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QUARTERLY

# NEWSLETTER

PANAWELL INTELLECTUAL PROPERTY



Cover: Interior of office block where Panawell locates

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Panawell Intellectual Property, consisting of Panawell & Partners, LLC and Panawell & Partners Law Firm, provide full spectrum of services in all fields of intellectual property rights, such as patent, trademark, copyright, computer software, anti-unfair competition, trade secrets, custom protection, domain name, license, assignment, enforcement, administrative and civil litigation, IP consulting and management.

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## Draft of Revised Guidelines for Patent Examination Released

To harmonize with the Patent Law amended and the Implementing Regulations of the Patent Law to be amended, the China National Intellectual Property Administration released the Draft of the Revised Guidelines for Patent Examination (Draft for comments) on August 3, 2021 to solicit opinions from all walks of life. The revisions mainly cover the following nine aspects:

I. Proposed provisions regarding the improved design system, concerning the requirements on, and standards for examination of, applications relating to partial designs and graphical user interface products, examination of obvious differences of designs, design applications claiming national priority, procedures for filing and examination of International Design Applications, and relaxed requirements on design drawings (allowing use of parallel double dotted lines, natural fracture lines, indicative lines and etc.)

1. The International Design Application refers to those which applicants having a domicile or habitual residence or industrial or commercial establishment in China may be allowed to file directly or through the CNIPA, with the World Intellectual Property Organization under the Hague International Design System.

2. As for the Chinese partial design application, it shall be noted that where the parent application relates to an overall design, it is not allowed to file

a divisional based on a part of the design; and where the parent application relates to a partial design, it is not allowed to file a divisional based on the overall or any other partial design.

II. Proposed procedural provisions related to the Patent Cooperation Treaty, concerning the incorporation by reference, and the priority restoration, addition and correction.

### 1. Incorporations by reference

The CNIPA propose to allow incorporation by reference, that is, in case of an application with some elements or parts of the claims and specification missing or wrongly submitted when the applicant files the patent application, it is possible for these elements or parts of the corresponding parts of the priority application to be incorporated by reference, with the original filing date retained. The contents incorporated by reference will be deemed as part of the initially filed application documents.

(1) Time Limit: The applicant may submit voluntarily a declaration of incorporation by reference within two months from the filing/entry date, or submit it within the specified time limit in response to a Notification on Correction pointing out that the application has something missing.

(2) Required Documents: Certified Priority Document, Chinese translation of the Priority Document (if the priority document is in a foreign language), Declaration of Incorporation by Reference (which shall specify the position of the



supplemented parts in the priority document and the Chinese translation thereof), and Replacement Sheets of the Application Documents.

(3) **Official Fees:** Upon receipt of a request for incorporation by reference, the CNIPA will re-determine the official fees of excessive claims and specification. If payment of additional fees is found necessary, a Notification on Paying Additional Fees will be issued. The applicant should pay for the relevant additional fees within two months from the filing date of the application, or one month from the issue date of the notification.

(4) **Chinese National Phase of PCT International Application:** If a request for incorporation by reference is filed in the international stage, the applicant should submit Chinese translation of the priority document when entering the Chinese national phase, and indicate the positions of the incorporated contents in the original application and in the Chinese translation of priority document in the entry request.

## 2. Restoration, Addition and Correction of Priority

(1) **Restoration:** Within two months from the initial expiration date of the priority deadline, namely no later than 14 months from the priority date for invention and utility model applications, or no later than 8 months from the priority date for design applications, the applicant may file a request for restoration of the priority right, together with a copy of the certified priority document (and priority assignment if necessary), and pay the restoration

fee and priority fee.

(2) **Addition and Correction:** Within sixteen months from the priority date or four months from the filing date, and before the date on which the Notification of Passing Preliminary Examination is issued, the applicant may add or correct the priority claim, by submitting a written request and a copy of the certified priority document (together with any priority assignment if necessary), and paying for relevant fees for claiming the priority.

(3) **Chinese National Phase of PCT International Application:** To an application in which the priority has been successfully restored in the international stage, the CNIPA will typically raise no more objection. When an international application enters the national phase in China, the applicant is not required to go through the formalities for restoring the priority; if the applicant does not go through the formalities for the restoration of priority in the international stage, he will still have a chance to file a restoration request with the CNIPA within two months from the entry date.

III. Proposed provisions regarding patent term compensation, including the regular patent term compensation and drug patent term compensation

### 1. Patent Term Compensation

The patentee may, within three months from the announcement date of grant of a patent, file a term compensation request, and pay for the relevant fees. The term to be compensated shall be calculated as follows:

$$\begin{array}{|c|} \hline \text{Time of} \\ \text{Unreasonable} \\ \text{Delay in the} \\ \text{Examination} \\ \text{Process} \\ \hline \end{array} - \begin{array}{|c|} \hline \text{Time of} \\ \text{Unreasonable} \\ \text{Delay Caused} \\ \text{by Applicant} \\ \hline \end{array} = \begin{array}{|c|} \hline \text{Patent Term} \\ \text{Compensation} \\ \text{Days} \\ \hline \end{array}$$

Wherein, the "unreasonable delay in the examination process" is the patent grant announcement date, minus the date of four years after the filing of an invention application (for a PCT international application entering the Chinese national phase, the filing date refers to the entry date; and for a divisional application, the filing date refers to the filing date of the divisional application) or the date of three years after the issue of Notification of Entering Substantive Examination, excluding the time for such special proceedings as reexamination, litigation and suspension. The "unreasonable delay caused by applicant" refers to those as caused due to the applicant's failure in responding, on time, to any notification issued by the CNIPA, deferred examination, incorporation by reference, request for restoration of right, and failure to request "early processing" at the entry into Chinese national phase.

