

Determination of Likelihood of Confusion in Trademark Infringement Cases

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In the current judicial practice, the courts often take likelihood of confusion as one of the elements for determination of infringement of the exclusive right to use a registered trademark, but the practice is very much varied in connection with how likelihood of confusion is understood and what factors would impact the determination of likelihood of confusion. In this article, the writer will be presenting an analysis of

the common factors that are likely to impact the determination of likelihood of confusion in lawsuits in the light of practical circumstances. It should be pointed out that when likelihood of confusion is determined, it is impossible for us to take all the factors into consideration and what we can do is no more than looking into various specific circumstances of particular cases.



Use of plaintiff's trademark

1. Practice

Whether circumstances of a plaintiff's use of a mark impact the determination of likelihood of confusion is a matter of great controversy in the judicial practice, with different circumstances treated in different ways:

(1) Plaintiff's mark is not in use

That is, a plaintiff's mark, though registered, is not put to use in business activities. There are two diametrically different ways, in practice, to accord protection to trademarks of the kind.

Practice 1: Non-use of a plaintiff's mark results in a defendant's use of an identical or similar mark being unlikely to create confusion

In this practice, the circumstance of a plaintiff's actual use of its mark is one of the factors to be considered in determination of likelihood of confusion. If a trademark owner does not use its trademark, consumers would know nothing about it, so they would not confuse the mark a defendant has used with the plaintiff's mark.

In the case of infringement of the exclusive right to use the mark of "Huayangnianhua", the plaintiff did not furnish any evidence to show its making of a wine of the brand, and expressly admitted that it had never marketed the goods. Given this, the court concluded that it was impossible for the "New Huayangnianhua" wine made and marketed by the defendant to be confused with the "Huayangnianhua" wine not made nor marketed. For this reason, the defendant's use of the "Huayangnianhua" would not mislead the relevant sector of the public to wrongly believe that its wine was from the plaintiff. Accordingly, it was found that the defendant's making and marketing the wine in suit did not infringe the defendant trademark right.¹

Practice 2: Whether a plaintiff's mark is used does not impact determination of likelihood of confusion

In this practice, protection of the trademark right does not entail use. So long as a mark is registered through legal procedure, it is eligible for protection under the Trademark Law whether it is in use or not, and any other party is prohibited from using a mark identical with or similar to it in respect of identical or similar goods or services.

In the case of infringement of the exclusive right to use the registered mark of "Meeting Happily at Weekend", while the plaintiff admitted its non-use of the mark, the court took the view that this did not justify the defendant's defence a-

gainst the infringement claim.²

In the case of infringement of the exclusive right to use the registered mark of "Su Fei Ya", the court clearly pointed out that "non-use of a mark is only a ground for administrative cancellation of the mark. Where the plaintiff's mark is valid and put to use, the plaintiff enjoys the exclusive right to use the mark from the date of registration".³

(2) Plaintiff's mark has been put to use

Where a plaintiff's mark has been put to use, views are divided in practice on whether the factors, such as scope, characteristics and geographic region of the plaintiff's use of the mark, impact determination of likelihood of confusion.

Practice 1: Considering the circumstance of trademark owner's use of a mark

In the case involving "Wangshunzhai" mark, the plaintiff ran a "Zhangjiakou City Qiaodong Wangshengzhai Quick-boiled Tripe Restaurant" in the City of Zhangjiakou, China in 1995. The Restaurant used the mark in suit, with registered capital amounting to RMB 3,000 yuan and later increasing to RMB 30,000 yuan. When the case arose, the Restaurant was closed. The plaintiff was granted the registration of the mark in suit in 2001. The defendant Wangshunge Company was incorporated on 6 July 1999, with registered capital of RMB 10 million yuan and restaurant service within its business scope. It had set up at least seven restaurants serving "stewed fish head with pancake" in Beijing carrying the name Wangshunge.

