

Interpretation by the Supreme People's Court of Several Issues Relating to Application of Law to Trial of Cases of Civil Disputes over Trademarks

(Adopted at the 1246th Meeting of the Adjudication Committee of the Supreme People's Court on 12 October 2002 and entering into force on 16 October 2002)

The following Interpretation of the several issues relating to application of law is hereby made in accordance with the General Principles of the Civil Law of the People's Republic of China, the Contract Law of the People's Republic of China, the Trademark Law of the People's Republic of China and the Civil Procedure Law of the People's Republic of China with a view to correctly hearing cases of trademark disputes:

Article 1 Following acts are acts under Article 52 (5) of the Trademark Law that cause, in other respects, prejudice to the exclusive right of others to use registered trademarks:

- (1) Using prominent lexical items identical with or similar to another person's registered trademark as one's own enterprise name on identical or similar goods, which is easy to cause confusion on the part of the relevant public;
- (2) Reproducing, imitating and translating another person's registered well-known trademark or the main part thereof to be used on unidentical or dissimilar goods as a trademark and to mislead the public, which is likely to result in prejudice of the interests of the well-known mark registrant;
- (3) Registering lexical items identical with or similar to another person's registered trademark as a domain name, and conduct, via the domain name, e-commerce in the trade of relevant goods, which is easy to cause confusion on the part of the relevant public.

Article 2 Under Article 13, paragraph one, of the Trademark Law, where the well-known trademark of another person that is not registered in China or the main part thereof is reproduced, imitated or translated to be used as a trademark on identical or similar goods, which is likely to cause confusion, the civil liability shall be imposed for stopping the infringement.

Article 3 The trademark license under Article 40 of the Trademark Law shall be of the following three categories:

- (1) Exclusive license, which means that the trademark registrant licenses a registered trademark to one licensee only in an agreed period, region and manner, and the trademark registrant shall not use said registered trademark as agreed;

(2) Non-exclusive license, which means that the trademark registrant licenses a registered trademark to one licensee only in an agreed period, region and manner, and the trademark registrant may use said registered trademark as agreed, but shall not license any other person to use said registered trademark; and

(3) Average license, which means that the trademark registrant licenses a registered trademark to another person in an agreed period, region and manner, and the trademark registrant itself may use, and license others to use, the registered trademark.

Article 4 The interested parties under Article 53 of the Trademark Law shall include the licensee of a registered trademark licensing contract, and the legitimate heir in title of the property right in the registered trademark.

When infringement of the exclusive right to use a registered trademark arises, the licensee of the exclusive licensing contract may institute proceedings in the people's court; the licensee of the non-exclusive licensing contract may institute proceedings together with the trademark registrant, or may do so where the trademark registrant does not; the licensee of the average licensing contract may institute proceedings with the express authorisation of the trademark registrant.

Article 5 Where a trademark registrant or interested party institutes proceedings on the ground that another person infringes his exclusive right to use registered trademark before the application he files for extension within the grace period for the extension of the registered trademark is approved, the people's court shall accept the case.

Article 6 Civil proceedings instituted due to infringement of the exclusive right to use a registered trademark shall be under the jurisdiction of the people's court of the place where the infringing act takes place, where the infringing goods are kept or seized and detained, or where the defendant has its domicile under Articles 13 and 52 of the Trademark Law.

The place where infringing goods are kept under the preceding paragraph refers to the place where the infringing goods are stored or hidden in large quantities or on regular basis; the place of seizure and detention refers to the place where the Customs or administrative authority for industry and commerce seizes and detains the infringing goods according to law.

Article 7 In respect of a joint action against several defendants for an infringing act in different places of infringement, the plaintiff may choose to put the case under the jurisdiction of the people's court of the place where one of the defendants has committed the infringement; in respect of an action against one of the defendants, the people's court of the place where the defendant has committed the infringement has the jurisdiction over the case.

Article 8 The relevant public under the Trademark Law shall refer to the relevant consumers of a goods or service indicated by the a trademark and other traders closely related to the marketing of said goods or service.

Article 9 The identicalness of trademark under Article 52 (1) of the Trademark Law shall mean that the alleged infringing trademark is not essentially different in visual perception from the registered trademark of a plaintiff.

The similarity of trademark under Article 52 (1) of the Trademark Law shall mean that the alleged infringing trademark, by comparison, is similar to the plaintiff's registered trademark in shape, pronunciation, connotation of words or the composition and colour of the device, or in global composition upon the combination of the various elements, or in the three-dimensional shape or the combination of colour, and is likely to cause the relevant public to confuse the source of goods or think the source of goods is related, in a particular way, to the plaintiff's registered trademark.

Article 10 The people's court shall establish a trademark is identical or similar in the light of the following principles according to the provision of Article 52 (1) of the Trademark Law.

- (1) On the basis of average attention of the relevant public;
- (2) Comparison of trademarks shall be made both globally and in respect of the main parts thereof, and the comparison shall be made in separation of the objects under comparison; and
- (3) Account shall be taken of the prominence and repute of the claimed registered trademark in assessing the similarity of trademarks.

