Legal Issues of Conflicts between Trademark Right and Copyright

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The Chinese Trademark Law provides that any visual sign capable of distinguishing the goods of one natural person, legal person or any other organisation from those of others, including words, devices, letters, numerals, three-dimensional symbols, combinations of colours or any combination of the above elements may be applied for the registration of a trademark[1]. The works under the Chinese Copyright Law refer to intellectual creations in the fields of literature, art, and science that are original and reproducible in one form or another[2]. When an original word or device registered and used as a trademark, and different entities respectively enjoy the exclusive right to use a trademark[3] and the copyright in it, conflict between the two rights is likely to arise. The early Pei Li and Liu Qiang v. Shandong Jingyanggang Brewery, Feng Chuyin and Zhang Weiwei v. Jiangsu Sanmao Corporation, and the recent case involving the "艾礼富 (pronounced as "ai li fu" in Chinese) ALEPH and device" mark are all typical cases of dispute arising from conflict between the trademark rights and copyrights. Based on specific cases in practice, the writer will be looking into the issues of conflicts between the trademark right and copyright from the perspective of the law provisions and approaches to resolving conflicts of the nature, determination of such conflicts and grounds of counterclaim.

1. Law provisions on and approaches to resolving conflicts between trademark right and copyright

While there always exist conflicts between the trademark right and copyright, provisions on protection of prior rights were set forth only in the Trademark Law as of 1993, in which Article 27 provides: "where … the registration of a trademark was acquired by fraud or any other unfair means, the Trademark Office shall cancel the registered trademark in question"; in Rule 25 of the Implementing Regulations thereof was incorporated "registration of a mark infringing other 's legitimate prior right" in acts of fraud and unfair means. Article 31 of the current Trademark Law provides that "no trademark application shall infringe another party's existing prior rights", in which the copyright is one of the prior rights under the Trademark Law.

As can be seen in cases involving conflicts between the trademark right and copyright accepted by the trademark administrative authority and the courts, cases of the sort usually are characterised by two circumstances: applying for registration, as a mark, of a work in which another party enjoys his or its copyright (trademark right affirmation cases) and use, as a mark, of a work in which another party enjoys his or its copyright (infringement cases). The former circumstance also involves two circumstances, namely one in which the trademark registration application is pending and one where registration of a mark is granted. In China, trademark registration principle is observed, and a mark approved for registration with the Trademark Office is a registered trademark; the trademark registrant enjoys the exclusive right to use it, and the right is under the protection of the law. Before and after approval by the Trademark Office of registration of a trademark, the mark applied for registration is of different legal character if it conflicts with another party's prior copyright. Regarding the matter, the Supreme People's Court take the view that during trademark prosecution, when an interested party claims his copyright as another party uses his work for application for trademark registration, the dispute should be resolved through the remedial procedures, such as that of opposition under the Trademark Law. Where an opposition is raised, and a party brings a civil suit on the ground that another party's act of using his work for application for trademark registration, which is preliminarily approved for publication, constitutes an infringement, it is undue for the people's court to accept the case[4]. Once the trademark registration grant procedure is finalised, and registration granted, however, another party's prior copyright is faced with practical impairment for the presence of the registered trademark, and the act of trademark registration in-

fringes the prior copyright. Then the copyright owner can request the Trademark Review and Adjudication Board (TRAB) to review the dispute over the registered trademark or sue in the people's court[5].

In trademark right affirmation cases, in respect of a mark preliminarily approved and published, where a copyright owner finds that another party applied for registration of his work as a mark, he can raise opposition to the application for registration of said mark during the opposition period, and the trademark authorities may refuse the trademark right registration application at the request of the copyright owner. As for a registered trademark, the copyright owner may request the TRAB to resolve the dispute within five years from the date of registration of the trademark in suit.

