

Legal Analysis of Popular Names of Trademarks



Zhang Guangliang

Associate Professor of the Renmin University of China, Deputy Managing Director of the Institute for International Intellectual Property of Peking University, and part-time Professor of the US John Marshall Law School

A popular name of a trademark is a customary name of the trademark used by the general public mainly in three forms: one, simplified names of marks per se, for example, “索尼爱立信” (pronounced as “suo ni ai li xin” and meaning “Sony Ericsson” in Chinese) is referred to as “索爱” (pronounced as “suo ai”) for short; two, folk translation of a mark, for example, “Viagra” is formally translated into “万艾可”, (pronounced as “wan ai ke”), but commonly called “伟哥” (pronounced as “wei ge” and meaning “great brother” in Chinese) by the general public; and three, a trademark is used with its modifier and brief name to refer to particular goods using some trademark as seen in a mark consisting of

a mark and name of the place where the goods are manufactured, such as “广州本田” (a mark used in respect of Honda vehicles made in Guangzhou and pronounced as “guang zhou ben tian” in Chinese) is generally known as “广本” (pronounced as “guang ben”, and meaning “Guangzhou Honda” in Chinese).¹ While the popular names of particular goods, namely, the names of goods the public use with reference to the raw materials, function and intended purposes of the goods have nothing to do with the marks suppliers of the goods use, they fall into the scope of the popular names of trademarks in broad sense as the public have associated the names of goods with said goods objectively, and the names have the function of trademarks. In the recently closed “Guangyun Gongbing” case,² the Beijing No. 1 Intermediate People’s Court concluded that the Guangdong Tea Import and Export Corporation began to make the “Guang style pu’er tea” using its special technology from the 1950s and 1960s, and the pu’er tea has been called “Guangyun Gongbing” ever since. In the judicial practice in China have arisen many cases of dispute over

popular names of trademarks; some courts defined the popular names of trademark as “a passive use of trademarks” in their decisions.³ Quite a lot of issues involving such names are worth probing into on the basis of the Trademark Law. The “Guangyun Gongbing” case has, once more, drawn attention to the relevant issues in the community of practitioners and academia. This article is to look into several important issues, such as what legal property of popular names of trademarks is, whether goods suppliers enjoy their right and interest in the popular names of their trademarks, and how the law applies to the resolution of disputes of the kind on the basis of the current trademark law and practice in China.

I. Characteristics and property of popular names of trademarks

The popular names of trademarks have the following characteristics. 1) The users thereof are the general public, not goods suppliers. The public tend to simplify trademarks consisting of more than one word when referring to the related goods. For example, call “suo ni ai li xin” (“Sony Ericsson”) “suo ai”. For some goods of foreign brand, a more directly perceived and vivid name may be used, such as “Viagra” is called “wei ge” (meaning “great brother”). 2) In the course of manufacturing and marketing some goods, the supplier does not use a popular name to refer to their goods, nor have it registered as a trademark, nor, under some circumstances, accept the use of the popular name of goods by the relevant sector of the public to indicate the source of the goods. For example, in the case of dispute over “suo ai”, the Sony Ericsson (China) Corporation pronounced, in October 2007, its disapproval of “suo ai” as a simple way to call the Corporation or the mobile phones and electronic products it made;⁴ in the case of dispute over “wei ge”, Pfizer expressly stated “wan ai ke” (standing for “VIAGRA” was the official name of its goods and said it had never used “wei ge” mark in China.⁵ 3. use by the public of the popular name of a trademark has established its association between the name and the goods bearing the mark, and such name functions to indicate the source of goods.

Trademarks are means or signs to distinguish the source of goods. When a sign establishes its association with the goods bearing it or goods in respect of which the sign is intended to be used, the sign constitutes a trademark.⁶ Therefore, when a popular name a trademark has established an association with a particular goods, that is, on see-

ing that name, the public would associate it with that particular goods, the name has acquired the property of trademark.

II. Whether goods suppliers enjoy right and interest in popular names of trademarks

While popular names of trademarks have the property of trademarks, whether goods suppliers enjoy the civil right and interests in them is another matter. A trademark is used to show the association between goods and the holder of the right to use it in business activities,⁷ namely, showing the source of goods. Whether a goods supplier enjoys the right and interests in the popular name of a trademark involves a matter of complicated facts ascertainment when we look at judicial precedents, with the core issue of dispute lying in whether the popular name in suit has established a sole correspondence with the mark of a goods supplier, or whether a certain mark of the goods supplier constitutes similarity, and whether the goods supplier has used said popular name in its business activities.

