

Beijing Higher People's Court Latest Developments in Adjudication of Trademark Cases in 2008

The IP Tribunal of the Beijing Higher People's Court

The IP Tribunal of the Beijing Higher People's Court closed its trial of 431 cases in 2008, of which 71 were administrative trademark cases and 35 civil trademark cases. The Beijing Higher People's Court came up with some new ideas and practice in hearing these cases.

I. Latest developments in adjudication of administrative trademark cases

1. Determination of whether the date of establishing the well-knownness of a reference mark should be the filing date of a mark in suit

Whether a mark is well known or not is an objective fact, determination of which tends to be lagging behind, that is, the fact of a well-known mark generally precedes the administrative or judicial determination of the fact of the well-knownness. Under the Chinese Trademark Law, a trademark that is applied for registration in non-identical or dissimilar goods should not be registered and its use should be prohibited, if it is a reproduction, an imitation or a translation, of a well-known mark registered in China, misleads the public, and is likely to cause prejudice to the interests of the registrant of the well-known mark. Where a request is made for cancellation of a mark in suit on the ground that the application for registration of the mark in suit is contrary to the above provision, the requester for cancellation should produce evidence to prove the well-knownness of the mark in suit. It needs to be specially noted that the date of establishing the well-knownness of a reference mark should be the filing date of the mark in suit, that is, the evidence from the cancellation requester should, at least, prove the fact that before the date of application for registration of the mark in suit, the reference mark was well known. If the requester can only prove that the reference mark is relatively reputable after the date of application for the

registration of the mark in suit, it is insufficient to determine that the application for registration of the mark in suit is contrary to the provision of Article 13, paragraph two, of the Trademark Law.

In Jiang Daobiao (Jiang) v. the Trademark Review and Adjudication Board (TRAB) and the third party Shanghai Hitachi (Hitachi), an administrative case of dispute arising from trademark cancellation,¹ the application for registration of the reference mark (No. 1053532) “海立” (pronounced “hai li” in Chinese) word mark was filed on 30 May 1996, and approved on 14 July 1997 for said mark to be used in goods in class 7, such as air conditioning compressors. The application for registration of the mark “海立 HaiLi and device” mark (No. 1634023), or the mark in suit, was filed on 7 July 2000 and approved on 14 September 2001 for it to be used in goods in class 11, such as air conditioners, air conditioning devices and kitchen grease pumps. Jiang was the proprietor. On 22 February 2005, Hitachi requested to cancel the mark in suit on the ground that its registration was contrary to the provision of Article 13, paragraph two, of the Trademark Law. The TRAB held that, before the application for registration of the mark in suit, the reference mark had become known to the relevant sector of the public and enjoyed relatively high reputation through years of use and extensive publicity, such that it was eligible to be established as a well-known mark. The mark in suit was globally identical with the reference mark in pronunciation and meaning. Given that “HaiLi” had certain originality, under the circumstance that the latter had been known to the public, it might be determined that the mark in suit constituted reproduction and imitation of Hitachi's well-known mark. Jiang, a person in the same business of electronic appliances and air conditioning, should have known about it, but he still applied for registration of the mark in suit to be used in goods of air conditioners by way of reproduc-

tion and/or imitation, which was likely to create confusion on the part of the relevant sector of the public about the origin of the goods. Accordingly, the TRAB decided to have cancelled the registration of the mark in suit. The first-instance court, holding Hitachi's evidence insufficient to prove the fact that the reference mark was well known, made the judgment to have reversed the TRAB's decision and ordered it to make another adjudication.

The Beijing Higher People's Court held that Hitachi should prove that the reference mark had become a well-known mark when the application was filed for registration of the mark in suit, i.e. before 7 July 2000. Only very few pieces of the evidence from Hitachi might prove that Hitachi used the "Haili" mark in 1998 and 1999, which was not sufficient to show to what extent the relevant sector of the public knew about it. Therefore, it could not be determined that the reference mark Hitachi used had been known to the relevant sector of the public in China to the extent that it was well known before the mark in suit was filed for registration. The Beijing Higher People's Court ruled to have upheld the decision of first instance.

