

Kangxin Partners, PC

# China

**Three-dimensional trademarks can be registered in China as long as they are distinctive and non-functional. However, trademark owners should be aware that similar shapes may already have been registered as patent designs**

Throughout the 20th century and to the present day, China has undergone dramatic changes. The changes undergone by the country's trademark law in the past 30 years reflect the general process followed by China to catch up economically with the rest of the world. Thus, the 1982 Trademark Law mentioned only words, devices and combinations thereof as recognized forms of trademarks; the 1993 Trademark Law also failed to mention other types of mark; but the 2001 Trademark Law took a substantial step forward in this regard. Article 8 of that statute provides that "any visual sign capable of distinguishing the goods or services of one natural person, legal person or any other organization from those of others, including words, devices, letters or numerals, three-dimensional symbols, combinations of colours or any combination of the above elements may be applied for the registration of a trademark". This is a broad definition of what may constitute a trademark.

So far, few applications have been filed for non-traditional marks and few infringement disputes involving such marks have been reported. One such dispute, between Swiss confectionery manufacturer Kraft Foods Schweiz AG and one of its local competitors, Switzerland Joy Co Ltd of Gangcheng, may shed some light on the protectability of three-dimensional marks in China.

## The Kraft Case

Most readers will be familiar with Kraft's bestselling product Toblerone, which is specially moulded into triangular zigzags and sold in triangular packaging. Toblerone chocolate has been sold in over 100 countries for over a century.

Kraft holds International Registrations 615992 and 615994 for three-dimensional trademarks for "chocolate, chocolate products, cocoa, confectionery, pastries and edible ice" in Class 30 of the Nice Classification. The first registration concerns

the packaging – a yellow triangle featuring the word 'Toblerone' in red – while the second registration concerns the zigzag configuration of the chocolate itself.

In September 2007 Kraft filed a complaint with the Administration of Industry and Commerce (AIC) of Yunfu City in Guangdong Province against Switzerland Joy on the basis of the latter's use of a triangular zigzag shape for its chocolate sold in triangular packaging. Following the filing of the complaint, the AIC confirmed that Kraft enjoyed exclusive rights in China in its long-used zigzag configuration and triangular packaging. The AIC immediately issued an injunction against Switzerland Joy and confiscated the infringing products on the grounds that Switzerland Joy's use of the shapes infringed Kraft's trademarks since:

- the shapes were confusingly similar to Kraft's; and
- Switzerland Joy did not have consent or a licence from Kraft to use these shapes.

Kraft's success resulted mainly from the outstanding distinctiveness and non-functionality of its three-dimensional marks. Brand owners seeking trademark protection for three-dimensional shapes in China should thus note that their chances of success will depend on their ability to meet these two criteria.

## Principles

A three-dimensional mark may consist of the configuration of the goods, the package of the goods or other three-dimensional designs. Popular examples of three-dimensional marks include the ridged Coca-Cola bottle, the Rolls-Royce figure of the Spirit of Ecstasy and Ronald McDonald, the McDonald's clown character. In practice, however, not all three-dimensional signs can be registered and protected as trademarks.

This is because three-dimensional marks must not be merely functional. Article 12 of the Trademark Law states that "where an application is filed for registration of a three-dimensional sign as a trademark, any shape derived from the goods itself, required for obtaining the technical effect, or giving the goods substantive value, shall not be registered".

Generally speaking, the configuration of the goods cannot be registered as a three-dimensional mark; this applies to a common beer bottle when registration is sought for beer or the common configuration of a three-headed razor when registration is sought for razors. The reasons for this are twofold. First, to the common consuming public, the concept of goods configuration is so closely connected with the goods themselves that the public will rarely consider the configuration of or decorations on packaging as signs indicating the origin of the goods. Second, a purely functional configuration falls under the protection of patent laws and patents eventually fall into the public domain. If a functional configuration were mistakenly protected as a trademark, its owner would be entitled to a monopoly on the configuration of the designated goods for an unlimited period as trademark rights can be renewed upon expiration of a registration and thus have the potential to be permanent rights. This would:

- impede technical developments and improvements;
- harm fair competition; and
- ultimately impair consumers' right to choose.

The second requirement for three-dimensional marks – as for any other sign – is that they be distinctive (pursuant to Article 9 of the Trademark Law, "any trademark in respect of which an application for registration is filed shall be so distinctive as to be distinguishable").

As stated above, a three-dimensional mark cannot be the common configuration of the designated goods; it must be a unique configuration with distinctive characteristics so as to distinguish the goods from others.

