



## What's in this issue



p. 2 IP CHINA  
"Blue sky" against trademark agency illegal practices



p. 4 IP ASIA  
A Wonton Noodles trademark battle in Singapore



p. 6 IP CHINA  
"Milan" approved to be registered as trademark in China



p. 7 IP CHINA  
Copyright infringement for Elephant and Piggie books



p. 9 IP ASIA  
LV stands for a relative called "Lopez-Vito": really?



p. 11 IP ASIA  
"Party Like Gatsby"... but not in Singapore!



p. 12 IP CHINA  
Tommy Hilfiger vs Tommycrown: considerations for trademark similarity



p. 14 ADV LAW  
Stricter regulation on celebrities endorsement in advertising

Dear readers,

Can you believe it's the end of 2022? Another year passed and we have many cases for this December issue, related to IP in China and Asia.

We analyze the "Blue Sky" project in the year 2019 was originally aimed at regulating illegal and unlawful practices in the patent agency industry, then tell you a story about a Family Wonton Noodles trademark battle in Singapore.

Back to the China Trademark law, we know that in China you can't register as trademark names of any administrative division at or above Country level or the name of any foreign place known by the public. However, there are exceptions. The recent case of the "米兰" (Mi-Lan) trademark is a good example.

Speaking about Singapore, the recent decision issued by the Intellectual Property Office of Singapore confirmed that while slogans are often used in advertisements, however it is not simple to create an exclusive right on them. Slogans are lacking the basic requirement of distinctiveness as an indication of trade origin that is required for trademark registration. Read what happened to "Party like Gatsby"!

We also have a copyright case: the infringement of the reproduction of the storyline and composition layout of three volumes of picture books written by Maurice Willems (Pen Name Mo Willems).

LV stands for a relative called "Lopez-Vito": As weird as it could sound, this is one of the arguments that a Manila-based business owner used to win an opposition moved by Louis Vuitton.

Recently, the Beijing High People's Court ruled an invalidation case which confirmed the invalidation against the trademark "Tommycrown" based on its similarity with Tommy Hilfiger.

The last article deals with Advertisement law: Celebrities and influencers in China will have to pay attention to "the Guidelines on Further Regulating Celebrity Endorsement in Advertising" issued by 7 State authorities which became effective recently.

At the end of this year, we wish you a very warm, white, wonderful vacation and a New Year full of sparkling joy.

## IP CHINA

### "Blue sky" against trademark agency illegal practices



The China National Intellectual Property Administration (CNIPA) launched a "Blue Sky" project in the year 2019 which was originally aimed at regulating illegal and unlawful practices in the patent agency industry.

Based on Administration for Market Regulation (AMR)'s recently published cases, it seems that the CNIPA has extended the project covering trademark agencies. Below we are introducing you to three AMR decisions.

The first case concerns forged evidence about a Geographical Indication (GI) application, “关门红梅 (Pinyin: Guanmen Hongmei; Meaning: Guanmen Town red manuka flower)”, which is a species of a flowering plant. The Sichuan Province AMR has received a clue, reflecting that Sichuan Delong Trademark Agency Co., Ltd. was suspected of falsifying historical materials in its application for the “Guanmen Hongmei” GI trademark, and The Sichuan Province AMR immediately launched an investigation.

Then, the AMR found that for passing the examination of the application for the GI trademark, Mr. He, a supervisor of the trademark agency, changed the content of the Nanjiang County Journal.

The original content in the journal is about “in the year 1998, 10,000 acres of manuka flower bases in Guanmen Town were introduced for grafting. In 1999, 800 acres of good walnut bases were established in the county, with an investment of 330,000 yuan...” The agency has changed the words to “In 1998, Guanmen Town red manuka flowers were grafted county-wide. In 1999, there are investments of 330,000 yuan in Guanmen County to establish a processing plant of Guanmen Hongmei, processing dried Guanmen Hongmei, flower tablets and other food and medicine products.” During the examination, the CNIPA found that the submitted evidence is different from the County Journal collected by National Library and Literature Collection institution.

