

TRANSITIONAL REVIEW MECHANISM OF CHINA

Communication from Japan

By means of a communication from the Delegation of Japan, dated 29 September 2008, the Secretariat has received the following contribution in the context of the transitional review mechanism under Section 18 of China's Protocol on Accession.

Japan welcomes that, in the sixth year after China's accession, the implementation of its commitments on intellectual property has evolved from that of simple progress into one that is now in its cruising phase. The transitional review mechanism (TRM) has been useful for making China's transitional efforts more efficient and productive, and it is a pleasure for Japan to have contributed to this process.

In accordance with Section 18 of the Protocol on the Accession of the People's Republic of China (WT/L/432), which states that "China shall provide relevant information ... to each subsidiary body in advance of the review" and in the spirit of cooperation in rendering the TRM process most efficient and effective, Japan requests China to provide, prior to the meeting of the Council for Trade-Related Aspects of Intellectual Property Rights, responses and relevant information to the following questions and comments.

I. COPYRIGHTS

A. AMENDMENT OF THE COPYRIGHT LAW

1. Concerning the amendment to the Copyright Law, please provide us with the detailed schedule, including the opportunity for public comment from relevant stakeholders and submission of the comments to the State Council.

2. Please provide us with the detailed schedule for the drafting of the regulation on royalty regulation for broadcasting and television organizations, which Article 43 of the Chinese Copyright Law stipulates that the State Council is to establish. In case the Legislative Affairs Office of the State Council is still in the process of establishing the regulation, please provide us with the details of the progress.

B. ROYALTY DISTRIBUTION

3. It is our understanding that collective management societies in China are not able to distribute royalties to right holders appropriately because users of copyrighted works often do not report their actual usages fully. To solve this problem, Japan believes that there is a need to ensure the full

enforcement of a user's obligation to provide full information about their usages, and a need to encourage them to build an adequate system for distribution, as stipulated under Article 27 of the Regulation for Collective Management of Copyright. Please inform us of China's view on this matter. Also, if the Chinese Government is planning to take any measures against this problem, please provide us with their details.

II. TRADEMARKS

A. EXAMINATION PERIOD OF TRADEMARK

4. In 2007, China answered through the TRM that the average pendency period for the year 2007 was about 30 months (i.e. from the receipt of an application to the issuance of first Office action). Please let us know how long it takes on average now. Your informing us of the future perspective of a possible reduction in the average pendency period would be appreciated.

5. Please also let us know the average pendency from demand to first action and from demand to final decision for the opposition process to be administered by the Chinese Trademark Office (CTMO) and for the appeal examination process by the TRAB.

B. EXAMINATION GUIDELINES OF TRADEMARK

6. According to Article 10(2) of the Chinese Trademark Law, "the foreign geographical names well known to the public shall not to be used as trademarks." Please let us know how the CTMO has been examining an application involving a foreign geographical name well known to the public. Please also let us know the examination practices and interpretative criteria for "the foreign geographical names well known to the public."

7. In China, some trademark applications have been filed by third parties for the registrations of geographical names of Japan or common names of products or names of plant varieties of Japan. Such filings have increased the business risk of Japanese companies with business operations in China. Japan wishes to know how an application involving a foreign geographical name, a foreign common name of a product, or a foreign name of a plant variety is treated under the Chinese Trademark Law. We would appreciate your answering the following questions.

8. If it is discovered that an application filed with the CTMO for a mark comprising or involving characters that are likely to cause confusion with a foreign geographical name and if the name is well known to the public, will the application be refused (or will the trademark be cancelled after registration, if the discovery is made after trademark registration) under Article 10(2) of the Chinese Trademark Law?

9. Article 11(2) of the Chinese Trademark Law sets forth that signs "that have direct reference to the quality, main raw material...or other characteristics of goods or services" "shall not be registered as a trademark." Is it necessary for a foreign common name of a product or a foreign name of a plant variety to be known among the consumers of the goods in question in China for the application to be refused or the registration to be cancelled under Article 11(2)?

