What does well-known trade mark status mean? What's the difference between the protection offered by a well-known trade mark and a normal one?

The well-known trademark status means that the mark has acquired high reputation and influence among the public through extensive and continuous use, and it has been recognized as well-known trademark by the relevant public, based on which a broader scope of protection could be given on a case-by-case basis.

Well-known trademark is offered a broader scope of protection, which is not limited to the designated goods and services covered by the registration. It means that the protection for a well-known mark could be extended to the non-similar goods and services, even though, sometimes, the gap among the goods and services is large, the well-known mark would also be protected to prevent the possible dilution of the well-known mark.

However, the extent of such extended scope may depend on the degree of the well-known status as well as the distinctiveness of the mark.

What factors to consider in determining well-known trademarks?

The following factors are the keys when determining the well-known trademarks:

1) Time of registration: though theoretically unregistered well-known trademark is also possible, it is extremely rare in practice. It is generally considered that a well-known mark should be registered in China for at least two years prior to the filing date of the opposed or canceled mark.

2) Length, geographic coverage and volume of use: It is generally considered that a well-known mark should be used in China for at least five years prior to the filing date of the opposed or canceled mark. Such use shall cover at least ten provinces, and the sales volume should be large based on specific industry.

3) The degree of similarity between the subject mark and the opposed mark should be high.

4) The designated goods/services of the two parties should be “dissimilar” according to the Chinese Classifications, but “connected”, so that there is likelihood of “misleading”; only very well-known marks may enjoy the protection based on dilution.

Are there any other significant issues that have arisen following the changes?

In some recent opposition cases since late 2015, where the opponent’s earlier cited mark is similar to the opposed mark, the goods are dissimilar according to the Chinese Classification of Goods & Services but are connected to some extent, such as Class 24 (bed sheets) and Class 25 (clothing), and the cited mark has enjoyed certain reputation but not yet reached the standard of well-known mark, the TMO held that the opposed mark shall be rejected according to Article 10.1.7 of China Trademark Law, "signs deceptive, and may easily mislead the public with regards to quality and other features of the goods”.

This Article 10.1.7 used to be only applied in cases where the mark is inherently deceptive instead of relative ground involving conflict with earlier rights. Though the criteria of applying Article 10.1.7 in such relative ground oppositions is not clear by now, for example the required extent of high reputation and extent of connection of the goods, it is nevertheless a favorable change for many foreign brand owners whose trademarks are copied by others in different but related classes and the evidence of prior use and reputation...
It is also worth noticing that in some earlier opposition cases, TMO occasionally used Article 10.1.8 (signs detrimental to social morality or having other negative influence) in relative ground as described above, whereas the TRAB and the Courts made it very clear that Article 10.1.8 can only be applied in absolute grounds where the mark itself has inherent negative meaning and cannot be applied in relative grounds where conflict of rights exists. Nowadays, the TMO seems to follow the same rule and stop using Article 10.1.8 in relative grounds as well.

Another significant change is according to Article 14.5 of China Trademark Law, producers and dealers shall not use the words “well-known trademark” on their goods and the packages or containers of their goods or for the advertisements, exhibitions, and other commercial activities. According to Article 53, where a party violates the provision of Article 14.5, the local administrative authority for industry and commerce shall order the party to rectify the situation and impose a fine of RMB 100,000. The purpose of it is to prevent the misuse of well-known trademark as a kind of government award or guarantee of quality which would mislead the consumers.

3. What suggestions do you have for international company who is seeking to obtain well-known trade marks in China?

Firstly, better management of evidence is always important, whether or not for the purpose of obtaining recognition of well-known trademark, as the sufficiency of evidence especially related to use and reputation of the mark in China for each year in each region and on each type of products or services is always a core factor affecting the chances of success of the case. The brand owner could discuss with the trademark attorney to form an efficient way of sharing and collecting evidence on a regular basis, and if the brand owner has any branch office or distributor in China, the way of collaborating among the parties. The reason of doing so is that the time limit for submitting evidence in trademark cases is usually no more than three months from filing the action (such as opposition, invalidation, etc.), which sounds quite long, but in fact, when some evidence need to be notarized and legalized, some need affidavit from certain person, some need audit report issued by qualified auditors for a certain year, three months may be too short to complete all the work. Therefore, a mechanism of regular maintenance of a well-categorized evidence database by the trademark attorney for the brand owner is very important and has great value.

Secondly, as the recognition of well-known trademark is on a case-by-case basis, it is possible that one mark is recognized as well-known mark in one case, but fails in another, and the reason might be that the filing date of the opposed/disputed mark is different and thus the period of required use evidence differs, or the degree of connection between the goods and services may differ, or degree of similarity between the marks may differ.

Thirdly, even if the brand owner is confident about the sufficiency of evidence to support the well-known status, it is better to base the case not only on well-known trademark claim, but also other possible grounds, such as Article 10.1.7 (signs deceptive), Article 7 (Principle of Good Faith), etc.

4. What else to do if a right holder cannot obtain well-know status?

Defensive applications in other related or even unrelated classes of goods/services would be an economic and efficient method, as compared to filing oppositions against endless new marks of others. Besides, even for the classes of existing registrations or applications, it is sensible to double check the subclasses covered to see whether the protection scope is sufficient according to the Chinese examination criteria.

One risk related to defensive applications is the possibility of non-use cancellation, i.e. after three years of registration, if anyone files non-use cancellation against such trademark, the registrant need to submit use evidence, otherwise, the trademark might be cancelled then.

Another possible option is copyright protection, especially over the device mark or the complete logo including word and device or the word mark in stylized form. The protection of copyright is not limited to any specific class of goods or services, which is a big benefit of such type of right, but the threshold of similarity is normally higher than that between trademarks. Similar to many other countries, copyright recordal is not mandatory in China, but the recordal certificate can serve as a prima facie evidence if the recordal date is earlier than the trademark filing date. If the recordal date is later than the filing date of the opposed/disputed trademark, the owner then need to provide additional evidence to prove the ownership of the copyright (such as agreement with designer, original manuscript), as well as the accessibility of the works before the filing date of the mark (such as publication of the copyright on magazines distributed in China, or publication via internet).
In case one trademark has been registered for over five years, any invalidation against it need to be based on the ground of well-known trademark and bad faith claim, i.e. the cited mark had been well-known in China before the filing date of the disputed mark, and the registrant of the disputed mark filed this mark in bad faith, or absolute grounds. If neither of these grounds can be based, one may need to wait for three years to file the non-use cancellation, or try other ways such as negotiation of assignment with the registrant. At the same time, the use of the same or similar mark over same or similar goods without authorization of the registrant may face the risk of infringement. Though the possible infringement litigation could be suspended upon request to the Court based on a pending invalidation against the trademark registration cited as ground in the infringement proceeding, the legal risk is still high and damages might be claimed if the registrant obtains sufficient evidence.