



# **The Legal 500 Country Comparative Guides**

## **China**

# **INTELLECTUAL PROPERTY**

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This country-specific Q&A provides an overview of intellectual property laws and regulations applicable in China.

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# CHINA

## INTELLECTUAL PROPERTY



**1. What different types of intellectual property rights exist to protect: (a) Inventions (e.g. patents, supplementary protection certificates, rights in trade secrets, confidential information and/or know-how); (b) Brands (e.g. trade marks, cause of action in passing off, rights to prevent unfair competition, association marks, certification marks, hallmarks, designations of origin, geographical indications, traditional speciality guarantees); (c) Other creations, technology and proprietary interests (e.g. copyright, design rights, semiconductor topography rights, plant varieties, database rights, rights in trade secrets, confidential information and/or know-how).**

a. The followings are available for inventions: patents, rights in trade secrets, confidential information and/or know-how.

b. The followings are available for brands: trademarks, rights to prevent unfair competition, association marks, certification marks, hallmarks, designations of origin, geographical indications.

c. The followings are available for other creations, technology and proprietary interests: copyright, design rights, semiconductor topography rights, plant varieties, database rights, rights in trade secrets, confidential information and/or know-how.

**2. What is the duration of each of these intellectual property rights? What procedures exist to extend the life of registered rights in appropriate circumstances?**

Invention patent: 20 years from filing date; Utility model

patent: 10 years from filing date; Design patent: 15 years from filing date; Semiconductor topography: 10 years from filing date or 15 years from the creation date, whichever is earlier; Plant varieties: 15-20 years depending on the specific variety.

There is no procedure to extend the life of the above IP rights, except for the patent related to a new pharmaceutical product approved for marketing in China to compensate for the time taken for review and approval. The patent term extension shall not exceed 5 years, and the resulting total effective patent term shall not exceed 14 years from the approval for marketing of the new drug.

Trademarks: 10 years since registration date. Renewable for 10 years each time (1) within 6 months before the expiration, or (2) within a grace period of 6 months beyond the expiration.

Copyright: For a work of a citizen, the lifetime of the author plus 50 years after his death. For a work of a legal person or an unincorporated organization, the protection period for its right of publication shall be 50 years after the creation of the work; the protection period of other rights (such as "the right of reproduction" etc.) shall be 50 years after the first publication of such work. No renewal or extension.

**3. Who is the first owner of each of these intellectual property rights and is this different for rights created in the course of employment or under a commission?**

Patents, semiconductor topography and plant varieties: the entities or individuals who have made the invention-creation, unless otherwise agreed upon in advance. For service invention-creation, the first owner is the employer unless otherwise agreed upon in advance.

Trademarks: trademark applicant who has filed in bona fide or on case-by-case basis, the first bona fide user of the trademark.

Copyright: The first owner of copyright shall be the natural person who has created the work, or be the legal entities and unincorporated organizations, if the work is created under the auspices of and reflecting the will of the said entities and organizations and the responsibilities of the work are assumed by the said entities and organizations.

#### **4. Which of the intellectual property rights described above are registered rights?**

Patents, trademarks, semiconductor topography rights and plant varieties are registered rights.

A copyright shall subsist on the date when a work is created. Copyright registration is optional and advisable.

#### **5. Who can apply for registration of these intellectual property rights and, briefly, what is the procedure for registration?**

Patents, trademarks, semiconductor topography rights and plant varieties: Any individual, legal entity or other organisation. The registrations of patents in China can follow either Paris conventional route or PCT route (not for design). But for semiconductor topography rights and plant varieties, there is only one route: directly filing the application with the competent authority in P.R. China.

The registrations of trademark in P.R. China can follow either domestic filing route or international filing route.

Copyright: Authors and other copyright owners may register their works with a registry recognized by the copyright authority in P.R. China.

#### **6. How long does the registration procedure usually take?**

Patents, semiconductor topography and plant varieties: For invention patent, it takes on average 2.5 years from filing to granting. For utility model patent, it takes on average 10 months from filing to granting. For design patent, it takes on average 6 months from filing to granting. For semiconductor topography, it takes on average 2 months from filing to registration. For plant varieties, it takes on average 4 years from filing to registration.

Trademarks: 1 year on average.

Copyright: 3 months on average.

#### **7. Do third parties have the right to take part in or comment on the registration process?**

Patents: only for invention patent after publication. For utility model/design, semiconductor topography and plant varieties, the third party has only option of file an invalidation request after the announcement of the rights.

