



2018

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# A Selection of China Supreme People's Court Foreign Related Trademark and Unfair Competition Cases



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## Editor's Note

This handbook, presented by Wanhuida Peksung IP Group, is a selection of exemplary trademark and unfair competition cases selected from China Supreme Court's Guiding Cases (2014-2017), Annual Reports on IP Cases (2008-2017) and Gazettes (2001-2017). Most of the cases are foreign-related, except for a few that are not foreign-related but are Guiding Cases.

The cases are organised in three chapters of "*Trademark Law*", "*Unfair Competition Law*", as well as "*General Procedure*". In each chapter, every case is given a subhead, starting with numeration of the concerned article in the current Trademark Law and Anti-unfair Competition Law and a few key words, such as: "7. Principle of Good Faith".

Under the subhead, each case is identified with a unique reference of name, dates and numbers, indicating the information below:

- Capital Letters A, B and C, are used to indicate the source of the cases. "A" refers to the SPC's Guiding Cases, "B" the SPC Annual Reports on IP Cases and "C" the SPC Gazettes. In case one specific matter is simultaneously included by more than one source, it is categorized as a combination of the letters concerned.

- The name of the case. If there is more than one case involving a same trademark, these cases are sorted chronologically.

- The date of the final judgment in the format yyyyymmdd

- The date of inclusion in the SPC sources in the format yyyyymmdd - guiding case number (if it is a type-A case) or the date of inclusion in the SPC sources - issue number of the gazettes (if it is a type-C case) in the format

yyyymm.

- The date of the final judgment and the date of inclusion in the SPC sources are separated by slash.

For example, the case “*Wang Suiyong v ELLASSAY Company et al.*” was included in both the SPC’s Guiding Cases and the SPC Annual Reports. The final judgment was rendered on August 14, 2014. It was released by the SPC on March 6, 2017 as a guiding case #82.

So the reference of the case appears as follows:

**AB, ELLASSAY-20140814/20170306-82**

**Disclaimer:** The handbook aims to offer a keyword summary and judgment synopsis for some cases selected from a pool of exemplary cases listed by the SPC. Please be advised that it is not a word for word translation of the original judgment. Although every effort has been made to verify the accuracy of items in the handbook, readers are urged to check independently on matters of specific concern or interest.

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# CHAPTER 1

# Trademark Law

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## Trademark Law

### 7 Principle of Good Faith

AB, ELLASSAY-20140814/20170306-82 (Trademark acquired by bad faith cannot be enforced against legitimate use)

**Wang Suiyong v ELLASSAY Company et al., retrial, SPC, (2014) Min Ti Zi No. 24**

Wang Suiyong v ELLASSAY Company et al. – trademark infringement – infringement ascertained by courts of first and second instance – retrial – no infringement – abuse of right – plaintiff's trademark acquired in bad faith – legitimate use of the defendant.

#### **Ruling:**

The SPC ascertained that the principle of good faith, which is the basic principle to be abided by all market players, shall also apply to civil litigation. The enforcement of the trademark right acquired in bad faith, seeking to prejudice other's legitimate rights, runs counter to the legislative objectives and spirits. Therefore, such claims cannot be allowed.

**B, Jordan-20161207 (Business success built on bad faith acts cannot be used to justify trademark registration)**

**Michael Jordan v TRAB et al., retrial, SPC (2016) Zui Gao Fa Xing Zai No. 27**

Qiao Dan Company registered the Chinese transliteration of “Jordan” (“乔丹”) – USA basketball superstar Michael Jordan filed for invalidation – TRAB, courts of first and second instance ruled no infringement upon Michael Jordan’s right of name – no “other adverse effect” – not “obtaining registration with other unjust means” – overruled by the retrial court – right of name – business success built on bad faith acts cannot be used to justify trademark registration.

**Ruling:**

The SPC ascertained that market order and business success claimed by the trademark owner is not entirely achieved by honest operation, but rather, to some extent, based on the misidentification of the relevant public. If such market order or business success were to be maintained, it will be detrimental to the proprietor’s name right and the consumers’ interest, or the purification of the trademark registration and use environment.

B, Nissan-20111130 (Deliberate imitation of other's trademark is not fair use)

**Huaxia Great Wall Company v TRAB et al., retrial, SPC, (2011) Zhi Xing Zi No. 45**

Huaxia Great Wall Company registered a trademark composed of the the word Nissan in Chinese characters and a device – NISSAN MOTOR CO., LTD. filed for invalidation – citing its own Chinese characters of Nissan and the Combination trademark of Nissan and device – invalidation application upheld by the TRAB, courts of first and second instance and the retrial court – cited marks are well-known trademarks – disputed mark is a reproduction and imitation of the well-known trademarks.

**Ruling:**

The SPC held that if the use of a trademark is intended to induce rather than eliminate connection with others, such use does not constitute good faith use.

## 10 Trademark Registration - Legality

### 10.1.2 Name of Foreign Country

B, Nike Jordan-20151202 (Whether a foreign trademark is identified as the name of a foreign country should be ascertained based on the knowledge and perception of the relevant public)

**NIKE INTERNATIONAL LTD. v TRAB et al., retrial, SPC (2015) Zhi Xing Zi No. 80**

NIKE INTERNATIONAL LTD. applied to register “JORDAN and device” trademark – application refused by the CTMO – refusal decision upheld by the TRAB and the courts of first and second instances – identical with the name of a foreign country – overruled by the retrial court – applied mark is not the name of a foreign country in the perspective of the relevant public.

#### **Ruling:**

The SPC held that if the relevant public, based on its knowledge and perception, is unlikely to identify the applied mark as to be identical with or similar to the name of a foreign country, the applied mark should not be held in violation of the provisions of Article 10.1.2 of the Trademark Law.

## 11 Trademark Registration - Distinctiveness

### 11.1.1 Generic Name

B, Saridon-20090113 (A mark may be registered if it ceases to be a generic name during the trademark review procedure)

**Southwest Pharmaceutical Company v TRAB et al., retrial, SPC, (2007) Xing Jian Zi No. 111-1**

Southwest Pharmaceutical applied to invalidate the trademark “散利痛” (Chinese character of “Saridon”) – generic name – trademark status in the review procedure reassessed – invalidation application dismissed by the TRAB, courts of first and second instance and the retrial court.

#### **Ruling:**

The SPC held that the concept of generic name covers statutory generic name and conventional generic name. Those drug names that have been listed in the local drug standard should be ascertained, in principle, as generic name. However, if due to the amendment of the national drug standard, this particular drug name is excluded from the standard, then it should not be ascertained as a statutory generic name. During the adjudication on whether a drug name constitutes conventional generic name, Court should assess whether such name has become a term that is generally used by the operators of the industry as a customary practice to refer to certain commodity. Court should take into consideration the status of the trademark - generic or no generic - at the time of examination during the review procedure.

## 11.1.2 Descriptive Words

**B, BLUETOOTH-20161227 (Certification trademark also needs to be distinctive in order to be registrable)**

**Bluetooth SIG v TRAB et al., retrial, SPC, (2016) Zui Gao Fa Xing Shen No. 2159**

Bluetooth SIG applied to register “蓝牙” (Chinese character of “Bluetooth”) as certification trademark – not distinctive – not registrable – application refused by the CTMO, TRAB, courts of first and second instance, as well as the retrial court.

### **Ruling:**

The SPC held that though the Trademark Law has set forth special provisions as regard eligible applicants, user and function of certification trademark, the distinctiveness requirement for registered trademarks as provided by the Law shall also apply to certification trademarks.

**B, BEST BUY-20111028 (Trademark with descriptive elements is not necessarily denied distinctiveness as a whole)**

**BEST BUY ENTERPRISE SERVICES, INC. v TRAB, retrial, SPC, (2011) Xing Ti Zi No. 9**

BEST BUY ENTERPRISE SERVICES, INC. applied to register trademark “BEST BUY and device” – application refused by the CTMO – lack of distinctiveness – refusal decision upheld by the TRAB and courts of first and second instance – overruled by the retrial court – trademark with descriptive elements is not necessarily denied distinctiveness as a whole.

**Ruling:**

The SPC held that when adjudicating administrative cases involving the granting and affirmation of trademark rights, distinctiveness should be assessed by considering the trademark as a whole, based on the common perception of the relevant public of the goods to which the disputed trademark is designated. If the descriptive element in the trademark does not undermine the distinctiveness of the trademark as a whole, and the relevant public is able to use the mark as a source identifier of the goods, the court should ascertain that such trademark is distinctive.

### 11.1.3 Other Circumstances of Lack of Distinctive Features

**B, Hermes-20121213 (Shape of a product is distinctive only if it can function as a source identifier of such product)**

**Hermes v TRAB et al., retrial, SPC, (2012) Min Shen Zi No. 68**

Hermes filed an IR application of a three-dimensional trademark (partial shape of a product) with territorial extension to China – application refused by the CTMO – lack of distinctiveness – refusal decision upheld by the TRAB, courts of first and second instance as well as the retrial court.

**Ruling:**

The SPC held that since the three-dimensional shape was a part of a product, the applied shape is inseparable from the product and the relevant public is more apt to regard it as a part of the product rather than a trademark. The application for such trademark should be rejected unless the shape has distinctive characteristics that may distinguish it from ordinary designs of the products, or the applicant is able to prove that its use has enabled the relevant public to associate such shape with a certain source.

## 11.2 Distinctiveness Acquired through Use

B, Nestle Bottle-20141024 (A unique design does not automatically become inherently distinctive. Court should weigh in the use of such design by other operators of the same industry when ascertaining the acquired distinctiveness thereof)

### **Master Company v TRAB et al., retrial, SPC, (2014) Zhi Xing Zi No. 21**

Nestle filed IR application of its three-dimensional trademark with territorial extension to China – Master Company applied to invalidate the trademark – non-distinctiveness – registration maintained by TRAB – distinctiveness may be acquired through use – overruled by courts of first and second instance – procedural illegality – TRAB ordered to re-examine the case – registration maintained again by TRAB – overruled by courts of first and second instance – disputed mark not distinctive – upheld by the retrial court.

#### **Ruling:**

The SPC held that where a three-dimensional mark is constituted by the shape of the packaging of a product, the uniqueness of such packaging design does not automatically make it inherently distinctive and registrable as a trademark. Court should weigh in the use of such design by other operators of the same industry when ascertaining whether the design has acquired distinctiveness through use. Where the existing evidence does not suffice to overcome the fact that the relevant public merely identifies the three-dimensional mark as product packaging, Court shall not ascertain that such three-dimensional mark has acquired distinctiveness through use.

The SPC noted that the products involved also use other signs to indicate its source

and the disputed mark is not used solely or otherwise suggested to the consumers that the bottle shape *per se* serves as a source identifier, therefore the relevant public is unlikely to identify the shape alone as a trademark.

## 13 Well-known Trademark

**B, Nissan-20111130 (Well-known trademark is entitled to be granted cross-category protection)**

**Huaxia Great Wall Company v TRAB et al., retrial, SPC, (2011) Zhi Xing Zi No. 45**

Huaxia Great Wall Company registered a trademark composed of the combination of the word Nissan in Chinese characters and a device – NISSAN MOTOR CO., LTD. filed for invalidation – citing its own Chinese characters of Nissan and the Combination trademark of Nissan and device – invalidation application upheld by the TRAB, courts of first and second instance and the retrial court – cited marks are well-known trademarks – disputed mark is a reproduction and imitation of the well-known trademarks.

