

Latest Developments in Adjudication of IP Cases by Beijing Higher People's Court in 2013

(Abridged Part on Trademark)

The IP Tribunal of the Beijing Higher People's Court

I. Administrative Cases Involving Granting and Affirmation of Trademark Rights

1) Provisions regarding national flag trademark

Determination of whether trademark signs are similar to the State names

A sign identical with or similar to the State name means that the one, as a whole, is identical with or similar to the State name. If the sign, though including words identical with or similar to the State name, as a whole, is not identical with, or similar to, the State name after it is combined with some other elements, the application for registration thereof should not be refused on the grounds that the sign is identical with or similar to the State name. Certainly, the application for registration thereof can be rejected if the sign falls within any other circumstances where the registration thereof shall be refused.

In *Vision China Media Corporation Inc. (Vision China Media) v. the Trademark Review and Adjudication Board (TRAB)*, an administrative case of dispute over review of a rejected trademark¹, the trademark applied for registration is the "Vision China Media" trademark applied by Vision China Media for registration in respect of services, such as advertising in class 35. Pursuant to Articles 10, paragraph one (1) and 28 of the Trademark Law², the Trademark Office decided to refuse the application for registration of the mark on the grounds that the words of the mark contain the State name "China" and are similar to the cited trademark. The TRAB found that the mark and the cited trademarks, "畅想 (mean-

ing "vision" in Chinese) and "ALL VISION", were not similar trademarks in respect of similar goods; however, the mark contains "China", a State name in English, which falls within the circumstance where registration is prohibited as provided for in Article 10, paragraph one (1) of the Trademark Law, so the application for registration thereof should be refused. The first-instance court concluded that the State name shall include all the translations in foreign languages corresponding to the Chinese name for our country as provided for in Article 10, paragraph one (1) of the Trademark Law. "China", though also used for porcelain or ceramic ware, is an important part of and a short form of the English name for our country, and it is easy for the relevant sector of the public to associate this word with the name of our country. It was correct for the TRAB to have determined that the mark containing the word "China" does not meet the requirement of Article 10, paragraph one (1) of the Trademark Law. In this case, the court of original jurisdiction upheld the adjudication in suit.

The second-instance court opined that the State name is a symbol of a country. Allowing registration of the State name arbitrarily as a component of a trademark and using it for commercial purposes would abuse the State name, and are likely to cause other negative influences on the public interests and public orders. However, the trademark containing the State name does not necessarily generate other negative influences on the public interests and public orders and can be approved for registration if the subject of the trademark satisfies certain requirements. Of course, other relevant provisions of the Trademark Law must be followed in examining whether the sign containing the words or Chinese characters

identical with or similar to the State name of our country could be registered as a trademark. The mark in the subject case contained the word “China”, which is an English name of our country. In addition to the word “China”, the mark also included the two English words “Vision” and “Media”. The mark as a whole neither stayed identical with, or similar to, the State name of our country, nor constituted words that are identical with or similar to the State name of our country. The TRAB and the Court of original jurisdiction refused the application for registration of the trademark on the grounds of violation of Article 10, paragraph one (1) of the Trademark law, which resulted in erroneous application of laws. The former decision and the adjudication in suit were reversed by the second-instance court.

2) Provisions regarding distinctive character

Sign devoid of inherent distinctiveness usually cannot acquire distinctive character through use

The applicant who applies for registration of the sign as the trademark shall bear the burden to prove whether the sign that cannot be registered as a trademark for lack of distinctive character can acquire distinctive character through long-term use to distinguish the sources of goods. In addition to the evidence of use provided by the party concerned who claims rights, the actual use by any other business in the market place shall be taken into account. If others do not use the sign, the party concerned who claims rights can establish its exclusive and stable association with the sign through his/its own sole long-term use, making it possible for the sign to distinguish the sources of goods and services. However, if the party concerned who claims rights uses the sign, and another business in the market place has used the same for a long time and frequently even at an earlier time or on a larger scale, then it would not be proper to determine that the sign acquires the distinctive character through use only by judging from the use by the party concerned who claims rights because there is no exclusive and stable association between the sign and the single subject, and it is impossible for the relevant sector of the public to distinguish the source of goods through the sign. Moreover, registration and protection of a trademark is territorial, the examination and judgment of the use of a relevant trademark sign should be made based on specific conditions in the country or region where the trademark sign is applied for registration. Use of a sign in any other country and region is not necessarily a reason for registration thereof as a trademark in Mainland China. It totally depends on the objective market selection as to

whether a sign devoid of distinctiveness can be registered as a trademark after acquiring distinctive character through use. Generally speaking, the actual conditions of the sign when applied for registration should be taken as a basis for judging whether the sign has distinctive character, and it is improper to make a judgment purely based on the use of the trademark by the registrant *per se*.

