

# Marques notoires et de haute renommée

## *Well-Known and Famous Trademarks*

Ilanah Simon Fhima, Jacques Azéma, Philippe Gilliéron  
Yuanshi Bu, Anne Marie E. Verschuur



Jacques de Werra (éd.)

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*intelle©tual p®operty - p®opriété intelle©tuelle*  
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# Protection of Well-Known Trademarks in China

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## I. Introduction

Well-known trademarks are interesting for foreign trademark owners for three reasons. First, China is an important supply and sales market for any globally operating business. Considering rampant bad faith trademark registrations in China, it is vital to secure freedom to operate with respect to trademark issues in China. Second, many foreign right holders fail to timely register their trademarks in China. As Chinese trademark law adopts the first-to-file principle, a trademark is protected in China only upon a formal registration with the Chinese Trademark Bureau (TMB). In exceptional cases however, owners of unregistered trademarks may claim legal protection. This is the case if the trademark in question is recognized as well-known in China.<sup>1</sup> Third, because most Chinese have difficulties in recognizing foreign brands which they are familiar with, when the brands are written in Latin letters, foreign right holders have to create a localized Chinese version for their trademarks that use Chinese characters. Since a foreign trademark can be translated into Chinese with different characters in almost unlimited variations, the right holder, being unable to register all the possible translations, may wish to rely on well-known trademark protection to fight against free-riding on his brands in the form of using nonregistered translations.

For Chinese domestic trademark owners the situation is often different. The possession of well-known trademarks is used to judge the eco-

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1 See for further options art. 15 Trademark Law (Registration in the name of the agent or representative of the proprietor without the latter's authorization) and art. 31 Trademark Law (Preemptive trademark registration in bad faith).



conomic success of an enterprise, a city or even a province. Accordingly, local governments offer significant financial rewards, such as bonuses in an amount of over one million RMB, preferential treatment in tax reduction or granting of loans to enterprises<sup>2</sup>, the trademarks of which have gained the status of well-known marks. This gave rise to frivolous lawsuits.<sup>3</sup> There are even some intermediaries that are specialized in assisting trademark owners to snatch the recognition as well-known trademarks. The relatively lenient determination of well-known trademarks by the judiciary has also abetted this practice.

Since “Pizza Hut” was established as the first well-known trademark in 1987, within 20 years over 2,000 trademarks have been classified as well-known through the administrative channel. Until April 2009, 6% among them belonged to foreign right holders.<sup>4</sup> This number ascends rapidly. Between January 2010 and October 2010, another 396 trademarks have been recognized by the TMB and TRAB<sup>5</sup> as well-known. In addition, there is a statistically not exactly documented large number of trademarks (probably over 1000<sup>6</sup>) that were established by the judiciary as well-known.<sup>7</sup> As a countermeasure, both the TMB and the Supreme People’s Court (SPC) have passed regulations in April 2009 to tighten

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2 KANG TIANXIONG, Theoretical Exit of Evidence and Dispute Resolution in Well-known Trademark Litigations, *Special Zone Economy* 2010, No. 3, 244.

3 Reportedly, in the typical constellation the trademark owner is located in an economically developed region and sues a small business which uses a mark on products outside of the registered class of goods or is registering a domain name containing the mark without authorization. Normally such trademark owners choose courts that are located in the domicile of the trademark owners or that are located in economically underdeveloped regions.

4 Interview with the responsible Person of the Trademark Office of the National Central Bureau of Industry and Trade and the China Trademark Review and Adjudication Board by China Newspaper for Industry and Commerce (国家工商总局商标局、商标评审委员会负责人就驰名商标认定和保护工作的有关问题答中国工商报记者问). Among the 6% four trademark owners are from Switzerland: Tissot, Logitec, Rolex, Tudor, [http://www.saic.gov.cn/gzhd/hdzb/xxb/200909/t20090927\\_71247.html](http://www.saic.gov.cn/gzhd/hdzb/xxb/200909/t20090927_71247.html) (all websites have been visited on 20 January 2011).

5 The China Trademark Review and Adjudication Board is a department of the State Administration for Industry and Commerce and responsible for oppositions against TMB’s trademark registration decisions.

6 KANG TIANXIONG (*supra* n. 2), 244.

7 XIA ZHIZE, Chilling Reflection on the Hype of Judicial Declaration of Well-known Trademarks, *Brand* 2010 No. 9, 48–50.

the determination of well-known trademarks and to enhance the transparency and consistency of the determination proceedings. These latest regulations as well as some decisions rendered between 2006 and 2010 regarding the trademarks BMW, Lacoste, Merck, Minolta, Heineken, Gucci, Bloomberg, Dell, Logitech, LV, Porsche, Ritz, Sotheby's, Starbucks, Swarovski, Viagra and Wal-Mart give reason to examine the current legal situation and to address some open questions.

## II. Chinese Regulations Regarding Well-Known Trademarks

### A. Source of Law

The Chinese regulations regarding well-known trademarks were enacted to implement art. 6<sup>bis</sup> Paris Convention and art. 16 para. 2 TRIPS and in particular based on the WIPO Joint Recommendation of WIPO concerning Provisions on the Protection of Well-Known Marks issued in September 1999<sup>8</sup> (Hereinafter: WIPO WIPO Joint Recommendation).

These regulations consist of arts. 13–14 Trademark Law<sup>9</sup>, art. 5 Implementing Regulations of the Trademark Law<sup>10</sup>, Regulations of the State Administration for Industry and Commerce regarding the Establishment and Protection of Well-Known Trademarks<sup>11</sup> (hereinafter: Regulations regarding Well-Known Trademarks) and some judicial Interpretations of the SPC. The most important among them are the Interpretation of the SPC regarding the Application of Law to the Trial of Civil Trademark Disputes (hereinafter: Judicial Interpretation

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8 Passed by the General Assembly of the WIPO and the Assembly of the Paris Convention for the Protection of Industrial Property at the 34<sup>th</sup> Convention of the General Assembly of the WIPO member states from 20–29 September 1999.

9 The Chinese title: 商标法, promulgated on 23 August 1982, amended on 27 October 2001 for the second time. English translation: <http://www.cpahkld.com/EN/static/20100316155801657246.html>.

10 The Chinese title: 商标法实施条例, promulgated by the Chinese State Council on 3 August 2002, effective on 15 September 2002; English translation: <http://www.cpahkld.com/EN/static/20100316155957123250.html>.

