

Latest Developments in Adjudication of IP Cases by Beijing High People's Court in 2016

(Abridged Part on Trademark)

The IP Tribunal of the Beijing High People's Court

Trademark application generally does not have “other unhealthy influences”

Words or devices having “other unhealthy influences” are absolutely prohibited from trademark registration. Once a sign is determined as having “other unhealthy influences”, it means the sign shall not be used as a trademark on all the goods or services, not to say be registered as a trademark. According to Article 10.1(8) of the Trademark Law of the PRC revised on 27 October, 2001 (hereinafter referred to as the Trademark Law 2001), no entity shall use or register a sign having “other unhealthy influences” as a trademark. Thus, a really prudent attitude shall be held in determining whether a sign has “other unhealthy influences”. Generally speaking, application for a trademark is not a matter to be adjusted under Article 10.1(8) of the Trademark Law 2001, and not a factor having “other unhealthy influences”.

In *Chuangbo Asia-Pacific Technology (Shandong) Co., Ltd. (Chuangbo Co.) v. the Trademark Review and Adjudication Board (TRAB) and Zhang Xinhe*, an administrative dispute over review of trademark opposition,¹ the TRAB held that although “微信 (WeChat)” app of Tencent has not been officially launched to the market when Chuangbo Co. applied for the opposed trademark, the evidence submitted by Zhang Xinhe showed that Tencent has officially launched the “微信” app prior to the preliminary approval and publication of the opposed trademark with a soaring increase in the number of users, registered users of Tencent’s “微信” app have grown to 400 million people by the end of July 2013, many local governments, courts, schools and banks, etc. offer public services on this app, and the rele-

vant public has found a close link between “微信” and Tencent. Whether the application for the opposed trademark by Chuangbo Co. impairs Tencent’s particular civil rights and interests is neither the content to be adjusted under Article 10.1(8) of the Trademark Law 2001 nor the focus of the case trial, but under the circumstances that the public’s cognition of “微信”, the social objective environment and the public interests have all changed, the TRAB shall make a judgment on whether the registration of the opposed trademark has unhealthy influences on the changed public interests and public order. In consideration of the facts of the case, if the opposed trademark is approved for registration, 400 million app registered users, as well as users of public service platforms based on this app, would suffer from great inconveniences and even losses, and meanwhile have misconceptions about the nature and contents of the “微信” services provided by Chuangbo Co., thereby resulting in negative effects on the public interests and public order. Hence, the opposed trademark falls into the circumstances prohibited under Article 10.1(8) of the Trademark Law 2001. In summary, the TRAB ruled that the opposed trademark shall not be approved for registration.

The first-instance court held that the evidence presented by Zhang Xinhe demonstrates that the “微信” instant messaging app was first launched on 21 January, 2011, which is two months later than the filing date of the opposed trademark and seven months earlier than the preliminary approval publication date of the opposed trademark. Later, the number of the “微信” registered users rises rapidly. It was reported that the number of users has reached up to 400 million by July 2013 and over 800 million by November 2014. “微信” app has enjoyed great reputation and influ-

ence on the market for services such as information transmission, and the vast majority of consumers have a clear understanding of the nature, contents and source of the services such as information transmission indicated by “微信”. Under such circumstances, if the opposed trademark is approved for registration, it will not only cause misconceptions in consumers about the nature, contents and source of the services such as information transmission indicated by “微信”, but also have a negative effect on the already formed stable market order. The first-to-file principle is a general principle of the trademark registration system in China. While showing respect to the factual status of “first-to-file”, consideration shall also be given to the public interests and the formed stable market order in determining whether trademark application shall be approved. Where the trademark applicant’s interests are in conflict with the public interests, efforts shall be made to reasonably balance the interests in consideration of specific conditions. In the present case, attention shall be paid to the pre-emptive interests resulting from the applicant’s application for a particular sign as a trademark and the potential expected interests resulting from the use of the particular sign, as well as stable cognition formed in the vast “微信” app users and huge social costs caused by changing such stable cognition. In this regard, it may be more reasonable to protect the real interests of the vast majority of the public. The TRAB was correct in finding that the application for the opposed trademark falls within the circumstances prohibited under Article 10.1(8) of the Trademark Law 2001. In summary, the first-instance court decided to uphold the appealed ruling.

The second-instance court held that the opposed trademark is composed of two Chinese characters “微信”. Current evidence does not suffice to prove that the trademark sign or its constitutive elements may have negative and bad influences on the public interests and public order such as politics, economics, culture, religion and ethnic groups. As far as the trademark sign or its constitutive elements are concerned, it cannot be determined that the opposed trademark has “other unhealthy influences”. Under usual circumstances, the fact of application *per se* is not the matter to be adjusted under Article 10.1(8) of the Trademark Law 2001, and not a factor having “other unhealthy influences”. It is hard to determine the existence of “other unhealthy influences” in the said case even in consideration of the application for the opposed trademark by Chuangbo Co. On the one hand, even though Tencent’s “微信” instant messag-

ing app is widely used by the public including government, the application for “微信” as a trademark by other entities instead of Tencent only relates to determination of the name or trademark sign of the app, and does not affect the normal use of the app. On the other hand, in view that an app is characterized by being timely updated online in the context of the Internet, even if the name or trademark sign of the app changes, the relevant users will be immediately informed of the change without causing misconception among the public about the relevant app and its source, or impairing the interests of Tencent’s “微信” app users, including government, let alone the public interests and public order. As a result, the application for the opposed trademark does not involve the public interests and public order. According to the evidence submitted by Changbo Co. during the second-instance trial, “微信” has been applied and registered as a trademark on several goods or services by a plurality of entities including Tencent, which further testifies that the use of “微信” as a trademark has no “other unhealthy influences”. Therefore, the second-instance court determined that the application for the opposed trademark does not fall within the circumstances having “other unhealthy influences” under Article 10.1(8) of the Trademark Law 2001.

