

A Comprehensive Analysis of Adjudication of Trademark Administrative Cases by Beijing No. 1 Intermediate People's Court

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I. Application of Article 10, paragraph one (8), of the Trademark Law¹ relating to “unhealthy influences”

Article 10, paragraph one (8), of the Trademark Law provides that those detrimental to socialist morals or customs, or having other unhealthy influences should not be used as trademarks, in which “unhealthy influences” generally refer to those of words/devices *per se*, rather than those resulting from registration or other circumstances. This interpretation means that any word/device having unhealthy influences would not be registered no matter who files application for registration thereof. For example, the “hua an fuo”

mark² used in respect of goods of liquor and the “xin fu yan” mark³ used in respect of infant foodstuff are circumstances of the kind. These marks would be determined as having unhealthy influences whoever files application for registration thereof, with no different consequences caused due to different applicants.

However, in practice, the unhealthy influence provision is not consistently interpreted. Under some circumstances, the Trademark Review and Adjudication Board (TRAB) or the courts apply this provision to words/devices having no unhealthy influences *per se*. Views are divided in practice as to whether the practice is due. There are four circumstances with this practice.

First, registration, as trademarks, of full names, abbrevi-

ations or relevant names of enterprise names

In determining whether a trademark of the kind has unhealthy influences, the TRAB and the courts commonly make their determination by the standard of consistency of the trademark and the applicant thereof. If they are consistent, registration is allowable. If not (including inconsistencies in terms of form of origination and trade name), the trademark is found or determined as having unhealthy influences, and not approved for registration.

The case involving “MGL Metro Group Logistic” involves an inconsistent trade name. In the case, the court opined that the name of the plaintiff (trademark applicant) was “Mip Metro Group Intellectual Property GMBH & Co. KG”, and the mark applied for registration was “MGL Metro Group Logistic”. The two were not the same, and were likely to confuse consumers about the source of the goods or services, and thus had unhealthy influences.⁴

The case involving the “天普集团 (pronounced as “tian pu ji tuan” and meaning “Tianpu group” in Chinese) TianPu Group and device” trademark involved inconsistent organizational form. In the case, the name of the trademark applicant was Beijing Tianpu Solar Energy Industry Co., Ltd, and the Chinese words of the trademark applied for registration were “天普集团 TianPu Group”. While the trade name of the trademark applicant was identical with the words of said trademark, the court found the two substantially different, and likely to confuse the relevant sector of the public about the sources of the goods in respect of which the trademark was used, so the trademark had unhealthy influences.⁵

In cases involving inconsistent organizational form, but consistent trade names, trademark applicants usually argue that even if such inconsistencies will cause confusion or misunderstanding on the part of the relevant sector of the public, only organizational form will be misunderstood, which is not a substantial misunderstanding, so the trademarks should not be found having unhealthy influences. Normally, the court does not support this argument. If, however, a trademark applicant has evidence to prove his or its relationship under a license, the court would allow registration of trademarks of the kind.

For example, in the case involving the “Daohuaxiang Group” trademark, the plaintiff (trademark applicant) was Hubei Daohuaxiang Liquor Industry Co., Ltd. While it was different from “Daohuaxiang Group”, the mark applied for registration, in terms of organizational form, given that the evidence available could prove that the plaintiff was the parent

company of the Hubei Daohuaxiang Group, and its use of the “Daohuaxiang Group” for application for trademark registration had been approved by the Hubei Daohuaxiang Group, the court concluded that registration of the trademark applied for registration would not cause unhealthy influences.⁶

Second, application of names of celebrities for registration as trademarks

In practice, there are many cases in which names of celebrities or famous figures have been registered as trademarks, and most of these trademarks have nothing to do with the celebrities *per se* (the applicants are neither the celebrities themselves, nor legitimately authorized by them). While these trademarks more involve the issue of the name right, in some cases, the TRAB or the court would apply the unhealthy influence provision to prohibit the registration thereof.

For example, in the case involving “Jin xi shan” (Chinese name of a Korean film star, with the last character written in a different form), the court concluded that the trademark applied for registration was similar to the translated Chinese name of the Korean film star Kim Hee San (pronounced as “jin xi shan”) widely used in China, and likely to cause consumers to take it as Kim Hee San’s translated Chinese name, and believed that the plaintiff was somewhat related to her, confusing them about the source of the products, and having unhealthy social influences⁷.

For another example, in the case involving “ya ping” trademark, the trial court held that the registration and use of the disputed “ya ping” trademark in respect of goods of table tennis bat were quite likely to mislead the public and the relevant consumers, and cause them to associate the goods with Ms. Deng Yaping (a famous woman table tennis player in China), so the trademark had certain negative influences on the public order. For this reason, the registration of the trademark in suit was contrary to Article 10, paragraph one (8), of the Trademark Law.

In practice, however, circumstances of the kind are not treated all alike.