**2. Drug Patent Term Compensation:** For any innovative drug or modified new drug approved for marketing by the China National Medical Products Administration, the patentee of any valid patent related to the drug may file a request for patent term compensation with the CNIPA within three months from the date of regulatory approval of the drug for marketing, and pay for corresponding annual fees. But the compensated term shall not

exceed five years, and the entire patent term shall not exceed fourteen years after the regulatory approval of the drug for marketing. The formula for calculating the days of compensated term goes as follows:

$$\begin{array}{|c|} \hline \text{Date of} \\ \text{Approval} \\ \text{for} \\ \text{Marketing} \\ \hline \end{array} - \begin{array}{|c|} \hline \text{Filing} \\ \text{Date of} \\ \text{the Patent} \\ \hline \end{array} - \begin{array}{|c|} \hline \text{Five} \\ \text{Years} \\ \hline \end{array} = \begin{array}{|c|} \hline \text{Drug Patent} \\ \text{Term} \\ \text{Compensation} \\ \text{Days} \\ \hline \end{array}$$

It shall be noted that, in the request for drug patent term compensation, the patentee should indicate the name of the drug, approved indication of the drug, and the patent application number for which the term compensation is requested, designate the claims related to the drug approved for marketing, state, with certifying proofs, the reason why the technical solution involved in the drug falls within the scope of protection of the designated claims and the basis on which the requested term compensation has been calculated, and also clarify the claimed technical solution during the compensated term of the drug patent.

**IV. Proposed provisions regarding open licensing,** including the filing and withdrawal of open licensing declarations, registration and publication of open licenses, legal effect and recordal of open license contracts, and related fee reduction.

**V. Proposed provisions regarding examination of** invalidation cases in the mechanism for early resolution of drug patent disputes, concerning submission of requests and certifying documents, examination order, examination basis, examination status, and notifications of case closing.

VI. Proposed provisions regarding responses to emergencies, such as epidemic, concerning the novelty grace period, and ex-officio extension of time limit.

VII. Proposed provisions regarding improving examination quality and efficiency, concerning the examination of prominent inventiveness of utility models; ex-officio examination during substantive examination, reexamination and invalidation proceedings of invention patent applications relating to computer programs; provisions on participation, in invalidation proceedings, of parties involved in disputes over ownership; further improvement of delayed examination system; and determination and exemplary cases involving good-faith principle violations.

A special provision to be added is that, for the utility model patent application and invention patent application filed on the same day for the same subject matter, a four-year delayed examination will be performed for the invention patent application by default.

VIII. Proposed provisions regarding implementation of the regulatory concepts of streamlined, de-centralized administration, strengthened regulation, and optimized service provision, concerning the issue of patent evaluation reports, allowed submission of color drawings, simplified ways of submitting the drawing for abstract (for both regular national applications and Chinese national phases of PCT international applications, it is necessary only to

designate the drawing for abstract in the request forms, instead of submitting a separate document for the drawing for abstract), simplified procedure for requests for changes in bibliographic data (e.g. if the same item in the bibliographic data of multiple applications is changed in the same way, it is allowed to submit one request for the bibliographic data change for the whole batch of applications), exceptions to mandatory entrustment of patent agencies, simplified procedures for filing divisional applications, and simplified filing of sequence listings.

It should be noted that, for electronically-transmitted official notices, the date of issue may be regarded as the date of receipt, which is to say, the deadlines for responding to official notices of electronically-filed patent applications will no longer be entitled to a 15-day mailing delay.

IX. Proposed provisions regarding institutional reform, concerning adaptive modification of expressions used by the Patent Reexamination Board.

*(Source: official website of CNIPA)*

## **CNMPA and CNIPA Jointly Issued the Implementation Measures for Early Settlement Mechanism of Drug Patent Disputes (interim)**

On July 4, 2021, the China National Medical Products Administration (CNMPA) and the China

National Intellectual Property Administration (CNIPA) jointly issued the "Implementation Measures for Early Settlement Mechanism of Drug Patent Disputes (interim)" in the No. 89 Announcement of 2021. On July 5, 2021, the CNIPA issued the "Administrative Adjudication Measures for Early Settlement Mechanism for Drug Patent Disputes" in the No. 435 Announcement, and the "Matters Concerning the Acceptance of Administrative Adjudication Measures for Early Settlement Mechanism for Drug Patent Disputes" in the No. 436 Announcement. The above announcements have come into effect from the day of promulgation.

According to the relevant provisions of early settlement mechanism for drug patent disputes as introduced in Article 76 of the newly amended Patent Law, the CNMPA in conjunction with the CNIPA shall develop practical methods of patent dispute settlement during the application and examination stages of new drug's marketing approval. Therefore, the Implementation Measures for Early Settlement Mechanism of Drug Patent Disputes (interim) have been formulated and implemented with the approval of the State Council.

The early settlement mechanism for drug patent disputes refers to a system that links the related new drug approval procedure with the settlement procedure for related drug patent dispute. The Regulations are intended to provide parties with a mechanism for resolving related patent disputes, protect the legitimate rights and interests of drug

patent holders, and reduce the risk of patent infringement when generic drugs go to market.

Under the regulations, the China's Patent Information Registration Platform for Marketed Drugs (<https://zldj.cde.org.cn/home>) is officially put into operation. Marketing authorization holders of relevant drugs are required to complete the registration and voluntary disclosure of relevant drug patent information on this Platform in advance as required within 30 days after obtaining drug registration certificates.

