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## Beijing High Court elaborates its position on continuation of trademark registration in Mona Lisa feud (2022)

Time: June 14 2022

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On 14<sup>th</sup> June 2022, the Beijing High Court rendered the final decision in a trademark dispute administrative retrial proceeding surrounding the registration of a disputed mark “”, featuring stylized “M & MONALISA” in class 11. The retrial court revoked the decisions of the trial court and the court of appeal, upholding the TRAB decision that partially revoked the registration of the disputed mark. The retrial decision puts an end to a decade-long trademark dispute that went through the TRAB procedure, two instances of court proceeding, a very rare procuratorial protest of the Supreme People’s Procuratorate and a retrial proceeding, exhausting almost every possible remedy available in the toolbox.

#### TRAB proceeding

The retrial proceeding stems from a trademark dispute procedure instituted on 30<sup>th</sup> March 2012 by Guangzhou Monalisa Building Supplies Ltd. (Monalisa BS) and Guangzhou Monalisa Bath Ware Ltd. (Monalisa BW) before the Trademark Review and Adjudication Board (TRAB), challenging the registration of the disputed mark owned by Monalisa Group Ltd. (Monalisa). Citing a prior registration of  (“MonaLisa in Latin & Chinese”) owned by Monalisa BS in class 11, Monalisa BS and Monalisa BW jointly alleged that the disputed mark and the cited mark are similar trademarks registered on similar goods, which is in violation of Article 28 of the 2001 Trademark Law.

On 25<sup>th</sup> November 2013, the TRAB sided with the petitioners, revoked the registration of the disputed mark on “cooking utensils, pressure cooker (electric pressure cooker), bathroom (flush toilet), toilet” and sustained the registration on the remainder goods.

#### 1<sup>st</sup> instance

Monalisa initiated an administrative litigation before the Beijing No. 1 Intermediate Court, explicitly seeking to reverse the revocation decision in respect of “bathroom (flush toilet), toilet”. Other than arguing that the disputed mark and the cited mark are not similar, Monalisa employed a new defence strategy in the administrative suit, introducing a prior registered trademark  featuring identical stylized “M & MONALISA” in class 19, supplementing evidence on the well-known trademark (WKTM) status of the same in “ceramic tiles” and contending that the prior mark’s reputation may be extended to the disputed mark so as not to cause confusion with the cited mark.

Particulars of Monalisa’s disputed mark and prior registered trademark, as well as the cited mark of Monalisa BS are as follows.

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Trademark representation	 Disputed mark No. 4356344	 Prior registered mark No. 1476867	 Cited mark No. 1558842
Registrant	Monalisa	Monalisa	Monalisa BS
Application Date	10 <sup>th</sup> November 2004	12 <sup>th</sup> July 1999	28 <sup>th</sup> December 1999
Registration Date	14 <sup>th</sup> July 2007	21 <sup>st</sup> November 2000	21 <sup>st</sup> April 2001
Class	11	19	11
Designated goods	Light, <i>cooking utensils</i> , <i>pressure cooker (electric pressure cooker)</i> , <i>bathroom (flush toilet)</i> , <i>toilet</i> , fan (air conditioning), faucet, water purifying apparatus and machine, heater	Non-metallic floor tiles, <i>ceramic tiles</i> , non-metallic wall tiles for building, mosaics for building	Steam bath facility, sauna installation, <i>bath fittings</i> , portable hammam, facial sauna (steam bath), steam generator, shower installation, gas water heater, electric water heater, shower stall

In February 2015, the first instance court ruled in favor of Monalisa. The rationale behind the decision is: the prior registered mark is well-known trademark which has been endorsed by both administrative agency and courts; the prior registered mark is identical with the disputed mark, and their designated goods “tiles” and “bathroom (flush toilet), toilet” are similar due to strong association in function and usage and shared sales channel and consumer group; therefore, the reputation of the prior mark may extend to the disputed mark. On top of that, the holistic visual difference between the disputed mark and the cited mark makes them distinguishable. It therefore concluded that cited mark will not be a hinderance to the registration of the disputed mark on “bathroom (flush toilet), toilet”.

#### Appeal

Monalisa BS, Monalisa BW and TRAB appealed before the Beijing High Court, which dismissed the appeal in June 2016.

The court of appeal found that “*bathroom (flush toilet), toilet*” of the disputed mark are not similar to “*bath fittings*” of the cited mark. It also echoed the findings of the first instance court on the dissimilarity between the disputed mark and cited mark.

