



Determination on the Trademark Use Evidence in Class 35 in Non-Use Cancellation Case

--Based on three case analyses

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Foreword

The services in Class 35 seem special in Chinese trademark registration classification system. Most companies, regardless of their business scope, feel necessary to apply for trademarks in Class 35. A considerable number of trademark attorneys also suggest their clients applying for a trademark in Class 35. The main reasons lie in that the wholesale and retail services of most goods have not yet been included in the classification of goods and services for the purpose of trademark registrations in China, resulting in the misunderstandings of some applicants and some trademark attorneys on the nature of the services in Class 35. What's more, the squatting and imitation of trademarks are still serious in China, and some e-commerce platforms and shopping malls forced the retailers to have trademark in class 35. As a result, the applicant actively applied for trademarks in Class 35. However, under the situation that the services designated by the trademark in class 35 are not related to the owner's real business, when the trademark is under non-use cancellation for 3 consecutive years submitted by others, the result of cancellation of the registered trademark cannot be avoided due to the failure of submitting legal and effective evidence of use.

This article will explore the nature of services in Class 35 and the nature of trademark use based on the determination on the use evidence by the court and the reasons through three cases. It is hoped that it




will be helpful for registrants to learn the nature of the services in class 35 and to deal with non-use cancellation cases.

Case Analysis

Case 1: Administrative litigation regarding review of non-use cancellation against the trademark



“” (HEZUN & device) No. 6773892

• Basic Information

Plaintiff (Trademark owner): Xiamen Hezun Creative Cultural Communication Co., LTD

Defendant: Trademark Review and Adjudication Board of the State Administration for Industry and Commerce (hereinafter referred as ‘TRAB’)

Third Party (applicant of non-use cancellation): Ruhua DENG (a natural person)

Court of First Instance: Beijing Intellectual Property Court

Case No. of the first instance: (2016) Beijing 73 Administrative First No. 3780

Date of the First Instance Judgment: April 25th, 2018

First Instance Judgment: The defendant’s decision of cancelling the trademark was maintained

• Case Brief

The plaintiff registered the trademark involved in the case. The designated services of the trademark



include: modelling for advertising or sales promotion; advertising design; advertising planning; online advertising on a computer networks; publicity and advertising; organization of exhibitions for commercial or advertising purposes; business information; sales promotion for others; business management of performing artists; employment agency services.

The third party filed a non-use cancellation against the involved trademark. The defendant made a decision to cancel the trademark. The plaintiff was dissatisfied with the decision, and appealed to Beijing IP Court.

The plaintiff submitted the trademark use evidence of its affiliated company “Xiamen City Siming District Hezun Hairdressing Vocational Training School (hereinafter referred as ‘Hezun hairdressing school’)” in the administrative and litigation procedures: school brochure and the photos of its trainees; the picture of its participation in exhibition; educational certificate; materials of WeChat Official Account using the involved trademark as its profile photo; copyright registration certificate of artwork.

Through trial, although the plaintiff did not submit proof of trademark licensing contract with its affiliated company Hezun hairdressing school (the actual user of the trademark), the Court held that the use of trademark by the actual user can be deemed as the use by the trademark owner, given that the use of trademark by the actual user is not against the trade owner’s will, and the involved trademark is used in

However, the Court maintained the accused decision on the ground that the evidence provided by the plaintiff was insufficient to prove the involved trademark was used in accordance with Trademark Law.

● **The Court’s View**

According to the explanatory note in the Classification of Similar Goods and Services in China (hereinafter referred as “the Classification”), Class 35 mainly includes services rendered by persons or organizations principally with the object of: (1) help in the working or management of a commercial undertaking, or; (2) help in the management of the business affairs or commercial functions of an



industrial or commercial enterprise, as well as services rendered by advertising establishments primarily undertaking communications to the public, declarations or announcements by all means of diffusion and concerning all kinds of goods or services. Thus, it can be known that **the services in Class 35 refer to those provided for others, and the services such as advertisement in Class 35 refer to the publicity and promotion for other's goods and service instead of the applicant himself.** In this case, Hezun Hairdressing School used the trademarks in its hairdressing training school brochures, exhibitions, photos of students, etc., which is not “to provide services for others”, but to promote their own training schools. Therefore, the above evidence cannot prove that the involved trademark was used on the services such as “advertisement” in Class 35.

