

Summary of Trademark License-Related Judicial Practice in China

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Trademark licensing is one of the important ways for a trademark owner to achieve the value of its or his trademark. In China, a trademark license is not a contract mentioned in the Contract Law, nor relevant specific provisions have been set forth in the trademark law and regulations. For this reason, once a dispute arises, the laws to be applied are unavoidably uncertain to an extent. But we should realize that the courts at different levels in the various parts of China have, in practice, accumulated considerable experience in relation to trademark licenses, and have gradually come up with the regular ways to address some of the issues on which views are divided. This article will be summarizing, commenting and analyzing the issues relating to application of law to trademark license in the light of the Trademark Law and Regulations for the Implementation of the Trademark Law as amended in 2013 and 2014 by focusing on the issues

that have arisen in practice and by sorting out the related decisions the courts have rendered in such cases in recent years.¹

I. Formal requirements on licensing contracts

Article 43, paragraph one, of the new Trademark Law provides that a trademark license can be concluded in writing. The formal requirement is not mandatory, and in principle, an orally-concluded license does not impact its validity. The courts generally hold a negative attitude towards licenses concluded implicitly² in spite of the cases where such practice is recognized³ mainly under Article 66 of the Supreme People's Court's Opinions on Several Issues Relating to the General Principles of the Civil Law of the People's

Republic of China that one party's inaction is legally significant only in the presence of provisions set forth in law or special agreements reached by interested parties to this effect. Accordingly, a trademark owner's not ceasing another party's use of its or his trademark without license generally does not include its or his expressed will to conclude a license with the actual trademark user⁴, hence acting this way cannot be interpreted as a basis for forming an implicitly concluded contract. Just the opposite, a trademark owner may, in principle, enforce its or his trademark right and request a third party to cease and desist from his or its infringement of the trademark right. A trademark owner's failure to actively enforce its or his right would at most render its or his right of action not exercised at the limitation of action. If a trademark owner, by explicit expression with his action, allows another party to use his trademark free and the latter uses the trademark based on this trust, it is possible to prohibit the trademark owner from going back on its or his words under the good-faith doctrine, particularly when the trademark owner has long failed to enforce his right. In the judicial practice, the courts also recognize, to an extent, the validity of a factual contract or license. For example, in the cases of dispute over franchising the "xu liu shan" mark, the party paying for the trademark license royalties did not use the trademark, and the party receiving them is not the trademark owner. Besides, the involving parties did not conclude a license in writing, but the trademark owner was involved in the business operation of the real user of the trademark, and shared the profits made therefrom. Therefore, the court concluded that this was a special form of trademark licensing involving "simultaneous negotiation, execution, and revenue making"⁵.

II. License recordal, repeated licensing and assignment of licensed trademarks

Trademark license recordal can be regarded as a part of the formal requirements in relation to licenses. But Article 43, paragraph three, of the new Trademark Law has made it clear that what is put in recordal should be the licenses *per se*, not the contracts thereof. Under Article 69 of the Regulations for the Implementation of the Trademark Law, the trademark license recordal material or documents cover the relevant trademark licensor, trademark licensee, term of license, and scope of goods or services under the license, excluding license contract. After the Trademark Law was amended, li-

cense recordal and validity of license contracts are more clearly differentiated. With regard to trademark license recordal, the amended Trademark Law generally follows the former practice, namely all the three exclusive, solely-exclusive and non-exclusive licenses are recordable, but the recordal is not mandatory. Recordal makes a trademark license valid to be posed against a third party, a provision that has been set forth to keep transaction safe. However, since this validity is not clear in meaning, the protection offered by the recordal is rather limited, a point that has been fully shown in many cases involving repeated licensing and assignment of trademarks after conclusion of trademark license⁶. In the cases available, some courts even failed to apply or fail to apply in an adaptive manner, the provisions regarding validity to pose trademark license against third parties in order not to knock the interests between interested parties out of balance⁷.

Take repeated licensing for example, a rather notable issue in practice is the presence of a prior and a later solely exclusive licenses, if the licensor chooses to put the later license in recordal, then any mechanical application of the above validity provision would make it certain to conclude that the later licensor may request the court to confirm that the prior license is invalid. This conclusion would be hardly acceptable to the prior licensee, particularly where or if the licensee requested the licensor to go through and finalize the recordal formalities and his or its request was rejected, or given delayed, or not given, cooperation. Since whether to put a license on recordal very much depends on the licensor (under Rule 69 of the Regulations for the Implementation of the Trademark Law), even if the court orders a licensor to fulfill his or its recordal obligation⁸, this court ruling is very much difficult to be executed. In practice, some courts set a time limit for an involved licensor to finalize the recordal for an involved licensor to finalize the recordal formalities, and impose a fine for failure to do so at the expiry of the time limit, but this court practice still cannot succeed in directly forcing a licensor to perform the recordal⁹. Some judge recommends that a court judgment replace a licensor's recordal application and directly require the Trademark Office to put a license on recordal¹⁰. This recommendation, however, is legally baseless, and the Trademark Office is fully justified to refuse to accept such an application.

