

Chinese Court's Determination and Protection of Three-dimensional Marks

Hu Gang

The Beijing No. 1 Intermediated People's Court has recently reversed two adjudications made by the Trademark Review and Adjudication Board (TRAB) in the administrative litigation, and approved the three-dimensional mark in respect of which applications for registration was respectively filed by two foreign corporations under the law. This is the Chinese court's independent determination, *ex officio*, of the registerability of marks in the shape of three-dimensional packages of the designated goods (hereinafter referred as the three-dimensional marks as such) filed by foreign applicants for registration since the amendment of the Chinese Trademark Law was made in 2002, according protection to three-dimensional marks. These lawsuits are of landmark significance.

Case 1

The Italian Ferrero S. P. A. (Ferrero for short) was the owner of the International Registration No. 783985 of the "device (a three-dimensional sign)" in respect of which an application was filed for registration on 23 May 2002, with designation of a variety of goods in class 30, including chocolate. Said three-dimensional mark was in a three-dimensional shape composed of a ball wrapped with a piece of golden paper as shown in the following:



Note: The subject matter of the three-dimensional mark for which protection is sought is the determined shape of the package of the product.

An application was filed with designation of China for the extended protection of said mark within the territory of China under the Madrid Agreement. In March 2003, the

Trademark Office of China refused the application on the ground that said mark lacked distinctive character. Ferrero then filed an application for review and adjudication with the TRAB. In October 2006, the TRAB made its adjudication on refusal of the application on the ground that said three-dimensional mark was merely in the form of a commonly used package of the designated goods, lacked distinctive character, and was incapable of distinguish the origin of the goods. Dissatisfied with the TRAB's adjudication, Ferrero brought an administrative action in the Beijing No. 1 Intermediate People's Court, requesting the court to reverse the TRAB's adjudication and approve the registration of the mark in suit for the extended protection within the territory of China.

In November 2007, the Beijing No.1 Intermediate People's Court held upon hearing the case:

1. The mark in suit was a three-dimensional sign composed of a maroon and golden rippled base and a three-dimensional ball wrapped with a piece of wrinkled golden paper on its top;
2. The colour and the shape of the package of the goods chosen for the mark in suit were not those regularly chosen in industry;
3. The originality of the mark in suit rendered it a hallmark design of the plaintiff's product, which enabled consumers to clearly identify the origin of goods upon seeing the mark in suit; and
4. The mark in suit possessed the distinctive character a mark should have, and it should be protected as a registered mark in China.

Accordingly, the court reversed the TRAB' adjudication on International Registration No. 783958 of the "device (three-dimensional sign)". The TRAB did not appeal at the expiry of the time limit, so the ruling took legal effect. The

mark has thus become the first three-dimensional trademark as such judicially approved in China.

Case 2

The US Zippo Manufacturing Company (Zippo for short) filed, in December 2001, an application No. 3031816 for registration of the “device (three-dimensional)” trademark with the Trademark Office, with the designation of the goods of “lighter” in class 34. The detailed drawing of said three-dimensional mark is shown as below:



Note: The subject matter of the three-dimensional mark for which protection is sought is purely in the shape of the product *per se*.

In August 2002, the Trademark Office refused the application for the registration of the Zippo three-dimensional mark. Dissatisfied, Zippo filed a request with the TRAB for review and adjudication in December 2002. The TRAB held that the three-dimensional sign shown in the Zippo three-dimensional mark was the generic sign of the designated goods, and did not possess the distinctive character required of a trademark, and refused the application for the registration of the Zippo three-dimensional mark in June 2007. Zippo then sued in the Beijing No. 1 Intermediate People's Court.

Upon hearing the case, the court held that the Zippo three-dimensional mark designated to be used on goods of lighter composed of the following elements:

1. a rectangle similar to a flat cuboids as a whole;
2. a flat main surface;
3. a somewhat round periphery;
4. a slight arch-curved top surface;
5. a bottom surface of a straight line;
6. the sign being divided into the upper and lower parts roughly at 5:7; and
7. on the right side of the rectangular shape, a concave extrusion running along the same direction of , but slightly shorter than, the joint between the upper and lower parts, with the diameter of the concave extrusion being in a semi-circular axial structure.