If a party uses, as a mark, another party's copyrighted work without authorisation, it is possible for such use to constitute infringement of the copyright. The copyright owner may bring a copyright infringement suit in the people's court against the infringement of his copyright[6], and request the court to hold the defendant civilly liable for ceasing the copyright infringement. If the court finds infringement and the mark in suit is still in the stage of opposition, the copyright owner may request the TRAB to revoke the registration of said mark according to the court decision; if the mark cannot be revoked due to expiry of the time limit, the holder of the prior right may still bring a civil suit within the time limit for litigation, but the people's court will no longer impose the civil liability for cessation of use of the registered trademark in suit[7].

After the time of dispute, while it is impossible for a prior copyright owner to request revocation of a registered trademark through the trademark dispute procedure, this does not mean that the later trademark registrant has obtained a stable trademark right. After the copyright owner brings a copyright infringement suit, if the court finds the trademark infringing the copyright and orders the defendant to be civilly liable for ceasing the copyright infringement, the copyright owner may request the TRAB to cancel the registered trademark where the trademark registrant ceased using the registered trademark for three connective years subject to the court judgment[8].

2. Determination of conflicts between trademark right and prior copyright

Determination of whether a later mark infringes a prior copyright is not substantially different from determination of copyright infringement under normal circumstances, and the determination is made according to the "substantial-similarity-plus-likelihood-of-access" test[9]. In a specific case, determination is made as to whether the work is one protected under the Copyright Law, whether the copyright owner or an interested party is involved, and whether the mark and the work are substantially similar, and whether it is likely for the mark registrant to have accessed the copyrighted work.

1) Whether the work is one protected under the Copyright Law

The works mentioned in the Implementing Regulations of the Copyright Law refer to achievements of intellectual creation in the field of literature, art and science, which are original and reproducible in a tangible form. Originality is the most critical condition for constitution of a work and for the work to be eligible for the copyright protection. But the Copyright Law does not set forth a specific standard concerning originality. In a case involving conflict between the trademark right and copyright, an interested party often claims copyright protection for a slightly varied letter, or a very simple or common device, so determination of whether such a work is original is often critical in such a case. In Sanyo v. TRAB[10], regarding Sanyo's claim to its copyright in the device "N", the Beijing Higher People's Court noted that in the middle of "N" device was a slant black rectangular stroke with several black lines on both sides of it, producing a strong three-dimensional view. The letter was different from the regular printed letter, showing the intellegence of the creater. For that reason, said "N" was eligible for the protection under the Copyright Law in China. In a case involving the "艾礼富 ALEPH and device" mark, the Beijing Higher People's Court found the Aleph's badge original and a work of art within the meaning of the Copyright Law. As the two case show, in the judicial practice, originality is deemed to contain the minimum originality, which should not be rashly denied by the height of creativity.

Determination of originality is a comprehensive analysis or examination of the quality and quantity of intellectual creation. But legislation can only subject it to the minimum extent of originality required of a work, and it is impossible to specify the specific quantitative standard for creativity[12]. For this writer, mere consideration of whether the device of a mark is original or not is not a key issue. A mark should be compared with a prior work to see whether the part of intellectual labour in the prior work was used in the mark, that is, a comprehensive examination should be made on the basis of determination of a work under the Copyright Law protection and substantial similarity between them.

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According to the minimum originality standard, it is possible in practice for a copyrighted literary work, artistic work or a sculptural work to conflict with a mark.

First, literary works refer to works of novels, poetry, proses, academic papers[13]. Normally, literary works of marks are too short to be such works, but it is possible for some original slogans to be literary works e.g. "Hen kua dong xia, zhi di chun qiu (meaning running through the Winter and Summer, and directly to Spring and Autumn) Guqiao Air-Conditioners"[14]. Another party's registration of said slogan as a mark will possibly constitute a conflict of the trademark right with the copyright.

Second, artistic works refer to two or three-dimensional plastic art works composed of lines or colours, or in other ways, and having their ascetical appeal, such as works of painting, caligraphy and sculpture[15]. Conflict between an artistic work and a trademark is one of the commonest conflicts between the trademark right and copyright and in practice, a lot of cases involving conflicts between trademark right and copyright involve artistic works.

