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## **US Wyeth Wins Two-Decade Trademark Enforcement Battles**

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Wyeth LLC (hereinafter referred to as “US Wyeth” or “the plaintiff”) is one of the largest infant milk powder producers in the world. It entered China in the 1980s and its local sales volume exceeded CNY10 billion in 2015.

This April, Zhejiang High People’s Court in its second-instance ruling affirmed the plaintiff and its affiliated company Wyeth (Shanghai) Trade Co., Ltd.’s victory in a trademark infringement and unfair competition litigation against Guangzhou Wyeth Baby Maternal & Infant Products Co., Ltd. (hereinafter referred to as “Guangzhou Wyeth Baby” or “the defendant”) and its affiliated parties. The case was initially tried in 2020 in Hangzhou Intermediate People’s Court where the plaintiff’s claims were fully supported, including the triple punitive damage totalled CNY30 million.

This case has attracted public attention because of the remarkably high punitive damage and the lengthy two-decade battles. A brief of the battles is summarized below.

### **1. Two-decade battles**

#### **1) Trademark registrations and applications (1979-2001)**

The plaintiff, previously American Home Products Corporation (AHP) by name, filed trademark applications for “WYETH” and “惠氏” (WYETH in Chinese) in 1979 and 1990 respectively, for the goods “baby food, etc.” in class 5. It filed trademark applications for “WYETH & 惠氏 (WYETH in Chinese)” in 2000 for the goods “milk, milk products” in class 29 and for “non-medical nutrition liquid, non-medical nutrition power, etc.” in class 30. All the applications were registered

smoothly.

Zhongshan City Dongfeng Town WUBO Trading Department (hereinafter referred to as “WUBO”) filed trademark applications in 2001 for “WYETH” and “惠氏 (WYETH in Chinese)” for the goods “shampoo, bath lotion, etc.” in class 3, for “baby feeding bottles, breast pump, pacifier, condoms, contraceptive diaphragm, etc.” in class 10 and for “paper, napkin, toilet paper, baby diaper (made of fiber or paper), printed publications, etc.” in class 16.

## **2) Trademark oppositions and assignments (2001-2011)**

The plaintiff filed oppositions in 2002 against WUBO’s trademark applications. The oppositions, the following appeals and administrative lawsuits lasted nearly ten years, but all ended in failure, for two reasons—1) the cited marks and opposed marks are in different classes, so the designated goods were regarded as dissimilar, 2) the plaintiff’s evidence was insufficient to prove that its trademarks “WYETH” and “惠氏 (WYETH in Chinese)” had been well-known in China before 2001 so that it was not entitled to enjoy cross-class protection. The opposed trademarks were successfully registered in 2010.

In 2007, the opposed trademarks were assigned to a natural person Lu Guoji, the contact person indicated in WUBO’s trademark application documents which were filed in 2001, then from Lu Guoji to Wyeth China Co., Ltd., a Hong Kong company, irrelevant to the plaintiff, in 2010, and finally assigned to the current owner Guangzhou Wyeth Baby, the defendant, in 2011.

## **3) Trademark invalidations and civil litigations (2011-2020)**

In 2011, the defendant began to use the registered trademarks “WYETH” and “惠氏 (WYETH in Chinese)” to sell maternal and infant caring products such as “baby shampoo, skin caring products, diapers” in many provinces in China. The plaintiff pursued the battles against the defendant in two fields, namely, trademark invalidation and civil lawsuit fields.

### **A. Re the trademark invalidations**

The plaintiff won the invalidations before Trademark Review and Adjudication Board (TRAB) in 2011 pursuant to Article 10.1.8 of the Chinese Trademark

Law, but then lost in Beijing Intermediate People's Court and Beijing High People's Court in 2014. The courts held that Article 10.1.8 only applied to the situation where the public interests were harmed, whereas no public interests were harmed in these cases.

The cases were returned to the TRAB for re-examination. The plaintiff won the cases again before the TRAB in 2015 pursuant to Article 41.1, which applies to the situation where the registration of a trademark is acquired by fraud or other unfair means, based mainly on the distinctiveness and high reputation of the plaintiff's trademarks "WYETH" and "惠氏 (WYETH in Chinese)" in respect of maternal and infant food products, as well as the bad faith of Lu Guoji and the defendant. The bad faith was confirmed on basis of the following factors:

- a) Lu Guoji not only filed applications for trademarks "WYETH" and "惠氏 (WYETH in Chinese)" in classes 3, 10 and 16, but also for many other trademarks which are identical with others' prior reputable brands. Lu failed to prove its intention to use such applied-for trademarks. He is hoarding trademarks in bad faith and disrupts the trademark registration order.
- b) The defendant, after obtaining from Lu Guoji the registered trademarks "WYETH" and "惠氏 (WYETH in Chinese)" in classes 3, 10 and 16, also applied by itself for many trademarks for "WYETH & 惠氏 (WYETH in Chinese)", "惠氏 (WYETH in Chinese) & device", etc., and used such trademarks in maternal and infant caring products which are closely related to plaintiff's maternal and infant food products. The defendant in its business made false advertisement to mislead the consumers about the relations between it and the plaintiff so as to free ride on the plaintiff's reputation.