Article 11 The similar goods under Article 52 (1) of the Trademark Law shall refer to goods with identical function, use, manufacturer, sales channel and target consumers or goods that the relevant public generally think related in a particular way or if is likely to cause confusion.

The similar service shall refer to service with identical purpose, content, mode or object or service with identical objective, content, mode and target consumers, or service that is likely to cause confusion.

The similarity of goods and service means that the goods or service is related to one another in a particular manner, or are likely to cause confusion on the part of the relevant public.

Article 12 The people's court shall establish whether or not a goods or service is similar according to the provision of Article 52 (1) of the Trademark Law in the light of the comprehensive assessment based on the average perception by the relevant

public of the goods or service. The International Classification of Goods and Services for the Purpose of trademark Registration and the Classification for the Purpose of Distinguishing Similar Goods and Services may serve as the frame of reference for establishing similar goods or services.

Article 13 The people's court, when determining the liability of an infringer for damages according to Article 56, paragraph one, of the Trademark Law, may calculate the amount of damages in the way chosen by the rightholder.

Article 14 The profit earned because of the infringement under Article 56, paragraph one, of the Trademark Law may be calculated on the basis of multiplication of sales of the infringing goods by the unit profit of the goods. Where it is impossible to find out the unit profit of the goods, it is calculated on the basis of the unit profit of goods of the registered trademark.

Article 15 The injury suffered because of the infringement under Article 56, paragraph one, of the Trademark Law may be calculated on the basis of multiplication of the quantity of reduction suffered by the rightholder in his sales of the goods because of the infringement or the sales of the infringing goods by the unit profit of goods of the registered trademark.

Article 16 Where it is difficult to determine the benefits obtained by the infringer because of the infringement or the injury suffered by the infringe because of the infringement, the people's court may determine the amount of damages at the request of the interested party or within its capacity by applying Article 56, paragraph two, of the Trademark Law.

In determining the amount of damages, the people's court shall take into consideration the nature, duration, consequence of the infringing act, the repute of the trademark, the amount of the trademark licensing fee, the type, time, scope of the trademark licensing and the reasonable expenses for stopping the infringing act.

Where the interested parties reach an agreement on the amount of damages according to paragraph one of this Article, the agreement shall be permissible.

Article 17 The reasonable expenses for stopping an infringing act under Article 56, paragraph one, of the Trademark Law shall include the reasonable expenses of the rightholder or his agent for investigation or evidence collection in respect of the infringing act.

The people's court may, at the request of an interested party and according to the specific circumstances of the case, enter the lawyer's fee provided for by the relevant state department into the damages.

Article 18 The limitation for action against an infringement of the exclusive right to use registered trademark shall be two years calculated from the date on which the trademark registrant or interested party comes to know, or has reasonable ground to know about the infringing act. Where the trademark registrant or interested party institutes proceedings at the expiration of the two years and if the infringing act continues during the proceeding, the people's court shall, within the term of validity of the exclusive right to use the registered trademark, rule that the defendant desist from the infringing act. The damages for the infringement shall be calculated from the two years before the date on which the interested party institutes proceedings in the people's court.

Article 19 Lack of recordation of a trademark licensing contract shall not affect the validity of the licensing contract, except that the interested parties have otherwise agreed.

Where a trademark licensing contract is not recorded with the Trademark Office, said contract shall not be posed in opposition to a third person in good faith.

Article 20 Assignment of a registered trademark shall not affect the effect of the trademark licensing contract taking effect before the assignment, except otherwise agreed in the trademark licensing contract.

Article 21 In hearing a case of dispute arising from an infringement of the exclusive right to use a registered trademark, the people's court may, according to the provisions of Article 134 of the General Principles of the Civil Law and Article 53 of the Trademark Law and the specific circumstances of the case, rule that the infringer bear the civil liabilities for stopping the infringement, removing the obstacles, eliminating dangers, compensating damages and eliminating ill-effects. It may, in addition, impose a fine, confiscate the infringing goods, representations of the counterfeited trademark and the materials, implements and/or equipment for making the infringing goods. The amount of the fine may be determined in the light of the relevant provisions of the Implementing Regulations of the Trademark Law.

Where the administrative authority for industry and commerce has impose administrative sanction on the same act of infringement of the exclusive right to use the registered trademark, the people's court shall not impose more civil sanctions.

Article 22 The people's court, in hearing a case of trademark dispute, may establish whether the involved registered trademark is well known or not at the request of the interested party and according to the specific circumstances of the case.

The establishment of a well-known mark shall proceed according to the provision of Article 14 of the Trademark Law.

Where an interested party seeks protection for a well-known mark that was established by the competent administrative authority or the people's court and the other party does not raise any opposition to the well-knownness of the involved trademark of the interested party, the people's court shall not conduct another examination. Where an opposition is raised, the people's court shall do so according to the provision of Article 14 of the Trademark Law.

Article 23 The provisions of this Interpretation relating to the trademarks shall apply to service marks.

Article 24 Where any previous relevant provisions are not consistent with this Interpretation, this Interpretation shall prevail.