In case of repeatedly-granted solely exclusive license, the courts invariably recognize the validity of the prior license, and whether it is put on recordal or not does not mat-

ter¹¹. Therefore, a prior licensor may request a licensee to terminate a later license or affirm its invalidity¹². For the logic in the law application, some courts, first of all, pre-determines, to an extent, the validity of the prior contract, then decides that a later contract infringes the exclusive right of the prior licensee, and find the later license invalid under Article 52 (2) of the Contract Law on the ground of its prejudice to another party's interests. Now that the later contract is invalid, it naturally cannot be posed against a prior license¹³. This line of thinking in the application of law conforms to the general understanding of fairness and justice in terms of result of the treatment this way, but it is undeniable that this treatment is, not at all, in line with the essential implication of the validity to pose a license against any third party, and the argument or reasoning therefor is far-fetched as there does not exist the circumstance, required under Article 52 (2) of the Contract Law, of a later licensee collaborating with the licensor in most situations.

Judicial practice in relation to whether recordal constitutes a precondition for the validity to pose a license against any third party when a licensed trademark is assigned is not consistent. If we start from the meaning of such validity, we should believe that it is impossible to pose a trademark license not put in recordal against a trademark assignee. In practice, some court has indeed made its ruling according to the original meaning of such validity¹⁴. But it is provided in Article 20 of the Supreme People's Court's Interpretation of Several Issues Relating to Application of Law to Adjudication of Civil Case of Dispute over Trademarks (No. Fashi 32/2002) that "assignment of a registered trademark does not impact the validity of a license thereof that took effect before the assignment unless otherwise provided for or specified in the trademark license", without mentioning the word "recordal". For this reason, more courts take the view that a trademark license that has not been put in recordal can also be posed against a trademark assignee¹⁵.

With a license affirmed valid after the licensed trademark is assigned, there is still another question requiring our thinking about: does the trademark assignee automatically replace, after the assignment of a trademark, the original trademark owner and become a party to the license, or is it necessary for the licensee to give his consent for the assignee to become a party to the license? In the case, *Destination Travel Corporation v. (U.S.) Tiger Brands, Inc.*, the plaintiff, the licensee, requested the court to order the trademark assignee to conclude a new license with it, but the

court rejected the request on the ground for showing respect for autonomous expression of will. In other words, it is possible to deduce according to the reasoning in the case that after assignment of the trademark, the licensor of the trademark license, in principle, remains the original owner of the trademark, and the licensee is obliged to pay it the license royalties. However, as original or former trademark owner has lost his trademark right, the trademark assignee should be allowed to request the original owner to return the license royalties received from the licensee after assignment of the trademark as they are illicit benefits the original owner received. If a trademark assignee requests to replace the former trademark owner and become a party to the license, he must have the licensee's consent under Article 77 of the Contract Law as the assignment constitutes a contractual change, or vice versa. But as the original trademark owner has assigned its or his trademark right after all, where the main obligation under the contract cannot be fulfilled because of this, the licensee should be allowed to request the original trademark owner to change the trademark assignee into a party to the licensing contract. If both parties agree, the trademark assignee may naturally become the licensor of the license, and the change may be retroactive, as agreed, to the time when the trademark assignment took effect.¹⁶ Protection of inheritance and assignment in the IP field¹⁷ is consistent with the doctrine that "selling and buying do not break rental" in the civil law. Like a sales contract, Article 20 of the above Judicial Interpretation also recognizes that interested parties may reach an agreement otherwise as to whether the license continues. In the *Shanghai Heye Bedroom Articles Co., Ltd. v. Shanghai Heye Enterprise Management Co., Ltd.*¹⁸, the second-instance court concluded that where the licensor and licensee both knew that the licensor would assign the licensed trademark to another party soon, and made the provision in the license that the license would be valid within the term when the licensor held the licensed trademark, it was an agreement that rules out the effect for an "assignment not to break a license".

III. Having no right to license and obtaining license in good faith

Licensing in the absence of the necessary right to dispose of a trademark constitutes a case of having no right to license. There are many cases in practice involving having no right to license. In some cases, the licensors did not have

the right to license the trademarks from the very beginning, for example, they did not get the right from the trademark owners the right to sub-license or the licensors fabricated the licenses or licensing relations that were not there with the trademark owner. Whatever the circumstances, the court would invariably determine that the licensee had no way to obtain a trademark license in good faith¹⁹ mainly under Article 51 of the Contract Law on having no right of disposal. In recent years, the Supreme People's Court has, to a large extent, abandoned the understanding that an obligatory contract is invalid in the absence of the right of disposal with regard to sales contract on specific articles or goods. But in the trade of intangible property, indication of change along the line in the application of Article 51 of the Contract Law seems invisible.