In the case, the court, considering the circumstance of the plaintiff's use, concluded that the defendant's Wangshunge Company and Wangshunge Business Hall were greatly different from the plaintiff's Wangshunzhai Restaurant in all the aspects of geographic region, scale, specific contents, level of service provision, customers and influence; the word "Wangshunzai" and "Wangshunge" were also different in the two combination marks. The relevant sector of the public were unlikely to confuse the defendant's Wangshunge Company and Wangshunge Business Hall with the plaintiff's Zhangjiakou City Wangshunzhai Restaurant; hence the defendant's act was found not infringing the plaintiff's exclusive right to use the trademark in suit.⁴

Practice 2: Trademark owner's use is not considered

For this practice, so long as a mark is registered through the legal procedure, it is eligible for protection under the Trademark Law. The circumstances of the trademark owner's use of the mark has no impact on the determination of infringement of the exclusive right to use a registered trade-

mark, and it is not a factor to be considered in determination of likelihood of confusion.

In the case involving the “Caigenxiang” mark, the mark in suit was one used in respect of restaurant service. Both the plaintiff and defendant were restaurant owners doing business respectively in Guangdong and Beijing, with the plaintiff's reputation limited only to the region of Guangdong Province. In its determination of likelihood of confusion, the court did not consider the factor of geographical area, and decided that the “mark used by the defendant and that by the plaintiff were similar in pronunciation, shape and meaning, and the former was likely to cause confusion on the part of the relevant sector of the public about the two Chinese marks; hence they were similar. Accordingly, the court found the defendant's act infringing.”⁵

In the case involving the “Manhanlou” mark, the court did not take consideration of the factor of geographical area.

In the case, the plaintiff, Heilongjiang Manhanlou Company, was a restaurant service provider, with its business activities only in the City of Ha'erbin. The plaintiff did not produce any evidence to show that its trademark had a relative high reputation in other regions in China. The defendant, Changle City Manhanlou Grant Restaurant, had its venue of business in Changle City, Fujian Province. At the Restaurant was hung a signboard of “Manhanlou Grant Restaurant”, and the plaque on which the three Chinese characters for “Manhanlou” were indicated was placed at the centre of the entrance. In the case, the court, not considering the geographical area and reputation of the plaintiff and defendant, found that the defendant's said act was prominent use of the words identical with or similar to the registered trademark in suit in respect of the identical services and found the act infringing.⁶

2. Relationship between circumstances of plaintiff's trademark use and determination of likelihood of confusion

Despite the existence of different judicial practices, the writer takes the view that determination of likelihood of confusion should not give a trademark right absolute protection on account of registration, and the circumstances of a plaintiff's use of its trademark should be considered within a due scope. Of course, this should not be done rashly in all cases: it all depends on specific circumstances. To be specific, the writer thinks that the matter should not be treated differently depending on the presence of the circumstances of non-use for three-consecutive years.

(1) Circumstances of non-use of trademarks for three-

consecutive years

For this writer, if a plaintiff's mark is not in use for three consecutive years, then it is possible to find a defendant's use unlikely to confuse with a plaintiff's mark and not infringing the plaintiff's exclusive right to use the registered mark.

The reason for the writer to hold this view is that Article 44 of the Trademark Law clearly provides that any trademark that has not been in use for three consecutive years can be cancelled. This shows that any trademark that has not been in use for three consecutive years is not a lawful mark under the Trademark Law. Regarding such registered trademarks, if just because it is impossible to determine the validity of a registered trademark in the civil infringement proceedings and then cancel it, all such marks are protected, it is not good for achieving the legislative aim of the Trademark Law, and it is detrimental to the interests of defendants to an extent. For that matter, such circumstance may be given due consideration when likelihood of confusion is determined. That is, a defendant's use does not cause confusion with a plaintiff's mark, so as to make the plaintiff's trademark unenforceable.

In fact, the matter of whether the legality of a plaintiff's mark should be considered in the cases of infringement of the exclusive right to use a registered trademark has been addressed in the Supreme People's Court's Interpretation of Several Issues Relating to Application of Law to Trial of Cases of Civil Dispute Involving Protection of Well-known Marks. Article 6 thereof provides: “Where a plaintiff institutes a civil lawsuit on the ground that the use of the mark in suit has infringed its exclusive right to use its registered mark or that a defendant makes a defence or counterclaim on the ground that the plaintiff's registered mark is a reproduction, an imitation or a translation of its prior unregistered mark, it shall be under the burden to prove the fact that its prior unregistered mark is well known”. While the provision does not make it clear how the courts should handle the matter after a defendant adduces evidence, it is logically followed that the results of the evidence adduction will have impact on the outcome of the determination of substantive infringement, otherwise it is unnecessary for the judicial interpretation to provide that the defendant is under the burden to prove that its mark is well known. As the provision shows, in fact, consideration is taken of the legality of the plaintiff's registered trademark in the civil infringement proceedings.