2. Determination that marks in Pinyin (the Chinese phonetic alphabet) of geographical names of administrative divisions at or above the county level having no other meaning are not eligible for registration

Article 10, paragraph two, of the Chinese Trademark Law provides that the geographical name of the administrative divisions at or above the county level or the foreign geographical names well-known to the public should not be used as trademarks, but such geographical names as have otherwise meanings or as an element of a collective mark or a certification mark should be exclusive. Where a trademark using any of the above-mentioned geographical names has been approved and registered, it should remain valid. This provision mainly regulates word marks. Views and practice are divided as to whether marks of geographical names should be deemed to be regulated by this provision of the Trademark Law in respect of registration of the Pinyin of a geographical name as a trademark.

The Guangdong Province Foodstuff Import and Export Group Corporation (FIEC) v. the TRAB and the third party the Guangdong Province Jiujiang Brewery (Jiujiang Brewery), an administrative case of dispute arising from trademark cancellation,² involving the "Jiujiang" mark (No. 1029013), which the Jiujiang Brewery applied for registration for it to be used in goods of liquor in class 33. The FIEC raised an opposition to

the application for registration of the mark on the ground that "Jiujiang" was the name of an administrative region of Jiangxi Province, and it should not be registered as a trademark. The Trademark Office held that the mark in suit was the Pinyin of the name of Jiujiang City, Jiangxi Province, and it should be deemed to be the name of an administrative region; it lacked the distinctiveness for trademark registration; hence, the Trademark Office decided not to approve the registration of the mark in suit. Dissatisfied with the decision, the Jiujiang Brewery requested the TRAB for reexamination. The TRAB took the view that a geographical name of the administrative divisions at or above the county level included the full name and abbreviation of the geographical name. The form of its Pinyin should be treated depending on the specific circumstances. The Pinyin of the name of a province, autonomous region, a capital city of a province, autonomous region, municipality directly under the Central Government, or a city of separate planning under the Central Government, a city of famous tourist attraction, was well known to the consumers, and usually closely associated with the geographic name by consumers to such an extent that they could not function to distinguish the sources of goods, so it should not be used as a mark. For that reason, the form of Pinyin of said administrative division was a sign that should be prohibited to be used under Article 10, paragraph two, of the Trademark Law now in force. The mark in suit in the present case was the Pinyin of Jiujiang City (one at the level of prefecture) of Jiangxi Province, and Jiujiang City was not a province, autonomous region, municipality directly under the Central Government, a capital city of a province, autonomous region, a city of separate planning under the Central Government, or a city of famous tourist attraction. The average consumers were unlikely to confuse the geographic name Jiujiang with the mark in suit, and the registration of the mark in suit was not contrary to Article 10, paragraph two, of the Trademark Law. Accordingly, the TRAB decided that the mark under opposition was registrable, and the first-instance court upheld the decision.

The Beijing Higher People's Court held that while the mark under opposition was in a form of Pinyin, its pronunciation was identical with that of Jiujiang City, Jiangxi Province, which was an administrative division above the county level. When "Jiujiang" was used in respect of liquor as designated by the mark under opposition, consumers could be led to wrongly believe that the goods came from the city of Jiujiang, Jiangxi Province. Said mark should not be approved for registration to avoid confusion about the origin of the product. The

TRAB and the first-instance court had decided on the registrability of “Jiujiang”, the mark under opposition, on the basis of insufficient reasons. The Beijing Higher People’s Court ordered the TRAB to make another adjudication.

3. Determination that marks containing geographical name and having otherwise meanings are registrable

Article 10, paragraph two, of the Trademark Law provides that the geographical name of the administrative divisions at or above the county level or the foreign geographical names well known to the public should not be used as trademarks, but such geographical names as have otherwise meanings should be exclusive. By a geographical name having otherwise meanings is meant that a geographical name, as a word, has a definite meaning, and this meaning, stronger than that of the word as a geographical name, would not mislead the public. By its otherwise meaning stronger than the meaning of geographical name is meant that the average consumers, identifying a sign, do not first associate it with the geographical name it indicates, but its otherwise meaning. For example, the word “Huangshan” means both the city of Huangshan and the Mountain Huangshan, which is a famous tourist attraction. Besides, on seeing it, the public would first think of it as meaning the mountain, not the city. Where an application for registration of a mark containing a geographical name is filed, and the mark as a whole would not lead the public to associate it with its geographical name, but think of its otherwise meaning, it is shown that the mark has an otherwise meaning stronger than the meaning of a geographical name.

