

The First Real Estate Trademark Dispute Case in Qingdao

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Recently, Deheng law firm successfully represented the plaintiff in the first real estate trademark dispute case in Qingdao. The success of the plaintiff greatly increased the awareness of trademark protection issues in the real estate sector in Qingdao and beyond.

The plaintiff applied to register its mark on 15 April 2003, the trademark was registered on 28 April 2005 and the registration will remain valid until 27 April 2015. The defendant, a real estate company in Qingdao, used a similar mark in a similar sector without the consent of the plaintiff. The plaintiff filed suit to stop the defendant from infringing upon its exclusive trademark rights, to eliminate the offending mark and to compensate the plaintiff for any losses incurred.

Firstly, after investigating the matter we concluded that the mark used by the defendant was similar to or identical with the registered trademark of the plaintiff. Not only were the main elements but the whole of the mark used by the defendant, including the font, the order of the letters, their size and construction and the ancillary images, were generally identical and would lead the intended audience to misunderstand that the defendant may have permission to use the plaintiff's registered trademark or that a cooperative investment relationship such as a joint construction agreement existed between the parties.

Secondly, the defendant used its mark in an identical or similar service sector to the service sector in which the plaintiff's trademark was registered. The plaintiff's trademark is registered in Categories 36 and 37. In accordance with the criteria stipulated in the *Reply on Issues Relating to the Identification Categories of Commodity Housing*, issued by the Trademark Office of the State Administration for Industry and Commerce, and the *International Classification on the Goods and Services for the Purpose of Trademark Registration*, issued by the World Intellectual Property Organisation, the construction of immovable property falls under Category 37, Construction of Commercial Property, while the sale of commercial property falls under Category 36, Sales of Commercial Property. The defendant used its mark in regard to sales of a real estate project. Therefore, the defendant used the trademark in an identical or similar service sector to the service sector in which the plaintiff's trademark was registered.

Thirdly, the defendant's act of displaying and distributing various types of pictures and advertisements bearing an infringing mark at the defendant's real estate sales centre and on the internet was an obvious use of the mark as a service label and hence constituted an infringement under the law.

Finally, the issue of damages had to be determined. The Trademark Law provides that "if it is difficult to determine the proceeds obtained by the infringer due to the infringement, or it is difficult to determine the losses incurred by the infringed party due to the infringement, the People's Court shall determine compensation in the amount of Renminbi 500,000 Yuan or less in accordance with the circumstances of the infringing acts". As it was difficult to accurately determine the proceeds obtained by the defendant and the losses incurred by the plaintiff due to the infringement based on the evidence presented and the issues debated in court, the plaintiff stressed several factors related to the brand connotation, brand value, brand strategy and brand investment in arguing for a higher amount of damages.

The design of the plaintiff's trademark is creative, connoting Chinese culture and generating tremendous advertising and promotional effect. The trademark embodies the plaintiff corporation's concept of focusing on cultural real estate and reflecting the plaintiff corporation's operating style and development orientation of creating a classical cultural brand in China, for which the plaintiff had borne great expense to design, maintain and develop. The infringing acts of the defendant brought huge benefits to the defendant, while reducing the value of the plaintiff's exclusive registered trademark rights and adversely affecting the plaintiff's long-term operation and regional expansion. Finally, the defendant intentionally copied the plaintiff's trademark and

other images.

The plaintiff prevailed in the end, and the defendant was ordered to stop infringing upon the plaintiff's exclusive registered trademark rights, to remove the infringing marks, and to compensate the plaintiff for its losses.

The case sounded a warning on trademark protection to a number of real estate corporations. Currently, there are not many real estate corporations that have registered their own trademarks and even fewer have applied to register their marks as well-known trademarks. Real estate corporations need to be alerted to the following issues when applying for trademark registration:

- Firstly, pay attention to the categories in which you apply to register a mark. Based on the trademark classification system, the relevant trademarks for real estate are service Categories 36 and 37. Applicants also may wish to apply for recognition of a well-known trademark and regularly take part in regional trademark appraisals to promote the popularity of the mark.
- Secondly, when applying to register a mark, pay attention to protecting the company's trade name and attempt to establish a system that integrates main and ancillary marks. For example, an applicant could register the company's trade name as the main trademark and then register various ancillary marks for use as project names or for other purposes, such as "Longhu", "Longhu Garden", "Longhu Crystal City", "Longhu Camphor Woods" and the like. If not registering a specific property name as an ancillary trademark, the corporation should assign the property a name that incorporates its main trademark.
- Finally, to avoid infringing the trademarks of others, complete trademark searches should be conducted when designing or using trademarks or naming a specific property.

In addition, real estate companies also should lawfully collect and preserve evidence against infringers. In intellectual property cases, collecting evidence against infringement is a key and difficult point. In the above case, we first conducted online searches, including online advertisements bearing the defendant's mark. We then posed as customers and collected evidence in the real estate sales centre, and acquired sales brochures and took photographs of the defendant's sales centre and property. Public notaries witnessed the entire process of evidence collection and authenticated and preserved the evidence.

Due to the well-organized evidence collection and preservation, the plaintiff prevailed in its efforts to protect one of its key assets.

Zhang Yanling is a partner at Deheng Law Firm in Shandong Province and the Director of one of the firm's real estate departments. Mr. Zhang is a commercial lawyer with particular expertise in real estate, finance and litigation. He has dealt successfully with many significant real estate disputes related to project cooperation, land grants and transfers, engineering quality and supervision, housing transactions, property management and real estate sales agency. He also has served as legal counsel to many real estate companies and has handled many non-contentious matters involving real estate projects. Mr. Zhang is deputy director of the Steering Committee of the Real Estate Legal Business of the Qingdao Lawyers' Association and a member of Qingdao Law Society. Mr. Zhang can be contacted at zhangyanling@deheng.com.

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