In *Kaiping Weishida Seasoning Co. Ltd. v. TRAB and Nestle Products Co., Ltd.* (Nestle), an administrative case of dispute over an internationally registered 3D trademark (No. 640537)³, the TRAB found that the disputed trademark was known to average consumers through long-term publicity and use by Nestle and functioned to distinguish the source of goods, so the disputed trademark used in respect of edible seasonings possesses distinctive character necessary for a trademark. The first-instance court concluded that the evidence on record was not sufficient to determine that the 3D sign devoid of inherent distinctiveness acquired distinctive character necessary for trademark registration through use.

The second-instance court pointed out that the evidence relating to the subject case was sufficient to prove that the seasoning manufacturers in Mainland China had used a brown (or transparent) square bottle as a package for soy source products from 1983 at the latest. Such a brown square bottle was very similar to the sign of the disputed trademark in the subject case in terms of design elements, overall appearance, visual effect and designated color, thereby constituting a similar 3D sign. Use of the 3D sign similar to the sign of the disputed trademark was much earlier than the application for registration of the disputed trademark by Nestle, and than the actual use by Nestle of the sign of the disputed trademark in Mainland China, and the actual wide, numerous and persistent use made it possible for the 3D sign similar to the sign of the disputed trademark to become a commonly seen container and package for seasonings, like soy source, in Mainland China. Under this circumstance, it was difficult for the relevant sector of the public to identify the sign of the disputed trademark or the similar 3D sign as the one used to distinguish the source of goods. Even though Nestle actually used the disputed trademark prior to and subsequent to the registration of the disputed trademark, it was still difficult for the disputed trademark to acquire distinctive character necessary for trademark registration through the use thereof.

3) Provisions regarding well-known trademarks

Application for registration of a new sign formed by combining another party's earlier well-known trademark with the generic name of its goods should not be approved

The application for registration of a new trademark sign formed by combining another party's earlier well-known trademark with the generic name of its goods often results in that the relevant sector of the public tends to identify and treat the earlier well-known trademark as a part of the generic name of the relevant goods, thereby weakening and undermining the distinctiveness of the earlier well-known trademark, and reducing its commercial value as a trademark. The trademark "misleads the public and causes damage to the interests of the registrant of the well-known mark", and is not registrable under the law.

In *Chrysler Group LLC (Chrysler) v. TRAB and Dongguan City Xiehe Chemical Co. Ltd.*, an administrative case of dispute over review of the opposed trademark "吉普车" (meaning "Jeep" in Chinese) (No. 4346189)⁴, Chrysler raised an opposition to the application for registration of the opposed trademark in respect of goods of "pigments and paints" in class 2, and the Trademark Office and the TRAB both decided to approve the registration of the opposed trademark. The first-instance court determined the trademark "JEEP" owned by Chrysler as a well-known trademark, and concluded that the application for registration of the opposed trademark did not meet the requirements of Article 13, paragraph two of the Trademark Law and decided to reverse the TRAB's adjudication.

The second-instance court pointed out that the trademarks "JEEP" and "吉普" (meaning "jeep" in Chinese) registered by Chrysler in respect of automotive goods are well-known trademarks registered in China, the opposed trademark consisted of the Chinese characters "吉普" and the generic concept "车" (meaning "vehicle" in Chinese) of automotive goods, for which Chrysler's trademarks "JEEP" and "吉普" are famous. The application for registration of a new trademark sign, formed by combining another party's earlier well-known trademark with the generic name of the goods, for use in respect of a different class of goods, would undoubtedly result in that the relevant sector of the public tends to identify and treat the earlier well-known trademark owned by Chrysler as a part of the generic name of the automotive goods, thereby weakening and undermining the distinctiveness of the earlier well-known trademark, and reducing its commercial value as a trademark, which "misleads the public and causes damage to the interests of the registrant of the

well-known mark". Accordingly, the application for registration of the opposed trademark in respect of "pigments and paints" does not meet the requirement of Article 13, paragraph two of the Trademark Law and should not be approved under the law. The second-instance upheld the former decision.

