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IP UPDATE



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Learnings from recent significant Chinese court cases: New Balance, Under Armour and Michael Jordan

New Balance: Highest Amount of Damages Awarded to Foreign Business

Now that New Balance has recovered from the loss in the trademark infringement case of “新百伦” (“Xin Bai Lun” in Chinese characters) at the Guangzhou Intermediate People’s Court (read more [here](#)), it has followed with more success in China.

On 17 August 2017, the Suzhou Intermediate People’s Court issued a historical first instance judgment where New Balance was awarded RMB10 million (approx. US\$1.5 million) for 4 defendants’ unauthorized use of the stylized “N” and “N15” mark on sports shoes and packaging of the shoes, which is the largest trademark infringement award ever granted to a foreign business in China.

In its judgment, the Court found in favour of New Balance on the ground that the slanting “N15” mark was similar to the “N” mark and use of the same on similar goods and in their advertisements and websites therefore constituted trademark infringement. Further, the Court held that the “N” design is

recognized as a “specific decoration of a well-known commodity” pursuant to the Chinese Anti-Unfair Competition Law, as the New Balance sports shoes enjoys a significant fame in the Chinese market and the general public of China has established a direct link between the “N” mark and the New Balance shoes. Therefore the defendants were also found liable under the said Law.

When considering the amount of damages, the Court took into consideration the actual loss of New Balance as well as the defendants’ account of profits. It’s worth noting that it is the Court’s opinion that the claim of RMB10 million (~US\$1.5 million) was in fact far less than the actual loss or profit.

Although there is possibility that the decision may be appealed against in a higher court, it marks a significant milestone in the protection of trademarks of foreign companies and also the level of trademark damages which can be awarded in China.

Under Armour: Preliminary Injunctions Available

The Fujian Higher People's Court in its first instance judgment of 19 June 2017 found in favor of Under Armour, Inc. against the defendant's use of the mark "Uncle Martian"  on sports shoes, which was ruled similar to Under Armour's logo  and thus constituted trademark infringement.

This case is important as it illustrates the availability and the Court's readiness to use preliminary injunctions, as the Court issued one against the defendant in November 2016 after Under Armour submitted evidence that the alleged trademark infringing products will enter the market shortly. Chinese courts are known for being reluctant to issue preliminary injunctions as the enforcement power of such injunctions is often weak, especially in trademark infringement cases where it is difficult to closely monitor the defendant's business activities. The case of Under Armour is a step forward in this regard and may give insight to other courts on awarding preliminary injunctions in similar cases. However it is worth noting that in this case the Uncle Martian knockoffs were first found and submitted as a claim to Court in April 2016, while the preliminary injunction was not issued until November, which goes to show the cost in time and effort to obtain evidence to support grant of a preliminary injunction.

Michael Jordan: Beware of Defamation Claims

In the famous Michael Jordan v. Qiaodan Sports case of December 2016, the Supreme People's Court confirmed the personal name right as a prior right protected by Article 31 of Chinese Trademark Law and upheld Michael Jordan's opposition to 3 marks including the mark "乔丹" ("Jordan" in Chinese characters). Read more about this case [here](#).

Although this was a final judgment on the "乔丹" mark, Jordan's struggles in China are far from over. In July 2017, Michael Jordan and his counsel were sued by Qiaodan Sports for defamation in the Beijing courts.

Qiaodan Sports' claim was prompted by a legal letter sent by Jordan's counsel to the Tianjin Municipal Administration of Sports, who happens to be the organizer of the 13th National Games of China to be held in Tianjin this fall. The letter reports the Supreme People's Court judgment win by Jordan.

Demanding RMB1.1 million (~US\$170,000) in damages and fees, Qiaodan Sports claimed that the legal letter has deliberately concealed the fact that only 3 oppositions to Qiaodan's marks, among 78 in total, have been upheld by Chinese courts while Jordan has lost in all other cases, 57 of which have been confirmed by the Supreme People's Court. Such allegedly unprofessional conduct is claimed to be malicious with intent to mislead the public into believing that all marks of Qiaodan Sports have been revoked and to prevent the Tianjin Municipal Administration of Sports from having any business cooperation with them.

This defamation claim may provide an insight into the level of sophistication of trademark owners in China, and the extent to which disputes may develop. We have seen domestic trademark owners taking a much more aggressive approach to disputes with foreign companies, including, on multiple occasions, pursuing a defamation claim. It is therefore prudent to consider defamation claims (and others) as a risk when pursuing further action other than trademark infringement lawsuits in China. The case has been accepted by the Beijing Chaoyang District People's Court. We will further update once judgment is handed down.