



Trademark Litigation: A Global Guide

2023

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Generated: May 20, 2024

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Explore on [WTR](#) 

Contents

Thematic chapters

A brief look into NFTs in China

[Austin Chang](#), [Guorong Li](#), [Yan Zhang](#)

[Beijing East IP](#)

Calculation methods for trademark infringement damages in China

[Ray Lei Zhao](#)

[Unitalen Attorneys at Law](#)

Country chapters

Canada: trademark litigation

[Dominique Hussey](#), [Jeilah Chan](#)

[Bennett Jones](#)

China: trademark litigation

[Aimin Huo](#)

[CCPIT Patent and Trademark Law Office](#)

Greece: trademark litigation

[Marina Perraki](#)

[Tsibanoulis & Partners Law Firm](#)

India: trademark litigation

[Manisha Singh](#), [Varun Sharma](#)

[LexOrbis](#)

United States: trademark litigation

[Kenneth L Wilton](#), [Lauren Gregory](#)

[Seyfarth Shaw LLP](#)

A brief look into NFTs in China

Austin Chang, Guorong Li and Yan Zhang

Beijing East IP

Summary

HOW NFTS WORK IN CHINA

NFT COPYRIGHT INFRINGEMENT CASE

HOW CAN NFTS BE PROTECTED BY COPYRIGHT?

TRADEMARK ISSUES

CONCLUSION

The first non-fungible token (NFT) was minted in May 2014, but they did not catch the world's attention until recently. While the world is beginning to understand and invest in NFTs, China is not far behind global trends, but has its own characteristics. NFTs have gained increasing popularity in merchandise, finance and other areas, but legal systems around the world are still grappling with how to deal with NFT-related legal issues. This article will briefly introduce NFT transaction models and characteristics in general as well as how China perceives them, combined with an overview of the first NFT infringement case in China to further discuss copyright and trademark issues involved in NFT transactions.

HOW NFTS WORK IN CHINA

NFTs can be seen as digital authenticity certificates that record the information of the initial creator, its issue date and every future transaction concerning the digital artwork on a blockchain. The process of creating an NFT is called minting, which involves the process of creating and uploading digital artwork as an asset on a blockchain. In China, NFTs are minted just like NFTs outside of China, but with some changes to the transactions.

First, China's initial trading platforms adopt the digital collectible concept when referring to NFT artworks to comply with the Chinese government's regulations. NFTs are not allowed to be uploaded to a public blockchain. They can only be uploaded to the consortium blockchain, which is co-managed by selected government-backed participants and private companies who have the ability to revise the data thereon when necessary.

Second, NFTs outside of China often have investment and financial value because the scarcity and tradability of NFTs affords them the attributes of securities. The Chinese government, however, controls NFTs from becoming securities. Many regulatory documents – such as the Notice on Further Preventing and Disposing of Hype Risks in Virtual Currency Transactions and the Initiatives Regarding Preventing NFT-related Financial Risks – have been issued to eliminate NFT-related hype, money laundering and illegal financial activities.

Third, the Chinese government does not allow NFTs to be traded on any secondary markets. Trading platforms – such as, for example, OpenSea – are not allowed to operate in China. The term 'digital collectibles' also suggests that digital artworks are only to be collected and are not tradable in China.

Despite obvious differences to global trends, NFTs in China are still based on blockchain technology where each digital artwork is mapped with a unique number on the blockchain, which may not be divided or replaced. Although blockchain technology makes NFTs unique and ensures the authenticity and accuracy of each transfer, it cannot ensure that the uploaded artwork is duly authorised or has the necessary authorship. If the artwork does not originate from the rights holder or its licensee, the NFT creator and the NFT marketplace that allowed the NFT to be uploaded could face infringement risks.

In April 2022, the Hangzhou Internet Court rendered an NFT infringement judgment in a case between Shenzhen Qice Diechu Cultural and Creative Co, Ltd (Qice) and Hangzhou Yuanyuzhou Technology Co, Ltd (Yuanyuzhou). This case was touted as being the pioneer NFT case in China, providing judicial insight on NFT transactions and protection of information network transmission rights.

NFT COPYRIGHT INFRINGEMENT CASE

Qice sued Yuanyuzhou for infringing its right to disseminate the *Fat Tiger Receiving Vaccination* NFT works (the disputed NFT works) on the Internet without authorisation. Qice claimed that Yuanyuzhou infringed its rights by allowing a user on its platform to create and publish the disputed NFT works for which Qice holds the exclusive copyright from the original author. Yuanyuzhou argued that it is merely a third-party platform operator and the disputed NFT works were created and uploaded solely by one of its users. It complied with its responsibility as a platform operator to review after the fact and delete the disputed NFT works after notice.

The court began its analysis by explaining that NFT works are created, uploaded to a tangible network server and offered to the public on the Internet through NFT marketplaces. Every NFT transaction is processed through a smart contract mechanism for implementing a sales agreement between the NFT creator and the purchaser at a chosen time and place. Offering NFT works to the public through NFT marketplaces is carried out through network transmissions.

The court further clarified that NFT marketplaces are a new business model because they are associated with the blockchain and smart contracts. NFT marketplaces' trading mechanisms, technical features, control over minted NFT works and profit models have shouldered them with more responsibilities than those applicable to traditional network services providers.

First, during an NFT transaction, the property rights of an NFT are transferred. However, the copyright of that NFT remains unchanged. Therefore, not only should an NFT creator or seller be that NFT's owner, but it should also be the copyright owner or licensee of that NFT work. NFT marketplaces know or should know about such a mechanism and should take reasonable measures to prevent infringements.

Second, NFT marketplaces have relatively effective control over how NFTs are minted. Given how much NFT marketplaces are involved in the process of creating and uploading NFTs, they should have the capabilities to review NFT works without additional costs or labour.

Third, NFT marketplaces profit from charging gas fees (ie, directly receiving economic interests from NFT works). This profit model differentiates NFT marketplaces from general e-commerce platforms or network platforms that provide storage and connection services.

In the issue central to *Qice v Yuanyuzhou*, Yuanyuzhou had the responsibility as an NFT marketplace to take necessary measures to prevent Qice's rights from being infringed, but it failed to supervise and examine the authenticity and authority of the source of the disputed NFT works. The court held Yuanyuzhou liable for assisting the creator of the disputed NFT works infringing Qice's rights.

The court's discussions on its view of NFTs as well as its rulings are likely to set standards for future litigation on issues including but not limited to proper authorisation of NFT works and the responsibilities of NFT marketplaces.

HOW CAN NFTS BE PROTECTED BY COPYRIGHT?

NFT works are essentially digital artworks and copyright of such digital artworks is created when completed. In particular, rights of publication, modification, creating derivative works, reproduction and information network transmission of such artworks may be infringed if these personal and property rights are not properly vested.

NFT creators should ensure that the uploaded NFT work is duly authorised or has the necessary authorship. For example, NFT creators should obtain reproduction rights from copyright owners because the process of minting NFTs essentially amounts to creating digital copies of artworks and uploading them onto an NFT marketplace for sale (ie, reproducing digital artworks from the real or virtual world to a blockchain). In addition, when minting NFT works, the rights to modify or adapt the artworks, and even the rights to protect the integrity of the artworks, should also be considered. Further, once NFT works are uploaded to a blockchain through an NFT creator's chosen marketplace, the rights of information network transmission of that artwork become critical for any distribution and circulation on the Internet. Article 10(12) of the Chinese Copyright Law specifically protects the information network transmission rights of copyrighted works that are made available to the public by wire or wireless means, so that the public may acquire the works at a time and place of their choice.

NFT marketplaces can be held liable for assisting infringement if they fail to perform their supervision and examination responsibilities to ensure that uploaded NFT works have a complete chain of authorisation or authorship because the characteristics of NFT marketplaces separate them from general network service platforms. To prevent potential liabilities, NFT marketplaces that operate in China should consider establishing mechanisms for reviewing copyrights of minted NFT works. The potential issues to be reviewed may include NFT forgery, exceeding scope of authorisation and potential infringement by the original author of the artworks.

TRADEMARK ISSUES

NFT minting and trading processes may involve trademark infringement issues. As these processes are generally performed on NFT marketplaces, NFT marketplaces should also pay attention to unauthorised trademark use by NFT creators. If NFT creators use or include a third-party trademark in creating their NFT works without authorisation or permission, trademark owners or relevant interested parties may bring trademark infringement lawsuits against NFT creators or even NFT marketplaces. Accordingly, it is recommended that NFT marketplaces conduct due diligence to verify whether NFT creators have the necessary trademark rights or licences to mint such NFTs for sale on their marketplaces to avoid potential infringement risks.

China has yet to have its first NFT trademark infringement case. However, in the United States, Nike sued StockX, an online resale platform, for trademark infringement. StockX recently created NFT works comprised of Nike trainers and logos. Nike alleges that such use constitutes trademark infringement because these NFTs are likely to confuse consumers and create a false association between the NFTs and Nike, thus diluting Nike's trademarks. StockX argues that their NFTs are minted for exchange of a physical product but has failed to corroborate this claim.

In another case, Hermès International filed a lawsuit against an NFT artist, Mason Rothschild, for offering for sale on OpenSea the iconic Hermès Birkin purse in the form of an NFT titled *Metabirkins*. Hermès claims that Rothschild made a fortune in a matter of weeks by using the *Metabirkins* mark, which can be confusing and dilutive in respect of Hermès' famous *Birkin* mark. Although still pending, these two cases raise important questions as to the scope of protection afforded to trademark rights in the metaverse and on a blockchain. In particular, how far should rights owners' existing trademark registrations for physical goods extend to cover virtual goods in the metaverse?

First and foremost, the question as to which class under the Nice Classification NFTs should fall into is worthy of discussion. The EUIPO provided its views on 23 June 2022 through a practice tip, which states that:

Virtual goods are proper to Class 9 because they are treated as digital content or images. However, the term virtual goods on its own lacks clarity and precision so must be further specified by stating the content to which the virtual goods relate (eg, downloadable virtual goods, namely, virtual clothing).

In the same practice tip, the EUIPO pointed out that:

The 12th Edition of the Nice Classification will incorporate the term downloadable digital files authenticated by non-fungible tokens in Class 9. NFTs are treated as unique digital certificates registered in a blockchain, which authenticate digital items but are distinct from those digital items.

The China National Intellectual Property Administration (CNPIA) classifies the metaverse or NFT-related goods and services into several classes – for instance, Classes 9, 35, 36, 38, 39, 41 and 42 for:

- computer software for encryption;
- security tokens (encryption devices);
- online retail services based on virtual goods;
- electronic funds transfers through blockchain technology;
- virtual chat room services based on text messaging; and
- services such as physical storage of digital images stored electronically, entertainment services for virtual environments and user authentication services using blockchain technology.

As there are a lot of NFT-related trademark filings being filed with the CNIPA, it is only a matter of time before the CNIPA announce its rules for NFT-related trademark applications.

