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LVMH successfully blocks copycat trademark application incorporating its shield device (2022)

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SUN Ruirui, first published by WTR

Trademarks combining word and device elements have increasingly fallen victims to trademark squatters. In a recent case, LVMH Swiss successfully opposed an application for a mark that included the TAG Heuer shield device.

Brand owners are strongly advised to proactively register their devices as standalone trademarks.

Background

Based in Switzerland, LVMH Swiss Manufactures SA ('LVMH Swiss') is a wholly owned subsidiary of the LVMH Group, offering luxury watches reflecting Swiss watchmaking excellence. TAG Heuer is a watchmaking pioneer and one of the eight brands under LVMH's Houses in the watches and jewellery sector.

LVMH Swiss owns the following trademark registrations in Class 14, among others:



TAG HEUER combination mark



Shield device on a black background



Shield device on a white background

On 15 December 2020 Xiaohui Cai, a natural person residing in Guangdong Province, filed for the registration of the trademark depicted below (No 52166954) in Class 14 in China:



Following the publication of the application on 20 May 2021, LVMH Swiss filed an opposition before the CNIPA.

CNIPA decision

The CNIPA refused to register the opposed trademark for all the designated goods on the ground that the goods covered the opposed mark were similar to those covered by the opponent's prior trademarks. Considering the high reputation of the cited trademarks and the similarity between the parties' trademarks as to their word arrangement, design and overall visual effect, the co-existence of the parties' marks might mislead consumers as to the origin of goods. Thus, the opposed mark and the cited marks constituted similar signs for similar goods, which violated Article 30 of the Trademark Law.

The CNIPA's 2021 Trademark Examination and Adjudication Guidelines state as follows with regard to the assessment of the similarity of combination marks:

If the device parts of two trademarks are identical or similar, which may cause confusion among the relevant public as to the source of the goods or services, the two marks shall be deemed to be similar. However, where the devices in the trademarks are commonly used patterns for the designated goods, or mainly serve as

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ornamental or background elements in the trademark as a whole so that the device parts are of weak distinctiveness, and the overall meaning, pronunciation or appearance of the two trademarks are obviously different insofar as they are unlikely to cause confusion among consumers, the two trademarks shall not be deemed to be similar.

In the case at hand, the opposed mark incorporated the same shield device as LVMH Swiss' prior trademarks, but the word part '英吉纳 INKINO' was markedly different from 'TAG HEUER'. The opposition would thus not succeed if the examiner found the shield device to be a mere background or decoration element in the mark as a whole and referred to the aforesaid rule to rebut the similarity argument. In order to make a strong case, LVMH Swiss underlined and presented the following arguments in the opposition:

The shield device is an original creation and special design of LVMH Swiss. It is highly distinctive. Although the shield device has been incorporated in the TAG HEUER combination mark, the device has also been registered as a standalone mark and been widely used by Tag Heuer on the bezel, crown and bracelet of watches. Both the TAG HEUER combination mark and the shield device have a high reputation among consumers.

The applicant had no genuine intention to use the opposed trademarks since online searches revealed the applicant had been offering more than 50 trademarks for sale.

The CNIPA found LVMH Swiss' arguments tenable and refused the registration of the opposed mark.

Comment

In trademark prosecution practice, trademarks combining words and devices have increasingly fallen victims to trademark squatting. By separating the device from the combination trademark and incorporating a different word mark, a trademark squatter can cunningly create an inconspicuous copycat mark that may slip through the CNIPA's examination, if the device mark is deemed to be purely an ornamental or background element.

As a countermeasure, brand owners are strongly advised to proactively register their devices, which are intrinsically distinctive, as standalone trademarks and, if possible, extensively use those devices on the designated goods and product packaging, as well as in various business settings.

Apart from citing Article 30 of the law, LVMH Swiss also raised the 'prior right' argument under Article 32 based on its copyrighted work of fine art over the shield device on a black background. Although the CNIPA dismissed the copyright claim, it could offer an alternative approach where the device of a brand owner's combination mark meets the originality requirement for copyrighted works.