

AIPLA

American Intellectual Property Law Association

July 30, 2018

to 商标局法律处]

VIA EMAIL (sbjlaw@saic.gov.cn)

Re: AIPLA'S Comments on the Revision of the Trademark Law of the People's Republic of China 商标法修改公开征集意见

Dear Sir or Madam:

The American Intellectual Property Law Association (“AIPLA”) is pleased to submit the attached comments in response to the request for public comments on the revision of the Trademark Law of the People’s Republic of China (the “Trademark Law”).

AIPLA, located in Arlington, Virginia, close to the United States Patent and Trademark Office (“USPTO”), is the largest association of intellectual property practitioners in the United States. We have approximately 13,500 members from law firms, government agencies, the judiciary, and academia, including many international affiliate members from China and other countries, and members engaged in business or representing clients engaged in business in China. AIPLA members represent a wide and diverse spectrum of individuals, companies, and institutions involved directly or indirectly in the practice of patent, trademark, copyright, trade secret, and unfair competition law, as well as other fields of law affecting intellectual property. Our members represent both owners and users of intellectual property. Our mission includes helping to establish and maintain fair and effective laws and policies that stimulate and reward invention while balancing the public’s interest in healthy competition, reasonable costs, and basic fairness.

We commend the State Administration for Industry and Commerce of the People’s Republic of China (“SAIC”) on its efforts to strengthen the protection of intellectual property rights in China, and to improve examination quality and efficiency relating to trademarks through revisions to the Trademark Law. AIPLA greatly appreciates the opportunity to provide the attached general comments in connection with the revisions to the Trademark Law. AIPLA would also welcome the opportunity to provide additional comments on any specific revisions to the language of the Trademark Law that may be drafted and proposed in response to this initial round of comments.

AIPLA Comments on the Revision of the Trademark Law of the People's Republic of China (商标法
修改公开征集意见)

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If you have any questions, require further information, or would like to discuss AIPLA's
comments or any other trademark issues, please let us know.

Sincerely,

此致



Myra H. McCormack

President 主席

American Intellectual Property Law Association

美国知识产权法律协会

AIPLA'S Comments on the Revision of the Trademark Law of the People's Republic of China

I. Bad-Faith Filings and Fraud

Bad-faith trademark filings are a worldwide problem. AIPLA commends the State Administration for Industry and Commerce of the People's Republic of China ("SAIC") for its efforts to confront and combat this problem. AIPLA appreciates the SAIC's participation in meetings with the United States Patent and Trademark Office ("USPTO") and other Trademark Offices to discuss the challenge of bad-faith filings, including through the TM5's project on bad faith. SAIC's decision to revise the Trademark Law represents another important step toward protecting trademark owners from this malicious practice, which continues to cause legitimate rights holders significant reputational and economic harm in China and elsewhere.

Below is a non-exhaustive list of suggestions aimed at preventing bad-faith filings and other types of fraudulent practices before the China Trademark Office ("CTMO").

1. Provide Statutory Basis for Examiners to Request Evidence to Investigate Potential Bad-Faith Filings

To combat bad-faith and fraudulent filings, AIPLA believes that examiners should have discretion to require that applicants support during prosecution the basis for their claim of good faith (for example, when the applicant appears to have filed for an excessive number of marks, appears to be involved in serial piracy, or has filed for a mark of another in which applicant does not appear to have rights). The Trademark Law should provide a statutory basis and guidelines for when such inquiries can be made, and also requirements that applicants, counsel, and agents must respond truthfully, or risk penalties.

2. Procedure to Bring Bad-Faith Evidence to the Attention of the Chinese Trademark Office and Examiners During Prosecution

AIPLA suggests implementing a procedure that would allow others to submit evidence of bad faith by the applicant to the Chinese Trademark Office during prosecution. The examiners at the CTMO have a heavy workload and could benefit from the assistance of the public in identifying bad-faith filers and bad-faith evidence. Evidence of bad faith could be submitted to an office within the CTMO tasked with reviewing the evidence and determining whether it should be passed onto the examiner. If passed onto the examiner, the examiner would be required to consider the evidence and, if appropriate, use the evidence as a basis for refusing applications based on bad faith. This process would provide a "back-up" system to bring evidence to examiners' attention that they may not be aware of given the limited time and resources available to them to review applications. In the case of bad faith, this type of procedure or a similar one could assist with bringing evidence of fraud or bad faith to the CTMO examiner's attention early in the process, as opposed to having to wait until proceedings before the Trademark Review and Adjudication Board ("TRAB").

