

Landmark Trademark Cases in China

An In-depth Analysis

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About the Authors

Zhou Bo is a judge of Intellectual Property Division, Beijing High People's Court. He first worked as a judge of the People's Court of Shizhong District of Jinan, Shandong Province, and then as a judge of the No. 1 Intermediate People's Court of Beijing. Since 2010, Zhou Bo has handled more than 600 intellectual property cases in Beijing High People's Court, most of which are trademark cases. Some of the cases he handled have been selected as Yearly Top 10 Intellectual Property Cases of China by the Supreme People's Court of China. Judge Zhou is also an expert of Geography Indications in China.

Xu Lin, Doctor of Judicial Science, is Deputy Director of the General Offices of the National Committee of the Chinese People's Political Consultative Conference (CPPCC). Prior to joining CPPCC, Dr. Xu was the Deputy Director of General Affairs Division of Trademark Review and Adjudication Board (TRAB) of State Administration for Industry and Commerce. Working in TRAB for more than ten years, Xu Lin has rich experience in the review of trademark cases and has published many articles on trademarks in judicial journals, taking part in the third revision of *Trademark Law of the P.R.C.* and *Implementing Regulations of the Trademark Law of the P.R.C.*, the chief drafter of the *Trademark Review and Adjudication Rules* (2014), taking part in the revision of *Standards for Trademark Examination and Trial* (2016). Dr. Xu has been chosen to serve as one of the national intellectual property experts in China by the State Intellectual Property Office.

Rui Songyan is a judge of Beijing Intellectual Property Court. She received her LLB and LLM (Private International Law) from China University of Political Science and Law and her Ph.D. (Intellectual Property Law) from Chinese Academy of Social Science. She has heard intellectual property cases since 2002, and issued over 1,500 judgments, nine of which were selected as *Top Ten Typical Intellectual Property Cases of the Year* by Beijing High Court. She was awarded the honor of *Ten Beijing Outstanding Young Jurist* and *Beijing Elite Judge*.

CHAPTER 3

Maintenance of Trademark Registrations

8. Trademark Assignment and Good-Faith Acquisition of a Trademark

Administrative litigation regarding the trademark assignment concerning the “MT.WUTONG in English and Chinese characters” mark; the litigation was brought by Shenzhen Chinese Parasol Landscape Drink Limited Company against the China Trademark Office and a third party Shenzhen East River Source Industry Development Limited Company

- First Instance: Beijing No. 1 Intermediate People’s Court (No. 1842; 2010) – Decided on September 19, 2010
- Second Instance: Beijing High People’s Court (No. 7; 2011) – Decided on February 14, 2011

BACKGROUND

On October 6, 1998, Shenzhen East River Source Industry Development Limited Company (“**East River**”) filed a trademark application, “MT.WUTONG in English and Chinese characters,” in connection with Class 32 mineral water products with the China Trademark Office (the “**Trademark Office**”); the application was assigned application number 1359214 (the “**1359214 Trademark**” or the “**Mark**”). The Trademark Office preliminarily approved the 1359214 Trademark and published it on the trademark gazette on October 28, 1999. On January 18, 2000, Shenzhen Kang Li Mineral Spring Balneation Center filed an opposition action with the Trademark Office contesting the 1359214 Trademark. On August 2, 2001, the Trademark Office made a decision, referred to herein as the “**1447 Decision**”, where the 1359214 Trademark was refused for registration. East River failed to request a timely appeal concerning the 1447

Decision to the TRAB under SAIC of the PRC (the "**Appeal Board**"). The 1447 Decision was later published on the Trademark Publication Gazette on November 28, 2002, (No. 857; page 1149) and became effective.

On November 7, 2008, Shenzhen Chinese Parasol Landscape Drink Limited Company (the "**Company**") filed a trademark assignment application to the Trademark Office, seeking to assign the **1359214 Trademark** from East River to itself; the Company also applied for a reissuance of the trademark registration certificate concerning the 1359214 Trademark. In connection with its assignment application, the Company included a trademark assignment agreement executed by and among East River and itself dated as of November 4, 2008 (the "**Agreement**"). The Trademark Office confirmed receipt of the Company's assignment application on December 4, 2008; it subsequently approved the assignment on August 6, 2009 – the approval of the assignment regarding 1359214 Trademark was also published on the Trademark Assignment Gazette. The Trademark Office reissued the registration certificate concerning the 1359214 Trademark on September 25, 2009; the certificate reflected that the Company was the owner of the mark.

In January 2010, the Trademark Office received a letter from Shenzhen Kang Li Mineral Spring Balneation Center titled, "Explanation concerning the 1359214 Trademark;" the letter pointed out that the mark was refused for registration based on the earlier opposition decision. Accordingly, the Trademark Office should not grant the Company's request to reissue the registration certificate.

On January 29, 2010, the Trademark Office issued a decision titled, "Notification regarding the Revocation on Trademark Assignment and Reissuance of Registration Certificate of the 1359214 Trademark" (the "**No. 33 Decision**"). In the No. 33 Decision, the Trademark Office decided to vacate its earlier assignment approval concerning the 1359214 Trademark, and vacated the registration certificate issued earlier to the Company (where the Company was listed as the owner of the mark). The No. 33 Decision also vacated all of the related materials including the assignment proof, registration certificate, and the public notice published in the Trademark Publication Gazette.

