

VIVIEN CHAN & Co.

YOUR GREATER CHINA LAWYERS

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IP UPDATE



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Landmark Case: Ford Successfully Obtained Injunction Order in China

I. BACKGROUND

A stock of automobile parts and accessories (the "Seized Goods") bearing Ford's marks "FOMOCO" and " " was seized by the Shanghai Customs (the "Customs") in 2016 when they were exported by a local company (the "Infringer") to Turkey. Ford China confirmed that the Seized Goods are counterfeit and that the Infringer had been penalized by the AIC for trademark infringement before. The Infringer denied that the Seized Goods are counterfeit and argued that the goods originated from Ford China's local licensee by submitting the relevant sale contracts with the local licensee to the Customs. On the other hand, Ford China's local licensee denied the infringer's assertion. In this connection, the Customs were unsure whether the seized goods are counterfeit and suggested Ford obtaining an order from the court by the seizure deadline so that they could continue to seize the Seized Goods.

II. INJUNCTION ORDER

We advised Ford to file a fresh action based on trademark infringement and as well as an application for evidence preservation order. To expedite the process, we advised Ford to strategically authorize Ford China to file the action on their behalf so as to avoid the need to submit notarized and legalized formality documents, which would cause procedural delay.

To support our application for evidence preservation order, we submitted, inter alia, a verification report prepared by Ford China confirming that the Seized Goods are counterfeit. We then successfully persuaded the Shanghai Pudong New Area People's Court (the "Court") to grant an evidence preservation order. With this order, the Customs agreed to continue to seize the Seized Goods, and hence we prevented the export of the Seized Goods to overseas.

III. FAVOURABLE COURT DECISION

Recently, we have received a favorable judgement from the Court, which held that: -

1. The use of the marks " " and "FOMOCO" by the infringer on automobile parts and accessories products constitutes trademark infringement;
2. The evidence provided by the infringer cannot prove the seized goods are genuine;
3. the infringer is ordered to cease using Ford's registered marks and remove the same from the Seized Goods; and
4. the infringer is ordered to pay damages to Ford China for the economic loss caused and the reasonable legal costs incurred.

IV. TAKEAWAY

While injunctions used to be difficult to grant in the past, courts are more willing now to grant these. Brand owners may consider lodging a trademark infringement lawsuit as an alternative and seeking an order for evidence preservation during the lawsuit.

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