

## Highlights of March

### **Spring Chang Invited by PLI to Speak at the Advanced Trademark Law Summit**



On 10 March 2021, Spring Chang, Founding Partner of Chang Tsi & Partners, was invited by Practising Law Institute (PLI) to speak at the Advanced Trademark Law Summit. Considering that the Sino-US trade war has changed the landscape of IPR protection in China, Spring Chang shared her experience and expertise on how to update the IPR strategy in a changing China.

### **Taiwan IP Law Development in 2021**

In recent years, Taiwan government has launched a series of new policies to better protect the legal rights of trademark and patent owners. This article, written by our Taiwan Team, summarises the latest updates of Taiwan IP law development, and provides an introduction to the Draft of new Patent and Trademark Act.

### **Differences between Mainland China and Hong Kong Trademark Law: An Overview**

Although Hong Kong geographically shares a land border with Mainland China, it has a separate legal system. The author mainly discusses major differences in the trademark laws between Mainland China and Hong Kong and provides constructive suggestions for right owners in this article.

### **[Practice] Evidence of Notarized Online Purchase Accepted by AMR to Render Decision of Punishment**

This article introduces one of our representative cases where Chang Tsi & Partners represented a leading global provider of integrated retail performance and security solutions. Through

collecting related evidence and filling a trademark infringement complaint to Shenzhen Longgang Administration of Market Regulation (AMR), we successfully secure the legal rights of our client with low cost.

### **Holiday Notice**

Please note that the following dates have been declared as Public Holiday in conjunction with Qingming Festival.

Mainland, China: 3-5 April 2021

Taiwan: 2-5 April 2021

Hong Kong: 2-6 April 2021

National Intellectual Property Administration of China, Chinese courts, Intellectual Property Department of Hong Kong, Taiwan Intellectual Property Office, as well as our local offices will be closed respectively during these periods. All deadlines for trademark, patent, and other legal matters that would occur during this period will be automatically extended. Should you have any urgent cases, please let us have your instructions ahead of the holidays.

## **Taiwan IP Law Development in 2021**

**T**aiwan government aims to accelerate the prosecution process and provide a broader protection for the industry to encourage inventors and brand owners to seek protections through the trademark and patent system. Here are the summaries of the new policies just launched in the past year and the introduction of the Draft of the new Patent law and Trademark Act.

### **Extending the duration of design patent protection from 12 years to 15 years.**

Consider most of the countries provide 15 years protection for design patent, therefore, the legislative yuan passed the amendment of Patent law to extend the duration of design patent protection from 12 years to 15 years to provide broader protection and attract international inventors to seek protections in Taiwan.

**Launching the accelerated examination system for trademark.** Started from May 2020, Taiwan Intellectual Property Office (TIPO) launched an accelerated examination system for trademark applications. If the new trademark application is filed in a specific form, i.e. in electronic form and all the designated goods/ services are standard terms, there's a deduction of the official fees and the subject applications will be reviewed at least 2 months earlier. It usually takes 6-8 months for the applicant to receive the first review outcome from TIPO and with the accelerated examination system, the applicant will receive the outcome of the review from the examiner within 5 months after the filing date. It enables the applicant to launch their products in the market more quickly.

### **Draft Amendment of Patent Law**

As said, the changes of the Patent Law in Taiwan are tremendous, and worth paying more attention. For the reasons, please see below for further updates.

TIPO will set up a committee to review the invalidation and conflict cases. The committee will be composed by 3-5 committee members to review the case and oral arguments are required in the procedure.

If the party does not satisfy with the result decide by the committee, the party may file the litigation in the IP court directly.

Patent ownership will be decided by the civil procedure, not the administrative procedure. In the past, both IP court and the civil courts can review the patent dispute cases and that makes whole procedure very complicated. Therefore, TIPO suggest moving the patent ownership disputes for civil court to review and let IP court to review other patent dispute cases.

### **Draft of Trademark Law**

TIPO suggests setting up some qualifications for trademark agent, because currently Taiwan does not set any qualifications for trademark agents and lawyers urged the TIPO to set up a strict qualification for the trademark agents. The aforementioned qualification will remarkably affect current trademark practice because most of the trademark agents are not lawyers. Also, TIPO proposed to use cross examination for complicated opposition/invalidation cases. If the lawmakers agree with the proposal of TIPO, in the future, only trademark attorneys or qualified trademark agents who passed the exam/review procedure could handle the trademark prosecution matters. The cost to file trademark applications in Taiwan might arise because lawyers charge more.

Our Taiwan team will continuously monitor the development of the IP law in Taiwan and provide updates. If you have any IP related matters that need our assistant, feel free to contact us. We are professional experts and able to handle IP matters from prosecution, enforcement to litigation in Taiwan.

