Comparative Aspects of Trademark Protection in Chinese and Russian Legislation: Overview

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Abstract
The research on the Trademark Law of China and Russia is practical since it can broaden the understanding of the trademark law of the two countries. Comparison of trademark protection in Chinese and Russian legislation enables us to learn from the positive experience of each other’s trademark law regulations and mutually improve the legislation of Russia and China.

Keywords: Trademark law; Exclusive rights; Infringement; Right holder; Liability; Trademark protection

Introduction
There are much more disputes related to trademarks, rather than disputes on the infringement of copyright and violations of the rights to patent objects. This situation is due to the fact that today trademarks are seen as the key corporate assets. However, with all the variety of available words and images, which are still not registered as objects of exclusive rights and which can be used as new brands, such designations are exhaustible. It means that when entrepreneurs are entering the market with a new product or service, they are faced with the fact that it is extremely difficult to find a new attractive designation, suitable for individualization of the goods, works and services, which is not used by anyone. It provokes the desire to obtain the right to already registered trademarks or designations, which are already being used without registration. In addition, the abuse of these rights is quite common in this area. It has connections with the fact that not all businessmen are ready to act in good faith and try to create a good reputation for a new designation, cause positive associations of consumers about the characteristics of the goods. For them it is easier to use someone’s success by capturing a designation, which has already established a certain good image. All of this gives rise to various disputes concerning already registered trademarks, and those related to the requirement of termination of the legal protection of a trademark.

One of the fields of Chinese and Russian cooperation in the sphere of intellectual property is the protection of trademarks. Thus, in 2014 during the official visit of the Russian President Vladimir Putin to Shanghai there was signed Memorandum of Understanding and Cooperation in the field of legal protection and enforcement of trademarks between the Federal Service for Intellectual Property (Rospatent) and The State Administration for Industry and Commerce (SAIC). The Memorandum secured areas for further bilateral cooperation between SAIC and Rospatent on the exchange of information in the field of the legal protection of trademarks and coordination of joint efforts to prevent abuses in this area.

Trademark law system in Russia and China
Under the law, a trademark is considered to be a form of property. In this regard, proprietary rights in relation to a trademark may be obtained through actual use in the marketplace\(^1\), or through registration of the mark with the trademarks office of a particular jurisdiction. For some jurisdictions trademark rights can be established through either or both means. However, certain jurisdictions generally do not recognize trademark rights arising through use.\(^2\) If trademark owners do not hold registrations for their marks in such jurisdictions, the extent to which they will be able to enforce protection of their rights through trademark infringement proceedings will therefore be limited. Thus, only after the registration of the trademark in the

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1 In the USA a common law trademark (an unregistered trademark) is protectable under Section 43 of the Trademark (Lanham) Act (15 USC §1125).