For example, in the case involving “ya ping” trademark, the second-instance court, taking a view different from that of the first-instance court, concluded that while it was possible for the relevant sector of the public to believe that there was certain connection between the goods in respect of which the trademark in suit was used and Deng Yaping, the famous table tennis player in China, this consequence would not produce negative influence on the public interests and

the order in terms of politics, economy, culture, religion and ethnic communities in China. The registration of the trademark in suit only involved the matter of possible infringement of Deng Yaping's civil right and interest, a specific civil right and interest, without involving the public interests or order. For this reason, Article 10, paragraph one (8) of the Trademark Law should not apply.⁸

Third, registration of "large number" of others' well-known trademarks in respect of dissimilar goods or services

Some trademark applicants have large number of others' well-known trademarks registered in respect of goods or services different, in class, from those in respect of which the well-known trademarks are used. These trademarks are prohibited from registration under some circumstances for having unhealthy influences.

For example, in the case involving "lao si lai si" (Chinese transliteration of the "Rolls-Royce" trademark), the trademark applicant filed applications for registration of several "劳斯·莱斯 (pronounced "lao si lai si" in Chinese) ROUSI REISI and device" trademarks in respect of goods in classes 7, 14, 16, 18 and 19. Besides, it also filed applications for registration of the "索爱新力 SanyErrissan and device" trademark in respect of goods in many classes. The court concluded that the plaintiff had registered large number trademarks similar to "Rolls-Royce" trademark in respect of goods of different classes, and other trademarks of relatively high repute; said registration was contrary to the good-faith doctrine, and objectively detrimental to the order of trademark registration, but did not infringe others' specific civil rights and interests. For this reason, the registration was contrary to Article 10, paragraph one (8), of the Trademark Law.⁹ Besides, in the case involving "fen da" trademark, the court adopted the same practice.¹⁰

Fourth, registration of large number of trademarks not for the purpose to use them

Under some circumstances, while large number of trademarks a trademark registrant registered are not others' well-known trademarks, if the TRAB or the courts can reasonably determine that the trademark registrant's registration of these trademarks is not for the purpose to use them, the TRAB and the courts would prohibit such registration according to the unhealthy influence provision.

For example, in the case involving "ha li bo te" (Chinese transliteration of "Harry Potter") trademark, the plaintiff Yao Hong had registered not only the opposed trademark, but also several dozens of other marks, such as "哈里·波特

(pronounced as "ha li bo te" in Chinese) HaLiBoTe", "哈里·波特", "哈利·波特" (pronounced as "ha li bo te" in Chinese), and "Harry Potter". The court found the trademarks in suit having unhealthy influences.¹¹ In the case, while the plaintiff's illicit purpose to utilise the name of a character was mainly considered, his act of registration of such large number of trademarks was also a major factor considered in the court procedure.

Of course, it needs to be pointed out that neither the TRAB nor the courts would naturally find registration not for the purpose of use only because a trademark registrant files application for registration of several trademarks. Such conclusion is drawn generally by also considering other factors of the case, including the nature of the trademark applicant (usually considering whether the applicant is a natural person or not), whether an applicant enjoys the legitimate right in the trademark filed for registration (usually considering whether the trademark is another party's well-known mark, or whether it is the name of a character in a work well known to the public) and a trademark applicant's statement in the court and evidence showing use of the trademark (namely, whether he or it has evidence to prove his or its use of the relevant mark, and whether his or its explanation of his or its motivation to register large number of trademarks is reasonable). In the case involving the "ha li bo te" trademark, the trademark applicant was a natural person, and he did not produce any relevant evidence. It could reasonably be concluded, by considering these factors, that the trademark applicant had no intention to use the trademarks.

Views are divided in practice as to whether unhealthy influence provision is applicable to the above-mentioned four circumstances. The presence of the divided views, to a large extent, results from the absence of an embrative provision regulating acts contrary to the good-faith doctrine in the Trademark Law. As a result, different judges consider different factors in adjudication of different cases, and draw different conclusions. Of course, which practice or view is more reasonable or justifiable more depends on different orientation of value, and it is hard to draw one single conclusion for all cases. In the following section of the article, this writer will be briefing on the matter to enable readers to better understand judges' line of thinking in the court procedure.

1. Considered factors to which the unhealthy influence provision does not apply

In cases where this practice is adopted, judges more consider the meaning of statutory law provisions *per se*, a

practice which is obviously in compliance with the basic requirement for the application of law. Law provisions should be, in principle, construed or interpreted according to the wordings and expressions used therein; even if they can be correspondingly interpreted, the interpretation, in principle, should not go beyond the scope of meaning covered by the wordings and expressions thereof. For the unhealthy influence provision, as the wordings show, the unhealthy influences define words/devices, rather than acts of registering the same or any other party's prior right. For this reason, it is reasonable to understand that the provision applies only to the circumstance where a word/device *per se* has unhealthy influences, which is also confirmed in Articles of the Supreme People Court's Opinions on Several Issues Relating to Adjudication of Administrative Case Involving Trademark Right Grant and Affirmation.¹²

2. Considered factors to which the unhealthy influence provision applies

Unlike the preceding practice, judges following this practice more consider the reasonableness of conclusions drawn, that is, whether a trademark of the nature is substantially not registrable. If it is not, where the unhealthy influence provision is not applicable, whether there is any other applicable provision in the Trademark Law is considered. If there is, account is taken of whether regulation through application of other provisions would cause procedure waste, and whether it would cause detriment to the interests of the relevant sector of the public as a result of a different procedure chosen. Out of the above considerations, some judges believe that all the above four circumstances are those under which trademarks should objectively not be approved for registration, and expanded interpretation of the unhealthy influence provision to eventually prohibit registration of these trademarks is relatively the best choice among the current provisions.

