

“Ghost” Trademarks in China:

Comments on and analysis of preemptive trademark registration in China and the related issues

Wang Zhengfa

Over the years, tens and thousands of “ghost” trademarks have been hovering over this land. These “ghost” trademarks are used to “gain fame or win popularity by fraud”. Obvious or implicit bad faith also goes with them when they are applied for registration or used. The most registered “ghost” trademarks are not put to actual use. The owners of these trademarks await opportunities to assign them to seek exorbitant profit. Some are put to use to seek illicit income from sales of goods bearing them. To date, it is astonishing that the “ghost” trademarks are in such a huge number, increase at such a dreadful rate, and exist in so many varieties of forms. Some are deceived by the false or fragile “legitimacy” of these “ghost” trademarks to such an extent that they clearly know the “ghost” trademarks are illegal, but try to defend their legitimacy. Some even speak highly of them, arguing that some “ghost” trademarks that are preemptively applied for registration or registered are novel in conception, and the preemptive registrants are “smart and legitimate investors”. At present, the rampant “ghost” trademarks have disrupted the normal market order, seriously impaired the lawful interests of consumers and related rightholders. This writer clearly knows that it is difficult to put an end to “ghost” trademarks. However, if we strengthen coordination and intensify efforts to fight against “ghost” trademarks in the trademark laws and other associated regulations, in the procedure of trademark examination, trademark review and adjudication, and in trademark lawsuit, and at all levels of the trademark administration, crack down upon and prohibit “ghost” trademarks of all kinds, “ghost” trademarks would not go so wild in broad daylight as they do now, the number of them would be reduced and the normal order would be greatly enhanced in the field of trademark.

I. “Ghost” trademarks of all description

There are all sorts of “ghost” trademarks in a large va-

riety of forms as mainly shown below.

1. Preemptive registration of renowned trademarks that are not registered in China in identical or similar goods (in this article, the “renowned trademarks” broadly refer to all renowned trademarks, including well-known marks, famous trademarks, renowned trademarks, famous brands, and trademarks that have certain influence).

This is a typical act of preemptive registration of trademarks in China and elsewhere. Most preemptive trademark registrants do not preemptively register them for themselves to use the trademarks, but to extort money or charge high assignment fees from the real owners when the latter want to register their marks, or seek, by coercion, the exclusive agency right in relevant goods. A few preemptive registrants are competitors of the real owners of the trademarks. The purpose of their preemptive registration of these trademarks is to prevent other parties from marketing goods of the same classes in the marketplace. Some enterprises’ trademark awareness is so weak that they do not close their mind to registering their trademarks until the market is open to their goods or even after counterfeit goods are discovered. By then they had found their trademarks preemptively registered by other parties. Some enterprises have only registered their marks in China, but not in the foreign countries or regions where their products are marketed. As a result, their own marks are found preemptively registered there.

2. Preemptive registration of renowned trademarks that are not registered in China in dissimilar goods

This often happens to highly reputable trademarks, mostly well-known marks with the meaning of the words of the trademarks that may be looked up in the dictionaries. They are not so originally coined as “KODAK”. Having a guilty conscience, the preemptive registrants obviously do not dare to register them in identical or similar goods, hoping to obtain the trademark registration by taking advantage of the loopholes of the law.

3. Preemptive registration of renowned trademarks that are registered in China in dissimilar goods

When a trademark becomes somewhat famous and yet to be well known, someone may register it in dissimilar goods. One of the examples is the Chinese trademark of “ORDER” brand floor boards. When the goods bearing the mark sold well in China, someone registered the mark in ceramic tiles. As a result, the tiles sold well, too. Later, when the “ORDER” (in floor boards) was exposed in the media as being a “fake foreign product”, the sales of the “ORDER” ceramic tiles fell sharply. The owner of the mark said that it was itself innocent, but those with discerning eyes laughed at it, saying “why have you done so in the first place”.