After investigation, the AMR decided that the Agency should correct the violation of the law within fifteen days, and the AMR has issued a warning and a fine of RMB 40,000 to the agency; a warning and a fine of RMB 20,000 for Mr. HE who is in charge of the agency and directly responsible for the illegal action.

The second case is about false promises of a trademark agency that disrupted the order of the trademark agency market by improper means. Haidian District Beijing City AMR has received a clue, reflecting that Beijing Zhuoyihuizhong Intellectual Property Agency Co., Ltd. was suspected of illegally acting as a trademark agent, and the AMR immediately investigated the agency.

Upon investigation, the AMR has found out that in the trademark attorney's WeChat communication with the client, the attorney made several promises such as "using the materials written by the chief lawyer can pass the review smoothly" and "finding a powerful chief lawyer to write the materials, and the trademark will be successfully registered", and the attorney also mentioned many times that "you will regret if you give up the review". The behavior of the attorney has violated Article 68 of the trademark law and belongs to disturbing the order of the trademark agency market by improper means.

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**A trademark must meet relevant conditions before it can be approved for registration. In this case, as a professional practitioner, the agency concerned should have known the relevant provisions, but it nonetheless made false promises to the client, harmed the interests of the client and disrupted the normal order of the trademark agency market, and thus should be punished. On September 2, 2021, Haidian District AMR made an administrative penalty according to law, giving the agency a warning and a fine of 20,000 RMB.**

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The third case is regarding filing bad faith trademark applications with affiliated companies. Songjiang District, Shanghai City AMR has received a clue, which reflected that Maiqian Intellectual Property Agency (Shanghai) Co., Ltd. and its affiliated companies conspired to register trademarks and hoard them for sale. Then the AMR started an investigation.

According to the investigation, since 2018, the legal representative of Maiqian Intellectual Property Agency (Shanghai) Co., Ltd. has persuaded his relatives and friends to register six affiliated companies one after another by promising them of sharing trademark transfer fees. The concerned agency makes profits by representing the above companies to apply for trademarks and then transfer the registered trademarks with fees via a third party's platform. From November 1, 2019 to the date of examination of the case, Maiqian Intellectual Property Agency (Shanghai) Co., Ltd. has applied for 1058 registered trademarks for six affiliated companies, successfully registered 504 trademarks, transferred 32 trademarks, and obtained 24250 RMB of illegal income.

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**The AMR has held that the agency and its affiliated companies have violated the regulation of the law. The AMR has ordered 7 concerned entities to immediately correct their behaviors, confiscated 24250 RMB of illegal income, and imposed a fine of 165000 RMB in total for seven entities.**

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In this case, the agency concerned has registered and hoarded a large number of trademarks and sold them without the purpose of use, improperly occupying public resources and disrupting the market order of trademark application and registration. This case is conducive to guiding trademark application and registration system back to the original purpose of the system that trademarks should be filed with the purpose of use.

Those recent cases show that the AMR is adopting high standards, strong measures and strict requirements to continue to crack down on trademark agencies' violation of the law, and will further purify the trademark agency market, and promote the standardized development of the trademark agency industry.

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## IP ASIA

### A Wonton Noodles trademark battle in Singapore



On June 2022 the Intellectual Property Office of Singapore (IPOS) issued the first instance decision for a trademark dispute related to the name of a famous noodle shop in Singapore. The IPOS adjudicator ruled that the late noodle shop operator's children had a right to register trademarks pertaining to the name of their father's noodle shop, despite opposition from the late operator's former business partners.

The trademark dispute involved a wonton noodles hawker stall family business.

Two sisters, Ng Mui Hong and Ng Mei Ling, filed an application for their place Char Siew Wantan Mee in 2018. The idea came from the father, Ng Ba Eng, operator of Eng's wonton noodles hawker stall in Singapore.

Previously, their brother Desmond Ng made a business partnership with a third, Pauline New, who invested in their father's wonton noodles business, allowing it to expand and relocate to 287 Tanjong Katong Road in 2012. They called Eng's Noodles House.

The partnership failed and Eng's Noodles House closed shop in February 2018.

The following month, the Ng sisters opened their own wonton noodles eatery together with their brother.

