

# Meaning and Interpretation of Trademark Referent:

Comments on Administrative Litigation Involving Dispute over “Suoai” Trademark

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The primary constituents of a symbol is its indicativity and referent<sup>1</sup>, and a trademark is no exception. However, the function of a trademark as set by people has rendered it different from the average symbols in terms of referent. A few days ago, the Beijing Higher People’s Court made the final judgment on the administrative litigation involving the dispute over the trademark of “Suoai” (a Chinese word of translation for the English mark “Sonyericsson” commonly used in China)<sup>2</sup>. The issue of trademark referent, involved in the present case, is a fundamental issue concerning the conceptual scope of trademark and worth probing into, without necessarily confining to this particular case. For this reason, the meaning and interpretation of the referent of a trademark is discussed from the perspective of this case.

## I. The case in brief

In March 2003, a person named Liu filed an application for registration of the “Suoai” mark with the State Trademark Office, and the mark was approved, in 2004, for registration in goods in class 9, such as CD player, amplifier, loudspeaker and telephone. In June 2005, Sonyericsson raised opposition, requesting the Trademark Review and Adjudication Board (TRAB) to cancel said registered mark mainly on the ground that the media and consumers called, in a simple way, “Sonyericsson” “Suoai”; “Suoai” was Sonyericsson’s well-known mark in China; and Liu’s registration in bad faith was contrary to Article 10, paragraph one (8) (detrimental to socialist morals or customs, or having other unhealthy influences), and Article 5 (2) of the Unfair Competition Law. In November 2007, the TRAB made the adjudication that the evidence from Sonyericsson was not sufficient to prove that “Suoai” was a Chinese word of translation for “Sonyericsson”; “Suoai” was a coined word; and it was not justifiable to believe that the use thereof in goods, such as CD player, had unhealthy influence.

Whether the registration of the mark in suit constituted a case of unfair competition should be determined under Article 31 of the Trademark Law; since Sonyericsson’s evidence could not prove that Sonyericsson had used the “Suoai” mark and the mark had had certain influence, it was impossible to establish that Liu’s registration was contrary to the principles of honesty and credibility. The adjudication upheld the validity of the mark in suit.<sup>3</sup>

Dissatisfied with the adjudication, Sonyericsson brought an administrative action in the Beijing No. 1 Intermediate People’s Court, stressing, in its cause of action, that “Suoai” was generally accepted as the simple term for “Sonyericsson” in practice, and solely, definitely referred to the Sonyericsson group and its products. The registration and use of the mark in suit would create confusion about the origin of goods on the part of the consumers or mislead them. The Beijing No. 1 Intermediate People’s Court held that “Suoai” was the accepted Chinese term of translation for “Sonyericsson”, generally accepted and used by consumers and media; hence, it functioned to distinguish the origin of goods and show the quality of the products; its actual use, for its result and influence, naturally related to Sonyericsson, and was substantially tantamount to Sonyericsson’s own use. As a result, “Suoai” had substantially become a mark used by Sonyericsson in China. Having done business in the trade of electronics for years, Liu should know about the influence of “Suoai” mark, and it was evidently undue for him to have had the mark in suit registered and used in such goods as telephone. It was decided to have cancelled the TRAB’s adjudication, and required the TRAB to make the adjudication again.

Dissatisfied with the first-instance judgment, Liu appealed to the Beijing Higher People’s Court. The Beijing Higher People’s Court held that “the use of ‘Suoai’ in the media was not tantamount to Sonyericsson’s own use; besides, upon investigation, the senior managers of Sonyeric-

son once stressed in the media that “we are not ‘Suoai’, we are Sonyericsson...”, which showed that Sonyericsson did not accept that ‘Suoai’ was the Chinese term of translation of its corporate name or its products. Considering that Sonyericsson did not use ‘Suoai’ in the sense of trademark law, Liu’s registration thereof was not one of ‘preemptive registration of the mark which another party had used and which had had certain influence.” The first-instance judgment was then reversed, and the TRAB’s original adjudication upheld”

## II. Meaning and interpretation of referent of a mark

The largest difference of a mark from any other symbol lies in the fact that it primarily functions to indicate the source of goods (or services). A mark is a tangible carrier people have sought for intangible goodwill. As a symbolic form of referent, it is nothing but a medium, and only the indicated source of business is the soul of a mark. Therefore, a mark is by no means an ordinary symbol; it is one carrying the semantic element of the “source of goods (or services)”.

