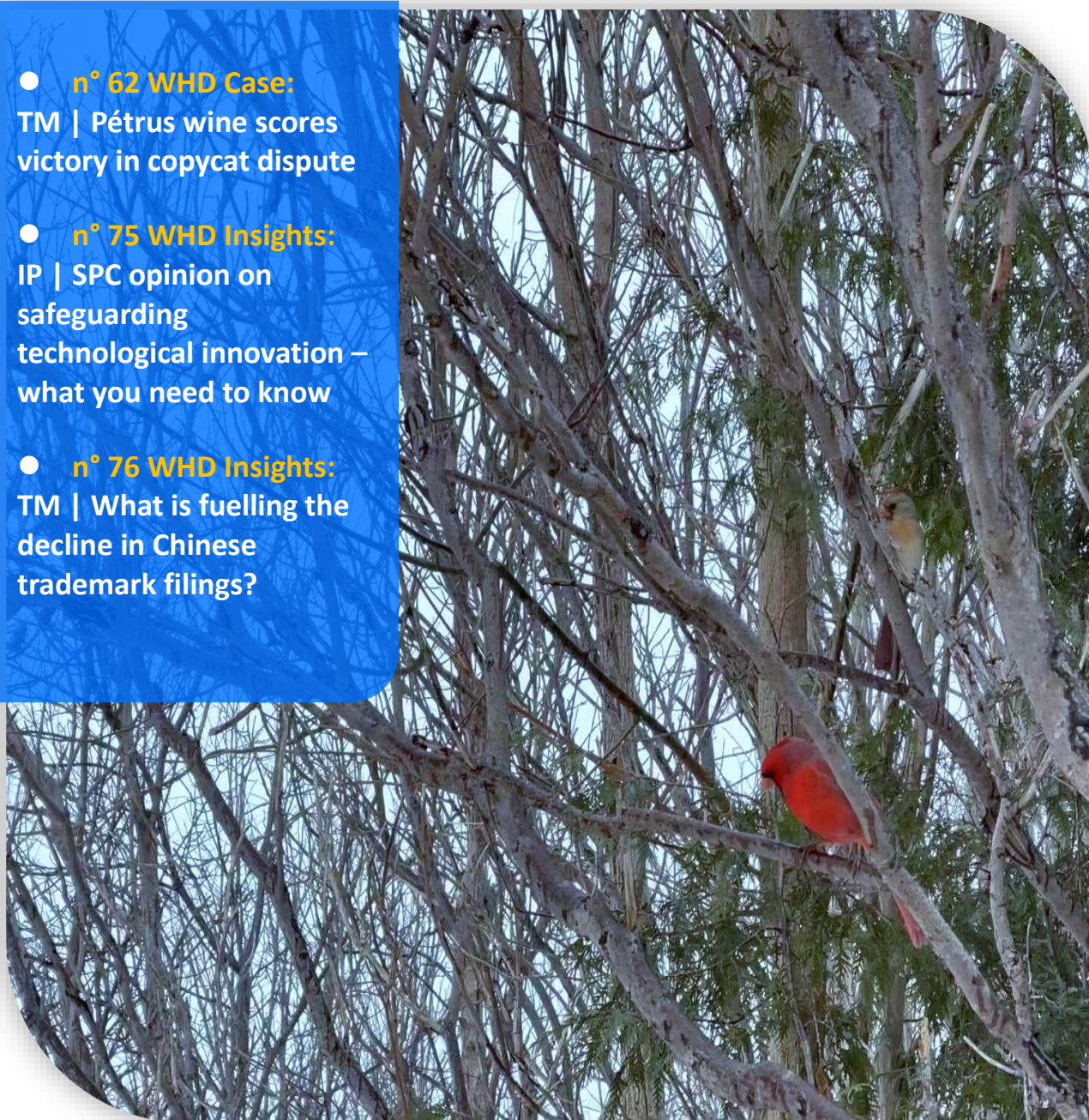


No. 2025-03

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n° 62 WHD Case: TM | Pétrus wine scores victory in copycat dispute

He Wei and Paul Ranjard, 22 January 2025, first published by [WTR](#)

Background

Pétrus is a world-renowned French wine estate located in Bordeaux's 'Pomerol' appellation. Known for producing one of the most prestigious and sought-after wines in the world, it is particularly famous for its exceptional Merlot-based wine, which has been deemed as one of the top wines in the world.