Likelihood of confusion is the key criterion to determine trademark infringement in China and a great deal of factors should be taken into account, such as the similarity between the marks, the fame of the earlier mark, the relatedness of the goods at issue, the attention of the relevant public, the intention of the infringer and the actual confusion caused. If the above two US cases were tried in China, Nike or Hermès would need to focus on the similarity or relatedness of virtual goods associated with NFTs and the physical goods covered by their trademark registrations. Considering consumers that have purchased trainers and handbags would recognise identical or similar virtual goods in the metaverse, which suggests that virtual and physical goods overlap in some way, it would still be possible to argue that such trademark use would confuse consumers to believe that such NFTs were associated with Nike or Hermès. Even if virtual goods are considered to fall into Class 9 (ie, not covered by the classes into which physical goods fall), trademark owners may still request cross-class protection under Article 13 of the Chinese Trademark Law by proving that the identification function established by their well-known marks would be damaged or tarnished by virtual goods.

Finally, if NFT creators are found to have intentionally created the NFTs by taking advantage of others' reputation for their own unjustified gains and objectively caused consumers to believe that there are associations with trademark owners, such trademark owners may also rely on the Chinese Anti-unfair Competition Law to pursue the NFT creators' liability for free-riding and unfair competitive practices.

CONCLUSION

To prevail in trademark and unfair competition claims, it is critical to provide sufficient evidence proving that the earlier mark has obtained a certain influence in China before the date of use by the NFT works. Famous brands, like Nike and Hermès, could request courts to recognise the cross-class protections granted to their existing well-known trademark registrations for physical goods. Start-ups and emerging companies, however, may struggle to enforce their rights because they may have a tougher challenge in providing evidence that proves the fame of their marks. To the extent that no clear legal position has been adopted by courts in China and that China adopts a first-to-file system, brand owners should proactively broaden their trademark protection scopes by filing for NFT-related classes as early as possible.



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Calculation methods for trademark infringement damages in China

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Summary

HISTORICAL EVOLUTION

PRACTICAL APPLICATION

DEFENSE TO BEAR THE LIABILITY FOR DAMAGES

With the rapid development of science and technology, intellectual property disputes caused by trademark infringement are increasing in China. In intellectual property litigation, the rights holder's intellectual property rights and interests are often compensated by means of damages to realise the function of civil litigation to correct the imbalance of interests caused by the infringement. Article 63 of the Chinese Trademark Law of 2019, the version currently in force, clearly lists five ways of calculating damages: actual loss; profit from infringement; multiple of licence fee; legal compensation; and punitive compensation.

HISTORICAL EVOLUTION

In the first Chinese Trademark Law of 1982, Article 39 stipulates the rules for calculating the amount of compensation for infringement damages – the amount of compensation is the profit gained by the infringer during the infringement or the loss suffered by the infringed during the infringement. Trademark owners have the right to choose two calculation methods. The same rule was adopted in the Trademark Law of 1993 without any amendment.

In the Trademark Law of 2001, Article 56 added that the people's court may award compensation in the amount of up to 500,000 yuan according to the circumstances of the infringement if it is difficult to determine the profit or loss from the infringement. The judicial interpretation refers to such calculation method of damages as statutory compensation, which can be applied by the People's Court at the request of the parties or at their own discretion. When determining the amount of statutory damages, the court shall consider:

- nature;
- period;
- consequences;
- trademark reputation;
- amount of licence fee;
- type, time and scope of the trademark licence; and
- reasonable expenses to stop the infringement.

In the Trademark Law of 2013, Article 63 significantly modified the original calculation rules of the amount of damages, mainly reflected in the following aspects.

First, the reasonable multiple of the actual licence fee was added as the calculation method. The second modification clarified the order of application of various calculation methods of damages – only when the former is difficult to determine can the latter be applied.

The third increased the punitive damages calculation method for malicious infringement with serious circumstances, which can be determined by way of any of the the three methods of actual loss: profits of infringement or licence fee of the amount of more than one times to three times to determine the amount of compensation.

The fourth added the proof of obstruction rule. In other words, if the rights holder has tried their best to collect evidence but the infringement-related account books and materials are mainly owned by the infringer, the court can order the infringer to provide such material. Where the infringer fails to provide or provides false account books and materials, the amount of compensation may be determined by reference to the claims and evidence

provided by the rights holder. Finally, the fifth modification raised the limit of statutory damages to 3 million yuan.

The Trademark Law was amended again in 2013 to stipulate the order in which various calculation methods can be applied and trademark owners could not choose by themselves.

In the current Trademark Law of 2019, Article 63 is only reflected in two aspects: increasing the multiple of punitive damages to more than one time and less than five times, and limiting the amount of legal compensation to 5 million yuan.

PRACTICAL APPLICATION

ACTUAL LOSSES

In traditional civil law, the purpose of calculating actual loss is to fill the gap between "the benefit level that the rights owner would have achieved if there were no infringement and the benefit lost due to the existence of the infringement. In terms of concrete calculation, traditional civil law usually defines direct loss and indirect loss as two distinct types of loss. Direct loss refers to the reduction of the existing property of the rights holder, while indirect loss is the reduction of available benefit.

In existing trademark infringement cases, the calculation method of actual loss generally adopts the rule of how much the sales volume of the rights holder decreases due to the existence of the infringement. The trademark owner must prove a causal relationship between the decrease in sales and the infringement. In judicial practice, the plaintiff must guarantee that there is no evidence to prove that other major factors would have caused the plaintiff's sales to be seriously damaged, so the alleged infringement is the most important reason for the plaintiff's income reduction. Such applicable standards make the calculation method of actual loss less supported by people's courts except in extremely special cases.

In the calculation, actual loss = sales reduction or sales volume of infringing goods caused by the right holder × unit profit of the registered trademark goods. In practice, the calculation of actual loss is often determined to include loss caused by loss of sales; loss due to price erosion; future loss of sales profit; loss of sales of ancillary products; and damage of goodwill, among others.

PROFIT FROM INFRINGEMENT

The calculation method of profit from infringement has a relatively low application ratio in reality. There is uncertainty in the specific application of the concept: there is both punitive understanding and filling understanding.

According to the calculation rules, profit of infringement = sales volume of infringing commodity × profit per unit of commodity. If the unit profit of the commodity cannot be ascertained, the infringement profit = the sales volume of the infringing commodity × the unit profit of the commodity with registered trademark. In judicial practice, the concept of the profit rate is often introduced to determine profit from infringement (ie, profit of infringement = sales revenue of infringing goods × profit rate). This is mainly because the sales revenue of infringing goods is relatively easy to determine, while the sales volume of infringing goods is difficult to ascertain.

In the calculation of the profit rate, there are three methods in judicial practice. One is based on the profit rate of the infringer. The second is based on the profit rate of the rights holder.

The third is based on the relevant industry's profit margin. The profit rate of the rights holder is applicable only when the profit rate of the infringer cannot be ascertained.

In accordance with the profits of the relevant industry, data such as authoritative reports of national statistical departments, statistics of official industry associations, industry financial indicators recorded by authoritative financial information and research reports issued by investment institutions are mainly examined.

MULTIPLE OF ACTUAL LICENCE FEE

The rule of the multiple of actual licence fee was added by way of Article 63 to the 2013 version of the Trademark Law. Due to the interpretation of the word "the" in the article, this calculation method can only be advocated if there is already a licensing practice in practice. Even if the rights holder proves that there is a licensing practice, the court still adopts a very strict attitude to examining the authenticity of the licensing practice, which directly results in a very low application rate of the rule. After identifying comparable licensing practices, the differences between normal licensing and infringement should also be fully considered in terms of mode, time and scale, and the spirit of compensation being appropriately higher than normal licensing fees should be reflected.

After determining the actual amount of the licence fee, the people's court has a large amount of discretion in the application of this rule. In practice, it is generally arbitrarily determined between one and three times, and punitive in some cases. In judicial practice, the difference between infringement enforcement and normal licence in terms of mode, time and scale is taken as the measurement factor of a reasonable multiple.

PUNITIVE DAMAGES

Although the punitive damages system was introduced to the Trademark Law in 2013, the application rate in practice is very low. The reason lies in the very low proportion of the compensation method as the base of punitive damages.

However, there are cases in practice where punitive damages can be applied based on the amount of statutory damages after discussing whether statutory damages are applicable. For example, in some cases, courts applied three times punitive damages on the basis of the application of statutory damages, but this an extreme exception to the usual rule. The application of statutory damages is already punitive, so it should not be used as the base of punitive damages. Article 5(3) of the Interpretation of the Supreme People's Court on the Application of Punitive Damages to Civil Cases of Intellectual Property Infringement (the Interpretation of Punitive Damages) connects the system of obstruction of proof to the system of punitive damages, so that the amount of damages determined by referring to the plaintiff's claims and evidence can be used as the calculation base for the amount of punitive damages.

As for the interpretation of bad faith and serious circumstances in the application of punitive damages, Article 3 and Article 4 of the Interpretation of Punitive Damages have outlined detailed provisions. Through the analysis of the cases where punitive damages are applied, the following main circumstances can be summarised:

- the infringer once submitted their infringing trademark to the Trademark Office of the State Intellectual Property Office for trademark registration, but the application was rejected due to the conflict with the prior registered trademark of the rights holder and the infringer continued the infringement after the rejection;

- the infringer continues to infringe after administrative enforcement;
- violation of a court injunction or preservation measure;
- non-stop infringement after the infringement warning;
- the prior registered trademark is still infringing due to the knowledge of business cooperation;
- the infringer is engaged in the act of counterfeiting the trademark; and
- factors such as quality problems of the infringing products sold by the infringer have been given prominent consideration.

STATUTORY DAMAGE

In practice, when the rights holder cannot prove the application of the first three compensation methods, more than 98% of the cases are eligible for legal compensation. In particular, in batch cases, almost all statutory compensation methods are applied, but the amount of compensation is generally low (generally less than 10,000 yuan).

In the application of statutory compensation, the rights holder shall explain the reasons for the application of statutory compensation and the relevant factors for the amount of compensation claimed. The factors measured also include punitive considerations. According to Article 11 of the Opinions of the Supreme People's Court on Strengthening the Punishment of Intellectual Property Infringement According to Law, the factors considered by the people's court when determining the amount of statutory compensation from the high level are the same as those considered when applying punitive damages.

In reality, some cases refuse to provide statutory damages relief to trademark owners after considering relevant factors, for example:

- the plaintiff's trademark is not actually put to commercial use;
- the infringing products involved have not entered market circulation;
- the plaintiff's trademark name is too small; or
- the infringement of the defendant involved is minor, which is not enough to cause loss to the plaintiff and the plaintiff has not provided evidence of loss.