Furthermore, the Supreme People's Court gave their clear opinions on the issue of protection of marks that were

not put to use in the “Honghe” case, which is of significance to us.

In the case, the plaintiff was the owner of the exclusive right to use the mark “Honghe”, which was registered in respect of goods of “beer”. But the mark was not actually used. The defendant used the marks of “Honghe” and “Honghehong” in respect of goods of “beer”. The Supreme People’s Court finally did not find the defendant’s use of the “Honghehong” mark infringing the exclusive right to use the registered mark mainly on the grounds that the plaintiff never presented evidence to show that said mark had acquired salient distinctiveness through use. ... Since the plaintiff’s mark did not function to indicate the sources of goods, consumers were unlikely to associate the defendant’s “Honghehong” beer with the plaintiff.

In the case, while the Supreme People’s Court was not concerned themselves with the circumstance of whether the plaintiff’s mark was not used for three consecutive years and where the plaintiff’s other mark “Honghe” enforced by the plaintiff in the case was not put to use, the Supreme People’s Court finally found the other allegedly infringing act (i.e. the defendant’s use of the “Honghe Beer” mark, one of using an identical or similar mark in respect of the identical goods) infringing under Article 52 (1) of the Trademark Law. But the determination did not deny the tendency of considering the way of use of the plaintiff’s mark in connection with the use of “Honghehong” mark. This only shows that the Supreme People’s Court is rather cautious in determining likelihood of confusion by the typical use of the identical marks in respect of the identical goods.

(2) Absence of circumstances where a mark is not used for three consecutive years

Said circumstances include both the circumstances of continuous use of a mark and those of non-use or noncontinuous use of it, but the non-use or ceased use does not go on for three years.

For this writer, in the absence of non-use of a mark for three consecutive years, likelihood of confusion should be determined with account taken of a plaintiff’s specific use of its trademark. But it should be noted that, as for the circumstance of a plaintiff’s use of its trademark, consideration should be taken of both the present state of use (e.g. geographical area, consumers, channel of commerce, scope of reputation, etc.) and the trademark owner’s “reasonable business growth” in connection with the trademark, including the foreseeable business growth in terms of geographical

area, consumers and channel of commerce. As a rule, since the circulation of trademarks is obviously higher than that of service marks, the factor of geographical area obviously has less impact on trademarks than on service marks.

Determination of likelihood of confusion requires consideration of the circumstance of a plaintiff’s use of its trademark is out of the consideration of the following factors:

First, this practice conforms to the essential function of trademarks, a function to make distinction, that is, distinguishing the provider of one goods or service from those of other goods or services. This essential function of trademark is not brought to bear through registration, but through use of the mark. While registration of a mark brings some prior interests to a registrant, the Trademark Law ultimately protects use of trademarks and the interests the use brings to trademark owners under the Trademark Law. Therefore, considering this factor in determination of likelihood of confusion conforms to the essential function of trademarks.

Second, this practice is not contrary to the current law provisions and the current practice of the Supreme People’s Court. Since factors in determination of likelihood of confusion are not mentioned in the current laws and judicial interpretation thereof in China, it is justifiable for us to believe that the law does not disallow consideration of the circumstance of a plaintiff’s trademark use in determination of likelihood of confusion. In the preceding “Honghehong” mark case, the Supreme People’s Court did consider the circumstance of use of the trademark in its determination to a large extent. This shows the Supreme People’s Court’s current judicial attitude. Given this, the writer argues that it is not contrary to the current law provisions, and it is in line with the Supreme People’s Court’s current practice to take circumstance of use of mark as a factor into considered in determination of likelihood of confusion. There is no legislative or judicial barrier to this practice.