4. Registration of the translation, pinyin (a phonetic system for the Chinese language), transliteration or their combination of the words of another parties’ renowned trademark

For example, someone applies for registration of “六神” (a well-known mark pronounced as “liu shen” in Chinese), together with its pinyin. The possibility for him to be granted the registration is almost zero. Even if he is granted the registration of it, the real owner of the trademark is entitled to request to revoke it under Article 6bis of the Paris Convention for the Protection of Industrial Property. Of course, all related factors should be considered in dealing with disputes of the kind as is shown in the case in which Dell requested to revoke the “德尔” (a potential transliteration of the trademark “DELL”) trademark registered by a Guangdong-based company. The court in Beijing rejected Dell’s litigant claim.

5. “Seeking connection” between one’s own mark and a registered renowned trademark or famous person’s mark registered in China in identical or similar goods.

“Seeking connection” between one’s own mark and another party’s registered mark is a means often used by many “ghost” trademark registrants. For example, where there is a registered “鳄鱼” (CROCODILE) trademark, someone would register a trademark of “CROCODILE PLAYBOY” or “CROCODILE BROTHER”; where there is a registered “YAOMING” trademark, someone would register a “YAOMING FAMILY” or “YAOMING GALLANTRY” trademark. Whether trademarks of the nature are registrable is mainly determined by these factors:

- 1) The specific provisions of the Trademark Law;
- 2) The repute of the trademark with which connection is sought;
- 3) Where the mark seeking connection with another party’s mark has been used commercially, the time, extent

and scope of the use thereof; and

- 4) The likelihood of confusion between the mark seeking connection and the one with which connection is sought.

Take the “YAOMING FAMILY” trademark for example. If the registrant can prove that his name is Yao Ming before the basketball player Yao Ming became famous, or he has used the mark for a long time, and his use of the mark is implicitly accepted by the basketball player Yao Ming, and people can distinguish it from the trademark “YAOMING”, namely, the trademark becomes distinctive, it is then possible for it to be registered as a trademark.

6. Registering another party’s registered renowned mark as the name of one’s own enterprise name

Some people use another party’s renowned mark as the trade name of one’s own enterprise name, and believes that this is not a trademark infringement. In fact, if such use creates confusion about the origin of goods or service, it is an act of infringement of a prior trademark right and unfair competition. Cases of conflicts of the kind are on the rise. The recently reported cases of conflict are of the kind between the trademarks of “NIPPON” (in paint) and “雷蒙” (pronounced “lei meng” in garments) and the names of the related enterprise names. In Hong Kong, someone has registered “PIERE CARDIN” as the name of its own enterprise name, and licensed an enterprise in the mainland to use it, thus causing much confusing. Recently, the Hong Kong Higher Court has made a ruling to have nullified the enterprise names of the “Italian Pierre Cardin (H.K.) International Inc. and the Italian Pierre Cardin (H.K.) International Group Ltd.”.

7. Preemptive registration of others’ renowned marks as domain names

The “first-to-file” principle is adopted for registering domain names, and the registration of domain name does not require the use thereof. Besides, the laws regulating domain names are yet to be improved in many countries, which is probably one of the main reasons that many people have preemptively registered other parties’ trademarks as domain names. It is reported that trademarks, such as “GLANZ”, “YUE-SAI”, “NESTLE” and “OUYI” were once registered by other parties as domain names in Chinese. The newsreport that the Google has spent a million US dollars buying back the domain names “google.com.cn” and “google.cn”, is a great incentive to domain name registrants and sellers (actually most of them are those selling “ghost” trademarks) in China. If this is true, we wonder why Google could do nothing

ing, but spent the million US dollars. For Google, it would be too much trouble to sue, or would cost it more to resort to lawsuit. But this one million US dollars has obviously sent the “ghost” trademark registrants in China a wrong message that selling “ghost” trademarks would also give them a reason and chance to make big bucks.