4) Provisions regarding agents

The factor of confusion may be properly considered in determining the presence of an agency relationship

A trademark can demonstrate its identifiability and plays a role in the circulation of commodities only when used in the sense of the Trademark Law. True expression of will of the parties and the already-formed objective market situation shall be considered in application of Article 15 of the Trademark Law. As for a trademark which enjoys good reputation and popularity and forms stable and objective market infrastructure, the "first-to-file" principle and likelihood of confusion should be considered with focus placed on protection of the business that makes substantive contribution to the commercial reputation and market value of the trademark.

In *Tea Forte Corp. (Tea Forte) v. TRAB and Shanghai Difute Tea Industry Co., Ltd. (Difute)*, an administrative case of dispute over review of an opposed trademark⁵, the opposed trademark was the trademark "蒂芙特 Tea forte" (No. 4410329) applied for registration by Difute. Tea Forte filed an opposition to the application of the trademark, and the Trademark Office and the TRAB both decided to approve the registration of the opposed trademark. The first-instance court held that Zhejiang Hengda Cloth Industry Co., Ltd. (Hengda) had been engaged in an OEM contractual relationship with Tea Forte from 2002. On 23 October 2004, Shanghai Pangda Filtration Equipment Co., Ltd. (Pangda) signed an exclusive distribution agreement with Tea Forte, stipulating that Pangda purchased products directly from Hengda. Pangda set up a subsidiary company named as Difute in the subject case. All the three companies had Pang Yanliang as their legal representative. In this case, Difute, as a subsidiary company set up by the exclusive dealer Pangda representative of Tea Forte in China, applied, with clear knowledge of Tea Forte's "Tea forte" trademark, for registration of the opposed trademark, which is very similar to the trademark "Tea forte" owned by Tea Forte, in respect of goods, such as tea, in class 30 without authorization of Tea Forte. This act did not meet the requirement of Article 15 of the Trademark Law, and the first-instance court decided to reverse the adjudication in suit.

The second-instance court opined that Tea Forte, together with Hengda and Pangda, used the words “Tea Forte Tea-Bag” in its business activities, and mostly in import and export commodity trading documents, with no agreement on the ownership of the sign or no explicit authorization for commercial use. The primary function of the trademark is identifiability, which plays a significant role only in the circulation of commodities. Neither the sign “Tea forte” of Tea Forte nor the sign “Tea Forte Tea-Bag” as indicated in the evidence proved the actual use of the sign “Tea forte” in respect of relevant goods in China. The court of original jurisdiction erred in determining that Difute was a subsidiary company set up by Pangda according to the exclusive distribution agreement, and it was far-fetched to presume that Difute and Tea Forte were engaged in an agency relationship as stipulated in Article 15 of the Trademark Law just because the legal representative of Hengda, Pangda and Difute was Pang Yanliang. Though the agency relationship under Article 15 of the Trademark Law can be broadly interpreted to cover sales agency, it should not be more broadly interpreted. Pangda and Tea Forte concluded the exclusive distribution agreement mostly concerning sales of teabags, without specifying the brand of the product or use of the sign “Tea forte”. As for the Chinese trademark “蒂芙特” (pronounced as “di fu te” in Chinese), both parties reached an agreement that Pangda applied for the registration thereof and possessed a 60% ownership. Difute was not bound by the agreement, and it was finally notified that the agreement was to be terminated for lack of execution. Thus, the currently available evidence could not prove the direct legal agency relationship between Difute and Tea Forte. The opposed trademark consisted of “蒂芙特 Tea forte and device”, wherein the Chinese part was the most readily identifiable and recognizable part to the relevant sector of the public in China. The entire trademark was different from the sign “Tea forte” to some extent. In the event where the sign “Tea forte” had never been put to use for commercial purposes in the Chinese market, the opposed trademark had a good reputation and popularity, and formed a stable and objective market infrastructure in China thanks to the publicity and widespread use thereof by Difute. The “first-to-file” principle is adopted for trademark registration in China, and it is unlikely that the opposed trademark and the sign “Tea forte” cause confusion and misidentification in the Chinese market. In this case, if the opposed trademark was not to be approved for registration, it would not be conducive to the pro-

tection of the business that had made substantive contribution to the reputation and the commercial value of the trademark, which is not in line with the legislative aim of the Trademark Law. In comprehensive consideration of the above factors, the application for registration of the opposed trademark did not fall into the circumstances as stipulated in Article 15 of the Trademark Law. It was groundless and baseless for the court of original jurisdiction to conclude that the application for registration of the opposed trademark did not meet the requirement of Article 15 of the Trademark Law.