Judgment on distinctiveness of 3D trademarks

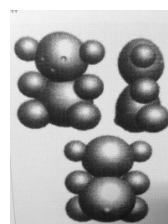
Distinctiveness provided under Article 11.1(3) of the Trademark Law 2001 is a basic attribute of trademark. A trademark is a commercial sign which identifies goods or services of a particular source from those of others. If consumers are unable to recognize a sign as a trademark or distinguish goods or services from those under the same classification by the sign, the sign cannot be registered as a trademark due to lack of distinctiveness. The distinctiveness requirement under the said provision is applicable to examination of both two-dimensional trademarks and three-dimensional trademarks. In general, a three-dimensional trademark itself is by nature endowed with elements that attract consumers’ cognizance due to its unique look. However, whether the unique look conveys the information about the source of goods is the important basis for judging whether the sign can be registered as a three-dimensional trademark.

In *S.TOUS, S.L. v. TRAB*, an administrative dispute

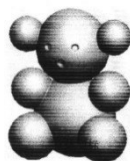
over review of trademark application rejection,² the trademark is a three-dimensional trademark in a bear-like shape (International Registration No.1047061) applied by S.TOUS, S.L. on 9 September, 2010, and was designated on goods “leather and imitations of leather, and animal skins” in Class 18 and “clothing, footwear and headgear” in Class 25. The Trademark Office rejected the application on the grounds of lack of distinctiveness. The TRAB held that the application is not obviously different from a common three-dimensional bear in terms of the overall look and visual effect, and lacks distinctiveness necessary for use on designated goods such as trunks, travelling bags, and umbrellas, which falls within the circumstances under Article 11.1 (3) of the Trademark Law 2001, so the application shall be rejected. The first-instance court stated that the application is a three-dimensional trademark having a bear-shaped look. Use of the trademark on the designated goods is likely to mislead relevant consumers in believing that the bear is a part of decorations, not a trademark for identification. Hence, the applied-for trademark used on the designated goods lacks distinctiveness, and the advertisements, invoices and brochures submitted by S.TOUS, S.L. are insufficient to prove that the applied-for trademark has possessed distinctiveness for distinguishing the sources of goods through its use.

The second-instance court held that the application is a “bear”-like three-dimensional trademark. The “bear” consists of bubble-like geometric shapes for use on goods in respect of leather and imitations of leather, trunks and travelling bags in Class 18 and clothing and footwear in Class 25. The mark *per se* does not have a functional effect and is not linked to the designated goods. Consideration shall be given mainly to the commercial recognition and use form of the trademark by the relevant public in determining whether the applied-for trademark could convey and distinguish the sources of goods. In terms of commercial recognition, design elements, patterning style, lines, etc. of the applied-for trademark are very special and can be explicitly recognized as an objectively existing bear in nature and easily identifiable by the public. In terms of the use form, according to the instructions of S.TOUS, S.L., the applied-for trademark is embedded into designated goods, which is prominently distinctive, and the public generally will not regard it as an ornamental item and can identify the provider of the goods accordingly. In addition, device trademarks No.G1023020, No.G1046372 and No.G767558H which are com-

pletely or substantially identical with the bear of the application have been registered on relevant goods, which also proves the distinctiveness of the application. The second-instance court overruled the first-instance judgment and the appealed decision, and ordered TRAB to re-issue a re-examination decision against the rejection of the application.



Applied-for Trademark



No.G1023020



No.G1046372



No.G767558H

Device Trademarks

The circumstances which “mislead the public so that the interests of the registrant of the well-known trademark are likely to be impaired by such use” under Article 13 of the Trademark Law include the circumstances which weaken and dilute the distinctiveness of the well-known trademark

The circumstances which “mislead the public so that the interests of the registrant of the well-known trademark are likely to be impaired by such use” under Article 13 of the Trademark Law 2001 include the act of disparaging the market reputation, weakening the distinctiveness and unfairly utilizing the market reputation of a well-known trademark. Meanwhile, as for a well-known trademark that is widely known among the general public, the fact of the trademark being well-known can be ascertained based on the basic evidence provided by a party in conjunction with the widely known fact that the trademark is well-known, for the sake of alleviating the trademark owner’s burden of proving the well

-knownness of the trademark.