It is out of the consideration of commercial practice and the general patterns of business growth that the circumstance of a plaintiff’s use of its mark is taken into account, without being limited to the current state of trademark use. A business generally grows from a small into a large enterprise. If consideration is taken only of the current state of trademark use, without leaving reasonable space for an enterprise to grow, but with others being allowed to use identical or similar mark in the space, it would, on the one hand, seem unfair to a plaintiff, and, on the other, likely to cause confusion on the part of consumers. By contrast, if not con-

sidering a plaintiff's reasonable, foreseeable business growth, but according its mark absolute protection, it would be suspected that too much public resources are taken up, which would eventually reduces the trademark protection to a protection of a mere sign or symbol.

Reputation of plaintiff's trademark

The reputation of a plaintiff's trademark also impacts determination of likelihood of confusion (the present study here is related only to ordinary marks, and does not cover well-known marks due to their special characteristics). In respect of ordinary marks, the impact mainly lies in the fact that, when likelihood of confusion is determined, the more reputable a plaintiff's trademark is, the lower the requirement is in connection with the degree of similarity of trademarks and goods or services. In other words, with the same degree of similarity in terms of words of trademarks, in principle, the more reputable a plaintiff's trademark is, the easier it is to determine confusion on the part of consumers. Likewise, with regard to the same two classes of goods or services, the more reputable a plaintiff's trademark is used in respect of goods or services, the more likely it is to cause confusion.

The impact of reputation of a plaintiff's trademark has its origin in the doctrine for determination of likelihood of confusion underlying comparison in isolation. According to this doctrine, consumers determine constitution of confusion on the basis of their own awareness of the plaintiff's trademark; they do not compare the goods of a plaintiff and defendant side by side. In principle, the more reputable a plaintiff's trademark is, the deeper the consumers awareness and impression of it; hence, compared with marks of no or less reputation, it is more likely for consumers to confuse marks of higher reputation.

This is true with the case involving the infringement of the "Great Wall Brand" mark, the plaintiff. The COFOC's "Great Wall Brand" wine products were awarded a lot of prizes and highly reputable. On the label of the defendant's products was notably used the device, not the word, of "Great Wall". The court finally held the defendant's device to be similar to the plaintiff's word of "Great Wall Brand", and found defendant's use infringing, for one of the main reasons that the plaintiff's "Great Wall Brand" was so reputable in respect of wine products that the defendant's prominent use of its "Great Wall" device in respect of the identical products, without any other obvious, identifiable word, was very much

likely to mislead the average consumers to wrongly believe that they are the plaintiff's "Great Wall Brand" products.⁷

Reputation of defendant's trademark

Not only the reputation of a plaintiff's trademark, but also that of a defendant's trademark, impact determination of likelihood of confusion. But it should be noted that consideration of the reputation of a defendant's trademark requires some applicable conditions, that is, the trademarks of both a plaintiff and a defendant are so reputable that confusion is "unlikely" on the part of consumers. To be specific, if the trademarks of both a plaintiff and a defendant are reputable and consumer can identify the two trademarks, then confusion between the two is unlikely even if the marks *per se*, and the goods or services are somewhat similar.

It requires some applicable conditions for the reputation of a defendant's trademark to impact the determination of likelihood of confusion because, in principle, if a defendant's trademark is relatively reputable, and a plaintiff's trademark is less reputable, then confusion, namely reverse confusion, is likely. Reverse confusion is another form of confusion, and in the presence of reverse confusion, a defendant's use of said mark is also infringing. For that reason, on the basis of practical circumstances, we should not, when considering the impact of the reputation of a defendant's trademark on likelihood of confusion, consider the factor of the reputation of a defendant's trademark in isolation, but together with the reputation of a plaintiff's mark.

