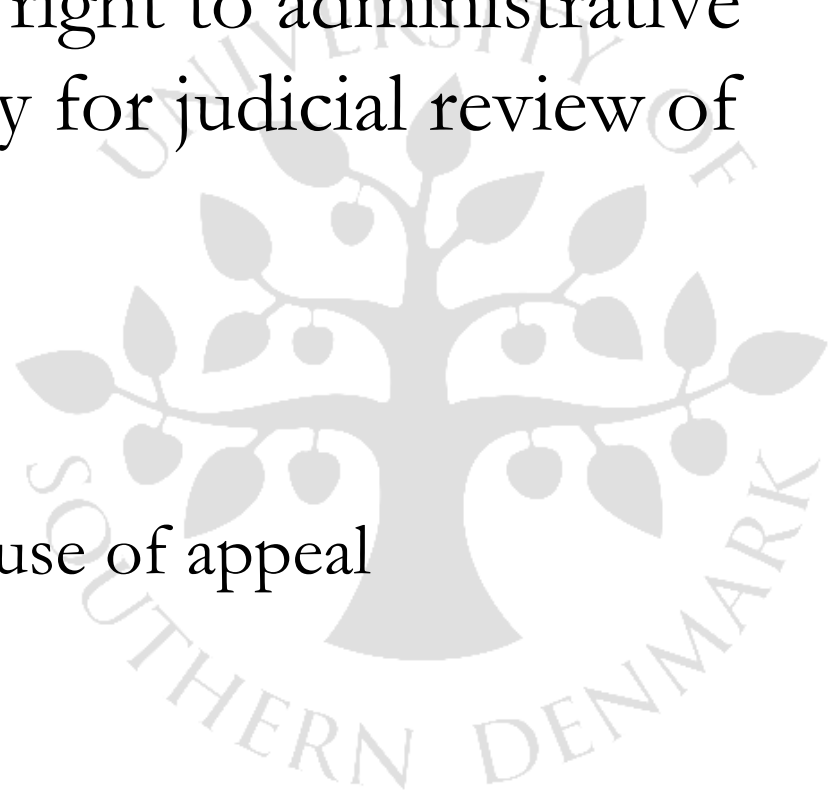
Obtainment of Information

- Expanded opportunities to obtain information from the trademark infringer
 - If the infringer gives a misrepresentation or refuses to provide information that are important to the case, the court will use this as reason to grant a compensation to the copyright holder



Avenue of appeal

- Avenue of appeal is often time-consuming
 - A burden for companies and the authorities
- The latest amendment of the Chinese Trademark Law limits the right to administrative appeal and the opportunity for judicial review of CTMO's decision
- Pros and cons
 - A lot depends on CTMO
 - Reduced possibilities of abuse of appeal



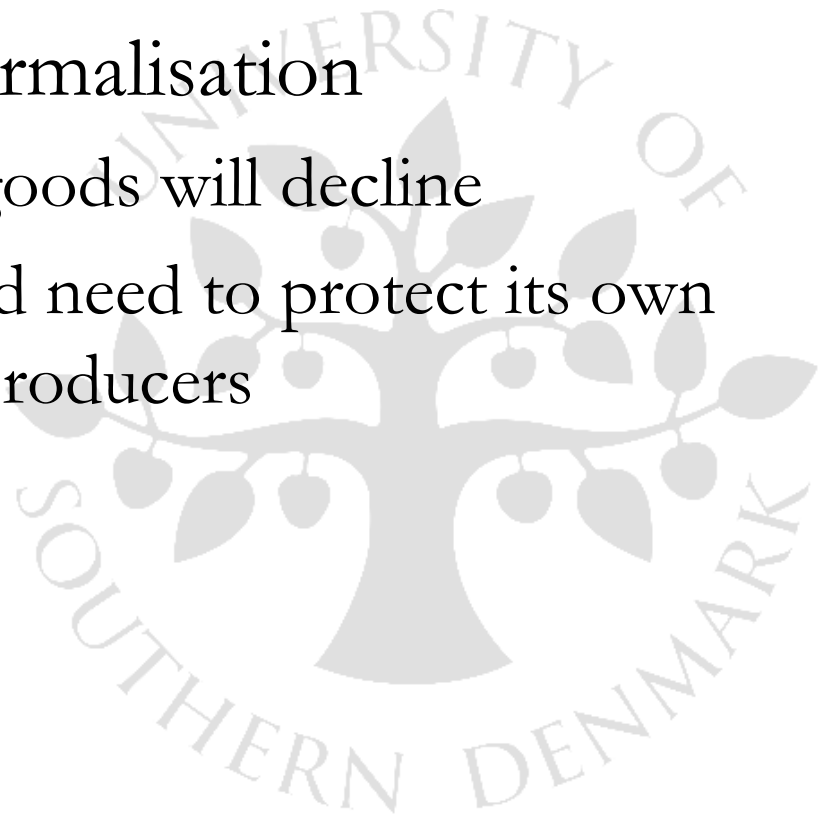
EU Customs Regulation

(Regulation (EU) 608/2013)

- Customs enforcement of intellectual property rights remains the most important means the EU uses to block the trade in counterfeit goods
 - The Commission publishes annually a report
 - Agreement between the EU and the P.R.C on customs matters, 2004/889/EC
- But what about competing trademarks?
 - Is customs enforcement the right tool to ‘settle’ such disputes?
 - How to deal with trademarks in one Member state, when the goods crosses the EU border in another Member state?

And the future

- China will remain a central producer of goods to the rest of the world
- China will experience a normalisation
 - Production of counterfeit goods will decline
 - China will have an increased need to protect its own trademark against foreign producers



Notes

These comments are based on English translations of the Chinese and Danish trademarks acts:

- China: Trademark Law of the People's Republic of China (as amended up to Decision of August 30, 2013, of the Standing Committee of National People's Congress on Amendments to the Trademark Law of the People's Republic of China) - 中华人民共和国商标法（根据2013年8月30日全国人民代表大会常务委员会《关于修改〈中华人民共和国商标法〉的决定》修正） - www.wipo.int
- Denmark: Consolidate Act No. 109 of 24 January 2012 - Varemærkeloven - www.wipo.int

Thank you for your attention

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