The former partner of Desmond Ng opposed the sisters' application which apply for three trademarks for their new place: "ENG'S," two Chinese characters meaning "glory" and "high" and a third mark composed of the Chinese characters and the words.

Components of these marks appeared at the signboard of their father's old hawker stall.

In particular, New requested that the three applications should not be registered because (a) there was passing off; and (b) the applicants were in bad faith.

According to Singaporean trademark law, for the opposition to the applications to succeed on the ground of passing off, the opponent had to establish the three classical elements of passing off: goodwill, misrepresentation, and damage.

New claimed, among other things, that there was goodwill because (a) the ENG'S Marks were continuously and exclusively used in the noodle store business from 2012 to 2018; and (b) the opponent and her company continued to perpetuate the store goodwill in these marks after its closure.

These first claims were rejected since the restaurant ceased operations on February 28, 2018, no goodwill attached to ENHPL as at dates of the filings of the ENG'S Marks.

New also claimed that the applicant's actions of

- (a) operating an identical restaurant in the same area as the opponent's restaurant;
- (b) choosing an identical trade name;
- (c) using the ENG'S Marks in the applicant's restaurant and advertisement materials; and
- (d) adopting a similar "get up" constituted a misrepresentation.

This claim was rejected as well, since New did not prove that the ENG'S Marks were associated exclusively with the noodle store. Moreover, New used the ENG'S marks only from 2012 to 2018 while the public associated the ENG'S marks with the late Ng and Ng's son Desmond, and Desmond worked for the applicant, the public would be more likely to associate the ENG'S Marks with the applicant, instead of the noodle store. Therefore, there was no misrepresentation by the applicant.

The court noted that since the noodle store was a closed business, there was no real risk of damage.

The opponent argued that the applicant's application to register the ENG'S Marks were made in bad faith.

The Court replied that the knowledge that a third party is using an identical and/or similar mark in relation to identical and/or similar goods and services does not ipso facto constitute bad faith.

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An applicant might believe that he has a superior right to registration and/or use of the mark, or that he is entitled to registration, nonetheless.

The opponent's pleading of the applications being made in bad faith therefore failed too.

The court ruled in favor of the Ng sisters, ordering the opponent's three applications for the ENG'S Marks to proceed to registration.

In October 2022, New has appealed the adjudicator's decision to the High Court. We look forward to seeing the length of this story.

**Silvia Capraro**  
**HFG Law & Intellectual Property**



## IP CHINA

### "Milan" approved to be registered as trademark in China



Trademark applicants who try to apply for trademarks with geographical names in China often meet difficulties due to the article 10.2 of the China Trademark law, which forbids names of any administrative division at or above Country level or the name of any foreign place known by the public to be used as trademark.

However, there are exceptions. The recent case of the “米兰” (Mi-Lan) trademark is a good example.

Milan, known as 米兰 (Mi-Lan) to the public in China is a famous Italian city. And Jiangxi Milan, a major player in the field of wedding dresses and wedding photography industry from Jiangxi Province, started its business under the brand “米兰” (Chinese equivalent of Milan) since late 1980s. In 1999, it obtained its first trademark registration which is composed of traditional Chinese character for “Milan” and designated for services of photograph shooting. In 2012, it obtained the registration for the same mark in simplified Chinese characters “米兰” (Mi-Lan) in Class 41.



In 2019, a natural person filed an invalidation action against the mark on the grounds that Milan is a famous geographical name in Italy and the registration of Jiangxi Milan's trademarks is in violation of the article 10.2 of the Trademark Law. In October 2020, the CNIPA made the decision to support the request and invalidated the mark. Jiangxi Milan soon filed a litigation before the Beijing IP Court but the outcome wasn't to its favor. It then appealed before the Beijing High Court which later overturned the CNIPA's decision.

The Court supported the evidence filed by Jiangxi Milan, which has proved that, through continuous and extensive marketing use, the mark had established a secondary meaning other than the indication of a geographic name. According to the final ruling, the registration of the disputed mark on its core services related to photography and video production has been maintained but its registration on other services has been invalidated.