Symbols have their different statues of indicativity and referent due to their different function. For example, the indicativity of an artistic symbol is of great importance. As a subject matter of aesthetics; art has its aesthetic appeal derived from its formal arrangement. As a case in point, “han dan” (meaning “lotus” in formal Chinese) and “he hua” (a general term for “lotus” in Chinese) both mean the same, but “han dan”, not “he hua”, was used in some classical poems in China, for the former would create a more elegant and graceful effect in form. By contrast, the symbolic form of a mark is of secondary importance, but its referent primary. The prohibitive force of the trademark right extends to “similar marks”; if two symbols that are different in symbolic form directive of the same source of goods (or services), they constitute similar trademarks in the sense of law. The so-called marks “obtaining its distinctive character through use” are innately flawed in the composition of symbolic form; they obtain explicit referent through use, and consequently become susceptible to protection. Thus, the referent of the symbol of a mark is more important than its indicativity.

The relations between indicativity and referent of any symbol used for communication are derived from public agreement, “because only such public and social agreement can ensure that we would come up with the similar interpretation of the same actions, languages and symbolic images

when we face them, and generate communication and understanding among different people ...”.<sup>4</sup> In some situations, the public agreement may even deviate from the original purpose of a symbol creator. For example, the Chinese idiom “tao zhi yao yao” (meaning “decamp”), is a derivative from the homophonous line in a Chinese classical book, the Book of Songs, “tao zhi yao yao”, describing the beauty of peach flowers in full bloom; they are entirely different in meaning now. The major function of a mark is to help consumers distinguish or identify source of goods or services; hence it is certainly a symbol of communication, not one arbitrarily set by any particular person. Its referent is determined mainly on the basis of consumers’ interpretation, rather than the “will” of the mark proprietor. As a typical example, the decay of the distinctive character of a mark happens rarely out of the trademark proprietors’ own will. But as Hander, a US judge, said, the sole issue in determining the decay of a mark is merely a factual issue: as for use of a word in dispute between two parties, how do the consumers understand it? If they merely understand it as referring to a marketed goods, it is not different to us no matter how the plaintiff tries to let consumers come up with more interpretations.<sup>5</sup>

The agreed relations between indicativity and referent may be multiple in meaning, and a symbol is interpreted according to the context. The Chinese word “lan hua” (meaning “Cymbidium”) refers to a specific plant in the context of horticulture while it is an emblem of noble and honest conduct or behavior in the Chinese classical poetry. Of course, the symbol of a trademark should not be construed out of the language context of business. Particularly, the classification of goods or services constitutes the most important constraints on the language context.

To sum up, there are three points to base the following discussion on: 1) only when the referent of a symbol includes the semantic element of “source of business” is the symbol a real mark; 2) in the sense of law, the referent of a mark is more important than its indicativity; and 3) the referent of a mark depends on the public agreement of consumers under the language context of business.

## III. Comments on and analysis of the “Suoai” case

“Suoai”, a Chinese word of translation for “Sonyericsson” used by the public, has been publicly known among consumers, which was accepted in both the first and second

instance judgments though the TRAB held that the evidence was not sufficient to prove this, so it will not be further discussed here in this article. Given that the facts discussed in this article are different from those ascertained by the TRAB, our comments and analysis will be focused on the courts' judgments, not on the adjudication in dispute.

"Suoai" is obviously different from "Sonyericsson" in symbolic composition. But in social practice, the public agreed on the meaning of "Suoai", that is, "Suoai" is equivalent to "Sonyericsson" used in respect of mobile phones or other consumer electronics. Based on this agreement, consumers will regard the electronic products in respect of which "Suoai" is used as Sonyericsson's products. As mentioned above, the referent of a mark is of legal significance, and should be one of the most important factors of interests in a trademark right dispute, a point the first-instance judgment had well stressed, focusing mainly on consumers' recognition of "Suoai" and pointing out the only correspondence formed between "Suoai" and "Sonyericsson"; in the second-instance judgment was not discussed the referent of "Suoai", but focused on the symbolic formation, that is, stressing that the Sonyericsson had never used the term "Suoai".

The second-instance judgment ignored the public agreement on the construction or interpretation of the referent of the mark while over-emphasising the trademark proprietor's own intention. In the judgment, the Sonyericsson's "non-acceptance" of "Suoai" was taken as important evidence. This line of reasoning was not compatible with the public communicability of the symbol of a mark. The public construction of a mark is a matter of fact, and has nothing to do with the mark proprietor's own intention. Even if Sonyericsson very much dislikes the term "Suoai", it was unable to change the real indication of the term "Suoai". In the present case, the public agreement on the meaning of the symbol constituted a very important factor of interests under the consideration. It is unfortunate to have focused on the trademark proprietor's unilateral act and intention in the reasoning of the second-instance judgment.

