

Chinese Supreme Court Announces Judicial Interpretation Concerning Well Known Marks

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On April 26, 2009, the Chinese Supreme Court announced *The Interpretation Concerning the Laws Applicable to the Protection of Well Known Marks in Civil Cases* (“the Interpretation”), which came into effect on May 1, 2009. Beforehand, the Supreme Court had published on the Internet the draft Interpretation on the Internet to solicit public opinions from November 11 through December 11, 2008 (“the draft Interpretation”), which received broad attention and comments.

The Interpretation is composed of 14 Rules, primarily relating to the definition, applicable scope, factors to be recognized, burden of proof, and protection requirements. The Interpretation aims to standardize the procedures relating to the judicial recognition, tighten the conditions and scope, and enhance protection of well known marks in civil cases.

The Supreme Court explicitly confirmed the territory of the well known status prescribed in the State Administration for Industry and Commerce’s (SAIC) regulation of 2003. That is, a well known mark refers to a mark that is extensively known to the relevant public **inside the Chinese territory** (Rule 1), not automatically including Taiwan, Hong Kong, or Macau where separate legal systems apply. In the draft Interpretation, the Supreme Court attempted to embrace the possibility of well known status existing outside China, but it eventually removed that weak flexibility.

On the one hand, the courts shall consider recognition of well known marks in three cases listed below (Rules 2).

1. Trademark infringement upon a well known but not registered 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 to or identical with a well known mark; and
3. Trademark infringement cases where the defendant, the owner of a well known mark, counter-argues or countercharges based on its prior non-registered well

known mark, which is reiterated in Rule 6.

On the other hand, the courts shall refuse the recognition in cases where the well known mark is irrelevant (Rule 3). Nor will such recognition be considered if the accusation of trademark infringement or unfair competition is not supported by other statutory conditions. In such cases, recognition of well known mark will not be necessary or substantially influential. This will help to curb the inappropriate pursuit of the “glory” of well known status.

In case where a domain name is similar to a registered trademark and relevant goods are traded through the website, which confuses the relevant public, recognition of well known mark shall be regarded unnecessary to support the infringement accusation. As a matter of fact, Article 52, the Trademark Law, is directly applicable as this is but a simple matter of infringement. However, if the goods are irrelevant or dissimilar, the recognition shall remain applicable and such a petition should be considered, otherwise, infringement can hardly be proved.

Under Article 14, the Trademark Law, four categories of evidence shall be supportive to recognition. The Interpretation explicitly prescribes (Rule 4) that if some categories are sufficient to prove the well known status, it is not necessary to consider all other categories, though the evidence shall be comprehensively considered as a general principle. This will lighten the burden of the owners of some marks well known through certain special channels.

Regarding the evidence, the Interpretation prescribes (Rule 5) that the well known status should have existed before the accused infringement or unfair competition. On the basis of Article 14, the Trademark Law, the Interpretation listed additional relevant factors, such as market shares, areas of sales, revenues, and reputation in the market places.

Under Rule 6, the Supreme Court confirmed that if a plaintiff charges a defendant, who is the owner of a well known mark, for infringement upon the plaintiff’s registered mark, the defendant is entitled to counter-argue or countercharge based on its prior non-registered well known mark through evidence. This will obviously help to deter registrants prepared to contest legitimate right owners.

Concerning the well known marks earlier recognized judicially or administratively in other cases, if the defendant does not contest the earlier recognition, the courts shall automatically continue to recognize the status. Otherwise, the plaintiff shall remain liable to prove. Nevertheless, as the recognition of well known mark is an important matter, the Courts shall not automatically recognize a well known mark even if the conflicting parties concerned agree on the well known status, not recognized in earlier cases. This will help to prevent potential cahoots, purposely designed for such recognition (Rule 7).

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 the relevant public. For the former category, the Supreme Court lowered the threshold of proof. That is, the courts shall simply recognize the well known status on the basis of **basic evidence** or the **defendant's failure to contest**. In contrast, the latter shall continue to be proved through systematic evidence. This is obviously a big privilege for the super well known marks in daily life (e.g., beverages, cars, computers, etc), and in a sense, can save resources of the plaintiff and the courts.

Under Rule 9, the Supreme Court defined “confusion” as misleading origin of the goods or suggestive special relations (e.g., licensed use or affiliated companies). “Misleading the public and possible to harm the well known mark registrants’ interests” shall refer to cases where the relevant public is led to the belief that the accused mark is connected with the well known mark to certain extent, and consequently, the well known mark’s distinctiveness is weakened, the market reputation tarnished or unfairly taken advantage of.

Under Article 13.2, 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 imposed some limitation on the well known marks registered in China. That is, in spite of the well known status of the registered marks, the Courts shall comprehensively consider the factors, including, but not limited to (Rule 10):

1. Distinctiveness of the well known mark;
2. The well known extent of the mark among the relevant public in respect of the accused goods on which the

accused mark or trade name are used; or

3. 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 in any of the three factors, it is possible for the courts to limit the cross-class protection. As such, it will be less advisable or worthwhile for a weakly distinctive mark to seek recognition of well known status.

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, the Trademark Law, unless the defendant's mark has been in a registered status 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 non-registered well known marks objectionable for absolute reasons, under Articles 10, 11, and 12, the Trademark Law, in line with Rule 49, the Implementing Regulations of the Trademark Law.

Under Rule 13, in civil cases, the courts shall not put 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.

From this Interpretation, we can conclude that the Supreme Court intends cool down the over-heated pursuit of well known mark recognition. It is foreseeable that it will be growingly difficult for a mark to be recognized as well known through lawsuits.