2 According to Intellectual Property Code of France use is not a prerequisite for acquiring trademark rights (BOOK VII, Trademarks, Service Marks and Other Distinctive Signs, Section II, Article L712-1).
PRC or in the Russian Federation the right holder can have an advantage of all the possible ways to protect the exclusive rights to the registered trademark provided by Chinese and Russian law. Trademark law of China and Russia provides the same meaning for the concept of “trademark” and almost the same rules for trademark registration, such as prior application rule and trademark priority principle. This is due to the fact that both countries are the parties to many international treaties administrated by WIPO, what in its terms promotes the unification of trademark law rules. The exception is that according to the trademark law of Russia, only legal entity and individual entrepreneur can register a trademark, when China’s trademark law provides for the possibility of trademark registration also by natural persons. It seems that allowing register a new designation as a trademark only for legal entities in Russia has the purpose of protecting the consumers from law quality goods and services. In the meanwhile, trademark law regulations of China might promote the diversity of choice of products and services at the market. However, domestic sources of trademark law regulations for sure, are different in the PRC and the Russian Federation. The main source of trademark law in Russia is Part IV of the Civil Code. Part IV of the Civil Code is a result of the codification of the civil law of the Russian Federation in 2008. The main objective pursued in the development of Part IV of the Civil Code is the codification of intellectual property law. However, the law was not only systematized and streamlined, but also undergone some changes. There was incorporated the principle of joint possession of trademark and the legal regime of the commercial designation was prescribed more clearly. Also according to this law, it is not necessary anymore for the licensor to be the producer of goods, but only to establish product quality requirements and monitor their implementation. Apart from that, intellectual property law regulations of China are not included in one civil law system. There are separate laws regulating relations in the sphere of intellectual property. Consequently the Trademark Law of the PRC of 2013 is the main source of regulation of relations arising in connection with the use of trademarks. In comparison with the previous version of 2001, the amendments introduced by the Trademark Law of 2013, which came into force on May 1, 2014 revise 34 articles out of the 64 of the 2001 version, add 13 new articles and six new provisions, and delete three articles. Therefore, the implementation of the revised Trademark Law has improved the efficiency of regulations of the relations, occurring with the trademark’s use. First of all, the new law allows online application for trademark registration. On the second, now it is possible to register sounds like a trademark. On the third, there are incorporated provisions, according to which the applicant can apply for one trademark registration under multiple categories of goods. Moreover, the law sets regulations, which provide that where the content of the trademark registration application is deemed to require further explanation or revision in the course of the examination, the Trademark Office may require the applicant to submit further explanation or revision. Also there has been introduced a time limit of nine months for the examination of trademark application. What is more, the system of the objection to the refusal of trademark registration was improved, as well as the rules for defining fines were changed and also the maximum amount of compensation for the violation of the exclusive rights to a registered trademark was increased. Consequently, the forms of the main sources of trademark law are different from each country. However, at this moment it is difficult to make a judgment on which form of trademark law serves better the protection of trademarks and needs of the society. On the one hand, the codification of trademark law in Russia can be criticized for mechanic incorporation of trademark regulations into the Civil Code. On the other hand, general principles of trademark law can be incorporated into China’s Civil Code to clarify that intellectual property rights belong to civil rights.

When it comes to administrating the trademark law system the main state authorities are Rospatent (the Federal Service for Intellectual Property) in the Russian Federation and SAIC (the State Administration for Intellectual Property of the PRC). The PRC’s Trademark Law, article 1478.

4 The PRC’s Trademark Law, article 4.
5 The PRC’s Trademark Law, article 22.
6 The PRC’s Trademark Law, article 8.
7 The PRC’s Trademark Law, article 22.
8 The PRC’s Trademark Law, article 29.
9 The PRC’s Trademark Law, article 28.
10 The PRC’s Trademark Law, articles 33, 63, 60 respectively.

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Industry and Commerce) in the PRC. Their function is monitoring in the area of the legal protection of intellectual property rights, including protection and registration of trademarks.

In the case of Russia the evolution of the legal protection of intellectual property and trademarks in particular is closely linked with the history of the country and its socio-economic transformations. In Russia in 1918 there was established Committee for Inventions of the Scientific and Technical Council of the Supreme Council of National Economy. In 1931 it was renamed as the Committee on the Invention of the Council of Labor and Defense, and in 1947 as the Committee on Inventions and Discoveries. After the formation of the Russian Federation, the relevant functions started to be carried out by the Committee on Patents and Trademarks in 1992, and in 1996 by the Russian Agency for Patents and Trademarks. On March 9, 2004 Russian Agency for Patents and Trademarks was renamed as the Federal Service for Intellectual Property, Patents and Trademarks by Presidential Decree № 314 "On the system and structure of federal executive bodies". On May 24, 2011 the Office obtained its present name - the Federal Service for Intellectual Property (the Rospatent), and started to be directly subject to the Government of the Russian Federation. However, on June 27, 2012 Vladimir Putin signed a Presidential Decree, which reassigned the Rospatent to the Ministry of Economic Development. In 2015 there was a celebration of the 60th anniversary of the Rospatent’s establishment.