Trademarks: within three months since the publication on the Trademark Gazette.

Copyright: Not available.

#### **8. What (if any) steps can the applicant take if registration is refused?**

As for the Patents and Trademarks, the applicant can appeal with the competent authorities if registration is refused. If the applicant is not satisfied with the ruling of competent authorities, he can still lodge a further administrative lawsuit before the Beijing IP Court.

Not available for copyright registration refusal.

#### **9. What are the current application and renewal fees for each of these intellectual property rights?**

Official fee RMB 950 for invention; RMB 500 for utility mode/design; RMB 1000 for semiconductor topography; 0 RMB for plant variety; RMB 300 for regular trademark; RMB 1500 for certification/collective mark. Application fees for copyright registration vary depending on the type and length of the work, mostly ranging from RMB 300 to RMB 2000 per work.

#### **10. What are the consequences of a failure to pay any renewal fees and what (if any) steps can be taken to remedy a failure to pay renewal fees?**

Patents or trademark: abandonment of the right with possible restoration.

Copyright, semiconductor topography and plant varieties: No renewal fees.

#### **11. What are the requirements to assign ownership of each of the intellectual**

### property rights described above?

Patents, semiconductor topography, plant varieties: file a request for the assignment.

Where a registered trademark is assigned, the assignor and the assignee shall enter into an assignment agreement, and jointly file an application with the China National Intellectual Property Administration (CNIPA). The assignee shall guarantee the quality of goods/services on which the registered trademark is used. A trademark registrant intending to assign the registered trademark is required to concurrently assign all its identical and/or similar registered trademarks on identical and/or similar goods/services.

A copyright owner may wholly or partially transfer certain rights (such as "the right of reproduction" etc.) in accordance with the Copyright Law, a written contract shall be concluded by and between the transferer and transferee.

### 12. Is there a requirement to register an assignment of any of these intellectual property rights and, if so, what is the consequence of failing to register?

To transfer patent rights or trademark rights, the parties concerned must register the assignment with the CNIPA after signing a written contract for the transfer. The transfer of rights shall take effect from the date of registration.

However, copyright transfers do not need to be registered now. A copyright transfer contract concluded with the copyright owner may be filed with the registry recognized by the copyright authority for the record, and it is not mandatory.

### 13. What are the requirements to licence a third party to use each of the intellectual property rights described above?

A licence contract.

### 14. Is there a requirement to register a licence of any of these intellectual property rights and, if so, what is the consequence of failing to register?

Yes, it is advisable but not mandatory, and does not influence the effectiveness of a license contract.

According to trademark law, where a trademark license contract has not been filed with the CNIPA, it can not be invoked to confront bona fide third parties.

### 15. Are exclusive and non-exclusive licensees given different rights in respect of the enforcement of the licensed IP, and if so, how do those rights differ?

Yes. The licensees' rights are different as to lodging lawsuits.

The exclusive licensees can enforce the licensed trademark/copyright (i.e., file a civil litigation against infringement as plaintiff), the non-exclusive licensees need to have the explicit authorization from the trademark/copyright owner for enforcement of the licensed trademark/copyright.

### 16. Are there criminal sanctions for infringement of any intellectual property rights, and if so, what are they and how are they invoked?

Criminal sanctions are available in P.R. China for infringement of IP rights, including patents, trademarks and copyright, and trade secrets etc..

Patents:

In the fields of patent, criminal sanctions only apply to the act of counterfeiting patents, whoever counterfeits the patent of another shall, if the circumstances are serious, be sentenced to fixed-term imprisonment of not more than three years or criminal detention and shall also, or shall only, be fined.

Trademarks:

Any person involved in the following acts shall bear criminal liabilities: (1) Use a trademark that is identical with or confusingly similar to other's registered trademark on identical goods without consent of the registrant and constitutes a crime; (2) Counterfeits, or marks without authorization, representations of a registered trademark of another person, or offers for sale such representations and constitutes a crime; (3) Knowingly sells goods that bear a counterfeited registered trademark and constitutes a crime. The infringement act can be reported before the police to invoke criminal sanctions.

Copyright:

There are criminal sanctions for copyright infringement.

(1) criminal detention, not more than three years of fixed-term imprisonment and/or monetary fine; (2) not less than three years and not more than seven years of fixed-term imprisonment and monetary fine for severe copyright infringement. The infringement acts can be reported before the police to invoke criminal sanctions.