8. Imbedding other renowned trademarks in the source code of webpage

Some people imbed others' trademarks in the source code or indications of their own webpage to attract web browsers to their websites through search engine when they input the trademarks as the key words, and, in this way, achieve the goal of creating confusion and gaining business benefits. Such cases are not heard in China. But cases of the kind are reported in foreign countries, such as Playboy v. Calvin Designer, Lable Asia Focus International and Welles.

9. Using another party's renowned trademark as the name of goods

A typical case of infringement of the kind is one between the Yilai Ceramic Industry Co., Ltd., registrant of the “VENUS” trademark (in ceramic tiles), and the Shanghai Fuxiang Ceramics Co., Ltd. in 2002. The defendant Fuxiang printed the words “VENUS” on the package of the “YAXIYA” ceramic tiles it marketed. Upon hearing the case, the first and second instance courts rejected the plaintiff's litigant claims on the grounds that the words “VENUS” did not constitute prominent use, that the goods were marketed in different channel of commerce, and that the trademark in suit was poorly distinctive. In this regard, this writer believes that “VENUS” is not the name for the goods ceramic tile unless sufficient reasons prove so. The names of “DONGPO”, “GUIFEI” and “MAPO” used in goods “DONGPO pork”, “GUIFEI chicken” and “MAPO bean curd” as we know now all used to be the brands (trademarks), which have been used as, or have evolved into, the names of goods for lack of protection then. Before the 1980s, the Shanghai Guangming Foodstuff Plant used its famous trademark “BIG RABBIT” as the name of the sweets on which the trademark was used for being unaware of trademark protection by calling the product 'Guangming Brand Big Rabbit' milk sweets, resulting in the market being filled with “big rabbit milk sweets” of all brands. This has caused serious prejudice to the interests of the Shanghai Guangming Foodstuff Plant, but it deserves it to a certain extent. We should never use our own trademark as the name of goods, nor allow others to use them as such. Let's return to the case of Yilai Company v. Fuxiang Compa-

ny. For this writer, it is illegal and unjustifiable for Fuxiang to use Yilai's trademark as the name of the goods. Unless it could prove that Yilai's trademark was not distinctive at all, and its registration should be nullified, or that it used the trademark in suit first, its use of the trademark will be use of a “ghost” trademark as discussed here.

10. Preemptively registering another party's corporate name as trademark

Before a corporation realises that its corporate name may be registered as a trademark, another party has preemptively done so. For example, the name “Wenzhou Chamber of Commerce” was preemptively registered as a trademark by someone to be used in newspapers, periodicals and news magazines. To date, there are more than 120 Wenzhou Chambers of Commerce nationwide. If said trademark is successfully registered, it would, to a large extent, deprive all these Wenzhou Chambers of Commerce of the right of speech in press. Preemptive registrants of trademarks like this often do so obviously in bad faith to seek illicit benefits.

11. Preemptively registering generic name of goods as trademark

Any generic name of goods, be it generally accepted or arbitrarily established in a particular industry, should not be registered as a trademark. Any name extremely confusing with a generic name is no exception. The preemptively registered trademark “UV Red” (confusing with “UV Red Insects”, a bait for pet fish made by using ultraviolet rays to kill virus), which has caused heated debate in aquatic industry is such an example, so are “WANNIANQING” (meaning “evergreen”, and used on dehydrated vegetable) and “SHUANG HUANG LIAN RONG” (meaning “double yolk with lotus seed cream” and used on a kind of Chinese moon cake). These trademarks, even registered, are quite likely to be revoked later because they are not quite possible to acquire their distinctive character as trademarks through use.

12. Using another party's trademarks in ones' own advertisement.

Yakult, a Japanese company, has registered, in China, the trademarks of “YAKULT” and “养乐多” (the transliteration pronounced as “yang le duo” in Chinese) in dairy products. The Jiangsu Kunshan Yangleduo Foodstuff (China) Co., Ltd. has used the confusing trademark “YANGLEDUO” in similar goods, and, as well, used the advertising phrases of “Good morning YANGLEDUO” and “Healthy YANGLEDUO”. This is an obvious act of trademark infringement.