In case of filing the application for marketing registration of chemical generics, traditional Chinese medicine of the same name and formula, and biosimilars, applicants shall submit the patent declaration in accordance with the requirements of the Measures by contrasting relevant drug patent information registered at the China's Patent Information Registration Platform for Marketed Drugs. Within 10 days from CNMPA's receipt of a generic drug application, the drug's marketing authorization holder shall be notified of the declaration and basis for the declaration.

If the patentee or interested party has any objection to the patent declaration, he can file a lawsuit with the court (i.e. judicial channel) or file a request for administrative ruling with the CNIPA (i.e. administrative channel) within 45 days from the publication date of the drug marketing authorization application, to determine whether the concerned technical solution of the drug for approval falls within the protection scope of the

concerned patent right or not. Within the prescribed time limit, the patentee can choose either the judicial channel or administrative channel voluntarily. Any party, who is dissatisfied with the administrative ruling made by the CNIPA, may further file a lawsuit with the court. Where the patentee or interested party files a lawsuit or administrative ruling request, shall submit a copy of the lawsuit filing receipt or administrative ruling request acceptance notice to the National Drug Evaluation Agency and notify the generic drug applicant within 15 working days from the date of filing or acceptance.

After receiving the lawsuit filing receipt or administrative ruling request acceptance notice, the CNMPPA will set a 9-month waiting period (only once) for the registration application of chemical generic drug concerned. For registration applications of chemical generic drugs that trigger a waiting period, the patentee or interested party, or the applicant for chemical generic drugs, shall submit relevant documents to the National Drug Evaluation Agency within 10 working days upon receipt of the court's judgment or CNIPA's decision.

For the first chemical generic drug that has successfully challenged the patent and been approved for marketing, a 12-month period of market exclusivity will be granted.

For chemical generics, traditional Chinese medicine of the same name and formula, and biosimilars that have been approved for marketing,

even if a dispute arises, they will not be cancelled, and their effectiveness will not be affected.

*(Source: official websites of CNIPA)*

## CNIPA Further Compresses the Patent and Trademark Examination Cycle

In order to accomplish the target of compressing examination cycle deployed by the State Council, as of the end of June 2021, the China National Intellectual Property Administration has compressed the average examination cycle to 19.4 months from 20 months of the previous year for invention patents, and to 13.4 months from 14 months of the previous year for high-value patents, and stabilized the average examination cycle for trademark registration within 4 months. CNIPA will strive to compress the examination cycle of invention patents to 18.5 months by 2021, and continue to strive to compress the average examination cycle of invention patents to 16.5 months by the end of 2022.

*(Source: official websites of CNIPA)*



## Malicious Trademark Application Acts and Countermeasures

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As we all know, malicious registration (or registration in bad faith) of trademarks has long been a hot topic in the IP industry. The provisions of current Chinese Trademark Law defining and regulating acts of malicious trademark registrations, gradually improving though, are not without defects. Consequently, the problem of malicious registration of trademarks in China is still a pain point for many applicants. Starting from the typical manifestations of acts of malicious trademark application, this article is meant to recommend some practical countermeasures on how to regulate these malicious acts.

### I. Common Malicious Application Acts and Countermeasures

Article 3 of the Provisions Regulating Application for Trademark Registration issued by the China National Intellectual Property Administration (CNIPA) in 2019 stipulates that applications for trademark registration shall follow the principle of good faith, and six types of acts are not allowable. Hereinafter, this author will sort out some of the common acts of malicious preemptive registration of trademarks, and recommended one-on-one countermeasures against these six types of acts.

#### 1. Maliciously applying for registration of trademarks that are not intended for use as stipulated in Article 4 of the Trademark Law

#### (1) Specific Acts

Applying, not for the purpose of use, for registering many trademarks in respect of multiple classes of goods/services to seize public resources.

#### (2) Recommended Countermeasures

Article 5 of the Provisions Regulating Trademark Application Registration Acts stipulates that for a trademark applied for registration, if the trademark registration authority finds it involving a malicious act to apply for trademark registration, not for the purpose of use, violating Article 4 of the Trademark Law, the application shall be rejected under the law, and shall not be publicized. Obviously, the current trademark law has pre-set the threshold for examination or review of malicious applications for trademark registration, in an effort to prevent acts of malicious trademark application "not for the purpose of use" from registration, and to avoid wasting administrative and judicial resources in subsequent review and trial proceedings.

It is undeniable, however, that the examiners usually have limited information at their disposal; hence it is unavoidable that some malicious trademarks "not for the purpose of use" would pass the examination. In this case, when determining whether a trademark application violates the provision of Article 4 of Trademark Law, any person should take all aspects into consideration, such as the number and the types of trademark applications this applicant files, as well as the applicant's transaction status, business

situation and record of punishments.

## **2. Copying, imitating, or translating others' well-known trademarks under Article 13 of the Trademark Law**

### **(1) Specific Acts**

- Copying, translating, imitating or altering others' well-known trademarks that are registered in China in respect of one or more classes; and
- Copying, translating, imitating, or altering others' well-known trademarks that are not registered in China in respect of one or more classes.

### **(2) Recommended Countermeasures**

Firstly, the above-mentioned acts involving trademarks registered in China mainly apply to the circumstances under Article 13, paragraph 3, of the Trademark Law, that is, "applying for registration of others' well-known trademarks that are registered by them in respect of other classes of different or dissimilar goods". In this situation, one should mainly prove whether the disputed trademark is sufficient to make the relevant sector of the public believe that it is considerably connected with the prior well-known trademark, thereby misleading the public, causing damage to the interests of the registrant of the well-known trademark, or dilute its distinctiveness.

