



IP NEWS

2022 NO.88

www.jiaquanip.com

 嘉权专利商标事务所
Jiaquan IP Law

IP NEWS

THE THEME

Trademark practice - How to Defend a Trademark Cancellation Request for Non-use

Litigation practice - CHINA: Strict Penalties for Perjury

Trademark practice - How to Defend a Trademark Cancellation Request for Non-use

Pony Li



Pony Jianping LI
Paralegal
International Department

Ms. LI graduated from Guangdong University of Foreign Studies, and she joined Jiaquan in 2018.

Ms. LI is a paralegal of Jiaquan IP Law. She is responsible for the process follow-up and customer communication of trademark and copyright protection issues, such as trademark availability search, registration application, opposition, invalidation, cancellation, administrative litigation, and copyright application. She has accumulated a wealth of professional knowledge and experience.

Successfully registering a trademark is not easy. After registration, the trademark owner still needs to do a few important things to keep it alive. Under the China Trademark Laws, registered trademarks can be canceled on the grounds of non-use for three consecutive years.

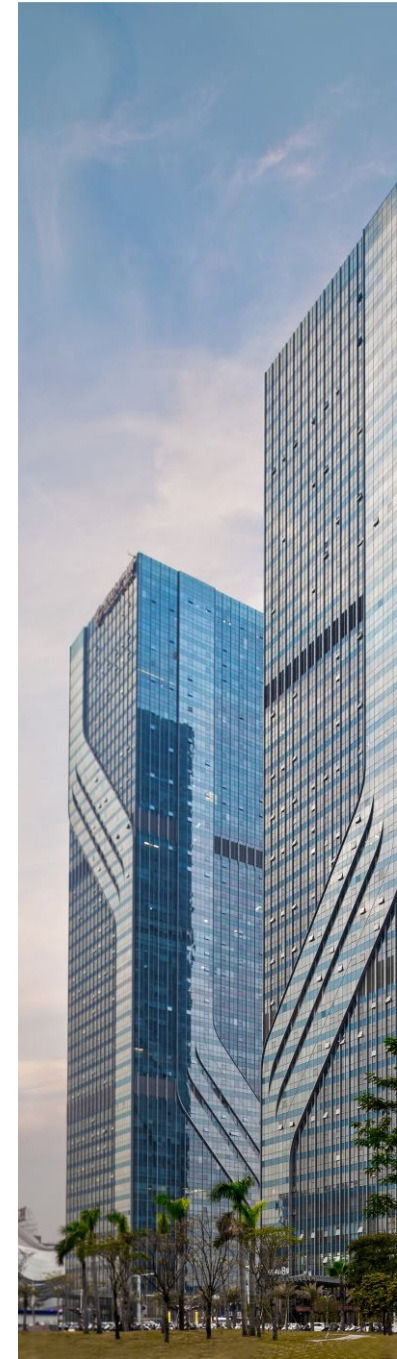
According to *Article 49(2)* of the China Trademark Law, once a trademark becomes the generic name of the goods for approved use or a trademark has not been put into use for three consecutive years without a justifiable reason, any entities or individuals can file a petition with the Trademark Office to cancel the trademark. In other words, anyone can file a non-use cancellation against a trademark registered for three years. After accepting the cancellation request, the Trademark Office will issue the Notice of Providing Evidence of Use to the trademark registrant. The registrant can respond to the notice with the following actions.

1. Collecting use evidence and defending actively

This is the first and most important step. To avoid cancellation, the registrant needs to provide use evidence on the approved goods or services, unless there is a legitimate reason for non-use. According to *Article 67* of the Regulations for the Implementation of the China Trademark Law, the following reasons could be deemed as the legitimate reasons for non-use:

- (i) Force majeure
- (ii) Government policy restrictions
- (iii) Bankruptcy liquidation
- (iv) Other legitimate reasons not attributable to the trademark registrant

In the absence of the above, the registrant should provide evidence to prove that the subject trademark has been used in mainland China within the prescribed period.



The "use of a trademark" is defined as commercial use in the *China Trademark Examination and Trial Guidelines*. It includes the use of the trademark to identify the source of goods on packaging or containers, in commodity trading documents, as well as in advertising, exhibiting, and other commercial activities. The use evidence should contain five elements, including the trademark itself, goods or services, trademark user, and location. *The China Trademark Examination and Trial Guidelines* also pointed out that the following evidence is not deemed to be the "use of a trademark" according to the China Trademark Law.

- (i) Contract for the sale of goods and agreement/contract for providing services
- (ii) Written testimony
- (iii) Physical evidence, audio-visual materials, or website information which is difficult to determine whether it has been modified
- (iv) Physical objects and replicas

Accordingly, we suggest trademark registrants provide publicly available evidential materials that can be verified through third-party platforms and provide evidential materials that can corroborate each other. For example, a combination of evidence may include contract, order, shipping order, freight bill, invoice, bank transaction documents, and product photos. In all these materials, the products, quantities, amounts, prices, and other matters should be consistent with each other. Such combination evidence is much more credible than single evidence.

