

SPC: New Judicial Interpretation Becomes Effective March 1

Not long ago, China's Supreme People's Court ("SPC") ruled that three trademarks registered by Fujian-based Qiaodan Sportswear violated basketball legend Michael Jordan's rights. Recently, the SPC released judicial interpretation of China's Trademark Law, specifically stipulating that the names of "public figures in fields such as politics, economics, culture, religion and ethnic affairs" shall not be used on trademarks.

The newly released "Provisions of the Supreme People's Court on Several Issues Concerning the Trials of Trademark Authorization and Confirmation of Administrative Cases" ("Judicial Interpretation") has been adopted at the 1703rd meeting of the Judicial Committee of the SPC and will enter into effect on March 1, 2017. The 31 articles ("Provisions") of the Judicial Interpretation address a variety of issues mainly relating to the scope of judicial review, distinctiveness determination, well-known trademark protection, prior rights (e.g., copyright, name rights) protection, as well as procedural issues, which provide a clear guideline to courts in reviewing trademark authorization and confirmation cases.

What can we expect from the new Judicial Interpretation?

Interpreting Absolute Ground of Refusal

1. *The use of State name*

The Judicial Interpretation stipulates that whatever referred to in the Trademark Law, Article 10.1(1) "the same as or similar to the national name of the People's Republic of China" means that the trademark is the same as or similar to the State name as a whole. This means that even if a trademark contains the name of the State, however the mark is not, as a whole, the same as or similar to such a name and if the registration of the mark would not be "detrimental to the national dignity," the mark may be registerable (Provision 3). For example, in the case "China JinJiu," the SPC held that although the trademark contained "China," it could be clearly identified as three parts: China, vigor ("Jin") and wine ("Jiu"), and as a whole the mark is not similar to the State name and therefore is registerable.

2. *Definitions of "other unhealthy influence" and "other improper means"*

The Judicial Interpretation in Provisions 5 and 24, respectively, defines the "other unhealthy influence" under the Trademark Law, Article 10.1(8) and "other improper means" under Article 44(1). The former refers to those trademarks having "negative or adverse effect on China's public interests," which, for example, may be the result of the filing of the name of a public figure in the political, economic, cultural, religious, ethnic or other field" (Provision 5). The latter, on the other hand, refers to filings trademarks "with means (other than deceive ones) to disturb the trademark registration order, damage to the public interest, improperly use public resources and seek improper interests" (Provision 24). For example, in the case "Haitang Wan in Chinese", the SPC held that the applicant of disputed mark, without real use intention, applied for "Haitang Wan in Chinese"

in many different classes and also preemptive registered other trademarks related with famous scenic places of Hainan Province, should be regarded as the above mentioned "improper means" under Article 44(1).

Determining Distinctiveness

1. *Examination of a mark as a whole*

The Judicial Interpretation stipulates that to determine the distinctiveness, a mark must be examined "as a whole." If the mark contains a descriptive element, while such an element does not affect the distinctiveness of the mark, or if the descriptive element is presented in a special manner so as to serve as a source identifier, the mark may be registered as a trademark (Provision 7).

2. *Assessment of a foreign language mark from the relevant public's point of view*

With respect to a foreign language mark, the Judicial Interpretation specifies that the foreign word has a descriptive inherent meaning, and should, in principle, be refused for registration as a trademark. However, if the relevant public can barely be aware of the inherent meaning of such word, the mark may still function as a source identifier and be registered (Provision 8).

3. *Registerability of 3D trademark*

The registration of a 3D sign remains very difficult. In general, the relevant public is not likely to take the sign as a source identifier, and therefore the mark may not be registerable. Moreover, the fact that the sign has been originally created by or firstly used by the applicant does not necessarily prove that it is distinctive. Nevertheless, it is possible to rely on acquired distinctiveness through long term or extensive use (Provision 9).

Protecting Well-Known Trademarks

1. Unregistered well-known trademarks

The Judicial Interpretation, in Provision 12, stipulates that when a well-known trademark owner opposes or invalidates a mark that duplicates, imitates, or translates its trademark, even though not registered in China, a people's court shall take consideration of the following factors to determine the likelihood of confusion:

- (i) The extent of similarity of the trademarks;
- (ii) The extent of proximity of the goods on which the trademarks are designated to;
- (iii) The extent of distinctiveness and reputation of the trademark that requests protection;
- (iv) The degree of attention of the relevant public; and
- (v) Other pertinent factors.

