

World Trademark Review *Daily*

Clearer guidance provided on recognition of well-known trademarks China - Mayer Brown JSM

National procedures

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The new Trademark Law of China came into force on May 1 2014. One of the key changes is the provision of clearer guidance on the recognition and protection of well-known trademarks in China.

The concept of a 'well-known trademark' is not new. Under the old Trademark Law, a well-known trademark was assessed and determined based on the following criteria:

- the extent of the fame and reputation of the trademark among the relevant public;
- the duration of use of the trademark;
- the duration, extent and geographical reach of any advertisements for the trademark;
- any prior records of well-known status recognition; and
- any other factors contributing to the well-known status of the trademark.

According to statistics from the Chinese Trademark Office (CTMO), out of 1,300 trademarks recognised as well known between 2012 and 2013, only about 20 marks were foreign brands. This suggests that, in practice, a strong local presence in China was required in order to earn the status of well-known mark in China.

The new Trademark Law does not, as such, relax the requirements for the recognition of a well-known trademark. However, the new law clarifies the recognition procedure and how well-known trademarks should be used in practice. The clarifications offered under the new law are as follows:

- Circumstances in which the well-known trademark status may be recognised:
 - During the examination of a trademark application, and at the request of the trademark applicant, the CTMO may determine and conclude that a trademark has well-known trademark status in accordance with the facts of the case.
 - In the course of investigating a trademark infringement case conducted by the administration departments for industry and commerce, and at the request of the trademark owner, the CTMO may determine and conclude that a trademark has well-known trademark status in accordance with the facts of the case.
 - In the course of handling a trademark dispute (such as an opposition or cancellation action), and at the request of the trademark owner, the Trademark Review and Adjudication Board may determine and conclude that a trademark has well-known trademark status in accordance with the facts of the case.
 - In the course of adjudicating a trademark case or an administrative appeal, and at the request of the trademark owner, a Chinese court may determine and conclude that a trademark has well-known trademark status in accordance with the facts of the case.

In essence, the new law provides clearer guidance as to the avenues through which a well-known trademark can be recognised. The new law aims to curb abuse of the well-known trademark regime by removing the unhealthy practice of recognising well-known trademarks when it is unnecessary for the dispute in question or by unqualified authorities.

- Restrictions on the commercial use of the phrase 'well-known trademark': under the new Trademark Law, the phrase 'well-known trademark' ('馳名商標') can no longer be used on products or their packaging. Again, this amendment aims to avoid the abusive practice of using the well-known status of a trademark as an advertising gimmick.

Further, in April 2014 the State Administration for Industry and Commerce (SAIC) put forward draft provisions on the recognition and protection of well-known trademarks (for consultation) to bring the 2003 provisions into line with the new Trademark Law. The provisions are intended to supplement the new law in the definition and recognition of well-known trademarks. The main changes include the following:

- Stricter definition of a 'well-known trademark', as shown below:

Existing/old provisions from 2003	Draft provisions in 2014
"Generally known by the relevant public in China"	"Thoroughly recognised by the relevant public in"

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and enjoying a relatively higher reputation" ("在中國為相關公眾廣為知曉并享有較高聲譽的 商標")	China" ("在中國為相關公眾所熟知的商標")
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- Evidence to be adduced for marks with or without registration in China: if a trademark owner is seeking the recognition as well known of a trademark that is not registered in China, it must prove that the mark has been used in China continuously for a minimum of five years. If a trademark is registered in China, the owner must adduce evidence that the mark had been registered for three years or more prior to seeking such recognition, or that it had been in continuous use in China for a minimum of five years.
- Reinforcement of the principle that well-known trademark recognition should be granted on a case-by-case basis and in the form of passive protection.

The new provisions are expected to be finalised and implemented by the SAIC soon.

The new Trademark Law tightens the procedures and raises the threshold for obtaining the recognition of well-known trademark status in China. This probably presents a mixed bag for foreign trademark owners. On the one hand, the new law is to be applauded for trying to deter the abusive and indiscriminate recognition and use of the 'well-known trademark' badge, especially by local Chinese entities. On the other, the stricter procedures and threshold will make it even more difficult for foreign trademark owners to obtain well-known trademark status in China.

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