

Shanzhai Fashion and Intellectual Property in China

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ABSTRACT

Since the 2000s, Chinese factories have been notorious for imitating and copying luxury fashion designs, a phenomenon known as ‘*shanzhai*’. Within the fashion industry, two primary categories of *shanzhai* practices exist: the imitation or copying of a brand’s name or trademarks, referred to as “counterfeits,” and the imitation or copying of a brand’s designs, referred to as ‘knockoffs’. While brand owners can easily enforce their legal rights against the trademark-infringing counterfeits, knockoffs remain a significant concern for international brand owners, since these design features are frequently denied trademark protection. Recent judicial practices suggest that fashion designs and design features in China can be protected under the Anti-Unfair Competition Law. Moreover, Chinese courts are increasingly open to the registration of signature design patterns as non-traditional trademarks, including three-dimensional trademarks and colour trademarks. This chapter provides a comprehensive exploration of China’s evolving approach to these issues and provides a detailed comparison of copyright, trademark, design patent and unfair competition protections against fashion copycats.

9.1 Introduction

The first two decades of the twenty-first century witnessed the emergence and expansion of the *shanzhai* phenomenon in China.¹ Originally a term

¹ Barton Beebe, ‘Shanzhai, Sumptuary Law, and Intellectual Property Law in Contemporary China’ (2014) 47 *UC Davis Law Review* 849, 860–861 (explaining the emergence and conventional history of *shanzhai* in the mid-2000s); Haochen Sun, ‘Can Louis Vuitton Dance with Hiphop – Rethinking the Idea of Social Justice in Intellectual Property Law’

used to describe a fortress in a mountainous region, *shanzhai* has gained a metaphorical meaning in the country, denoting local factories' low-cost imitation or copying of a well-known product from an international brand,² a phenomenon specific to China's labour-intensive, low-value-added economy and top-down imitation strategy at that time. Despite having been massively covered by Western media and thoroughly investigated in economics studies, there is no precise definition of *shanzhai*, given its dynamic characteristics.³ In the fashion world, *shanzhai* usually refers to fashion items, including outfits, handbags or accessories, pirated from designer brands, typically with an inferior quality and a lower price. In the fashion industry, there are two perceived types of *shanzhai*: imitation or copying of a brand's name or trademarks (defined as 'counterfeit' items) and imitation or copying of a brand's designs (defined as 'knock-offs'). While international brand owners have successfully claimed trademark infringement against makers of 'Amani'⁴ or 'Baneberry' garments,⁵ they are often stymied by cheap knockoffs that merely copy their iconic designs, such as Gucci's green-red-green stripes or Burberry's famous check pattern. Although these design elements have a source-identifying function, it is much more challenging for the company to protect them as trademarks due to their lack of distinctiveness.⁶

As one of the largest consumer markets for fashion items, China has also been noted as the major source of fake fashion products in the past

(2012) 15 *University of Pennsylvania Journal of Law & Social Change* 389, 395 ('China has witnessed the rise of the *shanzhai* phenomenon over the past few years').

² Sky Canaves and Juliet Ye, 'Imitation Is the Sincerest Form of Rebellion in China', *Wall Street Journal* (January 22, 2009) <<https://www.wsj.com/articles/SB123257138952903561>>.

³ Sun, above n 1, at 396 ('Despite having many references, *shanzhai* has no precise definition that can encapsulate all of its dynamic elements. This is because the phenomenon itself has developed very rapidly over the years with the mushrooming of new products and events, all labeled as *shanzhai*.').

⁴ *Qiaozhi Amani Youxian Gongsi Su Guangzhou Lideng Biaoye Youxian Gongsi Deng* (乔治·阿玛尼有限公司诉广州利登表业有限公司等) [*Giorgio Armani S.P.A. v Guangzhou Lideng Timepiece Co, Ltd et al*] (Guangzhou Baiyun District Court 2022).

⁵ *Boboli Youxian Gongsi Su Xinboli Shangmao Youxian Gongsi Deng* (博柏利有限公司诉新昂利商贸有限公司等) [*Burberry Limited v Baneberry Trading Co. Ltd et al*] (Jiangsu Suzhou Interim People's Court November 29, 2020) (hereinafter *Baneberry*).

⁶ Eg, Van Cleef & Arpels' failure in securing the three-dimensional (3D) trademark registration of its four-leaf clover jewellery in China. See *Fanke Yabao Youxian Gongsi Deng Su Guojia Zhishi Chanquan Ju* (梵克雅宝有限公司等诉国家知识产权局) [*Van Cleef & Arpels et al, v China National Intellectual Property Administration*] (Beijing High People's Court, December 26, 2020) (hereinafter *VCA v CNIPA*).

few decades.⁷ However, since late 2010s, China has moved aggressively from an imitation economy to an innovation economy⁸ and endeavoured to strengthen its long-criticised lax intellectual property (IP) system. Improving protection for fashion designs is a key aspect of its innovation strategy.⁹ In addition to more active legislation and enforcement pertaining to IP,¹⁰ recent judicial developments reveal that Chinese courts are more willing to embrace the registration of signature design patterns as non-traditional trademarks, such as three-dimensional (3D) trademarks or colour trademarks. In 2018, the Supreme People's Court (SPC) of China signalled the possibility of acquiring distinctiveness through use by ordering the Trademark Review and Adjudication Board (TRAB)¹¹ to reconsider a decision against Dior's 3D trademark application for the J'Adore fragrance bottle.¹² The Beijing High Court similarly ordered the TRAB to re-examine the registrability of Christian Louboutin's signature red-soled shoe as an non-traditional trademark, and the decision was upheld by the SPC.¹³ Will these new trends help ameliorate luxury houses' concerns related to *shanzhai* in China? Are there any alternative solutions for fashion houses to guard their iconic designs? This chapter

⁷ Angela Terese Timpone, 'The True Price for Your Fake Gucci Bag Is Life: Why Eliminating Unsafe Labor Practices Is the Right Answer to the Fashion Counterfeit Problem' (2017) 15 *Cardozo Public Law Policy & Ethics Journal* 351, 371.

⁸ See generally, *Guojia Chuangxin Qudong Fazhan Gangyao* (国家创新驱动发展战略纲要) [Outline of the National Innovation-Driven Development Strategy] (promulgated by the Central Committee of the Communist Party of China and the State Council, May 2016). English translation could be found at <<https://cset.georgetown.edu/publication/outline-of-the-national-innovation-driven-development-strategy/>>.

⁹ See 'Shi Si Wu' *Guojia Zhishi Chanquan Baohu He Yunyong Guihua* ('十四五'国家知识产权保护规划) [The 14th 'Five-Year Plan' National Plan on Intellectual Property Protection and Utilization] (promulgated by the State Council, October 2021), Article 3.

¹⁰ All three departmental IP laws had been amended from 2019 to 2020.

¹¹ Having been absorbed and replaced by the China National Intellectual Property Administration (CNIPA) since 2019.

¹² *Kelisidiang Diaorer Xiangliao Gongsi Su Yuan Guojia Gongshang Xingzheng Guanli Zongju Shangbiao Pingshen Weiyuanhui* (克里斯蒂昂迪奥尔香料公司诉原国家工商行政管理总局商标评审委员会) [*Parfums Christian Dior v The Former Trademark Review and Adjudication Board of the State Administration of Industry and Commerce*] (Supreme People's Court April 26, 2018) (hereinafter *Dior*).

¹³ *Kelisiti Lubutuo Su Yuan Guojia Gongshang Xingzheng Guanli Zongju Shangbiao Pingshen Weiyuanhui* (克里斯提鲁布托诉原国家工商行政管理总局商标评审委员会) [*Christian Louboutin v The Former Trademark Review and Adjudication Board of the State Administration of Industry and Commerce*] (Beijing High People's Court, December 24, 2018) (hereinafter *Louboutin v TRAB*).

seeks to answer these questions through a detailed examination of recent court decisions in the country.

