Determination of Similar Trademark in the Sense of Infringement of Exclusive Right to Use Trademark

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Article 9, paragraph two, of the Supreme People's Court's Interpretation of Several Issues Relating to Application of Law to Trial of Cases of Civil Disputes over Trademarks provides that "the similarity of trademark under Article 52 (1) of the Trademark Law shall mean that the allegedly infringing trademark, by comparison, is similar to the plaintiff's registered trademark in shape, pronunciation, meaning of words or the composition and colour of the device, or in global composition upon the combination of the various elements, or in the three-dimensional shape or the combination of colours, and is likely to cause the relevant sector of the public to confuse the source of goods or think the source of goods is related, in a particular way, to the plaintiff's registered trademark." Under this provision and Article 52 of the Chinese Trademark Law, the people's courts, when hearing cases of trademark right infringement, determine whether a trademark in suit is similar to the rightholder's trademark. But while the applicable laws are the same, and the principles for determining similar trademark identical, different judges, hearing one case, sometimes make different determination as to whether the word in the mark in suit constitutes similar mark or not. This, of course, will cause different results of the judgment, resulting in uncertainty in the application of law, and, as well, having relatively great impact on the legitimate

rights of interested parties. As a judge trying trademark cases, the writer will be presenting his understanding of, and view on, the issues relating to how to determine whether a trademark in suit constitutes a similar trademark in the sense of infringement of the exclusive right to use a trademark on the basis of a case recently released by the Supreme People's Court.

Briefing of the case

The Jiahe County Forging Plant (the Forging Plant for short) in Hunan Province was incorporated in November 1997, with its scope of business covering steel hoes. The Chenzhou City Yisida Industrial Co., Ltd. (Yisida) was incorporated in November 2000, with its scope of business covering wholesale and retail of hardware tools and farm tools, import and export of goods and technologies, and doing the business along the line as an agent. The Forging Plant filed an application, with the Trademark Office of the State Administration for Industry and Commerce, for, and was granted, the registration of, the combination trademark of the Chinese word "雉鸡" (pronounced as "zhi ji" and meaning "pheasant", with the second character meaning "fowl" and a device of it (see Fig. 1) in respect of the goods of hoe in class 8. On 1 January 2002, the Forging Plant concluded, with Yisida, a contract for licensing its registered trademark to the latter. They both made steel hoes and used the combination trademark, and their products were exported to countries in Africa and Southeast Asia.

Fig.1
The plaintiff's registered trademark

The Jiahe County Huaguang Steel Hoe Plant (Huaguang Plant) in Hunan Province was incorporated in 1997, with its scope of business covering making and marketing steel hoes. The Hunan Province Huaguang Machinery Industry Co, Ltd. (the Huaguang Machinery) was incorporated in April 2005, with its scope of business covering making and marketing tools and farm tools. The Huaguang Plant began to use the combination trademark of the Chinese word "银鸡" (pronounced as "yin ji" and meaning "silver cock" in Chinese), English word and a device of fowl in 1999, and filed with the Trademark Office in February 2000, an application for, and was granted, the registration of a combination trademark of the Chinese word "银鸡" and its pinyin or alphabetic form "YINJI" in respect of the goods of hoes in class 8.

Fig. 2
The defendants' registeredmark

Fig. 3
The mark acturally used by the defendants

All the above four businesses are manufacturers of steel hoes of roughly identical shape and size for farm use. The Forging Plant and Yisida used the Chinese word "雉鸡" and the device thereof with its head facing the right and its tail left on the steel hoes they made. Also on the steel hoes they made was indicated the mark of the English word "JOGOOBRAND", the Chinese words "Made in China" and a "diamond" device. The Huaguang Plant and Huaguang Machinery used as a trademark the Chinese word meaning "silver cock" and a device of a cock with its tail towards the right and its head facing the left, and reversely towards the right, and the English word "SILVERCOCK", the words "Made in China" in both Chinese and English, and a "diamond" device.

All the parties had used their relevant trademarks a lot on the steel hoes they respectively made and marketed (see the table below).

