

Beijing IP Court finds no bad faith in defensive trademark registration (2023)

Time: Mar 07
2023

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- IMEIK's application for 嗨体御肌 was rejected ex officio on the ground that IMEIK had filed a large amount of applications within a short period of time
- The court disagreed, finding that the contested trademark could be considered as an extension of IMEIK's existing 嗨体 mark
- A large number of trademarks applications shall not be treated automatically as a case of "bad-faith filing without intention to use"

In a recently surfaced administrative decision, the Beijing Intellectual Property Court has sided with the applicant for a defensive trademark, finding no foul play in the applicant's conduct. Rendered on 26 December 2022, the decision considered whether the defensive trademark registration constituted a bad-faith application for a trademark that was not intended for use, which is banned by Article 4 of the 2019 China Trademark Law.

Background

On 21 July 2021 IMEIK Technology Development Co Ltd filed an application for the trademark 嗨体御肌 in Class 5. The application designated pharmaceutical preparations, medical fillers and injectable dermal fillers, among others. The examiner rejected the trademark application ex officio on the ground that IMEIK had filed applications for a significant amount of trademarks within a short period of time, and that the application at issue constituted a case of "application filed in bad faith without intention to use", in violation of Article 4.1 of the Trademark Law. The refusal decision was upheld in the ensuing review on 23 May 2022.

IMEIK initiated administrative proceedings before the Beijing Intellectual Property Court on 20 September 2022.

Decision

The court ascertained that IMEIK had been using the trademark 嗨体 on its dermal filler product named "sodium hyaluronate

composite solution for injection”. Such use had generated a certain influence in the aesthetic medicine industry. The contested trademark 嗨体御肌 consisted of ‘嗨体’ and ‘御肌’, with the latter being a common descriptive term in the relevant industry. The court thus found that the contested trademark could be considered as an extension or a variant of IMEIK’s existing 嗨体 trademark. The fact that IMEIK had applied for the registration of a total of 531 trademarks for various goods and services did not suffice to prove that the contested trademark had been filed in bad faith.

The court repealed the review decision and ordered the China National Intellectual Property Administration to remake its decision. The CNIPA complied and the decision came into force. The contested trademark was published on 6 March 2023 and was approved for registration on 7 June 2023.

Comment

This decision indicates that, for the court, the purpose of IMEIK’s application was to widen the scope of protection of its basic trademark. Such additional trademarks, sometimes called ‘defensive trademarks’, serve a purpose which is not illegitimate.

Since 2008 the number of trademark filings in China had been on an upward trajectory, increasing over twelvefold - with the number peaking at 9.45 million in 2021. This was largely due to the practice of ‘trademark hoarding’ - that is, filing a large number of trademarks for the sole purpose of using them in litigation and/or reselling them to a third party. Although the figure dipped to 7.52 million in 2022, the phenomenon of trademark hoarding remains a major problem. This trend prompted the CNIPA to adopt an extremely restrictive policy with regard to trademark examination, which resulted in a sharp rise in the refusal rate (excluding partial refusals). From 25.9% in 2020, the refusal rate rose up to 33.6% in 2022. Defensive trademarks, as defined above, unfortunately ended up being collateral damage in the campaign against bad-faith trademark filings.

The decision should thus be welcome as it seemingly affirms that a large number of trademarks filings shall not be treated automatically as a case of “bad-faith filing without intention to use”. It seems that some space is left for stakeholders to file trademarks for the purpose of extending the protection of their existing business. In the meantime, brand owners are advised to keep a close watch on whether the decision will usher in any favourable changes to the existing examination practice.