

Latest Developments in Adjudication of IP Cases by Beijing Higher People's Court in 2012

(Abridged Part on Trademark)

The IP Tribunal of the Beijing Higher People's Court

Determination that trademark applied for registration can be protected as prior legitimate right

Article 5 of the General Principles of the Civil Law of the People's Republic of China provides: "The legitimate civil rights and interests of citizens and legal entities are protected under law, and any organisation and individual shall not infringe them." Article 16 of the Several Provisions of the Supreme People's Court on Issues Relating to Application of Law to Adjudication of Cases of Patent Dispute provides: "The prior legitimate rights referred to in Article 23 of the Patent Law shall include the trademark right, copyright, right of enterprise name, portrait right and the right to use the package or trade dress peculiar to any known goods, etc.." The provision of Article 23 of the Patent Law that a patented design "shall not conflict with another party's prior legitimate right" is aimed at preventing conflicts of possibly patented designs with others' prior legitimate rights, and maintaining the stability of civil rights and social order. Said legitimate rights include various rights or interests that one enjoys under the laws and regulations, and remain valid on the date of filing of the patent in suit. After a trademark is registered, the registrant's right to apply for a trademark before the registration, under some circumstances, constitute "prior acquired legitimate right" mentioned in Article 23 of the Patent Law.

In Henan Province Zhenglong Foodstuff Co., Ltd. (Zhenglong) v. PRB (Patent Reexamination Board) and Chen Zhaohui¹, an administrative case of dispute over invalidation of a design patent, the PRB concluded that the date of approval of registration of the "白象" (pronounced as "bai xi-ang" and meaning "white elephant" in Chinese) trademark (No. 1506193) was later than the date of filing of the patent in suit, so it was not a prior right mentioned in Article 23 of the

Patent Law. The first-instance court concluded that the date of announcement of the grant of the patent in suit was 2 May 2001, and the date of approval of registration of the trademark in suit was 14 January 2001, earlier than the date of announcement of the grant of the patent in suit; hence Zhenglong's exclusive right to use the registered trademark was earlier than the patent in suit; hence, the trademark (No. 1506193) constituted a prior right of the patent in suit.

The second-instance court concluded that the right to apply for registration of a trademark has a substantial impact on a registered trademark applicant's application for registration of a trademark, and can be disposed of by the registered trademark applicant within the allowable scope of law, so should be protected as the legitimate right mentioned in Article 23 of the Patent Law. In the case, Zhenglong claimed that the important point of the prior right was its right to apply for registration of the trademark based on its prior application; hence whether the right to apply for registration of the trademark (No. 1506193) was earlier than the filing date of the patent in suit was an important point of examination as to whether the patent in suit was contrary to Article 23 of the Patent Law. According to the ascertained facts, the date of filing the trademark (No. 1506193) was 12 December 1997, earlier than the filing date of the patent in suit, which was 16 October 2000; hence, Zhenglong's right to apply for registration of the trademark (No. 1506193) constituted a prior legitimate right provided for in Article 23 of the Patent Law. The PRB limited the scope of examination of the prior legitimate rights to that of the exclusive right to use a registered trademark, and failed to incorporate the right to apply for registration of a trademark in the scope of examination of the prior legitimate right, which disregarded the important subject mat-

ter of Zhenglong's application for reexamination, so its decision should be reversed, and the PRB should determine whether the patent in suit conflicted with the Zhenglong's prior right to apply for registration of the trademark when making another reexamination decision.

Determination that likelihood of confusion on the part of consumers about the quality of the relevant product is not unhealthy influence

Some elements of a mark applied for registration describe the performance or quality of the goods or services in respect of which it is used, and real use of such a mark is likely to cause confusion on the part of consumers about the performance and quality of the relevant goods or services. Even if it is necessary to decide to refuse the application for registration of such a mark, it is not due to find it having unhealthy influence, and base the refusal on this ground.

In *Coca Cola v. Trademark Review and Adjudication Board* (TRAB), a case of administrative dispute over the reexamination of refusal of a mark, the mark under reexamination was Coca Cola's "COCA-COLA IT'S THE REAL THING" trademark (No. 6538431) applied by it for registration in respect of goods of clothing in class 25. The Trademark Office decided to have refused the application for registration of the mark on the ground that "THE REAL THING" meant "good-quality goods", and would easily cause consumers wrongly believe in the quality of the goods. The TRAB concluded that the "THE REAL THING" in the trademark applied for registration could be translated into "high-quality goods, genuine goods, or factory-packed goods", and would easily cause consumers to wrongly believe the quality of the products, and have unhealthy influence; and combination of "COCA-COLA" and "THE REAL THING" failed to generate any new, specific meaning; hence it decided to have refused the application for the registration of the mark under Article 10, paragraph one (8), of the Trademark Law. The first-instance court concluded that the meaning of the English phrase "THE REAL THING" in the trademark applied for registration would not have unhealthy influence on the public interests and the accepted public order, and the registration of the trademark applied for registration was not contrary to Article 10, paragraph one (8), of the Trademark Law.

The second-instance court concluded that the "socialist morality" in the provision of the Trademark Law that signs detrimental to the socialist morality or having other unhealthy influence should not be used as marks referred to the common norms and rules governing the life and action of the

Chinese people, and the healthy atmosphere and customs prevalent in the society in a certain period of time; and "other unhealthy influence" meant that the word, device or any other element of a mark had negative influence on the public interests and order, such as the politics, economy, culture, religion and ethnic communities in China. The English phrase "THE REAL THING" in the trademark applied for registration, which meant "high-quality goods, genuine goods, or factory-packed goods", had no unhealthy influence on the public interests and accepted public order, and it was due for the first-instance court to have found the registration of trademark applied for registration not contrary to Article 10, paragraph one (8), of the Trademark Law.

Determination that likelihood of confusion on the part of consumers about the source of the relevant goods or services is not unhealthy influence

Whether a trademark in suit has unhealthy influence means whether the trademark, as a whole or in its elements, has unhealthy influence, not whether use of it has unhealthy influence. Where use of a trademark in suit is likely to confuse consumers about relevant goods, it is not proper to find the trademark in suit having unhealthy influence. Where it is indeed necessary to refuse an application for registration of a trademark in suit or cancel the registration thereof, it is possible to make the decision or adjudication to this effect under other provision of the Trademark Law.

In *Beijing Qiheng Science and Technology Development Center (Qiheng) v. TRAB*, an administrative case of dispute over trademark refusal reexamination, the trademark applied for registration was the "希望杯 全国数学邀请赛" (meaning "hope cup national mathematics invitation tournament" in Chinese) HOPE since 1990 and device" trademark (No. 4273368) applied for registration by Qiheng in respect of services of training, teaching and lecturing in class 41. The Trademark Office refused the application. Both the TRAB and first-instance court concluded that the trademark applied for registration was likely to confuse consumers about the source of the services, and, thus, had unhealthy influence, and fell into the circumstance mentioned in Article 10, paragraph one (8), of the Trademark Law, so decided to have refused the application for registration of the trademark in suit.

The second-instance court concluded that the involved trademark applied for registration would not have any negative or passive influence on the public interests and social order in terms of the politics, economy, culture and religion in

China. The trademark applied for registration to be used in respective of services of training, teaching and lecturing in class 41 would not have any negative or passive influence on the public interests and social order in terms of the politics, economy, culture and religion in China. The TRAB concluded that the trademark applied for registration by Qiheng was likely to confuse consumer about the source of the services, and, thus, had unhealthy 社会 influence; but evidence from Qiheng showed that it was organiser of the “Hope Cup” Mathematics Invitation Tournament. With its planning and organisation, intuitions, such as the Popularisation Department of Science Cooperation Association, Eco-mathematics Research Institute, the Magazine of Mathematical Theory, cyol.net, and Hua Luogeng Lab, participated in organisation of the event. Signing up for competition and fees collecting were all in the name of Qiheng, and all the institutions involved agreed that Qiheng should apply for registration of the trademark, so the application for registration of the trademark was not contrary to Article 10, paragraph one (8), of the Trademark Law.

Determination that it is undue to divide combination of letters in a foreign language into several groups and decide on whether a mark has unhealthy influence on the basis of the separated parts

The “unhealthy influence” mentioned in Article 10, paragraph one (8), of the Trademark Law means that the sign of a mark *per se* has negative influence on the public interests and order, such as the politics, economy, culture, religion and ethnic communities in China. Where a mark consists of several letters in a foreign language and has no fixed meaning, as a rule, the combination of letters should not be divided into parts of letters and found the mark in suit having unhealthy influence on the ground that combination of some letters is likely to have unhealthy influence.

