

## Dealing with Unwanted Fame

Trademark right is only valid in certain jurisdiction(s) but reputation of a brand is boundless. As China's economy develops, the consumption level of Chinese consumers becomes higher and higher. Moreover, the rapid development of internet also makes the Chinese consumers know more and more about the worldwide brands. Chinese consumers' understanding of foreign brands might be beyond your imagination.

In July 2015, a consumer bought from mia.com (hereinafter "MIA") a "Betta" feeding bottle which is imported from Japan. MIA is a large-scale online shopping website mainly selling imported baby products. However, the consumer found that the feeding bottle bought from MIA is a little different from that he bought from the Japanese official website of "Betta" although the overall appearance and package of the two are basically same as each other. For example, the manufacturer shown on the feeding bottle from MIA is "Betta co., ltd.", while as the manufacturer shown on the official website of "Betta" and on the feeding bottle bought from the official website is "ZOOM.T.CO., LTD."(hereinafter "ZOOM T"). Thus, the consumer suspected that the feeding bottle bought from MIA is fake and requested to return it to MIA but such request was rejected by MIA. The consumer then published this matter on the internet and caused a great impact.

On August 4, 2015, MIA issued a statement announcing that the "Betta" feeding bottle it sold is genuine, under the authorization of the trademark owner.

On September 18, 2015, ZOOM T announced that the "Betta" feeding bottles sold by MIA are not their products.

On September 20 and 22, 2015, MIA announced twice to argue that it purchased "Betta" feeding bottles from suppliers authorized by the trademark owner. MIA also said that the problem of suspicion of fake products was due to the scramble for the trademark right of "Betta".

Whether they are fake or not? We analyse it in the following aspects.

1. Which feeding bottle from different manufacturers is what the consumers really want to buy?

There is no doubt that the consumers want to buy the "Betta" feeding bottles produced by ZOOM T. MIA also admitted this in its statement of August 4, 2015. Although there is scramble for the trademark right

of “Betta” in China, the real holder of the trademark “Betta” is ZOOM T.

2. Whose authorization did MIA get to sell and whose “Betta” feeding bottles did MIA sell?

According to the statement of MIA on August 4, 2015, the chain of the authorization of MIA is as follows.

Betta co., ltd.→Betta Infant Products (Beijing) Co., ltd.  
(hereinafter “Beijing Betta”)→ MIA

MIA also showed a statement from Beijing Betta to support this chain of authorization. It was Beijing Betta who imported the goods of Betta co., ltd. and supplied the same to MIA.

However, in September, 2015, after ZOOM T denied the authenticity of the “Betta” feeding bottles on MIA, MIA published another chain of authorization.

ZOOM T → D company → W company → MIA (period of validity of authorization is from April 1, 2014 to October 31, 2014)

Concerning the second chain of authorization, MIA showed official documents of authorization as evidence for the authorization from ZOOM T to D company, and then to W company, but there was only a 20<sup>th</sup> April 2014 purchase contract between W company and MIA.

MIA also said that there was scramble for the trademark right of “Betta” in China and ZOOM T had not acquired trademark right for this mark in China. The reason that ZOOM T’s trademark applications were rejected was the prior applications owned by a company called Beijing Yisaisi International Trading Co. Ltd. (hereinafter “Beijing Yisaisi”). It was because the trademark right of “Betta” was not ascertained then that its supplier W company purchased goods from Beijing Yisaisi during the period of October 31, 2014 to September 1, 2015.

Via online investigation, it is known that Beijing Betta and Beijing Yisaisi are owned by the same persons, namely, these two companies are actually the same one. With respect to “Betta co., ltd.”, nothing is discovered in Japanese websites, so it could be a paper company controlled by Beijing Betta and Beijing Yisaisi. MIA also mentioned in its statement that Beijing Yisaisi might have entrusted Chinese companies to produce “Betta” feeding bottles.

Conclusively, MIA had sold both of the following two kinds of “Betta” products:

- ◆ Fake: “Betta” products manufactured by Betta co., ltd. and imported by Beijing Betta/Beijing Yisaisi;
- ◆ Genuine: Authorized “Betta” products manufactured by ZOOM T.

### 3. Who owns the trademark right of “Betta” in China?

In respect of the goods “feeding bottles” in International Class 10, the earliest trademark application is trademark No. 9370942, which was filed on April 21, 2011 and co-owned by two Shanghai companies. This mark was opposed after it was preliminarily approved and published. Surprisingly, according to the adjudication of Chinese Trademark Review and Adjudication Board (CTRAB) on the appeal against the opposition to this mark, which was published in the statement of MIA on September 22, 2015, the opponent was not ZOOM T, but Beijing Yisaisi. The CTRAB opined that this mark is a piracy of Beijing Yisaisi’s prior influential mark and thus rejected the registration of this mark. However, just like the consumers of MIA did, the consumers bought Beijing Yisaisi’s fake “Betta” feeding bottles because they thought these feeding bottles were produced by a famous Japanese manufacturer and then imported to China from Japan. So, there comes a question that the influence acquired by Beijing Yisaisi from producing and selling the fake “Betta” feeding bottles, should belong to which party, ZOOM T or Beijing Yisaisi?

