

# New foreign GI regulations take effect in China, with some contradictions

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On 1 February 2024, two regulations issued by the China National IP Administration (CNIPA) on 29 December 2023 will enter into effect. The regulations provide details on the registration, administration and protection of geographical indications (GIs).

## Two systems, two regulations

The simultaneous issuance of two regulations on the same topic is the consequence of China's dual system regarding GI protection. The system incorporates:

- the so-called sui generis system prevailing in the European Union; and
- the trademark system covering collective or certification marks, which can be used to protect GIs, prevailing in other parts of the world (eg, the United States).

Hence, the coexistence of two parallel regulations.

The regulations under both systems have followed different paths, at different times.

The first regulation for the Registration and Administration of Collective and Certification Trademarks goes back to 2003. In June 2022 the Draft Measures for the Administration and Protection of Collective and Certification Trademarks were published. This draft was adopted after some modifications on 29 December 2023. Both regulations (2003 and 2023) coexist but in case of discrepancy, the latest will prevail.

The first regulation regarding GI products was issued in 2005. It was only in 2016 that measures were published concerning foreign GIs; these were slightly modified in 2019. In 2020, the CNIPA published a new draft combining revisions to the 2005 and 2019 regulations, but no final text was decided. Eventually, a revision of the 2005 regulation drafted in September 2023 became the now final text of 29 December 2023. Similarly, both versions (2005 and 2023) coexist.

It is significant that both regulations have become, so to speak, reunited, and will enter into effect on the same date, 1 February 2024.

Still, 'collective or certification trademarks' and 'GI products' are different legal concepts and it is worth comparing their respective regulations (henceforth the Collective/Certification Trademark Regulation and the GI Product Regulation) under a framework of analysis relating to definition, registration, use, supervision, revocation and protection.

## Definition

The concept of a GI was introduced and defined under the Trademark Law in 2001, after China acceded to the World Trade Organisation. Article 16(2) of the Trademark Law states: "A geographical indication referred to in the preceding paragraph is a sign which indicates a good as originating in certain region, where a given quality, reputation or other characteristic of the good is essentially attributable to the natural or human factors of the region."

The concept of a GI in both new regulations should conform with this legal definition.

Article 5 of the Collective/Certification Trademark Regulation provides a definition indirectly, by listing what needs to be stated in an application for registration:

Where a geographical indication is registered as a certification mark or a collective mark, the following contents shall be stated in the application: (1) The specific quality, reputation or other characteristics of the commodities indicated by the geographical indication; (2) The specific quality, reputation or other characteristics of the product are mainly determined by the natural or human factors of the area indicated by the geographical indication; (3) the extent of the area indicated by the geographical indication.

Article 2 of the GI Product Regulation offers a straightforward definition:

The term 'geographical indication product' refers to products whose quality, reputation, or other essential characteristics are essentially determined by the natural and human factors of a specific region. Geographical indication products include: (1) Planting and breeding products from the specific region; (2) Products with raw materials either entirely from the specific region or partly from other areas, produced and processed in the specific region according to specific processes.

It appears, therefore, that – apart from a few different word choices – there is a fundamental difference between these two definitions. The Collective/Certification Trademark Regulation states "natural or human factors"; the GI Products Regulation states "natural and human factors". Between these two words, 'or' and 'and', lies the possibility, or the impossibility, to protect handicrafts and industrial products.

The GI Product Regulation, therefore, does not seem to conform with the legal definition provided by Article 16(2) of the Trademark Law. It also seems to contradict the terms of the EU-China GI Agreement signed on 14 September 2020, which stipulates: "The Parties agree to consider extending the scope of geographical indications covered by this Agreement after its entry into force to other product classes of geographical indications not covered by the scope of the legislation referred to in Article 2, and in particular handicrafts, by taking into account the legislative development of the Parties." The reference to craft and industrial products in the new regulation is all the more justified, since the European Commission has recently promulgated the EU Regulation on Geographical Protection for Craft and Industrial Products.

## Registration

The differences between collective/certification trademarks and GI products are more obvious when looking at their respective registration procedures.

### *Who may apply*

Applications for the registration of collective/certification trademarks are filed with the CNIPA by the entity that requests the protection of the GI. Applications for the protection of GI products are submitted to the CNIPA by the people's governments, at the county level or higher, proposing the production area, or by a designated social organisation or institution.

Where the applicant for the registration of a GI collective/certification trademark is Chinese, an "approval document issued by the people's government or the competent department at or above the county level" must be attached (Article 5.1). If the application is filed by a foreign individual or foreign enterprise, evidence must be submitted that the GI is legally protected, in the country of origin, in the name of the applicant. As to GI products, according to the 2019 measures, the applicant of a foreign GI must be the "original applicant in the originating country or region", recommended by the competent authority in such country or region.