The factors to be considered in the general responses include, but by no means limited to, the following:

- The distinctiveness of the prior well-known trademark (the higher the distinctiveness, the stronger the protection);
- Whether the disputed trademark is similar to the prior well-known trademark (a copy, imitation or translation, complete inclusion, or no difference in overall meaning);
- The use of the designated goods of the two trademarks (usually there is a large correlation between public consumer goods);
- The degree of overlap between, and attention by, the relevant sector of the public of the two trademarks (usually the buyers and sales channels of daily consumer goods overlap);
- The application for registration and use of other trademarks by the disputed trademark applicant (whether there is intentional "attachment" or subjective bad faith in attempting to improperly utilizing the goodwill of the prior well-known trademark);
- The situation where the prior trademark has been registered and well known (records of protection of the well-known trademark as such); and
- The likelihood of confusion or misleading of the public.

Secondly, the aforesaid acts involving trademarks not registered in China mainly apply to the circumstances under Article 13, paragraph 2, of the Trademark Law, that is, "preemptively registering a well-known trademark that is not

registered in China in respect of the same or similar goods". In this case, one should first prove whether a trademark that is not registered in China constitutes a well-known trademark, and then consider whether the disputed trademark constitutes a copy, imitation or translation of the prior well-known trademark, and finally determine whether the existence of the disputed trademark is likely to cause confusion.

The factors to be considered when making general responses include, but by no means limited to, the following:

- The distinctiveness of the prior unregistered trademark (the higher the distinctiveness, the stronger the protection);
- The situation that proves that the previous unregistered trademark constitutes a well-known trademark (where a trademark constitutes a well-known trademark, it is generally necessary to submit evidence showing that the trademark has been well known five years before the filing date of the application for registration of the disputed trademark, and the sales volume, sales scope, market share, duration and extent of continuous use, and records of the trademark being protected as a well-known trademark); and
- Whether the disputed trademark is similar to the prior unregistered trademark (such as a copy, imitation or translation, complete inclusion, or no difference in overall meaning);
- The degree of similarity of the goods bearing the

two trademarks (in terms of functional use, main raw materials, sales channels, and consumer groups); and

- Likelihood of confusion or misleading of the public.

**3. Act of agents or representatives to apply for registration of their principals' or representees' trademarks without authorization, or to apply for registration of trademarks that they know existed and were previously used by, others as made clear in contracts, business interactions, or other relationships under Article 15 of the Trademark Law**

#### (1) Specific Acts

Preemptively applying for registration of others' trade names and logos that are made known in business activities, such as cooperation exchanges or negotiations, cooperation, sales or services as trademarks in respect of the same, similar or different classes of goods or services.

#### (2) Recommended Countermeasures

The above-mentioned specific acts cover two types of preemptive registration against specific related parties under Article 15 of the Trademark Law. One is to prohibit preemptive registration by agents or representatives, and the other is to prohibit contractual business dealings or other specific related parties from preemptively registering trademarks in respect of the same or similar products.

For the first type of preemptive registration, the

applicant must be directly related to the party it acted for as an agent, that is, one should prove that the two parties have reached an agency or distribution contract, or both parties have negotiated on agency or distribution matters, or they are related in terms of employment. To prove the existence of such relationship, the applicant shall collect and provide agency contracts, purchase and sales contracts, transaction vouchers, bank receipts, emails and other written business transaction documents, labor contracts, social insurance payment certificates and etc., which can prove that the two parties are directly related, and then determine that the respondent knew something about the applicant's trademark in advance.

For the second type of preemptive registration, the applicant and the specific related party are not directly related, so it is necessary to create or construct a chain of evidence. The first step is to prove that the two parties are associated; the second is to prove that the prior trademark has been previously used in respect of the same or similar goods. To prove the establishment of such relationship, the specific related party should collect and provide the following:

- Evidence of the existence of the specific relationship, including but not limited to the materials of the two parties participating in the exhibition/event; other contract materials beside the agency/purchase and sales contracts signed by both parties; location information, such as the

actual place of business; and other materials proving that the respondent is possible to have got to know about the trademark.

- Proof of the prior use of the trademark of a specific related party, including, but by no means limited to, sales contracts, promotional materials, exhibition materials, media reports, honors and qualifications, and other materials proving that the prior trademark has been in actual use in China, or the owner has made actual preparation for entering the Chinese market.

The biggest difference between these two types of preemptive registration of trademarks is that the first type of preemptive registration does not require that the respondent has previously used its trademark; while the second type of preemptive registration requires that a specific related party has previously used its trademark in mainland China, but it is not necessary to prove that the trademark has a certain influence through use.

#### **4. Damaging existing prior rights of others, or preemptively registering trademarks already used by others with certain influence by improper means under Article 32 of Trademark Law**

##### **1) Specific Acts**

- Preemptively applying for registration of foreign well-known trademarks, trade names or translations of trade names, and domain names that others have not yet applied for, or gained registration in China in respect of one or more classes of goods or services;



- Preemptively applying for registration of names of Chinese or foreign nationals, buildings, geographic places, scenic spots, names of historical figures, or names of characters or players in literary works in respect of one or more classes of goods or services; and

- Preemptively applying for registration of a certain characteristic language expression, action, or image of a well-known person in respect of one or more classes of goods or services.

## (2) Recommended Countermeasures

The above-mentioned specific acts basically cover several circumstances of preemptive registration of trademarks of prior rights/prior use in Article 32 of the Trademark Law.