• **Comments**

Based on the explanatory note in Class 35 in the Classification and the above determination of the Court, it is clear that the “advertisement and publicity” service in Class 35 means providing advertising and promotional services for others’ goods and services.

In practice, every business operator has the necessity to advertise and promote his or her own goods and services in order to expand the market share. However, the use of a trademark in the promotion of its own goods and services by oneself or entrusting an **agency to promote its own goods and service is not the use of a trademark on the services such as advertisement and publicity in Class 35.**

Case 2: Administrative litigation regarding review of non-use cancellation against the trademark

“**万色**” (WANSE) No. 5544635

• **Basic Information**

Appellant (the plaintiff of first instance, trademark owner): Lijian ZHANG (the owner of the individual household shop “Wanse grocery store”)

Appellee (the defendant of first instance): TRAB



Third Party (applicant of non-use cancellation): Huayu CAI (a natural person)

Court of First Instance: Beijing Intellectual Property Court

Case No. of the first instance: (2015) Beijing IP Administrative First No. 3758

The Court of Second Instance: Beijing Higher People's Court

Case No. of second instance: (2016) Beijing Administrative Final No. 117

Date of Second Instance Judgment: June 30, 2016

Second Instance Judgment: The defendant's decision of cancelling the trademark was maintained

● **Case Brief**

The plaintiff registered the involved trademark. The designated services include: sales promotion for others; demonstration of goods; advertising and publicity; shop window dressing; procurement services for others [purchasing goods and services for other businesses]; systemization of information into computer databases document reproduction; import-export agency services; auctioneering; business management assistance.

The third party filed a non-use cancellation against the involved trademark. The defendant made a decision to cancel the trademark. The plaintiff was dissatisfied with the decision, and appealed to Beijing IP Court.

The plaintiff submitted the following evidence to prove the use of trademark in administrative and litigation procedures: photos of its anniversary celebration and its physical shop; part of its agency



contracts and pictures of the products it distributed; mobile service contract and the invoice and tax payment certificate issued by China Mobile; invoice issued by Dongyang Tax Bureau to the plaintiff; sales contract, packing list, goods delivery note and the payment receipt between Dongyang Wanse Department Store and Shiseido (China) investment Co. LTD; contract and receipt of designing and printing envelops and writing papers with the characters “万色 WANSE” entrusted by Dongyang Hengdian Women’s World Department Store, etc.

Through trial, both the courts of first instance and second instance held that the aforementioned evidence can’t prove the involved trademark was used on the designated services.

● **The Court’s View**

The services in Class 35 of the International Classification of Goods and Services for the Purposes of the Registration of Marks mainly aims to “help in the working or management of a commercial undertaking” or “help in the management of the business affairs or commercial functions of an industrial or commercial enterprise”, “This Class does not include, in particular: the enterprises whose main function is to sell goods, that is, the activities of commercial enterprises.” Therefore, the service items in Class 35 of the Classification do not include “wholesale and retail of goods”, and the services provided by shopping malls and supermarkets do not fall into this class. The content of “sales promotion for others” is to provide advice, planning, publicity, consulting and other services for others to sell goods (services). Therefore, the evidence submitted by the plaintiff cannot prove that the involved trademark was used in the sense of trademark law during the required period.

● **Comments**

In fact, for the retail and wholesale services which have been controversial in practice, and whether the services provided by supermarkets and shopping malls belong to “sales promotion for others”, Beijing IP Court elaborated its view in its earlier Judgment [(2015) Beijing IP Civil Final No. 1828]: “sales promotion for others” should refer to the act of helping “others” to sell goods, which includes both the act of providing a single sales promotion for the specific sales activities of a seller, and the act of



providing a regular service to a seller's sales activities, **but such service shall not include the act of selling products for its own. Since the retail and wholesale services are the acts that sellers selling products in their own name, they do not fall into the scope of "sales promotion for others"**. As for whether the service provided by the shopping mall and the supermarket belongs to "sales promotion for others", it should be analyzed case by case. If a shopping mall, a supermarket, etc., sells goods in its own name, then it can't be regarded as "sales promotion for others". However, if the shopping mall or supermarket only provides related services for the sellers to sell products in their shopping area, then the act should belong to "sales promotion for others".

