

## Analytic Discourse on Judicial Protection on Well-known Trademarks in China

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**Abstract:** The advent of trademarks laws and protection is requirement for international community in dealing with international trade and business relations among nation states. This development paved the way for the international agencies like World Intellectual Property Organization (WIPO) to conducts some convention like TRIPS for creating harmonious relations among nation states, China inclusive. This study is an attempt to discuss the nature of Chinese well-known trademarks and the judicial protection of the said trademarks. The study employ qualitative content analysis from previous studies. It reveals that some regulatory bodies on trademarks (i.e., Chinese Trademarks Office; Trademarks Review and Adjudication Board TRAB; trademarks laws; State Administration for Industry and Commerce SAIC) and the courts were put as the machinery for trademarks administration and judicial protection in China. Couple with some hitches such as weak intellectual property rights, soft punishment, inadequate manpower, etc. but the study suggest that the Chinese reform on trademarks laws and IP as well as employing adequate professional staff would transform the system.

**Key words:** Trademarks, judicial protection, trademarks laws, Chinese courts, reform

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### INTRODUCTION

Globally, the international trade and business relations creates a room for all developed economies, emerging market and countries in transition to incorporates with the directives of World Trade Organization (WTO) either directly or indirectly. This was due to the rapid proliferations of multinationals companies and pressure of developed nations after the collapsed of Soviet Union, so as to incorporate their economy into capitalist system through open market operation and liberalization of economy.

This vindicates WTO, multinational corporations and industrialized nation states call for the protection of international property on Trade-Related Aspects of known as Agreement on Trade-Related Aspects of Intellectual Property Rights of the WTO (TRIPS Agreement) (Lehman *et al.*, 2002). The TRIPS came up after Uruguay Round Table Conference of the General Agreement on Tariffs and Trade (GATT) in December, 1993 while the ministerial meeting in Markessh Morocco ensure the arbitration in all direction and the TRIPS Agreement came into force in conformity with WTO arrangement on 1st January, 1995 (Kumagai, 2008).

Consequent upon, China has joined the TRIPS Agreement in 1996 so as to comply with the terms and condition therein as well as to present its draft for administrative purpose and protection of well-known trade marks (Luo and Ghosh, 2009; Napoli, 2014; Liu,

2014). Furthermore, the TRIPS agreement directed all members who joined the team should offer protection for well-known trade mark within the doctrine of dilution (Wild, 2007).

This development has paved the way for inauguration of legislations and office for well-known trademark in china and japan (Wild, 2007), the trade mark office (TMO) was recognized as administrative body with the authority to grants well known status to all firms companies, manufacturing industries in China (Lehman *et al.*, 2002; Napoli, 2014). And the decision of TMO were final and non-reviewable (Xia, 2007). This study is an attempt to highlights and analyze the ways and manners that China taken on judicial protection of well-known trademarks.

### MATERIALS AND METHODS

**Conceptual framework:** Trade marks serves as a badge of origin, presenting the consumer with the possibility to distinguish the products of one undertaking from those of another. They also serve as indicators of quality which might be the main factor in the consumer's choice to buy the products (Elftorp, 2012). These are the kind of symbols offer to the products or services to the manufacturing companies, industries, consulting firms and services in order to differ with others. This is an easy ways for identification and free from duplicating one marks to two or more firms.



Fig. 1: Shapes and symbols of well-known trademarks international vehicles firms (www.datawand.com)



Fig. 2: Well known trade marks in China (www.thetruthaboutcars.com)

The sign may be composed of words, devices, letters, numerals, three-dimensional signs (shapes) and combinations of colors, sound or any combination thereof (CIPRSM, 2016). This indicates that the signs should be in the form of word like Coca-Cola, IBM, Nokia, DELL and ASUS or in the form of symbols or shapes as contain in Fig. 1 and 2.

Trademarks refers to the symbols used by manufacturers and traders to identify the origins of their goods and services and to differentiate with other goods and services manufactured or sold by others (Tam, 2011). Figure 1 shows the symbols used by manufacturing firms of international vehicles Cars Company and the Chinese well known trademarks as prescribed by the above definitions.

Meanwhile, the well-known marks refers to the marks that are universally recognized to be marks which have a high degree of identification and reputes in the areas of business of the proprietors of such marks and beyond the areas of trade of the proprietors of such

marks (www.marques.org/TradeMarkFAQs/). Puri (2014) contends that well-known trademarks means a check or symbols which has gotten to be considerable fragment of people in general which uses such merchandise or gets such administrations that the utilization of such stamp in connection to different products or administrations would probably be taken as showing an association over the span of exchange or rendering of administrations between those merchandise or benefits and a man utilizing the check in connection to the initially said products or administrations. Well-known marks are critical business assets which can be used and traded just like any other assets. As such, these critical business assets deserve the fullest and widest possible protection in order that mark owners may fully exploit the value of such well-known marks.