DEFENSE TO BEAR THE LIABILITY FOR DAMAGES

LEGAL SOURCE DEFENSE

Article 56(3) of the Trademark Law of 2001 provides for the defence of legal origin. In reality, in most cases, the plaintiff does not sue the manufacturer of the infringing product, but the retailer. However, due to the defendant's lack of ability to provide proof and the influence of the court's stricter examination standards regarding various elements, the proportion of legal source defences that can obtain support is not high.

NO DEFENCE FOR THREE YEARS

If a registered trademark is discontinued for three consecutive years, its claim for damages may not be supported. Article 64(1) of the Trademark Law of 2013 stipulates that, if the rights holder cannot prove actual use within the prior three years or other losses due to the infringement, the accused infringer shall not be liable for compensation. Compared to

the former, the latter adds the requirement that it cannot prove other losses due to the infringement, which may accommodate a situation in which the trademark owner can still take the licence fee as other losses even though the trademark owner has not actually used the trademark in question. The judicial practice does not support such an interpretation – it supports the reasonable expenditure of the rights holder's right to request rights protection.



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Canada: trademark litigation

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Summary

[INJUNCTIONS AT A GLANCE](#)

[LEGISLATIVE FRAMEWORK AND CAUSES OF ACTION](#)

[INFRINGEMENT](#)

[DEPRECIATION OF GOODWILL](#)

[PASSING OFF](#)

[ALTERNATIVE DISPUTE RESOLUTION](#)

[LITIGATION VENUE AND FORMATS](#)

[DAMAGES AND REMEDIES](#)

[EVIDENCING THE CASE](#)

[AVAILABLE DEFENCES](#)

INJUNCTIONS AT A GLANCE

Interlocutory injunctions are available but rarely granted in trademark cases. The test for an interlocutory injunction is as follows:

- there is a serious issue to be tried;
- the plaintiff will suffer irreparable harm if the injunction is not granted; and
- the balance of convenience rests with the plaintiff.

Most interlocutory injunction motions fail because of an inability to establish irreparable harm. Courts have interpreted this part of the test to require demonstration of harm that cannot be compensated by a pecuniary payment.

Permanent injunctions are almost always granted after a full hearing and a finding of infringement.

Payment of a security or deposit is not necessary to secure an injunction. However, the plaintiff is required to give an undertaking as to damages meaning that, if the plaintiff ultimately loses at trial, it may be forced to pay the damages incurred by the other party as a result of the injunction.

Trademark owners can file a request for assistance with the Canada Border Services Agency and seek the assistance of the agency to detain suspected counterfeit goods at the border.

LEGISLATIVE FRAMEWORK AND CAUSES OF ACTION

Canada has a robust system of trademark enforcement with several available causes of action for an aggrieved owner.

Canada's Trademarks Act provides for the registration of trademarks and the enforcement of registered and unregistered rights. Common law rights accrue to owners of unregistered trademarks used in Canada. Under common law, these rights are limited to the geographic area where the trademark has been used. Common law rights alone can be the foundation of what is sometimes loosely referred to as an infringement claim, but is really the claim of passing off.

In addition to infringement and passing off, the Trademarks Act also permits a plaintiff to sue for:

- false and misleading statements that tend to discredit the business, goods or services of a competitor;
- descriptions of goods that are materially false and mislead the public as to their character, geographic origin or mode of manufacture; and
- with respect to a registered trademark only, depreciation of goodwill.

The Competition Act prohibits promoting a product by making a representation that is false or misleading in a material respect. This provision is typically asserted in conjunction with other causes of action under the Trademarks Act. There are Criminal Code provisions relating to the forgery of trademarks and counterfeiting. Breach of the Criminal Code is litigated in a criminal court and not in the context of a civil case.

Proceedings for trademark infringement, at least in the Federal Court, can proceed in one of two ways. The first is an action, which involves detailed pleadings, documentary and oral discovery and a trial with live witnesses. This process can take about two to three years.

Alternatively, a plaintiff may proceed by way of application. An application is a summary procedure that involves more limited pleadings, affidavit evidence, cross-examination and a hearing on a paper record. An application can proceed from the originating document to a final determination in as little as eight months, but with court-granted extensions of time may, on average, take up to one year.

In both types of proceedings, parties may seek a bifurcation order postponing the hearing or trial on damages until after the hearing or trial on liability.

INFRINGEMENT

To establish infringement of a registered trademark, the plaintiff must prove a likelihood of confusion. While the court may consider a wide range of factors in assessing the likelihood of confusion, resemblance in appearance, sound and idea suggested by the trademarks at issue is often the paramount consideration. Absent resemblance, confusion is unlikely.

DEPRECIATION OF GOODWILL

To establish depreciation of goodwill, the plaintiff essentially must prove that its registered trademark:

- was used by the defendant in connection with goods or services;
- is sufficiently well known to have significant goodwill attached to it; and
- was used in a manner that is likely to have the effect of depreciating the value of goodwill in that trademark.

Each prong must be supported by evidence as opposed to inference.

PASSING OFF

To establish statutory passing off, the plaintiff must prove goodwill in the trademark at issue, misrepresentation (based on confusion) and actual damage. Each prong must be supported by evidence as opposed to inference.

ALTERNATIVE DISPUTE RESOLUTION

Alternative dispute resolution (ADR) procedures are available to resolve trademark disputes. Private mediation and arbitration services are offered throughout Canada and may be employed if the parties agree or if they are bound contractually to do so.

In some jurisdictions in Canada, ADR may be required before an action can proceed to trial. The Federal Courts Rules encourage mediation by requiring that the parties discuss and be prepared to discuss the possibility of referring unsettled issues to a dispute resolution conference within 60 days of the close of pleadings and at a mandatory pretrial conference that takes place before a judicial officer.

LITIGATION VENUE AND FORMATS

COURT SYSTEM AND LITIGATION VENUES

Canada has two separate court systems:

- the Federal Court, a court of federal jurisdiction that sits across Canada and issues rulings with national effect; and
- provincial or territorial superior courts, the jurisdiction of which is limited to the individual provinces and territories of Canada in which the court sits.

The subject matter jurisdiction of the Federal Court is specific and conferred by the Federal Courts Act and other federal statutes, such as the Trademarks Act. By contrast, the provincial superior courts are courts of general jurisdiction.

The Federal Court and provincial superior courts have concurrent jurisdiction for most trademark disputes, including trademark infringement and passing off. Where a dispute is based on tortious activity, such as common law passing off that does not involve a trademark (eg, a business name), only the provincial superior courts have jurisdiction to hear the matter.

FORUM SHOPPING

While the above-mentioned courts have concurrent jurisdiction for most trademark disputes, the Federal Court continues to hear most of these cases. The Federal Court's popularity is driven by comprehensive remedies and national effect.

For the former, only the Federal Court has jurisdiction to invalidate and expunge trademarks. Orders of the Federal Court are made against the subject itself (ie, the trademark) and not just between the parties.

For the latter, the Federal Court's jurisdiction extends to all provinces and territories. An order of a provincial superior court, by contrast, is enforceable only in that province. The benefit of the Federal Court's national jurisdiction is obvious in cases that involve infringing activities in more than one province. In these circumstances, commencing a single proceeding in the Federal Court is the more efficient way of obtaining injunctive and monetary relief against the infringer.

The Federal Court process may benefit from longer limitation periods.

NO JURIES

Trademark disputes in Canada are heard before a judge without a jury. Juries do not exist in the Federal Court. Juries in the provincial superior courts are typically confined to criminal matters or limited types of civil dispute (eg, libel and personal injury matters).

DAMAGES AND REMEDIES

DAMAGES

A successful plaintiff can elect between damages (its losses arising from the infringing sales) and an accounting and payment of the defendant's profits. Damages are available as of right and profits are an equitable remedy that may be refused at the court's discretion.

If a plaintiff can prove that it would have made the sales otherwise made by the infringer, it will be awarded its profit margin on those sales. Other circumstances attract a reasonable royalty. Proving damages can be difficult where the defendant refuses to participate in the litigation, which is common in counterfeiting cases. In such circumstances, the Federal Court has indicated that an award of nominal damages, multiplied per act of infringement, is

reasonable and proper. The Federal Court has been clear that difficulty in assessing damages does not mean that they will not be awarded.

Punitive damages may be awarded; however, a punitive award based on intentional infringement alone is rare. A successful plaintiff will be awarded part of its costs, which include both fees paid to lawyers and disbursements incurred.

AVAILABLE REMEDIES

Interlocutory injunctions are rarely granted in trademark cases. The test for an interlocutory injunction is as follows:

- there is a serious issue to be tried;
- the plaintiff will suffer irreparable harm if the injunction is not granted; and
- the balance of convenience rests with the plaintiff.

Most interlocutory injunction motions fail because of an inability to establish irreparable harm. Courts have interpreted this part of the test to require demonstration of harm that cannot be compensated by a pecuniary payment. However, recent authorities suggest that the Federal Court may be more willing to grant interlocutory injunctions and relax the threshold for satisfying the irreparable harm prong of the test compared to past applications of the test.

Permanent injunctions are almost always granted after a full hearing and a finding of infringement.

An order compelling the defendant to deliver up all infringing merchandise to the plaintiff will generally be granted as a matter of course. The court also has the discretion to order that equipment used to produce the infringing goods, packaging, labels or advertising material be destroyed.

EVIDENCING THE CASE

INVESTIGATIONS AND FIRST STEPS

Investigations, such as trademark use and marketplace investigations, are important in Canadian trademark disputes for three reasons:

- Canada is a first-to-use jurisdiction;
- use is necessary for maintaining and enforcing trademark rights; and
- uses of similar trademarks by third parties, or a lack thereof, can weaken or strengthen a brand owner's case.

While use is no longer required to obtain trademark registration, Canada remains a first-to-use jurisdiction. Therefore, to determine rights, it is critical to any trademark dispute to assess the first use dates and scope of use of each party. Marketplace use investigations are even more critical now because trademark applications no longer disclose information on the use status of a particular mark.

Trademark use is central to the maintenance and enforcement of rights in Canada.

Third-party uses of similar marks in the marketplace can narrow the ambit of protection of a brand owner's mark. Therefore, it is important for brand owners to conduct routine market investigations to monitor and police third-party uses. This is no less important before commencing litigation against a potential infringer, because asserting a weak mark in aggressive litigation may result in counterattacks and unfavourable decisions for future enforcement efforts.

Investigations should be conducted before and during litigation.

SURVEY EVIDENCE

Litigants in trademark disputes need not expend extensive resources to file consumer survey evidence on the issue of confusion. The Supreme Court of Canada has stated that survey and expert evidence should be admitted sparingly and only when it is beyond the experience of the court to decide on issues of confusion. This means that a brand owner now may encounter fewer economic obstacles before pursuing infringers.

USE OF EXPERT WITNESSES

Expert evidence may be tendered in trademark proceedings involving registrability issues (eg, opposition and expungement proceedings). When assessing the suitability of potential expert witnesses, it is important to ascertain that they had the relevant expertise as at the relevant date.