11 The Chinese title: 驰名商标认定和保护规定, promulgated by the SAIC on 17 April 2003, effective on 1 June 2003.

on Trademarks 2002)<sup>12</sup> and the Interpretation of the SPC on several Issues concerning the Application of Law to the Trial of Civil Disputes over the Protection of Well-known Trademarks (hereinafter: Judicial Interpretation on Well-know Trademarks 2009).<sup>13</sup> Equally important are the Trademark Examination and Adjudication Guidelines issued by the TMB and TRAB.<sup>14</sup>

## B. Definition

The Trademark Law does not provide a legal definition for the term well-known trademark. In the Judicial Interpretation on Well-Known Trademarks, the well-known trademark is described as a trademark that is widely well-known to the relevant public *in China*.<sup>15</sup> *This interpretation differs from the definition in the Regulations regarding Well-Known Trademarks of the TMB<sup>16</sup>, which requires not only the perception of the relevant public but also the reputation of the trademark. The SPC justifies the deletion of the reputation requirement with the argument that this would better comply with the Paris Convention and the TRIPS.<sup>17</sup> The scope of the relevant public is defined as consumers of the type of goods/services to which the trademark at issue applies, businesses that manufacture or distribute these goods/services,<sup>18</sup> and sales personnel dealing with these goods/services.<sup>19</sup> This interpretation of relevant public is a replication of article 2 of the WIPO Joint Recommendation.*

12 The Chinese title: 最高人民法院关于审理商标民事纠纷案件适用法律若干问题的解释, promulgated on 12 October 2001, effective on 16 October 2002; English translation: <http://www.cpahklt.com/EN/static/20100316160024280251.html>.

13 The Chinese title: 最高人民法院关于审理涉及驰名商标保护的民事纠纷案件适用法律若干问题的解释, promulgated on 23 April 2009, effective on 1 May 2009. English translation: <http://www.cpahklt.com/UploadFiles/20100316160403610.pdf>.

14 The Chinese title: 商标审查审理标准, the latest version from December 2005.

15 Art. 1 Judicial Interpretation on Well-Known Trademarks.

16 Art. 2 para. 1 Regulations regarding Well-Known Trademarks.

17 Press conference of the SPC about the hearing of cases of Well-Known Trademarks (最高法院负责人就审理驰名商标纠纷案的释解答问) dated 29 April 2009 <http://www.chinacourt.org/html/article/200904/27/354615.shtml>.

18 Unless otherwise stated, the term “goods” includes services.

19 Art. 2 Regulations regarding Well-Known Trademarks; see also art. 8 Judicial Interpretation on Trademark Disputes 2002.

### III. Factors for the Recognition of Well-Known Trademarks

Despite the large number of well-known trademarks, foreign right holders often have the impression that it takes significant efforts to have their marks recognized as well-known, in particular with respect to Chinese translations of their marks. In the published cases, foreign right holders failed to obtain the recognition of their trademarks as well-known due to insufficient evidence or violation of evidence rules.

For the establishment of a well-known trademark, the following factors are to be considered<sup>20</sup>: (1) Popularity among the relevant public. In case law to date, generally no proof of the quantitative degree of popularity is required. Courts treat public opinion surveys rather with doubt.<sup>21</sup> Among the cases mentioned below, only in the case “LV” the judgment makes a reference to a public opinion survey. (2) Duration of the use of the trademark. It is accepted that a trademark that has not been used for three consecutive years cannot be established as well-known.<sup>22</sup> In the year 2000, the “Ikea” trademark, which was registered in China in 1983, was declared not yet well-known. This is because it was not until 1998 that the first affiliates of Ikea were opened in China and the contested domain name had already been registered by the defendant in 1997. (3) Duration, intensity, and geographic scope of advertising or publicity for the trademark. (4) Recognition of the trademark as well-known in China and other countries. To this extent, this factor still constitutes an incentive to obtain the status of well-known trademark through frivolous lawsuits. (5) Factors such as production amount, sales volume, income, revenues and taxes as well as distribution districts. (6) Distinctiveness of the trademark.

These factors are not required to be cumulatively present.<sup>23</sup> The concrete requirements on the evidence are regulated in the Second Part, Section 1, 3.3 of the Trademark Examination and Adjudication Guidelines.

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20 Art. 14 Trademark Law and art. 3, 11 Regulations regarding Well-Known Trademarks.

21 IP Tribunal of Beijing No. 1 Intermediate People’s Court, Issues in the Judicial Protection of Well-Known Marks and Coping Strategies to Address Them, China Trademark & Patent 2008, No. 1, 71.

22 IP Tribunal of Beijing No. 1 Intermediate People’s Court (supra n. 21), 72.

23 Art. 4 Judicial Interpretation on Well-Known Trademarks.

If the establishment of well-known trademarks in a proceeding before the TMB or the TRAB is rejected, the trademark owner is not allowed to apply for a new determination based on the same facts and grounds within one year. For particularly famous trademarks that are known not only to the relevant public, but to the general public, the court can establish the popularity of the trademark, if the trademark owner produces basic evidence or the defendant does not raise objection.<sup>24</sup> However, the SPC did not clarify what evidence is regarded as basic evidence.

In their practice, it appears that the courts normally consider media coverage, revenues, expenses for advertisement and product ranking as important indicators for the reputation of trademark. For a foreign right holder the real hurdle often lies in the production of evidence showing high recognition of his mark in China at the time when the third party filed the contested mark.

In four recent cases – “Airbus”<sup>25</sup>, “Merck Eurolab”<sup>26</sup> and “美能达”<sup>27</sup> (Mei Neng Da – the Chinese translation of Minolta), and “古奇” (Gu Qi)<sup>28</sup> –, the recognition of well-known trademarks was rejected for the failure of discharging the duty of proof. For instance, in “Airbus v. TRAB”, a third party applied for the word-image-mark “空中客车AIRBUS” (which contains four Chinese characters of the Chinese translation of Airbus) for its food products in July 1998. The Beijing Intermediate Court No. 1 ruled that Airbus failed to prove that when the third party filed its trademark application, Airbus was already a well-known trademark.

In two other recent cases, “Heineken”<sup>29</sup> and “Lacoste v. TRAB”<sup>30</sup>, the courts held evidence on the reputation of marks as inadmissible and thereby denied their well-known nature. As a rule of evidence, a plaintiff is barred from submitting evidence that he failed to timely submit in the opposition proceeding in the subsequent administrative action against the TRAB. This rule does not apply if the failure to timely sub-

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24 Art. 8 Judicial Interpretation on Well-Known Trademarks.