13. Labeling local trademarks as “foreign popular brands”

Speaking of example of the kind, consumers in China would immediately have in mind the trademark “OUDIAN” (for floor board) (meaning “European Classic” in Chinese) as exposed at the 15 March (designated as the Consumers’ Day) Night TV Show broadcast live on the CCTV-1 in 2006. The Germany-based Headquarters as advertised for the trademark is no where to be found for the “ORDER” brand floor board, which was said to be “a hundred-year-old brand originating from Germany” and “widely marketed in more 80 countries”. Though it was said that the “ORDER” brand floor boards were of good quality, and almost no complaint about it was filed by consumers over the years, this would not at all free the manufacturer from the legal liability for false advertising, fraud, and unfair competition.

14. Using another party’s copyrighted works as trademarks

There used to be a “THREE-HAIRED BOY” trademark in wine and liquor. The device of the trademark is the “three-haired boy” drawn by the artist Zhang Leping. If the device is used as a trademark without authorisation from the author, the use is an infringement of the latter’s copyright. The recently reported dispute between the Oriental “FOXTOWN” and the Shanghai “FOXTOWN” is a case involving both the matter of trademark and copyright. It is reported that the Shanghai Foxtown has modified the fox device in order not to infringe the party’s copyright.

15. Preemptively registering as trademark name of a person, event or article that is famous or will become famous

Most ghost trademark owners or operators do not know much about the trademark-related laws and practice, but they are quite clear that the more famous the trademarks are, the more valuable they are. For that reason, they preemptively register, as vigilant and quick as a cat, as trademarks all that are famous at all times and in most countries, and then await the highest bid. Of course, some of them also know that the fame going with the persons, events or things represented in the words or devices of their trademarks does not mean that these trademarks per se are famous. The trademarks they have preemptively registered with a price paid therefor may not be registered at all, or nobody would buy these trademarks even if they are registered, and they would have gained nothing. The newspaper reports that people pay RMB 4 to 500,000 or even a million yuan for a single “ghost trademark” often thrill the “ghost” trademark opera-

tors to such an extent that they find it hard to resist the temptation. As a result, there are more and more “ghost” trademark operators, and the “ghost” trademarks are becoming more varied and absurd. Following are some typical “ghost” trademarks of the kind applied for registration or having been registered in China:

Trademarks	Figure Referred to or implicitly referred to	Designated goods/services
YAO MING	Yao Ming (a famous NBA basketball player)	Beer; steel pipe
ZHANG ZIYI (with the final “YI” being a homophone)	Zhang Ziyi (a world renowned film star)	Electric device for trapping and killing bug, and expelling mice
LONGMEN GROTTOS	Spot of tourist attraction	Publications; books
DA VINCI CODE	Title of a film	Education, entertainment, and cultural activities
12.88	The latest world record of 110-meter hurdle race	Garments
Device of Zidane’s head-butt against Materazzi	French footballer	

II. Harm done by “ghost” trademarks

1. Disrupting commercial order

Primarily, the “ghost” trademarks appearing in a large number disrupt the normal commercial order, and make it very difficult for many lawful, especially renowned, enterprises to operate in a normal manner. They have to pay unnecessary extra-budgetary expenses to stay away, or free themselves from, the harassments of these “ghost” trademarks.

2. Aggravating the burden on trademark administration and trial

In recent years, due to the rapid rise of the economy in China and the impact of economic globalisation, the Trademark Office of China has been leading the world in the number of trademark registration applications handled for several consecutive years. Besides, the cases of trademark dispute are increasing so sharply that the Trademark Office and the Trademark Review and Adjudication Board (TRAB) can hardly bear the burden of coping with the piling-up cases pending and that it takes longer time to examine and close each case. The appearance of hundreds and thousands of “ghost” trademarks has caused great trouble for the Trade-

mark Office, the TRAB, and the courts nationwide because there are much more disputes arising from “ghost” trademarks than the regular trademarks.