3. Increased Transparency During Opposition and Invalidation Proceedings Before the TRAB

Under current practice before the TRAB, the opposing party cannot review and respond to the arguments and evidence filed by the applicant or respondent. The responsive briefs and evidence are not reviewable until the appeal phase. AIPLA believes the opposing party should be permitted to review all of the evidence presented by the applicant or respondent. By requiring this disclosure, the opposing party could assist the TRAB in identifying false and fraudulent evidence and bad-faith filings. For example, in many countries, all papers filed during a trademark appeal must be provided to the other party, and in some instance the case files are publicly available. This helps an opposing party identify bad-faith activities or fraud. It also allows third parties not involved in the proceeding to identify patterns of bad faith or fraud by particular applicants and/or attorneys. Increased transparency is therefore an important step to combatting bad-faith filings and fraud.

4. Standard for Finding Bad Faith

Even in cases where a trademark applicant in China has clearly filed in bad faith to trade off the legitimate rights of a foreign trademark owner, the current standard for establishing bad faith before the TRAB is often too rigid and difficult to meet. In the revisions to the Trademark Law, this bad-faith standard should be adjusted to prevent *all* bad-faith filers from obtaining rights at the expense of legitimate rights holders, not just those bad-faith filers who have engaged in the most egregious behavior.

5. Amend the Trademark Law to Allow Invalidations to be Filed After Five Years for Bad Faith and Fraud for All Marks

The Trademark Law currently permits invalidations on the ground of fraud within five years of registration, and invalidations for fraud where a well-known mark is registered in bad faith at any time. If a mark is registered in bad faith or fraud is committed on the CMTO, an invalidation should be permitted on these grounds at any time for all marks, not just well-known marks.

6. Good-Faith Application Requirement with Penalties for Applicants and Representatives for Bad-Faith Filings and Fraudulent Activities

AIPLA proposes a filing requirement that applicants sign a declaration attesting that they have filed in good faith, and the applicant has not filed with the intention of registering or using the mark to trade off the goodwill of another, or with knowledge that another trademark owner has rights in the applied-for mark. We recommend consideration of additional means to address the particular problem of applicants filing for pirated marks of domestic and foreign trademark owners in bad faith.

Additionally, filing a false or fraudulent declaration could be an independent basis for refusal of registration *and* an independent ground for another to challenge the application before the TRAB. Further, there should be other potential penalties for making false or fraudulent statements in the declaration, including possible sanctions against the applicant or

attorney/agent, deletion of the affected goods or services from the registration and/or invalidation of the registration, and criminal prosecution for perjury. See further discussion of penalties in Section I.7 below.

7. Penalties for Bad-Faith Filings and Fraud on the CTMO

Under the current Trademark Law, certain sanctions and punishments are available to penalize illegal and unethical behavior by trademark agents and repeat infringers. However, there are currently no provisions that specifically address bad-faith, fraudulent, or malicious activities by applicants, agents, and firms practicing before the CTMO. AIPLA believes these unlawful practices could be reduced by revising the Trademark Law to expressly state that such activities are likewise subject to sanctions and penalties.

II. Practice and Procedure Before the CTMO, TRAB, and Courts

In addition to the focus on bad-faith filings above, AIPLA provides the following proposals to decrease the workload of the examiners and judges, increase prosecutorial effectiveness, and facilitate fair and efficient resolution of disputes before the TRAB and courts.

1. Requests for Suspension When Opposition or Invalidation Proceedings Are Initiated Against a Blocking Registration

When an application is refused registration due to a prior registration, the applicant may file an invalidation against that blocking registration. The applicant can request that its application be suspended pending disposition of the invalidation proceeding, but such suspensions are not automatic and are often denied. In that case, the application is likely to go abandoned before the invalidation is completed. The applicant must re-apply, and risks having an intervening application filed by another in the interim. AIPLA believes the Trademark Law should be amended to automatically grant suspension requests if an invalidation is filed against a cited mark and the request is filed while the invalidation is pending. Similarly, suspension requests should also automatically be granted where an opposition is pending against a blocking cited mark, or in ex parte appeals where an opposition, invalidation, or court case has been filed that could impact the determination of the appeal.