C. GUIDELINES FOR THE FAIR USE THEREOF BY ANOTHER PERSON

10. Article 49 of the Regulations for the Implementation of the Trademark Law of the People's Republic of China sets forth that signs "where a registered trademark consists of the generic name...or directly shows the quality, main raw materials...or other characteristics of the goods in question, or consists of geographical names, the proprietor of the exclusive right to use the registered trademark shall have no right to prohibit the fair use thereof by another person." What is the

benchmark for "fair use" under this provision? Is it possible to recognize a foreign geographical name, a foreign common name of the product or a foreign name of the plant variety as "fair use," if the name is known among the consumers of the goods in question in China?

III. ENFORCEMENT

11. We would like to know what concrete efforts and future plans you have to strengthen intellectual property right protection in provincial areas and enlighten provincial authorities and other issues related to provincial efforts.

12. We would like to know which civil case or criminal penalties will be imposed on manufacturers, distributors or vendors preparing for distribution where a brand is not indicated on a product at the stage of manufacturing and then a false brand is affixed to the product at the stage of distribution or at the preparatory stage of distribution, and the procedure is not regarded as illegal until this stage.

IV. OTHERS

A. ANTIMONOPOLY LAW

13. We understand the guidelines for the antimonopoly law, which came into force in August 2008, are under the process of the formulation. Please provide the information related to the situation of the formulation and the outline of the guidelines related to the enforcement of intellectual property rights.

14. Particularly, Article 55 of the Antimonopoly Law says that "the Law is applicable to undertakings' conduct that eliminates or restricts competition by abusing their intellectual property rights". Please let us know whether there are any criteria for determining a conduct abusing the intellectual property rights, and if any, please provide us with their details.

B. THE CONFLICT BETWEEN TRADE NAMES AND TRADEMARKS

15. We understand that China is planning to revise the existing Law to Counter Unfair Competition and that the said revised law will deal with cases where trade names which incorporate other's trademarks or trade names that are, without the true owner's authorization, registered in China or other countries/regions and used in China. We have been informed that a small part of this has been implemented by said revision through a Judicial Interpretation (the "Relevant Parts of Interpretation of the Supreme People's Court Concerning Some Issues on the Specific Application of Law for Handling Civil Cases of Unfair Competition") issued in January 2007 and a special campaign against free ride action on the famous brand from August to December 2007. We would like to know how China is going to deal with this issue.

C. LICENSING REGULATIONS

16. Article 25 of the Regulation on the Administration of Import and Export Technology states "the licensor must ensure that the technology provided is complete, correct and effective and may fulfil the agreed technological goal." At the TRIPS Council in 2007, the explanation regarding the article was, "Ensuring the fulfilment of the above requirement as is prescribed by the aforementioned provision is mandatory but Chinese authorities will not reject contracts on the ground that there is no description in the contracts which ensure that the technology provided is complete, correct and effective and may fulfil the agreed technological goal."

17. However, the explanation above does not make clear enough what specific requirements should be sufficiently fulfilled in order to "ensure that the technology provided is complete, correct and effective and may fulfil the agreed technological goal." Accordingly, we would like to ask you to do the following:

- (a) Please provide the specific requirements that should be fulfilled in order to show the aforementioned provision has sufficiently been met.
- (b) Please establish new interpretive guidelines specifying the above specific requirements because a vague requirement might be too much burden for contracting parties.

D. GOVERNMENT POLICY

18. Please provide the information described below related to "China's Action Plan on IPR Protection 2008".

- (a) The schedule for the revisions and the main point of the revisions of the "Trademark Law", the "Law Against Unfair Competition", the "Rules for Implementation of the Patent Law" and the "Rules for Implementation of the Regulations on Customs IPR Protection". (I. Legislation (I) 1 and 2, (III)2, (IV)3);
- (b) The outlines of the "cross-regional IPR protection mechanism" (IV. Institution Building (I)2) and the "regional coordinating mechanism for patent administrative enforcement" (IV. Institution Building (I)9);
- (c) The main issues and the study themes of the "research on "rules of evidence in IPR civil litigation" (X. Plan for Special Research (I)6) and the "theoretical research on IPR criminal protection" (X. Plan for Special Research (I)9);
- (d) The main issues and the study themes of the "general situation of IPR cases of criminal private prosecution". (X. Plan for Special Research (I)8) and the statistical data of the IPR cases of criminal private prosecution.

19. We understand that China revealed new national strategy on intellectual property in June 2008 and newly created a protection and coordination division implementing the strategy in the State Intellectual Property Office. We would like to know the role of the division and how China is going to implement the strategy.