The FIEC v. the TRAB and the third party Jiujiang Brewery, an administrative case of dispute arising from trademark cancellation,³ involved the “Jiujiangshuang” mark (No. 1029012), which the Jiujiang Brewery applied for registration in goods of liquor in class 33. The FIEC raised an opposition to the application for registration of the mark on the ground that the mark “Jiujiang” under opposition was the geographical name of an administrative region of Jiangxi Province. The Trademark Office held that “Jiujiang” was a geographical name of an administrative division above the county level, and should not be registered as a mark, and decided that it was not registrable. Dissatisfied with the decision, the Jiujiang Brewery requested the TRAB for reexamination. The TRAB held that the “Jiujiang Shuangzheng” liquor, originating from the Jiujiang Township of Nanhai City, Guangdong Province, was a specialty of more than one hundred years of Jiujiang Township. The Jiujiang Brewery had carried on the produc-

tion of the traditional liquor after it was set up. Years of its use, publicity and exclusive marketing of the lexical item “Jiujiang Shuangzheng” had made it a name of the Jiujiang Brewery particular to its famous goods, and made it impossible for consumers to associate it with the administrative division of Jiujiang City, Jiangxi Province. As a whole, the word had the function to distinguish the producer of the goods, and obtained its distinctiveness as a mark. The mark in suit “Jiujiang Shuangzheng” used in goods of liquor would cause consumers to mistake it for the simple name of “Jiujiang Shuangzheng”. The TRAB approved the registration of the mark in dispute, and the first-instance court upheld the TRAB’s decision.

The Beijing Higher People’s Court held that “Jiujiang” was the name of the administrative division of Jiujiang City, Jiangxi Province, and “Shuangzheng” was a term for a brewery process; but “Jiujiang Shuangzheng” was a special name for the relevant sector of the public through years of its use to stand for a special rice wine made in Jiujiang Township of Nanhai District, Foshan City, Guangdong Province, and no longer the name for an administrative division above the county level or a process for making a liquor. For this reason, “Jiujiang Shuangzheng” had become a name particular to its famous goods through use. It was easy for the relevant sector of the public to think that the “Jiujiangshuang” mark under opposition was a simple name of the “Jiujiang Shuangzheng”. Where “Jiujiang Shuangzheng” was distinctive enough to be registered as a mark, the mark “Jiujiangshuang” under opposition also had the function and distinctiveness to distinguish the source of goods, and registrable as a mark to be used in respect of the goods of liquor. The Beijing Higher People’s Court upheld the first-instance judgment.

II. Latest developments in adjudication of civil trademark cases

4. Determination that a new mark made up of a combination of several independent marks should not naturally inherit the goodwill in the original marks

A mark is a commercial sign to distinguish the sources of goods or services. This distinguishing function, one of the most important and fundamental functions of a mark, is generated from use of the mark, the pre-requisite of which is the valid existence and use of the mark in respect of particular goods or services. If a mark is one of combination consisting

of several parts which are originally prior registered and used independent marks, then can the accumulated goodwill of these independent marks as the parts of the mark at issue be carried onto the later mark of combination? Or conversely, if a mark of combination is a mark of prior registration and use, and the parts of said later mark of combination are used separately as independent marks, can the accumulated goodwill of said mark of combination be extended to each of the independent marks? First, it can be said that, as a whole, a mark of combination and the various independent marks are considerably different or dissimilar, or the goods or services in respect of which they are used are neither identical, nor similar. In case like this, it should be decided that they are marks that are neither identical, nor similar, and the accumulated goodwill of prior marks should not be extended to the later mark. Therefore, the issue under the study here is that the mark of combination and the independent marks are similar. When they are used in respect of identical or similar goods or services, they are liable to cause confusion on the part of consumers, that is, the mark of combination and the independent marks are similar marks. Under this circumstance, is the accumulated goodwill of the prior mark of combination or independent marks equivalent or extendable to the later independent marks or mark of combination? As is shown by the Beijing Higher People's Court's practice of trial, the answer should be negative at least before consumers deem them to be equivalent.