The label of the Pétrus wine is one of the most iconic and distinctive in the wine world, having changed little over the decades. The distinctive aesthetic of the label is dominated by a large intricate medallion representing Saint Peter (Pétrus) holding the keys to heaven and the letters 'PETRUS' in red.

Pétrus is the owner of the trademark PETRUS, registered in China in Class 33. The transliteration of Pétrus in Chinese, '柏翠' ('Bai Cui'), which does not carry any particular meaning, could not be registered in China due to the obstacle of similar earlier trademarks. However, such transliteration was used in the wine trade and became rapidly associated, in the minds of the consumers, with the famous Pétrus wine.

In 2021 Pétrus discovered that a Chinese company, Beijing Baicui Chateau International Import & Export Co Ltd ('Beijing Baicui'), was selling bottles of red wine using a label reproducing the visual elements of its iconic trade dress, as shown below:



It was found that Beijing Baicui had successfully registered a trademark containing

the Pétrus transliteration ‘柏翠’ by adding three characters (‘莫埃尔’) and Latin words to form ‘柏翠莫埃尔 BAICUIMOEL’. However, Beijing Baicui used only ‘柏翠’ (‘Bai Cui’) as its trade name and in its promotion materials.

Moreover, to further mislead consumers, Beijing Baicui appropriated Pétrus’ brand story and accolades as its own in its promotions. For example, it falsely claimed that the allegedly infringing product was the "King of Wines", the "Top of the Bordeaux Big 8", the "Wedding Wine of Queen Elizabeth II" and the "Wine Presented to the White House by the Kennedy Family".

In 2022 Pétrus sued Beijing Baicui and its distributor before the Chaoyang District Court of Beijing on the ground of unfair competition, namely, infringement of the trade dress of its bottle label and false advertising. It also claimed trademark infringement due to the use of the transliteration of its registered trademark.

First and second-instance decisions

The first-instance court confirmed that all the above grounds could be established.

Trade dress infringement

While the sales volume of Pétrus wine may not be very large in China due to its rarity, considering its high reputation in the wine industry and the number of articles published about it in various media, the court found that the trade dress of the Pétrus wine had gained a “certain level of recognition” in China, as provided by the law, and should thus be protected. The court further found that the trade dress of Beijing Baicui’s wine was very similar to that of Pétrus in terms of layout, colour scheme, font and key device elements and that, therefore, Beijing Bai Cui had committed acts of unfair competition.

Trademark infringement

The court found that, although Pétrus had no trademark registration for the Chinese transliteration ‘柏翠’ in China, given the high reputation of the English-language mark PÉTRUS in China and the general perception among Chinese consumers that ‘柏翠’ is the Chinese counterpart of Pétrus, the scope of protection of the English-language trademark could be extended to the Chinese mark. Therefore, trademark infringement was also established.

False advertising


The court was satisfied that Beijing Baicui’s bad faith in appropriating Pétrus’ brand story for its own use was obvious and that such behaviour constituted an act of unfair competition.

Outcome

The Chaoyang District Court ordered the cessation of the above acts and awarded Pétrus damages. The defendants later appealed before the Beijing Intellectual

Property Court, which upheld the first-instance decision.

Comment

This case demonstrates that, in instances of obvious malicious infringement, the Chinese courts are willing to assess infringement in a more flexible manner. In this instance, the court decided that the foreign registered name was protected against the use of its transliteration, even though such transliteration was not registered as a trademark in China. Therefore, when dealing with a full-scale imitation of trademarks, trade dress or brand stories, rights holders should underline the bad faith of the imitator and leverage it to seek more effective protection. This once again reinforces a key principle in trademark law: the more extensive and consistent the use of a trademark, the stronger the protection it may receive. 

n° 75 WHD Insights: IP | SPC opinion on safeguarding technological innovation – what you need to know

Zhu Zhigang and Paul Ranjard, 27 January 2025, first published by [WTR](#)

On 6 January 2025 the Supreme People's Court (SPC) published the “Opinion on Safeguarding Technological Innovation through High-Quality Judicial Adjudications” (Fa Fa [2005] No 1).

This opinion, dated 31 December 2024, is essentially directed to the High People's Courts of all provinces, autonomous regions and municipalities directly under the central government. Most of the opinions and recommendations made by the SPC to the courts are very general, but some points are noteworthy.