Suspensions should likewise be readily available and obtainable in district court cases with trademark infringement claims where the defendant has filed an action to invalidate the plaintiff's registration at the CTMO (for example, on grounds that the registration was obtained in bad faith, or the mark is not registrable on some other basis). Alternatively, invalidation/cancellation claims should be able to be raised in the district court case as a counterclaim. Currently, invalidation/cancellation claims must be brought separately at the CTMO, and these cases often lag too far behind the court actions to be effective. Allowing the invalidation/cancellation challenge to be brought in the court case would remedy this problem and make the proceedings more efficient and fair.

2. Refusals on Relative Grounds

AIPLA commends the current Trademark Law for providing statutory authority for refusing registration of trademarks on relative grounds (e.g., refusals based on other trademarks with prior rights). AIPLA believes strongly that this examination approach should remain in place in any revision to the Trademark Law.

3. Substantive Examination and Classification System

Under the current classification system in China, the goods and services in trademark applications are categorized into classes and sub-classes. These classes and sub-classes often have a substantive effect during examination, as opposed to merely providing an administrative function for categorization of the goods and services and calculating fees. For example, a prior registration may block an application for unrelated goods and services because the goods or services of the parties fall into the same class or sub-class. Similarly, an application may register over a prior registration for related goods and/or services because the goods and/or services did not fall within the same class or sub-class. AIPLA believes that the Trademark Law should be revised to clarify that goods and services may be related even if they fall within different sub-classes, or may be unrelated even within the same class. Flexibility is imperative to ensure that that actual standard of confusion is being applied, as opposed to an approach that gives undue weight to the class or sub-class, and not the actual similarities or dissimilarities between the goods/services at issue.

4. Response Time and Consented Extensions

The current Trademark Law indicates that any appeal of an examination decision must be filed within fifteen days. This 15-day deadline imposes undue burden on foreign applicants. Typically, Chinese counsel will need to communicate the action, possibly provide a translation, and discuss the action with the foreign lawyer, who will then need to do the same with his or her client. AIPLA believes that 15 days is not a sufficient period of time and places foreign applicants at a disadvantage during the appeal process.

Similarly, the deadline of 15 days for responding to Office Actions is also too short, and AIPLA believes that this response deadline should be extended under the new Trademark Law for the same reasons detailed above.

AIPLA also believes the Trademark Law should be amended to allow for extension of opposition deadlines and deadlines for filing supplemental submissions in oppositions and invalidations where the opposing party consents to the extension. This will allow more time to negotiate settlements, which would result in more settlements and reduce the workload of the TRAB.

5. Coexistence Agreements/Letters of Consent

AIPLA believes the Trademark Law should be revised to allow letters of consent and coexistence agreements to be submitted during examination (not just appeals) and to clarify that they should generally be entitled to great weight. The examiner or TRAB should not substitute its judgment concerning confusion for the judgment of the parties in interest without good reason. When those most familiar with the marketplace and most interested in precluding confusion enter into agreements designed to avoid it, this constitutes strong evidence that confusion will not occur. Accordingly, letters of consent and coexistence agreements should be strong evidence that both parties should be able to coexist without confusion.

6. Amendments to Specifications of Goods and Services

AIPLA believes amendments to specifications of goods and services should be allowed post-filing, post-registration, and during pending oppositions and invalidations. Many disputes can be resolved through an amendment to the specification in an application or registration to the satisfaction of both parties. Allowing such amendments will facilitate settlements and reduce the workload of the TRAB.

7. Default Judgments

Under the current Trademark Law, even when a party does not appear or defend an opposition or invalidation proceeding, the case is decided on the merits. AIPLA believes that the judges' workload could be significantly reduced by revising the Trademark Law to permit judgment by default to enter under those circumstances. Additionally, allowing judgment by default could help combat bad-faith filings by reducing the costs to litigate proceedings involving bad-faith filings. More proceedings could be brought, with greater likelihood of success, at less cost. Indeed, often bad faith filers do not respond to opposition or invalidation proceedings, and the TRAB could grant default judgment in those instances. Similarly, where a registrant or applicant has lost interest in the registration or application, and they choose not to defend, default judgments are appropriate. Allowing default judgments would streamline proceedings, save costs, and clear dead wood off the trademark register.