



## EDITORS' PICK



**p. 2 IP CHINA**  
Turri vs Tulli: trademark and unfair competition



**p. 4 IP ASIA**  
Color and Trademarks:  
Japanese case of Louboutin



**p. 5 IP CHINA**  
No Change of Agent  
for Chinese Applicants



**p. 6 IP CHINA**  
And just like that Manolo  
Blahnik wins trademark back



**p.8 CORPORATE LAW**  
The supervisor:  
role and responsibilities

Dear readers,

We welcome the Autumn season with a double issue which contains many interesting contributions.

The first article deals with a problem that many foreign companies face in doing business in China: In fact, despite trademarks being registered or copyright being recorded in China, smart infringers can always find an easy alteration of infringement making the enforcement of such behavior more expensive and difficult. Here we explain the Turri vs Tulli case.

We talk then about the red sole case of Louboutin in Japan: It took 7 years and yet, the red sole of the famous French stylist has been rejected to be registered as trademark in Japan. Why? Read the second article to discover what's the reason.

The latest version of the Guidance for Trademark Examination and Trial introduced several new features to trademark procedural aspects. Among those, we shade here some light on the deletion of "change of trademark agent" for Chinese applicants. Luckily, foreign trademark applicants can still enjoy changing of the trademark agent.

In the fourth article we explain how Manolo Blahnik, the luxury shoe brand worldwide known for its role in Sex and the city TV show, won finally back its trademark 22 years later since when a Chinese person had registered the trademark in China in 1999.

The last article is a deep analysis of the roles and responsibilities of the supervisor in the Chinese companies: Very often, especially in foreign-invested companies, the position of supervisor is taken by a person (or persons) who is (are) not fully aware of the requirements and consequences of such a role. Read to know how to choose the right person to cover such a role.

Enjoy the reading! And if you liked it, share some thoughts in our social media: help us grow and give you the most up-to-date news on China and Asia IP!



## IP CHINA

### Turri vs Tulli: trademark and unfair competition



**Confusion behaviors refers to business operators who make false representation, description or promise of their goods or services by various untruths, or improperly use the intellectual work of others to promote their goods or services, causing misunderstanding among users or consumers, disrupting the market order, harming the interests of competitors in the same industry or the interests of consumers. Such behaviors remain a difficult and complicated legal matter for business operators in China, especially the foreign ones.**

Despite trademarks being registered or copyright being recorded in China, the smart infringers can always find an easy alteration of infringement making the enforcement of such behavior more expensive and difficult. In such occasions, the practioners will always look to Art. 6 of Anti-unfair Competition Law.

On March 20th, the Interpretation of the Supreme People's Court on Several Issues Concerning the Application of the Law of the People's Republic of China against Unfair Competition (hereinafter referred to as "the Interpretation") was officially enacted. The Supreme People's Court made further interpretation upon the confusion behavior regulated under Art. 6 of the PRC Anti-unfair Competition Law using 12 articles amongst 29. During the press release, the Supreme People's Court explained that in the Interpretation, Supreme Court specified the meaning and elements in considering "certain influence" in Art. 4 of the Interpretation:

The People's Court may determine that a distinctive mark with certain market popularity and distinguishing the source of the goods "has certain influence" as stipulated in Article 6 of the Law against Unfair Competition.

When determining whether a mark stipulated in Article 6 of the Law against Unfair Competition has certain market popularity, the People's Court shall comprehensively consider the factors such as the knowledge level of the relevant public within the territory of China, the time, region, amount and target objects for sale of the goods, the duration, degree and territorial scope of the publicity and the protection of the mark, etc.

In this article, The Supreme Court is saying: to render a business identifier, not registered as trademark (product name, product packaging or product decoration, company name, domain name, etc.)

qualifying as protectable under unfair competition, this business identifier shall be:

- ✓ Distinctive;
- ✓ Having certain market popularity;
- ✓ Can work as distinguishing the source of goods.

