

Kangxin Partners, PC

Getting ready for combat

Protection for unregistered trademarks and other commercial signs is available in China. However, in each case there will be skills and tricks to juggle possible legal grounds and the available evidence

Generally speaking, there are two types of unregistered trademark: a mark that is not registered in any class of goods or services within its jurisdiction (Type A); and a mark that is registered in one or more classes or subclasses, but not covering the class(es) or subclass(es) concerned in a dispute (Type B).

Oppositions/cancellations against a similar mark application or registration

Situations in which a trademark owner discovers that its mark has been applied for – or even registered – by another entity are common. However, when consulting with counsel about the possibility of opposing or invalidating such trademarks, the advice and estimated chance of success may frustrate a petitioner, due to the registration circumstances.

There is little available recourse in such situations. If the petitioner can collect sufficient valid evidence, it may have a chance of success when citing the following possible grounds in opposition/cancellation proceedings.

Considering Type A, generally, Article 15 of the Trademark Law states that: “Where any agent or representative registers, in its or his own name, the trademark of a person for whom it or he acts as the agent or representative without authorisation therefrom, and the latter raises opposition, the trademark shall be rejected for registration and prohibited from use.” This ground can be supported if the petitioner can prove that:

- there was a business relationship (eg, former employee, business partner, retailer, manufacturer) between itself and the applicant or registrant of the similar trademark before the filing date of the trademark; and
- it is indeed the original creator and user of the trademark.

Article 31 of the Trademark Law states that: “An application for the registration of a trademark shall not create any prejudice to the prior right of another person, nor unfair means be used to preemptively register the trademark of some reputation another person has used.” This ground can be supported if the petitioner can prove that:

- it enjoyed a prior right over the trademark or commercial sign (eg, copyright, design patent); and
 - the similar trademark filed by the other party creates prejudice to such prior right; or
 - it had used the trademark for the goods or services designated by the similar trademark before the filing date of the trademark filed by the other party;
- it had obtained certain reputation over the trademark prior to the filing date of the trademark filed by the other party; or
- the trademark was filed in bad faith.

Article 13.1 of the Trademark Law states that: “Where a trademark in respect of which the application for registration is filed for use for identical or similar goods is a reproduction, imitation or translation of another person’s trademark not registered in China and likely to cause confusion, it shall be rejected for registration and prohibited from use.” Theoretically, unregistered well-known trademarks can be protected on this ground. However, the threshold of being ‘well known’ is usually quite high. Foreign companies are often unable to present enough evidence of use of their trademarks (which are famous in Europe or the United States) in China, especially before the filing date of the trademark filed by the other party. Thus, this ground is seldom successfully supported.

Article 10.1(8) of the Trademark Law

states that: “The following signs shall not be used as trademarks: (8) those detrimental to socialist morals or customs, or having other unhealthy influences.”

Article 15 can apply to cases where a real relationship exists between the parties. Article 13.1 is rarely applicable, since there are relatively few instances in which petitioners use a trademark for five or more years on a large scale in China without registering it. This is one of the criteria for a trademark to be established as being well known.

Article 10.1(8) may be used in conjunction with other grounds; however, alone it usually could not successfully oppose or cancel a trademark.

Many attorneys would think of using Article 31; however, even if the petitioner could prove prior use and certain reputation, bad faith would be a difficult barrier in many cases.

The first point of Article 31 (ie, that the petitioner enjoyed a prior right over the trademark or commercial sign) is often forgotten or overlooked because of its vagueness. In practice, this ground often leads to surprisingly positive outcomes, especially for device trademarks based on copyright.

Turning to the grounds for Type B, when determining whether designated goods or services are similar, the Trademark Office examiner relies on the Official Classifications of Similar Goods/Services. If two goods fall into the same subclass or subclasses with similar notes, they are considered to be similar goods; whereas those in different subclasses – even within the same class – are considered to be different goods. For example, a sports jersey (Subclass 2501) is deemed different from sports shoes (Subclass 2507), even though both are often sold together in retail outlets.

Thus, using similar trademarks on goods or services that are considered 'different' under the examination standards of the office may cause confusion and misrepresentation in the market, and may be intolerable to both the prior petitioner and consumers.