Third, cases involving conflict between a sculptural work and a mark are few, and the case involving the huge sculpture of Yandi and Huangdi (used together to refer to the ancestors of the Chinese nation) is one of them. Being three-dimensional, it is possible for a three-dimensional mark to conflict with a sculptural work. But application for registration of a two-dimensional copy of a sculptural work as a mark also infringes the prior sculptural work. While such act of copying another party's copyrighted work does not constitute infringement, use of such work should not infringe others' lawful rights of the prior copyright owner[16].

2) Whether a prior copyright owner or an interested party is involved

Copyright is automatically generated when a work is created, and belongs to the author thereof. This is the general principle governing the attribution of ownership of the copyright. Since an author often creates a work in private, it is very difficult for him to prove the process of his creation of the work if required. For this reason, the law provision specifies that in the absence of proof to the contrary, the citizen, legal entity or other organisation the name of which is indicated on a work is the author thereof[17]. On this basis, Article 7 of the Supreme People's Court's Explanation of Several Issues Relating to Application of Law to Trial of Cases of Civil Disputes over Copyright provides: copyright-related manuscripts, original, lawful publications, certificates of copyright registration furnished by an interested party, proofs produced by a certifying authority and contracts under which some rights are acquired may be used as evidence. Unless there is evidence to the contrary, a natural person, legal entity or other organisation the name of which is indicated on a work or product shall be deemed to be the holder of the copyright or copyright-related rights and interests. Under the evidence rules, in the course of copyright ownership determination, a rightholder only needs to adduce evidence showing that he or it is the rightholder for him or it to meet the evidence requirement and for him or it to be presumed to be the author or copyright owner. In the case of dispute over the "**奇异鸟** (pronounced as "qi yi niao" and meaning "exotic bird" in Chinese) device" mark, the interested party presented an original book the Dutch Qiyi Co., Ltd. (Qiyi) used to publicise its corporation. It was a work published before the mark in suit. In the book was described the "QIYINIAO device". Besides, there were faxes Qiyi sent to the designer of the work, proving how Qiyi acquired the design of "QIYINIAO device". It was concluded from the comprehensive examination of the two sets of evidence that the "QIYINIAO device" was a work commissioned by Qiyi, and used as Qiyi's corporate logo. In the absence of evidence to the contrary, it was possible to presume that Qiyi was the owner of the copyright in the work[18].

Only when the burden of proof is met, proving one is the copyright owner, is it possible to claim his copyright, or his claim will not be supported. In the case of reexamination of the opposition of the "**津威** (pronounced as "jin wei") and device" mark, the court took the view that while Sanlion Corporation furnished the manuscripts of the series of paintings "Little Twin Stars", lack of authorship and the indication of the publication time of the works to prove that Sanlion Corporation was the copyright owner of the works in suit was obviously void of the evidentiary force, so its claim to the copyright was not supported[19].

If the word of a registered trademark is created by the trademark owner, how to determine that the prior trademark owner is the copyright owner? In the case of dispute over the "**老人城**(pronounced as "lao ren cheng" and meaning "old men's city" in Chinese)LAORENCHENG and the device" mark, the Beijing No.1 Intermediate People's Court concluded that the trademark registration certificate proved that the prior trademark owner owned the copyright in the work, and thus presumed that the prior right the prior trademark owner claimed was the copyright. But the Beijing Higher People's

Court took the view that the mark applied for registration and the corresponding publication of the granted registration only showed the ownership of the registered trademark right; it was not an authorship in a work within the meaning of the Copyright Law to show the identity of an author; hence it should not be determined that the trademark owner was the owner of the copyright in the word of the mark[20]. In the case, the Beijing No.1 Intermediate People's Court considered more the practical difficulty of the prior trademark owner in providing "sufficient" evidence to prove the ownership of the mark in suit. But the Beijing Higher People's Court concluded that the party claiming copyright against trademark infringement was under the burden of proof, and that the published trademark registration and the information indicated in the trademark certificate only showed the trademark proprietorship, and could not be used to prove the ownership of the copyright.