AVAILABLE DEFENCES

LIABILITY

The plaintiff bears the burden of proving infringement, passing off and depreciation of goodwill on a balance of probabilities. A defendant can therefore defend, in each case, against each cause of action on the basis either that the plaintiff has not met its burden of proof or that the defendant has marshalled sufficient evidence to the contrary. Where the plaintiff fails to meet its burden on any prong of the tests applied to passing off or depreciation of goodwill, the defendant will prevail.

In infringement and passing-off actions, the most common defence is absence of likelihood of confusion. In infringement proceedings, provided that the use in question does not depreciate the goodwill attached to the registrant's marks, use of a personal name as a trade name and use of the geographical name of a place of business or of any accurate description of the character or quality of goods or services are also defences, as is mere use of a utilitarian feature embodied in a trademark.

A defendant can also defeat allegations of trademark infringement, passing off and depreciation of goodwill by alleging, by way of defence or in a counterclaim, that the asserted trademark is invalid. The burden of proving invalidity on a balance of probabilities rests with the defendant. A defendant can defeat a passing-off case involving an unregistered sign by proving that the sign in question is not a trademark.

Broadly, a trademark registration can be invalidated on the basis that:

- the trademark was never registrable;
- the trademark has lost distinctiveness;
- the trademark was abandoned intentionally;

- the applicant was not entitled to register the trademark; or
- the application was filed in bad faith.

DAMAGES

The Federal Court of Appeal recently has affirmed that owning a trademark registration is an absolute defence to a requirement to pay damages or disgorge profits during the period of registration. This defence stands even if the registration is later invalidated, unless it was void *ab initio*.

Therefore, in addition to defences on liability, a defendant may have recourse to a defence against owing damages where the infringing activities involve a defendant's use of its own registered, but infringing, trademark.

APPEALS PROCESS

All decisions of the registrar of trademarks may be appealed, as of right, to the Federal Court within two months of the date on which the decision was dispatched. These include appeals of refusals to register a trademark, cancellation of a trademark and decisions in opposition proceedings (including the decision not to reject an opposition where it did not raise a substantial issue for decision).

The appeal is effected by filing a notice of application with the registrar of the Federal Court. On appeal, additional evidence may be filed without leave and the court may substitute its decision for the registrar's decision, without deference, if the new evidence is materially different from that before the registrar. If no new evidence is filed, the appeal is not a *de novo* hearing, as the original record before the registrar remains the record before the court. The decision will be set aside if it is demonstrably unreasonable.

An appeal from an action or application heard by the Federal Court of Canada, at first instance or otherwise, is appealable as of right to the Federal Court of Appeal. The appellant must file, within 30 days of the pronouncement of judgment or determination appealed from, a notice of appeal setting out the grounds of appeal. Only with leave and in rare instances may additional evidence be filed on appeal. On issues of law, the Federal Court is not entitled to deference. The Federal Court of Appeal can overturn a finding of fact only if the Federal Court judge made a palpable and overriding error with respect to that finding.

With leave, and only on issues of national importance, the losing party can appeal an order of the Federal Court of Appeal to the Supreme Court of Canada.



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China: trademark litigation

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Summary

[INJUNCTIONS AT A GLANCE](#)

[LEGISLATIVE FRAMEWORK AND CAUSES OF ACTION](#)

[ALTERNATIVE DISPUTE RESOLUTION](#)

[LITIGATION VENUE AND FORMATS](#)

[DAMAGES AND REMEDIES](#)

[EVIDENCING THE CASE](#)

[AVAILABLE DEFENCES](#)

INJUNCTIONS AT A GLANCE

Preliminary injunctions are an increasingly critical tool in litigation because an order on a preliminary injunction or property preservation (attachment of property), or both, helps the trademark owners to stop ongoing acts of infringement, avoid or minimise irreparable harm pending litigation, enforce the final verdicts and support claims for damages.

The courts will consider the following factors when granting such an order:

- the plaintiff's likelihood of prevailing on the merits;
- a demonstration of irreparable harm to the plaintiff if a preliminary injunction is not granted;
- the balance of interest and hardship between the plaintiff and defendant; and
- whether the injunction may harm the public interest.

According to the Civil Procedure Law, a motion for an order on a preliminary injunction or preservation of property, or both, can be filed both before and during litigation. When necessary, the courts may decide to issue such an order on their own initiative. When the courts decide to grant the order, the applicants for preliminary injunctions or preservation of property, or both, are required to provide a security. The courts shall dismiss the motion if the applicant fails to provide the security at the request of the courts. With regard to the pretrial injunction, the courts shall revoke the order if the applicant fails to file a lawsuit or arbitration within 30 days of the date on which the courts issued the order.

LEGISLATIVE FRAMEWORK AND CAUSES OF ACTION

China has a comprehensive and integrated legal framework for trademark protection based on domestic legislation and international IP treaties and conventions. The Trademark Law and its implementing regulations are the primary sources of law on trademark protection in China.

In addition to the above, the following apply:

- the Civil Code;
- the Civil Procedure Law;
- the Criminal Procedure Law;
- the Anti-unfair Competition Law;
- the Copyright Law;
- the E-commerce Law;
- judicial policies, interpretations and guidelines issued by the Supreme People's Court (SPC);
- rules, regulations or guidelines on trademark protection issued by the competent authorities;
- guiding or typical cases published by the SPC; and
- reference cases published by local high courts.

As a general rule, only registered trademarks are protected under the Trademark Law. To protect unregistered trademarks, the rights holders may:

- seek well-known trademark recognition to stop the use of the infringing trademark on similar goods or services if the cited and infringed trademark has been used but not registered in China;
- seek well-known trademark recognition to stop the use of the infringing trademark on dissimilar goods or services if the cited and infringed trademark has been registered in China;
- file unfair competition litigation to stop the use of the infringing trademark, as the Anti-unfair Competition Law prohibits the use of influential trade dress and product, trade, institutional and personal names (including pen, stage and translated names) as well as distinctive elements in domain names, among others; and
- file copyright litigation if the unregistered trademark is subject to copyright protection.

The courts have rendered verdicts holding that the sale of parallel imported goods constitutes trademark infringement if there are substantive changes in product packaging, or differences in terms of quality or trademark use, between the authorised goods and the parallel imports. The courts have also rendered verdicts that outline the criteria for determining infringement regarding trademark use related to original equipment manufacturer (OEM) goods that are produced in China and intended only for exportation without sale in China.

In recent years, trademark squatters have initiated litigation to compel real trademark owners to either pay damages or purchase back trademarks registered in bad faith at very high prices. The courts have gradually developed a consistent practice of dismissing those cases on the grounds that such litigation constitutes abuse of rights by trademark squatters.

The SPC has issued guidelines making it clear that if, in an IPR infringement lawsuit, the defendant submits evidence to prove that the lawsuit filed by the plaintiff constitutes abuse of rights and has damaged the defendant's legitimate rights and interests as prescribed by law and the defendant requests the plaintiff to compensate for reasonable expenses, the court shall support the request. The defendant may also file a separate lawsuit to require the plaintiff to compensate for such reasonable expenses. Such SPC guidelines are aimed at deterring trademark litigation filed in bad faith.

ADMINISTRATIVE AND CIVIL LITIGATION

Trademark litigation falls into the following categories in terms of applicable laws, procedures, nature and objectives.

Administrative litigation involves the judicial review of:

- decisions or rulings on official refusal, opposition, invalidation and non-use cancellation, among other things, rendered by the Chinese National Intellectual Property Administration (CNIPA);
- other specific trademark-related administrative acts performed by the CNIPA and the State Administration for Market Regulation; and
- decisions or rulings on trademark infringement rendered by the local administration for market regulation (AMR).

Civil litigation involves:

- trademark disputes relating to:
 - infringement and unfair competition;
 - ownership; and
 - transfer, licensing and agency contracts;
- before or during litigation, motions for:
 - preliminary injunctions;
 - property preservation; and
 - evidence preservation;
- motions for non-infringement declaratory judgments; and
- other trademark-related disputes.

CRIMINAL LITIGATION

The following acts carry criminal liabilities:

- passing off registered trademarks;
- selling goods on which registered trademarks owned by others are used; and
- illegally manufacturing the labels of registered trademarks owned by others or selling such illegally manufactured labels.

Criminal litigation is usually filed by the procuratorates after the Public Security Bureau (PSB) has completed its criminal investigations and handed over files and evidence to the procuratorates. The PSB may open criminal investigations on its own initiative, or in response to complaints filed by the rights holder or after the cases have been handed over to them by the AMR.

The SPC urges local courts to hold three-in-one trials for judicial efficiency and consistency if trademark issues are simultaneously involved in pending administrative, civil and criminal lawsuits.

ALTERNATIVE DISPUTE RESOLUTION

Trademark disputes can be resolved through negotiation and mediation during civil litigation. The court may act as a mediator, or direct the parties to work with the court-designated external mediators or mediation centres. The SPC has been urging the courts to rely on alternative dispute resolution (ADR) mechanisms to deliver efficient and diversified in IP protection. During civil litigation, the courts will always ask the plaintiffs and defendants whether they want to settle disputes through ADR.

Arbitration serves to resolve civil trademark disputes, provided that the parties agree in writing to arbitration. Mediation and arbitration are generally not employed in administrative and criminal trademark litigation unless the rights holder files an incidental civil litigation in combined criminal and civil proceedings, and the parties choose to mediate a settlement agreement on the civil claims over damages.

LITIGATION VENUE AND FORMATS

The courts in China have four levels of hierarchy:

- [basic people's courts](#) (eg, the people's courts at district or county level);
- intermediate people's courts, including the specialised IP courts in Beijing, Shanghai and Guangzhou;
- high people's courts in each province, autonomous region or municipality directly under the central government; and
- the SPC.

Some basic people's courts and intermediate people's courts have cross-regional jurisdiction over IP-related cases according to SPC guidelines.

FORUM SHOPPING

Forum shopping is not available for administrative litigation.

Courts at the defendant's domicile, the locations of occurrence of the infringing acts or the locations where the infringing products are stored, seized or detained by administrative authorities (eg, the AMR, customs office or PSB) have territorial jurisdiction over infringement cases. The locations of occurrence of the trademark-infringing acts are where infringing acts or the outcomes thereof take place.

Specialised IP courts and IP tribunals have more expertise and experience in handling IP disputes. Courts in more economically developed provinces and areas are more pro-IP and tend to grant higher damages. It is recommended that the plaintiff file the trademark litigation to the specialised IP courts or tribunals. It is also an effective strategy to identify every player involved in the trademark infringement and select the court most preferred by the plaintiff to file the litigation.

Internet courts in Beijing, Hangzhou and Guangzhou have jurisdiction over disputes arising from online infringement and transactions. Almost all proceedings at the internet courts are conducted online for the convenience of all parties involved.

The courts at the defendant's domicile or the location of the server of the e-commerce trading platform have jurisdiction over litigation against an internet-based trademark infringement.