**17. What other enforcement options are available for each of the intellectual property rights described above? For example, civil court proceedings, intellectual property office proceedings, administrative proceedings, alternative dispute resolution.**

Civil court proceedings, intellectual property office proceedings, administrative proceedings, customs seizure actions, tort complaint, negotiation, mediation, arbitration.

**18. What is the length and cost of such procedures?**

The length and cost of such procedures depend on the complexity of the case and the workload of the official department. For instance, the first instance judgement before the court is on average 6 months.

**19. Where court action is available, please provide details of which court(s) have jurisdiction, how to start proceedings, the basics of the procedure, the time to trial, the format of the trial, the time to judgment and award of relief and whether any appeal is available.**

Jurisdiction: where the defendant is domiciled or where the infringing acts or results take place.

Commencing Proceedings: Plaintiffs must file (1) a Power of Attorney, (2) a copy of Certificate of Incorporation and (3) a Certificate of Identity of the Legal Representative (if the Plaintiff is a legal entity rather than an individual)

After the case is accepted by the court, the court shall send a copy of the plaintiff's complaint to the defendant within five days, and the defendant shall file a defence, if any, within 15 days from receipt of the copy of the plaintiff's complaint. When the defendant files a defence, the people's court shall send a copy of the defence to the plaintiff within five days from receipt of the defence by the court.

Trial Format: Simple IP trials usually last several hours, while complex ones could be longer. And the trial mainly consists of three parts: 1) Court investigation; 2) Court debate; 3) Closing statement.

Judgements, Relief and Appeal: Civil cases concerning only domestic parties shall be concluded within six months of the date the case has been accepted. While civil cases involving foreign parties have no fixed timeline.

If infringement is found, judges in civil cases can award injunctive relief and monetary damages including punitive damages in some cases etc. for rights holders.

If a party refuses to accept a judgment of first instance of a people's court, he shall have the right to file an appeal with the people's court at a higher level within 15 days from the date of the service of the judgement.

**20. What customs procedures are available to stop the import and/or export of infringing goods?**

Customs Protection or Border Protection in China is available to stop the import and/or export of infringing goods.

Patent, trademark and copyright can be recorded in the database of China General Administration of Customs to help the local customs offices supervise the import and export of goods. Take trademark for example, once a trademark has been successfully recorded, the trademark information will be shared by local customs offices in China. During routine inspections on imported or exported goods, if the customs officials suspect that the goods have infringed the recorded trademark rights, they will notify the trademark owner or the agent of the trademark owner based on the contact information recorded in the customs database. The trademark owner shall reply to the customs office within three workdays upon receipt of the notification. When the local customs office receives the application for detention of goods filed by the owner and the required security bond, it will detain the suspected infringing goods, and then proceed with further investigations. If the exporter or importer can not prove that the seized goods are genuine, the customs office will issue a penalty decision which includes confiscation of the goods and a monetary fine on the infringer.

**21. Are any non-court enforcement options or dispute resolution mechanisms**

**mandatory in respect of intellectual property disputes in any circumstances? If so, please provide details.**

The non-court enforcement options or dispute resolution mechanisms are not mandatory in China. At present, China is exploring a diversified dispute resolution mechanism for non-court enforcement options and intellectual property dispute resolution.

At present, intellectual property arbitration institutions and mediation institutions have been set up in many places of China. As an important part of the social relief of intellectual property disputes, the non-court enforcement options or dispute resolution mechanisms form an effective linkage with the judicial and administrative departments in terms of the holistic IPR protection mechanism in China.

**22. What options are available to settle intellectual property disputes in your jurisdiction?**

Besides the options stated in above questions, disputes can be settled through negotiation, mediation and arbitration. Once a mediation agreement is reached, the people's court will draw up a written mediation paper, which clearly set forth the claims of the action, the facts about the case, and the result of the mediation. Once the mediation paper is signed by both parties, it becomes legally binding and enforceable.

**23. What is required to establish infringement of each of the intellectual property rights described above? What evidence is necessary in this context?**

For patents, evidence to establish infringement including the followings:

Firstly, evidence that the plaintiff has the standing to sue against the alleged patent infringer;

Secondly, evidence that the technical solution alleged for infringement comprises technical features identical or equivalent to all the technical features recited in the claim;

Thirdly, evidence that the patent in issue has been exploited by the alleged infringer without permission of the patentee.