In *Chrysler Group LLC (Chrysler Group) v. TRAB and Zhongshan Shiqi Yuansheng Garment Co., Ltd. (Yuansheng Co.)*, an administrative dispute over review of the opposed trademark “战地吉普 (meaning ‘Battlefield Jeep’ in Chinese)” No.9328151,³ Yuansheng Co. applied for trademark “战地吉普” (briefly known as the opposed trademark) on the services “advertising, procurement services for others, and sales promotion (for others)” in Class 35. Chrysler Group owns several trademarks (collectively known as cited trademarks), “JEEP” and “吉普 (meaning ‘Jeep’ in Chinese)”, for goods in Class 25, such as “clothing, footwear or headgear”, goods in Class 18, such as “wallets and handbags, and goods” in Class 12, such as “vehicles, automobiles and their components”. Chrysler Group raised an opposition against the opposed trademark. The Trademark Office ruled that the opposed trademark was approved for registration. The TRAB held that the opposed trademark and the cited trademarks do not constitute similar trademarks designated on identical or similar goods under Article 28 of the Trademark Law 2001. Although the evidence submitted by Chrysler Group is sufficient to prove that the trademark “JEEP” in respect of automobiles and their components enjoys a higher reputation, the opposed trademark is distinguishable from the cited trademarks as a whole, which constitutes no copy and imitation. Registration and use of the opposed trademark will not mislead the public or impair the interests of Chrysler Group, so the registration of the opposed trademark does not fall within the circumstances under Article 13.2 of the Trademark Law 2001. To sum up, the TRAB ruled that the opposed trademark was approved for registration. The first-instance court held that the application for opposed trademark does not violate Article 28 of the Trademark Law 2001 on the grounds that the evidence provided by Chrysler Group can prove that the designated goods, such as automobiles, on which the cited trademarks are used have enjoyed a higher reputation before the filing date of the opposed trademark, but it is insufficient to testify that the cited trademarks have become well-known trademarks through use in Mainland China before the filing date of the opposed trademark. Moreover, the services such as advertising and import-export agency designated by the opposed trademark are far different from the goods such as automobiles designated by the cited trademarks which have enjoyed a higher reputation, in terms of function and usage. As a result, the opposed trademark

does not violate Article 13.2 of the Trademark Law 2001.

The second-instance court concluded that the circumstances which “mislead the public so that the interests of the registrant of the well-known trademark are likely to be impaired by such use” under Article 13.2 of the Trademark Law 2001 include the act of disparaging the market reputation of the well-known trademark, the act of weakening the distinctiveness of the well-known trademark and the act of unfairly utilizing the market reputation of the well-known trademark. The opposed trademark is composed of Chinese characters “战地吉普”, which entirely covers the cited trademark “吉普” of Chrysler Group that is well-known for “automobiles”, wherein “吉普” is the Chinese counterpart of the cited trademark “JEEP”. Besides, Yuansheng Co. also applied for trademarks containing “JEEP” or “吉普” in other classes. It shall be determined that the opposed trademark constitutes imitation of the cited trademarks. Imitating other’s earlier well-known trademark and applying the imitated sign for a trademark on services “advertising; import-export agency, sales promotion (for others), auctioneering, procurement services for others [purchasing goods and services for other businesses]” would mislead the relevant public into believing that the above services are directed to goods such as “automobiles” under the well-known prior trademarks of Chrysler Group, and there is a certain link between them, which weakens and dilutes the distinctiveness of the well-known prior trademarks and falls into the circumstances which “mislead the public so that the interests of the registrant of the well-known trademark are likely to be impaired by such use”. For all the above reasons, the opposed trademark violates Article 13.2 of the Trademark Law 2001.

Where a principal filed a prior application, it does not fall into the circumstances, i.e. preemptive registration, under Article 15 of the Trademark Law 2001

“Mark” mentioned in the provision that “any agent or representative registers, in its or his own name, the trademark of a person for whom it or he acts as the agent or representative” under Article 15 of the Trademark Law 2001 shall generally be an unregistered trademark, that is to say,

when the agent or representative applies for the disputed trademark, such mark in principle cannot be the one that has been prior registered or applied for registration. If such mark has been applied or registered, when the agent or representative applies for the disputed trademark, other provisions, rather than Article 15, of the Trademark Law 2001 shall generally apply.

In *Beijing Digital-wind Intelligence Technologies Co., Ltd. (Digital-wind Co.) v. TRAB and Nanjing Telege Building Intelligence Co., Ltd. (Telege Co.)*, an administrative dispute over review of trademark opposition,⁴ the opposed trademark is “普天天纪” (No. 8646098) which was applied by Digital-wind Co. on 7 September, 2010, and the cited trademark is “天纪” which was applied by Telege Co. on 31 July, 2008. Telege Co. raised an opposition according to law during the publication of the opposed trademark. The Trademark Office decided to reject the opposed trademark. As being not satisfied with the ruling No.69743 issued by the Trademark Office, Digital-wind Co. filed an appeal for review with TRAB mainly on the grounds that the registration of the opposed trademark does not fall into the circumstances under Article 15 of the Trademark Law 2001. TRAB concluded that Telege Co. and Digital-wind Co. are in an agency relationship, and the latter, with clear knowledge of the trademark of Telege Co., still knowingly applied for the opposed trademark, which violates Article 15 of the Trademark Law 2001. Thus, it was ruled that the opposed trademark shall not be registered. The ruling is upheld by the first-instance court.

The second-instance court determined that the dispute over the TRAB's ruling is focused on whether the application for the opposed trademark fall within the circumstances where “any agent or representative registers, in its or his own name, the trademark of a person for whom it or he acts as the agent or representative” under Article 15 of the Trademark Law 2001. After examination, it was found that Telege Co. has applied for the cited trademark prior to the application of the opposed trademark. Under such circumstances, Article 15 of the Trademark Law 2001 is not applicable to this case. Hence, the TRAB and the first-instance court erred in applying Article 15 of the Trademark Law 2001 to this case. The grounds for appeal filed by Digital-wind Co. that the opposed trademark does not violate Article 15 of the Trademark Law 2001 and the first-instance court erred in applying Article 15 of the Trademark Law 2001 to this case are valid and tenable. The second-in-

stance court overruled the first-instance judgment and the appealed ruling.