### **Ruling:**

The SPC held that the cited marks of NISSAN MOTOR CO., LTD. constitute well-known trademarks and the disputed mark registered by Huaxia Great Wall Company should be invalidated because it is reproduction and imitation of the well-known trademarks, which is likely to mislead the public and prejudice the interest of NISSAN MOTOR CO., LTD.

## 14 Parameters for Recognition of Well-known Trademark

B, IPHONE-20151227 (News report not intended for the promotion of the cited mark cannot be admitted as evidence for well-known trademark recognition)

**Apple Inc. v TRAB et al., retrial, SPC, (2016) Zui Gao Fa Xing Shen No. 3386**

Xintong Tiandi Company applied to register trademark “IPHONE” – Apple Inc. filed opposition citing prior trademark – opposition dismissed by the CTMO – upheld by the TRAB, courts of first and second instance, as well as the retrial court – cited mark had not reached well-known status prior to the application date of the opposed mark – Article 13.2 of the 2001 Trademark Law shall not apply.

### **Ruling:**

The SPC held that when determining whether a cited mark is well-known, court should 1) be aware that the history and reputation of the Opponent cannot be equated with the cited mark’s reputation and history of promotion and use; 2) determine whether the relevant public is able to know the cited mark through official and effective channels; and 3) be aware that news report that does not specifically target the commercial promotion of the cited marks are insufficient to prove that the cited mark has reached the well-known status through extensive commercial promotion in China.

**B, Nissan-20111130 (Parameters established to prove well-known trademark status shall not be followed mechanically)**

**Huaxia Great Wall Company v TRAB et al., retrial, SPC, (2011) Zhi Xing Zi No. 45**

Huaxia Great Wall Company registered a trademark composed of the combination of the word Nissan in Chinese characters and a device – NISSAN MOTOR CO., LTD. filed for invalidation – citing its own Chinese characters of Nissan and the Combination trademark of Nissan and device – invalidation application upheld by the TRAB, courts of first and second instance and the retrial court – cited marks are well-known trademarks – disputed mark is a reproduction and imitation of the well-known trademarks.

**Ruling:**

The SPC held that court should assess all the existing evidence comprehensively in order to ascertain whether a trademark has become well-known to the public, which means evidence should not be assessed in isolation. Parameters established for evidence admissible to prove well-known trademark status shall not be followed mechanically.

C, NIKON-20101228/201208 (Well-known trademark recognition is not an independent claim, but rather a finding necessitated by the circumstances of the case)

**NIKON CORPORATION v Zhejiang NIKON, 1st instance, Xi'an Intermediate Court, (2009) Xi Min Si Chu Zi No. 302**

NIKON CORPORATION v Zhejiang NIKON – prominent using of trademark Nikon on electric bicycles and shop signs - trademark infringement & unfair competition – judicial recognition of well-known trademark – plaintiff's claims upheld by court.

**Ruling:**

The Court held that the party's request to recognize the well-known status of trademark is substantively a request for the court to ascertain facts that are necessary for the decision, and not an independent claim.

**B, APPLE I-20091111 (Protection of well-known trademark should not be weakened, due to an existing registration in the same class)**

**TEXWOOD LIMITED v TRAB et al., retrial, SPC, (2009) Xing Ti Zi No. 3**

Guangzhou Apple registered “Apple & device” trademark – TEXWOOD LIMITED filed for invalidation – citing a well-known trademark in dissimilar class and a prior registration in the same class – invalidation decision upheld by the TRAB and the court of first instance – overruled by the court of second instance – invalidation decision reaffirmed by the retrial court.

**Ruling:**

The SPC held that TEXWOOD LIMITED has a well-known trademark registered on dissimilar goods as well as a prior trademark registered on similar goods, which is supposed to be entitled to stronger protection. Court should not only make comparison between the disputed mark and the prior mark registered on similar goods, but should also take into consideration the prior well-known trademark that merits cross-category protection. It would be unreasonable if the proprietor of a well-known trademark that also owns an existing prior trademark on similar goods were to be inferior to a proprietor that only has well-known trademark registered on dissimilar goods.

B, Viagra I-20090624 (A mark not used on the owner's own initiative is not eligible to be recognized as unregistered well-known trademark)

**Pfizer Inc. v Welman Company et al., retrial, SPC, (2009) Min Shen Zi No. 313**

Pfizer v Welman Company et al. – registration and use of trademark “伟哥” – citing unregistered well-known trademark “伟哥” (Chinese nick name for Viagra) – trademark infringement & unfair competition – Pfizer exhibits no true intention in using “伟哥” as its trademark – case dismissed by courts of first and second instance and the retrial court.

**Ruling:**

The SPC held that since the plaintiff affirms that it has never used a certain mark in China, the promotion of such mark by another person does not reflect the plaintiff's true intention to use the mark as a trademark. Therefore the mark cannot be the plaintiff's unregistered well-known trademark.

C, KODAK-20060406/200805 (Well-known trademark recognition is not an independent claim)

**EASTMAN KODAK COMPANY v KEDA Company, 1st instance, Suzhou Intermediate Court, (2005) Su Zhong Min San Chu Zi No. 213**

EASTMAN KODAK COMPANY v KEDA Company – using “KODAK” on elevators – trademark infringement – cited mark “KODAK” registered in photographic and imaging products –well-known – court granted cross-category protection to elevator.

**Ruling:**

The court held that when adjudicating trademark infringement disputes, the recognition of well-known trademark status is a factual finding of the case, based on which the court granted protection over the cited mark. The defendant’s defence that the plaintiff, who did not bring an independent claim requesting the recognition of well-known trademark status of its cited mark, shall not be awarded the well-known trademark recognition, is not tenable.

## 15 Preemptive Trademark Application Filed by Agent

### 15.1 Agent

B, Dr. Turtle-20151118 (Article 15 of the Trademark Law shall also apply if the represented party filed application prior to that of the agent)

#### Dr. Turtle Company v TRAB et al., retrial, SPC, (2015) Xing Ti Zi No. 3

Dr. Turtle Company applied to register trademark “龟博士” (Chinese characters of “Dr. Turtle”) – Turtlewax Inc. opposed – similar marks – similar goods – Dr. Turtle Company used to be the exclusive regional agent of Turtlewax - Article 15 of the Trademark Law - Turtlewax also registered a trademark that is identical with the Opposed Mark on similar goods – opposition application dismissed by the CMO – reversed by the TRAB – TRAB’s opposition decision sustained by the court of first instance, but declared that Article 15 did not apply – opposition overruled by court of second instance – retrial court ascertained similarity and possibility of confusion – Article 15 is applicable.

#### Ruling:

The SPC held that the agent is forbidden to file a trademark that is either identical with or similar to that of the party that it represents in respect of identical or similar goods. The SPC opined that courts of first and second instance erred in curtailing the application scope of Article 15 of the Trademark Law by finding that: *The filing of a trademark by the agent or representative constitutes preemptive filing only if its filing predated that of the represented party. If the represented party had filed for the registration on its own prior to the agent or representative, its legitimate interests*

*over such trademark has not been prejudiced, from the trademark registration level by the agent or representative. Under such circumstance, Article 15 of the Trademark Law shall not apply.*

**B, Lehmanbrown-20140916 (Article 15 of the Trademark Law shall apply even if the represented party has not used its trademark)**

**LEHMANOWN LIMITED v TRAB et al., retrial, SPC, (2014) Xing Ti Zi No. 3**

LEHMANOWN LIMITED filed to invalidate trademark “lehmanbrown” registered by one of its co-founders Edward Lehman – preemptive registration filed by agent – registration maintained by the TRAB and courts of first and second instance – overruled by the retrial court - Article 15 of the Trademark Law shall apply even if the party being represented has not used its trademark in prior.

**Ruling:**

The SPC held that Article 15 of the Trademark Law sets forth a mechanism that grants special protection over the trademark of the represented party, based on the principle of good faith. To invoke the protection of this mechanism, the trademark of the party being represented does not necessarily need to prove prior use. The agent or representative is has a duty of loyalty and diligence and may not file a trademark that is supposed to be owned by the represented party.

## 30 Prior Registration

**B, NEXUS-20161223 (A trademark co-existence agreement cannot be discarded simply on the ground of being detrimental to the consumers)**

**GOOGLE INC. v TRAB et al., retrial, SPC, (2016) Zui Gao Fa Xing Zai No. 103**

GOOGLE INC. applied to register trademark “NEXUS” – rejected by the CTMO – citing prior mark – refusal upheld by the TRAB and courts of first and second instance, despite the fact that GOOGLE INC. signed co-existence agreement with the proprietor of the cited mark – overruled by the retrial court – applied mark and cited mark may be differentiated from each other – application should be approved.

### **Ruling:**

The SPC held that Court should consider the co-existence agreement when ascertaining whether the registration of the applied mark breaches the provisions of Article 28 of the 2001 Trademark Law. The co-existence agreement shall be found admissible, provided that it is not to the detriment of the State, the public or the third party. The agreement cannot be found inadmissible on the ground of being detrimental to the consumers.

**B, LAFITE II-20161223 (The Chinese transliteration of a foreign trademark may be protected)**

**Gold Hope Company v TRAB et al., retrial, SPC, (2016) Zui Gao Fa Xing Zai No. 34**

Gold Hope Company registered trademark “拉菲庄园” (Chinese characters of “Chateau LAFITE”) – Château Lafite Rothschild filed for invalidation – citing prior trademark registration of “LAFITE” – invalidation application granted by TRAB – likelihood of similarity and confusion – upheld by court of first instance – reversed by court of second instance – not similar – invalidation application upheld by the retrial court – likelihood of similarity and confusion.

**Ruling:**

The SPC held that when assessing the similarity between a trademark in Chinese characters and a foreign trademark, court should consider the similarity of the elements composing the trademarks and the trademarks as a whole, their distinctiveness and reputation, the extent of association between the goods, as well as whether a stable correspondence has been formed between the two marks and has thus been acknowledged by the relevant public. Whether a registered and used trademark has acquired relatively high market reputation and formed its own relevant public group should be assessed by whether the relevant public is able to distinguish it from others so as to avoid confusion and misidentification.

**B, Dr. Turtle-20151118 (Co-existence of trademarks is allowed, provided that certain requirements are met and the trademarks are distinguishable in the market)**

**Dr. Turtle Company v TRAB et al., retrial, SPC, (2015) Xing Ti Zi No. 3**

Dr. Turtle Company applied to register trademark “ 龟博士 ” (Chinese characters of “Dr. Turtle”) – Turtlewax Inc. opposed – similar marks – similar goods – Dr. Turtle used to be the exclusive regional agent of Turtlewax - Article 15 of the Trademark Law - Turtlewax has registered trademark that is identical with the Opposed Mark on similar goods – opposition application dismissed by the CTMO – reversed by the TRAB – TRAB’s opposition decision sustained by the court of first instance, but finding that Article 15 did not apply – opposition overruled by court of second instance - retrial court ascertained similarity and possibility of confusion – Article 15 is applicable.

**Ruling:**

The SPC held that co-existence of trademarks is allowed, provided that it is necessitated due to special historical reasons, historical continuity etc., by taking into consideration the will of the proprietor of the prior right and whether the trademarks are distinguishable in the market.