As for the circumstances where the trademark in respect of which an application is filed and the trade name of the applicant are consistent, but the trademark is not consistent to the organizational form, the court finds it having unhealthy influences mainly because the court discourages registration of enterprise names as trademarks. While a trademark essentially functions to distinguish different sources of goods or services, so do words/devices of enterprise names, the knowledge of the relevant sector of the public about trademarks and that of enterprise names are different after all, and there is a separate system to regulate

enterprise names. Therefore, while the Trademark Law prohibits registration of words/devices of enterprise names as trademarks, it should, in principle, be avoided as much as possible to protect enterprise names through registration of trademarks, so as to avoid confusion of the lines of demarcation in application of the two systems of enterprise names and trademark registration.

As for the circumstances involving others' name right or prior well-known trademarks, the court applies the unhealthy influence provision mainly out of the consideration of procedure-effectiveness and the interests of the public. While Article 13, paragraph two, and Article 31 of the Trademark Law may apply to regulate trademarks of the nature, application of the provision means that trademarks of the nature can only be handled in the opposition or dispute phase and only at a prior rightholder's request. However, in practice, there are large number of registered trademarks of the kind. If the issue is considered only at the request of a prior rightholder during the opposition or dispute procedure, consequently, large number of trademarks of the nature would be approved for registration; once these trademarks enter the market, the relevant sector of the public would inevitably believe that they are related to some famous persons or well-known trademark owners, and to purchase the goods out of their trust in the famous person and well-known marks, causing detriment to the interests of the relevant sector of the public. This consequence should be deemed to be a circumstance prohibited under the Trademark Law.

As for registration of trademarks in large number not for the purpose of use, the court applies the unhealthy influence provision mainly out of the consideration that the legislative aim of the Trademark Law to encourage use of trademarks and alternation of law provisions. While the system of trademark registration is adopted in the Chinese Trademark Law, it does not mean that the Trademark Law protects the act of registration *per se*. What the Trademark Law essentially still encourages is use of trademarks upon registration thereof. The purpose of trademark applicants to have their marks registered in cases of the kind is generally to sell trademarks to seek benefits, rather than using them in respect of specific goods or services, which is obviously not compatible with the aim of the Trademark Law to encourage use. Taking a panoramic view of all the provisions on relative grounds and absolute grounds, except Article 41 on "by fraud or any other unfair means" possibly applicable to the circumstance, no other provisions are applicable; but the provision of Article

41 is only applicable to cases involving dispute, not naturally to cases involving opposition reexamination and refusal reexamination. For this reason, this provision is obviously not the best alternative. Based on these considerations, in some cases, judges are inclined to duly interpret more widely the unhealthy influence provision to try as much as possible to ensure to achieve reasonable consequences.

It is worth noting that, in respect of the act of registration of large number of trademarks not for the purpose of use, the TRAB has begun, in recent years, to refuse to register them on the ground that such act is contrary to Article 4 of the Trademark Law¹³, and to date, the first-instance and second-instance courts have substantially confirmed the practice.

For example, in the case involving “cui qin zhai” trademark, the plaintiff, the Hangzhou Junbo IP Agency Co., Ltd, registered many trademarks, including the one in suit, in respect of goods in classes 29, 30 and 43. Upon registration of these trademarks, the plaintiff put on advertisements to auction them in press (including the trademark in suit) at the opening price of RMB 500,000 yuan. In the case, the TRAB cancelled the trademark in suit for lack of purpose of use. Confirming the adjudication, the first-instance court concluded that the act of the plaintiff to apply for registration of the trademark in suit completely identical with the third party's cited trademark and sell said trademark right upon approval for registration had the purpose to seek interest by taking advantage of the third party's relatively high repute, and its purpose was illegal; registration of the trademark in suit was not for the purpose of fair use. Therefore, the act was contrary to Article 4 of the Trademark Law.¹⁴ The second-instance court affirmed the decision.¹⁵

No doubt, the intention of the practice is good. But for this writer, application of the provision is worth discussion. The current Trademark Law has specified the application of provision on registrability in trademark examination, namely, only limited to provisions on absolute and relative grounds. Article 4 is obviously not such a provision. Under this circumstance, if application of Article 4 is only to prohibit registration, it seems better to duly broaden, by way of interpretation, the scope of application of the provision on unhealthy influence, application of which would at least not create another law provision on absolute grounds.

II. Interpretation of provision that no trademark registration shall “infringe other party's existing prior rights” mentioned in Article 31 of the Trademark Law

1. Determination of “existing prior” rights

1) Determination of “prior” rights

As several points of time, including date of filing, date of preliminary examination publication, date of registration approval, date of adjudication and date of judgment, are involved in the entire trademark registration procedure, in practice, the issue to be addressed first is according to what point of time of the trademark in suit the involved right is determined as constituting the prior right.

