

Letter of Consent as a Factor Influencing Coexistent Registration of Trademarks in China

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In the application for trademark registration in China, an applied-for trademark may be rejected by the China Trademark Office (CTMO) on absolute or relative grounds. Absolute grounds for rejection of a trademark in China are based on provisions relating to prohibition of trademark use or registration in the Trademark Law¹, including Articles 10, 11, 12 and 16 thereof. For relative grounds, they relate to conflicts of an applied-for trademark with an earlier trademark right, commonly as a result of the applied-for trademark being identical or similar to another trademark that has been registered or preliminarily approved for use on the same or similar goods. To be specific, if an applied-for trademark and an earlier trademark are determined by CTMO as identical or similar marks for the same or similar goods, registration of the applied-for trademark will be rejected pursuant to Article 30 of the Trademark Law. For a trademark application which is rejected on relative grounds, there is a chance of the trademark becoming registrable if a letter of consent is issued by the owner of an earlier trademark showing that he is not opposed to the registration of the rejected trademark.

A letter of consent, as an important proof that an applied-for mark and a cited mark do not constitute similar marks, is accepted by many countries and regions in law or practice. It is a written document issued by the holder of an earlier trademark indicating his consent to the registration of a later mark to a competent trademark authority. As shown in the results of a survey on letters of consent presented at the 22nd session of the Standing Committee on the Law of Trademarks, Industrial Designs and Geographical Indications (SCT) of the World Intellectual Property Office (WIPO), countries are divided in their views as regards the acceptability of a letter of consent. For instance, Canada and Russia require that upon filing a letter of consent, the grounds for no likelihood of confusion brought by the coexistence of the

trademarks be concurrently furnished; Australia specifically provides a sample of a letter of consent in its examination guidelines; whereas Japan and Korea have started looking into the implementation of a letter of consent system though letters of consent are expressly unaccepted in current practice of the two countries.

In China, neither the Trademark Law nor the Implementing Regulations of the Trademark Law has any provisions in relation to letters of consent. In examination practice, the Trademark Review and Adjudication Board (TRAB) and the court follow different approaches in deciding whether a letter of consent is acceptable. In respect of trademark reviews, a letter of consent was seldom accepted prior to 2008, but has been increasingly taken into account thereafter. For administrative litigation, the court takes a case-by-case approach, and decides whether a letter of consent is acceptable after comprehensive consideration of various factors.

In Judgment No. Gaoxingzhongzi 1043/2012, the Beijing Higher People's Court held that a letter of consent should be a factor applicable to considering whether to approve the application for registration of a trademark under Article 28² of the Trademark Law, mainly for the following two reasons³:

First, the judgment concerning the likelihood of confusion in a trademark application under Article 28 of the Trademark Law⁴ is a presumption made by a trademark grant administrative authorities or the people's courts from the perspective of the relevant public. On the other hand, a letter of consent is issued by the owner of an earlier trademark, a directly interested party whose judgment regarding the likelihood of confusion should more closely reflect market realities. It is very unlikely that the earlier trademark owner will agree to the registration and use of the applied-for trademark, unless under special conditions, if an applied-for

trademark in actual use might cause confusion with an earlier trademark, thus damaging his own interests. For this reason, in the absence of any obvious factors pointing to the confusion likelihood, a letter of consent is a powerful proof that rules out the existence of such likelihood.

Second, trademark right is a property right under the civil law. According to the principle of autonomy, a trademark owner may exercise his free will to dispose of his rights unless vital public interests are involved. A letter of consent is an expression of the will of an earlier trademark owner, who permits coexistence of a similar mark on identical or similar services after negotiation between the earlier trademark owner and the applicant of a later trademark. It embodies the disposal of rights by the earlier trademark owner. Given that the immediate purposes of the Trademark Law are to protect the rights of trademark owners while safeguard the interests of consumers, the disposal of rights by an earlier trademark owner should be denied only when there are sufficient evidence to prove that the letter of consent executed by the earlier trademark owner infringes upon the rights of consumers.

While the actual situations of trademark applications are varied, the chance of a letter of consent being accepted by TRAB or the court is a key factor taken into account by a trademark applicant in deciding whether to approach the owner of an earlier trademark. After all, exposing a trademark to another party, especially one from the same industry, unavoidably involves commercial risk. In the following the writers will make an incomplete generalisation of the situations where a letter of consent may and where it may not be accepted based on the views of the courts in combination with specific cases we came across in practice.

1. Where an applied-for trademark and an earlier trademark constitute identical trademarks designated for use on identical or similar goods or services that do not come from the same source, a letter of consent is usually unaccepted.

Pursuant to Article 9.1 of the Interpretation of the Supreme People's Court on Several Issues Concerning Application of Law in the Trial of Cases of Civil Disputes Arising from Trademarks, "trademarks that are identical" under Article 52 (1)⁵ of the Trademark Law means that an allegedly infringing trademark is not essentially different from the registered trademark of a plaintiff in visual perception.

