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Henan Province Zhecheng County Yufeng Seeds Industry Co., Ltd. v. TRAB et al.

Citation: The Beijing Higher People's Court's Administrative Judgment No. Gaoxingzhongzi 188/2006

Date of judgment: July 6, 2006

Procedural history

The Henan Province Zhecheng County Sanying Seeds Co., Ltd. (Sanying) filed a request for cancellation of the “Zi Dan Tou (a Chinese word meaning “bullet” and pronounced “Zi Dan Tou”) and the device” mark (No. 3118114) (the mark in suit) registered by the Henan Province Zhecheng County Yufeng Seeds Industry Co., Ltd. (Yufeng) in respect of the goods of hot pepper seeds in class 31. The Trademark Review and Adjudication Board (TRAB) adjudicated that the mark in suit fell outside the exclusive right. Dissatisfied with the adjudication, Yufeng sued in the Beijing No. 1 Intermediate People's Court. The first-instance judgment upheld the TRAB's Adjudication. Yufeng then appealed to the Beijing Higher People's Court.

Issue

1. The basic rules for accepting new evidence in administrative suit
2. The facts to be considered in determination of the generic name of goods

Facts

On March 19, 2002, Yufeng applied for registration of the “Zi Dan Tou and the device” mark in respect of the goods of plant seeds, corn seeds, wheat seeds, cucumber seeds and hot pepper seeds in class 31, and said mark was approved for registration on March 21, 2003 by the Trademark Office.

On January 12, 2004, Sanying requested the TRAB to review and adjudicate the dispute and cancel the mark in suit, under Article 11, paragraph one (1) and (3) of the Trademark Law, on the ground that the generic name with the device in the specific shape of “bullet” was not eligible for trademark registration, other parties should not be prohibited from fair or due use of it and that Yufeng applied for the registration in bad faith.

The TRAB held that “Zi Dan Tou” was the generic name of hot pepper, but the mark in suit contained the portion of device in addition to the Chinese character’s “Zi Dan Tou” and its Pinyin. Besides, the device, composed of three patterns of bullet, was not one generally used for the goods of hot pepper seeds. Said mark in suit had the distinctive character of a mark as a whole, adjudicating that the “Zi Dan Tou” fell outside the exclusive right.

In its judgment, the first-instance court believed that a name that was approved and commonly used by business operators in the same industry for a class of goods might be established as the generic name of said goods. A generic name commonly accepted by the public in their production and daily life was not subject to the relevant regulatory establishing formalities, such as examination approval, registration or recordal. From the evidence, it might be concluded that “Zi Dan Tou” was one variety of the hot pepper first grown in Zunyi region, Guizhou Province. The variety of hot pepper was so named because it was in the shape of bullet, and the name was then widely spread because the plant was widely grown. Therefore, prior to the registration of the mark in suit, “Zi Dan Tou” had already been used by the relevant sector of the public for the hot pepper in the specific shape. It had become an commonly accepted generic name for this specific variety of hot pepper.

Rule of law

Article 11, paragraph one (1) and (3) of the Trademark Law *The following signs shall not be registered as a trademark: (1) those which consist exclusively of generic names, designs or models of the goods in respects of which the trademark is used; ... (3) those which are devoid of any distinctive character.*

Reasoning

1. Sanying asserted that “Zi Dan Tou” was a generic name of hot pepper; hence it should first adduce evidence to prove it. Since to prove that “Zi Dan Tou” was not the generic name of the variety of hot pepper was not a burden on Yufeng, the court did not confirm the four pieces of counter evidence it submitted to the TRAB. Sanying filed with the TRAB 16 pieces of evidence, including the S&T Bureau, Agricultural Commission and Vegetable Offices of Zhecheng County and the book entitled Skill for Growing High-yield Chaotian Hot Pepper published by the China Agriculture Publishing House to show that “Zi Dan Tou” was the generic name of a variety of hot pepper. The evidence from the local Government agencies was consistent and relatively highly credible, and was accepted by the court. This was not undue. The book Skill for Growing High-yield Chaotian Hot Pepper was the second edition, and the contents thereof had some influence among the relevant sector of the public in the art, so the evidence from Yufeng showing that some part of the book was not true was not accepted.

It was right for the first-instance court not to have accepted, under the legality examination doctrine, the new evidence Yufeng submitted during the trial showing that “Zi Dan Tou” was not the generic name of the variety of hot pepper because review of the legality of an administrative action should only be based on the evidence on the basis of which the administrative action was taken.

2. A generic name of goods was a standard name used in a nation or an industry to indicate the fundamental distinction of one class of goods from another. A generic name should be general and standardized. As for its generality, it should be generally used in a nation or an industry; it is not if used only in a particular region. For its standardization, it should meet some standards for showing the fundamental distinction of one class of goods from another, namely it should be a clear reference.

Only the evidence from Sanying showed that in Zhecheng County, Henan Province was grown the hot pepper in the shape of bullet, which was generally referred to as “Zi Dan Tou”. In Zunyi region, Guizhou Province was also grown a special hot pepper obviously different from the former hot pepper. Besides, Sanying did not present any evidence showing that “Zi Dan Tou” was com

monly used as a name for hot pepper in other hot pepper producing regions in China. Therefore, the evidence from Sanying was not sufficient to prove that the term “Zi Dan Tou” had become a commodity name widely used in China and in the industry; it was wrong that the TRAB and the first-instance court determined that evidence was insufficient to show that “Zi Dan Tou” was the generic name of the hot pepper, and they excluded it from the scope of the exclusive right.

Holding

1. Under the legality examination doctrine, the two pieces of evidence from Yufeng in the first-instance trial were not evidence to be examined in the trademark-related administrative suit, and the evidence was not confirmed.
2. The evidence from Sanying showing that “Zi Dan Tou” was the generic name of some variety of hot pepper showed that different variety of hot pepper in the shape of bullet were grown in different regions, which was not compatible with its claim or assertion. Besides, its evidence was not sufficient to show that the term “Zi Dan Tou” had become a commodity name widely used in China and in the industry; hence the claim that “Zi Dan Tou” was the generic name of the hot pepper was not tenable.