The current prevalent practice is to determine a prior right according to the “filing date” of a trademark in suit.

For example in the case involving the “xiao fei yang” (meaning “little fat sheep” in Chinese) trademark, the plaintiff, the Xiaofei yang Corporation, claimed that the prior right was its trade name right. The TRAB did not support the claim mainly because said trade name was not highly reputable before the filing date of the opposed trademark.¹⁶

However there exists another practice, believing that a prior right should be determined according to the date of generation of the exclusive right to use a trademark in suit.

For example in the case involving the “xiao fei yang” trademark, the first-instance court concluded that in a case of opposition reexamination pending in the administrative procedure, the point of time according to which whether a relevant civil right was a right “prior” to an opposed trademark should be the date on which a decision was made, not the filing date of the opposed trademark.¹⁷

The court has adopted the practice mainly out of the consideration of the legislative aim of Article 31 of the Trademark Law relating to prior rights. For the court, the fundamental aim of this provision is to avoid conflict of rights as much as possible, that is, to avoid co-existence of the valid exclusive right to use a trademark and other civil rights or interests in the same word/device. The exclusive right to use a registered trademark is likely to conflict with another civil right or interest only after the trademark in suit is legally registered. But, regarding opposition reexamination pending in the administrative procedure, the earliest time when the ex-

clusive right to use the registered trademark of an opposed trademark is generated is the date on which a judgment is rendered in said procedure, not the filing date. For this reason, in a case involving trademark opposition reexamination, the prior right should be determined only according to the date on which a judgment is rendered rather than the filing date. Of course, the time point of the filing date of a trademark in suit is by no means useless, but its usefulness is more embodied in determination of bad faith on the part of trademark registrant, not on the issue relating to right conflict determination.

It should be noted that following this practice in cases involving trademark opposition reexamination does not mean that the date on which a judgment is rendered is also taken as such a date in cases of disputes. Since a case of dispute involves a registered trademark, the time when the right conflict is generated is the date on which said trademark was registered; hence in such a case, the prior right should be determined according to the date on which said trademark was registered.

2) Determination of “existing” right

A rather complicated issue in “existing” right determination is whether the “existing” right of a trademark in suit is constituted if the prior right in suit loses its validity in the trademark registration procedure.

The case involving the “jin tai lun” trademark involves such an issue. In the case, the plaintiff, the owner of the trademark in suit, alleged that the third party’s design patent expired when the adjudication in suit was made, so it was not an “existing” prior right. The court, not supporting the plaintiff’s allegation, opined that an existing right should not be determined according to the date on which the adjudication or judgment in dispute was made, but according to the date on which the trademark in suit was registered. Given that the design patent remained valid when the trademark in suit was registered, it constituted the prior right of the trademark in suit.¹⁸ The second-instance court affirmed the practice.¹⁹

The court follows this practice out of consideration of the fundamental aim of this provision to prevent right conflicts. After a right in suit expires, the rightholder, within the limitation of action, can sue against another party for infringement committed within the term of the right. For this reason, maintaining the registration of a trademark in suit valid in the procedure where the right is invalid is still likely for a right conflict to arise, and goes against the legislative aim of the provision on right conflicts. Of course, determina-

tion of an existing right according to the date of trademark registration is still likely for the circumstance to arise under which the trademark in suit is invalidated when there are no right conflicts (as the trademark owner did not infringe the right in the trademark or, in case of infringement, the right expired). Such a circumstance, however, is not unavoidable. If the trademark owner can adduce evidence to show non-existence of right conflict, the court may also consider to keep the registration of the trademark in suit.

It should be pointed out that like determination of the “prior” right, determination of an existing right in the trademark opposition reexamination case differs from that in a case of dispute. As an opposed trademark is not a valid registered trademark, if the prior right has lost its validity in the registration procedure of the opposed trademark, it is objectively unlikely to conflict the opposed trademark, and accordingly, should not be deemed to be the existing right of the opposed trademark.

2. Whether prior rights include merchandising right

In practice, some interested parties may raise opposition to, or dispute over, a trademark on the ground that registration of the trademark in suit would impair its or his merchandising right.

For example in the case involving the “fan jing shan” (the geographical name of a place in Guizhou Province, China) mark, the plaintiff, Guizhou Fanjingshan National Natural Reserve Authority, claimed that Fanjingshan was State-owned asset under its administration, and the plaintiff put in a lot of manpower, material resources, and money to protect and manage it, so it was entitled to the merchandising right of the name “fan jing shan”, and had the right to prohibit any other party from registering the name as a trademark in respect of the service in class 41, such as hosting sports events. The court did not support the claim, and concluded that the merchandising right was not one of the statutory rights, nor was it clear in contents, nor included in the scope of prior rights under the law, so the trademark in suit did not constitute the circumstance of “infringing another party’s existing prior right” mentioned in Article 31 of the Trademark Law.²⁰

In the available cases, the court basically follows this practice if any party clearly claims his or its merchandising right. This practice is mainly based on the consideration of the statutory legal right doctrine, according to which protection of a right should be based on express law provisions, not determined in an individual case by the court. Where the

merchandising right is not a statutory right, the court cannot determine the subject matter and scope of protection thereof, which naturally makes it impossible for the court to determine whether registration of the trademark in suit is an infringement of the merchandising right.