In Eyuxu (meaning "crocodile T-shirt") Co., Ltd (Eyuxu) v. Ge Changneng et al., a case of dispute arising from infringement of the exclusive right to use a mark,⁴ Eyuxu obtained separately, on 30 March 1986, the exclusive right to use the two registered marks “鳄鱼恤” (pronounced as “e yu xu”) and “CROCODILE” to be used in goods in class 25, such as shirts, pants, undershirts and other clothes. On 17 November 2003, Eyuxu filed an application for registration of the mark “鳄鱼恤 CROCODILE SINCE 1952 and the device” (the mark in suit) with the Trademark Office to be used in clothing in class 25, such as clothes, shoes and caps. The application thereof was yet to be approved. In September 2004, Eyuxu started to use the mark in suit. Ge Changneng sold sweaters bearing the mark in suit. Eyuxu sued the defendant for infringing said mark, and meanwhile, furnished quiet a lot of evidence to prove that “鳄鱼恤” and “CROCODILE” had certain reputation, which were used to show the reputation of the mark in suit. In addition, it requested establishment of the mark in suit as a well-known mark. The first-instance

court decided on the infringement, but held that Eyuxu's evidence could not prove that the mark in suit was well known; hence, it refused to establish said mark as a well-known mark.

The Beijing Higher People's Court held that the evidence from Eyuxu could not prove the duration of time, degree and geographic extent of publicity of the mark in suit, nor did it furnish sufficient evidence of the publicity of the mark together with the two registered marks of “鳄鱼恤” and “CROCODILE”, which had made the consumers aware of their inherent relations; hence, the reputation generated from Eyuxu's use of the two registered marks was not equal to that of the mark in suit. The mark in suit had not been used for long when Eyuxu brought the action. The evidence available was not sufficient to establish that the mark in suit was as reputable as the other two registered marks. Therefore, it was undue to determine that the mark in suit was well known. The Beijing Higher People's Court ruled to have upheld the first-instance judgment.

5. Determination of whether a mark not actually used in China may be established as a well-known mark

By a well-known mark is meant one that is known to the relevant sector of the public in China and enjoys relatively high reputation. Under Article 14 of the Chinese Trademark Law, in determining whether a mark is well-known or not, the following factors shall be considered: the extent to which the mark is known to the relative public; the duration of use of the mark; the duration of time, degree and geographical range of any publicity of the mark; any record of the mark being protected as a well-known mark; and any other factor which makes the mark well known. The actual use of a mark is most important for a mark to be established as a well-known mark, because it is not only the precondition and base for a mark to perform its essential function, but also an important means and mode for creating and accumulating the value of a mark. Generally, a mark that has not been put in actual use in China or one which its holder has not used in China, but requests to establish as a well-known mark should not be established as a well-known mark .

In the Pfizer Co., Ltd. (Pfizer) and Pfizer Pharmaceuticals Co., Ltd. (Pfizer Pharmaceuticals) v. the Beijing Jiankang Xingainian Drug Co., Ltd. et al., a case of dispute arising from unfair competition and infringement of unregistered well-known mark,⁵ Pfizer was granted the registration of the “VIA-GRA” word mark (No. 1130739) on 28 November 1997 in China, to be used in goods in class 5, such as drugs for human use and medical preparation. In addition, Pfizer filed an appli-

cations for, and was granted, the registration of mark “伟哥” (the Chinese translation of “Viagra”, pronounced as “wei ge”) written in the original Chinese complex form in the regions of Hong Kong and Taiwan, China. On 12 August 1998, Pfizer filed with the Trademark Office an application for registration of the Chinese mark “伟哥” for “Viagra” mark; the Trademark Office rejected its application on the ground that the Guangzhou Weierman Pharmaceuticals Co., Ltd. (Weierman) owned the prior registered “伟哥” mark (No. 1911818) (the mark in suit), which was applied for registration on 2 June 1998. Dissatisfied with the decision on the rejection, Pfizer requested for reexamination, which is underway now. Pfizer, meanwhile, raised opposition to Weierman’s earlier registered mark in suit with the Trademark Office. The Trademark Office is now yet to make its decision on the matter. To date, Pfizer and Pfizer Pharmaceuticals have not used “伟哥” mark in mainland China. Directed to the news reports in the press in mainland China from September to November 1998, Pfizer once stated that the formal name of the drug it made was “Viagra”. The two plaintiffs believed that “伟哥” was their unregistered well-known mark, the defendant’s act of making and selling drugs bearing the Chinese mark infringed their right in the unregistered well-known mark. The first-instance court held that the “伟哥” mark did not constitute an unregistered well-known mark, and decided to have refused the two plaintiffs’ claim.

