

# Latest Developments in Adjudication of IP Cases by Beijing Higher People's Court in 2014

(Abridged Part on Trademark)

## The IP Tribunal of the Beijing Higher People's Court

“Other unhealthy influences” shall be defined as those having unhealthy influences on the public interest and the public order

When judging on whether a sign has other unhealthy influences, account shall be taken of whether the sign or its constituting elements have negative or passive influences on China's public interest and public order, such as politics, economics, culture, religion and races. If the registration of a relevant sign simply impairs particular civil rights and interests, it is improper to deem that the sign has other unhealthy influences since the Trademark Law has set forth other remedies and corresponding procedures. Accordingly, in the application of Article 10.1(8) of the Trademark Law, “oth-

er unhealthy influences” shall still be defined as impairing the public interest and the public order. The circumstances involving particular civil rights and interests can be considered to have “other unhealthy influences” as stipulated in the above provision only when the public interest and the public order have been impaired due to the infringement upon relevant civil rights and interests.

In *Beijing Think China Network Technology Co., Ltd. (“Think China Co.” for short) v. the Trademark Review and Adjudication Board (TRAB)*, an administrative dispute<sup>1</sup> over rejection and review of a trademark application, the applied-for trademark was concerned with the trademark “通寻兵” (No. 10652581), which was designated to be used on goods,

such as computer peripheral equipments, electronic signal transmitters, optical communication equipments and program-controlled telephone switching equipment under class 9. The China Trademark Office (CTMO) and TRAB both rejected the application for registration of the said trademark on the grounds that the Chinese characters if registered as a trademark may have unhealthy influences. The first-instance court held that if a sign was apt to mislead consumers about the properties, e.g., quality, of the designated goods, since such a sign might affect the interests of the consumers, it could be regarded as having unhealthy influences and should not be allowed for registration as a trademark in most cases. The applied-for trademark “通寻兵” looked quite similar to “通信兵” (meaning communication soldiers) in terms of Chinese characters and pronunciation. Communication soldiers were specialized soldiers in the army responsible for military communication tasks. The applied-for trademark “通寻兵” was prone to be recognized as “通信兵” by the relevant public, and the use thereof on goods, such as computer peripheral equipments, electronic signal transmitters, optical communication equipments and program-controlled telephone switching equipments under class 9 of International Classification, tended to make the relevant public believe that the product under that trademark was a military product used in communication system, which might mislead consumers and cause unhealthy influences. In summary, the first-instance court sustained the decision of the TRAB.

The second-instance court pointed out that the applied-for trademark consisted of three Chinese characters “通寻兵”, which did not form a fixed phrase in Chinese. Besides, it did no harm to the social morals and customs no matter viewed separately or as a whole. Although “通寻兵” (pronounced as “tong xun bing”) sounded close to “通信兵” (pronounced as “tong xin bing”), the branch of the armed forces, the change from “信” to “寻” made the applied-for trademark easier to attract the consumers’ attention so that they would distinguish it from “通信兵”. Thus, the relevant public would not mistake the applied-for trademark for “通信兵” and further mistook the goods designated for military products in communication system. No other unhealthy influences misleading the consumers would arise. The trial court was erroneous in concluding that the use of the applied-for trademark on designated goods would easily cause the relevant public to believe that the product under that trademark was a military product used in communication system, which might mislead consumers and generate un-

healthy influences.

**A sign that is not consistent with the name of the applicant shall not be rejected for registration on the grounds of “other unhealthy influences”**

Where a trademark consists of or includes an enterprise name, which is substantially different from the name of an applicant, the trademark shall be rejected for registration because it is likely to mislead the public about the source of goods or services under the trademark. Under such circumstances, it is not appropriate to apply Article 10.1 (8) of the Trademark Law of 2001.

In *Deloitte Touche Tohmatsu Limited (“Deloitte” for short) v. the TRAB*, two administrative disputes<sup>2</sup> over rejection and review of a trademark application, the applied-for trademarks were “Deloitte Tax Research Foundation” applied for registration by Deloitte, designated to be used on services under class 42, such as technical research and artwork evaluation, and class 35, such as tax preparation and advertising. The CTMO and TRAB both rejected the application for registration of the two trademarks on the grounds that the trademarks for registration had unhealthy influences due to its difference from the name of Deloitte and possibility of misleading the consumers. The first-instance court sustained the decision of the TRAB.

The second-instance court pointed out that although the applied-for trademark, Deloitte Tax Research Foundation, was not completely identical with the name of Deloitte, the distinctive portion “Deloitte” thereof was identical to the name of Deloitte, and the designated service “taxation” was in association with “accounting”, one of the businesses of Deloitte. For that reason, there were no substantive differences therebetween that were sufficient to mislead the relevant public about the content and nature of the designated services, and no other unhealthy influences arose therefrom accordingly. Hence, the trial court and TRAB were erroneous in finding the applied-for trademark in violation of Article 10.1 (8) of the Trademark Law as of 2001.

**The sign that is distinctive and indicative of the source of goods, though containing a geographical name above the county level, can be approved to be registered as a trademark**

A trademark containing a geographical name above the county level shall not be deemed to lose its distinctiveness or as a non-registrable geographical trademark due to the presence of the geographical name. Judgment on the distinctiveness of the trademark shall be made in comprehensive consideration of all the constituting elements of the

trademark. Meanwhile, if the trademark has the function of indicating the source of goods or services, it is not a non-registrable trademark as stipulated in Article 10.2 of the Trademark Law of 2001.

In *Shanghai International Film Festival Co., Ltd. ("Film Festival Co." for short) v. the TRAB*, an administrative dispute<sup>3</sup> over rejection and review of the applied-for trademark, "SHANGHAI INTERNATIONAL FILM FESTIVAL and device", and *Shanghai Story Silk Development Co., Ltd. ("Shanghai Story Co." for short) v. the TRAB*, an administrative dispute<sup>4</sup> over rejection and review of the applied-for trademark, the trademark "SHANGHAI STORY" (No. 10087133), Film Festival Co. and Shanghai Story Co. respectively applied for the trademark "SHANGHAI INTERNATIONAL FILM FESTIVAL and device" designated on services under class 41, such as education, conference arrangement and organization, and film making, and for the trademark "SHANGHAI STORY" on goods under class 25, such as clothes and ties. The CTMO and TRAB both rejected the above-mentioned applications on the grounds that the two trademarks lacked distinctiveness, and "Shanghai", as a geographical name above the county level, could not be registered as a trademark. The first-instance court sustained the decisions of the TRAB.

The second-instance court held that although the trademark "SHANGHAI INTERNATIONAL FILM FESTIVAL and device" (No. 6048739) contained the word "Shanghai", "Shanghai" therein was used as a component of such a big international event as "Shanghai International Film Festival" and constituted the first applied-for trademark together with other elements including a figure of an ancient appliance called "Jue". For that reason, the applied-for trademark, whose function had gone beyond merely indicating that the source of the service was from Shanghai, a geographical region, was no longer a geographical name prohibited from being registered as a trademark under the Trademark Law. Although the trademark "SHANGHAI STORY" (No. 10087133) consists of the word "Shanghai", the added word "story" conveyed a cultural implication with historical and geographical characteristics, which made it different from the geographical name "Shanghai". The relevant public would not identify it as an administrative division name "Shanghai". Thus, the trademark served to distinguish the source of goods and had an identifying function. Meanwhile, the use of the applied-for trademark further enhanced the corresponding relation between the indicated goods and Shanghai Story Co., which had gone beyond the function of

merely indicating that the source of the service was from Shanghai, a geographical region. The relevant public would not regard it as an indication of the place of origin of the goods. So the trademark was not a geographical name prohibited from being registered as a trademark under the Trademark Law.

