

Several Questions on the Application of Law in Trial of Trademark Civil Dispute Cases Interpretation

(Promulgated by the Supreme People's Court on 12 October 2002 and effective as of 16 October 2002.)

In order to correctly try trademark dispute cases, and in accordance with the provisions of laws such as the PRC, Civil Law General Principles, the PRC, Contract Law, the PRC, Trademark Law, the PRC, Civil Procedure Law, etc., the following interpretations are made regarding several issues relating to the application of the law:

Article 1 The following acts constitute acts causing other harm to another's exclusive right to use a registered trademark as set out in Item (5) of Article 52 of the Trademark Law:

1. using wording that is identical or similar to another's registered trademark as a business name and displaying it prominently on identical or similar goods, thereby easily causing mistaken recognition on the part of the relevant public;

2. reproducing, imitating or translating another's registered well-known trademark or its main part and using it as a trademark on non-identical or dissimilar goods thereby misleading the public and potentially prejudicing the interests of the registrant of the well-known trademark;

3. registering words that are identical or similar to another's registered trademark as a domain name and using it to carry out electronic commerce business in related goods, thereby easily causing mistaken recognition on the part of the relevant public.

Article 2 In accordance with the first paragraph of Article 13 of the Trademark Law, where another's non PRC-registered well-known trademark or its main part is reproduced, imitated or translated and used as a trademark on identical or similar goods, thereby easily resulting in confusion, civil liability to stop the infringement should be undertaken.

Article 3 Trademark licences as set out under Article 40 of the Trademark Law include the following three types:

1. "exclusive licences", which means that the trademark registrant licenses a single licensee to use its registered trademark for an agreed period, within a specified territory and in an agreed manner and where the trademark registrant, in accordance with the agreement, may not use the registered trademark;

2. “sole licences”, which means that the trademark registrant licenses a single licensee to use its registered trademark for an agreed period, within a specified territory and in an agreed manner and where the trademark registrant, in accordance with the agreement, may use the registered trademark but may not license other parties to use the registered trademark;

3. “non-exclusive licences”, which means that the trademark registrant licenses a third party to use its registered trademark for an agreed period, within a specified territory and in an agreed manner and where the trademark registrant can itself make use of the registered trademark and license others to use its registered trademark.

Article 4 “Materially interested parties” under Article 53 of the Trademark Law includes licensees under trademark licensing contracts for registered trademarks, lawful successors to registered trademark property rights, etc.

When exclusive rights to use a registered trademark are infringed, licensees under exclusive licensing contracts can bring a suit in the people's courts. Licensees under sole licensing contracts can bring a joint suit together with the trademark registrant and can also bring a suit by themselves if the trademark registrant does not bring a suit. Licensees under non-exclusive licensing contracts can bring a suit provided that they have been given clear authorization to do so by the trademark registrant.

Article 5 Where a trademark registrant or materially interested party brings a suit because a third party is infringing the exclusive rights to us

e the registered trademark after the trademark registrant or materially interested party has filed an extension application during the grace period for extending the term of a registered trademark but before such extension has been approved, the people's court should accept the suit.

Article 6 Civil suits that have been brought because of an act of infringement of the exclusive rights to use a registered trademark, shall fall under the jurisdiction of the people's court of the place where an act of infringement under Article 13 or 52 of the Trademark Law has been carried out, of the place where the infringing products are stored, sealed or detained, or of the place where the infringer is domiciled.

The “place where the infringing products are stored” referred to in the preceding paragraph, means the place where large quantities of the infringing products are stored or hidden, or the place where the infringing products are regularly stored or hidden. The place where they are “sealed or detained” means the place where an administrative body such as Customs, administration for industry and commerce, etc., has sealed up or detained the infringing products.

Article 7 Where a single suit is brought over acts of infringement committed in different locations by multiple defendants, the plaintiff can select the people's court of the place where one of the defendants has carried out the infringing act as the people's court with jurisdiction. Where a suit is brought against one of the defendants only, the people's court of the place where that defendant carried out the infringing act shall have jurisdiction.

Article 8 The “relevant public” referred to in the Trademark Law means consumers related to the type of product or service branded with the trademark or business operators that have a close connection to the marketing of the afore-mentioned product or service.

Article 9 The phrase “trademark that is identical” in Item (1) of Article 52 of the Trademark Law means where the suspected infringing trademark is compared with the plaintiff's registered trademark and the two trademarks are essentially without difference visually.

The phrase “trademark that is similar” under Item (1) of Article 52 of the Trademark Law means where the suspected infringing trademark is compared with the plaintiff's registered trademark and the font, pronunciation or meaning of the words or the composition or colouring of the device are similar, or the overall structure of its combined main elements is similar, or where its three-dimensional shape and combination of colours are similar thereby easily leading the relevant public to mistake the source of the products or to believe that their source has a certain connection to products using the plaintiff's registered trademark.

Article 10 Where a people's court makes a determination of whether trademarks are identical or similar in accordance with Item (1) of Article 52 of the Trademark Law, it shall apply the following principles:

1. Using the ordinary powers of observation of the relevant public as the standard;
2. The trademarks should be compared in their entirety and their important elements should also be compared; the comparison should be carried out with the two objects of comparison being kept apart;
3. When considering whether the trademarks are similar, the distinctiveness and notoriety of the registered trademark for which protection is being sought should be considered.