This doctrine is embodied in the Supreme People's Court's Opinions on Several Issues Relating to Trial of Administrative Cases Involving Grant and Affirmation of Trademark Right. While said Opinions are regulatory document guiding the trial of administrative trademark cases, the spirit embodied therein is of significance to cases involving infringement of the exclusive right to use registered trademarks. It is pointed out in the Opinions that in respect of marks in suit that has been in use for a long time, and established high reputation in the market among their own relevant sector of the public, the legislative spirit of the Trademark Law for keeping balance between protection of the rights and interest in words of prior marks and maintenance of the order in the market should be correctly understood, with full respect shown for the practical distinction made by the relevant sector of the public of the relevant words or signs in the marketplace and with importance attached to the mainte-

nance of the established stable order in the market.

In the administrative case of dispute over the “Deerking” mark in suit, the court, taking account of the reputation of the two parties’ trademarks, finally held the trademark in suit and the reference mark unlikely to confuse consumers, and did not found them similar. While it was not a case involving infringement of the exclusive right to use a registered trademark, the doctrine adopted for determining confusion in the case was not materially different from what was followed in cases involving infringement of the exclusive right to use registered trademarks. In other words, according to the doctrine adopted in the case, if the two parties had a dispute over the infringement of the exclusive right to use a registered trademark, the court would still decide on unlikelihood of confusion and non-infringement.

In the case, the mark in suit was the “Nine Deerlings and device” mark, and the reference mark the “Deerlings and device” mark. The Nine Deerlings Corporation, owner of the former trademark, argued that the Inner Mongolia Deerking Cashmere Corporation’s registered trademark was similar to the reference mark in respect of similar goods, and contrary to Article 28 of the Trademark Law, so it was not registrable. Regarding this, the court concluded that the two parties’ use of their own respective mark had rendered them both somewhat reputable, and the two marks were different in terms of goods, consumer groups and channel of commerce as the reference mark was used in respect of goods of cashmere shirts and the mark in suit of man’s wear and pants. For this reason, the relevant sector of the public could set the two marks apart, and the marks were unlikely to cause confusion or mis-recognition; hence the two marks were not similar marks used in respect of identical or similar goods.⁸

Characteristics of goods or services

Consumers’ awareness is a decisive factor impacting determination of likelihood of confusion. Since the characteristics (such as the price of goods or services, the size of a trademark indicated on goods or services, etc.) of goods or services would impact, to an extent, consumers’ awareness of goods, determination of likelihood of confusion requires consideration of all these factors.

Some goods or services (such as automobiles and houses) are expensive consumer goods, consumers would consider many factors at the time of purchase, and the

trademark does not have the decisive impact on a consumer’s intention to buy the goods. For that matter, how the word or sign of a mark is similar does not have much impact on the likelihood of confusion with respect of goods or services of the kind. It may be understood that a mark of the same degree of similarity is likely to confuse consumers when used in respect of other classes of goods or services, but unlikely to in respect of goods or services of the type.

In the case involving “香榭里 (pronounced as “xiang xie li” in Chinese) CHAMPSELYSEES” mark, the plaintiff, the Shenzhen Meidi Corporation, alleged that the defendant’s development project “香榭丽 (also pronounced as “xiang xie li” in Chinese) Garden Residential Area” infringed its exclusive right to use the registered trademark. In the case, the court finally confirmed the defendant’s non-infringement argument: “when a consumer chooses to buy real estate property, he would focus only on the real estate project and the developer”, and normally would not get confused about the source of services”.⁹

Additionally, the characteristics of some goods or services determines that a mark used on them can take up only a tiny space on the goods (as is the case in a watch). Therefore, for goods of the kind, even if two marks are somewhat different, given the small space in which a mark is used, consumers will not notice it, and confusion is likely. If the same two marks are used on other goods (say clothing), the difference of the marks are more easily noticeable due to the relative large size of the words or signs of the marks. For that reason, with all other factors remaining constant, they are relatively less likely to confuse consumers.

Distinctiveness of Trademark

1. Practice

Article 10 of the Supreme People’s Court’s Judicial Interpretation of the Trademark Law provides that in determination of similarity of trademarks, the distinctiveness and reputation of a registered mark under protection should be taken into account. According to the provision, consideration of likelihood of confusion in many cases involves the factor of distinctiveness. However, the concept of distinctiveness in practice is construed differently, and this impacts determination of likelihood of confusion.