**B, Forevermark-20141128 (Chinese word trademark and English word trademark can be found similar)**

**De Beers Centenary AG v TRAB et al., retrial, SPC, (2014) Zhi Xing Zi No. 49**

Gao Wenxin registered trademark “永恒印记” (Chinese characters of “forever mark”) – De Beers filed for invalidation – citing prior marks “FOREVERMARK” – invalidation application dismissed by TRAB – courts of first and second instance – similarity – invalidation decision upheld – retrial court – findings of both instances are correct – both courts erred in application of laws.

**Ruling:**

The SPC held that the similarity of a disputed Chinese word mark and a cited English word mark shall be ascertained by taking into consideration the following factors: the awareness and perceptibility of the relevant public about the English mark; the semantic association and correspondence of the Chinese mark and the English mark; the reputation and distinctiveness of the cited mark, as well as the actual use of the disputed mark.

**B, Montagut I-20131213 (The reputation of a prior trademark may extend to a later mark)**

**Bonneterie Cevenole SARL v TRAB et al., retrial, SPC, (2012) Xing Ti Zi No. 28**

Mingshi Company applied to invalidate the “flower device” trademark registered by Bonneterie – citing prior similar mark – TRAB ruled to invalidate the registration on some goods – partial invalidation decision upheld by courts of first and second instance – registration maintained by the retrial court – Bonneterie had a similar prior mark – reputation of the prior mark may extend to the later mark.

**Ruling:**

The SPC held that the reputation of a registered trademark may, under certain circumstances, extend to and benefit a later trademark filed by the same owner. Where the disputed mark benefits, before its application date, from the reputation acquired through the extensive use of a prior similar trademark owned by the same person, the cited mark, with no reputation, should be limited in respect of its scope of prohibitory right.

**B, APPLE II-20100910 (When assessing the similarity between the opposed mark and the cited mark, Court may take into consideration the similarity between the opposed mark and a prior registered mark owned by the applicant of the opposed mark)**

**TEXWOOD LIMITED v TRAB et al., retrial, SPC, (2009) Xing Ti Zi No. 2**

Guangzhou Apple Company applied to register “蘋果男人” (Chinese character of “Apple Man”) trademark – TEXWOOD LIMITED opposed – citing prior trademark – Guangzhou Apple Company has similar prior registration on goods of same class – opposition application dismissed by the CTMO, the TRAB, courts of first and second instance, as well as the retrial court.

**Ruling:**

The SPC held that if the applicant of the opposed mark has already registered similar trademark on the goods of same class, Court should compare the opposed mark, the prior mark registered, and assess their similarity, and then determine whether the opponent’s well-known trademark, has been illegally reproduced or imitated. If the opposed mark is highly similar to the prior registered mark of the applicant, it would be inappropriate for the Court to find that the opposed mark is a reproduction or imitation of the opponent’s well-known trademark.

C, RITZ-20080722/200903 (Similarity should be assessed by considering distinctiveness, reputation and similarity of the marks *per se*)

**THE RITZ HOTEL, LIMITED v Lichi Company, 2nd instance, Shanghai High Court, (2008) Hu Gao Min San (Zhi) Zhong Zi No. 70**

RITZ Hotel v Lichi Company - trademark infringement – “RITZ” v “RITS” – distinctiveness – reputation – marks *per se* – similarity & confusion – infringement ascertained by courts of first and second instance.

**Ruling:**

The Shanghai High Court held that similarity between the litigious trademark and the cited registered trademark should be comprehensively assessed, based on the distinctiveness and market reputation of the registered trademark, by comparing the phonetic, font and semantic features of the characters of the marks, the graphic composition and colors of the devices, the way in which characters and device are combined, and the components of the trademarks that function as the main distinctive part in the whole or the dominant part of the trademark, so as to ascertain whether the co-existence of the two marks is likely to cause confusion among the relevant public.

**B, CAILE-20091022 (Trademarks used on different goods that are not overlapping in circulation are not likely to mislead the relevant public)**

**Shengfang Company v TRAB et al., retrial, SPC, (2008) Xing Ti Zi No. 2**

Shengfang Company registered the trademark “采乐 CAILE” – Johnson & Johnson filed for cancellation – citing “采樂” (traditional Chinese characters of “采乐”) – TRAB made final verdict on the matter before the second amendment of the Trademark Law - Johnson & Johnson filed for cancellation based on the same ground – citing the 2001 Trademark Law – TRAB ascertained that disputed mark was reproduction and imitation of the well-known cited mark – disputed mark canceled - Courts of first and second instance upheld invalidation – retrial court – violation of non bis in idem – TRAB and courts of first and second instance erred in application of laws – clear distinction in respect of product nature and channels of production and sale – no confusion.

**Ruling:**

The SPC held that Johnson & Johnson, owner of the cited mark, licensed Xi'an Janssen Pharmaceutical Ltd. to use the cited mark. Johnson & Johnson had not used the cited mark, on its own, in the Chinese market. Its licensee Xi'an Janssen only used the cited mark on Ketoconazole lotion, which is sold as a drug at hospitals and pharmacies. The products to which the disputed mark is affixed are shampoo. The products of Xi'an Janssen are different from shampoo in respect of nature of the products and the channels of manufacture and sale. The shampoo products of Shengfang Company cannot enter the pharmaceutical circulation. The consumers are able to distinguish one from another. Therefore, the registration and use of Shengfang's disputed mark on consumer goods is not likely to mislead the public and prejudice Johnson & Johnson's

interest on the mark registered on drugs. The two trademarks may co-exist in their respective markets.

## 32 Prior Right

### 32(1) Prior Right – copyright

B, Shark Device-20171213 (Prior trademark registration certificate may be admitted as preliminary evidence to prove that the trademark applicant is entitled to claim his rights, as an interested party, over the copyright of the sign involved)

**DAMA S.P.A. v TRAB et al., retrial, SPC, (2017) Zui Gao Fa Xing Shen No. 7174**

DAMA S.P.A. applied to invalidate the disputed trademark “PAUL& SHARK YACHTING and device” – citing prior copyright – registration maintained by TRAB – no prejudice to prior copyright – reaffirmed by the court of first instance – insufficient evidence to prove prior copyright – reversed by court of second instance and the retrial court – prejudice to prior copyright – invalidation application granted.

#### **Ruling:**

The SPC held that both the copyrighter and the interested party of the copyright may claim prior copyright in accordance with the provisions of Article 31 of the 2001 Trademark Law. Without corroboration of other supportive evidence, the Copyright Registration Certificate acquired after the application date of the disputed trademark cannot be admitted as the evidence to establish the ownership of the prior copyright. However, the trademark registration certificate obtained prior to the application

date of the disputed trademark, although may not be admitted as an evidence of the ownership of copyright, may be admitted as preliminary evidence to prove that the trademark applicant is entitled to claim his rights, as an interested party, over the copyright of the sign involved.

**B, GREGORY (Eagle device)-20160921 (The trademark registrant is not necessarily the copyrighter of the trademark drawing)**

**Sanliya Company v TRAB et al., retrial, SPC, (2016) Zui Gao Fa Xing Shen No. 2154**

Sanliya Company applied to register trademark “GREGORY and device” – Gregory Company filed opposition – prior copyright – opposition dismissed by the CTMO – overruled by the TRAB and court of first instance – reversed by court of second instance and the retrial court.

**Ruling:**

The SPC held that being a trademark applicant or registrant only indicate the ownership of the registered trademark, which shall not be categorized as an act of signature seeking to indicate the creator of the works as provided by the Copyright Law. The SPC also ascertained that, unless proven otherwise by contrary evidence, the copyright registration certificate obtained prior to the trademark application date may be used to prove that the copyrighter registered on the copyright registration certificate is entitled to prior copyright, provided that the works is original. The copyright registration certificate obtained after the trademark application date cannot be used to prove prior copyright.

## 32(1) Prior Right – Right of Name, Trade Name

B, Jordan II-20171221 (The portrait requesting protection of prior right should be identifiable)

**Michael Jordan v TRAB et al., retrial, SPC, (2015) Zhi Xing Zi No. 332**

Michael Jordan applied to invalidate the disputed mark – citing prior right of portrait – invalidation application dismissed by TRAB and courts of first and second instance – the image of the disputed mark is unlikely to be perceived as Michael Jordan – retrial – SPC decides to hear another case whose ruling will be pertinent to this case – suspension of action on this case.

### **Ruling:**

The SPC held that the “portrait” protected by the portraiture right should feature the personal characteristics of a certain natural person that enables the public to identify such natural person as the right owner of the said portrait.

**B, Jordan I-20161207 (Right of name may be protected as prior right under the Trademark Law)**

**Michael Jordan v TRAB et al., retrial, SPC (2016) Zui Gao Fa Xing Zai No.27**

Qiaodan Sport Company registered trademark “乔丹” (Chinese transliteration of “Jordan”) – USA basketball superstar Michael Jordan filed for invalidation – dismissed by the TRAB – upheld by courts of first and second instance – no “other adverse effect” – not “registration obtained by other unjust means” – overruled by the retrial court – right of name - business success and market order built on bad faith acts cannot justify trademark registration.

**Ruling:**

The SPC held that the right of name may be protected as a prior right provided by Article 31 of the 2001 Trademark Law. It is neither an obligation of the name right holder nor a statutory prerequisite to invoke protection over the said right of name. In accordance with the provisions of Article 31 of the 2001 Trademark Law, a natural person may be granted name right protection over a specific name that he/she has not taken the initiative to use, provided that conditions for invoking name right protection are met. The SPC ascertained that, to determine whether a person enjoys the name right over a specific name, it is necessary to establish that (1) such name has a certain degree of popularity among the relevant public; (2) the relevant public uses such name to refer to this person; (3) there is a stable association between such name and the person.

**B, PARKERHANNIFIN-20140813 (A company may be granted trade name protection over its affiliated company's name that has a certain reputation)**

**PARKER INTANGIBLES, LLC v TRAB et al., retrial, SPC, (2014) Xing Ti Zi No. 9**

A Mr. Dai applied to register trademark “派克汉尼汾 PARKERHANNIFIN” – PARKER INTANGIBLES filed opposition – citing the famous trade name of its affiliated company – opposition application dismissed by the CTMO, the TRAB, as well as courts of first and second instance – overruled by the retrial court – PARKER INTANGIBLES's right of trade name ascertained.

**Ruling:**

The SPC held that the trade name of a company that has a certain reputation in the market and is known by the relevant public in China may be granted trade name protection and thus be protected as a prior right as provided in Article 31 of the 2001 Trademark Law.

**B, ZF-20140717 (Trade name may be protected as prior right)**

**ZF Lenksysteme GMbh v TRAB et al., retrial, SPC, (2014) Xing Ti Zi No. 2**

Huichang Company registered trademark “采埃孚” – ZF Lenksysteme GMbh filed for cancellation – citing prior trade name “采埃孚” – dismissed by the TRAB and courts of first and second instance – insufficient evidence – retrial court ascertained the right of trade name of ZF Lenksysteme GMbh – cancellation application approved.

**Ruling:**

The SPC held that the trade name of a company name that has certain reputation in the market and is known by the relevant public may be ascertained as the company name as provided by the provisions of Article 5.1.3 of the 1993 Anti-unfair Competition Law and therefore be protected as a prior right in accordance with the provisions of Article 31 of the 2001 Trademark Law.

