



## Study Question

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### Bad faith trademarks

Responsible Reporter: Anne Marie VERSCHUUR

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#### I. Current law and practice

##### Bad faith - prior third party use or filing

**1** Does your Group's current law provide for an action against the application or registration for a trademark in a jurisdiction by a party (Party A), if that trademark or a similar sign is already used in one or more jurisdictions by another party ( Party B), but is not registered in the jurisdiction where Party A has filed the trademark?

*If yes, please answer questions 2) – 7). If no, please go to question 8).*

Yes

Please Explain

B is entitled to take action against A's application or registration. But to determine if A's application or registration is bad faith, we need to take various factors into consideration.

**2** Is the application or registration as described under question 1) above denoted as "bad faith"? If not, what is it called?

Yes

Please Explain

There is no definition about bad faith in China Trademark Law. But in practice, the following circumstances are denoted as bad faith:

i. Copy or imitation or translation of others' well-known trademarks, and the application or registration is likely to mislead the public and cause confusions;

- ii. The agent or representative files for registration of a trademark without the authorization of the owner;
- iii. The trademark is identical with or similar to a prior used trademark of another party and the trademark is used on the same or similar goods, while the applicant has knowledge of the trademark of another party by contract, business or other relationship other than being the agent of the representative of another party;
- iv. The trademark is a copy or imitation of persons' names, trade names, industrial design or copyright work of others.
- v. The trademark is a copy or imitation of others prior used trademark.
- vi. The applicant files a large number of trademarks that are copies or imitations of others' famous or reputed marks.

**3** Are the following factors relevant for proving an application or registration as described under question 1) in your jurisdiction?

*Please tick or fill in all boxes as applicable to your jurisdiction. If you select "other", please describe further.*

- Party A knows, or should reasonably be aware, of use of an identical or similar sign abroad for identical goods or services

Please Explain

- Party A knows, or should reasonably be aware, of use of an identical or similar sign abroad for similar goods or services

Please Explain

- Party A knows, or should reasonably be aware, of use of an identical or similar sign in the same jurisdiction for identical goods or services

Please Explain

- Party A knows, or should reasonably be aware, of use of an identical or similar sign in the same jurisdiction for similar goods or services

Please Explain

- Party A intends to prevent Party B from continuing to use the earlier sign or to only allow such under certain conditions (e.g. a license)

Please Explain

- the degree of legal protection enjoyed by Party B

Please Explain

- other

Please Explain

The distinctiveness of the Party B's sign per se and the reputation thereof should also be taken into consideration as factors of bad faith filing. The purpose of filing the application by Party A is to offer the mark for sales at high price or to prevent the use of mark by the genuine prior user.

**4** Is any one or more of the above factors sufficient on their own, or will the assessment instead always take the specific circumstances of the case into account? If one or more of those factors are sufficient on their own, please identify those factors.

Yes

Please Explain

Generally, all those factors will be assessed under the specific circumstances comprehensively.

**5** Which of the following factors are relevant to establishing whether there was or should have been knowledge as described under question 3) above?

*Please tick or fill in all boxes as applicable to your jurisdiction. If you select "other", please describe further.*

- whether Party A operates in the same or a similar field of business as Party B

Please Explain

- whether the earlier sign is well known or enjoys a reputation

Please Explain

- whether there have been formal or informal dealings or contact between Party A and B (such as an agreement, written communication etc.)

Please Explain

- other

Please Explain

The following circumstances can also be taken into consideration to determine bad faith:

- i. The trademark applicant and the prior trademark user are in the same geographic area or share the same sales channels and markets.
- ii. The trademark applicant and the prior trademark user have ever been involved in other disputes and has knowledge of the trademark of the prior user.
- iii. There have been a relationship between the personnel or work staff of the trademark applicant and the prior trademark user.

**6** Is the degree of similarity between the signs relevant? Please explain why in either case.

Yes

Please Explain

The degree of similarity between the signs is relevant, as the more similar the signs are, the more likely to establish bad faith filing by Party A. If the marks are not similar, there is no likelihood of confusion, and it would be groundless for Party B to accuse Party A's bad faith.

**7** Is the degree of similarity between the goods/services relevant? Please explain why in either case.

Yes

Please Explain

The degree of similarity between the goods/services is relevant in some cases, as the more relevant the goods are, the more likely to establish bad faith filing by Party A. If the goods are not similar, there is no likelihood of confusion, and it would be groundless for Party B to accuse Party A's bad faith.

If the trademark in question is a well-known trademark, the relevance of the goods/services should be taken into consideration. If the goods/services are distantly different in terms of function, usage, sales channels and consumers, and there is no likelihood of confusion, bad faith cannot be established.

## Repeat filings

**8** Can the filing of a trademark in your Group's jurisdiction by a trademark owner for a trademark identical or similar to a trademark it already owns in that jurisdiction be refused or cancelled on the ground that the previous trademark fails to meet applicable genuine use requirements?