### *Examination*

The examination of collective/certification trademark applications is performed by CNIPA examiners and follows the same procedure as for ordinary trademarks (ie, substantive examination, preliminary approval, publication). For GI product applications, the CNIPA conducts a formality examination to verify whether the set of required documents is complete and, after formal acceptance, organises a technical examination by a panel of experts, concluded by a preliminary recognition announcement.

### *Oppositions*

The opposition process for collective/certification trademarks is the same as for other trademarks (ie, three months from the publication of preliminary approval). Oppositions against GI products may be filed within two months after the announcement of the preliminary recognition. (It may be noted that, under the 2019 measures, the opposition process is conducted before the technical examination, not after.)

## Use

The two regulations differ in their approach to the relationship between registrants and producers.

For collective/certification trademarks, these relations are defined in the Implementing Regulations of the Trademark Law 2014. A certification trademark may be used by any person provided that the products satisfy the criteria set out in the registration, whereas a person may ask to become a member of the collective trademark registrant or may even be allowed to use the mark (subject to the same quality conditions), without becoming a member. The regulation provides detailed conditions for the fair use of a place name contained in a GI trademark. However, this is subject to not disturbing the order of market competition or disparaging the reputation of the trademark.

The GI Products Regulation focuses on the authorisation to use special logos, granted to the producers by the CNIPA. Subject to satisfying the quality conditions, producers may apply to the local IP authorities for the right to use a special logo on their products, packaging, containers and transaction documents. The authorities will refer this to the provincial level and then to the CNIPA. The form of the logo must be downloaded from the CNIPA website and may not be changed.

## **Supervision**

Both regulations provide for the necessity to supervise the quality of the products protected by a GI. Under the Collective/Certification Trademark Regulation, this responsibility lies with the registrant, while under the GI Products Regulation, local IP administrations are responsible for the daily supervision of:

- the production area;
- the name;
- quality characteristics; and
- compliance with standards.

## **Revocation**

Article 26 of the Collective/Certification Trademark Regulation introduces the concept of "negligence in exercising the trademark right resulting in the mark becoming a generic name" for GI products, and refers to Article 49 of the Trademark Law (non-use for three consecutive years). Under these conditions, any person may apply for the revocation of the trademark.

The GI Products Regulation is much more prolific about the conditions for revocation of a GI product – namely:

- becoming a generic name;
- non-use for three consecutive years;
- irrevocable changes in the natural or human factors;
- violation of laws;
- public order;
- safety or hygiene hazards; or
- obtention by deceptive or unfair means.

The revocation of GIs – in particular, European GI products registered pursuant to the EU-China GI Agreement – is particularly problematic.

The EU GI Regulation (1151/2012) specifically provides that GIs cannot become generic. Besides, Article 4.5 of the EU-China

agreement provides: "Nothing in this Agreement shall oblige a Party to protect a geographical indication of the other Party which is not, or ceases to be, protected in its country of origin, or which has fallen into disuse in that country." Therefore, the only way that a European GI could cease to be protected in China is if it ceases to be protected in the country of origin, not because an organisation or individual has requested its cancellation.

## **Protection**

Whether registered or not as collective/certification trademarks or GI products, the protection of GIs against the registration or use of conflicting trademarks is subject to the provisions of the Trademark Law. Articles 10.2 and 16 of the law constitute a strong and efficient legal base for ensuring such protection.

However, the enforcement of GI rights against usurpation by illegitimate producers shows significant differences between the two regulations.

Collective/certificate trademark owners may rely on the Trademark Law, which provides for administrative actions by the Administration for Market Regulation, criminal enforcement by the Public Security Bureaus, or civil actions before the courts. Therefore, the new regulation provides no additional measures beyond what is already in the law.

Article 30 of the GI Product Regulation, which is not "backed" against a specific law, simply provides that acts violating GI rights are "subject to relevant laws and regulations". Such acts are enumerated and include:

- using the name on identical or similar products not originating from the protected area, even if the true origin is indicated;
- using a similar name, while not meeting quality standards; and
- counterfeiting the special logo.

In practice, when such acts occur, rights holders often resort to the Product Quality Law or the Anti-unfair Competition Law.

It is worth noting that previous drafts of the GI Product Regulation provided for the administrative authorities to take enforcement actions (eg, raids, confiscation and destruction of the illegal products, and fines against infringers). However, due to the recent administrative reform, which placed the CNIPA directly under the State Council (and no longer under the State Administration for Market Regulation (SAMR)), it appears that the CNIPA is not in a position to provide for enforcement measures. Such initiatives are in the scope of competence of the SAMR.

## **Good news for rights holders**

The concomitance of the publication and entry-into-effect of the two regulations on collective/certification trademarks and GI products cannot be a coincidence. If any reflection or prediction may be made, it is that China is actively working on the creation of a unique protection system, addressing both trademarks and GI products. This would be good news for rights holders. But the work may take some time, as both rights differ in nature and there are some points of contradiction to resolve.

