

Crayon Shinchan

How an Internationally Beloved Cartoon Character 'Evicted' Trademark Squatters

By Vincent J. Poppiti and Mian R. Wang

Few people in the United States are likely to have heard of Crayon Shinchan, but this Japanese comic-book character is ubiquitous in China. Created in 1992 by Yoshito Usui and published in Japan by Futabasha Publishers Ltd., the comic book chronicles the antics of a high-spirited five-year-old boy, Shinchan, who is prone to indecent public exposure, propositioning older women, and peeking up women's skirts. The story line combines the mischievousness of "Calvin and Hobbes" with the crude humor of "South Park" and is widely received in Japan. Shinchan's popularity eventually invited trademark squatters in China.

By 1994, adoration for Shinchan had spread from Japan to Taiwan and Hong Kong. In 1996, anticipating Shinchan's inevitable entrance to mainland China, Guangzhou Chengyi Eyeglass Co. Ltd. ("Chengyi") became the first to use Shinchan's image and name to register a series of trademarks in China. Thus began a legal battle implicating Futabasha's copyrights and trademark rights over the incorrigible five-year-old.

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SQUATTING ON CRAYON SHINCHAN

Chengyi applied to register the Shinchan image and name (Figure 1) as separate trademarks in multiple classes of goods. In 1997, China's Trademark Office (the "CTMO") granted Chengyi ownership and rights to use nine trademarks: the image and name each as a trademark for goods in Classes 9 (eyeglasses), 18 (bags), 25 (apparel), and 28 (toys), and only the image in Class 16 (office supplies).

Figure 1



In 2002, Futabasha registered a Shinchan image (Figure 2) as a mark with the CTMO, but Chengyi's pre-emptive registrations limited Futabasha to other classes, such as Classes 21 (toothbrushes) and 16 (comic books).

Figure 2



In 2004, Chengyi, with the approval of the CTMO, assigned its ownership and rights to use the five trademarks in Classes 16, 18, and 25 to Xiangshui Xian Shifu Economic Development Co. Ltd. ("Shifu"). Shifu in turn leased its ownership and rights to use the two trademarks in Class 25 to Shanghai Enjia Economic and Trade Development Co. Ltd. ("Enjia") for three years.

Also in 2004, Futabasha filed a civil action against Chengyi, Shifu, and Enjia in Shanghai No. 1 Intermediate People's Court to seek monetary damages, claiming that the companies had violated Futabasha's copyrights by using Shinchan's image and name in Classes 16, 18, and 25 goods — namely, office supplies, bags, and apparels. The companies argued that

they had the ownership and rights to use Shinchan's name and image as trademarks for goods in those Classes. The Shanghai Intermediate Court concluded that Futabasha could not seek civil relief because the court's jurisdiction depended on a determination of the ownership and the rights to use the five trademarks in Classes 16, 18, and 25 — a determination that can only be made in the form of administrative relief by China's Trademark Appeal Board.

In 2005, while the copyright action was pending in Shanghai, Futabasha filed nine petitions, one for each trademark, with the Board requesting that the ownership and rights to use the marks by Chengyi, Shifu, and Enjia be canceled. In each petition, Futabasha advanced the same three claims: Chengyi, the original registrant, violated Futabasha's prior rights over Shinchan, copied a well-known mark used in Japan, Taiwan, and Hong Kong, and registered each trademark in bad faith. For support, Futabasha provided evidence of its publication of the Crayon Shinchan comic-book series in Japan from 1992 to 2005, its publication in Taiwan and Hong Kong beginning in 1994, and the use of Shinchan as a trademark on goods such as toys, office supplies, and clothes sold in those countries.

The Board denied all three claims for each petition. On the first claim of prior rights, the Board concluded that under China's 2001 revised trademark law, Futabasha was barred by a five-year statute of limitations because the 2005 petitions challenged marks that had been registered in 1997 — an eight-year gap. On the second claim, the Board concluded that Futabasha had failed to prove that in 1996 Shinchan was a well-known mark in any of Chengyi's registered classes of goods in China. On the third claim, the Board concluded that Futabasha had failed to establish that Shinchan's use and reputation in China was such that at the time of registration, Chengyi knew, or should have known, that Shinchan belonged to someone else.

