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## Well-Known Trademark Protection in The People's Republic of China — Evolution of the System

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## Abstract

Protection of intellectual property is an integral part of China's economic reform policy. It paves the way for faster development of science, technology, and culture and creates a stronger basis for the Chinese market economy. With the rapid development of China's economy, culminating in China's entry into the World Trade Organization ("WTO"), and the pressure put to bear from multinational corporations and the governments of developed countries, the Chinese government has become aware that protection of well-known trademarks pursuant to the standards of the Agreement on Trade-Related Aspects of Intellectual Property Rights of the WTO ("TRIPS" or "TRIPS Agreement" or "Agreement") must be an integral part of China's trademark laws. It was not until 1993, however, that the protection of well-known trademarks was integrated into a legal document, the Implementing Regulations of the People's Republic of China Trademark Law ("Implementing Regulations"). The issue has gained importance with the expansion of China's international trade. This Article focuses on the People's Republic of China ("PRC") Trademark Law and the provisions concerning the protection of well-known marks. The Article is divided into three parts: regulation of well-known trademarks in China prior to its WTO accession; the current protection granted to well-known marks as of the recent amendments to the Trademark Law and its Implementing Regulations; and the considerations involved when defining what constitutes a well-known trademark, presented in the international context.

# WELL-KNOWN TRADEMARK PROTECTION IN THE PEOPLE'S REPUBLIC OF CHINA — EVOLUTION OF THE SYSTEM

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## INTRODUCTION

Protection of intellectual property is an integral part of China's economic reform policy. It paves the way for faster development of science, technology, and culture and creates a stronger basis for the Chinese market economy.<sup>1</sup> With the rapid development of China's economy, culminating in China's entry into the World Trade Organization ("WTO"), and the pressure put to bear from multinational corporations and the governments of developed countries, the Chinese government has become aware that protection of well-known trademarks pursuant to the standards of the Agreement on Trade-Related Aspects of Intellectual Property Rights of the WTO ("TRIPS" or "TRIPS Agreement" or "Agreement")<sup>2</sup> must be an integral part of China's trademark laws. It was not until 1993, however, that the protection of well-known trademarks was integrated into a legal document, the Implementing Regulations of the People's Republic of China Trademark Law ("Implementing Regulations").<sup>3</sup>

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1. The State Council of the People's Republic of China, *Decision of the State Council on Further Strengthening the Protection of Intellectual Property* (July 5, 1994), available at [http://www.isinolaw.com/jsp/law/LAW\\_Articles.jsp?CatID=285&LangID=0&StatutesID=133651&ChapterID=-1](http://www.isinolaw.com/jsp/law/LAW_Articles.jsp?CatID=285&LangID=0&StatutesID=133651&ChapterID=-1).

2. Agreement on Trade-Related Aspects of Intellectual Property Rights, Apr. 15, 1994, Marrakesh Agreement Establishing the World Trade Organization; Annex 1C, LEGAL INSTRUMENTS — RESULTS OF THE URUGUAY ROUND vol. 31, 33 I.L.M. 1197 (1994) [hereinafter TRIPS].

3. Implementing Regulations for the Trademark Law of the People's Republic of China (2002) [hereinafter Implementing Regulations], available at <http://www.isino>

The issue has gained importance with the expansion of China's international trade.

This Article focuses on the People's Republic of China ("PRC") Trademark Law and the provisions concerning the protection of well-known marks. The Article is divided into three parts: regulation of well-known trademarks in China prior to its WTO accession; the current protection granted to well-known marks as of the recent amendments to the Trademark Law and its Implementing Regulations; and the considerations involved when defining what constitutes a well-known trademark, presented in the international context.

### I. *THE REGULATION OF WELL-KNOWN TRADEMARKS — A HISTORICAL PERSPECTIVE*

China's trademark laws and regulations have undergone a progression toward WTO standards in the past several years. Prior to China becoming a Member of the WTO, there were three basic legal documents that regulated well-known trademarks: the Paris Convention for the Protection of Industrial Property ("Paris Convention"),<sup>4</sup> TRIPS,<sup>5</sup> and the Provisional Regulations Concerning the Certification and Management of Well-known Trademarks, enacted by the China Administration of Industry and Commerce in 1996 (also referred to as Order No. 56). The 1996 Regulations provided more detail as to the determination of the well-known trademark status and emphasized the protection of such marks in China's intellectual property protection regime. China signed the Paris Convention in 1985 and joined TRIPS in 1996. The signing of the Paris Convention marked an important beginning for China's protection of well-known trademarks.