Exportation Turnover of Steel Hoes by the Parties Involved in the Case over the Years

Unit: million US dollars

	2002	2003	2004	2005	2006
Forging Plant	0.47	0.14	0.45	0.07	4.1
Yisida	1.01	1.53	1.51	3.89	––
Huaguang Plant	0.63	0.64	0.73	0.73	––
Huaguang Machinery	––	––	––	––	2.82

On 12 January 2007, the Forging Plant and Yisida sued Huaguang Plant and Huaguang Machinery in the court on the ground that the "银鸡" brand steel hoes made and marketed by Huaguang Plant and Huaguang Machinery infringed their exclusive right to use their registered trademark, and requested the court to order them to immediately cease and desist from infringing their exclusive right to use said trademark, make an apology, and pay them RMB 500,000 yuan in compensation of their economic injury.

Court's decision

The first-instance court concluded that the trademark Huaguang Plant and Huaguang Machinery used was substantially not visually different from Forging Plant's registered mark in words, pattern, colour and device. The formers' mark was similar to the Forging Plant's mark, and likely to cause confusion on the part of the relevant sector of the public about the source of goods, or cause them to wrongly believe that their goods were related, in a particular way, with the Forging Plant's goods bearing the registered trademark. The use of the mark of Huaguang Plant and Huaguang Machinery similar to the Forging Plant's registered trademark without its consent fell into the circumstance of "using a trademark that is identical with or similar to a registered trademark in respect of the same of similar goods without the authorisation of the trademark registrant" as mentioned in Article 52 (1) of the Chinese Trademark Law, infringed its exclusive right to use the registered mark, and should be held civilly liable for ceasing the infringement and paying for the damages. The court decided that Huaguang Plant and Huaguang Machinery cease infringing the exclusive right to use the registered trademark of the Forging Plant and Yisida, and pay them RMB 500,000 yuan in compensation of their damages.

Dissatisfied with the judgment, Huaguang Plant and Huaguang Machinery appealed. The court of appeal, except refusing to confirm the fact that Huaguang Plant began to use its trademark as early as in 1999, found the former decision substantially correct, rejected the appeal, and upheld the former judgment.

Dissatisfied again with the judgment of second instance, Huaguang Plant and Huaguang Machinery filed a request with the Supreme People's Court for review of the case. The Supreme People's Court made its Civil Ruling (No. Minjianzi 553/2009) on 7 December 2009 to have reviewed the case, and made the Civil Judgment No. Mintizi 27/ 2010 on 24 June 2010, finding that while the Forging Plant's registered trademark and the marks used by Huaguang Plant and Huaguang Machinery all consisted of the fowl devices and the relevant words, as the comparison showed, they were obviously not visually identical. The trademarks in suit, as a whole, were obviously different from the registered trademark. In the industry of making and marketing products, such as hoes, marks consisting of "fowl" devices and words were widely registered and used, and it was possible to conclude from the facts ascertained in the case that the relevant sector of the public had set apart these marks in their respective stable market. Accordingly, the determination that these marks were similar made by the former courts with undue facts ascertainment and application of law should be rectified. The Supreme People's Court decided to have reversed the former two judgments and rejected the litigant claims of Forging Plant and Yisida.

Comments

The facts involved in the case are not complicated, but the three courts hearing the case made different determinations on the issue of whether the marks in suit were similar. As these facts of the case show, whether the marks the defendant's used on the steel hoes they made and marketed were similar to the Forging Plant's registered trademark in the sense of infringement of the exclusive right to use a registered trademark is the issue of the present case. Articles 9 and 10 of the Supreme People's Court's Interpretation of Several Issues Relating to Application of Law to Trial of Cases of Civil Disputes over Trademarks provide that in a case of dispute arising from infringement of a trademark, whether an allegedly infringing mark is similar to an asserted mark should be determined depending on the specific circumstances, such as the distinctiveness of the elements of the mark in suit and its repute in the market by comprehensively analysing and judging whether the marks in suit as a whole or its main part are likely to cause confusion in the market with consideration taken of the shape, pronunciation, meaning of words or the composition and colour of the device, or in global composition upon the combination of the various elements. According to these provisions, similarity in the sense of the Trademark Law is one sufficient to cause confusion in the market place, not simply in appearance. For that matter, the author will start from making the determination of whether the trademarks in suit were likely to cause market confusion to present an analysis of the issues of the case.

