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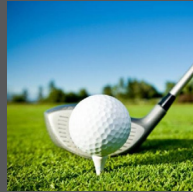
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Bulgari's snakehead enjoys copyright in China



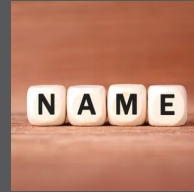
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Dear readers,

It's officially summer in the world. This new June GossIP Issue covers 4 interesting cases of infringement.

The first case is overturn made by the Beijing Court in favor of the Bulgari's Snake head which is protected as copyright against a trademark.

The second article deals with trademark infringement and unfair competition.

Despite all the efforts that China put against malicious filings, the Brita case reveals that trademark squatting is still quite frequent. But for the first time in China, this case clearly states that the abuse of trademark administrative

procedures by infringers constitutes unfair competition.

The third article covers the enforcement against counterfeit products: since the development of e-commerce and the convenience of online shopping have facilitated people's ability of selling and buying all kinds of counterfeit products, we explain what happened after the largest-ever raid against online sellers of counterfeit golf products in China.

A break then with the reading of the new Regulations for simplifying the Business Name Registration process to reduce business cost and stimulate market vitality, recently issued by the State Council, followed, to finish

with a tasty case, by a trademark infringement and unfair competition dispute about soup dumplings that took place recently regarding the use of the word "Nanxiang Xiaolong".

Enjoy the summer reading!

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IP China

Bulgari's snakehead enjoys copyright in China



Bulgari (stylized as BVLGARI) is an Italian luxury brand founded in Rome in 1884. Bulgari's iconic Serpente (snake) design has been used on its jewelry, watches, leather goods etc. The symbolic snake exudes a sense of seduction and boldness, and women have harnessed that spirit for decades.

In April of 2021, Beijing IP Court issued a favorable decision to Bulgari over an invalidation dispute against trademark No. 15911982 in class 18 (pocket wallets; imitation leather; etc.) filed by LIU Rongjun (a natural person) and consisting of a snake head very much similar to the most recent BULGARI snake head.

Previously on Trademark Office

Once aware of the trademark filed by Mr. LIU, Bulgari filed an invalidation against the disputed trademark on July 13, 2018 in front of China National Intellectual Property Administration (CNIPA). The decision was issued on April 28, 2019 and touched the following two issues:

- a. Whether the registration of the Disputed Trademark damages the copyright of Bulgari's snakehead design, namely constitutes the scenario of "*damage upon another party's prior existing rights*" stipulated in first paragraph of Article 32 of the Trademark Law;
- b. Whether the registration of the Disputed Trademark constitutes the scenario of "*preemptively registering a trademark that has been used by others and has a certain influence by improper means*" as stipulated in second paragraph of Article 32 of the Trademark Law.



As a matter of fact, CNIPA rejected the luxury brand claim. As regard to the first issue, it's not supported due to the lack of sufficient evidence to prove Bulgari enjoys the prior copyright to its snakehead graphic.

The second issue is not supported due to the lack of evidence as well. Therefore, Bulgari's invalidation request against the Disputed Trademark is not upheld by the CNIPA.

Overtured before the Beijing IP Court

Unsatisfied with the CNIPA's decision, Bulgari appealed with the Beijing IP Court. The Court overturned the previous decision issued by the CNIPA and supported the claims on damaging prior copyright enjoyed by Bulgari.

Specifically, the Court decision is based on below points:

- a. The snakehead graphic claimed by Bulgari has certain aesthetic significance, and its expressions has the originality in the legal sense. Therefore, the graphic should belong to the art works protected by the Copyright Law.
- b. Since 2011, Bulgari has promoted the products marked with the works involved in fashion magazines such as L'Officiel, Grazia, Marie Claire, Elle, Vogue, and Harper's Bazaar. Combined with its sales record generated in 2013, the evidence in the case can prove that Bulgari has legally enjoyed the copyright of the works before the filing date of the Disputed Trademark, namely Dec. 11, 2014.
- c. Thirdly, the evidence in the case can prove that Bulgari publicized and used the works on "bag", while LIU stated that he had also operated the business for "bag". Therefore, the business scope of both parties has overlaps. LIU has the possibility to have access to the works of snakehead graphic.
- d. The Disputed Trademark is substantially similar to the works of Bulgari's snakehead in terms of overall appearance, graphic composition and visual effect and has less originality.