Regulations on application for trademark by trademark agencies

The understanding of “trademark agencies” and “agency services” plays a key role in comprehension of Article 19.4 of the Trademark Law 2013. In accordance with Rule 84.1 of the Regulations for Implementing the Trademark Law, the core of trademark agencies lies in whether they are engaged in trademark agency services, namely, whether they are engaged in trademark application, trademark review or other trademark matters under Rule 83 of the Regulations for Implementing the Trademark Law is the key element in deciding whether an applicant of a disputed trademark is a trademark agency. As for the understanding of agency services, Rule 84 of the Regulations for Implementing the Trademark Law sets forth clearly-worded provisions. Thus, in conjunction with relevant provisions of the Regulations for Implementing the Trademark Law, Article 19.4 of the Trademark Law 2013 is explicit and definite in meaning, i.e., a trademark agency can apply for trademarks designated on “agency” services, rather than on other goods and services. This provision is not intended to distinguish whether a trademark agency applies for trademark for its own use or for the purpose of profit making. Business matters recorded on the business license of a trademark agency cannot be used as the basis for “agency services” under Article 19.4 of the Trademark Law 2013.

In *Beijing Golden Wisdom IP Agency Co., Ltd. (Golden Wisdom Co.) v. TRAB*, an administrative dispute over review of trademark application rejection,⁵ Golden Wisdom Co. filed, with the Trademark Office on 28 March, 2014, an application for a trademark “黄金智慧 (meaning ‘Golden Wisdom’ in Chinese)” (No. 14270597) on services “demonstration of goods, advertising, online advertising on a computer network, demonstration of goods on communication media for retail purposes, business management assistance, public relations, administration of commercial franchises, sales promotion for others, marketing and personnel management consultancy”. The Trademark Office rejected the application for the disputed trademark on the grounds that application on non-agency services by the applicant (a trademark agency) tends to be improper. The TRAB pointed out that Golden Wisdom Co., as a trademark

agency, has applied for trademark on non-agency services such as advertising and public relations, which violates Article 19.4 of the Trademark Law 2013. Pursuant to Articles 19.4, 30 and 34 of the Trademark Law 2013, the TRAB made a decision to reject the appeal of review. The first-instance court opined that the business scope of Golden Wisdom Co. includes trademark agency services, in addition to economic information consultancy and copyright agency services, which is a trademark agency in a broad sense and shall be subject to regulation under Article 19.4 of the Trademark Law 2013. The use of the disputed trademark on designated non-agency services such as “advertising and product display” is in violation of Article 19.4 of the Trademark Law 2013, so the TRAB correctly decided to maintain the decision on rejection under Article 19.4 thereof.

The second-instance court found that Article 19.4 of the Trademark Law 2013 is clear in meaning, that is to say, a trademark agency can apply for trademarks on “agency” service, rather than other goods and services. A trademark agency established after 2003 is formed and recorded in the light of China’s Company Law with its business scope being subject to its Articles of Association. Except some business matters for which an approval procedure is compulsory, the Company Law sets no special limitations to the business scope of a validly registered trademark agency. Any trademark agency is allowed to change its business scope by modifying its Articles of Association and undertaking the formalities for company’s changes. Therefore, the business matters recorded in the business license of a trademark agency cannot be used as the basis for “agency services” under Article 19.4 of the Trademark Law 2013. Golden Wisdom Co. embarks on trademark agency services and is a trademark agency, so its application for trademark is subject to Article 19.4 of the Trademark Law 2013. The designated services in Class 35 for which the disputed trademark is used, namely “demonstration of goods, advertising, online advertising on a computer network, demonstration of goods on communication media for retail purposes, business management assistance, public relations, administration of commercial franchises, sales promotion for others, marketing and personnel management consultancy”, are obviously not within the scope of trademark agency services. As a result, the disputed trademark falls within the circumstances under which registration is prohibited as stipulated in Article 19.4 of the Trademark Law 2013.

Subject matters under the first-to-file principle do not include signs prohibited from trademark use and registration

The first-to-file principle is mainly aimed to address the priority issue among two or more trademark applications, which shall apply in compliance with other provisions of the Trademark Law. The first-to-file principle does not apply to a sign which cannot be used and registered as a trademark and which is lack of distinctiveness, no matter when the application is filed.

In *Chuangbo Asia-Pacific Technology (Shandong) Co., Ltd. (Chuangbo Co.) v. TRAB and Zhang Xinhe*, an administrative dispute over review of trademark opposition,⁶ as regards the first-to-file principle claimed by the party concerned, the first-instance court held that the first-to-file principle is a general principle of the trademark registration system in China. While showing respect to the factual status of “first-to-file”, consideration shall also be given to the public interests and the formed stable market order in determining whether the trademark application shall be approved. Where the trademark applicant’s interests are in conflict with the public interests, efforts shall be made to reasonably balance the interests in consideration of specific conditions. In the present case, attention shall be paid to the preemptive interests resulting from the applicant’s application for a particular sign as a trademark and the potential expected interests resulting from the use of the particular sign, as well as stable cognition formed in the vast “微信” app users and huge social costs caused by changing such stable cognition. In this regard, it may be more reasonable to protect the real interests of the vast majority of the public. Thus, the TRAB properly determined that the application for the opposed trademark falls within the circumstances prohibited under Article 10.1(8) of the Trademark Law 2001.