*If yes, please answer questions 9) -11). If no, please go to question 12).*

No

Please Explain

There may be various reasons for repeat filings. Repeat filing per se cannot be denoted as bad faith, as bad faith basically refers to filing trademarks of others.

**9** Is the application or registration as described under question 8) above denoted as "bad faith"? If not, what is it called?

**10** Which of the following factors are relevant when assessing whether a trademark as described under question 8) should be refused or cancelled?

*Please tick or fill in all boxes as applicable to your jurisdiction. If you select "other", please describe further.*

**11** Are the answers to questions 8) -10) above different if the previous trademark is no longer in force? Please explain.

## Defensive marks

**12** Is it permissible under your Group's current law to file a trademark if the trademark owner does not have any intent to use that trademark for part or all of the goods/services claimed? If not, is there a timeframe (and if so, what) for such intention to use (e.g. must the intent be to start use immediately)?

*If yes, please answer question 13). If no, please go to question 14).*

No

Please Explain

The current China's trademark law does not regulate defensive trademarks, but based on the first-to-file principle, the filing of new trademark applications for defensive purposes rather than the intention to use of trademarks is allowed.

**13** Is the application or registration as described under question 12) above denoted as "bad faith"? If not, what is it called?

## Other

**14** Does any other conduct in respect of trademarks, as an independent ground for action, amount to bad faith <sup>16</sup> under your Group's current law? If so, what conduct and how is it denoted, ie as "bad faith" or something else?

<sup>16</sup> Including fraud within the context of this Study Question, as explained on p. 1 at paragraph 5.

There are the following trademark conducts that amounts to bad faith as an independent ground:

1. Filing a number of trademarks that are copies or close imitations of others' marks with strong distinctiveness;
2. Filing a number of trademarks that are copies or close imitations of others' famous trademarks, trade names, enterprise names, package design, product names, etc.;
3. Filing trademarks that are composed of names of living celebrities, famous characters in artwork or movies or the names of work in respect of relevant goods and services;
4. Filing trademarks that are composed of identical or substantially similar devices of others' copyright devices;
5. According to the current Law, "bad faith" is not necessarily absolute grounds in invalidating the disputed mark. Except for the situations where the mark is filed by using forged documents or through unfair meanings, the filing of the invalidation against the mark shall be subject to the 5 year limitation, unless the cited mark is a well-known mark in mainland China. The 5-year limitation in initiating the invalidations imposes restriction in taking actions regarding the marks filed in bad faith.

## Type of proceedings

**15** In which proceedings can the grounds, insofar as they are available under your Group's current law, described in your response to questions 1), 8), 12) and 14) above be invoked in your jurisdiction?

*Please tick or fill in all boxes as applicable to your jurisdiction. If you select either of the last two boxes, please describe further.*

- opposition proceedings (before the trademark/IP office)

Please Explain

- a cancellation action (before the trademark/IP office)

Please Explain

- court proceedings concerning a bad faith application

Please Explain

- court proceedings concerning a bad faith registration

Please Explain

## II. Policy considerations and proposals for improvements of your current law

**6.a** Could any of the following aspects of your Group's current law be improved?

**The possibility of taking action against the application or registration of a trademark in a jurisdiction by a Party A, if that trademark or a similar sign is already used in one or more jurisdictions by a Party B, but is not registered in the jurisdiction where Party A has filed the trademark**

*Please tick or fill in only the applicable box. If you select "yes", please explain.*

Yes

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Please Explain

It is possible to protect a trademark that has only been used outside China and without registration in China, but the requirements are rather strict.

**6.b** Could any of the following aspects of your Group's current law be improved?

The possibility of taking action against or refusing the refiling of a trademark by a trademark owner as described above under question 8) above

*Please tick or fill in only the applicable box. If you select "yes", please explain.*

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Yes

Please Explain

It is only possible when the refiling is made by the same applicant whose trademark application or registration has been denoted as bad faith.

**6.c** Could any of the following aspects of your Group's current law be improved?

The possibility of taking action against or refusing the filing of a trademark by a trademark owner without an intent to use such for part or all of the goods/services claimed as described above under question 12) above.

*Please tick or fill in only the applicable box. If you select "yes", please explain.*

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No

Please Explain

**6.d** Could any of the following aspects of your Group's current law be improved?

The possibility of taking action against other conduct as described in your response to question 14) above.

*Please tick or fill in only the applicable box. If you select "yes", please explain.*

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Yes

Please Explain

**17** Are there any other policy considerations and/or proposals for improvement to your current law falling within the scope of this Study Question?

## Proposals for harmonisation

**18** Does your Group consider that harmonisation in any or all of the four areas described in question 16) above is desirable?