It should be pointed out, however, that while the court, in form, does not clearly affirm the merchandising right in some individual cases, nor use the expression of “merchandising right”, the substantial result of its determination is equivalent, to an extent, to protection of the merchandising right. Whether this practice is due or not requires further exploration.

In the case involving the “007” trademark, the plaintiff, Qiaodan Corporation, alleged that the opposed trademark “007 零零柒” (pronounced as “ling ling qi” and meaning “007” in Chinese) infringed its prior right. The court opined that “007”, as the name of an actor in the series of films of “007”, was highly reputable, and the business value and opportunity brought from the reputation should be determined as civil rights and interests protected by law. Any use of the opposed trademark in respect of marriage oriented match making services would be prejudicial to the business value and opportunity the reputation had brought to the Qiaodan Corporation, and unfairly impaired its rights and interests; hence, registration of the opposed trademark infringed the Qiaodan Corporation’s prior right.²¹

3. Determination of infringement of prior name right

In cases involving prior name right, views are often divided in determining the following two issues: whether the precondition for the protection of a name right is the presence of reputation of a civil entity in China (an issue this writer elaborated in detail in the overview made in 2013, so it is not belabored any more here); and whether protection of a name right requires consideration of the specific class of goods or services, an issue to be mainly discussed below.

In practice, many people believe that protection of a name right requires consideration of the class of goods or services. For example, protection of the name right of a sports star should be limited to the class of sports-related goods or services, and that of a fashion designer or model to the class of fashion related goods or services or goods or services similar thereto, to mention just a few. This view, however, is not accepted by the court in some cases.

For example in the case involving the “Iverson” trademark, while Iverson is the name of a star basketball player and the opposed trademark was to be used in respect of goods of “cattle hide, umbrella and animal leather”, which

are irrelevant to Iverson’s profession, the court concluded that registration of the opposed trademark infringed Iverson’s prior name right.²²

The court made the conclusion mainly out of the consideration that infringement of a prior name right should be found under the General Principles of the Civil Law, rather than the Trademark Law. Obviously, a class of goods or services is an element considered in the Trademark Law, not in the General Principles of the Civil Law; hence, determination of it is not naturally related to that of infringement of the name right. Of course, this element is not void of any effect on the determination of infringement of the name right. As the provisions of the General Principles of the Civil Law relating to the name right show, the core of finding name right infringement lies in the presence of illicit purposes. For this reason, if the element of class of goods or services is sufficient to impact the determination of illicit purposes, it then possibly impacts the determination of name right infringement. However, if, with the element of class of goods or services not considered, the evidence available is sufficient to prove that a trademark applicant makes use of another person’s name for illicit purposes, his or its use of the name infringes the latter’s prior name right whichever class of goods or services in respect of which the name is used.

The case involving “Iverson” is such a case. In the case, the opposed trademark applicant, dealing in sportswear, had registered not only the “Iverson” trademark in suit, but also other trademarks (say, tattoo) related thereto, which was sufficient to find the opposed trademark applicant using the name “Iverson” for illicit purposes. In case like this, while the goods in respect of which the opposed trademark was to be used had nothing to do with Iverson’s profession, the court found registration of the opposed trademark infringing the name right in “Iverson”.

4. Determination of infringement of prior design patent right

As determination of infringement of a prior design patent right requires consideration of the two aspects of “product” and “design”²³ and under the basic determination principle of the Trademark Law, the two aspects of “goods” and “word/device” should also be considered, which are somewhat similar in form, the two determination principles are relatively easy to be confused in hearing cases, that is, the determination principle of the Trademark Law applies to determination of infringement of prior design patent right. As a matter of fact, however, the two are obviously different in de-

termination of both similar or identical products (goods) and designs (word/device). As this article is not focused on determination of infringement of design patent, the basic principles of the two will be compared, without touching too much upon the more detailed principles underlying the design patent infringement determination.

1) Determination of identical or similar products (goods)

Since similar design-incorporating products should be determined in view of similarity in use, and similar goods are determined by, to a large extent, considering function and use thereof, the two standards of determinations are somewhat similar. But they are significantly different in some specific cases. To date, the relatively notable issue is how to make comparison if a package in the form of box or bag is used for a design-incorporating product and a trademark in suit is used in respect of goods put in the package. To date, the relatively uniform practice is to compare goods in respect of which a trademark in suit is used with the packaged goods, not the former with any package in the form of box or bag. However, differences exist in application of this practice in different cases.

For example in the case involving the “jia you xi shi” (meaning “happy events come to the family” in Chinese) trademark, the product incorporating the patented design was a “packaging box”, and the opposed trademark was to be used in respect of goods of sweets. The court did not compare the packaging box with sweets, but opined that goods of sweets could be sold in or not in any package; hence, it was not naturally possible to use a product identical with or similar to the patented design for the opposed trademark in practice. Therefore, the court did not find said product (goods) similar.