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Therefore, the registration of the Disputed trademark violates the first paragraph of Article 32, namely damages the prior copyright of Bulgari's snakehead work, and shall be invalidated.

Main points on judging whether the Disputed Trademark has damaged the applicant's prior copyright

The above Bulgari case demonstrates the typical requirements on applying the protection of prior copyright. To better summarize:

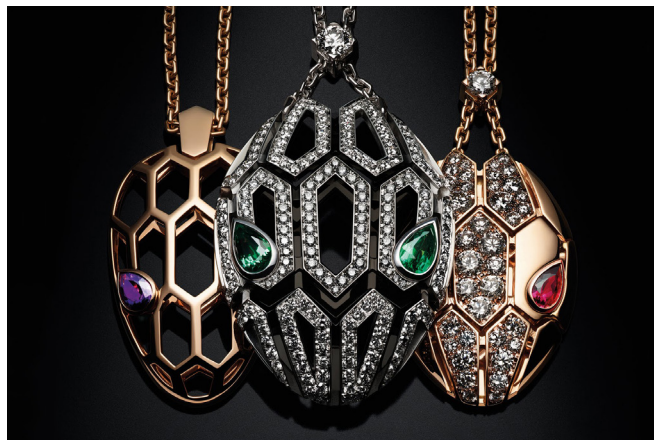
a. Whether it constitutes a work protected by Copyright Law and whether the applicant enjoys the copyright.

In trademark disputed cases, the most common object of copyright is art work. Usually, the art work should have both originality and aesthetic significance.

The fact of enjoying prior copyright can be proved by copyright registration certificate, prior publicly published material, etc.

Recently, in some cases, the qualified evidence of prior use of copyright formed outside China has gradually been recognized to prove the enjoyment of prior copyright considering China is one of the signatories of the Berne Convention.

Even if it still needs to be analyzed case by case, it is a good signal to foreign companies on protecting its rights.



b. Whether it meets the requirement of protecting prior right of the Trademark Law.

- Substantial similarity between the Disputed Trademark and prior copyright works.
- Existing the possibility of applicant to have access to the prior copyright works.
- No authority from the prior copyright owner.

The first paragraph of Article 32 is related to infringement of prior rights, such as the mentioned copyright, personal name, company name, title of the film or other works, design rights, domain name, etc.

When lacking the effective prior similar trademark rights to argue in the disputed cases, the application of Article 32 is a good alternative tool to avoid conflicts of rights and confusion of related consumers.

From the perspective of the right holder, it is also a good weapon to invalidate/oppose the malicious trademarks.

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IP China

Abuse of trademark procedures is unfair competition: The BRITA case



Heinz Hankammer has founded the famous water filtration brand BRITA in 1966. Nowadays BRITA distributes products to more than 60 countries including China, and the brand is getting more and more popular.

Recently, BRITA has won a trademark infringement and unfair competition case against a malicious trademark squatter in China, where the court supported its claim that the trademark squatter shall assume damage for its trademark infringement, false advertisement, and the costs borne by the Plaintiff due to Defendant's application, opposition and invalidation proceedings initiated with malice.

This case plays a significant role because it is the first case in PRC that clearly states that the abuse of trademark administrative procedures by infringers constitutes unfair competition.

Plaintiff:	BRITA GMBH (Trademark Owner) BRITA China Co., Ltd. (Solely owned subsidiary)
Defendant:	Shanghai Kangdian Industrial Co., Ltd. (上海康点实业有限公司)
Cause of Action:	Trademark Infringement and Unfair Competition
Court:	Shanghai City Minhang Dist. People's Court
Claims:	1. Confirm the trademark infringement conducted by the Defendant; 2. Confirm the unfair competition conducts of the Defendant; 3. Public apology on China IP Daily; 4. The Defendant assume damage for RMB 3 million.

In China, the earliest "BRITA" trademark (No. 631696; Class 11) was approved for registration in 1993. After that, BRITA GMBH has registered many trademarks on domestic and commercial water filters and related products and services under class 11 and class 35 successively.