The eligibility for registration on the trademarks encompasses the legal recognition; differs with other products or services; they must not be originates from the symbols of the company's products it would exist to

attain certain technical effects so as to ensure that the goods and services would get their original value. And also the trademarks were available to register within the public domain so as to avoid any sort of confusion or duplication (CIPRSMEH, 2012).

**The evolution of trademarks protection:** Traditionally, there was multiple number of trademarks on divergent products in the international market but it has not been protected with any legislation worldwide rather than recognition by some member state. This trend creates overlapping on multiple use of one marks of a company to another without taken any measure at international arena. The essence of trademark law is to safeguard and depend the trademarks against confusion because numerous nations presents their defensive mechanism against the well-known trademarks beneath the doctrine of dilution in unjust competitive preventive law (Wild, 2007). This phenomenon was in practice at traditional trademark law.

This challenges precipitates international experts on trade and economy to present international law and doctrine for protections of well-known trademarks 1925 in Paris international convention (Wild, 2007; Tam, 2011; Liu, 2014; Napoli, 2014). Therefore, the Paris international convention was recognized as a watershed for well-known trademarks legislation and protection worldwide.

**The historical emergence and development of trademarks in China:** From the annals of trademarks background in business and commerce in China that there was trademark system since Bei-Zhou dynasty around 556-580 AD (WIPO, 2016; Liu, 2014). Indeed, the earliest trademarks in the ancient Chinese era was the painting of white rabbit with some text to identified the shop selling needles in Shandong province (Zheng, 1997; Liu, 2014). But such mark has peculiar distinctive structure (Liu, 2014). The 1890 WEI-SHUI is another development of trademark in China because WEI SHUI is mark to brand of matches and it was widely accepted by the government to adhered such mark (Xiulan and Zhang, 2006; Zheng, 1997).

More so, due to external effort of sovereign foreign states against the nations that are producing their product outside, the Chinese government endorsed the trademarks Registration Experimental Agency so as to prevent the trademarks possess by the expatriates to gain from their business practices in the republic of China at the end of Qing dynasty (Yao and Zhang, 2006; Liu, 2014). Consequent upon, the Beiyang government presented the new and modern laws in 1923-1930 for trademarks in China. In fact, the above regulations contains process for the application and registration to the trademarks to

enable them to be protected, settle their dispute and punishment for breaching the trademarks ethical regulations (Liu, 2014). This development has enhance the status of the trademarks and bring some changes and positive outcome in the system. Though, this trend led to enlightenment campaign on trademarks protection especially from 1929-1936. The Shanghai Hunshang cement company limited has made positive means towards depending the image of their trademark.

Moreover, the aftermath of 1949 and 1950's Cultural Revolution during Chairman Mao Zedong, the Chinese authority banned previous trademarks laws (is the period that trademarks recognition and registration was no longer effective due communist or central planned economy) and later they came up with the ad-hoc regulation for trademarks registration so as to control voluntary registration and creates uniformity in the system (Liu, 2014). Furthermore, in 1963 China issued trademark management regulation without ascertaining the special rights to and stressed the significance for the trademarks registration (Han and Wang, 2006).

Contrary to the closure of trademark system in 1982 China's law for trademark was duly implemented in 1983. This new regulations paved the way for registration and depending the image of trademarks in China. Furtherance to this development, China has signed into Paris Convention for protection of intellectual property, this culminated them to depend the status of all trademarks in the country (Liu, 2014). However, in 1989 the Chinese government accepted the Madrid Agreement for global registration of marks.

Liu (2014) hinted that the China has amends some trademarks laws to suit the system in 1993. Furthermore, the year 1995 China attested the Madrid Convention that the rules on trademarks shall be reconstituted and adjudicated as Sino-US relations was took place on the said year on intellectual property right. The 1996 China has presented comprehensive determination on the protection and depending the images of well-known trademarks within Chinese IPR (Lehman *et al.*, 2002). Indeed, it was that year China entered into Trade-Related Aspects of Intellectual Property Rights Agreement (TRIPS). This development precipitates the establishment of State Administration for Industry and Commerce (SAIC) to recognized, defined and accept well-known trademarks within its judicial system and present some regulations for safeguarding its well-known trademarks (Liu, 2014).