This chapter first briefly introduces the piracy ecosystem in fashion, consisting of blatant counterfeits and knockoffs. It then compares brand owners' different approaches under Chinese law to claim copyright, trademark, design patent and unfair competition protection against imitators. Finally, by examining changing judicial practices, this chapter details China's changing attitude towards the registration and enforcement of fashion design and design features, which may be a reflection of the country's policy-level shift to an innovation-driven strategy.¹⁴

9.2 A Two-Tier Piracy Hierarchy in the Fashion Industry

As has been noted by many indie designers, entrepreneurs and persons immersed in the fashion industry, 'fashion is a lucrative business'.¹⁵ According to the career site Zippa, the global fashion industry was valued at US\$1.7 trillion as of 2022.¹⁶ Due to its fast pace, short product life and ever-changing fashion trends,¹⁷ creativity is the heart of the fashion industry.¹⁸ Therefore, many believe that IP plays a critical role in the

¹⁴ See, eg. *Zhonghua Renmin Gongheguo Guomin Jingji He Shehui Fazhan Di Shisi Ge Wunian Guihua He 2035 Nian Yuanjing Mubiao Gangyao* (中华人民共和国国民经济和社会发展第十四个五年规划和2035年远景目标纲要) 'Outline of the 14th Five-Year Plan for National Economic and Social Development of the People's Republic of China and the Long-Term Goals for 2035' (promulgated by the Central Committee of the Communist Party of China and the State Council March 12, 2021) <www.gov.cn/xinwen/2021-03/13/content_5592681.htm> (China).

¹⁵ Africh Royale, 'Interview with Adelaja Temitope Adeola, Fashion Designer and CEO Of Grat Apparel' <<https://africhroyale.com/fashion-is-a-lucrative-business-says-the-ceo-of-grat-apparel/>>.

¹⁶ Sky Ariella, 'Dazzling Fashion Industry Statistics [2022]: How Much Is the Fashion Industry Worth', Zippa (October 3, 2022) <www.zippia.com/advice/fashion-industry-statistics/>.

¹⁷ Violet Atkinson et al, 'Comparative Study of Fashion and IP: Copyright and Designs in France, Europe and Australia' (2016) 11(7) *Journal of Intellectual Property Law & Practice* 516, 528; Paige Holton, 'Intellectual Property Laws for Fashion Designers Need No Embellishments: They Are Already in Style' (2014) 39 *Journal of Corporation Law* 415, 418; Ronald Urbach and Jennifer Soussa, 'Is the Design Piracy Protection Act a Step Forward for Copyright Law or Is It Destined to Fall Apart at the Seams?' (2008) 16 *Metropolitan Corporate Counsel* 28, 28.

¹⁸ Pammi Sinha, 'Creativity in Fashion' (2002) 2(1V) *Journal of Textile and Apparel, Technology and Management* 1, 2–3 ('Creativity is a form of problem solving and fashion design is a problem.').

fashion industry, which requires intensive creativity.¹⁹ However, the existence of ‘piracy paradox’, a theory purporting that design copying does not drive out but rather fuels creativity by accelerating fashion cycles, has constrained IP law’s intervention in fashion to the minimal.²⁰ That said, as noted by Kal Raustiala and Christopher Sprigman, it is important to distinguish between the copying of brand names and the copying of designs.²¹ While brand names and logos can undisputedly be protected as trademarks, specific design patterns, elements or features cannot be easily protected by IP law.²²

9.2.1 Counterfeits

Although sometimes used interchangeably, the terms ‘counterfeit’ and ‘knockoff’ are conceptually different in IP literature.²³ *Counterfeit*, by definition, refers to a pirated product bearing the trademark of the original brand with the obvious intention to imitate and deceive consumers that this is indeed a genuine product.²⁴ Therefore, *counterfeits* inevitably involve trademark infringement and passing off.²⁵ While counterfeit product logos may exhibit similarities to the original trademarks, they are not necessarily exact replicas. These counterfeit items are often indistinguishable from authentic products for Chinese consumers, particularly when the trademarks are in foreign languages. Examples of such counterfeits include ‘Amani’ T-shirts or ‘Baneberry’ trench coats with designs slightly different from the originals, which could easily be

¹⁹ C Scott Hemphill and Jeannie Suk, ‘The Law, Culture, and Economics of Fashion’ (2009) 61 *Stanford Law Review* 1147, 1150 (‘In the legal realm, this social dynamic of innovation and continuity is most directly engaged by the law of intellectual property.’).

²⁰ See generally Kal Raustiala and Christopher Sprigman, ‘The Piracy Paradox: Innovation and Intellectual Property in Fashion Design’ (2006) 92 *Virginia Law Review* 1687.

²¹ *Ibid.*, 1692 (‘Our focus is the copying of apparel designs, not brand names . . . It is also important to distinguish textile designs from apparel designs, though there is sometimes overlap.’).

²² *Ibid.*

²³ Marra M Clay, ‘Copycat Cosmetics: The Beauty Industry and the Bounds of the American Intellectual Property System’ (2021) 106 *Minnesota Law Review* 425, 436; Kenneth L Port, ‘A Case against the ACTA’ (2012) 33 *Cardozo Law Review* 1131, 1141; Meghan Collins et al, ‘Knock-off the Knockoffs: The Fight against Trademark and Copyright Infringement’ (2009) 9 *Illinois Business Law Journal* 227, 231.

²⁴ Port, above n 23, 1141–1142; Clay, above n 23, 436–437; Julio O De Castro et al, ‘Can Entrepreneurial Firms Benefit from Product Piracy?’ (2008) 28 *Journal of Business Venturing* 75, 78.

²⁵ Port, above n 23, 1141–1142; Clay, above n 23, 436–437.

mistaken for authentic Armani or Burberry products. Sometimes, the imitators even register trademarks over their counterfeited designs or logos. For example, the defendant in *Burberry Limited v Baneberry Trading Co. Ltd. et al* had managed to register its 'Baneberry' trademark in China in multiple classes.²⁶ Amusing as it may seem at first glance, there is actually a fair chance of consumer confusion when such counterfeiting techniques are combined with other imitative tactics (e.g., displaying the counterfeits in a physical or online store whose layout is also confusingly similar to that of the original brand).²⁷ Although consumers are aware that they are buying counterfeits, the court held that actionable initial-interest confusion prior to the sale existed when they were attracted to those products. In these scenarios, infringement still exists due to the substantial similarity between the counterfeited trademark and the original mark, alongside the imitator's intention to free-ride on the original mark's reputation.²⁸ This type of clumsy imitation accounted for a great proportion of *shanzhai* fashion in China in the 2000s and are still sold today. The following products were found in Manila, Shenzhen and Hong Kong (Figures 9.1–9.4).

Trademark owners' enforcement options against such blatant counterfeits are straightforward. As long as the original brand owner has secured valid trademark registration for its brand name or logo, it will enjoy a fair chance of success in civil proceedings.²⁹ In the *Baneberry* case mentioned above, Burberry successfully obtained a preliminary injunction enjoining the copyist from selling and marketing the counterfeited garments in a manner that was found to be confusing and deceptive.³⁰ When the value of the counterfeited goods meets the

²⁶ *Baneberry*, above n 5.

²⁷ See, eg, *Baneberry*, above n 5. In that case, the Court reasoned that the alleged infringement was a 'multi-dimensional imitation' of the Burberry brand, which will inevitably degrade, dilute and damage the distinctiveness, recognisability and reputation of Burberry.

²⁸ *Baneberry*, above n 5.

²⁹ *Shangbiao Fa* (商标法) [Trademark Law] (promulgated by the Standing Comm National People's Congress, April 23, 2019, effective November 1, 2019) (China) (hereinafter Trademark Law 2019), Article 60 ('Where any party has committed any of such acts to infringe the exclusive right to use a registered trademark . . . where they are reluctant to resolve the matter through consultation or the consultation fails, the trademark registrant or interested party may institute legal proceedings in the People's Court or request the administrative authority for industry and commerce for actions.').

³⁰ *Baneberry*, above n 5.



Figure 9.1 *Shanzhai* 'GUDID' evocative of 'GUCCI'.

Credit: David Tan



Figure 9.2 *Shanzhai* 'CALVNI KELIN' evocative of 'CALVIN KLEIN'.

