

WHD Intellectual Property Newsletter No. 3, 2010

Wan Dui Da Intellectual Property Newsletter is contributed to provide updates and analysis of the development in intellectual property laws and cases in China mainland. If you are interested in any IPR-related issues and looking for legal advices, please contact us.

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WHD CASES

Changyu Retained Rights to Use Cabernet in Chinese as Trademark unless TRAB Reversed its Original Verdict

On June 17, Beijing Higher Court dismissed the appeal of COFCO Wines & Spirits Co., Ltd. (COFCO), Sino-French Joint-Venture Dynasty Winery Ltd. (Dynasty) and COFCO Great Wall Winery (Yantai) Co., Ltd. (Great Wall) (appellants of the second instance, plaintiffs of the first instance) on the administrative dispute of trademark "Cabernet" in Chinese (解百纳) and ordered the Trademark Review and Adjudication Board (TRAB) (appellee of the second instance, defendant of the first instance) of China's State Administration for Industry and Commerce (SAIC) to review the case based on the new evidences both parties submitted during the judicial proceedings. The court verdict redirects the heated Cabernet disputes between Chinese wine giants to the TRAB, which means Changyu for now legally retains the rights to use "Cabernet" in Chinese (解百纳) as a registered trademark unless the TRAB made contrary verdict.


The eight-year contest of the mark attracts extensive media coverage, which tagged the legal battle as the "No. 1 IPR Dispute in Chinese Wine Industry".

The dispute focused on whether "cabernet" in Chinese (解百纳) can be used as a source identifier or a descriptive term for a variety of grape. Changyu registered "cabernet" in Chinese (解百纳) as a trademark in April 2002. COFCO, Dynasty and Great Wall soon applied the TRAB to cancel the registration on the ground that "cabernet" in Chinese (解百纳) is the generic name for a variety of grape. Changyu argued that it had used "cabernet" in Chinese (解百纳) as a trademark since the 1930s, when the company was first starting out. Due to the enormous backlog, the TRAB did not made its verdict in favor of Changyu until May 2008, in which the TRAB upheld the use of "cabernet" in Chinese (解百纳) as a registered trademark of Changyu. The decision prevented other wine makers from using the word "cabernet" in Chinese (解百纳).

COFCO, Dynasty and Great Wall then took the TRAB (defendant of the first instance) and Changyu (the third party) to Beijing No. 1 Intermediate Court, which affirmed the properness of the TRAB procedure, but ordered the TRAB to dismiss the original verdict and review the case based on the newly-submitted evidences. Disappointed with the lower court's verdict, the plaintiffs appealed to Beijing Higher Court, which upheld the verdict made by the first instance court.


Lacoste Won Trademark Infringement Case against Bao Er Kang


In November 2008, WHD found that leather shoes bearing a logo similar to Lacoste's registered trademarks were on sale on the business premises of Pufeng Lianhua Company's Beiyuan Store (Pufeng Lianhua Beiyuan Store). After further investigations, we found that the shoes were actually manufactured by Wenzhou Bao Er Kang Shoe Company. Lacoste brought a lawsuit to the Beijing Second Intermediate People's Court, against Bao Er Kang Company, Pufeng Lianhua and Pufeng Lianhua Beiyuan Store. Wan Hui Da lawyers Huang Hui and Chen Xiaoling represented Lacoste in the lawsuit.

By comparing the accused infringing logo and the plaintiff's cited trademark, the Beijing Second Intermediate Court held that the  device marked in the accused infringing goods constituted

a similar mark in respect of identical goods to the No. 213412  Trademark and



No.1318589  Trademark (with dark green as the designated color) to which Lacoste

enjoyed the right of exclusive use, which was prone to cause confusion and misidentification to the relevant public and infringed upon Lacoste's right of exclusive use of registered trademarks. In its defense, Bao Er Kang argued that the mark used on the accused infringing goods was its  logo with an application number of 6552650 and that it had also obtained authorization from E

Yu Shoe & Garment Co., Ltd. (E Yu Shoe & Garment) for use of the latter's  TIEHAN[®] combination. It contended that its use of the aforementioned logo did not infringe upon Lacoste's right of exclusive use of the registered trademarks involved. However, the Beijing Second Intermediate Court held that No. 6552650 logo had not been approved for registration at the time of first instance (Later, the trademark was rejected by the Trademark Office during the second instance). Moreover, the court pointed out that though E Yu Shoe & Garment authorized Bao Er Kang to

produce and sell leather shoes of the "TIEHAN[®]" brand, E Yu Shoe & Garment in fact only owned

the trademark right to the TIEHAN[®] part of  TIEHAN[®], but not including the device part .

Consequently, E Yu Shoe & Garment had no right to authorize others to use the  device trademark. Bao Er Kang's defense on the grounds that it had obtained the permit to use  from E Yu Shoe & Garment shall not be supported. The court of first instance ordered the three defendants to stop their respective infringement acts and assume corresponding compensation liabilities.

