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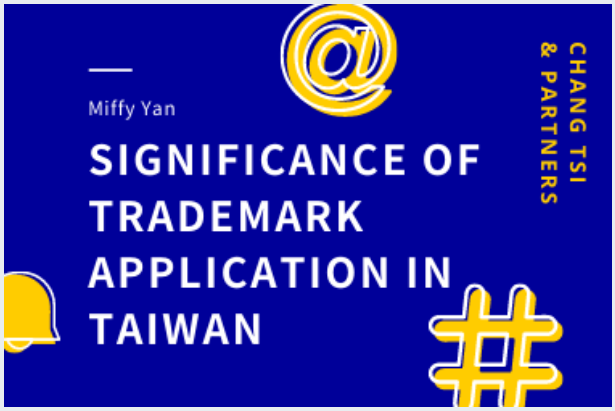
Highlights of August



In the past, most brands with no plan to enter the Taiwan market tend not to apply for trademark applications in Taiwan. However, with the massive trademark squatting disputes arising cross-strait in the past couple of years, we recommends brand owners who would like to develop business in the Greater China area to consider applications for trademark protection in Taiwan.

Changes in the 4th Amendment to China Patent Law and comparison with the US in design patent

The fourth amendment to China Patent Law is a milestone of IP protection in China. However, there are still differences between the design patent systems of China and the United States. This article provides a clear map with regard to the renewed design patent protection system in China by comparing differences between China and the US.

DAIRY QUEEN & SNOW QUEEN: An Trademark Invalidation Case in China

This is an invalidation case, wherein the China National Intellectual Property Administration (CNIPA) made a breakthrough by recognising the similarity of goods in Class 29 designated by Disputed Mark and goods such like "ice cream jelly; chow-chow [condiment], etc." in Class 30 covered by the Complainant's cited prior marks. When determining similarity of designated goods, the CNIPA took a comprehensive consideration of various factors, including the reputation of the Complainant's prior trademarks, the bad faith of the Respondent, and the likelihood of confusion in actual use and characteristics of products.

Holiday Notice

Please note that the following dates have been declared as Public Holiday in conjunction with Mid-Autumn Festival.

Mainland China: 19-21 September 2021

Taiwan: 18-21 September 2021

Hong Kong: 22 September 2021

Macao: 22 September 2021

National Intellectual Property Administration of China, Chinese courts, Intellectual Property Department of Hong Kong, Economic and Technological Development Bureau of Macao, Taiwan Intellectual Property Office, as well as our local offices will be closed respectively during these periods. All deadlines for trademark, patent, and other legal matters that would occur during this period will be automatically extended. Should you have any urgent cases, please let us have your instructions ahead of the holidays.

Significance of Trademark Application in Taiwan

Miffy Yen

In the past, most brands with no plan to enter the Taiwan market tend not to apply for trademark applications in Taiwan. However, with the massive trademark squatting disputes arising cross-strait in the past couple of years, now Chang Tsi & Partners recommends brand owners who would like to develop business in the Greater China area to consider applications for trademark protection in Taiwan.

Specifically, we would like to use a newly released case made by Taiwan IP Court to reveal how prior registrations/ trademark squatting in Taiwan will potentially affect your business in the Greter China market.

NeuEvo Blend is a famous glucosamine product sold in Taiwan by NEUEVO CORPORATION (hereinafter "NEUEVO"). NEUEVO also registered "紐力活" (the Chinese translation of NeuRvo) under registration no. 01385383 in Class 5 and no.01403659 in Class 32 in Taiwan.

TOP GREATS BIOTECH CO., LTD. (hereinafter "TOP Co.") is a Taiwanese company and the trademark owner of "纽力活" in Mainland, China under registration no. 11722168 in Class 5. TOP CO. has licensed the trademarks to two Chinese companies, and both Chinese companies placed the order to TOP Co. requesting to manufacture several enzyme drinks with the logo "纽力活" in 2017. All the enzyme drinks manufactured by TOP Co. with the logo "纽力活" were all exported to Mainland, China. However, NEUEVO still filed the trademark infringement lawsuit against TOP Co. in Taiwan, and the IP Court ruled the enzyme drinks manufactured by TOP Co. with the logo "纽力活" constituted trademark infringement and requested TOP Co. to cease the infringing activities.

The Court ruled the enzyme drinks manufactured by TOP Co. with the logo "纽力活" constituted trademark infringement based on below reasons:

The logo used on the enzyme drinks is confusingly similar to the trademarks registered by NEUEVO. Moreover, enzyme drinks are considered as the nutrition supplements in Taiwan, which is highly similar to the designated goods of NEUEVO. Thus, the judge concluded the enzyme drinks with the logo "纽力活" will cause confusion to the relevant consumer.

Both NEUEVO and TOP Co. are in the nutrition supplement industry. Thus, TOP Co. shall notice the brand "纽力活" in Taiwan.