Credit: David Tan

criminal threshold, the manufacturer could even be held criminally liable.³¹ The brand owner can also resort to administrative remedies,

³¹ *Xing Fa* (刑法) [Criminal Law] (promulgated by the Standing Comm National People's Congress, December 26, 2020, effective March 1, 2021) (China) Article 213 ('Whoever, without permission from the owner of a registered trademark, uses a trademark which is identical with the registered trademark on the same kind of commodities shall, if the circumstances are serious, be sentenced to fixed-term imprisonment of not more than three years or criminal detention and shall also, or shall only, be fined; if the circumstances are especially serious, he shall be sentenced to fixed-term imprisonment of not less than three years but not more than seven years and shall also be fined.'). According to the Interpretation of the Supreme People's Court and the Supreme People's Procuratorate on Several Issues Related to the Application of Law in Adjudicating Criminal Cases of Intellectual Property Infringement, a trademark infringement is 'severe' if the infringer is with a turnover of more than RMB 50,000 or with a revenue of more than RMB 30,000. See *Guanyu Banli Qinfan Zhishi Chanquan Xingshi Anjian Juti Yingyong Falv Ruogan Wenti De Jieshi* (关于办理侵犯知识产权刑事案件具体应用法律若干问题的解释)



Figure 9.3 Shanzhai 'CHAINED' evocative of 'CHANEL'.

Credit: Jingwen Liu



Figure 9.4 Shanzhai 'CHRISTIAN DORIO' evocative of 'CHRISTIAN DIOR'.

Credit: Jingwen Liu

such as filing complaints with local administration for market supervision or seeking assistance from customs.³²

9.2.2 *Knockoffs*

A knockoff is usually labelled with the imitator's own trademark, which is sometimes completely unrelated to the brand of the original mark owner.³³ The product's resemblance to the original comes solely from the imitation of style and design features (Figures 9.5–9.7). There is only a thin line between licit and illicit knockoffs,³⁴ since it is hard to discern if a subsequent design is plagiarising a prior work or just treats it as a source of inspiration. Popular fast fashion brands such as H&M, Zara and Forever 21 are frequently accused of knocking off designers.³⁵

One key feature that distinguishes knockoffs from counterfeits is that knockoffs do not aim to create consumer confusion.³⁶ An ordinary consumer can easily discern that a bomber jacket she purchases from Forever 21 – although it has similar design features or confusing elements, such as green and red stripes – is not actually a Gucci product, based on its texture, material, price, other design features and, most obviously, the 'Forever 21' label inside. In fact, many consumers consciously and actively seek to purchase more affordable knockoffs because the original products from coveted luxury fashion brands are often

[Interpretation on Several Issues Related to the Application of Law in Adjudicating Criminal Cases of Intellectual Property Infringement] (promulgated by the Supreme People's Court and the Supreme People's Procuratorate, December 8, 2004, effective December 22, 2004) (China).

³² Trademark Law 2019, above n 29, Article 60.

³³ Clay, above n 23, 437.

³⁴ Beebe, above n 1, 852 (explaining that *shanzhai* is sometimes licit but usually illicit).

³⁵ See, eg, *Forever 21, Inc v Gucci America, Inc, et al*, No. 2:17-cv-04706 (C.D.Cal), in which case Forever 21 filed a suit against Gucci to seek a declaratory judgment determining its use of the green-red-green stripes on clothing does not infringe Gucci's trademark. The case was settled outside the court before a substantive ruling could be made. See also *Anna Sui Corp v Forever 21, Inc, et al*, No. 1:07-cv-03235 (SDNY 2008); Irene Tan, 'Knock It Off, Forever 21 – The Fashion Industry's Battle against Design Piracy' (2010) 18 *Journal of Law & Policy* 893, 913–921; 'The Many (Law)suits of Forever 21', *TFR News* (October 2, 2019) <<https://tfr.news/articles/2019/10/2/the-many-lawsuits-of-forever-21>>; 'Converse Sues Wal-Mart, H&M over Knockoff Sneakers', *CNN Wire* (October 15, 2014) <<https://kdvr.com/news/money/converse-sues-wal-mart-hm-over-knockoff-sneakers/>>. Most of the disputes above were settled outside the court.

³⁶ Port, above n 23, 1141 ('When no consumer confusion is likely, the appropriate label is *knockoff*').



Figure 9.5 Handbags – knockoffs of FENDI, LOUIS VUITTON and GUCCI.
Credit: Jingwen Liu



Figure 9.6 Wallets – knockoff of LOUIS VUITTON with own brand name 'REVIVALISM'.
Credit: Jingwen Liu



Figure 9.7 Handbags – knockoff of LOUIS VUITTON ‘Damier’ but no logo.

Credit: Jingwen Liu

beyond their financial means. If consumer confusion is eliminated, claims based on trademark infringement or passing off are less likely to succeed.³⁷ Therefore, legal actions against the producers of such knock-offs are generally more limited and more challenging than those against the producers of trademark-infringing counterfeits.³⁸ Not surprisingly, in recent years, knockoffs have become a major form of *shanzhai* and a

³⁷ Clay, above n 23, 436 (‘Under this definition, knockoffs are not illegal unless a brand can prove that a knockoff is so close to the original product that the consumer is misled into believing they are purchasing the original.’).

³⁸ Notably, such disputes and accusations of design piracy often occur between two high fashion houses or between two fast fashion brands. See, eg. *Christian Louboutin S.A. et al v Yves Saint Laurent American Holding, Inc et al*, 696 F 3d 206 (2nd Cir. 2012) (hereinafter *Louboutin v YSL*); *H&M Hennes & Mauritz AB v Forever 21, Inc*, No. 1:15-cv-05678 (SDNY 2015).

major challenge for fashion companies in China. Section 9.3 focuses on how and to what extent these design elements in fashion products are protected in China.

9.3 Protection of Design Elements under Chinese Law

Design companies have sought to protect their design elements through different categories of IP. This section explains the use of copyright, trademarks, design patents and unfair competition to protect those elements, as well as the limitations of each approach.

9.3.1 Copyright

It is occasionally disputed whether fashion products, such as clothing, shoes and handbags, are subject to copyright protection because their aesthetic value is sometimes built upon their utility function.³⁹ For instance, in 2022, the Federal Court of Australia refused to recognise the Neoprene tote bag as a work of artistic craftsmanship.⁴⁰ The court ruled that the subject design was undoubtedly constrained by functional considerations because the designer intended to design a stylish ‘carry all’ bag from the beginning, and in that endeavour, the function and utility of the bag to ‘carry all’ had governed the overall design of it.⁴¹ In contrast, the design of a pair of sandals was protected in Germany under the category of ‘applied art’ in the same year.⁴² The Regional Court of Cologne, applying the framework established by the Court of Justice of

³⁹ See, eg. *Galiano v Harrah's Operating Co.*, 416 F.3d 411, 422 (5th Cir. 2005); Raustiala and Sprigman, above n 20, 1699. See also *Shanghai Lukun Fushi Youxian Gongsi Su Shanghai Rongmei Pinpai Guanli Youxian Gongsi Deng* (上海陆坤服饰有限公司诉上海戎美品牌管理有限公司等) [*Shanghai Lukun Clothing Co, Ltd v Shanghai Rongmei Brand Management Co, Ltd et al*] (Shanghai Intellectual Property People's Court, May 10, 2018) (China) (hereinafter *Shanghai Lukun*). An exception in this respect may be France, capital of the fashion world. In addition to recognising garment designs as copyrightable subject matters, the French law, as well as the law of the European Union (EU), also provides a design registration system and allows for cumulative protection from copyright, registered design and unregistered design. See Raustiala and Sprigman, above n 20, 1735–1737 (introducing the EU design registration system and the EU approach for design protection); Atkinson et al, above n 17, 531 (‘Australian law does not recognize copyright as existing in a garment itself – whereas French law does.’).

⁴⁰ *State of Escape Accessories Pty Limited v Schwartz* (2022) FCAFC 69.

⁴¹ Ibid.