The reason why this Court held such opinion is mainly based on the following considerations: "sales promotion for others" belongs to class 35 in the Classification. It is noted in the eighth edition of the Classification in 2002 that: "This class does not include, in particular: the enterprises whose main function is to sell goods, that is, the activities of commercial enterprises", which means that any service in this class does not include retail and wholesale services, and "sales promotion others" should not be an exception. Although this note was deleted from the ninth edition of the Classification in 2007, it only means that Class 35 no longer excludes retail and wholesale services from registration but it does not mean that "sales promotion for others" in this class should be understood to include retail and wholesale services. In particular, after introducing pharmaceutical retail services into Class 35 in 2013 and the Classification clearly states that these kinds of services do not constitute similar services to "sales promotion for others", the aforementioned understandings shall be adopted.

Even though the above case was a civil case of trademark infringement rather than an administrative case of trademark non-use cancelation, the determination criterion remains the same in determining whether the use constitutes trademark use on the designated services.

As early as in 2004, the Trademark Office stated in the "Reply to the question whether Class 35 of Nice Classification includes services provided by shopping malls and supermarkets [Trademark (2014) No.171]: *Shopping malls and supermarkets belong to enterprises that selling goods, whose principal activity is wholesale and retail of goods. The explanatory note in class 35 of Nice Classification states*



clearly that, the main purpose of the services in this class is to “help in the working or management of a commercial undertaking” or “help in the management of the business affairs or commercial functions of an industrial or commercial enterprise”, and “This Class does not include, in particular: the enterprises whose main function is to sell goods, that is, the activities of commercial enterprises”. Therefore, **the service items in class 35 of Nice Classification do not include “wholesale and retail of goods”, and the services of shopping malls and supermarkets do not belong to this class. The content of "sales promotion for others)" is to provide advice, planning, publicity, counseling and other services for the sale of goods (services) for others.**

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The above Reply, in fact, excluded the services of shopping malls and supermarkets from class 35, which is inconsistent with the court’s view that it shall be analyzed case by case from the aforementioned judicial cases.

In addition, regarding determination of trademark use on “sales promotion for others”, Beijing Higher People’s Court issued Questions-Answers for the Trial of IP-related Cases (No.17). The third and fourth answers therein are about the determination of the related service of shopping malls and supermarkets, which was a denial of the Reply of Trademark Office.

No.3 In light of diversification tendency of current business and operation model, it should be avoided that the determination that the trademark requested for review does not constitutes trademark use on “sales promotion for others” from trademark law sense only because the trademark registrant is a shopping mall or supermarket or other business entity.

No.4 With reference to the evidences of the case, if the business entity such as shopping mall or supermarket can prove that it is cooperating with the distributors (including the provider) of the goods (services) through providing venue, and the promotional posters, promotion plan, newspapers with promotional advertisement and counseling service, etc., which are sufficient to determine that it provides advice, planning, publicity, counseling, etc. for the sale of goods (services) of distributors (including providers), then the above acts belong to the use of trademark on “sales promotion for



others” from trademark law sense.

Although the above questions-answers is not a judicial interpretation, Beijing Higher People's Court, as the final court for the trail of the administrative case of trademark non-use cancellation, its opinion obviously represents the mainstream view in judicial trial. Thus, **the act of trademark use by shopping malls and supermarkets is not definitely excluded from “sales promotion for others” in class 35.** When facing the trademark non-use cancellation action, **shopping malls and supermarkets should pay attention to providing evidence of trademark use on the services such as providing venues or promotional planning services for other business operators.**

However, even if the validity of the trademark can be maintained, under the circumstance that wholesale and retail services of most goods are not included in the classification system of goods and services for trademark registration in China, how should the supermarkets, department stores, convenience stores, etc. apply for registered trademarks so that they can protect their trademarks effectively? Under the current legal framework, the application for trademark registration of such entities is indeed in an awkward position. In fact, if such entity wants to apply for registration of trademark, they still have to apply in class 35 since only “sales promotion for others” in class 35 seems to be relevant to the services of supermarkets, department stores, and convenience stores.