## 32(2) Trademark that has already been used and has certain influence

B, Sony Ericsson-20101231 (Passive use of a trademark does not fall under trademark use in the sense of the Trademark Law)

**Sony Ericsson v TRAB et al., retrial, SPC, (2010) Xing Zhi Zi No. 48**

Sony Ericsson filed to cancel an individual's trademark registration of “索爱” (Chinese abbreviation of “Sony Ericsson”) – bad faith registration – abbreviation of unregistered trademark – abbreviation of company name or unique name of famous products – no use before the application date of the disputed trademark – registration maintained.

### **Ruling:**

The SPC held that in order to invoke protection of the abbreviation of an unregistered trademark or the abbreviation of a company name or of the unique name of famous product, it must be established that the sign in question has been genuinely used and has functioned as a source identifier of the goods. Prior to the application of the disputed mark, Sony Ericsson had not used and had demonstrated no intention of using the disputed mark as its commercial sign. And the fact that the media used such abbreviation to refer to its mobile phones cannot generate a legally protected right for Sony Ericsson over such abbreviation.

**B, San Lie Tong – 20090525 (A mark cannot claim trademark right when it was at the stage of being a generic name)**

**Bayer v TRAB et al., retrial, SPC, (2009) Xing Ti Zi No. 1**

Bayer applied to invalidate the registration of “散列通” (Chinese character of “San Lie Tong”) – citing prior mark “散利痛” (Chinese character of “Saridon”) – preemptive registration knowingly filed by Southwest Pharmaceutical – registration maintained by TRAB – TRAB decision reversed by courts of first and second instance – overruled by retrial Court – when disputed mark was filed for registration, the cited mark had become a generic name, which could not block the registration of the disputed mark.

**Ruling:**

The SPC held that when adjudicating whether a disputed mark infringes upon other's prior right in accordance with the provisions of Article 31 of the 2001 Trademark Law, Court should, as a rule, ascertain whether the prior right did exist before the application date of the disputed trademark.

## 43 License

C, Picasso-20150930/201702 (The latter licensee who knows about the prior license is not a third party acting in good faith)

**Shanghai PaFuLuo Stationery Co., Ltd. v Picasso International Inc. et al., 2nd instance, Shanghai High Court, (2014) Hu Gao Min San (Zhi) Zhong Zi No. 117**

PaFuLuo v Picasso et al. – malicious collusion causing damage to the interests of a third party – an exclusive trademark license contract was entered into between Picasso and a third party prior to the expiration of an earlier contract with PaFuLuo – seeking invalidation of the later license and damages – dismissed by court of first instance – Picasso and the third party exhibited no intention of harming PaFuLuo's legitimate interests – upheld by court of second instance – the third party signed the litigious trademark license contract, being aware of the existence of the prior exclusive trademark license between PaFuLuo and Picasso – third party not a licensee acting in good faith – no intention to harm PaFuLuo – no conspiracy between Picasso and the third party.

### **Ruling:**

The Shanghai High Court held that where the trademark proprietor signed in succession two license agreements with different entities, with overlapping license periods, if the later licensee was aware of the prior license agreement, it does not lead to the invalidation of the later agreement, but the later licensee, which was not acting in good faith, could not obtain the right to use the litigious trademark based on its contract.

## 45 Relative Ground

### 45.1 Statute of Limitations

B, Crayon Shin-chan-20081209 (The five-year limitation should be calculated as of the date of registration other than the entry-into-force date of the 2001 Trademark Law)

**Futabasha Publishers Ltd. v TRAB et al., retrial, SPC, (2007) Min San Jian Zi No. 25-1, 26-1, 27-1, 28-1, 29-1, 30-1, 31-1, 32-1, 33-1**

Futabasha Publishers Ltd. applied to invalidate trademark registration of “蜡笔小新” (Chinese characters of “Crayon Shin-chan”) – citing prior copyright – statute of limitations expired – overruled by the TRAB, court of the first and second instance and the retrial court.

#### **Ruling:**

The SPC held that a cancellation action brought against a trademark that is not registered in bad faith based on the provisions of Article 41.2 of the 2001 Trademark Law (Article 45.1 of the 2013 Trademark Law), should be filed within 5 years as of the registration date of the disputed mark.

## 48 Trademark Use

**B, PRETUL-20151126 (Affixing trademark on OEM products is not trademark use)**

**Focker Security Products International Limited v Pujiang Yahuan Locks Co., Ltd., retrial, SPC, (2014) Min Ti Zi No. 38**

Focker v Yahuan – trademark infringement – OEM products – destined to be exported to Mexico – infringe on cited mark “PRETUL” – court of first instance – using identical mark – trademark infringement – using similar mark – no infringement – court of second instance – trademark infringement on both accounts – overruled by the retrial court – OEM export – not trademark use – no trademark infringement.

### **Ruling:**

The SPC held that trademark use refers to the act of affixing a trademark to a product, product packaging or container, or using the same in the commodity transaction documents as well as in the advertising, promotion, exhibition or other commercial activities, so as to function as a source identifier. The intrinsic nature of a trademark lies in its identifiability and indicative characteristic, which enables it to function as a source identifier for goods or services. In principle, trademark use that is not purported for source identifying or distinguishing functions, will not cause misidentification or confusion over sources of goods or services, so as to impede the source identifying function of the trademark and thus does not constitute trademark infringement in the sense of the Trademark Law.

**B, Kung Fu Panda-20141127 (Not used as a trademark, no trademark infringement)**

**Maozhi Entertainment v DreamWorks Animation et al., retrial, SPC, (2014) Min Shen Zi No. 1033**

Maozhi Entertainment v DreamWorks Animation et al. – trademark infringement – reverse confusion – courts of first and second instance – not used as a trademark – no infringement – reaffirmed by the retrial court.

**Ruling:**

The SPC held that a commercial sign that is identical with or similar to the cited mark, has to be used as a trademark so as to constitute trademark infringement.

**B, Nissan-20111130 (Trademark use should meet certain requirements)**

**Huaxia Great Wall Company v TRAB et al., retrial, SPC, (2011) Zhi Xing Zi No. 45**

Huaxia Great Wall Company registered a trademark composed of the combination of the word Nissan in Chinese characters and a device – NISSAN MOTOR CO., LTD. filed for invalidation – citing its own Chinese characters of Nissan and the Combination trademark of Nissan and device – invalidation application upheld by the TRAB, courts of first and second instance and the retrial court – cited marks are well-known trademarks – disputed mark is a reproduction and imitation of the well-known trademarks.

**Ruling:**

The SPC held that trademark use may be ascertained if the mark is used in the manufacture and business activities, so that such mark is perceived by the relevant public as the trademark of the goods.

B, Viagra II-20090624 (The shape of a product offered for sale in non-transparent packaging cannot function as a source identifier)

**Pfizer Inc. v Welman Company et al., retrial, SPC, (2009) Min Shen Zi No. 268**

Pfizer v Welman Company et al. – trademark infringement – diamond-shaped three-dimensional trademark – court of first instance – similarity – likelihood of confusion – infringement – court of second instance – no confusion – no infringement – retrial court – not trademark use – no trademark infringement.

**Ruling:**

The SPC held that being offered sale in a non-transparent packaging, the color and shape of the tablets does not function as source identifier. The use of the shape and color cannot be ascertained as trademark use and therefore does not constitute trademark infringement.

C, Yamaha I-20020806/200303 (Using other's trademark in contract and product catalog to promote products of its own, constitute trademark infringement)

**Yamaha Corporation v Gangtian et al., 1st instance, Tianjin High Court, (2001)  
Gao Zhi Chu Zi No. 3**

Yamaha Corporation v Gangtian et al. – identical marks – identical goods – contract & product catalog – trademark infringement.

**Ruling:**

The Tianjin High Court held that, Gangtian used, without authorisation, the plaintiff's registered trademarks on the same goods, which constitutes trademark infringement. The defendant promoted its products by using the plaintiff's trademark in the contract and product catalogue, which also constitutes trademark infringement.

## 49 Trademark Revocation

### 49.2(1) Non-use

**B, Wanchai Ferry-20151202 (Token use of a trademark does not constitute trademark use)**

**Cheng Chao v TRAB et al., retrial, SPC, (2015) Zhi Xing Zi No. 255**

General Mills filed for the cancellation of trademark “湾仔码头” (Chinese characters of “Wanchai Ferry”) – non-use for three consecutive years – cancellation granted by the CTMO and the TRAB – overruled by court of first instance – genuine use – reversed by court of second instance – token use – cancellation decision reaffirmed – retrial court.

#### **Ruling:**

The SPC held that where a registered trademark has not been put into actual use, the mere assignment or licensing act of such registered trademark, the publication of the trademark registration information or a declaration made to claim the exclusive right over such registered trademark does not qualify as trademark use. The genuine use of a trademark is established on the owner's real intention to use and his actual action of use. Token use of a trademark for the mere purpose of sustaining its registration does not constitute genuine use of such trademark.

**B, Castel-20111217 (The illegality of the business activities in connection with the use of a trademark is irrelevant when adjudicating an application for cancellation based on non-use)**

**CASTEL FRERES SAS v TRAB et al., retrial, SPC, (2010) Zhi Xing Zi No. 55**

CASTEL FRERES SAS filed for the cancellation of the trademark “卡斯特” (Chinese characters of “Castel”) registered by Spanish ethnic Chinese Daozhi Li Yu – non-use for three consecutive years – Daozhi Li Yu adduced trademark license contract and invoice issued by licensee using disputed mark – no evidence proving the legality of the licensee’s business operation – revocation application granted by the CTMO – overruled by the TRAB, courts of the first and second instance, as well as the retrial court – genuine use of the disputed trademark – registration maintained.

**Ruling:**

The SPC held that Court should ascertain that trademark owner has fulfilled its obligation of trademark use, provided that the registered trademark had been publicly and genuinely used in its business activities and that the act of use of the trademark *per se* is not in violation of the Trademark Law.

## 57 Trademark Infringement

### 57.1.2 Similarity & Confusion

BC, Crocodile I-20101229/201112 (Similarity does not necessarily lead to confusion)

**Lacoste v Crocodile International et al., 2nd instance, SPC, (2009) Min San Zhong Zi No. 3**

Lacoste v Crocodile International et al. – trademark infringement – cited marks and litigious marks similar but distinguishable – courts of first and second instance – no confusion – no infringement.

#### **Ruling:**

The SPC held that in order to establish trademark infringement, the similarity between the cited mark and the litigious mark should suffice to cause confusion in the market. Apart from the constituent elements of the litigious mark that are similar to that of the cited mark, when taking into account other relevant factors concerning the manner in which the litigious mark is used, the Court found that there is no likelihood of confusion, thus the use of the disputed trademark is not infringement.

C, Montagut II-20040706/200512 (Using one's combination trademark by splitting the components may constitute trademark infringement)

**Bonneterie Cevenole S.A.R.L. v Mayjane et al, 2nd instance, Shanghai High Court, (2004) Hu Gao Min San Zhong Zi No. 24**

Bonneterie Cevenole v Mayjane et al. – trademark infringement & unfair competition  
– similarity – confusion – upheld by courts of first and second instance.

**Ruling:**

The court held that when the litigious mark is split in use, the consumers are more likely to pay attention to the device rather than the characters. The device of the litigious mark is similar to the plaintiff's flower device. In combination with the trade name of the company name that the defendant unfairly registered in Hong Kong, it is likely to cause confusion and mislead the consumers.

