

**Crossing the Boundaries between Chinese Trademark Classes and Sub-Classes –
Our 3 Success Stories against Squatters and the Takeaways**

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In China, goods and services in different classes and sub-classes* are considered dissimilar, subject to limited exceptions specified in the classification book. Brand owners often find such rigidity a hurdle in their actions against squatters when their existing trademark registrations do not cover the sub-class(es) which the infringing marks are in.

We have however been able to surmount such hurdle for our clients. We are happy to share three of our recent success stories and highlight how brand owners can ace in cross-class and cross-sub-class actions against squatters.

I. SUCCESSFUL CROSS-CLASS OPPOSITION BASED ON DISTINCTIVENESS AND ORIGINALITY OF BRAND OWNER'S MARK AND APPLICANT'S BAD FAITH

We filed an opposition on behalf of an international luxury cosmetics house against a mark comprising of its brand name plus the word "BEAUTY" in English and Chinese on cosmetic utensils and other goods in Class 21.

We argued that the opposed mark fully incorporates the client's prior registrations which

are distinctive and original, and that the Applicant has filed many other trademarks which are copies of other marks of certain originality or fame (some of which have already been opposed). The CNIPA held that such behaviours constituted obtaining trademark registrations with deceptive or improper means. Despite the client did not own any prior registration for its English brand name in the relevant sub-class or its Chinese brand name in the relevant class, we managed to secure a favourable opposition decision which was central to our client's protection of its house marks.

II. SUCCESSFUL CROSS-SUB-CLASS OPPOSITION: GOODS IN DIFFERENT SUB-CLASSES CONSIDERED SIMILAR DUE TO THEIR SIMILAR FUNCTION

We filed an opposition on behalf of a global media and lifestyle company whose Chinese house mark consists of four Chinese characters. The opposed mark copies client's Chinese house mark and merely changes the second Chinese character. Client's prior similar mark covers "clothing", "belts" and "sports shoes" whereas the designated goods of the opposed

mark are “sleeping masks” and “shower caps”, which are under different sub-classes in Class 25.

We have successfully persuaded the CNIPA to go beyond the classification book and consider association of goods in terms of their functions and usage. The CNIPA accepted our argument that the opposed goods are similar in terms of functions, usage, distribution channels and consumers. Despite the client's mark and the opposed mark are in different sub-classes, the CNIPA considered that their co-existence would easily cause consumer confusion and refused the application.

III. SUCCESSFUL INVALIDATIONS AFTER UNSUCCESSFUL OPPOSITIONS

Even if the opposition is unsuccessful, it does not mean that the brand owner has to wait for three years to file a non-use cancellation as a fallback. We observe that the CNIPA tends to adopt a more holistic approach in determining similarity of goods and services in invalidations than in oppositions, and we have obtained favourable invalidation decisions based on the same sets of facts and evidence of unsuccessful oppositions.

We act for a US-based thermal products producer, who owns two registrations for its house marks, each comprising of its brand name in English and Chinese, covering its core goods “temperature indicators” and “electric heating apparatus” etc. in Classes 9 and 11 respectively. The squatter operates in the same industry as the client, and it applied for registration of the client's brand name in Chinese for goods in sub-classes in Classes 9 and 11 that are not covered by client's registrations. The client's brand was the only one brand that the squatter had plagiarized.

We filed oppositions against the counterfeit marks, adducing various contracts, orders and invoices showing a sales volume totally over RMB 20 million in order to demonstrate use of the

client's marks for 5 years preceding the date application. One of the squatter's shareholders had registered various domain names consisting of the client's brand name in English, and arbitration panels had found that these domain names were registered in bad faith and ordered that the domain names be transferred to the client. We also submitted these arbitral decisions in support of the opposition. However, the CNIPA ruled against the client in the oppositions given that the goods fall within different sub-classes and are dissimilar as per the classification book.

We then filed invalidations against the infringing marks with the same set of facts and evidence. This time, the CNIPA ruled in our client's favour.

KEY TAKEAWAYS

Despite the rigid sub-class system in China, we have found ways to persuade examiners to find similarity between goods and/or services across classes and sub-classes. The following are the key to the above success stories:-

- Evidence showing originality, distinctiveness, reputation and prior use of the brand owner's marks, such as sales and advertising-related contracts and invoices;
- Bad faith of the squatter, such as other bad faith IP filings of the squatter and prior dealings between the parties; and
- Sound arguments to the effect that the goods and services, despite under different classes or sub-classes, are closely related in terms of functions, usage, sales and production avenues and target consumers.

Further, client should not be dissuaded by a negative decision at the opposition stage, and is encouraged to file an invalidation to have the matter considered by a different panel.

With that being said, tackling dissimilar goods and services can still be an uphill battle – squatters may apply for and register brand owners' marks on a variety of goods and services, and brand owners may not have accumulated sufficient evidence to counter the infringing activities. Prevention is better than cure. Brand owners should secure trademark registrations beyond the goods and services they actually provide. Registrations should cover

all related goods and services, and all sub-classes in classes which the major and related goods and services belong. Use evidence should be preserved, and re-filings should be made triannually where the marks are not in use or evidence are unavailable.

*In China, goods and services in each class is further divided into different sub-class based on their nature.