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Dear readers,

China is aware that it must make extra efforts, domestically and overseas, to appear more attractive for foreign investors.

Is that the reason why at the end of July this year, the State Council released the “Opinions on Further Optimizing the Environment for Foreign Investment and Increasing Efforts to Attract Foreign Investment”? We talk about it in the first article.

After a Recap of what you need to know about the non-use cancellation policy, we explain a case where the Court decided against a trademark owner: read what happened!

Do you know Ye Yongqing? He is a well-known Chinese artist who apparently... copied from a Belgian painter some of his work of art, becoming protagonist of one of the highest damage requests in a fine-art case in China.

For one that wins there's one that loses – here the case of Hong Kong based Johnson Electric and its Chinese name.

It was clearly not a well-known trademark: in fact, the protection for a well-known mark does not only consider the goods/services of that specific business scope but it could be extended to non-similar goods and services. In the article about Furla vs 付拉 (FULA) case, we also give some tips on how to achieve this status.

Have you ever wondered if it's really necessary to record copyright in China to have protection? Or if it's possible to record copyright if you're not the creator? Find the answers to these and other questions here.

We end this issue with a case involving the famous French designer Constance Guisset: read what happened!

But before closing, we are glad to let you know the names of HFG members chosen to serve on INTA Committees for 2024-2025 terms: good luck, team!

Keep reading during this nice autumn, check our social networks, like, and share!

COMMERCIAL LAW

China further boosts foreign investment



At the end of July this year, the State Council released the “Opinions on Further Optimizing the Environment for Foreign Investment and Increasing Efforts to Attract Foreign Investment” (State Council Document No. 11, 2023) (for short, the “Opinions”).

The Opinions expressly state to aim, among other things, at creating “a market-oriented, law-based, and internationalised first-class business environment” and “giving full play to the advantage of China’s vast market”.

In the midst of a shaky and not promising economic environment, the Opinions show that China is still counting on foreign investment to further boost its weakening economy. After having placed much effort in the development of its infrastructures, China had indicated enhancement of private consumption as the major tool to redress its economic downturn.

In addition to that, and maybe also to compensate the loss of image of the country overseas as a primary destination for investment, China is now aware that it must make extra efforts, domestically and overseas, to appear more attractive for foreign investors.

The Opinions recognise and affirm the role of foreign investment as a tool to further open up to the outside world and construct a new system for an open economy with Chinese characteristics.

Compared to the past, the image that China wishes to convey is that of a country that is more selective when it comes to attract investment.

Accordingly, the Opinions identify some key sectors and actions, towards which the efforts to attract foreign investment should be primarily directed. Those sectors and actions are:

- ▶ biopharmaceutical sector (and, in particular, foreign-invested enterprises conducting clinical trials of cell and gene therapy drugs), by optimising the application process for the registration of production drugs transferred to China from overseas;
- ▶ advanced manufacturing;
- ▶ modern services, by having foreign-invested enterprises playing a demonstration role of opening-up pilot;

- ▶ digital economy;
- ▶ vocational education and training, by supporting the collaboration with training institutions and schools.

The Opinions also indicate a gradual opening in the sector of equity investment and venture capital, by encouraging an expansion of the areas where foreign-invested enterprises could pilot such activities.

The beginning of an opening may be seen also in the sectors of added-value telecommunication services, where examples are indicated in the domestic Internet Virtual Private Network business (with foreign equity not exceeding 50%), information services (limited to app stores, excluding online publishing services) and Internet access services (limited to providing Internet access services to users).

Finally, according to the Opinions, support should be given to foreign-invested enterprises wishing to establish research and development centres in China or collaborate with domestic enterprises on technology research and development and industrial application or undertake major scientific research projects in China.

Showing sensitiveness to foreign enterprises’ complaints, the Opinions reiterate the importance that foreign-invested enterprises be granted a same level playing-field with domestic enterprises in government procurement activities – this is a topic that has often been raised by foreign investors and agencies in China representing their interests –, as well as a supported participation in standard formulation work, on an equal footing with domestic players.

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The Opinions stress the importance of improving the mechanism for protecting the rights and interests of foreign-invested enterprises, in particular in the field of intellectual property rights (patent infringement disputes and enforcement of administrative rulings) - and with a special mention of intellectual property rights in the procurement of pharmaceuticals and medical consumables - and of the standardisation of the formulation of foreign economic and trade policies and regulations (by enhancing transparency and predictability and hearing foreign investors' opinions).

Acknowledging the decreasing number of foreigners resident in China, the Opinions also link the activities of foreign-invested enterprises with the presence of foreign experienced employees and managers, thereby also confirming that foreign investment cannot be efficiently boosted if foreign personnel is not more easily allowed to work legally in China.