In China Central Administration for Industry and Commerce (SAIC) is the state authority, which is most involved in trademark registration and administration through its the Trademark Office and its local equivalents. SAIC is the central state administration body, directly subordinated to the State Council of the PRC. The competence of the SAIC is the monitoring of the business activities, registration of business entities, registration of trademarks (including: service marks, collective and certification marks) and the recognition of the rights to well-known marks, conducting antitrust audits on the fact of conclusion of monopolistic agreements (except price monopoly agreements), abuse of dominant position in the market and the abuse of administrative power to exclude or restrict competition. SAIC develops draft laws and administrative regulations, and independently adopts acts on matters relating to the administration of commercial and industrial activities. There are two structural units within the SAIC, which are directly responsible for trademarks related matters: the Trademark Office and the Trademark Review and Adjudication Board. The Trademark Office is in charge of the registration of trademarks, including registration of service marks, collective and certification marks. The Trademark Review and Adjudication Board is a decision-making authority. Consequently, the decisions of the Trademark Office may be appealed to the Trademark Review and Adjudication Board.

Trademark protection

According to the legislation of Russia and China, exclusive right to a registered trademark suggests the possibility of its unlimited and monopolistic use for the rights holder. In particular, it means that no one is entitled to use the designation, which is confusingly similar to the registered trademark for the individualization of the same goods or services without the authorization of its right holder. Disputes arising in connection with the violation of an exclusive right to a trademark can be resolved under administrative, civil or criminal proceedings in the PRC and the Russian Federation.

As it was said before, the Trademark Review and Adjudication Board is the structural subdivision of The Trademark Office of the State Administration for Industry and Commerce, which is in charge of the disputes settlements, arising in connection with the violation of the rights to the well-known trademark, and the appeals of the Trademark Office’s decisions. The Trademark Review and Adjudication Board examine the applications of objecting to the decisions of the Trademark Office on the refusal of accepting an application to register a trademark (including service marks, collective marks, certification marks); on objections against trademark registration; on cancellation of the trademark registration.

In addition, the revision of the Trademark Review and Adjudication Board resolves disputes arising between right holders of registered trademarks (including the disputes relating to the infringement of the right to a well-known mark), and recognizes the trademark as well-known in accordance with the Regulations “On the recognition and protection of well-known trademarks”. The decisions of the Trademark Review and Adjudication Board can be appealed to the People's Court under administrative procedure (in accordance with the Administrative Procedure Code of the PRC).
Article 60 of the PRC’s Trademark Law suggests that the parties can settle the dispute through consultation. “Where the parties refuse to pursue consultation or where consultation has failed, the trademark registrant or any interested party may institute legal proceedings with a People’s Court or ask the administrative authority for industry and commerce to handle the matter”. Thus, the administrative authority for industry and commerce is authorized to investigate any conduct infringing upon the exclusive right to use a registered trademark. Also article 61 provides that “Where a crime is suspected of having been committed, the administrative authority for industry and commerce shall promptly turn over the case to the judicial department to be dealt with in accordance with the law”.

On March 25, 2014, the Supreme People's Court promulgated the judicial interpretation "Interpretation of the Supreme People's Court on Issues concerning the Jurisdiction over Trademark Cases and Application of Law after the Entry into Force of the Decision on Amending the Trademark Law" (judicial interpretation № 4-2014), which introduces some changes for the rules of jurisdiction and examinations of disputes related to trademarks. All these changes are connected with the entry into force of a new Trademark Law in 2014.