And to prove that a business identifier is having certain market popularity, one must provide evidence on:

1. How well you are known in the territory of China;
2. The status of the sales, including how long have you been selling, where have you been selling, amount of your sales and who are you selling to;
3. Advertisement and publicity: how long have you been advertising, and much have you invested in advertised, which areas have you been advertising;
4. Whether there were prior protections granted on your business identifiers
5. Others

The Interpretation also set a bar in Art. 13 of the Interpretation, reads below:

Where an undertaking has either of the following confusing acts, which is sufficient to cause people to mistake its commodities for others' commodities or to believe certain relations exist between it and others, the People's Court may determine it in accordance with Item (IV) of Article 6 of the Law against Unfair Competition:

- (I) using, without authorization, a mark that "has certain influence" other than those as stipulated in Items (I), (II) and (III) of Article 6 of the Law against Unfair Competition; or

*Continue reading*

(II) using others' registered trademark or unregistered well-known trademark as the trade name in its enterprise name, so as to mislead the public. It seemed to us that the Supreme Court is trying to set a bar for those infringement where the court finds inappropriate, but difficult to confirm all the elements under Art. 4 of the Interpretation at the brand owners' side. With above indication, we would like to review a decision on unfair competition issued by Hangzhou City Xihu Dist. People's Court a few days after the enactment of the Interpretation<sup>[1]</sup>.

HFG successfully secured a favorable decision for Italian furniture brand TURRI ("the Plaintiff").



Defendant's product

Plaintiff's product

The Defendant here is a Chinese furniture company who is:

- ▶ Using a similar word mark "TULLI" as the Plaintiff during business operation (websites, WeChat accounts, trade fairs);
- ▶ Setting up a company with Chinese characters "图礼" (TU LI) having similar pronunciation as TURRI. These Chinese characters were never actively used by TURRI to represent its brand in China;
- ▶ Manufacturing and selling furniture highly similar with TURRI brand (with similar series names as the Plaintiff).

On the official website of the Defendant, 38 pieces of furniture were displayed, and 38 of them are identical / similar with TURRI products.

The decision of the court reads:

The business scope of the plaintiff and the two defendants includes furniture manufacturing, both parties have a direct competitive relationship. After long period of continuous publicity, the plaintiff has a relatively high reputation in the domestic furniture industry.

The evidence shows that over 30 pcs of furniture displayed on Defendant's website are basically visually indistinguishable with the product brochure of the Plaintiff. After entering the Chinese market, the plaintiff cooperated with domestic famous furniture designers to launch "乐 (乐)" and "蔓" series of furniture products, while the website is also using identical names to name their furniture. It would be easy for consumers to make confusion, mistakenly consider they are the products of the Plaintiff or having certain connection with the plaintiff, which is contrary to the principle of good faith and business ethics, its behavior is improper, constituting unfair competition.

The court quoted Art. 6 of AUCL in making this analysis.

The court confirmed the market awareness of the brand TURRI, however did not make analysis on the products itself. It merely said the products and the series names are highly similar, and avoiding the issue on whether the products themselves are distinctive and having certain influence.

Currently the case is pending appeal at Hangzhou City Intermediate Court, and we wait to see how the final decision comes out.

**Fredrick Xie**  
**HFG Law & Intellectual Property**

---

[1] Art. 29 of the Interpretation stipulated that The Interpretation shall apply to the cases that have not been finalized after the effectiveness hereof; and the cases that have been finalized before the effectiveness hereof shall not be governed by the Interpretation.

---

IP ASIA

## Color and Trademarks: the Japanese case of Louboutin



It took 7 years and yet, the red sole of Christian Louboutin has been rejected to be registered as trademark in Japan.

As you might recall from our last article the French luxury brand has been involved in a long-term dispute aimed to obtain the registration of its famous red sole.

On June 7, 2022 the Appeal Board of the Japan Patent Office refused to register Louboutin's red sole as a trademark arguing that the Pantone 18-1663TP-hued mark lacks the required distinctiveness to be deemed as an indicator of source for Louboutin shoes in the Japanese market. The Appeal Board stated that red soled shoes have been on the market for decades, even before Louboutin started offering up its pricey footwear in Japan in 1996.

Let's start from the beginning.

On 2015, Christian Louboutin filed a trademark application for a color mark consisting of a red (Pantone 18-1663TP) colored in soles covering high heels in class 25.

The JPO examiner refused the color mark based on Article 3(1)(iii) of the Japan Trademark Law by stating red color has been commonly used on shoes to enhance the aesthetic appearance and attract consumers of high heels. Red-colored heels and shoes have been widely sold before the launch of Louboutin shoes in 1996 in Japan until now. This said, the color mark has not acquired distinctiveness as a source indicator of Louboutin among relevant consumers in Japan. In the light of the above the mark has been rejected from registration according to the Article 3(2).

On 2019, Louboutin filed an appeal against the received refusal affirming the acquired distinctiveness of Louboutin's red soles as a color mark.

To demonstrate the acquired distinctiveness of the red soles, Louboutin conducted an online brand awareness survey to target 3,149 females, among which, more than the 50% associated the color mark with Louboutin.