JURY VERSUS BENCH

Trademark litigation is usually heard by a collegiate bench of three (most often) or five members. At the trial court, the collegiate bench may comprise judges only, or judges with one or two people's jurors. People's jurors are not included in a collegiate bench at the appellate courts.

DAMAGES AND REMEDIES

The following remedies are available in trademark infringement litigation:

- injunctions (preliminary and permanent);
- damages (including punitive damages); and
- public apologies or declarations aimed at undoing the negative effects of the infringing acts.

Damages for trademark infringement are calculated with reference to one of the following factors:

- losses of the plaintiff;
- profits of the defendant;
- a reasonable multiple of the trademark licensing fees when it is difficult to determine the plaintiff's losses or the defendant's profits;
- statutory damages of up to 5 million yuan when it is difficult to determine the plaintiff's losses, the defendant's profits or the trademark licensing fees; or
- punitive damages for grave trademark infringement in the amount of one to five times the base amount damages determined with reference to plaintiff's losses, the defendant's profits or the trademark licensing fees.

Damages include reasonable expenses spent by the plaintiff on the trademark enforcement actions.

The SPC has directed the courts to use market value as a benchmark for determining damages in IP litigation. It has also directed the courts to award punitive damages to ensure that the damages in total are commensurate with the market value of the IP rights in dispute and the punitive damages in particular can deter trademark infringement. In response to requests from the plaintiff, the court may exercise discretion and impose punitive damages on defendants committing intentional and egregious trademark infringement and acts of unfair competition.

In light of present practice and the trend for courts to award substantial damages, as well as punitive damage in some cases, the rights holders should consider relying more on litigation to obtain stronger protection and seek damages in China.

Trademark litigation holds more of a deterrent power if it can hold individuals liable for trademark infringement. In recent years, the courts have rendered verdicts that have held legal representatives and shareholders jointly or severally liable for infringements perpetrated by their companies, defeating their attempts to evade trademark infringement penalties by abusing the independent legal person status of the company or the limited liabilities of shareholders.

In one case, the Chinese courts have rendered a verdict ruling that, as the co-defendant, a Chinese trademark agency providing assistance to the defendants in bad-faith trademark filings committed an act of unfair competition and should pay compensatory damages to the plaintiff. The courts' verdict offers rights holders new tools in fighting bad-faith trademark filings and trademark-related infringement.

EVIDENCING THE CASE

According to the Civil Procedure Law, motions for preservation of property can be filed to the courts during litigation if it is likely that the evidence may be destroyed or lost, or it will be difficult to obtain the evidence later. In an emergency, motions for preservation of property can be filed to the courts before litigation or arbitration if it is likely that the evidence may be destroyed or lost, or it will be difficult to obtain the evidence later.

INVESTIGATIONS AND FIRST STEPS

Investigations are necessary and can be vital. Investigations are conducted for multiple purposes, including:

- collecting facts and evidence to support the litigation;
- spotting the strengths and weaknesses of both the plaintiffs and the defendants to help the rights holder build a strong case, and an adequate and strong future trademark portfolio; and
- formulating a well-informed trademark litigation strategy and tactics.

Legal counsel should always be closely involved when working with internal or external investigators by offering input into investigation plans and overseeing investigations to ensure that the evidence obtained complies with the rules of evidence. Relevant and particularly important evidence must be notarised. Legal counsel must review and ensure the legality of the evidence obtained during investigations because evidence procured through dubious or illegal means may be excluded or compromising.

SURVEY EVIDENCE

Survey evidence is not mandatory and is often challenged. In practice, survey evidence has been filed to the court in difficult cases for reference purposes. The SPC and local courts have accepted survey reports as evidence. The referential value of survey evidence for the judges to determine cases should not be ignored.

USE OF EXPERT WITNESSES

Expert witnesses are permitted in trademark litigation cases and are often engaged to provide expert opinions, especially in cases of first impression. Courts may also consult experts for their opinions on difficult issues. Economic experts can be helpful in ascertaining payable damages. Expert opinions may not be cited by judges.

AVAILABLE DEFENCES

The following defences can be raised when facing trademark infringement charges:

- no trademark infringement;
- no likelihood of confusion because there are no similarities in terms of the trademarks, goods or services;
- the plaintiff's trademark is invalid or declared invalid owing to its non-compliance with the Trademark Law;
- legitimate, fair, prior, authorised or licensed and prior rights (eg, use of prior trade names, copyrights or design rights) use;
- legitimate product source and no knowledge of trademark infringement;
- exhaustion of trademark rights;
- laches or loss of statutory limitations;
- no infringement in OEM cases where all the OEM products are exported only to a foreign country or region and the mark used on the goods is owned or duly registered by the party that has ordered the OEM products in the destined country or region;
- safe harbour for internet service providers;

- lack of standing to sue or be sued;
- lack of jurisdiction; and
- unclean hands or abuse of rights.

The SPC has dismissed trademark infringement lawsuits on the grounds of abuse of rights.

APPEALS PROCESS

A domestic party may file an appeal within 15 days of receipt of a first instance judgment, while a foreign party may file an appeal within 30 days. Parties may still file new and supplementary evidence to the appellate court.

The appellate court will review both factual and legal issues. It usually takes six to nine months for the appellate court to render its judgment, which is final and effective. The timeframe for court proceedings will be longer if one of the parties is a foreign entity or national.

The plaintiffs or defendants may apply for a retrial of effective judgments within six months of the effective date of the judgments. The higher-level courts will review and decide whether to accept retrial applications. For a retrial application to be accepted, it usually requires new and substantial evidence that could overturn the effective judgment or clear mistakes in procedural issues, fact findings or applications of law.

In rare circumstances, the people's procuratorates have powers to supervise the adjudication of civil cases and may do so *ex officio* or at request of the parties involved in the civil cases.

Any party can appeal before the appellate court.



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Greece: trademark litigation

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Summary

[INJUNCTIONS AT A GLANCE](#)

[LEGISLATIVE FRAMEWORK AND CAUSES OF ACTION](#)

[ALTERNATIVE DISPUTE RESOLUTION](#)

[LITIGATION VENUE AND FORMATS](#)

[DAMAGES AND REMEDIES](#)

[EVIDENCING THE CASE](#)

[AVAILABLE DEFENCES](#)

INJUNCTIONS AT A GLANCE

Preliminary injunctions are obtained through a court ruling (or judge order) upon petition of the trademark owner if the urgency, risk and probability of winning the lawsuit are established.

Permanent injunctions are obtained by virtue of a court ruling upon petition of the trademark owner if an infringement of rights is proved and substantiated.

The payment of a security or deposit is not necessary to secure an injunction, but the court may order it.

Regulation (EU) No. 608/2013 concerning customs enforcement of IP rights and Commission Implementing Regulation (EU) No. 1352/2013, as amended and in force, provide for the ability of customs authorities to seize counterfeit goods. They are directly applicable in Greece.

LEGISLATIVE FRAMEWORK AND CAUSES OF ACTION

TRADEMARK LAW, RULES AND REGULATIONS

Trademarks in Greece are regulated by Law No. 4679/2020, which implements Directive (EU) 2015/2436 (the Trademark Directive) and Directive 2004/48/EC (the Enforcement Directive).

Unregistered marks are protected in Greece under unfair competition law provisions – namely, Law No. 146/1914. EU trademarks are regulated by Regulation (EU) 2017/1001, which is directly applicable in Greece.

Greece has also ratified:

- the Paris Convention for the Protection of Industrial Property (through Law No. 213/1975);
- the Madrid Protocol Concerning the International Registration of Trademarks (through Law No. 2783/2000); and
- the Nice Agreement on the Classification of Goods and Services (through Law No. 2505/1997).

CAUSES OF ACTION

The owner of a registered trademark may rely on its exclusive right to bring action against infringers. A trademark owner can:

- use the trademark;
- characterise services; and
- affix the trademark on:
 - goods;
 - covers and packaging of the goods, writing paper, invoices, price lists, notices, advertisements and any other printed material, or electronic, audiovisual or social media; and
 - goods or packaging intended exclusively for export.

The owner of a registered trademark may prohibit any third party from doing any of the above if:

- the sign used by the third party and the goods or services at issue are identical to those of the trademark owner; or
- risk of confusion or dilution is created.

The trademark owner may also prohibit:

- the affixing of the trademark on goods or packaging;
- the transit of infringing or counterfeit goods through Greece;
- the affixing of the trademark on genuine products that the trademark owner intended to be anonymous or intended to put on the market under another trademark;
- the removal of the trademark from genuine products and their sale with a different brand or without any brand;
- offering the goods or putting them on the market, or stocking them for those purposes, under the trademark, or offering or supplying services thereunder;
- the import or export of the goods under the trademark; and
- the use of the trademark:
 - as a trade or company name, or part of a trade or company name;
 - on business papers and in advertising, including on social media; and
 - in comparative advertising in a manner that is contrary to Article 9(2) of Law No. 2251/1994 (misleading advertising).

ALTERNATIVE DISPUTE RESOLUTION

MEDIATION AND ARBITRATION

By virtue of Law No. 4640/2019, all civil and commercial law disputes, including disputes concerning trademarks initiated before civil courts, can be voluntarily submitted to mediation provided that the parties have the authority to dispose of the subject of the dispute. Exceptionally, submission to a mandatory initial mediation session is introduced for the following civil and commercial disputes:

- family disputes (concerning lawsuits filed as of 15 January 2020);
- disputes under the standard civil procedure falling within the jurisdiction of the single-member first instance court when the value of the subject matter of the dispute exceeds €30,000 (concerning lawsuits filed as of 15 March 2020); and
- disputes arising from contracts that contain a valid mediation clause (concerning lawsuits filed as of 30 November 2019).

In the above cases, a mediator will be appointed by mutual consent of the parties or the claimant will submit a request for recourse to mediation to an accredited mediator included in the register of the Ministry of Justice. If the respondent does not agree on the mediator, the mediator will be appointed by the Central Mediation Committee. The mediator must notify the other party (or parties) of the request and arrange the date and place of the initial

mediation session. This session takes place no later than 20 days from the day following the claimant's request to the mediator, extended by up to 30 days when any of the parties reside abroad.

By virtue of Article 867 of the Civil Procedure Code (CPC), private disputes can be submitted to arbitration upon agreement between the parties and to the extent that the parties may dispose of the object of the dispute. Therefore, the above points do not apply to matters falling within the administrative process of trademark rights acquisitions or cancellations. Arbitration can, for example, be agreed between parties in disputes arising from trademark licensing agreements.