The defendant, Shanghai Kangdian Industrial Company (Shanghai Kangdian) is a company set up in 2010. It applied 21 similar trademarks as BRITA since 2012 and some of them even got registered.

Afterwards, it made sale of its owned filters bearing BRITA's trademark on 1688.com claiming association with BRITA,

and also opened WeChat accounts using BRITA's trademark. Such accounts were cancelled due to complaint by BRITA but opened again 1 year later.

It starts challenging Brita GmbH's registered trademarks through administrative procedures, such as oppositions.

Enough of the harassment carried out by Shanghai Kangdian, BRITA GMBH and BRITA China filed a lawsuit before Shanghai City Minhang District People's Court against Shanghai Kangdian for trademark infringement and unfair competition on August 24, 2017.

The Plaintiffs have mainly submitted the following pieces of evidence to support their arguments.

- 1.** Evidence showing that The BRITA trademark has been known to the relevant public through the Plaintiffs' commercial use and advertising for years, including advertising newspapers, magazines, website pages, exhibitions related materials, sales data from Tmall, JD, No.1 Store and Dangdang, etc.
- 2.** Evidence of facts relating to the alleged infringement, including notarised evidence of sales and publicity on the defendant's WeChat and online platforms; evidence of the defendant's application for registration of the trademark; evidence of the defendant's request for invalidation of the plaintiff's trademark and the opposition proceedings.
- 3.** Evidence showing the plaintiff's reasonable costs, including invoices etc.

Trademark Infringement Claim

The court found that Defendant made unauthorized use of BRITA trademarks on its products, online stores and WeChat accounts, constituting trademark infringement.

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Unfair Competition Claim

1. False Advertising

The court held that the use of BRITA trademark on the defendant's Wechat account, claiming association without the plaintiff's authorization has constituted false advertising.

2. Trademark Squatting and Abuse of Opposition Proceeding

The court also held that the defendant's conduct disturbed the market order, and made damage on plaintiff's legitimate rights. Such act violated Art. 2 of Anti-Unfair Competition Law.

The court found that defendant, as a competitor in the same industry, was established in the year 2010, which is much later than the date of BRITA's first Chinese trademark ("BRITA" in 1993).

While since 2012, the defendant has applied in total 21 trademarks same or similar to the plaintiff's trademarks (a comparison of both parties' trademarks can be found at the end of this article).

All the trademarks were rejected or claimed to be invalid after examination of the CNIPA.

Among these trademarks, the invalidation of the trademark took 德碧然德 about eight years, and during which the defendant has used this trademark as cited trademark and has filed one invalidation action and six opposition actions against the plaintiff.

After many time-consuming administrative procedures and related litigations, although the plaintiff's relevant trademark rights have been safeguarded, its normal business activities have been seriously disrupted.

The court pointed out that trademark opposition and invalidation actions are procedural arrangements given by the legal system for commercial entities to obtain and safeguard their trademark rights and interests.

However, commercial entities must exercise their relevant rights under the law properly, and must not use the legal system to achieve illegal purposes.

For present case, the Plaintiff has already made prior registration of its trademark and acquired certain level of market awareness through actual use, therefore enjoys prior legitimate right on its trademarks.



The plaintiff, as a latter company in the same market, knowing the great value of Plaintiff's trademarks and brands, shall respect its prior rights and fructus industrials and made competition abide by the law and commercial morality.

However, apart from the trademark infringement and false advertising, the Defendant damage Plaintiff's prior rights by making trademark squatting and abusing of opposition and invalidation proceedings.

The court found that the Defendant's conduct of trademark squatting and abuse of opposition proceedings is mere a part of its large-scaled and comprehensive infringement scheme, serving its purpose in infringement.

The substance of such conducts is freeriding the goodwill of its business competitor, setting up barriers to disturb its competitor's normal operation, so as to damage Plaintiff's competitive edge and build up its own competitive edge. Such malice is obvious.

Trademark owners are quite disturbed by squatters in China, where they are entangled in endless opposition/invalidation proceedings, yet they cannot attack them unless the squatter made actual infringement nor abuse their trademarks.