This circumstance, according to the French shoes maker, made clear that Louboutin's red soles have acquired distinctiveness among relevant consumers and shall be registered under Article 3(2) even though lacking inherent distinctiveness.

Despite all the argumentation, the Appeal Board confirmed the color mark perse lacks distinctiveness in relation to the goods in question considering that a lot of shoes with

red-colored soles have been distributed by other shoemakers in Japan.

When talking about acquired distinctiveness, the Board affirmed that the survey was insufficient to admit acquired distinctiveness of the applied mark among relevant consumers nationwide. Indeed, consumers will be unable to distinguish Louboutin high heels from competitors' shoes just because of the red-colored soles without the aid of another source indicator.

---

**In addition to this, the Board argued that it would inevitably cause an excessive restriction to competitors allowing registration of a red color that has been freely used in the relevant industry to enhance the aesthetic appearance of shoes.**

---

Therefore, JPO declared that the color mark cannot be registrable.

Since April 1, 2017, due to a revision of the law, a trademark consisting only of colors can be registered in Japan. As a result, many brand, among which Louboutin, have struggled to secure protection for single color marks in Japan.

However, the position showed by the JPO is quite strict, as the present case confirmed, has taken the position that "registration is not permitted in principle for trademarks consisting of only a single color. If the use proves that the distinctiveness is generated, it will be registered". Which, clearly, is not what happen to Louboutin.

**Silvia Capraro**  
HFG Law & Intellectual Property

## IP China

### No Change of Agent for Chinese Applicants



The latest version of the Guidance for Trademark Examination and Trial (“Guidance”)<sup>[1]</sup> introduced several new features to trademark procedural aspects. Among those, today, we wish to shade some light on the deletion of “change of trademark agent” for Chinese applicants.

Luckily, foreign trademark applicants can still enjoy changing of the trademark agent (VIP treatment?).

The new Guidance has stipulated that once a trademark has been approved for registration, the trademark applicant “does not need” to conduct change of agency anymore (Part III – Chapter X).

Needless to say that we find this provision surprising: the professional trust relationship with a service supplier might need an update, a change and such crystallization looks not in line with the needs of companies and actual practice.

However, we feel that CNIPA might have some strong motivation in deleting the change of agent, therefore with humble attitude we do reckon the current situation and we focus on the consequences of such deletion.

First, change of agent is still allowed during the trademark registration process. To this purpose trademark registration process is closed with the granting of the trademark. So, change of agent shall be allowed during the appeal against preliminary refusal (also in its eventual judicial phases) and during the opposition period.

Second, a practical consequence of the impossibility to file the trademark agent change is that for the entire life of the trademark all the communications from the CNIPA to the trademark owner will be sent to the appointed agent at the time of filing. A bit of advice to trademark applicant: Chinese carefully such “life” partner.

We will monitor to understand what happen if the agency ceases its activity, change its company name or address or email or contact person. The rectification of such details shall be usually allowed.

---

Foreign applicants are allowed to file “change of file recipient” (literally). We have tried to file “change of agent” and our application has been rejected. However, CNIPA has graciously suggested to file “change of file recipient”.

---

In case of trademark disputes -such as invalidation, opposition non-use cancellation- the trademark owner should file the application of change of agent by way of filing supplement materials to the department that examine the case.

---

**One final remark: choosing a trademark agent is crucial in this current situation. Not only give the huge amount of registered trademark obtaining the registration requires a careful advising job, but also the agent will support the company in filing the trademark with CNIPA will be the recipient of all the communications from the CNIPA for the entire life of the trademark.**

---

If someone challenges the validity of the trademark by filing a non-use cancellation or an invalidation after several years after the registration, the trademark agent shall be ready to receive the communication and inform the applicant.

Don’t underestimate the trademark agent! Be careful who you appoint for such role.

**Fabio Giapello**  
HFG Law & Intellectual Property

---

[1] On November 23, 2021, the China National Intellectual Property Administration (CNIPA) published the Guidance for Trademark Examination and Trial (“Guidance”). The Guidance came into effect on January 1, 2022, and the Standard of Trademark Examination and Trial (“Standard”), in force since 2017, were repealed at the same time.

---



## IP CHINA

### And just like that Manolo Blahnik wins trademark back



After a 22 year long legal battle, Manolo Blahnik, the luxury footwear brand, finally got their trademark back in China. Manolo Blahnik was founded in 1970 by a Spanish designer named, big surprise, Manolo Blahnik. A Chinese person had registered the trademark in China in 1999. In June 2022 the Chinese Supreme People's Court ruled in favor of Manolo Blahnik.

