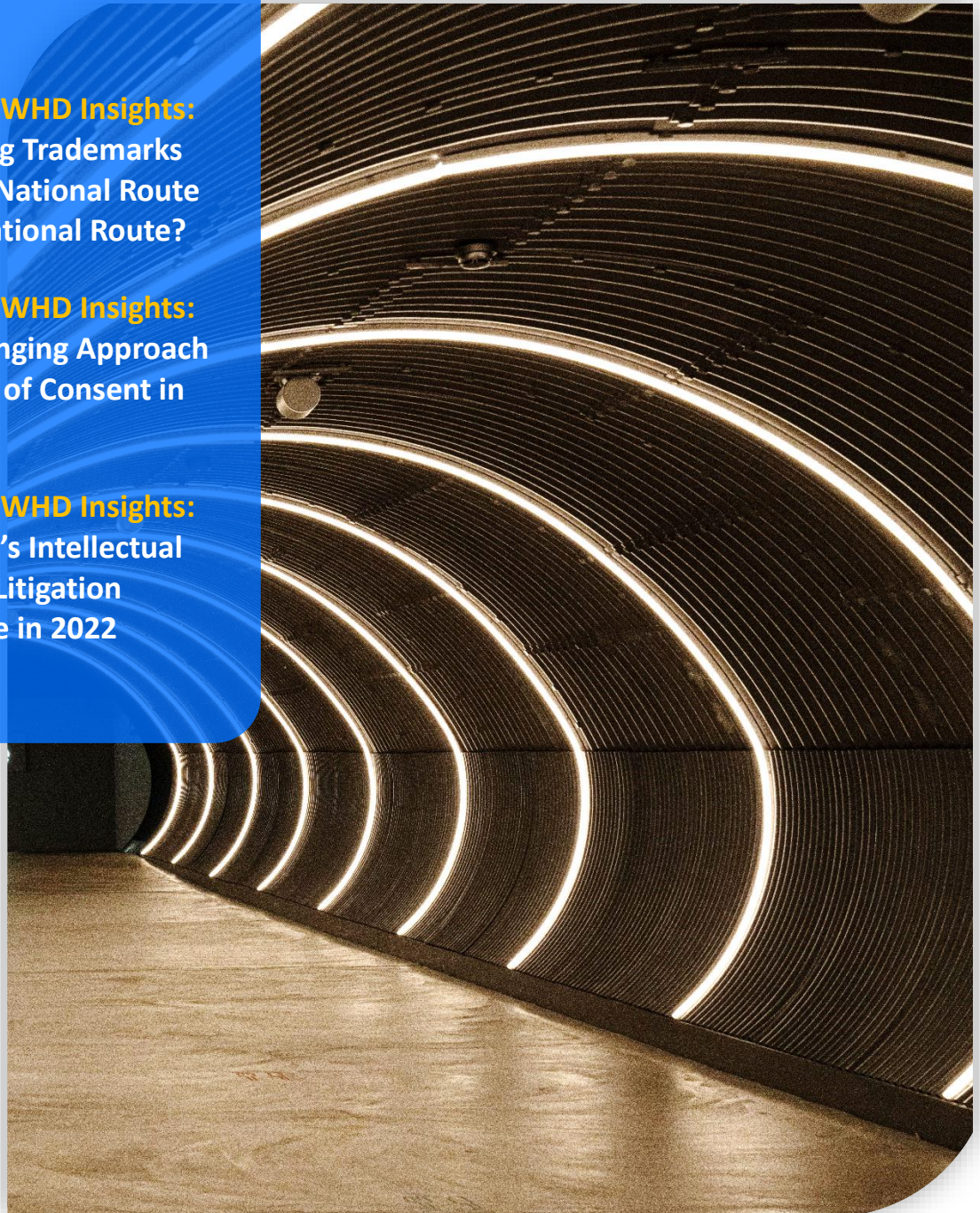


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n° 37 WHD Insights: TM | Filing Trademarks in China: National Route or International Route?