In 2018 we've seen the Bayer case stipulated that trademark squatters making malicious complaints against trademark owners would constitute unfair competition (Coppertone case).

In 2021, we have the BRITA case stipulating that an infringer's abuse of application/opposition/invalidation proceedings, if it serves its infringement scheme as a whole, it would constitute unfair competition, and shall assume damage borne by the trademark owner.

Though still abide by the general rule that trademark squatting without actual infringement alone shall be dealt with administrative procedures, Chinese courts seemed to be contracting the space for trademark squatters step by step.

Continue reading

A comparison of both parties' trademarks

The Plaintiff's trademarks	The Defendant's trademarks
 <p>Class 11</p>	 <p>Class 21</p>
 <p>Class 11</p>	 <p>Class 21; 35</p>
 <p>Class 11</p>	 <p>Class 21; 35</p>
 <p>Class 11</p>	 <p>Class 35</p>
 <p>Class 11</p>	 <p>Class 35</p>
 <p>Class 11</p>	 <p>Class 21</p>
 <p>Class 11</p>	 <p>Class 3; 35</p>
	 <p>Class 21; 35</p>
 <p>Class 11; 35</p>	 <p>Class 3; 21; 30; 35</p>
	
	<p>Class 21</p>

IP China

Record breaking
Hole-In: 42 years
imprisonment!



The US Golf Manufacture Anti-Counterfeiting Working Group recently released the news that, following their largest-ever raid against online sellers of counterfeit golf products in China, Shanghai Pudong Court has sentenced 15 defendants to a cumulative total of 42 years imprisonment and total criminal fines of 3,734,000 RMB (approximately 574,000 USD).

The US Golf Manufacture Anti-Counterfeiting Working Group, which includes well-known brands such as Callaway, Cleveland Golf, Ping, PXG, Taylor Made, etc., is an industry watchdog association formed in 2004 aiming to support international law enforcement against counterfeit golf equipment.

The historic enforcement action took place in 2020 and was carried out by more than 100 police officers in 4 Chinese cities.

10 facilities including manufacturers of clubheads, suppliers of shaft and grip, assembling workshops, shipping centers and online sellers, were raided simultaneously in order to avoid tip-off from among the targets.



Source: www.keepgolfreal.com

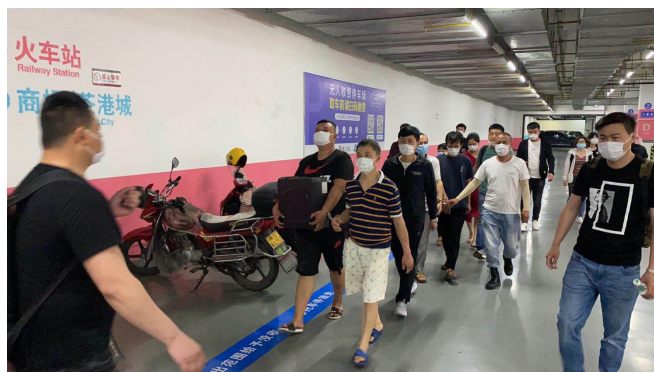
More than 120,000 pieces of golf equipment bearing the trademarks of TaylorMade, PXG, Ping, Callaway and more were seized.

The total value of the confiscated goods is over RMB 121 million (1.8 million USD).

15 defendants were detained and arrested later for their roles in the counterfeiting and selling of counterfeit products.

Less than a year after the raid, the verdict of the case was issued in early 2021: 15 defendants were found guilty, among which 13 were convicted for their crime of producing counterfeit products bearing registered trademarks and 2 were convicted for the crime of selling counterfeit products.

It is reported that a 16th defendant was also prosecuted as part of this case, but the outcome of the trial is yet to be announced.



Source: www.keepgolfreal.com

“We are very pleased with the outcome in this case, and we hope it serves as a strong message to any potential counterfeiters and sellers of counterfeit golf products in China or elsewhere that this behavior will not be tolerated.

We will continue to work closely with law enforcement across the globe to take down these counterfeiters, eliminate the selling of these fake products, and protect golfers everywhere” said Jud Hawken, Associate General Counsel for PING in a press release announcing the verdict of the trial.