Before WTO accession and the new Trademark Law, the provisions regarding well-known trademarks were relatively un-systematic and vague. Generally, trademarks were given protection as well-known in two ways: the Trademark Office, under the Administration for Industry and Commerce ("AIC"), granted

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law.com/jsp/law/LAW\_Articles.jsp?CatID=288&LangID=0&StatutesID=2003016&ChapterID=1.

4. Paris Convention for the Protection of Industrial Property, Mar. 20, 1883, *as last revised* at Stockholm, July 14, 1967, 21 U.S.T. 1583, 828 U.N.T.S. 305 [hereinafter Paris Convention].

5. See TRIPS, *supra* n.2.

well-known status determination on an *ad-hoc* basis for certain transactions, such as oppositions and cancellations; and a court in a particular case could grant well-known status, also on an *ad-hoc* basis. A further form of protection was a list of marks that was circulated internally by the AIC to its local offices. The list alerted local officials to certain marks (foreign and domestic) that had been victimized by counterfeiters and other infringers in the past, although it stopped short of making any kind of determination as to their well-known status. Until 1989, there was no formal certification process but only these *ad-hoc* or informal determinations.

The following case is an example of an *ad hoc* well-known status determination granted by a court. The first international trademark to receive such well-known mark recognition in China was Pizza Hut.<sup>6</sup> An Australian company applied to register the trademark "Pizza Hut" for cake and powder products in China. The Pizza Hut Company objected and requested that the trademark be registered under its own name, as it was in many other jurisdictions. After investigating the issue, the Chinese Trademark Office decided that the Pizza Hut Company was the original creator of the trademark, based on the evidence of its registrations of the mark in over forty countries, including Australia. The Trademark Office concluded that the logo should be treated as a well-known mark. The application of the Australian company was rejected and the Pizza Hut Company registered the trademark in China in 1987. By virtue of the court decision, the well-known status was conferred on the Pizza Hut mark; however, no formal certification was granted, which would provide continued protection without the need to resort to *ad hoc* means. It was not until two years later that China began to grant such certification.

The first certification was granted to the Chinese medicine brand "Tongrentang." The brand, owned by the State-owned enterprise Beijing Medicinal Materials Company, was registered by a Japanese company in the Japanese Patent Office. The Chi-

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6. Due to the development issues of the recording system in China, it was not possible to find the records of the *Pizza Hut* decision. See generally Dep't of Trademark Admin. of the State Admin. of Industry and Commerce, *A Combination of Glory, Regrets, Challenges and Opportunities: A Reflection on and the Prospect for the Protection of Well-Known Trademarks in China*, CHINA INDUSTRY AND COMMERCE NEWSPAPER, Feb. 8, 2002 (authors' trans.) [hereinafter *Glory, Regrets, Challenger and Opportunities*].

nese brand owner applied to the Japanese Patent Office, asking to have the application of the Japanese company cancelled. The Japanese Patent Office proceeded with a request to the Tongrentang Company to submit valid documents to prove that the mark was well-known in China. At the time, there was no precedent for granting well-known trademark protection to Chinese trademarks by certification; however, the Chinese Trademark Office considered the importance of the case and decided to support the claim. Thus, the first certification of a well-known trademark in China came into effect.<sup>7</sup>

The Tongrentang case also constituted the start of administrative protection of Chinese-owned well-known trademarks, and has stimulated other State-owned enterprises to protect their trademarks. Between 1989 and 1999, over 150 trademarks were recognized as “well-known” by the Trademark Office. Until this date, no foreign trademarks have been granted the well-known mark certification.

