



Legal Framework and Trademark Examination Practice to Tackle with Bad Faith Trademark Applications in China

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I. Legal Framework

The new Trademark Examination and Trial Guidelines came into effect on 1 January 2022.

Highlights of Trademark Examination and Trial Guidelines:

Define “illegitimate means” “bad faith”

In Chinese Trademark Law, “bad faith” covers

- **some absolute grounds for refusal**
- **some relative grounds related to private rights**

A Damaging prior legitimate rights or interests of a third party

— relative ground, detrimental to private rights of specific entity

➤ Trademark right

- **Prior trademark registration or prior application**

- **Prior non-registered trademark right**

protect to different extent, depending on the specific circumstances of prior uses, and varying degree of knowledge based on prior uses

➤ Other prior rights (interests) other than trademark right

B Breach of fiduciary duty based on contractual relationship or other specific relationship

C Damaging public interests

— absolute ground, detrimental to public interests of non-specific entity

A Damaging prior legitimate rights or interests of a third party

➤ Trademark right

- Prior trademark registration or prior application

- Art 30, 31

- Art 13.3 — Protection of registered well-known trademarks in dissimilar goods/services

- Prior non-registered trademark right

- Art 13.2 — Protection of unregistered well-known trademarks in similar goods/services

- Art 32.2

➤ Other prior rights (interests) other than trademark right

- Art 32.1

- *copyright, *right of trade name, *right of personal name, etc.

- Art 16.1 — Protection of GI

- (no matter whether registered as collective or certificate mark)

B Breach of fiduciary duty based on contractual relationship or other specific relationship

□Art 15.1—Prohibition of registration by agent, representative in a binding contractual relationship

□Art 15.2—Prohibition of registration by other party with specific relationship, other than those prescribed in Art 15.1

- Buyer-seller relationship
- Consigned processing relationship (OEM?) ;
- Franchise relationship (trademark license agreement)
- Investment relationship
- Sponsorship or joint activity;
- Business investigation or negotiation relationship
- Advertiser-agency relationship
- Family relationship(kinship)
- Subordination relationship (e.g. other ordinary employees, except the representative defined in Art 15 .1)

• etc

C Damaging public interests

□ **Art 44.1**—Prohibition of registration obtained by fraudulent or other illegitimate means

□ **Art 10**—Prohibition of use, legitimacy threshold

Art 10.1.8—detrimental to morals or customs, or having other adverse social impact

Art 10.1.7—deceptive and likely to mislead the public in terms of the quality or other characteristics, or place of origin of the goods

□ **Art 19.4**—Prohibition of registration applied by trademark agencies beyond their agency services

□ **Art 4**—Prohibition of registration filed in bad faith and without genuine intent to use

II. Trademark Examination Practice

ex officio

- **Examination proceedings**
- **Invalidation**
- **Transfer examination**

inter partes proceedings

- **Opposition**
- **Review of opposition decision rejecting registration**
- **Invalidation**
- **Cancellation**

ex officio

➤ **Examination proceedings**

- ❑ **Art 4**—bad faith and lack of genuine intent to use
- ❑ **Art 10.1.7** — deceptive and misleading
- ❑ **Art 10.1.8** — adverse social impact
- ❑ **Art 30, 31** — similarity

Who may oppose/request invalid and What can they argue?

Any party

Legitimacy
(Art 10)

Distinctiveness(Art 11)
Functionality(Art 12)

Bad faith (absolute)
(Art 4/19.4/44.1)

Holder of prior right and
interested party

Well-known(Art 13)

Fiduciary duties(Art 15)

GI(Art 16)

Prior application(Art 30/31)

Prior use(Art 32.2)

Other prior right(Art 32.1)

Some Provisions on Regulating the Application for Trademark Registration

Transfer shall not affect the determination of bad faith

2021 Statistics

- **Examination: refuse 482,000 including 60,400 stockpiling**
- **Opposition: reject 13,000**
- **Review and adjudication: refuse, reject or invalid 17,000**
- **Invalidation *ex officio*: invalid 1,729**
- **Transfer examination: disapprove 421**

III. Summary

Administrative proceedings to crack down on trademarks filed in bad faith



Protect legitimate rights or interests of third party and the public



Crack down on trademark filed in bad faith



Equal protection for domestic or foreign parties



Thank you -
Questions?

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