LITIGATION VENUE AND FORMATS

COURT SYSTEM AND LITIGATION VENUES

Under the previous Law No. 4072/2012, a bifurcated system existed in Greece. The Trademark Office and the administrative courts were exclusively competent for all matters related to the existence and cancellation of marks (including oppositions and invalidity actions) and the civil courts were exclusively competent for infringement matters. Pursuant to the new Law No. 4679/2020, civil courts have acquired jurisdiction for examining the validity of national trademarks. More specifically, the Administrative Trademarks Committee remains competent to hear both oppositions and invalidity or revocation actions. However, the decisions of the committee are subject to appeal before administrative courts regarding oppositions and – under the new law – civil courts regarding revocation and invalidity actions. Competence regarding disputes concerning invalidity or revocation actions is transferred from the administrative courts to the civil courts for both separate invalidity or revocation actions at second instance and for counterclaims of the defendant in trademark infringement proceedings concerning revocation or invalidity.

The civil court system consists of the first instance civil courts, the civil courts of appeal and the Supreme Court. The administrative court system consists of the First Instance Administrative Court, the Administrative Court of Appeal and the Administrative Supreme Court. In Greece, most cases are appealed at second instance on matters of fact and law. Several appeal rulings are also challenged before the Supreme Court on matters of law.

Disputes arising from the infringement of EU trademarks are brought before the exclusively competent special departments within the courts of Athens and Thessaloniki. It is standard in trademark infringement disputes to combine trademark infringement claims with unfair competition and tort claims. If claims are based on trademark infringement, they may be brought before a single-member court. If combined with unfair competition, they will be brought before a multi-member court.

According to the CPC, after filing the lawsuit, the parties must submit their pleadings and evidence supporting their arguments within 100 days (or 130 days for parties residing abroad). Witness affidavits should also be produced. The plaintiff must serve the lawsuit to the defendant within 30 days (or 60 days if the defendant resides abroad or the defendant's address is unknown). Rebuttals of the other side's arguments will be submitted in writing within 15 days of the expiry of the 100 (or 130) day period. When the file closes, a hearing date is set. Following a typical hearing – where only in exceptional circumstances will a witness examination take place – a ruling is rendered within a few months.

FORUM SHOPPING

For national civil disputes, plaintiffs may choose between the court competent based on the defendant's place of seat or residence and the court competent based on tort – namely, where the infringement took place.

For cross-border disputes, the relevant Greek civil procedure, EU or international legal texts apply, providing the available venues from which the plaintiff can choose.

JURY VERSUS BENCH

In Greece, trademark disputes are heard in bench trials. There is no provision for jury trials.

DAMAGES AND REMEDIES

AVAILABLE REMEDIES

In the main civil procedure (permanent injunction), the following remedies are available:

- ceasing the infringing activity;
- refraining from future infringing activity;
- withdrawing the products bearing the infringing trademark and, if necessary, the materials used for the manufacture of said goods;
- destroying or confiscating the infringing goods and, if necessary, the materials used for the manufacture of said goods;
- a threat of penalties (in the form of monetary fines and personal incarceration) should the defendant fail to comply with the above;
- damages;
- moral damages; and
- the publication of a summary of the ruling.

Damages and moral damages may be claimed if the infringement was intentional or due to gross negligence. Greek trademark law implementing the Enforcement Directive provides that the trademark owner may claim:

- actual damage suffered (including lost profits);
- the licence fees that would be requested if a licence agreement existed; or
- the amount that the infringer profited from the exploitation of the mark.

Intentional infringement of a trademark is a criminal offence. Criminal prosecution is initiated on filing a criminal complaint by the trademark owner. Criminal penalties include at least six months' imprisonment and a minimum fine of €6,000. For counterfeit products, when particularly high profits result or damages occur on a commercial or professional scale, stricter penalties apply (ie, a minimum of two years' imprisonment and a fine of between €6,000 and €30,000). General provisions of the Penal Code (with respect to forgery under Article 216) and fraud (Article 386) may also be applicable.

INJUNCTIVE RELIEF

Trademark owners may seek injunctive relief by:

- filing a preliminary injunction petition requesting temporary measures;

- delivery of information on sales figures and networks or channels of distribution of the infringing goods; or
- temporary confiscation of the infringing goods.

The issue of urgency in the petition is critical. If no urgency is established, the petition will be dismissed for formal reasons.

Injunctive relief is granted if:

- the claim will probably be substantiated;
- the infringement is current or imminent and constitutes a threat to the owner's rights; and
- an urgent need for court regulation of the matter exists.

The preliminary measures that the court may impose on the infringing party include:

- a temporary cease of the infringement and temporary withdrawal of the infringing products from the market;
- drawing up a detailed inventory of the infringing items in the possession of the infringing party or temporary confiscation and placement under custody of the items;
- the audit of the commercial records and books for gathering data on the infringing items produced or marketed;
- the precautionary seizure of movable and immovable property in the case of an infringement committed on a commercial scale, including the blocking of bank accounts if the injured party demonstrates circumstances likely to endanger the recovery of damages;
- the threat of penalties (in the form of monetary fines and personal incarceration) in the case of contempt of the decision and for each violation of the decision's provisions; and
- publication of the injunction order.

On filing the petition, the trademark owner may also request that a judge grant a temporary order. This is available only in cases of extreme urgency. The judge may invite the respondents to appear at the hearing, which is usually the case even though *ex parte* proceedings are also an option provided by law.

EVIDENCING THE CASE

INVESTIGATIONS AND FIRST STEPS

Before the commencement of judicial proceedings, it is recommended to have in place all evidence that the plaintiff will use to substantiate the claim. Lawsuits in Greece must be precise and refer to all points of fact under judicial review. No supplementing of the facts is allowed subsequent to filing. As a first step, a test purchase of the goods at issue is usually recommended.

Further, the trademark owner may request, through a lawsuit or an interim measures petition, the delivery of information by the infringer on sales figures and networks or channels

of distribution of the infringing products. The same may be requested by a third party contributing to the infringement, to the extent that:

- the third party was found to possess infringing products, or was using or providing infringing services on a commercial scale; or
- the third party was involved in the production, manufacture or distribution of infringing goods, or in the provision of infringing services.

If a trademark owner has produced evidence to support its infringement claim and claims that evidence is in the hands of the defendant, it may request the court to order the defendant to provide such evidence.

In cases of infringement on a commercial scale, the court may also order the defendant to submit bank, financial or commercial books and records.

SURVEY EVIDENCE

Surveys are used in Greece, but they are of low probative value because they are easily rebutted by the other side, mainly on grounds of subjectivity and lack of independence. They may constitute evidence of a trademark's establishment in the market, repute and extent of use. Occasionally, surveys may be used for strengthening risk of confusion allegations.

USE OF EXPERT WITNESSES

Expert witnesses are permitted under the CPC. It is unlikely that a court will appoint an expert witness. However, trademark owners may use expert witnesses to support their claims.

AVAILABLE DEFENCES

In civil law cases, the defendant may invoke the following defences:

- no likelihood of confusion or dilution between trademarks;
- the sign is used in a descriptive way rather than as a trademark;
- own-name defence;
- use to denote the purpose and context of spare parts;
- use of a right of mere local significance;
- acquiescence by the owner of the earlier trademark if the trademark owner knew of the infringing use for more than five years and knowingly took no action against it, unless the later trademark was used in bad faith;
- limitation or exhaustion of a trademark right;
- prescription;
- counterclaim for revocation or invalidity; and
- objection of non-use of the earlier marks that form the basis of the claim.

Until recently, the defendant could also invoke the fact that the infringing sign used was a registered trademark in the defendant's name. However, following recent European Court of Justice case law, the Greek courts have now started to dismiss this defence. This case law has been crystallised in both the new Trademark Directive and the national law implementing this directive.

In the context of administrative proceedings (opposition or invalidity), if the grace period for non-use of the registered mark has expired, the defendant can request the trademark owner to prove that it has put its trademark to genuine use within the relevant period.

APPEALS PROCESS

Any party participating in the first instance proceedings based on an ordinary lawsuit can file an appeal according to the following timeframe:

- within 30 days of the decision being served, if the party resides in Greece;
- within 60 days of the decision being delivered, if the party resides abroad; and
- within two years of the issuance of the decision, if the decision has not been served.

Injunctive relief decisions and temporary restraining orders are not subject to appeal.

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India: trademark litigation

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Summary

[INJUNCTIONS AT A GLANCE](#)

[LEGISLATIVE FRAMEWORK AND CAUSES OF ACTION](#)

[ALTERNATIVE DISPUTE RESOLUTION](#)

[LITIGATION VENUE AND FORMATS](#)

[DAMAGES AND REMEDIES](#)

[EVIDENCING THE CASE](#)

[AVAILABLE DEFENCES](#)

INJUNCTIONS AT A GLANCE

Preliminary injunctions are available under Indian law. Under Section 37(1) of the Specific Relief Act 1963 (SRA) and Order 39, Rules 1 and 2 read with Section 94(c) of the Code of Civil Procedure 1908 (CPC), a preliminary injunction (referred to as a temporary injunction in the statutes) can be granted by the courts for a specific time at any stage of a suit. In every case, the grant or refusal of a temporary injunction is essentially covered by three well-established principles:

- whether the plaintiff has made out a *prima facie* case;
- whether the balance of convenience is in their favour (ie, whether it could cause greater inconvenience to them if the injunction is not granted than the inconvenience that the opposite party would be put to if it is granted); and
- whether the plaintiff would suffer irreparable loss or injury.

The condition of existence of a *prima facie* case is essential for the grant of an injunction, while the other two conditions should be satisfied by the plaintiff conjunctively. The courts may also take into account the public interest when granting or refusing a request for the grant of a preliminary injunction.

Permanent injunctions are also available. Sections 37(2) to 38 of the SRA provide that a permanent injunction (referred to as a perpetual injunction in the SRA) may be granted to the plaintiff by the courts to prevent the breach of an obligation existing in the plaintiff's favour. This injunction perpetually restrains the defendant from doing the act that breaches such an obligation. The essential requirement for the grant of a permanent injunction is the existence of a right on the applicant's behalf, a corresponding obligation on the part of the opposite party and an infringement or a threat of breach. However, where there is no legal wrong present, permanent infringement would not follow.

The payment of a security or deposit is not necessary to secure an injunction. Ordinarily, where a preliminary injunction is granted, the courts do not ask for the payment of a security or deposit from the plaintiff to secure the injunction. This, however, does not mean that there is any bar on seeking the payment of a security to secure an injunction. Rather, Order 39, Rule 2 of the CPC provides that the court may grant an injunction in favour of a plaintiff on such terms as to the duration of injunction, keeping an account and giving a security. If an injunction is granted without the security or deposit, it is also possible to vary that order of injunction later if necessitated by a change of circumstances under Order 39, Rule 4 of the CPC. Such a variation may include the imposition of a security or deposit to secure the injunction if the changed circumstances so demand.

LEGISLATIVE FRAMEWORK AND CAUSES OF ACTION

REGISTERED TRADEMARK RIGHTS

A suit for infringement can be filed if a registered trademark is being infringed, seeking restraint against the infringing activities and damages. A registered trademark is said to be infringed if a mark is used by an unauthorised person, or by a person who is not the registered proprietor or permitted user using a mark that is identical or deceptively similar to the registered trademark in relation to the goods or services in respect of which the trademark is registered and such use renders the use of the infringing mark likely to be taken

as being used as a trademark. In other words, if a mark, identical or deceptively similar to a registered trademark, is used in an unauthorised manner and is likely to cause confusion about its source in the minds of consumers, it amounts to infringement.

