Names Indicating Both Goods and Source Are Not Generic Names:

Differentiation of Generic Names and Particular Names

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A particular name (or a name particular to some goods) often both indicates the source of goods and reflects the natural attribute of them, which at times blurs the line of demarcation between particular names and generic names. Meanwhile, a particular name has the potential to become a generic name, which makes it more difficult to render decisions in specific cases. In the case of dispute over infringement of the exclusive right to use the marks at issue between the Foshan City Heji Biscuit Industry Co., Ltd. (Heji) and the Zhuhai Xiangji Foodstuff Co., Ltd. (Xiangji), the Supreme People's Court concluded that while some names indicated a sort of goods and characteristics, they were seen by the relevant sector of the public to be the goods made by a particular business, a mixture of the goods and their source as they were exclusively used by a business. These names, which still indicate the source of goods, should not be determined as generic names.

Case briefings

Heji, plaintiff of the case, is the manufacturer of the Manggong biscuits and owner of the registered trademark "MANGGONG Brand MANGGONG" (approved for registration on 15 December 1982) and the registered trademark of "MANGGONG" (approved for registration on 28 March 2000) used in respect of goods in class 30, such as crystal sugar, biscuits, pastries, and confectionery.

According to the published documentations, the Manggong Biscuit is one of the local specialities made in Foshan City. It was first made somewhere between 1796 and 1920 in the Qing Dynasty under the region of Jiaqing Emperor by a blind person's son named He Yuzhai, so it got its name Manggong Biscuit (meaning "biscuits made by a blind man"). When the product became famous, the business got its trade name "Heji". In the years immediately after 1949, several businesses making biscuits, pastries and confectionery merged into the Foshan City Heji Biscuits, Confectionery and Foodstuff Plant, and Manggong Biscuit was one of the products made by the plant. Later, the name of the plant was changed into the Foshan City Confectionery Plant, and later Foshan Jiahua Foodstuff Corporation. Upon reorganisation, the business got the present name of the Foshan City Heji Biscuits Industry Co., Ltd. on 8 December 1999.

Registered trademark (No. 166967)

Registered trademark (No. 1965555)

Xiangji, defendant of the case, was incorporated on 6 April 2000. On the allegedly infringing product of biscuits made and marketed by it and on the package of the products were obviously printed the words "Manggong Biscuit".

Allegedly infringing product

On 9 August 2004, Heji sued Xiangji in the Guangdong Province Foshan City Intermediate People's Court on the ground that Xiangji put "Manggong Biscuit" on the goods of biscuits it made and marketed and the packages thereof without authorisation, which infringed its exclusive right to use the registered mark of "MANGGONG", requesting the

court to order Xiangji to cease its infringement and destroy the moulds used to make the allegedly infringing products and the packages bearing the words "Manggong Biscuit", make public apology, eliminate the ill-effect, and pay Heji RMB 250,000 yuan in compensation of its damages. Xiangji defended that the "Manggong Biscuit" was a generic name of the sort of biscuits, and its use of the words "Manggong Biscuit" was not infringing; besides, Xiangji had been given the production process, formula, trade dress and other prior right by the Hong Kong Xiangji Corporation and it could duly use the words; hence it requested the court to reject Heji's litigation claims.

Courts' decisions

Upon hearing the case, the Guangdong Province Foshan City Intermediate People's Court concluded that Xiangji's use of "Manggong Biscuit" on the biscuits it made and the packages thereof infringed Heji's exclusive right to use its registered mark, and made, on 20 December 2004, the Civil Judgment (No. Fozhongfaminsanchuzi 283/2004), ordering Xiangji to cease making and marketing the products infringing Heji's registered trademarks (Nos. 166967 and 165555), destroy the moulds used to make the allegedly infringing products and the packages bearing the words "Manggong Biscuit", and pay Heji RMB 50,000 yuan in compensation of its damages. Dissatisfied with the Judgment, Xiangji appealed to the Guangdong Province Higher People's Court. The Guangdong Province Higher People's Court made, on 4 July 2006, the Civil Judgment (No. Yuegaofaminsanzhongzi 47/2005) to have remanded the case on the ground that "the former Court made its decision with unclearly ascertained facts and insufficient evidence".