Yunquan Li, Yuanyuan Song, Junyi He, 11 January 2023, first published by [IAM](#)

Foreign entities or individuals seeking to register their trademarks in China have two options: filing the application directly with China National Intellectual Property Administration (CNIPA) (national route) or filing the application with the International Bureau of the World Intellectual Property Organization (WIPO) designating China, based on the Madrid Agreement and Madrid Protocol (international route). Each option has its pros and cons. The applicants are advised to refer to the below checklist to make informed decisions.

Eligibility of the Applicant

Any foreign entity or individual may file a trademark application in China, but the applicant's name and address must be translated into Chinese.

Applicant(s) filing Madrid applications should have a basic application or registration in a signatory State or Organization to the *Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks* (Article 2). The applicant should be 1) a national of the signatory State; or 2) is domiciled in the signatory State; or 3) has a genuine and effective industrial or business premises in the signatory State or the member state of a signatory Organization.

Agent and Recipient of Documents

Foreign applicants should entrust a qualified Chinese agent to file a national trademark application and all official documents will be addressed to the Chinese agent.

As regards the Madrid application, an applicant or its agent may file the application directly with the local IP office or WIPO. The applicant could not designate a Chinese agent specifically for the application designating China. WIPO will forward most official documents to the applicant or its local agent. The CNIPA will mail documents like the notice of non-use cancellation and the notice of an invalidation action against the registration directly to the applicant or the local agent filing the Madrid application. The applicant and its local agent should take heed of the documents sent by the CNIPA and respond before the deadlines.

Date of Application and Registration

For the national application, there will be an application date, and if approved, a publication period for opposition and then a registration date, should no opposition be raised or opposition be dismissed by the CNIPA.

For the Madrid application, the application date is the registration date. The application will proceed to registration if it meets no refusal from the CNIPA or no opposition from a third party.

Goods/services

National application:

In principle, the items of goods/services should be consistent with the Nice Classification in China. The examiner will exercise his/her discretion as to ascertain whether a non-standard item is acceptable. If the items are found to be non-standard or unacceptable, the CNIPA will issue a notice requesting the applicant to make amendments. If no response is made before the deadline, or the amended item is still unacceptable, the whole application will be refused.

In absence of a notice for amendment, the applicant, after filing a national application, may only delete some goods/services, without change or even limitation of the goods/services.

Madrid application:

Prior to examination, the CNIPA will translate the goods/services into Chinese, but the scope of protection should be subject to the goods/services recorded with the WIPO.

The CNIPA is more flexible to accept non-standard goods or services of Madrid applications. It rarely challenges the description of goods/services unless they are categorically unacceptable in China, for example, retail and wholesale services, gambling services, virtual currency, just to name a few. In case the applicant is or will be offering those goods/services which have not been listed in the Nice Classification, it is recommended to file a Madrid application.

Moreover, applicants can make limitation or even rephrase the description of goods/services for the Madrid application, as long as the limitation or rephrasing does not exceed the scope of the original goods/services. This comes in handy when applicants are negotiating coexistence agreement or wish to avoid the conflict with prior trademarks.

In practice, some applicants hoping to broaden the protection scope of their trademarks resort to designate the goods, which are listed as the headings of the Nice Classification, such as “apparel, footwear and hats” in Class 25. Given that the CNIPA will “relegate” the goods into specific subclasses, applicants are advised to avoid using the headings of the classes as designated goods for the Madrid application.

If the goods/services are not acceptable in China, the CNIPA will issue a refusal notice and the applicant could file a review of refusal with the CNIPA.

Examination period

The examination periods of the national and Madrid application are roughly the same. Under current practice, it takes about 4 months for the CNIPA to finish the formality and substantial examination of an application.

A national application passing the examination will be published for opposition for 3 months. In absence of an opposition, it will then proceed to registration. A smooth application allows the applicant to obtain the registration certificate within 12 months from filing, provided there is no refusal or opposition.

The applicant of a Madrid application may apply for the issuance of a registration certification upon the expiration of the refusal period, namely 12 or 18 months from the Date of notification by the International Bureau to the designated signatory Parties.

