

What's new in China: **Intellectual Property**



March 2017



LAW &
INTELLECTUAL
PROPERTY

Fabio Giacopello

DEPOSITI IN MALAFEDE

NUOVA LEGGE MARCHI: norme rilevanti

Article 7 – Good Faith in registration and use

Article 10.1(7) – misleading origin, materials, etc.

Article 10.1(8) – unhealthy influences

Article 13.1 – registered well-known trademarks

Article 13.2 – unregistered well-known trademarks

Article 15.1 – agent or a representative

Article 15.2 – used + relationship + definitely knew

Article 32.1 – infringement of prior existing rights

Article 32.2 – already in use and substantial influence

Article 44 – acquired by fraud or any other improper means

Altri articoli rilevanti nella Nuova Legge Marchi:

Article 59 - Prior user rights

Article 64.- No use / no loss, no damages

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Article 7 The application for registration and use of a trademark shall be based on the principle of **good faith**.

Article 10 The following signs shall not be used as trademarks: 8. Those detrimental to socialist morals or customs, or having other **unhealthy influences**.

Article 13 Holders of trademarks known to the public may seek for protection of **well-known** trademarks in accordance with the provisions hereof, when they believe that their rights have been infringed. Where a mark is a reproduction, imitation, or translation of a third party's well-known trademark that has not been registered in China in respect of identical or similar goods, which is likely to lead to confusion, such mark shall not be registered and shall be prohibited from being used. Where a mark is a reproduction, imitation, or translation of a third party's well-known trademark that has been registered in China in respect of different or other types of goods, which may mislead the public and damage the interests of the registrant of the well-known trademark, such mark shall not be registered and shall be prohibited from being used.

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Article 15 In the event that an **agent or a representative** seeks to register the client's trademark in its own name without the authorization of the client and faces objection from the client, such trademark shall not be registered and be prohibited from being used. Where a trademark that the applicant applies for registration with respect to the same or similar goods is the same as or similar to an unregistered trademark that has been used by others, and there is contractual, business or any other **relation** between the applicant and others in addition to previous provisions, such trademark shall not be registered when the others raise objections.

Article 32 The trademark application shall neither infringe upon another party's **prior existing rights**, nor be an improper means to register a trademark that is already in use by another party and enjoys **substantial influence**.

Article 44 The Trademark Office shall annul the registered trademark if it violates the provisions of Articles 10, 11, and 12 of the Law, or it was acquired by **fraud** or any other improper means. Other units or individuals may request the Trademark Review and Adjudication Board for a ruling to annul such a registered trademark.

DEPOSITI IN MALAFEDE

Jordan Trademark Dispute

- Air Jordan shoes released by NIKE for the first time in US in 1992;
- Nike enters China and did not apply for registration of the trademark Jordan in Chinese;
- Qiaodan, a Fujian sport company, applied and registered “jordan in Chinese”
- Qiaodan used the trademark and developed around 6,000 stores in China;
- In 2012 Michael Jordan sued Qiaodan for recovering the trademark;
- Michael Jordan has not succeeded; the case is now pending in front of Supreme People’s Court;

Main legal ground: art. 13.1 Trademark Law



乔丹专卖店



DEPOSITI IN MALAFEDE

IPAD case (2012)

- Shenzhen Proview Technology Co. Ltd. filed and registered the trademark “IPAD” – no bad faith
- Apple approached and tried to have trademark transferred (35,000GBP)
- *Proview undergone bankruptcy and during the process they found out a flaw in the transfer agreement (executed by the wrong company)*
- After several litigation APPLE INC. bought again the trademark for 60ML USD

