

Judicial Interpretation Concerning Well Known Marks in China



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Tingxi Huo briefly explains the key points of the Supreme Court's most recent judicial interpretation concerning the protection of well known marks in China.

On April 26, 2009, the Supreme Court released The Interpretation Concerning the Laws Applicable to the Protection of Well Known Marks in Civil Cases (the "Interpretation"), which subsequently came into effect on May 1, 2009.

The Interpretation sets out 14 Rules concerning well known marks that must be followed by lower courts. The rules primarily relate to the definition, applicable scope, factors to be recognized, burden of proof, and protection requirements. By way of these rules the Supreme Court aims to standardize the procedures relating to the judicial recognition of well known marks, clarify the applicable conditions and scope, and enhance protection of well known marks in civil cases.

The Interpretation confirms the legal definition of "well known mark" provided by the State Administration for Industry and Commerce (SAIC) in 2003. Pursuant to Rule 1, a well known mark refers to a mark that is widely known to the relevant public [inside the Chinese territory](#). For the purposes of this Interpretation, the Chinese territory does not automatically include Taiwan, Hong Kong, or Macau, because separate legal systems apply in those territories.

In accordance with Rule 2 of the Interpretation, the courts must recognize well known marks in the following three types of cases:

1. Trademark infringement of a well known but unregistered mark in respect of similar or identical goods or services, or a well known and registered mark in respect of dissimilar goods or services;
2. Trademark infringement or unfair competition cases where a corporate name is similar or identical to a well known mark; and
3. Trademark infringement cases where a defendant, who is the rightful owner of a well known mark that is unregistered, counter claims infringement against a plaintiff that has inequitably obtained trademark protection for the mark (this is reiterated in Rule 6).

Rule 3 is provided to prevent plaintiffs from inappropriately establishing "well known" status for their marks through frivolous litigation. Accordingly, the courts will refuse recognition in cases where the status of the mark in question does not meaningfully impact the case or substantially influence the outcome. Moreover, marks will not be recognized if the claim of trademark infringement or unfair competition does not satisfy other statutory conditions.

In cases where a domain name is similar to a registered trademark and related goods are sold through the website, which may confuse the relevant public, recognition of a well known mark is unnecessary to support a claim of infringement. In such a case, Article 52 of the Trademark Law is directly applicable, as this is but a simple matter of infringement. However, if the goods sold through the website are dissimilar to those sold by the rightful mark owner, recognition of the well known mark is necessary to resolve the case and such a petition must be considered by the courts.

Under Article 14 of the Trademark Law, four categories of evidence are generally needed to support the recognition of marks. Rule 4 of the Interpretation is provided to lighten the burden of owners of marks that are well known only through certain specific channels of commerce where it may be difficult to provide evidence under all four categories. Rule 4 provides that if some categories are satisfied, it is not necessary to consider the other categories, though the available evidence relating to the other categories will be considered as a general principle. Moreover, on the basis of Article 14 of the Trademark Law, the Interpretation provides a list of additional relevant factors, such as market share, areas of sales, revenues, and reputation in the market that will influence the outcome.

Rule 5 of the Interpretation provides that a mark must have established "well known" status before the infringement or unfair competition claim was first made.

Rule 6 provides the conditions under which a defendant can counterclaim against a plaintiff that has inequitably obtained trademark protection for a mark rightfully belonging to the defendant. If a plaintiff sues a defendant for trademark infringement, the defendant may, on the basis of a sufficient evidentiary showing, counterclaim infringement of the defendant's prior unregistered well known mark.

If a well known mark was recognized judicially or administratively in an earlier case and the defendant does not contest the earlier recognition, the courts shall automatically continue to recognize the well known status of the mark. However, because the recognition of a well known mark is an important matter, in accordance with Rule 7, the courts will not automatically recognize a well known mark even if the conflicting parties agree on the well known status of a mark, unless it was recognized in an earlier case. This distinction is aimed at preventing parties from colluding to establish a mark as well known through frivolous litigation.

Under Rule 8, well known marks are divided into two categories: 1) marks well known to the general public, and 2) marks well known to a relevant portion of the public. For the former category, the Supreme Court lowered the threshold of proof. That is, the courts will simply recognize the well known status on the basis of basic evidence or the defendant's failure to contest. In contrast, the latter must be proved by sufficient evidence. While the distinction in Rule 8 is primarily provided for the sake of judicial efficiency, it will no doubt also provide a significant advantage to owners of widely recognizable consumer products (e.g., beverages, cars, computers, etc.).

Under Rule 9, the Supreme Court defined "confusion" as misleading consumers as to the origin of goods or suggestive special relations (e.g., licensed use or affiliated companies). Furthermore, "misleading the public and possible harm to the well known mark registrants' interests" shall refer to cases where the relevant public is led to believe that a mark is connected with a well known mark, and consequently, the distinctiveness of the well known mark is weakened, and the market reputation tarnished or unfairly taken advantage of.

Under Article 13.2 of the Trademark Law, a well known mark registered in China shall enjoy absolute cross-class protection, without condition or limitation. The Supreme Court, however, has tempered the absolute protection provided by the Trademark Law. Pursuant to Rule 10, the Courts shall also consider:

1. Distinctiveness of the well known mark;
2. The extent to which the mark is "well known" to the relevant public in respect of the accused goods on which the accused mark or trade name is used; or
3. Correlation between the goods on which a well known mark is used and the goods on which the accused mark or trade name is used.

If a mark is "weak" according to any of these three factors, it is possible for the courts to limit the absolute protection. As such, it will be more difficult for a weakly distinctive mark to obtain well known status through judicial recognition.

Under Rule 11, the courts shall, at the plaintiff's request, forbid the defendant to use the mark if the defendant's registered mark constitutes violation of Article 13 of the Trademark Law, unless the defendant's mark has been registered for more than five years or the plaintiff's mark became well known after the defendant had applied for the mark.

Under Rule 12, the Courts shall not grant protection to unregistered well known marks objectionable for absolute reasons, under Articles 10, 11, and 12 of the Trademark Law or Rule 49 of the Implementing Regulations of the Trademark Law.

Under Rule 13, in civil cases, the courts shall not put the recognition of well known mark into the ruling texts, but shall put it into facts and grounds on which the rulings are based. If a case ends in mediation, the well known fact shall not be recognized in the Letter of Mediation. This also aims to curb the inappropriate pursuit of well known status by colluding parties.

While it is always challenging to make generalizations, however tempting, we know that the Supreme Court intends cool down the over-heated pursuit of well known mark recognition using the Interpretation. And thus, it is reasonably foreseeable that it will be increasingly difficult for a mark to be recognized as well known through lawsuits in China. Before claiming well known status in civil cases, the parties concerned should be prepared to collect and file sufficient evidence in support of the relevant public's awareness in China.



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