Where a trademark is frozen by the court, views on whether the trademark owner may still license the trademark is divided in both practice and theory. It is concluded in some court judgments that a trademark is frozen only to prevent the trademark owner from assigning the trademark involved, and it has no effect on its or his concluding a license²⁰. Also, there is view that after a trademark is frozen, the trademark owner may not assign it, nor create any other new burdens, including license²¹. Which view is more justifiable depends on two factors: 1) whether it is possible for an application for freezing a trademark to be so clearly specified as to prohibit both assignment and license; and 2) whether information about a frozen trademark is accessible on searching the disclosed or publicized trademark information, so as to enable a licensee to protect itself or himself. In fact, no specific law provisions have been set forth concerning trademarks freezing, and what apply are the courts' general provisions on property freezing, which is perhaps an important cause of the divided views or concepts in this regard.

IV. Licensing of non-registered trademark

One of the focal issues in a trademark license contract dispute in China is licensing of a non-registered trademark. This possibly has much to do with the considerable time taken to register a trademark in China in the past. In the judicial practice is generally recognized the validity of a trademark that has been in use, but yet to be registered²². The court makes determination as to a non-registered trademark license mainly according to the doctrine that absence of ex-

plicit provisions in law is permissible. The theoretical community has divided three kinds of circumstances in relation to non-registered trademark licenses²³, of which the least controversial is the first circumstance where a licensed trademark, though not registered, is filed with the Trademark Office for registration thereof. Similarly, also of the first circumstance is the circumstance where a licensed trademark is not registered, nor filed with the Trademark Office for registration thereof, and some trademarks involved in some cases are pure foreign trademarks. The second circumstance involves licensing another party to use a trademark in respect of goods other than those the trademark was registered to allow a licensee to use an adaptive form of the trademark licensed. Whether these activities constitute lawful licensing of a non-registered trademark is not beyond doubt²⁴ since, in principle, a trademark owner is not allowed to indicate a word or device as a registered trademark when performing these two activities. On the other hand, however, so long as a licensee knows about it and does not indicate a word or device as registered trademark in use, licensing of a registered trademark is not actually different from the first circumstance, so deduction should not be prohibited, either. For example, in the case of dispute over the license of the trademark "wolsey", the "wolsey" trademark was licensed in respect of goods of class 1802, which were not the goods in respect of which the trademark was registered, and the three levels of courts, including the Supreme People's Court, all did not view the license as invalid because of this²⁵. For the third circumstance a licensed trademark is not registrable for being contrary either to the provision of the Trademark Law on the legitimacy of trademarks or to the requirement on distinctive character. If a licensed trademark is permanently unregistrable for non-conformity with the law, the license is generally found invalid for being contrary to the mandatory provisions. The circumstance where a trademark is not registrable for lack of distinctive character does not naturally render a contract invalid as such a trademark can acquire its distinctive character and registration through use.

Whether the tolerant attitude in the judicial practice towards non-registered trademark licenses is in line with the law theory requires further discussion. On the one hand, it should be realized that if the trademark right *in res* is absent in a license *per se*, then it lacks the basis on which a licensee is given the exclusive right. On the other, in many cases, including the one involving the trademark "wolsey", the licensees have indeed benefited from trademark license.

Therefore, it seems possible to judge whether a non-registered trademark license is valid or not by examining whether activities a licensee performed can be performed by any other party. If the latter's use of a word or device in respect of some goods without being licensed by someone else does not constitute an infringement or unfair competition, the contract concluded in relation to said word or device may be held invalid, or at least inexecutable from the very beginning. Based on this standard, it is possible to be determined that a license contract in relation to a non-registered foreign well-known trademark is a valid one as said mark is also protected under the Trademark Law in China. This principle has been affirmed in Article 11 of the Guangdong Province Higher People's Court's Provisional Provisions on Several Issues Relating to Adjudication of Cases of Trademark Dispute (No. Yuegaofa 25/2000).

However, for a licensee, a non-registered trademark license is far more risky than a registered trademark license since a non-registered trademark could be rejected in the registration procedure, or registered by another party in bad faith²⁶. Therefore, Article 10 of the above Guangdong Province Higher People's Court's Provisional Provisions on Several Issues Relating to Adjudication of Cases of Trademark Dispute empowers a licensee to terminate a license any time. This right of termination is a non-retroactive right, with the effect to terminate a contract from the time when the will of termination is expressed. While this treatment is somewhat justifiable, it is not based on the current Contract Law. Since the Contract Law does not treat a long continuing contract and a one-time contract differently in terms of contract rescission, application of law in this aspect is yet to be improved with the amplification of the Contract Law. If a non-registered trademark is lawfully registered by another party, the non-registered trademark owner may claim prior use defence right under Article 59, paragraph three, of the amended Trademark Law. But this right is generally believed not applicable to a licensee who was granted a license of the non-registered word or device after said trademark was registered by another party²⁷. Does this mean that the licensor must terminate the license contract with the licensee after his word or device is successfully registered by another party? Article 59, paragraph three, of the amended Trademark Law has limited the prior use defence right to the "scope of original use". If, before a word or device is registered by another party, the prior user thereof has licensed it to another party, keeping the contract valid seems not to have broad-

ened the scope of original use; hence one may consider, under this circumstance, to allow the licensee to claim prior use defence right.