### **3D trademarks are not naturally distinctive due to its inclusion of a figurative trademark having distinctive features**

As for an application for registration of a 3D sign as a trademark, comprehensive consideration is taken of the 3D sign as a whole and the relation between the sign and the designated goods when judging on whether the 3D sign has distinctive features. The 3D sign registered as a trademark does not naturally have distinctive features just due to the inclusion of a figurative trademark with distinctive features. If the 3D sign is apt to be identified as the package of designated goods by the relevant public, rather than be treated as a trademark identifying the source of goods, even if the 3D sign includes a figurative trademark having distinctive features, the 3D sign is still considered to be void of distinctive features and cannot be registered as a trademark. In addition, whether a trademark applicant has a subjective intent to use a particular 3D sign as a trademark is not a factor to be taken into account when judging whether the 3D sign has distinctive features.

In *French Champagne Perrier Jouët S.A. ("Perrier Jouët S.A." for short) v. the TRAB*, an administrative dispute<sup>5</sup> over rejection and review of a trademark application, the applied-for trademark No. 6318971 was a 3D bottle-like sign (with designated colours) designated to be used on goods under class 33, alcoholic drinks (excluding beer). A flower pattern on the bottle-like trademark was a figurative trademark No. 560331 that obtained via international registration earlier on goods under class 33, alcoholic drinks. The CTMO decided to reject the application for registration of the trademark. Perrier Jouët S.A. was dissatisfied with the decision and applied for review with the TRAB. The TRAB held that the applied-for trademark was a universal packaging figure of the designated products. In consideration of designated alcoholic drinks (excluding beer), the relevant public would easily identify the figure as the package, instead of the trademark, of the product without paying special attention. In that case, the applied-for trademark only directly indicated the packaging characteristics of the designated goods, which was hard to distinguish the source of goods. Therefore, the applied-for trademark lacked intrinsic distinctiveness. The

registration of other trademarks shall not be taken as an undoubted reason for the approval of registration of the trademark. Based on those reasons, the TRAB rejected the application for registration of the applied-for trademark. The first-instance court's view was that a 3D sign did not acquire distinctiveness required for trademark registration due to its particularities in visual effect. The relevant public usually took the 3D shape as the shape or package of the product, rather than identify it as a trademark which was, under normal conditions, separable from the product *per se* and has an identifying function. Thus, generally speaking, the shape or package of a product *per se* did not have intrinsic distinctiveness. If a 3D sign obtained higher reputation in the market through long-term use, which enabled the relevant public to establish a unique one-to-one relation between the sign and the specific place of origin, the 3D sign, just like a peculiar dress worn by people, was as distinguishable as a name and therefore possessed distinctiveness. Based thereupon, the first-instance court ruled that the applied-for trademark had distinctive features and could be registered as a trademark in consideration of the following factors: 1. the applied-for trademark was created by Perrier Jouët S.A. and had a peculiar design; 2. a unique one-to-one relation between the applied-for trademark and Perrier Jouët S.A. has been formed among the relevant public via long-term use and publicity; and 3. Perrier Jouët S.A. had the intent to use the applied-for trademark in mainland China.

The second-instance court concluded that although the combination of the flowers and vines with the bottle shape of the applied-for trademark is of specialty and the said trademark produces different visual effects from different perspectives, the main part of the 3D sign, the bottle body, was a commonly-seen package of relevant products, and the patterns and seal paper on the bottle would easily be recognized as the package of the bottle by the relevant public, rather than the trademark to identify the source of goods. Therefore, the applied-for trademark lacked intrinsic distinctive features essential for registration as a trademark. Meanwhile, evidence provided by Perrier Jouët S.A. was not sufficient to prove that the applied-for trademark had the function of identifying the source of goods through extensive use.

**Undermining the corresponding relation between the well-known trademark and its registrant impairs the interests of the registrant of the well-known trademark**

Any circumstances that render the relevant public to associate the trademark in dispute with the well-known

trademark and therefore undermine the distinctiveness and market reputation of the well-known trademark or utilize the market reputation of the well-known trademark in an unfair manner would fall within the scope of "misleading the public such that the interests of the registrant of the well-known mark are likely to be damaged by such use" as stipulated in Article 13.2 of the Trademark Law. Meanwhile, the subjective intent of the registrant of the disputed trademark is a factor to be considered when judging whether the market reputation of the well-known mark is utilized in an unfair manner.

In *Bright-future Network Information Technology (Beijing) Co., Ltd. ("51job.com" for short) v. the TRAB and Zheng Huiwen*, an administrative dispute<sup>6</sup> over opposition and review of a trademark application, the disputed trademark is the trademark "前程无忧" (meaning "bright-future", No. 4191273), designated to be used on services under class 41, such as school (education), training, employment guidance (education or training consultation), arrangement and organization of academic symposiums, translation, rental libraries, on-line games (on the network); fitness club; animal training and model provision to artists. 51job.com filed an opposition with the CTMO. The latter held that the opposed trademark is a reproduction of the well-known trademark "前程无忧 and device" (hereinafter referred to as "cited trademark 1") registered on the services under class 35 by 51job.com, i.e., services on employment and personnel recruitment advertised through networks, newspapers and magazines worldwide, so that the opposed trademark should not be approved for registration according to Articles 13.2 and 33 of the Trademark Law. The TRAB pointed out that the Chinese characters of the opposed trademark were almost identical with those of the well-known cited trademark 1 of 51job.com, which was fairly unique; meanwhile, the font of the former was almost the same as that of the latter. The former thereby constituted a reproduction of the well-known trademark owned by 51job.com. The following services on which the opposed trademark was designated to be used, namely "school (education), training, employment guidance (education or training consultation), arrangement and organization of academic symposiums", are somewhat associated with the services for which the trademark of 51job.com was famous, namely "employment and personnel recruitment advertised through networks, newspapers and magazines worldwide", in terms of service provision, channel and characteristics. The registration of the opposed trademark on the above services is likely to cause confusion among

consumers and impair the interests of 51job.com, which is in violation of Article 13.2 of the Trademark Law. The following services on which the opposed trademark is designated to be used, namely “rental libraries, on-line games (on the network); fitness club; animal training and model provision to artists”, are of great difference from the services for which the trademark of 51job.com is famous. Such registration is unlikely to mislead the public or impair the interests of 51job.com, and thus is not in violation of Article 13.2 of the Trademark Law. In summary, the TRAB adjudicated that the opposed trademark was not allowed to be registered on services of “school (education), training, employment guidance (education or training consultation), arrangement and organization of academic symposiums”, but could be approved and registered on services of “rental libraries, on-line games (on the network); fitness club; animal training and model provision to artists”. The first-instance court sustained the TRAB’s adjudication.

The second-instance court held that the circumstances that “mislead the public such that the interests of the registrant of the well-known mark are likely to be damaged by such use” as stipulated in Article 13.2 of the Trademark Law included not only the acts of undermining the distinctiveness and market reputation of the well-known trademarks, but also the acts of utilizing the market reputation of the well-known trademarks in an unfair manner. The first-instance court was found erroneous in concluding that whether Zheng Huiwen had bad faith subjectively had nothing to do with the judgment on whether the opposed trademark fell within the circumstances as stipulated in Article 13.2 of the Trademark Law. Meanwhile, the TRAB neglected to review the designated service of “translation”. Although 51job.com did not make such claim in the lawsuit, the people’s courts should take the initiatives to examine and correct the obvious errors that exist in the specific administrative acts because administrative litigation involves an examination on legitimacy of specific administrative acts performed by administrative authorities. Hence, the trial court’s failure to attend to those matters was apparently improper. The TRAB, when re-reviewing, should take into account Zheng Huiwen’s squatting of other’s 38 well-known trademarks and his special identity as a trademark practitioner as asserted by 51job.com in the lawsuit, make comments on whether Zheng Huiwen was malicious in the application for the opposed trademark and whether his act constituted unfair utilization of the market reputation of the well-known cited trademark 1, and then decide whether

Zheng Huiwen’s application for the opposed trademark on services of “animal training; rental libraries, on-line games (on the network); fitness club; and model provision to artists” and the neglected service of “translation” fell within the circumstances stipulated in Article 13.2 of the Trademark Law.