(1) Construing distinctiveness as non-descriptiveness

That is, it is believed that if a trademark is not a sign or word descriptive of the characteristics of some goods or ser-

vice, it should be determined as being distinctive. If a plaintiff's mark is a fabricated or coined non-descriptive word, it is more likely for a defendant's use thereof to be confusing.

In the case of infringement of the trademark "rotork", the trial court concluded that the plaintiff's registered mark "rotork" was a fabricated word having no specific meaning and possessing distinctiveness. It is likely to cause confusion on the part of consumers paying average attention thereto. Accordingly, the court found words, such as "Autork", similar to the registered mark "rotork".¹⁰

In another case of infringement of the trademark "Gaoliyana", the trial court took the view that the combination of the Chinese characters "gao li ya na", was not a commonly use phrase found in a dictionary, but was intrinsically distinctive, and therefore, found that the defendant's so-called foreign famous brand of Coreana (pronounced as "gaoliyana") mentioned in its promotional materials was likely to cause the relevant professionals in the industry and consumers to associate it with Coreana product made by the Korea Coreana Cosmetics Corporation.¹¹

In some cases, the court further noted that consideration would not be taken of descriptive words in determination of likelihood of confusion.

In the case involving "Guolu" mark, the plaintiff, the China International Travel Service, alleged that the defendant's use of "Guolujiaqi" (guo lu, short form for China International Travel Service; "jia qi" means "holiday" in Chinese) on its website constituted an infringement. In determining likelihood of confusion, the court considered the factor of distinctiveness from the perspective of non-descriptiveness. The court concluded that the plaintiff's registered "Guolu" mark was not a well established word; the two characters of "guolu" were the part that was used to indicate the source of service in "Guo lu jia qi" used by the defendant; the two characters of "jia qi" were not distinctive, and its use would make consumers wrongly believe that the defendant's "guo lu jia qi" were somewhat associated with the plaintiff, thus, creating confusion.¹²

(2) Construing distinctiveness as reputation

In some case, while it was not clearly said, but implied, in same judgments that the trial courts substantively construed distinctiveness as reputation, and found, under the circumstance of established reputation of a mark, the mark more distinctive, and thus impacting determination of likelihood of confusion.

For example, in the case of infringement of the "RITZ"

mark, the plaintiff, a hotel keeper, enjoyed a relatively high reputation. The court concluded that "RITZ" was relatively highly reputable and distinctive. Based on this, the court finally found the defendant's use of the combination words of "RITZ" and "Li chi" and that of "Lichi RITS and device" likely to cause confusion on the part of consumers.¹³

In another case of infringement of the trademark "Feitian" (Flying Apsaras as shown in the frescoes of the Dunhuang Crottoes in Gansu Province, China), the court concluded that, "as a trademark, "Feitian" *per se*, as a word with the same cultural connotation, was not highly distinctive. For this reason, the plaintiff had no right to prohibit others from fair use of the word "Feitian" unless it had evidence to prove that through its long-time use of the word "feitian", people would first recognised it as a word the plaintiff used for business purpose, rather than a word having its original connotation. The available evidence from the plaintiff was not possible to prove the relatively high reputation of its "feitian" mark, nor to prove the relatively high distinctiveness of the mark acquired through use. Therefore, the court found confusion was unlikely on the part of consumers¹⁴. It was obvious, in the case, that the court regarded distinctiveness as equivalent to reputation to an extent.

2. Relationship between distinctiveness and likelihood of confusion.

As the above-mentioned practice shows, distinctiveness was differently construed in various judgments. It is, therefore, necessary to make clear the meaning of distinctiveness when determining the relationship between distinctiveness and likelihood of confusion.

For this writer, distinctiveness should be established by the principle of whether a sign or word is capable of indicating the source of goods or services. Generally, two aspects should be taken into account. One is the connection of a word with the goods or service in respect of which the sign is used: if the sign or word directly refers to the relevant characteristics of the goods or services, it is not distinctive as consumers would regard it as descriptive of the relevant characteristics, so impossible to function to indicate the source; and the other is whether the sign or word *per se* would allow consumers to recognise it as a trademark: if a word has no reference to the characters of goods or services and it will not cause consumers to regard it as a trademark, it is not distinctive (such as words that are too simple or too complicated to be one or shapes of goods that are generally not used as trademarks).