A prior copyright owner proves that he is the legitimate holder of the right, which includes not only the original right, but also the derivative right. If an interested party presents evidence showing that the copyright is obtained by way of inheritance or assignment, he may also claim his copyright.

3) Whether trademark and work are substantially similar

By "being substantially similar" is meant that upon comparison between two works the average readers believe that the two are so similar that it is impossible to give the other reasonable explanation beside finding reproduction. It needs to be pointed out that in the comparison between a mark and a work, as it is for finding the mark infringing the prior copyright, what is compared is the work under the Copyright Law, not the sign of the mark, from the perspective of the audience of the work not the relevant sector of the public of the goods in respect of which the mark is used.

When two works are compared with each other, ideas of the work not under the copyright protection, and expression falling within the public domain should be excluded. Comparison is made only of the original parts of the two works, and only when these parts are substantially similar, the works are similar. The case involving the copyright in "Small Match Stick Man" once drew wide attention from the public. While it was not a case of conflict between the trademark right and copyright, the Beijing Higher People's Court's decision combined the issue of originality and public domain, setting a good example in the way to find substantially similar works. For the Higher People's Court, the image of "Small Match Stick Man" was somewhat different from that of "Black Stick Man", but the identical part was mainly the part that had fallen within the public domain, insusceptible to the protection under the Copyright Law (namely images created by using a round shape to show the head, and lines the other parts); the different parts exactly embodied the independent creation of the respective creators. Hence it should not be determined that "Black Stick Man" had used the original creation of the "Small Match Stick Man", and the former did not infringe the copyright in the latter[21].

4) Likelihood of access

If a work is independently created,it enjoys the independent copyright even if it is substantially similar to another work. Infringement should not be established only because the two works are substantially similar. The prior copyright owner should also prove that the trademark applicant has accessed or likely to have accessed the prior work, and so applied for registration of the prior work as a mark. In normal situations, it is difficult to prove that a trademark applicant had accessed a work before filing his application. Therefore, the law has provided for the "likelihood of access": so long as the copyright owner can prove the likelihood of access of the trademark registrant to his copyrighted work, he then has met his burden of proof.

The so-called "likelihood of access" is not limited to the circumstances where there is direct evidence showing actually reading or knowing about the work. Normally, the presence of "reasonable chance" or "reasonable possibility" for a defendant to read or hear about the work constitutes access. "Access" can be proven with direct evidence, such as evidence showing that the defendant has read, seen, bought or received the work or had access to the work when he worked for the plaintiff; and with indirect evidence, such as evidence showing that the plaintiff's work has been made known to the public through distribution, display, performance, show or broadcast before the defendant's work, the plaintiff has registered his work before, and the registration files are available to the public[22]. So long as there is proof showing that the later trademark applicant has actually accessed or has the "reasonable chance" to access the work, the prior copyright owner has met his burden of proof.

3. Causes of counterclaim

Causes of, or grounds for, counterclaim against claim of conflict between the trademark right and copyright generally include: the copyright has expired, the subject matter at issue does not constitute a work within the meaning of the Copyright Law, the other party has no sufficient evidence to

prove that he or it is the copyright owner, the device in suit has been independently created, or licensed by the copyright owner, etc..

1) The copyright in the work has expired

Except the rights of authorship, revision and protection of integrity of a work, term is set for protection of the other rights a copyright owner has. An expired copyright is no longer protected under the Copyright Law. The copyright in some one-hundred-year-old original brand names, such "BMW and the device" mark, which was first filed for registration in 1917, has expired in China. Besides. To extend the term of a best-seller, its copyright owner may file application for registration of it as mark before the work is about to enter the public domain. While the work in the public domain is protected by the trademark right, the trademark rights of the nature are limited to an extent, and a third party's fair use of a work enjoying the exclusive right to use a mark does not constitute an infringement of the exclusive right to use the mark.[23]

2) The subject matter at issue does not constitute a work within the meaning of the Copyright Law

The works mentioned in the Chinese Copyright Law refer to achievements of intellectual creation in the field of literature, art and science, which are original and reproducible in a tangible form. If a work does not constitute a one within the meaning of the Copyright Law, it is not eligible for the copyright protection. For example, simple, common words and devices, generally not regarded as original, do not constitute works within the meaning of the Copyright Law. In the case of dispute over the mark of "灌篮高手" (pronounced as "guan lan gao shou" and meaning "slam dunk master" in Chinese), the court concluded that while the word of the mark in suit was identical with the title of the cartoon work of the same title, the term of "guan lan gao shou" was only a name for a basketballer who was good at "slam dunk", a common term used by the public; it was not original as required of a literary work, so not a work within the meaning of the Copyright Law[24].