**Determination of squatting by an attorney or representative shall depend on the extent of subjective malice of the registrant of a disputed trademark**

Provisions concerning prohibition of registration of a mark by an attorney or representative without the mark owner’s authorization are set forth in both Trademark Laws of 2001 and 2014. The squatting acts of the attorney or representative undermine the reliance on the agency or representative relation that should have been established between both parties, which is not only harmful to the establishment of *bona fide* system in the market, but also increases the transaction cost. Thus, in the application of the provision for judging whether the goods on which a squatted trademark is designated to be used are similar to those on which the trademark of the entrusted or represented is designated to be used, proper account shall be taken of the extent of subjective malice of the attorney or representative. The scope of the similar goods should be broad enough to prevent malicious squatting.

In *Cofinotech Composite Material (Shanghai) Co., Ltd. (“Cofinotech Co.” for short) v. the TRAB and Weiss Chemie + Technik GmbH & Co. KG (“Weiss Co.” for short)*, an administrative dispute<sup>7</sup> over a registered trademark, Cofinotech Co. was a dealer of adhesives under the brand of “WEISS and device” and “WEISS” of Weiss Co.. The disputed trademark was trademark “weiss and device” (No. 6683951) registered by Cofinotech Co. on goods under class 6, such as metal doors or metal construction components. In addition, Cofinotech Co. also registered the trademark “weiss and device” on goods under class 1, such as industrial adhesives. Weiss Co. applied for revoking the registration of the disputed trademark on the grounds that Cofinotech Co., as an agent of Weiss Co., preemptively squatted, in bad faith, the trademark “weiss and device” created and continuously used by Weiss Co. in its own name in China, without obtaining authorization from Weiss Co., which infringed upon the earlier trademark and trade name rights of Weiss Co. that have enjoyed certain reputation and influence. The TRAB decided that Cofinotech Co., as a dealer of adhesives of Weiss Co., applied for registration of the disputed trademark, which was completely identical to the trademark “weiss and de-

vice” owned by Weiss Co., on goods identical to and similar with the adhesives produced, manufactured and sold by Weiss Co. in mainland China, without the authorization of Weiss Co., which fell within the circumstances as provided in Article 15 of the Trademark Law of 2001. Hence, the TRAB adjudicated that the disputed trademark should be revoked. The first-instance court held that the goods such as metal doors or metal construction components, on which the disputed trademark was approved to be used, were neither identical to nor similar with the chemical products actually sold by Weiss Co. TRAB’s conclusion that the registration of the disputed trademark was in violation of Article 15 of the Trademark Law was lacking in factual grounds and should be revoked.

The second-instance court ruled that although the commercial trade and business between Cofinotech Co. and Weiss Co. were mainly limited to adhesives, special detergents and other chemical products before the filing date of the disputed mark, those goods, however, mainly used for adherence and cleaning of doors and windows or other construction materials and serving as auxiliary materials thereof, were in close association with such goods as metal doors and metal construction components on which the disputed trademark were approved to be used. Meanwhile, Cofinotech Co. was found to have a subjectively malicious intent in trademark squatting because Cofinotech Co. had registered a trademark identical to the disputed trademark on goods under class 1, which were within business scope of Cofinotech Co. and Weiss Co.. Thus, the TRAB was correct in deciding that the disputed trademark was in violation of Article 15 of the Trademark Law.

#### **Respect for the will of the owner of an earlier trademark precedes prevention of consumer’s confusion and misconception**

Although confusion and misconception caused among the public should be avoided in practice involving the grant and determination of trademark, more respect shall be shown to private nature of trademark right, especially the will of the owner of an earlier trademark. Where prevention of consumer’s confusion and misconception is in conflict with the respect for the will of the earlier trademark owner, the latter often takes precedence over the former. If owners of the same or similar marks used on the same or similar goods recognize the co-existence of the same or similar marks by concluding a co-existent agreement, particularly when such a co-existent agreement exists in the form of a mediation a-

greement in judicial adjudication and has actually been performed, such a mediation agreement should be respected upon the grant and determination of relevant trademark rights, and the legitimate rights and interests of the parties concerned in the judicial mediation agreement should be protected. A co-existent trademark registration system is applied on the premise that confusion and misconception occur or are likely to occur among the consumers, and the co-existence of the same or similar marks used on the same or similar goods or services does not necessarily eliminate the confusion and misconception caused among the consumers. The reason is that if there is no likelihood of causing confusion and misconception among the consumers, it is impossible for an earlier trademark to become an obstacle to the registration of the later trademark, and the trademark co-existence system should not be applied. Thus, confusion and misconception caused among consumers have nothing to do with whether the owner of the earlier trademark licenses the registration of the later trademark, or in other words, co-existence of earlier and later trademarks for the same or similar goods or services is likely to “result in confusion” irrespective of whether the owner of the earlier trademark licenses the registration of the later trademark. The later trademark, even if being likely to “result in confusion”, can still be registered on the premise of the consent of the owner of the earlier trademark, rather than the elimination of consumers’ confusion and misconception.

In *Zhengzhou City Shuailong Jujube Foodstuff Co., Ltd. (“Shuailong Co.” for short) v. the TRAB*, an administrative dispute<sup>8</sup> over rejection and review of a trademark application, Henan Higher People’s Court entrusted by the Supreme People’s Court mediated the dispute between Shuailong Co. and Haoxiangni Co. by signing a settlement agreement on 19 September 2009, providing that Shuailong Co. would assign to Haoxiangni Co. all its trademarks, namely, “真的好想你” (meaning “really missing you”), “想你” (meaning “missing you”) and “好想你” (meaning “missing you very much”), and rights to apply for registration of the same; Haoxiangni Co. promised not to use or assign the trademark “真的好想你” in its business and commercial publicity; and Haoxiangni Co. promised not to file an opposition against the trademarks “真的想念你”, “真的喜欢你” and “真的常想你” which Shuailong Co. was applying for registration. The above settlement agreement has been enforced in practice. The applied-for trademark was the mark “真的常想你” (No. 7864619) filed by Shuailong Co. according to the settlement



agreement on 26 November 2009, and the cited trademark was the mark “真的好想你” (No. 4879544). The CTMO and TRAB both decided to refuse the application on the grounds that the applied-for trademark was found confusingly similar with the cited trademark registered on similar goods. The first-instance court held that the TRAB was erroneous in refusal of the applied-for trademark without taking into account the settlement agreement of the Supreme People's Court. There was no likelihood of confusion between the cited trademark and the applied-for trademark. The decision should be revoked.

The second-instance court held that the TRAB was not a consumer at all and should have made a judgment in a position of the consumers, rather than in place of the consumers. Although the applied-for trademark and the cited trademark constituted similar marks used on identical or similar goods, the cited trademark was originally owned by the owner of the applied-for trademark. The settlement agreement signed between Shuailong Co. and Haoxiangni Co. under the mediation by Henan Higher People's Court entrusted by the Supreme People's Court on 19 September 2009 could be regarded as a co-existent agreement on registration and use of the applied-for trademark and the cited trademark concluded between the owner of the applied-for trademark, Shuailong Co., and the current owner of the cited trademark, Haoxiangni Co.. Haoxiangni Co. had agreed to the application for registration of the trademark. After the settlement agreement became effective, Shuailong Co. had executed the agreement, and the cited trademark was assigned to Haoxiangni Co. accordingly. Even if the applied-for trademark and the cited trademark constituted identical or similar trademarks used on identical or similar goods, in view that the settle agreement on the application for registration of the trademark between Shuailong Co. and the owner of the cited trademark embodied an execution of the trademark by the parties concerned, there was no evidence showing that the conclusion and execution of the settlement agreement impaired the public interest, nor was there any valid evidence effectively proving that the applied-for trademark fell within the stipulated circumstances under which the registration of the trademark should be rejected. Moreover, the owner of the cited trademark had promised not to use the cited trademark in its business, indicating that the likelihood of confusion and misconception among consumers had been greatly reduced and therefore they should allow the registration and use of the applied-for trademark. Hence, it was in-

deed improper for the TRAB not to take the settlement agreement into consideration when making the decision.

#### **Account shall be taken of practical use of relevant trademarks and likelihood of confusion in determination of similar trademarks**

Under the circumstances that the sign of the trademark in dispute and that of the earlier trademark might be found similar but are still different in terms of pronunciation, meaning and composition, account shall be taken of practical use of the marks on relevant goods or services and whether it is likely to cause confusion and misconception among the relevant public when judging whether they constitute similar marks based on the evidence submitted by the parties concerned.