It is worth mentioning that one of Jiangxi Milan's arguments was that, in addition to the name of a famous Italian city, the word “米兰” also refers to *aglaia odorata* (a flower shown on the below picture) in Chinese language. But the Court dismissed the claim and deemed that “米兰” is better known as a city name than a flower name among the public.

### Conclusion

Geographical names, including names of foreign countries, cities and areas cannot be registered or used as a trademark, and the trademark applications which contains geographical names often encounter very high possibility of rejection. In recent years, the CNIPA has become stricter when examining trademarks containing geographical names. This case could be served as a reference for trademark prosecutions in China involving geographic names.

Fundamentally, the article 10.2 of the Trademark Law aims to avoid misunderstandings or confusion by the Chinese public regarding the origin of production of the products. So in the scenarios of:

- ▶ when a geographical name contains a different overall meaning apart from indicating a geographical name; or
- ▶ when a geographical name has acquired a secondary meaning through extensive use and has been acknowledged by the relevant public,

the mark shall not fall under the circumstances referred by such article. Its registration thus does not violate the prohibition clause and should be approved for registration.

## IP CHINA

### Copyright infringement for Elephant and Piggie books



Beijing IP Court has recently published a decision about the infringement of copyright of the reproduction of the storyline and composition layout of three volumes of picture books written by Maurice Willems (Pen Name Mo Willems).

Mr. Willems is an American author famous for children's books. He brought proceedings against Shanghai Nasreddin Cartoon Art Co., Ltd. (Nasreddin Co.), Fudan University Press Co., Ltd. (Fudan Press) and dangdang.com in year 2019 to Beijing City Chaoyang District Court, and claimed for compensation of 500,000 yuan.

Beijing City Chaoyang District Court ruled in favour of Mr. Willems and decided that the defendants, Nasreddin Co. and Fudan Press, should compensate Mr. Willems 200,000 yuan. Then Fudan Press appealed to Beijing IP Court, and the Beijing IP Court upheld the first instance decision.

This copyright dispute is about one of Mr. Willems' most famous book series "Elephant and Piggie", which are written in a conversational style with features of two friends, Elephant and Piggie. The book "There is a bird on your head!" and "Today I will Fly" are published in the US in 2007. The book "We are in a book!" is published in the US in year 2010.

In all three books, there is copyright claim "Text and illustrations copyright © by Mo Willems". The books "There is a bird on your head!" and "Today I will Fly" are published in China in 2009 by Jieli Publishing House, and in 2016 all three volumes of books are published by New Star Press.

In 2015, Fudan Press has published three volumes of disputed books with signature of "Drawing and Editing by Nasreddin Co., Ltd." which is also written in a conversational style. These books are about two cartoon characters, Nasreddin and his donkey.

Nasreddin is a fictional character and its stories are told in a wide variety of regions since the twelfth century. Nasreddin Co., Ltd. is an animation company registered in Shanghai. However, the contents in the disputed books edited by Nasreddin Co., Ltd. are not about the legendary Nasreddin, but is the Chinese translation of Mr. Willems' picture books. Thus, this is not a case in which it is alleged that a book is duplicated, the case is rather that aspect of the plot, storyline and composition layout.

The three disputed points of this case are:

1. Whether Mr. Willems enjoys the copyright of the disputed book;
2. Whether Fudan Express, Nasreddin Co. and Dangdang.com have constituted a breach of copyright;
3. How to confirm legal responsibilities.

For the first point, both China and the US are members of "Berne Convention" and "TRIPS Agreement" which includes the principle of national treatment, and thus as an American citizen, Mr. Willems has the right to request to use Chinese copyright law to protect his rights in China.

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**As for determining the prior copyright of Mr. Willems, the court held that a work can be protected by copyright law when its expression has a high level of originality. The Court concluded that the drawing and writing in the disputed books complement each other to tell different storylines.**

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Such expressions shows the author's unique creative judgment and choice, and the possibility of reproduction in tangible form. In the absence of evidence to the contrary, the court found that the books to which Mr. Willems claimed rights are works should be protectable by Chinese Copyright Law.

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## IP ASIA

LV stands for a relative called “Lopez-Vito”: really?