The court further held that the TRAB, having only determined said structural elements 1 – 5, and disregarded elements 6 and 7, had made its determination without clearly

ascertaining the facts. As a whole, the three-dimensional Zippo mark is a design similar to a rectangular shape, comprising multiple special structural elements. Particularly, item 7, which was simple and deposited in isolation on the right side of the rectangular shape in a smoothly transitional design, was obviously different from the holistic smooth transitional design of the main part of the mark. The design of the three-dimensional Zippo mark was original as a whole, and was not one commonly chosen in the industry. Besides, the originality of the whole mark had already become a hallmark design of the plaintiff's Zippo brand lighter capable of indicating the source of the goods of Zippo lighter made by Zippo. As such, the three-dimensional Zippo mark had the distinctive character the registrable marks should possess, so should be protected under the law.

Accordingly, the Beijing No. 1 Intermediate People's Court ruled, in April 2008, reversing the TRAB's adjudication on the ground that the three-dimensional Zippo mark was not one that should not be registered as a mark under Article 11, paragraph one (1) of the Trademark Law. The TRAB did not appeal upon expiry of the time limit to do so, and the court's ruling had taken effect. In this way, the three-dimensional mark in the shape of the Zippo lighter has become the first mark of the type judicially determined in China.

Comments and analysis

In general, depending on the shape of the subject matters under the protection, three-dimensional marks are presented in the four types as follows in practice:

1. one of decorative three-dimensional sign irrelevant to the designated goods or services;
2. One in the shape of the goods or package of the goods bearing the word or device elements;
3. One in the three dimensional shape of the package of the goods *per se*; and
4. One in the three dimensional shape of the goods *per se*.

The registrability of the first two types of three-dimensional marks cause no big controversy in the practice of trademark examination in China. So long as the plane forms of the two types of three-dimensional marks are believed to be distinctive, they are registrable as two-dimensional marks, so are all the corresponding three-dimensional marks. As for the registration of the other two types of three-dimensional marks, however, whether they possess distinctive character

per se is what is often at issue.

As the previous cases show, in China, the trademark examination authority and the courts were strict in their examination of the distinctive character of three-dimensional marks, and they have refused many three-dimensional marks, such as “Fanta Soft Drink Bottle” of the Coca Cola brand for lack of distinctive character.

But in the case involving the shape of the “Ferrero chocolate package outer shape”, the judge believed that the shape of the package of the goods shown by the mark in suit was quite irregular, so it is original in its conception, while in the “Zippo lighter shape” case, the judge held that design shown by the mark in suit was original in the designed style. In other words, the judges of these cases both believed that the marks in suit, which were unique, original, and capable of distinguishing the source of goods, had intrinsic distinctive character and was registrable.

For the writer, of the rulings made in the two cases, two points are worth further looking into as shown below.

1. Relations between originality and intrinsic distinctive character

Article 9 of the Trademark Law provides: “a trademark applied for registration shall be so distinctive as to be distinguishable”; hence, “so distinctive as to be distinguishable” may be deemed to be one of the substantive requirements for Trademark registration under the Trademark Law. Approved for registration, a mark in the shape of the designated product or its package naturally meets the requirement.

However, the courts have used the concepts of “uniqueness” and “originality” in their judgments. How are the two concepts related to “distinctive character”?

It is well known that “originality” happens to be the primary prerequisite for protection under the Copyright Law. Rule 2 of the Implementing Regulations of the Chinese Copyright Law provides that “the work as mentioned in the Copyright Law shall refer to intellectual achievements made in the field of literature, art or science that are original and reproducible in a tangible form.” In these two cases, the judges believed that the uniqueness or originality of the marks in suit were capable of distinguishing the sources of goods. In the Zippo case, the judge even listed the structural elements of the mark in suit to show that the mark in suit comprised original elements. Then does an original mark possess the distinctive character as required of a mark applied for registration?