In *Chery Automobile Co., Ltd. (“Chery Co.” for short) v. the TRAB and Tencent Technology (Shenzhen) Co., Ltd. (“Tencent Co.” for short)*, an administrative dispute<sup>9</sup> over opposition and review of a trademark application, the opposed trademark was the mark “QQ-ME” (No. 7195923) applied by Chery Co. on 12 February 2009 and designated to be used on goods, such as automobiles, under class 12, and the cited trademark 1 was the mark “QQ” applied by Tencent Co. on 1 March 2001 and designated to be used on goods, such as motorcycles, under class 12. During the publication of the opposed trademark, Tencent Co. filed an objection against the opposed trademark with the CTMO, and the latter approved the registration. Then Tencent Co. applied for review with the TRAB and the latter rejected the registration. The first-instance court upheld the TRAB's decision.

The second-instance court held that the opposed trademark consisted of English letters “QQ” and “Me” connected by a hyphen, and the cited trademark 1 was a figurative mark. Although the cited trademark 1, as a whole, may also be read as “QQ”, it was still different from the opposed trademark and could still be differentiated therefrom holistically. On the basis of the evidence respectively provided by Chery Co. and Tencent Co., the cited trademark 1 registered by Tencent Co. for use on goods, such as motorcycles, under class 12 did not enjoy a high reputation, whereas Chery Co. used the trademark “QQ” and the opposed mark on automobile goods in practice. The trademark “QQ” owned by Chery Co. had a good reputation among the relevant public due to its publicity and use. Although the opposed trademark was applied later, the relevant public still tended to identify the opposed trademark as the automobile goods of Chery Co. under the trademark “QQ”, thereby associating

the source of goods with Chery Co.. Thus, the co-use of the opposed trademark and the cited trademark 1 on identical or similar goods would not cause confusion and misconception among the relevant public.

**Revocation of the cited trademark by the TRAB may lead to the application of the principle of *rebus sic stantibus***

In the past judicial practice, the court determined whether the principle of *rebus sic stantibus* was applicable mostly based on the ascertained fact that the cited trademark was not allowed for registration or revoked according to the effective judgment made by the court. Where the legal status of the cited trademark has not yet been confirmed by the effective judgment, the court is taking a prudent attitude towards the application of the principle of *rebus sic stantibus*. There are usually two approaches, one is to continue taking the factual state as the adjudication basis, and the other is to suspend the trial of a case and wait for the final determination of the legal status of the cited trademark. Many objective factors will have influence on whether the adjudication of a trademark authority finally has a legal effect, and sometimes it is hard to make such a decision timely, but if it is possible to make a decision as to the application of the principle of *rebus sic stantibus* according to the administrative adjudication of the cited trademark made by the trademark authority on the basis of the particular facts of a relevant case, it will be advantageous to improve the examination efficiency of administrative cases involving trademark grant and determination. Under current circumstances, if the cited trademark during litigation is adjudicated as non-registrable by the TRAB, the principle of *rebus sic stantibus* is applicable in order to make a judgment on the case according to the current situations since the current evidence is not sufficient enough to prove the above adjudication of the TRAB has been in the litigation proceeding or revoked according to the effective adjudication of the people's court.

In *Lenovo (Beijing) Co., Ltd. ("Lenovo Co." for short) v. the TRAB*, an administrative dispute<sup>10</sup> over rejection and review of a trademark application, the TRAB found that the applied-for trademark and the cited trademark 2 constituted similar trademarks on identical or similar goods and decided not to approve of its registration on relevant goods on 23 December 2013. Lenovo Co. filed, in the litigation proceeding, an adjudication No. 144745 made by the TRAB on 7 January 2014 regarding non-registration of the cited trademark 2, arguing that the non-registration of the cited trademark 2 as decided by the TRAB after reviewing was no longer an ob-

stacle for the registration of the applied-for trademark. In the event of no final result of the second-instance trial of the cited trademark 2, the TRAB should suspend the trial of the present case. Based on that, Lenovo Co. respectfully requested the court to revoke the adjudication of the TRAB. The first-instance court held that the registration of the cited trademark 2 had been rejected by the TRAB after reviewing, but such facts would not affect the conclusion that the application for registration of the applied-for trademark should be partially rejected, and therefore decided to overrule the claims of Lenovo Co..

The second-instance court pointed out that Lenovo Co. filed an opposition against the cited trademark 2 during its preliminary publication by the CTMO, and the TRAB decided not to allow the registration of the cited trademark 2 on 7 January 2014 and served the adjudication to the applicant of the cited trademark 2 by means of publishing it on Trademark Announcement (Issue No. 1401) on 27 March 2014. The period from the date (27 March 2014) of service announcement of the adjudication No. 144745 issued by the TRAB to the second-instance adjudication had exceeded the time limit for service as stipulated by the Implementing Regulations of the Trademark Law. Nor did the TRAB provide any evidence proving that the applicant for registration of the cited trademark 2 filed an administrative lawsuit as being not satisfied with the adjudication No. 144745. Judging from the current evidence, it could be decided that during the second-instance trial of the present case, the cited trademark 2 did not pose an earlier right obstacle on the registration of the trademark for application. Thus, the applied-for trademark should be approved to be registered on relevant goods under review in light of the principle of *rebus sic stantibus*. However, since the TRAB was not erroneous at the time of making the adjudication No. 140285, all the costs associated with the litigation of the present case shall be borne by Lenovo Co..

**A squatted trademark assigned to the earliest prior user can be used to fight against the opposition filed by other prior users.**

China protects registered trademarks. The Chinese Trademark Law follows the principle of protection of registered trademarks and takes protection of non-registered trademarks as an exception, and adopts the first-to-file system in regard to registration of trademarks. As to a non-registered mark used by multiple persons on identical or similar goods, the first-to-file registrant shall in principle have an ex-



clusive right to use the mark. If the mark first filed for registration is the one squatted by another person and enjoys certain reputation, the application for registration of the mark shall be rejected or disapproved of. Where the non-registered mark used by multiple persons on identical or similar goods and having a certain influence is squatted by another person in bad faith, any one of the actual users of the non-registered mark is entitled to assert legitimate claims against the conduct of that person according to law. Under the circumstances that another person assigns its pre-emptively registered mark to some actual users according to law, and the use of the non-registered mark by the some actual users is earlier than that of other actual users, or the assignment of the trademark to the some actual users can be justified for some other reasons, the some actual users then will become the trademark registrants due to legitimate assignment of the mark, and the registration of the legally assigned mark shall neither be rejected nor disapproved of simply based on other actual users' claim that the registration of the mark constitutes squatting of the mark used earlier and enjoying certain reputation.

In *Chinese PLA Tibet Military General Hospital ("Tibet Military General Hospital" for short) v. the TRAB and Tibet Gaoyuanan Biotechnology Development Co. Ltd. ("Gaoyuanan Co." for short)*, an administrative dispute<sup>11</sup> over opposition and review of a trademark application, the opposed trademark was a combined word and figurative trademark “高原安” (Chinese pinyin: Gaoyuanan) (No. 4496927) applied by Chen Kun, an employee of Tibet Military General Hospital, on 3 February 2005 and designated to be used on goods, such as human drugs or medical capsules, under class 5. Gaoyuanan Co. filed an opposition against the registration of the trademark. The opposed trademark was then assigned to Tibet Military General Hospital with the approval of the CTMO. The CTMO approved of the registration of the opposed trademark after examination. Gaoyuanan Co. filed an application with the TRAB for trademark review mainly on the grounds that the opposed trademark was a preemptive registration of its trademark that had been used earlier and enjoyed certain reputation. The TRAB found after examination that the trademark “高原安” was a mark pre-emptively used by Gaoyuanan Co. on goods such as non-medical nutritional capsules and enjoyed certain reputation. Both Tibet Military General Hospital and Gaoyuanan Co. were located in Lhasa, and the former, as a medical organ, should know the use of the mark by Gaoyuanan Co.. However, it still applied

for registration of the opposed mark which was completely identical to the trademark “高原安” owned by Gaoyuanan Co., and the goods on which the opposed mark was designated to be used were similar or in close association with the granules, capsules and oral liquids preemptively used by Gaoyuanan Co. in terms of function and usage, raw materials and consumers. The TRAB thus ruled that the opposed trademark was disapproved of registration. The first-instance court held that the actual use of the trademark “高原安” on goods, such as human drugs, under class 5 by Tibet Military General Hospital started earlier than the use thereof by Gaoyuanan Co., and the latter did not practically use the mark “高原安” on the above-mentioned goods. The TRAB's ruling that the opposed trademark constituted a mark which had been “pre-emptively used and enjoys certain reputation in unfair manner” lacked factual and legal bases and shall be revoked.