As weird as it could sound, this is one of the arguments that a Manila-based business owner used to win an opposition moved by Louis Vuitton.

In December 2019, Victor Martin Soriano, a Philippines small business owner, filed a trademark application No. 4/2019/21600 for an “LV (device)” trademark logo before the IP Office of Philippines (IPOP HL). The class covered by the application was class 3, namely used for cosmetics product.

Immediately after that, Louis Vuitton Malletier, well known as luxury fashion brand, filed his opposition against the application arguing that, as a result of opposer's extensive and continuous use of the ‘LV’ logo for over a century, the general public, not just in France but worldwide, including the Philippines, now easily associates the mark with opposer and its products.



Specimen of the disputed trademark

Louis Vuitton, as opposer, raised the ground of the confusing similarity of the challenged mark with its registered mark, relying on Sections 123.1 (d) and (f) of the IP Code. The same provides: Section 123. Registrability. - 123.1.

*“A mark cannot be registered if it: xxx (d) Is identical with a registered mark belonging to a different proprietor or a mark with an earlier filing or priority date, in respect of: (i) The same goods or services, or (ii) Closely related goods or services, or (iii) If it nearly resembles such a mark as to be likely to deceive or cause confusion;”*

The Philippine applicant response did not take long. In particular, Soriano reply first, that there is no confusing similarity between the marks and the goods, that the Opposer did not own the alphabet, that there are numerous establishments and words using “LV”, and that the letters “LV” was coined from his relatives’ last name “Lopez-Vito” based in the United Kingdom, and the checkered background is of British-Filipino origin.

Secondly, in the reply it has been claimed that the risk of confusion was not existing, considering the difference

of goods covered by the two applications: on one hand, clothes, and accessories; on the other, cosmetics indeed.

A not successfully attempt of negotiation followed the submission of the opposition therefore, the IPOP HL has been requested to rule.

With the decision published on 27 September, the IPOP HL ruled that – based on the “marked differences between the marks and goods” it is “highly unlikely for the public to be confused and misled by the products” of the two parties.

In addition to what reported, the IPOP HL also referred that the evidence “failed to sufficiently show that ‘LV’ has achieved such a level of notoriety to establish that it had become famous as to the consumers and the market in which its products are being offered to”.

On one side, the IPOP HL recognized that the full brand name, ‘Louis Vuitton’, has been declared as well-known trademark. However, this recognition did not include all the French brands, among which, indeed, LV mark.

Moreover, sustaining Soriano, it claimed that, considering the difference between the goods sold by the two parties, the risk of consumers being deceived is “minimal, if not completely inexistent”.

The opposition was therefore rejected.

Indeed, the IPOP HL ruled that it is stressed that “[t]he function of a trademark is to point out distinctly the origin or ownership of the goods to which it is affixed; to secure to him, who has been instrumental in bringing into the market a superior article of merchandise, the fruit of his industry and skill; to assure the public that they are procuring the genuine article; to prevent fraud and imposition; and to protect the manufacturer against substitution and sale of an inferior and different article as his product.”

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Therefore, the Office affirmed that the mark of Respondent-Applicant sufficiently meets this function.

It is understood representatives for Louis Vuitton Mattelier are preparing an appeal.

We are very curious to see whether the fashion giant will be able to overrule the straightforward judgment of the IPOPHL.

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## IP ASIA

### "Party Like Gatsby"... but not in Singapore!



Slogans are often used in advertisements, however it is not simple to create an exclusive right on them. They are often not that distinctive and therefore not worth to be protected as trademark. Slogans are usually composed of ordinary words and phrases that are laudatory or calls to action, and usually lacking the basic requirement of distinctiveness as an indication of trade origin that is required for trademark registration.

The recent decision issued by the Intellectual Property Office of Singapore confirmed this assumption.

With a decision issued few months ago, the Intellectual Property Office of Singapore rejected the trademark application for the slogan "PARTY LIKE GATSBY".

In recent times, a company called Arangur UG (haftungsbeschränkt) (the "Applicant") filed an application to register the trademark "PARTY LIKE GATSBY" (Application No. 40202006901U) under classes 41 and 43, namely for hospitality and entertainment services.