25 Judgment of Beijing Intermediate Court No. 1 dated 23 June 2009.

26 Judgment of the Beijing Intermediate Court No. 1 dated 18 November 2010.

27 Judgment of the Beijing Intermediate Court No. 1 dated 16 June 2009.

28 Judgment of the Beijing Intermediate Court No. 1 dated 23 June 2009.

29 Judgment of the Beijing High Court dated 20 June 2004.

30 Judgment of the Beijing High Court dated 20 March 2009.

mit evidence is caused by the defendant. In the case *TRAB v. BMW*<sup>31</sup>, the Duotian Co. Ltd. filed an application for a word mark “BMW” in the class 11 for cooking stove and boiler on 22 March 1996. BMW initiated an opposition proceeding against this trademark application based on its word mark “BMW” and the image mark “BMW” both filed on 24 June 1986 for the class 12. The TMB dismissed this application for opposition on the ground that BMW neither produced evidence for the publicity of the mark “BMW” in general nor evidence for the publicity of the marks in the class 11. In the legal action against the TRAB, BMW put forward the argument that BMW has an international trademark filed on 22 December 1995, which has been extended to China and covers the class 11. Only due to a failure of the TMB, this registration in the class 11 was not correctly documented so that the TMB did not consider this trademark during its search for marks similar to Duotian’s mark.<sup>32</sup> Beijing High Court upheld the decision of the first instance and admitted the new evidence.

#### IV. The Extended Scope of Protection for Well-Known Trademarks (art. 13 Trademark Law)

##### A. Common Trademark Protection

The ordinary scope of protection for trademarks is defined on the one hand by the *filed* (not the actually used) trademark, and on the other by the *claimed* (not the actually used) goods/service class. Hence, the use of an identical or similar trademark for the same or similar goods without the consent of the trademark owner is normally prohibited.

Similarity of trademarks is judged by the perception of the relevant public.<sup>33</sup> The general attentiveness of the relevant public is especially important; the two trademarks are opposed to each other in their entirety and in their major parts; originality and popularity of the trademark are to be considered as well.<sup>34</sup>

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31 Judgment of the Beijing High Court dated 26 May 2009.

32 It is to note the TMB conducts a substantive search for identical and similar marks *ex officio*; for details see below V 1.

33 Art. 9 para. 2 Judicial Interpretation on Trademark Disputes 2002.

34 Art. 10 Judicial Interpretation on Trademark Disputes 2002.

Similarity of goods exists if the goods are identical with respect to function, purpose, manufacturer, sales channel and consumer target group or the relevant public generally assumes that there is a special relation between the trademarks or mistakes them. The trademark classification can be drawn on but has no binding effect.<sup>35</sup> However, the TMB normally treats goods belonging to the same subgroup as similar.

## **B. The Scope of Protection for Unregistered Well-Known Trademarks**

An unregistered well-known mark is protected against unauthorized duplication, imitation or translation in its entirety or of its major part on identical or similar goods or services, which causes confusion among the relevant public, even without registration.<sup>36</sup> “Cause confusion” (引起混淆) means that the trademark of the defendant is suitable to cause the relevant public to mistake the origin of the plaintiff’s and the defendant’s products or cause the relevant public to believe that there be a certain relationship between the businesses using the plaintiff’s trademark and the trademark of the defendant, such as licensing or affiliation.<sup>37</sup> The issue of confusion is a matter of law, not a matter of fact. That is why it is only to be determined whether the confusion is likely and not if it indeed occurs. Relevant factors are for instance similarity of marks, distinctiveness and popularity of the prior trademark as well as the connection between the goods the marks are applied to.<sup>38</sup> A positive example of a not registered trademark recognized as well-known is the Chinese translation of “Sotheby’s”, negative examples are the Chinese translations of “Viagra”, “Bloomberg” and “Dell”.

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35 Art. 12 Judicial Interpretation on Trademark Disputes 2002.

36 Art. 13 para. 1 Trademark Law.

37 Art. 9 para. 1 Judicial Interpretation on Well-Known Trademarks; Part II, Section 1, 5.1 (2) Trademark Examination and Adjudication Guidelines.

38 Part II, Section 1, 5.1.3 Trademark Examination and Adjudication Guidelines.

### C. The Scope of Protection for Registered Well-Known Trademarks

If a trademark is recognized as well-known and has also been registered in China, it enjoys a more expanded legal protection than ordinary registered trademarks. However, by statutory provisions Chinese trademark law does not adopt the doctrine of dilution. The trademark owner may prevent the use of the trademark on non-similar goods/services or as a trade name (previously also as a domain name), if it is misleading for the public and, as a result, may cause damage to the trademark owner (art. 13 para. 2 Trademark Law). “Misleading” (误导) means that the use of the trademark on a third party’s product makes the relevant public assume that a certain association exists between the trademark owner and the third party.<sup>39</sup> In comparison to confusion, the requirements for misleading are lower,<sup>40</sup> since even if the relevant public knew the difference between both trademarks so that their confusion is impossible, it could be misled by the association.

In 2009 the SPC seemingly attempted to introduce the doctrine of dilution under the current trademark regime in China. According to art. 9 para. 2 Judicial Interpretation on Well-Known Trademarks, “cause damage to the trademark owner” means that the distinctiveness of the trademark may be diminished or the reputation of the trademark may be undermined<sup>41</sup> or the third party unjustifiably takes advantage of the reputation of the trademark. This wording is a replication of the WIPO Joint Recommendation. The SPC’s attempt is however deemed a failure, because misleading remains nonetheless a necessary requirement for the trademark owner to claim legal protection.

Case law on the issue of dilution is so far inconsistent. Apart from a very small number of judgments such as “LV” and “Yi Li”, the judiciary tends to adhere to the statutory provision and reject dilution claims. In the “LV” case<sup>42</sup>, the defendant produced pads with the letters of the LV-logo for car seats and sold them at a regular price, i.e. not for the price

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39 Art. 9 para. 2 Judicial Interpretation on Well-Known Trademarks.

40 IP Tribunal of Beijing No. 1 Intermediate People’s Court (supra n. 21), 66, 75.

41 Literally the Chinese term “市场声誉” means market reputation.

42 Louis Vuitton Malletier v. Shenzhen Jiangxing Industries Co. Ltd., Judgment of Shenzhen Intermediate Court dated 31 October 2006.



of design goods so that any misleading could be excluded. Nonetheless, the court determined it as an infringement without further arguments.

In legal writings, a differentiation between well-known (驰名) and famous (著名) trademarks is advocated, whereby the latter should be granted a general protection from dilution.<sup>43</sup>

In other cases of cross-class protection claims, art. 10 Judicial Interpretation on Well-Known Trademarks requires courts to consider factors such as the distinctiveness of the well-known trademark, the reputation of the well-known trademark of goods among the relevant public being in contact with the contested trademark or contested trade name, as well as the connection between the goods on which the well-known trademark is registered and those to which the contested trademark or trade name is applied. In “Gucci”, the TMB denied the cross-class protection by excluding the risk of misleading between goods in the classes 18, 25 and the class 3 due to the difference in sales channels, function and purpose of the products. The same line of arguments was followed in “Airbus”, where the court ruled that the defendant’s trademark was used for food products that obviously are different from airplane products and a risk of confusion can be excluded. In “Merck v. TRAB”, the Beijing Intermediate Court No. 1 dismissed the issue of well-known trademark with the argument that no risk of misleading was present because of the remote connection between shoes for which the defendant’s mark was registered and medicines for which the plaintiff’s mark was registered.