Two issues are involved as to whether goods suppliers enjoy their civil right and interest in popular names functioning to indicate source of goods. One is whether goods suppliers enjoy the trademark right from the popular name. For this, some scholars hold the view that while a popular name of a mark is used by the general public, the consequence of such use should go to the goods suppliers, that is, the use of the general public would generate the trademark right. Another issue is that if a goods supplier does not enjoy the trademark right in the popular name, whether he or it has the right to prohibit others from registering or using that popular name.

For this writer, whether a goods supplier enjoys the trademark right in a popular name should be probed into within the framework of the current Chinese laws. The current Chinese Trademark Law is promulgated mainly to protect the exclusive right to use registered trademarks. As the name suggests, the exclusive right to use a registered trademark derives from trademark registration. For an unregistered well-known trademark, where it meets the requirements of Article 13 of the Trademark Law, the rightholder thereof has the right to inhibit others from registering and using it. For a mark that is already in use by another party and has certain influences, the proprietor thereof may inhibit others from reg-

istering it by unfair means under Article 31 of the Trademark Law. The use of a trademark as mentioned here includes use of the mark on goods, packages, or containers of the goods, or in trading documents and the use of the mark in advertising, exhibition or any other business activities.⁸ Preemptive registration of another party's trademark refers to application, in one's own name by unfair means, for registration of another party's trademark that is already in use and has certain influences on the part of consumers, but in respect of which no application for registration thereof has been filed. Unregistered trademarks in compliance with the law in terms of the elements of names, packages or trade-dress particular to well-known goods are susceptible to the protection under Article 5 of the Chinese Unfair Competition Law. However, it should be pointed out that such protection accorded to the users of unregistered marks under Article 13 of the Chinese Trademark Law and Article 5 of the Chinese Unfair Competition Law does not indicate that such users enjoy the right in the unregistered trademarks, but only shows that they enjoy the legitimate interest in the marks. Besides, whatever trademarks, be they unregistered well-known ones, those that are already in use and have certain influences, or those that may be protected under the Unfair Competition Law, the prerequisites to limited protection is the trademark proprietors' real use of the marks in their business activities.

If a goods supplier has never used the popular name of a trademark in its business activities, it is difficult for the popular name of the mark to be protected as the good supplier's unregistered trademark, one that is already in use and has certain influences or name, package or trade dress particular to well-known goods. That is, under the current laws, it is difficult to decide that the goods supplier enjoys the legitimate right and interest in that popular name. However, if a goods supplier can prove the specific association between the popular name of a mark and its goods, it should have the right to inhibit another party from registering or using the popular name to prevent confusion on the part of the relevant sector of the public and fair competition.

III. Application of law to resolution of disputes over popular names of trademarks

To date, there are mainly two types of cases of dispute over popular names of trademarks. One involves civil dis-

putes over trademarks, that is, a goods supplier asks another party to stop using a popular name in suit and claims damages; and the other involves administrative dispute over affirmation of the trademark right, that is, a goods supplier inhibits others from registration of the popular name.

Goods suppliers bring lawsuit, for civil disputes arising from the popular names of trademarks, generally on the basis of the principle of good faith under Article 2 of the Unfair Competition Law and the provision concerning unregistered well-known marks of Article 13 of the Trademark Law as shown in the case of dispute over unfair competition and infringement of unregistered well-known mark, in which the Pfizer Inc. and Pfizer Pharmaceuticals Inc. sued the Beijing Jiankang Xingainian Grand Drug Store Co., Ltd., the Shanghai Dongfang Pharmaceuticals Co., Ltd. and the Guangzhou Welman Pharmaceutical Industry Co., Ltd.⁹ In the case of dispute over infringement of the exclusive right to use a trademark in which the Champagne Perrier-jouet S.A. sued the Shenzhen City Balizhihua Trading Co., Ltd.,¹⁰ the plaintiff claimed its ownership of the registered mark (G560331) of C-shape vine flowers device in China; said vine flowers device mark was known as "flower of Paris" in the industry and among the relevant consumers, so it enjoyed the right in the words generated from its registered trademark. The court that accepted the case found the claim lacking basis of the Trademark Law, and rejected the case. As the above analysis shows, in civil cases, it is difficult for goods suppliers' claims under the Trademark Law to be supported by courts as it is impossible for them to prove their use of the popular names of trademarks unless they can prove that the popular names are similar to their registered marks or they are reproductions, translation or imitation of their well-known marks.