General principles (Article 4)

The SPC encourages the courts to apply the “general principles” that are often provided at the beginning of laws and the “catch-all” provisions that appear at the end of provisions enumerating specific circumstances. In Article 18, the SPC refers specifically to the Anti-unfair Competition Law and the articles which pose the general principle of commercial ethics as a fundamental standard. The SPC thus confirms and endorses the trend already adopted several years ago by the People's Courts in China.

The SPC also encourages the courts to award higher damages to holders of invention patents that demonstrate a high level of innovation; on the other hand, the protection of more ordinary inventions should be strictly controlled to avoid an unjustified expansion of their scope.

Design patents (Article 6)

The SPC's general intention is to improve the quality of design patents. Given that such rights are, in principle, granted without substantive examination, the SPC recommends that the courts, when they examine the validity of design patents, take into account:

“the knowledge and cognitive abilities of the average consumer, [...] the design space available and the features of products in new technological fields, thereby promoting higher quality in granting design patent...”

Trade secrets (Article 8)

The opinion provides recommendations on how to determine that a piece of information is a trade secret, by evaluating “the specific field, carrier and characteristics of such information”. More specifically, it states that:

“technical solutions derived from summarising, generalising or refining undisclosed technological details contained in multiple documents [...] will generally be regarded as trade secrets.”

The possibility to reverse the burden of proof is confirmed: when the rights holder provides preliminary evidence that it has taken confidentiality measures and makes a reasonable case that its trade secrets have been infringed, the alleged infringer, if disputing the validity of said secret, must submit supporting evidence.

Preliminary injunctions (Article 15)

Preliminary injunctions are provided in Chapter 9 of the Civil Procedure Law. In practice, they are very difficult to obtain. The SPC seems to be aware of this difficulty and encourages the court to “[f]ully leverage the role of preliminary judgments to prevent further impairment of lawful rights during litigation”. The courts may even impose preservative measures concurrently with the issuance of a first-instance or preliminary judgment, when there is little doubt about the merits of the case.

Increased damages for IP infringements (Article 16)

This article addresses two points: statutory damages and punitive damages.


A recent study showed that 98% of IP civil cases are decided on the basis of statutory damages, which means that the courts are almost never satisfied with the calculation of the losses or profits, or with the reference to a licence fee. Therefore, the courts award the damages within the limit of Rmb5 million (statutory damages), as provided by the law. The SPC considers that statutory damages should be applied with caution and suggests, for example, that factors such as the infringer's public statements about the scale of its operations may be taken into account in order to determine the illegal profits. Another factor that may be taken into account is where both parties have agreed on the amount of damages: such figure should serve as a key references in determining the awards.

The calculation of punitive damages is, however, where the SPC is the most creative. According to the law, when a case is particularly serious or the infringer is of particularly bad faith, the court may multiply the amount of damages – calculated according to the law (losses, profit or reference to a licence fee) – by a coefficient of up to five times. Therefore, the punitive damages may not be calculated based on statutory damages (this is confirmed by an interpretation of the SPC dated 7 February 2021).

Here, the SPC brings a complete change. In order to “increase the use of punitive damages”, the SPC declares that, where actual losses or infringer’s profits are difficult to calculate, and no comparable license fees are available, the court may rely on existing evidence to reasonably estimate a base for punitive damages, comprehensively considering the infringer’s intent and means, and the scale and impact of infringement. This means that statutory damages may serve as a basis for the calculation of punitive damages.

In the same way as above mentioned, when an agreement has been made and the infringer is a repeat offender, the SPC declares that the previously agreed damages in the settlement may serve as the basis for punitive damages.

Comment

This opinion is only a recommendation to the Higher Courts and is not legally binding. Still, particularly in terms of the calculation of damages, and in particular punitive damages where the SPC clearly breaks away from the current practice, this opinion could be used as a strong argument in future cases. 



n° 76 WHD Insights: TM | What is fuelling the decline in Chinese trademark filings?

Yongjian Lei and Paul Ranjard, 16 January 2025, first published by [WTR](#)

China has witnessed a significant decline in trademark filings and registrations over the past few years. Declining trademark numbers between 2021 and 2023 have raised questions about the underlying causes and the ramifications for brand owners. Understanding these changes is crucial for businesses looking to navigate the country's evolving trademark landscape.