The development of e-commerce and the convenience of online shopping have facilitated people’s ability of selling and buying all kinds of counterfeit products.

Continue reading

With a degree of anonymity and the easy means of shipping, sending products directly to individual consumers has helped to maintain the flow of counterfeit products internationally.



Source: www.keepgolfreal.com

According to the Working Group, more than two million counterfeit golf gears are produced every year, most of them are produced in China and sold globally through online platforms.

Going back to this case, the raid action, which combined online and offline enforcement, was taken as a signal of Chinese law enforcement's increasing willingness, especially under the background of the pandemic, to cooperate with foreign brands to crack down on counterfeiting, and the verdict hopefully has sent a strong message to any potential counterfeiters and sellers in China that such behavior will not be tolerated.

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Business

More freedom to choose company names



The Regulations on the Administration of Business Name Registration (hereinafter referred to as "*the Regulations*") was issued on 28 December 2020 and came into effect on 1 March 2021.

The reform of the business name registration system is in line with the "*decentralization*" reform (i.e. simplifying and decentralizing government, combining management and administration, and optimizing services) presented during the 13th Five-Year Plan period.

Many of us might be familiar with the prior system based on the principle of a "*first pre-approval, then register*" process of business names for new company applications.

However, with the growth of new enterprises and the development of the economy, the old process can hardly meet the requirements of the business environment.

Consequently, to reduce business cost and stimulate market vitality, the State Council issued the Regulations for simplifying the Business Name Registration process.

The eye-catching change of the regulation is that it established a system for the self-declaration of enterprise names.

The registration of enterprise names has been changed from pre-approval to self-declaration (Article 16). Entrepreneurs now can submit their business name through a system for the self-declaration. Individuals can log in to the system and search, select, and declare a name for their business.

The highlight is that the system will automatically do a primary check for the registrability of the business name, but leave the final choice to the applicant whether to modify the name according to the suggestion of the system or to keep the original name.

Nevertheless, when handling the enterprise registration, the enterprise registration authority may still reject the proposed name if it fails to comply with the Regulations.

The system of self-declaration of business names provides entrepreneurs rights to choose the name they want to use, and also improves the efficiency of business name examination.

Previously, it takes about 10 working days for the authority to approve a business, while applicants can have immediate feedback now. This amendment also shows that the enterprise registration authority starts to shift from a regulatory body to a service provider.

Additionally, the Regulation has improved the basic rules for enterprise names. The Regulations improved the basic elements and composition of enterprise names (Articles 6 to 10) and has refined the prohibitive requirements for enterprise names (Article 11).

The Regulations set out nine circumstances for disqualified business names, including business names that may undermine the dignity or interests of the PRC, or likely to deceive or mislead the public, etc.

The regulation also set strict guidelines for the use of the terms such as "*China*", "*branch*" and "*Central*".

Lastly, it is worth noting that foreign-invested enterprises no longer enjoy special characteristics in name registration, and are allowed to use "*China*" within their names.

This trend is in line with other amendments to laws and regulation that treat foreign-invested enterprises and local market entities equally.

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IP Law

Hot and tasty: the Nanxiang Xiaolongbao case



Shanghai is a city known not only for its epic skyline, extravagant people and architecture but also for its world's famous soupy dumplings named "Xiao Long Bao" (小笼包).

These soup dumplings are the main characters of a trademark infringement and unfair competition dispute that took place recently regarding the use of the word "Nanxiang Xiaolong" (南翔小笼).

Nanxiang Xiaolong (南翔小笼) is a landmark snack in Shanghai. For a long time, "Nanxiang" brand's popularity has been expanding, and won the honor of "time-honored Chinese brand".

However, what many diners do not know is that there are actually two companies in Shanghai that use the "Nanxiang" (南翔) trademark at the same time. One is a restaurant and the other is selling frozen goods.

In August 2020, litigations were brought by both parties against each other, respectively in Pudong Dist. Court and Yangpu Dist. Court.