The Opinions, therefore, recognise the importance of optimising the policies for the stay and residence of foreign employees of foreign-invested enterprises, in particular executives and technical personnel (and their families), and facilitating the application for permanent residency for foreign senior management and technical personnel.

Realising the importance of having a clear and predictable legal environment with respect to data flow, the Opinions also indicate that qualified foreign-invested enterprises should be placed in a position to efficiently conduct safety assessments in respect of the outflow of important data and personal information.

In this field, Beijing, Tianjin, Shanghai and the Guangdong-Hong Kong-Macao Greater Bay Area may be more supported in the implementation of data outflow safety assessments, personal information protection certification, and standard contract filing for personal information outflow.

On the taxation side, the Opinions aim at encouraging foreign-invested enterprises to reinvest their profits domestically, by implementing the policies of temporarily not levying a withholding tax on profits reinvested domestically by foreign investors.



Surprisingly, the Opinions also mention the implementation of tax preferential policies for foreign-invested enterprises. This may appear in contrast with the signs perceived from the past tax reforms, whereby tax treatment of foreign-invested enterprises was more and more equalised to that of domestic ones, in order to reduce and abolish the tax advantages of the former over the latter.

Also, the Opinions mention the need of providing guidance and assistance to foreign individuals for them to enjoy “*tax-exempt preferential policies for housing subsidies, language training fees, children's education fees, etc.*”.

This indication has already been taken into consideration and implemented by China’s Ministry of Finance and Administration of Taxation that, with a recent announcement (no. 29 of 18 August 2023) have extended the regime of non-taxable allowances for foreigners residing in China (mainly housing subsidies, language training fees and children’s education fees) until the year 2027.

Foreign investors can certainly welcome China’s will to further open up and improve its attractiveness for investments.

However, it will be important to see which implementation measures will be taken and when, especially in the sectors of public procurement, data export, visa and stay of foreign personnel, taxation of re-invested profits, before business confidence may be improved.

Marco Vinciguerra
HFG Law & Intellectual Property

IP CHINA

Non Use Cancellation: Recap of what you need to know



The registration of a trademark in China becomes every year more and more difficult. It doesn't sound like a news considering that in the last few years the number of trademark filings has passed the 9 million application per year.

The registry is exploding, and this makes the life complicated for new applicants which are seeking for IP protection.

What tools then do we have to "increase" our chances of success when filing a new trademark application? What to do against prior trademarks which would be considered (or have been already cited) by the examiner as prior registrations and thus obstacle to the new application?

For sure the Non-Use cancellation is one of the most common tools in this situation.

Indeed, this action does not require an active behavior from the applicant (of the NUC) which can be translated in an action easy-to-be-filed and which does not require special attentions from its applicant. It is rather the opposite where the burden is all on the trademark owner.

Once a non-use cancellation has been filed against an existing trademark, the trademark owner has a very tight period of time to reply to this action. The TM owner has 2 months period from the date of receiving the notification that a NUC has been filed against one (or more) of his trademarks.

✓ Does this period represent a mandatory deadline?

Absolutely yes. If the evidence of use are provided to the examiner one day after the deadline has expired, the trademark will automatically be cancelled by the registry without further notice.

This mean that if you receive a notice about a NUC against one of your trademarks, you should act as soon as possible to reply within the terms to such notice.

✓ What kind of evidence are needed?

Can be filed a NUC against one of my trademarks even though I just registered it and not used it yet? Well, let's check it out.

Evidence needed? Any evidence that can prove that your trademark has been used during the three years prior to the date of receipt of the notice of the NUC. You have now 2 months (and no one day more) to reply to this NUC.

✓ The evidence shall include but not be limited to:

1. Visible trademark on the goods, goods packages, containers, labels, etc. by means of direct sticking, engraving, printing or weaving, etc., or using the trademark in attached labels of goods, product specifications, instruction manual, price list, etc.;
2. Using the trademark in the transaction documents related to the sale of goods, including using the trademark in goods sales contract, invoices, bills, receipts, goods import and export inspection and quarantine certificate, customs declaration documents, etc.;
3. Using the trademark through the media such as broadcasting, TV, etc., or publishing the trademark in public publications, advertising and propagandizing the trademark or the goods designated by the trademark by means of billboard, posting advertisement or other advertising means; and
4. Using the trademark at exhibitions and expos, including providing the printing materials and other information using such trademark at exhibitions and expos.

✓ **Important:** all the evidence submitted to CNIPA should be better filed in original or as notarized copy (which means that the period to collect the evidence and proceed with the formalities is very tight).