3. Fostering speculative mentality

The ever-increasing “ghost” trademarks and biased news reports on them have played a negative role in the cultivation of social morality, and fostered in some people the mentality to get wealth by speculative or dubious means.

4. Injury to interested parties

The injury caused by “ghost” trademarks to interested parties is the most direct and greatest. The interested parties are the above-mentioned trademark owners, enterprise or institution name owners, copyright owners, and related public figures. The injury to the owners of widely accepted well-known marks is the most serious, and it is more difficult to deal with disputes of the kind than cases of direct trademark infringement. If a public figure has registered his name as a trademark, the case of the kind would involve the issue of trademark infringement; if he does not, it would involve infringement of his name right and impairment of his reputation. Whether a trademark having the nature of “vicious mockery” by using the name of a public figure has injury to him is determined depending on the specific circumstances.

5. Injury to consumers

Most “ghost” trademarks are not put to use, and the owners await buyers after they apply for registration of them or have registered them; hence such trademarks normally do not cause injury to consumers. However, some “ghost” trademarks have been put to use, and they have probably caused injury to them to an extent. Take the above-discussed “ORDER” trademark for example, while this brand of goods is of good quality, its price would have been much lower if they have been marketed without forging its “foreign origin”. This is a fraudulent act causing injury to the consumers.

6. Injury to “ghost” trademark operators themselves

Most “ghost” trademarks are not as “illegitimate, but fair” as many people and “ghost” trademark operators think, nor (even less possibly) do they bring a fortune as “ghost” trademark operators hope. For this writer, cases, such as the one in which Google pays a million US dollars for the domain names “google.com.cn” and “google.cn”, are rare. Even if the story is undoubtedly true, the necessity to do so is questionable. It may even be suspected that Google is advertising the tremendous value of the “GOOGLE” brand. In fact, most “ghost” trademarks are not legally well established, nor

registrable. Even if they are registered, the registration will be revoked for non-compliance with the Trademark Law and the other related laws and regulations. Besides, now some “experts” over-optimistic estimation of the prospect and value of preemptively registered trademarks often mislead “ghost” trademark operators, and make them even more blinded in their pursuit of activities along the line.

III. How to expel the “ghosts”

Many “ghost” trademark operators argue that it is “legitimate” for them to apply for the registration of, register, or use, a “ghost” trademark as they are using their “intellectual power” to create wealth. In the news reports in the mass media, attention is paid only to what have happened and what effect the news would produce, and the defects and harm of “ghost” trademarks are seldom mentioned. Many average consumers may feel that a lot of “ghost” trademarks are unfair, but they can do nothing about them since they are registered by legally taking advantage of the loopholes of the law. In fact, these trademarks are legally untenable. (For example, the application for the registration of the trademark “二人转” (pronounced as “er ren zhuan” and referring to the song-and-dance duet popular in northeast China was refused in the initial procedure). The above view held by many consumers in China results from the misleading news reports and commentaries. For instance, someone made the following comment on the issue of preemptive registration of trademarks:

“To preemptively register a trademark is to make an investment to seek benefits by using one’s own “intellectual power” to register a somewhat renowned trademark or a trademark similar to a renowned trademark. This “speculative act”, though unfair, is legitimate. This view is by no means held by the few in China. This writer has, on many occasions, heard people advice trademark owners that the most effective way to prevent their trademarks from being preemptively registered by other parties is to register them in all classes of goods. What they have said per se is not wrong. The problem is how many large companies there are in the world that have the financial capability and energy to enable them to register all their trademarks in all the 45 classes of goods and services in nearly 200 countries and regions (even in a half of them). What’s more, large companies generally own dozens or even hundreds of trademarks, including primary trademarks, secondary trademarks, and

associated trademarks. Let alone trademark owners that are small and medium-sized enterprises or even individual persons.