商标的详细信息			
注册号/申请号	1590557	国际分类号	9
申请日期	2000-01-10		
申请人名称(中文)	唯冠科技(深圳)有限公司	申请人地址(中文)	广东深圳市沙头角保税区21,23北
申请人名称(英文)		申请人地址(英文)	
商标图像			商品/服务列表 计算机;计算机周边设备;显示器(电子);光通讯设备;电视机;收音机;照相机(摄影);电子防盗装置;录像机;电池; 查看详情...
类似群	0901 0907 0908 0909 0920 0922		
初审公告期号	776	注册公告期号	788
初审公告日期		注册公告日期	
专用权期限	2011年06月21日 至 2021年06月20日 年		
后期指定日期		国际注册日期	
优先权日期	无	代理人名称	深圳市精英商标事务所
指定颜色		商标类型	普通商标
是否共有商标	否	备注	
商标流程	撤销三年不使用 续展 转让		

DEPOSITI IN MALAFEDE

New Balance Trademark Dispute

- 2004 Zhou Lelun applied the trademark “XIN BAI LUN” (新百伦) for merchandise, including clothes, footwear and headgear.
- New Balance attempted to oppose the application, but it was rejected by the CTMO
- Zhou’s application was approved in 2008.
- In 2013 Zhou lodged a lawsuit against New Balance which had been using 'Xin Bai Lun' in commercial.
- New Balance argued that 'Xin Bai Lun' is the Chinese translation and/or transliteration of 'New Balance', which had been put into use prior to the plaintiff’s registration of XIN BAI LUN as a trademark, the court sided with Zhou.
- Guangdong Intermediate P. Court found that New Balance had infringed Zhou’s mark and awarded Rmb98 million in damages, an amount equivalent to 50% of the total profits it had generated during the period of infringement (November 2011 to November 2013).
- New Balance appealed in front of Guangdong High P. Court and obtained to reduce the damages to RMB5ml

新百伦
XIN BAI LUN



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NUXE Trademark Dispute

- Cangyu Zeng filed for registration the trademark NUXE and it was preliminary approved with NO. 3747592.
- The French Company NUXE Laboratories filed opposition based on art. 31 Trademark Law (use with certain influence + rush to register)
- CTMO and TRAB rejected the opposition filed by the French company which anyway filed the administrative litigation in front of Beijing Court.
- Both Beijing Courts took opposite opposition comparing to TRAB and rejected the registration of the trademark;

**Legal Grounds: art. 31 (currently art. 32.2)
Trademark Law**



DEPOSITI IN MALAFEDE

Ferragamo Trademark Dispute (2016)

- Salvatore Ferragamo Spa is the owner of several trademarks consisting or including the words “Salvatore Ferragamo” in China. The trademarks through use have acquired a good and wide reputation in China for shoes and clothing (class 25).
- A Chinese company filed and registered the two trademarks No. 9372234 and No. 7665968 for lighting apparatus and other goods in class 11 in the years 2011 and 2012.
- Salvatore Ferragamo Spa filed invalidation actions against these trademarks based on Art. 13.2 Trademark Law and succeeded in proving its trademark its well-known in China and thus invalidate the trademarks.



No.9372234



No.7665968

Legal grounds: art. 13.2 Trademark Law

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Iphone Trademark Dispute (2016)

- On Sept 2007 a Company called XinTongTianDi filed the trademark “iphone” with No. 6304198 for registration in class 18.
- Apple Inc owns trademark No. 33398849 filed in 2002 and registered in 2003 in class 9 (computer software and hardware) and other trademark filed later;
- Apple Inc launched announced the first generation of Iphone in Jan 2007 and launched on the market on Jun 2007. It was first sold in China in Oct 2009.
- Apple filed opposition based on Art. 13.2 (WKTm) and art. 10.1(8) “unhealthy influences
- The oppositions and Court cases were unsuccessful.