## 57.1.6 Contributory Infringement

**C, E•LAND-20110425/201201 (Internet service provider may bear joint and several liability with online sellers)**

**E•LAND International Fashion (Shanghai) Co. v Taobao et al., 2nd instance, Shanghai 1st Intermediate Court, (2011) Hu Yi Zhong Min Zhong Zi No. 40**

E•LAND v Taobao et al. – trademark infringement – courts of first and second instance – online seller – trademark infringement – internet service provider – contributory infringement – joint and several liability.

### **Ruling:**

The court held that given that the internet service provider, as a rule, is unable to foresee and avoid the infringement of the internet user, it shall not be necessarily held liable for the indemnification of the infringement acts committed by the internet user. Nevertheless, where an Internet service provider definitely knows or ought to know the fact that the online seller uses his network service to commit infringement, yet still provides network service to the infringer or fails to take necessary measures to avoid the infringement, such Internet service provider shall bear joint and several liability with the online seller.

**C, Crocodile II-20091026/201010 (Market operator may be held liable for trademark infringement for its failure to fulfill duty of care)**

**LACOSTE v Longhua Market, 1st instance, Shanghai 1st Intermediate Court, (2009) Hu Yi Zhong Min Wu (Zhi) Chu Zi No. 211**

LACOSTE v Longhua Market – trademark infringement – not direct seller – duty of care – facilitate the infringement act of the seller – infringement.

**Ruling:**

The court held that although the defendant was not a direct seller of the alleged infringing goods, it played an indispensable role in facilitating the transaction of the infringing goods. As the market operator, the defendant should strengthen the supervision over the offending booths when the plaintiff repeatedly notified it that infringement products were offered to sale in the market. The defendant failed to fulfil its duty of care and provided conveniences to facilitate the infringement act, which resulted in the recidivism of infringement acts. The court therefore found that the defendant and the operators of offending booths constituted joint infringement.

### 57.1.7(1) Trade Name – Prominent Use

A, Tongdefu-20131218/20160520-58 (Non-prominent use of trade name does not constitute trademark infringement)

**Chengdu Tongdefu v Chongqing Tongdefu et al., 2nd instance, Chongqing High Court, (2013) Yu Gao Fa Min Zhong Zi No. 292**

Chengdu Tongdefu v Chongqing Tongdefu – trademark infringement and unfair competition – counter claim for unfair competition – unique name of famous products – courts of first and second instance ruled in favor of Chongqing Tongdefu – Chongqing Tongdefu – no foul play – trade name registered in good faith – non-prominent use – Chengdu Tongdefu – false advertising.

#### **Ruling:**

The court held that where a time-honored brand that was of certain historical influence has fallen into disuse, it will degenerate and re-enter the public domain. Under such circumstance, the original proprietor of the brand cannot stop others from using such brand and building a business reputation, as long as the later user does not arrogate to oneself the historical heritage of the brand and mislead the relevant public to associate it with such brand. Where an individual or enterprise that has historical heritage with the time-honored brand registers this brand as its trade name without violating the principle of good faith, its act does not constitute unfair competition or trademark infringement, provided that such individual or enterprise uses its trade name in a non-prominent manner, without causing misidentification.

**B, Gyoza no Ohsho-20100624 (Prominent use of a company name that is identical with or similar to another's registered trademark on identical or similar goods so as to cause misidentification, constitutes trademark infringement)**

**Li Huiting v. Gyoza no Ohsho Dalian Catering Ltd., retrial, SPC, (2010) Min Ti Zi**

**No. 15**

Li Huiting v. Gyoza no Ohsho Dalian Catering Ltd. – registering and using plaintiff's trademark as trade name – trademark infringement – upheld by courts of first and second instance – ordering cessation of **use** of the litigious company name – partially maintained by the retrial court – defendant's registration and use of its company name – not illegal – **prominent use** of trade name – likely to cause misidentification – trademark infringement – ordering cessation of the prominent use of the litigious company name.

**Ruling:**

The SPC held that Gyoza no Ohsho Dalian is justified in its registration and use of the company name. However, its trade name, when being prominently used on the shop sign, poster and cutlery, exhibits nuances from the prior registered mark of Li Huiting. The relevant public, when exerting general level of attention, is unlikely to distinguish one from the other. Therefore, the litigious trade name when being used on services that is identical with that of the cited mark, is likely to cause misidentification among the public.

C, Starbucks-20061220/200706 (Using other's well-known trademark as trade name so as to cause misidentification, constitutes trademark infringement)

**Starbucks Corporation v Shanghai Starbucks et al., 2nd instance, Shanghai High Court, (2006) Hu Gao Min San (Zhi) Zhong Zi No. 32**

Starbucks Corporation v Shanghai Starbucks et al. – trademark infringement and unfair competition – using well-known cited mark as company name – confusion and misidentification – trademark infringement claim upheld by courts of first and second instance.

**Ruling:**

The Court held that where using other's well-known trademark as one's trade name so as to cause confusion or misidentification among the relevant public on the trademark registrant and the owner of the company name, such act falls under the circumstance of "causing other prejudice to other's exclusive right to use its registered trademark" as provided by the Trademark Law and shall bear infringement liability thereof.

### 57.1.7(2) Well-known Trademark

C, NIKON-20101228/201208 (Well-known trademark may be granted cross-category protection)

**NIKON CORPORATION v Zhejiang NIKON, 1st instance, Xi'an Intermediate Court, (2009) Xi Min Si Chu Zi No. 302**

NIKON CORPORATION v Zhejiang NIKON – prominent using of trademark Nikon on electric bicycles and shop signs – trademark infringement & unfair competition – judicial recognition of well-known trademark – plaintiff's claims upheld by Court.

#### **Ruling:**

The court held that a well-known trademark should be granted cross-category protection, provided that the alleged infringer uses this well-known trademark on goods that are neither identical nor similar so as to make the relevant public misconstrue that the litigious mark and the well-known mark is somewhat associated, thus weakening the distinctiveness of such well-known trademark.

C, KODAK-20060406/200805 (Well-known trademark may be granted cross-category protection)

**EASTMAN KODAK COMPANY v KEDA Company, 1st instance, Suzhou Intermediate Court, (2005) Su Zhong Min San Chu Zi No. 213**

EASTMAN KODAK COMPANY v KEDA Company – using “KODAK” on elevators – trademark infringement – cited mark “KODAK” registered in photographic and imaging products –well-known – court granted cross-category protection to elevator.

**Ruling:**

The court held that the defendant’s use of “KODAK” mark on its elevators weakened the distinctiveness of the plaintiff’s well-known trademarks and might probably prejudice the plaintiff’s good will, which would cause substantial prejudice to the plaintiff’s exclusive right over its well-known trademark and its brand image.

### 57.1.7(3) Domain Name and E-commerce

A, Little Thumb-20130219/20140623-30 (The domain name registered prior to the registration date of the cited mark is justified)

**Lan Jianjun et al. v Tianjin Xiaomuzhi Company et al., 2nd instance, Tianjin High Court, (2012) Jin Gao Min San Zhong Zi No. 46**

Lan Jianjun et al. v Tianjin Xiaomuzhi (Chinese Pinyin of “Little Thumb”) Company et al. – trademark infringement and unfair competition – using cited mark in separate or prominent manners – trademark infringement – registered and used domain name “txiaomuzhi” – justified – plaintiff’s business operation exceeded licensed scope – no competition with the defendants – court of first instance – trademark infringement, no unfair competition – court of second instance – trademark infringement and unfair competition.

#### **Ruling:**

The court held that given that the registration of the defendants’ website predates the registration date of plaintiffs’ cited mark, the defendants’ act of using the domain name of the litigious website does not constitute trademark infringement.

**C, LAFITE I-20110817/201207 (Domain name that is similar to other's registered trademark may constitute trademark infringement)**

**SOCIETE CIVILE DE CHATEAU LAFITE ROTHSCHILD v Jinhongde Company et al., 2nd instance, Hunan High Court, (2011) Xiang Gao Fa Min San Zhong Zi No. 55**

Jinhongde Company et al. using “LAFITEFAMILY” – trademark infringement and unfair competition – using “LAFITEFAMILY” in domain name and on website – misidentification – plaintiff's claim upheld by court of first and second instance.

**Ruling:**

The Court held that the litigious domain name “lafitefamily.com” contains the cited mark. Jinhongde Company also uses Lafitefamily and other marks to promote its wines, which is likely to mislead the relevant public to misconstrue that Jinhongde's wines originate from SOCIETE CIVILE DE CHATEAU LAFITE ROTHSCHILD. Such act falls under the circumstance of “causing other prejudice to another's exclusive right to use its registered trademark”, and thus, constitutes trademark infringement.

### 57.1.7 Other Infringement

C, VICTORIA'S SECRET-20130423/201312 (Distributor using brand owner's trademarks during the process of selling genuine products does not constitute trademark infringement, provided such use causes no confusion)

**VICTORIA'S SECRET STORES BRAND MANAGEMENT, INC. v Jintian Company, 1st instance, Shanghai 2nd Intermediate Court, (2012) Hu Er Zhong Min Wu (Zhi) Chu Zi No. 86**

Jintian Company used Chinese characters of “VICTORIA'S SECRET” and “VICTORIA'S SECRET” marks – trademark infringement and unfair competition – Shanghai Court – no trademark infringement – genuine goods – no confusion – false advertising – unfair competition.

#### **Ruling:**

The court held that the goods offered for sale by the defendant are genuine underwear products imported through legitimate channels. The defendant's using of the plaintiff's registered trademark on tags, hangers, packaging and brochures during the sales process is collateral to the act of selling, which is not likely to cause confusion or misidentification on the source of goods.

## 59 Defence

### 59.1 Fair Use

A, LUJIN-20090805/20150415-46 (The generic name of a commodity with regional characteristics should be determined according to regional instead of national standards)

**Shandong LUJIN v Juancheng LUJIN et al., 2nd instance, Shandong High Court, (2009) Lu Min San Zhong Zi No. 34**

Shandong Lujin v Juancheng Lujin et al. – infringement of its trademark “鲁锦” (Chinese characters of “Lu Jin”) and unfair competition – upheld by court of first instance - overruled by court of second instance – “鲁锦” was already the generic name for brocade products in Shandong – fair use – no trademark infringement – no unfair competition.

#### **Ruling:**

The Shandong High Court held that the generic name of a commodity with regional characteristics should be determined by taking into account: (1) whether the name has been customarily and extensively used for a long time in a certain region or a specific field and is recognized by the relevant public; (2) whether the craft for producing the commodity has been developed by long-term common labor practice of the people in that region; and (3) whether the raw materials for producing the commodity, as referred by such name, have been widely produced in the certain region or field.

## 63 Remedy

### 63.1(1) Damages based on the loss of the plaintiff

C, Yamaha I-20020806/200303 (Decline in the plaintiff's sale cannot be solely attributed to the alleged infringing act)

**Yamaha Corporation v Gangtian et al., 1st instance, Tianjin High Court, (2001) Gao Zhi Chu Zi No. 3**

Yamaha Corporation v Gangtian et al. – identical marks – identical goods – contract & product catalog – trademark infringement.