Since “ghost” trademarks are legally fragile, they can be expelled or eliminated by many legal means and in related legal procedures. The Chinese Trademark Law has set forth many provisions on prohibiting the use and registration of trademarks, including the “ghost” trademarks, which are possible to be refused at the time of application. Even if they are not, such trademarks will be properly dealt with in the follow-up opposition procedure, reexamination procedure, procedure for resolving disputes arising from application for revocation of trademarks that are registered by unfair means or in bad faith (the revocation procedure), the administrative handling and investigation, infringement procedure, administrative procedure, and criminal procedure. Following are some of the main bases or grounds set forth in the Chinese Trademark Law and other related laws and regulations for eliminating “ghost” trademarks. In this regard, views raised here on some trademarks represent this writer’s understanding and idea of the issue, and have nothing to do with the independent examination or adjudication of the Trademark Office, the TRAB or the courts.

1. Conflicting with prior right (Articles 9, 13 and 31 of the Trademark Law)

Any trademark applied for registration is likely to be refused that conflicts with a prior trademark registered in identical or similar goods, preliminarily examined or applied for registration, or with a trademark not registered, yet used earlier with certain influence, or with a well-known mark not yet registered in China in identical or similar goods (including reproduction, imitation and translation of said well-known mark), or with a well-known mark registered in China in non-identical or dissimilar goods (including reproduction, imitation and translation of said well-known mark). Even if registered, it is likely to be revoked in the later related procedure. Therefore, it is not the case that any trademark that another person does not register in time is registrable as some “ghost” trademark operators believe. For example, if someone finds that the Galanz has only registered the “GALANZ” trademark (in microwave oven), but not registered the related Chinese trademark, he goes on to preemptively register it, the trademark is unlikely to be registered since the prior right and the well-known marks are protected. This is also true for the above mentioned case in which someone adds Chinese pinyin to “六神” trademark and applies for registra-

tion of it.

The prior rights also cover the copyright, the personal rights (the rights of name, portrait, and reputation), the design patent right, and the right of trade name. In a “ghost” trademark is often used the name or the homophony of the name of a public figure or his portrait. Sometimes, such use, together with the goods on which the trademarks are used, may constitute defamation. For example, the use of “Xuecun”, the name of a popular singer, as a trademark in condom possibly conflicts with his personal right.

2. Confusingly similar (Articles 28 and 29 of the Trademark Law)

Whether a trademark is confusingly similar to a trademark with the prior right is one of the important bases for the registrability of the trademark and for handling a dispute involving it. The rules or standards in this regard are very much the same in many countries, with such factors involved as the trademark per se, related goods, channel of commerce, buyers, and price of goods. For the related standards in China, see the Standards of Trademark Examination and Adjudication set forth by the Trademark Office and the TRAB in 2005.

3. Not having or being devoid of distinctive character (Article 11 of the Trademark Law)

Trademarks that do not have or are devoid of any distinctive character are not registrable unless they have acquired their distinctive character through use in the sense that they have acquired their “second meaning” capable of distinguishing the origin or source of goods. In China, many “ghost” trademarks do not have or are devoid of any distinctive character since they directly describe the property or characteristics of goods or service on which they are used. Further, most of them do not have their “second meaning” for lack of actual use. There are many such examples. The trademark “Wang Xiao Ya” (a homophony of the name of a famous CCTV anchorwoman, with the character “ya” standing for “duck” in Chinese) (used on down jacket) shows the raw material of the goods; and the trademark “Peng Li Yuan” (a homophony of the name of a popular singer with the characters respectively standing for “expanding, erect, and plump” in Chinese) (used on a product for well grown breasts) relates to the use or function of the goods. The applications for registration of all these trademarks are refusable for lack of distinctive character.