5) Provisions regarding similar goods and trademarks

A device trademark indicative of a thing and a word trademark are not similar when they do not correspond with each other

Judgment on trademark similarity should be made by taking account of the shape, pronunciation and meaning of words, and the composition, design and overall representation of the device of a trademark, as well as distinctiveness and reputation of a mark and the degree of association of the mark with the goods, in a manner of comprehensive observation and comparison between the main parts, in order to find out whether it is easy for the relevant sector of the public to feel confused about the source of goods or even make a mistake in this regard. In particular, if there is no one-to-one relationship between the thing referred to by the device trademark and the word trademark, the device trademark and the word trademark should not be determined as similar to each other.

In *Wan Caiyun v. TRAB and Beijing Zhenyouli Trading Co., Ltd. (Zhenyouli)*, an administrative case of dispute over review of an opposed trademark⁶, the opposed trademark was the mark “狐狸” (meaning “fox” in Chinese) (No. 3538168) which was applied by Wan Caiyun for registration, on 24 April 2003, for use in respect of goods, such as shoes, in class 25, and was published after preliminary examination. Zhenyouli raised an opposition within the statutory opposition period. The Trademark Office decided to approve the registration of the opposed trademark after examination. Later, Zhenyouli applied for review and cited, as cited trademarks, an earlier trademark “金狐狸” (meaning “golden fox” in Chinese) (No. 1411131) (the cited trademark 1), the trademark “JINHULI” (which is Chinese pinyin for “golden fox”) (No. 3383176) (the cited trademark 2), the device trademark (No. 1034095) (the cited trademark 3), the trademark “韩国金狐狸” (meaning “Korean golden fox” in Chinese) (No. 3383173) (the cited trademark 4) and the trademark “英国金

狐狸” (meaning “British golden fox” in Chinese) (No. 3383172) (the cited trademark 5). The TRAB found on 18 November 2011 that the opposed trademark was a word trademark “狐狸”, while the cited trademark was a device of fox, and decided not to approve the registration of the opposed trademark on the grounds that the two trademarks referred to the same thing and were used both in respect of identical or similar goods, like shoes, which was likely to cause confusion and misidentification among consumers. The first-instance court held that the opposed trademark and the cited trademark 3 constituted similar trademarks used in respect of identical or similar goods as mentioned in Article 28 of the Trademark Law and therefore upheld the decision in suit.



The opposed trademark



The cited trademark 3

The second-instance court held that the opposed trademark is the Chinese words “狐狸” (meaning “fox” in Chinese), and the cited trademark 3 is a device trademark, which was not necessarily directed to “fox”. The relevant sector of the public who compared the two in an isolated environment could realize according to their distinctive differences in appearance and overall visual effects that the goods shown by the opposed trademark and the cited trademark came from different sources, causing no confusion and misidentification about the source of goods. Meanwhile, Wan Caiyun had earlier registered the trademark “FOX” (No.881547), and the opposed trademark in the subject case was the Chinese translation of the said trademark and used in respect of the identical goods, so Wan Caiyun was justified to apply for registration of the opposed trademark. Thus, the opposed trademark was distinguishable from the cited trademark 3, and with the earlier registered trademark owned by Wan Caiyun being the English counterpart of the opposed trademark, the first-instance judgment and the adjudication in suit were incorrect in determining that the opposed trademark and the cited trademark 3 constituted similar trademarks in respect of identical or similar goods. The second-instance court reversed the former judgment and the adjudication in suit.

6) Provisions regarding prior rights and preemptive registration

It should be determined whether copyright works

claimed by the party concerned are works in the sense of the Copyright Law before judgment is made as to whether the disputed trademark infringes the prior copyright

Personal selections and arrangements by an author embody the uniqueness of a work. Works are not necessarily highly original and protected under the Copyright Law as long as the personal presentation is not oversubtle. Generally speaking, it can be determined that a disputed trademark possesses some elements that impair another party's prior copyrights as stipulated in Article 31 of the Trademark Law if it contains words or devices that are identical with or substantially similar to the works of the copyright holder.

