

October 14, 2011

State Council Legislative Affairs Office
Flat 33 Ping'anli Street
Xicheng District, Beijing
Postal Code: 100035
People's Republic of China

**Re: AIPLA Comments on 2011 Revision Draft to the
Trademark Law of the People's Republic of China ("RDTL")**

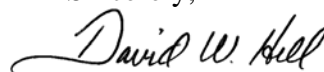
Dear Sir or Madame:

The American Intellectual Property Law Association ("AIPLA") is pleased to present the attached comments to the 2011 Revision Draft to the Trademark Law of the People's Republic of China ("RDTL"), released by the State Council's Legislative Affairs Office ("SCLAO") on September 2, 2011. AIPLA offers sincere apologies for submitting these comments after the announced deadline of October 8, 2011, and we would be most appreciative if the SCLAO will take our comments into consideration.

AIPLA is a U.S.-based national bar association whose more than 16,000 members are primarily lawyers in private and corporate practice, in government service, and in the academic community. AIPLA represents a diverse spectrum of individuals, companies, and institutions involved directly and indirectly in the practice of patent, trademark, copyright, unfair competition, and trade secret law, as well as other fields of law affecting intellectual property. Our members practice or are otherwise involved in trademark and other intellectual property law in jurisdictions throughout the world, and do so quite extensively in China. Thus, AIPLA has a strong interest in revisions of the Trademark Law of the People's Republic of China.

AIPLA is thankful for the opportunity to submit comments on these revisions, and respectfully submits the following comments.

Sincerely,



David W. Hill
AIPLA President

**Comments of the American Intellectual Property Law Association
on the
People’s Republic of China Trademark Law (2011 Revised Draft)**

Comment #1: Types of Marks – Article 8

Article 8 of the 2011 RDTL references only visual marks in connection with trademarks that can be filed for registration. In the 2010 Draft Revision, the following language was added: “The Trademark Office can accept the trademark registration application of sound, smell, and dynamic marks, etc.” However, this language was deleted from the 2011 RDTL. AIPLA believes the registration of recognizable non-visual marks such as a distinctive sound, smell, taste, and texture is good, and questions why the reference to the non-visual marks was removed. Perhaps there was some concern over the possible indefiniteness associated with the terms “dynamic marks, etc.” However, sound, smell, taste, and texture, are distinguishing features that can be and have been successfully supported by samples that sufficiently demonstrate the distinctiveness of the associated marks.

Based on the above comments, AIPLA proposes the following addition to Article 8:

“An application for trademark registration may be filed for any visible mark including word, design, letter, number, 3D (three-dimension) mark or color or any non-visible mark including sound, smell, taste or texture, or the combination of the elements above mentioned, that can distinguish the commodities of the natural person, legal person or other organization from those of others.”

Comment #2: “Good faith” – Article 9

Article 9 of the 2011 RDTL does not explicitly require “good faith” when registering or using a trademark. In the 2010 Draft Revision, the following language was added: “The application for registration, and use, of trademark shall be in accordance with the principle of good faith.” However, this language was deleted from the 2011 RDTL. AIPLA believes the inclusion of the “good faith” wording in the 2010 Draft Revision for Review was a good step, and questions why this language was removed. It is possible that Articles 34 (“Anyone applying for trademark registration may not damage other existing rights of others...” – Proposals I and II) and 46 (“...the registration is obtained by deceitful means or other illicit means...”) were viewed as sufficient for dealing with instances of bad faith, but this is not clear. Nevertheless, AIPLA questions whether Article 34 is too narrow in terms of what constitutes “good faith” and whether the examples of “bad faith” under Article 46 are similarly too narrow or specific.

Based on the above comments, AIPLA proposes the following addition as paragraph 2 of Article 9:

“The application for registration, and use, of a trademark shall be made in accordance with the principle of good faith.”

Comment #3 Registrable Trademarks – Article 11

AIPLA has the following comments on Article 11 of the 2011 RDTL:

1. Marks consisting of trade dress, including product configuration and product packaging, should be protectable if they are capable of distinguishing source, whether such marks are inherently distinctive or have acquired distinctiveness through usage.
2. Generally, generic names of the commodities concerned should not be registrable. However, if names or terms that are otherwise generic are combined or used in such a way as to serve a source identifying function, then such combination or use should be registrable.