## V. Competence for the Determination of Well-Known Trademarks

In China, not only the court, but the TMB and the TRAB may also determine well-known trademarks, depending on the proceeding in which the trademark owner makes such a request. The risk of misuse in the administrative determination is manageable, since it is centralized with the TMB and the TRAB. By contrast, until recently every Intermediate Court could determine well-known trademarks so that the number of

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43 WANG ZHENGFA, Alienation of Well-Known Marks and Regulation Thereof, China Patent & Trademark 2009, No. 1, 77, 79.

the judicially determined trademarks had grown explosively, although the judiciary had obtained this competence only since 2001.<sup>44</sup>

### A. The Opposition Proceeding and Subsequent Appeal Proceedings

Trademark applications in China have to pass the preliminary review by the TMB. The TMB examines *ex officio* whether the trademark filed is distinctive and dissimilar with existing marks on identical or similar goods. If there is no identical or similar trademark, the trademark filing will be published; otherwise the application will be rejected. If within three months upon publication no one raises objections, the trademark will be registered according to art. 30 Trademark Law and the trademark owner will receive a legal certificate.<sup>45</sup>

If the trademark owner claims the status of well-known trademark in an opposition proceeding against a third party's trademark filing, the TMB is competent for the determination of the popularity of this trademark. Against the decision of rejection of an application or a decision rendered in an opposition proceeding, the losing party may apply for a re-examination with the TRAB within 15 days upon receipt of the notification. In this re-examination proceeding the TRAB may examine the TMB's decision on well-known trademarks. According to art. 32 para. 2 Trademark Law, it is possible to appeal against the TRAB's decisions with the Beijing Intermediate Court No. 1 within 30 days after receiving a notification. Against judgments of Beijing Intermediate Court No. 1, it is possible to appeal to the Beijing High Court.

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44 The legal basis is art. 6 of the Judicial Interpretation of the SPC on the Application of Law in the Trial of Civil Disputes Involving Internet Domain Names (最高人民法院关于审理涉及计算机网络域名民事纠纷案件适用法律若干问题的解释), promulgated on 17 July 2001 and effective on 24 July 2001. English translation: [http://www.wipo.int/wipolex/en/text.jsp?file\\_id=198847](http://www.wipo.int/wipolex/en/text.jsp?file_id=198847).

45 Because of this substantive examination and understaffing of the TMB, the registration takes significantly longer in China. Therefore it is discussed whether the preliminary review should be abolished with the amendment of the Trademark Law. The TMB hosts an online system <http://sbj.saic.gov.cn> free of charge for the search of registered trademarks and pending trademark applications.

## B. The Revocation Proceeding

In the revocation proceeding, it is the TRAB that is responsible for the establishment of well-known trademarks. By contrast, the court has no original jurisdiction over the validity of a registered trademark. However, appeal is available against the TRAB's decision on revocation. The infringement of a well-known trademark is a relative revocation ground.<sup>46</sup> Generally speaking, the plaintiff has to apply for trademark revocation with the TRAB within five years from the registration of the infringing trademark.<sup>47</sup> This five year period does not apply if the trademark was filed in bad faith and the trademark being infringed upon was a well-known trademark. Bad faith means that the defendant has actual or constructive knowledge of the existence of the prior mark either through business relationship, geographic proximity, legal disputes or employment relationship. Further indications of bad faith are blackmailing by the applicant in bad faith or the distinctiveness of the prior mark.<sup>48</sup>

So far, there is no case of revocation of an already registered trademark on the ground of the protection of well-known trademarks. That is because owners of well-known trademarks raise objections against the registrability of colliding signs already in the opposition proceedings or in the subsequent appeal proceedings. The registered trademarks are already pre-filtered regarding their registrability. In the "Wal-Mart" case<sup>49</sup> the Chinese translation of "Wal-Mart" – "沃尔玛" (Wo Er Ma) was registered in 1996 but not in the class 11 (lamps), in which a third party had successfully registered the same signs. The revocation in this case was rejected, because the popularity of the sign "沃尔玛" could not be proven at the time of the trademark filing by the third party (i.e. not at the time of the subsequent registration). This results in the situation where both Wal-Mart and the third party may prohibit the use of this

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46 The grounds for revocation that are absolute and indefinite are the lack of the prerequisites of protectability and the preemptive trademark registration by fraud or other unfair methods.

47 Art. 41 para. 2 Trademark Law.

48 Part II, Section 1, 8.5 and 8.6 Trademark Examination and Adjudication Guidelines.

49 Wal-Mart v. Tong Xiaojun et al., [http://www.cta315.com/fa\\_gui\\_veve.asp?infor\\_id=10998&class1\\_id=13](http://www.cta315.com/fa_gui_veve.asp?infor_id=10998&class1_id=13).

trademark on products of the goods in class 11<sup>50</sup> if Wal-Mart gains the status of a well-known trademark at a later time.

### C. Administrative Enforcement Proceedings

As previously (and repeatedly) reported, China provides a dual track system of enforcing IP rights. With regard to the trademark law, the Administration for Industry and Commerce (AIC) may order cessation of the infringement act and destruction of infringing products as well as impose administrative fines. As to well-known trademarks, a trademark owner may request the local AIC to stop the infringement, if his trademark is allegedly well-known and used without authorization. The local AIC cannot decide directly on this matter but can only forward the application – at its discretion – to the higher AICs or the TMB.<sup>51</sup>

In order to tighten the control over the determination proceedings and to standardize the procedures, the SAIC has passed Rules for the Work of Determination of Well-Known Trademarks on 21 April 2009.<sup>52</sup> A new commission for the determination of well-known trademarks was formed in April 2009. It decides internally based on the pre-examination by the TMB and the TRAB on well-known trademarks. The decision is subject to approval by the presidential conference of the TMB.

### D. Injunctive Actions and Damage Actions

Courts are allowed to determine whether a trademark is well-known in pending litigations over injunctions or damages if the parties file a motion or if this turns out to be crucial in the course of litigation.<sup>53</sup> Although every ordinary Intermediate Court has jurisdiction over trademark disputes (countrywide 369 intermediate courts in total), only Intermediate Courts in the province capital cities and five further mu-

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50 IP Tribunal of Beijing No. 1 Intermediate People's Court (supra n. 21), 74.

51 Arts. 5–6 Regulations regarding Well-Known Trademarks.

52 国家工商行政管理总局驰名商标认定工作细则, promulgated and effective on 21 April 2009.