The Beijing Higher People’s Court held that, while Pfizer had filed application for registration of the “伟哥” mark in the original Chinese complex form in Hong Kong and Taiwan regions, according to the doctrine of independent protection of trademark, Pfizer did not enjoy the right and interests in said mark in mainland China. Although in the news reports in the press in mainland China, from September to November 1998, “伟哥” was mostly deemed to be “Viagra”, which, however, were news reports covered in the press, not made by the two plaintiffs; Pfizer meanwhile stated that the formal Chinese name for the drug “Viagra” it developed was “万艾可” (pronounced as “wan ai ke”) in Chinese. For this reason, that the relevant media called “Viagra” “伟哥(wei ge)” could not reflect the two plaintiffs’ true intention then, nor could the relevant news reports in the press be deemed to be acts done by the two plaintiffs to actually use the “伟哥” mark, nor were the news reports sufficient to prove that “伟哥” was relatively reputable or famous in China. The two plaintiffs had neither actually used the “伟哥” mark, nor could they prove that the mark was relatively reputable or famous. Therefore, it could

not be determined that the mark was the two plaintiffs’ unregistered well-known mark in China. Accordingly, the Beijing Higher People’s Court upheld the first-instance judgment.

6. Determination that acts that do not cause confusion on the part of consumers at the time of marketing do not infringe another person’s trademark right

Under Article 53 (1) of the Trademark Law, the act of using a trademark that is identical with or similar to a registered mark in respect of the identical or similar goods without the authorisation of the trademark registrant is an infringement of the exclusive right to use a registered mark. In respect of a three-dimensional mark, the “similar mark” as referred to in the provision means that the shape and combination of colours of the allegedly infringing mark, compared with a plaintiff’s registered mark, are likely to create confusion on the part of the relevant sector of the public about the source of the goods, or make them believe that the source of the goods has been particularly associated with the goods bearing the plaintiff’s registered mark. That is to say, consumers’ confusion about the source of products or their association of the products is the major factor to be considered in determining the similarity of marks. The consumers’ confusions about the source of goods may be the confusion caused at the time of sale and one caused after sale. By the confusion at the time of sale is meant the confusion created when the goods are sold, that is, when consumers do their purchase. By the post-sale confusion is meant the confusion created when the goods are in use after sale or in a process of different nature. The circumstance of the confusion merely at the time of sale or that involving both the confusion at the time of sale and post-sale confusion may usually be determined as infringement of the trademark right. However, as for whether the circumstance involving post-sale confusion without confusion at the time of sale may be determined as infringement of the trademark right, there exists considerable controversy in the judicial practice. The Beijing Higher People’s Court has taken a clear position on the matter in one of its recent judgments.

In Pfizer Products Co., Ltd. (Pfizer Products) and Pfizer Pharmaceuticals v. the Beijing Jiankang Xingainian Drug Co., Ltd. (Xingainian), Jiangsu Lianhuan Pharmaceutical Co., Ltd. (Lianhuan) and Weierman, a case of dispute arising from infringement of the exclusive right to use a registered mark,⁶ the Pfizer Products was the proprietor of the rhombic three-dimensional registered mark (No. 3110761) (the mark in suit), which was used in goods in class 5, such as medical preparation and drugs for human use, and it authorised the Pfizer