For trademarks, the infringement may be established under below conditions:

The use of the questionable mark is confirmed to be identical with or similar to the prior registered mark and used on the same or similar goods/services, likely to cause confusion. As for the prior trademark recognized as a well-known trademark, it can be cited to stop infringing trademark use on dissimilar goods/services if the prior trademark has been registered in P.R. China or it can be cited to stop infringing trademark use on identical or similar goods/services if the prior trademark has not been registered in P.R. China.

For copyright, the infringement may be established upon establishment of (1) the defendant's chance of access to the original work, and (2) substantial similarity between the two works. It is also very necessary to prove that the plaintiff has copyright ownership as legal grounds for the infringement claim. According to the laws and regulations, the manuscripts, original scripts, lawful publications, copyright registration certificates, attestations issued by authentication institutions, contracts for acquiring rights, etc. as submitted by the parties concerned may be adopted as evidence proving the ownership of the copyright.

For IP-related unfair competition, the infringement may be determined upon establishment of (1) the plaintiff has actual business operation in P.R. China to the extent that there is a certain influence accumulated in his product name, trade dress, trade name, domain name, webpage, etc. (2) the defendant's alleged acts are causing or have a likelihood to cause confusion among the public as to the origin of the goods/services in issue or as to the connection between the two parties.

For trade secret infringement, it is necessary to prove one of the following acts to establish infringement of trade secret:

(1) Acquiring a trade secret from the right holder by theft, bribery, fraud, coercion, electronic intrusion, or any other illicit means.

(2) Disclosing, using, or allowing another person to use a trade secret acquired from the right holder by any means as specified in the preceding subparagraph.

(3) Disclosing, using, or allowing another person to use a trade secret in its possession, in violation of its confidentiality obligation or the requirements of the right holder for keeping the trade secret confidential.

(4) Abetting a person, or tempting, or aiding a person into or in acquiring, disclosing, using, or allowing another person to use the trade secret of the right holder in violation of his or her non-disclosure obligation or the requirements of the right holder for keeping the trade secret confidential.



An illegal act as set forth in the preceding paragraph committed by a natural person, legal person or unincorporated organization other than a business shall be treated as infringement of the trade secret.

Where a third party knows or should have known that an employee or a former employee of the right holder of a trade secret or any other entity or individual has committed an illegal act as specified in paragraph 1 of this Article but still acquires, discloses, uses, or allows another person to use the trade secret, the third party shall be deemed to have infringed upon the trade secret.

For the purpose of this Law, “trade secret” means technical, operational or other commercial information unknown to the public and is of commercial value for which the right holder has taken corresponding confidentiality measures.

**24. How does the court acquire any necessary information (fact or technical) and in what circumstances does it do so? In particular a) Is there a technical judge, a judge with technical experience, a court appointed expert, an expert agreed by the parties, and/or parties’ expert witness evidence? b) What mechanisms are available for compelling the obtaining and protecting of evidence? Is disclosure or discovery available?**

a. Yes, all the mentioned are available. It is worth pointing out that Chinese courts have been exploring the mechanism of finding out technical facts by multiple means in technical cases. At present, with the establishment of “national court technical investigation talent pool”, there are more than 360 technical investigators and technical consulting experts, who are shared in the national court system

b. Yes. At present, important evidence can be collected by means of evidence preservation, order for filing documents, lawyer investigation order and so on. However, the conditions for the issuance of the lawyer’s investigation order, the elements of evidence preservation and the standardized process, the starting procedure and the scope of application of the system of obstruction of proof are still explored in the case.

**25. How is information and evidence submitted to the court scrutinised? For example, is cross-examination available**

**and if so, how frequently is it employed in practice?**

According to the principle of “the burden of proof rests with the claimant”, the parties should actively adduce the evidence and accept the inquiry to the other party. The number of questions is determined according to the complexity of the case and the specific needs of the trial. On this issue, the current principles of judicial practice are: 1) the evidence must be disclosed, and the right of cross-examination must be guaranteed; 2) the necessary filtering mechanism of confidential information must be determined in the cross-examination procedure.

**26. What defences to infringement are available?**

For patent, defences include: defence of non-infringement, defence of patent invalidity, defence of abuse of patent right, defence of legislated exemptions, defence of prior art or prior design, defence of legitimate source, and defence for not stop using the infringing product.