⁴² Regional Court of Cologne (Landgericht Köln), case no. 14 O 366/21, decision of March 3, 2022 (Germany). For detailed discussion of the two cases, see The Bird &

European Union (CJEU), decided that the sandal design ‘went beyond mere functional elements and was not exclusively determined by technical considerations’.⁴³ Some commentators observed that this case suggested a lower threshold for applied art that blurred the boundaries between copyright and design systems in the European Union (EU).⁴⁴

This divergence of viewpoints also exists in Chinese judicial practices. In *Yunchuang Design v Kashilan Clothing*, the plaintiff registered copyright for a sun dress design, while the defendant offered for sale online dresses with a similar design. The court held that the contour of the sun dress together with the black-and-white dots reflected the designer’s personal choice and special arrangement, and thus the garment had the aesthetic value of a ‘work of art’ required by the Copyright Law.⁴⁵ The Chongqing Pilot Free Trade Zone People’s Court explained that if the contour or black-and-white dots were revised or removed, the function of the piece of clothing would be unaffected.⁴⁶ Therefore, the aesthetic value of the dress could be separated from its utility functions.⁴⁷ Notably, the court’s perspective on separability mirrors that of the US Supreme Court’s decision in *Varsity Brands, Inc. v Star Athletica, LLC*.⁴⁸ The Supreme Court held that the design features of a cheerleading uniform, such as stripes, chevrons, zigzags, and colour-blocking, were ‘wholly unnecessary’ and separable from its ability to cover the body, permit free movement and wick moisture.⁴⁹ Nevertheless, at around the same time of the Chongqing court’s decision, Yunchuang’s action against another knockoff designer in Guangzhou for the same dress was rejected by the

Bird IP Team, ‘Round-up of Fashion-related IP Decisions in 2022’ (2023) 18(3) *Journal of Intellectual Property Law & Practice* 199.

⁴³ Ibid at 202.

⁴⁴ Ibid.

⁴⁵ *Yunchuang Sheji (Shenzhen) Jituan Youxian Gongsi Su Chongqing Kashilan Fushi Youxian Gongsi* (云创设计(深圳)集团有限公司诉重庆卡诗兰服饰有限公司) [*Yunchuang Design (Shenzhen) Group Co, Ltd v Chongqing Kashilan Clothing Co, Ltd*] (Chongqing Pilot Free Trade Zone People’s Court, 2021).

⁴⁶ Ibid.

⁴⁷ Ibid.

⁴⁸ *Star Athletica, L.L.C. v Varsity Brands, Inc.*, 136 S Ct 1823 (2016).

⁴⁹ Ibid. However, this decision has been open to wide critiques by scholars. See, eg, Rebecca Tushnet, ‘Shoveling a Path after Star Athletica’ (2019) 66 *UCLA Law Review* 1216; Christopher Buccafusco and Jeanne C Fromer, ‘Fashion’s Function in Intellectual Property Law’ (2017) 93 *Notre Dame Law Review* 51; Lili Levi, ‘The New Separability’ (2018) 20 *Vanderbilt Journal of Entertainment & Technology Law* 709; Jane C Ginsburg, ‘“Courts Have Twisted Themselves into Knots”: US Copyright Protection for Applied Art’ (2016) 40 *Columbia Journal of Law & the Arts* 1.

Guangzhou Internet Court, which ruled that the design was merely a combination of common design features such as V-neck, short sleeves and invisible zipper, and it fell short of the aesthetic value required by the Copyright Law.⁵⁰ The inconsistent application of the law in different Chinese courts indicates that copyright infringement suits against manufacturers of knockoffs face great uncertainty in terms of success and is dependent on the fora or even views of individual judges.

It should be noted, however, that the aesthetics–utility dichotomy only restrains copyright in three-dimensional articles; therefore, fashion sketches, design features and textile patterns printed on a fashion item are not considered ‘useful’.⁵¹ In other words, while a bomber jacket itself may be denied copyright, the design patterns (e.g., prints) on it could be eligible for copyright protection. Nevertheless, to be shielded under copyright law, the design pattern needs to demonstrate other requisites of a copyrightable work, such as expression, originality and human authorship.⁵² A simple pattern of dots and stripes that falls under the public domain clearly does not possess sufficient originality for copyright protection.⁵³

9.3.2 Trademark

If a certain pattern or print has repetitively occurred on almost every product and therefore been perceived as a symbol of a brand, this particular pattern or print may acquire the status of a trademark.⁵⁴ For

⁵⁰ *Yunchuang Sheji (Shenzhen) Jituan Youxian Gongsu Su Guangzhou Hongboya Trading Co., Ltd.* (云创设计《深圳》集团有限公司诉广州弘薄雅贸易有限公司) [*Yunchuang Design (Shenzhen) Group Co, Ltd v Guangzhou Hongboya Trading Co, Ltd*] (Guangzhou Internet Court, July 21, 2021).

⁵¹ Raustiala and Sprigman, above n 20, 1692.

⁵² *Zhuozuo Quan Fa* (著作权法) [Copyright Law] (promulgated by the Standing Comm National People's Congress, November 11, 2020, effective June 1, 2021) (China) (hereinafter Copyright Law 2020), Articles 3 and 4.

⁵³ See, eg, *Deyang Kaifa Qu Manwu Xiuhua Fuzhuang Gongzuoshi Su Shaoxing Shi Yuecheng Qu Gongmei Xiupinchang* (德阳开发区满屋绣花服装设计工作室诉绍兴市越城区共美绣品厂) [*Deyang Development Zone Manwu Embroidery Clothing Design Studio v Shaoxing Yuecheng District Gongmei Embroidery Factory*] (Shaoxing Interim Court, February 22, 2022) (reasoning that common geometric patterns including dots, stripes and surfaces belong to the public domain and therefore protection as private right would be an invasion to the public interest)

⁵⁴ Article 8 of the Chinese Trademark Law provided that ‘any visible sign, including any word, design, letter of the alphabet, numeral, three-dimensional symbol and color combination, or any combination of the above, that can serve to distinguish the goods of a natural person, legal person, or other organization from those of another, may be

example, Louis Vuitton (LV) has successfully trademarked its Toile Monogram, consisting of the entwined 'LV' initials in the United States.⁵⁵ The iconic Burberry check and the LV 'Damier' check pattern that appear ubiquitously on many of the brands' products ranging from apparel to accessories have also been trademarked. A trademark, by its statutory definition, is a mark used in trade that identifies the source of goods or services.⁵⁶ In the Gucci–Forever 21 dispute, what gives the Forever 21 knockoff a Gucci-vibe is the pattern of the design, especially the green-red-green stripes on the collar and cuffs of the jacket. If the stripes were removed or appeared in other colours, this fashion piece could hardly be considered piracy, because a bomber jacket is a generic apparel design in the fashion market. After being used by Gucci extensively and continuously for decades, the stripes in this particular configuration of colours are associated with the brand by consumers and have become a representative feature of its style and brand image. Therefore, stripes in these colours have, in essence, functioned as a source-identifying trademark, and Gucci has indeed registered the mark in various jurisdictions, including China.⁵⁷ In *Gucci Am., Inc. v Guess Inc.*, the District Court for the Southern District of New York recognised Gucci's rights to the green-red-green stripes and imposed a permanent injunction prohibiting Guess from using Gucci's proprietary stripes without authorisation.⁵⁸

The idea of trademarking an iconic design may be attractive. However, the prosecution process is sometimes challenging. Generally speaking, there are three grounds on which a trademark application can be rejected in China: lack of distinctiveness,⁵⁹ having adverse connotations⁶⁰ and the

made a trademark for application for registration'. See Trademark Law 2019, above n 30, Article 8.

⁵⁵ Ashley E Hofmeister, 'Louis Vuitton Malletier v Dooney & Bourke, Inc: Resisting Expansion of Trademark Protection in the Fashion Industry' (2008) 3 *Journal of Business & Technology Law* 187, 188–189.

⁵⁶ Trademark Law 2019, above n 29, Article 8. See also 15 USC § 1127 (United States).

⁵⁷ See *Yiwu Haiguan Guanyu Yiwu Shilutong Jinchukou Youxian Gongsì Qinfan 'GUCCI (Zhiding Yanse Tuxing Lv-Hong-Lv)' Shangbiao Quan Liankuwa De Xingzheng Chufa Jueding Shu* (义乌市海关关于义乌市诗路通进出口有限公司侵犯 'GUCCI (指定颜色图形绿红绿)' 商标权连裤袜的行政处罚决定书) [Administrative Penalty Decision of the Yiwu Customs on Yiwu Shilutong Import & Export Co, Ltd's Stockings Infringing the Trademark 'GUCCI (Device Designated to Colour Green-Red-Green)'] (Yiwu Customs 2022) (China).

