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# Review on the “Deceptive” Clause during a trademark registration in China

Bob Zhang and Mandy Wang from HongFangLaw consider whether a disputed sign should be determined as “deceptive”, according to the generally accepted public knowledge.

According to Article 6 of *Paris Convention for the Protection of Industrial Property*, Trademarks may be either denied registration or invalidated when they are contrary to morality or public order and, in particular, of such a nature as to deceive the public. Many countries also take Deceptive as one of the reasons to refuse a registration, based on this Clause.

As such, China adopts similar statement in the *Trademark Law of the People’s Republic of China*. If a sign is deceptive and can easily mislead the public regarding the quality or origin of goods, the sign may not be used as trademark.

As the Beijing Higher People’s Court said in the *Development in Adjudication in 2015*, “Trademark” has two levels of meaning. One refers to a sign and the other to the sign in use to identify specific goods, such that the relevant public may recognize the provider of goods. The trademark law recites in Article 10.1 the expression “not be used as trademark”, which implicitly indicated that the signs mentioned therein are not allowed to be used for identifying goods, and any such use will be against the law and shall not function as a trademark. The main reason is that the public interest would be influenced by

using these signs mentioned in Article 10, including the sign being deceptive.

With regards to whether a sign was “deceptive”, we hold the view that it should be determined according to general social ideas or based on the cognitive level and ability of the public.

In Zhejiang Dongli Real Estate Consulting Agency Co., Ltd., (“Zhejiang Dongli” for short) v. Trademark Review and Adjudication Board (“TRAB”), an administrative dispute over review on trademark refusal, Zhejiang Dongli applied for registration of “卫斯理” (Wèi/s /l) mark on service including teaching and tuition in class 41. The China trademark office (CTMO) and TRAB all held that “卫斯理”, for it being the pen name of Mr. Ni Cong a Hong Kong-based writer, was deceptive and could easily mislead the public regarding the origin of service. Accordingly, TRAB decided to block the trademark application No. 19194458 “卫斯理” from being registered on the services of “Teaching; Tuition” etc. in Class 41.

Actually, the sign “卫斯理” was the direct Chinese translation of the English name “Wesley” which is a common name in foreign countries. In the meantime, the renowned Hong Kong author Mr. Ni Cong used “卫斯理” as his pen-name and also created an adventure character and literarily addressed himself as “卫斯理”.

The TRAB held that the registration without Mr. Ni’s consent on “Teaching; Tuition; Practical training [demonstration]; Coaching [training]; Arranging and conducting of workshops [training]; Mobile library services; Publication of electronic books and journals on-line; providing not downloadable on-line electronic publications; providing not downloadable on-line videos,” would mislead consumers as to the origin of the services, which falls foul of Article 10.1.7 of the *Trademark Law of the People’s Republic of China*.

Zhejiang Dongli, unsatisfied with the registration refusal, decided to file a lawsuit with the Beijing Intellectual Property Court against TRAB.

As the TRAB provided no evidence to prove that consumers perceive “卫斯理” as identical to Mr. Ni Cong’s pen-name, the application for the registration of “卫斯理” does not violate Article 10.1.7 of the *Trademark Law*. In the event of the Hong Kong author’s civil rights being

## Résumés

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infringed upon, other provisions should be cited for the remedy instead. Hence, the TRAB erred in its decision in both determination of facts and application of law while the Zhejiang Dongli’s claims are well established on factual and legal basis. In its judgment, the Court supported the Zhejiang Dongli by revoking the TRAB’s decision that blocked the registration of “卫斯理”.

The TRAB was unsatisfied with the judgment of first instance and appealed to Beijing High People’s Court. The Beijing High People’s Court still maintained the Judgement of Beijing Intellectual Property Court. **The Beijing High People’s Court pointed out that, when examining whether a sign was deceptive and easily misleads the public, it shall judge according to the general knowledge of the relevant public using the commodity designated to use trademark.** Since “卫斯理” was a common translation to English words “Wesley” or “Wisely” and not uniquely connected to Hong Kong author Mr. Ni Cong, according to cognitive level and ability of the public, using the disputed trademark on services like teaching and tuition in class 41 would not easily mislead the origin of service.

As an absolute prohibitive provision, Article 10.1.7 of the *Trademark Law* can be used to block any registration once it is deemed by trademark examiners to be deceptive. Therefore, to avoid abusing it when other regulations should be used, examiners should take into consideration the when, where and how Article 10.1.7 should be applied. The TRAB examiners involved in this case were found to have crossed the line. Not only did they cite a misplaced

“With regards to whether a sign was “deceptive”, we hold the view that it should be determined according to general social ideas or based on the cognitive level and ability of the public.”

provision, they also misinterpreted the facts. Although, Mr. Ni Cong enjoys prior rights to his pen-name, registering “卫斯理” on goods or services that are not quite relevant with the former will not necessarily make consumers mistake the origin of the goods or services. In addition, rights to pen-names are protected as those to names, which should be regulated by the relative provision of Article 32 of the *Trademark Law*. In this case, remedy should be sought for by the person concerned based on his or her rights instead of the trademark authorities’ direct intervention.

In the *Provisions of the Supreme People’s Court on Several Issues concerning the Trial of Administrative Cases involving Trademark Authorization and Confirmation* that was published in early 2017, it is affirmed that the People’s Courts acknowledges claims for rights to pen-names, stages names and translated names if those names are well-known and stable enough to be used by the relevant public to refer to the specific natural person. Furthermore, prior rights and interests to names of artistic works or characters in those works are also protected by courts if they are highly recognizable, but if used by others as trademarks, which may lead the relevant public to falsely relate them or the products used by them to the right-owners. However, both rights to names and rights to characters’ names are owned by specific individuals as civil rights and interests. Generally, no social or public interests are involved, neither will their use disrupt public order. Therefore, Article 10.1.7 cannot be applied every time when a name is filed for trademark registration.

When considering whether registering a prominent figure’s pen-name as a trademark will mix up the source of the goods or services for consumers, there are several important factors: the distinctiveness, the visibility etc. of the pen name concerned. To judge whether a sign was “deceptive”, the general cognitive level and capacity of the public should be referred to when judging what the mark concerned entails exactly. One should not be called deceptive when it suffices to not arouse misunderstanding under general circumstances based on conventional experiences and recognition. In summary, judicial practice calls for better understanding of Article 10.1.7 of the *Trademark Law*, including its implications and extensions. Proper application thereof helps to reduce the abuse of administrative and judicial resources, eventually safeguarding the legal rights and interests of right owners.