DEPOSITI IN MALAFEDE

Facebook Trademark Dispute (2016)

- Liu Hongqun filed the trademark facebbok in class 32 (beers, juices, etc.) on Jan. 24, 2011.
- Facebook Inc. is owner of the trademarks “facebook” in classes 35 and 38 filed back in 2006 (registered in 2009);
- Facebook filed oppositions based on several grounds (art. 13, art. 32, art. 10.1(8) and art. 44.
- Beijing IP Court accepted Facebook claims only in relation to art. 44 (trademark acquired by fraud or other improper means)

Legal ground: art. 44 Trademark Law



facebook

DEPOSITI IN MALAFEDE

Weixin Trademark Dispute

- January 2011 Tencent launches WeChat (*weixin* in Chinese)
- November 2012 Trunkbow Asia Pacific (Shandong) applied “*Weixin*” as trademark
- CTMO granted the trademark and TRAB confirmed the decision
- Tencent appealed the decision in front of Beijing IP Court that overruled TRAB’s decision:
- Reasoning: the trademark is invalid: the earlier registered mark would harm public interest, since WeChat has exerted great influence on the Chinese social media market. Therefore, registration of Trunkbow’s *Weixin* mark would have unhealthy influence on the existing and stable market and public recognition of the origin of WeChat.
- **Legal Ground: Article 10(1)(8) New Trademark Law**



微信

DEPOSITI IN MALAFEDE

MAXMARA

Cited Trademark

玛克斯玛佐 MAXIMAZO

Disputed Trademark

Recently, China Trademark Office decided and made the written decision on the refusal of registration application of *Ma Ke Si Ma Zuo (Chinese Character) MAXIMAZO* trademark on goods relating to “knitting clothing; clothing; baby full suit; swimming suit; shoe (wearing on foot); hat”.

In October, 2016, Hangzhou Ku Ku Jie Trading Co., Ltd. applied to register *Ma Ke Si Ma Zuo (Chinese Character) MAXIMAZO* trademark (referred as “Disputed Trademark”) in Class 25, designated on goods of “clothing; knitting clothing; swimming suit; shoe (wearing on foot); hat; socks; gloves (clothing); scarf; belt; baby full suit”. CTMO issued public announcement after the preliminary examination for approval. During the announce period, the opponent Max Mara Fashion Group Ltd. found this trademark and filed the opposition application.

After the examination by the CTMO, part of the designated goods of the Disputed Trademark was regarded as similar goods to the Cite Trademark, “MAXMARA”, since their use, function, sales channel and targeted consumers are all identical or similar. Meanwhile, the English part of Disputed Trademark constituted similar trademark of Cited Trademark on the similar letter composition, pronunciation and overall appearance. If Disputed Trademark and Cited Trademark existed and applied on same or similar products, it would easily cause confusion and misunderstanding to the consumers.

Finally, according to relevant laws, the CTMO decided: refuse the registration application of No. 13455327 trademark *Ma Ke Si Ma Zuo (Chinese Character) MAXIMAZO* on “knitting clothing; clothing; baby full suit; swimming suit; shoe (wearing on foot); hat”.

HFG participated in the whole process of the case representing Max Mara Fashion Group Ltd.

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Article 59 [...] Where, before a trademark registrant applies for the registration of a trademark, another person has used a trademark that is identical with or similar to the registered trademark in respect of identical or similar goods and has a certain influence, the proprietor of the exclusive right to use the registered trademark shall have no right to prohibit the person to *continue to use the said trademark within the original scope*. However, the proprietor of the exclusive right to use the registered trademark may require the other person to add a proper distinguishable sign on his goods.

Article 64. When the proprietor to exclusively use a registered trademark requests a compensation, but the accused infringer makes a defense on the grounds that the proprietor to exclusively use a registered trademark fails to use the registered trademark, the People's court may require the proprietor to exclusively use the registered trademark to provide the evidences that he has actually used the registered trademark for three years before the legal proceedings is initiated. Where the proprietor *fails to prove his actual use of the registered trademark in the previous three years and fails to prove that he has suffered other losses from the infringement act*, the accused infringer shall not be held liable for damages.