But in the case involving the “jin tai lun” trademark, the court held a different view. For the court, given the fact that the goods, such as rice in respect of which the trademark in suit was approved to be used, were goods a trademark could not be directly attached to, the package the trademark in suit was attached to should be compared with the product incorporating the prior design of a third party in finding infringement of his or its design patent. Given that the third party's such product was a packaging bag and the trademark in suit was used on the package, the two were similar products and comparable with each other; hence, the designs of the two were compared with each other, and said products (goods) were found similar.²⁴

While, in form, the court followed somewhat different

practices in the two cases, in fact, the difference mainly resulted in the consideration of the trademark applicants' bad faith; it was not a difference in terms of method of comparison. The court tended to believe that if the applicant of the trademark in suit showed bad faith to take a free ride in the trademark application phase, it was quite likely, in the actual use of the trademark after registration thereof, for the applicant to use a package identical with the design to take a free ride. For this reason, to avoid right conflict in actual use as much as possible, the court believed that it was more proper to find the product similar in the registration phase, so as not to approve it for registration.

For example, in the case involving the “jin tai lun” trademark, the words “tasty rice” were clearly indicated on the prior design, with the device being an unusual one. In case like this, where the word and device of the opposed trademark were relatively similar to those of the design, the trademark registrant's bad faith to take a free ride was substantially presumable. Therefore, while goods, such as rice, were sold in bulk, the court found them similar products. However, things were somewhat different in the case involving the “jia you xi shi” trademark. The phrase was an existing one. While it was used in the prior design, the use was not sufficient to prove the bad faith to take a free ride, so the court did not find the goods similar.

2) Determination of identical or similar design (words/devices)

The rules for comparison to find similar design differ from those for similar trademarks in that in the former determination are followed the principles of overall observation and comprehensive comparison, with consideration taken of all factors, such as the shape, pattern and colour of a design, not merely one of such factors. But determination of similar trademarks is difficult, and the confusion standard followed. While the extent of similarity of a trademark word or device would, to a large extent, impact the determination of confusion, it is obviously not the sole factor, and not the decisive factor in some situations. Therefore, under some circumstances, different conclusions would be drawn when the determination principles are followed respectively under the Trademark Law and the Patent Law in relation to two identical designs (words/devices). In other words, while two words/devices may be found similar trademarks for likelihood of confusion, they may not be found similar designs.

In practice, a view interested parties often advance is to compare the lexical items of a design with the word/device of

a trademark, disregarding the other constituents of the design, which is obviously not compatible with the requirement for comparison for finding similar designs, so not supported by the court.

For example in the case involving the “wan hua tong” (meaning “phantoscope” in Chinese) trademark, the trademark in suit is merely a mark of the word for “phantoscope” and the patent in suit a hexahedral playing cards box, on which was indicated not only the Chinese word for “phantoscope”, but also the words for “yao’s deluxe playing cards”, “Playing Cards” and flower pattern. For the court, while the trademark in suit and design in suit were identical in the word part, the patentee enjoyed the patent right in the whole patented design, and should not be given protection for each separate part. Therefore, the trademark in suit and said design should not be found similar only due to the identical lexical part.²⁵

Also in the above case involving the “jia you xi shi” trademark, the court pointed out that “even if it was true that the goods in respect of which the opposed trademark was used were likely to be sold in package, given that infringement of a design patent is determined by way of overall observation and comprehensive comparison, not by comparison of some parts, and words are treated as devices, without considering their meaning in design patent infringement determination, so even if the opposed trademark was used on product, such as a package, considering that the trademark was identical with, or similar to, the patented design only in the four Chinese characters of “jia you xi shi”, and the characters were different in form of presentation, whether the other parts, except the characters, were identical or similar should be determined according to the practical circumstances of use, and it was impossible to make the determination thereof in the present case. For this reason, under the circumstances of the case, it was impossible for the court to determine that, in the use of the trademark in suit, the design of the product and the prior patented design were of the identical or similar designs.”²⁶

III. Determination of “registration, in unfair means, of a mark that is already in use by another party and has certain influence” as mentioned in Article 31 of the Trademark Law

1. Whether an expired registered trademark can serve as a cited trademark mentioned in the Article

Normally, the cited trademarks mentioned in the Article should be unregistered trademarks. But in a very few cases, they are marks that were registered and whose registration has expired. In practice views are divided as to whether trademarks of the kind can serve as cited trademarks.

For example, in the case involving the “China Life” mark, cited trademark 1, though a valid registered trademark on the filing date of the opposed trademark, expired for lack of renewal; hence the cited trademark owner argued for application of Article 31 of the Trademark Law. The court held a positive attitude toward the argument. For the court, while normally only where a trademark of prior use by another party is not registered is it possible for the circumstance of registration in unfair means to arise mentioned in Article 31 of the Trademark Law, but this Article should not be applied in a too mechanical fashion. The aim of this Article is to prohibit a trademark registrant from registering, in unfair means, a trademark in use by another party and from confusing the relevant sector of the public. If another party’s prior trademark is a registered trademark before a trademark in suit is filed for registration, it is still in use and has certain influence though it expired in the procedure for the examination of the application for registration of the later trademark, it should, under this circumstance, not naturally rule out the possibility to accord protection under this Article, or though it is likely to cause confusion in practice, and the later mark is filed for registration in bad faith, there would be no law provision to regulate the situation.²⁷

2. Whether use in OEM is use of trademark mentioned in this Article

There exist different practices regarding this issue. In some cases, the court opines that use in OEM does not constitute use of a trademark, but it holds opposite view in some other cases.