For this writer, the originality in the sense of the Copy-

right Law requires that a work be independently created, so that it should not be a copy; and should be different. A work that is a product of independent conception and different from any existing works in form of presentation may be taken as original. By contrast, the distinctive character embodies the attribute of a mark to show the source of corporate goods or services and distinguish them from those from any other enterprise. The writer does not deny that it is entirely possible for one subject matter (a work of applicable art) meets both the standard of originality in the sense of the Copyright Law and that of the distinctive character in the sense of the Trademark Law; hence it is likely to be protected under the two Laws. But this by no means indicates that one having the originality in the sense of the Copyright Law naturally has the distinctive character in the sense of the Trademark Law. For example, an independently created work composed of complex words, device, numbers, letters or a combination thereof is protected under the Copyright Law. But anything composed of complex words, device, numbers, letters or a combination thereof used as a mark in respect of goods is often taken as devoid of its distinctive character and incapable of indicating the source of goods, so precluded from registrability.¹ For that matter, analysis and determination should still be made depending on the specific circumstances of the subject matter to be protected as to whether something original possesses the distinctive character in the sense of the Trademark Law.

To sum up, this writer believes that something having the originality in the sense of the Copyright Law should not be one having sufficient distinctive character in the sense of the Trademark Law. The way the courts have made their determination along the line is open to question.

2. Burden of proof with regard to intrinsic distinctive character of three-dimensional marks as such

Whether a mark possess distinctive character is often believed to be a matter of degree. A sign meeting the minimum distinctive character requirement may be a registrable mark. For that reason, normally, as long as a sign that is not obviously flawed, its distinctive character is assumed. In the practice of trademark examination in various countries, the distinctive character of a three-dimensional mark is determined in way of counter proof, that is, clearly excluding signs that should not be used and registered as a mark.

According to the pertinent provisions on the examination of the distinctive character of three-dimensional marks of the Trademark Examination and Adjudication Standards issued

and implemented by the Trademark Office and TRAB on 1 December 2005, signs falling within the following three circumstances are regarded as devoid of intrinsic distinctive character:

1) Where signs are in the generally or commonly used shape of the designated goods, but signs that are not in the generally or commonly used shape of non-designated goods, or contain other distinctive character are exception;

2) Where signs merely have the generally or commonly used package of the designated goods, but signs that are in the shape of the generally or commonly used package of non-designated goods, or containing other distinctive character are exception; or

3) Other three-dimensional trademarks that lack distinctive characters, but three-dimensional signs that have distinctive character *per se* are exception.

In the above cases, the courts directly and finally determined that the three-dimensional marks in suit possessed distinctive character on their subjective determination that the whole designs of the two three-dimensional marks were “original”, they were irregular design and became hallmark designs.

With regard to the intrinsic distinctive character of three-dimensional marks, determination based on counter proof is made in China, Europe and the U. S. A., and the standards of the determination are invariably understood. But in the above two cases, the Chinese judges’ thinking as shown in the burden of proof regarding the intrinsic distinctive character of three-dimensional marks is obviously different from that in Europe and the U. S. A..

Given the special nature of three-dimensional marks, the distinctive character of these marks is judged with considerable caution in the European countries and the U.S.. As for the outer shape of goods, it is, in principle, assumed that the signs of such three-dimensional marks do not possess distinctive character. Regarding applications for registration of marks of the type, the trademark examiners would refuse all of them unless the applicants present evidence that the outer shape of the goods has “acquired distinctive character” through extensive use in the market, which indicates that such a mark is registrable if it is capable of distinguishing the source of goods.² As for the outer shape of the package of goods, it is registrable if there are indeed sufficient reasons and facts to show that it possesses distinctive character. Otherwise, like the outer shape of the goods *per se*, such shape is registrable only in the presence of evidence of

“distinctive character acquired” through use in the market.³

In the judicial review of the above two three-dimensional marks, the judges did not adopt the position maintained by the Trademark Office and TRAB that the applicant is under the burden to prove that the three-dimensional marks in suit had distinctive character, so that people felt that the court took a less stringent position with regard to the intrinsic distinctive character of three-dimensional marks.