Apart from filing a suit for infringement, the Trademarks Act (the TM Act) also provides for remedies under criminal law. False application of trademark and selling goods to which a false trademark has been applied are offences that may entail imprisonment for a term not less than six months, extendible to three years with a fine.

UNJUSTIFIED THREATS

Indian law safeguards businesses from unlawful interference and groundless threats of legal proceedings. For example, Section 142 of the TM Act provides that if a person or entity is threatened by someone with legal proceedings for infringement of a registered trademark, they have the option to file a civil suit against the person so threatening to seek a declaration that such threats are unlawful, seek injunction against the continuation of such threats and claim damages if there has been any loss. However, this does not apply once legal proceedings as a consequence of the threat are instituted. Similar provisions are also provided in the Copyright Act, the Patents Act and the Designs Act. However, under the Patents Act and the Designs Act, it is not explicitly mentioned that proceedings due to groundless threats would cease once legal proceedings as a consequence of the threats are instituted.

UNREGISTERED TRADEMARK

Infringement of unregistered rights in trading names or styles may become actionable under equity for passing-off if it can be shown that the plaintiff's trading name or style has accrued extensive goodwill and reputation in India such that, by using deceptively similar trade name or style and packaging, the defendant is passing off its goods as those of the plaintiff. Passing-off is claimed in conjunction with a claim for registered trademark infringement but, if the rights on a trademark are unregistered, passing-off may be the only cause of action available.

To establish a cause of action of passing-off, the plaintiff must prove goodwill through number of years of use of the mark, scale of use, promotion and advertisements, and extent of sales, among other factors. Next, it must be shown that the misrepresentation adopted by the defendant is likely to cause confusion such that consumers would believe that the goods and services of the defendant arose from the plaintiff. It must also be shown that such passing-off has caused loss and injury to the plaintiff, for which the defendant would be liable to pay damages.

ALTERNATIVE DISPUTE RESOLUTION

Under Section 89 of the CPC, the court may refer a dispute to arbitration, conciliation or mediation where it appears to the court that there exist elements of a settlement that may be acceptable to the parties. To encourage alternative dispute resolution, especially mediation, almost all courts in India now have mediation centres and, if there is slightest possibility of mediation, the courts encourage the parties to explore it. In commercial matters, mediation has been made mandatory before instituting a suit unless an urgent relief is contemplated. Thus, a party thinking of initiating a legal process based on a commercial matter must explore mediation first unless a preliminary injunction is sought. In trademark cases, however, pre-suit mediation is very rarely explored as the rights holders always seek a

preliminary injunction to immediately stop the infringing activity of the defendant. However, after the suit is filed and preliminary injunction is granted, the defendants settle mostly through mediation to avoid unnecessary litigation costs and consequent damages that the court may impose after trial.

Although mediation can be explored by the parties, issues relating to the validity of trademarks, infringement and other disputed rights that are *in rem* cannot be decided through other alternative dispute resolution mechanisms such as arbitration. However, if a dispute arises from a contract between parties and the dispute falls within the ambit of the arbitration clause of the contract, even though such a dispute pertains to the copyright or trademark infringement, it still could be decided by arbitration as it will fall under the ambit of right *in personam*.

LITIGATION VENUE AND FORMATS

Trademark suits cannot be filed before a court inferior to a district court. If the valuation of the suit, which is ordinarily based on the brand value and damages sought against the defendant, exceeds the specified value of 300,000 Indian rupees, the suit is to be filed before a commercial court. In a recent development, the High Court of Delhi has constituted a separate intellectual property division to hear all IP matters that are filed in the High Court of Delhi. Commercial courts have separate rules and stricter timelines to ensure that they are adjudicated expeditiously.

In another recent development, the High Court of Delhi held that all IP disputes, irrespective of their valuations, should be listed before a commercial district court judge or the commercial division of a high court, but not before a non-commercial district judge. In other words, all trademark-related suits cannot be filed before a court inferior to a district court of a commercial division. However, if the value is less than 300,000 rupees, the suit will proceed as a normal civil suit not governed by the stricter commercial court rules.

DAMAGES AND REMEDIES

DAMAGES

The owner of a trademark can recover damages in relation to acts of infringement. The principle involved in the awarding of damages in India has seen a great evolution in the recent past, and the courts have now begun awarding additional punitive damages to curtail the menaces of counterfeiting and trademark infringement.

The award of damages is more prevalent in trademark disputes than in any other IP domain. The principles laid down for the award of damages in trademark disputes have acted as a benchmark for other IP domains as well. On one hand, the grant of punitive damages has rested majorly on the conduct of the defendant and the flagrancy of the violation. On the other hand, the award of compensatory damages depends upon the establishment of loss suffered by the plaintiff and profits made by the defendant along with a basis of evaluation for these calculations. Plaintiffs can either claim damages or a rendition of accounts – not both. In *Titan Industries v Jain* (2006 (32) PTC 95 Del), the High Court of Delhi held that, where damages and rendition of accounts are claimed together, the plaintiff must elect one single relief during the course of the trial. Moreover, the plaintiff is required to establish how they have reached the claimed figure and what calculation has been employed.

ACCOUNTS OF PROFITS

A registered proprietor of a trademark can seek account of profits made by the infringer if successful in a suit for infringement. However, the plaintiff is not entitled to calculate damages to include their loss as well as profits of the defendant as they can use only one of these for the purpose of the calculation of damages. Account of profits involves a lengthy process of the rendition of accounts of the defendant, which includes verification of records and books of accounts of the defendant. Therefore, it is not a preferred remedy. However, if the plaintiff opts for an account for profits, they are entitled to an inspection of the books of accounts of the infringer during the process of the rendition of accounts.

INJUNCTIVE RELIEF

Injunction is one of the civil remedies recognised under the TM Act, along with damages or account of profits. It is the most essential remedy sought in every suit for infringement. Injunctive relief can be interim or permanent. Interim injunctions are granted for a specific time or during the pendency of the legal proceedings. A permanent injunction is granted when the plaintiff succeeds in their claim of infringement and a final decree is awarded.

OTHER RELIEFS

An interim injunction can be combined with other reliefs, such as:

- an injunction to restrain the defendant from disposing of their assets until the trial ends or the judgment is delivered;
- orders to enter the premises of the defendant and take inspection of relevant documents and articles, and take copies or remove them to safe custody; or
- orders to search and seize against unnamed or unknown defendants.

Remedies under criminal law are also available, which include imprisonment and fine. There are administrative remedies in place such as opposition, rectification of the register of trademarks and prohibition of the import or export of infringing goods at customs, among others.

EVIDENCING THE CASE

INVESTIGATION AND FIRST STEPS

The basic investigation and collection of evidence in infringement of trademarks include the following:

- when the infringement first took place;
- the extent of infringement;
- who are the distributors and retailers of infringing products (including e-commerce platforms);
- company profile and location;
- purchasing sample products (evidentiary purchase); and
- site details (photos, videos, etc)

Before filing a lawsuit, it is essential for rights holders to gather all documents relevant to the case. These documents must be filed along with the plaint itself.

SURVEY EVIDENCE

Acceptance of survey evidence is not clear in India. Although some courts have accepted survey evidence as *prima facie* evidence to determine an interim injunction, its evidentiary value is not established. Some courts have held that survey evidence is not admissible unless the persons surveyed are cross-examined, while others have raised doubts on the methodology and authenticity of such surveys, and have considered them hearsay.

USE OF EXPERT WITNESS

There are no significant instances where expert witnesses have been called in trademark matters in India.

AVAILABLE DEFENCES

In a suit for infringement, the defendant can avail the following defences:

- fair use;
- prior use;
- no likelihood of confusion;
- difference in market where conflicting marks are used;
- non-use of the mark by the registered proprietor;
- delay and acquiescence; and
- invalidity of the registered trademark.

APPEAL PROCESS

Appeals against the decision, or an order of the registrar under the TM Act or the rules made thereunder may be preferred to the commercial division of the relevant high court. Where the final judgment was passed by a high court in its first instance jurisdiction, the appeal lies before a division bench of the high court in question.

SECOND APPEAL

A party can file a second appeal against the first appeal decision before a higher appellate court if it can show that a substantial question of law is involved.

SPECIAL LEAVE PETITION

As per Section 104 of the CPC, it is not normally possible to appeal further. However, under Article 136 of the Constitution of India, the Supreme Court has the authority and discretion to grant leave to hear an appeal from any judgment, decree, determination, sentence or order in any cause or matter passed or made by any court or tribunal in India.



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United States: trademark litigation

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Summary

[INJUNCTIONS AT A GLANCE](#)

[LEGISLATIVE FRAMEWORK AND CAUSES OF ACTION](#)

[ALTERNATIVE DISPUTE RESOLUTION](#)

[LITIGATION VENUE AND FORMATS](#)

[DAMAGES AND REMEDIES](#)

[EVIDENCING THE CASE](#)

[AVAILABLE DEFENCES](#)

INJUNCTIONS AT A GLANCE

Preliminary injunctions are available upon motion if the plaintiff demonstrates a likelihood of success on the merits coupled with harm that outweighs possible damage to the defendant. Statutory presumption of irreparable harm makes them easier to obtain.

Permanent injunctions are available after prevailing on the merits. Statutory presumption of irreparable harm makes them easier to obtain.

The payment of a security is required by rule to perfect a preliminary injunction but the amount is discretionary. A security is not needed for a permanent injunction.

Registered trademarks can be recorded with US Customs and Border Protection (Customs).

The United States does not recognise dynamic blocking injunctions.

LEGISLATIVE FRAMEWORK AND CAUSES OF ACTION

ESTABLISHING PROTECTION

Both registered and unregistered rights are recognised. Except for treaty-created rights, trademark rights are established by using a mark in commerce and, even without registration, are protected by common law within the geographic area where the mark is used.

Rights owners may choose, but are not required, to register a trademark.

Each US state has its own statutory scheme governing registration and related remedies.

Federal registration at the USPTO provides more robust protection. Registration pursuant to the US trademark act (15 United States Code (USC) Sections 1051 and following) (the Lanham Act) confers certain benefits on the trademark owner, including presumptions that:

- the trademark is valid;
- the trademark is owned by the registrant; and
- the registrant has the exclusive right to use the trademark throughout the United States and its territories.

Federal registrations may also be recorded with Customs, which will seize, detain and ultimately destroy infringing and counterfeit goods intended for entry into the United States.

