

## Strategy for Drugs and Foods Trademarks to Overcome Deceptive Clause

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Article 10. 1. 7 of Trademark Law stipulates that signs that are deceptive and likely to cause the public to misrecognize the quality or origin of the goods shall not be registered and used as trademarks. Drugs and foods are closely related to human health. Enterprises hope that their trademarks can convey positive meaning of health and good taste to the public. However, such trademarks are likely to constitute signs prescribed in Art. 10. 1. 7.

Drugs and foods have characteristics closely related to the consumers' life and health. This is different from other ordinary commodities. As a result, China National Intellectual Property Administration (hereinafter referred to as CNIPA) has applied stricter standards for trademark applications covering drugs and foods. In 2021, there are a total of 12,707 applications refused based on Art. 10.1.7 of Trademark Law. Among them 3,947 applications are in Classes 5, 29, 30, 31, 32 and 33 covering foods and drugs<sup>1</sup>, accounting for 31%. It can be seen that drugs and foods trademarks are likely to meet refusal caused by deceptive clause, namely Art. 10. 1. 7. Therefore, it is necessary to have analysis on how to overcome deceptive clause and obtain registration for drugs and foods trademarks.

### I. No description, no deception.

If a trademark does not have any relationship with its designated drugs or foods, and does not indicate any characteristics of these goods, it is not descriptive, let alone deceptive.

#### Case 1: (2022) JING XING ZHONG No. 1210

Trademark application No. 46991208  (red flag in Chinese<sup>2</sup>) covers "mint wine; fruit wine containing alcohol, etc." in Class 33. The CNIPA and the Court of first instance both found that the use of the trademark is likely to cause the public to misrecognize the origin of the goods. However, the Court of second instance held that the trademark "Red Flag" is not deceptive, when it is used on goods in Class 33.

In this case, the Appellant argued that "Red Flag" is neither production base nor

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<sup>1</sup> Classes related to foods and drugs are Class 5 drugs, etc., Class 29 meat, fish, etc., Class 30 coffee, etc., Class 31 fresh fruits, etc., Class 32 beer, etc. and Class 33 alcoholic beverages, etc.

<sup>2</sup> Red Flag in Chinese is brand for China's first domestic luxury sedan officially born in 1958.

transportation channel for liquor products, and its use in Class 33 is not descriptive, let alone deceptive. This case shows that at first it should be decided whether the trademark is related to the origin, quality, function and other characteristics of its designated drugs and foods. Once it is determined that there is no connection between the mark and the goods, we should fully claim that the trademark is not descriptive on the designated goods, which fundamentally excludes the possibility that the trademark is deceptive.

## **II. If a trademark is not deceptively descriptive, it is not a deceptive mark.**

For a descriptive trademark, if it is not a description exceeding the inherent level of the goods and is not a description inconsistent with factual natures, such as quality and origin of the designated drugs and foods, the trademark is not deceptive.

### **A. If a trademark does not describe the characteristics of the designated drugs and foods beyond their inherent level, the mark is not deceptive.**

#### **Case 2: (2022) JING XING ZHONG No. 1576**

Trademark application No. 43557496 **肉联帮** (ROU LIAN BANG<sup>3</sup>) covers "meat; canned meat; pickled fruits; eggs; edible oil; processed nuts; jelly; winter mushrooms; tofu" in Class 29. The CNIPA and the Court of first instance both held that the trademark is deceptive and is likely to cause the public to misrecognize the raw materials, ingredients and quality of its designated goods. The Court of second instance corrected this, and found that on its designated goods "meat; canned meat", the trademark does not give any deceptive description on raw materials or any characteristics of these goods and is not likely to cause any misunderstanding among the public. However, the use of the trademark on other goods, such as "pickled fruits" is likely to lead to the public to misrecognize the raw materials and ingredients of the goods and thus should be refused on these goods based on Art. 10. 1. 7 of Trademark Law.

This case shows that to overcome deceptive clause, it is necessary to analyze whether there is connection between the meaning of the trademark and its designated goods. As for drugs and foods trademarks, it should be specifically analyzed if a mark is deceptive on each item of goods considering the nature of different goods. If there is descriptive indication, it should be proved that it is only an objective description, which does not exceed the inherent characteristics of drugs and foods. Thus, to draw the conclusion that the mark does not violate deceptive clause.

### **B. If a trademark does not give any indication or description inconsistent with**

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<sup>3</sup> ROU means "meat". LIAN means "unite". BANG means "gang; help".

**the factual characteristics of the designated drugs and foods, the mark is not deceptive.**

**Case 3: (2021) JING XING ZHONG No. 7854**

Trademark application No. 44050872 **纾糖膳底** (SHU TANG SHAN DI<sup>4</sup>) covers "meat; goat milk powder and etc." in Class 29. The CNIPA and the Court of first instance found that "SHU" has the meaning of "postpone; delay". The use of "SHU TANG SHAN DI" as a trademark is likely to cause the public to misunderstand the functions, uses and other characteristics of the designated goods. Thus, the mark constitutes the situation specified in Art. 10.1.7 of Trademark Law. The Court of second instance corrected this and held that according to the evidence submitted by the Appellant, Yili Company<sup>5</sup>, the formula milk powder bearing the trademark SHU TANG SHAN DI can better control blood sugar, so the trademark is not deceptive on its designated goods "milk powder; goat milk powder; milk; milk products; goat milk; solid milk; buttermilk". The registration of the trademark on the above-mentioned goods shall be approved. The trademark shall not be approved for registration on the remaining goods "meat and etc.", because of its deceptive description on these goods.