Another example of an *ad hoc* designation of the well-known status prior to China’s passage of the new Trademark Law, occurred in the so-called “cyber-squatting case.” Prior to China’s WTO accession, one of the seminal cases involved IKEA, the Swedish furniture brand. The dispute involved Inter IKEA Systems B.V. and Beijing CINet Co. Ltd., a domestic Chinese enterprise.<sup>8</sup> IKEA, the plaintiff, attempted to register its trademark as a Chinese domain name and discovered that the company CINet had already registered the country code top level domain (“ccTLD”) — ikea.com.cn. Comparing the domain names, it became clear that the one registered by the defendant was identical to the registered trademark “IKEA.”<sup>9</sup> The main bone of contention in the case was the argument that the brand name could not be recognized as well-known since at the time of the infringement, it had not yet been used in China. One of the fundamentals of well-known trademark analysis in the pre-WTO China was that the mark should be well-known in China. A con-

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7. Due to logistical reasons, the records of this opposition could not be obtained from the Chinese Trademark Office. See generally *Glory, Regrets, Challenges and Opportunities*, supra n.6.

8. Er Zhong Zhi Chu Zi No. 86 (Civil Judg. of Beijing Sec. Interm. People’s Court, 1999); see also ZHOU LIN, *CHINA COURT CASES ON INTELLECTUAL PROPERTY RIGHTS 777* (Chinese People’s Public Security University Press 2002).

9. ZHOU LIN, supra n.8.

flict with this standard is clearly seen in the World Intellectual Property Organization (“WIPO”) *Joint Resolution Concerning Provisions on the Protection of Well-known Marks*, which states: “[A] Member State shall not require, as a condition for determining whether a mark is a well-known mark . . . that the mark has been used in . . . [that] Member State.”<sup>10</sup> Before the final judgment in the case, some of the judges argued contrary to this provision and found that since at the time of the alleged infringement the plaintiff had not used the trademark in ads and had not opened any outlets, the trademark could not be defined as well-known.<sup>11</sup> The plaintiff claimed that its mark was an internationally well-known trademark that should be protected under Chinese law as well as the Paris Convention.<sup>12</sup> In the final judgment, IKEA was recognized as a well-known mark despite its not having been used in China at the time of the domain name registration.<sup>13</sup> The case was overturned on appeal the following year on issues unrelated to the well-known status.

During this pre-WTO period, the standard used by the court in IKEA was not widely adopted, particularly by the Trademark Office. More common was the “local” standard, as seen in the 1992 opposition by Ferrero to the China Trademark Office regarding its Ferrero Rocher mark.<sup>14</sup> The opposition involved the Italian chocolate and candy producer, Ferrero Rocher. The Italian name, “Ferrero Rocher,” was registered in China in 1986, but the Chinese character trademark was not. A company from Jiangsu province registered the same Chinese character mark that Ferrero was using. In addition, the Jiangsu company was using the character on the same or similar goods. The Chinese Trademark Office considered the case and concluded that the trademark of the Italian company was well-known in China. The result was that the Jiangsu Company’s application was refused.

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10. Gen. Rep. of the Assemblies of the Member States of World Intellectual Property Organization (“WIPO”), *Joint Resolution Concerning Provisions on the Protection of Well-known Marks*, WIPO Doc. A/34/13, art. 2(3) (1999) [hereinafter *WIPO Joint Resolution*], available at [http://www.wipo.org/news/en/index.html?wipo\\_content\\_frame=/News/en/conferences.html](http://www.wipo.org/news/en/index.html?wipo_content_frame=/News/en/conferences.html).

11. Er Zhang Zhi Cu Zi, *supra* n.8.

12. See Paris Convention, *supra* n.4.

13. *Id.*

14. Due to logistical reasons, the records of this opposition could not be obtained from the Chinese Trademark Office. See generally *Glory, Regrets, Challenges and Opportunities*, *supra* n.6.

The pre-WTO system regarding well-known trademarks was weak and did not provide any systematic protection, especially for foreign brands. In terms of China's position in international trade, the principle of reciprocity was not upheld in terms of recognition of well-known trademarks. Furthermore, it can be argued that, using a WTO term, national treatment was not upheld in the *ad-hoc* determinations, since standards that were applied to determine the status of foreign brands required usage of the brand both abroad and in China, which was not the case with Chinese trademarks.