V. Invalidation and revocation of licenses

Articles 52 and 54 of the Contract Law apply to invalidation and revocability of trademark licenses. As for the invalidation thereof, besides the above discussed having no right to license, they most apply to circumstances of bad-faith collaboration, damage to the State or national, collective or a third party's interests and violation of mandatory laws and regulations. For example, in the Guangzhou Drug Plant v. Jiaduobao, the ground on which the extension of the trademark license was found invalid was that the General Manager of the former accepted bribe from the latter, which caused damage to the State interests as the Guangzhou Drug Plant is a State-owned enterprise. This case, as it were, more involved the issue of whether a contract concluded by taking bribe is invalid for violation of the accepted public order and fine customs (Article 52, paragraph four, of the Contract Law). Besides, in the judicial practice, a contract licensing a trademark to a licensee having no qualification for production was determined as invalid for violation of the mandatory laws and regulations²⁸. But, under this circumstance, what are prohibited are productive activities, not use of a trademark. Authorizing another party to use a trademark does not necessarily cause another party to undertake illegal production. What is more, today when the Supreme People's Court has distinguished the administrative and validity-related mandatory laws and regulations from these mandatory laws and regulations, it seems that lack of qualification should be determined more as violation of the mandatory laws and regulations, and the license should be held invalid in case like this. For this reason, treatment of this issue in the Tianjin Kanglei Science and Trade Development Co., Ltd. v. Guangzhou City Dongshan District Hui'ermei Supermarket, a case of dispute over a trademark license²⁹, is more reasonable. Cases involving violation of validity-related mandatory laws and regulations include those involving others' use of deceptive non-registered trademarks because the law prohibits any party from using deceptive trademarks, and this provision should be deemed to be a validity-related provision.

The circumstances of revocable contracts under Article 54 of the Contract Law include those of major misunderstanding, bad-faith fraud and obvious unfairness. As the

available cases show, the court finds a trademark contract revocable only under extraordinarily exceptional circumstances. Particularly in cases involving non-registered trademarks, the court usually does not recognize presence of the circumstances of misunderstanding and bad-faith fraud. In only one case of those with publicized judgments, namely in the above Tianjin Kanglei Science and Trade Development Co., Ltd. v. Guangzhou City Dongshan District Hui'ermei Supermarket, the court confirmed that the licensee's erroneous understanding of the qualification required for execution of the trademark license constituted a major misunderstanding. As for bad faith fraud, in a non-registered trademark license, bad faith fraud was found absent even if the licensor fails to inform the licensee of the fact of non-registration of the trademark involved³⁰. Here, the court actually opined that it was very easy to find whether a trademark is registered or not through trademark search, therefore, a licensee's failure to make the necessary search about the registration of the mark was its or his own fault resulting in its or his misunderstanding of the right in the word or device. This requirement on the licensee is too demanding. Not only most private businessmen, but also many law professionals not familiar with intellectual property rights are not very much clear about the territoriality of the trademark protection. For them, when a trademark is mentioned, it is one valid globally. Therefore, for fairness sake, a licensor's obligation to make things clear should be more emphasized. What is more, some expressions, such as "international trademark", *per se* used in contract negotiations are apt to cause misunderstanding³¹. If a licensor realizes that its or his own statement is misunderstood by a licensee, the licensor should be required, under the good faith doctrine, to make the clarifications. The cases, in the judicial practice, where fraud was found mainly involve the circumstance of licensors' fabricating the right to license³². But applying Article 52, paragraph one, of the Contract Law to this circumstance seems a bit too far-fetched. Since what are impaired are not national interests, but those of a licensee, the contract should be more likely to be found revocable than invalid.