The second-instance court held that prior to the application for registration of the opposed mark, Tibet Military General Hospital had used the trademark “高原安” on goods, such as drugs, under class 5, enjoying certain reputation, while Gaoyuanan Co. had also used the trademark “高原安” on goods, such as dietary supplements, under class 3, enjoying certain reputation. Yet, judging from the time of use, Tibet Military General Hospital used the trademark “高原安” earlier than Gaoyuanan Co.; judging from the goods, Tibet Military General Hospital had used the trademark “高原安” on goods, such as drugs, ever since the beginning, whereas Gaoyuanan Co. used the trademark “高原安” on goods, such as dietary supplements, ever since the beginning. The trademark “高原安” used on drugs by Tibet Military General Hospital had already enjoyed certain reputation before its use on dietary supplements by Gaoyuanan Co.. For both of them, the mark “高原安” before registration was simply a unregistered mark. Any party intending to obtain an exclusive right to use the mark “高原安” shall apply for its registration according to law. A trademark applicant could establish its eligibility either by applying for the registration of a mark or on the basis of an assignment under a contract. The opposed trademark of the case was a mark applied for registration on goods, such as human drugs or medical capsules, under class 5. Before the application for registration of the opposed trademark, Gaoyuanan Co. had used the mark “高原安” on goods, such as dietary supplements, under class 3, enjoying certain reputation, but Tibet Military General Hospital started using the mark “高原安” on goods, such

as drugs, under class 5 at a much earlier time, and had also enjoyed certain reputation. Moreover, Chen Kun, the original registrant of the opposed trademark, was an employee of Tibet Military General Hospital. The assignment of the opposed trademark was not in violation of the law, but on the contrary, such assignment could be justified. Hence, Tibet Military General Hospital became the trademark registrant of the opposed trademark as a result of the assignment. Its application for registration of the opposed trademark did not constitute squatting of the mark, which enjoyed certain reputation and was pre-emptively used by Gaoyuanan Co.. The second-instance court decided to uphold the first-instance decision.

**Determination on whether an enterprise, after the change of its name, is still entitled to inherit the prior right of the trade name**

If the prior trade name of an enterprise has enjoyed certain reputation through prior registration and long-term use so that the relevant public can associate the trade name with the source of goods or services identified by the trade name, even though its most distinguishable “trade name” in its name has been changed owing to reconstruction or change of name, the enterprise, after the change, is still entitled to inherit the commercial reputation the prior trade name enjoys and become the owner thereof as long as the relevant public can associate the prior trade name with the enterprise under a new name.

In *Tsingtao Sisa Taiyi Abrasives Co., Ltd.* (“Sisa Taiyi Co.”) v. *the TRAB and Luxin Venture Capital Group Co., Ltd.* (“Luxin Venture Co.”), an administrative dispute<sup>12</sup> over opposition and review of a trademark application, Luxin Venture Co. was originally named Zhangdian Abrasive Wheel Factory, then was named the No. 4 Abrasive Wheel Factory in 1963 with the approval of a competent authority. Its name was changed to China No. 4 Abrasive Wheel Factory (I), Sisa Group Co., Ltd. and Shandong Luxin High-tech Industry Group Co., Ltd. respectively in 1991, 1995 and January 2005. The current name thereof was used since March 2011. Sisa Taiyi Co. was originally named Tsingtao Sisa Taiyi Abrasive Wheel Co., Ltd. founded in March 2004 and changed to Tsingtao Sisa Taiyi Abrasives Technology Co., Ltd. in March 2005. The current name thereof was used since 5 December 2005. The opposed trademark was applied for registration by Sisa Taiyi Co. on 8 October 2004 and designated to be used on goods, such as grinding tools (manual tools) and grinding stones (manual tools), under

class 8. Luxin Venture Co. filed an opposition with the CTMO within a statutory time limit. The CTMO adjudicated that the reasons for opposition could not be supported. The TRAB decided after review that the registration and use of the disputed trademark would impair the rights to trade name of Luxin Venture Co., which was in violation of Article 31 of the Chinese Trademark Law stipulating that no trademark application shall infringe upon another party’s prior rights, so the opposed trademark was disapproved of registration on goods under review. The first-instance court held that the opposed trademark was preliminarily published by the CTMO in January 2007, whereas Luxin Venture Co., the applicant of the trademark opposition, changed its name from Sisa Group Co., Ltd. to the current name in 2005, that is, the prior trade name right of the prior opposition applicant did not exist when the opposed trademark was approved for registration and therefore would not affect its registration. Hence, the TRAB was erroneous in deciding that the registration of the opposed trademark would impair the prior trade name right of Luxin Venture Co..

The second-instance court indicated that “Sisa”, as a trade name formed in a particular historical period and having cultural, industrial and economic significance, was closely associated with Luxin Venture Co., which had used “Sisa” as its trade name for publicity before the filing date of the opposed trademark. The trade name “Sisa” was well-known and recognized by the relevant public. Taking such facts into account that Luxin Venture Co. had applied for multiple trademarks containing a “Sisa” sign since November 2004 and been associated with multiple enterprises with the “Sisa” trade name, and still used the name “the former Sisa Group Co., Ltd.” for publicity in an exhibition in 2013, it could be proved that Luxin Venture Co. had a subjective intent to continue using the commercial reputation formed by the “Sisa” trade name, and such commercial reputation could still be associated with Luxin Venture Co.. Sisa Taiyi Co. and Luxin Venture Co. were both located in Shandong Province, and Sisa Taiyi Co. should know the “Sisa” trade name of Luxin Venture Co. Moreover, Sisa Taiyi Co. explicitly acknowledged in the defence that it has been engaged in a business relationship with Luxin Venture Co.. Viewing from the aforesaid facts, it was hard to conclude that the registration of the opposed trademark was made in good faith. The goods, such as grinding tools (manual tools), on which the disputed trademark was designated to be used were similar to the goods, such as abrasive wheels, to which the “Sisa”

trade name of Luxin Venture Co. corresponds in terms of function and usage. The registration and use of the opposed trademark impaired the trade name right of Luxin Venture Co.. For those reasons, the TRAB was correct in concluding that the opposed trademark violated Article 31 of the Chinese Trademark Law stipulating that no trademark application shall infringe upon another party's prior rights.

**Commercial signs that are distinguishable and form a stable market structure shall not be revoked arbitrarily**

When judging on whether the prior trade name right of an enterprise is sufficient to prevent the registration of the disputed trademark, account shall be taken of whether the prior trade name enjoys a reputation high enough to affect the disputed trademark, whether the registrant of the disputed trademark is malicious, whether the relevant public tends to associate the disputed trademark with the prior trade name of the enterprise, whether it is likely cause confusion about the source of goods or services, and whether the registration of the disputed trademark impairs the commercial reputation established by the enterprise owning the prior trade name. During the examination, attention shall also be paid to the protection of a formed stable market structure, division of invested commercial benefits and overall development of the market subjects.

