

Yike Ma

Melbourne, Australia

+61 433 920 768 (from overseas)

0433 920 768 (inside Australia)

[ma@yike.com.au](mailto:ma@yike.com.au)

[www.yike.com.au](http://www.yike.com.au)



## Qantas Loses Its Trade Mark Battle In China

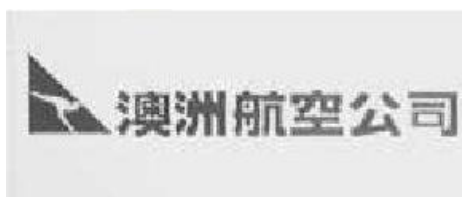
Qantas Airways Limited (“Qantas”), Australia's largest domestic and international airline, lost two trade mark disputes in China in 2011.

- A court in Beijing upheld a decision made by the Chinese Trademark Review and Adjudication Board (“TRAB”) rejecting Qantas’ application to file its device mark, the leaping kangaroo.
- The same court also upheld another decision made by the TRAB permitting a company in Yantai to use the leaping kangaroo mark for vehicle rental and storage of goods.

### Trade Marks Involved In The Disputes

#### Qantas’s Composite Mark Incorporating The Leaping Kangaroo (“Composite Mark”)

On 30 September 1993, Qantas applied to register the Composite Mark (see below) in respect of passenger transport, transport of goods, travel agency services, booking seats for travel, sightseeing (tourism) and tours (Arranging of-) in class 39 and obtained registration on 21 March 1995. The registration of the Composite Mark is valid to 20 March 2015 after being renewed once.



#### Booming Mark

On 8 July 2002, Yantai Booming Transportation Co. Ltd. (“Booming Transportation”), located in



the north of China, applied to register a composite mark (“Booming Mark”) (see left), which is similar to the Composite Mark, in respect of car transport, passenger transport, taxi

transport, vehicle rental, storage of goods, brokerage (transport-), travel agency (excluding hotel reservation), travellers’ transport and freight forwarding in class 39. The registration of the Booming Mark is valid from 28 November 2003 to 27 November 2013.

#### Olihua Mark



On 15 March 2006, Shenzhen Olihua Investment Co. Ltd, (“Olihua Investment”), located in the south of China, applied to register a composite mark (“Olihua Mark”) (see left), which

incorporates the leaping kangaroo, in respect of accommodation bureaux (hotels, boarding houses), cafés, cafeterias, bars, hotel reservations, rental of meeting rooms, retirement homes, rental of chairs, tables, table linen and glassware, day-nurseries (crèches) and boarding for animals in class 43. The registration of the Olihua Mark is valid

from 14 September 2009 until 13 September 2019.

#### Kangaroo Mark

On 25 July 2007, Qantas filed an international application for the leaping kangaroo (“Kangaroo Mark”) under the Madrid System and included China as one of the designated countries in the application. The services designated in the application for class 39 include air travel services, aircraft chartering, passenger transport, air cargo transport service, courier services, transport and delivery of goods, storage of goods, travel agency services, etc. The services designated in class 43 include provision of accommodation services including but not limited to booking and reserving accommodation, travel agency services relating to obtaining meals and accommodation, etc. On 4 August 2008, the CTMO refused the Kangaroo Mark on the grounds that it is similar to earlier marks and that the services designated in the application are similar to those of an earlier application and/or earlier registration. The conflicting marks cited by the CTMO were the Booming Mark and the Olihua Mark.

#### **Request To Cancel The Booming Mark**

On 27 November 2008, Qantas filed a request with the TRAB to cancel the Booming Mark, which was partially denied by the TRAB on 7 June 2010. The main argument Qantas made was that Qantas’ Composite Mark is well-known in China and the use of the Booming Mark on similar or closely related services is likely to cause public confusion. To prove the well-known reputation of the Composite Mark in China, Qantas submitted the following evidence:

- search results of Baidu (the most popular search engine in China) by using the keyword “澳洲航空”

(which means Australia Airline, the Chinese name of Qantas)

- information about Qantas on various websites, including VariFlight and Aviationlaw
- statistics of Qantas’ trademark registration in other countries and territories and relevant trademark certificates
- Print outs of Qantas’ website

The TRAB decided that the registration of the Booming Mark is valid in respect of vehicle rental and storage of goods, but that it should be cancelled for other goods and services in the same class.

Grounds for the decision included:

- The Booming Mark and the Composite Mark are similar in terms of constituent elements, style of design, and overall visual impression.
- Qantas failed to prove that the Composite Mark had a well-known reputation in China.
- Services regarding vehicle rental and storage of goods designated by the Booming Mark are different from the services designated by the Composite Mark.
- Although the Booming Mark is similar to the Composite Mark, use of the Booming Mark on services (vehicle rental and storage of goods) which are different from the services designated by the Composite Mark is unlikely to cause public confusion and is not misleading.

On 27 December 2010, Qantas appealed the decision to Beijing No. 1 Intermediate People’s Court (“Beijing Court”) and the court upheld the TRAB’s decision on 17 March 2011. Qantas is allowed to file an appeal with the Beijing Higher People’s Court within 15 days of the Beijing Court’s decision being served. Until now, no information is available as to

whether Qantas filed the appeal. The records extracted from the CTMO's trademark database disclose that a request to cancel the Booming Mark on the basis of non-use was filed with the CTMO on 23 June 2011. The identity of filing party is not clear.