Table 1 contain the multilateral Agreement that China has entered with international community based on trademarks and intellectual property rights as stipulated by the global and developed nation's states in order to

Table 1: China's multilateral trademark obligations at a Glance

Name of instrument	Effective date in China	Declarations/reservations by China	Corresponding domestic legislation
Paris Convention for the Protection of Industrial Property (1883 as revised)	March 19, 1985	Reservation to Paragraph (1) of Article 28	Provisions on the determination and protection of well-known marks (issued on April 17, 2003, effective on June 1, 2003)
Madrid Agreement Concerning the International Registration of Marks (1891 as revised)	October 4, 1989	Inapplicable to Hong Kong or Macau	Provisions for Implementation of International Registration of Marks Under the Madrid Agreement (issued on April 17, 2003 and effective on June 1, 2003)
Protocol relating to the Madrid Agreement Concerning the International Registration of Marks 1989	December 1, 1995	Inapplicable to Hong Kong or Macau; Declaration on Article 5(2)(b) and 70 3) Declaration on Article 8(7)(a)71	
Nice Agreement Concerning the International Classification of Goods and Services for the Purpose of the Registration of Marks (1957 as revised)	August 9, 1994	Applicable to Macau from December 20, 1999	N/A
Agreement on Trade Related Aspects of Intellectual Property Rights, including Trade in Counterfeit Goods (TRIPS Agreement) (1994)	December 11, 2001	N/A	N/A
Trademark Law Treaty	As signatory on October 28, 2004; Not in force as of April 22, 2008	N/A	N/A

Hu (2009)

safeguard and protect the images of Trademarks worldwide and to prevent counterfeit, piracy and duplication of trademarks from one states to another.

Sequel to the above development, the trademark office beneath the State Administration for Industry and Commerce (SAIC) offered the well-known purposes for the companies and firms operations, rivalry and cancellations and also the court would offer the said position on ad-hoc basis. Though, the platform towards safeguarding the images of the marks enlisted has been widely circulated by the SAIC to their braches (Lehman *et al.*, 2002).

## RESULTS AND DISCUSSION

This also makes the registration for trademarks to be widely recognized and known to the firms, companies, factories and consulting services and motivates the proprietors to protect their trademarks against any overlapping by others. In fact, this trends makes Chinese to Trump into China Trade Mark Office (CTMO) for following legal registration process (CIPRSMEH, 2016).

**The criteria for registration of well-known trademarks in China:** The Article 8 of the Trademark Law of China vindicates that the trademarks shall be register when it meets the requisite requirement stipulated by the law. It is advisable for the applicant to conform the similarity check of his mark or symbols with others who have already registered or requested for Mingde (2007) and Elftorp (2012). Conversely, the China Trademark Office has its

data online in their website which can help the applicants to search for similarity and existing trademarks as well as the registered, renewal and modified which they are in both Chinese and English (CIPRSMEH, 2016).

Meanwhile, the applicant shall meet all the requirement on filling forms, attaching required particulars and payment of registration dues RMB 600 per 10 categories of goods and services and some legal charges (CIPRSMEH, 2016) then the applicant shall submits to the trademarks office for administrative determination and if such application meets the stipulated law they would granted the registration and published the trademarks in their gazette (Elftorp, 2012).

The above protocols shall be observed by both Chinese and Foreign applicant who intends to register their business enterprise and obtain the trademarks therein. While for the international registration of firms or companies who done their registration in Europe and willing to operate in China, there marks cannot be protected unless they do another registration in China as contained in international registration system within Madrid protocol under World International Property Organization (WIPO) (CIPRSMEH, 2016).

**The judicial protection of well-known trademarks in people's republic of China:** The legal process is the determinants towards protecting the image of all trademarks in China especially the well-known trademark either registered or not registered marks. Although, there are some process for the protection and safeguarding the trademarks in China that are differs and similar with other

states in the globe. In fact, the above criteria spelt out behind registration for the trademarks as stipulated by the CTMO in the Chinese law regarding trademark. Indeed, whoever, contravene the marks law shall be prosecuted in accordance with legal injunctions for Chinese citizens or international ratification of Madrid protocol against Foreign and European firms or companies in China?

In this respect, the Chinese courts were determines to enforce the laws on well-known trademark and judge any scandal and misunderstanding on trademarks and IPR (Hu, 2009). Therefore, whoever violates such regulations or go contrary to trademark laws shall face the wrath of the law. Though, >14,000 cases on trademarks and IPR were tabled before the Chinese court in 2006 while the court of Appeal received 2,686 and resolved 2,652 successfully (Hu, 2009). This is a signal that shows the legal and judicial power on trademarks protection within the vicinity of stipulated laws of China.

At international scale, China has obliged to accent with World Intellectual Property Organization (WIPO) on March 19, 1985; WTO membership on TRIPS and also entered into various bilateral and multilateral agreement with western world and others solely to protect the image of Intellectual Property Rights (Hu, 2009). In fact, through these forum, China vehemently stand towards depending the trademarks of foreign firms based on international practices. Accordingly, WIPO hinted that the “well-known marks are always safeguarded, regardless of either they have been registered or not in respect of goods and services which are identical with or similar to those for which they have gained their reputation ([http://www.wipo.int/sme/en/ip\\_business/marks/well\\_known\\_marks.htm](http://www.wipo.int/sme/en/ip_business/marks/well_known_marks.htm)).