In China a letter of consent does not necessarily carry with it a promise of coexistent registration of trademarks. Rather, it is a factor applicable to judging whether an ap-

plied-for trademark may be approved for registration under Article 30 of the Trademark Law. In the event an applied-for trademark and an earlier trademark are identical trademarks for use on identical or similar goods or services, even with the presence of a letter of consent issued by the owner of the earlier trademark, the applied-for trademark does not actually serve any function in distinguishing the source of goods or services, thus failing to help rule out the likelihood of confusion among the relevant public as to the source of goods or services. In this case a letter of consent has lost its reference value and should not be accepted. For instance, in Administrative Judgment No. Gaoxingzhongzi 929/2013, the Beijing Higher People's Court did not accept the letter of consent on the grounds that the trademarks of the parties, both comprised only of "RANGER" in common printed form, were identical and used on similar goods, thus rendering the relevant public almost certain to get confused about the source of the goods.

2. Where an applied-for trademark and an earlier trademark constitute similar trademarks with their major, prominent parts being the same, and are designated for use on identical or similar goods or services that come from the same source, a letter of consent is usually accepted.

Pursuant to Article 9.2 of the Interpretation of the Supreme People's Court on Several Issues Concerning Application of Law in the Trial of Cases of Civil Disputes Arising from Trademarks, "trademarks that are similar" under Article 52(1)⁶ of the Trademark Law means that an allegedly infringing trademark is similar to a registered trademark of a plaintiff in font, pronunciation or meaning of the words or composition and colour of the device, or in overall structure of combined elements, or in three-dimensional shape, combination of colours, thereby easily misleading the relevant public about the source of the goods or causing the relevant public to believe that the source of the allegedly infringing trademark has certain association with the designated goods of the registered trademark of the plaintiff.

According to the above provision, if the major and prominent parts of the compared trademarks are the same, it is very likely that the relevant public will believe that the goods or services come from the same market entity, and for this reason the trademarks can be determined as similar trademarks. Under this circumstance, it is not easy to rule out the likelihood of confusion even with the presence of a letter of consent. In adherence to the legislative intent and underlying principle of Article 30 of the Trademark Law, coexistent

registration should not be approved. However, there is an exception to this. When the owners of the trademarks are related in some ways, such as one is the holding company of the other, thus allowing common source of the goods or services, a letter of consent may be accepted.

For instance, in Administrative Judgment No. Gaoxingzhongzi 1717/2011, the Beijing Higher People's Court accepted the letter of consent, and decided that the applied-for trademark (No. 4215925) was allowed for coexistent registration with the cited trademark (No. 1479577) on similar services under Class 35.⁷ The court held that both trademarks contained the words "NTT", which were in a prominent position and constituted the major distinctive part of the trademarks, thereby easily causing confusion among the relevant public as to the source of the services given that the designated services were similar services. Accordingly, the applied-for trademark and the cited trademark constituted similar trademarks for use on identical or similar services. Despite this, the letter of consent was accepted by the court on the grounds that the registrant of the cited trademark was a holding company of the owner of the applied-for trademark, which rendered the services provided by the parties originating in the same source, and to the relevant public such association of the services was legitimate, with practically no cause of confusion about the source of services, nor any detriment to the interests of the consumers.



Trademark No. 4215925



Trademark No. 1479577

In our opinions the above judgment will have general guidance value for future cases involving the issue of whether similar trademarks owned by companies of holding-subsidiary relationship may be allowed for coexistent registration.

3. Where an applied-for trademark and an earlier trademark are highly similar, and are designated for use on identical or similar goods or services that do not come from the same source, a letter of consent may be accepted dependent on circumstances.


In this case, a letter of consent may serve as a factor applicable to judging whether the applied-for trademark can be approved for registration under Article 30 of the Trademark Law, and in combination with other factors, for deciding whether the trademark registration can be approved.

While the likelihood of confusion about the source of goods caused by coexistent registration of trademarks a-

mong the relevant public is a result of presumption, a letter of consent is issued by an earlier trademark owner out of his true will. In the light of this, the examiner or judge should temper his judgment of the likelihood of confusion based on experience and assumption with appreciation of the market-based judgment of the earlier trademark owner, unless there is apparent evidence to prove that the letter of consent may be detrimental to the interests of the public. The owner of an earlier trademark comes from the relevant industry, and is more sensitive and accurate in the judgment regarding the similarity of trademarks. Additionally, a letter of consent is the disposal of private rights by an earlier trademark owner. It should be accepted if no evidence shows that the coexistence of trademarks prejudices the interests of the relevant public. Having said that, if the trademark signs are very similar, one should take into consideration not only the letter of consent, but also other factors, including but not limited to, repute of the applied-for trademark and the fields of the designated goods or services of both parties.