What drove the initial surge in trademark applications

In 2006, China announced its National Strategy for the Development of Intellectual Property, which ushered in new rules facilitating and encouraging the filing of IP rights by accelerating procedures and lowering associated costs.

This strategy and the various derivative initiatives proposed by local governments to incentivise the application and creation of intellectual property turbocharged trademark filings. The annual number of trademark applications ballooned from around 1 million in the early years to a peak of 9.45 million in 2021.

However, it became progressively obvious that these numbers did not represent the normal course of business. Indeed, a large number of trademark applications were made by so-called 'hoarders', who were filing huge quantities of trademarks for the purpose of profiteering, without any intent to put these marks to genuine use.

Key factors behind the decline in applications

The number of trademark applications in China has declined rapidly since peaking in 2021.

The number of trademark filings dropped to 7.52 million in 2022, and again to 7.19 million in 2023 – on par with the 7.37 million filed in 2018.

There are various reasons for this.

Revision of the Trademark Law

The increase in trademark activity triggered the fourth revision of the Trademark Law in 2019, when Article 4 was modified to address the act of "filing an application, in bad faith, without intention to use". The lack of intent to use, combined with bad faith, became an absolute ground of refusal.

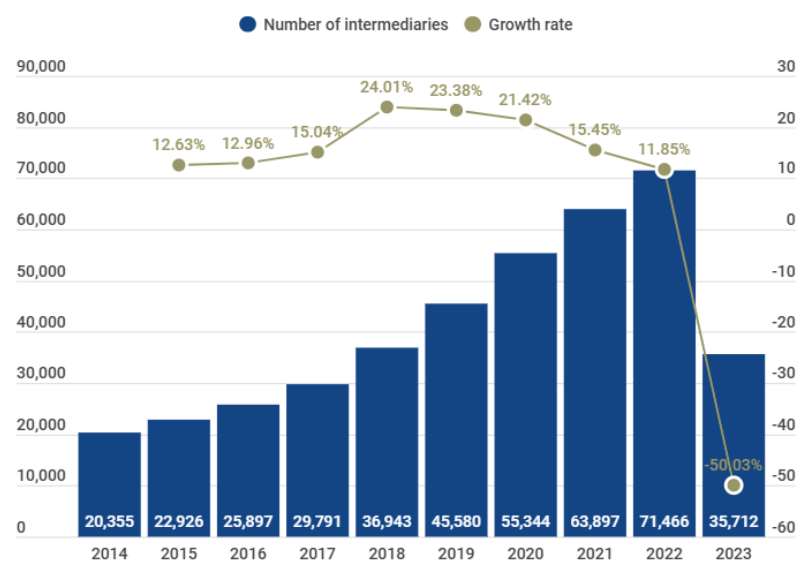
In addition, China introduced disciplinary measures to hold bad actors at trademark agencies accountable, and adopted a new approach to declutter the registry.

Stricter eligibility threshold for trademark agencies

In 2023, the China National Intellectual Property Administration (CNIPA) mandated that all entities acting as an intermediary in trademark matters must undertake a re-registration process, during which their eligibility would be scrutinised and reassessed.

This move almost halved the number of players in the field, from some 71,000 trademark intermediaries to around 35,000. The CNIPA was believed to be leveraging the screening process to proactively weed out incompetent and unethical players.

Number of recorded trademark intermediaries in China – 2014-2023



Source: *How China's IP Agency Industry Fares in 2023*, CNIPA

Higher success rates in opposition and invalidation cases

In the past couple of years, it has become easier to remove problematic trademark registrations.

The success rate for opposition cases surged to over 60% in 2023, compared to a meager 17% in 2011. Meanwhile, invalidation and non-use cancellation cases see even higher success rates.

This shift has made it easier for genuine brand owners to challenge bad-faith filings, but it has also created a more challenging environment for new trademark applications.