This construction of distinctiveness has its origin in Article 11 of the Trademark Law, which provides: “the following signs shall not be registered as trademarks: (1) those which consist exclusively of generic names, designs or models of the goods in respects of which the trademark is used; (2) those which consist exclusively of signs or indications that have direct reference to the quality, main raw material, function, intended purpose, weight, quantity of other characteristics of goods or services; (3) those which are devoid of any distinctive character. Where trademarks under the preceding paragraphs have acquired distinctiveness through use and become easily distinguishable, they may be registered as trademarks.

This construction of distinctiveness has been confirmed in relevant precedents in the judicial practice.

For example, in the administrative case involving the “Fu and the device” trademark, the court noted that under normal circumstances, the distinctive character of a trademark should be determined, with consideration taken of the class of the specific goods or services. Signs or words that have direct reference to the quality, main raw material, function, intended purpose, weight, quantity or other characteristics of goods or services are generally deemed not to have distinctive character in respect of specific goods or services as they may cause the relevant sector of the public to believe that they are descriptions of the characteristics of the specific goods or services, not indicate the providers of the goods or services.

Under some circumstances, some trademark signs are not distinctive in respect of the whole class of goods or services. But this normally is a circumstance where the use of the sign in respect of any class of goods or services will not enable the relevant sector of the public to know about the source thereof, namely, such use will normally not make the relevant sector of the public hold it to be use of trademarks, as, for example, they are too simple or too complicated to be such.¹⁵

It is thus shown that the salience of the distinctiveness of a trademark normally refers to the extent to which the mark is associated with the characteristics of goods or services. For intrinsically distinctive signs, the salience of distinctiveness thereof usually is not directly associated with reputation. Only when an intrinsically distinctive sign is considered to be distinctive through use is it possible to involve the relationship with reputation. Therefore, the practice of not differentiating reputation from distinctiveness is in conflict with the

essential nature of distinctiveness.

As for an intrinsically distinctive mark, the height of the reputation thereof indeed impacts the mark. The impact is on the salience of the trademark (or say, consumers’ awareness of the mark), rather than on salience of distinctiveness. That is to say, the more reputable a trademark is, the more salient it is to consumers ..., or vice versa. The impact of reputation of a trademark on likelihood of confusion has been discussed above, so it is not elaborated any more here.

With clarification made of the meaning of distinctiveness, the relationship between distinctiveness of trademarks and likelihood of confusion can be construed as follows:

(1) Non-distinctive trademark or the parts thereof are not considered when determining likelihood of confusion.

There is a view that since a non-distinctive mark is not registerable, it is unnecessary to consider this factor when determining likelihood of confusion. Regarding this, this writer believes that while it is difficult for an intrinsically non-distinctive, but descriptive signs as a whole to be generally registered as a trademark, this does not hamper a trademark from containing a non-distinctive part. In addition, unless it is the circumstance provided for in Article 11, paragraph one (1), of the Trademark Law where a mark consists exclusively of a generic name, design or model of the goods in respect of which the trademark is used, it is possible for other non-distinctive signs to become distinctive through use, and will consequently be registerable. Therefore, considering the impact of this factor on determination of likelihood of confusion in lawsuits is of great significance.

This writer is for disregarding non-distinctive marks or the parts thereof in determining the likelihood of confusion because descriptive signs of the kind are often used for describing the characteristics of goods or services by the businesses in the same industry; they are public resources, and no one should have monopoly on them, thus an owner of the exclusive right to use a registered mark has no right to prevent others from using them in a fair manner. As far as consumers are concerned, if the mark a defendant uses contains a non-distinctive word (such as in the above “Guo lu” case), it will have no impact on consumers’ awareness or cognition of the source of goods or services because consumers generally regard it as having reference to the characteristics of goods or services and not as the providers of the goods or services based on it, such words should not be considered when comparison is made with a plaintiff’s registered mark. Based on this, it is unnecessary to consider

non-distinctive parts in determination of likelihood of confusion whether they are used in a plaintiff's registered trademark or a defendant's trademark.