53 Art. 22 para. 1 Judicial Interpretation on Trademark Disputes 2002.

nicipalities may decide on well-known trademark cases.<sup>54</sup> From 1 January 2009 other Intermediate Courts are allowed to adjudicate this type of cases only with the SPC's authorization. The restriction of the jurisdiction was introduced with the aim to prevent local courts, under circumstances prone to corruption and lacking sufficient expertise, from leniently determining a trademark as well-known, which has happened often in the past. The judicial establishment is also preferred because of the short duration. A trademark can be established as well-known within six months, if no appeal is raised, whereas the administrative proceedings normally last three years.

How to practically handle this amendment is not quite clear yet, because it is possible that, at the time of lodging a lawsuit, parties are not aware of the issue of well-known trademarks. If the issue of well-known trademarks is pending before a court that has no jurisdiction, a likely solution is requiring the court to forward the case to a senior court.

The jurisdiction of courts has been extended from 1 May 2009 onwards in one aspect: courts may prohibit the use of a registered trademark if a duplication or imitation of a well-known trademark has been identified. Previously, in such a case the court had to refer the parties to the TRAB.<sup>55</sup> The court could generally not prohibit the use of a registered trademark by its owner before the trademark registration had been revoked by the TRAB. In practice, the question often does not involve the prohibition of the use of a trademark in its original registered form, but rather the prohibition of the use of a trademark in a modified form, for example the use of separate parts of a word-image mark that is similar to another registered word or image mark.

According to this new rule, the prohibition of a trademark is not allowed if the five year period has expired or at the time of filing of the disputed trademark the well-known trademark was not yet well-known.<sup>56</sup> In the

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54 Notice of the SPC concerning the Jurisdiction over Civil Disputes Involving the Establishment of Well-Known Trademarks (最高人民法院关于涉及驰名商标认定的民事纠纷案件管辖问题的通知), promulgated and effective on 5 January 2009.

55 Art. 1 para. 2 Provisions of the SPC concerning some Issues in the Trial of Civil Disputes over the Conflict between Registered Trademarks, Enterprise Names and other Prior Rights (最高人民法院关于审理注册商标、企业名称与在先权利冲突的民事纠纷案件若干问题的规定), promulgated on 2 February 2008 and effective on 1 March 2008.

56 Art. 11 Judicial Interpretation on Well-Known Trademarks.

“Logitec” case<sup>57</sup>, the period was interrupted according to the court because the trademark owner had filed a complaint with the AIC. In this case the word trademark “罗技” (*Luo Ji*) was registered in 1999 for the class 9 (computer programs, accessories). The defendant “广州市罗技电子有限公司” (Guangzhou *Luo Ji* Electronics Co. Ltd.) was founded in 2000 and distributes among others keyboards and mice.

### E. Statistics on Established Well-Known Trademarks

	Before 2005	2005	2006	1.2007–9.2007	10.2007–3.2008	4.2008–4.2009	4.2009–1.2010	2.2010–10.2010
In opposition proceedings	around 450	15	149	16	33	22	21	11
In administrative enforcement proceedings		136		130	136	277	293	217
In administrative re-examination and revocation proceedings		26	31	51	59	91	72	68
By the judiciary	71 (7.2001–10.2005)	Around 130 until May 2007 <sup>1</sup>			–	–	–	–

Statistically, the established well-known trademarks can be gathered in the following table, which however does not contain exclusively exact data.<sup>59</sup> By contrast, between 1985 and 1996, there were 20 well-known trademarks that were established in total.

57 Suzhou Luo Ji Electronics Co. Ltd. v. Guangzhou Luo Ji Electronics Co. Ltd., Judgment of Jiangsu High Court dated 17 October 2006.

58 Interview with the Chamber of Intellectual Property of the SPC on the Judicial Protection of Well-Known Trademarks (最高人民法院知识产权庭就驰名商标司法保护问题答记者) at: <http://www.lawyerg.com/dy/zhishi/ShowArticle.asp?ArticleID=1205>.

59 Most data are announcements of the TMB on the official website: <http://sbj.saic.gov.cn/>.

## VI. Permissibility of the Determination of Well-Known Trademarks

### A. No Abstract Establishment

Since the Regulations regarding Well-Known Trademarks have been passed in 2003, it is no longer allowed to apply for an abstract recognition in the absence of a real dispute. In the past, while this used to be permissible, the TMB established a great number of well-known trademarks.

The recognition by courts is only allowed in specific cases of infringement as well. Furthermore, judicial recognition is permitted only if the ground for liability depends on the outcome of a case. This means that the court has to refrain from determining whether a trademark is well-known if the liability for infringement is to be rejected, even if the trademark was well-known, for the reason that another prerequisite for liability is not fulfilled.<sup>60</sup>

### B. In a Conflict between a Trademark and a Domain Name

Previously, some trademarks (e.g. “DuPont”<sup>61</sup> and “Rolex”<sup>62</sup>) that had been affected in a conflict between a trademark and a domain name were established as well-known. Since the Judicial Interpretation on Domain Name Disputes has been promulgated in 2001<sup>63</sup>, the recognition of well-known trademarks is regarded as dispensable in the following case: if a third party registers a trademark that is identical with or similar to a prior registered trademark as a domain name and thereby causes confusion to the relevant public. This constitutes a violation of the general clause of the Anti-Unfair Competition Law<sup>64</sup>, even if the trade-

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60 Art. 3 para. 2 Judicial Interpretation on Well-Known Trademarks.

61 Dupont v. Guo Wang Beijing Information System Co. Ltd., Judgment of Beijing High Court dated 15 November 2001.

62 Rolex v. Guo Wang Beijing Information System Co. Ltd., Judgment of Beijing Intermediate Court No. 2 dated 20 September 2001.

63 Supra n. 44.

64 The Chinese title: 反不正当竞争法, promulgated and effective on 2 September 1993; English translation: [http://www.wipo.int/wipolex/en/text.jsp?file\\_id=125969](http://www.wipo.int/wipolex/en/text.jsp?file_id=125969).

mark is not well-known, as long as bad faith of the registration can be proven. The reputation of a trademark just makes it easier for the trademark owner to prove bad faith because bad faith is legally presumed if a third party registers a well-known trademark for commercial purposes.<sup>65</sup>

Apart from this assumption of bad faith, there are other situations in which bad faith is presumed: (1) cases in which the defendant registers and uses a domain name that is identical with or similar to the registered trademark or domain name of the plaintiff and intends to cause consumer confusion; (2) cases in which the defendant offers the domain name for sale, for rent or for another act of disposal at unreasonably high price to enrich himself unfairly; (3) cases in which the defendant neither uses nor intends to use the domain name and blocks the use by the plaintiff. Therefore, in the “Ikea”<sup>66</sup> case, the defendant had been ordered to give up the domain name “www.ikea.com.cn”, although the reputation of the trademark could not be proven.<sup>67</sup>

According to art. 3 para. 2 in conjunction with art. 3 para. 1 subpara. 1 of the Judicial Interpretation of Well-Known Trademarks, courts are to refrain from determining a trademark as well-known, if the defendant registers/uses the domain name that is identical with or similar to a registered trademark, and operates e-commerce with corresponding goods under this domain name, which misleads (误认) the public as a result. This already constitutes an ordinary trademark infringement according to art. 1 subpara. 3 of the Trademark Interpretation 2002.