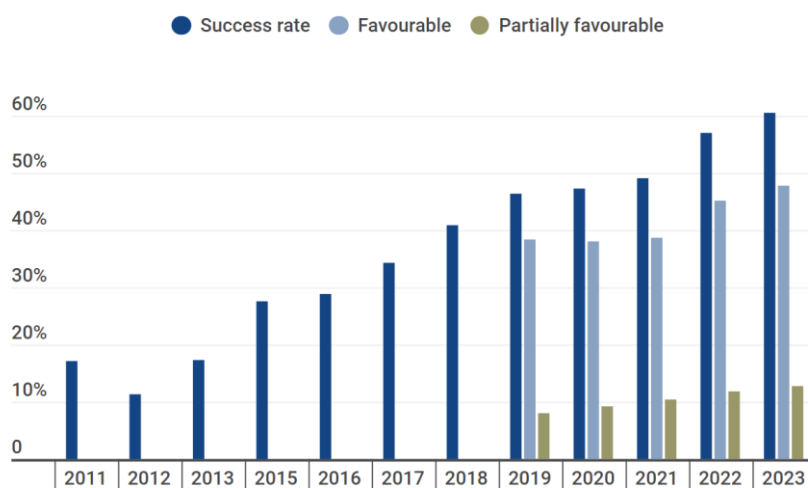
For instance, the 60% success rate for opposition cases in 2023 can be broken down into:

- 48% refusal of the opposed goods and services in their entirety; and

- 12% partial refusal.

These refusals are attributed to the CNIPA's greater emphasis on evidence of prior use, bad faith and other legal grounds in favour of genuine brand owners. The threshold for admitting relevant evidence has been significantly lowered to the benefit of the opposing party.

Success rates in opposition cases in China – 2011-2023



Source: data extracted from CNIPA's annual white papers

Other changes

Additionally, it has become routine practice to suspend the review of a trademark application that has been refused on account of a prior mark, while the applicant of the refused trademark initiates the necessary proceedings to resolve the issue. It is therefore not necessary to keep filing back-up applications to secure earlier filing dates; the original application can remain in the queue, with its initial filing date, while the applicant awaits the results of other parallel proceedings.

All of these factors seem to have discouraged a substantial number of bad-faith filers.

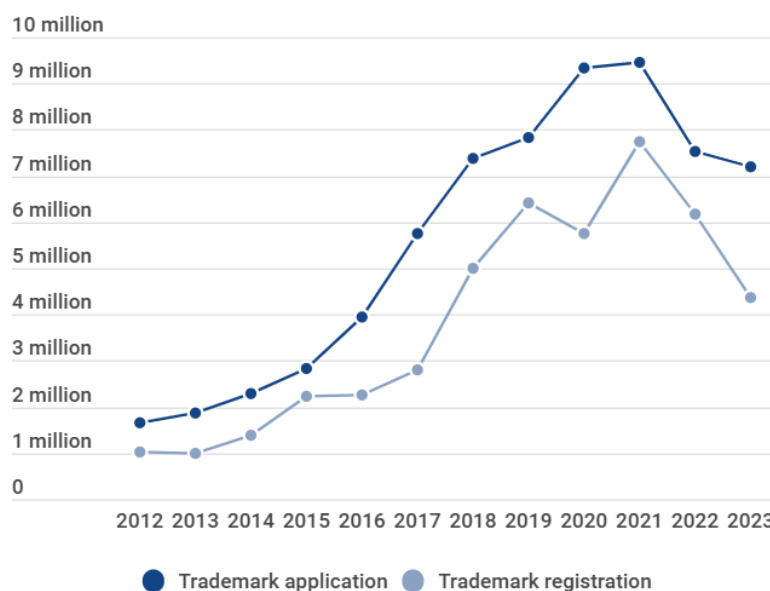
Trademark registrations fall at even steeper rate

The decline in trademark filings and the clamp-down on problematic filings and registrations would naturally be expected to lead to a drop in trademark registrations.

This is what happened between 2021 and 2022, when the number of applications and registrations both tumbled by 20%. However, between 2022 and 2023, the number of trademark registrations dropped by a dramatic 29% (or 1.8 million registrations), while the number of applications only dipped 4% (or 330,000).

This indicates that the CNIPA has become more stringent in granting registrations.

Decline in trademark registrations compared to applications in China – 2012-2023



Source: data extracted from CNIPA's annual white papers

The following trends have also been witnessed in practice.