Article 18 of the Provisions of the Supreme People's Court on Several Issues Concerning the Trial of Administrative Cases for the Grant and Confirmation of Trademarks stipulates that the prior rights under Article 32 of the Trademark Law include the civil rights or other protectable legal rights enjoyed by the parties before the filing date of a disputed trademark. Under the Trademark Examination and Review Standards, the prior rights under Article 32 of the Trademark Law refer to the rights that have been obtained before the registration date of the disputed trademark application, including, besides the trademark rights, the trade name rights, copyrights, design patent rights, name rights, and portrait rights.

To claim the "copyright" as a prior right, one shall

first determine whether the claimed subject matter constitutes a work (something with a copyright registration certificate is not naturally considered a copyrighted work); then determine whether the party is the copyright owner or interested party of the claimed subject matter (in addition to the copyright registration certificate, the work design drafts, commissioned creation contracts, and copyright transfer contracts are all proofs for the purpose); and finally determine whether the disputed trademark constitutes an infringement of the copyright, that is, whether it is likely to confuse and mislead the relevant sector of the public.

To claim the right of name (such as pen name, stage name, net name, translated name, and nickname) as a prior right, one should first prove that the name is highly reputable; then prove that the public believes that the name has established a stable relationship with the corresponding natural person, that is, the name carries a huge image value and spiritual appeal, and once used in commercial activities, it would carry the most direct advertising effect and purchasing appeal, as was the case in the once high-profile case involving the trademark "Jordan"; and at last he should also prove that the registration of the disputed trademark is likely to damage the name rights of others.

To claim the trade name right (such as the abbreviation and nickname rights) as a prior right, we should first find out whether the name has an objective connection with a certain company; then

how popular the name is among the relevant sector of the public; and finally determine whether the registration of the disputed trademark will negatively impact the enterprise possessing the name right.

To claim the portrait right (a portrait is an external image displayed on a certain carrier, such as video images, sculpture and painting, and can be identified by a specific natural person) as a prior right, one should first prove whether the portrait points to the right holder; then prove whether the relevant sector of the public is likely to correspond the portrait with the right holder of the portrait; and finally prove the damage that the registration of the portrait trademark is likely to cause to the right holder of the portrait. With regard to portrait silhouettes, it is difficult to determine, in practice, whether a portrait silhouette has the "facial features of a specific natural person". Therefore, there is nearly no case where a trademark registration is prohibited based on a portrait silhouette. The claim in the "Jordan" case was not supported; while the pending case arising from infringement of the "True Kung Fu" trademark on Bruce Lee's image is possible to make a breakthrough.

To claim the design patent right as a prior right, one usually considers whether the design is patented or not, whether the disputed trademark is the same as or similar to the design, and whether the products of the disputed trademark are the same as or similar to the products incorporating

the design. In addition, the design patent right only prohibits registration of graphic trademarks, not that of word trademarks.

To claim a prior right, such as the name of a work or the name of a character in the work, one should first consider the name of the work, its distinctiveness, popularity, and influence. The higher the distinctiveness, the stronger the protection, the greater the scope of protection of the right to commercialize the character name; then consider the scope of derivatives the name of the work and the name of the character in the work may cover, such as toys, audio-visual products, books, hand pals, and video games, and consider the scope in which the designated goods/services of the disputed trademark overlap with them; and finally consider that existence of a cross relationship would make it easy and possible for the disputed trademark applicant to use the reputation of the name of the work and the name of the character in the work to obtain huge commercial value and business reputation, thereby squeezing the name of the original work. In current judicial practice, the scope of protection granted to prior commercialization rights is generally limited to derivatives that may mislead the relevant sector of the public.

To claim a prior right in the name, packaging or trade dress particular to a well-known goods/service, one usually should consider whether the name, packaging or trade dress particular to the well-known goods/service was in

use prior to the application for registration of the disputed trademark; whether the name, packaging or trade dress particular to the well-known goods/service has features distinguishing the source of the goods/service; whether the disputed trademark is the same as, or similar to, the name, packaging or trade dress particular to the well-known goods/service; and whether the registration and use of the disputed trademark are likely to confuse the relevant sector of the public.

## **5. Applying for trademark registration by fraud or by other improper means**

### **(1) Specific Acts**

- Preemptively applying for registration of a well-known or non-well-known trademark that another applicant or registrant has already applied for, or registered in China in respect of one or more classes of goods or services;
- Preemptively applying for registration, in another language, of a word trademark that other applicant or registrant has already applied for, or registered in China in respect of a certain class or part of a class of goods or services; and
- Combining famous or well-known trademarks that are registered in China by the same or different registrants before and preemptively applying for registration of them in respect of one or more classes of goods or services.

### **(2) Recommended Countermeasures**

The above-mentioned acts basically relate to the

circumstances that disrupt the order of trademark registration, such as those involving holding up a large number of trademarks and trademarks registered in respect of multiple classes, or most of the trademarks applied for registration belong to the relatively highly popular trademarks of others by other improper means under Article 44 of the Trademark Law.

Whether a disputed trademark constitutes registration by other improper means is considered from how many trademarks the disputed trademark applicant has registered and whether the disputed trademark applicant has registered them maliciously or in bad faith. At present, vigorously cracking down on and severely punishing malicious acts of trademark registration has become the basic course of action by the trademark administrative and judicial agencies. Therefore, compared with the number of trademarks applied for registration, determination of malice or bad faith on the part of trademark applicants has a more decisive impact on the outcome of cases of the nature.