Pharmaceuticals to use the mark in suit. The drug the three defendants made and marketed was a drug of pill for treatment of erectile dysfunction as shown on the package of the allegedly infringing drug. On the front and rare of the package of the drug were printed the Chinese characters “伟哥” and “TM”, the date of manufacture and name of the manufacturer; a yellowish brown rhombic sign was used as the background of the Chinese characters “伟哥”, with non-transparent wrappings used to wrap the pills inside the package, on which were printed the characters “伟哥”, “TM” and “Jiangsu Lianhuan Pharmaceutical Industry Co., Ltd”. Besides, there were rhombic protuberances on the wrappings of the pills corresponding to the shape of the pills. The light blue-coloured pills were of rhombus similar to the shape of compass, on which the characters “伟哥” and “TM” were shown. On 2 June 1998, Weierman filed, with the Trademark Office, an application for registration of the “伟哥” word mark to be used in goods with drug for human use included. To date, the application has not been approved. The first-instance court held that the allegedly infringing product was similar to the plaintiff's trademark. Consumers could not see the appearance of the pills when buying them due to the non-transparent wrappings of the allegedly infringing pills. However, the function and value of trademark reflected not only different manufacturers in the cause of sale, but also the manufacturers' repute and goodwill of goods. On seeing the allegedly infringing products, the consumers who had knowledge of the plaintiff's mark would believe that there existed certain association between the allegedly infringing product and the two defendants, and would get confused due to the similar shape and colour of the two products. The first-instance court ruled that the three defendants' act to make and market the allegedly infringing product infringed the plaintiff's trademark right.

The Beijing Higher People's Court held that a trademark was a sign in the form of words, device, letters, numbers, three-dimensional symbol or combination of colours the manufacturer or operator of goods made to be used in respect of goods made, processed or marketed to show the particular status of that goods and distinguish it from other goods. That was, a trademark was an indication capable of distinguishing the goods or service of one enterprise from those of others. In the present case, the package and wrappings of the pills made by Lianhuan and marketed by Xingainian obviously functioned to indicate the source and manufacturer of the goods. Although there were rhombic protuberances in the

wrappings of the pills corresponding to the shape of the pills, and the yellowish brown rhombic sign as the background of the Chinese characters “伟哥” on the package, consumers could not accordingly recognise the shape of the pills when buying the drug. That was to say, the pills inside the non-transparent wrappings could not indicate its source and manufacturer when being marketed; even if the shape of the pills was identical with or similar to Pfizer's mark in suit, consumers would not confuse said drug with Pfizer's mark in suit, nor would they think that there existed certain association between the drug and the Pfizer Products and Pfizer Pharmaceuticals, thus being misled; hence, Hualian's act of use involved did not constitute an infringement of Pfizer Products' mark in suit. Therefore, the three defendants' act involved did not constitute an infringement of Pfizer Products' exclusive right to use said mark, nor was it detrimental to Pfizer Pharmaceuticals' interest. The Beijing Higher People's Court reversed the first-instance judgment, and rejected the two plaintiffs' claims.

7. Determination on whether the civil remedies are available in cases involving acts of application for registration of another party's prior registered mark as a design patent

Article 52 of the Trademark Law has provided four acts of infringement of the exclusive right to use a registered mark, and, in addition, an embrative provision, i.e. “(5) (acts) causing, in other respects, prejudice to the exclusive right of another person to use a registered mark.” Two items of the same nature are included in Article 50 of the Regulations for the Implementation of the Trademark Law: (1) using any signs which are identical with or similar to another person's registered trademark as the name of the goods or trade dress of the goods on the same or similar goods, thus misleading the public; and (2) intentionally providing facilities such as storage, transport, mailing, concealing, etc, for the purpose of infringing another person's exclusive right to use a registered trademark.” In Article 1 of the Supreme People's Court's Interpretation of Several Issues Relating to Application of Law to Trial of Cases of Civil Dispute over Trademarks have been set forth three embrative provisions: (1) Using prominent lexical items identical with or similar to another person's registered trademark as one's own enterprise name on identical or similar goods, which is easy to cause confusion on the part of the relevant sector of the public;

(2) Reproducing, imitating and translating another person's registered well-known trademark or the main part thereof to be used on unidentical or dissimilar goods as a trade-

mark and to mislead the public, which is likely to result in prejudice of the interests of the well-known mark registrant;

(3) Registering lexical items identical with or similar to another person's registered trademark as a domain name, and conduct, via the domain name, e-commerce in the trade of relevant goods, which is easy to cause confusion on the part of the relevant sector of the public. The above-mentioned provisions exemplify the embrative item of Article 52 of the Trademark Law. Applying for a design patent by using another party's registered mark as the major element in the design is not an infringement of trademark rights as specified in Article 52 of the Trademark Law, the Regulations for the Implementation of the Trademark Law and the Supreme People's Court's judicial interpretation. Then, is it possible to make the remedies available against the acts by virtue of civil litigation?