2. Filing a new trademark application as soon as possible

Filing a new trademark application could be a wise adjunct for three reasons. First, the new trademark application has a much higher chance of success while the trademark subject to

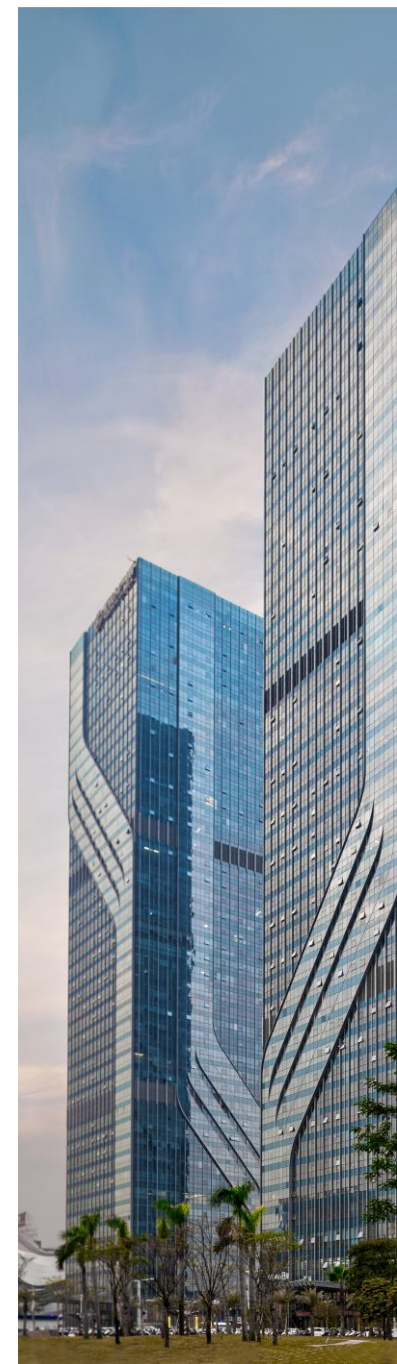
cancellation request ("subject mark") is still valid. Second, the new application becomes a backup option in case the subject mark is eventually canceled due to evidentiary defects. Third, even if the subject mark remains valid, it still faces the risk of possible cancellation requests by others. In contrast, the newly registered mark has at least three years to maintain a relatively stable status.

3. Negotiating with cancellation applicant

Usually, the reason for another party to request the cancellation of a registered trademark is that the trademark obstructs its application for a later trademark. If the trademark owner agrees to remove the obstruction by deleting the goods, coexistence, etc., the revocation applicant is likely to be willing to withdraw the cancellation application.

However, the period for providing evidence is two months after receiving the notice, while the negotiation may take longer. If the examination procedure for the cancellation has been completed, the cancellation application cannot be withdrawn. In addition, the CNIPA generally encourages the registrant to put the registered trademark into use. If the registrant fails to submit any use evidence within the allowed time, likely the cancellation request cannot be withdrawn. Therefore, we suggest the registrant respond to the notice actively while negotiating with the cancellation applicant.

Among the three actions above, the first action is the most important and the other two are supplementary. Registrants should keep and accumulate evidence for the daily use of their trademarks. If a non-use cancellation request is filed by others, the registrant should defend actively and take supplementary actions based on the actual situation. This strategy can increase the success rate of maintaining an effective trademark.



Litigation practice - CHINA: Strict Penalties for Perjury

Wanlin Huang

First published by INTA

The Beijing Intellectual Property Court held a briefing on September 10, 2021, on the penalties for perjury in trademark cancellation proceedings for non-use. As part of the briefing, the court published a review of cases which are exemplary for penalties for perjury.

The court applied the maximum penalty for perjury, namely, RMB 10,000 (around US \$1,500) under the Administrative Procedure Law (Article 59(1)(b)) in most cases.

The false evidence in these cases predominantly included forging and modifying trademark information on documents, including invoices, inspection reports, and advertising registration certificates. In all instances, it was trademark owners who were penalized; no trademark agencies were found to be involved.

Providing false evidence disrupts litigation proceedings and undermines judicial authority. To address this issue, the court announced at the briefing five measures:

1. Tightening examination standards and requiring trademark owners to submit original evidence of trademark use;
2. Utilizing official government websites to verify evidence, such as the authenticity of invoices;
3. Explaining the consequences of falsifying evidence and ordering trademark owners to give reasonable explanations for such actions;
4. Canceling the non-use trademarks in accordance

with the law; and

5. Dealing strictly with perjury and imposing penalties in accordance with the law.

Background on China's Cancellation System

Similar to other major jurisdictions, China has a cancellation system for trademarks that have been registered for a certain number of years. In China, a third party may request the cancellation of any trademarks that have been registered for three years, and the trademark owners are required to prove genuine and effective use of the trademarks.

Cancellation actions are examined and decided by the Trademark Office of the China National Intellectual Property Administration (CNIPA). If the parties are not satisfied with the decision, they may apply for a review. If the review results are not satisfactory, the parties may appeal to the Beijing Intellectual Property Court.

Since 2019, the court has concluded 3,843 administrative cases covering non-use cancellation, with a total of 970 cases overturning CNIPA decisions made, higher than the average rate of other trademark prosecution cases.

Although every effort has been made to verify the accuracy of this article, readers are urged to check independently on matters of specific concern or interest. Law & Practice updates are published without comment from INTA except where it has taken an official position.

