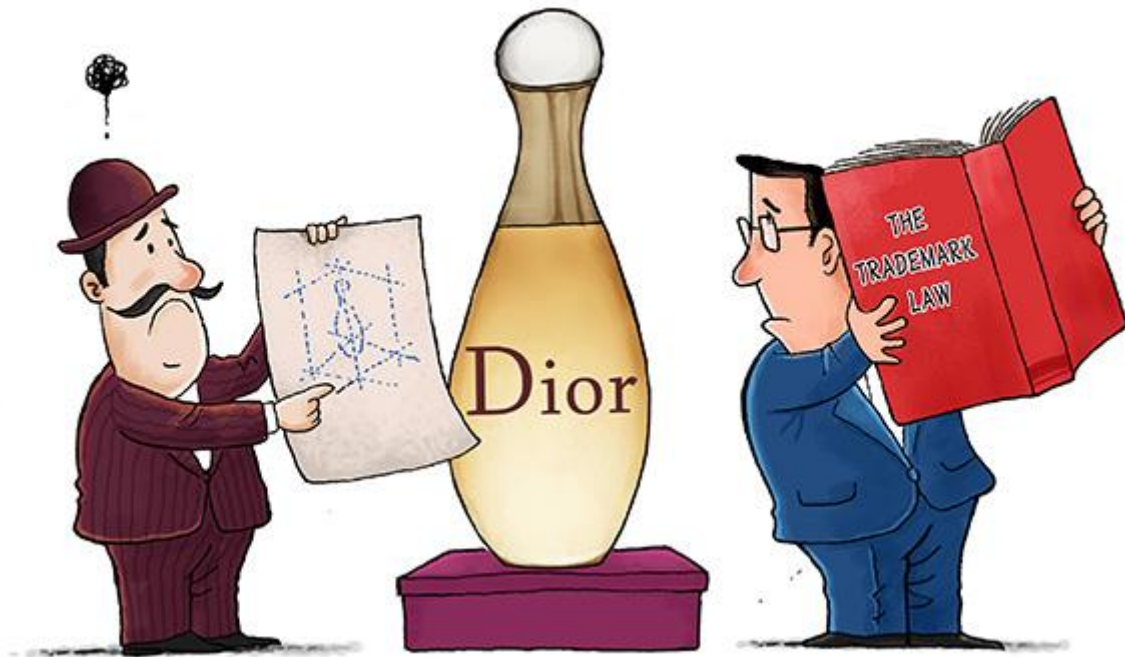


Cour Suprême chinoise : A landmark decision in a trademark case

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On April 26, the Supreme People's Court re-adjudicated the Dior versus the Trademark Review and Adjudication Board case in a public trial. Dior had requested a territorial extension in China through the Madrid Protocol for the No 1221382 International Trademark Application, a 3D trademark registered for “Dior J'adore” water-drop shaped golden perfume bottle.

The Trademark Office of China treated Dior's trademark as a figurative logo and then rejected the application. Dior sought an administrative review, but the Trademark Review and Adjudication Board still regarded it as a 2D figurative trademark without inherent distinctiveness or acquired distinctiveness through use. Then Dior filed a suit against TRAB.

Petition for retrial in highest court

In the first instance, Beijing Intellectual Property Court denied the distinctiveness of Dior's trademark, and held that TRAB's examining it as a figurative trademark rather than a 3D trademark is not procedurally wrong because Dior failed to submit an additional statement within the time limit set by Article 43 of the Regulations for the Implementation of the Trademark Law, to inform the Trademark Office that it is applying for a 3D trademark. The appellate court reaffirmed this decision. Dior then petitioned the Supreme People's Court for retrial.

There are two key issues in this case. The first concerns a procedural issue. Article 13 of the Regulations for the Implementation of the Trademark Law provides that when an application is filed for registering a three-dimensional symbol as a trademark, a three-view drawing should be submitted.