Impact of comparison of natural attributes between the parts and the whole of the mark in suit on trademark similarity determination

Under Article 52 of the Trademark Law, using the identical trademark in respect of the identical goods is an infringement of the exclusive right to use a registered trademark of another party. In the case, the Forging Plant's registered trademark (No. 1641855) and the allegedly infringing marks

used by Huaguang Plant and Huaguang Machinery all consisted of a "fowl" device and the relevant words. The former consisted of the word "雉鸡" and a device of it, in which its head was on the right and its tail downward on the left of the mark; the allegedly infringing marks consisted of a device of cock and the word of "银鸡", in which the cock head was on the left in a posture of looking back with feather of clear layers. As the comparison showed, the devices were obviously visually different, so were the words and their pronunciation. Besides, the main colours of the allegedly infringing marks were green and white with diamond-shaped rim. The globle comparison of them also showed that the latter were obviously different from the Forging Plant's registered trademark. Thus, it might be concluded that the present case did not involve the circumstance of using the identical trademarks in respect of identical goods. Under the relevant provisions of the Trademark Law and the TRIPS Agreement, if a mark used is exactly identical in respect of identical goods, it is presumed to be likely to cause confusion in the market. This is not true with the present case; hence, account should be taken of other factors, other than its natural attributes, in determining whether use of the marks in suit was likely to cause confusion in the market.

Impact of distinctiveness and repute of plaintiffs' mark on determination of similar trademark

The exclusive right to use a registered trademark provided for in Article 51 of the Trademark Law is determined by the approved registered trademark and the goods in respect of which the mark is used. Meanwhile, Article 52 also provides that use of a similar trademark in respect of similar goods is also an infringement of the exclusive right to use a trademark. As these provisions show, the exclusive right to use a trademark is determined in scope of right to use in that it is related only to the approved registered trademark and the goods in respect of which the mark is used; by contrast, the prohibitive right of a mark is larger than the right to use a trademark in that it is related to similar goods and similar trademark. Since the terms of similar mark and similar goods are highly generalised and ambiguous, the scope of the trademark right is by no means equal or standerised for all the registered trademarks, but flexible or not quite fixed in that the scope of protection of a mark of salient distinctiveness is larger than that of a mark of weaker distinctiveness, so is that of a highly reputable mark than that of a mark weaker in its repute and well-knownness. It is also provided in Article 6 of the Supreme People's Court's Opinions on Several Issues Relating to IP Trial to Serve the General Situation in the Current Economic Situation that determination of similar goods and similar trademarks should be made with account taken of the distinctiveness and repute of an enforced registered trademark. The more distinctive and reputable in the marketplace a registered trademark is, the wider scope of protection and stronger protection it is accorded; hence the distinctiveness and repute of the plaintiff's claimed registered trademark becomes an important factor as to what protection it is to be accorded. In hearing the present case, the Supreme People's Court found out the marks consisting of words and devices related to "fowl" were widely registered and used in the hoe-making industry[1]. For that reason, a mark consisting of such a device was not a mark of salient distinctiveness in the industry. In the case, the Forging Plant did not furnish any relevant evidence to show that its registered mark (No. 1641855) was highly reputable before 1999; therefore the Supreme People's Court concluded that the plaintiff's claimed mark was not a highly distinctive and reputable mark. Besides, the "pheasant" in the "pheasant" device was a living thing existing objectively in the real world, so the mark in suit should not be determined as a similar trademark because they also contained a naturally existing living thing and they were similar to a part of the plaintiff's mark.