Upon rehearing the case, the Guangdong Province Foshan City Intermediate People's Court concluded that the Manggong Biscuit, with a history of nearly 200 years, had long become goods well known to the relevant sector of the public. "Manggong" became a name particular to the well-known goods before "MANGGONG" was registered as a mark, and not a generic name of the goods of biscuits. Xiangji, a business culturally unrelated to the Manggong Biscuit, used, without license from the Heji, Heji's registered trademark of "MANGGONG" on some of the biscuits it made and marketed and on the package thereof, which was sufficient to mislead consumers. Accordingly, the trial court made the Civil Judgment (No. Fozhongfaminsanchongzi 2/2006), on 25 December 2006, (Judgment No.2), ordering Xiangji to immediately cease infringing Heji's exclusive right to use the registered marks (Nos. 166967 and 1965555).

Dissatisfied with Judgment No. 2, Xiangji appealed to the Guangdong Province Higher People's Court, which held that the Chinese characters of "Manggong Biscuit" indicated on the biscuits made by Xiangji were identical with Heji's registered marks only in the two characters of "Mang Gong", but significantly different in the writing style. Since Manggong Biscuit had been a concept of goods in the Foshan region for nearly 200 years, use of it together with the source of the products prominently indicated on the salient place of the package of the goods was sufficient to enable the relevant sector of the public to set the sources of the goods apart, and as unlikely to create confusion. Therefore, use of the words "Manggong Biscuit" on the allegedly infringing product was found not infringing Heji's trademark right. The label on the package of Xiangji's allegedly infringing product was obviously different from Heji's registered trademark "MANGGONG Brand MANGGONG" (No. 166967), and the two were unlikely to be confused by the relevant sector of the public paying the average attention or for them to associate the source of one goods with that of the other. Accordingly, the label for the goods of "Manggong Biscuit" used on the package of Xiangji's allegedly infringing product did not infringe Heji's exclusive right to use the mark "MANGGONG Brand MANGGONG" (No. 166967). However, on the package of Xiangji's allegedly infringing product was used the label for the goods of "Manggong Biscuit" containing Heji's word mark of "MANGGONG" (No. 1965555), with all the words identical in uncommon artistic writing with highly similar writing style, being difficult to be distinguished. Since the Manggong Biscuit made by Heji was well known, and it was likely for the relevant sector of the public to believe that the Manggong Biscuit made by Xiangji was closely related to Heji and was the MANGGONG brand Manggong biscuit Heji made, so the confusion about the source of goods was likely. Xiangji's action was one to use the words, as the name of the goods, similar to Heji's registered trademark (No. 1965555) to mislead the public. The words of "Manggong Biscuit" used on the package of Xiangji's allegedly infringing produts infringed Heji's exclusive right to use the "MANGGONG" mark (No. 1965555). The court of appeal specially pointed out the "Manggong Biscuit" was the name of goods, but "MANGGONG" was not; Heji's registered trademark "MANGGONG" (No. 1965555) was a mark, not the name of

goods. The trial court's failure to make this distinction resulted in error in its ascertainment of facts. Therefore, the Guangdong Province Higher People's Court made the Civil Judgment (No. Yuegaofaminsanzhongzi 36/2007), ruling that Xiangji cease its infringement of Heji's exclusive right to use its registered trademark (No. 1965555).

Dissatisfied the preceding Judgment, both Heji and Xiangji requested the Supreme People's Court to review the case.