And Article 43 says: "Where an applicant for territorial extension to China requests protection of a three-dimensional symbol..., the applicant shall, within three months from the date when the

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trademark is entered into the International Register of the International Bureau, submit the relevant materials as listed in Article 13 of this regulation to the Trademark Office through a legally formed trademark agency. If the required materials are not submitted within the prescribed time limit, the Trademark Office shall refuse the application for territorial extension".

The first issue here is whether or not failing to submit the relevant materials within the time limit will inevitably lead to rejection of the application.

The second involves a substantive issue: does this water-drop shaped Dior J'adore perfume bottle as a 3D trademark have the distinctiveness required for Chinese trademark registration?

Supreme People's Court answers

On the first issue, the Supreme People's Court has given an answer in favor of the applicant. The court holds the view that Dior had already clarified that it was a 3D trademark in its international registration application, but the Trademark Office treated it as a 2D trademark instead of a 3D one in its examination. At the same time, it didn't notify Dior to make any rectification. Dior submitted the three-view drawings in the process of TRAB review, but TRAB still failed to correct this mistake.

Therefore, the court said, both the Trademark Office and TRAB have violated the principle of due process and harmed Dior's procedural right granted by law. The Supreme People's Court overruled all the verdicts of lower courts and remanded the case back to TRAB.

On the second issue, the court didn't give a direct answer as to whether or not the perfume bottle in the instant case is distinctive enough to qualify for a trademark registration. Instead, it remanded the case to TRAB for reconsideration.

The Supreme People's Court has specified the factors that should be taken into account, emphasizing the fact that the exact same trademark has already been registered under some other categories. It also said the Trademark Office's examination standards are expected to be consistent.

The Supreme People's Court's decision on the relevant procedural and substantive issues is of great significance. The procedural one, in essence, is the linkage between the Madrid Protocol and the domestic trademark law, which has a bearing on all international applicants. In line with the Madrid Protocol as well as some other relevant international conventions, territorial extension of trademark protection is permissible in China.

Time for submitting relevant materials

Article 43 of the Regulations for the Implementation of the Trademark Law requires those applying for territorial extension to China for a 3D symbol to submit the relevant materials (that is, the three-view drawings in the instant case) to the Trademark Office within three months from the date of the trademark's entry into the International Register of the International Bureau.

If the required materials are not submitted within the prescribed time limit, the Trademark Office shall reject the application for any territorial extension. In practice, only after the office has accepted the international registration application can the applicant submit the prescribed additional materials. But the Trademark Office will not directly notify the applicant of the date on which the examination process starts.

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Unless the applicant keeps regular contact with the office, the applicant will not be able to know the exact time when its international application has been accepted and the examination started.

So, it is possible that when the applicant finally gets a refusal, the prescribed three-month time limit has nearly or already expired. In other words, the applicant may be unable to submit the required materials within the three-month timeframe, which is exactly what happened in the Dior case.

Since the refusal of the Trademark Office and TRAB to register Dior's trademark due to the expiry of the three-month time limit violates due process, the Supreme People's Court said the applicant's procedural rights should be protected in conformity with international treaties. The decision is expected to improve the linkage between international trademark registration and domestic examination procedures.

Analyzing distinctiveness of disputed trademark

Apart from the procedural issue, the Supreme People's Court also considered the substantive issue regarding the distinctiveness of three-dimensional trademarks. A specially designed package of a product can actually serve as a magnet for most consumers to buy it. This means the package design itself is aesthetically functional, which can enjoy protection under copyright law or patent law (as design patent). Under trademark law, the package itself is normally viewed as not inherently distinctive and therefore not eligible for trademark registration, unless the package has already acquired secondary meaning through use.

In the instant case, the Supreme People's Court has given some guiding instructions on determining whether a 3D trademark has acquired distinctiveness or not. Relevant factors should be taken into consideration, such as the unique feature of the 3D trademark, facts of actual use and consumers' cognitive abilities.

These instructions are important for the Trademark Office and Chinese courts to handle other similar cases. But the Supreme People's Court hasn't given a specific ruling on the distinctiveness of the disputed trademark.

This shows the Supreme People's Court's respect for the authority of the administrative agencies in trademark examination. It is an exemplary decision.

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