Article 17.3 of the Beijing Higher People's Court's Guidelines for Trial of Administrative Cases Involving Trademark Grant and Confirmation as of 2019 stipulates the following circumstances which can be determined as cases of obtaining registration by other improper means:

- An applicant for disputed trademarks have applied for registration of multiple trademarks that are identical with, or similar to, others' trademarks

with strong distinctiveness or popularity, including applications for registration of trademarks of different trademark owners in respect of the same or similar goods or services, also including the circumstance of applying for registration of trademarks of the same proprietors in respect of different or dissimilar goods or services;

- Disputed trademark applicants apply for registration of multiple trademarks, which are identical with, or similar to, others' commercial signs, such as corporate names, names of social organizations, names, packaging, and trade dresses of goods that have certain influence; and

- Disputed trademark applicants file infringement lawsuits against the previous trademark users after they failed to sell or transfer their trademarks at high prices.

Whether to apply the specific circumstances of "by other improper means" should be determined with account usually taken of the degree of similarity between the disputed trademark and the prior trademark; the distinctiveness, popularity and influence of the prior trademark; and the acts of application, registration and use of the disputed trademarks and other trademarks, that is, whether they are able and willing to apply for, register, and use the disputed trademarks and other trademarks. Generally, except the number of trademark applications filed by the disputed trademark applicant, the timing for the above consideration is based on the filing date of the disputed trademark application.

In current practice, to circumvent the circumstance where a disputed trademark is deemed to be "registered by other improper means", the applicant of disputed trademark often acts to transfer the trademark to a third party. The existence of a specific relationship between the disputed trademark applicant and the third party does not affect the application of this clause.

## **6. Acting in other ways in violation of the principle of good faith, against the public order and good customs, or with other adverse influences**

### **(1) Specific Acts**

- Preemptively applying for registration of recent or ongoing natural or political phenomena or events or terms used in respect of one or more classes of goods or services;

- Imitating or altering international, national or regional patterns or logos, or those of some organizations or groups, and applying for registration of them in respect of one or more classes of goods or services; and

- Preemptively applying for registration, in respect of one or more classes of goods or services, of some popular words, terms, character names, logos, images or postures arising from current fashion, technology, sports, food, and culture (including music, fine art, movies, TV programs, literature, dance, drama, and games in real life).

### **(2) Recommended Countermeasures**

In practice, the common cases involving "bad



influence" clauses are of five categories: first, harm to the socialist morals; second, adverse political influence; third, adverse economic influence; fourth, adverse cultural influence; and fifth, adverse religious or ethnic influence.

In recent years, the trademark administrative and judicial agencies has formulated and promulgated a number of regulatory measures and judicial interpretations to severely crack down on malicious acts of preemptive registration of trademarks that seriously violate the principle of good faith and the public order and good customs, disrupt the order of trademark registration administration, and cause serious adverse social influence. In this general environment, applications of the first, second, and third categories mentioned above are usually rejected by the CNIPA during examination, and trademarks such as "Clear Love", "Li Wenliang", "Huoshenshan" and "Ding Zhen" are directly rejected on the grounds that they are "harmful to the socialist morals or have other undue influence".

The trademark applications that have passed the examination by chance are usually the abovementioned fourth and fifth categories. The relevant right holders can determine whether the disputed trademarks are likely to have adverse or negative influence on social public interests and the public order according to their daily life experience or official documentation, such as dictionaries and reference books, or the general knowledge of people in the related religious field,

with comprehensive consideration also taken of the nature and meaning of the signs, and the designated goods or services of the signs to determine whether the signs will inevitably produce adverse consequences.

In recent years, development of internet buzzwords has drastically changed people's customary definitions and usage of many words. Words hot on the internet have become one of the main sources of trademark creativity, but words, such as "lick a dog" and "call a duck", that are of low taste and against the good socialist morals should not be chosen to be used as trademarks, and the distinctiveness of the words should also be considered, as is the case with the "burn my calories" trademark to be used in respect of medical nutritional foods in class 30.

Where a disputed trademark is identical with, or similar to, the name and portrait of a deceased famous person in a specific industry and region, it is necessary to consider whether the goods to bear the disputed trademark are related to the industry the deceased famous person was engaged in, and whether the quality, credibility, and craftsmanship of the products in the industry and other characteristics are misleading. Where the trademark in dispute is identical with, or similar to, the name and portrait of a deceased political, economic, cultural, religious, ethnic or other public figure, it is necessary to consider whether the disputed trademark is likely to cause the relevant sector of the public to associate the disputed

trademark with the known public figure, and will negatively impact the public interests.

## II. Some Recommendations on Evidence Preparation

As shown above, combating malicious acts of registration requires proof of the popularity of a prior trademark. Therefore, your effort to sort out and provide evidence for the popularity of the prior trademark is vital to successfully combating malicious acts of registration. Generally, the evidences proving the popularity of a prior trademark mainly include the following aspects:

1. Evidence of sales voucher, including, but by no means limited to, the product and operation contracts and invoice of specific time, region, and customers. The contracts and invoices should match each other. Information of the sales scope, time, total sum, and contract counterparty should be carefully sorted out, and it is best to tabulate them. The sales contracts involving the preemptive applicant's domicile or place of business are specially provided to prove that the preemptive applicant knows or has the reason to know about the right holder's trademark.

2. Evidence of media reports, including, but by no means limited to, mainstream media reports on the development, popularity, reputation, and social responsibility of the right holder in relation to his or its brands or products to objectively show the use and popularity of the trademark. It is advisable to provide such evidence in the form of a brand

search report issued by the National Library of China.

3. The advertising evidence released by the right holder or its stakeholders at industry exhibitions, mainstream media, etc., including but not limited to, TV/video commercials, such as advertisements, exhibition advertisements, periodical advertisements, outdoor advertisements, web advertisements which show the extent of investment in the use of the trademark and the actual scope of influence. All this should form a complete chain of evidence with advertising agency agreements, advertising expenditure vouchers, invoices, and specific forms of advertising attached.