Filing requirements for non-traditional trademarks

Applicants filing for Madrid application of three-dimensional trademark, color combination trademark, sound trademark, collective or certification trademark should submit necessary documents, such as trademark drawing, representation, rules for trademark use and management (collective or certification trademark) to the CNIPA within 3 months after the filing. Failure to submit the necessary documents within the said time period will result in the refusal of the application.

Applicants filing for national application should submit all the required documents together with the application form *per se* in the first filing.

Possible actions in partial refusal

When a Madrid application encounters partial refusal, the approved goods/services will proceed to registration, regardless of whether a review of refusal is filed by the applicant. The applicant of a national application needs to file a divisional application if he/she wants the approved goods proceed to publication and registration first while he/she files an appeal challenging the partial refusal decision.

Opposition procedure

A national application that passes preliminary examination will be published. If no opposition is filed within 3 months from the date of publication, the application will proceed to registration.

A Madrid application, prior to the substantive examination of the CNIPA, will go through a 3-month opposition period, starting from the first day of the following month of the publication of the trademark in the international Trademark Gazette. In case of an opposition, the CNIPA will notify the applicant through WIPO by issuing a provisional refusal notice and the applicant may respond the CNIPA directly. As there is no separate publication for opposition in China's Trademark Gazette, some applicants opt to file the Madrid application to lower the risk of opposition.

Registration Certificate

The CNIPA will issue electronic registration certificates for national registrations.

The international registration certificate for Madrid application is not legally binding in China. The applicant needs to file an application for registration certification with the CNIPA upon the expiration of the refusal period, namely 12 or 18 months from the Date of notification by the International Bureau to the designated signatory Parties.

Post-registration procedures

The applications for renewal, change of registrant address or name, assignment, deletion of goods and cancellation against a national registration should be filed with the CNIPA directly.


The applications for renewal, change of registrant address or name, assignment, limitation of goods and so forth of a Madrid registration should be filed with the WIPO but the examination will be conducted by the CNIPA.

The application for renewal of a national registration may be filed within 1 year prior to the expiry of the registration period. As for a Madrid registration, WIPO usually notifies the CNIPA of the renewal application nearing the expiration of the registration period and the registrant would be unable to get a renewal certificate prior to expiration. This may create a time gap and pose a hindrance to the registrant's enforcement actions in China.

Information accessibility

The applicant may access the CNIPA's online database to keep abreast of the status of a national application. As to a Madrid application, the information available in the CNIPA's online database is far less complete and accurate and WIPO's online database does not have all the information for the trademark in China.

Stability of registration

If the basic mark based on which a Madrid application was filed is canceled or invalidated within 5 years from the application date, it will affect the stability of the registration in the designated countries, and the applicant may apply for transforming the Madrid registration to a national application within 3 months since the cancellation of the Madrid registration. 

n° 38 WHD Insights: TM | Changing Approach to Letters of Consent in China

Yongjian Lei, 18 January 2023, first published by [INTA](#)

Chinese courts have always faced a dilemma between the private autonomy of will and public interest in deciding whether they should accept the coexistence of two similar, or perhaps even identical trademarks in circumstances in which both trademark owners agree to coexist. This is of particular relevance where trademark applicants seek to overcome a citation of a prior trademark by filing letters of consent with the aim of having their application accepted for publication.

Though the Beijing High People’s Court (BHPC) in its Guidelines for the Trial of Trademark Right Granting and Verification Cases in 2019 set out some general principles when it formally addressed the issue of coexistence, many subjective and technical matters that impact the acceptability of the coexistence agreement and/or the letter of consent in trademark prosecution proceedings make coexistence a complicated matter.

Two cases involving trademark coexistence in the Supreme People’s Court (SPC), Beijing High People’s Court (BHPC), and Beijing Intellectual Property Court (BIPC), respectively, illustrate some of the most pertinent factors and developments:

- Google LLC (Google) Trademark Review and Adjudication Board (TRAB) [Nexus case] ((2016) SPC Retail No. 102);
- Orbital Systems AB (OS) CNIPA (Orbital case) [(2020) Jing 73 Administrative Preliminary No.1481].

In the Nexus case, after carefully looking into the visual effects, distinguishing the goods, and commenting on the role of the letter of consent from the owner of the prior mark, the SPC ruled that word trademarks composed of identical letters may coexist.

