

The Trademark Use System: China and the EU

Wenya He, Trademark Attorney at Beijing Sanyou, evaluates symbolic use, consistency, proper use, and non-use cancellation.

Trademarks can distinguish the sources of goods or services, so as to facilitate consumers' brand recognition and shopping. As hundreds of manufacturers and providers of the same goods and services are shown to consumers to be chosen from, trademarks can help consumers identify different brands. In most countries, although the applicant can only obtain the trademark exclusive right through filing and registration of the trademark application, the main reason why trademark rights can be protected is that the trademark has commercial reputation. In line with the reason, there is no connection between trademark registration and acquisition of the commercial reputation. Trademark registration can only prove that the applicant has obtained the exclusive right of trademark while the reputation can only be acquired through extensive use. Moreover, trademark rights become more stable after use. Most countries have the rules of trademark cancellation. The following is an introduction with relevant legal provisions and cases of registered trademark use in China and the European Union.



Wenya He

In China:

[Provisions regarding the use of a registered trademark]

Article 48 of the Chinese Trademark Law: "The use of trademarks as stipulated in this Law refers to the affixation of trademarks to commodities, commodity packaging or containers, as well as commodity exchange documents or the use of trademarks in advertisements, exhibitions, and for other commercial activities, in order to identify the source of the goods."

Article 49 of the Chinese Trademark Law provides: "Where a trademark registrant, in using a registered trademark, alters the registered trademark, or changes the name or address of the owner of a registered trademark, or other matters contained in the registration without the prescribed procedure, the local Trademark Office shall order it to make corrections within a specified time limit, or the registered trademark can be canceled by the Trademark Office, if no corrections are made at the expiry of the specified time limit."

Below are some issues to judge whether use evidence is effective:

1. Is it symbolic use of the registered trademark?

The use of trademarks should not only be public, genuine, and legal, but also be related to specific goods and services in commercial activities. In judicial practice, the examination of non-used trademarks for three consecutive years should subject to substantive and formality use. Symbolic use with no need of actual operations should not be considered as the use of the trademark. Such use fails to identify the source of goods or services thus does not belong to the real and effective use behavior according to trademark law. For example, only advertisement but no products put into the market, few sales in the market, or specific industries without entering market.

[Beijing Higher People's Court (2014) No.1934]:

Trademark: 湾仔码头 ; Class 43,

Designated services: catering services.

In this case, the registrant provided advertising agreement, invoice, and business advertisement which was published in Gusu Evening News, such advertisement was released one time only, which cannot prove that the disputed trademark was actually put into commercial use. Further, the registrant registered more than 50 trademarks that are the same as or similar to other well-known trademarks. The evidence submitted by the registrant is only to maintain the trademark registration, which is the symbolic use of the trademark.

2. Is the trademark specimen presented in the use evidence consistent with the one in applied trademark?

Article 26 (2) of Provisions of the Supreme People's Court Concerning the Trial of Administrative

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Cases of Trademark Right Granting and Verification: If there are slight differences between the used trademark and the registered trademark, but their distinctive features are not changed, such use can be regarded as the use of the registered trademarks. According to the Standards for Examination and Review 5.3.6, if the evidence submitted by the trademark registrant changes the main parts and distinctive features of the registered trademark, it cannot be regarded as the use of the registered trademark.

The used mark should ideally be exactly the same as the registered mark. This kind of evidence for non-use usually includes two types, one is that there is no trademark specimen in the use evidence, e.g. all kinds of contracts without trademark, business receipt with only product model or name, relevant qualification certificate with only trademark owner's name, industrial ranking of trademark owner, etc.. The other is that the trademark in the use evidence is not the same as that registered, which is more common when the trademark owner owns many registered trademarks.



Résumé

Wenya He, Trademark Attorney

Wenya has practiced as a trademark attorney for more than 10 years. She joined Beijing Sanyou in 2015 after working in another law firm in Beijing. She has handled and supervised a large number of trademark prosecution cases. She practices in strategy-planning on trademark management and protection, trademark prosecution in China, and Madrid international trademark application.

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That the logo only actually used a different font that changed the shape and did not change the distinctive elements.”

[Beijing Higher People's Court (2019) No.5174

In this case, the disputed trademark is  which is different to the used trademark . The registrant only uses parts of the disputed trademark, which is not effective use of the registered mark. The evidence submitted in the court of second instance by the trademark registrant can't prove that it used the disputed trademark according to trademark law within the specified period.

[Beijing Higher People's Court (2018)

J.J.J. No.1403]: Distributed trademark:  used trademark: .

According to Beijing High Court, in this case, the evidence submitted by Oriental Litai Company shows that the logo only actually used a different font that changed the shape and did not change the distinctive elements of the trademark. Therefore, if the used trademark is only slightly different from the registered trademark, and does not change the significantly identified part, the examination authority usually accepts such use evidence. When the trademark owner has more than one registered trademark on the same or similar goods, the authority will be stricter in examining for the use evidence provided by the trademark owner.

3. The goods/services on which the mark is used, which should be the designated goods/services of the registered mark.
4. Avoid providing unilateral evidence of use. All the use evidence of the trademark should form a complete evidence chain of trademark use. Sales contracts, sales invoices and products bearing on the trademarks should be matched. For example, the invoices and receipts printed by the enterprise has limited effect as these cannot test the authenticity and confirm whether there is an actual commercial transaction, but can only be used for internal management of the company. Usually, such use evidence which has no relevant contracts, orders, invoices, payment documents, or other materials cannot play the role of proof.