Thus, the People's Courts are entitled to take examine the following types of cases related to trademarks: 1) administrative cases on appealing the decision of the Trademark Review and Adjudication Board; 2) cases on appealing other administrative actions of the Trademark Office; 3) disputes concerning obtaining exclusive rights to trademarks; 4) disputes concerning infringement of exclusive rights to trademarks; 5) disputes on confirmation of absence of violation of the exclusive rights to trademarks; 6) disputes relating to the agreement on the transfer of the exclusive rights to trademarks; 7) disputes relating to license agreements; 8) disputes arising from contracts on provision of services by agencies; 9) cases of suppression of violations of the exclusive rights to trademarks before commencement of legal action; 10) cases on compensation for damage caused by submission of a claim to suppress violations of the exclusive rights to trademarks before commencement of legal action; 11) cases on providing the proofs before commencement of legal action; 12) other matters related to trademarks.

The peculiarity of China’s trademark’s protection mechanism is that there is a possibility of resorting to the department in charge of supervision and control over product quality. The department in charge of supervision and control over product quality under the State Council supervises product quality issues, such as the establishment of national standards, certification, quality of products, the adoption of measures to combat counterfeit and law quality goods. The main objective of this department is the protection of consumers against the spread of counterfeit and law quality products on the market, which includes goods with counterfeit trademarks and or goods sold in packaging with the name and address of another person.

Since the main issue of the claim filed in the department in charge of supervision and control over product quality is the quality of goods but not the protection of the right to intellectual property, any person may apply to this department and complain without proving a personal interest. The complain must be based on one or two of the following reasons: the quality of the goods is below the standard or goods are sold in packaging that indicates the name and address of another person.

To initiate the dispute resolution procedure in Russia, the right holder may first send a claim to the eventual infringer with the requirement to terminate the unlawful use of a trademark, which is to say try to resolve the conflict under pretrial order, what is similar with the provision of the PRC’s Trademark Law. Nowadays dispute resolution under pretrial order is not obligatory for parties. However, recently the Ministry of Justice of Russia has introduced the draft law, obliging the parties to resort to the pretrial procedure for the cases of violation of intellectual property rights and non-use of a trademark. Thus, if the pretrial procedure does not bring any results, the plaintiff needs to decide, through which procedure he will protect his rights: under administrative order or through the courts.

Firstly, the administrative procedure suggests applying to the Chamber for Patent Disputes. It is entitled to regulate issues concerning termination of the legal protection of trademarks (service marks) caused by their non-use and by the cases when a registered trademark is becoming a generic name in a category of approved goods. Also it regulates disputes on opposing granting legal protection to a trademark, as well as settles disputes on the terms of the legal protection for a trademark. The last function of the Chamber for Patent Disputes is very important because there can be a situation when the right holder’s trademark is not used illegally, but at the same time another party is using a very similar trademark. In this case, it is possible to

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oppose the registration of a disputed trademark in the Chamber for Patent Disputes, by filing a claim against granting the legal protection to other party’s trademark. Also the Chamber of Patent Disputes examines the cases of refusal to register a trademark, service mark or refusal to grant the right to use the appellation of origin of goods, as well another case concerning registration and the terms of the legal protection. Secondly, the administrative procedure of dispute settlement includes resorting to the Federal Antimonopoly Service of Russia because unauthorized use of a registered trademark is considered as an act of unfair competition. The grounds for initiating the proceedings on unfair competition or unlawful use of a trademark in advertising, is the claim of a party, which rights were violated as a result of fraud. The procedure for consideration of the case by the Federal Antimonopoly Service of Russia resembles a judicial procedure. If there is an evidence of a violation of antimonopoly legislation, there will be initiated a case on the grounds of violation of the antimonopoly legislation.

Thirdly, it is possible to conduct dispute settlement by the consideration of the case in customs bodies. The right holder can file a petition for taking the measures to suspend the production of counterfeit goods. To provide the right holder with the protection of his exclusive rights, it is required to conclude a contract of an insurance of risk of liability for an injury to the recipient or the owner of the arrested goods, in case if the goods are not counterfeit.

When it comes to dispute settlement through the court, the right holder can file a lawsuit to the Intellectual Property Rights Court. Intellectual Property Rights Court is a panel of the Commercial Court, specializing in intellectual property disputes. These courts deal with disputes of legal entities and entrepreneurs. Commercial Courts have jurisdiction over all disputes relating to business activities. Also the right holder can apply to the general jurisdiction court to bring a criminal action. In addition, it is also possible to resort to arbitration court by mutual agreement of both parties.