In Aptalis Pharma Limited v. TRAB, an administrative case of dispute over the reexamination of refusal of a mark, the trademark applied for registration was the “ZENPEP” mark (No. 7398539) Aptalis applied for registration in respect of goods in class 5, such as drug for human use and medicinal preparation. Both the Trademark Office and TRAB concluded that “ZEN” in the “ZENPEP” mark applied for registration, a commonly-used term meaning “Dhyana” or “the Chan sect” in Buddhism, was likely to have unhealthy influence on the society if used as a mark in respect of goods of “drug for human use”. Aptalis presented, to the court, 5 additional pieces of evidence to show presence of many regis-

tered trademarks beginning with “ZEN”, such as “ZEN-TASE”, “ZENNAPAX” and “ZENVIQUE” and many names of drug beginning with “ZEN”. The trial court concluded that the additional evidence from Aptalis was not what the decision in suit was based on, so was not accepted by the court. “ZEN” in the trademark “ZENPEP” applied for registration meant “Dhyana” or “the Chan sect”, a commonly-used term in Buddhism, and use of it as a mark in respect of “drug for human use” was likely to cause unhealthy influence; “PEP”, meaning “energy and vitality”, had a weak distinctive character when used as a mark in respect of “drug for human use”; and the combination of the two words did not generate any new meaning different from the English word “ZEN”. Meanwhile, while “ZENPEP” was a complete combination of letters having no fixed meaning, “ZEN”, a common word, was weak in distinctive character, and the combination of “ZEN” and “PEP” did not generate any new meaning different from the English word “ZEN” after it was put to use.

The court of appeal concluded that the trademark “ZENPEP” applied for registration *per se* was not an English word, but a coined term, and had no fixed meaning. The relevant sector of the public in China, on seeing the mark, would not deliberately divide it into “ZEN” and “PEP”, nor realise that “ZEN” meant “Dhyana” or the “Chan sect”. Determination of a mark in a foreign language should be made according to the cognitive customs of the relevant sector of the public in China. It was obviously undue for the TRAB and the trial court to have mechanically divided “ZENPEP” into “ZEN” and “PEP” in deviance from the cognitive customs of the relevant sector of the public in China, and believed that “ZEN” in the trademark meant “Dhyana” or “the Chan sect” in Buddhism to conclude that the trademark applied for registration had unhealthy influence. Besides, there were many registered trademarks beginning with “ZEN” such as “ZEN-TASE”, “ZENNAPAX”, and “ZENVIQUE. Registration of these marks showed that the Trademark Office and TRAB did not believe such marks naturally had unhealthy influence. According to the principle of consistent examination standards, the trademark applied for registration in the case should not be found having unhealthy influence. While trademarks were reviewed *ad hoc*, the review should follow consistent, uniform examination standards, otherwise it would cause detriment to the administrative respondents’ trust in the rules of protection for trademarks.

Determination that trademark consisting exclusively of geographical name or containing geographical name is a

mark of geographical name under Article 10, paragraph two, of the Trademark Law

Article 10, paragraph two, of the Trademark Law provides that geographical names of administrative division at or above the country level or foreign geographical names known to the public should not be used as trademarks out of the consideration that use of geographical names of administrative division at or above the country level or foreign geographical names known to the public as trademarks in respect of goods or services is easy to cause consumers to believe that the trademark on the goods or services show the place of production or provision, and, as a result, do not have the distinctive character a mark should have. Therefore, a geographical name, be it separately used as a mark, or as part of a mark, should not be registered as such so long as it merely indicates the place of production or provision, but not the source of goods or services.

In *Zurichemiseal v. TRAB*, an administrative case of dispute over the reexamination of refusal of a mark, the trademark applied for registration was *Zurichemiseal's* mark “ZURICH HELPPPOINT” to be registered in respect of goods in class 16 and services in class 36. Both the Trademark Office and TRAB decided to have refused the application on the ground that the trademark applied for registration fell into the circumstance where the mark should not be used as such under Article 10, paragraph two, of the Trademark Law. The first instance court concluded that the provision of Article 10, paragraph two, of the Trademark Law that a geographical name should not be used as a mark meant that a sign that consisted exclusively of a geographical name should not be used as a mark. This was not the case with the trademark applied for registration in suit, so Article 10, paragraph two, of the Trademark Law did not apply. The trademark applied for registration had distinctive character, and was registrable.

The court of appeal concluded that Article 10, paragraph two, of the Trademark Law not only applied to trademarks consisting of geographical names of administrative division at or above the country level or foreign geographical names known to the public, but also to those containing geographical names of administrative division at or above the country level or foreign geographical names known to the public. The former court erred in interpreting the law as it had determined, in absolute terms, that Article 10, paragraph two, of the Trademark Law applied only to trademarks consisting exclusively of geographical names. However, while

the Chinese word equivalent to the foreign geographical name “ZURICH” contained in the trademark applied for registration in suit was known to the public in China, the foreign expression was not highly known to them, and the mark in suit also contained other constituent parts, which were not different in typeface and size of “ZURICH”, and, as well as, in proportion in the entire mark. Accordingly, it was right for the former court to have determined that the trademark applied for registration, for the relevant sector of the public in China, was not contrary to Article 10, paragraph two, of the Trademark Law, and was registrable.

Determination of generic name used mainly for exported goods

The generic name of goods is a standard name commonly used in a country or an industry, and reflecting the essential difference of one class of goods from another. If the relevant sector of the public generally believe that a name refers to a class of goods, the name should be determined as the generic name of the goods. Whether a mark in suit used in respect of goods originating from China, but mainly exporting to a foreign market constitutes a generic name of the goods should be determined from the perspective of the manufacturers and operators/distributors in the region where the goods are made within the territory of China, and those in the relevant manufacturing and distribution industries, and with reference to the relevant knowledge of consumers outside the territory of China if necessary.

In *Zhejiang Sanfeng Aquatic Foodstuff Co., Ltd. (Sanfeng) v. TRAB and Wenzhou Jiahai Foodstuff Co., Ltd., (Jiahai)*, an administrative case of dispute over a trademark, the trademark in suit was Sanfeng's trademark ひじき (No. 4525535) approved, on 14 November 2007, to be used in respect of goods in class 29, such as shellfish (unalive), dried mushroom, edible seaweed, kelp, canned fish, shrimp (unalive), sargassum (processed), fish (unalive), and laver. Jiahai requested cancellation of the registration of said mark on the ground that the mark in suit was the Japanese name of sargassum. The Modern Japanese-Chinese Dictionary defines “ひじき” as sargassum, and Tongtong County, Wenzhou City, Zhejiang Province is the home of sargassum China. “ひじき” was a Japanese name for sargassum widely used by export businesses in the county. The TRAB concluded that the trademark in suit “ひじき” was a Japanese word for sargassum, and their correspondence was known to the relevant sector of the public within a certain scope; before the mark in suit was filed for registration, there had been

several enterprises, including Sanfeng, processing and marketing sargassum, and using “ひじき” as the name of the goods. Edible seaweed also broadly referred to edible plants from sea, and sargassum was one of them; registration of the mark in suit in respect of goods of edible seaweed and sargassum (processed) fell in the circumstance where the mark consisted exclusively of the generic name of the goods mentioned in Article 11, paragraph one (1), of the Trademark Law. The TRAB adjudicated to have cancelled the registration of the mark in suit in respect of edible seaweed and sargassum (processed), and kept the registration valid in respect of other goods. The trial court concluded that the mark in suit was the Japanese “ひじき”; while it meant sargassum, it was difficult for the relevant sector of the public in China to understand it as sargassum on seeing the mark, and the public would not generally recognise it as the generic name of the goods, hence its registration should be maintained valid.

The court of appeal concluded that whether the mark in suit used in respect of exported goods was a generic name was not determined in relation to foreign consumers as the only the relevant sector of the public, and it was also possible to make the determination from the perspective of the producers and distributors in a given region and industry in China. In this case, Tongtuo County was the only base for cultivating, processing and exporting sargassum in China, with its production quantity and value accounting for 95% of the total production in China, and the place was famous as the home of sargassum. About 90% of the production was exported to Japan. Before the registration of the mark in suit, all the businesses in Tongtuo County used “ひじき” on the package of the goods to be exported and marketed as required by the Wenzhou Export and Import Inspection and Quarantine Bureau and their Japanese clients, and “ひじき” was widely used as the Japanese name for sargassum. Therefore, Tongtuo County, Zhejiang Province was a major region where sargassum was produced, processed and exported to Japan, and the exporters of sargassum within this region were the “relevant sector of the public”. Whether the mark in suit was a generic name should be determined according to the perception of the relevant industry in this region. In the long time of trade with Japan before the registration of the mark in suit, the exporters in the region had used, on the package of the goods, the Japanese word “ひじき”, and used it as the name of the goods; similar package was still widely used by the relevant businesses, and the word of the

mark in suit was collected in many dictionaries as a generic name. Accordingly, “ひじき” was a popular name of sargassum used in the relevant industry in the region before the registration of the mark in suit, and it was a generic name, lacking distinctive character to indicate provider of goods. For this reason, the registration of the mark in suit should be cancelled.

