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Another giant trade mark defeat in China – and this time it is FACEBOOK

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After a fourteen-year trade mark battle between Zuckerberg, the CEO of Facebook, and an individual Dr. Su, Chinese trade mark registration numbers 14108731 "FACEBOOK " and 6389503 "FACEBOOK" both belonging to Facebook have been invalidated and therefore removed from the Chinese trade mark register.

Understandably, decisions such as these are unsettling and although the Chinese trade mark laws have revised provisions recognising bad faith and well-known marks history seems to keep repeating itself.

Background

Trade mark registrations in China are based on a first-filed system like many other countries. This means that the party first to file becomes a holder of the trade mark, regardless of whether they are authorised to do so, in this instance Dr. Su, who had filed a trade mark application for FACEBOOK in class 42 (computer related services) in 2006. As a doctor, Dr. Su appeared to have no legitimate reason to do so. Facebook applied for its own FACEBOOK trade mark applications soon thereafter simultaneously opposing the 2006 FACEBOOK trade mark application belonging to Dr. Su.

Despite assertions on behalf of Facebook that the mark is well-known and that Dr. Su had acted in bad faith the authorities dismissed these claims in 2011. Seemingly, since Facebook has been inaccessible in China since at least 2009 meant that it was unable to meet the high burden of proof required for the recognition of well-known marks in China.

Although Facebook subsequently succeeded on appeal, Dr. Su further appealed and won, the decision refuting any allegations of bad faith and granting Dr. Su registration of FACEBOOK in class 42 in China.

Of course, Facebook persisted against Dr Su's registered trade mark during which time two of Facebook's trade marks were granted registration in China. What followed was a counter-attack by Dr Su and ultimately the demise of the two FACEBOOK registrations earlier this year.

Implications for brand owners

Over the years I have considered various high profile brand owners involved in expensive and lengthy trade mark battles with unauthorised third parties having registered their marks including Apple and the IPAD trade mark, with Apple settling by paying US$60 million, Australian wine producer Penfolds, Michael Jordan and Tesla.

Although the New Balance success story in 2016 signalled changes in China with the highest amount in infringement damages being awarded to a foreign entity (https://werksmans.com/legal-updates-and-opinions/exporters-to-china-remain-positive-as-new-balance-comes-out-tops-in-trade-mark-tussle/) this recent Facebook ruling is a clear indication that the party first to file a trade mark, albeit unauthorised, is not easily defeated.

With many wine producers falling victim to the same, the filing and continued maintenance of trade marks remains integral and highly recommended in all territories of relevance, particularly so in China even if only to prevent any unauthorised party from doing so.

Should trade mark searches reveal a prior conflicting mark already on the register the option of opposing the application or demanding that the trade mark be assigned requires consideration, particularly when that applicant is known to the rightful brand owner.

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