The judge found the manufacturer of enzyme drinks with the logo "纽力活" by TOP Co., has constituted trademark infringement. To this, TOP Co., mainly argues that TOP is the legitimate trademark owner of "纽力活" in Mainland, China and therefore it licensed "纽力活" to two Chinese companies. TOP Co., just manufactured the order placed by the two Chinese companies who own the legitimate trademark licensees. As all the products were exported to Mainland, China, the manufacture of TOP Co., shall not be treated as use of a trademark in Taiwan. Nevertheless, the Court concludes manufacturing the products with highly similar logo is a kind of use of a trademark. Thus, TOP Co., has infringed trademark rights of NEUEVO.

Our comments

In the past, when examining if the action has constituted a trademark infringement, the main principle is whether the infringer uses the trademark in the course of trade where such a trademark can be recognized by relevant consumers as a trademark. The main argument of TOP Co. is they did use the trademark but NOT in the course of trade. They simply manufactured the products by order of the trademark licensee, not for themselves. The Court rules even TOP CO. is the OEM of the trademark licensee, the trading between these entities is still count as in the course of trade. Even the enzyme drinks were all exported to Mainland, China, but cross-strait online shopping are very popular that Taiwanese consumers could still purchase the enzyme drinks with the logo "纽力活." Thus, the manufacture of the enzyme drinks with the logo "纽力活" constitutes trademark infringement.

In this case, Taiwan trademark owner fights against the trademark owner who registered highly similar trademark in Mainland, China and would like to manufacture similar products with such trademark in Taiwan.

What if that's your brand? You legitimately registered the trademark in Mainland, China and would like your Taiwan OEM partners to manufacture the products with the trademark for you. All the products will be shipped to Mainland, China. Meanwhile, there is a bona fide third party/ malice trademark squirter registered a highly similar (identical) trademark in Taiwan. Your brand may face the risk of being sued as trademark infringement in Taiwan.

Or, the malice trademark squirter who registered the trademark in Taiwan may manufacture products with a highly similar (identical) trademark in Taiwan and ship them to Mainland, China by parallel import or other channels to damage your market share in Mainland, China.

Takeaway

Seek Attorney's assistance to review your trademark protection strategy in the Greater China area.

Consider registering trademarks in Taiwan to better protect your brand even your brand did not plan to enter the Taiwan market. Best way to prevent trademark squatters from leveraging the Taiwan trademark registration to damage your brands in Mainland, China. In the past 2 years, we located more and more trademark squatters registering famous Chinese trademarks in Taiwan. .

Changes in the 4th Amendment to China Patent Law and comparison with the US in design patent

Sylvia Zhang

I. Patent protection term and partial design

After the 4th amendment of China Patent Law, China has extend the design patent protection term from 10 years to 15 years, from the date of filling. In the US, the term is also 15 years, from the date of grant. Before the amendment, China only allow to use solid lines to protect the design as whole product. Now, as the same in the US, China start to allow partial design protection by using broken lines.

II. Different examination system

Under Article 23 of China Patent Law, "the design for which the patent right could be granted should not belong to the existing design." "Compared with the existing design or the combination of the existing design features, the design of the granted patent right should be obviously different."

China implementing preliminary review system in design patent applications, normally only formal review, not substantive examination. According to Article 40, if the preliminary examination of the utility model and design patent application does not have the reason for rejection, the patent administration department of the State Council shall make a decision to grant the utility model patent or the design patent, and issue the corresponding patent certificate, and register and announce it at the same time.

In the US, under Title 35 of the United States Code, there are 3 types if creation that could be granted patent right, including utility patent, design patent and plant patent. Those who design a novel, original, and decorative appearance for a product can obtain a design patent. Most of the provisions of U.S. law are made around utility patents. For design patents, unless the law provides otherwise, the provisions of utility patents generally apply.

Unlike China, the United States requires substantive examination when examining design patent applications. Only design patents that satisfy both decorativeness, novelty and non-obviousness can pass examination and be authorized. Thus, the reviewing time period are different. Averagely, it will take 4-8 months from submitting the application to issuance in China for design patent, while it could take 1-3 years for examination period in the US.

Decorative

In the US, a patentable design must be a design for the product. The decorative nature of the design requires that the relevant design should have a certain sense of beauty, but it does not require the beauty and decoration presented by art or artwork. It should be noted that the design only protects the decorative features and not the technical features, that is, does not protect the technical functions of the product.

Novelty

Design patents in the US need to meet the conditions of novelty. If there is no one of the following circumstances, the applicant has the right to obtain a patent right: (a) Before the patent applicant completes the invention,

the invention has been known or used by others in the country, or has been obtained in this country or a foreign country, or has been described in a printed publication; (b) The invention has been patented in the country or a foreign country, or has been described in a printed publication, or has been publicly used or sold in the country, before the date of applying for a patent in the United States has more than one year.

Non-obviousness

If the difference between the subject matter of the patent application and the prior art is so small that the subject matter of the patent application as a whole is obvious to those of ordinary skill in the art when it is completed, the application cannot be granted patent rights.

In conclusion, comparing the relevant regulations of China and the United States, it is not difficult to find that the granting conditions of Chinese designs are obviously looser than those of the United States around "novelty".