Based on the comments above, AIPLA proposes the following modification to paragraph 2 of Article 11:

If the marks listed in the preceding paragraph have, through usage, obtained distinctive characteristics and can be easily identified, or some combination thereof serves to distinguish source when used on or in connection with the commodities concerned, they may be registered as trademarks.

Comment #4 Well-Known Marks – Article 13

AIPLA has the following comments on Article 13 of the 2011 RDTL:

1. The existing and revised provision (first paragraph) provides protection for "unregistered" well-known marks ("WKM") against registration by a third party for identical or similar commodities. AIPLA suggests that the word "unregistered" be deleted. WKMs should be protected whether or not they are also registered in China. The WKM should benefit from and be eligible to rely on this provision even though it may also be protected as a registered mark.

2. The second paragraph provides "dilution" protection for WKMs that are registered. Registration in China should not be a prerequisite for dilution protection. The owner of WKM must establish that its mark is well known under the standard set out in Article 14. That is a sufficient pre-requisite for granting dilution protection. The owner should not also be required to own a registration.
3. Also in the second paragraph, the inclusion of "misleads the public" could suggest that likelihood of consumer confusion is also required in order for a WKM to be protected from dilution. However, dilution is intended to protect WKM regardless of the presence or absence of actual or likely confusion. Perhaps the "misleads the public" language could be clarified to reflect that dilution protection is available regardless of the presence or absence of actual or likely confusion, or of competition between the parties. It also would be beneficial to add that dilution protection is available regardless of actual economic or industrial injury.

Based on the foregoing, AIPLA proposes at least the following modifications to paragraphs 1 and 2 of Article 13:

If a trademark, for which an application for registration is filed, of the same or similar commodity is the copy, imitation or translation of a well-known trademark of others ~~which hasn't been registered in China~~, and is likely to cause confusion, it shall not be registered and shall be prohibited from use.

If a trademark, for which an application for registration is filed, of a different or dissimilar commodity is the copy, imitation or translation of a well-known trademark of others ~~which has been registered in China~~, and misleads the public and leads to possible damage to the interests of the registrant of that well-known trademark, it shall not be registered and shall be prohibited from use.

Comment #5 Well-Known Marks - Article 14

AIPLA has the following comments on Article 14 of the 2011 RDTL:

1. It is a welcome change that the definition of WKM is being revised to say that a WKM is one that is well known to the "relevant public." AIPLA agrees that this is the correct standard and that the WKM does not need to be known in all public sectors.
2. The other proposed revision relates to whether the WKM must bear "comparatively high fame in China." AIPLA believes there should not be a requirement that the WKM must be known throughout all of China. Like the "relevant sectors," evidence that the WKM is known in relevant geographic sectors in China should be sufficient.

Comment #6 Exclusive Licenses – Article 46

At this time, AIPLA has no particular substantive objections or concerns regarding Article 46 of the 2011 RDTL. However, the following amendments are suggested to help clarify the proposal:

If the exclusive right to use a registered trademark is transferred due to any matter other than trademark assignment, such as, for example, by grant of an exclusive license to use the registered trademark or by court order, the party concerned that ~~accepts~~ receives the exclusive right to use the registered trademark by such other means shall ~~handle~~ be responsible for completing the procedures of transferring the exclusive right by presenting relevant certification documents or legal documents at the Trademark Office. After approval, the Trademark Office shall publically announce it. The transferee ~~has~~ shall have the exclusive right to use the trademark from the date of the public announcement.

If the exclusive right to use a registered trademark is transferred due to any matter other than trademark assignment as discussed in the preceding paragraph, ~~the~~ any other registered trademarks that are directed to identical or substantially similar trademarks that the right holder registers on the for identical or similar closely related commodities that are also owned by the prior right holder shall also be deemed to be transferred at the same time. If ~~he~~ the party receiving such exclusive rights fails to transfer such other registered trademarks at the same time, the Trademark Office shall order him to file a supplemental request within the a prescribed time period. If the ~~right holder~~ party receiving such exclusive rights fails to file the supplemental request within the prescribed time period, it shall be deemed that he has given up the application for transferring both the registered trademark and the other registered trademarks, and the Trademark Office shall inform the applicant in writing.

Comment #7 Mandatory Recordation of License - Article 47

The current law requires license agreements to be “submitted . . . for the archivist purpose”. In contrast, it is suggested by some that the proposed law be changed to place the burden on the licensor to “record” the license and preclude use of an unrecorded license “against any third party with good faith.” The legal significance of requiring recordation of a license prior to enforcement by a licensee is unclear, but it does raise several important questions for U.S. and other foreign companies, both as a licensee and a licensor.