Focker's Trademark



PRETUL®

TRUPER's Trademarks

PRETUL CASE (*Pu Jiang Huan Ya Locks Co., Ltd. Vs Focker Security Products Intl. Ltd .*)

January 17, 2002 a natural person, XU Haorong, applied to register **PRETUL & device** No. 3071808 in class 6 (**Cited Mark**), covering the goods “fittings of metal for furniture, padlocks, locks of metal, other than electric”.

The Cited Mark was registered on May 21, 2003 and was assigned on March 27, 2010, to **Focker Security Products International Limited** (hereinafter “FOCKER”), a company incorporated in Hong Kong.

TRUPER HERRAMIENTAS, S.A.DE C.V. (hereinafter “TRUPER”), is a Mexican manufacturer and dealer of hardware tools. TRUPER is the holder of the registered trademarks “PRETUL” and “PRETUL & oval device” in Mexico and in many other countries in class 6 and 8.

PUJIANG YAHUAN Locks Co., Ltd. (hereinafter “YAHUAN”) is a manufacturer of copper and iron padlocks in Zhejiang Province, China.

In 2010, TRUPER signed OEM contracts with YAHUAN to manufacture padlocks bearing the “PRETUL” marks. The products (padlocks, keys and the product specifications) bore the “PRETUL” trademark, while the packaging bore the “PRETUL & oval” device trademark.

In December 2010 and January 2011, FOCKER applied to the Ningbo Customs for the interception of two batches of padlocks exported by YAHUAN, destined for Mexico. The shipment was detained on January 13, 2011.

On January 30, 2011, FOCKER brought a lawsuit against YAHUAN before the Ningbo Intermediate Court on the ground of trademark infringement.

On March 24, 2011, TRUPER issued a statement declaring that as the legitimate holder of the registered trademark PRETUL in Mexico, it had authorised YAHUAN to manufacture, on the OEM basis, the padlocks bearing the PRETUL trademark, all of which were to be exported to Mexico.

Before the Court, YAHUAN claimed that since the accused goods were solely for exportation to Mexico without domestic distribution in China, the trademark was not used in the sense of the Trademark Law, and no confusion or misunderstanding could be caused among Chinese consumers, and therefore no harm done to the trademark right of FOCKER.

On July 23, 2012, the Court of Ningbo rendered a judgement in favour of the plaintiff. The Court dismissed the argument of YAHUAN concerning the export, citing Article 3 of the 2002 version “*Implementing Regulations of the Trademark Law*” **[2]** and affirming that YAHUAN’s using of the PRETUL trademark and “PRETUL & oval” device trademark clearly constituted trademark use in the sense of the Trademark Law. However, a distinction was made between the word mark “PRETUL & oval device” used on the packagings and the word mark PRETUL, used on the goods. Only the first was considered infringing.

The Court ordered YAHUAN to immediately stop using the infringing PRETUL & oval device trademark on the packagings and pay FOCKER a sum of CNY 50,000.

Both FOCKER and YAHUAN appealed to the Zhejiang High Court.

The Court of Appeal rendered its judgment on February 19, 2013.

The Court upheld the decision of the first instance Court but found that both acts (use of PRETUL and use of PRETUL & oval device trademark) constitute trademark infringement.

The Court ordered YAHUAN to immediately stop the trademark infringement acts and pay FOCKER CNY 80,000.

YAHUAN applied for retrial to the Supreme People’s Court

OEM

PRETUL CASE (Pu Jiang Huan Ya Locks Co., Ltd. Vs Focker Security Products Intl. Ltd .)

