

## **SPC Opinions on Three Trademark Issues in 2022**

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On April 23, 2023, the Supreme People's Court (SPC) of China released its official opinions on 43 issues on the application of Chinese IP laws. Issues No. 19-26 are related to trademark with specific supporting cases it recently retried. We would like to summarize and comment on three of the trademark issues that might be enlightening to the international companies.

### **Issue No. 23: Distinctiveness of English marks** (Case No. 2022 SPC XingZai 4)

The SPC pointed out that the distinctiveness of an English mark should be judged according to the relevant Chinese public general understanding of the designated goods or services and comprehensive consideration should be given to such factors as the overall constituent elements and meaning of the logo, and the extent to which the trademark itself is associated with the goods or services. To be specific, the mark "BIODERMA" consists of the root words "BIO" and "DERMA". Given the general cognition level and ability of the relevant Chinese public to English marks, "BIODERMA" will not be generally understood as "biological skin", and hence, the mark is distinctive on the goods "pharmaceutical preparations, pharmaceutical preparations for skin care, and pharmaceutical preparations for skin disease".

**Comments:** Some English marks might carry certain meanings or implication for the more English-literate Western consumers, but for the mostly non-English-literate Chinese consumers, such meanings are not really obvious or at most constitute suggestiveness, not directly descriptiveness. The Chinese consumers' cognition shall be crucial to determine suggestive or descriptive.

### **Issue No. 24: Influence of administrative regulations on determining similarity of goods or services** (Case No. 2021 SPC XingZai 76)

The SPC clarified that in the determination on whether goods and services are similar, influence of administrative regulations concerning the production and sale of goods, and the relevant services shall be considered. Where the sale channels, service modes and consumer groups are influenced by such regulations, and a long-term and stable market order resulting from such norms has been formed, such influence of administrative

regulations shall be considered as an important factor in determining the goods and services similarity.

In the retrial of trademark invalidation case, the disputed mark is used on “retail or wholesale service for pharmaceuticals”, and the cited mark on “drugs”. As drugs relate to human health, China adopts stricter regulations on the distribution. According to the relevant administrative regulations, the sales of drug manufacturers have such characteristics as 1) the sales are self-produced medicines with limited types, and 2) the targets of sales are basically pharmaceutical trading enterprises and medical institutions. By contrast, wholesale or retail enterprises of pharmaceuticals deal in a wide variety of drugs from different manufacturers, and the target groups are patients and general end consumers. For a long time, the special regulations of drug production and administration have formed a relatively stable and clear market pattern. The related public can have a clear understanding of drug manufacturers and sellers. Based on the above, “retail or wholesale service for pharmaceuticals” covered by the disputed mark are dissimilar to the goods “drugs” of the cited mark in respect of trading modes, providers, etc., and the disputed mark shall be maintained.

**Comments:** Although the SPC conclusion is theoretically self-consistent, we should also note that the parties in this case are both reputable and famous enterprises in their respective business fields. That is why the SPC tends to maintain the long-term and stable market order. In some other cases where the applicant of the disputed mark has bad faith in pirating others’ marks or the prior mark is very famous, there are also precedents where the “retail or wholesale service for pharmaceuticals” and the goods “drugs” are considered similar, due to the natural connection.

#### **Issue No. 25: Determination of registered trademark infringing foreign natural person’s name right (Case No. 2021 SPC XingZai 75)**

In the retrial of invalidation of the trademark “马诺罗·贝丽嘉 MANOLO & BLAHNTK” (the Chinese characters are transliteration of the Latin name), the SPC ruled that the foreign natural person, a famous designer, used his name as the brand to promote his products. Before the disputed mark was applied for registration, his name had enjoyed certain fame among the relevant public in China’s mainland. As the mark fully contains the natural person’s name, the relevant public will associate the mark with the natural person or believe that the goods bearing the mark are licensed by the natural person or carries special connection with him. Therefore, the registration of the disputed mark has infringed the natural person’s name right.

**Comments:** In China, it is possible to file trademark opposition or invalidation based on any prior legitimate rights, including but not limited to the rights of trademark, personal name, portrait, design, copyright, corporate name, particularly when the rights are famous and carry direct connection with the right holders. The substantial and qualified evidence proving the fame of the natural person in China’s mainland prior to the application date of the disputed mark and the fact that the applicant is a competitor in the same industry play crucial roles.