The Provision further comments that the intention of the applicant and the evidence of actual confusion may also be considered.

2. Registered well-known trademarks

The Judicial Interpretation, in Provision 13, stipulates that when a well-known trademark owner opposes or invalidates a mark that duplicates, imitates, or translates its registered trademark, a people's court shall take consideration of the following factors to determine whether the mark would likely cause a certain degree of association to mislead the public and harm the interests of the well-known trademark owner:

- (vi) The distinctiveness and extent of reputation of the registered trademark;
- (vii) Whether the trademarks are sufficiently similar;
- (viii) The goods on which the trademarks are designated to be used;
- (ix) The extent of overlapping of the relevant public and the degree of attention thereof;
- (x) Mark similar to the registered trademark that legitimately used by other market entities or other pertinent factors.

Advocating the Principle of Good Faith

1. Definitions of agent or representation specified in the Trademark Law Article 15.1

The Judicial Interpretation, in Provision 15, stipulates that the terms of *agent or representative* specified in the Trademark Law Article 15.1 should be construed widely as including any kind of intermediary in the sense of sales agency, and should include persons being a relative or having any specific relationship with such an agent.

2. Presumption of bad faith registration

The Judicial Interpretation, in Provision 23, stipulates that a bad faith filing can be presumed if the applicant knew or should have known the prior registration of a trademark that has been in use and has acquired certain fame, unless the applicant can prove proper cause for such a filing.

Protecting the Prior Rights Specified in the Trademark Law Article 32

1. Protection of names of work and characters

It has been specified in the Judicial Interpretation that the names of a work or characters, if are of high popularity and use of which as a trademark would mislead the public to believe the existence of a license or permission, shall be constituted as prior rights under the Trademark Law Article 32. In fact, judicial practice has been granting the protection to "Bond 007," "Kung Fu Panda," and "Harry Potter" in the past.

2. Protection of earlier registered trademark as copyright

The Judicial Interpretation specifies that if a prior right has been asserted as copyright, a people's court shall examine, in accordance with the Copyright Law, the copyrightability, the ownership of the copyright, and whether the registration of a mark infringes the prior right. In a case where an earlier registered trademark has been asserted as a prior copyright, the design originals, contracts for acquiring the rights, copyright registration certificate before the filing date of the trademark should be submitted as *prima facie* evidence of the ownership. The trademark registration certificate may be used as a preliminary evidence for the assertion of the prior right (Provision 19).

3. Protection of name right

The Judicial Interpretation rules if the related public thought a trademark refers to a specific individual, which made the consumers mistakenly believe the designated products were licensed by the specific individual or have some relationship with the individual, the courts shall judge the trademark infringed the name right. The second paragraph of Provision 20 also indicates if the pseudonym, stage name or translated name enjoys certain fame and has established stable corresponding relationship with this specific individual, which misled the consumers of the original place of products, the court should give protection on name right.

4. Protection of trade name and abbreviation form of trade name

The Judicial Interpretation, in Provision 21,

stipulates that if a trademark resembles to other's prior high reputation trade name, which would easily cause confusion among consumers on the original place of products, the courts should give support based on trade name. This term also indicates the abbreviation form of a trade name should be protected when meeting the above mentioned requirements.

Taking the Full Function of Judicial Review and Improving the Efficiency of Dispute Resolution

1. The discretion of a people's court

The Judicial Interpretation Provision 2 stipulates that, a people's court may, *ex officio*,

raise a legal ground that a plaintiff had not raised in an administrative litigation, in order to rectify a decision that appears obviously inappropriate by the Trademark Review and Adjudication Board.

2. Unappealable decision rendered in accordance with final and effective judgment

The Judicial Interpretation Provision 30 stipulates that a people's court shall refuse to accept or dismiss a case arisen from a decision rendered by the Trademark Review and Adjudication Board in accordance with a final and effective judgment. However, the provision does not apply if new facts or grounds have been introduced by the decision.

The newsletter is not intended to constitute legal advice. Special legal advice should be taken before acting on any of the topics addressed here.

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