The matter of application of Article 10, paragraph one (8), Article 13, paragraph one, Articles 28, 31 and 41 of the Trademark Law is involved in handling administrative disputes over right affirmation of popular names of trademarks. The relevant law provisions may be divided into two categories. One mainly relates to the provisions on protection of the civil rights and interests of particular civil entities, including the provisions of Article 13, paragraph one, Articles 28 and 31; the other provisions are to regulate the order of trademark registration, prohibiting infringement of public interest, unfair occupation and use of public resources, or registration of trademarks in some other ways to seek unfair benefits (hereinafter referred to as the provisions on maintenance of public order).

Regarding application of provisions of the Trademark Law in the first category, the writer is to first analyse the provision of Article 31 of the Trademark Law. Since goods suppliers do not use popular names of trademarks in their business activities, in the case involving another party's preemptive registration of the popular name of a trademark, it is difficult for their claims to be supported by courts under Article 31 of the Trademark Law. For example, in the "Suo Ai" case, the second-instance court concluded that a preemptively registered mark should be used by one whose mark was preemptively registered in its business activities. Before the application for registration of the mark in suit, the Sony Erickson (China) Corporation did not engage in any business activities of making, marketing and promoting "Suo Ai" products; as the Sony Erickson (China) Corporation did not commercially use the word "Suo Ai" as a trademark, the decision made by the Trademark Review and Adjudication Board (TRAB) was correct in which the TRAB decided that the "Suo Ai" mark was not a mark that was already in use and had certain influences according to the evidence furnished by the Sony Erickson (China) Corporation.¹¹ In the first-instance decision, it was concluded that : the word of "Suo Ai" was widely used by the relevant sector of the public and in the mass media in China, and was perceived and unanimously accepted by a vast number of consumers; "Suo Ai" had become a widely recognised term for "Sony Erickson", and was solely associated with it; "Suo Ai" had been accepted and used by a vast number of consumers and in the mass media, obtained the function to distinguish the source of goods, and indicate the quality of products; and the result and influence of the actual use thereof would naturally spread to the Sony Erickson Corporation and the Sony Erickson (China) Corporation.¹² The opinion of the second-instance court on the matter in the case is more in compliance with the legislative aim of Article 31 of the Trademark Law. In disputes of the nature, if goods suppliers fail to prove their use of the popular names of trademarks, their claims should not be supported.¹³

Likewise, the provision on the protection of unregistered well-known trademarks of Article 13 of the Chinese Trademark Law should only apply to the circumstance where trademarks used by goods suppliers in their business activities have become well known though it is not registered. If a goods supplier does not use the popular name of a mark, said popular name should not be determined as its unregistered well-known mark, and the right to prevent another par-

ty's registration should not be granted. The grounds on which the Supreme People's Court made its decision in the case of the dispute over unfair competition and infringement of unregistered well-known mark in which the Pfizer Inc. and Pfizer Pharmaceuticals Co., Ltd. v. the Jiangsu Lianhuan Drug Industry Co., Ltd., the Beijing Jiankang Xingainian Grand Drug Store Co., Ltd. and the Guangzhou Welman Pharmaceutical Industry Co., Ltd.¹⁴ also apply to the adjudication of cases involving trademark right affirmation.

Regarding the application of Article 28 of the Trademark Law, if a goods supplier can prove that the popular name of a trademark constitutes a similar mark used in respect of identical or similar goods, he has the right to prevent others from registering or using it according to this provision. In the "Guangzhou Honda" case, the court of trial held the same views.¹⁵

For the application of provisions of the second category, this writer would first probe into the application of Article 10, paragraph one (8), of the Trademark Law in cases of dispute over popular names of trademarks, that is, whether the popular name of a trademark falls into the circumstance as mentioned in the provision that it should not be used as a trademark as it is a "sign having other unhealthy influences". The Supreme People's Court has already expressly defined, in its relevant opinions, the circumstance of "having other unhealthy influences", and pointed out that if the registration of the related sign is detrimental only to the particular civil right and interests, it is improper to find the circumstance as one having other unhealthy influences.¹⁶ In hearing cases of disputes involving the popular names of trademarks, the trial court also concluded that Article 10, paragraph one (8), of the Trademark Law did not apply to case of dispute of the kind.¹⁷ This writer is of the same view as that of the Supreme People's Court and the relevant courts. Only when a popular name of a mark is a sign having unhealthy influences as mentioned in this Article, should it not be used as a trademark, namely, the general public should not use the sign to indicate certain goods. Obviously, the popular names of trademarks do not fall into this circumstance.