In *Shanghai Oriental Glasses Co., Ltd. ("Shanghai Oriental Co." for short) v. the TRAB and Guangzhou Oriental Glasses Chain Co., Ltd. ("Guangzhou Oriental Co." for short)*, an administrative dispute<sup>13</sup> over opposition and review of a trademark application, Shanghai Oriental Co., founded on 20 September 1984, was involved in refraction, glasses-selling and etc., whereas Guangzhou Oriental Co., founded on 17 June 1988, was involved in computer-aided refraction and glasses-selling, etc.. The opposed trademark was the trademark "Oriental" (No. 4213953) applied for registration by Guangzhou Oriental Co. on 10 August 2004 and designated to be used on glasses shops under class 44 of the International Classification. Shanghai Oriental Co. filed an opposition against the opposed trademark within statutory time limit. The CTMO decided not to approve of the registration of the opposed trademark after examination. Guangzhou Oriental Co. was dissatisfied with the decision and filed an application for review together with pictures of Honor Certificates, news reports, business operations of branches, sales receipts as evidences. Shanghai Oriental Co. submitted, as evidences, China Time-honoured Brands (Book I) published in 1993, Story of Luwan District, Determination of Shanghai

Oriental Co. as "a China time-honoured trade name" by the Chinese Ministry of Trade in October 1993, and related news reports from 1982 to 1998. The TRAB held after review that with both market structures being in a stable state, the registration of the opposed trademark would not impair the trade name right of Shanghai Oriental Co. and therefore did not fall within the circumstance of infringement upon another party's prior trade name right under Article 31 of the Chinese Trademark Law, based on which, the opposed trademark shall be approved for registration. The first-instance court decided to revoke the decision on the grounds that Guangzhou Oriental Co., as a competitor in the same industry, was expected to have a clear knowledge of the reputation of the China time-honoured trade name "Oriental". Registration of the opposed trademark was easy to cause confusion and misconception about the source of services among the relevant public, thereby rendering the prior trade name of Shanghai Oriental Co. impaired.

The second-instance court ruled that news reports in Xinmin Evening News, Jiefang Daily, China Daily and Shanghai Morning Post and relevant materials related to the history of Shanghai Oriental Co. presented by Shanghai Oriental Co. could prove that its trade name "Oriental" had a long historical tradition and was awarded a Chinese time-honoured brand in October 1993. However, the above honours and reports simply proved the reputation and influence of the trade name "Oriental" of Shanghai Oriental Co. in Shanghai and its surrounding cities, but were not sufficient to demonstrate that the reputation of the trade name "Oriental" had extended to Guangdong Province of China and should have been known by Guangzhou Oriental Co.. Meanwhile, even though the influence of the trade name "Oriental" of Shanghai Oriental Co. had extended to Guangdong Province, the registration of the opposed trademark on the glasses shops by Guangzhou Oriental Co. was somehow rational to some extent and could hardly be considered as malicious in consideration that "Oriental" was not a coined but an existing term in Chinese. Guangzhou Oriental Co. was founded on 17 June 1988, operating business involving computer-aided refraction and glasses-selling. In addition, honour certificates and reports published in Jiefang Daily, Hudong Information News as well as other media, magazines and newspapers submitted by Guangzhou Oriental Co. in the review proceedings could prove that Guangzhou Oriental Co. had used the trade name "Oriental" in its business operations and used the trademark "Oriental Glasses" on glass-

es shops. The trademark “Oriental Glasses” was put into use at a time much earlier than the filing date of the opposed trademark and exclusively corresponded to Guangzhou Oriental Co. owing to its long-term use on the glasses shop, and publicity. The above facts was sufficient enough to prove that Shanghai Oriental Co. and Guangzhou Oriental Co. had their fixed consumer groups and established stable market orders through their respective business operations and development relating to glasses shop, and it was unlikely to cause confusion about the source of the services provided by glasses shops. Although Shanghai Oriental Co. could prove its trade name “Oriental” was formed earlier than the filing date of the disputed trademark and had enjoyed certain reputation, the evidence was not sufficient to prove that the use of the opposed trademark on “glasses shop” service tended to lead the relevant public into believing that the source of services came from Shanghai Oriental Co. and thereby caused confusion that would therefore impair the prior trade name right of Shanghai Oriental Co..

**The use of a trademark by a sole proprietor can be considered as a prior use thereof by a company, the main investor of which is the sole proprietor**

Because a sole proprietorship cannot directly turn into a company through a system transformation, after the sole proprietorship is cancelled, if its owner sets up a company, continuing to use the trademark used during business operations of the sole proprietorship, the reputation of the trademark established by the sole proprietorship can be passed down to the company. During that period, the squatting of the trademark by another party will impair the relatively stable relation that has been set up between the trademark and the goods, and thereby cause confusion and misconception among the relevant public. Thus, only when the reputation can be continued, the use of the trademark by the sole proprietor can be considered as a prior use thereof by the company.

In *Tianjin LXD Xiaxing Heat Sink Co., Ltd. (“LXD Co.” for short) v. the TRAB and Huang Lei*, an administrative dispute<sup>14</sup> over opposition and review of a trademark application, Wang Heyi, a legal representative of LXD Co., once ran a sole proprietorship in the name of LXD Heat Sink Factory which had used the word trademark “LXD” on heat sinks since 2002. Wang Heyi, as a main shareholder, set up LXD Co. on 14 June 2005 and served as the legal representative of that corporation. LXD Heat Sink Factory was cancelled in the same year. Thereafter, LXD Co. ran its business to sell

the same products in the former location of LXD Heat Sink Factory. The opposed trademark was the mark “LXD 利鑫达” (No.5522122) applied for registration by Huang Lei on 4 August 2006 and designated to be used on goods, such as central heat sinks, under class 11. LXD Co. filed an opposition against the opposed trademark. Both the CTMO and TRAB decided to approve of the registration of the opposed trademark. The first-instance court also upheld the adjudication of the TRAB.

The second-instance court held that although LXD Co. and LXD Heat Sink Factory were respectively independent subjects, the special relation in business activities therebetween enabled the reputation of the unregistered trademark “LXD” to be continued. In consideration that the LXD Heat Sink Factory has been cancelled and the mark “LXD” had been used on heat sinks by LXD Co. before the filing date of the opposed trademark, LXD Co. was entitled to claim the rights of the trademark. The trademark “LXD”, through long-term use by LXD Heat Sink Factory and LXD Co., had enjoyed certain reputation on heat sinks before the filing date of the opposed trademark. A relative of Huang Lei once acted as an agent to sell heat sinks under the trademark “LXD” manufactured by LXD Co., and Huang Lei, as a business operator in the same industry, was expected to know the prior use of the mark “LXD” by LXD Co.. Thus, the registration of the opposed trademark on identical or similar goods with its most distinguishable part as “LXD” constituted squatting of another party’s mark that had been used and enjoyed certain reputation.

**Account shall be taken of subjective intent of a trademark registrant and actual use of the trademark when judging whether the trademark is “a pre-emptively and unfairly registered mark that is already in use by another party and enjoys certain reputation”**

Article 31 of the Chinese Trademark Law concerning “a pre-emptively and unfairly registered mark that is already in use by another party and enjoys certain reputation” shall be applied when a pre-emptive and “unfair” trademark registration occurs. Where the parties concerned use similar trademark signs in different areas respectively, if the registrant of a disputed trademark has no subjective intent to utilize another party’s trademark reputation at the time of application for registration, and relevant trademarks are distinguishable and enjoy certain reputation through actual uses, the above provision should not be applied to cancel the trademark that has been registered and used for a long time

for the purpose of protection of an already-formed stable market order.

In *Shi Chen v. the TRAB and Chongqing Taoranjü Catering Culture (Group) Co., Ltd.* (“Taoranjü Co.” for short), an administrative dispute<sup>15</sup> over a registered trademark, the disputed trademark was the mark “tongji taoran” applied for registration by Shi Chen on 30 March 2005 and approved of registration on 7 October 2008 for use on services, such as restaurants and cafes, under class 43. Taoranjü Co., founded in May 1997, used the trademark “taoranjü” at an earlier time and enjoyed certain reputation. On 5 August 2005, Taoranjü Co. applied for registration of the mark “taoranjü” to the CTMO, and the mark was approved of registration on 21 November 2009 for use on services, such as restaurants, under class 43. On 6 June 2012, Taoranjü Co. filed an opposition against the registration of the disputed trademark with the TRAB, requesting for cancellation of registration of the disputed trademark. Both the TRAB and first-instance court held that the registration of the disputed trademark should be cancelled on the grounds that it was considered as “a pre-emptively and unfairly registered mark that is already in use by another party and enjoys certain reputation” as provided in Article 31 of the Chinese Trademark Law.