In the case involving the “GATEHOUSE” trademark, the court concluded that use in OEM did not constitute use of a trademark. In the case, the LF Corporation made the goods of lock bearing the “GATEHOUSE” trademark under OEM in China. The court opined that since a trademark basically functioned to distinguish sources of goods or services in the channel of commerce, the prior use of a trademark mentioned in Article 31 of the Trademark Law is public use, and the goods bearing the word/device of the trademark should enter the channel of commerce to enable the relevant sector

of the public to associate, through the trademark, some goods or services with their providers. In the case, as no evidence proved that the goods bearing the “GATEHOUSE” trademark had entered the channel of commerce in mainland China, the trademark did not constitute a non-registered trademark that was already in use and had certain influences. Accordingly, although the opposed trademark “GATEHOUSE” was exactly identical with the LF Corporation’s OEM “GATEHOUSE” trademark, and was to be used in respect of goods of the same kind or similar goods, the court did not find it contrary to the above Article.²⁸

But in the case involving the “COLMIC” trademark, the court adopted a different practice, finding OEM use constituting use of the trademark, and, based on this, found the registration of the opposed trademark contrary to Article 31 of the Trademark Law. In the case, the plaintiff’s OEM product was the goods of fishing tools bearing the “COLMIC” trademark in China. Finding OEM use constituting use of the trademark, the court further opined that the repute the cited trademark generated through use included repute generated both within the scope of and among, the relevant sector of the public and businesses in the same industry. The third person, namely the opposed trademark applicant, was a manufacturer of goods of fishing tools based in Weihai City, Shandong Province, China, and the OEM manufacturer authorized by the plaintiff was also based in the city. Therefore, it was quite possible for the third person to have known about the fishing tools bearing the “COLMIC” trademark made in the region with the OEM arrangement. In case like this, considering that the word part of the opposed “COLMIC and device” trademark was substantially identical with the plaintiff’s prior “COLMIC” trademark, the word was not one in current use, and the third person could not reasonably explain how the opposed trademark was originally created to rule out possible coincidence, the third person applied for registration of the opposed trademark with the reasonable knowledge of the plaintiff’s prior trademark. Given this, the third person had the opposed trademark registered in bad faith, and the registration of the opposed trademark was contrary to Article 31 of the Trademark Law.²⁹ Besides, in the case involving the “UNDER ARMOUR” trademark³⁰, the court also adopted the practice.

In the case involving the “COLMIC and device” trademark, the court found OEM use constituting use of the trademark mainly by considering the different requirements of the various provisions of the Trademark Law in relation to

“use”. For the court, while trademark “use” is mentioned in several Articles of the Trademark Law, considering the different legislative aims of these provisions, the trademark “use” thereunder should invoke different requirements, and it should not invariably be determined that only use in the channel of commerce is trademark use as defined the Trademark Law. Specifically, regarding the “use” under Articles for avoiding confusion, such as Articles 28, 29 and 52 of the Trademark Law, as confusion normally arises in the channel of commerce of goods or services, the use mentioned therein should be trademark use in the channel of commerce. But, regarding the use under the Articles for avoiding acts contrary to the good-faith doctrine, like registration in unfair means, such as Article 31 of the Trademark Law that “an applicant shall not register in an unfair means a mark that is already in use by another party and has certain influences”, things are somewhat different. As the main aim of this Article is not merely to avoid confusion, and it also to avoid, as much as possible, registration in an unfair means, an act in bad faith, the trademark “use” should not be stringently defined when applying the Article, but with account taken of the registration in bad faith. Considering that use of a trademark not in the channel of commerce is also likely for another party to know about the trademark and have it registered in bad faith, the “use” under this Article should not be stringently limited to the scope of channel of commerce; any trademark use not in the channel of commerce should fall within the scope of use under this Article. Based on this consideration, OEM use should be use provided for in Article 31 of the Trademark Law.

Additionally, the court adopts this practice also by considering the good-faith doctrine advocated in the Trademark Law and alternative applicability of the current Articles of the Trademark Law. In practice, the divided views with regard to whether OEM use of a trademark is such use under Article 31 of the Trademark Law are caused by the varied views in the hope of prohibiting such act of use. In the above cases involving the “COLMIC” and “UNDER ARMOUR” trademarks, the court obviously held a positive view. For the court, while the current Trademark Law does not set forth a separate Article concerning the good-faith doctrine, to prevent, as much as possible, acts contrary to the good-faith doctrine, such as registration of another party’s trademark in bad faith, from arising is one of the legislative aims of the Trademark Law. Therefore, in the absence of any embrative provision on the good-faith doctrine in the current Trademark Law, duly inter-

preting the various specific Articles, when applying them in a specific manner, to prevent, as much as possible, acts of registration in bad faith from occurring is obviously compatible with the legislative aim of the Trademark Law, otherwise, it would be impossible to stop many acts of registration in bad faith obviously contrary to the good-faith doctrine as it is impossible to apply the relevant provisions of the Trademark Law, which is obviously contrary to the registration rules advocated in the Trademark Law. This is also true with OEM operation. ■

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¹ Without special explanation, the Trademark Law referred to in this article is the Trademark Law as of 2001.