Court	Shanghai City Pudong Dist. Court	Shanghai City Yangpu Dist. Court
Plaintiff	1. Shanghai Yu Yuan Nanxiang Steamed Buns Co (上海豫园南翔馒头店有限公司) 2. Shanghai Old-Town Temple Restaurant (Group) Co (上海老城隍庙餐饮(集团)有限公司) [hereinafter collectively referred to as Yu Yuan]	Shanghai Nan Xiang Food Co., Ltd. (上海南翔食品股份有限公司) [hereinafter referred to as [Nan Xiang Food]]
Defendant	Shanghai Nanxiang Food Co. Ltd. (herein Shanghai Nanxiang Food) and its 3 franchisers	Shanghai Yuyuan Garden Nanxiang Steamed Buns Co (上海豫园南翔馒头店有限公司) and its 3 associating parties
Cause of Action	Trademark Infringement and Unfair Competition	Unfair Competition

Judgement on both cases has been issued recently, where Pudong Dist. Court awarded Yu Yuan 2 million RMB damage and 342,000 RMB reasonable costs, and Yangpu Dist. Court rejected the claim of the plaintiff.

On the one hand, Yu Yuan is the owner of the trademark "Nan Xiang", approved in class 43 for "restaurant".



No. 772405 "Nan Xiang" trademark registered in 1994

On the other hand, Nan Xiang Food is the trademark owner of a different form of "Nan Xiang" in class 30 for "vegetable buns; Steamed dumpling. Spring rolls. Wonton; Nan Xiang Steamed Buns;"



No. 260205 "Nan Xiang" trademark registered in 1986

In 2019, Yu Yuan found that Nan Xiang Food is operating catering services, which is out of the scope of business of its registered trademarks.

During the operation of the restaurant, Nan Xiang Food used the "Nan Xiang" and "Nan Xiang Xiaolong" signs on the signboard, interior decoration, posters, tableware and other items.

Yu Yuan claimed that this action infringed his exclusive right to use the service trademark and also constituted unauthorized use of its service name with certain influence.

At the same time, Nan Xiang Food's use of phrases such as "100-year-old Nanxiang" in the advertisement also constituted false advertising.

Nan Xiang Food argued that they are the owner of "Nan Xiang" trademark in class 30 for "xiaolongbao, wontons" and other commodities. This trademark was also awarded "China Time-Honored Brand" in 2011.

In the meantime, Nan Xiang Food also has the right of using its tradename. And the use of "Nan Xiang" on the signboard refers to a geographical location Nanxiang Town.

Shanghai Pudong Court held that the service trademark held by the plaintiff and the commodity trademark held by the defendant are two different trademark categories.



Shanghai Yuyuan Garden Nanxiang Steamed Buns Co (hereinafter referred as Shanghai Yuyuan) and its stakeholder Shanghai Old-Town Temple Restaurant (Group) Co.

Usually, commodity trademark is used to identify the source of goods, and it is directly marked on tangible goods, while service trademark is used to identify service providers. Based on the intangible characteristics of services, it is often attached to the signs, tools and other goods related to services.

Nan Xiang Food's use of "Nan Xiang" on the signboard, tool for service and franchising went beyond the necessary scope of identifying themselves as source of goods.



The defendant frozen food

And on the premise of knowing that the Yu Yuan's service trademark has a high reputation, Nan Xiang Food still overstepped such boundary, resulting in confusion and misunderstanding, which constitutes an infringement on the exclusive right of Yu Yuan's service trademark.

At the same time, the court held that the goodwill obtained by the service name is inseparable from the goodwill carried by the registered trademark, so the anti-unfair competition law no longer provides the same protection in the field protected by the trademark law.

The trademarks of both parties coexisted for a long time, and both of them have been awarded "China Time-Honored Brand" and other honors. Both parties have made contribution to the good reputation of "Nan Xiang" brand, and the corresponding market structure and legal order have been formed and recognized and accepted by the public.

Therefore, considering the formation and development history of both parties and the coexistence of "Nan Xiang" trademark, it is not appropriated to regard the Nan Xiang Food's behavior as unfair competition of false advertising.

We learned that last month, Yangpu Dist. Court also made the unfavorable decision against Nan Xiang Food, rejecting all of its claims.

We look forward to seeing the court opinion when it's published.

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