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In 2006, undaunted by these failures — much like the dogged Shinchan — Futabasha appealed all nine of the Board's decisions to the Beijing No. 1 Intermediate People's Court, which affirmed the decisions. Futabasha then appealed to the Beijing High People's Court. The High Court reversed the Board's conclusion on the statute of limitations issue, stating that under the 2001 revised trademark law for marks registered prior to 2001, the statute of limitations to bring a prior rights claim began to run in December 2001. Futabasha's 2005 petitions were therefore within the prescribed period. However, the Beijing High Court agreed with the Board that Futabasha had failed to establish that in 1996 Shinchan was a well-known trademark in China. Nevertheless, the High Court also concluded based on new evidence submitted by Futabasha — Chengyi's trademark portfolio — that Chengyi had engaged in pre-emptive registrations of well-known marks of others and assigned such marks' ownership and rights to use for money. The High Court further concluded that the quantity and scope of Chengyi's pre-emptive-registration practice, as well as subsequent assignments, demonstrated that Chengyi registered the nine Shinchan marks in bad faith. At the same time, the High Court concluded that the Board's finding on the bad faith registration claim was correct based on the evidence before it, and affirmed the Board's decisions to deny all nine petitions. A Pyrrhic victory that must have sparked some sharp and racy comments from Shinchan.

Viacom

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provider's claim to the § 512(c)(1) safe harbor, or whether the service provider must have actual or constructive knowledge of specific infringing activity (again, with a failure to remedy the infringing activity) to be held liable. The court affirmed the lower court's ruling that actual or construc-

Shinchan's journey could have ended then, but in 2007 Futabasha filed a second set of petitions on substantially similar claims with the Board, seeking to cancel the trademarks originally registered by Chengyi. These petitions took more than three years for the Board to decide, reaching its decisions in 2011, and almost another year for three of the petitions to complete the appellate process through the Beijing Intermediate Court and the Beijing High Court.

In the three petitions that have completed the appellate process at the Beijing Intermediate Court and the Beijing High Court, Futabasha again argued that the Crayon Shinchan comic book series and cartoon series were well known in Japan, Taiwan, Hong Kong, and China, and that Shinchan's image and name had been used on goods sold in these countries. Futabasha maintained the evidence demonstrated that Shinchan enjoyed a worldwide reputation. Futabasha also asserted that Chengyi engaged in bad faith registration because it used Shinchan's image and name to register nine trademarks in multiple classes of goods, assigned the marks to other companies for money, and pre-emptively registered nearly 50 other well-known trademarks, including Colgate, Snoopy, and 7UP.

The Board reconsidered the 2007 petitions, notwithstanding their similarities to the 2005 petitions, on the basis that Futabasha proffered new evidence of Chengyi's pervasive practice of pre-emptively registering well-known marks of others and the Board's repeated findings of bad faith registrations by Chengyi. With this new evidence, the Board concluded that Chengyi had registered

tive knowledge of "specific and identifiable infringements" is required.

The court wrote that this conclusion was compelled by the text of § 512(c). Specifically, the court found that the provisions of § 512(c)(1) read together contemplate the service provider's knowledge or awareness of specific infringing material — indeed, it would be impossible for the service provider to remove "the

the three trademarks in Classes 16 and 18 in bad faith and canceled the registrations. The three cancellations were upheld by the Beijing Intermediate Court and the Beijing High Court. As of this writing, according to the China Trademark Website managed by the CTMO, the Board also has canceled the remaining six trademarks in Classes 9, 25, and 28. In addition, the Chinese media recently reported that the Beijing Intermediate Court upheld the Board's cancellations of the Shinchan trademarks in Class 25.

Winning on the second set of petitions marked a turning point in Futabasha's trademark battle. In 2011, having resolved the ownership issue of the two Shinchan marks for goods in Class 25, Futabasha resumed its trademark infringement action in the Shanghai Intermediate Court against Chengyi, Shi Fu, and Enjia. In March 2012, Futabasha prevailed on the infringement action, with the court awarding Futabasha 300,000 yuan (about \$47,100) in monetary damages.

CONCLUSION

The naughty five-year-old Shinchan would tell foreign trademark owners that although foreign trademarks ultimately receive legal protection in China, pragmatic owners must be mindful of the time and costs involved: eight years, one civil action, nine administrative actions, numerous appeals, and multiple venues. But even Shinchan has to recall the wise words of his elders — Confucius says, "It does not matter how slowly you go so long as you do not stop."



material" without knowing what "the material" is. § 512(c)(1)(C). The court differentiated the knowledge level required under the "red flag" provision, § 512(c)(1)(A)(ii) (the "red flag" provision is so-called because certain facts or circumstances may be so egregiously obvious that they wave a "red flag" in front of the service provider, presumably to say "Hey, look

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