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## **New Trends and Tips on Chinese Trademark**

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On January 13, 2023, the China National Intellectual Property Administration (CNIPA) released the draft 5<sup>th</sup> Amendment to the Chinese Trademark Law. The draft has attracted attention from all circles, as it breaks through the former amendment in many aspects. I would like to briefly introduce some important trends with tips below for your reference.

### **1. New provisions for curbing bad-faith filings**

To more effectively curb bad-faith filing, the draft has provided the following new articles:

- 1) Article 45, for trademarks that infringe others' well-known marks, constitute piracy of the principal's trademarks, or squat others' prior used influential trademarks, the right holders may request, together with the invalidation applications, the compulsory transfer of the infringing registrations to the holders.
- 2) Article 67, a maximum fine of CNY0.25 million may be imposed on the bad-faith trademark filers.
- 3) Article 83, where the bad-faith trademark applications cause losses to the right holders, the right holders may file lawsuits to recover the losses.

At present, the holders, after success in opposition, invalidation and/or cancellation, need to file their own new applications in place of the squatted marks. The above new provisions might more effectively curb bad-faith filings. The right holders should consider taking back their marks by serving cease and desist letters, warning the squatters of the possible complaints with the enforcing organs or the lawsuits before the court. Moreover, direct request for trademark transfer in invalidation might also be used to save the right holders' and the relevant authorities' resources.

### **2. Use requirement**

According to Article 61 of the draft, a trademark registrant shall, within 12 months after the

expiration of every five years from the date of trademark approval and registration, submit evidence to prove the use of the registered trademark or provide justifiable reason for non-use. If no explanation has been duly given, the CNIPA will notify the registrant and give another six months to respond. If the registrant fails again, the registered trademark shall be cancelled.

On the one hand, the use requirement puts some burden on those bad-faith trademark hoarders. On the other hand, the right holders should also be prepared in advance to meet the requirement. For example, if a mark is only used online and physical use evidence is absent, it is advisable to preserve the online evidence by conducting a webpage notarization in China, at least once every three years to meet this use requirement and avoid possible non-use cancellation. If only OEM manufacture is carried out in mainland China, the right holders shall particularly keep all the transaction documents, such as the official customs clearance documents.

### **3. Prohibition of duplicate applications**

Article 21 provides the prohibition of duplicate applications and the exceptions. In particular, an applied-for trademark shall not be identical with an earlier trademark for the same goods that the applicant has applied for earlier, has been registered, or has been cancelled, revoked or invalidated by public notice within one year before the date of application. In my experience, this can help prevent the numerous bad-faith marks, but unfortunately, can also hinder the legitimate parties' duplicate applications for justifiable reasons.

Many practitioners submitted their opinions about this article, because under many circumstances, the right holders duplicate the filing to keep a pending application in line to wait for the results of oppositions, invalidations, cancellations, etc. against the prior obstructing marks. If the provision is approved, we hope the CNIPA can stay or suspend some proceedings when the determination of the prior rights involved must be based on the outcome of another pending case. In addition, filing new applications by designating similar goods to occupy the subclass concerned might also be a possible alternative.

The draft, after finalized, will be submitted to the Congress for examination and approval, which might take a few years. Nonetheless, some new provisions of the draft have already been put into practice in some leading cases. For example, a few victims of bad-faith filing have successfully petitioned local courts to recover their losses caused by squatting. It is advisable to try with similar actions in accordance with the new provisions to better support the good trends.