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Taiwan

Application Strategy of “Letter Trademark” – Analysis of Taiwan Intellectual Property Court Decision (2017 Xingshangsuzi No. 5 Administrative Decision)

When designing a word mark in foreign language, it is often that companies combine the first letter of each word in the company’s core value statement, or important letters in the name of product to make up new words that are not found in dictionaries. This type of trademark is known as “letter trademark”. Trademarks formed by two to three letters have a high repeatability and similarity, and are frequently regarded as identical or similar trademarks. The Taiwan Intellectual Property Court Decision in 2017 (Xingshangsuzi No. 5 Administrative Decision) provides a clear and effective strategy for applying a letter trademark.

The Subject Trademark and Cited Trademarks

	Subject mark	Cited Mark 1	Cited Mark 2
Trademark	ESS	EOS	eos
Registration Date	1 st May, 2015	1 st May, 2013	1 st May, 2014
Trademark Holder	ESS CO., LTD	EOS PRODUCTS, LLC	EOS PRODUCTS, LLC
Description of Goods	Cosmetics; Toilet soap; Facial cleanser etc.	Cosmetics: lipstick base; Hand and body cream etc.	Lipsticks; Lip balm; Cleansing milk etc.

Summary of the Case

ESS CO., LTD is a Japanese company and applied for the Taiwan trademark registration of “**ESS**” in Class 3 on 1st August, 2014. The description of goods included cosmetics and cleansers for human use and **ESS** was registered on 1st May, 2015. However, an American company EOS PRODUCTS, LLC had already registered two trademarks, “**EOS**” and “**eos**” (“cited marks”) in Class 3 and their descriptions of goods were similar or identical to “**ESS**”. EOS PRODUCTS filed an opposition against the subject trademark “**ESS**” on the basis that there was a likelihood of confusion between the mark and the cited marks.

After examinations, the Taiwan Intellectual Property Office (IPO) decided the subject trademark registration

should be cancelled and the opposition was sustained. The applicant of subject trademark appealed the opposition decision to the Appeal Committee and the Appeal Committee also rejected the appeal. The Opposer then filed an administrative litigation to the Taiwan Intellectual Property Court (IP Court), in which the IP Court rejected the case.

Opinions of the Intellectual Property Court

1. The subject trademark and cited marks are composed of 3 foreign letters which read from left to right. They all start with letter “E” and end with letter “S”. This composition creates a symmetrical impression and at first sight the trademarks look strikingly similar. The overall appearance and idea of the three trademarks are very similar too.
2. The subject trademark applicant defends that the subject trademark and the cited marks have totally different implications. The subject trademark is formed by the initial letters of “Enzyme”, “Skincare” and “System” and the cited marks are from the initial letters of “evolution of smooth”. However, “ESS” and “EOS” are not familiar foreign words to Taiwanese citizens and consumers would identify the source of the goods on the basis of overall appearances, composition and pronunciations of the two trademarks. The court rejects the approach of the trademark applicant.
3. The subject trademark applicant also argues that the goods indicated by the marks are not similar, since “**ESS**” indicates Japanese cosmetics and “**EOS** ” and “**eos** ” indicate U.S. cosmetics. Yet, it is usual for cosmetic companies to introduce different regional versions of cosmetics products in Asia, US and Europe markets respectively. Goods identified by the 3 trademarks are general skin care and beauty products, and their distribution channels are almost identical. Although the products are claimed to be in different styles (Japanese-style and U.S.-style), their differentiation is not significant and consumers with general knowledge may mix up the three trademarks and lead to a likelihood of confusion.
4. The applicant further defends that “**ESS**” coexists with the cited marks in the market, which proves that the marks would not confuse relevant consumers into believing the goods come from the same source. However, the degree of familiarity to consumers shall be judged by the actual evidence of use before the trademark is registered in Taiwan. Although the applicant provides evidences that “**ESS**” was used before the trademark publication date, “**ESS**” was mostly used in the form of the business name. Relevant consumers are not able to learn that “**ESS**” is actually being used as a trademark. Therefore, the applicant cannot prove “**ESS**” has been used extensively in the domestic

market for a considerable period of time that the Taiwanese consumers come to know well of the trademark.

Wisdom's Commentary and Suggested Strategies

If two letter trademarks are considered similar, the subject trademark applicant usually defends that the marks have different meanings and their concepts are not the same. In most of the cases, the IPO and IP Court do not accept such argument.

According to the IPO's "Examination Guidelines on Likelihood of Confusion", when the trademarks contain foreign letters and their meanings are not familiar to the Taiwanese citizens, similarities of trademarks shall be judged by considering the pronunciations and overall appearances. The guidelines also emphasise the importance of pronunciations and appearances in foreign language letter trademarks, "the appearance and sound pronunciation of the **initial letters have substantial effect** on the impression of the entire phrase conveyed to consumers. Hence, in judging trademark similarity, **the beginning of words is accentuated in comparison**".

In this case, the subject marks and cited marks are different in their concepts. However, the IP court reckons that the marks do not have substantial meanings in foreign language and they have similar appearances and pronunciations. The court believes that relevant consumers are not able to distinguish the differences between the concepts of three trademarks; accordingly, "**ESS**" is a similar trademark to the cited marks. It would be more advantageous to the case if the applicant could present evidences to prove that the subject trademark is well-known and consumers are not likely to be confused by the trademarks. The three trademarks in this case indeed coexist in the market, yet the applicant of the subject trademark only used "**ESS**" as the name of business or corporate group when promoting the company's products in the past. As shown in the court ruling, the court does not accept this as valid evidence of use of the trademark.

When marketing and advertising the goods, it is important to check whether the requirement of trademark use can be fulfilled; the registered trademark shall not be only used in the company name or description of goods.

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