

TRADEMARK ENFORCEMENT IN CHINA

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Registration—A Necessary Step To Procure Exclusive Right To Use A TM in China

- I. A modern and internationalized TM legal system—
legal basis of protecting exclusive right to use a TM.
 - 1.1 In China only a registered trademark with the approval of Trademark Office can enjoy the exclusive right to use it (Art.3 TM Law).
 - 1.2 China is a member of Madrid Treaty and Madrid Protocol. Any foreigner can apply for TM registration on reciprocal basis (Art. 17 TM Law).
 - 1.3 Foreigner intends to handle TM matters in China shall entrust a TM agent approved by the State (Art.18 TM Law).

1.4 China is ranking number one in the world in 2002, 2003 and 2004 regarding the quantity of TM applications

year	1980-1999	2000-2004	2004
Number of TM applications in China	1.65 mil.	1.9 mil.	588 k
year	1982	1993	2004
Number of foreign TM applications	1565	> 20000	>60000
year	1979	2004	
Total number of registered foreign TMs	5130	403,000	

1.5 Application for TM application is a crucial matter for a company intending to enter into Chinese market.

No TM application—a lot of troubles will be caused.

- Is TM Right Enforceable in China

2.1 TM infringement in China

Number of cases	2001-2004	2004
handled by AIC at different level	169,600	51,851 Foreign TM15,494
handled by customs		1009; Total value RMB 78.77 mil. (US\$9.85 mil.)

2.2 How to Regard TM Infringement in China?

- TM infringement is a historical and economic phenomenon.
- Key point—the attitude of Chinese government towards TM infringement
 - ❖ The government has recognized the importance of protecting TM right.
 - ❖ The State Council has established a Working Group of Protecting IP Rights headed by Vice premier Wu Yi
 - ❖ The government has launched a special action of protecting IP rights from 2004 to 2005
- If the Chinese government disregard IP infringement—
Inflation of Trade4mark infringement will occur.

2.3 TM right is enforceable in China

- The Chinese government has a strong initiative to attack TM infringement.
- There are sufficient measures to fight against TM infringement
- As a matter of fact TM infringement has been seriously struck.
- Prospect—Optimistic.

III. Main Forms of TM Infringement

- 3.1 Using a trademark identical with or similar to the registered TM on the similar or same goods.
- 3.2 Selling goods that infringe on the exclusive TM right.
- 3.3 Counterfeiting or making representation of another person's registered TM, or selling such representations.

IV. How to Deal With TM Infringement in China

➤ Judicial Channel

- ❖ IP courts at different level.

➤ Administrative Channel

- ❖ Administration for Industry and Commerce (AIC at different levels)

- ❖ Custom Offices.

- ❖ Public Security Bureau at different levels.

4.1 Preparatory Work in General

- Conducting investigation of TM infringement.
- Collecting evidences of TM infringement.
- Entrusting a competent Chinese TM attorney or lawyer on your behalf.
- Deciding how to deal with the infringing action.

4.2 Judicial Channel

- The courts at different level constitute the judicial channel for handling TM disputes.
- Special IP courts were established under intermediate and high courts.
- ❖ 31 high courts and more than 400 intermediate courts are authorized to judge TM disputes.
- ❖ Highly qualified judges engaged in IP courts.
- From 1998 to 2004 Chinese courts have judged 38228 IP civil cases, 2057 IP criminal cases.

In 2004—2332 IP civil cases, 385 IP criminal cases and sentenced 528 criminals

4.3 Administrative Channel

(Simple, quick, effective, less expensive)

➤ AIC at different level

a. Tasks

- ❖ handling TM infringement on it's own initiative or upon the request of interested party.
- ❖ Ordering the infringer to cease infringing action immediately.
- ❖ Confiscating and destroying counterfeiting goods, representations and infringing tools.
- ❖ Imposing a fine upon the infringer.
- ❖ Requesting the court to enforce it's decision when the infringer ignores it.

b. Number of AICs in 2003: 52,534

Number of employees: 399,820

c. TM infringement handled by AICs

	2001-2004	2004
Handling unlawful TM cases	169.6K	51851
Handling TM infringing cases	113K	40171
Confiscating and destroying counterfeiting TM representations	529mil	39mil
Delivered to the court	286cases 300persons	96cases 82 persons

➤ Custom Offices

1. IP owner shall record their IP in the customs and apply for institution.
2. IP owner shall submit an application requesting the custom to adopt measures, and provide related information and evidences.
3. IP owner requesting the custom to seize infringing goods shall submit a bail bound equal to the price of the goods.
4. Where the infringing goods is determined the custom shall confiscate the goods.
5. Up to 2004 6257 IP rights were recorded in customs.

➤ Public Security Bureaus (PSB)

Where a TM infringement constitutes a crime, the court may request the Public Security Bureau to conduct an investigation for the infringer's criminal responsibility.

From 2000 to 2004 Chinese PSBs have tracked down 4269 criminal cases infringing TM right, related price amounted RMB 1.18 bil. Yuan, and arrested 5564 criminals.

V. Prevention of TM Infringement

5.1 Where an Illegitimate TM was registered, any party can request the TM Review and Adjudication Board (TRAB) to cancel it within 5 years.

5.2 If an identical or similar TM request for registration in the same class on the same goods, the interested party can raise an objection within 3 months.

5.3 Pre-trial injunction. If the infringement will cause irreparable harm, the TM owner may apply for a pre-trial injunction upon a surety.

VI. Punishment on TM Infringement

6.1 Civil remedy

Amount of compensation:

- 1) Profit earned from the infringement,
- 2) Losses suffered from the infringement,
- 3) Expenses infringed has paid to stop the infringement.

6.2 Criminal responsibility:

- 1) Using another's reg. TM which constitutes a crime,
- 2) Counterfeiting, making or selling another's reg. TM, which constitutes a crime,
- 3) Knowingly selling goods bearing counterfeit reg. TM, which constitutes a crime.

A blue-tinted photograph of a vast ocean under a cloudy sky. The text "Thank you !" is centered in the lower half of the image.

Thank you !