⁵⁸ *Gucci America, Inc v Guess, Inc*, 843 F Supp 2d 412 (SDNY 2012).

⁵⁹ Trademark Law 2019, above n 29, Article 11.

⁶⁰ Trademark Law 2019, above n 29, Article 10.

existence of prior rights, including similar prior marks.⁶¹ The distinctiveness ground has two elements: inherent distinctiveness and acquired distinctiveness.⁶² A mark is inherently distinctive when it serves to identify the source of the product or service. An inherently generic mark could acquire a ‘secondary meaning’ and become distinctive when consumers have developed an association between the mark and the source of the product or service.⁶³ Some fashion designs fail the distinctiveness test because they are inseparable parts of the underlying products.⁶⁴

In 2014, Van Cleef & Arpels (VCA) applied for registration in China of its signature four-leaf clover-inspired jewellery design as a three-dimensional (3D) trademark, which proceeded to registration in 2016. This line of jewellery is branded under VCA’s ‘Alhambra’ trademark. In 2018, a third party initiated an invalidation proceeding at the TRAB, successfully requesting that the TRAB nullify the registration in 2019. VCA then appealed to the Beijing Intellectual Property Court and then the Beijing High Court. The Beijing High Court, upholding the lower court’s decision, denied the distinctiveness of VCA’s most iconic design.⁶⁵ The court ruled, first, that the four-leaf clover pattern, although originated by VCA, was more likely to be perceived by the relevant public

⁶¹ Trademark Law 2019, above n 29, Article 9. See also Jyh-An Lee and Thomas Mehaffy, ‘Prior Rights in the Chinese Trademark Law’ (2015) 37 *European Intellectual Property Review* 673.

⁶² Trademark Law 2019, above n 29, Article 11.2 (stipulating that an inherently indistinctive mark could acquire distinctiveness through use). See also Haochen Sun, ‘Protecting Non-traditional Trademarks in China: New Opportunities and Challenges’ in Irene Calboli and Martin Senftleben (eds), *The Protection of Non-Traditional Trademarks* (Oxford University Press, 2018) 185, 187.

⁶³ See, eg, *Shenzhen Guang Shifu Wenhua Chuanbo Youxian Gongsi Su Pang Suanguang* (深圳广师傅文化传播有限公司诉庞算光) [*Shenzhen Guang Shifu Cultural Communications Co., Ltd v Pang Suanguan*] (Supreme People’s Court, July 7, 2022); *Beijing Mingjia Shuhua Yishu Guan Su Guojia Zhishi Chanquan Ju* (北京茗佳书画艺术馆诉国家知识产权局) [*Beijing Mingjia Gallery of Calligraphy and Painting v China National Intellectual Property Administration*] (Beijing High. People’s Court, May 18, 2021). See also *Louboutin v YSL*, 696 F 3d 206, 216 (citing *Inwood Labs, Inc v Ives Labs., Inc*, 456 US 844, 851 n 11 (1982)) (‘A mark has acquired “secondary meaning” when, “in the minds of the public, the primary significance of a product feature . . . is to identify the source of the product rather than the product itself.”’).

⁶⁴ See, eg, *VCA v CNIPA*, above n 6; *Yidali Aimashi Gongsi Su Guojia Gongshang Xingzheng Guanli Zongju Shangbiao Pingshen Weiyuanhui* (意大利爱马仕公司诉国家工商行政管理总局商标评审委员会) [*Hermes Italia SpA v Trademark Appeal Board of the State Administration of Industry and Commerce*] (Supreme People’s Court, December 13, 2012) (hereinafter *Hermès v TRAB*).

⁶⁵ *VCA v CNIPA*, above n 6.

as the shape, appearance or ornament of the product when used on the designated goods, rather than a source identifier, and hence was inherently indistinctive.⁶⁶ Second, although VCA had adduced evidence to show its extensive use of the applied-for mark, such use was, again, found to be the shape, appearance or ornament of the designated goods, diluting its function as a source-identifier.⁶⁷

VCA was not the first company to lose a case because of inadequate distinctiveness. Hermès encountered a similar setback a few years before the VCA decision when attempting to trademark the design of its world-renowned Kelly bag as a 3D symbol. The SPC, in dismissing Hermès' petition for a retrial against a Beijing High Court decision, reasoned that when a 3D symbol cannot be separated from the product, consumers are more likely to view it as a component of the product rather than a trademark, unless the unique features make the symbol distinguishable from those on similar products or there is sufficient evidence to prove that the relevant public associates the symbol with the brand. The SPC ruled against both the inherent and acquired distinctiveness of the design features of the Kelly bag.⁶⁸

It is worth mentioning that the disputed marks in both cases are 3D marks. While Chinese Trademark Law acknowledges 3D marks,⁶⁹ two-dimensional (2D) marks, such as words, devices, letters and numbers, constitute the majority of marks in the country. These 2D marks are typically considered as traditional trademarks, whereas marks incorporating other elements such as colour configurations or shapes are generally viewed as less conventional.⁷⁰ For instance, the 'BOTTEGA VENETA' logo is what one typically associates with a mark; the intrecciato weave ranging from 8–12 mm in width – registered as a mark in many jurisdictions – would be an unconventional one. Trademark examination and judicial practices have set a higher bar for 3D and other non-traditional trademarks in the determination of distinctiveness. Although VCA's above-mentioned 3D mark was declared invalid by the court, its registration and enforcement of the 2D device trademark over the same

⁶⁶ Ibid.

⁶⁷ Ibid.

⁶⁸ *Hermès v TRAB*, above n 64. See also Sun, above n 62, 189.

⁶⁹ Trademark Law 2019, above n 29, Article 8.

⁷⁰ Sun, above n 62, 185 ('Non-traditional trademarks ... offer new ways to attract consumers, as they differ from the words, logos, letters, and numbers that are traditionally used as trademarks.').

four-leaf clover design has been successful.⁷¹ In another invalidation case brought against this 2D trademark, both the China National Intellectual Property Administration (CNIPA) and the Beijing Intellectual Property Court recognised the 2D mark's inherent distinctiveness.⁷² In reaching that decision, the Beijing Intellectual Property Court explicitly stated that the standards to determine distinctiveness for a 3D trademark and those for a 2D trademark should be differentiated.⁷³ While the court did not explicitly specify these standards, it is reasonable to assume that the threshold for a 3D trademark to be considered 'distinctive' should be higher than that for a 2D trademark.

9.3.3 *Design Patent*

There are many examples of registering a novel design of apparel, shoes or watch as a design patent in China. For example, Nike has various design patent registrations in China for its footwear designs.⁷⁴ In one case, a domestic brand successfully enforced its design patent rights against an online store selling garments with similar designs and obtained damages of RMB 420,000 (US\$57,600), in addition to an injunction.⁷⁵ However, design patents have their limitations. First and foremost, the Patent Law requires novelty, which means that the design is not known by the public before the application.⁷⁶ This requirement contradicts with the promotional nature of the fashion industry, which frequently built consumer excitement by showcasing new designs and

⁷¹ See, eg, PRC Trademark No. 48311547 (China National Intellectual Property Administration) <http://wcjs.sbj.cnipa.gov.cn/txnS02.do?b9La8sqW=i.3owqlqEherz8jODW3xpJHdu6hiRHrkFfWBVpEuLozEDF4gxx8OWmhYHSOoHPjVxFYBF2GCA2OD_R4eCBTzJhkVJzyVtvFIK4HDBIwhgNDsiaeCn3vG>.

⁷² *Feng Wei Su Zhonghua Renmin Gongheguo Guojia Zhishi Chanquan Ju* (冯伟诉中华人民共和国国家知识产权局) [*Feng Wei v China National Intellectual Property Administration*] (Beijing Intellectual Property Court, July 2022).

⁷³ *Ibid.*

⁷⁴ See, eg, PRC patent publications nos. CN308000051S, CN307950857S, CN307950671S, CN307935731S, and CN307935734S <<https://pss-system.cponline.cnipa.gov.cn/conventionalSearch>>.

⁷⁵ *Nanjing Shengdiao Shizhuang Youxian Gongsu Liu Shiqin Deng* (南京圣迪奥时装有限公司诉刘世琴等) [*Nanjing SDeer Clothing Co, Ltd. v Liu Shiqin et al*] (Nanjing Interim People's Court 2016).