In addition to the grounds based on Articles 10.1(8), 15 and 31 as mentioned above for Type A, which can also be adopted for Type B, the grounds for Type B include Article 13.2 of the Trademark Law, which states that: "Where a trademark in respect of which the application for registration is filed for use for non-identical or dissimilar goods is a reproduction, imitation or translation of the well-known mark of another person that has been registered in China, misleads the public and is likely to create prejudice to the interests of the well-known mark registrant, it shall be rejected for registration and prohibited from use."

There is a common misunderstanding that as long as one trademark is recognised as well known, it can stop similar marks in any class. Although the law is not clear on this issue, in practice the scope of coverage of a well-known mark will be determined by the extent of how well it is known. In other words, even when there is a large amount of evidence to prove the mark's well-known status, it is still necessary to argue the relevancy or potential link between the goods or services of both parties.

Another's use of a similar trademark

Generally speaking, contesting another party's use of a similar trademark without the protection of trademark registration in China is akin to engaging in unarmed combat. Victory is possible, but it will be difficult. There are three types of legal action available. These are litigation, a State Administration for Industry and Commerce action and a customs recordal.

Usually the petitioner can adopt the following possible grounds during proceedings. Sufficiency of evidence is a key issue in determining the final result of the action. So what are the grounds for Type A?

- Article 15 of the Trademark Law could be supported if, similar to opposition/cancellation proceedings, the petitioner can prove that:
 - there was a business relationship (eg, former employment, business partnership, retailer, manufacturer) between itself and the applicant or registrant of the similar trademark before the filing date of the trademark; and
 - it is indeed the real and original creator and user of the trademark.



Gloria Q Wu
Partner
Kangxin Partners, PC

Gloria Q Wu received her law degree from Beijing Foreign Studies University in 2005 and received training in international finance and IP law from DePaul University College of Law. She joined Kangxin Partners, PC in 2005 as an IP attorney. Her main practices are in the fields of trademark, copyright and domain names. Ms Wu is highly experienced in IP-related litigation, administrative action, customs enforcement and IP strategy consultancy.

- Article 13.1 of the Trademark Law is similar to opposition/cancellation proceedings. Theoretically, an unregistered well-known trademark can be protected on this ground. However, the threshold for being well known is usually high. Foreign companies are rarely able to present enough evidence of use of their trademarks (which are famous in Europe or the United States) in China, especially before the filing date of the trademark filed by the other party. Thus, this ground is seldom successfully supported.
- Article 10.1(8) of the Trademark Law.
- Article 2 of the Anti-unfair Competition Law states that: "A business operator shall, in his market transactions, follow the principles of voluntariness, equality, fairness, honesty and credibility and observe the generally recognised business ethics."
- Article 5(2) of the Anti-unfair Competition Law states that: "A business operator shall not harm his competitors in market transactions by resorting to any of the following unfair means: (2) using for a commodity without authorisation a unique name, package,

or decoration of another's famous commodity, or using a name, package or decoration similar to that of another's famous commodity, thereby confusing the commodity with that famous commodity and misleading the consumers to take former for the latter." This ground applies not only to similar trademarks, but also to package and decoration, which is broader than those grounds mentioned above. Here the concept of a famous commodity is the key issue, and the requirements of being recognised as a famous commodity are similar to those for a well-known trademark. However, there is an additional limitation – that of competitiveness, which means that the two parties must be operating in the same or related industries.

- Article 5(3) of the Anti-unfair Competition Law states that: "A business operator shall not harm his competitors in market transactions by resorting to any of the following unfair means: (3) using without authorisation the name of another enterprise or person, thereby misleading the consumers to take their commodities for those of the said enterprise or person."

In practice, the first ground can apply to cases where a real relationship exists between the parties. The second ground is rarely applicable, since there are relatively few instances in which petitioners use a trademark for five or more years on a large scale in China without registering it.

The third and fourth grounds can be used in conjunction with other grounds. The fifth and sixth grounds are frequently adopted in litigations involving unregistered marks.

In addition to the grounds for Type A based on Articles 10.1(8) and 15 of the Trademark Law and Articles 2, 5.2 and 5.3 of the Anti-unfair Competition Law, which can also be adopted for Type B, an additional ground for Type B arises from Article 13.2 of the Trademark Law.

The relevancy or potential link between the petitioner's goods or services and those of the infringer is still of great concern, in addition to the well-known status of the petitioner's cited mark. [WTR](#)