### Rejection of The Kangaroo Mark

#### Class 43

On 4 September 2008, the CTMO issued a Notice of Refusal rejecting Qantas' application to register the Kangaroo Mark in Class 43.

On 14 September 2009, Qantas opposed the Olihua Mark.

On 6 October 2008, Qantas filed a request with the TRAB to review the CTMO's decision and the TRAB ruled against Qantas on the basis that:

- the Kangaroo Mark is similar to the Olihua Mark in respect of constituent elements and overall impression.
- the services designated by these two marks are similar.

On 11 May 2011, Qantas appealed the TRAB's decision to the Beijing Court. The main argument made by Qantas was that the Olihua Mark is a reproduction and imitation of the well-known Kangaroo Mark. Qantas also requested the court to suspend the case until the opposition proceedings were completed.

On 20 June 2011, Beijing Court upheld the decision made by the TRAB. Qantas is allowed to file an appeal with the Beijing Higher People's Court within 15 days of the Beijing Court's decision being served. Until now, no information is available as to whether Qantas filed the appeal.

Records extracted from the CTMO's trademark database disclose that the opposition proceedings in relation to the Olihua Mark were completed on 7 September 2011 and the registration of the Olihua Mark is valid from 14 September 2009 to 13 September 2019.

#### Class 39

Qantas filed a request with the TRAB to review the decision by the CTMO rejecting its application to register the Kangaroo Mark in class 39. Records extracted from the CTMO's trademark database show that the application is still under review.

### What Should We Learn From The Qantas Disputes

#### Goods And Services In the Same Class Are Not Deemed as Similar Goods And Services All the Time

During examination, the examiner from the CTMO refers to the "Book of Classification of Similar Goods and Services" ("**Book of Classification**") which was created by the CTMO on the basis of the Nice Classification of Goods and Services, to decide whether goods and/or services are similar for registration purposes. In accordance with the Book of Classification, each class as per the Nice Classification has been sub-divided into sub-classes. Goods that belong to different sub-classes (even in the same class) are generally not deemed to be similar and/or closely related goods for examination purposes. In the Booming Mark case, vehicle rental belongs to sub-class 3905 and storage of goods belongs to sub-class 3906, whereas passenger transport and, and transport and delivery of goods belong to 3901; hence the CTMO and the TRAB ruled against Qantas by rejecting Qantas' request to cancel the registration of the Booming Mark in respect of vehicle rental and storage of goods.

#### The Threshold For Being "Well-Known" Is High

Although the leaping kangaroo is well-known in Australia, this reputation does not extend automatically to China. To prevent a similar trademark from being registered for non-identical or dissimilar goods and services, the owner of the registered trademark, in accordance with Chinese laws, has to

establish that the trademark is well-known in China and use of the well-known trademark on dissimilar goods and/or services is likely to cause public confusion. In the Booming Mark case, Qantas had to prove that the Composite Mark had a well-known reputation in China before 8 July 2002, the day Booming Transportation applied to register the Booming Mark. However, the Beijing Court ruled that Qantas did not prove the reputation of the Composite Mark in China. Recently, Hermès and Chivas lost their lawsuit against trademark squatters in China because they failed to prove that they were well-known in China before someone else registered their brands.

#### **Tips On Trademark Strategy In China**

- broad coverage of goods and services in multiple sub-classes when budget allows
- review your trademark registration regularly
- keep good records to prove your reputation

#### Broad Coverage Of Goods And Services In Multiple Sub-Classes When Budget Allows

It is important to understand the Book of Classification. In addition to the goods and services on which the trademark is being or will be used and marketed in China, it is recommended that the applicant pick at least one item from each sub-class in the same class to obtain a wide scope of protection. When implementing a blocking strategy the applicant should be aware that an overly expansive sub-classification without actual use of the mark on the designated goods and services could invite a cancellation petition.

#### Review Your Trademark Registration Regularly

As your business expands, it is highly recommended that you review your trademark registration regularly to assess if the goods and services designated in your

registration can effectively cover the goods and services you are providing or you plan to provide within 2 to 3 years. The CTMO has improved its efficiency in trade mark examination and it generally takes about 15 months for a trade mark to be registered (if no refusal or opposition is involved).

#### File As Early As Possible

China uses a different system, the “first-to-file” rule, which means the first person to file a trade mark application will generally have priority over an earlier user of the mark. To prevent trade mark squatter from hijacking your trade mark you should file your application as early as possible.

#### Keep Records Of Your China Operations

In trade mark disputes, non-Chinese companies often lose their trade mark because they fail to prove that their mark has acquired a well-known reputation in China. Hence, it is very important to keep good records of your China operations to back you up in a trademark dispute. Records which are useful in proving the reputation of a mark in China include:

- sales statistics
- advertising and promotion statistics
- press releases related to your brand(s)

In the Qantas disputes, if evidence regarding Chinese passengers using Qantas had been provided, a different decision may have been rendered.

#### *Sources of Information:*

1. *WIPO ROMARIN database*
2. *Decisions published on the website of Beijing No. 1 Intermediate People’s Court*
3. *Trademark database of Chinese Trademark Office*