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# China: AMENDMENTS TO TRADEMARK LAW TAKE AIM AT BAD FAITH FILINGS

By [Robin N. Baydurcan](#)

Earlier this year the Chinese legislature announced that it had approved amendments to the country's trademark law, effective November 1, 2019. This round of amendments focuses on bad-faith trademark applications and those who file them.

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Earlier this year the Chinese legislature announced that it had approved amendments to the country's trademark law, effective November 1, 2019. This round of amendments focuses on bad-faith trademark applications and those who file them.

Pursuant to the amendments, for the first time, a Chinese trademark application may be rejected on the ground that it was filed in bad faith, without any intention to use the mark. (Legitimate defensive filings are not expected to be rejected on this basis.) For example, if a filer submits a large number of applications on the same day, these applications may be rejected by the Examiner. The goal is to reduce the burden on brand owners to oppose or invalidate, although brand owners may indeed oppose and/or invalidate on the ground that the applicant/registrant has no intent to use the mark. Brand owners may also continue to send complaint letters to the Chinese Trademark Office prior to a mark's publication, and commentators hope that such letters will be more effective once the new provisions take effect.

The amendments also provide that bad-faith applicants may be subject to administrative penalties, including warnings and fines. It is presently unclear whether trademark agencies representing such applicants may also be subject to penalties, though the amendments do state that trademark agencies should not knowingly agree to represent such applicants.

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Further, the statutory damages limit for trademark infringement will increase from three million RMB (about USD 425,500) to five million RMB (about USD 709,150). Statutory damages apply if it is difficult to determine the amount of the trademark owner's actual loss, the infringer's illegal profits, or an appropriate licensing fee. The new law also grants civil courts the power to impose unspecified penalties on those who participate in malicious trademark litigation; although the specifics of this provision are not yet clear, the likely goal is to deter trademark pirates from filing civil actions to extort money from legitimate brand owners.

It remains unclear whether the China National Intellectual Property Administration (or CNIPA, the new IP agency that houses the Trademark Office) will set out procedures for blacklisting bad-faith filers and requiring them to file evidence of use to support new trademark applications. It also remains to be seen how closely such evidence of use will be scrutinized, and whether false evidence will be the next big challenge for the CNIPA.

Another valuable provision of the amended law is that the tools used for manufacturing counterfeit goods, and the goods themselves, can be ordered destroyed without compensation to their owners. The goal is to prevent circulation of counterfeit materials even after the spurious trademark is removed. As written, this clause applies only to counterfeit trademarks (i.e., identical marks used on seemingly-identical products), but it may possibly be applied to infringing trademarks (i.e., confusingly-similar marks used on similar products).

Though these amendments offer promising forms of relief to brand owners, the best practice remains one of proactive vigilance and active monitoring in China.

## **Primary Contacts**

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