#### **Ruling:**

The Tianjin High Court held that the decline in the plaintiff's sales cannot be solely attributed to the infringement act of the defendant, therefore it cannot be used as direct evidence in calculation of damages. The reasonable claim of the plaintiff on the scope of indemnification may be taken into consideration when court ascertains the amount of the damages.

### 63.3 Statutory Damages

C, LAFITE I-20110817/201207 (The statutory damage applies, when neither the loss of the plaintiff nor the profit of the defendant can be ascertained)

**SOCIETE CIVILE DE CHATEAU LAFITE ROTHSCHILD v Jinhongde Company et al., 2nd instance, Hunan High Court, (2011) Xiang Gao Fa Min San Zhong Zi No. 55**

Jinhongde Company et al. using “LAFITEFAMILY” – trademark infringement and unfair competition – using “LAFITEFAMILY” in domain name and on website – misidentification – plaintiff’s claim upheld by court of first and second instance.

#### **Ruling:**

The court held that the damages awarded by court of first instance is justified by considering the damages of the plaintiff, reputation of the plaintiff’s trademark and unique name of famous products, the circumstances of the infringement, the intention of the defendant as well as the necessary expense for stopping infringement.

C, Montagut II-20040706/200512 (The statutory damage applies, when neither the loss of the plaintiff nor the profit of the defendant can be ascertained)

**Bonneterie Cevenole SARL v Mayjane et al., 2nd instance, Shanghai High Court, (2004) Hu Gao Min San Zhong Zi No. 24**

Bonneterie Cevenole v Mayjane et al. – trademark infringement & unfair competition – similarity – confusion – upheld by the courts of first and second instance.

**Ruling:**

The court held that the damages awarded by the court of first instance is justified by considering the nature, time of duration and impact of the infringement, as well as the necessary expense for stopping infringement.

## 64 Defence to Damages

### 64.2 Fair Sale – No Damages

B, PUMA-20101215 (The seller shall bear liability for indemnification in proportion to its own act)

**PUMA AKTIENGESELLSCHAFT RUDOLF DASSLER SPORT v Guangkeyu Company, retrial, SPC, (2009) Min Shen Zi No. 1882**

Puma vs Guangkeyu Company – selling products bearing device similar to Puma's iconic leopard device mark – trademark infringement – no action brought against the manufacturer – courts of first and second instance and the retrial court – trademark infringement – defendant bearing liability proportionately to the circumstances, nature and degree of the infringement.

#### **Ruling:**

The SPC held that where the seller does not commit joint infringement with the manufacturer and thus does not bear joint and several liability, it should bear the liability proportionately to its own act. Court shall not hold such seller liable for indemnifying all the losses of the brand owner caused by infringement.

## 67 Criminal Liability

**A, SAMSUNG-20150908/20170306-87 (Assembling counterfeit SAMSUNG mobile phones and accessories procured by wholesale may constitute the crime of counterfeiting registered trademark)**

**People v Guo Mingsheng, 1st instance, Suqian Intermediate Court, (2015) Su Zhong Zhi Xing Chu Zi No. 4**

Assembling fake SAMSUNG mobile phones and accessories procured by wholesale – disguised and promoted as genuine products – sold at a price well below market price – crime of counterfeiting registered trademark.

### **Ruling:**

The court held that where the defendant uses, without the trademark owner's authorization, a mark identical with this owner's registered trademark on identical goods, such defendant should be held criminally liable for the crime of counterfeiting registered trademark, provided that the circumstance is especially serious.



*CHAPTER*

2

# Unfair Competition Law

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## Unfair-competition Law

### 2 Principle of Good Faith

AC, Baidu Popup-20100320/20150415-45/201008 (Forcibly adding commercial popup before a search engine delivers the search result may constitute unfair competition)

**Baidu v Ao Shang Company et al., 2nd instance, Shandong High Court, (2010) Lu Min San Zhong Zi No. 5-2**

Baidu v Ao Shang Company et al. – using technical measures to forcibly add commercial popup before a search engine delivers the search result – unfair competition – detrimental to Baidu's goodwill and economic interest – in violation of the principle of good faith – upheld by courts of first and second instance.

#### **Ruling:**

The Shandong High Court ascertained that the paid search and promotion service simultaneously offered by a web search service provider, is a legitimate business, which is protected by the Anti-unfair Competition Law. The act of freeriding on the reputation of the web search service provider, by using technical measures to forcibly add commercial popup before a search engine delivers the search result so as to induce the network user to click on its commercial popup, constitutes unfair competition.

## 6 Confusion

### 6.1.1 Name, Packaging and Decoration of Goods

ABC, Ferrero-20080324/20150415-47/200806 (Famous product should be ascertained by taking comprehensive considerations including the fact that it is already known internationally)

**Ferrero International S.A. v Montresor (Zhangjiagang) Food Co., Ltd. et al., retrial, SPC, (2006) Min San Ti Zi No. 3**

Ferrero International S.A. v Montresor (Zhangjiagang) Food Co., Ltd. et al. – unique packaging and decoration of a famous product – unfair competition – dismissed by court of first instance – both parties' goods are famous – defendant's goods more famous in China – distinguishable – no unfair competition – overruled by court of second instance – reputation should be assessed in the international context – confusion – unfair competition – upheld by the retrial court – corrected the amount of damages.

#### **Ruling:**

The SPC held that for a product that is already known internationally, it is still necessary to consider whether it is known to the relevant public within the territory of China, when granting protection over its unique name, packaging and decoration. The reputation of the products or service shall be acquired through manufacturing, sales or other business operation in China. Famous product should be ascertained by taking comprehensive considerations including the fact that it is already known internationally.

The SPC also ascertained that, if a unique combination of the packaging materials, the shape and the color of the tin foil, paper cup and plastic box as a whole, is distinctive so as to function as a source identifier, such combination may constitute unique packaging or decoration of the product.

C, LAFITE I-20110817/201207 (The only corresponding Chinese name of a famous product may constitute the unique name of such famous product)

**SOCIETE CIVILE DE CHATEAU LAFITE ROTHSCHILD v Jinhongde Company et al., 2nd instance, Hunan High Court, (2011) Xiang Gao Fa Min San Zhong Zi No. 55**

Jinhongde Company et al. using the Chinese characters of “LAFITEFAMILY” ( 拉菲世族 ) on identical products – trademark infringement and unfair competition – Chinese characters “ 拉 菲 ” –only corresponding Chinese name of famous LAFITE wine – plaintiff's claim upheld by court of first and second instance.

**Ruling:**

The court held that the Chinese characters “ 拉 菲 ”, which is actually the only corresponding Chinese name of famous LAFITE wine, is distinctive so as to function as a source identifier and thus should be recognized as the unique name of the famous LAFITE wine.

**B, M&G-20101203 (A shape itself is inseparable from the product may still constitute unique decoration of a famous product)**

**Shanghai M&G Stationery v Weiyada Company et al., retrial, SPC, (2010) Min Ti Zi No. 16**

Shanghai M&G Stationery v Weiyada Company et al. – passing off the unique decoration of its famous products – unfair competition – upheld by courts of first and second instance – the two parties entered into settlement agreement – Weiyada withdraw the application for retrial – approved by the retrial court.

**Ruling:**

The SPC held that when a design patent expires, it does not automatically fall into the public domain. The Anti-Unfair Competition Law may provide protection over the unique packaging or decoration of famous products so as to stop confusion, in particular circumstances. Any decoration that is of aesthetic value and is externally visible shall fall under the category of decoration. In its ruling, the SPC drew a distinction between word or pattern decorations and shape or form decoration. The former is considered as relatively easy to recognise and constitute the “unique decoration” of a product, capable of distinguishing its source. But the shape is more difficult to judge. The SPC held that for a shape to be “unique”, stricter conditions must be satisfied: the shape must have distinctive characteristics that distinguish it from ordinary designs; and due to its use in the market, the relevant public must have associated the shape with a particular manufacturer or supplier, which means the shape has acquired a secondary meaning.

## 6.1.2 Company Name & Name

A, Little Thumb-20130219/20140623-30 (Prominent use of other's trademark and/trade name constitutes unfair competition)

**Lan Jianjun et al. v Tianjin Xiaomuzhi Company et al., 2nd instance, Tianjin High Court, (2012) Jin Gao Min San Zhong Zi No. 46**

Lan Jianjun et al. v Tianjin Xiaomuzhi (Chinese Pinyin of "Little Thumb") Company et al. – trademark infringement and unfair competition – using cited mark in separate or prominent manners – trademark infringement – registered and used domain name "txiaomuzhi" – justified – plaintiff's business operation exceeded licensed scope – no competition with the defendants – court of first instance – trademark infringement, no unfair competition – court of second instance – trademark infringement and unfair competition.

### **Ruling:**

The Tianjin High Court held that Tianjin Xiaomuzhi registered Chinese characters of "Xiaomuzhi" as its trade name, which is likely to mislead the relevant public to misconstrue that Tianjin Xiaomuzhi is somehow associated with the plaintiff. Moreover, Tianjin Xiaomuzhi's using of cited mark in separate or prominent manners is likely to cause confusion and misidentification in respect of business entity and the source of services rendered and thus is likely to disturb the competitive order.

**A, China Youth Travel-20120320/20140623-29 (Abbreviation of a company name may be granted protection in accordance with the Anti-unfair Competition Law)**

**Tianjin China Youth Travel Service Co., Ltd. v. Tianjin Guo Qing International Travel Agency, 2nd instance, Tianjin High Court, (2012) Jin Gao Min San Zhong Zi No. 3**

Tianjin China Youth Travel Service v Tianjin Guo Qing International Travel Agency – using its company name without authorization – abbreviation of the company name – knowingly – bad faith – plaintiff's claim upheld by courts of first and second instance.

**Ruling:**

The Tianjin High Court held that the Chinese characters of Tianjin Youth Travel (“天津青旅”) has established a stable association with Tianjin China Youth Travel Service and become a commercial sign, which can be used to identify the operator. An abbreviation of a company name that has acquired certain market reputation and is known by the relevant public and thus actually functions as a trade name, may be protected in accordance with the provisions of Article 5.1.3 of the 1993 Anti-unfair Competition Law.

Meanwhile, the Tianjin High Court held that using, without authorisation, abbreviation of other's company name as Adword of the Internet ranking auction in commercial activities so as to cause confusion and misidentification among the relevant public, constitutes unfair competition.

C, NIKON-20101228/201208 (Company name may be granted cross-category protection under the Anti-unfair Competition Law)

**NIKON CORPORATION v Zhejiang NIKON, 1st instance, Xi'an Intermediate Court, (2009) Xi Min Si Chu Zi No. 302**

NIKON CORPORATION v Zhejiang NIKON – prominent using of trademark Nikon on electric bicycles and shop signs – unfair competition – judicial recognition of well-known trademark – plaintiff's claims upheld by court.

**Ruling:**

The court ascertained that NIKON CORPORATION has acquired certain market reputation among the consumers and has been known by the relevant public. Zhejiang NIKON, by using Chinese characters of Nikon as its trade name, exhibits obvious intention in freeriding the goodwill of NIKON, which is likely to cause, among the relevant public, confusion or misidentification or induce certain association. Zhejiang NIKON's act constitutes unfair competition.