As aforementioned, since the Chinese Copyright Law does not spell out a specific standard for determining originality, views are sometimes divided as to whether a device constitutes a work or not. For some, compared with words that constitute works under the Copyright Law, the resources of words or signs and the ways of their combination for marks are limited; hence it is more probable for similar elements or conception of design to occur in trademarks. This means higher standard for originality of a work is required when determining whether a mark is similar to a work, and mere artistic variation of words or common ornamental devices should not be protected as prior copyright as is the case with the "N" device mark of Sanyo discussed above[25].

3) The other party in a dispute is not copyright owner of a work

One who raises a trademark dispute on the ground of a proprietary copyright must have sufficient evidence to prove that he is a prior rightholder, or his claim is not supported. For example, in the case of opposition of the "Dajiale" (meaning "everyone is happy") and device" mark, the court noted that while the plaintiff, Dajiale Corporation, was assigned the prior reference mark under the law, assignment of trademark right does not necessarily lead to possession of the copyright in the word of the mark. The evidence made available in the case only proved that it was the owner of the exclusive right to use the reference mark, not one who enjoyed the copyright in the word of the mark. With Dajiale Corporation being unable to prove its possession of the prior copyright, the opposition raised on the ground that registration of the mark under the opposition infringed its prior copyright was not tenable.[26]

If a party claiming his copyright is a foreign party, and his country does not enter an agreement with China or one that is not a party to an international treaty to which China is a party, it is impossible for the copyright he claims in China to be protected. For the copyright of such an author to be protected under the Chinese law, it must meet one of these conditions: (1) said foreign party's work is first published in China; or (2) said foreign party's work is first published in a country that is party to an international treaty to which China is a party, or published at the same time in the member states and non-member states[27]. If no conditions are met, the right asserted by the foreign party is not protected under law in China.

4) The device in suit is independently created

For works that are independently created one after another and identical in contents, the authors respectively enjoy their mutual, independent copyright in their respective works. There exists no matter of prior or subsequent copyright. If a trademark applicant can prove that his mark is independently created, the mark does not infringe any other party's prior copyright. In the case involving "QIYINIAO device" mark, the Shantou Jinhe Corporation admitted that the "QIYINIAO device + kievit" artistic word" in its mark in suit was partially identical with Friesland Brands B.V.'s work, but it argued that they were works independently created, and the two parties enjoyed their respective right therein. Re-

garding the issue, the court noted that Shantou Jinhe Corporation was under the burden to prove that its claim was tenable[28]. If it produced evidence to show that it had independently created the work in suit, it did not infringe the other party's copyright.

5) One is licensed by the copyright owner

If a mark applied for registration is authorised by the copyright owner, it does not constitute an infringement of another party's prior copyright. But the trademark applicant is under the burden to prove the facts of copyright license it has acquired from the copyright owner, such as a copyright license concluded between the applicant and the copyright owner, or direct, explicit expression of will of the copyright owner on licensing his work to the trademark applicant[29]. It needs to be pointed out that copyright licensing is a formal juristic act; use of another party's work requires the copyright owner's explicit authorisation and conclusion of a license with the copyright owner[30]. ■

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[1] Article 8 of the Trademark Law.

[2] Rule 2 of the Implementing Regulations of the Copyright Law.

[3] The trademark right concept is absent in the current Chinese Trademark Law. Only Article 3 of the Trademark Law provides that a trademark registrant enjoys the exclusive right to use a mark, and the right is protected under the law.

