

Trademark Litigation in China: Lessons Learned

商标案例在中国： 经验教训

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Licensing and Protecting Trademarks in China Teleconference

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人民法院 – The People's Courts



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商标案例 Trade-mark Cases

Lego Case - 英特莱格公司 (INTERLEGO. AG) v. 可高 (天津) 玩具有限公司, Beijing 2002

Lego was successful under design patent and copyright law

Beijing Higher People's Court stated:

可高公司的产品确有抄袭之嫌，但同时也应看到英特莱格公司的上述玩具积木块艺术创作程度确实不是很高，与典型的实用艺术作品在艺术创作程度上尚有一定差距，一审法院出于平衡利益关系的考虑，作出上述认定是合理的，本院予以支持。

(While the Kegao Company's products really have the smell of plagiarism, we should also consider that the level of artistic creation in the English Interlego Company's products is not really very high and there is a certain disparity between it and typical practical works of art. The court of first instance struck a balance a reasonable balance of the interests and we will support it.)

商标案例 Trade-mark Cases

星巴克 – Starbucks

- heralded in 2006 by foreign press
- Starbucks had registered an impressive portfolio of marks
- in Shanghai and Qingdao – local entrepreneurs incorporated businesses using 星巴克
- Courts held that this was infringement

商标案例 Trade-mark Cases

- Ferrero- Rocher – in Tianjin - 2005

意大利费列罗公司(FERRERO S.p.A.) v. 蒙特莎(张家港)食品有限公司

- Ferrero-Rocher had not registered their Chinese character name and had allowed infringing use by a Chinese dairy for well over 15 years.

- Ferrero-Rocher lost at trial and won on appeal and at the Supreme People's Court

商标案例 Trade-mark Cases

- Ferrero-Rocher – cont'd
 - Commenced action in 2003 under Anti-Unfair Competition Law - 反不正当竞争法
 - Grounds for win in Tianjin Higher People's Court:
 1. In determining whether a mark is well-known regard to be had to foreign and domestic market – Paris Convention
 2. Chinese infringer could not prove independent creation of packaging
 3. Infringer failed to prove that the mark was not well-known in China
 4. Court cited Article 10bis (2) of the Paris Convention in support of the proposition that Article 5(2) of China's Unfair Competition Law should be read liberally.

商标案例 Trade-mark Cases

- Ferrero-Rocher – cont'd

3. 根据诚实信用和公认的商业道德准则，知名商品应当是诚实经营的成果。因此，在法律上不能把使用不正当竞争手段获取的经营成果，作为产品知名度的评价依据。

(Based on the principles of good faith and recognized business ethics, “well-known” status for a product must be achieved through management’s own efforts. Therefore unfair competition as specified in law cannot be used as a method for management to achieve “well-known” status for a product.)

商标案例 Trade-mark Cases

Silk Street Market Cases – 2006

- ongoing sale of counterfeits in stalls by individuals
- Chanel, Prada, Gucci, Burberry and Louis Vuitton collected evidence and notified the landlord in writing
- When sales did not stop, they successfully sued the landlord, based on the written notice

商标案例 Trade-mark Cases

Sony Ericsson Case - July 2008— Bad Faith Registrations

- Sony Corporation is well-known in China as 索尼
- Ericsson also well-known under the name 爱立信
- In 2001 they formed a joint venture to manufacture and sell mobile phones
- Joint Venture incorporated in China as 索尼爱立信移动通信产品（中国）有限公司

商标案例 Trade-mark Cases

- Businessman in 广州 applied to register the mark 索爱 on March 19, 2003 – Sony opposed, but lost twice

北京市第一中级人民法院 – Beijing No. 1 Intermediate People's Court

- Applied Article 31 of the Trade-mark Law

商标案例 Trade-mark Cases

- Purpose of Article 31 – to prevent violations of the principle of good faith – 诚实
- Court said the joint venture was widely reported in the press
- so businessman is presumed to have known about it
- his actions不正当性 – do have clear legitimacy

辉瑞商标的问题

Pfizer's Trade-mark Problems

Pfizer – VIAGRA



最出名的药物万艾可(伟哥、威而钢)

判案原则的发展- Development of Doctrine

H-D密执安公司诉北京哈雷商贸中心, 北京市第二中级人民法院, (2007)二中民初字第10758号 – November 25, 2008

Can the trademark be used by others to describe the product? (known as “nominative fair use”)