In this case, the Appellant submitted pieces of evidence such as certification issued by industrial association and product evaluation report made by professional institutions, which prove that milk powder bearing the trademark SHU TANG SHAN DI produced and sold by the Appellant have the function of controlling blood sugar. Therefore, although the mark SHU TANG SHAN DI has the meaning of delaying sugar content, it is a factual description of its designated "milk powder; goat milk powder; milk; milk products; goat milk; solid milk; buttermilk" rather than deceptive indication.

Given the above, in a review, to support the claim that the trademark is not deceptive, it can be proved that the descriptive words in the trademark are objective descriptions of quality, function and other characteristics of its designated drugs and foods, and there is no discrepancy with the facts.

**III. To judge whether a trademark is deceptive, the public's general cognition level and ability should be considered.**

If with their ordinary knowledge, the public will not associate a trademark with features of its designated drugs and foods, and will not misunderstand the characteristics of these goods and to make a wrong purchase decision, the trademark should not be recognized as deceptive sign stipulated by Art. 10. 1. 7 of Trademark Law.

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<sup>4</sup> SHU means "postpone; delay". TANG means "sugar".

<sup>5</sup> Yili is a famous dairy product company in China.

**A. To decide if a trademark is deceptive and will cause misrecognition and mistaken purchase, public's daily life experience and common knowledge level should be considered.**

**Case 4: (2022) JING XING ZHONG No. 1898**

Trademark application No. 44824177 **国窖班** (GUO JIAO BAN) covering "wine, soju, Baijiu and etc." in Class 33 was refused by the CNIPA and the Court of first instance in accordance with Art. 10. 1. 7 of Trademark Law. The Court of second instance changed the decision and held this trademark is not deceptive.

The verdict of second instance reads that the trademark is composed of Chinese characters with meaning of "national cellar class". Its overall meaning is not description on the quality of the goods and is not likely to cause the public to misunderstand the quality and other characteristics of "wine, Baijiu and etc." In addition, the trademark GUO JIAO, namely "national cellar in Chinese" registered by the Appellant in Class 33 has gained high popularity after long-term use and was once recognized as a well-known trademark. Given the above, the Appellant did not intend to exaggerate the function and quality of the goods in filing the application for the trademark GUO JIAO BAN. Based on their own ordinary knowledge level and life experience, the public will not misrecognize the quality of the goods and will not make wrong purchase decision because of the mark GUO JIAO BAN. In conclusion, the trademark application is not deceptive and does not constitute the situation specified in Art. 10. 1. 7 of Trademark Law.

This case shows that to decide if a trademark is deceptive, the decision should be made based on the public's general knowledge level and cognitive ability, and in combination with the nature of the goods covered by the mark. It is advised to prove that the public, as consumers with common sense and daily experience, will not make wrong purchase decision because of the trademark, thus to draw the conclusion that the mark is not deceptive.

**B. Whether a trademark in foreign language is deceptive shall be decided on the basis of the their meaning in Chinese in publicly published dictionary.**

**Case 5: (2020) JING XING ZHONG No. 2878**



The trademark application No. 28053967 covers "pharmaceutical preparations" in Class 5. The CNIPA decided that "ENTASIS" in the trademark means "shape of protruding belly" and "THERAPEUTICS" means "therapy". The use of the trademark on pharmaceutical preparations is likely to cause consumers to misunderstand the functions, uses and other characteristics of the goods. Therefore, as a deceptive mark, it should be refused under Art. 10. 1. 7 of Trademark Law. The

Court of second instance made different conclusion and held that the word "ENTASIS" is not included in official English-Chinese dictionaries and professional medical and scientific dictionaries submitted by the Appellant, such as Dorland's Illustrated Medical Dictionary, Longman Medical Dictionary and English-Chinese Dictionary of Standardized Medical Terms. In New Oxford English-Chinese Dictionary, "ENTASIS", is interpreted as "[architecture] cylinder division line; convex line in the column", but not as meaning mentioned in the CNIPA's review decision. Moreover, "ENTASIS THERAPEUTICS" is not a fixed English combination. Even though "THERAPEUTICS" has the meaning of "therapy", the use of the trademark on pharmaceutical preparations will not make the public to misunderstand the function and use of these goods. The trademark does not violate Art. 10. 1. 7 of Trademark Law.

This case shows that in review for trademark composed of foreign language, the applicant is advised to submit sufficient publicly published dictionaries. Based on the meaning of the foreign words in these dictionaries, it should be decided whether the use of the trademark on drugs and foods is deceptive, and whether such use is likely to mislead the public to make wrong purchase decision. The officially published dictionary is the basis to decide the public's understanding of the meaning of the foreign letters. The public cannot be defined as a group with high foreign language proficiency, or a group specialized in professional foreign languages in a certain field. A mark should not be decided to be a deceptive mark prescribed in Art. 10. 1. 7 based on any obscure meaning not included in the published dictionary.

#### **IV. Conclusion**

Due to their special functions, uses and natures of drugs and foods, it is necessary to constantly explore the balance between the market value of trademarks and the prohibitive legal provisions of trademarks. If a trademark application covering drugs and foods is rejected because of deceptive clause, firstly it should be proved that the mark itself is not descriptive, namely is not related to function, raw materials and etc. of the goods; secondly if the mark is descriptive, it should be proved that the description is not deceptive description; thirdly it is to prove that with ordinary knowledge level and life experiences, the public will not misrecognize or make wrong purchase decision because of the mark. In preparing review arguments for drugs and foods trademark, it is recommended to consider and find appropriate breakthrough points for each case in line with the above three steps, so as to improve the chance of success for the review. In this way, enterprises may obtain highly empowered trademarks, which do not only satisfy the requirements in Trademark Law, but also have strong market competitiveness.