Determination of whether non-original, common ad words have distinctive character

The distinctive character of trademarks refers to something that is sufficient to enable the relevant sector of the public to distinguish or identify the sources of goods or services. Whether the word of a trademark has distinctive character should be determined by comprehensively considering the meaning, pronunciation and form of the word, the characteristics of the goods or services in respect of which it is used and use of it in the industry, and the cognitive customs of the relevant sector of the public. A trademark in suit that is no originally created by the applicant, but a common ad word in the relevant industry may generally be determined as lacking distinctive character.

In Taiwan Semiconductor Manufacturing Co., Ltd. (TSMC) v. TRAB, an administrative case of dispute over trademark refusal reexamination, the reexamined trademark was TSMC's “Open Innovation Platform” trademark (No. 6993793) applied for registration. The Trademark Office concluded that the trademark applied for registration was a non-original ad word, and lacked distinctive character as a trademark, and decided to have refused the application for registration of the trademark under Article 11, paragraph one (3), of the Trademark Law. The TRAB sustained the Trademark Office's refusal decision. The first-instance court concluded that the trademark applied for registration “Open Innovation Platform” consisted of English words, which, even if it had fixed meaning, could enable the relevant sector of the public to identify the source of goods, so the trademark in the foreign language had distinctive character acquired through the word. The trademark applied for registration was not basic spoken words used by the general public or a popular phrase, nor had these words been used as a common name or ad words. The trademark applied for registration had acquired more salient distinctive character through use.

The second-instance court concluded that the “Open Innovation Platform” trademark applied for registration, a foreign word trademark, was not very original *per se*, and

had a simple meaning; it was likely to be understood by the relevant sector of the public as what it meant in Chinese when it was used in respect of goods of semiconductor integrated circuits. It was difficult for it to show the sources of goods, and it lacked distinctive character. The evidence from TSMC was not sufficient to show that the trademark applied for registration had acquired distinctive character to show the source of goods or services through use.

Determination that it is unnecessary to establish that a trademark is well known when relief is available to legitimate right by applying other provisions of the Trademark Law

Establishing a trademark as well known is only one of the means to cease others' registration of a trademark by unfair means and cease infringement and unfair competition. When relief is available to the relevant legitimate rights and interests by applying other provisions of the Trademark Law, it is unnecessary to determine whether or not a trademark asserted by a rightholder is well known.

In TDK Inc. v. TRAB and Quan Zhou Nuojia Telecommunication Co., Ltd. (Nuoja), an administrative case of dispute over reexamination of trademark opposition, the trademark under opposition was Nuojia's "TDK and device" trademark (No. 3338546) applied for registration in respect of goods of lighting devices in class 11. TDK Inc. alleged that the trademark under opposition infringed its prior copyright and prior trade name, and claimed that its "TDK and device" trademark (No. 1036027) registered in respect of goods of magnetic tape cartridge, electronic parts and components, and CD in class 9 was a well-known trademark, and alleged that registration of the trademark under opposition was contrary to both Article 31, and Article 13, paragraph two, of the Trademark Law. The Trademark Office, TRAB and first-instance court did not support the claim that registration of the trademark under opposition was contrary to both Article 31, and Article 13, paragraph two, of the Trademark Law.

The second-instance court concluded that application of Article 13, paragraph two, of the Trademark Law required determination of whether a relevant trademark was well known or not before the date of the registration of the trademark in suit, but a trademark was established as well known if necessary and *ad hoc*. In the case, where TDK's legitimate right could be sufficiently protected by applying Article 31 of the Trademark Law, it was unnecessary to determine whether the reference mark was well known or not; hence the second-instance court did not comment on the appellant grounds that the registered trademark was well known and

the registration of the trademark under opposition was contrary to Article 13, paragraph two, of the Trademark Law.

Determination that reputable and distinctive marks can be established as well-known trademarks

Well-known trademarks should be established *ad hoc*, in a passive manner and according to needs. Marks indeed widely known to the relevant sector of the public in China can be established as well-known trademarks with the factors considered which are mentioned in Article 14 of the Trademark Law. Protection is accorded to well-known trademarks depending on the repute and distinctive character of them, and wider protection is accorded to well-known trademarks that are highly reputable and distinctive.

In P&G v. TRAB and Wang Bin, an administrative case of dispute over reexamination of opposition to a trademark, the trademark under opposition was Wang Bin's mark "SHUFUJIA 舒肤家" (pronounced as "shu fu jia"), (No. 3346185), which was filed for registration on 24 October 2002 to be used in respect of goods in class 24, such as gloves used for washing and textiles material. P&G had registered the series marks of "舒肤佳" (pronounced as "Shu fu jia") "Safeguard and device" and other marks in respect of goods of toilet soap in class 3. P&G filed opposition to the application when the trademark under opposition was published after preliminary examination, and the Trademark Office decided to have registered the trademark under opposition. P&G applied for review on the ground that the registration of the trademark under opposition was contrary to Article 13, paragraph two, of the Trademark Law, claiming that "舒肤佳" mark (No. 713558), "舒肤佳 and device" mark (No. 972553), "舒肤佳 Safeguard and device" mark (No. 972556), "舒肤佳 and device" mark (No. 1370113), "舒肤佳 Safeguard and device" mark (No. 1383249), and "舒肤佳 and device" mark (No. 3008023) were well-known trademarks and all used in respect of goods of toilet soap in class 3, and presented the relevant evidence used in advertising and using said goods. Upon review, the TRAB decided to have approved the registration of the trademark under opposition in respect of goods of textile material, and gloves used for washing. The first-instance court rejected P&G's allegation.

The second-instance court concluded that the sales invoices and reports in the China Consumers News and Market Times on the market share of the "Safeguard" (or Chinese translation of it) brand toilet soap from P&G could prove its series marks of "Safeguard" were used in respect of

goods of toilet soap, which had taken up a large market share of the goods of toilet soap in a wide area before the filing date of the trademark under opposition; the news reports in the mass media, such as the CCTV, could show that the series of “Safeguard” marks had long been in use and wide publicity before the filing date of the trademark under opposition; all the evidence, such as the reward certificates from P&G, the Nation-wide Protected Important Brand List issued by the Trademark Office in 2000, the Shanghai Higher People’s Court’s Civil Judgment and the TRAB’s Adjudication on Trademark Dispute No. Shangpingzi 4636/2005, could show that P&G’s “舒肤佳” and “Safeguard” marks had been established as well-known trademarks in China before the filing date of the trademark under opposition. All the evidence was sufficient to prove that before the filing date of the trademark under opposition, P&G’s series marks of “Safeguard” were widely known to the relevant sector of the public in respect of goods of toilet soap in China, and constituted well-known trademarks. Since the Chinese part “舒肤家” of the trademark under opposition was similar to P&G’s registered marks in shape and pronunciation of the word, so it was a reproduction and imitation of the P&G’s marks. While the trademark under opposition was to be used in respect of goods of textile material and gloves used for washing, which were different from those of toilet soap in respect of which P&G’s marks were used in terms of raw material, function and intended use, considering that P&G’s marks were highly distinctive and known, and the goods of toilet soap were goods for daily use, with a wide relevant sector of the public, so were the goods of gloves used for washing in respect of which the mark under opposition was to be used, with these goods greatly related to each other in channel of distribution and consumer groups, under the circumstance where the trademark under opposition was similar to P&G’s marks, it was likely to make the public believe that there were relations, to a great extent, between the trademark under oppositions and P&G’s marks, thus diminishing the distinctive character of the latter, misleading the public, and causing detriment to the interests of P&G. For this reason, the registration of the trademark under opposition was contrary to Article 13, paragraph two, of the Trademark Law, and the second-instance court reversed the former judgment and the adjudication in suit.

Determination that trademark applied for registration and reference trademark may constitute similar marks when they are translated from each other

When a trademark applied for registration and a reference trademark are words translated between a foreign language and Chinese and the foreign word is known to the public in China, if they are used in respect of similar goods or services, and the use thereof is likely to confuse the relevant sector of the public in China, the two marks may be found similar ones used in respect of identical or similar goods or services.