Of course, the second-instance court intended to prove that Sonyericsson did not put "Suoai" to actual use, and to show that said corporation did not even have the intention to do so by using its "non-acceptance" as evidence. "Being in use" is the prerequisite for the protection of non-registered mark, and the requirement of use just reflects that importance is attached to the referent of a mark. Only through use is it possible for the symbol of a non-registered, unpublicised

mark to establish a connection between the symbolic composition and business, and create the semantic element showing the "source of goods (or services)" in the consumers' mind. Thus, attention paid to use is an indication of "one paid to the materialisation of the referent of the mark". If a trademark proprietor has not used another symbol that is different from his own mark in form, but said symbol may refer to the same as his trademark, the trademark proprietor is entitled to prevent any other person from using said symbol. The trademark proprietor may prevent others from using a "similar mark" not because he has actually used said similar mark. Therefore, being in actual use is the condition for the constitution of trademark interests, while the referent of a mark is a criterion for determining the extent of protection of the interests. In the present case, the "Sonyericsson" mark has generated interest through actual use, and what should be protected is "Sonyericsson", not the "Suoai" mark. Due to the special way to use the language, the public regard "Suoai" as "Sonyericsson" in a specific context; permitting any other person to register "Suoai" as a mark will inevitably mislead the consumers. Thus, the particular referent of "Suoai" results in the prohibition of its use by others. In the second-instance judgment, the relations of the referent of "Suoai" and the "Sonyericsson" was cut off; the matter of protection of the interests of "Sonyericsson" mark was put upside down to such an extent that it was treated as a matter of protection of the interests in the "Suoai" mark. In fact, so long as the prior use of the "Sonyericsson" mark and the certain influence of the mark are proven, the trademark proprietor will have the evidence of use at its disposal, and be entitled to prevent others from using the "Suoai" mark.

It is praiseworthy that the first-instance court stressed the public character of construction of the mark. However, what is inadequate is that the court interpreted the public's use of "Suoai" as Sonyericsson's use in direct connection with the provision set forth in Article 31 of the Trademark Law "a mark that is already in use by another party and has certain influence". This is a bit far-fetched logically and became the focal point of rebuttal in the second-instance hearing. In the present case, the "mark that is already in use and has certain influence" should be the "Sonyericsson" mark; Liu's registration of "Suoai" as a mark was detrimental to the interests of "Sonyericsson" mark, so should be prohibited. It seemed, in the first-instance judgment, that "Suoai" was construed as a mark under the protection, thus making the reasoning more difficult.

It needs to be noted that, in the litigation, Sonyericsson also asserted that “Suoai” was “a mark that was already in use and had certain influence”; the reasoning made by the first and second instance courts was undoubtedly influenced by the cause of action. But it is unnecessary for the reason for protection to be aligned with the claim of an interested party when a court decides to protect certain interests. In the Sonyericsson’s bill of indictment, and the first and second instance judgments, it seemed that importance was attached to the analysis of the state of the interests in the “Suoai” mark; but in the bill of indictment and first-instance judgment, the relation between the “Suoai” mark and the “Sonyericsson” mark was not cut off, with a view to protecting the interests generated through actual use of the “Sonyericsson” mark. What only required more reasoning was how to make the explanation. In the second-instance judgment, the state of interests of “Suoai” was analysed in isolation without considering the connection between the two marks at all. Sonyericsson also argued while presenting its cause for the action, that “the registration and use of the mark in suit would create confusion on the part of consumers about the origin of goods, disrupt the order of market for fair competition, and impair the interests of consumers”. This is an independent ground for prohibiting another person’s use, and it was not discussed in the second-instance judgment.

#### IV. Conclusion

The present case shows that practitioners do not have a sound understanding of the essential concepts that “a trademark is a symbol containing business indication” and “the referent of a mark is determined by consumers’ interpretation thereof”. These concepts may well be derived from the legal concept of marks. Based on these essential concepts, it is natural to handle the dispute of the present case along this line of thoughts: both identical and similar marks may be preemptively registered. Given the fact that the “Suoai” and “Sonyericsson” marks refer to something identical, which may be determined as “identical in meaning”, the two marks are similar ones. Therefore, Liu’s registration should be prohibited without the need to prove Sonyericsson’s use of the “Suoai” mark in suit. ■

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<sup>1</sup> In some semiological theory, “referents are further classified in great detail, but the dichotomy of “indictivity and referent” is the simplest and widely accepted way of classification, and is a sufficient tool available for the jurisprudential study of marks, without involving more complicated semiological discussion.

<sup>2</sup> See the Beijing Higher People’s Court’s Administrative Judgment No. Gaoxingzhongzi 717/2008.

<sup>3</sup> See the TRAB’s Adjudication No. Shangpingzi 11295/2007 on Dispute over “Suoai” Mark (No. 3492439).

<sup>4</sup> Hai Jun, *Visual Poetry: Semiological Orientation of Two-dimensional Design*, Chongqing University Press, 2007, P. 193.

<sup>5</sup> Li Mingde, *the US Intellectual Property Law*, the Publishing House of Law, 2003, P. 287.