Beijing Yisaisi owns near 200 marks in China. On May 6, 2011, it filed its first application for “Betta” class 10 in respect of feeding bottles and since then it filed applications for both “Betta” and its corresponding Chinese character mark in many classes. Its “Betta” marks were more than 50 and the corresponding Chinese character marks were more than 20. The registration of “Betta” in class 10 with the earliest application date was No. 15700142, filed on November 14, 2014 and got registered on January 14, 2016 and there was no record of opposition until this article was completed. If no opposition was filed against it, ZOOM T’s sale of “Betta” feeding bottles will constitute infringement upon Beijing Yisaisi’s trademark right.

Besides the “Betta” marks and the corresponding Chinese character marks, Beijing Yisaisi also filed applications for “ZOOM T” and “ZOOM T. CO., LTD.” in Japanese characters. Obviously, Beijing Yisaisi clearly knew the relationship between ZOOM T and the “Betta” mark.

In addition, Beijing Yisaisi filed trademark applications for other famous mother and baby brands, such as “NUK”, “BABY BANANA”, “THINKBABY” and “PAPAGINO”. Beijing Yisaisi also filed trademark applications for the Japanese company name of PAPAGINO INC. there was also a “PRADA” mark among the trademark applications of Beijing Yisaisi.

#### 4. What can ZOOM T do?

- ◆ Taking actions against Beijing Yisaisi’s “Betta” marks and the related marks as soon as possible. The actions may include opposition, announcement of invalidation or three-consecutive-year non-use cancellation.

According to the current information, it seems that there is no direct business relationship or contact between Beijing Yisaisi and ZOOM T. Therefore, ZOOM T can claim, in respect of feeding bottles in class 10 and the similar goods, the reputation of its prior mark and Beijing Yisaisi’s bad faith in the oppositions or announcements of invalidation, by relying on Article 13 of Chinese Trademark Law (prior well-known status) and Article 32 of Chinese Trademark Law (prior influential status and the bad faith of Beijing Yisaisi). It might be difficult for “Betta” to be recognized as well-known mark in China, and there will be larger chances of success if Article 32 is claimed.

ZOOM T’s “Betta” mark is stylized to a certain extent. If such stylization was created by ZOOM T or ZOOM T got the copyright of it through other ways, prior copyright can be claimed according to Article 32 concerning Beijing Yisaisi’s trademarks with the same stylization. Since copyright has no restrictions on specific goods or services, if ZOOM T’s copyright to the special font of “Betta” can be recognized, it may overcome prior marks in respect of dissimilar goods/services.

As we can know from the part 3, Beijing Yisaisi filed a lot of application pirating famous brands, particularly mom and baby product brands. Such activity (trademark registration acquired by unfair means) may be prohibited according to Article 44 of Chinese Trademark Law. ZOOM T can unite with the other companies whose trademarks were also pirated by Beijing Yisaisi to contact the Chinese Trademark Office together to state the said situation, which might increase the chances of success.

- ◆ Filing its own trademark applications in respect of its main products and related goods/services

According to its official website, ZOOM T started the production of “Betta” feeding bottles in 1995. However, its first trademark application for this mark in Japan was filed on June 25, 2013, and only in class 10. On the other hand, Beijing Yisaisi started to file “Betta” related trademark applications in China on May 6, 2011 and filed around 80 trademark applications related to “Betta” in more than 20 classes. It is obvious that ZOOM T’s trademark protection is not enough in either quantity or scope.

- ◆ Starting positive trademark watching

Beijing Yisaisi’s trademark application of “NUK” was finally rejected due to opposition. Announcement of invalidation was also filed against Beijing Yisaisi’s trademark registration of “BABY BANANA”. If positive trademark watching is in process, once the pirated a mark is published or registered, the true owner of the mark can take actions in time. Obviously ZOOM T did not do work well in this regard.

#### 5. What can we learn from this case?

Among the Chinese consumers, a lot of people praise more the foreign brands or the products imported from foreign countries than the domestic brands. They know the foreign products through their relatives, friends or the internet, and then buy these products from foreign countries through a lot of ways. For examples, they buy these products when travelling abroad, or entrust the Chinese people living in foreign countries (purchasing agents) to buy these products and then post the same to China, or directly buy these products from foreign online shopping websites and then have the products posted to China directly by the online shopping website or via transfer of the express companies. Among these methods, the purchase agent services greatly affect the promotion of foreign brands in China. To increase their sales revenue, these purchase agents made efforts in promoting the foreign brands in China, which happened to meet the needs of a lot of the Chinese consumers who want to buy foreign products and thus makes a lot of foreign brands very famous in China. “Betta” case is just a brand of this kind. ZOOM T did not pay enough attention to the Chinese market and did not know that its brand had become so famous in China due to the sale in unusual ways. Fake “Betta” feeding bottles produced/imported by Beijing Yisaisi, which were sold in large scale in several big online shopping websites in China, might have an equal or even larger sale figure as compared to that of the genuine.

Under such circumstances, a lot of foreign companies might have not started business in the Chinese market or have just sold on a small scale in China, and they do not know that the Chinese consumers may know their marks, not to speak the influence of their mark in China. What's more, some brands that are not very famous in their own countries, thanks to the purchase agent services and oversea online shopping in China, become much more famous in China than in their own countries. Therefore, the trademark protection of these companies is far from enough. This author hopes that through this case, more and more foreign companies, especially the middle and small-sized companies that have not enlarged its business in China and the companies whose products can easily be carried or posted or for daily use, can learn the importance and necessity of trademark protection in China.

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