4. Evidence of various honors and awards obtained by the right holder or its stakeholders, including, but by no means limited to, medals, certificates, market share data, and other materials proving the reputation of the right holder's trademark, and information of the names of awards, awarding organizations, and time of awards should be sorted out and listed in tables.

5. Evidence of judgment and rulings, including, but by no means limited to, legal documents, such as effective judgments, rulings, and decisions that establish the reputation of the right holder's trademark to prove information about the duration of use, scope of use, advertising investment in relation to the right holder's trademark, and the sales scope, volume and industry rankings.

Moreover, we must also make sure that the evidence is relevant, legitimate, and truthful. In practice, it is impossible for evidence arising later than the filing date of the disputed trademark to prove the prior use; it is difficult for extraterritorial evidence to prove how much the relevant sector of the public in China know about it; non-translated evidence will be deemed to have not been submitted; and self-made evidence unsupported by a third party lacks the force of proof.

## Conclusion

Cracking down on malicious acts of preemptive registration of trademarks and guiding the whole society to further establish a correct awareness of trademark registration is a long-term task in the trademark grant and confirmation work. Although the current legislation is gradually improving, the problem of malicious registration of trademarks is yet to be completely solved. Some people seek to obtain improper benefits through malicious acts of preemptive registration of trademarks with dishonest intentions, which makes it necessary for the real right holders to spend a lot of time and money to deal with these preemptively registered trademarks. Moreover, these trademarks, once registered preemptively, will always be a deterrent to the use of trademarks by real right holders. Now that it is currently possible, in civil cases of trademark infringement, to claim damages to cover winning parties' reasonable expenses and attorney's fees, is it also possible for any breakthrough to happen against malicious acts of

trademark registration in the trademark grant and confirmation procedure? This author believes that a trademark application should not only be a matter of the 300-yuan application fee paid for registration. All subsequent consequences must be calculated into the final damages to be considered. Only when malicious preemptive applicants worry about the heavy costs for their acts of preemptive registration of their trademarks and when the true right holders have the access to the basis and channels for making claims against malicious registrants, is it possible to completely solve the problem of malicious preemptive registration of trademarks.

## Author

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Ms. Gao received her degree of bachelor of laws from Beijing City College in 2001. Then she was qualified as attorney-at-law in 2002, and joined Panawell in 2003, focusing on IP law counseling, infringement investigation, invalidity lawsuits, and trademark enforcement.

## Comparison of the Patent Prosecution Highway and the Patent Prioritized Examination

In order to meet the needs of applicants to obtain patent rights quickly, the China National Intellectual Property Administration provides corresponding accelerated examination procedures, such as the Patent Prosecution Highway Program (PPH) and the Patent Prioritized Examination Program. Other national and regional patent offices also have similar accelerated patent examination procedures. Here, we only make a simple comparison of the applicable conditions and speed-up effects of the above mentioned two procedures, and introduce how to choose the PPH and Prioritized Examination in China.

### 1. Applicable Conditions

At present, China has launched PPH pilot programs with 31 national and regional patent offices. The PPH procedure accelerates the examination of Chinese invention patent applications by making reference to the examination results of the corresponding foreign applications. Therefore, the basic requirements for participating in the PPH procedure mainly include two aspects, namely, the Chinese application corresponds to a foreign application, and the foreign application has claims that are recognized as allowable or patentable by the examination institute of another country or region. To meet these basic requirements, a favorable examination result must be obtained for the corresponding foreign application before the applicant submits a PPH request to CNIPA, and the claims of the Chinese application needs to be revised

to sufficiently correspond to the allowed claims of the foreign application. Accordingly, the PPH procedure is mainly applicable to patent applications that have been firstly filed in other countries or regions and are examined by CNIPA after a long period of time.

Unlike the PPH procedure, which requires the examination results of foreign applications for reference, the Patent Prioritized Examination procedure mainly speeds up the examination of patent applications in specific fields by tilting examination resources to patent applications in these fields. Article 3 of the "Administrative Measures for Patent Prioritized Examination" stipulates six types of patent applications that are applicable to the Prioritized Examination procedure: (1) involving national key development industries, such as energy conservation and environmental protection, new generation information technology, biology, high-end equipment manufacturing, new energy, new materials, new energy vehicles, and intelligent manufacturing; (2) involving industries that are highly encouraged by provincial and districted municipal governments; (3) involving the Internet, big data, cloud computing and other fields in which the update speed of technology or product is very quick; (4) the patent applicant or the reexamination requester is ready for implementation of the invention or has started to implement the invention, or there is evidence to prove that others are implementing their inventions; (5) the patent application that was firstly filed in China and then filed for the same subject in another country/region;



(6) other applications that are of great significance to the national interest or public interest and require prioritized examination. In practice, the examination of whether a patent application belongs to the technical fields applicable to Prioritized Examination or not is not strict, hence a vast number of patent applications are applicable to the Prioritized Examination program. Moreover, at present the Patent Prioritized Examination program is not only applicable to Chinese applicants, but also to foreign applicants.

Compared with the PPH, the Patent Prioritized Examination only makes relatively broad requirements on the technical fields involved in the patent application, and does not require the patent application has a corresponding allowed/granted foreign application. When submitting the prioritized examination request, the applicant needs neither to wait for the examination result of corresponding foreign application, nor amend the claims of Chinese application to the allowed/granted claims of corresponding foreign application. Therefore, the applicant can file a prioritized examination request earlier, and may maintain claims not limited to those allowed/granted in the corresponding foreign application, thereby possibly obtaining a more satisfactory scope of protection.