⁷⁶ *Zhuanli Fa* (专利法) [Patent Law] (promulgated by the Standing Comm National People's Congress, October 17, 2020, effective June 1, 2021) (hereinafter Patent Law 2020), Article 23.

products long before their official launch dates.⁷⁷ To illustrate, LV filed a design patent for its Archlight sneaker in China in 2017. In December 2020, upon the application of a third party, the CNIPA invalidated the said patent. The reason is simple and somehow ironic: The design had been disclosed to the public by the photos and videos featuring the Archlight sneaker posted on Chinese social media platforms Tencent and Sohu before the application date as a result of LV's promotional activities.⁷⁸

Second, the filing and examination procedure associated with patent application is incompatible with the fast-paced nature of the fashion industry.⁷⁹ In contrast, the EU regime allows an unregistered community design (UCD) to be enforced without prior registration, which entails no acquisition fees.⁸⁰ This is why the EU is usually viewed as being more designer friendly.⁸¹ Compared to design patents, copyright is sometimes a more efficient option because it does not require filing and examination. Trademarks also have the advantage of being renewable every 10 years hence conferring a perpetual monopoly,⁸² whereas the duration of design patents in China is 15 years.⁸³

9.3.4 *Unfair Competition*

The Anti-Unfair Competition Law (AUCL) provides fashion companies with another option to protect their designs. Specifically, Article 6.1 of

⁷⁷ See generally, Anne Theodore Briggs, 'Hung out to Dry: Clothing Design Protection Pitfalls in United States Law' (2002) 24 *Hastings Communications & Entertainment Law Journal* 169.

⁷⁸ *Wuxiao Xuangao Qingqiu Shencha Juedingshu Di 47305 Hao* (无效宣告请求审查决定书第47305号) [Decision No. 47305 on the Examination of Invalidation Application] (China National Intellectual Property Administration, December 30, 2020).

⁷⁹ Atkinson et al, above n 17, at 528; Holton, above n 17, at 418; Urbach and Soussa, above n 17, at 28.

⁸⁰ Council Regulation (EC) 1891/2006 amending Regulations (EC) No 6/2002 and (EC) No 40/94 to give effect to the accession of the European Community to the Geneva Act of the Hague Agreement concerning the international registration of industrial designs (2006) OJ L386/14.

⁸¹ See, eg, Kaitlyn N Pytlak, 'The Devil Wears Fraud-a: An Aristotelian-Randian Approach to Intellectual Property Law in the Fashion Industry' (2016) 15 *Virginia Sports & Entertainment Law Journal* 273, 286–287; Anya Jenkins Ferris, 'Real Art Calls for Real Legislation: An Argument against Adoption of the Design Piracy Prohibition Act' (2008) 26 *Cardozo Arts & Entertainment Law Journal* 559, 573.

⁸² Trademark Law 2019, above n 29, Article 40.

⁸³ Patent Law 2020, above n 76, Article 42.

the AUCL prohibits business operators from using without authorisation ‘product names, packages, decorations and other identical or similar symbols with certain influence’ in a way that would mislead the public to associate the product with others.⁸⁴ Although VCA was not able to claim a 3D trademark over its above-mentioned four-leaf clover jewellery design, it successfully relied on Article 6.1 to protect the design against a knockoff manufactured by Shanghai Aijing Jewellery Co., Ltd. (SAJC), which brought an invalidation action against VCA’s 3D trademark to the CNIPA.⁸⁵ After VCA’s 3D trademark was declared invalid by the CNIPA, the Beijing Chaoyang District Court nonetheless accepted VCA’s claims based on the AUCL and granted VCA damages of RMB 1.5 million (US\$215,000).⁸⁶

The Beijing Chaoyang District Court reasoned that, first, although a ‘decoration’ in the AUCL typically requires the separability of functionality and artistic values, the nature and features of the jewellery meant that the whole piece had no function other than being ornamental.⁸⁷ As such, it was fair to recognise the whole piece of jewellery as a decoration.⁸⁸ Second, the four-leaf clover pattern was uniquely developed by VCA and was not generic in jewellery design.⁸⁹ No other firm had used similar designs before VCA, and any subsequent use could not directly deprive the design of its distinctiveness.⁹⁰ Third, VCA had adduced evidence to show that the relevant public would associate the decoration with the brand, establishing itself as a ‘decoration with certain influence’ as stipulated by the AUCL.⁹¹

⁸⁴ *Fan Buzhengdang Jingzheng Fa* (反不正当竞争法) [Anti-Unfair Competition Law] (promulgated by the Standing Comm National People’s Congress, April 23, 2019, effective April 23, 2019) (China) (hereinafter Anti-Unfair Competition Law 2019), Article 6(1). This is similar to the Lanham Act § 43(a) (United States).

⁸⁵ *Fanke Yabao Youxian Gongsi Su Shanghai Aijing Zhubao Youxian Gongsi Deng* (梵克雅宝有限公司诉上海璦晶珠宝有限公司等) [*Van Cleef & Arpels SA v Shanghai Aijing Jewelry Co, Ltd et al*] (Beijing Chaoyang District. People’s Court 2021) (China) (hereinafter *VCA v Shanghai Aijing*).

⁸⁶ *Ibid.*

⁸⁷ Compare this with the aesthetic functionality doctrine in the United States: *Christian Louboutin SA v Yves Saint Laurent America Hldg*, 696 F 3d 206, 220 (citing *Pagliero v Wallace China Co*, 198 F 2d 339 (9th Cir. 1952); *Qualitex Co v Jacobson Products Co*, 514 US 159, 162 (1995); *Knitwaves, Inc v Lollytogs Ltd*, 71 F 3d 996, 1006 (2nd Cir. 1995)).

⁸⁸ *VCA v Shanghai Aijing*, above n 85.

⁸⁹ *Ibid.*

⁹⁰ *Ibid.*

⁹¹ *Ibid.*

VCA's successful enforcement of the AUCL against the knockoff manufacturer has provided an important precedent for itself, as well as for other fashion design companies. Subsequently, VCA embarked on more anti-piracy enforcement projects in China based on unfair competition claims.⁹² Apart from the traditional copyright, trademark and design patent approaches, designs now have the potential to be protected as a 'decoration with certain influence' under the AUCL. Compared to trademark and design patent claims, a claim made under the AUCL does not require *ex ante* prosecution. This protection of design elements resembles trade dress protection in the United States.⁹³ First, they both entail a lower degree of market recognition than what is required under trademark laws. In *Two Pesos, Inc. v Taco Cabana, Inc.*, the US Supreme Court expressly ruled that a trade dress could be inherently distinctive and therefore acquiring secondary meaning was not necessary.⁹⁴ Second, aligned with the US Supreme Court's refusal to extend trade dress protection to a functional design that was the subject of an expired patent,⁹⁵ the Beijing court's decision in *VCA v Shanghai Aijing* seems to suggest a similar approach, requiring a finding of an absence of functionality to obtain protection under the AUCL.⁹⁶ Since a separate protection for fashion works is currently unavailable, a trade dress protection or its equivalent may be the best alternative.⁹⁷ The

⁹² See, eg, *Fanke Yabao Youxian Gongsi Su Yiwu Zhuiyi Shipin Youxian Gongsi* (梵克雅宝有限公司诉义乌市缀宜饰品有限公司) [*Van Cleef & Arpels SA v Yiwu Zhuiyi Accessories Co, Ltd*] (Zhejiang Jinhua Interm. People's Court 2021).

⁹³ 15 USC §1125(a).

⁹⁴ *Two Pesos, Inc v Taco Cabana, Inc.*, 505 US 763 (1992).

⁹⁵ *Traffix Devices, Inc v Marketing Displays, Inc.*, 532 US 23 (2001).

⁹⁶ *VCA v Shanghai Aijing*, above n 85. See also *Guanyu Shiyong <Zhonghua Renmin Gongheguo Fan Buzhengdang Jingzheng Fa> Ruogan Wenti De Jieshi* (关于适用《中华人民共和国反不正当竞争法》若干问题的解释) [Interpretation on Issues Related to the Application of the <Anti-Unfair Competition Law of the People's Republic of China>] (promulgated by the Supreme. People's Court, March 16, 2022, effective March 20, 2022) (China) (hereinafter 'Interpretation on the Anti-Unfair Competition Law 2022').