## **Differences between Mainland China and Hong Kong Trademark Law: An Overview**

**H**ong Kong, special administrative region of China, geographically shares a land border with Mainland China. Despite this, under the “one-country, two-systems” principle, Hong Kong has a separate legal system from Mainland China. The Basic Law provides that Hong Kong should, on its own, develop appropriate policies and afford legal protection for IP rights. This post highlights some of the major differences in the trademark laws between Mainland China and Hong Kong because it is these differences that often cause problems.

### **First to Use vs. First to File**

In Mainland China, the principle of first-to-file establishes that the right to the trademark belongs to the business whose trademark application has the earliest date of filing. The date of filing is important, not the date when the trademark was first used in commerce. On the contrary, Hong Kong adheres to the principle of first-to-use, which establishes that trademark rights accrue to the first business to use the mark in association with the sale of goods or services on the market. Unregistered or common law trademarks enjoy the legal rights to claim a trademark as compared to the filed or even registered trademarks.

### **Filing Documents**

To file a trademark application in Mainland China, it is vital to submit some documents, such as the certificate of corporate good standing, power of attorney and priority document if claiming priority. These important documents usually need to be signed by the applicant or its representative. While in Hong Kong, NO document is required, even when claiming priority.

### **Goods and Services**

China trademark classification system is based on the international NICE classification system and developed a sub-classification system for each of the 45 classes. Goods falling into the same subclasses are considered similar to each other. Likewise, goods falling in different subclasses are not considered similar. In Hong Kong, the sub-

classification system does not apply although Nice Classification is also adopted. The examiner usually considers 6 factors, for example, the nature and composition, the trade channels and the users, to judge whether the goods or services are identical or similar.

Furthermore, an additional fee will be charged for items more than 10 in Mainland China. But in Hong Kong an application fee has included all the fees no matter how many the items.

### **Timeframe of Registration**

If the application is straightforward, CNIPA is usually able to register the mark around 8 to 12 months from the date of filing. In Hong Kong, the whole application process can take as little as 7 months from receipt of application to registration.

### **Period of Validity**

In both Mainland China and Hong Kong, the period of validity for a registered trademark is 10 years. As China is a first-to-file country, the owner of a registered trademark gains exclusive rights starting from the day the registration is granted. In contrast, a trademark registration in Hong Kong takes effect from the date of filing once it is approved.

### **Examination of Opposition**

CNIPA will examine the grounds of opposition by discretion, even if the applicant did not file any response against the opponent. It means, the opponent may fail in an opposition case without any action from the applicant. However, in Hong Kong, if an applicant did not file a counter-statement to a notice of opposition, his application will be deemed as withdrawn automatically.

### **Comments**

In comparison of Mainland China, it is more efficient and convenient for brand owners to register their brands in Hong Kong. Considering the unique trademark practice in Hong Kong and the fact that more and more squatters are registering foreign brands, foreign brand owners should plan their filings immediately and secure registration for their brands in Hong Kong as soon as possible.

.

## **[Practice] Evidence of Notarized Online Purchase Accepted by AMR to Render Decision of Punishment**

### **I. Case Brief**

Our client is a leading global provider of integrated retail performance and security solutions, whose main products contain hard tags, labels, detachments, etc. In 2020, our client located that a company in Shenzhen City (hereinafter referred to as "the target") sells possible counterfeit anti-theft labels and detachments in its 1688 online store. Through sample purchase and onsite visit, we confirmed that the target indeed sold counterfeits. However, since the target is a dealer and does not prepare regular stock of counterfeits at hand, raid action is not feasible and not a priority option.

After researching "Trademark Law of the People's Republic of China" and the trademark provisions of "Implementation Standards for the Penalty and Discretion of Certain Administrative Penalties of Shenzhen Administration of Market Regulation" (3rd collection), and other related laws and regulations, to attack the target, we decided to conduct a notarized purchase through the target's 1688 store for securing evidence first and then complain to local Administration of Market Regulation. With a following successful notarized purchase, we obtained some counterfeit labels at value of CNY1,062 from the target's online store. Then we filed a trademark infringement complaint with Shenzhen Longgang Administration of Market Regulation (in short "Shenzhen Longgang AMR") asking for an official investigation to the target. Shenzhen Longgang AMR accepted our complaint and conducted an onsite inspection into the target. Although Shenzhen Longgang AMR did not detect any counterfeits during onsite inspection, the AMR finally accepted our notarization evidence and confirmed the target sold counterfeits, then issued an administrative punishment, order the target to immediately stop trademark infringement and afford a fine of CNY 10,000;