In Administrative Judgment No. Gaoxingzhongzi 1043/2012, the Beijing Higher People's Court approved the coexistent registration⁸ of the applied-for trademark "UGG" (No. 6379162) and the cited trademark "UCG" (No. G951748) on identical or similar services under Class 35. Apart from the letter of consent, factors for consideration also included the high repute of the applied-for trademark "UGG" in the relevant field and considerable differences between the business fields the designated services are involved in. From this case, it shows that in addition to acquiring a letter of consent, the applicant should also try his best to collect evidence in relation to repute of the applied-for trademark, investigate the fields of the designated services of both parties to find out their differences, and prove that the registration and use of the applied-for trademark will not cause confusion among the relevant public about the goods or services.

In the event the trademark signs are highly similar, where evidence relating to repute of an applied-for trademark or differences between industry fields is not available for supporting that the likelihood of confusion is low, an applied-for trademark can hardly be approved for registration even with the presence of a letter of consent. Although a letter of consent is a voluntary disposal of an earlier trademark right by its owner, the registration of an applied-for trademark will still be disapproved if the registration is expected to cause confusion among the public as to the source of goods or services. For instance, in Administrative Judgment No.


Gaoxingzhongzi 551/2012, the Beijing Higher People's Court did not accept the letter of consent⁹ on the grounds that the applied-for trademark “” (No. G881115) and the cited trademark “HALEX” (No. 3330293) constituted similar trademarks on similar goods. It is noteworthy that the relevant goods under reexamination in this case actually belong to different groups under Class 9 in accordance with the Chinese Classification of Similar Goods and Services, and constitute no similar goods. The court, however, held that these goods caused strong association in many aspects including function, usage, production sector, distribution channel and consumers, and therefore determined that they constituted similar goods under Article 15 of the Interpretation of the Supreme People's Court on Several Issues Concerning Trial of Administrative Cases Involving the Granting and Confirmation of Trademark Rights.

However, if the trademarks of both parties are highly similar in the word portions but contain other elements which distinguish themselves obviously in overall visual effect, the chance of a letter of consent being accepted by the court tends to be higher. Two examples are cited in the following:

1. Administrative Judgment No. Gaoxingzhongzi 268/2013

In Administrative Judgment No. Gaoxingzhongzi 268/2013, the Beijing Higher People's Court accepted the letter of consent and coexistence agreement, and held that the applied-for trademark “” (No. 7518037) was allowed for coexistent registration with the cited trademarks “” (No. 5634268) and “PMI” (No. G890627) on similar services under Class 35, on the grounds that the sign of the applied-for trademark was not identical to those of the cited trademarks, and the letter of consent was able to support the argument that the coexistence of the applied-for trademark and the cited trademarks on similar services would not cause confusion among the relevant public¹⁰.

2. Administrative Judgment No. Gaoxingzhongzi 15/2013

In Administrative Judgment No. Gaoxingzhongzi 15/2013, the Beijing Higher People's Court accepted the letter of consent, and held that the applied-for trademark “AXYS” (No. 4953633) was allowed for coexistent registration with the cited trademark “” (No. 3602034) on similar goods under Class 9, on the grounds that there were certain differences between the trademarks in overall visual effect, the letter of consent reflected the free disposal of the rights and the true will of the earlier trademark owner, and no evi-

dence indicated that the letter of consent would prejudice the interests of the relevant public¹¹.

In summary, although trademark applications seem to be varied and intricate in practical situations, some fundamental approach in handling a case may still apply. On the basis of understanding TRAB's examination practice as well as the court's attitude toward and principle of acceptance of a letter of consent, relevant materials should be collected according to specific conditions of the applicant and the applied-for trademark. In the area of letters of consent, China has yet to develop a more sophisticated system. Substantially, examiners differ among themselves in subjective judgment on whether a letter of consent can be accepted, and as such the applicants are uncertain about the outcomes of cases. Procedure wise, a letter of consent is allowed to be filed to the TRAB only after an applied-for trademark is rejected, with no legal procedure established for submitting a letter of consent prior to the rejection of a trademark. This not only prolongs the examination process, but also incurs unnecessary costs. In the light of these, the writers call for prompt regulation of a letter of consent system by law toward increased objectivity and operability of the practice in China. ■

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¹ The Trademark Law mentioned herein refers to the revised version issued in 2013, unless otherwise specified.

² The Trademark Law (2001)

³ Administrative Judgment No. Gaoxingzhongzi 1043/2012 issued by the Beijing Higher People's Court

⁴ The Trademark Law (2001)

⁵ The Trademark Law (2001)

⁶ The Trademark Law (2001)

⁷ Administrative Judgment No. Gaoxingzhongzi 1717/2011 issued by the Beijing Higher People's Court

⁸ Administrative Judgment No. Gaoxingzhongzi 1043/2012 issued by the Beijing Higher People's Court

⁹ Administrative Judgment No. Gaoxingzhongzi 551/2012 issued by the Beijing Higher People's Court

¹⁰ Administrative Judgment No. Gaoxingzhongzi 268/2013 issued by the Beijing Higher People's Court

¹¹ An administrative Judgment No. Gaoxingzhongzi 15/2013 issued by the Beijing Higher People's Court