In the Orbital case, the BIPC challenged the validity of the letter of consent by questioning the power of the signatory on behalf of the prior corporate trademark registrant.

The Nexus Case

Mark No. 11709161 Preliminarily Refused	Cited Mark No. 1465863
	
Filed by Google	Owned by Shimano Inc.

Google filed an application for the above NEXUS trademark for hand-held computers and portable computers in Class 9 on November 7, 2012. However, the China Trademark Office (CTMO) rejected it due to the cited mark NEXUS registered for computers for bicycles in Class 9 owned by Shimano Inc. The Trademark Review and Adjudication Board (TRAB), the Beijing First Intermediate Court (BFIC), and the BHPC successively affirmed the decision.

Although Google argued that it had a trademark coexistence agreement with Shimano concerning these two marks, underlined by the letter of consent that it also submitted, the courts did not consider this agreement. The courts held that the two marks were too close to rule out the possibility of consumers' confusion. The BHPC further commented that: "The legislative intent of the Trademark Law was to protect the interest of trademark holders on the one hand and to protect the interest of consumers on the other. Therefore, the coexistence agreement should not be considered."

Google applied for a retrial before the SPC, which reversed the TRAB decision together with the judgments of BFIC and BHPC and approved the registration of Google's NEXUS trademark. The SPC ruling was based on the following elements:

- The visual effects of both marks were different although they were composed of identical letters.
- The "computers for bicycles" goods that were designated by the cited mark were close to the sport of cycling while the "hand-held computers and portable computers" of Google's mark belonged to consumer electronics.
- It was inappropriate to disregard the letter of consent from the owner of the cited mark as well as its right to dispose of its own interest when there was no objective evidence to prove that coexistence would damage the consumer interest.

The Nexus case was an extremely rare example of two marks with identical letters being allowed to coexist on the trademark registry. The SPC adjudicated on it at the end of 2016 and one could consider it a pro-private-right case. The SPC considered Google and Shimano's good reputations in their respective fields, in concluding that the registration of Google's trademark would not harm the national or social interest. However, its assessment concerning the similarity of the goods was unpredictable. For instance, in another SPC decision rejecting Nestle's request for a retrial in a case involving a trademark coexistence concerning the trademark ECLIPSE in 2019, the SPC confirmed that "electric apparatus for making coffee and tea" was confusingly similar to "gas burners."

Although Google argued that it had a trademark coexistence agreement with Shimano concerning these two marks, the courts of first and second instance did not consider this agreement.

After the latest reform of the trial-level system, which took effect from October 1, 2021, the SPC has basically closed the door on retrials of cases with no national significance. The Nexus case shows that the TRAB, BIPC, and BHPC are much more unlikely to accept trademark coexistence concerning marks of identical letters, so one can imagine that under this reform, it will become even more difficult, if not

impossible, to get such a trademark coexistence agreement/letter of consent accepted.

The Orbital Case

Mark IR No. 1423623 Preliminarily Refused	Cited Mark No. 12545479
ORBITAL SYSTEMS	ORBITAL
Filed by Orbital Systems AB (OS)	Owned by Mag Aerospace Industries, LLC. (MAI)

The authorities rejected the trademark application filed by OS for ORBITAL SYSTEMS in Class 11 due to the prior registration of ORBITAL owned by MAI. The BIPC also analyzed the distinctiveness issue, ruling that the more distinctive part in the refused mark should be ORBITAL. Therefore, the two marks would confuse the relevant public.

What’s even more remarkable is that the BIPC specifically challenged the power of the signatory who issued a letter of consent agreeing with the registration of the rejected mark. The BIPC stated that MAI had not submitted any evidence to prove the signatory was authorized to sign the letter of consent on its behalf. Therefore, the validity of the letter could not be confirmed.

One can imagine that after the latest reform of the trial-level system, it will become even more difficult, if not impossible, to get a trademark coexistence agreement accepted.