## II. *THE CURRENT LEGAL FRAMEWORK OF WELL-KNOWN TRADEMARKS IN CHINA*

China's trademark regulations work in combination with the Law Against Unfair Competition ("Unfair Competition Law").<sup>15</sup> The Unfair Competition Law deals with the most important legal principles and is applied to economic activities in general, while the Trademark Law and its regulations aim to fight unfair competition in the trademark field specifically. In a sense, the Unfair Competition Law acts as a kind of "constitution" among laws relating to economic activities; however, a violation against the Trademark Law also constitutes a violation against fair competition. "Unfair competition," as the term is used in the Law, refers to the act of an operator (legal entities, other economic organizations and individuals that are engaged in profit-oriented services), who, in violation of the Law, infringes upon the lawful rights and interests of any other operator and disrupts socioeconomic order.<sup>16</sup> According to Article 5, the operators may not resort to the following unfair means to engage in market dealings and harm their competitors:

1. counterfeiting a registered trademark of another person;
2. using for a commodity without authorization a unique name, package, or decoration of another's famous commodity, or using a name, package or decoration similar to that of another's famous commodity, thereby confusing the commodity with that famous commodity and leading the purchasers to mistake the former for the latter;

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15. Law of the People's Republic of China Against Unfair Competition (1993) [hereinafter Unfair Competition Law], available at [http://www.isinolaw.com/jsp/law/LAW\\_Articles.jsp?CatID=385&LangID=0&StatutesID=131669&ChapterID=1](http://www.isinolaw.com/jsp/law/LAW_Articles.jsp?CatID=385&LangID=0&StatutesID=131669&ChapterID=1).

16. *Id.* art. 2.



3. using without authorization the name of another enterprise or person, thereby leading people to mistake their commodities for those of said enterprise or person [ . . . ]<sup>17</sup>

With regard to the trademark regulations, almost one year after the publication of the amended Trademark Law,<sup>18</sup> on August 3, 2002, the State Council of the People's Republic of China proceeded to amend the Implementing Regulations.<sup>19</sup> The amended Implementing Regulations came into effect on September 15, 2002.

The amended Trademark Law provides for protection of well-known marks. Article 13 stipulates:

Where trademarks under application for registration for identical or similar commodities are reproduced, copied, or translated from famous trademarks not registered in the People's Republic of China by others and may easily cause confusion, they shall not be registered and be prohibited from being used.

Where trademarks under application for registration for non-identical or non-similar commodities are reproduced, copied, or translated from famous trademarks registered in the People's Republic of China by others and may easily misguide the public, and interests of registrants of such famous trademarks may be damaged accordingly, they shall not be registered and be prohibited from being used.<sup>20</sup>

Article 14 of the Trademark Law further provides several principles to be applied when judging whether a mark is qualified as a well-known mark in a specific case. In determining whether a mark is a well-known trademark, the following factors shall be considered:

1. Popularity of the trademark in the relevant public;
2. The duration for the use of the trademark;
3. Duration, degree, and geographic extent of any propaganda for the trademark;

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17. *See id.* art. 5.

18. Trademark Law of the People's Republic of China (2001) [hereinafter PRC Trademark Law], available at [http://www.isinolaw.com/jsp/law/LAW\\_Articles.jsp?CatID=288&LangID=0&StatutesID=2002619&ChapterID=-1](http://www.isinolaw.com/jsp/law/LAW_Articles.jsp?CatID=288&LangID=0&StatutesID=2002619&ChapterID=-1).

19. *See* Implementing Regulations, *supra* n.3

20. PRC Trademark Law, *supra* n.18, art. 13.

4. Record of protection of the trademark as a famous trademark; and
5. Other factors for the famousness of the trademark.<sup>21</sup>

According to the old Article 5 of Order No. 56, the applicant was asked to prove the:

1. Quality and area of sales in the Chinese market;
2. Main economic index in the recent three years, such as annual quantity and area of sales in a foreign market;
3. Degree and extent of advertisement and promotion;
4. Time of first use and duration of successive use;
5. Degree and extent of registration in China and abroad; and
6. Other situations to prove that a trademark is well-known.

Comparing the two provisions, it is clear that Order No. 56 differs somewhat from the points of consideration listed in the recently amended Trademark Law, although this may be more in form than in substance. It is apparent that the specific forms of evidence cited in Order No. 56 have been subsumed in the broader categories of the new Trademark Law. It must also be kept in mind that the Trademark Law is now complemented by the amended Implementing Regulations, as well as the WTO rules, which provide even more clarification than was present with the guidance of Order No. 56.