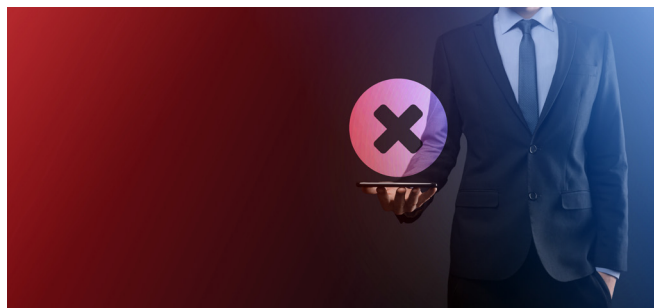
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✓ When can be filed a NUC?

The answer to this question is provided directly by the Trademark Law. A NUC can be filed against a registered trademark no earlier than three years before its registration. This means that if your trademark has been granted less than three years ago, it cannot be subjected to a Non-Use cancellation action.

As you may see from what above the NUC action is something to be always careful about.

The two months provided by the law to reply to this action are sometimes very tight and if there is no clear order in collecting these evidence during the whole life of a trademark, it could be a tough job to rush to collect the relevant material (and proceed to its formalities) within the deadline.



Our suggestion is to provide on a timely basis evidence of usage to your trademark agent and have them ready-to-be-filed if needed.

Antonio Lovecchio
HFG Law & Intellectual Property

IP CHINA

Supreme Court ruled against trademark owner



PRC Supreme People's Court recently made a decision in the retrial phase for trademark infringement dispute between Tianjin Zhong Zhuang Supply Chain Management Co., Ltd. (1st instance defendant, a Chinese company distributes counterfeit aloe vera gel, hereinafter referred to as "Zhong Zhuang") and NATURE REPUBLIC CO., LTD. (1st instance plaintiff, trademark holder of "NATURE REPUBLIC" trademark on aloe vera gel, hereinafter referred to as "NR").

In the retrial decision, SPC explained spirit of *"the defense of lawful sources of products"*, and stated that *"earning profits by repetitive litigation is not advocated"*, and, as a result, only ruling for cease of infringement but did not support the damage claims of NATURE REPUBLIC CO., LTD.

The background of the case is that Zhong Zhuang is selling counterfeit products that's infringing the trademark rights of NR, and the court supported NR's arguments of infringement compensation and reasonable expenditure for protecting trademark rights in both the 1st and 2nd instance.

However, during the retrial, Zhong Zhuang provided evidence of the source of products, and made the defense that they have exercised a duty of reasonable attention, and the court stated that:

1. Although NR filed the litigation claim that it should be compensated by Zhong Zhuang for the expenditure on the defense of its rights, it has never provided the relevant evidence, so NR should bear the legal consequences that are unfavorable to them.
2. Lawful source defense system on the exemption of bona fide sellers from liability, on one hand, is to incentivize bona fide sellers to actively disclose information on the source of the goods; on the other hand, is also based on the normal market order of bona fide sellers and protect their trust interests in the market transactions.

In this case, the infringing goods' purchase price and sales price are both low, the infringement circumstances and infringement consequences are relatively minor, and the company has explained the infringing goods provider, and it is giving favorable clues for NR to trace the source of infringement, and Zhong Zhuang has provided evidence to prove that it had fulfilled its duty of reasonable attention.

In this case, if Zhong Zhuang bears the rights expenditure, not only does it contrary to the principle of fairness, but also does not fully reflect the defense of lawful sources system's incentives and protection of bona fide sellers;

3. According to the database, based on the same infringing goods as in this case, NR has filed lawsuits against a large number of small and medium-sized sellers in more than ten provinces in continental China, and it can be considered as mass litigation.

In view of the fact that in mass litigation cases, the incurred reasonable expenses to stop the infringing acts is likely overlapped, and in order to prevent the compensation amount from being higher than the actual expenses, which resulting in the rights holders' multiple benefits, the reasonableness of the litigation claims should be assessed when reviewing and determining the expenses of individual cases.

And the court made a paragraph stating that:

"if IP owners use IPR 'protection' as a tool, 'litigation' as a method to make profits, not only doesn't it meet the purpose of IP protection, but also not conducive to the maintenance of the stability of the order of market transactions, moreover, to a certain extent, a waste of judicial resources, and such behavior should not be encouraged or advocated".

And as a result, the court did not support the damage claim of NR, and only made the judicial decision to the cessation of infringements and stockpile destruction.

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HFG comments

We would consider this decision represents a general attitude from SPC, that mass litigation against small and medium sized vendors of counterfeiting goods is not advocated, as long as these vendors provided solid evidence pointing their fingers to their upstream seller (at least represents its attitude against NR).