The second-instance court decided that irrespective of the scale of a market entity, it needs to file an application according to law to gain an exclusive trademark right. For any market entity which files an application according to law, protection shall be provided for legitimate rights and interests resulting from its application. The first-to-file principle is a vital principle that should be abided by during the application for trademark registration. Under that principle, where two or more applicants apply for identical or similar trade-

marks on identical or similar goods, a prior application shall generally undergo the preliminary approval and publication procedures, and later-filed applications shall be rejected, except for the circumstances stipulated in Articles 13, 31 and 32 of the Trademark Law 2001. However, in regard to the applicable scope, the first-to-file principle is mainly aimed to address the priority issue among two or more trademark applications. The first-to-file principle shall apply in compliance with other provisions of the Trademark Law. The first-to-file principle does not apply to a sign which cannot be used and registered as a trademark and which is lack of distinctiveness, no matter when the application is filed. In the present case, although Chuangbo Co. applied for the opposed trademark according to law, on the premise that the opposed trademark used on designated services such as “message sending, telephone services, communications by telephone and by mobile telephone” lacks distinctiveness, there is no need to make comments on whether rejection of the opposed trademark violates the first-to-file principle. Hence, the second-instance court did not support the grounds of appeal with respect to the first-to-file principle presented by Chuangbo Co.

Criteria for judging similarity shall be higher when registering a public element as a trademark

The principle of “overall comparison and separate observation” shall generally be followed in the judgment on similarity of trademarks. In judging whether a disputed trademark and a trademark purely consisting of an element in the public domain or containing an element in the public domain constitute similarity, we shall adhere to higher standards and mainly compare the unique parts other than the public element. An overall visual effect counts more in a comparison for the sake of similarity judgment so as to prevent monopoly of a public element by a certain entity.

In *New Balance Athletic Shoe Inc. (NB Inc.) v. TRAB and Qierte Co., Ltd. (Qierte Co.)*, an administrative dispute over invalidation of a device trademark (No. 7976207) and a trademark “N” (No.8520182),⁷ Qierte Co. is entitled to the right to a device trademark and a trademark in the form of an artistic letter “N” (hereinafter referred to as the disputed marks) on goods such as clothing and footwear in Class 25. NB Inc. is the owner of a trademark in the form of a stan-

dard letter “N” and several trademarks containing a letter “N” or its deformed styles (hereinafter referred to as the cited marks) on goods such as clothing and footwear in Class 25. NB Inc. filed an application for invalidation against the disputed trademarks on the grounds that the disputed trademarks and its cited trademarks constitute similar trademarks designated for use on identical or similar goods, and the disputed trademarks are copies and imitation of the well-known trademark of NB Inc. The TRAB found that the disputed trademarks and the cited trademarks do not constitute similar trademarks because of their differences in terms of forms of expression, patterning and visual effect, so their co-existence with respect to similar goods will not cause confusion among consumers. The evidence submitted by NB Inc. is not sufficient to prove that the cited trademarks have become well-known trademarks before the application of the disputed trademarks. TRAB then ruled that the disputed trademarks shall be sustained. The first-instance court held that the capital letter “N” in the disputed trademarks contain decorative lines, but the disputed trademarks and the cited trademarks all contain the capital letter “N”, and what’s more, the evidence provided by NB Inc. can prove that its series of trademarks containing the capital letter “N” enjoyed great reputation. For the above reasons, when the disputed trademarks and the cited trademarks are used on their respective identical or similar designated goods simultaneously, it is very likely that the relevant public is confused about their sources or mistakenly takes them as a series of trademarks of the same provider. TRAB erred in ruling that the the disputed trademarks do not violate Article 28 of the Trademark Law 2001 and shall make a correction in this regard. The first-instance court decided to overrule the TRAB’s ruling and order the TRAB to make a new one instead.

The second-instance court held that the cited trademarks are either combination marks composed of the capital letter “N” and devices or in the form of an artistic letter “N”. Although the overall look of the disputed trademarks are close to the capital letter “N”, the overall visual effect resulting from the combination of the capital letter “N” and inner lines may readily render the relevant public to recognize the disputed trademarks as device trademarks, which are obviously different from the cited trademarks in terms of the overall visual effect, forms of expression and patterning. Even though the evidence on file can prove that the trademark of NB Inc., a letter “N”, enjoys a great reputation

when used on goods such as shoes, the relevant public can still distinguish the disputed trademarks from the cited trademarks with a common attention if they are simultaneously used on identical or similar goods, and no confusion may be caused thereby. The first-instance court erred in determining that the disputed trademarks and the cited trademarks fall within the circumstances stipulated in Article 28 of the Trademark Law 2001 and shall make a correction in this regard. The TRAB's relevant determination is correct. Hence, the second-instance court decided to overrule the first-instance judgment and dismiss the claims of NB Inc.