In his three rounds of objections, following the Section 7(1) (b) of the Trade Marks Act 1998 (the "Act"), the examiners rejected the trademark applied for registration, given the similarity with the famous novel "The Great Gatsby", which is a novel about a man invited to an extravagant party hosted by the eponymous host Jay Gatsby in the 1920s.

After the second unsuccessful round of examination, the applicant applied for an ex-parte hearing.

**During the hearing, the applicant tried to overcome the lack of evidence of use, submitting several prior cases, mainly European, to defend his cause. The arguments can be summarized as follows:**

Firstly, it was a misinterpretation of the Office the identification of the word "Party" as noun, which leads to the idea that the applicant services allow consumers to host party, like, indeed, the Great Gatsby. As correctly interpreted, it should have been read as a "verb", which bring the consumer to think that they can attend and enjoy a social situation.

The mark reminds to an idea of entertaining and fun, opposite to the sense of loneliness of the host in the Great Gatsby.

The mark would trigger questions in the consumers about the service ex se.

**Notwithstanding the efforts of the Applicant, the IPOS did not accepts the arguments of the applicant.**

**On the contrary, the trademark office reasoned that, even considered that relevant public might have an idea of "the Great Gatsby" romance and connect it with parties, the mark is unlikely to be perceived as a badge of origin without prior education of the average consumer.**

**The submission of evidence of use would have helped to overcome the rejection. However, the request remained unheard.**

As a consequence, the IPOS maintained the objection and finally rejected the trademark application ruling that the case in object was a typical example of a rejection due to the lack of distinctiveness of the Mark.

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## IP CHINA

### Tommy Hilfiger vs Tommymcrown: considerations for trademark similarity



Recently, the Beijing High People’s Court ruled an invalidation case which confirmed the invalidation against the trademark “Tommymcrown” based on its similarity with Tommy Hilfiger.

The disputed mark No.14231946 for “Tommymcrown” was originally filed by “Yueqing Funaide Rubber & Plastic Co., Ltd.” on March 24, 2014 and registered on May 7, 2015 covering the goods in class 25 of “Tee-shirts; Clothing; Heelpieces for footwear; Footwear; Boots; Sports shoes; Sandals; Gloves [clothing]; Neckties; Leather belt (clothing);”. Later, this mark was transferred to its current owner “TOMMY CROWN(U.K.) INTERNATIONAL FASHION CO., LTD” (hereafter “TOMMY CROWN”) in 2018.

The Disputed Trademark				
<b>Tommymcrown</b>				
No. 14231946 (Class 25: Tee-shirts; Clothing; Heelpieces for footwear; Footwear; Boots; Sports shoes; Sandals; Gloves [clothing]; Neckties; Leather belt (clothing);)				
The Cited Trademark(s) 1 - 10				
TOMMY	<b>TOMMY</b>	TOMMY	TOMMY HILFIGER	<b>TOMMY HILFIGER</b>
TOMMY HILFIGER	TOMMY HILFIGER	TOMMY GIRL	TOMMY SPORT	TOMMY JEANS

**TOMMY HILFIGER LICENSING B.V.** (hereafter “**TOMMY HILFIGER**”) filed an invalidation against this disputed mark since 2018. First, both the China National Intellectual Property Administration (“**CNIPA**”) and Beijing IP Court confirmed the similarity between the disputed mark and cited marks, thus invalidated the disputed mark. Nevertheless, **TOMMY CROWN** further appealed to the Beijing High People’s Court.

After examining the case, the Beijing High People's Court held that:

1. The disputed mark and the cited marks 1- 10 all contain the letters "TOMMY", which are similar in terms of letter composition and pronunciation.
2. The evidence in the case can prove that "TOMMY HILFIGER" has enjoyed a certain reputation before the application of disputed mark. Under this circumstance, TOMMY CROWN still filed the disputed mark which is highly similar to the cited marks. Failure to avoid others' prior trademarks that have a certain degree of popularity can hardly be considered good faith.