First of all, IPR owners might question the fairness of defending their rights in China after reading this judgment, we would consider the court's decision was made not only in accordance with the law, but also in consideration of the purpose of the legislation and the policies of the government.

In this case, although Zhong Zhuang did sell the infringing products, however, the new evidence it presented of the source of the products in the retrial, which was recognized by the court, gives it a defense of liability. The defense of reasonable source is a protection of bona fide sellers of its trust benefit in the normal order of market transactions.

When the values of fairness and justice are on either arm of the balance, offsetting the damage on small and medium-sized sellers by demanding them to provide the source of their products and helping the right holder to trace the source of infringement helps the right holders to locate the upstream producer or large distributors, while protected the trust benefit of the small and medium-sized enterprises.

In this case, the court lower the bar for determining whether a defense for reasonable source might stand by raising a view of: *"in the determination of bona fide seller, the court should not be too harsh"*. And the court explained that this is taking the market trading habits of affordable cosmetics and professionalism of small and medium-sized business into account, especially when, some counterfeit product manufacturers will make the fake products having a really authentic appearance, and as a small company that is the distributor of such a product, it is also *"frauded"*.

In the litigations NR have filed, there are small businesses only have sold less than a dozen of infringing products in a year, but have to bear a greater responsibility for damages.

Secondly, although NR was found to have *"exploited intellectual property rights for profit"* and was *"reprimanded"* by the court, from the perspective of an intellectual property practitioner, we find NR's practice is actually quite rare.



A search in the database revealed that NR has initiated over 4,000 civil litigations in different courts in continental China, and in most of the cases it is claiming small amount of damage, and the defendants are mostly small-sized businesses.

At the same time, the Supreme Court also mentioned that in the process of NR's rights defense, the scope of compensation for the lawsuits filed against those defendants often overlapped (especially for the part of reasonable cost), and NR failed to provide evidence to prove the reasonable cost is solely spent for one single case.

Therefore, due to the lack of evidence to prove its claim, it is only lawful of the court not to support its claim for the corresponding amount.

Having said that, as trademark owners, what can be learned from the case is that it is important to consider the pros and cons of different ways in protecting the IPR.

HFG would conduct onsite-investigations for our clients, and try to locate the upstream merchants, or even to directly target manufacturing plants, thereby blocking possible future infringements directly at the source.

In conclusion, we can say that this case is a wake-up call for the trademark holders that's using litigation as their only method for trademark infringement disputes.

Trademark owners should carefully consider the ways of protecting their rights and retain evidence in time to ascertain the expenses incurred in the process, so that to avoid the compensation claims being unsatisfied, and to better exercise the trademark rights and effectively cease the infringements.

IP CHINA

Silvain wins a copyright dispute against Ye Yongqing



In 2019, Belgian artist Christian Silvain was informed by a gallerist in Amsterdam that a Chinese artist named Ye Yongqing was creating artwork very similar to his own.

Major artist of the contemporary scene, Christian Silvain was born in Eupen (Belgium) in 1950. In his 50 years of career, Silvain has taken part into no less than 450 exhibitions. His works are part of more than 70 museums around the world.

Ye Yongqing is a well-known Chinese artist, born in 1958 in a remote part of China's southwestern Yunnan province. Ye is part of the first generation of Chinese artists to be exposed to Western modernism, one of many influences that he has brought together to create his style.

As a young man, he studied painting from books and learned from the decorative styles of the older artists of the region. In 1978, he was admitted to the Sichuan Fine Arts Institute in Chongqing, where he's now a professor.

It was at an exhibition that Ye discovered the original works of Silvain and was inspired by them to the point of copying them, as he himself admitted.

When Silvain discovered Ye Yongqing's work, he realised that the Chinese artist had been copying his work for more than 30 years.



Left: Artwork by Silvain in 1990. Right: Artwork by Ye from 1994.

The style but also many symbols characteristic of Christian Silvain's paintings can thus be found in Ye Yongqing: sometimes only a few details differentiate the two artists. Both use square structures, graffiti, and some notable symbols such as red crosses, red dots, nests, birds and birdcages, children and planes, all appear in both of their works.

Silvain was also surprised to discover that the price difference between the two was almost 40 times. In Sotheby's or Christie's auctions, a painting signed by Ye Yongqing was sold for 400,000 euros, while Silvain's paintings were priced at only 5,000-15,000 euros.

Therefore, in 2020 Silvain filed for copyright infringement against Mr. Yongqing.

As a signatory to the Berne Convention, China is obliged to protect such works as work of art.

In China's current judicial practices, Copyright Law protects works of applied art as a type of works of fine art.

Chinese copyright law protects the original expression of the author, but not the thoughts reflected in the work itself. As a works of applied art, only its artistic quality is protected, that is, the original artistic shape or artistic pattern on the art, or in other words, the structure or form of the work of art.