VI. Liabilities for breach of contract

Normally, breach of contractual obligation constitutes breach of contract. Conversely, performing activities not prohibited under a contract should be presumed to be allowable. For example, in an OEM contract, if the licensor

does to restrict a licensee from selling a product on its own, the latter's sale would be held not to be a breach of the contract³³. Some acts of using a trademark also constitute a breach of contract³⁴ even in the absence of provision in the contract along the line. For example, for use of a trademark outside the scope of goods or region licensed, the court usually finds it a breach of contract³⁵. When a breach of contract arises, there are involved following more controversial issues:

First, under what circumstances a contract is rescindable. Normally, only under the circumstance of a major breach of contract can a contract-abiding party has the right to do so under Article 94, paragraph four, of the Contract Law. The court usually finds a major breach of contract by considering whether the aim of the contract is not achievable, and the court is relatively cautious in making its determination³⁶. A lot of activities of non-conformity to a contract, such as use beyond scope³⁷ or use of a mark before the term of a license starts³⁸, or common quality problem³⁹ or delayed payment of royalties, are not found to be fundamental breach of a contract. In principle, the contract-abiding party should give a party breaking a contract a chance to make rectifications, he or it can rescind a contract under Article 94, paragraph three, of the Contract Law if no rectification is made at the expiry of the time limit set therefor⁴⁰. Once the court finds a contract rescinded or invalid, the contract-abiding party may request continued execution of the contract. Whether the request is supported by the court depends on the presence of foundation of cooperation between the two parties. As the available court decisions show, the court's determination on the matter is rather uncertain. In three similar cases, the licensors chose to authorize other parties due to the licensees' breach of the contract, but in two of the three cases, the court still found the presence of foundation of cooperation between the two parties, and in the other case, the court determined the foundation of cooperation between the two parties was lost⁴¹. As the specific circumstances of a case show, it seems that if the licensee puts in large investment or is less faulty, it is more likely for its request for continued execution of a contract to be supported by the court.

Second, the issue of damages. In terms of direct damage, the Supreme People's Court denies that a licensee's investment in terms of equipment and venue for the purpose of execution of a license is compensatable damage in case of licensor's breach of contract as the equipment may also be used to make non-licensed products⁴². Under a lot of circumstances, if a licensor's breach of contract causes damage to

a licensee in terms of obtainable benefits, the court is supportive towards claims to this indirect damage⁴³. In cases involving having no right to license, if a licensee fails to make necessary examination of a licensor's right of disposal, he or it is found to be at mixed faults, and the licensee would be limited in its or his claim to damages⁴⁴. On the issue of whether it is possible to reduce royalties payable by a licensee for not using a trademark licensed, the Supreme People's Court concluded, in the above "wolsey" case, that reduction is possible only in the presence of agreed provisions to this effect. But some court believes that a licensee, who has never put a trademark to use, is not obliged to pay for the royalties⁴⁵. These two ways of treatment seem not contradictory. As the "wolsey" case involved a solely exclusive license, and the licensee is obliged to execute the license, failure to meet the obligation *per se* is a breach of contract, and the licensee should not be exempted from the obligation to pay for the royalties. In non-exclusive license, since a licensee does not enjoy the exclusive right, its or his failure to use a trademark licensed would not render the trademark invalidated for non-use thereof, and the licensor may achieve the value of its trademark by using it itself or by licensing it to another party, the licensee should be allowed to choose whether to execute the trademark license according to its judgment of the market. In other words, for the licensee of a non-exclusive license, in the absence of provisions to the contrary, executing a license is a right, not an obligation. Only when the licensee exercises its right is it required to meet the obligation to pay for the royalties.

Third, obligation relating to faulty guaranty. In trademark license involving a foreign party are often involved provisions on faulty guaranty. The mainstream view of the Contract Law in China is that since liabilities for faulty guaranty are incorporated in the general breach of contract liabilities, not meeting obligations relating to faulty guaranty is not mentioned as a separate special form of breach of contract. By the faulty guaranty is meant a burden on a licensor to ensure that the license of the trademark it or he authorizes is not possibly to be inhibited or removed. According to the general theory of the contract law, faulty guaranty is limited to the faults that are present when a contract is concluded. If, after that, the licensed trademark is cancelled for illegal registration or otherwise and it is impossible for the contract to be executed any more, the licensor is, under the general theory of the contract law, liable for breach of contract in the absence fault on its or his part. With reference to the thinking

underlying Article 47 of the Patent Law, Article 47 of the amended Trademark Law provides that, where the trademark right is lost afterward, the licensor, in principle, may keep the royalties it or he has received, and only in case of violation of the fairness doctrine or in the presence of bad faith fraud is he or it obliged to return them to the licensee. This is actually a reasonable arrangement made by the courts that has broken through the general provisions of the Contract Law for the purpose of keeping the interests of all parties in balance.

VII. Division of goodwill and sales of products in stock

Division of goodwill added to a trademark can be a focal issue in the dispute over the "王老吉" (pronounced as "wang lao ji" in Chinese) trademark. Views and arguments for and against the division are many and varied, which are not to be discussed in detail here⁴⁶. Since the licensee also benefited from the addition of goodwill, and investment in goodwill was considered by the licensee in its decision on whether or under what condition to conclude the license with the licensor. In principle, there should not be involved the issue of division of goodwill after termination of the license. Under a few exceptional circumstances, we may consider applying the fairness doctrine and allow compensation for the licensee. But there are several factors to be considered. For example, the fault with the licensee for the contract rescission, term of the license, the benefits achieved and costs put in by the licensee through the license.