In *Major League Baseball Properties (MLBP) v. TRAB*, an administrative case of dispute over review of a trademark application rejection, the mark applied for registration was the MLBP’s “MARINERS” (meaning “sailor” in Chinese) and device” mark (No. 4336069) used in respect of goods in class 25, such as cap, baseball sports suits, shirts, clothing and shoes. Reference trademark1 was a prior registered “水手” (pronounced as “shui shou”, and meaning “sailor” in Chinese) trademark (No. 1244772) used in respect of goods of clothing in class 25. Reference trademark 3 was a prior registered “水手 SHUISHOU and device”) trademark (No. 881569) used in respect of goods of shoes in class 25. The Trademark Office preliminarily examined the application for the registration of the trademark applied for registration in respect of goods of braces or suspenders and socks, and refused the application for registration in respect of baseball sports suits and shirts. The TRAB concluded that the “MARINERS” in the trademark applied for registration meant “sailor” in Chinese, which was identical with reference trademarks 1 and 3 in meaning; it was likely to confuse consumers about the source of goods if used in respect of goods of clothing; they were similar marks used in respect of identical or similar goods when it co-existed with the reference mark1. In respect of use on goods of shoes, the co-existence of the trademark applied for registration with reference trademark 3 was likely to confuse consumers about the source of goods, and they were similar marks used in respect of identical goods. The first-instance court concluded that the meaning of “MARINERS” should be determined by considering the public’s general cognitive capacity in relation to the English word. Considering the wide scope of the general public and the obvious difference in their education in China now, the general public in China were not cognitively capable of understanding “MARINERS” as “sailors”, and impossible to know that the trademark applied for registration and the reference trademarks were substantially identical in meaning in Chinese. The trademark applied for registration and the two reference trademarks were not similar as

they differed in pronunciation and shape.



Trademark applied
for registration



Reference
trademark 1



Reference
trademark 3

The second-instance court concluded that when a trademark applied for registration and a reference trademark were words translated between a foreign language and Chinese and the foreign word was known to the public in China, if they were used in respect of similar goods or services, and the use thereof was likely to confuse the relevant sector of the public in China, the two marks may be found similar ones used in respect of identical or similar goods or services. In the case, the salient part of the trademark applied for registration was the English word “MARINERS”, clearly meaning “sailor”, and that of reference trademarks 1 and 3 was the Chinese word meaning sailor. They were substantially identical in meaning and within the scope of the general public's cognition. Where the trademark applied for registration and reference trademarks were not obviously different in meaning, and the former had no other special meaning, use of them in respect of identical or similar goods was likely to confuse the relevant sector of the public about the possible relations between the source of goods. Therefore, the trademark applied for registration and the reference trademarks were similar under Article 28 of the Trademark Law, and the second-instance court reversed the former judgment and sustained the decision in suit.

Determination of whether cyber words or meanings not collected in authoritative dictionaries are factors to be considered in determining similar marks

In the present-day society where internet constantly extends far and wide, the relevant sector of the public have more and more chances to search foreign words online, and definitions thereof provided by translation tools online are easily accessible to them. For marks consisting mainly of foreign words as their distinctive elements, the foreign words that have acquired their arbitrary meaning online and whose meanings are easy to be searched online by the relevant sector of the public can be factors of reference in determining similar marks even if they do not enter or are not collected in the relevant authoritative dictionaries.

In the Shanghai Natan Garment Co., Ltd. (Natan) v. TRAB, an administrative case of dispute over review of a trademark application refusal, the mark applied for registra-

tion was the mark “序言 (pronounce as “xu yan” and meaning “preface or foreword”) and device” (No. 7317796) filed by Natan for registration in respect of goods of clothing in class 25. Reference trademark 1 was the “PROLUSION” mark (No. 4064139). Both the Trademark Office and TRAB decided to have refused the application for registration of said mark on the ground that the trademark applied for registration and the reference trademark were similar marks used in respect of similar goods. Consultation showed that the word “prolusion” was not collected in the Oxford Advanced Learner's English-Chinese Dictionary published by the Commercial Press and the Oxford University Press, nor in the Oxford and Foreign Language Study University Press English-Chinese and Chinese-English Dictionary published by the Foreign Language Study University Press and Oxford University Press, in which the Chinese word for “proclusion” was translated as “foreword” and “preface”; the word “proclusion” was translated in the English-Chinese Dictionary (unabridged) published by the Shanghai Yiwu Press as “prelude, prologue, introduction, and beginning”. In the cyber dictionaries, such as Youdao Dictionary, “proclusion” was translated into “preview, prologue, and prediction”; in the Baidu Dictionary, “proclusion” was rendered into “preview, introduction, and preface”. The first-instance court concluded that with the popularisation of translation tools on devices, such as PC and cell phones terminals, the relevant sector of the public running into some foreign words would usually choose these tools to search their meaning in Chinese. While “proclusion” in the reference trademark was not a common English word, the relevant sector of the public would find, upon searching online, the “proclusion” meaning “preface”. As for the goods of clothing in respect of which the trademark applied for registration was to be used, the relevant sector of the public, paying normal attention, would confuse the goods in respect of which the trademark applied for registration was to be used with those in respect of which reference trademark 1 was used, or believe they were related in one way or another. For this reason, the trademark applied for registration was similar to reference trademark 1 in respect of similar goods, and was contrary to Article 28 of the Trademark Law.



Trademark applied for registration



Reference trademark 1

The second-instance court concluded that the trademark applied for registration consisted of the Chinese word “序言” (meaning “preface”) and the device, in which the device part was hard to identify and read, and the former was the main distinctive part. The reference trademark consisted of the English word “prolusion” and figurative pattern, with the former being the main distinctive part. While the word “prolusion” was not collected in the relevant English-Chinese dictionaries, the relevant evidence from the TRAB proved that the result of search online showed that the word had the definition equivalent to that in Chinese. In the present-day society where internet was widely used, the relevant sector of the public had more and more chances to search foreign words online, and definitions thereof provided by translation tools online are easily accessible to them. For this reason, while the word “prolusion” was not collected in the relevant authoritative English-Chinese dictionaries, this did not have any impact on the TRAB when they found the English and Chinese words identical in meaning according to the definition searched online. With the main distinctive part of the trademark applied for registration and that of reference trademark¹ meaning the same, the two marks were similar marks used in respect of the identical or similar goods of clothing, which was likely to confuse the relevant sector of the public, so they constituted similar marks used in respect of identical or similar goods.

Determination that similar goods should be determined by the presence of likelihood of confusion on the part of the public, not through comparison of simple physical character of the goods

Determination of similar goods in the sense of the Trademark Law is not a simple comparison of the physical character of the relevant goods, but a determination of whether use of an identical or similar trademark in respect of relevant goods is likely to confuse the relevant sector of the public and comprehensive examination of the factors of the function, intended use, manufacturer, channel of commerce, and consumer group of the relevant goods as to whether they are identical or much related, and whether co-existence of the identical or similar trademarks in respect of the goods would make the relevant sector of the public believe that the goods come from the same source, or that the providers of the goods are related in one way or another.

In *Oerlikontextile (Oerlikon) v. TRAB and Hangzhou Bamage Chemical Fibre Co. Ltd (Bamage)*, an administrative case of dispute over reexamination of trademark opposition,

the trademark under opposition was Bamage’s “巴马格” (pronounced as “ba ma ge” in Chinese) trademark (No. 1935604) filed, on 2 August 2001, for registration in respect of goods of long silk and man-made silk in class 23. Oerlikon raised an opposition, with the Trademark Office, to the trademark under opposition. The reference trademark was Oerlikon’s prior registered “巴马格” trademark (No. 273133) in respect of goods of textile machine for making thermoplastic pile yarn in class 7. The Trademark Office decided to have approved the registration of the trademark under opposition. The TRAB and first-instance court concluded that the goods in respect of which the trademark under opposition was to be used were not similar to those in respect of which the registered trademark was used. The second-instance court concluded that in the trademark registration and trademark right affirmation process, determination of similar goods in the sense of the Trademark Law was not a simple comparison of the physical character of the relevant goods, but mainly a consideration of whether two trademarks could co-exist or determination of the scope of protection of a trademark, and avoidance of confusion about the source was a basic principle in determining similar goods. In the case, while the goods of long silk in respect of which the trademark under opposition was to be used was different from the goods in respect of the reference trademark was used in terms of function, intended use, raw material, manufacturer and channel of commerce, the evidence, such as the publications from Oerlikon of the report of the annual meeting by the Chinese Textile Industry, the handbooks of its products, and advertising/exhibition materials, the press of the Textile Reports, and proofs from the China Chemical Fibre Industrial Association proved that Oerlikon and the reference trademark were of relatively high repute in the field of the chemical fibre and the relevant industry in China, and “巴马格”, originally created by Oerlikon, was relatively highly distinctive. The goods in respect of which the trademark under opposition and the reference trademark were used were closely related in terms of business area, as they were in the same industrial chain and closely connected. Besides, the quality of the goods in respect of which the trademark under opposition was used were closely related to its manufacturing equipment. The trademark under opposition and reference trademark were similar in composition, pronunciation and meaning, and differed only in the forms of writing. Co-existence of the two trademarks in respect of which the goods they were used

was likely to confuse the relevant sector of the public to the extent that these goods would be believed to be provided by the same business, or the providers thereof were somewhat related in a particular way. Accordingly the goods in respect of which the trademark under opposition was used and the goods in respect of which the reference trademark was used constituted similar goods.