In *Fushan Shunde Mingbang Chemical Industry Co., Ltd. (Mingbang) v. TRAB and Bridgestone Corporation*, an administrative case of trademark dispute⁷, the trademark in suit was the trademark “Boumpy” (No. 3042469) that Mingbang had registered on 7 April 2003 for use in respect of goods in class 2, such as paints, thinners for paints, driers for paints, fixatives (varnishes), primers, lacquers, and lacquer products. Bridgestone Corporation requested the TRAB to cancel the registration of the mark. The cited trademark was the trademark “device B” (No. 211694) filed on 17 November 1983 and approved for use in respect of goods in class 12, such as automobile tyres, buffers for railway vehicle, bicycle tyres and automobile inner tubes. The trademark owner was Bridgestone Corporation and the special term for use thereof would expire on 14 August 2014. Bridgestone Corporation registered, from 1984 to 2000, the trademarks, such as “device B” and “BRIDGESTONE”, in China in many international classes, like class 12. The TRAB believed that the cited trademark “device B” was one of the variations of the English letter “B”, which was very original and was a work of art under the protection of the Copyright Law. In the absence of evidence to the contrary, Bridgestone Corporation enjoyed the prior copyright in “device B”. Mingbang's registration of the disputed trademark containing the “device B”, without consent of Bridgestone Corporation, infringed another party's existing prior rights under Article 31 of the Trademark Law. The TRAB decided to cancel the registration of the disputed trademark, and the first-instance court upheld the decision in suit.



The disputed trademark



The cited trademark

The second-instance court concluded that the “device B” in which Bridgestone Corporation claimed its copyright was very unusual in shape and resulted from intellectual creation. Unlike any common print form, it was a unique and original expression, and should be determined as a work of art under the protection of the Copyright Law. While the disputed trademark consisted of the letters “BOUMPY”, and the copyright owned by Bridgestone Corporation was only related to the “device B” work, the letter “B” in the disputed trademark was substantially similar to the “device B” to which Bridgestone Corporation claimed its right. Bridgestone Corporation had been approved for registration of the “device B” in several classes and used the same in Mainland China, and Mingbang had access to the “device B” work of Bridgestone Corporation. Accordingly, application by Mingbang for registration of the disputed trademark infringed the prior copyrights owned by Bridgestone Corporation.

7) Provisions regarding non-use of registered trademark for three consecutive years

Use of some elements of a registered trademark does not constitute use thereof

Use of a registered trademark should generally be understood as use of the trademark as shown in the trademark registration certificate. Use of a trademark that is different from the trademark sign shown in the trademark registration certificate does not change the distinctive character of the registered trademark and is deemed to be use of the registered trademark. However, use of some elements of a registered trademark does not constitute use of the registered trademark.

In *Unilever Co., Ltd. (Unilever) v. TRAB and Liu Wei*, an administrative case of dispute over review of a cancelled trademark⁸, the trademark under review was the “铁力士 TINIT” trademark applied for registration by Liu Wei for use in respect of goods in class 3, such as sterilizing soaps, cleansing lotion, bathing milk, anti-bacterial cleansing hand wash, cosmetics, cleaning preparations, toilet detergent, perfumery, perfumery for industrial purpose, and perfumery for use in cosmetics. Unilever requested to cancel the trademark under review on the grounds of non-use thereof for three consecutive years. The Trademark Office decided to cancel the trademark under review because the evidence of trademark use as provided by Liu Wei was invalid. The TRAB held that the Cosmetic Newspaper dated 29 December 2006 submitted by Liu Wei could prove that the trademark under review was effectively used in respect of the goods, such as

“shampoo”, within the specified period. Given that the goods “sterilizing soaps, cleansing lotion, bathing milk, anti-bacterial cleansing hand wash and cosmetics” in respect of which the trademark under review was approved for use were quite similar to one another in terms of function and use; hence, use of the trademark under review in respect of “shampoo” could be deemed to be use thereof in respect of “sterilizing soaps, cleansing lotion, bathing milk, anti-bacterial cleansing hand wash and cosmetics”. The trademark under review, though slightly different in actual use, remained unchanged in its main parts and distinctive character. Hence, registration of the trademark in respect of goods of “sterilizing soaps, cleansing lotion, bathing milk, anti-bacterial cleansing hand wash and cosmetics” should be kept valid and registration of the trademark under review in respect of goods of “cleaning preparations” should be cancelled since Liu Wei failed to provide evidence to show use thereof in respect of goods of “cleaning preparations” within the specified period.

The first-instance court concluded that the Cosmetic Newspaper dated 29 December 2006 submitted by Liu Wei during review and adjudication could testify that advertisement was made for the purpose of publicity of the trademark under review used in respect of goods, such as “shampoo”, within the specified period, and was use of the trademark under review. Use of the trademark under review in respect of “shampoo” could be considered as the use thereof in respect of “sterilizing soaps, cleansing lotion, bathing milk, anti-bacterial cleansing hand wash and cosmetics” given that the goods of “sterilizing soaps, cleansing lotion, bathing milk, anti-bacterial cleansing hand wash and cosmetics” in respect of which the trademark under review was used are similar to one another in terms of function, use, production, channel of commerce and consumers, are classified in the same group or similar groups in the Classification of Similar Goods and Services and are similar goods. The court of original jurisdiction decided to uphold the decision in suit.