The Company filed a trademark administrative litigation to the Beijing No. 1 Intermediate People's Court (the "**Intermediate Court**"), requesting the Court to vacate the No. 33 Decision and to order the Trademark Office to make a new decision.

COURT DECISION

The Intermediate Court reviewed the case and pointed out that any trademark that is the subject of an assignment application should be a valid trademark approved for registration by the Trademark Office; additionally, the mark must still be valid within its term. When the Company applied for an assignment of the Mark on November 7, 2008, it was not a valid registration because it had been refused for registration based on the 1447 Decision (issued on August 2, 2001); and the Decision was already published in 2002 on the Trademark Publication Gazette (No. 857). The above facts were sufficient to support that the Mark was never approved for registration by the

13. **Cancellation of a Trademark Registration due to Three Years of Non-use**

Administrative litigation filed by CONSOLIDATED ARTISTS B.V. seeking to cancel SONNETI INTERNATIONAL S.A.'s trademark registration for "MANGO"

- First Instance: Beijing No. 1 Intermediate People's Court (No. 10; 2011) – Decided on December 20, 2011
- Second Instance: Beijing High People's Court (No. 1820; 2012) – Decided on December 19, 2012

BACKGROUND

Da Yi International Co. Ltd. ("**Da Yi**") filed a trademark application for "MANGO" (the "**Disputed Trademark**") under Application Number 634764 on April 15, 1992. The application covers Class 25 clothing products, as well as underwear and hats. The Disputed Trademark was approved for registration by the Trademark Office on March 20, 1993; the exclusive rights of the Disputed Trademark expire on March 19, 2013.

On April 8, 2003, the Trademark Office accepted the application filed by CONSOLIDATED ARTISTS B.V. (the "**Art Company**") seeking to cancel the MANGO registration due to nonuse for three consecutive years.

On March 1, 2004, the Trademark Office decided to cancel the MANGO registration (Nonuse Cancellation Decision No. 2003002525) because Da Yi failed to timely submit any evidence to support the use situation of its trademark registration. Da Yi filed an appeal to the TRAB (the "**Appeal Board**") on March 19, 2004. In the appeal, Da Yi pointed out that its mark was in use during the challenged period (April 8, 2000–April 7, 2003) by its authorized licensee and sublicensee in Mainland China in respect to the challenged goods; products bearing the mark were even exported from China to Panama. Da Yi has submitted the below use evidence to the Appeal Board:

- (1) A copy of the Trademark License and Use Permission Agreement between Da Yi and SONNETI INTERNATIONAL S.A. ("**Sonneti**") dated as of March 19, 1993. Da Yi has provided the agreement in its original English version and the corresponding Chinese version. The agreement states that Da Yi allows Sonneti nonexclusive rights to use the MANGO mark in respect to the clothing articles, underwear products, and footwear in Mainland China (excluding Taiwan, Hong Kong, and Macau). The agreement also allows Sonneti to grant further permissions to its sublicensees' retail providers. The term of the agreement is twenty years, from March 19, 1993 to March 19, 2013. On the top right corner of each page in the agreement, the following information is listed: "Telephone: 441-6796/6866/6286 Fax: (507)441-6340 E-MAIL: sonneti@sinfo.net" ("**Evidence One**").
- (2) An original certified agreement between Sonneti (buyer) and Shaoxing Kai Li Ya International Trade Materials Co., Ltd. (seller). The agreement clearly

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For fifteen consecutive years, China has received and processed more trademark filings than any other country. The number of trademarks filed in China in 2015 alone was three times that of the *combined* trademark filings made in the United States (second place) and the European Union (third place). Yet until the appearance of this crucially important book - hugely influential in China and now superbly translated - there has been no systematic coverage in English of Chinese administrative and judicial case law on trademarks. With its detailed descriptions and analyses of twenty-six landmark cases located in the context of the overarching system, this book is the single indispensable source on Chinese trademark law for non-Chinese intellectual property professionals.

The analysis of each case clearly illustrates how trademarks are acquired, maintained, cancelled, invalidated, and protected in China. The authors - all five seasoned judges or officials in the trademark system - provide a thorough and in-depth exploration of China's trademark law, covering such aspects as the following:

- absolute and relative grounds of trademark registrability;
- dual-track system of administrative enforcement and judicial protection;
- well-known trademark protection;
- defenses in trademark infringement cases;
- damage determination in a trademark infringement lawsuit;
- third party's prior rights;
- personal name similarity;
- resolution mechanism for conflicts and disputes;
- time limit to challenge a trademark assignment; and
- trademark squatting.

Each case analysis delves into the relevant law in detail, discusses how the specific facts were addressed by the relevant agency and courts, and elucidates the rationale supporting each decision. An introductory chapter provides a brief history of China's trademark system and describes the three amendments to the Trademark Law (1993, 2001, 2013) and the impact made by each.

Enormously useful as a practical guide showing brand owners how to survive and prosper in China, this book definitively provides the basic professional material to understand the Chinese trademark system. Jurists and academics worldwide will welcome its appearance in English. This book will prove invaluable to counsel of transnational corporations and trademark law practitioners and is sure to become a cornerstone resource.

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