### **II. Legal Comments**

Administrative investigation action can not only quickly deter trademark infringement but prevent re-infringement

Pursuant to the Paragraph 1, Article 60 of "Trademark Law of the People's Republic of China" "the trademark registrant or an interested party may institute an action in a people's court or request the administrative department for industry and commerce to handle the dispute." When initiating the administrative investigation action, the AMR will conduct spot check at the infringer's operation location or warehouses, detain and seize infringing products or related financial materials, as well as inquire the related persons. When the infringement is confirmed, the AMR will accordingly make a punishing decision demanding the infringer to stop infringement and afford fine. With the intervention of AMR, it has a strong deterrent effect on infringers, which also serves the function of stopping infringement and preventing re-infringement. Obviously, administrative investigation action is one of the important tools for trademark registrant or interested parties to enforce trademarks in China.

In practice, some trademark holders are eager to solve infringement once and for all. They desire to seize a large number of infringing products or locate the source of infringement in one piece of legal action or two. However, it is not an easy thing! Infringers are very foxy and cautious. To avoid being raid, they hide warehouses and production sites, and they not stock counterfeits at their offices. Therefore, we rights holders may have to invest much time and money to trace the sources.

However, if the rights holders want to invest less time and money to stop infringement or if a spot check to production sites or warehouse is not feasible, the right holders may refer to the above practice, if the infringers sell products online. Securing infringing evidence by online notarized purchase before turning to AMR. Even though the AMR does not detect any counterfeits onsite afterwards, they can still punish the infringers based on the notarized evidence, so as to achieve goals of penalizing the infringer and stopping infringement rapidly.

In addition, according to the Article 60 of "Trademark Law of the People's Republic of China" "If trademark infringement has been committed twice or more within five years or there are other serious circumstances, a heavier punishment shall be imposed." Although in the above mentioned case, the infringers was only

# Chang Tsi Newsletter

---

fined CNY10,000, if the infringer commits trademark infringement again within five years, the fine for the next time will up to CNY 250,000, pursuant to the regulation upon trademark sessions of "Implementation Standards for the Penalty and Discretion of Certain Administrative Penalties of Shenzhen Administration for Market Regulation" (3rd collection). The aforesaid regulation will apparently play a key role in prevention of re-infringement.

Compared with other legal actions such as civil litigation, administrative investigation action has the following advantages:

## **Simple Procedure**

It is very easy to initiate an administrative investigation action. The right holders are not required to file application on spot, they can directly post the bill of complaint and other evidence materials to local AMR. When the filing is accepted, the right holders only need to follow up in a timely manner.

## **Low Cost**

For civil action, the court will charge the Plaintiff the court fee at the beginning of every case. However, there is no official fee in administrative investigation action.

In light of "Interim Provisions on the Procedures for Administrative Punishments for Market Supervision and Administration", a market regulatory department shall decide whether or not to undergo the formalities of case-filing within 15 working days of receipt of the materials. It is also articulated that "A decision of handling shall be made for a case applying the general procedures within 90 days of case-filing." Generally, the local AMR can conclude a case within 4 to 6 months.

On even ground, sending a C&D letter to the infringer or filing a complaint to an e-commerce platform may rely heavily on the infringer and the e-commerce platform's cooperation, but the administrative investigation action is compulsory, which can efficiently deter infringement and prevent re-infringement.

We notice that AMR in other cities ever punished infringers for selling fake products by accepting non-notarized evidence of online sales records, transaction records, delivery information and appraisal reports. Although it indeed released

positive sign to rights holders, to be prudent and avoid the infringer challenge the evidence, we strongly recommend that the right holders secure key evidence via notarization as far as possible.

According to Article 69 of "Civil Procedure Law of the People's Republic of China", "A people's court shall regard legal facts and documents notarized under statutory procedures as a basis for deciding facts, unless there is any evidence to the contrary which suffices to overturn the notarization." So the notarized evidence has the strong probative force. In addition, notarized evidence could greatly ease the burden of proof assumed by the right holder in the following legal actions such as ISP complaint and civil action.

## **III. Conclusion**

In conclusion, there are various tools for trademark right holders to enforce trademarks. We believe that the China AMR would adopt more and more effective administrative enforcement. Therefore, for right holders who intend to pursue objectives of stopping infringement in a quick way and the prevention of re-infringement with less investment of money and time, they can chose a combination of notarization and administrative investigation introduced in this article as their protection strategy against trademark infringement. Furthermore, we also suggest the right holder makes good use of laws, because the law regulates different levels of punishment regarding various circumstances of infringement. In other words, right holders can choose the number and cost of fake products when purchasing based on their own requirements, so as to achieve expected results with appropriate inputs.