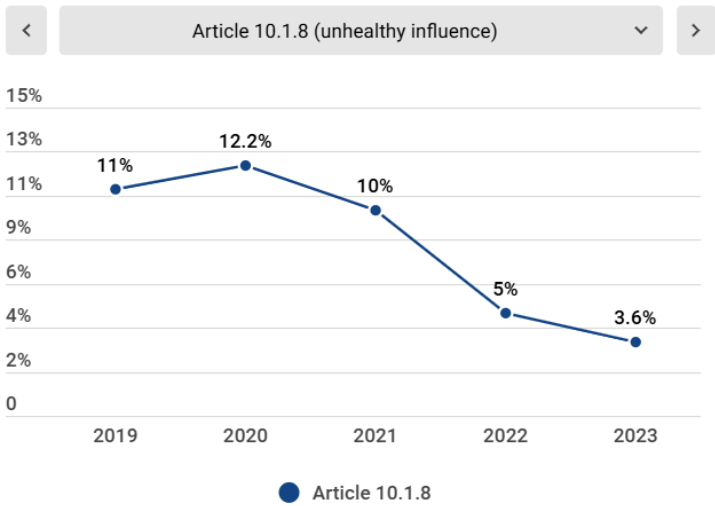
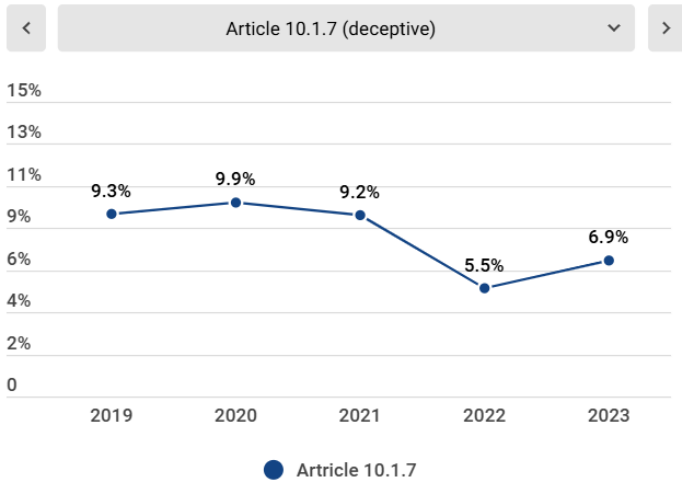
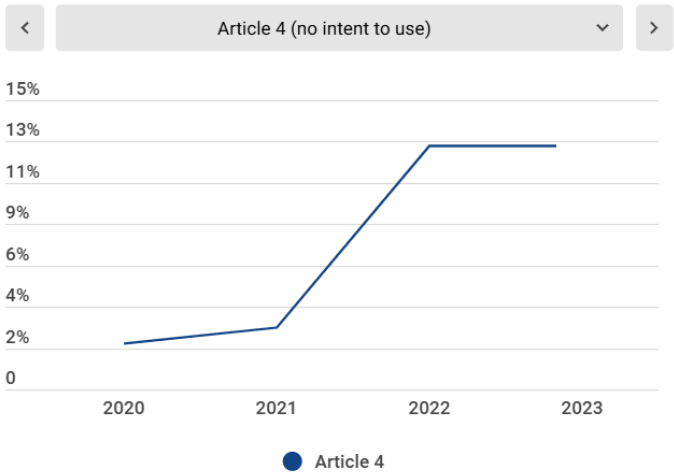
Increased application of absolute grounds for refusal

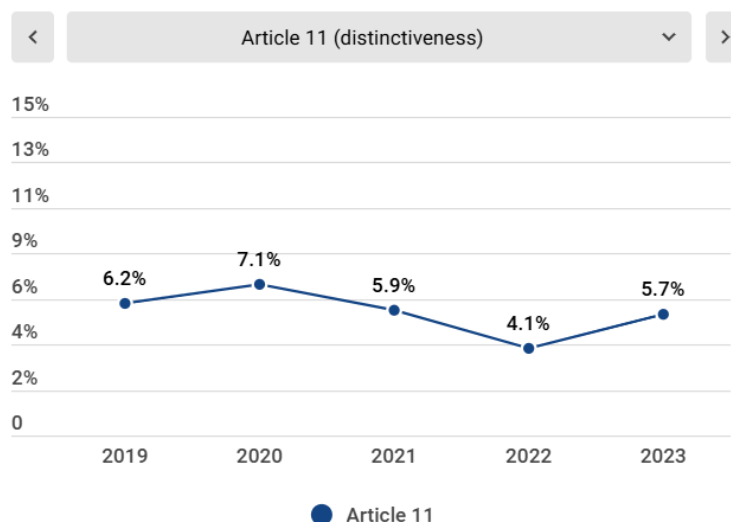
The CNIPA has adopted stricter criteria for examining trademark applications, frequently citing absolute grounds for refusal. These include marks deemed to be:

- deceptive;
- descriptive;
- harmful to social morality; or
- not intended for use.