III. Patent annuities

In the United States, only invention patents are subject to maintenance fees. Once a design is granted, there is no need to pay any fees to maintain the validity of the patent during the validity period of the patent.

In China, the annuities of designs are RMB600(USD92.6) per year for the first to third years, RMB900(USD139) per year for the fourth to fifth years, RMB1200(USD185.3) per year for the sixth to eighth years, and RMB2000(USD308.9) per year for the ninth to tenth years. The annuity after 10th year has yet to be determined.

DAIRY QUEEN & SNOW QUEEN: An Trademark Invalidation Case in China

This is an invalidation case, wherein the China National Intellectual Property Administration (CNIPA) made a breakthrough by recognizing the similarity of goods in Class 29 designated by Disputed Mark and goods such like "ice cream jelly; chow-chow [condiment], etc." in Class 30 covered by the Complainant's cited prior marks. When determining similarity of designated goods, the CNIPA took a comprehensive consideration of various factors, including the reputation of the Complainant's prior trademarks, the bad faith of the Respondent, and the likelihood of confusion in actual use and characteristics of products.

In view that the Complainant has no prior trademark rights in Class 29, we carefully analyzed the case after receipt of the client's authorization. In the invalidation grounds, we emphatically analyzed the high relevance of the designated goods of two parties' marks and the Respondent's bad faith, and eventually persuaded the CNIPA to issue the favorable invalidation decision.

I. Background

The Respondent, Ji'nan RuiJu Trading Co. Ltd. is obviously a copycat, who mainly engaged in trademark imitation. It especially squatted ADQ's prior trademarks "DAIRY QUEEN in Chinese" and "DAIRY QUEEN" in Class 29. With the developments of the client's business, it expanded business to provide the products especially like "sausages, etc." designated in Class 29. The pirated trademark filed by the Respondent poses serious obstacle to ADQ's application for "DAIRY QUEEN in Chinese" mark on its core goods in Class 29. Therefore, we filed the invalidation against the Disputed Mark to show ADQ's attitude in fighting against the malicious copycats, and also to make the way for ADQ's application in Class 29.

II. Difficulties

i. Without prior trademark rights in Class 29, how to demonstrate similarity of the goods in Classes 29 and 30;

ii. Without prior rights on "DAIRY QUEEN in Chinese" and "DAIRY QUEEN" trademarks, how to demonstrate similarity of the "DAIRY QUEEN in Chinese & SNOW QUEEN" and the client's prior English version trademark "DAIRY QUEEN" in particular;

iii. How to collect the evidence to prove the bad faith of the Respondent, under the situation wherein the Respondent is very foxy.

III. Strategies

In connection with the disputes and the difficulties in this case, we made the following strategies:

i. Fully demonstrate the relevance and similarity between the goods in Class 29 and 30, by collecting and providing evidence such as the evidence showing the simultaneous sales of the two parties' goods in many fast food restaurant, and the precedent decisions/judgments wherein the Chinese authorities made similar breakthrough in deciding similarity of goods.

ii. Fully utilize the evidence on hand, especially the evidence proving the combined use of the Complainant's Chinese

and English marks and demonstrate that the Chinese mark 冰雪皇后 (DAIRY QUEEN in Chinese) and English mark DAIRY QUEEN have formed the stable corresponding relationship and obtained high reputation. We especially claimed that the Disputed Mark is not only similar to the Chinese version mark, but also similar to the English version mark.

iii. Obtain and secure the evidence to prove the Respondent's bad faith via online search and telephone inquiry, and notarize the voice recording to preserve the evidence.

IV. Significance

i. This decision recognized that predating the application date of the Disputed Mark, the Complainant's Chinese mark冰雪皇后 (DAIRY QUEEN in Chinese) and English mark DAIRY QUEEN series of marks had formed stable relationship and obtained high reputation. Therefore, it recognized that the Disputed Mark 冰雪皇后 Snow QUEEN (DAIRY QUEEN in Chinese & SNOW QUEEN) is respectively similar to ADQ's Chinese version mark and its corresponding English equivalence DAIRY QUEEN. This is of great reference significance for foreign applicants to cope with the preemptive applications of its Chinese mark or English mark, i.e. collecting and providing the evidence of combined use of the Chinese marks and English marks to prove the stable relationship of two marks.

ii. When recognizing the similarity of goods, the CNIPA comprehensively considered the Respondent's bad faith of confusing the public and certain fame of the ADQ's prior marks and made the great breakthrough accordingly. The CNIPA held that the goods designated in Class 29 and 30 are common foods and are closely related to each other. In this instance, the co-existence of two parties' marks in the market would mislead the relevant public that the two parties have certain relationship and cause misrecognition about the sources of goods, which has constituted similar marks in respect of similar goods. This provides a new thinking for the preparation of conflict cases in the future, i.e., combining the bad faith and the possibility of actual confusion when demonstrating similarity of goods and services.

iii. In this case, we fixed the bad faith of the Respondent through the notarization of telephone communication records and enhanced the credibility and persuasiveness of the evidence. Referring to this case, when we collect evidence of bad faith in future conflict cases, we should pay attention to skillfully using notarial means to improve the probative force of evidence.