For trademark, defences include: No trademark infringement; fair use; licensed use; legitimate product source; prior rights, prior use, laches and/or loss of statutory limitations; unclean hands; abuse of rights; lack of standing to sue or to be sued; no trademark in commercial use inside P.R. China.

For copyright, defences include: independent creation; licensed use; fair use; laches and/or loss of statutory limitations; public domain; abuse of rights; lack of standing to sue or to be sued.

**27. Who can challenge each of the intellectual property rights described above?**

Anyone.

**28. When may a challenge to these intellectual property rights be made (e.g. during any registration process or at any time during the subsistence of the right)?**

Generally after the granting or registration of the IP rights. For patent application, during the prosecution one can challenge by filing a third-party observation; for granted patent, invalidation request may be filed to challenge the validity of the patent at any time after grant. For trademarks: opposition can be filed within 3

months since the publication; or cancellation after 3 years since the approval of registration based on non-use; any time after the date of registration based on claim of generic name. Invalidation can be filed within 5 years since the date of registration. As for invalidation filed after 5 years of the date of registration, it is necessary for the prior trademark owner to submit evidence to prove that the prior trademark had become a well-known trademark before the filing date of the trademark in dispute so as to prevail in the invalidation action. For copyright, one's copyright can be challenged at any time through court actions by a third party who has evidence proving otherwise.

**29. Briefly, what is the forum and the procedure for challenging each of these intellectual property rights and what are the grounds for a finding of invalidity of each of these intellectual property rights?**

For patents: Invalidation requests relating to patents must be filed to the China National Intellectual Property Administration (CNIPA), together with invalidation evidence materials. After accepting the case, CNIPA will deliver the invalidation request and evidence to the patent owner, who will need to file a written response to CNIPA within statutory time limit, and CNIPA will hold an oral hearing with both parties and make a written decision afterwards regarding the validity of the patent in issue.

The grounds for invalidation are as follows: being unpatentable subject matter, lacking novelty and/or inventiveness over the prior art, lack of practicability, insufficient disclosure, lack of clarity, lack of essential technical features, double patenting, amendments extending the scope of original disclosure, non-compliance with requirements of confidentiality examination, and/or divisional application exceeding the disclosure of original application.

For trademarks: The forum for challenging trademark rights is CNIPA and the proceedings at CNIPA are subject to judicial review before the courts at the requests of the parties involved in the proceedings. The grounds for challenging the trademark rights include:

- A. the trademark in dispute is identical with or similar to the prior trademark or in conflict with prior rights;
- B. the trademark in dispute has been filed or registered in bad faith;
- C. the trademark in dispute has not been used for 3 consecutive years after registration;

D. the trademark in dispute has become generic

E. the trademark in dispute should not be registered on absolute grounds etc..

For copyright: The forum for challenging copyright is the competent people's court (under the claim "dispute over ownership of copyright"). The grounds for a finding of invalidity of copyright include public domain and failure to meet requirements for copyright protection under the PRC Copyright Law.

**30. Are there any other methods to remove or limit the effect of any of the intellectual property rights described above, for example, declaratory relief or licences of right?**

Patents:

(1) Declaratory relief: Where a patent holder sends a warning to others for infringing a patent and where the patent holder neither withdraws the warning nor files a lawsuit within one month upon receiving a written reminder in which the person warned or the interested party urges the patent holder to exercise the right of action, or within two months upon issuing the written reminder, the courts shall accept the case if the person warned or the interested party files a request for a declaratory judgment action for non-infringement.

(2) Licences of Right: The new patent law allows patentees to register an open licensing offer to the CNIPA and encourages the sharing and exploitation of patented technology toward a third party with a license fee specified by the patentees.

(3) Compulsory licensing: Compulsory license can be awarded in the following situations:

- a patentee has failed to exploit a patent without reasonable justification for more than three years from the date of grant and four years of the date of filing;
- the use of the patent is determined to be monopolistic and a compulsory license would remove or reduce the anticompetitive effects of such patent use;
- national emergency, extraordinary state, or public interest requires a compulsory license;
- public health interests require that a compulsory license on patented medicine is granted to export the medicine to countries or regions specified in the relevant international treaties to which China joins; or



- major technical improvements with significant economic impact are dependent on earlier patents.