Bao Er Kang appealed to the Beijing Higher Court. On May 12, 2010, the Beijing Higher Court made (2010) Gao Min Zhong Zi No.483 Judgment, holding that the first instant judgment shall be maintained.

WHD EVENTS

WHD Founding Partner Participated in EU-China Study Tour

From 5 to 12 June, Wan Hui Da Founding Partner Mr. Bai Gang participated in the "Study Tour on New Issues of Trademark Registration and Judicial Adjudication of Administrative Decisions / Roving Seminars on Chinese Trademark System in Europe" (the study tour) as the Deputy Chairman of the Agency Branch under the China Trademark Association (CTA).

The study tour, which was organized by IPR2, aims to help the delegation of officials from the State Administration of Industry and Commerce (SAIC) and trademark judges to build knowledge of the European trademark system and support an exchange of expertise between Chinese and European officials and judges on emerging trademark registration and judicial review issues.

The delegation met with officials from the trademark authorities in Spain and Germany, namely the Spanish Patent and Trademark Office (OEPM) and the German Patent and Trademark Office (DPMA) to learn more about the respective national systems. During the same week, two one-day seminars were organized in Madrid and Munich, addressing China's trademark system and the SAIC's management of the system, including business tools, performance and statistical information as well as quality and customer care.

Mr. Bai was invited to address the "Workshop on the Chinese Trade Mark System". He made presentation on the topic "*Trademark Agencies in China, their Effectiveness for Trademark Registration and Protection*" at the Spanish Patent and Trademark Office on June 9.

WHD Attended Inaugural China-International IP Forum

On June 29 and 30, the Inaugural China-International IP Forum was held by *Managing Intellectual Property* in Beijing, which was designed to discuss the latest regulatory issues and practical IP strategies that Chinese companies may need to know when building their business overseas. Leading officials from State Intellectual Property Office (SIPO), United States Patent and Trademark Office (USPTO), the European Patent Office (EPO), the World Intellectual Property Organization (WIPO), Japan Patent Office (JPO) and the Office for Harmonization in the Internal Market (OHIM) made presentations at the forum. Representatives from famous enterprises and law firms attended the meeting.

Wan Hui Da Senior Partner Mr. Huang Hui was invited to address the Forum concerning "*the Comparison of Relative Grounds of Trademark Validity in EU and China*".

WHD Approved as BFSU Extramural Training Base

According to the notice released by the Beijing Municipal Commission of Education on May 26,

Wan Hui Da has been approved as the Extramural Training Base for Beijing Foreign Studies University (BFSU).

The extramural training base aims to offer practical training opportunities to the interns from the BFSU law school during their extracurricular time. The interns will not only attend the firm's internal periodical training sessions on laws and practices, but also have the chances to apply their knowledge and skills in the firm's daily law practice. Meanwhile, the firm's senior partners will also give lectures to the university's Law School students on a regular basis.

The extramural training base is recommended by the university itself to the city Commission of Education. The recommended training base will have to pass the Commission experts' field survey and assessments to be a qualified candidate.

WHD RESEARCH

Li Mingde, Yan Wenjun, Huang Hui and He Zhonglin, *The Intellectual Property Law of the European Union*, Legal Press, 2010.

Bai Gang and Zhu Zhigang, *New measures on internet trading introduced*

The article can be found at: <http://www.wanhuida.com/html/129231431520032578.html>

Huang Hui, *Changing times for trademark protection*

The article can be found at: <http://www.wanhuida.com/html/129231431520970078.html>

Zhu Zhigang and Dubinbin, *Revised regulations on customs protection of IP rights*

The article can be found at: <http://www.wanhuida.com/html/129231431518938828.html>

LAWS & REGULATIONS

SAIC issues *Interim Administrative Measures for Online Commodity Trading and Related Service Behavior*

On June 1, 2010, the State Administration for Industry and Commerce officially issued the *Provisional Measures for the Administration of Trade and Services on the Internet on Trademark Protection* to standardize online commodity trading and related service behavior, protect the legitimate rights and interests of consumers and operators and promote the healthy development of the network economy. Taking effect as of July 1, the *Measures* consists of a total of 44 articles in 6 chapters, which respectively provide for the obligations of online commodity operators and online service providers, the obligations of operators which provide online trading platform services and the supervision and administration of online commodity trading and

related service behavior.

Beijing Higher People's Court releases *Circular on the Printing and Distribution of the Interim Guiding Opinions Concerning Some Issues in the Trial of Cases of Copyright Dispute under a Network Environment (I)*

On May 19, 2010, the Beijing Higher People's Court issues a circular to Beijing First and Second Intermediate People's Courts and all district and county people's courts calling for the implementation of the *Interim Guiding Opinions Concerning Some Issues in the Trial of Cases of Copyright Dispute under a Network Environment (I)*.

The *Opinions* specify the circumstances of copyright infringement and the penalties under a more complicated network environment. Currently, the *Opinions* is still in a trial use phase. In case of conflict between the provisions of the *Opinions* and the laws, regulations and judicial interpretations, the laws, regulations and judicial interpretations shall prevail.



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