With the sheer number and proportion of decisions citing such grounds on the rise since 2020, applicants often stand a slim chance of overcoming a preliminary refusal based on these grounds. For example, the data below shows that, in 2023, if an application was refused due to unhealthy influence, the applicant had only a 3.6% likelihood of successfully convincing the examiner to reverse the refusal on appeal.

Success rates of overturning *ex officio* refusals citing Articles 4, 10.1.7, 10.1.8 or 11 (including partial approval)





Source: MOZLEN

Increased application of relative grounds for refusal

In addition, on the issue of relative grounds, the CNIPA has been adjusting its methodology in assessing similarity and is citing more prior marks to refuse junior applications.

This burdens new applicants, who need to engage in review proceedings while contesting the registrations of prior trademarks cited by the CNIPA.

How brand owners can adjust to the changing landscape

It is welcome news that the evolving trademark system is effectively targeting and dissuading bad-faith trademark applicants. However, good-faith trademark applicants are suffering as well.

Below are three practical takeaways for good-faith filers.

Stay informed

Keep abreast of the latest practices and guidelines from the CNIPA and the courts. For example, the 2023 Guidelines on Prohibited Trademark Usage introduced new rules that could impact both new and existing trademarks. Working closely with local counsel can provide valuable insights and help businesses to stay ahead of regulatory changes.

Leverage enforcement mechanisms

With higher success rates in opposition and invalidation cases, brand owners should be more aggressive in filing oppositions, invalidations and non-use cancellation actions. The good news is that such actions stand a better chance of success. Absolute grounds can be leveraged in these contentious proceedings to protect

brand integrity. Some old bad-faith registrations can be removed under the current new practice around absolute grounds.

File strategically

Adopt a more strategic approach to trademark filings, focusing on quality over quantity. Ensure that applications are well prepared and meet the CNIPA's stricter criteria to avoid unnecessary refusals.

For new brands, businesses should conduct thorough clearance searches and comprehensive risk assessments, particularly on absolute grounds, before filing new trademarks. This will help to avoid costly refusals and potential penalties when the mark is used before registration.

Companies with established brands and older trademarks should be cautious and strategic when refiling a new version of their mark. It is essential to ensure that the refiling is not rejected on certain absolute grounds, which may jeopardise existing registrations. (The CNIPA's 2023 Guidelines on Prohibited Trademark Usage also introduced penalties for using such marks, adding another layer of risk for brand owners. For example, a trademark owner that secured a registration 20 years ago and has been using the mark since then might face refusal when refiling the same trademark in 2023 due to new absolute grounds. This refusal could theoretically be used by competitors to invalidate the older registration, leading to potential legal and PR issues.)

Brand owners in the fast-moving consumer goods industry sometimes launch seasonal products, which come with seasonal brands. Brand owners may opt to use such marks without filing trademark applications, if such practice poses little risk. This approach especially applies when:

- the seasonal brands are more or less descriptive; and
- there are other elements in the actual use that could substantially mitigate the use risk (eg, whether the potential challengers have used their marks, or there is room for arguing no confusion).

New restrictions are missing the target

It appears that the boom in trademark filings was the result of actions by those who view trademarks not as signs serving to distinguish their products or services from the competition, but as pure 'commodities' that could be traded for profit. This behaviour should have been the only target for policy change. There is no doubt that the measures taken in response – the amendment of Article 4 of the Trademark Law, improved governance of trademark agencies and stronger administrative procedures against bad-faith applications – have had, and will continue to have, a deterrent effect on these behaviours. These measures will continue to reduce the mass of trademarks on the register that have been filed for the wrong reasons and are unused.

However, the new restrictions imposed on all trademark applicants (eg, extensively referring to absolute grounds of refusal and, in particular, using the concept of

deceptiveness rather than lack of distinctiveness) are missing the target. In fact, bad-faith trademark applicants do not care about such restrictions. Conversely, legitimate businesses that need these trademarks are more likely to bear the brunt of the side effects of these measures. It is therefore suggested that the authorities revert to implementing the law as it existed before the new practices were put in place in 2021 and 2022, particularly considering that bad-faith filing activities appear to have been effectively deterred in the past three years. 