The amended Implementing Regulations provide, in Article 45, that if a well-known mark owner does not hold any registration of its well-known mark in China, and he/she finds that a third party is using a highly similar mark for similar or identical goods, or if a well-known mark owner who owns a registration for its well-known mark in China finds that a third party is using a mark for dissimilar goods and such use may mislead the public and cause damage to the interest of the well-known mark owner, the well-known mark owner can file a complaint requesting that the local AIC prevent further use of the mark.<sup>22</sup> When the applicant launches the complaint, he/she must submit documentation evidencing that its mark is well-known. The local AIC will then pass the documentation to the Trademark Office for its recognition of the well-known status of the mark, according to Article 14 of the Trademark Law. Even if the Trademark Office rec-

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21. *Id.* art. 14.

22. *See* Implementing Regulations, *supra* n.19, art. 45.

ognizes the mark as well-known, however, the local AIC can only order the infringer to stop the infringing acts, forfeit and destroy infringing labels, and forfeit and destroy goods with infringing labels, if the labels cannot be separated from the goods. The local AIC cannot impose a fine on the infringer as in other infringements of registered trademark rights. This does not mean, however, that the well-known mark owner cannot seek judicial remedies. According to Article 53 of the amended Implementing Rules, when a well-known trademark owner finds that a third party has registered its well-known mark as part of an enterprise name, which is likely to deceive or mislead consumers, the trademark owner may apply to the enterprise registry (local AICs) for a cancellation of the enterprise name.<sup>23</sup>

Well-known trademark designation has become increasingly important with regard to domain names. Taking into account the importance of regulating this area, the Beijing High Court issued the *Guiding Opinions on the Adjudication of Civil Disputes Concerning Intellectual Property Caused by the Registration and Use of Domain Names* (“*Opinions*”).<sup>24</sup> In practice, opinions by the High Court receive a status equal to those of regulations, and lower level courts within the same jurisdiction will follow the guidelines in a manner similar to the common-law principle of *stare decisis*.

The *Opinions* cover acceptance of disputes, jurisdiction, causes of action, and bad faith registrations. A dispute must satisfy Article 108 of the Civil Procedure Law, which stipulates that the following conditions must be met and accepted by the People’s Court handling the case: (1) the plaintiff must be a citizen, a legal person or other organization; (2) there must be a definite defendant; (3) there must be concrete litigant requests, facts, and reasons; and (4) the suit must be a civil proceeding within the scope of jurisdiction of a People’s Court and under the jurisdiction of the People’s Court to which the suit is filed.<sup>25</sup> For disputes involving less than RMB 3 million, the Intermediate

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23. *See id.* art. 53.

24. Several *Guiding Opinions on the Adjudication of Civil Disputes Concerning Intellectual Property Caused by the Registration and Use of Domain Names* [hereinafter *Opinions*] are available at <http://www.cpahkltd.com/Archives/>.

25. Civil Procedure Law of the People’s Republic of China (1991), available at [http://www.isinolaw.com/jsp/law/LAW\\_Articles.jsp?CatID=216&LangID=0&StatutesID=11624&ChapterID=-1](http://www.isinolaw.com/jsp/law/LAW_Articles.jsp?CatID=216&LangID=0&StatutesID=11624&ChapterID=-1).

People's Courts are the courts of first instance. For sums above that figure, the Higher People's Courts are the courts of first instance. Jurisdiction is decided based on the defendant's place of domicile and the place of infringement. If the place of domain name registration is the same as the place of infringement, the People's Court in that location may claim jurisdiction. The cause of action may be on grounds of unfair competition or on grounds of trademark infringement.

The *Opinions* also define what is regarded as "bad faith" registrations. If a registration of a domain name is found to constitute unfair competition, the People's Court may order the domain name user to stop its use and, in the case of the holder, to apply for cancellation or change of the name. If the rights-owner suffers harm as a result of the act of unfair competition, the judgment must also order the holder or user of the domain name to compensate for the losses that have been incurred.<sup>26</sup>

The *Opinions* define the concept of a "bad faith registration." Such a registration has taken place if all of the following three conditions are met:

1. The domain name registered is identical or confusingly similar to the right holder's mark;
2. The holder of the domain name does not hold any other prior rights in the domain name's mark; and
3. The domain name was registered or is used in bad faith. Specifically: a) the holder of the domain name proposes to sell, lease, or otherwise assign for consideration or entices network users to access the web page or other online services by willfully mixing up the domain name and the right holder's trademark or trade name for profit-seeking purposes; b) the sole purpose of the domain name registration is to prevent others from registering a trademark or trade name as a domain name; or c) the domain name was registered to harm another's goodwill and reputation.<sup>27</sup>

Continuing along the topic of defining concepts, a key issue in the well-known trademarks area is how to define the term "well-known" and what criteria to use in doing so. The following section outlines well-known trademarks from an international

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26. The American Chamber of Commerce, People's Republic of China Brief (2002), available at <http://www.amcham-china.org.cn>.