In view of this, the coexistence of the disputed mark and the cited marks on similar goods will cause confusion and misunderstanding on the goods origin by related consumers. The disputed mark and cited marks have constituted similar trademarks used on the same or similar goods as stipulated in Article 30 of the Trademark Law, thus the disputed mark shall be declared invalid.

Article 30 of Trademark Law: Where a trademark to be applied for registration is in nonconformity with the relevant provisions of the Law, or it is identical with or similar to the trademark of another person that has, in respect of the same or similar goods, been registered or preliminarily approved, the Trademark Office shall refuse the application without announcement.

### Comments

The judgment of trademark similarity is always a key issue in trademark cases. The different backgrounds of the cases often lead to different judgment results.

In the captioned decision, the Beijing High People’s Court pointed out that in determining whether the disputed mark is registrable, it is necessary to comprehensively consider below factors and the interaction between these factors, and based on whether it is easy to create confusion for the relevant public.

- a the similar degree of marks of the trademarks and the goods
- b the distinctiveness and popularity of the reference trademark,
- c the degree of attention of the relevant public
- d the subjective intention of the applicant of the trademark in dispute

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If the whole of cited trademark or its distinctive identification part is taken as a component of the trademark in dispute, these trademarks may be determined to have similar marks.

In fact, the basis of the above judgment comes from "Beijing High People's Court Guidelines for the Trial of Trademark Right Granting and Verification Cases" issued in 2019. It is also an important reference basis for the application of Article 30 of Chinese Trademark Law (judgment of similarity).

In practice, in most trademark invalidation cases, evidence of popularity of the cited mark and evidence of malicious registration of the disputed trademark are suggested to actively collect and submit, which can affect the judgment of similarity based on comprehensively consideration of different factors.

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## ADV LAW

### Stricter regulation on celebrities endorsement in advertising



Celebrities and influencers in China may find this November more difficult than usual, as the “the Guidelines on Further Regulating Celebrity Endorsement in Advertising” (hereinafter referred to as “guideline”) issued by 7 State authorities becomes effective recently.

Like the Damocles Sword, the guideline provides clearer deterrence to the celebrities if they do not follow the instructions for the endorsement.

Why the authorities issued the guideline, how will the guideline change the celebrities’ endorsement, and how to properly conduct the celebrities’ endorsement under the guideline? This article would provide certain insight on relevant issues.

#### Why did the authorities issue the guideline?

The guideline is not a brand new regulation came out of nowhere, instead, it is a more detailed explanation of the existing “Advertising Law of the People’s Republic of China” (hereinafter referred to as “Ad law”). The basic principles and general rules have been stipulated in the “Ad law”, yet given that the celebrities endorsement on the internet developed rapidly which causes controversial incidents and may further damage the interest of the consumers, the authorities noticed the necessity to further regulate the celebrities endorsement with the issuance of the guideline.

**By using the term “celebrities”, the authorities refer to both traditional celebrities such as movies stars and singers, as well as internet influencers including key opinion leaders and livestreaming hosts. The celebrities often have huge group of fans who are willing to buy products merely based on their endorsement or follow their behaviors without careful consideration. If the celebrity endorsement does not comply with the Ad law, it will harm the interest of the consumer, in the meantime bring chaos to the market order or social order.**

Under such circumstance, the guideline emphasizes the regulation from two aspects: one is the content of the ads, the other is the morality of the celebrities themselves. Many advertisers pay more and more attention on the ads content when conducting celebrity endorsement based on previous experience, but they may fail to conduct due diligence on the morality of the celebrities, which might also cause problem.

#### How will the guideline change the celebrities’ endorsement?

Enlarge the definition of endorsement

In the traditional endorsement celebrities often use their own image to promote the commodities, but as the practice has become more and more diversified, the guideline deems the following behaviors as “endorsement” as well:

1. Recommending the commodities with the name of the celebrities in the broadcast program.
2. Introducing the commodities during the internet program or livestreaming.
3. Using the role the celebrities have played in the film or television series in the advertisement to promote the commodity.

Therefore, if an influencer introduces certain commodity on the social media or during the livestreaming as entrusted by the advertisers, then such behavior will be seen as endorsement. The influencer and their agency need to be careful enough to avoid potential risk related to ads.