[4] The Supreme People's Court's Letter No. Minsanjianzi 2/2005.

[5] Article 1 of the Supreme People's Court's Provisions on Several Issues Relating to Trial of Cases of Civil Dispute over Conflict of Registered Trademarks and Trade Nmaes with Prior Rights (2008): "Suit instituted by a plaintiff on the ground that the word or device another party used in its registered trademark infringes his or its prior rights, such as the copyright, design patent right or enterprise name right complies with the provision of Article 108 of the Civil Procedure Law, shall be accepted by the people's court."

[6] Section 141 Disputes over Copyright Ownership and Infringement in Part 5 IP Disputes of the Provisions on Causes of Civil Actions (No. Fafa 11/2008).

[7] Article 9 of the Supreme People's Court's Opinions on Several Issues Relating to Overall Situation of IP Adjudication in the Service of the Current Economic Situation (No. Fafa 23/2008).

[8] The IP Tribunal of the Beijing No. 1 Intermediate People's Court (ed.), A Study on Difficult Issues Involved in Administrative Trademark Right Affirmation Procedure, the Publishing House of Intellectual Property, P. 205.

[9] Section 3.2 Elements of Use of Part 3 Standard on Examination of Infringement of Others' Prior Right in Volume 2 of the Trademark Examination and Adjudication Standards.

[10] The Beijing No.1 Intermediate People's Court's Administrative Judgment No. Yizhongxingchuzi 1115/2007.

[11] The Beijing Higher People's Court's Administrative Judgment No. Gaoxingzhongzi 1136/2011.

[12] Shi Xinzhang, Protection of Prior Copyright under the Trademark Law, the Electronics Intellectual Property, 2009, Issue 6.

[13] Article 4 (1) of the Implementing Regulations of the Copyright Law.

[14] The Beijing No. 1 Intermediate People's Court Civil Judgment No. Yizhongzhizhongzi114/1996.

[15] Article 4 (8) of the Implementing Regulations of the Copyright Law.

[16] See the TRAB's Adjudication No.0963/2003.

[17] Article 11, paragraph four, of the Copyright Law.

[18] See the Beijing No.1 Intermediate People's Court's Administrative Judgment No. Yizhongxingchuzi 735/2006.

[19] See the Beijing No.1 Intermediate People's Court's Administrative Judgment No. Yizhongxingchuzi 1116/2007.

[20] See the Beijing No.1 Intermediate People's Court's Administrative Judgment No. Yizhongxingchuzi 1461/2009 and the Beijing Higher People's Court's Administrative Judgment No.Gaoxingzhongzi 1350/2009.

[21] See the Beijing No.1 Intermediate People's Court's Civil Judgment No. Yizhongminchuzi 348/2004 and the Beijing Higher People's Court's Civil Judgment No.Gaominzhongzi 538/2005.

[22] Supra note 12.

[23] For the relevant case, see "Peter Rabbit", the Beijing No.1 Intermediate People's Court's Civil Judgment No. Yizhongminchuzi 6356/2003.

[24] See the Beijing No.1 Intermediate People's Court's Administrative Judgment No. Yizhongxingchuzi 1757/2008.

[25] Zhao Chunlei, Exploration on Issues of Conflicts between Trademark Right and Copyright, the China Trademark, 2009, Issue 6.

[26] Liu Xiaojun, Disputes over "Any Party" in Trademark Opposition Procedure, the China IP News, on 25 February 2011, P.7.

[27] Article 7 of the Beijing Higher People's Court's Answers to Several Issues Relating to Application of Law to Civil Cases Involving Foreign Parties (No. Jinggaofafa 49/2004).

[28] See the Beijing No.1 Intermediate People's Court's Administrative Judgment No. Yizhongxingchuzi 735/2006.

[29] Section 3 Copyright of Part 3 Infringement of Others' Prior Rights in volume 2 of the Trademark Examination and Adjudication Standards.

[30] For the relevant case of dispute over the "Shangdao" mark, see the Beijing Higher People's Court's Administrative Judgment No.Gaoxingzhongzi 111/2005.