Trademarks: (1) If another person has used a trademark identical with or similar to the registered trademark on identical or similar goods/services before the filing date of the registered trademark and the trademark in prior use has built a certain influence, the trademark registrant has no right to prohibit the person from continuing to use the trademark in prior use within the original scope. However, the trademark registrant may require the owner of the trademark in prior use to add a proper distinguishable on his goods/service. (2) Trademark licensee may resort to the trademark license to remove or limit the effect of the rights of the trademark licensor. (3) The letter of consent may remove or limit the effect of the trademark rights. (4) Cancellation can be filed based on non-use in three consecutive years or claim of generic name to limit or remove the effect. (5) Invalidation can be filed against the registered trademark to limit or remove its effect. (6) If the component part of a trademark contains a generic or descriptive term or element, the trademark owner shall enjoy the exclusive right to the trademark, but shall not restrict others from using the generic or descriptive term or element in the market. (7) Fair use of the registered trademark is allowed, which does not constitute infringement. (8) If the trademark infringement action is filed in bad faith and found to be an abuse of rights, the plaintiff filing the trademark infringement lawsuit does not have rights to stop the legitimate trademark owner from using the trademark in dispute.

Copyright: (1) Independent creation; (2) contractual limitations or exclusive license; (3) fair use.

### **31. What remedies (both interim and final) are available for infringement of each of the intellectual property rights described above?**

Remedies of court proceeding are injunction, including interim injunction before or during a trial and final injunction, monetary compensation including punitive damages, public apologies, monetary fine, confiscation of infringing goods and/or infringing items including the facilities used to perpetrate the IP infringement etc..

In administrative proceedings, the owner cannot get damage compensation unless the infringer volunteers to pay compensation.

In judicial proceedings, the amount of damages shall be

accessed on the basis of the actual losses suffered by the right holder because of the infringement, or alternatively, on the basis of the profits the infringer has earned because of the infringement. Where it is difficult to determine the losses the right holder has suffered or the profits the infringer has earned, the amount may be assessed by reference to the appropriate multiple of the amount of using the IP under a contractual license. Where the infringement is committed in wilful and the circumstance is serious, the amount of damage shall be more than 1 time but less than 5 times of the amount assessed by referring to the above calculation. The amount of the damage shall also include the reasonable expenses of the right holder incurred for stopping the infringement act. Where it is difficult to determine the losses suffered by the right holder, the profits the infringer has earned and the fees of licensing, the people's court shall grant a compensation not exceeding RMB 5,000,000 yuan.

Punitive damages: The right holders of IPRs, including not only the rights in terms of copyright, trademark and patent, but also those under anti-unfair competition law and seeds law, can seek for punitive damages, against wilful infringement with serious circumstances. For example, in the following situations, the courts can hold a presumption of intentionality:

- the defendant continues to commit the infringing acts after being notified or warned by the plaintiff or the interested party;
- the defendant and the plaintiff or the interested parties have relationships in terms of labor, service, cooperation, licensing, distribution, agency, representative etc., and have accessed to the infringed intellectual property rights;
- the defendant has business with the plaintiff or interested parties or has negotiated for reaching a contract, etc., and has accessed to the infringed intellectual property rights;
- the defendant committed acts of pirating, or counterfeiting registered trademarks.

and the following are typical situations of serious infringement:

- after being punished by an administrative penalty or a court decision for infringement, committing the same or similar infringement again;
- committing the infringement of intellectual property rights as the whole business;
- forging, destroying or concealing evidence of infringement;
- refusal to abide by the preservation ruling.

### **32. What are the costs of enforcement proceedings and is any kind of costs recovery available for successful parties? Is there a procedural mechanism enabling or requiring security for costs?**

#### **Patents:**

Costs of patent enforcement usually include litigation fee, attorney's fee, notarization fee, investigation fee, infringing product purchasing and other expenses.

The costs awarded to the successful party are at the court's discretion in its judgement and the winning party could apply for compulsory execution of the judgement.

Where one party requests for preservation of measures or evidences, security of costs may be requested when necessary.

#### **Trademarks:**

Costs of trademark enforcement usually include litigation fee, attorney's fee, notarization fee, investigation fee, infringing product purchasing and other expenses.

The costs awarded to the successful party are at the court's discretion in its judgement and the winning party could apply for compulsory execution of the judgement.

In administrative cases of intellectual property, the official cost is RMB100. In civil cases, if there is no disputed amount or price, RMB 500 to RMB1,000 shall be paid for each case; if there is any disputed amount or price, it shall be paid according to the standards of property cases.