An author that wants to protect a work of art under China Copyright Law shall not only meet the general constitutive elements of works, but also meet the conditions that their practicality and artistry can be separated from each other.

However, if practicality and artistry cannot be separated, the work of art cannot be protected by Copyright Law.

Christian Silvain argued that Ye Yongqing's paintings had a number of identities and similarities that, overall, constituted plagiarism as they were created later than Silvain's.

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Christian Silvain claims in the lawsuit are the following:

1. to order Ye Yongqing to immediately stop reproducing, distributing, and exhibiting his paintings; to stop reproducing his paintings on derivatives; and to destroy unsold infringing copies.
2. to order Ye Yongqing to publish a statement of apology to him in a prominent position on the homepage of Sina, Sohu, Tencent, Netease, Phoenix, Pengye, and other websites, as well as in the center-section of the People's Daily, the Legal Daily, and the Global Times, and other national newspapers and magazines to apologize and eliminate the influence.
3. to order Ye Yongqing to compensate him RMB 54 million (of which, RMB 42 million is the unlawful profit, RMB 12 million is presumed to be the unlawful profit, and fixed compensation).
4. to order that the litigation costs, notary preservation costs and other reasonable costs of this case be borne by Ye Yongqing.

In 2020, although Ye has admitted that he had been influenced by Silvain, he responded to the backlash by suing for defamation at a Belgian court, accusing him of violating his right to reputation.

On 15 October 2020, the People's Court Newspaper published the 'People's Court Bulletin', urging Ye Yongqing to appear in court: *"If he refuses to appear in court at that time without a justifiable reason, the court will hear the case in absentia in accordance with the law."*

On September 9, 2021, the Beijing Higher People's Court of the People's Republic of China issued a civil ruling indicating that Silvain sought damages of more than RMB 50 million from Ye Yongqing.

The "Facts and Reasons" section of the ruling states that Ye Yongqing has been continuously infringing Silvain's copyrights since he came into contact with Silvain's works in the early 1990s.

After this first ruling, Ye Yongqing appealed on the grounds of "objection to jurisdiction", which was rejected by the Beijing Higher People's Court and the original ruling was upheld.



Comparison of Selected Works by Ye Yongqing and Christian Silvain

Indeed, on August 24, 2023, the Beijing Intellectual Property Court announced a ruling for Belgian artist Christian Silvain against Sichuan Academy of Fine Arts Professor Ye Yongqing.

The Court ruled that Ye infringed the copyright of Silvain in his paintings and ordered Ye to pay Silvain 5 million RMB (640,000 euros), publish an apology in the Global Times newspaper and cease infringement apologizing to the plaintiff Silvain and eliminating the impact.

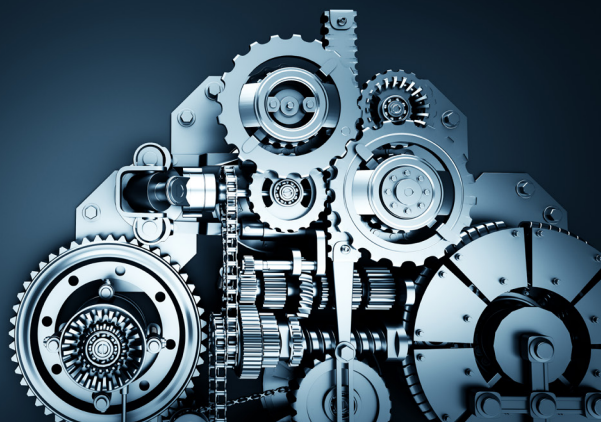
Beijing IP Court, however, dismissed the plaintiff Silvain's other litigation requests. If not satisfied with this judgment, both parties may appeal to the Beijing Higher People's Court.

This is believed to be the highest damages award in China in a fine-arts case and currently both artists did not file any appeal yet.

Laura Batzella
HFG Law & Intellectual Property

IP CHINA

Hong Kong Johnson Electric loses an infringement case



Johnson Electric Industrial Manufactory Ltd (hereinafter Johnson Electric) is a Hong Kong company born on April 25th, 1960.

Its business core is to manufacture electric motors in continental China, via several affiliated companies, with the first one created in 1992. These affiliates use "Johnson" as their English trade name and the Chinese characters "德昌" (pinyin: Déchāng) as their Chinese trade name.

Ningbo Dechang, the defendant, is a small household appliance manufacturer located in Ningbo, Zhejiang province. Ningbo Dechang has been using "德昌" as its trade name since its inception on 21 January 2002.