In China this case and others say – only if used as little as possible

Harley-Davidson won overall

In Canada the cases are not as clear

商标案例 Trade-mark Cases

重庆正通药业有限公司 诉 四川华蜀动物药业有限公司

(Chongqing Zhengtong Pharmaceuticals Ltd. v. TRAB and Sichuan Animal Pharmaceutical Ltd.) – Supreme People’s Court – 2007-08-31

- Shanghai Animal was a distributor for Zhengtong – registered the mark – kept using it after distribution agreement terminated
- Zhentong applied to expunge – issued was scope of Article 15 of Trademark Law – meaning of “agent or representative”
- SPC applied Article 6 septies of the Paris Convention and international practice
- Gave Article 15 a broader interpretation

商标案例 Trade-mark Cases

Danone v. 娃哈哈 (Wahaha)

- Chinese SOE developed the brand “娃哈哈”
- Entered into JV with Danone – its contribution was the brand
- applied to register transfer to JV – Trademark Office refused – questioned transfer as unauthorized transfer of state assets
- JV broke up – Chinese entity kept the brand

商标案例 Trade-mark Cases

浙江蓝野酒业有限公司 诉 上海百事可乐饮料有限公司
(Zhejiang Blue Wild Liquor Company v. Shanghai Pepsi Cola) May 24, 2007



商标案例 Trade-mark Cases

- December 14, 2003 Chinese co. applied for the trademark “蓝色风暴” (BLUE STORM) – registered January 24, 2006
- July – August 2005 Pepsi used the same mark in a promotional campaign
- Pepsi won in the court of first instance on grounds that use as a slogan was not used as a trademark
- On appeal Zhejiang Higher People’s Court awarded 3 million yuan (\$393,576.00 USD) to the Chinese company

Licensing and Protecting Trademarks: Best Practices

商标合同及保护： 最佳做法

Roundtable: Paul Jones (moderator)
Ben Fishburne, Yitai Hu and Edward Xu

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最佳做法 — BEST PRACTICES

Audits — Know What marks are Going to China

- What are the key commercial elements?
- For which marks is a Chinese version needed?
- For what classes?

最佳做法 – BEST PRACTICES

Register marks

- Register in as many classes as possible
- Consider use of design patents if 3-D
- Consider registering variations of the Chinese mark

最佳做法 – BEST PRACTICES

Monitor your Marks in China

- Especially the Chinese versions
- Inside and outside of China – some are now shipping labels and product separately for assembly in other countries.
- Register trademarks with General Administration of Customs. They can act ex officio in seizing suspected counterfeit goods.
- Visit trade shows, eBay, small commodities markets in key areas of China, wholesalers, key retailers, places where legitimate products are made and sold

最佳做法 — BEST PRACTICES

Find the Right Partner in China

- Retain advisors experienced in China
- Conduct searches through networks, look for introductions
- Attend trade conferences in China, get to know your options and the differences in your industry in China

最佳做法 — BEST PRACTICES

4. Find the Right Partner in China – cont'd.

Conduct Due Diligence:

- Insist upon the right to make background checks on key people and the company
- Conduct checks on the reputation of the local area.
- Hire outside investigators, and use them
- Audit the other side - Carefully evaluate any property contributions by your Chinese partner, disputes over property valuation have plagued joint ventures
- Some prefer partners with foreign trained key personnel

最佳做法 — BEST PRACTICES

4. Find the Right Partner in China – cont'd.

Conduct Due Diligence:

- Know if there is any state interest in the other party
 - Does the other party need higher authorization to enter into the contract?
 - Does the other party truly own the assets that it is contributing, or does the state still have an interest in the assets – e.g. Danone and the Wahaha trademark – “娃哈哈”

最佳做法 – BEST PRACTICES

Develop your 关系 (guanxi) or relationships

- Customs officials
- Provincial and city authorities
- Embassy
- Chinese and foreign based trade associations
- Local Administration for Industry and Commerce 工商行政管理局

最佳做法 – BEST PRACTICES

What to do when Counterfeits are discovered:

- assess economic impact
- determine desired outcome
- choose enforcement option
- plan preliminary investigation
- plan collection of evidence with notary (no discovery)

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