Determination that goods very much related/associated in terms of channel of commerce and consumers can be determined as similar goods

Similar goods should be determined by considering these factors, such as function, intended use, manufacturer, channel of commerce and consumer group of the goods. If the goods in respect of which a trademark under opposition is used are very much related/associated with those in respect of which a reference trademark is used in terms of channel of commerce and consumer group, and the latter is saliently distinctive and reputable, the goods in respect of which the two marks are used can be determined as similar goods.

In the Japan Tobacco Inc. (JTI) v. TRAB and the Wenzhou City Haidong Light Industry Manufacturing Co., Ltd. (Haidong), an administrative case of dispute over review of a trademark under opposition, the trademark under opposition was the mark “JTI” (No. 3864752) Haidong applied for registration on 29 December 2003 to be used in respect of goods of lighter for smoking in class 34. The Japan Tobacco Inc. raised an opposition to the application, and cited, as reference trademarks, its own prior internationally registered trademarks “JTI” (No. 767433) (reference trademark 1) and “JT” (No. 541331) (reference trademark 2) used in respect of goods, such as smoking sets and matches, in class 34. The Trademark Office decided to have approved the registration of the trademark under opposition. Both the TRAB and first-instance court concluded that the goods in respect of which the trademark under opposition were used and those in respect of which the reference trademarks were used did not constitute similar goods, and the former should be approved for registration.

The second-instance court concluded that similar goods should be determined by considering whether the factors, such as function, intended use, manufacturer, channel of commerce and consumer group of the goods, were identical, or whether the relevant sector of the public would believe that they were related in a certain way, or were likely to cause confusion. In the case, the trademark under oppo-

sition and reference trademarks 1 and 2 *per se* were similar. While they were somewhat different in terms of manufacturer and intended use as the former was to be used in respect of lighter for smoking and the reference trademarks cigarettes, smoking sets and matches, they were quite related in terms of channel of commerce and consumer group, and consumers would run into all these goods when doing their shopping. A mark was mainly used to indicate the source of goods or services, and considering that “JTI” *per se* was not a fixed English phrase, nor have a fixed meaning, and that the letters of reference trademarks 1 and 2 were arranged in a distinctive way, when the trademark under opposition and reference trademarks were used in respect of rather related goods, it was easy for the relevant sector of the public to believe that the providers of the goods were associated in a certain way, and would be confused about the source of the goods; hence the goods in respect of which a trademark under opposition was used and those in respect of which the reference trademarks were used constituted similar goods.

Determination of whether goods in respect of which a prior trade name is used and those in respect of which a trademark in suit is used constitute similar goods

Article 31 of the Trademark Law provides that application for registration of a trademark should not infringe another party's existing prior right. While the trade name is not a statutory right, it is a part of an enterprise name actually used to indicate a market player. Article 6 of the Supreme People's Court's Interpretation of Several Issues Relating to Application of Law to Adjudication of Civil Unfair Competition Cases provides that the trade name in an enterprise name that has certain repute in the market and is known to the relevant sector of the public should be protected as an enterprise name; hence, a trade name is “a prior right” mentioned in Article 31 of the Trademark Law. If a trade name, before the registration of a trademark under opposition, was used, and has certain repute in respect of the goods in respect of which the trademark under opposition is used or similar goods, then the registration of the trademark under opposition is likely to confuse the relevant sector of the public about the source of the goods in respect of which an trademark under opposition is used or similar goods, then registration of the trademark under opposition is likely to confuse the relevant sector of the public about the source of the goods, and cause detriment to the legitimate interests of the prior trade name right owner. A trade name should be protected with account taken of whether the goods an enterprise deals in

and those in respect of which a trademark in suit is used overlap or crisscross.

In the Hefei Zhibang Kitchen Furnishing Co., Ltd. (Zhibang) v. TRAB and Zhou Feng,² an administrative case of dispute over reexamination of trademark opposition, the trademark under opposition was Zhou Feng's “志邦” (pronounced as “zhi bang” in Chinese) trademark (No. 4236850) filed for registration by him on 24 August 2004 in respect of the goods of sterilising cabinet in class 11. Zhibang filed an opposition to the application with the Trademark Office. The Trademark Office decided to have approved the registration of the trademark under opposition. Zhibang requested the TRAB for review, arguing that the trademark under opposition was exactly identical with its trade name, and its use was likely to confuse consumers, and requested not to approve it for registration under Article 31 of the Trademark Law. The TRAB concluded, upon review of the case, that Zhibang's trade name was used in respect of kitchen cupboards, which were different from the goods of sterilising cabinet in class 11 in respect of which the trademark under opposition was to be used in terms of manufacturing process, function, intended use and channel of commerce, and they were not similar goods. Besides, Zhibang failed to produce evidence showing use of the trade name in respect of goods or in the industry of sterilising cabinet; hence it was impossible to determine that registration of the trademark under opposition had infringed Zhibang's prior trade name right, or constituted registration, by unfair means, of another party's trademark that had certain influence. The TRAB adjudicated to have approved the registration of the trademark under opposition, and the first-instance court sustained the TRAB's adjudication in suit.

The second-instance court concluded that if a trade name, before registration of a trademark under opposition, was used, and had certain reputation in respect of the goods in respect of which the trademark under opposition was used or similar goods, then registration of the trademark under opposition was likely to confuse the relevant sector of the public about the source of the goods in respect of which an trademark under opposition was used or similar goods, then registration of the trademark under opposition was likely to confuse the relevant sector of the public about the source of the goods, resulting in detriment to the interests of the prior trade name owner. A trade name should be protected with account taken of whether the goods an enterprise dealt in and those in respect of which a trademark in suit was

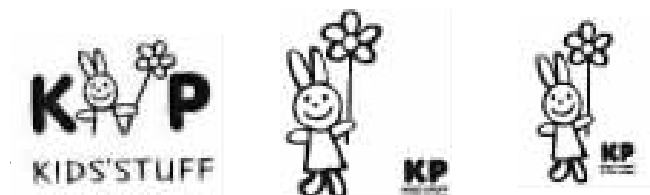
used overlapped or crisscrossed. In the case, the prior right Zhibang claimed or asserted was its trade name right, namely the trade name “志邦” in its enterprise name, and Zhibang should have produced evidence to prove that said trade name had certain reputation among the relevant sector of the public. The filing date of the trademark under opposition was 24 August 2004, and the Hefei Zhibang Kitchen Cupboard Plant, predecessor of Zhibang, began to use the “志邦” trade name in 1998, so it was a prior right. Zhibang mainly dealt in producing, selling and assembling sets of kitchen cupboards, and its business scope also covered electric appliances used in, and other parts used for, kitchen, which included design, material selection, and making of sets of kitchen cupboards and associated facilities for kitchen use at home and other related furnishing/furniture for more than a decade in China. Most families would like to have kitchen electric appliances, such as grease pump, cooking utensils, sterilising cabinet, and oven and a whole kitchen cupboard assembled all together. Zhibang, while selling kitchen cupboards, also marketed and assembled kitchen electric appliances. Besides buying kitchen cupboards, consumers buying set of kitchen cupboards generally also bought associated kitchen electric appliances, that is, consumers of these goods were the same. While a manufacturer of kitchen electric appliances and parts associated with kitchen cupboards was not necessarily one making kitchen cupboard sets, Zhibang was an enterprise making, selling and assembling kitchen cupboards sets, and its trade name had an influence that might cover goods of kitchen cupboards, namely goods of furniture, and kitchen electric appliances, which were related goods. As a manufacture producing, selling and assembling goods, of kitchen cupboard sets, Zhibang's trade name had had certain influence among the relevant sector of the public. Zhou Feng made and sold “志邦” brand cooking products in the region of Anhui Province, China, where Zhibang was based, and marketed his products with the concept of “integrated cooking utensils”. He was suspected of “taking a ride” with Zhibang's goodwill. Further, Zhibang filed, in 2009, the “zbom 志邦” trademark for registration in respect of some goods in class 11, and soon after, Zhou Feng also filed the “zbom” trademark for registration in respect of some goods in class 11, which showed his bad faith. For this reason, Zhou Feng's application for registration of the trademark under opposition was contrary to Article 31 of the Trademark Law, and the TRAB should make another adjudication in respect of the review

request by Zhibang directed to the trademark under opposition.