Johnson Electric initiated a litigation before the Ningbo Intermediate Court on the ground of unfair competition, requesting an injunction to change the defendant's trade name, and damages for an amount of 100 million yuan.

The Ningbo Intermediate Court dismissed the case and Johnson Electric appealed before the Zhejiang High Court, reducing its claim to 30 million yuan.

On April 6th, 2023, Zhejiang High Court, issued the decision in this unfair competition case.

The Court upheld the first-instance decision and claimed that, with reference to the influence, the Court found that the evidence of Johnson Electric's affiliate companies' use of the litigious trade name, prior to the creation of Ningbo Dechang in 2002, was only localized in continental China, generating an impact in the electric motor industry.

However, Zhejiang High Court determined that the sign Johnson Electric had actually been using on its products was the sign in Latin character "Johnson Electric" and not the contested trade name 德昌.

The Court found the sign used by Johnson Electric and its affiliated companies (shown in figure above) to be quite different from the litigious name. Thus, there was no established link between the name "Johnson" and the characters "德昌" that could give rise to confusion.

Furthermore, the main business of Johnson Electric was the manufacturing of motors, and related electro-mechanical components for automobiles, whereas Ningbo Dechang focused on manufacturing vacuum cleaners and components.

Both company marketing channels and the consumer bases were different. Johnson Electric was the biggest buyer of the products manufactured by its affiliated companies, while Ningbo Dechang's household appliance products were sold in continental China. Therefore, the chance of confusion was considered slim.

Zhejiang High Court concluded that the use of "德昌" did not constitute unfair competition on Ningbo Dechang side.

Lastly, proving the likelihood of confusion is essential for article 6 of the unfair competition to apply. The fact that the defendant company had the same trade name was not enough to establish that there was misleading.

The plaintiff had to prove that the name had acquired a certain reputation in China and that the defendant was committing "confusions acts". Given that, the plaintiff only proved that there is a very limited use of this subject trade name.

Since there was no confusion, there was no infringement. The courts, therefore, dismissed the claims.



Sign used on Johnson Electric's products.

IP CHINA

Well Known Trademark achievement: Furla vs 付拉 case



Furla is an Italian brand born in 1927 from the creative mind of Aldo and Margherita Furlanetto. The brand's beginning was eventually to grow into a world-renowned leather-goods brand. In 1955, Aldo opened the first Furla store on Via Ugo Bassi in the heart of Bologna. Later, when the shop was passed to his children, the first collection of bags marked with the Furla logo was launched bringing the brand to have a skyrocketing growth.

The brand expanded to the point to cover no less than 63 foreign markets from Europe to Asia and the United States, with 5 subsidiaries, 319 single-brand Furla boutiques positioned on the most important international shopping streets and 1,290 sales outlets from shops to department stores.

In late 2008 the company also inaugurated its pan-European web boutique and an international expansion plan that saw the opening of major flagship stores in Rome, London, Hong Kong, and Beijing.

Regarding the Chinese market and IP protection, FURLA S.P.A. since 2012 widely protected its own brand registering the trademark FURLA, in Latin characters, and its Chinese transliteration “芙拉” in many classes such as 18, 25, 35 which are the main ones for fashion brands.

In 2021, “FURLA S.P.A.” filed some opposition actions against the published marks, “CHRISFURLA” (No. 46736281, Class 18), “付拉” (FULA No. 47654332, Class 25) and “凯芙拉” (KAIFULA No. 38674099, Class 18).

The arguments used by Furla focused mainly on the fact that the opposed marks constitute “similar marks over similar goods” compared to the opponent's cited marks, “FURLA” and/or “芙拉”. Also, the trademarks “FURLA” and/or “芙拉” have acquired high reputation in China; and that those two trademarks have established sole relationship through long-term and extensive use and promotion.

At the beginning of 2022, the CNIPA supported Furla argumentations and decided to recognize the well-known trademark status of “FURLA / 芙拉” and rejected the opposed marks.

Finally, the CNIPA held that registration and use of the aforementioned marks will damage the business interests of FURLA / 芙拉, which have acquired a high reputation amongst Chinese consumers.

What is a well-known trademark?

Well-known trademark status means that the mark has acquired high reputation and influence among the public through extensive and continuous use. This is based on a broader scope of protection that is given on a case-by-case basis.

The protection for a well-known mark does not only consider the goods/services of that specific business scope but it could be extended to non-similar goods and services.

However, the extension of the protection scope can also depend on the degree of the well-known status as well as the distinctiveness of the mark.

How to achieve this status?

Brand owners should have their trademark registered in China for at least two years prior to the filing date of the opposed or canceled mark.

Usually, a well-known mark should be used in China for at least five years prior to the filing date of the opposed or canceled mark.

The similarity between the subject mark and the opposed mark should be high.