The second-instance court ruled that Article 31 of the Chinese Trademark Law prohibited the squatting of a mark “in an unfair manner” that is already used by another party and enjoys certain reputation. In the case at hand, the evidence provided by Shi Chen could prove that he had used the brand “taoran” on restaurants since 1998; and after registration of the disputed trademark, Shi Chen had used the brand and trademark “taoran” or “tongji taoran” on such services as restaurants or cafes and gained certain reputation in the catering industry of Shandong Province. When applying for the registration of the disputed trademark, Shi Chen had no subjective intent to make use of the reputation of the trademark “taoranjü”, which did not fall into the circumstance of squatting a mark in an unfair manner that is already in use by another party and enjoys certain reputation. There were no factual bases in support of the judgment of the trial court and the decision as appealed as to Shi Chen’s subjective malice in applying for registration of the disputed trademark. Additionally, the disputed trademark consisting of “tongji taoran” and the trademark “taoranjü” used by Taoranjü Co. were somehow different from each other in terms of literal composition, pronunciation and holistic appearance. In case that both trademarks had gained great

reputation through use, no confusion would be caused among the relevant public. The registration of the disputed trademark shall be upheld.

#### **Determination of protection scope of colour combination trademarks**

The exclusive right to use a registered mark is usually limited to a mark sample and designated goods or services specified on a trademark certificate. However, with regard to some special trademarks, such as colour combination marks, for which a trademark registrant has specified its form when applying for registration, the scope of the exclusive right to the registered mark can be delimited according to the form determined by the trademark registrant at the time of trademark application on the premise of not impairing the reliance interests of the public. That is because a trademark right is a private right, and a trademark applicant or registrant is allowed to establish its own trademark right at will as long as no prohibitive provisions in law are violated. Before 2014 in which the Chinese Trademark Law was amended, the Chinese trademark registration system was not that perfect, and it is hard to determine the scope of the exclusive right to use registered marks of some special signs simply based on trademark certificates. In that case, the use of the registered mark shall be included in the scope of the exclusive right to use the registered mark as long as the use of the registered mark by the trademark registrant does not impair the interests of the public.

In *Deere Co. v. Jotec International Heavy Industry (Tsingtao) Co., Ltd. and Jotec International Heavy Industry (Beijing) Co., Ltd.*, a dispute<sup>16</sup> over trademark infringement and unfair competition, Deere Co. applied for registration of a trademark (No. 4496717) on 3 February 2005 for use on goods, such as agricultural machines and combine harvesters, under class 7. It was recited in the trademark description item that Deere Co. applied for registration of a mark of colour combination (green and yellow) was shown in the sample, wherein green was used for a vehicle body and yellow was for wheels. On 12 June 2007, the CTMO rejected the application for registration of the trademark (No. 4496717) on the grounds that the mark was in colours that were common for designated goods or packages, so it could not be registered as a trademark owing to lacking of distinctive features. Deere Co. applied for review with the TRAB mainly on the grounds that the mark (No. 4496717), as a colour combination trademark, had been continuously used by Deere Co. for many years, had become a sign that could



distinguish the products of Deere Co. from other products in the market, and had been well-known to and recognized by consumers all over the world and experts in this field. The products of Deere Co., after entry into the Chinese market, had achieved extremely high sales performance and significant market shares. Due to long-term use, the colour combination mark on the designated goods had attained a high level of distinctiveness, and relevant consumers had associated the mark with the products manufactured by Deere Co.. Thus, the mark shall be approved of registration as a trademark since it met the distinctiveness requirement for a registered trademark. On 20 October 2008, the TRAB made a review decision that the trademark passed the preliminary examination and the case would be transferred to the CTMO for relevant matters. On 21 March 2009, the CTMO examined and approved of the grant of an exclusive right to use the registered trademark (No. 4496717) to Deere Co.. From 2011 to 2013, Jotec (Tsingtao) Co. and Jotec (Beijing) Co. publicized, on the advertisements of magazines, exhibitions, Jotec's brochures, showrooms and websites, agricultural machines with green bodies and yellow wheels manufactured and sold thereby, the colour combination of which was substantially the same as that of the registered trademark (No. 4496717) owned by Deere Co.. Deere Co. accused Jotec (Tsingtao) Co. and Jotec (Beijing) Co. of infringement. The defendants, Jotec (Tsingtao) Co. and Jotec (Beijing) Co., alleged that according to the registration certificate of the trademark (No. 4496717), the trademark was a figurative mark in a rectangular shape with a green upper part and a yellow lower part, rather than a colour combination mark, which was also confirmed in the TRAB's decision. The use of green on the bodies and yellow on wheels of agricultural machines was neither the use in the sense of the Chinese Trademark Law, nor fell within the scope of an exclusive right to use or the right to prohibit the use of the registered mark (No. 4496717), thereby constituting no infringement. The first-instance court decided that Jotec (Tsingtao) Co. used a trademark sign that is identical to the registered trademark of Deere Co., which would easily lead to confusion and misconception about the source of the goods among the relevant public, and thereby constituted infringement.

The second-instance court found Deere Co. stated in the application form of the trademark (No. 4496717) that it was a colour combination trademark, together with a literal description that "green is for vehicle bodies and yellow is for wheels", which met the application requirement for a colour

combination trademark. The CTMO rejected the application of the trademark (No. 4496717) on the ground of lacking of distinctive features. Deere Co. emphasized, as a ground for trademark review, that the trademark (No. 4496717) was a colour combination trademark. Finally, the TRAB approved of registration of the trademark (No. 4496717) after preliminary examination. Although the TRAB named the trademark (No. 4496717) as "a figurative trademark" in the title of the rejection decision, the application documents of a trademark determined the scope that a trademark registration examination authority would examine. Under the circumstances that Deere Co. defined its trademark (No. 4496717) as a colour combination trademark, it was not sufficient to judge the trademark as a figurative trademark simply because of the title of the TRAB's review decision. The registration certificate of the trademark (No. 4496717) only demonstrated the trademark design and "designated colors" without specifying whether the mark was a figurative mark or a colour combination mark. Examination on application for trademark registration focused on whether the application for trademark registration would impair the public interests, the public order and another party's prior rights and interests. In the case of compliance with the registration requirements stipulated in the Chinese Trademark Law, registration of a trademark was a confirmation of the trademark applicant's rights to use the trademark on designated goods. A trademark registration examination authority shall examine the trademark application on the basis of the trademark application documents, and should not allow the trademark to be registered beyond the scope applied for by the trademark applicant. The trademark (No. 4496717), when applied for registration, was declared as a colour combination trademark, the scope of use of which was that "green is for vehicle bodies and yellow is for wheels". If a mark was allowed to be registered, the scope of the exclusive right to use the registered mark shall be smaller than or equal to the scope defined in the trademark application documents. Thus, registration of the trademark (No. 4496717) meant that the trademark was registered as a colour combination trademark, and the scope of its exclusive right was limited to that "green is for vehicle bodies and yellow is for wheels". Although the sign demonstrated in the registration certificate of the trademark (No. 4496717) was a rectangle consisting of a green upper part and a yellow lower part, it was impossible for the public to determine from the registration certificate of the trademark that the scope of rights to the trademark owned by Deere Co. was

