

## China: Well-known Trademark Determination – a Case Study

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On May 20, 2014, in the first instance decision re H.J. Heinz Company v. Dongguan Heng Shi Education Information Ltd., the Intermediate Court of Guangzhou determined that the trademarks “HEINZ” and “Heng Shi” (two Chinese characters as Heinz’s transliteration) registered by H.J. Heinz company (“H.J. Heinz”) were well-known trademarks, and uses of the two trademarks by Dongguan Heng Shi Education Information Ltd. on its company name, websites and advertisement constituted infringement and unfair competition. (2011) Shui Zhong Fa Min San Chu Zi Di 262.

Plaintiff, H.J. Heinz Company, is a globally known supplier of baby food and condiments. As early as March 1998, H.J. Heinz registered the two trademarks in China with registration numbers 1277794 for “Heng Shi” and 1277791 for “Heinz” in class 5, baby food and medical nutritious food. The two trademarks were then exclusively licensed to H.J. Heinz’s Chinese subsidiaries that distributed products under the two trademarks throughout China via local distributors. Defendant was founded in 2007 in Dongguan City, Guangdong Province, and engaged in early learning services to children through branches in multiple cities in Guangdong. In 2010, H.J. Heinz found that the defendant had changed its name to Dongguan Heng Shi Education Information Ltd., used logos containing “Heinz” and its correspondent Chinese characters “Heng Shi” at its business premises, on its website and on English and Chinese advertisement materials, and had applied to register the same two trademarks in question in services such as education which were different from the designated goods of H.J. Heinz’s registered trademarks. In 2011, H.J. Heinz raised the lawsuit before the Intermediate Court of Guangzhou after necessary and careful evidence collection.

Under the Trademark Law of China, only well-known trademarks can be protected in different or non-similar goods/services other than their registered classes of goods/services, that is, “cross-class protection”. Therefore, since the defendant had used the Heinz trademarks on a different and dissimilar service, the plaintiff firstly requested the court to determine that the trademark “Heng Shi” and “Heinz” had been well known. To support its request, the plaintiff provided adequate evidence in the following 7 aspects:

1. Distribution and business scopes of the plaintiff and its Chinese subsidiaries, including founding times of the companies, locations, products, business scopes as well as nationwide representative offices in China;
2. Profits made by the plaintiff’s Chinese subsidiaries during 2007 and 2009, and the plaintiff provided sales receipts and added-value tax receipts of its nationwide distributors as well as audit reports made by multiple accounting firms;
3. Awards and accolades received by the plaintiff’s Chinese subsidiaries in China, including a good number of product quality-related awards from 1987 to 2009;

4. Quality management system certifications of the plaintiff's Chinese subsidiaries, including the ISO9001: 2000 certification and food safety management system certifications of different food lines;
5. Market shares of the plaintiff's Chinese subsidiaries, including infant and children food brand reports made by different marketing research institutes;
6. Advertisements from 2006 to 2010 invested by the Plaintiff's Chinese subsidiaries, including advertisement agreements and fee receipts with different advertisement companies; and
7. Reports on the Plaintiff and the Chinese subsidiaries including those about their charity activities.

Taking the evidence into account, the court determined that the two trademarks in question had been well known in China by 2010, and they should be well-known trademarks on class 5, food for infants and children, before 2010. Since parents of infants and children were targeted consumers of both baby food and the early education for children, the defendant's uses of the trademarks in question would mislead these consumers to believe that the plaintiff and defendant have substantial relationship. As a conclusion, the court ordered the defendant to stop activities infringing the plaintiff's trademarks and unfair competition of using its company name containing "Heng Shi".

In this case, the evidence provided by the plaintiff greatly contributed the court to determine the two trademarks in question as well-known trademarks, and other trademark owners who enforce their trademark rights can make reference from the decision. In the event that determination of well-known trademark becomes necessary, the more sufficient evidence the trademark owner provides, the more likely that it would be determined well-known.

On the other hand, this case follows the general guideline of case-by-case determination of well-known trademark upon the trademark owner's request. In the decision, it is in the part of the finding of facts that the court provides reasoning and comments as to why the trademarks in question are well known, rather than dealing it in the part of orders. This principle was first established in Article 13 of Supreme Court's Interpretations on Several Issues Concerning the Application of Law to the Adjudication of Civil Disputes Cases Involving Protection of Well-known Trademarks (2009), which reads, "In any civil litigation case that involves the protection of any well-known trademark, any determination of the well-known trademark by the Court shall only serve as a fact of the case and ground of adjudication and shall not be included in the text of the judgment," and then incorporated into Article 14 of China's new Trademark Law that came into effect on May 1, 2014 which states that "Well-known trademarks shall be ascertained pursuant to the request of the party concerned for the purpose of ascertaining facts of trademark cases."

However, in event should the same trademark be used by other individuals or companies in the future without the owner's license, the precedential determination of well-known trademark could be referenced by the court or other administrations as a matter of fact, and mitigate the owner's burden of proof to some extent.

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Mr. Xie was elected into Beijing's Top 10 Intellectual Property Lawyers by the Beijing Bar Association in 2012. He is also top ranked by Chambers in the intellectual property field. Clients have found him "very strategic, experienced and responsive" and praised him for his "standout presentation, attention to detail and sound advocacy skills." His major practice areas include intellectual property disputes, antitrust and competition law, legal counsel for hi-tech companies and venture capital, finance and insurance related issues. He has successfully represented clients in a number of important IP matters.



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