

# Legal Commentary

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## Intellectual Property Law

### China Strengthens Fight Against Malicious Trademark Registrations

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A focus for Chinese trademark law and practice in recent years has been strengthening the fight against malicious trademark registrations. On November 1, 2019, the amended *Trademark Law of the People's Republic of China* (the “**Trademark Law**”) was officially implemented, in which Article 4 primarily embodies China's determination to strengthen the fight against malicious trademark registrations, **greatly lowering the threshold for attacking malicious registrations and also potentially serving as the latest weapon in cracking down on malicious registrations**. In addition, the Trademark Law, as amended, also provides other provisions to fight against malicious trademarks, such as defenses against malicious trademark agencies and raising the amount of compensation for malicious trademark infringement, etc. At the judicial level, it is clear that the number of cases has increased significantly, such as raising damage awards against trademark infringers and not supporting malicious trademark infringement lawsuits.

For example, Article 4 of the Trademark Law stipulates that “[m]alicious registration applications for trademarks not for the purpose of use shall be rejected”. A short time has passed since this legal provision came into effect, but many national intellectual property administrations around the world which have actively invoked similar legal provisions to strike a blow against malicious registrations, including one dental company in the United States that submitted an application for invalidation against a U.S. company over a trademark on nine types of electrical switch goods. Moreover, one U.K. company submitted an application for invalidation against another U.K. company for the same trademark on three types of cosmetics. The China National Intellectual Property Administration has actively cited Article 4 of the Trademark Law in analyzing the maliciousness of disputed trademarks, an example of which is presented in the following ruling excerpt:

*Where the respondent repeatedly applied for registration of the same trademark in multiple product categories ... and the respondent failed to defend and prove the source of the trademark design of the disputed trademark, our administration reasonably believes that the respondent has the purpose of making a profit by improperly utilizing the trademark of the applicant. **This form of rushed registration violates***

***the principle of acquiring trademark rights based on the necessity of actual use as stipulated in Article 4 of the Trademark Law of the People's Republic of China.***

Under the framework of the Trademark Law, Article 4.1 and Article 44.1 are the operative provisions of law primarily aimed at fighting malicious registrations. **However, the threshold in Article 4 for “malicious” is lower compared to Article 44.1.**

The important requirements in Article 4 of the Trademark Law are: “not for the purpose of use” and “malicious”. The requirement of “**not for the purpose of use**” can be judged, for example, by whether actions have been taken to prepare the trademark for use or the registrant actively defends the trademark. **For the second element, “malicious”, relevant judicial interpretations** identify as malicious circumstances such as: the trademark applicant has no legitimate reason for the application, knew or should have known of others who were using the trademark, or the trademark has a certain degree of visibility or strong influence. As in the above cases, it can be proven that a respondent meets **the two requirements of Article 4 at the same time** if the disputed trademark for registration is the same as that of a previous registrant of the trademark which has a strong influence, the respondent has no explanation for the origin of the trademark, or the respondent has used the trademark across the multiple product categories.

Compared to Article 4 of the Trademark Law, in Article 44.1, the “other improper means” provision protects the public interest rather than individual civil rights and interests. **Therefore, the malicious registration of a trademark by an applicant must be considered to have resulted in “harming the public interest” to a severe degree, such as hoarding hundreds of trademarks.** In the trademark invalidation case “SHEER LOVE”, the court applied Article 44.1 to reject the registration applications of the respondent, who had copied for sale over 700 of the trademarks of others.

Before the implementation of the amended Trademark Law, Article 44 of could only be applied when the number of trademarks an applicant had hoarded in bad faith was especially large (such as hundreds or thousands) or the applicant’s conduct was particularly malicious. Article 4 of the Trademark Law lowers the threshold for attacking malicious trademark registrations and allows for action to be taken against malicious trademark registrations which have not reached the level of harming the public interest. In light of the amended Trademark Law, the key point for us is to make full use of the relevant judicial interpretations to clarify the two elements of “not for the purpose of use” and “malicious”, so as to effectively and accurately strike against malicious trademark registrations.

***Important Announcement***

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