POSSIBLE FORUMS

Although trademark infringement claims may be brought in state court, mark owners generally assert trademark-related claims in US district courts (ie, trial courts assigned to govern specific geographic territories within each US state that tend to have more experience with trademark cases). The Lanham Act provides causes of action for:

- infringement of a registered mark (15 USC Section 1114);
- infringement of an unregistered mark (15 USC Section 1125(a));
- dilution of a famous mark (15 USC Section 1125(c));
- claims arising from a false designation of origin (15 USC Section 1125(a));
- false advertising (15 USC Section 1125(a)); and

- cybersquatting (15 USC Section 1125(d)).

Litigants often add state law claims to bolster their federal claims, invoking state consumer protection statutes or common law unfair competition.

The USPTO's TTAB decides Lanham Act claims, but its jurisdiction is limited to refusing applications, cancelling existing registrations and allowing concurrent geographically limited registrations. While lawsuits can provide more robust relief, TTAB proceedings can serve as useful tools for common law or registered mark owners seeking leverage to resolve a dispute without expending additional resources on more fulsome federal court litigation.

In cases involving the import of infringing goods, a second administrative body, the International Trade Commission (ITC), might provide additional relief. Both common law and registered mark owners can file complaints seeking investigation and ultimately an exclusion order that can operate more effectively than Customs seizures.

TEST FOR INFRINGEMENT

Regardless of the forum, trademark-related claims under both state and federal law hinge on:

- valid prior rights;
- use in commerce (even for owners of registrations obtained through an international treaty without having to show use initially); and
- likelihood that the allegedly infringing mark will cause confusion, mistake or deception among consumers regarding the origin of the goods or services.

The likelihood of confusion test involves weighing several factors that vary slightly by jurisdiction, but generally include:

- similarities in sight, sound and meaning of the marks;
- the strength of the claimant's mark;
- whether the marks are used on the same, related or complementary goods or services;
- whether the goods or services are likely to be sold in the same or similar shops or outlets, or advertised in similar media;
- the degree of care applied by purchasers of the goods and services;
- instances of actual confusion; and
- whether there was an intent to use a mark similar to the claimant's mark.

UNJUSTIFIED THREATS

If a party is threatened with trademark infringement litigation, it may file a claim in a US district court under the Declaratory Judgments Act (28 USC Section 2201 and following) seeking a declaration of rights as between the parties.

ALTERNATIVE DISPUTE RESOLUTION

Alternative dispute resolution (ADR) is an increasingly popular means of resolving trademark disputes pending before state and federal courts, the TTAB and the ITC, and even in the absence of a formal proceeding.

ADR, which often involves a conference before a judge or a trained mediator, allows parties flexibility in selecting governing rules and confidentiality requirements. It can also be far less expensive than traditional litigation, making ADR especially appealing to parties involved in court proceedings. ADR is not often used in TTAB proceedings where only registration (as opposed to continued use of a mark in commerce and a possible monetary award) is at stake.

Most federal and state courts now require the parties to participate in some form of ADR and even maintain panels of potential mediators that include active or retired trademark practitioners. These subject matter experts can provide neutral views on the strengths or weaknesses of each side's case, which may help change the dynamics for potential resolution of the case.

LITIGATION VENUE AND FORMATS

PROPER VENUE AND FORUM SHOPPING

Because the Lanham Act is a federal statute that is applied relatively uniformly across federal district courts, choice of venue for a trademark infringement lawsuit is typically dictated by the geographic locations of the parties. Mark owners seeking to inconvenience the infringer by filing far from where they are located may have to weigh that advantage against the possibility of a procedural motion delaying the lawsuit.

The US Constitution dictates that a defendant may be sued only in a jurisdiction in which it can reasonably expect to be brought into court (ie, where the defendant lives or does business, or both). A defendant can ask to transfer the lawsuit to another court or seek dismissal for lack of personal jurisdiction.

Even if a particular district court has personal jurisdiction over the defendant, transfer or dismissal can result if the requirements of the federal venue statute (28 USC Section 1391) are not met. Pursuant to that statute, trademark infringement cases may be brought in:

- the court located where one of the alleged infringers resides, if all reside in the same state;
- a court located where "a substantial part of the events or omissions giving rise to the claim occurred"; or
- if neither of these apply, where any alleged infringer is subject to the court's personal jurisdiction.

An alleged infringer who is not a US resident can be sued in any district court.

The same jurisdiction and venue questions arise in state court actions, which are typically governed by state procedural statutes aligning with the same constitutional requirements present in federal cases.

These considerations, however, do not apply to administrative proceedings at the TTAB or the ITC. Any owner of a US trademark application or registration may be subjected to TTAB jurisdiction, while any party with some nexus to the import of infringing goods into the United States could find itself the subject of an ITC investigation or adjudication.

RIGHT TO A JURY TRIAL

While TTAB and ITC matters are decided by specially appointed administrative law judges who are experts in their fields, a defendant in federal district court or state court has a right to make a timely written demand for a trial by a jury of randomly selected members of the local community. Alternatively, parties can agree to have a case tried by the judge assigned to preside over the case (who may not be a subject matter expert).

DAMAGES AND REMEDIES

MONETARY RELIEF

The Lanham Act and many state statutes provide vehicles for recovery of an infringer's profits, actual damages and costs in traditional trademark infringement cases brought in court (as opposed to at the TTAB). The trier of fact awards such relief.

For disgorgement of profits, the trademark owner need only prove the gross revenue received by the infringer from the sale of the infringing goods or services. It is then incumbent on the infringer to prove what, if any, costs can be deducted. Proof of wilfulness is not required to recover a defendant's profits.

With regard to actual damages, a trademark owner is entitled to recover:

- any quantifiable economic loss caused by the infringement, such as lost profits (provided that they are not duplicative of the infringer's profits);
- lost goodwill or reputation; and
- the cost of remedial advertising.

The Lanham Act affords courts discretion to award up to three times the actual damages "according to the circumstances of the case" (15 USC Section 1117(a)).

Recoverable costs include certain disbursements made during litigation, excluding attorneys' fees. However, attorneys' fees may be awarded in the relatively rare instance where a judge determines that a case was exceptional.

Further enhancements are available in Lanham Act counterfeiting cases, where the mark owner can elect to seek treble damages (even without extenuating circumstances) or statutory damages, which can range from \$1,000 to \$200,000 per counterfeit mark per type of good or service. The upward limit jumps to \$2 million if the counterfeiting is found to be wilful.

INJUNCTIVE RELIEF

The Lanham Act and many state statutes also allow for injunctive relief, which only courts are empowered to grant. These include:

- temporary restraining orders (TROs) to prevent imminent and irreparable harm on an emergency basis;
- preliminary injunctions prior to final judgment to maintain the status quo during litigation; and
- permanent injunctions.

TROs and preliminary injunctions are only issued if a plaintiff can demonstrate:

- likelihood of success on the merits of its claims;
- irreparable harm without injunctive relief;
- a balance of hardships in its favour; and
- public interest in issuing an injunction.

TROs and preliminary injunctions are contingent on the payment of a security the court finds sufficient to pay a wrongfully enjoined party's costs and damages.

Permanent injunctions are only issued after final judgment if a plaintiff can demonstrate:

- irreparable harm without injunctive relief;
- a balance of hardships in its favour; and
- public interest in issuing an injunction

US law provides for a statutory presumption of irreparable harm upon a showing of likely success (in the case of TROs or preliminary injunctions) or success (in the case of permanent injunctions) on the asserted claims.

EVIDENCING THE CASE

INVESTIGATIONS AND FIRST STEPS

All trademark proceedings require proof of valid prior rights and likelihood of consumer confusion. The initial investigation of any matter must focus on these elements.

Confirming that the claimant began using its mark in commerce before the alleged infringer is vital. Because US trademark rights are conferred by use, even prior unregistered common law use can trump a registrant's rights and create a valid defence to an infringement claim. Moreover, if the claimant takes action against a party that has prior rights, the prior user may take adverse action to challenge the claimant's asserted trademark.

A potential litigant should also investigate and gather the evidence required to support the other elements of its claims. This includes:

- evidence of use;
- determining whether the trademark to be asserted might be vulnerable to attack and gathering evidence to blunt such an attack;
- determining whether and to what extent there is evidence of actual harm; and
- gathering evidence of any other relevant circumstances such as actual confusion in the marketplace (which is not required to prove a claim but is considered to carry a great deal of weight).

All this evidence should be collected and preserved to avoid sanctions up to and including dismissal of a case. Such sanctions are common when electronically stored information (ie emails, documents) is erased or lost.

Courts, the TTAB and the ITC all allow for robust discovery from both parties and non-parties, including requests for a party to:

- produce documents;
- respond to written questions; and
- produce witnesses for deposition.

SURVEY EVIDENCE

Consumer survey evidence may be used in court, TTAB and ITC litigation. Surveys can be persuasive on issues such as fame, secondary meaning, genericness, likelihood of confusion, consumer perceptions of allegedly false advertising, and many of the other factors implicated by trademark and false advertising claims.

USE OF EXPERT WITNESSES

Expert witnesses may be used regarding surveys or to measure the tangible – and sometimes intangible – impact of infringement or false advertising claims for the purpose of seeking monetary damages. A linguistics expert might also be used to opine on aural similarities between marks, as well as the origins and meaning of a mark.

Expert testimony can be excluded before trial if the expert does not have sufficient experience or uses an improper methodology. A party should adhere to the well-developed standards set out in case law to avoid this outcome.

AVAILABLE DEFENCES

In all trademark litigation, the party asserting claims bears the burden of proving all the elements of each claim. The defendant will prevail where the claimant has not introduced sufficient evidence to prove all elements, or where the defendant is able to develop sufficient evidence to defeat one or more elements.

For example, when evaluating a mark's strength, federal district courts and the TTAB have recognised that the existence of a significant number of similar, but not identical, marks may indicate that the relevant consuming public can distinguish between those similar marks based on small differences. Because the burden of presenting evidence of third-party use is on the defendant, this can be technically considered a defence.

Similarly, evidence of differences in goods or classes of consumer, or any other confusion factors, may be viewed as defences to a trademark claim. In cases where common law rights are asserted, a defendant may argue that no likelihood of confusion exists because it was innocently using its mark in a geographically distinct market, and therefore no overlap in consumer base exists.

A claim can also be defeated by asserting the affirmative defence of invalidity of the asserted mark. Bases for an invalidity defence include the following:

- The asserted mark is generic and therefore does not function as a source identifier. Even previously registered marks may be rendered generic.
- The asserted mark was abandoned through intentional non-use.
- The registration of the asserted mark is void because:
 - the mark was not in use when a use-based application was filed;
 - the applicant was not the actual owner of the mark at the time of filing;
 -

- the applicant or registrant committed fraud by filing a declaration that was intentionally false or was filed with reckless disregard for the truth; or
- an underlying intent-to-use application was improperly transferred to a new owner before the mark was used.

Equitable defences such as estoppel, laches and unclean hands can be asserted if supported by the underlying facts.

APPEALS PROCESS

Appeals can be taken, as of right, from any decision by a federal district court, a state court, the TTAB or the ITC.

State court decisions may be appealed to state-specific appellate courts.



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