*If yes, please respond to the following questions without regard to your Group's current law.*

*Even if no, please address the following questions to the extent your Group considers your Group's current law could be improved.*

**19** Does your Group consider there should be a harmonised definition of bad faith?

*Please tick or fill in only the applicable box. If you have different reasons for selecting "no" or "yes" to those identified, please explain.*

No

Please Explain

A definition about bad faith in the statute law would hardly include all the possible circumstances and factors in practice.

### Bad faith - third party use or filing

**20** Should it be possible to take action against the application or registration for a trademark in a jurisdiction by a Party A, if that trademark or a similar sign is already used in one or more jurisdictions by a Party B, but is not registered in the jurisdiction where Party A has filed the trademark?

*If yes, please answer questions 21) – 25). If no, please go to question 26).*

Yes

Please Explain

It is possible to take action, provided that the application or registration of trademark by Party A is determined as bad faith.

**21** Which of the following should be relevant factors for proving an application or registration as described under question 20)?

*Please tick or fill in all relevant boxes. If you select "other", please describe further.*

- Party A knows, or should reasonably be aware, of use of an identical or similar sign abroad for identical goods or services

Please Explain

- Party A knows, or should reasonably be aware, of use of an identical or similar sign abroad for similar goods or services

Please Explain

- Party A knows, or should reasonably be aware, of use of an identical or similar sign in the same jurisdiction for identical goods or services

Please Explain

- Party A knows, or should reasonably be aware, of use of an identical or similar sign in the same jurisdiction for similar goods or services

Please Explain

- Party A intends to prevent Party B from continuing to use the earlier sign or to only allow such under certain conditions (e.g. a license)

Please Explain

- the degree of legal protection enjoyed by Party B's sign and the sign used by party A

Please Explain

- other

Please Explain

Party B has used the trademark prior to the filing of the application or registration of the trademark by Party A in the market and obtained certain reputation.

**22** Should any one or more of the above factors be sufficient on their own, or should the assessment instead always take the specific circumstances of the case into account? If one or more factors should be sufficient on their own, which should they be?

The assessment should always take the specific circumstances of the case into account.

**23** Which of the following should be relevant when establishing whether there was or should have been knowledge as described above under question 21) above?

*Please tick or fill in all relevant boxes. If you select "other", please describe further.*

- whether Party A operates in the same or a similar field of business as Party B

Please Explain

- whether the earlier sign is well known or enjoys a reputation

Please Explain

- whether there have been formal or informal dealings or contact between Party A and B (such as an agreement, written communication etc.)

Please Explain

**24** Should the degree of similarity between the signs be relevant? Please explain why or why not.

Yes

Please Explain

**25** Should the degree of similarity between the goods/services be relevant? Please explain why or why not.

Yes

Please Explain

## Repeat filings

**26** Should it be possible to refuse or cancel the filing by a trademark owner of a trademark identical or similar to a trademark it already owns in your Group's jurisdiction on the grounds that it fails to meet applicable genuine use requirements?

*If yes, please answer questions 27) – 28). If no, please go to question 29).*

No

Please Explain

**27** Which of the following factors should be relevant when assessing whether a trademark as described under question 26) above should be refused or cancelled?

*Please tick or fill in all relevant boxes. If you select "other", please describe further.*



**28** Should the answers to questions 26) - 27) above be different if the previous trademark is no longer in force? if so, how?

### Defensive marks

**29** Should it be permissible to file a trademark if the trademark owner does not have any intent to use that trademark for part or all of the goods/services claimed? If not, should there be a timeframe (and if so, what) for such intention to use (e.g. must the intent be to start use immediately)? Please explain.

### Other

**30** Should any other conduct in respect of trademarks, as an independent ground for action, amount to bad faith <sup>17</sup>? If yes, please explain.

<sup>17</sup> Including fraud within the context of this Study Question, as explained on p. 1 under paragraph 5 above.

### Type of proceedings

**31** In which proceedings should it be possible to invoke the grounds described in your response to questions 20), 26), 29) and 30) above, insofar as they should be grounds for action in your view?

*Please tick or fill in all boxes. If you select either of the last two boxes, please describe further*

- ex officio by the trademark/IP office

Please Explain

- opposition proceedings (before the trademark/IP office)

Please Explain

- a cancellation action (before the trademark/IP office)

Please Explain

- court proceedings concerning a bad faith application

Please Explain

- court proceedings concerning a bad faith registration

Please Explain

### Other

**32** Please comment on any additional issues concerning bad faith (or equivalent concepts) in the context of trademark law you consider relevant to this Study Question.

Please indicate which industry sector views are included in part "III. Proposals of harmonization" on this form:

The views of China Trademark Office are included in part III on this form.

Please enter the name of your nominee for Study Committee representative for this Question (see Rule 12.8, Regulations of AIPPI). Study Committee leadership is chosen from amongst the nominated Study Committee representatives. Thus, persons not nominated as a Study Committee representative cannot be in the Study Committee leadership.

HU Gang