Violation of the good-faith principle shall be considered as a factor in determination of the “likelihood of confusion” between marks

The good-faith principle shall always be adhered to at the time of trademark application and the use of registered trademark. A trademark owner shall use the registered marks on designated goods in standardized ways, and should not apply for other's registered mark by way of combination on the basis of its own trademark which has enjoyed a high reputation. If such an application was accepted, it will not only give rise to disorder of the trademark registration system in China, but also impair other's exclusive trademark right. If this is the case, the trademark will no longer function to identify the sources of goods or services, and therefore eventually impair the interests of consumers.

In *Guizhou Guotai Liquor Co., Ltd. (Guotai Co.) v. TRAB*, an administrative dispute over review of trademark application rejection,⁸ the disputed trademark is the trademark “适宜国台酒酱香 18° GUOTAI EXTRA EIGHTEEN and device” (No.13143658) applied by Guotai Co. on 27 August, 2013 and designated on goods such as alcoholic beverages (except beer) in Class 33. The cited trademark is the trademark “适宜” (No.7193609), which was applied by Shanghai Guangle Brewing Co., Ltd. on 10 February, 2009 and registered on 21 July, 2010 for use on goods such as alcoholic beverages (except beer) in Class 33. The Trademark Office decided to reject the application for the disputed mark. The TRAB also decided to reject the application for the disputed trademark on reviewed goods on the grounds that the disputed trademark and the cited trade-

mark constitute similar marks for use on identical or similar goods. In the view of the first-instance court, the disputed trademark is a combined mark consisting of words (or Chinese characters) “适宜国台酒酱香 18°”, “eighteen” and “GUOTAI EXTRA” and a device, whereas the cited trademark is a mark purely made of Chinese characters “适宜”. Although both of them contain the Chinese characters “适宜”, they are dissimilar to each other in terms of pronunciation, constitutive elements, meaning, visual effect and overall look and therefore do not constitute similar marks.



the disputed trademark

适 宜

the cited trademark

The second-instance court held that the disputed trademark is a combined mark consisting of words (or Chinese characters) “适宜国台酒酱香 18°”, “eighteen” and “GUOTAI EXTRA” and a device, wherein the Chinese characters “适宜”, “国台酒” and “酱香 18°” are arranged vertically. The use of “酱香 18°” on goods such as liquor may be easily understood as a description about the manufacturing process of relevant products and alcohol content, and is less distinctive, and the figurative part of the disputed trademark surrounds the Chinese characters just for decoration. According to the recognitive habits of the relevant public in China, the Chinese characters “适宜” and “国台酒” constitute the main identification part of the disputed trademark, whereas the cited trademark consists of the Chinese characters “适宜”, from which it can be seen that the main identification part of the disputed mark contains the cited trademark completely. Although the disputed trademark as a whole is different from the cited trademark to some extent in terms of constitutive elements, pronunciation and the like, there is no obvious distinction between them. Thus, when the disputed trademark and the cited trademark are used on identical or similar goods, the relevant public with common attention tends to believe the goods are from the same entity or have certain relationship, which will cause confusion and misconception. Existence of other trademarks enjoying a greater reputation owned by Guotai Co. is not a justified reason for testifying that the disputed trademark and the cited trademark do not constitute similarity.

Judgment on similarity of goods which are not included in the Table for Differentiating Similar Goods and Services

The Table for Differentiating Similar Goods and Services (similar to Nice Classification, hereinafter referred to as the Differentiating Table) is the primary, but not the sole, basis and reference used for judging whether goods or services are similar. Due to the ever-changing progress of the society, the Differentiating Table can, in no way, cover all the goods, so an administrative department can *ex officio* classify newly emerging goods under the Class containing goods designated for the registered trademark which are closely associated therewith, rather than determine that the relevant trademark is unregistered.

In *Zhejiang Gospipele Electronics Co., Ltd. (Gospipele Co.) v. TRAB and Gospell Digital Technology Co., Ltd. (Digital Co.)*, a trademark administrative dispute,⁹ the disputed trademark is the trademark “高斯贝尔 GOSIPELE” (No.7842938) of Gospipele Co. designated on goods in Class 9 in respect of photocopiers [photographic, electrostatic, thermic], flashing lights [signalling lights], meters, cameras [photography], optical lamps, coaxial cables, remote control apparatus, lightning arresters, counters and electric irons. The cited trademark is the trademark “高斯贝尔 GOSPELL” (No. 1127347) of Digital Co. designated on goods in Class 9 in respect of audio- and video-receivers, audio- and video- modulators, antennas (systems), telephones, mixers, DVD players, televisions, tape recorders and high-frequency tuners. Digital Co. filed an application for cancelling the disputed trademark. The TRAB was in the position that the evidence on file can testify that the cited mark is a well-known trademark for the goods in respect of antennas (systems) (digital satellite receivers or set-top boxes) and high-frequency tuners, and ruled to cancel the disputed mark which violates Article 13.2 of the Trademark Law 2001. The first-instance court upheld the above decision.

The second-instance court held that the Differentiating Table is the primary, but not the sole, basis and reference used by trademark examiners, managing staff, agents, applicants and users for judging whether goods or services are similar. Due to the ever-changing progress of the society, the Differentiating Table can, in no way, cover all the

goods appearing in life, so an administrative department can *ex officio* classify newly emerging goods under the Class containing goods designated for the registered trademark which are closely associated therewith, which complies with the attribute of trademark as a private right, and does not impair the public interests. In the present case, “digital satellite receivers or set-top boxes” are not included in the Differentiating Table, but they are narrow concepts of “antennas (systems)” and in close association with the latter in terms of commodity attributes. TRAB was correct in classifying “digital satellite receivers or set-top boxes” under the heading “antennas (systems)” for which the cited trademark is proved for use and affording protection thereto under Article 13.2 of the Trademark Law 2001.