The second-instance court held that the trademark sign for use in the advertisement published on the Cosmetic Newspaper dated 29 December 2006 submitted by Liu Wei was combination of the Chinese characters “鐵力士” and English letters “LISHIX”. While the Chinese part of the trademark under review was used in this way, it should be noted that the English part “TINIT” of the trademark under review was also a distinctive part. The trademark sign consisting of the Chinese characters “鐵力士” and other English letters as

used in the advertisement was greatly different from the trademark under review. Even though the advertisement indicated the registration number of the trademark under review, it could not be deemed to be use of the trademark under review. Additionally, the business doing the advertisement was Tinit International (China) Co., Ltd., and no evidence was provided by Liu Wei to prove that the above-mentioned company was engaged in a licensing relationship with the previous registrant of the trademark under review, Shenzhen Fateli Trading Co., Ltd., or Liu Wei. In this case, it would not be proved that the trademark under review was used legitimately. The evidence submitted by Liu Wei could not prove that the commercial use of the trademark under review within a certain period of time was authentic, valid and effective. The second-instance court then decided to reverse the court decision and the adjudication in suit.

II. Civil Trademark Cases

Use of names of movie and TV programs is not use of trademark in the sense of the Trademark Law

In a case of trademark infringement, one of the elements for finding infringement is use of the trademark. If a sign identical with the trademark was not used as a trademark, but functioned to distinguish different providers of the same products, such use was not use of the trademark and should not be found infringing. The difference between names of movie and TV programs and the registered trademark was the difference between fair use and trademark use. If a trademark registrant claimed that the rightholder of the movie and TV works or products infringed his/its right since the trademark registered in respect of movie and film production services was identical with the names of movie and TV programs. However, the key was to judge whether use of names of movie and TV programs was use of trademark. Usually, the names of movie and TV programs are to indicate the content, not the providers thereof. Indication of identity of the movie and TV creator or producer was not an act of indicating the provider of a product in the sense of the Trademark Law. Hence, use of names of movie and TV programs was generally not use of trademark and would not infringe the exclusive right to use a trademark registered in respect of movie and TV production services.

In Shaanxi Maozhi Entertainment Co., Ltd. (Maozhi) v. DreamWorks Animation SKG, Inc. (DreamWorks), Paramount Pictures, Inc. (Paramount), China Film Group Corporation

(ChinaFilm) and Beijing HuaYing TianYing Cinema Management Co., Ltd. (Huaying Tianying), a case involving infringement of the exclusive right to use the trademark “功夫熊猫 (meaning ‘KONG FU PANDA’ in Chinese) and device”⁹, Maozhi applied in 2007 and was approved in 2010 for registration of the trademark “功夫熊猫 and device” in respect of movie and TV production services. Several media reports were published in 2005 in Mainland China about the upcoming animation film entitled “功夫熊猫”. This film, produced by DreamWorks and distributed by Paramount, was finally released in 2008 in Mainland China. Maozhi claimed that the film “KONG FU PANDA 2” (an English translation of “功夫熊猫 2”) produced by DreamWorks, distributed by Paramount and ChinaFilm and released by Huaying Tianying, used “功夫熊猫” as the name of the film, which infringed the exclusive right of Maozhi to use “功夫熊猫 and device”. The first-instance court decided to reject Maozhi’s litigant claims.

The second-instance court concluded that the following factors would be taken into consideration in determining whether use of “功夫熊猫” by the accused infringer was use in the sense of the Trademark Law, i.e., 1) whether the allegedly infringing use was in good faith, 2) whether the allegedly infringing use was to indicate the source of the goods, and 3) whether the allegedly infringing use was to explain or describe the characteristics of the goods. The film “KONG FU PANDA” produced by DreamWorks had been released before the approval for registration of Maozhi’s trademark, so use of the Chinese characters “功夫熊猫” in the film “KONG FU PANDA 2” by DreamWorks, Paramount, ChinaFilm and Huaying Tianying was a continuation of the film “KONG FU PANDA” produced in 2008 and used in good faith, rather than in bad faith for infringing the registered trademark of Maozi. The Chinese characters “功夫熊猫” were used in the film “KONG FU PANDA 2” by DreamWorks, Paramount, ChinaFilm and Huaying Tianying in order to show the content and characteristics of the film produced, distributed and released thereby, not to indicate the source of the film production or similar goods/services, and such use was not use in the sense of the Trademark Law. From the perspectives of the film audience and other relevant consumers, the Chinese characters “功夫熊猫” in the film “KONG FU PANDA 2” was just the name of the film. The relevant consumers were expected to know that the film was produced by American Movie Co. or DreamWorks and released by Paramount due to enormous publicity of the film series. This was recognition and determination of the right