In administrative cases, the official fee for litigation proceedings of the successful party will be burdened by the other party. In civil cases, the official fee for litigation proceedings and damage caused by infringement and reasonable expenses of the right holder incurred for stopping the infringement act shall be burdened by the infringer.

Where one party requests for preservation of measures or evidences, security of costs may be requested when necessary.

#### **Copyright:**

Costs of copyright enforcement usually include litigation fee, attorney's fee, notarization fee, investigation fee, infringing product purchasing and other expenses. In civil cases, if there is no disputed amount or price, RMB 500 to RMB1,000 shall be paid for each case as case acceptance fee; if there is any disputed amount or price,

the case acceptance fee shall be calculated based on the amount of required compensation.

If the plaintiff's claims are supported by the court, the costs awarded to the plaintiff are at the court's discretion. It is regulated that the plaintiff's "reasonable expenses" for stopping the infringement could be included in the awarded compensation. The plaintiff could apply for compulsory execution of the judgement.

Where one party requests for preservation of measures or evidences, security of costs may be requested when necessary.

### **33. The Unified Patent Court ("UPC") [came into] [will come into] existence in certain European states on 1 June 2023, as did the introduction of European patents with unitary effect ("unitary patents"). Have industry-specific trends developed in your country in terms of the number of patent applicants seeking unitary patent protection and/or enforcing European patents or unitary patents before the UPC?**

I:

CNIPA issued Standards for Judging General Trademark Violations on December 13, 2021. The Standards take effect on January 1, 2022. It is necessary for the trademark owners to pay attention and stay alert in the course of trademark use so as to avoid triggering investigations and sanctions. Formulated on the basis of the PRC Trademark Law, the Implementing Regulations of the PRC Trademark Law, the practical experience, the problems and best practice in trademark law enforcement as well as opinions solicited from the public and the industry, the Standards are aimed at enhancing trademark administration, providing guidance for the trademark law enforcement authorities, unifying trademark enforcement standards and offering transparent and predicable rules on trademark use and administration.

The Standards consists of 35 Articles and specify the general trademark violations in 9 categories as follows:

- Failing to use registered trademarks as required in violation of Article 6 of the PRC Trademark Law (According to the applicable laws and regulations in China, it is imperative to use registered trademarks on tobacco, cigar, cigarettes including electronic cigarettes and it is compulsory to use

registered trademarks on pharmaceuticals for human use except for Chinese traditional medical herbs and prepared Chinese tradition medicine prepared in pieces);

- Using signs prohibited as trademarks in violation of Article 10 of the PRC Trademark Law;
- Using the wording “well-known trademarks” in commerce in violation of Article 14 (5) of the PRC Trademark Law;
- Failing to indicate the name of the trademark licensee and origin of goods in violation of Article 43 (2) of the PRC Trademark Law;
- Altering the registered trademarks, the name or address of the trademark registrants etc. in the course of using the registered trademarks by the trademark registrant in violation of the Article 49 (1) of the PRC Trademark Law;
- Using unregistered trademarks as registered trademarks in violation of Article 52 of the PRC Trademark Law;
- Failing to fulfill the obligations for administration of collective trademarks or certification trademarks in violation of Article 4 (2) of the Implementing Regulations of the PRC Trademark Law and Regulations on Registration and Administration of Collective Trademarks and Certification Trademarks;
- Failing to fulfill obligations for administration of trademark printing in violation of Article 7 to Article 10 of Regulations on Trademark Printing Administration;
- Filing and registering trademarks in bad faith in violation of Article 3 of Provisions on Regulating Trademark Filing and Registration.

The list of the Trademark violations is not an exhaustive one and the Standards are applicable to other trademark-related violations.

The Standards include concrete guidelines for judging trademark violations and stipulate that in the process of determining trademark violations, the applicable laws and regulations such as the PRC Trademark Law, the Implementing Regulations of the PRC Trademark Law, the Guidelines for Trademark Examination and Adjudication as well as public perception, community standards as well prevalent customs in China at the time of processing the disputes should be taken as reference.

II:

January 14, 2022, CNIPA (China National Intellectual Property Administration) announced Measures on Fast-Track Examination of Trademark Applications for Trial Implementation (the Fast-Track Measures). The Fast-

Track Measures, which took effect on January 14, 2022, had been formulated to improve trademark examination, adequately accommodate the differentiated needs of trademark owners and expedite examination of trademarks, use of which involves national interest, public interest or major strategies for regional development. The Fast-Track Measures have specified the following issues:

A: Trademarks Eligible for Fast-Track Examination

B: Formality Requirements for Fast-Track Examination

C: Procedure for Fast-Track Trademark Examination

CNIPA shall complete the fast-track examination within 20 working days after accepting and approving the request for fast-track examination.