Where a copyright is claimed by a foreigner, examination shall be conducted according to the Governing Law to decide whether protection shall be afforded under China’s Copyright Law

In a foreign - related intellectual property case trial, where a foreigner seeks for protection of his work in China under the Copyright Law, consideration shall be first given to whether China and the country to which the foreigner belongs enter into or co-join an international treaty, in which China gives its commitment to afford IP protection to citizens of that country, unless otherwise specified in the Chinese laws. Protection of the work created by a foreigner is subject to laws of the country where the work is published. Where a foreigner claims copyright in China on his work published in a country other than China, the China’s Copyright Law shall apply in deciding whether the work is copyrighted, as well as the copyright contents and ownership.

In *Service Industry Co., Ltd. v. TRAB and Chen Awu*, a trademark administrative dispute,¹⁰ the trademark “SEWIS” (hereinafter referred to as the disputed trademark) (No.4314462) was filed with the Trademark Office on 18 October, 2004 and registered on 7 April, 2009 for use on goods in Class 25 in respect of shoes (footwear), sports shoes, football shoes, soles, inner soles, slippers, half - boots, bath sandals, sandals and galoshes, and the current registrant is Chen Awu. On 31 August, 2009, Service Industry Co., Ltd. filed an application for cancelling the disputed

trademark with the TRAB under Articles 13, 15 and 31 of the Trademark Law 2001, Article 2.1 of the China's Anti-Unfair Competition Law, and relevant provisions of Paris Convention for the Protection of Industrial Property and Berne Convention for the Protection of Literary and Artistic Works, mainly on the grounds that Service Industry Co., Ltd. is the real owner of the trademark "SEWIS", and the application for the disputed trademark in China by Chen Awu is obviously an act of malicious preemptive registration. The TRAB found that 1. the evidence provided by Service Industry Co., Ltd. is not sufficient to testify that its trademark "SEWIS" has been widely known in Mainland China to the extent that is required for a well-known trademark before the filing date of the disputed trademark, so the claim of Service Industry Co., Ltd. that the trademark "SEWIS" is a well-known trademark not registered in China shall not be supported; 2. the disputed trademark is formed of combination of English letters, and does not constitute the work in the sense of the Copyright Law due to weak originality, and the evidence on file can hardly prove that Service Industry Co., Ltd. is entitled to the copyright to the "SEWIS" letters, so the disputed trademark does not impair other's existing prior right under Article 31 of the Trademark Law; and 3. the evidence provided by Service Industry Co., Ltd. is inadequate in testifying that before the filing date of the disputed trademark, the "SEWIS" sign has been used by Service Industry Co., Ltd. in China as a trademark on goods identical with or similar to those on which the disputed trademark is used and has certain influence, so the application for the disputed trademark does not violate Article 31 of the Trademark Law, i.e. "an applicant shall not register in an unfair means a mark that is already in use by another party and has certain influence". To conclude, the TRAB ruled to maintain the disputed trademark pursuant to Article 43 of the Trademark Law 2001. The first-instance court held that the trademark "SEWIS" owned by Service Industry Co., Ltd. is only used by Chinese footwear producers commissioned to do OEM manufacturing. Footwear under the trademark "SEWIS" has never been sold in Mainland China. Nor does Service Industry Co., Ltd. provide any other evidence in proving the use of the trademark "SEWIS" during marketing and promotion of footwear in Mainland China. Since the evidence on file is inadequate in proving the prior use of the trademark "SEWIS" on footwear by Service Industry Co., Ltd. in Mainland China and the certain influence it caused, the application for the disputed mark does not fall within the circumstance

stipulated in the latter half of Article 31 of the Trademark Law 2001. Service Industry Co., Ltd. claims the copyright to the artistic work "SEWIS". The work consists of five English letters in the commonly seen font and is not up to the degree of intellectual creation required by the originality of the artistic work, and therefore does not constitute the work in the sense of the Copyright Law. The application for the disputed trademark does not impair the prior copyright of Service Industry Co., Ltd.

The second-instance court found that Service Industry Co., Ltd. claimed the copyright to the "SEWIS" pattern and provided relevant documents for certifying its copyright obtained in the Islamic Republic of Pakistan (briefly known as Pakistan). Both Pakistan and China are member states of Berne Convention for the Protection of Literary and Artistic Works, but reference shall be made to the China's Copyright Law, rather than the International Treaty in deciding whether to afford copyright protection to works in China. The term "works" as referred to in China's Copyright Law means intellectual creations with originality in the literary, artistic or scientific domain, insofar as they can be reproduced in a tangible form. The "SEWIS" pattern, to which Service Industry Co., Ltd. claims copyright, results from simple processing of English letters, and the creativity embodied therein does not meet the originality requirement under China's Copyright Law. As a result, it is not the work that can be protected under China's Copyright Law. Service Industry Co., Ltd. commissioned producers in Mainland China to do OEM manufacturing, but there is no evidence proving that the trademark "SEWIS" has been prior used on footwear in Mainland China and has been well-known among the relevant public within a certain scope. There is no factual and legal basis for Service Industry Co., Ltd. to assert that the disputed trademark is obtained by pre-emptively registering in an unfair means a mark that is already in use by another party and has certain influence.