attribution of the film products in the sense of the Copyright Law, rather than knowledge of the source of goods or services. Hence, the act in suit of DreamWorks, Paramount, ChinaFilm and Huaying Tianying was not use of trademark and did not infringe the exclusive right of Maozhi to use the registered trademark.

III. Trademark Administrative Proceedings

Trademark applied for registration by an enterprise whose business license is revoked should not be approved under certain circumstances

Revocation of the business license of an enterprise will limit business qualifications thereof. A trademark, as a sign for distinguishing goods or services of enterprises, has its value in practical commercial business and use. If evidence proves that a disputed trademark is obviously not intended for practical use, the business license of the enterprise which applied for registration of the trademark has been revoked for several years, and the enterprise has neither the capability of nor demands for production and business activities, Article 4, paragraph one of the Trademark Law is invoked to refuse the registration of the trademark to facilitate practical use of the trademarks and to save social resources.

In *Mobiletron Electronics (Ningbo) Co., Ltd. (Mobiletron) v. TRAB and Shanghai Yuanming Electronics Technology Co., Ltd. (Yuanming)*, an administrative case of dispute over review of an opposed trademark¹⁰, the opposed trademark was the trademark (No. 3848227) applied for registration by Yuanming, and Mobiletron filed an opposition thereto. Both the Trademark Office and the TRAB approved registration of the opposed trademark. The first-instance court held that the opposed trademark and the cited trademark were not similar trademarks in respect of similar goods, so the opposed trademark did not infringe the copyright of the cited trademark enjoyed by Mobiletron. As for the subject case, three years passed since the business license of the applicant Mobiletron of the opposed trademark was revoked. It could be presumed that the applicant had no subjective intention to use the opposed trademark because the applicant failed to fulfill its statutory obligations or duly go through liquidation and cancellation procedures within a reasonable period of time, and did not assign the opposed trademark to any other business qualified for business management. The opposed trademark should not be approved for registration according to the above facts and in comprehensive consid-

eration of the following factors, such as the fact that the opposed trademark was still under examination for registration and has not become a statutory right, and the aim for saving social resources.

The second-instance court concluded that Article 4, paragraph one of the Trademark Law stipulates that any natural person, legal person or any 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. Article 181(4) of the Company Law of the People's Republic of China stipulates that a company may be dissolved under the circumstance that its business license is cancelled or it is ordered to close down or to be dissolved according to law; Article 184 thereof stipulates that where any company is dissolved according to the provision of Article 181 (4) of this Law, a liquidation group shall be formed, within fifteen days as of the occurrence of the causes of dissolution, to carry out a liquidation; and Article 189 thereof stipulates that after liquidation of the company is completed, the liquidation group shall formulate a liquidation report, which shall be submitted to the shareholders' meeting or the shareholders' assembly or the people's court for confirmation and shall be submitted to the company registration authority for writing off the registration of the company. It shall also make a public announcement on its termination. Rule 33 of the Regulations of the People's Republic of China for Controlling the Registration of Enterprises as Legal Persons stipulates that when an enterprise as a legal person has its business license revoked, the registration authority shall take over its official seal and notify the bank at which it has an account of the cancellation of its registration, and the department in charge or a liquidation organization shall be responsible for settling its creditor's rights and liabilities. Rule 14 of Implementing Regulations of the Trademark Law of the People's Republic of China stipulates that when filing an application for the registration of a trademark, the applicant shall submit a copy of effective certificate capable of proving his identification. The name of the applicant for trademark registration shall be the same as that indicated in the certificate submitted. As this shows, the business qualifications of a legal person after its business license being revoked by law may be limited to some extent, and the shareholders were responsible for liquidation and cancellation of the registration of the company. The effective proof of the identity of the legal person used for

