

## What's New



### ***Rules on Regulating Trademark Registration Acts Will Be Implemented on Dec. 2019***

On October 10<sup>th</sup>, 2019, the State Administration for Market Regulation (SAMR) announced the enactment of the *Rules on Regulating Trademark Registration Acts* (hereinafter referred to as *the Rules*), which was released in the form of SAMR Decree No.17 and will be in force from December 1, 2019.

*The Rules* mainly aims to sanction bad-faith trademark registration from two aspects:

#### **(1) Strike against the applicant's bad-faith trademark registration.**

The newly effective *Trademark Law* has added the provision of “a trademark registration in bad faith, whose purpose is not for use, shall be rejected” in Article 4. Under the *Trademark Law*, *the Rules* clearly lists the considering factors for judging the bad-faith trademark registration acts (see Article 8 of the *Rules* for details), including:

- (1) the number of registered trademarks, the class of use, and the transaction of trademark by the applicant or his associated natural person, legal representative or any other organizations;
- (2) applicant's industry and status of operation;
- (3) where the applicant has been judged by an effective administrative decision or ruling or judicial judgment to have engaged in bad-faith trademark registration or to have infringed upon the exclusive right to use a registered trademark of another person;
- (4) the trademark applied for registration is identical or similar to other's famous trademarks;
- (5) the trademark applied for registration is identical or similar to the names of famous person, the names or abbreviations of the enterprise, or other commercial marks;
- (6) any other factors that shall be taken into consideration by the Trademark Registration Department.

The Trademark Registration Department will make a comprehensive judgment on whether the registration is in bad faith by referring to the above factors.

## **(2) Strike against the trademark agency's bad-faith representation acts.**

In accordance with Article 4 of *the Rules*, trademark agency shall be bound by the principle of good faith. If the agency knows or shall know that the client's trademark registration falls under any of the following circumstances, the agency shall not accept the entrustment:

- (1) Under Article 4 of the *Trademark Law*, where a trademark is registered in bad faith, whose purpose is not for use;
- (2) Under Article 15 of the *Trademark Law*, where an attorney or a representative registers the trademark of its client in its own name without authorization, or clearly knows the existence of the trademark of another party due to contractual relationship, business dealing or other relations, still registers the trademark preemptively;
- (3) Under Article 32 of the *Trademark Law*, where damage is made to prior rights of others, or bad-faith trademark squatter through improper means upon trademarks used by others with certain reputations.

In addition, *the Rules* regulates specific measures to punish the applicant and trademark agency of the bad-faith trademark registration, including warnings, penalties, and publicizing the punishment information through the National Enterprise Credit Information Publicity System.

With regard to the penalties, *the Rules* regulates a fine of treble of illegal gains of the bad-faith trademark applicant, with a maximum of RMB30,000 (USD4,280), and a maximum fine of RMB100,000 (USD14,265) for trademark agency representing the bad-faith trademark registration and the termination of services if the circumstance is serious.

The newly amendment of *the Trademark Law* and the promulgation of *the Rules* provide a clearer and more direct legal basis for cracking down on bad-faith trademark registration acts, which is conducive to further strengthen the efforts on this issue.

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