² See the Beijing No. 1 Intermediate People's Court's Administrative Judgment No. Yizhongzhixingchuzi 3083/2010.

³ See the Beijing No. 1 Intermediate People's Court's Administrative Judgment No. Yizhongxingchuzi 1676/2009.

⁴ See the Beijing No. 1 Intermediate People's Court's Administrative Judgment No. Yizhongzhixingchuzi 264/2014.

⁵ See the Beijing No. 1 Intermediate People's Court's Administrative Judgment No. Yizhongzhixingchuzi 141/2014.

⁶ See the Beijing Higher People's Court's Administrative Judgment No. Gaoxingzhongzi 1974/2013.

⁷ See the Beijing No. 1 Intermediate People's Court's Administrative Judgment No. Yizhongxingchuzi 931/2004.

⁸ See the Beijing Higher People's Court's Administrative Judgment No. Gaoxingzhongzi 168/2011.

⁹ See the Beijing No. 1 Intermediate People's Court's Administrative Judgment No. Yizhongzhixingchuzi 177/2012.

¹⁰ See the Beijing No. 1 Intermediate People's Court's Administrative Judgment No. Yizhongzhixingchuzi 1121/2012.

¹¹ See the Beijing No. 1 Intermediate People's Court's Administrative Judgment No. Yizhongzhixingchuzi 416/2010.

¹² Article 3 of the Opinions provides that in determining that a relevant word/device has other unhealthy influences, the people's court shall consider whether said word/device or its constituent element is likely to have any adverse influence on the public interests and public order, in relation to politics, economy, culture, religion or ethnic communities. If registration of the relevant word/device is prejudicial only to specific civil right and interest, it is undue to find the registration having other unhealthy influences as the Trademark Law has already separately provided for the reliefs and relevant procedures.

¹³ Article 4 of the Trademark Law provides: "Any natural person, legal person or other organization, intending to acquire the exclusive right to use a trademark for the goods produced, manufactured, processed, selected or marketed by him or it, shall file an application for the registration of the trademark with the Trademark Office."

¹⁴ See the Beijing No. 1 Intermediate People's Court's Administrative Judgment No. Yizhongzhixingchuzi 2712/2013.

¹⁵ See the Beijing Higher People's Court's Administrative Judgment No. Gaoxingzhongzi 130/2014.

¹⁶ See the TRAB's Adjudication (No. 22884/2009) on the Reexamination of Opposition to the "little fat sheep and device" Trademark (No. 2012872).

¹⁷ See the Beijing No. 1 Intermediate People's Court's Administrative Judgment No. Yizhongzhixingchuzi 2486/2009.

¹⁸ See the Beijing No. 1 Intermediate People's Court's Administrative Judgment No. Yizhongxingchuzi 519/2008.

¹⁹ See the Beijing Higher People's Court's Administrative Judgment No. Gaoxingzhongzi 795/2009.

²⁰ See the Beijing No. 1 Intermediate People's Court's Administrative Judgment No. Yizhongzhixingchuzi 430/2010.

²¹ See the Beijing No. 1 Intermediate People's Court's Administrative Judgment No. Yizhongzhixingchuzi 3249/2011.

²² See the Beijing No. 1 Intermediate People's Court's Administrative Judgment No. Yizhongzhixingchuzi 1385/2012.

²³ Article 8 of the Supreme People's Court's Interpretation of Issues Relating to Application of Law to Adjudication of Cases of Patent Disputes going into force on 1 January 2010 provides that where a design identical with or similar to a patented design is used on a product of a class identical with or similar to that of the product incorporating said patented design, the people's court shall determine that the allegedly infringing design falls within the extent of protection of the design patent right provided for in Article 59, paragraph two, of the Patent Law.

²⁴ See the Beijing No. 1 Intermediate People's Court's Administrative Judgment No. Yizhongxingchuzi 519/2008.

²⁵ See the Beijing No. 1 Intermediate People's Court's Administrative Judgment No. Yizhongzhixingchuzi 439/2006.

²⁶ See the Beijing No. 1 Intermediate People's Court's Administrative Judgment No. Yizhongzhixingchuzi 2671/2013.

²⁷ See the Beijing No. 1 Intermediate People's Court's Administrative Judgment No. Yizhongzhixingchuzi 1859/2011.

²⁸ See the Beijing Higher People's Court's Administrative Judgment No. Gaoxingzhongzi 94/2013.

²⁹ See the Beijing No. 1 Intermediate People's Court's Administrative Judgment No. Yizhongzhixingchuzi 2939/2013.

³⁰ See the Beijing No. 1 Intermediate People's Court's Administrative Judgment No. Yizhongzhixingchuzi 1197/2012.