In *Louis Vuitton Malletier (LVM) v. Wang Jun*, a case of dispute arising from infringement of the exclusive right of a registered mark,⁷ Louis Vuitton Malletier was the proprietor of four registered marks: prior registered “路易威登” (the Chinese translation of Louis Vuitton) mark (No. 241000), “LV” mark (No. 241081), device mark (No. 1106237) and device mark (No. 1106302), all of which were used in goods in class 18, such as traveling bags, backpacks, handbags, shopping bags and briefcases. Wang Jun filed an application with, and was granted a design patent (No. 02369707.7) from, the SIPO of the People's Republic of China. In the main view of the patent, the words and devices conspicuously used were identical respectively with those of the Louis Vuitton Malletier's four registered marks. LVD requested the court to order Wang Jun not to use the products incorporating the design patent (No. 02369707.7) by the name of “handbag” on the ground that Wang Jun copied, without authorisation, its registered mark and simply put it on the handbag for application for design patent, which conflicted with, and infringed, its exclusive right to use the registered mark. The first-instance court held that Wang Jun's act of application for the design patent constituted an act of “causing, in other respects, prejudice to the exclusive right of another person to use a registered trademark”, and decided that Wang Jun was to stop using the product incorporating said design patent.

The Beijing Higher People's Court held that Article 23 of the Chinese Patent Law provided that any design for which patent right was granted must not in conflict with any prior right of any other person and Rule 65, paragraph three, of the Implementing Regulations of the Patent Law provided:

“Where a request for invalidation of a patent for design is based on the ground that the patent for design is in conflict with a prior right of another person, but no effective ruling or judgment is submitted to prove such conflict of rights, the Patent Reexamination Board shall not accept it.” This shows that where a patented design infringed a prior right, infringement may be directly established without invalidation of the design patent, not being subject to the restraint by the general provision that the right obtained administratively must be invalidated administratively only. An administratively obtained right should not be a cause for staying away from violation of law. Moreover, that “effective ruling or judgment is submitted to prove such conflict of right” is just the prerequisite or pre-procedure for the invalidation of a design patent. The four registered marks involved in the present *Louis Vuitton Malletier* case were approved to be used in respect of such goods as handbags and shopping bags, which were identical with the products of handbags incorporating Wang Jun's design patent (No.02369707.7) in terms of function, use, intended consumers and channel of commerce, and it should be determined that they were similar goods. Besides, words and device prominently used in the main view of the design patent (No.02369707.7) were respectively identical with those of the four registered marks of Louis Vuitton Malletier. Wang Jun's act of said prominent use in the products incorporating his patented design functioned to indicate the source of goods, so constituted an act of using a mark identical with said marks of Louis Vuitton Malletier in respect of identical and similar goods. While there was no evidence in the case to show that Wang Jun had actually marketed his products incorporating his patented design, these products, once made available in the market, would inevitably create confusion on the part of the relevant sector of the public, and infringe Louis Vuitton Malletier's exclusive right to use its said marks. The Beijing Higher People's Court upheld the first-instance judgment accordingly.

8. Determination that non-commercial activities that make it possible for the relevant sector of the public to associate external commercial activities with a particular mark may be deemed to be use of the mark

Use of a mark is one of the most important ways to create, maintain and increase the value of the mark. As for a registered mark, use is significant for maintaining its registration since non-use of a registered mark within a period of time is likely to result in its cancellation or nullification. The use of a mark in the sense of the Trademark Law includes, but is by no

means limited to, use of the mark on goods, packages or containers of the goods and on the instruments of transaction of the goods, or in advertisement, publicity, exhibition and other commercial activities. For a non-registered mark that can not be put in use in mainland China for particular reasons, if the interested party has made it possible for the relevant sector of the public to associate it with the particular services by way of charity sales, pre-exhibition, and in other activities of charity, advertisements and publicity, said mark may be deemed to have been in use in mainland China.