The use of a mark on free gifts shall be regarded as the use of a trademark

Free gifts also belong to commodities, and commercial giving is by nature a commercial activity. Even though goods bearing the disputed trademark enter into the process of circulation in the form of free gifts, the use of the disputed trademark on the free gifts shall also be determined as the use of a trademark in the sense of the Trademark

Law.

In *TRAB v. Guangdong Vanward New Electric Co., Ltd. (Vanward Co.) and Zeng Huiqiong*, an administrative dispute over review of cancellation of a trademark,¹¹ the disputed trademark is the trademark “万和” (No. 3342442) currently owned by Vanward Co. for use on designated goods in Class 21 in respect of “ironing boards, electric toothbrushes, thermally insulated containers for food, door and window glass cleaners, glass anti-fog cloths, and glass for vehicle windows [semi-finished product]”. The Trademark Office decided to cancel the disputed trademark. The TRAB made the same decision on the grounds that the disputed trademark is used on the free gifts during the prescribed time period. The first-instance court held that the evidence provided by Vanward Co. can prove that Vanward Co. bought electric brushes and multi-functional electric lunch boxes as free gifts given to consumers from Foshan Shunde Langdi Gifts Co., Ltd. (Gifts Co.) and that the disputed trademark has been used on designated goods that enter into the market within the relevant time period, which functions to distinguish the source of goods. Thus, it shall be determined that the use of the disputed trademark constitutes actual use within the certain time period.

The second-instance court found that the evidence provided by Vanward Co. can prove that the electric brushes and multi-functional electric lunch boxes bought from Gifts Co. are given as free gifts to consumers, the consumers can tell from the packaging that Vanward Co. is the manufacturer of the free gifts, and the disputed trademark helps the relevant public distinguish the source of the goods. Thus, it can be determined that the use of the disputed trademark constitutes actual use within the certain time period. ■

(proofread by Yang Boyong)

judges of the Panel were Xie Zhenke, Sun Zhuyong, Wang Xiaoying, and the handling judge was Xie Zhenke) and the Administrative Judgment No. Yizhongzhixingchuzi 9831/2014.

⁴ See the Administrative Judgment No. Jingxingzhong 2164/2016 (the judges of the Panel were Liu Xiaojun, Kong Qingbing, Jiang Qiang, and the handling judge was Liu Xiaojun) and the Administrative Judgment No. Yizhongxing(zhi)chuzi 10254/2014.

⁵ See the Administrative Judgment No. Jingxingzhong 2149/2016 (the judges of the Panel were Zhong Ming, Qi Lei, Yu Huibin, and the handling judge was Qi Lei) and the Administrative Judgment No. Jingzhixingchuzi 5352/2015.

⁶ See the Administrative Judgment No. Gaoxing(zhi)zhongzi 1538/2015 (the judges of the Panel were Jiao Yan, Sha Rina, Zhou Bo, and the handling judge was Zhou Bo) and the Administrative Judgment No. Jingzhixingchuzi 67/2014.

⁷ See the Administrative Judgments No. Jingxingzhong 3674/2016 and 3697/2016 (the judges of the Panel were Xie Zhenke, Wang Xiaoying, Sun Zhuyong, and the handling judge was Xie Zhenke) and the Administrative Judgments No. Jingzhixingchuzi 3916/2015 and 3915/2015.

⁸ See the Administrative Judgment No. Jingxingzhong 3618/2016 (the judges of the Panel were Xie Zhenke, Tao Jun, Wang Xiaoying, and the handling judge was Tao Jun) and the Administrative Judgment No. Jingzhixingchuzi 5009/2015.

⁹ See the Administrative Judgment No. Jingxingzhong 564/2016 (the judges of the Panel were Sha Rina, Yuan Xiangjun, Sun Zhuyong, and the handling judge was Yuan Xiangjun) and the Administrative Judgment No. Yizhongzhixingchuzi 745/2015.

¹⁰ See the Administrative Judgment No. Jingxingzhong 1789/2016 (the judges of the Panel were Sha Rina, Zhou Bo, Fan Xue, and the handling judge was Fan Xue) and the Administrative Judgment No. Yizhongzhixingchuzi 1592/2014.

¹¹ See the Administrative Judgment No. Jingxingzhong 5665/2016 (the judges of the Panel were Liu Xiaojun, Kong Qingbing, Jiang Qiang, and the handling judge was Jiang Qiang) and the Administrative Judgment No. Jing73xingchu 3004/2016.

¹ See the Administrative Judgment No. Gaoxing(zhi)zhongzi 1538/2015 (the judges of the Panel were Jiao Yan, Sha Rina, Zhou Bo, and the handling judge was Zhou Bo) and the Administrative Judgment No. Jingzhixingchuzi 67/2014.

² See the Administrative Judgment No. Gaoxing(zhi)zhongzi 3866/2014 (the judges of the Panel were Pan Wei, Kong Qingbing, Tao Jun, and the handling judge was Kong Qingbing) and the Administrative Judgment No. Yizhongzhixingchuzi 2205/2014.

³ See the Administrative Judgment No. Jingxingzhong 2171/2016 (the