After termination of the license, as for whether the licensee should be allowed to require the licensor to allow it to sell out the goods in its stock for a period of time, it is generally possible to deny the grace period according to the law theory since the licensee should, in principle, have a reasonable understanding of, and control over, its stock or inventory. If the licensor terminates the license contract due to the fault on the part of the licensee, allowing the licensee to sell out its stock actually extends the license, which is not fair to the licensor. If the license is terminated by the licensee due to the licensor's fault, the licensee may choose to claim for damages, or the licensor may allow, on its own initiative, the licensee to continue to sell out its stock out of the consideration to reduce damage. However, many relevant discussions of the case in China have, not starting from the equity of interests of the interested parties, but from avoidance of waste of resources, highlighted the great significance in giving the

licensee a grace period to sell out its stock⁴⁷. What is more, in Article 23 of the Explanation of Several Issues Relating to Adjudication of Cases of Civil Dispute over Trademarks (No. Jinggaofafa 68/2006), the Beijing Higher People's Court affirms the practice of allowing a reasonable sales period according to specific circumstances in a case. ■

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¹ The cases discussed in this article are cited from the websites, such as the pkulaw.cn, westlaw china.com, cnpr.com.cn, ipr.court.gov.cn, and those of some courts.

² Sanjiu Enterprise Group v. Shenzhen City Yongantang Grand Drug Store Chain Co., Ltd., an appellant case of dispute over trademark infringement, the Guangdong Province Higher People's Court's Civil Judgment No. Yuegaofaminsanzhongzi 280/2006; Yunnan Jili Door Industry Co., Ltd. et al v. Wuhan City Administration for Industry and Commerce Qiaokou Branch, an appellant case of dispute over administrative handling and fine, the Wuhan Intermediate People's Court's Administrative Judgment No. Wuxingzhongzi 62/2008.

³ Xu Ruixin v. Shanghai Energy Control Automation Technology Co., Ltd., a case of dispute over trademark infringement, the Shanghai Higher People's Court's Civil Judgment No. Hugaominsan(zhi)zhongzi 4/2007.

⁴ A different view: Hao Ran and Wang Guozhu, Support of Will Expression Theory for Implied IP Licensing System, the Journal of the State Prosecutors College, 2013, issue 5.

⁵ Xu Liushan Foodstuff Manufacturing Co., Ltd. v. Defendant Shanghai Hannidi Restaurant Management Co., Ltd. et al, the Shanghai Pudong District People's Court's Civil Judgment No. Puminsan (zhi)chuzi 96/2006.

⁶ Beijing Aoweilan Garments and Apparel Co., Ltd. v. Taiwan Minsheng Company and the third person Shanghai Fanda Industrial Development Co., Ltd., a case of dispute over trademark license, the Beijing No. 1 Intermediate People's Court's Civil Judgment No. Yizhongminchuzi 3733/2002; Beijing Destination Travel International. v. (U.S.) Tiger Brands, Inc. and the third person (U.S.) Gray Line Corporation, a case of dispute over trademark license, the Beijing Higher People's Court's Civil Judgment No. Gaominzhongzi 3024/2009; Beijing Meili Jiaren Commerce and Trading Co., Ltd. v. House of Mercury Limited, a case of dispute over trademark license, the Beijing Higher People's Court's Civil Judgment No. Gaominzhongzi 218/2004; Gao Qiping v. Zaozhuang City Gold Horse Bicycle Industry Co., Ltd, and the third person Tianjin Giant Bicycle Industry Co., Ltd., a case of dispute over trademark license, the Jiangsu Province Higher People's Court's Civil Judgment No. Suzhminzhongzi 0100/2011.

⁷ Jingnuo Co., Ltd. v. Fujian Province Quanzhou City Airdow Electronic Industry Co., Ltd., a case of dispute over trademark license, the Fujian Province Higher People's Court's Civil Judgment No. Minminzhongzi 96/2004.

⁸ Recordal is licensor's obligation. A licensor, failing to put a license on recordal, to have caused damage to a licensee, is also liable for damages, e.g. losses caused because the Industry and Commerce Administration freezing a licensee's products. Taiyuan City Temei Coating Materials Co., Ltd. v. Taiyuan Coating Material General Plant, a case of dispute over trademark license, the Bingzhou People's Court's Civil Judgment No. Bingminchuzi 87/2006.

⁹ Ma Ping v. Jiangsu 21food Holiday Hotel Co., Ltd., a case of dispute over trademark license, the Yangzhou People's Court's Civil Judgment No. Yangzhiminchuzi 0090/2010. In the case, the court ruled that the licensor failed to meet its obligation of recordal after the date of execution of the license, and fined the licensor RMB 2,000 yuan a day after said date for breach of contract.