During the fast-track examination, CNIPA may terminate the fast-track examination and conduct the trademark examination according to the routine procedure if one of the following circumstances occurs.

1. The trademark application requires amendments, clarifications or corrections, or there are trademarks filed on the same date undergoing examination;
2. After filing the request for fast-track examination, the applicant submits request for suspension of trademark examination;
3. There are other circumstances making fast-track examination impossible.

After the decisions have been made on the trademarks subject to fast-track examination, the relevant parties may lodge oppositions against the trademarks preliminarily approved and published on the Trademark Gazette or file request for review of total rejection or partial rejection.

The Fast-Track Measures are subject to interpretations by CNIPA and the Trademark Office under CNIPA is responsible for conducting the fast-track trademark examination.

III:

On December 7, 2022, CNIPA issued Guidance on Avoidance of Conflicts with Prior Rights in Terms of Trademark Application, Registration and Use. The Guidance was formulated according to Article 32 of the PRC Trademark Law and aimed is at providing guidelines for the trademark users to follow the principle of good faith in the course of filling, registering and using trademarks and avoid causing damages to prior rights and confusion amidst the public.

Illustrated with cases and analysis, the Guidance specifies the categories and scenarios of conflicts with prior use in terms of filing, registrant and use. The Guidance also clarifies liabilities for conflicts with prior rights in the course of filing, registering and using trademarks.

#### IV:

On December 7, 2022, CNIPA issued Guidance on Applications and Use of Service Marks in Class 35. The Guidance is at offering clear guidance to assist trademark practitioners in understanding purposes and rationale of services in Class 35 as well as the specific services in the sub-classes in Class 35 and file and use trademark applications rationally in Class 35. In short, the Guidance stresses that the services in Class 35 are those provided for others and to assist others' business operation, administration, advertisement, etc., rather than offering the services or performing the acts to meet the business needs of the trademark registrants themselves.

#### V:

On January 13, 2023, CNIPA published the Draft Amendment of the Trademark Law of PRC for public comment. The draft featured 23 new provisions into the trademark law as well as substantive amendments to 45 provisions in current trademark law. The most noteworthy amendments in the draft were the prohibition on repeated trademark applications for the identical trademark on the identical goods or service in the name of the same applicant/registrant, the "promise to use" requirement, and a related procedure to remove registered trademarks that are not in use after five years of registration.

On a side note, on November 22, 2022, the State MSA released the Draft Amendment of the Anti-Unfair Competition Law of PRC for public comment.

#### VI:

On January 19, 2023, CNIPA issued Guidance on Signs Prohibited from Use as Trademarks. Article 10 of the PRC Trademark Law prescribes the signs prohibited from registration and/or use as trademarks. Citing examples, the Guidance further specifies the signs prohibited from registration or use as trademarks. The Guidance also clarifies the liabilities for the trademark users and trademark attorneys for violations of Article 10 of the PRC Trademark Law.

Illustrated with examples of the signs prohibited from registration and/or use as trademarks and analysis on the liabilities of using the signs prohibited from registration and/or use as trademarks, The Guidance is aimed at prohibiting filing, registration and/or use of trademarks detrimental to state dignity and public morality or discriminating against religion or race etc.

#### VII:

On January 19, 2023, CNIPA issued Guidance on Trademarks Containing Geographic Names. Citing examples, the Guidance further specified proper use, reasonable enforcement of rights and fair use of trademarks containing geographical names. The Guidance stipulates that the transfer of a trademark containing a geographical name is not allowed if such transfer would cause confusion among consumers regarding the origin or source of goods/services. In addition, for the transfer of collective or certification marks, assignees are required to meet the requirements on qualifications of holders of collective or certification marks.

The Guidance is aimed at helping the trademark owners better understand the laws and regulations prohibiting the applications and registrations of trademarks containing geographic names, the risk in the rights of the trademarks containing geographic names and the boundaries of the trademark rights and providing guidance for the trademark users to comply with the principle of good faith, avoid abuse of rights and file and use trademarks properly according to the applicable laws and regulations.

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