### C. In a Conflict between a Trademark and a Trade Name

The legal situation in a conflict between a trade name and a trademark is the most complicated one. Regarding the different modalities of registration, such conflicts are barely avoidable. Trademarks are namely registered by the TMB on a national level, whereas trade names are examined and registered by the local AIC on a local level. In order to avoid conflicts, the founders of private limited companies or companies lim-

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65 Art. 5 para. 1 subpara. 1 Judicial Interpretation on Domain Name Disputes.

66 Ikea vs. Guo Wang Beijing Information System Co. Ltd., Judgment of Beijing High Court dated 15 November 2001.

67 Art. 5 para. 1 subpara. 2–4 Judicial Interpretation on Domain Name Disputes.



ited by shares as well as foreign invested enterprises primarily have to verify and pre-register their contemplated trade names with the responsible AIC.<sup>68</sup> Whether a right holder has to rely on the establishment of the trademark as well-known usually depends on whether the trademark or the trade name was registered first. Moreover, it has to be distinguished between the use of a trade name as a part of a company name and the highlighted use of the trade name to label the offered goods/services. The latter use of trade names is regarded as trademark infringement, if the trade name is identical or similar to the trademark and is used in the same business branch.<sup>69</sup>

### 1. *Provisions on Normal Trademarks*

If a registered mark and trade name lead to confusion regarding their owners among the relevant public because of their identity or similarity, it has to be decided according to the general clause of the Anti-Unfair Competition Law and the first-to-file principle who is permitted to continue using the sign.<sup>70</sup> Accordingly, a trademark owner can demand revocation of a trade name only when the trademark was filed prior to the trade name and the registration and use of the trade name are in bad faith. On the other hand, a trade name owner can demand revocation of a trademark only when the trade name was registered first (the registration date is prior to the filing date of the trademark) and is well-known among the relevant public, as well as there is a risk of confusion in the use of the trademark.<sup>71</sup> In these cases the reputation of a trademark is

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68 Art. 17 of the Regulations on the Administration of the Registration of Enterprise Names (企业名称登记管理规定), promulgated by the SAIC on 22 July 1991, effective on 1 September 1991 and art. 22 of the Implementation Methods to Administrate the Registration of Enterprise Names (企业名称登记管理实施办法), promulgated by the SAIC on 8 December 1999, amended and effective on 1 July 2004.

69 Art. 1 subpara. 1 Judicial Interpretation on Trademark Disputes 2002.

70 Art. 6 of the Statement of the SAIC concerning some Issues to solve the Conflict between Trademarks and Enterprise Names (解决商标与企业名称中的若干问题的意见), promulgated by the SAIC on 5 April 1999, effective on 5 April 1999.

71 Part. II, section 3, 2.2.2 Trademark Examination and Adjudication Guidelines; according to that, evidences for the likelihood of confusion include the originality and the popularity of an enterprise as well as the identity or the similarity of the goods.

not a prerequisite for tortious liability, but can only help produce evidence of bad faith.

In this connection, two Starbucks cases need to be mentioned. The Chinese translation of “Starbucks” – “星巴克” (*Xing Ba Ke*) – was registered on 28 December 1999 in China in the class 35 and on 21 February 2000 and 28 February 2000 in the class 42 (restaurant, café) and class 30 (coffee) respectively. In the first case<sup>72</sup>, the company “上海星巴克咖啡馆有限公司 (Shanghai *Xing Ba Ke* Café Co. Ltd.)” received the pre-registered trade name on 20 October 1999 and was incorporated on 9 March 2000. The company opened a café on 1 August 2003. In this case, both instances declared the trademark “星巴克” for well-known. In the second case<sup>73</sup>, on Starbucks against “青岛星巴克咖啡餐饮有限公司 (Qingdao *Xing Ba Ke* Coffee and Food/Beverage Co. Ltd.)”, which was incorporated on 23 October 2003, the recognition of the well-known trademark was denied with reference to the lack of relevance for the result of the dispute. Today, the SPC would consider the second decision correct, since the establishment of the trademark “Starbucks” and “星巴克” as well-known is irrelevant for the determination of liability.

## 2. *Provisions on Well-Known Trademarks*

For a well-known trademark that was registered prior to the trade name and was already well-known at the time when the trade name was registered, the scope of protection is extended to demand revocation of the trade name where the trade name is used on identical or similar goods/services, or, if it is not used on identical or similar goods/services, where there is a risk of misleading (compare below “Swarovski” and “Dell”).<sup>74</sup> If a trade name is registered earlier than the filing date of the trademark or the trademark is not yet registered, the trademark owner may nonetheless prohibit the use of the trade name in its ordinary use if the trademark is recognized as a well-known trademark or as a trademark that has gained a secondary meaning (compare below “Sotheby’s” and “Bloomberg”).

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72 Starbucks v. Shanghai Xing Ba Ke Café Co. Ltd., Judgment of Shanghai High Court dated 20 December 2006.

73 Starbucks v. Qingdao Xing Ba Ke Coffee and Food/Beverage Co. Ltd., Judgment of Shandong High Court dated 5 July 2007.

74 Art. 53 Implementing Regulations of the Trademark Law.

In the “Swarovski” case<sup>75</sup>, the plaintiff in China received in 1987 the registration for the word mark “Swarovski” and in 1989 for the word mark on the Chinese translation “施华洛世奇” (*Shi Hua Luo Shi Qi*) in the class 11 (jewels). The defendant “北京施华洛婚纱摄影有限公司” (Beijing *Shi Hua Luo* Wedding Photography Co. Ltd.) was founded in October 2006 in Beijing and used “Swarovski” as well as “施华洛” in its publicity for wedding dresses and pictures and the domain name <www.swarov.com.cn>. In both the first and appellate instance, “Swarovski” and “施华洛世奇” were established as well-known and the revocation of the trade name and the domain name were ordered.

In the “Dell” case<sup>76</sup>, the defendant – a language school – had registered a word mark that consisted among others of the Chinese translation of “Dell” – “戴尔” (*Dai Er*) in the class 41 (education) and since 2001 used this sign in the company name “海淀区戴尔培训学校” (Beijing Haidian District *Dai Er* Training School). In the view of the court, this use did not constitute an infringement of the trademark “戴尔” of the plaintiff, which was registered in 1999 in the class 9 (computers), because at the time of registration of the trade name the trademark of the plaintiff was not yet well-known.