### Worldwide popularity thanks to Sex and the City

Manolo Blahnik's worldwide popularity skyrocketed due to enormous support from Carrie Bradshaw (played by Sarah Jessica Parker) buying and wearing many different pairs of the shoes in various episodes and seasons of Sex and the City.

Would it be a coincidence that sex and the city first aired in 1998 and a Chinese person with the name of Fu Yuzhou consequently conducted the bad faith trademark registration in China in 1999? And is it a coincidence that after six seasons, two movies, and a 2021 sequel called 'And just like that...'; the Chinese Supreme People's Court in June 2022 has finally ruled that the registration of 'Manolo & Blahnik' is a bad faith registration?

The new series in 2021, combined with new bad faith trademark provisions in the Trademark law of 2019, might just have been the needed push to get the brand to win at the Supreme People's Court.

### If it looks like a duck

The Supreme People's Court ruled in favor of Manolo Blahnik and invalidated the registration of Fu Yuzhou's 'Manolo & Blahnik'. This is obviously the correct decision, as Chinese companies and individuals for too long have been rewarded with allowing them these bad faith trademark registrations and subsequent profits on leeching on the goodwill of foreign brands, whilst effectively barring these companies from entering the Chinese market.

Bad faith trademarks should in all fairness be looked at as ducks. If it looks like a duck, swims like a duck, and quacks like a duck, then it probably is a duck.

In many cases it is not rocket science. After all, it is impossible to come up for someone with a unique name for the same goods that is practically identical to the name of a person that founded an extremely popular brand in the world.

It is a very positive sign that the Supreme Court has adopted this new approach regarding bad faith trademark registrations.

### First to file versus bad faith

China is a first to file country. Normally, exceptions aside, the company to file a trademark first, gets the exclusive rights to that trademark.

Fang Yuzhou had registered the trademark "Manolo & Blahnik" in 1999, probably after having heard about this brand through Sex and the City. Manolo Blahnik started legal action in China in 2000. However, the company had problems with proving their use in China before 2000.

Naturally, the UK company should have registered their trademark for China back then, and clearly was too late. However, to have a person or company profiting from that mistake through a bad faith trademark registration is just not fair.

The actions that Manolo Blahnik has taken in the past 22 years include actions against Fu Yuzhou's trademark Manolo & Blahnik at the CTMO, TRAB, intermediate court, High court, IP court, again High court and Supreme People's Court. Only the Supreme People's Court ruled in favor of the UK company. Luckily for Manolo Blahnik this is the most important institution, and this decision is final.

*Continue reading*

The UK company has profited through changes in the law, doctrine and case law from 2019. The focus is more and more to get rid of bad faith trademark applications as these applications are not good for faith in the Chinese system, nor are they positive for the ever more and more fuller trademark database. Recent big wins at the Supreme Court also include Michaels Jordan's Qiaodan (the official Chinese name for Jordan in Chinese).

## **Finally able to enter the Chinese market**

Thanks to this ultimate win, Manolo Blahnik can finally enter the Chinese market with its popular word mark. After all, this would not be possible under a name which is registered as a trademark by someone else, as otherwise legal actions for trademark infringement, damages and destruction of goods would be a real danger. Changing the name obviously would not be desirable, as the goodwill that the name represents is one of the real reasons consumers buy the goods.

As China adopts a strict COVID-zero policy, and Chinese consumers are not traveling much overseas, the win is significant as the company can finally start selling its iconic shoes under 'Manolo Blahnik' on the Chinese market.



Important lessons for businesses: register and fight now

In case you have not registered your trademark for China, remember to register it asap. The rule is still that of first to file: whoever registers the trademark first, gets it. Ideally, you don't want to rely on exceptions to this rule and long legal battles in order to get the trademark back later. If you have had dealt with bad faith trademark registrants from China in the past and lost, now is the time to get u and fight.

The Chinese trademark environment regarding the tackling of bad faith has improved lots, let us use the momentum and get more trademarks back.

**Reinout van Malenstein**  
HFG Law & Intellectual Property

## CORPORATE LAW

### The supervisor: role and responsibilities



Unlike the position of shareholder and director, whose role and functions is more immediately known and comprehensible to laymen, that of supervisor are very often underestimated, misconceived, if at all overlooked. Very often, especially in foreign-invested companies, the position of supervisor is taken by a person (or persons) who is (are) not fully aware of the requirements and consequences of such a role.

As a matter of fact, such a position and role in PRC companies may turn out to be crucial in certain circumstances.