Determination that trademark registration certificate and other evidence can, together, prove prior copyright

Evidence generated in the course of application for trademark registration, such as trademark registration certificate and trademark gazette, is of some significance in proving the creation of a relevant work and time of publication thereof. Such evidence should not be excluded from the process for proving ownership or proprietorship of the copyright. Evidence of the kind, together with other evidence, forms a chain of evidence proving the presence of prior copyright, and has an active role to play in ascertaining the facts of a case.

In Knit Planner Co., Ltd.(KP) v. TRAB and Song Yi ³, an administrative case of dispute over a trademark, the trademark in suit was filed by Song Yi on 28 June 2004, and approved for registration on 21 February 2008 to be used in respect of goods of clothing and garment for children in class 25. The KP claimed its prior proprietary copyright in the work of fine art entitled “mimi”, and produced, during the review and adjudication, evidence of its Japanese copyright, such as the Application for Registration of the Date of First Publication, Work Description, Proof of Publication and Registration of the Date of First Publication (Notice), and photocopy of the Certificate of Registration of the “KP KIDS’ STUFF BY KNIT PLANNER and Device” mark (No.4629708) it applied on 12 April 2002, and was approved for registration on 13 December 2002 in respect of goods of clothing in class 25. The TRAB concluded that the existing evidence could not show that Song Yi had contacted, or was likely to have contacted, the work claimed by KP when he applied for registration of the mark in suit, and the trademark did not infringe the KP’s copyright. By contrast, the first-instance court held that the available evidence could prove KP’s prior copyright, and decided to have reversed the TRAB’s adjudication in suit.



The second-instance court concluded that the KP produced the document of the Copyright Registration Certificate (No. 34063) to show that the work of fine art entitled “mimi”

was first published on 11 August 2000, and the author was the KP. In the absence of evidence to the contrary, the KP should be deemed to be the proprietor of the copyright in said work of fine art. Further, the Japanese Trademark Registration Certificate of the “KP KIDS’ STUFF BY KNIT PLANNER and Device” mark (No.4629708) could further prove that the device of the trademark had been created no later than 12 April 2002, when the trademark was filed for registration. For this reason, in the absence of evidence to the contrary, the evidence from the KP could prove that the KP enjoyed the copyright in the work of fine art “mimi” indicated in the Copyright Registration Certificate (No. 34064). The TRAB should, based on the evidence, review the case again to find out whether registration of the trademark in suit infringed KP’s prior copyright in the relevant work.

Determination of the circumstance where it is undue to broadly interpret “registration by fraud” where law and regulations do not provide that trademark applicant is statutorily obliged to give explanation

Acts of “acquiring registration by fraud or other unfair means” mentioned in Article 41, paragraph one, of the Trademark Law are acts detrimental to the public order or interests, or disruptive to the order of trademark administration. Since this provision is an absolute ground for cancellation of trademark registration, and not subject to any time limitation, it should not be interpreted in a willfully broad way.

In Japan Special Ceramic Industry Inc. v. TRAB and NTK Holding Ltd. (NTK) ⁴, an administrative case of dispute over a trademark, the trademark in suit was the device mark (No.1236903) NTK filed for registration in respect of good of electronic inserting components in class 9. The Japan Special Ceramic Industry Inc. requested to cancel the mark in suit. The reference trademark was the “NTK” mark (No. 613608) the Japan Special Ceramic Industry Inc. filed for registration on 10 October 1992 in respect of goods of electronic parts and components in class 9. Upon review of the case, the TRAB concluded that registration of the mark in suit was not a case involving “acquisition of registration by fraud or other unfair means”. The first-instance court concluded that the sign *per se* of the trademark in suit was similar to “NTK” shown in the Mama and Vilmos fonts; NTK admitted, in the course of the trademark registration in Hong Kong, that the word of the trademark identical with the trademark in suit was “NTK”; and it intentionally hid the fact when applying for registration of it with the Trademark Office, which made it possible for it to have secured the registration. Allowing such

acts to happen would encourage applicants to willfully select artistic typefaces unfamiliar to the relevant sector of the public and filed them for registration as marks similar to others' prior marks in respect of identical or similar goods, and disrupt the normal order of trademark registration. Hence, registration of the trademark in suit was a case of "registration by fraud".



Trademark in suit



Reference trademark

The second-instance court concluded that acts of "acquiring registration by fraud or other unfair means" mentioned in Article 41, paragraph one, of the Trademark Law are acts detrimental to the public order or interests, or disruptive to the order of trademark administration. The "acquiring registration by fraud" should be construed as acts or activities of securing registration by deceiving the competent Trademark Authorities by fraud, including, among other things, those of forging seal and/or signature in application documents, forging and modifying certificates showing the qualification of applicants, and fabricating other certificates and proofs. Since this provision is an absolute ground for cancellation of trademark registration, subject to no time limitation, it should not be interpreted in a willfully broad way when applying it. The Trademark Law did not provide that a trademark applicant should explain whether its or his trademark to be registered was of a modified artistic typeface, and specify the specific lexical design. In the case, where the trademark applicant was not statutorily obliged in this regard, that he did not explain the artistic typeface of the word was not contrary to the compulsory provisions of the law and regulations. Meanwhile, a trademark applicant who did was subject to the regulation under other provisions of the Trademark Law. Therefore, the former court's determination that the registration of the trademark in suit was secured by fraud was legally baseless.

Determination of scope of right in certification trademark and burden to prove infringement

A certification trademark is a mark used to indicate the place of origin, raw material, method of manufacture, quality of goods or other quality particular to the goods, and primarily to prove the special quality particular to a product or service. The rights of a certification trademark owner lie in holding, managing, and maintaining the certification trade-

mark. A certification trademark owner should allow a natural person, legal entity or any other organisation whose goods have the particular quality to use the mark if he or it requests to. The owner of certification trademark containing a geographical name should not deprive any other natural person, legal entity or any other organisation who does not request to use the certification trademark, but whose goods are indeed produced in the region indicated in the certification trademark of the right to duly use the geographical name of the certification trademark, such a natural person, legal entity or other organisation using said geographical name is under the burden to prove that his or its products are indeed produced in the region indicated in the certification trademark.

In Zhoushan City Aquatic Products Distribution and Processing Industry Association v. Beijing Shenmaren Foodstuff Sales Co., Ltd. (Shenmaren) and Beijing Huaguan Trading Co., Ltd. (Huaguan)⁵, a case of dispute over infringement of the exclusive right to use a mark, the Zhoushan City Aquatic Products Distribution and Processing Industry Association was the owner of the "舟山带鱼" (pronounced as "zhou shan dai yu" and meaning ribbonfish) ZHOUSHANDAIYU and device" certification trademark (the mark in suit) registered in respect of goods of ribbonfish (unalive) and ribbonfish slices. Shenmaren, not a member of the Zhoushan Aquatic Products Distribution and Processing Industry Association, indicated the words "Selected Zhoushan Ribbonfish Segments" on the packages of the goods ribbonfish segments it produced and marketed, and Huaguan sold said products. The Zhoushan Aquatic Products Distribution and Processing Industry Association sued Shenmaren and Huaguan for infringement of its exclusive right to use the certification mark. The first-instance court concluded that the trademark in suit was mainly to prove that the place of production of the goods indicated with said mark was in the sea area of Zhoushan. As the owner of the certification mark, the Zhoushan Aquatic Products Distribution and Processing Industry Association was able to produce evidence to prove that some ribbonfish products were produced there, but failed to seal up the product bought under notarisation, rendering it impossible to determine the place of production of the ribbonfish produced by Shenmaren and marketed by Huaguan, an adverse consequence the Zhoushan Aquatic Products Distribution and Processing Industry Association should bear. The purchase contract between Shenmaren and Ningbo Sanying Acqual Foodstuff Co., Ltd. (Sanying), which was not a party to the case, the warehouse-out records and receipts from

Shenmaren, the proofs produced by Sanying, and the photocopy of Sanying's Business License could preliminarily prove that the ribbonfish produced and marketed by Shenmaren was produced in Zhoushan.

