

I. MAINLAND CHINA

China Amends Trademark Law, Effective May 2014

Amendments to the Trademark Law have been in the works almost since the last amendment was issued in 2001. The amendments will improve administration and enforcement of trademarks through incremental adjustments. Among the more significant revisions are the following:

Enforcement:

1. The burden of providing evidence of damages no longer falls solely on the plaintiff in an infringement case. If the defendant fails to provide evidence of its costs and profits, a court will have the express power to accept plaintiff's claims and evidence of damages. A plaintiff can show license royalties from others as a measure of damages.
2. If it is difficult for the plaintiff to show trademark licensing fees, and difficult for the defendant to show to its earnings, a court will have the power to impose statutory damages of up to RMB3,000,000 (\$490,000.).
3. The amended law provides that repeat infringers will receive heavier penalties.
4. In order to avoid liability, distributors will be required to state their source for the infringing products, and prove that they legally obtained the infringing products.
5. A prior use defense may be claimed for unregistered marks which have earned a certain degree of influence in China, against the infringement claims of a registered trademark owner. The defense only protects use that does not exceed its original scope of use prior to the registration. This defense should help foreign trademarks owners facing trademark squatters, but is a double-edged sword. It can also be used by infringers to continue their activities.
6. An infringer may defend by challenging a trademark registrant to prove its use of the registration in China. If the registrant has not used its registration in China, it is not entitled to claim damages from the infringement in China. This defense can help foreign companies, where the foreign company is cast as the infringer of a trademark squatter's registration. However, it also means that foreign companies holding defensive registrations cannot succeed at actions to enforce their registrations. They would need to make use of the registration in China first, or bring action only on registrations which they are using in China.
7. The concept of punitive damages has been accepted in the Trademark Law. A court is unlikely to award them except in very serious and unusual cases.



Acquisition:

8. The China Trademark Office ("CTMO") will speed up examination times. A time limit has been set at 9 months for examination of applications, invalidations, and their re-examinations. Extensions of 3 months may be granted to examining authorities. Oppositions should be completed within 12 months of filing. Extensions of up to 6 additional months may be granted to the examining authorities, bringing the total examination time to 18 months in some cases. Even before the amended law was approved, the CTMO has been improving its processing speed, so that trademark registration decisions are currently issuing in 12 to 18 months, compared to 36 to 48 months just a few years ago.
9. Rejected Trademark Oppositions will no longer delay issue of a trademark certificate. In order to reduce uncertainty, an opposition decision will no longer be appealable. Instead, rejection of an opposition will allow the trademark approval to become final, and a party dissatisfied with

- the opposition rejection may file for Invalidation of the new registration. The Invalidation may be filed on the same grounds as the failed opposition. An opposition approval decision can still be appealed to the TRAB.
10. The amended law will allow registration of sound marks as a new subject matter. Other types of visual symbols continue to be valid subject matter, including 3D marks. The law continues to allow registration of combinations of colors, but does not allow registration of a single color.
 11. The amendment prohibits trademark agencies from assisting infringers and trademark squatters and prohibits agencies from filing trademark or service marks in their own name for the purpose of squatting on marks. Trademark agencies will be prohibited from registering marks on their own behalf for anything but trademark agency services.
 12. The revisions still require foreigners and foreign companies to interface with the CTMO through a registered trademark agency.
 13. Multi-class applications will be accepted after the amendment takes effect. It is anticipated that the CTMO will still charge fees per mark, per class, although the Implementing Regulations have not yet been issued.

State Intellectual Property Office Releases Draft Revision of the Patent Examination Guidelines

In order to provide patent protection to graphical user interface designs, the State Intellectual Property Office released the Draft Revision of the Patent Examination Guidelines on October 22, 2013 to seek for public opinion.

The Draft for Comments revises portions of the Patent Examination Guidelines: Revising the stipulated circumstances under which a design patent shall be refused; Revising the requirements for product patterns; Adding requirements for pictures or photos of designs; Adding stipulations regarding the patent abstract. In addition, Chapter V of Part IV is revised as follows: Adding criteria for determining whether the design is distinctly different from the prior art design.

State Council Promulgates the Administrative Regulations on Entry and Exit of Foreigners

The State Council promulgated the Administrative Regulations of the People's Republic of China on Entry and Exit of Aliens (the "Regulations") which provide for the first time that foreigners holding student visas must apply for revised residence permits with annotation of their location and time limits if they wish to take part-time jobs or off-campus internships.

II. TAIWAN

Taiwan Intellectual Property Office Withdraws Plans to Block Websites

As of summer 2013, the Taiwan Intellectual Property Office ("TIPO") has decided to withdraw their plans to block websites suspected of copyright infringement. The initial proposal to block certain websites was highly favored by Taiwan's entertainment industry in the hope that restricting access would prevent copyright infringement. The amendment to the Copyright Law would allow the government to prevent Internet users from accessing websites based overseas.

Newsletter Fall 2013

Most of these overseas websites offer torrent downloads of illegally uploaded content such as music or motion pictures. However, protestors believed that controlling Internet access to prevent piracy should not be an Intellectual Property issue but rather a judicial issue. Protesters asserted that the TIPO's proposal would have allowed the current government to abuse its power and infringe citizen's rights to free speech.

The plan to block certain websites was compared to the United State's Stop Online Piracy Act (S.O.P.A.) in 2012 which was abandoned under public pressure. Others compared it to China's Internet censorship mechanism known as the "Great Firewall." Public protest asserted that censorship is contradictory with Taiwan's fight for freedom and democracy.

The TIPO later declared that their intention was not to limit free speech but to protect artists' copyrights. They stated that going forward, they will work with judicial departments to identify measures they can collectively undertake to prevent or reduce copyright infringement.