#### Stress on the morality of the celebrities

Besides ensuring the ads contents are in compliance with the guideline, the celebrities themselves need to obey the laws and social moralities, otherwise even if the ads content has no problem, the advertisers who continues the cooperation with the problematic celebrities will be punished as well.

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Dior as advertiser has been alerted enough for similar situation. When the Chinese actress Ms. Jingtian was fined over RMB 4,642,200 by the Administration for Market Regulation (hereinafter referred to as “AMR”) because of her false ads on the juice drink, Dior spotted such news and immediately hid the previous endorsement ads by Ms. Jingtian regardless of the fact that the content of the Dior ads does not violate the law, and such decision will certainly protect Dior from potential risk in the future.

### ✓ Specified the obligation of the celebrities

The guideline clearly stipulates that the celebrities need to actually use the commodity before the endorsement, and ensure that the usage time or quantity is sufficient to produce daily consumption experience. Moreover, if the celebrities act as the brand ambassador, they need to specify the exact name of the product they have experienced.

For instance, some famous male influencers have a huge group of female fans so they get the chance to endorse female products like bras and pads, which they are impossible to experience by themselves. Under such circumstance, either the celebrities have to give up such endorsement, or they need to ask their close relatives to experience the product then provide detailed feedback.

### ✓ Put more restriction on sensitive business field

Apart from common commodities, many sensitive business fields are under stricter supervision, such as the medical treatment, pharmaceutical, medical equipment, healthcare food, etc; and other business fields including pesticides, veterinary drugs, grass seeds, livestock and poultry, aquatic seedlings and breeding industries have special requirements on the endorsement.

For the former, the guideline did not allow any celebrities endorsement on the relevant field of medical treatment, pharmaceutical, medical equipment, healthcare food; for the latter, the guideline bans relevant professionals to endorse on the pesticides and breeding industries. So a celebrity can endorse on the pesticides, even if such endorsement might not be convincing enough; but the professor on the pesticides field cannot endorse on the relevant commodities.

### ✓ Emphasize the punishment on the celebrities

Most celebrities will use the name of their agency or company to enter the endorsement contract with the advertisers, but the guideline further emphasizes that if the ads violate the regulation, then celebrities themselves shall bear relevant responsibility as well.

As mentioned previously, given the Chinese actress Ms. Jingtian promoted the false ads of juice drink, so the AMR directly fined her over RMB 4,642,200, rather than imposing the fine to her company or agency. With such regulation,

the celebrity will be difficult to escape from the potential punishment after breaching the Ad law.

## How to properly conduct the celebrities' endorsement under the guideline?

In general, the guideline raises higher standards for both the celebrities and the advertisers. To avoid potential risk, the advertisers need to carefully choose the celebrities they hope to cooperate with while paying enough attention to the content of the ads.

### ✓ Cooperate with celebrity of good faith

The requirement of good faith can include both the legal compliance and the morality expectations in the society. Once a celebrity who gambles, is addictive to drugs or is punished by the authorities due to various reasons, he or she will certainly not be viewed as with good faith.

However, some controversial behaviors of the celebrities may also be deemed as morality issue which will influence the endorsement, such as the Chinese actress Zhengshuang who involved in the surrogacy and intended to abandon her surrogate babies when they are still fetus. So the investigation and due diligence on the celebrities conducted by the professionals who understand the local market will become more and more vital.

### ✓ Advertise the “truth” with supporting materials

For the ad content itself, though we understand the creativity and exaggeration can be necessary in the celebrities endorsement, authenticity should be the key foundation of the ads. For instance, when the celebrities decide to promote any commodities, please use the true experience instead of fabricating the feedback; when the ads quotes certain statistics, please make sure the numbers are supported by materials to prove the authenticity.

### ✓ Consult with professionals for uncertainties

To sum up, after the issuance of the guideline, the chaotic jungle of the current Chinese ads market shall adapt to the stricter and more detailed regulation, and the celebrities' endorsement will face more challenges. If the advertisers or the celebrities are not sure about the compliance of the ads, asking the help of professionals such as a lawyer can be a wise solution.

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