The writer finds it incomprehensible that the judge hearing the case involving FERRERO ROCHER chocolate package believed that since the TRAB did not furnish any evidence to determine that the trademark applied for registration was capable of distinguishing the source of goods, nor cite any pertinent provisions of the Trademark Law to support its reasoning for and explanation of the refusal, it failed to meet its burden to prove in the administrative procedure the legitimacy of its specific administrative action.⁴ For the writer, the judge here has obviously confused the two burdens of proof. Without any doubt, the TRAB has the duty to meet its burden to prove the legitimacy of its adjudication in the trademark review and adjudication proceedings and even in the administrative procedure. However, the burden to prove that a trademark applied for registration has intrinsic distinctive character should only be met by the applicant, the examiner’s burden to prove the legitimacy of its adjudication in the trademark review and adjudication proceedings should not be confused with that to prove the intrinsic distinctive character of a trademark applied for registration. Even if the administrative adjudication made by the TRAB is procedurally flawed, such flaw should not free the applicant from his burden to prove that the trademark applied for registration has intrinsic distinctive character. The correct practice is for the court to remand the case to the TRAB, but not to directly make the judgment.

Probing into acquired distinctive character of three-dimensional marks as such

For the writer, while it is far fetched for the judge to hold that the two three-dimensional marks had “intrinsic distinctive character”, it is undeniable that the three-dimensional marks had long been capable of distinguishing the source of goods through wide use in the market in China, and they might be registered on the ground of the “acquired distinc-

tive character”.⁵

As early as July 2003, Ferrero brought a civil action in Tianjin, China on the ground of unfair competition against the Mengtesha (Zhangjiagang City) Foodstuff Co., Ltd. for its use of the package and trade dress for its TRESOR DORE chocolate that were substantially identical with those Ferrero used on its own FERRERO ROCHER chocolate. The plaintiff Ferrero lost the case in the first instance, but finally won the case. The defendant requested the Supreme People's Court (SPC) for review of the case out of its dissatisfaction with the court's final ruling, and its request was accepted. The SPC, upon review of the case made its decision on retrial of the case in its Judgment No. Minsantizi 3/2006, holding that the package and trade dress claimed by Ferrero and used for its FERRERO ROCHER chocolate were composed of a series of elements. The package used for its FERRERO ROCHER chocolate were unique, has distinctive image as a whole, and has nothing to do with the function of the goods due to the arrangement and combination of the elements in the words, device, colour, shape and size of the goods. Its long-time use and tremendous advertising were sufficient to enable the public to associate the overall image of said package and trade dress with Ferrero's FERRERO ROCHER chocolate, which were capable of showing the source of the goods; hence they were the package and trade dress particular to the goods that should be protected under Article 5 (2) of the Unfair Competition Law. Accordingly, the SPC finally upheld the judgment in favour of Ferrero.⁶

Although the cause of action of the preceding case was unfair competition, the explanatory reading of the above decision in the case has made it possible for one to believe that the SPC had, to an extent, confirmed that long-time use and tremendous advertising of the package used for its FERRERO ROCHER chocolate were sufficient to enable the public to associate the overall image of said package and trade dress with Ferrero's FERRERO ROCHER chocolate, which were capable of showing the source of the goods. It is exactly the function to distinguish source of goods that has embodied the most fundamental attribute that makes a mark registrable. Therefore, it may be definitely concluded that presenting much evidence could prove that the FERRERO ROCHER chocolate package had acquired its distinctive character in the market for the registration of the three-dimensional marks.⁷

As for the US Zippo Manufacturing Company, people from the industry probably still remember that said company

and its affiliated Zippomark Co., Ltd. filed a complaint with the International Trade Committee (ITC) on the basis of the “ZIPPO” lighter three-dimensional mark registered in the U. S., accusing the Chinese lighter companies and some US importers that the lighter imported and marketed in the U. S. infringed Zippo's “ZIPPO” lighter three-dimensional mark. Therefore, Zippo requested the ITC to initiate IP infringement investigation of all the activities of importing, transferring and marketing the goods (namely the so-called “337 investigation”)⁸, issue permanent universal exclusion junction, and stop the importation of the lighter at the US Customs .

The dispute was finally settled with an agreement reached between the two parties. For this writer, however, the facts as shown in the case that the Zippo lighter three-dimensional mark was widely reproduced and infringed by some Chinese enterprises indeed proves that said three-dimensional mark has long been known in the industry and the relevant market, so that it could serve as a piece of important evidence showing that said three-dimensional mark has acquired its distinctive character and is registrable.