In the application of Article 41, paragraph one, of the Trademark Law in a case of the dispute over the popular names of trademarks is mainly involved the circumstance of whether another party's preemptive registration of a popular name of a trademark falls into the circumstance of "registration by any other unfair means". This is an all-embrative provision of the Trademark Law reflecting the principle of

good faith, aiming at preventing bad-faith acts in trademark registration which is impossible to be stipulated in explicit terms in the Trademark Law. The Supreme People's Court pointed out in its relevant opinions that "in adjudicating whether a mark in suit is registered by unfair means, it should be considered whether any unfair means have been used that disrupts the trademark registration order, causes detriment to the public interest, appropriates public resources, or otherwise seek illicit benefit, other than by means of fraud".¹⁸ Therefore, where the relationship between a popular name of a trademark and a goods supplier is established, and the person who preemptively registers said popular name as a trademark clearly knows or should know that the sign applied for registration is the popular name of another party's trademark, one should be found having used unfair means. The current Chinese Trademark Law does not set forth specific provisions on the principle of good faith that should be followed. Therefore, whether from the perspective of upholding the principle of good faith which should be followed in trademark registration or from the perspective of safeguarding public interests to prevent the public from getting confused about the source of goods, under the circumstance where it is impossible for goods suppliers to prevent preemptive registration of the popular names of trademarks as trademarks according to other provisions of the Trademark Law, they should have the right to stop acts of preemptive registration under this provision.

Conclusion

There have arisen a lot trademark disputes over popular names of trademarks in China. But controversies are now going on over the issues as to whether goods suppliers enjoy the right and interests in popular names of trademarks and over the issue of application of law to the resolution of such disputes in academic and practical community. This writer has sorted out them according to the current Chinese laws and regulations, and judicial practice, hoping to help in addressing the relevant disputes and reaching consensus on the related issues. ■

¹ Li Chen, Reflections on Procedural Law in Cases Involving Bad-faith Registration of Popular Names of Trademarks, the Intellectual Property, 2010, issue 5, P.54.

² The Beijing No. 1 Intermediate People's Court's Administrative Judgment No. Yizhongzhixingchuzi 1559/2012.

³ Ibid.

⁴ The Beijing Higher People's Court's Administrative Judgment No. Gaoxingzhongzi 717/2008.

⁵ The Supreme People's Court's Civil Judgment No. Minshengzi 312/2009.

⁶ LTC Harms, The Enforcement of Intellectual Property Rights: A Case Book, 2nd Edition-2008, the World Intellectual Property Organization, P.45.

⁷ Ibid.

⁸ Rule 3 of the Regulations for the Implantation of the Trademark Law.

⁹ The Beijing No. 1 Intermediate People's Court's Civil Judgment No. Yizhongminchuzi 11352/2005; the Beijing Higher People's Court's Civil Judgment No. Gaominzhongzi 1684/2007; and The Supreme People's Court's Civil Judgment No. Minshengzi 313/2009.

¹⁰ Wu Tao, Top 10 IP Cases Adjudicated in Shenzhen at <http://news.xinmin.cn/rollnews/2011/04/26/10428899.html>, last visited on 28 Feb. 2013.

¹¹ Supra note 4.

¹² The Beijing No. 1 Intermediate People's Court's Administrative Judgment No. Yizhongzhixingchuzi 196/2008.

¹³ In the "LAND ROVER" case, the Beijing Higher People's Court determined that BMW's active use of the Chinese word "路虎" (pronounced as "lu hu") to stand for its "LAND ROVER" Jeep was its use of the "路虎" trademark, so it had the right to inhibit Geely from registration of it as its trademark. See the Beijing Higher People's Court's Administrative Judgment No. Gaoxingzhongzi 1151/2011.

¹⁴ Supra note 5.

¹⁵ The Beijing Higher People's Court's Administrative Judgment No. Gaoxingzhongzi 174/2011.

¹⁶ Article 3 of the Supreme People's Court's Opinions on Several Issues Relating to Adjudication of Administrative Cases Involving Trademark Affirmation (No. Fafa 12/2012).

¹⁷ Supra note 4.

¹⁸ Supra Note 15, Article 19.