For this reason, Shenmaren's indication of "Selected Zhoushan Ribbonfish Segments" on the ribbonfish originally produced there was fair use of the geographical name, and did not infringe the trademark right of the Zhoushan Aquatic Products Distribution and Processing Industry Association. Accordingly, the first-instance court decided to have rejected the Zhoushan Aquatic Products Distribution and Processing Industry Association's litigant claims. Dissatisfied with the court decision, the Zhoushan Aquatic Products Distribution and Processing Industry Association appealed. In the case of appeal, it submitted the additional evidence of Sanying's denial of its relevance with the evidence Shenmaren had produced, and what Shenmaren additionally submitted to prove was contradictory to what it previously produced to prove.

The second-instance court concluded that a certification trademark was a mark used to indicate the place of origin, raw material, method of manufacture, quality of goods or other quality particular to the goods, and primarily to prove the special quality particular to a product or service. A certification trademark owner should not inhibit others from legitimately using the geographical name, but the natural person, legal entity or any other organisation that legitimately used the geographical name should prove that his or its goods were indeed produced in the region indicated in the certification trademark. While, in the case, Shenmaren did not file a request with the Zhoushan Aquatic Products Distribution and Processing Industry Association to use the mark in suit, if the goods of ribbonfish it produced and marketed were indeed produced in the sea area of Zhoushan, Zhejiang, the Zhoushan Aquatic Products Distribution and Processing Industry Association should not deprive it of its right to use "Zhoushan" on the goods of ribbonfish to show their place of production, including the right to use "Selected Zhoushan Ribbonfish Segments" to indicate its goods. Meanwhile, while the "Selected Zhoushan Ribbonfish Segments" Shenmaren used on the goods in suit was different from the trademark in suit, as the word part of the mark was covered in the "Selected Zhoushan Ribbonfish Segments" and used saliently to indicate the goods by Shenmaren, the relevant sector of the public would believe that the goods in suit were ribbonfish produced in the sea area of Zhoushan; if the

goods were not, the Zhoushan Aquatic Products Distribution and Processing Industry Association had the right to prohibit Shenmaren from using the certification trademark or saliently using the word "Zhoushan" in the way involved in the case, and held it liable for infringement. As the producer of the goods in suit, Shenmaren was under the burden to prove that the goods were produced in the sea area of Zhoushan. It was not undue for the first-instance court to have determined, according to the former evidence, that the evidence from Shenmaren could prove that the goods were produced in the sea area of Zhoushan. However, as the additional evidence from Shenmaren and the Association showed, the evidence available in the case was insufficient to prove that the goods in suit were produced in the sea area of Zhoushan. Where Shenmaren could not prove the goods in suit it produced and marketed were produced in the sea area of Zhoushan, its use of "Selected Zhoushan Ribbonfish Segments" on the goods was illegitimate use, and infringed the Association's exclusive right to use the mark in suit.

Determination on imposing liability for damages excessive of the statutory amount of damages

Under Article 56 of the Trademark Law, the amount of damages for infringement of the exclusive right to use a mark is equivalent to the benefits the infringer made because of the infringement in the time of infringement, or the losses the infringer suffered because of the infringement in the time of infringement; where it is difficult to determine the benefits the infringer made or the losses the infringer suffered because of the infringement in the time of infringement, it is possible to impose the damages at the amount of RMB 500,000 yuan or less depending on the circumstances of the infringement. An infringer who committed serious infringement, in obvious bad faith, and secured huge amount of benefits from infringement can be held liable for the statutory damages exceeding the upper limit of RMB 500,000 yuan under the Trademark Law in the presence of evidence showing that the benefits made because of infringement greatly exceeded the statutory amount of damages.

In BMW (translated into "宝马", pronounced as "bao ma", and meaning "precious horse" in Chinese) v. Guangzhou Century Baochi Clothing Industry Co., Ltd. (Baochi), Beijing Fangtuo Business Management Co., Ltd. (Fangtuo), and Li Shuzhi⁶, a case of dispute over trademark infringement and unfair competition, BMW acquired, by way of registration or assignment, the exclusive right to use the registered trademarks of "BMW", "宝马" (complicated word

form of “宝马” in Chinese), “宝马” word and/or device (Nos. 282195, 282196, 784348, G921605, G955419 and G673219) in respect of goods of motor vehicles, motorcycle and parts thereof in class 12, or goods in class 25, such as clothing, shoes and caps; the trademarks in respect of motor vehicles, motorcycle and parts thereof in class 12 were once established as well-known trademarks by the courts and the State Administration for Industry and Commerce. Baichi used a mark identical with or similar to BMW's above marks on the clothing it made and marketed, and Li Shuzhi sold said infringing goods in the store she rented from Fengtuo. The first-instance court concluded that Baochi's use of a mark similar to BMW's in respect of goods in identical class infringed the latter's exclusive right to use its marks. Given that BMW did not produce proof of its specific losses, nor the evidence sufficiently show Baochi's secured benefits because of the infringement, it was possible to impose the damages for the infringement at an amount depending on such factors as the bad faith in, scope and the circumstance of, the infringement by Baochi and the repute of BMW's registered trademark in suit. Accordingly, the first-instance court decided that Baochi paid the BMW RMB 500,000 yuan in compensation of its financial losses and RMB 30,000 yuan for the reasonable litigation expenses.

The second-instance court concluded that an infringer who committed serious infringement, in obvious bad faith, and secured huge amount of benefits from infringement can be held liable for the statutory damages exceeding the upper limit of RMB 500,000 yuan under the Trademark Law in the presence of evidence showing that the benefits made greatly exceeded the statutory amount of damages. In the case, it was not undue for the former court to have decided on the amount of damages of RMB 500,000 yuan according to the circumstance of the case on the basis of the evidence available, the new evidence from the BMW in the case of appeal showed that Baochi had franchised a lot of stores in Shanxi Province, and in the franchised stores in Taiyuan City, Yuncheng City and Datong City in the Province, clothing and shoes were sold which borne the infringing indications and were indicated Guangzhou Century Baochi Clothing Industry Co., Ltd. as the general agent in China. In a special action to protect the BMW's registered device trademark, the Shanxi Province Industry and Commerce Bureau found a lot of the allegedly infringing goods sold, and a lot of such goods kept in the venue of the franchised stores, with the price value amounting to more than RMB ten million yuan. The BMW pre-

sented the evidence of the publicity material on Baochi's website, stating that “To date, the “丰宝马丰” (pronounced as “feng bao ma feng” in Chinese) under Baochi is now extremely popular, and has nearly 300 sales terminals in all parts of China. ...”; to be franchised, one in municipalities directly under the Central Government should pay RMB 300,000 yuan for goods for the first time; in a Provincial City RMB 200,000 yuan; and in a city of prefecture RMB 100,000 yuan.” This evidence was sufficient to show that Baochi had committed the infringement for a long time, in obvious bad faith, in a wide scope and with extremely serious circumstances, and made tremendous benefits much more than RMB two million yuan. Besides, the BMW's registered trademarks were highly reputable, and it had paid all the reasonable expenses, such as the lawyers' fee, notarisation fee and expenses for collecting evidence, to cease the infringement. To ensure sufficient realisation of the righter's legitimate rights and interests, increase the costs of infringement, and decrease the cost of enforcement, the second-instance court, based on the new evidence from the BMW, fully supported the BMW's claim for the damages, and decided that Baochi paid BMW RMB two million yuan in compensation of its financial losses and reasonable litigation expenses.

Determination that it is undue to suspend the refusal re-examination judicial proceedings when opposition is raised only to the registration of reference trademark

In an administrative lawsuit involving trademark refusal reexamination, after the Trademark Office and TRAB both refused registration on the ground that the reexamined trademark is similar to a reference trademark, if the reexamined trademark applicant raises an opposition to the registration of the reference trademark, and, accordingly, requests to suspend the review of refusal reexamination lawsuit, it is possible not to support the request for the suspension as it is rather uncertain whether the reexamined trademark applicant would finally win in the opposition case and it might take much time for the case to finalise.