In this article we try to briefly describe the role, functions, duties and liabilities of PRC company supervisors, as set forth in the company law of the PRC (the “Company Law”). This short analysis focuses only on supervisors of private companies (leaving out the relevant provisions applying to PRC state-owned companies).

According to the Company Law, PRC companies are required to appoint a board of supervisors consisting of no less than 3 members. Only limited liability companies with a relatively small number of shareholders or which are relatively small in scale may appoint 1 to 2 supervisors instead of a board. Supervisors are appointed by the shareholders and their actions and role are independent from those of the directors.

If a board of supervisors is appointed, it must include representatives of the shareholders' representatives and representatives of the employees (elected by the employees) in the ratio prescribed by the law. In practice, most private limited liability companies do not appoint a board of supervisors, but very often only one supervisor.

Due to the specificity of their duties, supervisors cannot be selected amongst the directors or senior management personnel of the company.

**The supervisors' main role is to protect the interest of the company and the shareholders. In exercising their role, the supervisors will above all be required to oversee the business of the company; for such purpose, supervisors have the right to check the financial affairs of the company and inspect the company's books. In general, whenever they find that the company is not running normally, supervisors are required to conduct an investigation.**

Supervisors are also required to oversee the performance of the directors and other senior management personnel of the company; if a violation of the law, provisions of the articles of associations or resolution of the shareholders is committed, causing harm to the interests of the company, supervisors have the right to require corrections to be made, propose that directors or other senior personnel be removed from their position, and even file a lawsuit against them on behalf of the company where so requested by the shareholders. Directors and senior managers of a company are required to cooperate with the supervisors and provide them with any information and materials the supervisors may request.

Supervisors play a more active role when, under specific circumstances, they are required to supplement the functions of the directors. In particular, this may happen where directors fail to convene or preside over shareholders' meetings; in such event, supervisors are required to call, and preside over, the meetings. In other circumstances, supervisors may also propose to call interim shareholders' meetings and also put forward proposals at shareholders' meetings.

Supervisors are also required to attend shareholders' meetings when so required by the shareholders. Similarly, supervisors may attend the meetings of the board of directors as non-voting attendees, and may raise questions or suggestions about the meeting agenda discussed by the board of directors.

The foregoing describes the normal powers of the supervisors as provided for in the Company Law. The shareholders may agree to extend the powers of the supervisors by establishing different provisions in the articles of association of the company.

*Continue reading*



Supervisors play an important role within the company as they ensure that the activities of the company are actually carried out in the interests of the company and in accordance with the articles of association and the law.

One of the reasons why this role and function are often not given all the attention they deserve within the organisation of foreign-invested companies in the PRC is that very often in these companies people who are entrusted with management positions are selected amongst persons well-known to, and in close contact with, the investor(s), thus rendering the supervision of their activities less immediately necessary.

This is particularly true for those foreign-invested companies that have a sole shareholder and that actually already exercises a strict form of control over the company's activities.

---

**However, the situation changes drastically for those companies that are invested by more than one shareholder (and even more in case of foreign shareholders) and where the composition of the board of directors is likely to reflect the plurality of the shareholders and their interests.**

**In such cases, a supervision of the management's operations and activities acquires a greater importance and, consequently, choosing competent and qualified supervisors provides an additional protection.**

---

Like the directors and senior managers of a company, supervisors are required to comply with the laws, administrative regulations, and relevant provisions of the articles of association of the company. They have a duty of loyalty and diligence towards the company. Whenever a violation is committed by a supervisor in the performance of his/her duties, the supervisor will be liable for compensation of any if any damage caused to the company.



Supervisors who are members of a board must hold meetings annually (every 6 months for companies limited by shares) and may convene interim meetings whenever necessary.

It is worth noting, also, that where a supervisor resigns during his/her term of appointment and causes the number of supervisors constituting the board of supervisors to fall below the required quorum, the resigning supervisor is required to continue performing his/her duties until a new supervisor takes office. In other words, a supervisor cannot walk away immediately as he/she wishes, but can only leave office when a replacement is appointed, thus ensuring a continuity in the position.

The role of a supervisor is not a passive role. It is, therefore, important to appoint supervisors who have a good knowledge of the company decision-making process and a good understanding of the financial operations of a company in order to be able to address the right questions within the organisation of the company to the right people and, if necessary, conduct effective investigations. Supervisors must be reliable individuals of proven integrity who are fully trusted by the shareholders.

**Marco Vinciguerra**  
**HFG Law & Intellectual Property**

---