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Three key trademark developments in China

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1. CNIPA's latest actions against trademark hoarding

The China National IP Administration (CNIPA) recently requires many companies that file a large number of trademark applications to explain and/or prove the actual usage or the bona fide intention to use.

This is because the marks are suspected to be filed without intention to use according to Article 4 of the Chinese Trademark Law, which provides that malicious applications without intention to use shall be rejected.

According to the Chinese Trademark Examination Guidelines, effective as from 1 January 2022, Article 4 limits such acts as malicious applications without intention to use and trademark hoarding.

The Guidelines interpret Article 4 as not applying to scenarios where an applicant applies for marks that are identical or similar to its own registered marks for defensive purposes, or where an applicant predicts its future business and files a proper number of applications in advance.

To cope with the new situation, we suggest that bona fide applicants immediately consider these three types of action:

- A. For marks already in use, applicants should collect and submit supporting evidence such as documents proving the mark designing process, mark usage on office supplies and promotional materials, sales documents, etc.
- B. For intent-to-use marks, applicants need to prove the rationality of the applications. In other words, applicants must show a realistic business plan for using the marks and the number of applications must be appropriate and/or reasonable.
- C. Regarding defensive marks, evidence proving the necessity and rationality of

the applications may help. If the applicants had suffered much from piracy, they should stress that the applications were filed to more cost-efficiently prevent the long-bothering piracy.

If some applications cannot be classified into the three types, it is advisable to voluntarily withdraw them so that the remaining applications can be accepted.

2. Supervision and administration of trademark agents

On 1 November 2022, CNIPA released the Rules on Supervising and Adminstrating Trademark Agents, effective as from 1 December 2022. These include five chapters and 43 rules, including regulations about the recordal of trademark agents, code of conduct, supervision and punishment.

The Rules particularly provide that the trademark agencies shall be recorded every three years. Because of the low threshold of trademark agents, about 70,000 trademark firms have been established in China and many are in irregular business. The recordal procedure is quite likely to eliminate the irregular ones and reduce the total.

The Rules have listed the illegal conducts, including the acts of assisting the filing, transfer, and abuse of bad faith marks. A firm or practitioner with illegal conducts will be punished and recorded in the official credit system, and accordingly, the firm or practitioner's qualification to practice before the CNIPA might be suspended or terminated.

Hopefully, the Rules will large clean the trademark services market and help to lift the professionalism of the Chinese trademark agents.

3. Exceptional case: Beijing courts accept letters of consent

Recently the CNIPA, the Beijing IP Court and the Beijing High People's Court (i.e., the first instance and final instance administrative courts) have rarely accepted letters of consent to coexistence of similar or identical marks on similar or the same goods or services.

Applied-for mark	Cited mark
BOND	 BONDTECH

However, on 30 August 2022, the Beijing High People's Court upheld the Beijing

IP Court's ruling in the final administrative lawsuit No. (2022) JingXingZhong1318 that because the applied-for mark BOND, International registration number 1485169, and the cited mark BONDTECH & DESIGN, number 36852077, both designated for 3D printers, etc. in subclass 0753 and plastic processing machines, etc. in subclass 0726 of international class 7, are different to some extent.

Because the owner of the cited mark has provided a letter of consent to the co-existence, the two marks shall be determined as not confusingly similar and not constitute similar marks on similar or identical goods.

As many letters of consent failed to convince the CNIPA or the courts, this case is exceptional. Although this is but one case and does not represent an official change of attitudes to letters of consent, it may be cited as a new precedent in other cases.