Conclusion

The two judicial decisions made in the above cases involving the two three-dimensional marks as such represent important progress made in the area of IP protection by the Italian Ferrero S. P. A. and the US Zippo Manufacturing Company that were beset with infringement in the Chinese market. Of course, these court decisions will also encourage more enterprises, particularly overseas well-known ones to make constant efforts to secure registration of their three-dimensional marks in respect of the shapes of their product packages and even the shapes of their products *per se*.

But, according to the ruling made by the Beijing No. 1 Intermediate People's Court, the writer believes that it is still too early to make an optimistic conclusion on the two questions: has the pendulum of the intrinsic distinctive character of three-dimensional marks swung toward the protection of the interests of the applicants in the rulings? And is it now easier for them to secure protection by registering such three-dimensional marks?

Without any doubt, a good law and the implementation thereof will spur maximum integration of the involved interests, or ensure to find the best balance between the protection of some important interests and the minimum sacrifice of the other interests. In the judicial activities, it is fundamental

to treat the same cases equally. Thus, precedents should be respected in the hearing of individual cases, otherwise, it would do no good to maintaining people's respect for law, nor is it helpful to keep the public confident in the judicial authorities. Considering the conclusions made in the different judicial adjudication on the final refusal of so many three-dimensional marks as such, including the "FANTA" bottle Coca Cola brand, it is yet to be seen whether the judgment made in the above recent two cases will have any significance to any other similar cases.

To applicants who are still doing their utmost efforts to secure registration of their three-dimensional marks, the writer would like to advise that to prove that a three-dimensional mark as such indeed possesses distinctive character, the applicant should, in the relevant review and adjudication proceedings and judicial review procedure, take a comprehensive consideration, get the detailed grounds and evidence ready, and focus on the elaboration of the claims as follows:

1) that their used three-dimensional marks are unique for the arrangement and combination of the constituent elements in terms of device, colour, size, etc. ;

2) the outer shapes of their three-dimensional marks have had their unique and distinctive image as a whole, which has nothing to do with the function of the designated goods; and

3) a long-time use and tremendous publicity are sufficient to enable the relevant sector of the public to associate the overall image of said three-dimensional marks with the applicants particular goods and make them capable of distinguishing the source of goods. ■

The author: Attorney-at-law, and Patent and Trademark Attorney of the CCPIT Patent and Trademark Law Office

tinctive character through use and become easily distinguishable, they may be registered as trademarks."

⁶ For said case, see the text of the Civil Judgment No. Minsantizi 3/2006 at <http://www.chinaiprlaw.cn/file/2008040812859.html>.

⁷ In its judgment the SPC also held that the package and trade dress used on the RERRERO ROCHER chocolate were unique due to the arrangement and combination of the elements in the words, device, colour, shape and size, of the goods, but the words and device specially mentioned in the judgment are not the element of protection covered in the three-dimensional marks involved in the administrative litigation; hence, it may be understood that said package and trade dress, as a whole, have distinctive character; it is no more than a three-dimensional mark in the form of "goods bearing words and device or in the shape of the package of the goods. It is not a three-dimensional mark as such in its pure sense.

⁸ The so-called "Section 337" refers to Section 337 of the US Tariff Act as of 1930, in which it is provided for initiating investigation if imported goods infringe a patent, trademark, and other IP right to cease the infringement.

¹ See Part 2 "Examination of Distinctive Character of Trademarks" of the Trademark Examination and Adjudication Standards.

² Re. Two Pesos, Inc. v. Taco Cabana, Inc., 505 U. S. 763, 120 L. Ed. 2d 615, 112 S. Ct. 2753, 23 U. S. P. Q. 2d 1018 (1992).

³ Re. Wal-Mart Stores, Inc. v. Samara Brothers, Inc., 529 U. S. 205, 120 S. Ct. 1339, 54 U.S.P.Q. 2d 1065(2000).

⁴ See Tong Shu, Probe into the Standards for Registration and Protection of Three-dimensional Marks: taking the Ferrero Case as starting point, the China Patents & Trademarks, 2008, No. 3.

⁵ Under Article 11, paragraph two, of the Chinese Trademark Law: "where trademark under the preceding paragraphs have acquired dis-