

## **VW Fails to Overcome Citation Through LOC in China**

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On 31 August 2021, the Beijing High People's Court finally upheld the Beijing Intellectual Property Court's judgement and the China National Intellectual Property Administration's (CNIPA) decision, namely rejection of Volkswagen Aktiengesellschaft's (VW) trademark TAYRON in Class 12, No. 30191626 in spite of the cited trademark owner's letter of consent to co-existence. I would review the case and provide my advice for your easier reference.

### ● **History of the case**

On 12 April 2018, VW filed in China an application for the trademark TAYRON, No. 30191626, in respect of goods in subclasses 1201, 1202, 1204-1207, and 1209-1211, which was rejected in the same year because of Tyron Runflat Limited's earlier trademark TYRON, No. 1613996, in respect of similar goods in subclasses 1202 and 1203. The other cited trademark became invalid due to expiration and is not further mentioned in the following procedures.

VW filed an appeal, but the CNIPA upheld the rejection on VW's important goods automobiles, motor cars, etc., and only granted approval to the less important goods cable cars, trolleys, airplanes, ships, etc., which are dissimilar to the goods of the cited trademark.

VW further appealed to the Beijing Intellectual Property Court in the first instance. The judges ruled that VW failed to submit sufficient evidence to prove that the relevant public, when selecting the designated goods, will pay closer attention and can distinguish the two trademarks. Although VW also submitted Tyron Runflat Limited's letter of consent, the authenticity of the letter can hardly be verified as the evidence is insufficient to prove that the signatory is entitled to represent Tyron Runflat Limited.

Dissatisfied, VW appealed to the Beijing High People's Court, and also supplemented the documents to prove the authority of the signatory in representing Tyron Runflat Limited to grant the consent. Nevertheless, the Court upheld the first-instance judgement finally and commented on the three key issues:

### **1. Similarity of goods:**

The CNIPA's classification and subclassification criteria are of reference value to determine similarity of goods according to the function, uses, producers, sale channels, consumers. According to the criteria, VW's designated goods such as automobiles, motor cars, unmanned vehicles, light trucks, minibuses, sport cars, trucks and the goods of the cited trademark are in the same subclasses and largely associated in terms of producers, sale channels, consumers, etc. Therefore, the goods are identical or similar.

### **2. Similarity of marks:**

The two trademarks concerned are different by only one character. If the two trademarks are used simultaneously on identical or similar goods, the relevant public might be confused by thinking that the producers are the same or have special connection.

### **3. Letter of consent:**

Although VW submitted a letter of consent, now that the two trademarks are basically identical, even if the letter of consent is lawful, authentic, and effective, the letter is insufficient to eliminate the possibility of relevant public confusion with regard to the source of goods. Therefore, the letter cannot be the definite basis for the approval of VW's trademark.

### **Author's comments and advice:**

1. The CNIPA's classification criteria are more and more highly respected by the Chinese courts and we suggest studying the criteria harder in advance. When it is necessary to argue for the dissimilarity of goods and services, I suggest collecting sufficient evidence to prove the actual use fields of the

parties' trademarks and the distinctiveness of the applied-for trademark acquired through long-term extensive use and promotion.

2. Unlike the Latin-using people, the Chinese consumers and authorities, with the judges included, are not so good at distinguishing slightly different Latin words. Accordingly, the chances of overcoming such citation are slimmer in China.
3. For a period of time in the past, the CNIPA was strict with letter of consent and often refused. Recently, the CNIPA tends to adopt stricter criteria in accepting letter of consent. I recently received two rejection appeal decisions concerning letters of consent. In one case, the CNIPA did not sustain our arguments for the dissimilarity of marks although we filed the letter of consent. In the other case, the CNIPA sustained our arguments, but did not comment on the letter of consent we submitted, although we believe the letter of consent poses some influence on the examiner's decision.
4. In the last few years, the courts were more liberal and respect the owners' disposal of their private rights. The Beijing High People's Court also released Guidelines to confirm "when judging whether the trademark in dispute is similar to the trademark in question, the coexistence agreements may be used as prima facie evidence to exclude confusion". However, this case and some other recent court rulings reflect that the courts have changed their attitude and become stricter as well. In addition, if the letter of consent is signed by a party outside China, the courts require the letter of consent to be notarized, legalized with translation made by the officially designated translators together with evidence to prove the signatory's authority to represent the business.

As of the end of 2020, the number of validly registered trademarks in China exceeded 30 million. Citation arises more often. As a result, with all the above factors combined, it has become more difficult to register a trademark smoothly. The CNIPA and relevant courts have tightened examination and the rejection rate keeps growing. In order to save resources and time, I strongly suggest that the applicants do more in-depth homework before filing, appealing, or obtaining a letter of consent.