In the “Sotheby’s” case, the company “四川苏富比拍卖有限公司 (Sichuan *Su Fu Bi* Auction Ltd.)” was founded on 5 December 2003. The trade name “苏富比” (*Su Fu Bi*) is identical to the Chinese translation of the original sign “Sotheby’s”, which was filed as a trademark in China in 2006 and was not yet registered at the time of the infringement action. The trademark “苏富比” was regarded as well-known in the first and second instance. On this ground, the use of the trade name (i.e. no revocation of the trade name) in connection with the auction activity and the corresponding publicity was prohibited.

In the “Bloomberg” case<sup>77</sup>, the two defendants were incorporated prior to the filing of the word marks “Bloomberg” and “彭博” (Peng Bo). The defendants were operating a financial consulting business and two signs in their trade names – i.e. “彭博” (Peng Bo) – were found very sim-

75 Swarovski AG v. Beijing Shi Hua Luo Wedding Fotos Co. Ltd., Judgment of the Beijing High Court dated 20 September 2008.

76 Dell Inc. vs. Beijing Haidian District *Dai Er* Training School, Judgment of Beijing Intermediate Court No. 1 dated 18 December 2006.

77 Bloomberg LLP v. Shanghai Peng Bo Financial Information Co. Ltd. et al., Judgment of Shanghai Pudong District Court dated 24 November 2006.

ilar to those of the Chinese translation of “Bloomberg” – “彭博”. The court denied the recognition of the trademark “彭博” as well-known, but nonetheless banned the use of the two signs “彭博” on products of the defendants because it constituted an infringement of the plaintiff’s trademarks. However, the defendants were allowed to continue using the trade name.

#### D. In a Conflict between Two Trademarks

In conflicts between trademarks the establishment of a trademark as well-known is permissible, if an unregistered trademark is concerned or if the extended trademark protection is required for non-identical or non-similar goods.<sup>78</sup> Until today, the establishment was denied in some of the published cases, because the ordinary trademark protection was sufficient. In the “Logitech” case e.g., the establishment of a well-known trademark conducted by the first instance was revoked by the appellate court on this ground.

In any case, the court is not allowed to establish an unregistered mark as well-known if it is a generic or descriptive term, or a common three-dimensional shape.<sup>79</sup> This provision is supposed to prevent a trademark, which is under normal circumstances not registrable for reasons such as violation of the Anti-Unfair Competition Law or lack of distinctiveness, from being protected through the back door of a well-known trademark.<sup>80</sup> This provision is based on the first case, in which an unregistered trademark of a *Chinese* right holder was established as well-known. In this case a trademark “Sour Sour Milk” (approximately “Yoghurt”) was regarded as well-known for one milk producer, although prior filings by multiple competitors for the same trademark were always denied by the TMB because of lack of distinctiveness.

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78 Art. 2 subpara. 1, 3 Judicial Interpretation on Well-Known Trademarks.

79 Art. 12 Judicial Interpretation on Well-Known Trademarks.

80 ZHONG HONGBO, Establishment Exceeding Empowerment: Doubts about the Court’s Establishment of “SUANSUANRU” as Well-Known Trademark, *China Patent & Trademark* 2007, No. 2, 71 et seqq.; LAM CEDRIC/WONG JANET, China’s latest push on well-known trademarks, <http://www.managingip.com/Article.aspx?ArticleID=1329567>.

## VII. Binding Effect of the Establishment of Well-Known Trademarks

If a trademark is recognized as well-known through administrative channels, the reputation of this trademark is no longer subject to review in later administrative proceedings, if the defendant does not raise objection or the defendant raises objection but fails to deliver counter-evidence on the reputation of the trademark and the claimed scope of protection remains the same.<sup>81</sup> However, this does not apply to the judicial recognition of a well-known mark. The judicial recognition of well-known trademarks is regarded as fact-finding. Additionally, the SPC requires that the court's finding as to whether a trademark is well-known is to be excluded from the disposition of a judgment.<sup>82</sup> In a later case, as long as the defendant raises objection, the prior establishment will be examined; it is irrelevant whether the establishment was conducted by a court or the TMB/TRAB.<sup>83</sup> Since the establishment of well-known trademarks is a fact, the SPC has excluded the normal evidence rule that an allegation is deemed proven if the other party does not raise any objection from being applied to the establishment of well-known trademarks.<sup>84</sup>

## VIII. Open Questions

### A. Popularity of the Original Trademark or of the Chinese Translation?

Art. 13 Trademark Law prohibits unauthorized trademark filing and use of Chinese translation of a foreign well-known trademark. However, the rule has never been applied so far. This means that a trademark owner is not allowed to prohibit the use of Chinese translation of the original trademark, if only the trademark in its original form is well-known. It is rather the Chinese translation that needs to be well-known,

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81 Art. 12 para. 2, 3 Regulations regarding Well-Known Trademarks.

82 Art. 13 Judicial Interpretation on Well-Known Trademarks.

83 Art. 7 para. 1 Interpretation on Well-Known Trademarks; art. 22 para. 3 Judicial Interpretation on Trademark Disputes 2002.

84 Art. 7 para. 2 Judicial Interpretation on Well-Known Trademarks.

especially if the foreign trademark owner has used multiple translations. This is because a foreign word may be translated into Chinese by various combinations of characters. In “Bloomberg”, the plaintiff lost the case because the popularity of the Chinese translation was not proven. In fact, the plaintiff had used for a long time the Chinese translation “布隆伯格” (*Bu Long Bo Ge*) instead of the contested “彭博” (*Peng Bo*) for “Bloomberg”. The court did not adjudicate the issue of whether the trademark “Bloomberg” was well-known. The same applies to the trademark “Viagra”<sup>85</sup>, which was translated into Chinese in different ways. Pfizer was denied the right on the translation “伟哥” (*Wei Ge*) because it had declared in a press release that “伟哥” was not its official translation of “Viagra”.

In the “古奇” (*Gu Qi*) case<sup>86</sup>, Gucci initiated, in 1998, an opposition proceeding against the trademark filing “古奇” by a garment manufacturer in the class 3 (cosmetics) based on Gucci’s registered trademarks in China “Gucci” and “古奇” in the class 18 (handbags) and 25 (garments). The TMB dismissed the opposition on the ground that “古奇” is not the sole translation for the mark “Gucci”. In fact, Gucci had used the translation “古驰” (*Gu Chi*) as well.