The designated goods/services of the two parties should be “dissimilar” according to the Chinese Classifications but have related so that the opposed trademark can “mislead” the public.

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Also, brands and clients need to provide evidence. Evidence is an important step in order to achieve this status. Evidence of brands trademark in China determines the use and reputation of the mark in the territory.

Indeed, great value is to regularly maintain and categorized the evidence database by the trademark attorney for the brand owner.

The recognition of well-known trademark is on a case-by-case basis, it is possible that one mark is recognized as well-known mark in one case but fails in another. The reason why this happen is due merely to situation when the filing date of the opposed/disputed mark is different and therefore the period of required use evidence is different, or the connection between goods and services is different or the similarity between trademarks.

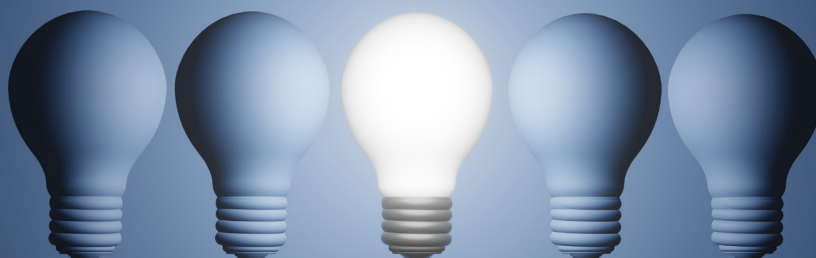


In general, it is better for the brand owner to base the opposition action also on other grounds such as bad faith, unfair competition etc. and not only claiming the well-known status.

Laura Batzella
HFG Law & Intellectual Property

IP CHINA

Copyright recordation in China. Is it necessary?



Very often companies making business in China wonder whether a work of art shall be recorded before the competent authority or the legal protection is automatically generated when the work itself is created.

This is a very interesting question, also because its answer goes – counterintuitively - into opposite direction of the trademark protection.

Trying to clarify the copyright protection in China, we will make comparison and reference to the trademark registration which is probably a more known concept.

For trademarks, in China, the legal protection is generated at the moment of the approval by the China National Intellectual Property Office (CNIPA).

The validity of a trademark lasts 10 years from the registration date and it is renewable - tendentially ad infinitum - for further periods of 10 years. However, the trademark (if not well-known) offers protection only to the goods identical or similar to those designated in the application.

To this extent goods and services are divided into 45 classes (and in China also in hundreds of subclasses) that shall be selected at the time of filing the application making sure to indicate that products/services are properly covered.

For copyright, in China, the legal protection is generated when a work of art is created within the territory of China.

If the work of art is created abroad the legal protection is also starting from the creation but only if the country in which the work of art is created is a signatory of the Berne Convention (see [the Berne Convention for the Protection of Literary and Artistic Works](#)) or other treaties. Also, the copyright is not subject to goods or services designation and classes' differentiation.

Based on what above, we can conclude that for trademarks – in China – the registration is the moment in which the legal protection starts and exist, for the copyright the legal protection starts with the simple creation of the work of art.

Nonetheless, even if the recordation of the copyright is not essential to the existence and validity of the legal protection, it is warmly recommended for practical purposes. Indeed, if a copyright has to be used within a legal procedure (an infringement case, for example) the recordation simplifies largely the utilization.

How about the duration of protection of a copyright?

In this case the answer is strictly connected to the kind of work we are going to protect.

For moral rights such as authorship, right of modification and integrity, the protection is unlimited.

For moral rights such as right of publication, if the author is a legal person or if it is a work made for hire, the protection lasts 50 years, ending on 31 December of the 50th year after the date of first publication. If the work is not published within 50 years, it is no longer protected.

If the author is an individual, the protection lasts for the duration of his or her life, plus 50 years after his or her death, ending on 31 December of the 50th year. If it is a joint work, protection ends on 31 December of the 50th year after the death of the last surviving co-author.

For audiovisual work, the audiovisual producer enjoys 50 years' protection and has the right to charge third parties fees for reproduction, distribution, lease and communication through information networks for a period from the date when production is completed to 31 December of the 50th year after the production completion date.

Continue reading

For economic rights such as right of reproduction, distribution, rental, exhibition, performance, projection, broadcasting, communication via information networks, adaptation, translation, composition and other rights to which a copyright owner is entitled, if the author is a legal person or other organization, or if it is a work made for hire, the protection lasts 50 years, ending on 31 December of the 50th year after the date of first publication.

If the work is not published within 50 years, it is no longer protected. If the author is an individual, the protection lasts for the duration of the author's life, plus 50 years after his or her death, ending on 31 December of the 50th year.