The Court held that *“since the padlocks manufactured by YAHUAN are not for distribution in the Chinese market, the PRETUL marks do not fulfil the trademark function of ‘distinguishing the origin of the commodities’ in China. Therefore, such marks are unlikely to cause confusion and misidentification among the relevant public in China between the products to which they are affixed and the source of the goods manufactured by FOCKER ”.*

The SPC finally dwelled its reasoning on the function of source indicator of a trademark. It held that *“The primary function of a trademark which the Trademark Law intends to protect, is to be a source indicator. When determining whether the act of using an identical trademark on identical goods, or a similar trademark on identical goods or an identical or similar trademarks on similar goods, is likely to cause confusion, the Court shall base its finding on the fulfilment or possible fulfilment of the source indicator function of the trademark. The Court should base its finding on whether trademark infringement is constituted on whether the source identifying function of the trademark is fulfilled or undermined. There is no practical significance in judging that there is a likelihood of confusion where the trademark involved fails to fulfil its identifying function and does not constitute trademark use in the sense of the Trademark Law.”*

DAMAGE COMPENSATION

MONCLER CASE (Moncler Spa vs Beijing Nuoyakate Garment Co., Ltd. ("**Nuoyakate**").

In December 2014, the IP Court issued a judgment based on which Nuoyakate was ordered by the IP Court to pay unprecedented maximum statutory damages of RMB 3 million (around US\$448,000) to Moncler.

Even though Moncler did not produce any evidence of actual loss suffered, and Nuoyakate did not disclose its sales volume or the amount earned by it in relation to the infringing use of Moncler's marks, the IP Court was nevertheless willing to order the maximum statutory damages under the new Trademark Law (effective 1 May 2014).

CASE ...

Evidence

Fak evidence case

Case 6: First Perjury Penalty in Trademark Litigation by Beijing IP Court.

In 1999, the involved trademark, “JIA JIA” (in Chinese character and in pin-yin) and its related image, was registered by Beijing Jia Jia Kang Beverage & Food Co., Ltd. in Class 29. It was transferred to the third parties, Li and Bai. In April, 2014, as applied by Fujian Qian Chuan Company, CTMO approved to revoke the involved trademark. The third party Li applied to review to revoke the decision. Finally the involved trademark was maintained valid on edible oil goods. Fujian Qian Chuan Company sued TRAB, Li and Bai. In the hearing, the court discovered and verified that the evidences provided by the third party Li and Bai to prove the actual and lawful use of the involved trademark were apparently tampered and fabricated. Therefore Beijing IP Court fined the third parties RMB 10,000 of each.

Selected reason estimated by HFG: this case indicates that Beijing IP Court strengthens on screening and punishment on dishonest litigations. Since trademarks directly relate to vital interests of party concerned, it is often appeared that parties concerned provide fake evidences in trademark litigations especially to revoke trademarks not used for continuous 3 years. This case also reminds trademark owners that the principle of good faith shall be insisted in litigation to avoid fake evidences, and in administrative cases, agents and lawyers shall be alerted to check all evidences provided by counterparts carefully.

Confrim?

Unfair Competition

RIMOWA case

The signature shape of RIMOWA luggage was recognized as “*particular ornament of famous commodity*” during a civil litigation in front of Zhongshan First People’s Court (“Court”) in Guangdong under art. 5.1(2) Anti-Unfair Competition Law (AUCL). News reports that it is the first time for RIMOWA to obtain such recognition in China. Indeed – we must admit – the application of said art. 5.1(2) AUCL is very uncommon and, besides the Ferrero Rocher chocolates and the CROCS shoes, not many foreign brands can claim being awarded such kind of protection.

In relation to the Anti-Unfair Competition claim it is worth notice that the Court in its verdict not only admitted that the so called grooved shape design is famous in China, but even recognized that it does have distinctive elements and does not perform essential functional effect in the meaning of the law. Unfortunately the damages awarded are only 100,000 RMB (roughly 15,000USD) + 50,000 RMB reimbursements of costs.

The case which opposed RIMOWA against AIMOWA on the ground of trademark infringement, design infringement and unfair competition was concluded in October 28, 2016 and can be found under No.296-ZhongFirstCourtIPCivilLitigation-2015.

Certificates Fraud

RIMOWA case

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Online Anti-Counterfeiting - WECHAT

4. The first case on selling counterfeit goods on WeChat was cracked down by YI WU Police. As an alternative something like this YiWu police cracked down WeChat shop selling the counterfeit goods.