On the same ground, the owner of the “Ritz” trademark in class 43 (hotels) could only prevent the use of the English translation of the Chinese sign “丽池” (*Li Chi*) – “RITS” for saunas and fitness studios but not of the Chinese sign itself, because the official translation of “Ritz” consists of two completely different signs “雷茨” – (*Lei Chi*).<sup>87</sup> According to the Trademark Examination and Adjudication Guidelines not any Chinese translation of a well-known foreign trademark is protected, but only those that are firmly associated with the mark at issue and well-known to the relevant public and in addition, also used by the trademark owner.<sup>88</sup>

This principle also applies to ordinary trademarks. In the “Camoga” case, the Italian plaintiff used a registered Chinese trademark “Camoga” and one in April 2002 in China incorporated affiliate used the trade

85 Pfizer vs. Beijing New Concept Pharmacy, Judgment of Beijing High Court dated 3 March 2008.

86 Judgment of the Beijing Intermediate Court No. 1 dated 23 June 2009.

87 The Ritz Hotel vs. Shanghai Jingan Li Chi Business Hotel Co. Ltd., Judgment of Shanghai High Court dated 22 July 2008.

88 Part II, Section 1, 4.3. Trademark Examination and Adjudication Guidelines.

name “凯摩高” (*Kai Mo Gao*) that was however not registered as a trademark.<sup>89</sup> The defendant, which was incorporated in February 2006 and acting in the same business branch, used the same three signs as its trade name and “Camoga” as the English translation. The court ordered only the cessation of the use of the English translation but not of the Chinese trade name with the argument that “凯摩高” was not the only translation of “Camoga” and the connection between the “凯摩高” and “Camoga” was absent among the relevant public because of the lack of publicity.

## B. Trademarks Used Exclusively in the Media

In China foreign investments are forbidden in some industrial sectors. Accordingly, trademark owners cannot use their trademarks for business activities in these sectors. In the “Sotheby’s” case<sup>90</sup> the trademark owner could only open a representative office but not a real auction house. The court recognized nevertheless a well-known trademark as a result of the media coverage and advertisement. A use of the trademark in conjunction with the business activity is not a requirement for the establishment of a well-known trademark.<sup>91</sup> This corresponds to the general understanding of the trademark use. In China, a trademark may be cancelled<sup>92</sup> for non-use for three consecutive years without justifiable grounds.<sup>93</sup> However, the requirements imposed on the use of a

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89 WU MING, “Camago” and “Kai Mo Gao”: Judicial Protection for Translations of Trademarks, *China Trademark* 2009, No. 1, 48 et seqq.

90 *Sotheby’s Auction vs. Sichuan Sufubi Auction Limited*, Judgment of Beijing High Court dated 7 August 2008.

91 See IP Tribunal of Beijing No. 1 Intermediate People’s Court (*supra* n. 21), 72 for a different view.

92 A trademark may also be cancelled on other grounds, such as assignment of registered trademark without proper registration; for details WANG ZE, *Distinction between Trademark Right Cancellation and Invalidation Systems and Its Significance*, *China Patents & Trademarks* 2007, No. 4, 94–97.

93 Art. 44 subpara. 4 Trademark Law. The exception of justifiable grounds is not expressly stipulated in the Trademark Law, but in art. 39 Implementing Regulations of the Trademark Law. Force majeure, government restrictions and liquidation proceedings are listed as examples in Part II, Section 6, 5.4 of the Trademark Examination and Adjudication Guidelines.

trademark are lenient so far.<sup>94</sup> In most cases it suffices to sustain a registration in a particular class by publishing an advertisement in which the trademark is mentioned in association with that particular class of goods/services.

In the “Viagra” case, the popularity of the Chinese translation “伟哥” was denied, not only because this sign was not used for medicaments at the time of registration of the contested trademark, but also because no publicity for the distribution of the Chinese translation could be proven and Pfizer contested that “伟哥” was the correct translation, so that the media coverage by third persons on “伟哥” was regarded as irrelevant.

### C. Use in Taiwan, Hong Kong and Macau

Although Taiwan, Hong Kong and Macau have their own Trademark Laws, these regions are enclosed in the territory of the PRC, so that the question arises whether the use of a trademark in these regions plays a role for the establishment of a well-known trademark. In “Starbucks”, “Bloomberg” and “Viagra” the use of the trademark in Taiwan was submitted. The opinion on this issue appears to be clear: the use in other Chinese speaking regions is to be considered, but the use in mainland China is still decisive.

### D. Scope of Extended Protection

The question of the extended scope of protection for well-known trademarks remains disputable.<sup>95</sup> In “Porsche”<sup>96</sup>, the defendant used the signs “Tuning for Porsche Cayenne” and “精装保时捷” (*Jing Zhuang Bao Shi Jie*; literally: Upgraded Porsche) next to its own trademark in flyers, exposition halls and Porsche cars on exhibition. The first instance and the appellate instance decided that the Chinese translation of the trade-

94 LIU XIAOJUN, Exploring Tough Issues Related to Trademark Use Determination, China Patents & Trademarks 2007, No. 4, 77–78; YANG WEI, Making Oil from Honey – The Vagueness of Adjudication on Use of Trademark from the Case “GNC”, China Trademark 2007, No. 5, 54–55; Part II, Section 6, 5.3 of Trademark Examination and Adjudication Guidelines.

95 IP Tribunal of Beijing No. 1 Intermediate People’s Court (supra n. 21), 73.

96 Porsche v. Beijing TechArt Auto Sales and Maintenance Co. Ltd., Judgment of Beijing High Court dated 19 December 2008.



mark “Porsche” – “保时捷” (*Bao Shi Jie*) had already been classified as well-known for the class 11 (cars and car parts) in 2006 and the use of this trademark by the defendant was a trademark infringement, even if there is no similarity between auto tuning and products of the class 11. The courts dismissed the defense of fair use raised by the defendant. In practice, up to now only the use of trademarks in a descriptive text such as: “this store sells replacement parts for cars of the trademark xyz” is considered to be permissible.<sup>97</sup> In an announcement by the SAIC dated from 27 July 1995, the use of car marks on store signs and other noticeable places was explicitly forbidden.

The question of whether trademark parody is covered by the extended legal protection is discussed only rudimentarily. In the relevant case, a statue in the shape of an enlarged green arrow symbol on the package of the chewing gum trademark “Wrigley” was depicted as a symbol for litter.<sup>98</sup> Because a risk of misleading is unlikely, under existing law the trademark owner may not claim protection based on art. 13 para. 2 Trademark Law.

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97 Art. 2 of the Notice of the SAIC concerning the Prohibition of Unauthorized Use of Deposited Foreign Trademarks in Spare-Stores for Cars and Car Service Centers (国家工商行政管理局关于禁止汽车零部件销售商店, 汽车维修站点擅自使用他人注册商标的通知).

98 LI ZONGHUI, Legal Thoughts on Well-Known Trademarks as a Resource for Creative Work, *China Trademark* 2009, No. 4, 33 et seqq.

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