27. See *Opinions*, *supra* n.24, art. V.

perspective in relation to China and sets out considerations that are taken into account when defining these marks as “well-known.”

### III. DEFINING WELL-KNOWN TRADEMARKS — THE INTERNATIONAL CONTEXT

As a Member of TRIPS, China is required to adhere to the Agreement and other conventions incorporated in it by reference.<sup>28</sup> With respect to each of the main areas of intellectual property covered by TRIPS, the Agreement sets out the minimum standards of protection to be provided by each Member. The Members have the freedom to determine the appropriate method of implementing the provisions within their own legal systems and practices.

The TRIPS Agreement embodies transitional arrangements, where a country does not have to implement the rules within a year after accession to the WTO. China is currently ahead of that schedule and has already amended its intellectual property laws in order to comply with the WTO requirements.

According to Article 2.1 of the TRIPS Agreement, Members shall, with respect to Parts II, III, and IV of the Agreement, comply with Articles 1 through 12, and Article 19 of the Paris Convention (1967) (the Stockholm Act of July 14, 1967 of the Paris Convention for the Protection of Industrial Property).<sup>29</sup> The requirement of compliance includes Articles 1 through 12, comprising Article 6*bis*, which specifically refers to the treatment of well-known marks.<sup>30</sup> The Article stipulates Member countries’

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28. See TRIPS, *supra* n.2. According to TRIPS, the following conventions are included by reference: 1. In respect of Parts II, III, and IV of the Agreement, Members shall comply with Articles 1 through 12, and Article 19, of the Paris Convention (1967). 2. Nothing in Parts I to IV of the Agreement shall derogate from existing obligations that Members may have to each other under the Paris Convention, the Berne Convention, the Rome Convention and the Treaty on Intellectual Property in Respect of Integrated Circuits. *Id.*

29. See *id.* art. 2.1.

30. See Paris Convention, *supra* n.4, art. 6*bis*. Article 5*bis* states:

(1) The countries of the Union undertake, *ex officio* if their legislation so permits, or at the request of an interested party, to refuse or to cancel the registration, and to prohibit the use, of a trademark which constitutes a reproduction, an imitation, or a translation, liable to create confusion, of a mark considered by the competent authority of the country of registration or use to be well-known in that country as being already the mark of a person entitled to the benefits of this Convention and used for identical or similar goods. These

responsibilities concerning the cancellation or refusal of registration of trademarks that may be confusingly similar to recognized well-known marks. The Paris Convention stipulates that the countries to which the Convention applies constitute a union for the protection of industrial property, of which China forms a part. Nationals of any country of this Union shall, as regards the protection of industrial property, enjoy in all the other countries of the Union, the advantages that their respective laws now grant, or may hereafter grant, to nationals, all without prejudice to the rights specially provided for by this Convention.

Regarding the TRIPS Agreement itself, Article 13 of the amended PRC Trademark Law echoes Article 16 of the TRIPS Agreement, and Article 14 even goes beyond TRIPS by establishing criteria for the recognition of well-known trademarks for examiners and judges. This follows Article 1 of TRIPS, which provides that Member States may go beyond the TRIPS Agreement and offer more extensive protection than is outlined.<sup>31</sup> The limitation is that such protection may not contravene specific provisions of TRIPS itself.

Article 16 of TRIPS stipulates that:

1. The owner of a registered trademark shall have the exclusive right to prevent all third parties not having the owner's consent from using in the course of trade identical or similar signs for goods or services which are identical or similar to those in respect of which the trademark is registered where such use would result in a likelihood of confusion. In case of the use of an identical sign for identical goods or services, a likelihood of confusion shall be presumed. The rights described above shall not prejudice any existing prior rights, nor shall they affect the possibility of Members making rights available on the basis of use.