application for trademark registration was ineligible owing to the revocation. The TRAB opined that Yuanming was still a valid civil entity, and there existed no inevitable association between the revocation of the business license and presence of the subjective intention to use the opposed trademark. According to the ascertained facts, firstly, the business qualifications of Yuanming were limited to some extent due to revocation of its business license under the provisions of the laws, regulations and administrative rules as stated above. Though Yuanming was still qualified as a civil entity, it *per se* was disqualified for providing goods or services in the market, and no evidence proved that Yuanming assigned or licensed the right to use the opposed trademark to another business qualified for business operation. In this case, Yuanming had a reversionary interest in, not the statutory property right of, the opposed trademark, and did not own basic commercial demands for determination and protection of the reversionary interest. Secondly, it had been four years since Yuanming's business license was revoked on 15 April 2009. Yuanming failed to fulfill its statutory obligations or duly go through liquidation and cancellation procedures within a reasonable period of time, and did not take actions to resume its legal business qualifications, so that the opposed trademark stayed unused and unclear in its right attribution, which was not conducive to maintaining the order of trademark registration application and wasted social resources. Thirdly, after Mobiletron filed an application for review of the opposed trademark, Yuanming did not show up in the adjudication and review, as well as the court proceedings, during the trademark adjudication and review procedures or the administrative litigation, to explain about its enterprise status and the relevant conditions of the opposed trademark. A trademark should be filed for registration for the need and purpose of legitimate production and business activities. Under the circumstance that the opposed trademark was not approved for registration and Yuanming's business license was revoked, Yuanming did not make any further claim for relevant rights and interests of the opposed trademark, and explained that it had no intention to use the opposed trademark. Finally, the sign of the opposed trademark was substantially identical with that of the cited trademark. The latter was very much original and distinctive. Though Yuanming applied for registration of the opposed trademark in respect of dissimilar goods, it was still possible to find the opposed trademark an illegitimate imitation of another party's earlier business sign. Therefore, the court of original jurisdiction de-

termined that Yuanming had no subjective intention to use the opposed trademark by considering that the value of a trademark lied in its commercial use, but still decided that it was correct to refuse registration of the opposed trademark, in consideration that the opposed trademark was still in the registration examination phase and was yet to become a statutory right, and for the purpose of saving social resources. The second-instance court upheld the former court decision. ■

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¹ See the Beijing Higher People's Court's Administrative Judgment No. Gaoxingzhongzi 1779/2012 (the members of the collegial panel are Xie Zhenke, Qi Lei and Zhong Ming, and the presiding judge is Qi Lei).

² The Trademark Law mentioned herein is the 2nd revised edition (2001) unless particularly specified.

³ See the Beijing Higher People's Court's Administrative Judgment No. Gaoxingzhongzi 1750/2012 (the members of the collegial panel are Sha Rina, Zhou Bo and Dai Yiting, and the presiding judge is Zhou Bo).

⁴ See the Beijing Higher People's Court's Administrative Judgment No. Gaoxingzhongzi 575/2013 (the members of the collegial panel are Zhang Xuesong, Zhou Bo and Dai Yiting, and the presiding judge is Zhou Bo).

⁵ See the Beijing Higher People's Court's Administrative Judgment No. Gaoxingzhongzi 107/2013 (the members of the collegial panel are Li Yanrong, Pan Wei and Kong Qingbing, and the presiding judge is Kong Qingbing).

⁶ See the Beijing Higher People's Court's Administrative Judgment No. Gaoxingzhongzi 1798/2012 (the members of the collegial panel are Liu Hui, Shi Bisheng and Tao Jun, and the presiding judge is Tao Jun).

⁷ See the Beijing Higher People's Court's Administrative Judgment No. Gaoxingzhongzi 1652/2012 (the members of the collegial panel are Sha Rina, Dai Yiting and Zhoubo, and the presiding judge is Dai Yiting).

⁸ See the Beijing Higher People's Court's Administrative Judgment No. Gaoxingzhongzi 303/2013 (the members of the collegial panel are Xie Zhenke, Zhong Ming and Qi Lei, and the presiding judge is Qi Lei).

⁹ See the Beijing Higher People's Court's Administrative Judgment No. Gaoxingzhongzi 3027/2013 (the members of the collegial panel are Xie Zhenke, Zhong Ming and Qi Lei, and the presiding judge is Zhong Ming).

¹⁰ See the Beijing Higher People's Court's Administrative Judgment No. Gaoxingzhongzi 111/2013 (the members of the collegial panel are Li Yanrong, Pan Wei and Kong Qingbing, and the presiding judge is Kong Qingbing).