⁹⁷ Inga Munsinger, 'Trade Dress for Success: Fashion Designs as Distinctive Product Configurations' (2000) 1 *Texas Review of Entertainment & Sports Law* 47, 49 ('Absent a new statutory approach to design infringement, trade dress law is the remaining best approach.'). S Priya Bharathi, 'There Is More Than One Way to Skin a Copycat: The Emergence of Trade Dress to Combat Design Piracy of Fashion Work' (1996) 27 *Texas Technology Law Review* 1667, 1689.

shortcoming, however, lies in the claim's dependence on the owner's market reputation, which is a relatively vague concept.⁹⁸

9.4 Accepting Design Elements as Non-traditional Trademarks

When comparing the prosecution and enforcement histories of VCA's 2D and 3D trademarks, one can observe that while a 3D trademark typically offers broader protection than a 2D trademark for the same design in litigation, obtaining a 3D trademark is also more challenging due to its higher distinctiveness threshold. This is illustrated by the fact that, while the 3D registration for the 'Alhambra' design was invalidated, the attempt to invalidate the 2D registration ultimately failed. The same is true for the pairing of a colour trademark and a regular trademark applied to particular colours. Although colour trademarks are usually harder to acquire, they could have a larger protection scope than a regular trademark designated to particular colours, as they are not confined by the shape of the specimen. For example, should Gucci have registered its green-red-green stripes as a colour trademark instead of a device mark, it would not be confined by the specimen filed in the application, which would allow greater flexibility in enforcement actions.⁹⁹ However, recent judicial practices¹⁰⁰ and the revision of trademark examination standards in 2021¹⁰¹ have sent a positive signal to fashion companies regarding the use of non-traditional trademarks to protect their designs.

9.4.1 3D Trademark

In 2021, a 400-page review and examination guideline was issued by the CNIPA, replacing the previous version and elaborating in great detail

⁹⁸ Jyh-An Lee, 'Unfair Competition and Antitrust Law' in Christopher Heath (ed) *Intellectual Property Law in China* 418–19 (Wolters Kluwer, 2nd edn, 2021).

⁹⁹ For example, enforcement actions could be brought against similar marks where one of the three stripes, say, the red one in the middle, could narrower or wider than the other two.

¹⁰⁰ See, eg, *Dior, above n 12*; *Louboutin v TRAB*, above n 13.

¹⁰¹ *Shangbiao Shencha Shenli Zhinan* (商标审查审理指南) [Guide on Trademark Review and Examination] (promulgated by the China National Intellectual Property Administration, November 16, 2021, effective January 1, 2022) (China) (hereinafter *Guide on Trademark Review and Examination 2021*).

examination standards under the 2019 Trademark Law.¹⁰² According to this guideline, a 3D trademark refers to a trademark consisting of a stand-alone 3D symbol or a 3D symbol containing other elements.¹⁰³ When determining the distinctiveness of a 3D symbol, the examiner should also look into the way in which it is used before drawing conclusions about its source-identifying role.¹⁰⁴ An inherently indistinctive 3D symbol may acquire distinctiveness through use.¹⁰⁵ However, if a 3D symbol is considered 'functional', it cannot be registered, even with extensive evidence of use.¹⁰⁶ The ability to register 3D marks is important especially for luxury fashion brands whose iconic products in fact comprise widely recognisable features that are then replicated by a *shanzhai* manufacturer such as the Bottega Veneta's intrecciato weave and Hermes' Birkin and Kelly bags.

The section focusing on 3D symbols in the guideline was largely derived from the SPC's 2018 decision in *Christian Dior v China National Intellectual Property Administration* (hereinafter *Dior*).¹⁰⁷ In this case, Dior sought to extend its international 3D trademark registration of the J'Adore fragrance bottle to China through the Madrid Protocol, but the extension application was rejected by the China Trademark Office,¹⁰⁸ and Dior's appeals were denied all the way up to the Beijing High Court.¹⁰⁹

Dior then petitioned the SPC based on two grounds: (1) the Trademark Office and the TRAB had mistakenly examined the application as a regular device trademark instead of a 3D trademark; and (2) the J'Adore fragrance bottle was uniquely devised and not a generic design for perfume bottles (and therefore possessed inherent distinctiveness); the design had also been extensively used and promoted in China and generated considerable market reputation and public association (and therefore acquired distinctiveness).¹¹⁰ The SPC acknowledged the procedural error in not properly identifying the application as a 3D trademark and ordered the TRAB to re-examine the

¹⁰² Ibid.

¹⁰³ Ibid at Chapter 6, Article 2.

¹⁰⁴ Ibid.

¹⁰⁵ Ibid at Chapter 6, Article 3.2.5.

¹⁰⁶ Ibid at Chapter 6, Article 3.3.

¹⁰⁷ *Dior*, above n 12.

¹⁰⁸ Taken over by the CNIPA since 2019.

¹⁰⁹ *Dior*, above n 12.

¹¹⁰ Ibid.

registrability of the applied-for mark. Nonetheless, the SPC did not comment on the distinctiveness issue but only named a few factors that the TRAB should take into consideration before reaching a decision, including the time when the applied-for mark entered the Chinese market, the evidence supporting the use and promotion of the concerned trademark, the possibility of acquiring source-identifying function and the consistency of examination standards.¹¹¹ The SPC seemed to imply that these are the factors to be considered in the determination of acquired distinctiveness.

Pursuant to the SPC's order, the TRAB reissued a decision in 2019, allowing the registration of the J'Adore fragrance bottle as a 3D trademark designated on 'perfumes' in class 3, while rejecting the application on all other goods applied for.¹¹² The reason was that, while the TRAB still found the bottle inherently indistinctive, it accepted Dior's evidence of use and made a finding of acquired distinctiveness.¹¹³ However, the evidence of use could only justify public association when used on perfumes; therefore, the application related to all other goods was rejected.¹¹⁴

Considering the difficulties in protecting fashion design with 3D trademarks, Dior's victory in China is commendable. Examples in other jurisdictions include the European Intellectual Property Office's (EUIPO) partial refusal in 2022 to grant a 3D trademark to another example of Dior's famous designs – the design of its Saddle Bag – based on a lack of distinctiveness.¹¹⁵ Hermès also encountered failure in Italy when trying to enforce its EU-registered 3D trademarks on the shape of their Kelly and Birkin bags against a competitor, when both the Court of Florence and the Florence Court of Appeal upheld the defendant's invalidity

¹¹¹ Ibid. Just like Van Cleef & Arpels and the four-leaf clover, Dior's registration of the J'Adore fragrance bottle as a 2D device mark was accepted by the TRAB. It is for such reason that the SPC mentioned the consistency issue when correcting the TRAB's decision.

¹¹² *Guanyu Guoji Zhuze Di 1221382 Hao 'Tuxing (Sanwei Biaozhi, Zhiding Yanse)' Shangbiao Bohui Fushen Juedingshu* (关于国际注册第1221382号 '图形(三维标志、指定颜色)'商标驳回复审决定书) [Review Decision on the Refusal of Trademark International Registration No.1221382 'Device (3D Symbol, Designated Colour)'] (Trademark Review and Adjudication Board, January 14, 2019) (China).

¹¹³ Ibid.

¹¹⁴ Ibid.

¹¹⁵ EUIPO Decision of the Second Board of Appeal in *Christian Dior v EUIPO*, Case R 32/2022-2 (EUIPO Board of Appeal, September 7, 2022).

counterclaim.¹¹⁶ However, following the instruction of the Italian Supreme Court, this case will soon go through a second appeal, and some practitioners have predicted a favourable result for Hermès.¹¹⁷

9.4.2 Colour Trademark

China currently does not accept the registration of single-colour trademarks because of the monopoly power this may create,¹¹⁸ nor does it generally accept registration of a colour-combination mark because a colour-combination mark is presumed to be inherently indistinctive. According to the examination standards,¹¹⁹ the owner must submit evidence to prove that the colour combination mark has acquired sufficient distinctiveness through use to get it registered.¹²⁰ Again here, the fashion brands that use specific colours as emblematic of their products – such as Christian Louboutin’s lacquered red sole or Gucci’s red-and-green stripes – would desire to secure trademark registration so that they may more easily enforce their rights against *shanzhai* manufacturers as well as knockoffs by fast fashion brands.