simply limited to the colour combination that “green is for vehicle bodies and yellow is for wheels”, which was, however, not disadvantageous to the public. As far as a traditional trademark was concerned, a trademark registrant shall use the mark sign indicated in the registration certificate on the goods or the packages or containers thereof in order to indicate his/its identity as a product provider; but for a non-traditional trademark including a colour combination trademark, it was used in a very special manner, which probably covered the entire product or package. The Implementing Regulations of the Chinese Trademark Law simply required that the applicant should declare and provide literal description or a figurative sample that determined the use of such a non-traditional trademark as a colour combination trademark and a three-dimensional trademark. Evidence showed that Deere Co. had a history of hundreds of years in the industry of agricultural machinery and had used a sign of “green vehicle body with yellow wheels” for agricultural machines for a long time. The public would immediately associate the sign of “green vehicle body with yellow wheels” on the agricultural machines with Deere Co. at a glance of it. Deere Co. provided the TRAB with a large amount of evidence so as to prove the use of the mark such that the trademark (No. 4496717) passed the preliminary examination and was finally approved of the registration by the TRAB. Hence, the scope of rights to the trademark (No. 4496717) was not in conflict with the recognition of the public. In summary, with regard to a colour combination trademark, due to its speciality of and the actual conditions of a trademark sign as recited in the registration certificate, it should not be concluded mechanically that the trademark registrant could only use its mark in the form as demonstrated in the registration certificate. Jotec (Tsingtao) Co. also used “a green vehicle body with yellow wheels” on the allegedly infringing product, which might mislead the relevant public into believing that it was the use of a trademark, or even the use of the trademark (No. 4496717). The relevant public would think mistakenly that the provider of the allegedly infringing product was in association with Deere Co. in business, organization or law, which resulted in confusion and misconception. Hence, the second-instance court rejected the appeal filed by Jotec (Tsingtao) Co. and Jotec (Beijing) Co. and upheld the first-instance judgment. ■

(written by Liu Xiaojun and reviewed by Yang Boyong)

<sup>1</sup> See the Beijing Higher People’s Court’s Administrative Judgment No.

Gaoxing (zhi)zhongzi 2456/2014 issued on 26 September 2014 (the judges of the Panel were Xie Zhenke, Zhong Ming, Yuan Xiangjun and the handling judge was Xie Zhenke) and the Beijing No.1 Intermediate People’s Court’s Administrative Judgment No. Yizhongzhixingchuzi 4953/2014.

<sup>2</sup> See the Beijing Higher People’s Court’s Administrative Judgments No. Gaoxing(zhi)zhongzi 2977/2014 and 2998/2014 issued on 17 December 2014 (the judges of the Panel were Xie Zhenke, Zhong Ming, Yuan Xiangjun and the handling judge was Xie Zhenke) and the Beijing No.1 Intermediate People’s Court’s Administrative Judgments No. Yizhongzhixingchuzi 4138/2014 and 4139/2014.

<sup>3</sup> See the Beijing No.1 Intermediate People’s Court’s Administrative Judgment No. Yizhongzhixingchuzi 3963/2013 and the Beijing Higher People’s Court’s Administrative Judgment No. Gaoxingzhongzi 896/2014 issued on 25 April 2014 (the judges of the Panel were Xie Zhenke, Tao Jun, Liu Hui and the handling judge was Xie Zhenke).

<sup>4</sup> See the Beijing No.1 Intermediate People’s Court’s Administrative Judgment No. Yizhongzhixingchuzi 1972/2014 and the Beijing Higher People’s Court’s Administrative Judgment No. Gaoxing (zhi)zhongzi 2946/2014 issued on 29 October 2014 (the judges of the Panel were Xie Zhenke, Yuan Xiangjun, Liu Hui and the handling judge was Xie Zhenke).

<sup>5</sup> See the Beijing Higher People’s Court’s Administrative Judgment No. Gaoxingzhongzi 882/2014 issued on 11 October 2014 (the judges of the Panel were Sha Rina, Zhou Bo, Dai Yiting and the handling judge was Zhou Bo) and the Beijing No.1 Intermediate People’s Court’s Administrative Judgment No. Yizhongzhixingchuzi 2865/2013.

<sup>6</sup> See the Beijing No.1 Intermediate People’s Court’s Administrative Judgment No. Yizhongzhixingchuzi 1349/2013 and the Beijing Higher People’s Court’s Administrative Judgment No. Gaoxingzhongzi 1664/2014 issued on 16 July 2014 (the judges of the Panel were Xie Zhenke, Zhong Ming, Qi Lei and the handling judge was Xie Zhenke).

<sup>7</sup> See the Beijing No.1 Intermediate People’s Court’s Administrative Judgment No. Yizhongzhixingchuzi 3208/2013 and the Beijing Higher People’s Court’s Administrative Judgment No. Gaoxingzhongzi 903/2014 issued on 16 September 2014 (the judges of the Panel were Xie Zhenke, Zhong Ming, Liu Hui and the handling judge was Xie Zhenke).

<sup>8</sup> See the Beijing Higher People’s Court’s Administrative Judgment No. Gaoxing(zhi)zhongzi 3024/2014 issued on 3 November 2014 (the judges of the Panel were Liu Xiaojun, Li Yanrong, Tang Ming and the handling judge was Liu Xiaojun) and the Beijing No.1 Intermediate People’s Court’s Administrative Judgment No. Yizhongzhixingchuzi 1479/2014.

<sup>9</sup> See the Beijing No.1 Intermediate People’s Court’s Administrative Judgment No. Yizhongzhixingchuzi 3747/2014 and the Beijing Higher People’s Court’s Administrative Judgment No. Gaoxing (zhi)zhongzi 3457/2014 issued on 19 December 2014 (the judges of the Panel were

Cen Hongyu, Liu Qinghui, Ma Jun and the handling judge was Cen Hongyu).

<sup>10</sup> See the Beijing Higher People's Court's Administrative Judgment No. Gaoxing (zhi)zhongzi 2411/2014 issued on 19 September 2014 (the judges of the Panel were Sha Rina, Zhou Bo, Dai Yiting and the handling judge was Zhou Bo) and the Beijing No.1 Intermediate People's Court's Administrative Judgment No. Yizhongzhixingchuzi 2687/2014.

<sup>11</sup> See the Beijing Higher People's Court's Administrative Judgment No. Gaoxingzhongzi 687/2014 issued on 12 June 2014 (the judges of the Panel were Liu Xiaojun, Yuan Xiangjun, Ma Jun and the handling judge was Liu Xiaojun) and the Beijing No.1 Intermediate People's Court's Administrative Judgment No. Yizhongzhixingchuzi 3170/2013.

<sup>12</sup> See the Beijing Higher People's Court's Administrative Judgment No. Gaoxingzhongzi 2354/2013 issued on 19 March 2014 (the judges of the Panel were Liu Hui, Shi Bisheng, Tao Jun and the handling judge was Tao Jun) and the Beijing No.1 Intermediate People's Court's Administrative Judgment No. Yizhongzhixingchuzi 1078/2013.

<sup>13</sup> See the Beijing Higher People's Court's Administrative Judgment No. Gaoxingzhongzi 971/2014 issued on 17 June 2014 (the judges of the

Panel were Liu Hui, Shi Bisheng, Tao Jun and the handling judge was Tao Jun) and the Beijing No.1 Intermediate People's Court's Administrative Judgment No. Yizhongzhixingchuzi 1676/2013.

<sup>14</sup> See the Beijing Higher People's Court's Administrative Judgment No. Gaoxing (zhi)zhongzi 3075/2014 issued on 17 November 2014 (the judges of the Panel were Pan Wei, Shi Bisheng, Kong Qingbin and the handling judge was Shi Bisheng) and the Beijing No.1 Intermediate People's Court's Administrative Judgment No. Yizhongzhixingchuzi 3511/2014.

<sup>15</sup> See the Beijing Higher People's Court's Administrative Judgment No. Gaoxing (zhi)zhongzi 2581/2014 issued on 8 October 2014 (the judges of the Panel were Sha Rina, Zhou Bo, Zheng Jie and the handling judge was Zhou Bo) and the Beijing No.1 Intermediate People's Court's Administrative Judgment No. Yizhongzhixingchuzi 1885/2014.

<sup>16</sup> See the Beijing Higher People's Court's Civil Judgment No. Gaom-inzhongzi 382/2014 issued on 2 April 2014 (the judges of the Panel were Xie Zhenke, Zhong Ming, Liu Hui and the handling judge was Zhong Ming) and the Beijing No.2 Intermediate People's Court's Civil Judgment No. Erzhongminchuzi 10668/2013.