Selling counterfeit goods on WeChat is nothing new. But now in IP industry, there was no significant breakthrough on the crackdown to the WeChat sales.

On October 14, 2016, YI WU Police cracked down one exceptionally serious case of packaging and processing counterfeit constant temperature socks of one famous brand. This was the first case cracked down by Yi Wu Police on selling counterfeit goods on WeChat.

At the end of September 2016, one company in Jiangyin City, Jiangsu Province reported to YI WU Police that many WeChat merchants were selling constant temperature socks of their company, but after preliminary examination, a large part of those socks were counterfeit. This company further indicated that selling counterfeit socks of those WeChat merchants seriously damaged their economic interests and brand image.

After receiving this report, YI WU Police launched a deep investigation immediately. After tracking investigation for a week, the Police finally found the factory of manufacturing and packaging counterfeit products, as well as its associated warehouse in 3rd District, Zijin, Futian Street, YI WU. In the raid on October 14, YI WU Police totally seized 2780 bags full of counterfeit socks, and a total of 70,000 pieces of package materials such as packaging bag and hang tag, etc. with the name of that brand. The involved amount of this case was up to more than 100,000 yuan. Two suspects involved in this case have been held in criminal detention.

Certificates Fraud

. Highest Infringing Compensation in the History of Beijing IP Court — Trademark Infringing Case of Mei Chao

On Nov.18,2016, Beijing IP Court made the judgment on the case of Mei Chao Group Ltd. suing Beijing Xiu Xin Jie Emerging Building Materials Co., Ltd., that the defendant shall immediately cease applying *Qiang Gu* (*Chinese Character*) on concrete interface treating agent products produced and distributed by the defendant and shall pay the plaintiff RMB 10 million as compensation. This is the highest infringing compensation in Trademark infringement cases since the establishment of Beijing IP Court.

Mei Chao is the owner of *Qiang Gu* (*in Chinese Character*) trademark, approved to apply the trademark on designated products of “industrial adhesive; industrial glue”, etc. Mei Chao use this trademark for business and promotion combined with well-known trademark *Mei Chao* (*in Chinese Character*) and *Yi Gua Ping* (*in Chinese Character*), which made the *Qiang Gu* (*in Chinese Character*) trademark enjoys high level popularity in the market. The defendant prominently use *Xiu Jie Qiang Gu* (*in Chinese Character*), *Yi Kang Qiang Gu* (*in Chinese Character*), *Xing Chao Qiang Gu* (*in Chinese Character*), with no approval by Mei Chao, on the products produced and distributed by the defendant. Therefore, Mei Chao requested the cease of infringement and the elimination of effects, jointly with compensation and reasonable expense on stop infringement which shall be RMB 10 million in total.

During the trial, the defendant claimed that *Qiang Gu* (*in Chinese Character*) is conventional generic name on similar products. Further, the defendant claimed that *Qiang Gu* (*in Chinese Character*) on the products produced and distributed by them shall not be regarded as use as trademark. During the hearing, the court ordered the defendant to provide evidence to prove the actual operation conditions. However the defendant refused to provide any books and material related to the company operation.

According to the hearing, the court believes, that based on the evidences provided by both sides, *Qiang Gu* (*in Chinese Character*) in national range has not be recognized as concrete interface treating agent products. Therefore, it shall not be defined as a conventional generic name of concrete interface treating agent products. Meanwhile, defendant prominently uses *Qiang Gu* (*in Chinese Character*) on apparent place of products, which make such use as trademark usage. Therefore, such acts by defendant have already constituted trademark infringement against Mei Chao.

In this case, the court believes, “Plaintiff has taken the relevant burden of proof duly well, while the defendant refused to provide evidences for the actual sales volume, price and other relevant information. The effects factors of compensation claimed by Mei Chao can match with ascertained facts, so the defendant shall bear the consequences of refusing to provide evidences. Finally, the court made the judgment that the defendant shall compensate the plaintiff with RMN 10 million.”