In fact, there have been debates within China on the registrability of a single colour. The Draft Amendment of the Trademark Law, published in 2012, included a paragraph stating that ‘a single colour used on a product or package of a product, which has acquired distinctiveness and can distinguish the product from others, can be registered as a trademark’.¹²¹ However, this sentence was deleted in the final version.¹²² China decided to take a rather conservative approach to recognising and protecting single colours as trademarks.

Nevertheless, there have been some encouraging developments for fashion design companies interested in obtaining 3D trademarks in China. Christian Louboutin has faced defeats in several countries,

¹¹⁶ *Hermès International Scpa (+1) + Buti S.r.l. (+2)*, Decision no. 30455 (Italian Supreme Court, 17 October 2022).

¹¹⁷ The Bird & Bird IP Team, above n 42.

¹¹⁸ Guide on Trademark Review and Examination 2021, above n 101, at Chapter 7, Article 2.

¹¹⁹ Ibid.

¹²⁰ Ibid.

¹²¹ *Shangbiao Fa Xiuzhengan (Caoan)* (商标法修正案 (草案)) [Draft Amendment of the Trademark Law] (promulgated by the Standing Comm National People’s Congress, December 28, 2012) (China), Article 2(2).

¹²² Trademark Law 2019, above n 29, at Article 8.

including Japan, France and Switzerland, in trademarking its famous high-end women's high-heeled shoes with a red-lacquered outsole design,¹²³ but succeeded in the United States. In 2010, Louboutin filed an international registration for its red sole under the Madrid Protocol and sought to extend the registration to several member states, including China.¹²⁴ The TRAB rejected registration because the mark lacked distinctiveness. The TRAB first identified the mark as a combination of a high-heeled device and a single colour applied to the sole, which was inherently indistinctive.¹²⁵ The TRAB also held that the evidence submitted by Louboutin did not meet the threshold for acquired distinctiveness.¹²⁶ The case then went to the Beijing High Court. Eventually, the SPC upheld the Beijing High Court's decision recognising Louboutin's design as 'a single-colour trademark designated to a particular position', although it was not listed in Article 8 of the Trademark Law.¹²⁷ This categorisation is consistent with Louboutin's filing strategy in the EU, which was accepted by the CJEU.¹²⁸

Louboutin's trademark application strategy in the United States might have valuable implications for China as well. The Court of Appeals for the Second Circuit instructed the United States Patent and Trademark Office (USPTO) that the registration of the red-sole mark could be approved for 'only those situations in which the red lacquered outsole contrasts in colour with the adjoining "upper" of the shoe'.¹²⁹ In other words, Louboutin could only obtain a trademark for the red sole with a contrasting upper colour (i.e., non-red). Since defendant Yves Saint Laurent's (YSL) outsole and the adjoining upper of the shoe were both red, its design did not infringe Louboutin's red-sole mark;¹³⁰ it was also worth noting that the YSL range of monochromatic high-heeled shoes all

¹²³ Cassidy Aranda, 'The Worldwide Trademark Battle over the Iconic Red Bottom Shoe', *Chicago-Kent Journal of Intellectual Property* (January 22, 2023) <<https://studentorgs.kentlaw.iit.edu/ckjip/the-worldwide-trademark-battle-over-the-iconic-red-bottom-shoe/>>.

¹²⁴ See Yong Wan and Hongxuyang Lu, 'Trademark Protection of Single-Colour Trademarks: A Study of the Chinese Louboutin Case' (2020) 10 (2) *Queen Mary Journal of Intellectual Property* 255, 257.

¹²⁵ *Louboutin v TRAB*, above n 13.

¹²⁶ *Ibid.*

¹²⁷ *Guojia Zhishi Chanquan Ju Su Kelisiti Lubutuo* (国家知识产权局诉克里斯提鲁布托) [*China National Intellectual Property Administration v Christian Louboutin*] (Supreme People's Court, December 24, 2019) (China) (hereinafter *CNIPA v Louboutin*).

¹²⁸ *Louboutin v Van Haren Schoenen BV*, Case C-163/16 (CJEU, June 12, 2018).

¹²⁹ *Louboutin v YSL*, above n 38.

¹³⁰ *Ibid.*

featured soles in the same colour as the adjoining upper of the shoe (e.g., red-red, blue-blue, green-green). The concept of a red sole with a contrasting upper colour is similar to the colour-combination trademark, but the former provides trademark owners with broader protection because there is no need to identify the exact contrasting upper colour.

9.5 Conclusion

In the fashion world, *shanzhai* has been a concern for both high-end luxury brands and indie designers for many years. While it is easier to report to local authorities or claim trademark infringement in legal proceedings against manufacturers of counterfeits, the most effective action against knockoffs remains ambiguous. Design elements may be protected by laws governing copyright, trademarks, design patents and unfair competition, but each of these laws has some limitations. Just like the originality requirement for copyright and the novelty requirement for design patents, the distinctiveness requirement has prevented numerous fashion designs from being registered as trademarks.

Although the SPC's decision in *Dior* suggests that it is possible for a sign that was not inherently distinctive to acquire distinctiveness through use, and ultimately qualify for registration as a trademark, the standard for achieving that is extremely high and almost equal to that for a 'well-known trademark'. Alternatively, VCA has provided the fashion industry with a rather innovative approach based on the protection of 'decoration with certain influence' in the AUCL. It is easier for design companies like VCA to prove that their design elements have 'certain influence' under AUCL than that they have 'acquired distinctiveness' under the Trademark Law. Notably, Louboutin has also successfully enforced its rights against a knockoff designer of similar red-sole heels in China under the AUCL,¹³¹ while the status of its trademark application is still uncertain. Chanel also protected the shape of its signature No.5 fragrance bottle under the AUCL against a perfume brand in China.¹³² The series

¹³¹ *Kelisiti Lubutuo Jianyi Gufen Youxian Gongsi Deng Su Guangdong Wanlima Shiye Gufen Youxian Gongsi Deng* (克里斯提·鲁布托简易股份有限公司等诉广东万里马实业股份有限公司等) [*Christian Louboutin Ltd et al v Guangdong Wanlima Industrial Co, Ltd*] (Beijing Intellectual Property Court 2022). The case is pending appeal at Beijing Higher People's Court.

¹³² *Xiangnaier Gufen Youxian Gongsi Su Yiwu Shi Aizhiyu Huazhuangpin Youxian Gongsi* (香奈儿股份有限公司诉义乌市爱之语化妆品有限公司) [*Chanel, Inc v Yiwu Story of Love Co, Ltd*] (Shaanxi High People's Court, 2021).

of cases revealed that there is huge potential for fashion companies to use the AUCL to protect their designs in China.

Nevertheless, the legal standards with respect to the application of the AUCL need to be further clarified by the judiciary. The current law does not clearly distinguish between ‘certain influence’ and ‘acquired distinctiveness’. Moreover, while the AUCL stipulates that a symbol possesses ‘certain influence’ when it exhibits a specific level of market recognition and distinctive attributes that can identify the product’s source,¹³³ the statutory wording is remarkably similar to the definition of distinctiveness in the Trademark Law.¹³⁴ This similarity could lead to confusion regarding the legal treatment of a symbol under the AUCL and a mark under the Trademark Law. It is also unclear whether the standard used to determine the separability of aesthetic value and functionality in the AUCL is the same as that used in copyright law. If they are different, a clear explanation regarding how, why and to what extent they differ is desirable. If these issues are resolved, the AUCL is anticipated to become the most potent tool for fashion designers in the fight against knockoffs. This, in turn, would address fashion houses’ enduring concerns about investing in creativity and expanding in the Chinese market.

¹³³ Interpretation on the Anti-Unfair Competition Law 2022, above n 96, at Article 4.1.

¹³⁴ See Guide on Trademark Review and Examination 2021, above n 101, at Chapter 4, Article 2 (‘The distinctiveness of a trademark requires a mark to have features that enable the relevant public to identify the source of the product of service.’).