In *Ermannopan-Europekft v. TRAB*⁷, an administrative case of dispute over trademark refusal reexamination, the re-examined trademark was Ermannopan-Europekft's “ER-MANNO SCERVINO” trademark (No. 5234796) filed for registration on 23 March 2006, and the reference trademark was Pan Liming's “ERMANNNO SCERVINO” trademark (No. 5106726) filed for registration on 9 January 2006. The Trademark Office refused to register the re-examined trademark on the ground that it was similar to the reference trade-

mark. Ermannopan-Europekft, when requesting the TRAB for review, accepted the fact that the trademark applied for registration was similar to the reference trademark, but alleged that the registration of the latter infringed the lawful right and interest in its prior well-known trademark, so it raised opposition to the registration of the reference trademark, and the Trademark Office accepted the opposition. Therefore Ermannopan-Europekft requested the TRAB to suspend its review. For the TRAB, Ermannopan-Europekft's ground for suspending the review was untenable and legally baseless as it was very difficult to see from the evidence for the raised opposition that its trademark applied for registration was of some repute before the reference trademark was filed for registration, and it was very much uncertain whether the reference trademark would be refused. Hence, the TRAB did not agree to suspend its review, and decided to have refused the application for registration of the re-examined trademark. The first-instance court concluded that it was not undue for the TRAB not to suspend its review, and it was due for the TRAB to have determined that the trademark applied for registration was identical with or similar to the reference trademark in respect of identical or similar goods, so it decided to have sustained the decision in suit.

The second-instance court concluded that the trademark applied for registration was identical with or similar to the reference trademark in respect of identical or similar goods; Ermannopan-Europekft alleged that registration of the reference trademark infringed the lawful right and interest in its prior well-known trademark; for this reason, its opposition to the registration of the reference trademark was accepted by the Trademark Office, so the case of review should be suspended. Relatively to the trademark applied for registration, however, the reference trademark was still a prior filed and preliminarily examined and published mark, and an identical or similar one used in respect of identical or similar goods. While Ermannopan-Europekft raised opposition to the registration of the reference trademark, the evidence available in the case could not convince the court that the application for registration of the reference trademark would, for sure, be refused in the end; hence it was not undue not to have suspended the case of review before TRAB.

Determination that it is possible to accept additional new evidence a party produces in litigation

Under Article 59 of the Supreme People's Court's Provisions on Several Issues Relating to Evidence in Administrative Procedure, the courts do not refuse to accept all ad-

ditional evidence that a party to an administrative case produces in the administrative procedure or lawsuit, and it did not submit in the administrative examination or review. Only if such a party should produce the evidence, but refuses to do so would the courts generally not accept such evidence. Whether evidence of the kind should be accepted should be determined by considering the difficulty in adducing the evidence in a particular case and presence of factors of subjective fault, such as lack of due diligence to adduce evidence, and by keeping in mind the goal of resolving dispute in a fair and complete manner to achieve the substantive and procedural justice depending on varied circumstances. Determination of repute of a trademark requires support by a lot of evidence. Given that the opposition reexamination procedure before the TRAB is yet to be improved, if a party produces, in litigation, evidence showing the repute of a reference trademark and another relevant mark, even if the evidence was not presented to the TRAB, so was not the base on which an administrative decision in suit was made, but if the evidence indeed objectively proves the repute of the relevant trademark, it is possible, if necessary, to order the TRAB to make another adjudication with the evidence considered.

In *Kimrsrm Inc. v. TRAB and Lin Haibo*⁸, an administrative case of dispute over trademark opposition reexamination, the trademark under opposition was the trademark "CHEMISEAL" (No.3881182) Lin Haibo filed for registration to be used in respect of goods of industrial adhesive and curing agent in class 1. Kimrsrm filed an opposition to the application with the Trademark Office, and the latter had decided on approving said trademark under opposition for registration. The TRAB concluded, upon reexamination, that the evidence available in the case was insufficient to show that, before the date on which the trademark under opposition was filed for registration, Kimrsrm had used "CHEMISEAL" as a trademark in respect of goods of industrial adhesive and curing agent, and the trademark had had certain influence through use in Mainland China; hence the trademark under opposition was not involved in the circumstance of "registering another party's trademark that has certain influence by unfair means" mentioned in Article 31 of the Trademark Law, and decided to have approved the registration of the trademark under opposition. Kimrsrm produced to the first-instance court the invoice (evidence 3) showing Kimrsrm selling the "CHEMISEAL" brand adhesive to the Dongyuan (HK) Ltd. (Dongyuan), and the invoice (evidence

4) showing Dongyuan re-sell the “CHEMISEAL” brand adhesive made by Kimrsm. Evidence 3 was formed in Japan and notarized, and evidence 4 in Hong Kong, but not notarised. The first-instance court concluded that Kimrsm presented the new evidence in the case that was not in the phase of trademark review and adjudication, nor give a reasonable explanation, and this was not one on the basis of which the TRAB had made its decision, so it was not acceptable. For the court, it was correct for the TRAB to have determined that the registration of the trademark under opposition was not contrary to Article 31 of the Trademark Law, and the TRAB’s adjudication was sustained. The second-instance court concluded that the evidence Kimrsm produced in the first instance was a supplement to the evidence produced in the phase of trademark review and adjudication, and it was not indiligent, nor negligent to adduce evidence; it was not fair to Kimrsm if the evidence was not accepted by the court, nor conducive to completely resolving the dispute. Although evidence 4 was formed in Hong Kong, but not notarised, upon being comprehensively considered evidence 3 and evidence 4 were both original, authentic, related and lawful, so acceptable. Evidence 3 could prove that Kimrsm had sold the “CHEMISEAL” brand adhesives to Dongyuan based in Hong Kong before the date when the trademark under opposition was filed for registration. Evidence 4 could show that Dongyuan had resold, before the date when the trademark under opposition was filed for registration, the “CHEMISEAL” brand adhesive in Guangzhou City and Shenzhen City, Guangdong Province. The Guangzhou City Letianbaoye Co., Ltd., bought the goods four times, Shenzhen Lida Trade Corporation one time, Shenzhen Yusheng Adhesive Trade Corporation six times and Shenzhen Hetai Trade Corporation two times, altogether involving nearly RMB 80,000 yuan, which was enough to prove that the involved “CHEMISEAL” trademark had certain influence in Guangzhou and Shenzhen as adhesive was not valuables. After these businesses put the RMB 80,000-yuan worth of adhesive on the market, the “CHEMISEAL” trademark had even greater influence. Accordingly, the “CHEMISEAL” trademark in respect of adhesive was a mark that Kimrsm had used first and which had certain influence. As the applicant of the trademark under opposition, Lin Haibo, was domicile in Shenzhen City, Guangdong Province, the influence of the “CHEMISEAL” trademark was enough in the city to reach him. According to the good-faith doctrine, Lin Haibo should have avoided using Kimrsm’s prior “CHEMISEAL” trade-

mark. His subjective bad faith was present as he had filed it for registration as a mark of his own. His act was of unfair competition by registering, by unfair means, Kimrsm’s prior mark that had certain influence. Therefore, the registration of the trademark under opposition was contrary to Article 31 of the Trademark Law. ■

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¹ The Beijing Higher People’s Court’s Administrative Judgment No. Gaoxingzhongzi 1733/2011, and the Beijing No. 1 Intermediate People’s Court’s Administrative Judgment No. Yizhongzhixingchuzi 1242/2010.

² The Beijing Higher People’s Court’s Administrative Judgment No. Gaoxingzhongzi 1365/2012, and the Beijing No. 1 Intermediate People’s Court’s Administrative Judgment No. Yizhongzhixingchuzi 399/2012.

³ The Beijing Higher People’s Court’s Administrative Judgment No. Gaoxingzhongzi 857/2011, and the Beijing No. 1 Intermediate People’s Court’s Administrative Judgment No. Yizhongzhixingchuzi 3488/2010.

⁴ The Beijing Higher People’s Court’s Administrative Judgment No. Gaoxingzhongzi 701/2012, and the Beijing No. 1 Intermediate People’s Court’s Administrative Judgment No. Yizhongzhixingchuzi 773/2011

⁵ The Beijing Higher People’s Court’s Civil Judgment No. Gaominzhongzi 58/2012, and the Beijing No. 1 Intermediate People’s Court’s Civil Judgment No. Yizhongminchuzi 9242/2011.

⁶ The Beijing Higher People’s Court’s Civil Judgment No. Gaominzhongzi 918/2012, and the Beijing No. 2 Intermediate People’s Court’s Civil Judgment No. Erzhongminchuzi 4789/2011.

⁷ The Beijing Higher People’s Court’s Administrative Judgment No. Gaoxingzhongzi 120/2012; and the Beijing No. 1 Intermediate People’s Court’s Administrative Judgment No. Yizhongxingchuzi 2590/2011.

⁸ The Beijing Higher People’s Court’s Administrative Judgment No. Gaoxingzhongzi 1271/2012, and the Beijing No. 1 Intermediate People’s Court’s Administrative Judgment No. Yizhongxingchuzi 528/2012.