4. Having unhealthy influence (Article 10 (8) of the Trademark Law)

This provision has a wide range of coverage. Trademarks that are referred to as contrary to the accepted practice and morality, insulting or deceptive and harmful to the religious sentiment in many countries are all those having unhealthy influence under Article 10 (8) of the Chinese Trademark Law. The application filed for registration of the trademark “Saddam” was refused by the Trademark Office for “having unhealthy influence”, so was the application for registration of the trademark “二人转” (used on condom) (pronounced as “er ren zhuan” and referring to the song-and-dance duet popular in northeast China) for showing the use of the goods, lack of distinctive character, or for “having unhealthy influence” (constituting defamation and containing obscene elements). The application filed by a student for registration of the above mentioned trademark of the “Goddess of Mercy with a thousand arms” (used on clothing) is likely to be refused by the Trademark Office for “having unhealthy influence” due to its harm to religious sentiment, particularly so if the clothing include goods like stocking suspenders or mini-skirts.

5. Prior use (Article 31 of the Trademark Law)

The Chinese Trademark Law provides that “no applicant shall register in an unfair means a trademark that is already in use by another party and has certain influence”. Though given conditions are attached, the prior right may be made use of to eliminate registration of “ghost” trademarks.

6. Ceased use (Article 44 (4) of the Trademark Law)

Request may be made to cancel a registered trademark which has not been in use for three consecutive years. Since many “ghost” trademarks are not actually used after registration, but offered for sale at a fixed price, a request may be made under this provision to cancel such a “ghost” trademark. It needs to be noted that the stipulated use of trademark in China includes commercial advertisement.

7. Registered in bad faith and by unfair means (Articles 31 and 41 of the Trademark Law)

The Trademark Office has the power to refuse an application for preemptive registration, by unfair means, of a trademark that has been used by another party and influential to an extent. If the trademark is not refused, an interested party may eliminate the application for registration of a “ghost” trademark in the opposition procedure, opposition reexamination procedure and judicial procedure. The Trademark Office may revoke the registration of a registered “ghost” trademark, and an interested party may request the TRAB to revoke the registration. As for any dispute over a

registered trademark (the revocation procedure), an interested party may, within five years from the date of approval of the registration of the trademark, apply to the TRAB for review and adjudication. In respect of preemptive registration of a well-known mark, the trademark owner is not subject to the five-year limitation.

8. Well-known mark (Articles 13, 14 and 41 of the Trademark Law; the Provisions on the Establishment and Protection of Well-known Marks; and the Notice of the State Administration for Industry and Commerce on Several Issues Related to Application for Establishment of Well-known Marks)

The special protections of well-known marks have been mentioned in the above discussed points (1) “conflicting with prior right” and (7) “registered in bad faith and by unfair means”. In China, the pertinent provisions on the protection of well-known marks have been worked out in accordance with Article 6bis of the Paris Convention for the Protection of Industrial Property, Article 16 of the TRIPS Agreement and the WIPO’s Joint Recommendation Related to Well-known Marks, and are effective means for the related trademark owners to prohibit their own trademarks from being preemptively registered or used by others as an enterprise name or part of a domain name. A trademark may be established as a well-known mark by the Trademark Office, the TRAB or the court in related procedure. In recent years, “ghost” trademarks not only exist in a large number in China, but also incessantly appear in other countries. In recent years, a considerable number of Chinese well-known marks have been preemptively registered in foreign countries. These trademarks, if established as well-known marks, would be more favourably treated in dispute resolution procedure. For example, the Wulingye Corporation has succeeded in eliminating preemptive registration of its trademark “WULIANGYE” (used in liquor product) in South Korea.