In addition, the Prioritized Examination procedure is also applicable to utility model and design patent applications (beside invention patent applications), and applicable to all stages of patent examination, including substantive examination, reexamination and

invalidation stages. The PPH procedure is only applicable to the substantive examination stage of an invention patent application, and the PPH request shall be filed after publication of the application and before issue of the first office action. Moreover, the Prioritized Examination procedure can be used in the substantive examination phase of invention patent applications, the formality examination phases of utility model and design patent applications, as well as the reexamination and invalidation phases of invention, utility model and design patent applications. In terms of variety of patent types and examination stages, the Prioritized Examination procedure has outstanding advantages.

## 2. Speed-Up Effect

The speed-up effect of PPH mainly reflects in that the patent applications entering PPH procedure can obtain acceleration to examination. Compared with normal patent applications, the examiner will issue the first office action faster for the patent applications that have entered PPH procedure. In addition, under the PPH procedure, the examiner will take the examination history and results of the corresponding foreign application as a reference, and as the pending claims of the Chinese application have been amended to the same scope with or a smaller scope than those allowed/granted in the corresponding foreign application, possibly fewer rejection of novelty/inventiveness will be raised against the Chinese application. Therefore, the time on overcoming the defects of novelty/inventiveness may be shortened, and the likelihood of being

rejected by CNIPA may be relatively small.

However, the PPH program does not prescribe any time limit for examination. For example, after issuance of the first office action, the response time limit has no difference from that of normal applications. The examination process of the patent applications under PPH can be considered similar to that of the normal applications, and the applicant is allowed to request for extension of the time limits for responding to office actions. According to the statistics of CNIPA, it takes an average of 2.2 months from submission of PPH request to issuance of the first office action, and 11.2 months to allowance or rejection of the application, during which an average of 1.42 office actions will be issued; while for a normal application, it usually takes one year or more from entering substantive examination proceeding to receipt of the first office action, and mostly two or three office actions will be issued during the examination process.

Compared with PPH, a prominent feature of the Prioritized Examination program lies in clearly stipulating the time limits of examination. Article 10 of the Administrative Measures for Prioritized Examination Procedure provides that where the request for prioritized examination is accepted by CNIPA, the examination of the application shall be completed within the following time limits from the acceptance date:

(1) Cases of invention patent applications shall be closed within one year, with the first office action to be issued within 45 days from the acceptance

date of the prioritized examination request.

(2) Cases of utility model and design patent applications shall be closed within two months.

(3) Patent reexamination cases shall be closed within seven months.

(4) Cases of invalidation for invention and utility model patents shall be closed within five months, and cases of invalidation for design patents shall be closed within four months.

In addition, Chinese applications that have entered prioritized examination procedure is not allowed to request for extension in principle; once an extension request is submitted, the application will no longer enjoy further acceleration under the prioritized examination program, and return to the normal examination process.

It can be seen that the examination time limits stipulated under the Prioritized Examination procedure is significantly shorter than the average time for examination of normal applications. In practice, it is found that the first office action will be issued typically in about half a month since the acceptance date of prioritized examination request. In order to meet the requirements of prioritized examination, the time limit of responding to the office action has been shortened to 2 months from the office action issue date for invention applications, and to 15 days for utility model and design patent applications. By ruling a significantly shortened examination period and response time limit, the Patent Prioritized Examination procedure

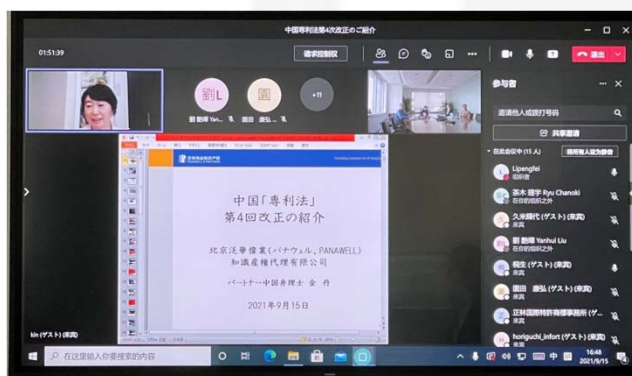
accelerates the examination process at both sides (the examiner and the applicant), so as to achieve faster examination than the PPH procedure.

In practice, foreign applicants intend to use the PPH program more than the prioritized examination program, probably because they are more familiar with the PPH program. Through the comparison of the above two procedures, it can be noted that the Patent Prioritized Examination procedure has the advantages of looser applicable conditions and more obvious speed-up effect.

To sum up, the foreign applicants are recommended to consider using PPH if satisfied with the examination results of the corresponding foreign application; on the contrary, they may consider using the Prioritized Examination procedure. For Chinese applicants who want to speed up the examination of first-filed Chinese patent applications, the Prioritized Examination procedure is undoubtedly the preferred choice.

## Panawell Introducing the Fourth Revision of Chinese Patent Law to Japanese Enterprises

On the days of July 20 and September 15, 2021, Ms. Dan Jin, partner and patent attorney from the Japan Office of Panawell in Tokyo, introduced the highlights of the fourth revision of Chinese Patent Law via online video to the Japanese enterprises, as well as the proposed amendments to the Implementing Regulations of Chinese Patent Law and the Guidelines for Patent Examination.



The online lecture on July 20 was hosted by the Federation of Patent Information Suppliers (FPIS), chaired by Mr. Fujizawa, president of FPIS, and given by Ms. Jin. Representatives of 15 Japanese enterprises participated in the lecture.

The online lecture on September 15 was hosted by the Japan Office of Panawell, chaired and given by Ms. Jin.

Several colleagues from Panawell Beijing Office participated in the above two lectures and gave detailed replies to the questions raised by the Japanese enterprises.



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