Based on the foregoing, AIPLA has the following comments:

1. First, subjecting licenses to a mandatory recording statute suggests that a purchaser of a trademark registration may not take the trademark registration subject to existing licenses unless the licenses have been recorded. In other words, for example, despite being a party to an otherwise valid license agreement, a U.S. licensee to a Chinese trademark registration could be left without the right to use the trademark if the licensor sells the trademark registration without having previously recorded the license. This will place an increased burden on licensees to be more diligent in confirming that licenses are recorded.
2. Second, and similarly, the consequences are unclear when the licensor enters into conflicting license agreements with multiple licensees (e.g., granting two separate exclusive rights licenses to the same mark). Presumably, the first licensee cannot stop the second licensee from using the mark if the first licensee's license was not recorded. Thus, the first licensee's only remedy may be for damages against the licensor.
3. Third, we are unclear what constitutes good faith. Are there situations (e.g., fraud between the licensor and a second licensee) when the first licensee can enforce its license against a subsequent licensee?
4. Fourth, the burden is on the licensor to record the license. What options does a U.S. licensee then have if the licensor refuses or fails to record the license agreement? For example, can the licensee record the license?
5. Fifth, it can be assumed that recorded licenses can be viewed publicly. If so, parties should have the ability to redact confidential information from these agreements, as is the practice in the European Community, for example.
6. Sixth, what rights will a licensee have under the proposed law during the period between when the license is filed for recordation and the date when the license is actually recorded? It currently takes months to record a license in China due to the backlog in the Chinese recordation process.

In light of these comments, AIPLA suggests amending Article 47 by deleting paragraph 3, specifically, *~~“Where a registered trademark is licensed to another person, the licensor shall record the license with the Trademark Office.”~~*

Comment #8 Use of a Trademark – Article 51

At this time, AIPLA has no particular substantive objections or concerns regarding Article 51 of the 2011 RDTL. However, the following amendments are suggested to help clarify the proposal:

The use of trademarks discussed in this Law refers to affixing trademarks to commodities, commodity packages or containers, reproducing or otherwise using trademarks in as well as commodity exchange documents for purposes of production or operation, or reproducing or otherwise using trademarks in advertisements, exhibitions, or reproducing or otherwise using trademarks in and other commercial activities that the use of the same in such a manner that will sufficiently lead the relevant public to recognize it as use of a trademark.

Comment #9 Acts of Infringement – Article 61

In the 2010 Draft Revision, language was added to incorporate corollary provisions of revised Article 50 of the Implementation Rules. For example, Actions that mislead the public are contrary to the intent of trademark rights designed to protect consumer recognition of registered marks and protect such marks against confusion caused by infringers. AIPLA supports provisions that enable trademark owners to enforce their marks against infringers.

Based on the foregoing, AIPLA suggests that the following new provisions be considered for addition to Article 61 of the 2011 RDTL:

- 7) registering words identical or similar to another's registered trademark as a domain name, and conducting e-commerce of relevant commodity through that domain name, in such a manner likely to cause confusion among the relevant public; and*
- 8) causing other damage to the right to exclusive use of a registered trademark of another person.*

Comment #10 Requests for Suspension When a Cancellation Proceeding in a Cited Mark is Pending

When an application is refused registration due to a prior mark, the applicant may file a cancellation petition. The applicant can request that its application be suspended pending disposition of the cancellation proceeding, but such requests are routinely DENIED. Thus the application frequently is abandoned before the cancellation proceeding is complete. The applicant must re-apply and hope no intervening applications were filed by another. AIPLA believes the law should be amended to grant suspension requests if a cancellation petition is filed against the cited prior mark and the request is made during the pendency of the cancellation proceeding.

Based on the foregoing, AIPLA suggests that the following provision be considered for addition to the 2011 RDTL:

(New Provision) A request for suspension of an application during the pendency of a cancellation proceeding against a holder of prior rights should be granted.

CONCLUSION

AIPLA sincerely appreciates the opportunity to provide its comments on the 2011 Revision Draft to the Trademark Law of the People's Republic of China and hopes these comments are helpful. If AIPLA can be of any further assistance in the development and implementation of the amended Trademark Law of the People's Republic of China, or of any other assistance on intellectual property issues, please do not hesitate to contact us.