C, L'Oreal-20081219/200911 (Using other's trade name with an intention to freeride other's reputation constitutes unfair competition)

**Shanghai ROYALSHE Cosmetics Ltd. et al. v Shanghai AIC, 2nd instance, Shanghai 1st Intermediate Court, (2008) Hu Yi Zhong Xing Zhong Zi No. 367**

Shanghai AIC issued an administrative penalty decision against ROYALSHE – prominent using the company name “France L’Oreal Group Co., Ltd.” and “France L’Oreal” (both in Chinese characters) in promotion – unfair competition – non-infringement suit filed by ROYALSHE – free riding of famous brand – non-infringement claim dismissed by courts of first and second instance.

**Ruling:**

The Shanghai 1st Intermediate Court held that the plaintiff registered in Hong Kong a company name comprising both L’Oreal (identical with the trade name of internationally renowned cosmetic magnate) and France and used such name on the packaging of its cosmetics. It appeared to be that the plaintiff was using its own company name, yet the litigious company name was actually registered to free-ride on the reputation of other’s famous brand, which constituted unfair competition.

### **6.1.4(1) Trademark against Trade Name**

A, Tongdefu-20131218/20160520-58 (Registering in good faith other's non-well-known trademark as its own trade name does not constitute infringement, provided that it does not cause confusion)

**Chengdu Tongdefu v Chongqing Tongdefu et al., 2nd instance, Chongqing High Court, (2013) Yu Gao Fa Min Zhong Zi No. 292**

Chengdu Tongdefu v Chongqing Tongdefu – trademark infringement and unfair competition – counter claim for unfair competition – courts of first and second instance ruled in favor of Chongqing Tongdefu – Chongqing Tongdefu – no foul play – trade name registered in good faith – non-prominent use – Chengdu Tongdefu – false advertising.

#### **Ruling:**

The Court held that it is not prohibited by laws to register a sign that is identical with or similar to other's registered trademark as one's trade name, unless such registered trademark is well-known. Only if such trade name is prominently used on identical or similar goods so as to cause misidentification among the relevant public, it falls under the circumstances of causing other prejudiced to another's exclusive right of trademark as provided by Article 52.1.5 of the 2001 Trademark Law.

C, NIKON-20101228/201208 (Owner of well-known trademark may challenge other's use of its mark as trade name)

**NIKON CORPORATION v Zhejiang NIKON, 1st instance, Xi'an Intermediate Court, (2009) Xi Min Si Chu Zi No. 302**

NIKON CORPORATION v Zhejiang NIKON – prominent using of trademark Nikon on electric bicycles and shop signs – unfair competition – judicial recognition of well-known trademark – plaintiff's claims upheld by court.

**Ruling:**

The court ascertained that NIKON CORPORATION may use its well-known trademark to challenge the defendant's use of such mark as trade name on the electric bicycles it manufactured.

**B, Gyoza no Ohsho-20100624 (The court may order, under certain circumstances, the cessation of prominent use to stop the infringement, other than ordering change of the litigious company name)**

**Li Huiting v Gyoza no Ohsho Dalian Catering Ltd., retrial, SPC, (2010) Min Ti Zi No. 15**

Li Huiting v. Gyoza no Ohsho Dalian Catering Ltd. – registering and using plaintiff's trademark as trade name – trademark infringement – upheld by courts of first and second instance – ordering cessation of **use** of the litigious company name – partially maintained by the retrial court – defendant's registration and use of its company name – not illegal – prominent use of trade name – likely to cause misidentification – trademark infringement – ordering cessation of the **prominent use** of the litigious company name.

**Ruling:**

In the retrial judgment the SPC elaborated detailed solutions on the matter of conflicts between a business name and a registered trademark:

1. Where the registration and use of a company name is intrinsically unjustified (for instance registering other's reputed prior registered trademark as the trade name of its company name), and the non-prominent use of such name may still create market confusion, the court shall find such act constitutes unfair competition. Due to the illegality of the act of registration and use and the inevitability of market confusion, the court may order the defendant to stop using such name or change its name.
2. Where a company name that is identical with or similar to another's registered trademark is used prominently on identical or similar goods, therefore is likely to

cause misidentification among the relevant public, the court shall find such act constitutes trademark infringement. Where only the prominent use of the trade name is considered as an infringement, the court shall order the cessation of the defendant's prominent use, which will stop the infringement, but shall not order the defendant to change its name.

## 6.1.4(2) Trademark against Domain Name

C, Philips-20031225/200409 (Registration and using a domain name that is similar to other's trademark may constitute unfair competition)

**Jiang Haixin v – Philips, 1st instance, Shanghai 2nd Intermediate Court, (2002) Hu Er Zhong Min Wu (Zhi) Chu Zi No. 214**

Jiang Haixin registered domain name “Philipscis.com” – Philips filed complain – domain name arbitration – litigious domain name ruled to be transferred to Philips – litigation filed – seeking to annual the arbitration decision – court found that the litigious domain name infringed the trademark right.

### **Ruling:**

The Court set the parameters for finding whether a domain name infringes a trademark right: 1) whether the trademark is protected by Chinese laws; 2) whether the registration and use of the domain name is similar to the trademark so as to cause misidentification among the relevant public; 3) whether the domain name owner has just cause to register and use the domain name and whether such owner enjoys rights and interests over the domain name; and 4) whether the domain name owner registers and use the domain name in bad faith.

**C, Dupond-20011115/200203 (Domain name infringing a well-known trademark)**

**Dupond v Guowang Company, 2nd instance, Beijing High Court, (2001) Gao Zhi Zhong Zi No. 47**

Dupond v Guowang – domain name “dupont.com.cn” – infringing its trademark “DU PONT” – upheld by courts of first and second instance – illegal encroachment of the commercial interests of the well-known trademark right owner.

**Ruling:**

The Beijing High Court held that any unauthorised commercial use of other's well-known trademark prejudices the rights of the well-known trademark owner and thus constitutes infringement over the exclusive right of the well-known trademark. The unauthorised registration and use of other's well-known trademark as domain name is, as a matter of fact, illegal encroachment of the interests of the well-known trademark owner, which infringes the well-known trademark.

## 8 False Advertising

A, Tongdefu-20131218/20160520-58 (Claiming unjustified ties with the historical heritage of a brand may constitute false advertising)

**Chengdu Tongdefu v Chongqing Tongdefu et al., 2nd instance, Chongqing High Court, (2013) Yu Gao Fa Min Zhong Zi No. 292**

Chengdu Tongdefu v Chongqing Tongdefu – trademark infringement and unfair competition – counter claim for unfair competition – misunderstanding on the origin and history of Chengdu Tongdefu and its historical ties with the time-honored brand – competitive edge – courts of first and second instance ruled in favor of Chongqing Tongdefu – Chengdu Tongdefu – false advertising.

### **Ruling:**

The Court held that Chengdu Tongdefu's claim to have historical ties with the brand has no factual basis, which is likely to create among the consumers, misunderstanding on its origin and history, thus generates competitive edge. Such act therefore constitutes false advertising.

## 17 Remedy

### 17.4 Statutory Damages

ABC, Ferrero-20080324/20150415-47/200806 (The statutory damage applies when the loss of the plaintiff and the proceeds of the defendant are difficult to ascertain)

**Ferrero International S.A. v Montresor (Zhangjiagang) Food Co., Ltd., retrial, SPC, (2006) Min San Ti Zi No. 3**

Ferrero International S.A. v Montresor (Zhangjiagang) Food Co., Ltd. et al. – unique packaging and decoration of a famous product – unfair competition – dismissed by court of first instance – both parties' goods are famous – defendant's goods more famous in China – distinguishable – no unfair competition – overruled by court of second instance – reputation should be assessed in the international context – confusion – unfair competition – upheld by the retrial court – corrected the amount of damages.

#### **Ruling:**

The SPC held that since Ferrero failed to adduce evidence to prove its economic loss suffered from the unfair competition acts and the proceeds Montresor gained from the unfair competition acts, the Court may apply statutory damage based on the circumstances of the case.

C, VICTORIA'S SECRET-20130423/201312 (Statutory damage under the AUCL)

**VICTORIA'S SECRET STORES BRAND V4ANAGEMENT, INC. v Jintian Company, 1st instance, Shanghai 2nd Intermediate Court, (2012) Hu Er Zhong Min Wu (Zhi) Chu Zi No. 86**

Jintian Company used Chinese characters of “VICTORIA'S SECRET” and “VICTORIA'S SECRET” marks – trademark infringement and unfair competition – Shanghai Court – genuine goods – no confusion – no trademark infringement – false advertising – unfair competition.

**Ruling:**

The court ascertained the amount of damages by taking into consideration of evidence, various circumstances of the infringement act (manners, time of duration, prejudices caused and proceeds earned). The reasonable cost is determined based on the payment vouchers adduced by the plaintiff and the complexity of the case.



*CHAPTER*

3

# General Procedure

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## General Procedure

### Standing

A, Little Thumb-20130219/20140623-30 (The Anti-unfair Competition Law does not require that the competitors must be in direct competition relationship)

**Lan Jianjun et al. v Tianjin Xiaomuzhi Company et al., 2nd instance, Tianjin High Court, (2012) Jin Gao Min San Zhong Zi No. 46**

Lan Jianjun et al. v Tianjin Xiaomuzhi (Chinese Pinyin of “Little Thumb”) Company et al. – trademark infringement and unfair competition – using cited mark in separate or prominent manners – trademark infringement – registered and used domain name “txiaomuzhi” – justified – plaintiff’s business operation exceeded licensed scope – no competition with the defendants – court of first instance – trademark infringement, no unfair competition – court of second instance – trademark infringement and unfair competition.

### Ruling:

The Tianjin High Court held that the Anti-unfair Competition Law neither requires that the competitors must in direct competition relationship, nor that the operators are in the same line of business. Where operators are in indirect competition relationship, if an operator violates relevant provisions of the Anti-unfair Competition Law and prejudices other operator’s legal rights and interests, such act shall be ascertained as unfair competition act.

B, ZF-20140717 (Other than licensees and/or successors, the term “interested party” also includes other entities having a stake in the case)

**ZF Lenksysteme GMbh v TRAB et al., retrial, SPC, (2014) Xing Ti Zi No. 2**

Huichang Company registered the trademark “采 埃 孚” – ZF Company filed for cancellation – citing prior trade name “采埃孚” – dismissed by the TRAB and courts of first and second instance – insufficient evidence – retrial court ascertained the right of trade name of ZF Lenksysteme GMbh – cancellation application approved.

**Ruling:**

The SPC held that under the existing legal framework, there is no explicit provision on the range of the term “interested party”. Although interested party usually appears to be the licensees and/or successors, other entities, as proved by evidence, having a stake in the case, may apply to invalidate the disputed trademark in the capacity of “interested party” as provided by Article 31 of the 2001 Trademark Law.

## Jurisdiction

A, Little Thumb-20130219/20140623-30 (Violating administrative rules does not deprive one of the right to file unfair competition litigation)

**Lan Jianjun et al. v Tianjin Xiaomuzhi Company et al., 2nd instance, Tianjin High Court, (2012) Jin Gao Min San Zhong Zi No. 46**

Lan Jianjun et al. v Tianjin Xiaomuzhi (Chinese Pinyin of “Little Thumb”) Company et al. – trademark infringement and unfair competition – using cited mark in separate or prominent manners – trademark infringement – registered and used domain name “txiaomuzhi” – justified – plaintiff’s business operation exceeded licensed scope – no competition with the defendants – court of first instance – trademark infringement, no unfair competition – court of second instance – trademark infringement and unfair competition.