Afterwards, the defendant did not give up and initiated the first-instance lawsuit in 2016, the second-instance lawsuit in 2018, and even a retrial with the Supreme People's Court (SPC) which lasted from 2018 to 2020, but all failed.

## B. Re the civil lawsuits

In order to prevent the defendant and its affiliated parties from using the trademarks “WYETH” and “惠氏 (WYETH in Chinese)” in business and from continuing with other unfair conducts such as use of similar packages and webpages and identical trade names, false advertisement, which mislead the public and free ride on the plaintiff’s reputation, the plaintiff and its affiliated parties filed several lawsuits as listed in the chart below.

		Lawsuit 1	Lawsuit 2	Lawsuit 3
1 <sup>st</sup> Instance	Court	Guangzhou Baiyun District People’s Court	Guangzhou Intermediate People’s Court	Hangzhou Intermediate People’s Court
	Time	2011-2013	2011-2012	2019-2020
2 <sup>nd</sup> Instance	Court	Guangzhou Intermediate People’s Court	Guangdong High People’s Court	Zhejiang High People’s Court
	Time	2013-2014	2013	2021
Retrial	Court	/	SPC	/
	Time	/	2014-2020	/

The results of the Lawsuits 1 and 2 in their 1<sup>st</sup> and 2<sup>nd</sup> instance procedures were unfavorable for the plaintiff in essence, though in Lawsuit 2, some of the defendant’s conducts were considered false advertisement and unfair competition and the plaintiff were awarded a damage of CNY50,000. The main reason for the two essentially unfavorable results is that the trademarks “WYETH” and “惠氏 (WYETH in Chinese)” used by the defendant and its affiliated parties had not yet been invalidated.

For Lawsuit 2, the plaintiff filed a retrial petition with SPC in 2014, but it was suspended until the defendant’s trademarks were finally invalidated by Beijing High People’s Court in 2018. SPC made the final decision in March, 2020, overturning the earlier judgement by ascertaining the defendant’s conducts of trademark infringement and unfair competition and ordering the defendant to change its company name by removing “惠氏 (WYETH in Chinese)”.

Lawsuit 3 is the one mentioned in the beginning of this article, in which the plaintiff’s claims for trademark infringement and unfair competition were fully supported, including the claim for triple punitive damage of CNY30 million.

The court confirmed in its judgement that

- a) The defendant's maternal and infant caring products should be regarded as similar to the plaintiff's maternal and infant food products, because of the same category, basically the same sales channels and targeted consumers, and because of the high reputation of US Wyeth's products and brands in China.
- b) The defendant and its affiliated parties had obvious bad faith because of many of their infringement and unfair competition conducts.
- c) The infringement is serious and the scale is large as the infringement lasted for many years, with nearly a thousand offline distributors in more than 120 cities. The infringement continued even if Beijing High People's Court invalidated the defendant's trademarks in 2018 and SPC confirmed its infringement in March, 2020.

## **2. The complexity of the two-decade battles**

The two-decade battles have involved 1) hundreds of cases, including more than 40 lawsuits among which more than 10 were in SPC, 2) dozens of notarizations relating to webpages, online and offline purchase, online and onsite conversation, etc., 3) big variety of infringement, including trademark infringement, false advertisement, similar packages and webpages, confusing trade names and domain names, etc. During the two decades, the Chinese Trademark Law was amended twice, the Anti-unfair Competition Law was amended once, the threshold to ascertain "bad faith" and "similarity of goods in different classes" changed, and the courts' attitude to punitive damages also changed.

Regretfully, the obvious bad faith infringement has lasted so long and consumed so much of the plaintiffs' resources. Fortunately, China has made up its mind to effectively enforce IPRs and the plaintiffs' efforts came to a successful end.

## **3. Experiences and lessons**

- 1) Never ever give up. We can see how many setbacks the plaintiff suffered during the two decades, but it never gave up. Its efforts finally paid off. The landmark success also more broadly spread the plaintiff's reputation in China,

which can be a welcome side effect.

- 2) Register your trademarks more broadly and earlier. China adopts a first-to-file principle for establishment of trademark right, as opposed to the first-to-use principle. Once your trademarks are preemptively registered by others, it is usually more difficult and costly to get back or invalidate them. Therefore, even if you do not use your trademarks in some classes for the time being, it is still highly advisable to register them.

Have confidence in China's IP protection environment. As more and more legislations and policies in favor of the legitimate IPR owners are made, China's IPR enforcement environment is improving rapidly. From the two-decade battles, we can see that it is easier for the Courts and administrative authorities to ascertain bad faith nowadays than ten years ago, particularly when the involved brands are famous. More importantly, it is easier to claim high amount of punitive damages, to enable the infringed parties to recover their expenses or even profit from enforce