10. Trademark dilution

The Chinese Trademark Law does not set forth any express provisions on the matter of trademark dilution. However, many interested parties insist on making defense, on the basis of the trademark dilution doctrine in the relevant procedure, for the protection of their well-known marks. In fact, the provisions relevant to trademark dilution accord enhanced protection to well-known marks in non-competitive goods or services, so that these trademark owners do not have to prove, in a trademark dispute, that the trademark in question is confusingly similar under the conventional trademark law. They only need to concentrate their proof on the

fact that the other party's use of the trademark in question has unfairly made use of the distinctive character or reputation of their own well-known marks, and weakened or diluted the distinctive character by unfair means. The trademark dilution doctrine is also often applied to prohibit other parties from using one's trademark as part of their enterprise name or domain name.

IV Comprehensive and coordinated measures for control and prevention of “ghost” trademarks

Now, applications filed for registration of “ghost” trademarks are in large number; it is extremely urgent to adopt comprehensive and coordinated measures for the control and prevention of “ghost” trademarks, otherwise they would disrupt the normal market order in China, and, as well, do inestimable harm to the strategy for the Chinese enterprises to create their own famous brands. Following are this writer's views and recommendations on the comprehensive and coordinated measures for the control and prevention of “ghost” trademarks.

1. Application for registration, registration or use, of most “ghost” trademarks is contrary to the current Chinese Trademark Law, and the use of some of them is contrary to the related provisions of the Chinese Unfair Competition Law, the Law for the Protection of the Consumers' Rights and Interests, and the Advertisement Law. It is recommended that efforts be intensified to popularise, report and explain, with practical cases taken into consideration, the trademark-related laws and regulations in China, and do away with all biased and false reports on “ghost” trademarks.

2. The Chinese Trademark Office and the TRAB have done a great deal and made notable achievements in eliminating registration of “ghost” trademarks. Besides eliminating “ghost” trademarks under the Trademark Law and the relevant regulations, the Standards of Trademark Examination and Adjudication jointly formulated in December 2005 by the Trademark Office and the TRAB have set more detailed and specific standards for the elimination of “ghost” trademarks. Given that the “ghost” trademarks often survive due to the existence of loopholes of the laws, it is recommended that the Trademark Office and the TRAB be stringent in their examination or adjudication of the obvious “ghost” trademarks, so that there will be no chance for these trademarks

to take advantage of the inadequacy of the law, and growth of “ghost” trademarks could be completely checked.

3. In China, vigorous preparations have now been underway for the work on the amendment of the Trademark Law as of 2001, it is recommended that the following issues be taken into consideration in the amendment of the law:

(1) Properly increasing the scope of the rights generated from the prior use of trademarks;

(2) Setting further stringent standards for the establishment and use of trademarks;

(3) Putting off consideration of the issue of post opposition; and

(4) Setting forth specific provisions (in the Trademark Law or associated regulations) on the registration of trademark related to public figures and historic and cultural names.

4. Since many acts related to “ghost” trademarks are also acts of unfair competition, it is recommended that efforts be made to enhance the enforcement of the Unfair Competition Law.

5. To date, there are more and more “ghost” trademarks contained in domain names, which is another striking indication that the “ghost” trademark operators are taking advantage of the inadequacy of the law provisions. The Measures for Domain Name Dispute Resolution coming into effect on 17 March 2006 provide for non-acceptance of disputes arising after two years from the date of registration. Although some companies raise their dispute directed to domain names, such as “coca-cola.cn”, “nestle.cn” and “tofle.cn”, most “ghost” trademarks in domain names are to date at large. How to resolve disputes of the nature in accordance with the Trademark Law and Unfair Competition Law, rather than in the light with the Measures for Domain Name Dispute Resolution is an issue the relevant departments should consider.

6. To date, in China, the people's courts at or above the intermediate level have the power to establish well-known marks. It is recommended that the standards for the establishment of well-known marks be harmonised and unified, so as to avoid discrepancies. If necessary, only a limited number of these people's courts are given the jurisdiction over cases of establishment of well-known marks. ■

The Author: Senior Counsel of China Patent Agent (H.K.) Ltd., former Director-General of the Developing Countries (PCT) Office of WIPO