Courts are becoming more demanding about the formality of the coexistence documentation. The letter of consent should be notarized and legalized; additional materials, notarized and legalized as well, should be filed simultaneously to prove the capacity and power of the signatories who appear on the coexistence documentation.

Key Takeaways


Both the CNIPA and the courts have become more cautious about accepting trademark coexistence agreements or letters of consent. Although the Nexus case showcased the possibility of approving the coexistence of two pretty much identical marks, no similar cases have been seen in recent years.

The following elements in coexistence agreements or letters of consent will improve the chances of Chinese courts accepting them:

- Clearly identifying the information of the two parties including their names and addresses, and making sure such information is consistent with that recorded before the CNIPA;
- Clearly identifying the information of the two parties’ trademarks that are to

coexist, including but not limited to the trademark numbers, classes, and goods that are acceptable in the People's Republic of China (PRC);

- Specifying PRC as one of the applicable jurisdictions;
- Not confining the coexistence with time limits;
- Not setting up conditions for the coexistence to take effect;
- Emphasizing both parties' full awareness of the legal consequences of the coexistence and full willingness to take all necessary actions to prevent confusion;
- Having the coexistence agreements and/or letters of consent executed by authorized persons and preparing documents to prove such authorization; and
- Notarizing and legalizing the coexistence agreements and/or letters of consent, the authorization documents, and documents proving the good standing of the prior trademark owner.

Last but not least, the party seeking the letter of consent would be wise to get consent to both the registration and use of the trademark in dispute from the prior trademark owner. By doing so, even if the registration is not finally secured for various reasons, this would eliminate the risk imposed by the prior marks forming the basis of trademark infringement proceedings. 



n° 39 WHD Insights: IP | China's Intellectual Property Litigation Landscape in 2022

Shuhua (Mark) Zhang, first published by *Chambers and Partners*

2022 has been a challenging year for China's IP practitioners, in particular litigating lawyers. The challenges are unprecedented. The stringent anti-Covid measures, the frequent and sometimes citywide lockdowns, the global economic slowdown, and the escalating geopolitical tensions all contribute to the uncertainties of 2022. Against the backdrop, Chinese courts and IP litigators are quickly adapting.

2022 is a quiet year in terms of IP legislation. In 2020 and 2021, China overhauled its IP legislations to meet the undertakings made during the trade negotiation with the United States, addressing concerns that had been raised in various fronts like patent linkage, punitive damages, trade secret protection, and evidence rules. With much of the heavy lifting having been done in the last two years, the legislator winds up what's left in 2022. The most prominent legislative moves include: 1) amendment of the judicial interpretation on the application of the "Anti-Unfair Competition Law", which incorporates the recent judicial practice on various new forms of unfair competition and underlines the "business ethics" of market entities; 2) amendment of the "Anti-Monopoly Law", which puts IP abuse under scrutiny of the anti-monopoly watchdog. The fifth amendment of the Trademark Law seems to be well underway, yet the China National Intellectual Property Administration (CNIPA) is still tight-lipped about when the draft amendment will be on the horizon.

The CNIPA has been busy revamping administrative guidelines and policies in 2022, such as the "Criteria for Determination of General Trademark Violations", notification on fight against bad faith trademark registration, and a series of "replies" to the inquiries arising from administrative actions tackling patent infringement disputes. New rules and initiatives of the CNIPA and the local AMR/IPOs pertaining to administrative enforcement will remain a key area to watch in 2023.

In comparison with the quiet lawmaking, IP enforcement is a hive of activity in 2022. Just to name a few that are reshaping the nation's IP litigation landscape:

1. Punitive damages.

In March 2021 the Supreme People's Court (SPC) promulgated the "Judicial Interpretation on Application of Punitive Damages in Adjudication of IP Infringement Civil Disputes" and later released 6 exemplary cases. Some local IP courts followed suit and issued their own guidelines in this regard. Consequentially, 2021 witnessed a surge of civil suits seeking punitive damages, with the trend continuing into 2022. IP practitioners are advised to identify those IP-friendly and pro-punitive damages court(s) before formulating their litigating strategy.