Article 11 “Similar goods” under Item (1) of Article 52 of the Trademark Law means goods that have identical functions, uses, production entities, sales channels, target consumers, etc., or goods that the relevant public would normally consider to have a certain connection and thus easily cause confusion.

“Similar services” means services whose purpose, content, method of provision, target users, etc., are identical o

r services that the relevant public would normally consider to have a certain connection and thus easily cause confusion.

“Similar goods and services” means that a certain connection exists between the goods and services that could easily cause the relevant public to be confused.

Article 12 Where a people's court determines whether goods or services are similar in accordance with Item (1) of Article 52 of the Trademark Law, it should make an overall determination based on the normal knowledge of the relevant public with regard to the goods or services. The International Classification of Goods and Services for the Purposes of the Registration of Marks and the Classification of Similar Goods and Services may be used as a reference for determining the similarity of goods or services.

Article 13 When a people's court determines an infringer's liability for compensation in accordance with the first paragraph of Article 56 of the Trademark Law, it can calculate the measure of damages in accordance with the method of calculation chosen by the rights holder.

Article 14 The benefits gained from the infringement referred to in the first paragraph of Article 56 of the Trademark Law can be calculated by multiplying the unit profit by the sales quantity of the infringing product. Where it is impossible to ascertain the unit profit, the unit profit of the products using the registered trademark shall be used for the calculation.

Article 15 The losses suffered from the infringement referred to in the first paragraph of Article 56 of the Trademark Law can be calculated according to the reduction in the sales amount of the product suffered by the rights holder because of the infringement or can be calculated by multiplying the sales amount of the infringing product by the unit profit of the products using the registered trademark.

Article 16 Where it is difficult to calculate both the benefit gained by the infringer because of the infringement or the loss suffered by the rights holder because of the infringement, the people's court can, in accordance with the parties' request or on an ex officio basis, apply the provisions of the second paragraph of Article 56 of the Trademark Law in order to determine the measure of damages.

When a people's court is determining the measure of damages, it should make an overall determination having considered factors such as the nature, the period and the consequences of the infringement, the reputation of the trademark, the amount of trademark licensing royalties, the types, periods and scope of trademark licences for the mark, the reasonable expenses incurred in stopping the infringement, etc.

Where the parties reach an agreement on the measure of damages in accordance with the first paragraph of this Article, this should be permitted.

Article 17 The “reasonable expenses incurred in stopping the infringement” referred to in the first paragraph of Article 56 of the Trademark Law include reasonable expenses of the rights holder or an appointed agent in investigating and collecting evidence regarding the infringing act.

In accordance with a party's statement of claim or the specific facts of the case, a people's court can include lawyers' fees that comply with the stipulations of the relevant State departments within the calculation of the scope of compensation.

Article 18 The statute of limitation for bringing a suit for the infringement of a registered trademark is two years, starting from the date that the trademark registrant or a materially interested party knew or should have known about the act of infringement. Where a trademark registrant or a materially interested party brings a suit after more than two years, if the infringing act is still continuing at the time the suit is brought and the exclusive rights to use the registered trademark are still in the period of validity, then the people's

court should issue a judgment ordering the defendant to stop the infringing act. The measure of damages for the infringement should be calculated by reckoning back two years from the date when the rights holder brought the suit before the people's court.

Article 19 Where a trademark licensing contract has not been recorded, this will not affect its effectiveness, unless otherwise agreed by the parties.

A trademark licensing contract that has not been recorded with the Trademark Office may not be used to oppose third parties acting in good faith.

Article 20 The assignment of registered trademarks shall not affect the effectiveness of trademark licensing contracts that had already entered into effect before the assignment, unless the trademark licensing contracts contain provisions to the contrary.

Article 21 Where a people's court is trying a dispute involving the infringement of exclusive rights to use a registered trademark, in accordance with the provisions of Article 134 of the Civil Law General Principles and Article 53 of the Trademark Law and the specific circumstances of the case, the court can issue a judgment ordering the infringer to bear such civil liability as stopping the infringement, removing obstructions, eliminating dangers, compensating loss, eliminating the effect of the infringement, etc. It can also issue a decision for such civil sanctions as imposing fines and/or confiscating the infringing goods, the forged trademark representations and property such as materials, tools and equipment, etc., specially used to manufacture

the infringing products. The amount of the fines can be determined by reference to the relevant provisions under the PRC Trademark Law Implementing Regulations.

Where an administrative department for industry and commerce has already imposed an administrative penalty in respect of the same act of infringing the exclusive rights to use a registered trademark, the people's court shall not impose any additional civil sanction.

Article 22 Where a people's court is trying a trademark dispute case, it may, at the request of a party and in accordance with the actual circumstances of the case, make a determination in accordance with law as to whether the registered trademark in question is well-known.

Determination of a trademark as well-known should be carried out in accordance with the provisions of Article 14 of the Trademark Law.

Where a party requests protection in respect of a trademark that has been previously determined as a well-known trademark by administrative authorities or a people's court and the other party does not dispute the mark in question being well-known, the court will not carry out any further examination. If the other party does dispute the trademark being well-known, the people's court shall carry out an examination in accordance with Article 14 of the Trademark Law.

Article 23 The provisions under the Interpretation applying to product trademarks also apply to service trademarks.

Article 24 Where previous relevant provisions are inconsistent with the Interpretation, the Interpretation shall apply