The Supreme People's Court made its ruling to review the case upon examination of the facts of the case, and made the Civil Judgment (No. Mintizi 55/2011) on 24 August 2011, concluding that, as the ascertained facts showed, Manggong Biscuit was a food of specialty with a history of more than two hundred years and with special historical origin and cultural characteristics in Foshan. While "Manggong Biscuit" has its special flavour or taste, "MANGGONG" or "Manggong Biscuit" were not common lexical items to describe biscuits of the sort. As the business's line of heritage showed, there was a continual heritage through various stages of reorganisation or reform of businesses making the products, and Manggong Biscuit was a product dealt in by generations of businesses, such as Heji Pastry Store, Foshan City Heji Biscuits, Confectionery, Foodstuff Plant, Foshan City Confectionery Plant, Foshan Jiahua Foodstuff Corporation and Heji Corporation. Besides, not long after the Chinese Trademark Law entered into force, the business dealing in "Manggong Biscuit" applied for, and was granted, registration of the trademark "MANGGONG", and had been pro-active to protect the brand; the "Manggong Biscuit" they produced was highly reputable. While Xiangji argued that "Manggong Biscuit" was a generic name, it failed to produce evidence to show there were other manufacturers making "Manggong Biscuit" in mainland China. While there were books describing how to make "Manggong Biscuit" and some businesses in Hong Kong and Macao also make "Manggong Biscuit" of various brands, and these facts would have made it possible for the relevant sector of the public to believe that "Manggong Biscuit" was the name of a sort of products, due to the special history, origin, process of development and sole supplier of the product for a long period of time and the objective market division, the relevant sector of the public in mainland China would believe that "Manggong Biscuit" was a product made by a particular business. For that reason, when the accused infringement took place, the Manggong Biscuit was still characterised by combining the product with its brand to show the source of the product. It did not become a generic name. Giving such names more enhanced protection against others' unauthorised use was conducive to the protection of the character of the product and the cultural tradition in order to make it possible for the rightholder to further develop its business operation and for consumers to enjoy the taste of, and culture behind, the product. Allowing others to make "Manggong Biscuit" would impair the rightholder's rights and interests, and, as well, break the continuation of the history, tradition and culture, and disrupt the existing market order. All in all, "Manggong Biscuit" was not a generic name of goods, and Xiangji's fair use defence was untenable. Xiangji's use, without authorisaiton from Heji, the words "Manggong Biscuit" similar to the registered trademark on the goods identical with those in respect of which the registered trademark was approved to be used was likely to lead the relevant sector of the public to wrongly believe that the products were from Heji or the provider of the products was related to Heji, and infringed Heji's exclusive right to use the registered marks (Nos. 166967 and 1965555); and Xiangji should bear the corresponding civil liabilities. Accordingly, the Supreme People's Court decided that Xiangji cease the infringement of Heji's exclusive right to use the registered marks (Nos. 166967 and 1965555).

Analysis and comments

The case went through two first-instance hearing, two second-instance hearing, and the review by the Supreme People's Court. The whole proceedings are complicated, but the issues in dispute remain to be: to what extent Heji's registered trademark "MANGGONG" should be protected, whether "Manggong Biscuit" is a name particular to, or a generic name of, the product, and whether others are allowed to use it in a fair manner.

In the case, Heji claimed the exclusive right to use two registered marks with characters of "MANGGONG", while Xiangji indicated the words "Manggong Biscuit" on the biscuits it made and on the packages thereof. One of Xiangji's defences was that "Manggong Biscuit" was a generic name of a particular sort of goods, and it used the words in a fair manner to show the name of the goods. Hence, the key issue in the case is the determination of the nature of "Manggong Biscuit". Further, whether "Manggong Biscuit" is a generic name of, or a name particular to, the goods to indicate their

particular source is critical to the determination. If "Manggong Biscuit" is a generic name of some goods, the relevant sector of the public would not regard it as indicating the source of the goods. Even if Heji owns the registered trademark "MANGGONG", another party's fair use of "Manggong Biscuit" to show the sort of good would not mislead the public, so would not infringe Heji's exclusive right to use the mark "MANGGONG". Conversely, if "Manggong Biscuit" is not a generic name of some sort of goods, it is obviously easier for the relevant sector of the public to take "Manggong Biscuit" as the biscuit of "MANGGONG" brand since "MANGGONG" is Heji's registered trademark, or, in fact, by virtue of dealing in or using the registered trademark of "MANGGONG", the relevant sector of the public have already taken "Manggong Biscuit" as a sort of biscuit made by a particular business, then "Manggong Biscuit" is significant in indicating the source of the goods, so the name is a combination of trademark and a name particular to the goods. Others' unauthorised use should not be allowed, or the use would mislead the public and infringe Heji's rights and interests.