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provisions shall also apply when the essential part of the mark constitutes a reproduction of any such well-known mark or an imitation liable to create confusion therewith.

(2) A period of at least five years from the date of registration shall be allowed for requesting the cancellation of such a mark. The countries of the Union may provide for a period within which the prohibition of use must be requested.

*Id.*

31. *Id.* See TRIPS, *supra* n.2, art. 1.

2. Article 6*bis* of the Paris Convention (1967) shall apply, *mutatis mutandis*, to services. In determining whether a trademark is well-known, Members shall take account of the knowledge of the trademark in the relevant sector of the public, including knowledge in the Member concerned which has been obtained as a result of the promotion of the trademark.
3. Article 6*bis* of the Paris Convention (1967) shall apply, *mutatis mutandis*, to goods or services which are not similar to those in respect of which a trademark is registered, provided that use of that trademark in relation to those goods or services would indicate a connection between those goods or services and the owner of the registered trademark and provided that the interests of the owner of the registered trademark are likely to be damaged by such use.<sup>32</sup>

Thus, TRIPS allows for additional guidance from the corpus of Member State law on the definition of well-known marks. While this area has not been developed in some civil law jurisdictions, which then rely on WIPO and other international guidance, China, as a result of reforms pushed through to facilitate WTO accession, has been able to provide additional guidance in its legislation than that found in TRIPS article 6*bis*.<sup>33</sup>

One of the detailed definitions of a “well-known” trademark put forward by the international community was formulated by the WIPO in the *Joint Resolution Concerning Provisions on the Protection of Well-known Marks*.<sup>34</sup> Article 2(1) of the *Joint Resolution* sets out the following factors for determining whether a mark should be considered well-known:

- (a) The competent authority shall take into account any cir-

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32. See *id.* art. 16.

33. See TRIPS, *supra* n.2, art. 6*bis*.

34. See WIPO *Joint Resolution*, *supra* n.10. The *Joint Resolution* is the first implementation of WIPO's policy to adapt to the pace of change in the field of industrial property by considering new options for accelerating the development of international harmonized common principles. *Id.* The *Joint Resolution* includes the text of the provisions as adopted by the Standing Committee on the Law of Trademarks, Industrial Designs and Geographical Indications (“SCT”). *Id.* The *Joint Resolution* was adopted at a joint session of the Assembly of the Paris Union for the Protection of Industrial Property and the General Assembly of the World Intellectual Property Organization (“WIPO”) at the Thirty-Fourth Series of Meetings of the Assemblies of the Member States of WIPO, September 20 to 29, 1999.

cumstances from which it may be inferred that the mark is well-known.

- (b) In particular, the competent authority shall consider information . . . including, but not limited to, information concerning the following:
1. the degree of knowledge or recognition of the mark in the relevant sector of the public . . . Relevant sectors of the public shall include, but shall not necessarily be limited to:
    - (i) actual and/or potential consumers of the type of goods and/or services to which the mark applies;
    - (ii) persons involved in channels of distribution of the type of goods and/or services to which the mark applies;
    - (iii) business circles dealing with the type of goods and/or services to which the mark applies . . .
  2. the duration, extent and geographical area of any . . . [use] of the mark;
  3. the duration, extent and geographical area of any promotion of the mark, including advertising or publicity and the presentation, at fairs or exhibitions, of the goods and/or services to which the mark applies;
  4. the duration and geographical area of any registrations, and/or any applications for registration, of the mark, to the extent that they reflect use or recognition of the mark;
  5. the record of successful enforcement of rights in the mark, in particular, the extent to which the mark was recognized as well-known by competent authorities;
  6. the value associated with the mark.<sup>35</sup>

The factors listed above are guidelines to assist the competent authority in determining whether the mark is well-known, but are not pre-conditions for reaching that determination. It must be borne in mind that the determination of the well-known status is more of a “totality of circumstances” analysis than a “bright line” or regimented multi-factor test. In some cases, all of the factors may be relevant; in others, only some may be relevant; and in other cases possibly none of the factors will be relevant and the decision may be based on additional factors not listed above. In a country such as China, whose courts and ad-

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35. *Id.* art. 2(1).



ministrative bodies have been rightly criticized for a certain degree of local protectionism, a legal determination that includes a high degree of subjective analysis is of concern.