Kraft successfully registered the zigzag configuration and the triangular packaging for its chocolate as three-dimensional marks because the shapes had been originally and uniquely created. The three-dimensional signs were not common configurations or packaging for chocolate; nor were they functional. The shapes of both the chocolate bar and its packaging had acquired

substantial distinctiveness thanks to their extensive use for over a century.

### Similarity test

The test of similarity for three-dimensional marks is unique in that such marks are assessed not only against other three-dimensional marks, but also against ordinary marks.

In its ruling against Switzerland Joy the AIC of Yunfu City referred to the Guidelines on Chinese Trademark Prosecution co-published by China's Trademark Office and the Trademark Review and Adjudication Board (TRAB) under the State Administration of Industry and Commerce.

The guidelines state that where the structure, shape and visual effect created by two plain three-dimensional signs are similar and may easily cause confusion among the public as to the origin of the goods and/or services to which the signs apply, such signs must be considered as similar.

In the *Kraft Case*, the AIC considered the chocolate produced by Kraft and Switzerland Joy to be similar with regard to their structure, shape and visual effect, which would lead to public confusion.

Further, the AIC referred to the guidelines in its assessment of the similarity between the packaging at issue. The guidelines state that where two marks combine distinctive three-dimensional signs and other distinctive signs, such marks will be considered similar if either the three-dimensional signs or the other signs are similar to each other and may easily cause confusion among the public as to the origin of the goods and/or services. The chocolate packaging manufactured by both Kraft and Switzerland Joy consisted of a distinctive triangular shape featuring other elements such as colours, words and devices. The AIC found that while the packaging shapes were similar and would cause confusion among the public, the colours, words and devices featured on each were different. However, following the guidelines, the AIC held that the similarity between the three-dimensional elements of the marks trumped any dissimilarities between the other elements. Accordingly, the AIC held the two three-dimensional signs to be similar.

This infers that Kraft's three-dimensional shape by itself enjoys stronger distinctiveness than any other elements added to it and, thus, the key element in a similarity test between three-dimensional signs featuring other elements is the three-dimensional signs themselves.



**Vanessa S Zhou**  
Trademark attorney  
[TM@kangxin.com](mailto:TM@kangxin.com)

Vanessa S Zhou obtained her bachelor of arts degree from the Guangdong University of Foreign Studies in 2003. She worked as a merchandiser at Jones New York Inc's Guangzhou office for 18 months before joining Kangxin Partners, PC in 2005 as a trademark attorney.

Ms Zhou has a deep understanding of Chinese IP laws and regulations, specializing in trademark prosecution, domain name disputes, IP customs protection and copyright protection. She counsels clients from a wide range of industries.

Ms Zhou speaks Chinese, English and Cantonese.

This means that Nestlé's application to extend its international trademark registration to China was accepted while a similar shape was already protected in China as a design patent. As Weishida's soya sauce is very popular in 15 major cities in China and its annual sales between 2001 and 2003 were over Rmb100 million (around \$14 million), far exceeding Nestlé's sales, it is likely that Weishida would be successful in challenging the validity of Nestlé's brown bottle three-dimensional trademark in China.

### Conclusion

Trademark owners should be careful when selecting any three-dimensional trademarks. Under current Chinese practice, to obtain registration such marks must be distinctive (ie, differ from the common shapes used for the products to which they apply) and may not be functional. Any functionality-led shape would have to be registered as a design patent rather than as a trademark, which would substantially limit the duration of the protection afforded.

Kraft's successful action against Switzerland Joy demonstrates the strength that a three-dimensional mark can enjoy. A well-designed three-dimensional sign may in fact be considered more distinctive than an ordinary mark. [WTR](#)

### The Nestlé Case

Brand owners should be aware that three-dimensional marks and design patents for similar or identical shapes can coexist in the market. This can be a problem when the holder of each right is a different entity. For instance, Société des Produits Nestlé, Kraft's compatriot and one of the world's largest food producers, recently filed a complaint with the AIC of Kaiping City in Guangdong Province against three soya sauce producers that used brown bottles. Concurrently, Nestlé issued warning letters to two other major local soya sauce producers. The basis of Nestlé's actions was its three-dimensional trademark for a brown bottle under International Registration 640537. The registration was extended to China in 2007, after the TRAB had upheld Nestlé's appeal against the Trademark Office's initial decision to reject the application. However, Weishida, one of the local soya sauce producers, allegedly started using a brown bottle of a shape similar to Nestlé as early as 1983 and had registered that shape as a design patent in 1991.