In *Sotheby v. the Sichuan Sufubi Auction Co., Ltd.*, a case of dispute arising from trademark right infringement,⁸ Sotheby, incorporated in London in 1744, engaged in auction of relics, works of calligraphy and painting and other works of arts. In September 2006, Sotheby applied for registration of its marks of "SOTHEBY'S" and "苏富比" (the Chinese translation of "SOTHEBY" and pronounced as "su fu bi") in the service of auction in class 35, but its application is yet to be approved. Ever since 1970s, Sotheby has used the "SOTHEBY" sign in its auction services in Hong Kong region, but it has never undertaken any commercial auctions in mainland China as it is prevented from doing so under the law concerning auction and cultural relics protection. But from 1980s, Sotheby held non-commercial auctions and pre-auction exhibitions in mainland China on several occasions. Besides, the auction house set up a representative office and widely carried on advertisement and publicity in mainland China. The Sufubi Auction Co., Ltd. was set up on 15 December 2003, with its business scope mainly covering auctions service. Since 2004, the Sufubi Auction Co., Ltd. has auctioned works of calligraphy and painting, and real estate, and used the signs of "苏富比" and "SOTHEBY" many times in its auctions and advertisement online and in press. While accusing the defendant of infringement, Sotheby requested to establish the "苏富比" sign as a non-registered well-known mark. The Sufubi Auction Co., Ltd. claimed that Sotheby had never used said signs in its service of commercial auction in mainland China, and hence, its use of said signs would not create confusion. The first-instance court, holding that the "苏富比" sign was relative highly reputable, established the sign as the plaintiff's non-registered well-known mark, and the defendant's use constituted an infringement.

The Beijing Higher People's Court held that an act of trademark use in the sense of the Trademark Law was one to show or indicate the sources of goods or services in commercial activities and to facilitate the relevant sector of the

public to distinguish the provider of one goods or service from that of other goods or service. While not undertaking any commercial auctions in mainland China as it is prevented from doing so under the law concerning auction and cultural relics protection, Sotheby had made it possible for the relevant sector of the public to know it was a provider of the service of auction by way of charity sales, pre-exhibition, and in other activities of advertisements and publicity. For that reason, it was sufficient to determine that Sotheby had put in actual use the "苏富比" mark in mainland China, and its above acts to use the same were not contrary to the provisions of the auction law and the cultural relics protection law in China. The evidence available was sufficient to prove the relatedness of Sotheby with the "苏富比" trademark and the repute of said mark. Said mark was eligible to be established as a well-known mark. The Beijing Higher People's Court decided to have upheld the first-instance judgment. ■

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¹ See the Beijing Higher People's Court's Administrative Judgment No. Gaoxingzhongzi 446/2008 and the Beijing No.1 Intermediate People's Court's Administrative Judgment No. Yizhongxingchuzi 1338/2007.

² See the Beijing Higher People's Court's Administrative Judgment No. Gaoxingzhongzi 55/2008 and the Beijing No.1 Intermediate People's Court's Administrative Judgment No. Yizhongxingchuzi 1317/2007.

³ See the Beijing Higher People's Court's Administrative Judgment No. Gaoxingzhongzi 53/2008 and the Beijing No.1 Intermediate People's Court's Administrative Judgment No. Yizhongxingchuzi 1318/2007.

⁴ See the Beijing Higher People's Court's Civil Judgment No. Gaominzhongzi 902/2008 and the Beijing No.2 Intermediate People's Court's Civil Judgment No. Erzhongminchuzi 9625/2007.

⁵ See the Beijing Higher People's Court's Civil Judgment No. Gaominzhongzi 1684/2008 and the Beijing No.1 Intermediate People's Court's Civil Judgment No. Yizhongminchuzi 11352/2005.

⁶ See the Beijing Higher People's Court's Civil Judgment No. Gaominzhongzi 1686/2007 and the Beijing No.1 Intermediate People's Court's Civil Judgment No. Yizhongminchuzi 11351/2005.

⁷ See the Beijing Higher People's Court's Civil Judgment No. Gaominzhongzi 114/2008 and the Beijing No.1 Intermediate People's Court's Civil Judgment No. Yizhongminchuzi 4873/2007.

⁸ See the Beijing Higher People's Court's Civil Judgment No. Gaominzhongzi 322/2008 and the Beijing No.2 Intermediate People's Court's Civil Judgment No. Erzhongminchuzi 11593/2007.