If a mark is declared well-known in at least one relevant sector of the public in a Member State, the mark shall be considered a well-known mark by the Member State.

A Member State shall not require, as a condition for determining whether a mark is well-known:

- (i) that the mark has been used in, or that the mark has been registered or that an application for registration of the mark has been filed in or in respect of, the Member State;
- (ii) that the mark is well-known in, or that the mark has been registered or that an application for registration of the mark has been filed in or in respect of, any jurisdiction other than the Member State; or
- (iii) that the mark is well-known by the public at large in the Member State.<sup>36</sup>

#### A. *Defining Well-known Marks — the Chinese Context*

The major source to draw from when it comes to finding a definition of well-known marks is the PRC Trademark Law and its Implementing Regulations. Both of these are discussed in more detail above. In addition, a number of organizations and Chinese government institutions offer definitions and criteria that may be followed in determining well-known status. All such definitions stated in laws, regulations, and official documents are important; however, only those stipulated in laws are binding upon courts, even though many conclusions and rulings are deduced from definitions that are not stated in laws. Aside from official laws and regulations and any judicial interpretations set out by higher-level courts, all other government documents or opinions can be compared to the notion of “persuasive authority” in a common-law system.

The State Administration of Industry and Commerce (“SAIC”) considers goods to be well-known if the equal or similar use of the brand name, packaging, and decoration by others without permission is enough to confuse buyers.<sup>37</sup> While this

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36. *Id.*

37. See Unfair Competition Law, *supra* n.15, art. 4(1).

may be a logically attractive test based on its simplicity, the consumer deception method of determining the well-known status is fundamentally vague and must be complemented by taking into consideration other, more concrete, factors such as production and sales volume of the goods, sales area and time, market share, advertisements, and the extent of consumer knowledge of the product. These considerations are integrated in Article 14 of the PRC Trademark Law.<sup>38</sup>

An example of this analysis can be viewed in *Hitachi Maxell, Inc. v. Shenzhen Max Electronic Technology Co. Ltd.*,<sup>39</sup> where a three-judge panel argued in its opinion that "well-known goods" refers to goods that have certain market control, enjoy a high commercial reputation, and are well-known to the public. The opinion further stated that the chief determinant of reputation is the widespread perception of a product's quality. This perception is affected by the area and time of advertisement, more specifically by the breadth of the audience, the time of sales, and the number of ad placements. Although product quality was stated in the opinion as the fundamental determinant of reputation, it should be noted that this is not always the case. Products can be well-known for other reasons, such as pricing or geographic area of origin.

In general, evidence of advertisements placed in several countries over a period of time will be quite persuasive in showing that the brand name has acquired a secondary meaning with the public. This quantitative evidence played a large role in *Hitachi v. Shenzhen Max*. Similar data was determinative in *Inter IKEA Systems B.V. v. Beijing CINet Co. Ltd.* In the final judgment of the case, the brand was found to be well-known in China due to the fact that its goods and services had been marketed for an extended period of time in the world as a whole and enjoyed a great deal of popularity and prestige among consumers. The classification was not changed by the fact that at the time of the infringing act, the public in China did not know the brand name to the same extent as in other countries, or that the knowledge of the brand name was limited to an urban population in a specific income class.

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38. See PRC Trademark Law, *supra* n.18, art. 14.

39. Gao Zhi Zhong Zi No. 8 (Civil Judg. of Beijing Sec. Interm. People's Court, 1999).

### CONCLUSION

Until the late 1980s, there was no coherent framework to speak of regarding the status of well-known trademarks in China. Until the latest round of legal reform surrounding China's entry into the WTO, well-known trademark analysis was a hodgepodge of legal and administrative systems with no coherent standards and allowing for an unhealthy amount of subjective analysis by members of the judiciary and administrative bodies.

The transformation of China's legal landscape has put into place a system for well-known trademark designation that is on par with international standards. In practical terms, this means a move from an *ad hoc* system based on subjectivity and local protectionism to one based on objectivity and quantitative evidence. While one could argue that the current framework is satisfactory, it is evident that standards of application and enforcement must now be focused upon for the entire system to truly reach international norms. Only then will the playing field be level and the distinction between marks held by foreign and domestic entities eradicated.