A generic name is a standard name commonly used by the relevant sector of the public and showing the fundamental difference of one sort of goods from another. In practice, generic names include statutory generic names provided for in laws and determined in the national or State and industrial standards, and arbitrary generic names used among the relevant sector of the public, which are widely believed to be capable of indicating the source of goods. A generic name reflects the natural attribute of goods. As it is used by the relevant sector of the public, usually many businesses manufacture or deal in the goods at the same time; hence mere generic name can not show the relevant information of the provider of the goods, and one cannot identify the source of the goods merely from a generic name. It is exactly because it is impossible for a generic name to indicate the source of goods that Article 11, paragraph one (1), of the Trademark Law expressly provides that "words consisting only of a generic name of the goods" should not be registered as a trademark. Meanwhile, as a generic name is the name of some sort of goods, and a name used by the relevant sector of the public, even if a registered trademark contains a generic name, under Article 49 of the Regulations for the Implementation of the Trademark Law, the trademark registrant has no right to prohibit others from using the generic name as the name of the goods in a fair manner.

The provision on particular names is set forth mainly in Article 5 of the Unfair Competition Law. Under the provision, using, without authorisation, a name particular to another party's famous commodity, or using a name 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 is an act of unfair competition. Article 2 of the Supreme People's Court's Interpretation of Several Issues Relating to Application of Law to Trial of Civil Case Involving Unfair Competition further specifies that the name of a commodity having the distinctive character of distinguishing the source of goods should be established as the "name particular to the goods" provided for in Article 5 (2) of the Unfair Competition Law, and also specifies that a generic name of a commodity should not be established as such a name unless it has acquired its distinctive character through use. Another party's use of the generic name in the name particular to a famous commodity to objectively describe a commodity does not constitute an act of unfair competition. Accordingly, a particular name is the name of goods having distinctive character to indicate the source of goods, having the essential function to distinguish the source of one goods from that of another, so substantially different from any generic name. Since a particular name has these attribute and function, it should not be used by another party without authorisation from the rightholder.

Although quite different from each other, generic names and particular names are issues of great debate in practical cases, and one of the important reasons is the process in which a particular name has evolved. Unlike a registered trademark acquiring its exclusive right through registration, a particular name comes from use. Since a particular name originating from use is a name particular to some goods, it has the attributes or the characteristics of goods from the very beginning; the relevant sector of the public start to know about it from the goods and associate it with a particular provider along with the wider use of it. Consequently it objectively functions to indicate the source of the goods. While it has its distinctive character, and functions to indicate the source of the goods, a particular name carries information of the natural attribute of the goods, and it is a combination of the goods and the source thereof. In particular, as a particular name gains its repute, when it is mentioned by the relevant sector of the public, what it indicates is some goods from some source; hence it is easy for it to be mistaken for a generic name. And it is possible for a particular name to change into a generic name. For that reason, it is sometimes

difficult to find out whether the relevant sector of the public regard a particular name as indicating goods or goods of a particular source. Based on our judicial practice, the writer thinks that, when making the determination, one may further analyse from the following aspects:

1. Considering the origin of a name and its intrinsic distinctive character. The origin of a name and its intrinsic distinctive character impact the determination of a particular name. If a name is created or coined, it, *per se*, has a strong natural attribute, indicating the source of goods. Further use of it makes it easier for it to become a particular name. Conversely, if a name is descriptive, and innately void of distinctive character, it is difficult to become a particular name unless it acquires its secondary meaning through wide use. In the case, the name "Manggong Biscuit" has its special origin, history and local cultural characteristics, "Manggong" or "Manggong Biscuit", *per se*, are not common descriptive words of biscuits. They are obviously words of creation, so easier to become particular names.