For example, in the case involving "SYSTIMAX" mark, "SHANGHAI" in the "AIPU SYSTIMAX" indicated on the allegedly infringing online products, as a place name, is not distinctive, and the distinctive parts are "AIPU SYSTIMAX". The court drew the similar conclusion when making comparison between "AIPU SYSTIMAX" and "SYSTIMAX".¹⁶

(2) For an implicative mark, the "semantic" factor is proportionately low in relative terms when comparison is made for determination of likelihood of confusion.

It is specified in the Trademark Judicial Interpretation that the three aspects of pronunciation, shape and meaning should be considered in determining similar marks. For different marks, the impact of said three aspects on likelihood of confusion is proportionately different depending on specific circumstances. To be specific, while implicative marks (e.g. the mark of "敌杀死" (the three Chinese characters mean "killing up" and pronounced "di sha si")) are not in a form commonly used by businesses in the industry, they, after all, are "semantically" referent to the characteristics of goods or services, and these characteristics are so objectively those of these goods or services that trademark owners have no right to monopolise. For this reason, the semantic factor should be considered as less as possible in determining likelihood of confusion with respect to these implicative marks.

(3) Salience of distinctiveness of other intrinsically distinctive marks has no material impact on determination of likelihood of confusion.

The essential precondition for likelihood of confusion to arise lies in consumers' awareness. That is, in principle, the more recognisable a mark is to consumers, the more probable it is for a defendant's mark to be found likely to confuse. Consumers awareness comes from use of a mark, and it is not naturally related to the salience of distinctiveness of a mark. Even highly distinctive marks (such as "Haier"), if not used to make them known to consumers, are not more probably, in determination of likelihood of confusion, to be determined as confusing than marks of relatively lower distinctiveness, but of high reputation and very much known to the consumers. Given this, the writer tends to believe that salience of distinctiveness has no material impact on determination of likelihood of confusion. ■

The author: Judge of the IP Tribunal of the Beijing No.1 Intermediate People's Court

¹ See the Beijing Haidian District People's Court's Civil Judgment No. Haiminchuzi 8283/2008.

² See the Beijing No.1 Intermediate People's Court's Civil Judgment No. Yizhongminchuzi 1747/2007.

³ See the Shanghai Pudong District People's Court's Civil Judgment No. Puminsan (zhi)chuzi 489/2008.

⁴ See the Beijing No. 2 Intermediate People's Court's Civil Judgment No. Erzhangminzhongzi 3794/2009.

⁵ See the Beijing Chaoyang People's Court's Civil Judgment No. Chaominchuzi 24340/2006.

⁶ See Fujian Province Higher People's Court's Civil Judgment No. MIn-minzhongzi 148/2009.

⁷ See the Beijing No.1 Intermediate People's Court's Civil Judgment No. Yizhongminchuzi 1422/2007.

⁸ See the Beijing Higher People's Court's Civil Judgment No. Gaoxingzhongzi 727/2009.

⁹ See the Shanghai No.1 Intermediate People's Court's Civil Judgment No. Huyizhongminwu (zhi) chuzi 170/2003.

¹⁰ See the Shanghai No.2 Intermediate People's Court's Civil Judgment No. Huerzhongminwu (zhi)chuzi 24/2005.

¹¹ See the Guangdong Guangzhou Intermediate People's Court's Civil Judgment No. Huizhongfaminsanchuzi 186/2007.

¹² See the Shanghai Pudong District People's Court's Civil Judgment No. Puminsan (zhi)chuzi 129/2007.

¹³ See the Shanghai No.2 Intermediate People's Court's Civil Judgment No. Huerzhongminwu (zhi)chuzi 73/2008.

¹⁴ See the Shanghai No.2 Intermediate People's Court's Civil Judgment No. Huerzhongminwu (zhi)chuzi 335/2007.

¹⁵ See the Beijing No.1 Intermediate People's Court's Civil Judgment No. Yizhongminchuzi 419/2009.

¹⁶ See the Shanghai Pudong District People's Court's Civil Judgment No. Puminsan (zhi)chuzi 269/2009.