Impact of defendant's intention to imitate plaintiff's registered trademark on the determination of similar trademarks

While the relevant trademark law and regulations do not expressly provide for whether presence of an alleged infringer's intention to imitate a registered trademark has impact on infringement determination, like the Unfair Competition Law, the Trademark Law prohibits acts of taking another party's ride to seek illicit benefit according to the legislative aim for the Trademark Law to protect goodwill and ban confusion prejedecious to consumers. For that reason, the author believers that if an alleged infringer imitates another party's mark when he knows that it is a registered trademark, such act should be a factor to be considered in determining whether the mark in suit is similar to the registered trademark. In the present case, the Supreme People's Court and the court of first instance found out that before the Forging Plant's registration of its mark No. 1646855, Huaguang Plant used its mark with the words of "银鸡" in Chinese and English and the "cock" device on the products it made and marketed; hence it was difficult, on the basis of the evidence made available in the case, to determine that Huaguang

Plant subjectively intended to take advantage of the repute of the Forging Plant's registered trademark.

Impact of likelihood of confusion in the market on the determination of similar trademarks

Due to the elasticity of the prohibitive right of the trademark right, the scope of exclusivity should be defined or determined, in a fair manner, according to the specific circumstances of a case, the repute and distinctiveness of the enforced trademark in hearing a case of infringement of the exclusive right to use a trademark, so as to ensure a clear-cut boundary of use of trademarks between involved businesses to protect the lawful rights of the proprietors of the trademark right and respect the practical state of market where the relevant sector of the public have already distinguished the relevant trademarks from each other. Besides, importance should be attached to keeping the fixed and stable order of the market, and avoiding rash determination of infringement of the registered trademark right to make the involved party's normal business operation quite difficult. In the present case, according to the facts ascertained by the former courts, before the Forging Plant brought the present lawsuit, they had all respectively used the involved marks a lot in respect of the steel hoes they respectively made. In the six years before the present lawsuit, their respective export turnover reached more than millions of dollars. For this reason, while the four parties are all based in the same regions, and exported most of their products of steel hoes abroad, the relevant sector of the public had already set theses marks apart from one another, they had already had their own stable market, and their use of these marks was unlikely to cause confusion in the market. Taking all these factors into consideration, the Supreme People's Court concluded that the marks used by Huaguang Plant and Huaguang Machinery and that by the Forging Plant were not similar marks, and the defendants' use of their marks did not infringe the mark (No. 1641855) in which the Forging Plant enjoyed its exclusive right to use it, so the court decided to have reversed the judgments of the first and second instance, and rejected the plaintiff's claims.

From the judgment made by the Supreme People's Court and those by the two trial courts, the writer thinks that the important difference between the former and the latter is that, the courts of first and second instance, when determining that the marks in suit were similar, simplistically concluded that they somewhat similar to cause confusion on the part of the relevant sector of the public about the source of goods or to cause them wrongly believe that the sources of defendants' goods were particular related to that of the goods in respect of which the Forging Plant had registered its trademark, then found the defendants infringing the plaintiff's registered trademark. By contrast the Supreme People's Court, when determining whether these marks were similar or not, did not limited itself to the matter of similarity in terms of natural attributes; it, instead, considered more whether the similarity was likely to cause confusion in the marketplace, and in the facts ascertainment. Moreover, the Supreme People's Court had comprehensively found out how distinctive and reputable the plaintiff's trademark was and whether the defendants had imitated the plaintiffs' trademark, whether the defendants had intended to take a free ride with the plaintiffs' registered trademark, and how the market situation stood, and then finally decided that the marks in suit were not similar in the sense of infringement of the exclusive right to use a trademark. Of course, the Supreme People's Court's decision indeed more conforms to the original goal with which the Trademark Law and the associated judicial interpretation have been formulated. ■

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[1] For the relevant facts, see the Supreme People's Court's Civil Judgment No. Mintizi 27/2010, in which it is revealed that on 10 September 1990, the Tianjin Machinery Import and Export Co., Ltd. was granted registration of a "Cock and device" mark (Registration Certificate No. 565627) in respect of goods of hoes in class 8; from June 1999 to November 2003, more than 10 businesses and natural persons, such as the Nuannan County Farm Tools Manufacturing Industrial Association and Bai Huiyong, were granted registration of trademarks containing the Chinese words for "fowl", such as "Black chicken and device" mark, "Gold cock and device" mark, "Coloured cock and device" mark, "Crowing cock and device" mark, and "Magic cock and device" mark, to mention just a few.