In 2013, the Chinese Classification added “retail or wholesale services of pharmaceutical and medical supplies” as a separate subclass 3509, which properly solved the problems in trademark registration and protection for the retailers and wholesalers of pharmaceutical and medical supplies. As of now, retail and wholesale services of other goods have not yet been included in the Classification except pharmaceuticals and medical supplies. In the future, China may gradually incorporate retail and wholesale services of other goods into class 35 to solve trademark registration and protection issues which are prevalent among supermarkets, department stores, and convenience stores.

Case 3: Administrative litigation regarding review of non-use cancellation against the trademark “LEIBO” No. 3803938



● **Basic Information**

Appellant (defendant in the first instance): TRAB

Appellant (third party, applicant of non-use cancellation): Jiayuan Ltd

Appellee (plaintiff in the first instance, trademark owner): LEHMANBROWN LIMITED

Court of first instance: Beijing Intellectual Property Court

Case No. of first instance: (2016) Beijing 73 Administrative First No. 3890

Court of second instance: Beijing Higher People's Court

Case No. of second instance: (2018) Beijing Administrative Final No. 269

Date of second instance Judgment: May 28, 2018

Second Instance Judgment: the accused decision was revoked

● **Case Brief**

The plaintiff of the first instance registered the involved trademark. The designated services include: accounting, financial auditing, personnel management consultancy, personnel recruitment, advertising/publicity, advertising planning, business management consultancy, business investigations, systemization of information into computer databases, sales promotion for others.

The third party of the first instance filed an application for non-use cancellation against the involved



trademark, and the defendant of the first instance made a decision to cancel the trademark registration. Being dissatisfied with the decision, the plaintiff of the first instance filed a lawsuit with Beijing Intellectual Property Court and requested to revoke the decision. The plaintiff submitted the following trademark use evidence in the administrative and litigation procedures: business engagement letter and invoice; letter of appointment for professional service and invoice of; advertising agreement and invoice; magazine advertising pages; official website screenshot. The trademark used on the above evidence is “LEHMANBROWN LEIBO International Accounting”, which is the same as the trademark No. 6520261 owned by the plaintiff.

Through trial, both the courts of the first and second instance held that the evidence submitted by the plaintiff could prove the use of the involved trademark, and determined that the registration of the trademark on the services “accounting; financial auditing” should be maintained and the registration on other services should be cancelled. Consequently the accused decision was revoked by the court.

● **The Court’s View**

The relevant advertisements used the words “LEIBO International Accounting”, where “International Accounting” is likely to be regarded as a specific description of the nature of the service. Hence, from the combination form and structure of the trademark, the word “LEIBO” (the involved trademark) is sufficient to be used to identify the source of the service, constituting the use in the sense of trademark law and it is used on the designated service “accounting”.

Although the mark used in the relevant advertising and publicity is basically the same as the trademark No. 6520061 mentioned above and the trademark applicant is LEHMANBROWN LIMITED, this does not necessarily affect the relevant public in China identifying the word “LEIBO” as the trademark in accounting service.

The use by trademark owner, the use by licensee, and other use that is not against the will of the trademark owner may be considered as actual use of trademark. In this case, although it is the LEIBO



Finance Company that made the relevant advertisements showing the mark “LEIBO International Accounting”, it is an affiliated company of LEHMANBROWN LIMITED, so the use of the mark can at least be considered to be use that is not against the will of LEHMANBROWN LIMITED. In other words, the evidence is sufficient to prove that LEHMANBROWN LIMITED has actually used the involved trademark on accounting service.