Consequently, as a general rule for both China and Russia, the disputes concerning trademark protection can be resolved under administrative, civil or criminal proceedings. According to the trademark law of the two countries, the parties can also settle the dispute through consultation. In addition, the proceedings in Russia and China can be initiated on the basis of violation of antimonopoly legislation. Thus, article 58 of the PRC’s Trademark Law provides that “Where a party uses a famous trademark as registered, or unregistered, as an enterprise name and confuses the public, if it constitutes unfair competition, the infringer shall be handled in accordance with the Anti Unfair Competition Law of the People’s Republic of China.” In Russia antimonopoly legislation is provided by the Federal Law “On Protection of Competition”. Trademark protection in both countries is possible through customs authorities pursuant to prior registration of a trademark in customs register, so a right holder of a registered trademark will be properly notified if counterfeit goods are passing through the border. State security bodies (police) are also lodged with the powers to administrate trademark protection in China and Russia.

To sum up, infringement of an exclusive right to a trademark leads to administrative, civil and even criminal liability under the legislation of both countries. Civil proceedings on infringement of an exclusive right to a trademark in Russia and China suggest resorting to the court. Trademark law legislation of both countries provides that the court can oblige an infringer to stop a violation, to withdraw from civil circulation infringing goods and to pay compensation. According to the stipulation of the Russian legislation, the court can also demand to destroy infringing goods, labels and packages at the expense of an infringer. Also the Russian trademark law explicitly stipulates that in the course of examination of the claim, the court takes into consideration only the evidence and information provided by the parties, when China’s trademark law suggests that also the court may investigate the facts and assign testing.

The main type of administrative responsibility in Russia as well as in China is the imposition of a fine on the infringer. The absence of guilt is one of the circumstances precluding the administrative proceedings on the review of the offense of unlawful use of trademarks. A particular feature of administrative liability under China’s trademark law regulations is the possibility to resort to the inspection by the department in charge of

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12 The Chamber decided to refuse to satisfy the objection of company “Prombusinessgroup” and to keep in force the refusal of Rospatent to register trademark “Belomorcanal” http://www.fips.ru/scripts/cqcgi.exe/@rw10.env
13 Article 15 of the Administrative Code.
14 Civil procedure Code of the PRC, Chapter VI, article 65.
15 The PRC’s Trademark Law of 2013, article 53.
supervision and control over product quality. At the same time, the peculiarity of the Russian system of bringing an infringer to administrative liability is filing a claim in the Federal Antimonopoly Service. The provisions of Chinese and Russian criminal law concerning liability for violation of trademark rights distinguish the criminal cases as ones of general criminal liability and those of more serious nature, which suggest a greater punishment. According to trademark law and criminal law of both countries, sanctions of criminal liability provide an imposition of a fine on an infringer, along with imprisonment. The duration of imprisonment is different for each case. However, the maximum period of imprisonment for grave offences is 7 years according to China’s criminal law, and 6 years according to the criminal law of Russia. Also in accordance with Criminal Procedure Code of the Russian Federation and Criminal Procedure Law of the PRC, a plaintiff is entitled to have the right to file an incidental civil action during the course of the criminal proceeding if he has suffered material losses as a result of the defendant’s criminal act. The purpose of the civil claim is the compensation of property damage caused by the crime.

Conclusion
All the aspects mentioned above give reasons to claim that in general trademark law of both countries does not have fundamental differences. Understanding the mechanism of trademark protection in China and Russia is a vital condition of strengthening economical cooperation between these countries. In addition, promoting the commercialization of intellectual property is the priority area of Sino-Russian partnership according to the sixth session of the Russian-Chinese working group on the protection of intellectual property rights, held on August 3, 2016 in Sochi.

19 article 77 of Criminal Procedure Law of the PRC.