Most importantly, the court of appeal found Monalisa’s new defence tenable. The court held that as to the trademarks registered by a same registrant in succession, the later registered mark is not necessarily the extension of a prior mark. However, where a prior registered trademark has acquired certain reputation through use so that the relevant public not only associate the same registrant’s later registered identical or similar marks in terms of identical or similar goods with such prior registration, but also draw the conclusion that the goods to which the two marks are attached both originate from or have certain association with the said registrant, the reputation of the prior mark may be extended to the later trademark.

The court found that the WKTM recognition of Monalisa’s prior mark on tiles corroborated the fact that the mark had gained remarkable market share and that stable correspondence had been established between the mark and Monalisa among the relevant public. In combination with the finding that “tiles” (of the prior mark) and “bathroom (flush toilet), toilet” (of the disputed mark) constitute similar goods for their association in respect of usage, production sector, sales channel and consumer group, and that the two marks share similar components and holistic visual appearance, the court concluded that the reputation of the prior mark could extend to the disputed mark and the public would identify Monalisa as the source of the “bathroom (flush toilet), toilet” products. The public would be able to distinguish the disputed mark from the cited mark and is unlikely to misconstrue or misidentify the source of origin of the goods to which the marks are attached.

#### Retrial

Monalisa BS and Monalisa BW jointly filed for trial supervision before the Beijing Municipal Procuratorate, which referred the case to the Supreme People’s Procuratorate (SPP). The SPP lodged a procuratorial protest before the Supreme People’s Court, which remanded the case to the Beijing High Court for a retrial.

The retrial court reassessed the merits of the case and expounded its view in an array of matters including similarity assessment of trademarks and goods, continuation registration, among others.

The retrial court weighed in on the shared trademark components and the identical Chinese pronunciation of the disputed mark and the cited mark, factored into the reputation of the two marks, and concluded that similarity of two marks could be established. Given that the contentious goods of the disputed mark and the cited mark are sanitary ware offered for sale in the same sales area or in proximity to each other, targeting the same group of consumers and are categorized under the same subclass by the “*International Classification of Goods and*

What is particularly intriguing is the retrial court's position on trademark continuation registration. First and foremost, the retrial court reiterated the independence of the exclusive rights as conferred on a single trademark registrant by different registered trademarks, clarifying that the trademarks registered by the same registrant in succession do not naturally make the later mark a continuation registration of the senior/prior one.

The retrial court went on to analyse whether a cited mark registered by the third party chronologically in between a prior registered mark and a later applied mark of the same registrant/applicant may become an obstacle for the registration of the later mark. “In between” means the registration date of the cited mark falls between the registration date of the prior mark and the application date of the later mark. The court opined that where such a cited mark that is identical with or similar to the later mark and has acquired certain reputation by means of continuous use, the later mark shall not be approved for registration, provided that the applicant of the later mark fails to prove that its prior mark has been used or has acquired reputation through use insofar as it is unlikely to create confusion among the relevant public.



The retrial court reasoned that Monalisa's prior mark has been recognized as well-known as of 16<sup>th</sup> October 2006 yet the application date of the later (disputed) mark is 10<sup>th</sup> November 2004. That is, at the time when Monalisa filed for the disputed mark, there is no evidence to prove that its prior mark had been known by the relevant public and acquired remarkable reputation. The prior mark is registered in class 19, yet the cited mark and the disputed mark are designated to be used on goods in class 11. The reputation of a trademark registered in class 19 cannot necessarily extend to goods in class 11. Again, the evidence adduced by Monalisa failed to prove that the reputation of the prior mark in respect of tiles suffices to distinguish the disputed mark from the cited mark, when the former is used on “bathroom (flush toilet), toilet” and would not cause confusion or misidentification among the relevant public.

The retrial court therefore threw out the continuation registration argument of Monalisa.

#### Comments

The Beijing High Court boils down the matter to the extension of reputation rather than the continuation of the mark *per se*.

It is interesting because in 2017, the SPC has categorically denied in *Spider King Group Co., Ltd. v TRAB and USA Spider Group Limited*, trademark continuation registration (except through registration renewal), where applicants attempt to leverage prior registration in boosting the chance of registrability of a later similar trademark. But the SPC acknowledged that reputation built up on a prior registration may be extended, but this is not automatic.

It also reminds us of the civil dispute *Monalisa v Monalisa BS et al.* [(2017) Zui Gao Fa Min Zai No. 80], where Monalisa contended that its  mark (prior mark in this case) in class 19 should be granted protection in class 11 so that Monalisa BS's use of  mark (cited mark in this case) constitutes trademark infringement of its prior mark. The argument was dismissed by the SPC on the ground that the application date of the cited mark predates the time when the prior mark has reached well-known.

The Beijing High Court and the SPC has reached consensus in this: where a registrant's prior mark failed to stop an in-between registration of a third party in another class, the same registrant's later mark in the same class as the third party's registration may be challenged by the said in-between registration.