¹⁰ Zhu Jianjun and Wang Hong, Analysis of Types of Dispute over Execution of Trademark License, the China Trademarks, 2007, issue 8.

¹¹ Liuan City Hongtai Household Appliances Co., Ltd. v. Guangzhou City Songtianbao Electronic Appliances Co., Ltd., a case of dispute over trademark license, the Guangzhou City Intermediate People's Court's Civil Judgment No. Huizhongfaminsanzhichuzi 565/2005; and the case in note 6.

¹² For the same view see Chi Shaojie, Recordal of Trademark Licensing Contract Not Affecting Licensee's Right, the China Patents & Trademarks, 2005, issue 4; for the opposite view see Hu Gang, Several Issues Relating Registered Trademark License Recordal, the China Patents & Trademarks, 2005, issue 3.

¹³ See the case in note 7.

¹⁴ Zhang Jiuhua v. Liu Zhenhua, a case of dispute over trademark license, the Laiyang People's Court's Judgment No. Laizhongzhichuzi 16/2010.

¹⁵ Zhuhai Double Happiness Electronic Appliances Co., Ltd. v. Guangdong Ougeer Electronic Appliances Co., Ltd., a case of dispute over trademark license, the Guangdong Province Higher People's Court's Civil Judgment No. Yuegaofaminsanzhongzi 401/2010.

¹⁶ Suzhou Daoxiangcun Foodstuff Industry Co., Ltd. v. Beijing Heima Daguan Yuan Foodstuff Co., Ltd., a case of dispute over trademark license, the Beijing No. 2 Intermediate People's Court's Civil Judgment. No Erzhongminchuzi 3280/2007.

¹⁷ The right inheritance and assignment protection involves the issue of whether a license will remain valid after the licensed trademark is assigned or the licensor licenses it to another party. See Pu Yuanshi: Acquisition of IP Rights in Good Faith published in the China-German Legal Study Forum (vol.8) compiled by Shao Jiandong and Fang Xiaomin, the Publishing House of Law, 2011, P. 312.

¹⁸ Shanghai Heye Bedroom Articles Co., Ltd. v. Shanghai Heye Enterprise Management Co., Ltd., a case of dispute over trademark license, the Shanghai No. 2 Intermediate People's Court's Civil Judgment No. Huerzhongminwu(zhi)chuzi 116/2011.

¹⁹ British W. J. Rendell Ltd. v. Wannian Trading Corporation and Heilongjiang Province Chenggong Drug Industry Co., Ltd., a case of dispute over affirmation of invalidity of a trademark license, the Beijing No. 1 Intermediate People's Court's Civil Judgment No. Yizhong-

minchuzi 4331/2003; Gao Haiyan and Liu Jingdang v. Lin Fa *et al*, a case of dispute over registered trademark license and equipment assignment contract, the Guangxi Higher People's Court's Civil Judgment No. Guiminsanzhongzi 20/2009; Jaguar Cars Limited v. China Panther Brand Management Co., Ltd., *et al.*, the Beijing No. 2 Intermediate People's Court's Civil Judgment No. Erzhangminchuzi 3368/2006.

²⁰ Beijing Honglinike Technology Development Co., Ltd. v. Jiangsu Gaotong Science and Technology Industry Co., Ltd., a case of dispute over trademark license, the Beijing Haidian District People's Court's Civil Judgment No. Haiminchuzi 11431/2006.

²¹ Tan Xiaoqing, Probing into the Legal Effect of Trademark License under Seizure, *the China Patents & Trademarks*, 2005, issue 4.

²² Shanghai A Industry Co., Ltd. v. Shenzhen B Kegong Industry Co., Ltd., a case of dispute over trademark license, the Fujian People's Court's Civil Judgment No. Minminsanzhongzi 496/2012; Guangzhou A Culture Communication Co., Ltd., v. Shanghai B Clothing and Hat Co., Ltd., a case of dispute over trademark and copyright license, the Fujian People's Court's Civil Judgment No. Minminsanzhongzi 426/2012; Changzhou City Xinsengrui Clothing and Apparel Co., Ltd. v. Zhang Yongde, *et al*, a case of dispute over trademark license, the Jiangsu Province Higher People's Court's Civil Judgment No. Suminsanzhongzi 0211/2009; Zhongshan City Nuobi Kitchen Cupboard Furniture Co., Ltd. and Ruan Shuxiang v. Shanghai Xingping Sanitary Equipment Co., Ltd., a case of dispute over trademark license, the Guangdong Province Higher People's Court's Civil Judgment No. Yuegaofaminsanzhongzi 111/2005.

²³ Wang Zheng, On Validity of Non-registered Trademark License, *the China Trademark*, 2006, issue 11.

²⁴ *Ibid*.

²⁵ Tianjin Development Zone Taisheng Trading Co., Ltd. v. Beijing Yehongda Economy and Trade Co., Ltd, a case of re-trial of dispute over trademark license, the Supreme People's Court's Civil Judgment No. Minshenzi 1501/2012.