More so, the Madrid Convention assisted and transformed China to declare the policy for the implementation of global registration in 2003. This development aid Chinese SAIC towards protecting and safeguarding all international trademarks. The vantage point to CTMO is that such international agreement highlighted the role of CTMO on international registration and territorial extension to China as well transfer under the said convention.

Concomitantly, in the case of well-known trademarks, the Chinese Ministry of Industry and Commerce and the Supreme People’s Court released the provisions on determination and protection of well-known trademarks in 2003 as well to establish the system for recording judicial settlements of well-known trademarks in 2006. This is to create enabling environment for suitable determinations of well-known trademarks (Li, 2007).

The Chinese law provides the degree for protection of well-known trademarks which was used by another

person or products and services that are not the same with the other person. This episode may easily diluting the value of such marks and the products which will be treated under the doctrine of dilution in China. And shall be applicable to protection, whereby the court would determine the similarity and act as appropriate. While the unregistered well-known trademarks is equally protected within the premise of doctrine of confusion. In fact, through doctrine of confusion, China safeguard the image of unregistered well-known trademarks within trademarks law and unfair competitive preventive law. The Trade Mark Offices (CTMO and Trademarks Review and Adjudication Board (TRAB) and the courts for thorough scrutiny on registration and judicial process (Li, 2007).

In fact, the trademarks regulatory agencies such as CTMO, TRAB, trademarks law, regulations for implementation of trademarks law, trademarks examination and adjudication guideline protection on well-known trademarks and the Judicial process in courts and the Chinese laws related to advertisement unfair competition and crime would serves as the provision for judicial trademarks in china (Gao, 2011).

The strict compliance to the above authorities and legal judicial process may help the trademarks to operates and protected in China. But, anything that contravenes these process may tantamount to the litigation and judicial process in the process in the lawsuit which may warrant nullification of your mark and punishment or calling the firm to follows the trademarks process.

#### **The challenges of well-known trademarks in China:**

Although, different countries have series of challenges on well-known trademark while China is not exclusive. In fact, the China has some obstacles against their trademarks. These are:

**Weak intellectual:** Property right and lack of proper coordination: in China the IP is somehow weak towards enforcement to follow their ethical conduct as well as lack of coordination among divergent regulatory bodies on IP enforcement (Liu, 2014). These was due to numerous bodies for enforcement in China.

**Soft punishment:** In China, the violators of trademark laws receive soft or weak penalty and non-deterrent (Gao, 2011). While the court are charging the infringers to pay <500,000 Yuan as the compensation for the company and 100,000 Yuan for sole proprietorship. These soft punishment may trigger people to continue violating the ethics of trademark laws.

**Shortage of manpower and inefficiency:** Most of the trademarks regulatory agencies and IP enforcement

offices have inadequate staff to man these agencies. This trend has caused great bottleneck and inefficiency (Gao, 2011; Liu, 2014) in running the affairs of these organizations. The case of shortage of manpower is well paramount in CTMO and TRAB in China.

**Inconsistency between regulatory trademarks agencies and the courts:** There is contradiction between CTMO/TRAB and the court injunctions (Gao, 2011) in China. This may lead into confusion and lack of uniformity of laws and guidelines to both trademarks agencies and the court of law.

### CONCLUSION

Counterfeit and piracy of goods produced by both registered, non-registered and well-known trademarks in China. This trend is not really affecting the producers but it affects the other firms who are originators of that products on the case of piracy. High technology has been utilized to imitate and pirate the products (Liu, 2014). While, Chinese manufacturing firms produce counterfeit goods on their customers' request from abroad (Gao, 2011). This scenario affects the production, IP and the strength of trademarks laws in China.

### RECOMMENDATIONS

From the above analyses so far, the following recommendations were presented in this study. That China should reform the trademark laws and IP enforcement structure. This would enhance them to have unique regulation between the trademark regulatory body and the lawsuit in the court as in the case for violations or registration of trademarks. It would also help them to have to have strong enforcement on the trademarks IP's infringement in China.

That the severe punishment on fine charges, detention among others shall be spelt out to the public so as to avoid contravening the trademarks regulation and ethical conduct. That the government should engage the services of adequately trained and professional workers to man the relevant institutions on trademarks for ensuring efficiency and effectiveness in their system.

**Strengthening the institutions:** That the people's Republic of China should strengthen all trademarks institutions and IP's for effective service delivery and proper management of the marks IP's and business outlet in the private sector management.

That the PR of China should have good monitoring and evaluation agencies to ensure all firms were seen to comply with the directives of CTMO/TRAB and general IP's law and regulations. This would create harmony and sanity into the system.

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