• Comments

In the above case, the reason that the Court determined that the evidence provided by the plaintiff could prove its actual use on the services “accounting, financial auditing” is that the plaintiff was indeed an enterprise providing accounting and auditing services to third parties and it is capable to provide effective evidence of trademark use on the above mentioned service. If it is not an enterprise that provides accounting and auditing services, though the company may have accountant to do accounting and auditing work for its own company, the use of trademark on such internal work cannot be determined as trademark use on “accounting, financial auditing” in class 35.

As for the situation that the mark in actual use is not the same as the registered trademark, the Court held that the word "LEIBO" in actual use is sufficient to identify the source of the service, thus such use constitutes trademark use from the sense of trademark law. Since the plaintiff did not provide evidence of the use on “advertising, sales promotion for others” and other services designated in class 35, finally the registration of the trademark was only maintained on “accounting, financial auditing” service.

• Summary

By analyzing the above three cases, we can draw the following conclusions. Hereby we also have some suggestions for your reference.

1. The trademark administrative authorities and courts have clearly defined the nature of services in class 35, that is, the related services are provided to third parties, excluding themselves; in particular,



the service “sales promotion for others” shall not include the acts of selling products, even if the product is produced by someone else.

2. When the mark in actual use is not completely the same as the registered trademark, as long as this approach does not hinder the relevant public identifying the mark as the trademark on the relevant service, it can still be regarded as the use of the trademark.

3. The use by trademark owner, the use by licensee, and other use that is not against the will of the trademark owner may all be deemed as actual use of trademark.

4. In the aforementioned three cases, the Trademark Office recognized the validity of the evidence provided by the registrant, while the TRAB and the court made a different decision. From a large number of cases that our firm has represented, obviously the Trademark Office is most flexible in examining the use evidence in the trademark non-use cancellation cases, but the TRAB and the courts are usually much stricter. Moreover, there is no cross-examination procedure for the evidence provided by the registrant during the procedure at Trademark Office, and the decision of the Trademark Office is made independently without listening to the opposite party's opinions, which results in the possibility of being biased. In addition, in the administrative litigation cases regarding trademark grant and affirmation, the non-use cancellation cases usually account for the highest proportion among the cases in which the accused decisions made by the TRAB were revoked. Under such circumstance, if the party of the cancellation cases receives an unfavorable decision from the Trademark Office or TRAB, it is advisable to take further actions. If a favorable decision from the Trademark Office or TRAB is received, it still cannot be taken lightly and proactive measures still should be made, as the decision of the Trademark Office or TRAB often does not mean the final, and it is possible for any party to take follow-up relief procedures which may bring an opposite result.

5. The procedure of trademark non-use cancellation involves three parties (trademark registrant, applicant of non-use cancellation action, and TRAB), which is a procedure featured with strong confrontation. Trademark use, goods and services, forms of use evidence, effectiveness of evidence,



duration of use, subjects of use, etc. are all professional and complex issues; all the issues such as whether to negotiate trademark coexistence with the applicant of non-use cancellation action, whether to re-apply a trademark, and the timing for taking such measures, etc. should be fully considered based on the circumstances and stakes of the case. All these factors are crucial to the final outcome of the case. For this kind of cases, it is advisable to entrust a professional IP attorney in order to obtain best result.

Reference Material:

1. Administrative Judgment (2016) Beijing 73 Administrative First No. 3780
2. Administrative Judgment (2015) Beijing IP Administrative First No. 3758
3. Administrative Judgment (2016) Beijing Administrative Final No. 117
4. Civil Judgment (2015) Beijing IP Civil Final No. 1828
5. Administrative Judgment (2018) Beijing Administrative Final No. 269
6. Administrative Judgment (2016) Beijing 73 Administrative First No. 3890
7. The Classification of Similar Goods and Services (2018 text)
8. Reply to the question whether Class 35 of Nice Classification includes services provided by shopping malls and supermarkets
http://sbj.saic.gov.cn/zcfg/sbgfxwj/200408/t20040815_232890.html
9. Questions-Answers for the Trial of IP-related Cases (No.17) issued by Beijing Higher People's Court