In China, if a trademark, which is not actual used in the short term, needs to avoid possible non-use cancellation filing by other parties, the applicant may consider to re-file a trademark application to stop filing cancellation application by any other party.

In EU

[Provisions regarding the use of a registered trademark]

According to the use regulations of the EU: 1. If the owner of a trademark fails to use the trademark on the designated goods or services in the EU within five years of registration, or if the trademark is suspended for five consecutive years, the EU trademark shall be subject to sanctions, unless there are legitimate reasons for non-use of the mark. 2. The following shall also constitute use within the meaning of the first subparagraph:

- (a) Use of the EU trademark in a form differing in elements which do not alter the distinctive character of the mark in the form in which it was registered, regardless of whether or not the trademark in the form as used is also registered in the name of the proprietor.
- (b) Affixing of the EU trademark to goods, or to the packaging thereof, in the Union solely for export purposes.
- (c) Use of a trademark by another person approved by the owner of the EU trademark shall be deemed as use by the trademark by the owner.

What is the effective use evidence of the trademark?

1. Sales evidence: including sales volume, sales contract invoice, etc.
2. Publicity evidence: including brochures, website publicity, publications, official letter paper, and relative contract invoice, etc.
3. Exhibition evidence: including exhibition photos, exhibition contracts, contracts signed with customers through exhibition, etc.

Case: A Fast-food chain enterprises "Supermac" in Ireland filed the cancellation application against the mark BIG MAC owned by McDonald's in the EU.

EUTM proprietor submitted evidence as proof of use.

- 3 affidavits, signed by representatives of McDonald's companies in Germany, France, and the United Kingdom. They claimed significant sales figures in relation to 'Big Mac' sandwiches from the period between 2011 and 2016 and attach examples of the packaging of the sandwich (boxes), promotional brochures.

EUIPO think that the remaining evidence must be assessed in order to see whether or not the content of the affidavits is supported by the other items of evidence and brochures, packaging, and printouts do not give sufficient information to support the sales and turnover figures claimed in the affidavits.

- Brochures and printouts of advertising posters, in German, French, and English, showing, *inter alia*, 'Big Mac' meat sandwiches; and packaging for sandwiches (boxes); the materials appear to originate from the EUTM proprietor and are dated between 2011 and 2016.

EUIPO think that advertising brochures cannot prove the extent of use of trademarks, including the geographical scope of product sales, turnover, etc. Although brochures are provided, there is no information on how to distribute and whether to attract consumers to buy the products.

- Printouts from the websites www.mcdonalds.de, www.mcdonalds.at, www.mcdonalds.be, e.g. dated between 07/01/2014 and 03/10/2016. They depict a variety of sandwiches, *inter alia* 'Big Mac' sandwiches, some of which state that they are sandwiches made with beef meat.

EUIPO think that even if the websites provided such an option, there is no information of a single order being placed. Therefore, a connection between the EUTM proprietor's websites (irrespective of the used country code top-level domains and languages) and the eventual number of items offered (sold) could not be established.

- A printout from en.wikipedia.org, providing information on 'Big Mac' hamburger, its history, content, and nutritional values in different countries.

EUIPO think that Wikipedia entries cannot be considered as a reliable source of information, as they can be amended by Wikipedia's users and therefore these could only be considered relevant as far as they are supported by other pieces of independent concrete evidence. In the case at issue, however, the remaining pieces of evidence which were submitted do not provide information about the extent of use, as already mentioned above, and therefore, the excerpt from Wikipedia does not change the conclusions reached in that respect.

Therefore, EUIPO think that the evidence is insufficient to prove the actual use of the trademark.

In the judgment of whether the use of trademarks on non-approved goods constitutes the use of trademarks, the EU holds that in practice many trademarks are not used for the approved designated goods/services, but are

used on the parts of products, which can be regarded as the effective use of registered trademarks. If a trademark is not used in a new product, but only in a product that has been sold, such use may constitute an actual use. As long as the current product is directly related to the previously sold goods, such use can be constituted the actual use of trademark.

If the registered mark is not being used, it is not advisable to file for the same trademark for exactly the same goods and/or services to maintain the right without genuine use. According to EU case law, such applications are considered to be applications filed in bad faith. The application will be accepted as EUIPO does not examine applications on these grounds, but third parties can start an invalidity action against the registration.

Comparing the system of non-use cancellation between EU and China, there are many similarities:

1. Symbolic use is not considered effective evidence of use.
2. If the used trademark has a slight difference from the registered trademark it is still recognized as effective use of the trademark.

Nevertheless, there are also some differences. For example, China do not initially reject a refiled application, even if such refiled application is not based on the purpose of actual use. It is not a legitimate reason for the trademark to be cancelled. While in the EU, if a third party filed the invalidation against the refiled trademark application, the actual examination depends on the personal judgment of EUIPO or the EU Appeal Committee and it is very likely to reject the refiled application.

Non-use cancellation systems can be described as a scavenger in the trademark industry. The main purpose of the system is to clean up trademarks which are not in use, make trademark owners use trademarks actively, enhance market vitality, and promote the vigorous development of market economy. The use of a trademark should be real, continuous, and an investment in the field of market circulation.



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