### **Ruling:**

The Tianjin High Court held that even if the trademark licensee’s business operation exceeds the licensed scope, which violates the administrative regulations and rules, it does not deprive such licensee of its civil legal rights of filing the unfair competition lawsuit.

**B, NEW BALANCE-20170727 (The place where online purchased goods are destined cannot be deemed as the place where the infringing acts takes place so as to establish jurisdiction)**

**New Balance Trading (China) Co., Ltd. v Guangdong Martniel Garment Co. Ltd. et al., 2nd instance, SPC, (2016) Zui Gao Fa Min Xia Zhong No. 107**

New Balance Trading (China) Co., Ltd v Guangdong Martniel Garment Co. Ltd. et al. – unfair competition – jurisdictional objection – dismissed by court of first instance – overruled by court of second instance – jurisdictional objection upheld – online purchase contract – infringement claim not targeting any specific products but rather products bearing the alleged infringing mark – the place where the goods are destined – not the place where the infringing acts takes place.

**Ruling:**

The SPC takes this case to clarify the controversial jurisdiction issue over online shopping cases involving IPR infringement and unfair competition and clarifies that the court located in the place where the goods are destined has NO jurisdiction over the case. The SPC ascertains that Article 20 of the Interpretation on the Application of the Civil Procedure Law shall not apply. The SPC applies Article 6 of the *"Interpretation on Certain Issues Concerning the Application of Law in the Trial of Civil Cases Involving Trademark Disputes"* and limits the place that can be used to establish jurisdiction over trademark infringement cases (and unfair competition cases) to:

- where the tort or offense is committed, or
- where the defendant has his domicile, or
- where the infringing goods are stored or hidden regularly or in large quantity, or
- where the goods are detained by customs, local administration of industry and commerce or other administrative authorities.

B, ADIDAS-20101108 (The jurisdiction regulation for civil and commercial cases does not apply to IP cases involving foreign elements)

**ADIDAS AG v ADIVON Sportswear (China) Co., Ltd. et al., retrial, SPC, (2010) Min Shen Zi No. 1114**

ADIDAS v ADIVON – trademark infringement and unfair competition – jurisdiction opposition – dismissed – overruled by court of second instance – IP cases should be adjudicated by designated courts – court of first instance has no jurisdiction over the case – overruled by the retrial court.

**Ruling:**

The SPC affirmed that the *“Regulation of the Supreme People’s Court on Several Issues Concerning the Litigation Jurisdiction of Foreign-related Civil and Commercial Cases”* does not apply to foreign-related intellectual property cases.

**BC, Four Pillars-20090115/200908 (Court in the places where the infringing products are sold has no jurisdiction over trade secret lawsuits)**

**Four Pillars v Avery Dennison Corporation et al., 2nd instance, SPC, (2007) Min San Zhong Zi No. 10**

Four Pillars v Avery Dennison Corporation et al. – infringement of trade secret – before Foshan Intermediate Court – increasing the value of the object of action – case transferred to the Guangdong High Court – prior to transfer of the case – Avery Dennison Corporation v Four Pillars et al. – infringement of trade secret based on the same fact – before Jiangsu High Court – jurisdiction opposition – Jiangsu High Court transferred the case to Guangdong High Court – time of filing with Guangdong High Court predates that with Jiangsu High Court – overruled by the SPC – Jiangsu High Court has jurisdiction over both cases.

**Ruling:**

The SPC held that the act of selling the infringing goods manufactured by infringing other's trade secret does not fall under the act of infringing trade secret as provided by Article 10 of the 1993 Anti-unfair Competition Law. The place where the trade secret infringing act is committed usually coincides with the place where the results of the trade secret infringing act take place, which means that the process of using the trade secret is usually the same process of manufacturing the infringing goods and when the infringing goods is finished manufacturing, the result of using infringing trade secret occurs. The place where the infringing goods are sold should not be ascertained as the place where the result of using the infringing trade secret occurs.

## ***Non bis in idem***

B, Suntory-20171228 (Retrial application filed against a new judgement shall be dismissed if it is purely an execution of the previous judgement)

**SUNTORY HOLDINGS LIMITED v TRAB et al., retrial, SPC, (2017) Zui Gao Fa Xing Shen No. 5093**

SUNTORY HOLDINGS LIMITED applied to cancel the disputed trademark – non-use for three consecutive years – registration maintained by the CTMO – overruled by TRAB – insufficient evidence to prove genuine use – reversed by courts of first and second instance – genuine use – registration affirmed – TRAB maintained the registration in re-examination procedure – SUNTORY HOLDINGS LIMITED appealed again – dismissed by courts of first and second instance – retrial application dismissed by the retrial court – TRAB re-examination decision based on final judgements – no loop suits.

### **Ruling:**

The SPC held that where a party files administrative litigation against a TRAB's decision, which has been re-made in accordance with a court judgement that has taken effect, if the court decides to maintain the TRAB decision that was based on the findings of the previous final decision, the re-trial court shall take into account the the legal nature of the litigious administrative decision, the content of the new judgements and prevention of possible loop suits, when assessing whether a re-trial application may be filed by the parties. If the TRAB's new decision was entirely bound by the previous final judgement, and the new judgement is based on the facts and grounds that have been affirmed by the previous final judgement so that no substantial trial was conducted, application for retrial of the new judgement shall not be allowed in order to circumvent loop suits.

**B, CAILE-20091022 (There has to be new facts or legal basis for the TRAB to accept a new review application for a case where there has been *res adjudicata*)**

**Shengfang Company v TRAB et al., retrial, SPC, (2008) Xing Ti Zi No. 2**

Shengfang Company registered trademark “采乐 CAILE” – Johnson & Johnson filed for cancellation – citing “采樂” (traditional Chinese characters of “采乐”) – TRAB made final verdict on the matter before the second amendment of the Trademark Law – Johnson & Johnson filed for cancellation based on the same ground – citing the 2001 Trademark Law – TRAB ascertained that disputed mark was reproduction and imitation of the well-known cited mark – disputed mark canceled – Courts of the first and second instance upheld invalidation – retrial court – violation of non bis in idem – TRAB and courts of first and second instance erred in application of laws – cancellation decision overruled.

**Ruling:**

The SPC held that Johnson & Johnson had already exhausted the relevant legal causes and legal basis when applying for review for the last two times; the TRAB had already substantially examined the relevant facts and legal basis and decided to maintain the registration of the disputed trademark; it was in violation of the principle of non bis in idem that Johnson & Johnson applied to cancel the disputed trademark on the basis of well-known trademark by citing the amended Trademark Law (2001 version); there has to be new facts or legal basis for the TRAB to accept a new review application for the case where there has been *res adjudicata*.

The SPC also found that, the 2001 Trademark Law has no retroactive effect on the *res adjudicata* decided prior to its amendment.

## Evidence

B, Nissan-20111130 (Evidence issued by the party itself could be corroborated by evidence adduced by other parties)

**Huaxia Great Wall Company v TRAB et al., retrial, SPC, (2011) Zhi Xing Zi No. 45**

Huaxia Great Wall Company registered combination trademark of Chinese characters of Nissan and device – NISSAN MOTOR CO., LTD. filed for invalidation – citing Chinese characters of Nissan and Combination trademark of Nissan and device – invalidation application upheld by the TRAB, courts of first and second instance and the retrial court – cited marks – well-known trademarks – disputed mark – reproduction and imitation of the well-known trademarks.

### Ruling:

The SPC held that isolated evidence adduced by the party, whose probative force is inferior to the evidence adduced by a third party, may be corroborated by other evidence of the case and admitted to prove that the cited mark has reached well-known trademark status.

**B, BEST BUY-20111028 (New evidence re genuine use adduced during administrative litigation may be admitted)**

**BEST BUY ENTERPRISE SERVICES, INC. v TRAB, retrial, SPC, (2011) Xing Ti Zi No. 9**

BEST BUY ENTERPRISE SERVICES, INC. applied to register trademark “BEST BUY and device” – application dismissed by the CTMO, the TRAB, the courts of first and second instance – lack of distinctiveness – overruled by the retrial court – taking into account the use of the litigious mark during the administrative and judicial adjudication proceeding – new evidence adduced during litigation proceeding – proving reputation – admissible – descriptive elements of a trademark not necessarily deprive its distinctiveness as a whole – application for registration approved.

**Ruling:**

The SPC held that in the review of refusal cases, given that the registration procedure of the applied mark is not yet complete, the factual status of the mark during the administrative and judicial adjudication proceeding needs to be taken into account. In the case, BEST BUY submitted, during the first instance, an array of evidences proving the actual use of the applied mark, which may affect the assessment on the distinctiveness of the applied mark. BEST BUY would be deprived of remedial opportunity, if the evidence were to be discarded by the Court.

## Change of Circumstances

B, ADVENT-20111124 (Revocation of the cited mark will change the result of the review of refusal)

### **ADVENT SOFTWARE, INC. v TRAB, retrial, SPC, (2011) Xing Ti Zi No. 14**

ADVENT SOFTWARE, INC. applied to register trademark “ADVENT” – refused by the CTMO – citing prior similar mark – upheld by the TRAB and court of first instance – cited mark revoked due to non-use for three consecutive years – refusal decision upheld by court of second instance – reversed by the retrial court – change of circumstances.

#### **Ruling:**

The SPC held that in the administrative litigation on the review of refusal, if the cited mark has been revoked on the ground of non-use for three consecutive years during the litigation proceeding, the court shall align its decision with the changed circumstances.

## Correction of the Defects

**B, prAna-20170509 (Court may ascertain ex-officio the finding of important facts omitted in the administrative decision)**

**Prana Living, LLC v TRAB et al., retrial, SPC, (2017) Zui Gao Fa Xing Zai No. 10**

Prana Living, LLC applied to register trademark “prAna and device” – refused by the CTMO – citing prior right – Prana Living, LLC raised defence of prior similar trademark – omitted and left unaddressed by the CTMO – refusal decision affirmed by the TRAB – overruled by courts of first and second instance – insufficient evidence – erroneous application of law – TRAB ordered to re-examine the case – TRAB’s re-examination decision failed to examine the evidence of prior rights – overruled by the retrial court – prior rights ascertained – TRAB ordered to re-make decision.

### **Ruling:**

The SPC held that where the administrative agency omits to examine the prior right claim of the applicant in trademark filing proceeding so as to make erroneous decision, the Court shall ex officio ascertain the relevant facts and make its decision according to law.

**B, SATAM -20160627 (A judgment may be upheld, provided that its result is correct, even with defect in application of law)**

**Huang Xiaodong v TRAB et al., retrial, SPC, (2016) Zui Gao Fa Xing Shen No. 356**

Huang Xiaodong applied to register trademark “Chinese transliteration of SATAM and device” – SAUDI ARABIAN OIL COMPANY filed opposition – opposition application dismissed – opposed mark approved for registration – opposition review – upheld by the TRAB and courts of first and second instance – similar to the name of a foreign country “Saudi Arabia” – retrial – retrial court overruled similarity – citing other adverse effect – upheld correct finding of court of second instance – corrected its defect in application of law.

**Ruling:**

The SPC held that the judgment rendered by court of second instance may be upheld, given that its correct findings outweigh the defect in application of law. In accordance with the provisions of the Civil Procedure Law and the relevant judicial interpretations, the Court decides to dismiss the retrial application and correct the law application defect in the judgment of the second instance.



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