2. Trade secret protection.

In September 2020, the SPC's promulgation of "Provisions on the Application of Law in the Trial of Civil Cases Involving Disputes over Infringements on Trade Secrets" looks

to establish a unified jurisprudence in terms of adjudication criteria in trade secret civil infringement proceeding. In *Jiaxing Zhonghua & Shanghai Xinchun v. Wanglong*, a case relating to the manufacture of vanillin, a food flavoring, the SPC awarded the plaintiffs damages of RMB 159 million, the largest ever trade secret theft award. The case, which was selected as the SPC's 10 exemplary IP cases of 2021, helps boost the confidence of local courts in aggressively protecting trade secrets and awarding enormous damages.

3. Patent linkage.

Following the issuance of the *“Provisions on the Application of Law in the Trial of Civil Cases Involving Patent Disputes Related to the Application for the Registration of Pharmaceuticals”*, the SPC rendered in August 2022, a decision in the first appeal on patent linkage dispute. Key takeaways of the court decision: 1) the cause of action for patent linkage dispute should be “to confirm whether the technical solutions of the generic falls into the protection scope of patent at issue”; 2) the generic applicant may request that the case not be heard in public to protect its trade secrets; and 3) the CNIPA's invalidation of the patent at issue may not necessarily lead to dismissal of the patent linkage lawsuit.

Statistics released by the SPC indicates that in 2021 Chinese courts accepted 550,263 civil IP suits in the first instance, of which patent infringement suits account for 5.75% and invention patent infringement suits only a small fraction of the figure. In the meantime, new types of IP litigations involving patent linkage, AI technology, anti-monopoly, actions against bad faith IP enforcement are on the rise.

The growing dockets and the anti-Covid measures have exacerbated the backlog in the specialised IP courts in Beijing, Shanghai and Guangzhou and some key IP tribunals in coastal regions. Taking the SPC for example, in 2021, it accepted 2,569 new civil appeals and 1,290 administrative appeals, up 31.8% and 92.5% year on year respectively. To cope with the backlog, the SPC issued in April 2022 *“Several Provisions on the Jurisdiction over First-instance Civil and Administrative IP Cases”* and the *“Jurisdiction Thresholds of Basic Level People's Court over First-instance Civil and Administrative IP Cases”* to streamline the jurisdictional rules. The SPC is believed to be leveraging the opportunity to delegate the jurisdictional power over the first instance civil and administrative IP cases to a much bigger pool of courts, mandating that those highly technical cases (like invention patent or utility model patent disputes) are to be adjudicated by the more experienced judges in the specialised IP courts and certain intermediate courts, while those less technical cases (like design patent disputes) and cases of general nature could be delegated to, and decided by, a vast pool of intermediate courts and 556 basic level courts sanctioned by the SPC. The move will greatly alleviate the burden of the IP courts and IP tribunals. Also, by raising the threshold over the objects of civil action of intermediate and higher courts, the SPC further diverts some caseloads from the four specialized IP courts and the 27 IP tribunals.

It is worth mentioning that courts are experimenting an array of measures to speed up the procedures, including *inter alia*:

1. Pre-litigation mediation.

Some courts mandate that when filing a lawsuit, the plaintiff must specify whether it consents to pre-litigation mediation. If the plaintiff opts to go through the procedure, the case will be referred to a court-assigned mediator. The mediator may organize online mediation when necessary. If the parties agree on the settlement terms, the case will be closed quickly. Initially introduced to expediate the closure of straightforward suits or a batch of suits lodged against different tortfeasors engaged in the same torts, this mechanism has now become a standard procedure for many courts and in certain circumstances may help solve a sizable portion of the court's newly filed lawsuits.

2. Collaboration with local IPOs.

There are courts in economically developed regions making arrangements with local IPOs to help process some patent infringement disputes. The IPO may organize evidence exchange, oral hearing and mediation, and have the court verify the results.

3. Summary procedure.

The court may assign one judge to quickly go through straightforward lawsuits, either civil, criminal or administrative.

In a nutshell, it is a booming yet a quickly evolving IP litigation market. With the lingering uncertainties well into 2023, rights owners and IP practitioners need to keep abreast of the developments in order to navigate through the complex and sometimes shifting landscape. 