²⁶ The circumstances of registration in bad faith arise in the case in note 25 and the case involving Guangzhou A Culture Communication Co., Ltd. in note 22.

²⁷ He Zhen and Du Jian, Judicial Protection of Non-registered Trademark of Prior Use, *the People's Judiciary*, 2013, issue 17; Wang Lianfeng, Application of Law to Rule of Prior Use of Trademarks: Concurrent comments on Article 59, paragraph three, of the new Trademark Law, *the Study on Rule of Law*, 2014, issue 3.

²⁸ Fujian Province Nanan City Hecheng Brass Industry Co., Ltd. v. Nanan City Wensheng Firefighting Equipment Co., Ltd., a case of dispute over trademark license, the Fujian Quanzhou People's Court's Civil Judgment No. Quanminchuzi 110/2005.

²⁹ Tianjin Kanglei Science and Trade Development Co., Ltd. v. Guangzhou City Dongshan District Hui'ermei Supermarket, a case of dispute over a trademark license, the Guangzhou Intermediate People's Court's Civil Judgment No. Huizhongfaminsanzhizi 1/2005

³⁰ *Supra* Note 25, and the case of dispute over trademark license involving the Zhongshan City Nuobi Kitchen Cupboard Furniture Co., Ltd. in

note 22.

³¹ Shanghai Aiqixiai Investment Management Co., Ltd. v. Shanghai Aiqixiai Garment Co., Ltd, a case of dispute over trademark license, the Shanghai Higher People's Court's Civil Judgment No. Hugaominsanzhongzi 122/2007.

³² Ma Yanxiang v. Guangzhou Umbrella, Shoes, Clothing and Leatherware Co., Ltd., a case of dispute over trademark license, the Guangdong Province Higher People's Court's Civil Judgment No. Yuegaofaminsanzhongzi 298/2005; Jaguar Cars Limited v. China Panther Brand Management Co., Ltd., *et al.* in note 19.

³³ New Balance Sports Shoes Corporation v. Shenzhen City Longhao Shoes Industry Chain Co., Ltd., *et al*, a case of dispute over trademark infringement, the Guangdong Province Higher People's Court's Civil Judgment No. Yuegaofaminsanzhongzi 87/2002.

³⁴ Chi Shaojie, Borderline between Trademark License and Trademark Infringement, *the China Patents & Trademarks*, 2004, issue 3.

³⁵ There are also exceptions. For example, in Beijing Aoweilan Garments and Apparel Co., Ltd. v. Taiwan Minsheng Company (in note 6), the court found no infringement for lack of agreement in the contract.

³⁶ *Supra* note 25.

³⁷ *Supra* note 35.

³⁸ Guangzhou City Owen Sports Goods Co., Ltd. v. Beijing CBA Sports Development Center, a case of dispute over trademark license, the Supreme People's Court's Civil Judgment No. Minjianzi 250/2009.

³⁹ Huayuan Kaima Co., Ltd. v. Wuxi Kaima Dongli Co., Ltd., a case of dispute over solely exclusive trademark license, the Wuxi People's Court's Civil Judgment No. Xizhichuzi 0007/2005.

⁴⁰ Beijing Kellin Longan (KLLA) Medical Technology Co., Ltd. v. Beijing Longan Medical Technology Development Co., Ltd., a case of dispute over trademark license, the Beijing Higher People's Court's Civil Judgment No. Gaominzhongzi 2880/2011.

⁴¹ In Beijing Destination Travel International. v. (U.S.) Tiger Brands, Inc. and Beijing Aoweilan Garments and Apparel Co., Ltd. v. Taiwan Minsheng Company in note 6, it was concluded there was foundation for cooperation; in the case involving Meilijiaren, there was no such foundation.

⁴² Wuhan Laili Foodstuff Co., Ltd. v. Guangzhou Lailihong Cake Industry Co., Ltd. *et al*, the Supreme People's Court's Civil Judgment No. Minshenzi 456/2008.

⁴³ Beijing Meili Jiaren Commerce and Trading Co., Ltd. v. House of Mercury Limited in note 6.

⁴⁴ The case in note 32 and the case involving Gao Haiyan in note 19.

⁴⁵ Shandong Province Jinmanke Electric Group Co., Ltd. v. Shandong Jinmanke Voltage Transformer Co., Ltd., a case of dispute over registered trademark license, the Jinan City Intermediate People's Court's Civil Judgment No. Jiminsanzhongzi 50/2011.

⁴⁶ For a detailed discussion, see Cui Guobin, Division of Goodwill after Termination of Trademark License, *the Intellectual Property*, 2012, issue 12.

⁴⁷ Zheng Xuejun, Analysis of Treatment of Relevant Products after Termination of Trademark License, *the Lawyers' World*, 2000, issue 6.