Another common issue is related to the usage that the creator of a copyrighted artwork is allowed to carry out (in case for example, the creator of a copyrighted artwork sells/transfers the copyright to another person/legal entity).

In this case, the exhibition rights of the original work belong to the owner, and its creator is no longer allowed to use the copyrighted artworks even though he is the original creator of the same. We strongly recommend to always obtain the owner consent before publishing/using any copyrighted artwork.

Knowing that obtaining a trademark registration in China is very difficult due to the huge number of the already registered trademarks, how difficult is to obtain a copyright recordation?

Also for this question, the answer goes in opposite direction from the trademark registration. The copyright recordation is rather simple. There is no substantial examination from the Copyright bureau and the only examination carried out is related to the document's preparation. It takes only few days to obtain a copyright registration certificate.



Last common question is related to the recordation of a copyright carried out by someone else and not its creator. What options do we have in China?

For trademarks, when this scenario happens, it is possible to file an invalidation procedure before the CNIPA. The CNIPA will carefully evaluate the rights of the plaintiff and, whereas enough evidence are provided, it may lead to invalidate the trademark registered by a third party.

For copyright there is no such administrative action. The only way to cancel a copyright recordation is through litigation and if the litigation is favorable to the plaintiff, it will be possible to apply for revocation of copyright registration based on the litigation judgment.

Antonio Lovecchio
HFG Law & Intellectual Property

IP CHINA

When Copycat Trademarks meet Prior Name Rights



The CNIPA recently invalidated a copycat trademark for “CONSTANCE GUISSET” registered in China in class 20 on the basis of prior name rights.

Constance Guisset is a French contemporary designer well known in the world of lighting and furniture design. In 2019, a Shenzhen based company, which is mainly engaged in the business of lighting and furniture distribution, filed an application to register the trademark “CONSTANCE GUISSET” designated to furniture goods. After the application is published, Ms. Guisset filed an opposition action but failed. The trademark was approved for registration in 2021.

Ms. Guisset then initiated an invalidation proceeding, submitting evidence to prove that there is a stable relationship between the designer and her name which has gained a certain degree of reputation in the furniture and home furnishing design industry; she also emphasized the facts that the counter party knows or should have known the designer’s name “Constance Guisset” as it used to sell a lamp that clearly copied the design of Guisset and used her name in the product description. In the invalidation decision, the CNIPA recognized the designer’s prior name rights to the name “Constance Guisset” and deemed that the disputed trademark could mislead the public with regards to the source of goods.

The registration of the disputed trademark, therefore, shall be invalidated based on the article 32 of the Trademark Law, i.e. 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.

According to the CNIPA’s 2021 Trademark Examination and Adjudication Guidelines, when a natural person’s name has established a certain degree of reputation and a stable corresponding relationship with the person, and the registration of a disputed trademark is without the authorization of the name owner thus may damage the name right of him/her, a prior name right can be cited to challenge the disputed trademark.

The protection scope of a prior name right shall be determined on a case-by-case basis and subject to the degree of reputation as well as the association between the designated goods/services and the domains where the name right owner is known.

Any trademark applicant that knowingly attempts to register someone’s name in order to free-ride his/her reputation shall be deemed as a prejudice on the name right of that person. It is encouraging to see that the CNIPA is becoming more supportive in attacking trademark filings with bad faith.

The decision shows the CNIPA’s increasing flexibility on this and highlights the importance of establishing the bad faith of an applicant by looking into their filing history and the actual use of the disputed marks.

Crystal Yulan Zhang
HFG Law & Intellectual Property

HFG NEWS

**HFG members chosen
for 2024-2025
INTA Committees**



We're glad to announce that our HFG colleagues have been selected to serve on INTA 2024-2025 Committees!

INTA is a global association of brand owners and professionals dedicated to supporting trademarks and complementary intellectual property (IP) to foster consumer trust, economic growth, and innovation.

Led by chairs and vice chairs, committees are streamlined into subcommittees that focus on specific topics or regions. Committee members collaborate on specific objectives that align with INTA strategic plan.

Congrats to **Antonio Maria Lovecchio**, **Crystal Yulan ZHANG**, **Reinout van Malenstein** and **Daniel de Prado Escudero**:

GOOD LUCK!

HFG Law & Intellectual Property

**Members of INTA's
upcoming 2024-2025 Committees**



Antonio Lovecchio
Geographical
Indications Committee

Crystal Zhang
Anticounterfeiting
Committee

Reinout van Malenstein
Internet
Committee

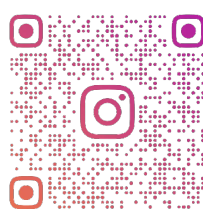
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Building Bridges
Committee



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