2. Considering the state of facts when infringement takes place. Even if it is originally created or coined, a name may change with time, and be turned into a generic name. Therefore, determination of whether a name is a particular or generic name should be made according to the state of facts when dispute comes up, and on the basis of the standard of the general knowledge of the relevant sector of the public.

3. Considering use by businesses in the same industry. Use by businesses in the same industry is one of the important factors to be considered in determining whether the exclusive right is granted. If a name has a specific origin, and it is created and exclusively used by a business creating it, while, with the name being widely used and gaining repute, the relevant sector of the public often recognise it as a sort of product, that is, the name objectively indicates a particular sort of goods, the name, used solely by the business, is not a generic name; it is used to distinguish goods, and related to the particular supplier of the goods, thus functioning to indicate the source of the goods, and it remains a particular name. In other words, where the sole user of the name makes a product indicating both the sort and brand of goods, the relevant sector of the public regard the name as indicating the product and the supplier thereof, i.e. a combination of the two. In case like this, unless the rightholder's great negligence causes it to have turned into a generic name, it usually retains its particularity, and other's unauthorised use of it would mislead the public. Conversely, under the circumstances where while a name is created by a business, other businesses also make and sell the identical products using the same name before the name acquires its exclusive right; or even if it has the exclusive right, it is not proactively protected, which makes it possible for many business to deal in the products at the same time and impossible for the relevant sector of the public to see it as indicting the source of the goods, it is improper to determine it as a particular name any more. In determining whether a name is a particular or generic name, the use by the businesses in the same industry is a handy objective standard.

In the present case, the Manggong Biscuit has had its special history, and been carried on through generations of businesses. Besides, not long after the Chinese Trademark Law entered into force, the proprietor of the name applied for, and was granted, the registration of it as the "MANGGONG" mark, and have, since then, been making active efforts to protect the brand, and the name "Manggong Biscuit" has become highly reputable. In the present case, Xiangji presented evidence to show the methods of making "Manggong Biscuit" in some books, and various brands of "Manggong Biscuit" are made by businesses in Hong Kong and Macao; in the appellant procedure, the Zhuhai City Restaurant Association produced a written Opinion upon Investigation of Whether "Manggong Biscuit" Is Generic Name or Common Name of Some Foodstuff. All this seems to show the possibility for the name to become a generic name. But, as use by businesses in the same industry shows, no matter before or after the registration of the name as a mark, no other business in mainland China makes the "Manggong Biscuit", and objectively the situation never occurs where many businesses make the product. Considering the special history, origin, development, long exclusive provider of the biscuit and the objective market, the Manggong Biscuit retained its attribute of the product and its brand being mixed. For the name, as the Supreme People's Court pointed out in its review, "giving such names enhanced protection against others' unauthorised use is conducive to the protection of the character of the product and the cultural tradition to make it possible for the rightholder to further develop its business operation and for consumers to enjoy the taste of and culture behind the product. Allowing others to make "Manggong Biscuit" would impair the rightholder's rights and interests, and, as well, cut off the continuation of the history, tradition and culture, and disrupt the existing order in the market". Accordingly, it was finally decided that "Manggong Biscuit"

was not a generic name. Now that the name was not a generic name and Heji owned the "MANGGONG" registered trademark, while the words of "Manggong Biscuit" were written on Manggong Biscuits made by Xiangji in a style different from that of Heji and the "Manggong Biscuit" label on the package was somewhat different from the registered trademark (No. 166967), whatever form it was presented, so long as the relevant sector of the public read it as "Manggong Biscuit", use of it was likely to mislead the relevant sector of the public about the source of the products or the relationship between the supplier and Heji; hence the use was infringing.

As a matter of fact, the outcome of review decision is not very much different from the decision of second instance, but the second-instance decision finds "Manggong Biscuit" to be a name of goods, which is not a precise concept of law as it may be either a generic name or a particular name of some goods. Such a decision is likely to cause people to wrongly believe that others may use the name in a fair manner. That is why the review decision has made the correction and clarification in this regard. ■

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