

## Trademarks and Brands

### Nokia prevails over OEM in trademark infringement lawsuit

On June 12 2010 Shanghai Customs discovered 2,250 sets of LCD television casings and components bearing the following trademark:

**NOKIA EGYPT**

Wuxi Jinyue Technology Co Ltd was identified as the consignor of the suspected goods declared for export. In the hearings, Nokia alleged that Wuxi Jinyue had:

- used without authorisation a trademark that was similar to Nokia's mark;
- attempted to confuse the relevant public by associating its products with Nokia; and
- infringed Nokia's exclusive trademark rights by using the NOKIA EGYPT mark on its goods.

Furthermore, Nokia argued that it was the owner of the registered trademark NOKIA, pictured below, in Class 9 of the [Nice Classification](#) in China, and that its trademark registrations for NOKIA and NUO JI YA ('Nokia' in Chinese) are well known in China.



Wuxi Jinyue argued as follows:

- The NOKIA EGYPT mark is registered in Egypt in the name of its client.
- It is an original equipment manufacturer (OEM) and it uses the mark only on goods for export.
- Its mark consists of the terms 'Nokia' and 'Egypt' and is not similar to Nokia's mark.
- The goods were not assembled, sold or promoted in

China, and were detained by the Shanghai Customs. Therefore, they did not cause any confusion among the public and economic loss to Nokia.

The court was of the opinion that the LCD television casings manufactured and declared for export by Wuxi Jinyue infringed Nokia's exclusive rights to use its trademark. The court based its decision on the following grounds:

- The NOKIA EGYPT mark, used on the front covers of the LCD television casings, was registered for similar goods in the same class as Nokia's mark (Class 9);
- The NOKIA EGYPT mark was similar to Nokia's mark in terms of its visual appearance, since the prominent part of both marks is the word 'Nokia'.
- 'Egypt' in the NOKIA EGYPT mark is the name of a country and has a low distinctive character. In contrast, 'Nokia', when used as a trademark, is highly distinctive and well known.
- 'Nokia' is the main component of the NOKIA EGYPT mark. Therefore, the relevant public is likely to associate Wuxi Jinyue's goods with Nokia, and may thus be confused as to the origin of Wuxi Jinyue's goods.
- Based on the territorial nature of trademarks, registration in Egypt did not suffice to achieve protection of the NOKIA EGYPT mark in China.

The court also considered the well-known nature of the NOKIA mark in the Chinese market, and took into account the fact that Wuxi Jinyue had been operating in China for a long time and was carrying out both manufacturing and sales activities. The court ordered Wuxi Jinyue to cease its infringement immediately, pay Nokia damages in the amount of Rmb120,000 (\$18,461) and bear the majority of the fees and court costs.

In the present case, the OEM was thus found guilty. However, in a 2009 case (*Shanghai Shenda Audio Electronics v Jiulide Electronics (Shanghai)*, Shanghai High Court 3rd Civil Tribunal (IP) Final No 65 (2009)), the Shanghai Higher People's Court had found that the OEM (Jiulide Electronics) had not infringed the trademark rights of the plaintiff. The appeal court upheld the lower court's finding that, since the products were manufactured solely for export (to the United States) to a company which owned the trademark in the United States, use of the trademark did not constitute infringement.

Both cases look, on the face of them, similar - so why did the court find in favour of the OEM in the *Shenda v Jiulide* case

and against it in the *Nokia* case? The main factors in *Shenda v Jilide* were:

- the OEM's existing relationship with its customer, Jolida (the OEM being wholly owned by Jolida);
- Jolida's legitimate rights in the marks in question (based on prior use of the mark and a valid US trademark registration that predated Shenda's Chinese trademark); and
- the fact that the products were for export only and would thus not be likely to cause confusion among the relevant public in China.

The court also came to the interesting conclusion that the trademark in question was used by the OEM's customer (Jolida) rather than the OEM itself. Moreover, since the OEM's customer was an overseas company, the court held that the trademark had not been used in China.

The court's decision in the *Nokia* case confirms that it is as relevant as ever for brand owners and their OEMs to register trademarks in China.

Deanna Wong  
Partner, Beijing

Camilla Ojansivu  
Lawyer / Professional Support, Beijing

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