

Time to Protect the Chinese Language Translations of International Trademarks

Foreign companies should register their Chinese-language trademarks in China, to ensure protection under Chinese law. But for those that don't or haven't, a new court case offers some hope.

By Maarten Roos & Lisa Qin

As the Chinese market continues to grow at a rapid pace, an increasing number of international and transnational companies seize business opportunities to sell goods in China by opening branches or subsidiaries. One of the positive consequences is that their trade names and trademarks become increasingly well-known in the market. An adverse affect of this popularity is that some Chinese competitors may try to use the Chinese language translations of these popular foreign-language trademarks to piggy-back on the reputation of the foreign company.

Foreign companies often fail to register the Chinese-language translations of their international trademarks, which severely limits their options to combat these kinds of practices. Traditionally, Chinese courts are unlikely to support the foreign company's opinion that the Chinese language translation is "similar" to its registered trademarks (as defined by the PRC Trademark Law). In that case, the Chinese company's act does not constitute trademark infringement or unfair competition, and there is little that the foreign trademark owner can do against these competitors.

Leroy-Somer case

Fortunately some hope can be drawn from a case listed in the Annual Press Release regarding Judicial Protection of Intellectual Property and Model Cases of 2012m published by the Supreme People's Court ("SPC") on 22 April 2013: the "Leroy-Somer" Trademark Infringement and Unfair

Competition Case may well form a prelude for foreign companies to prevent Chinese companies from using Chinese language translations of their international trademarks. The key issue in this case is whether similarity can be established between trademarks in foreign languages and their Chinese character translations. Although the Plaintiffs did not register any Chinese-language trademarks in China, the Superior People's Court in Fujian Province (hereinafter "the Court") finally confirmed the similarity between "LEROY-SOMER" and its Chinese translation "利莱森玛".

In its conclusion, the Court takes a different view on similarity that has been prevalent in similar judicial cases and/or trademark administrative reviews. Certainly this establishment of similarity can be attributed to the adequate evidence submitted by the Plaintiff, proving without doubt the existence of a corresponding relationship between "LEROY-SOMER" and "利莱森玛". In addition, to quote from the "Brief Introduction to the Top Ten Innovative Intellectual Property Cases in China (2012)" by the SPC, "the famous nature of the foreign language trademarks, the Plaintiff's prior use of the Chinese translation version, and public recognition of the corresponding relationship between the foreign language trademarks and its Chinese language translation" all give credit to the fixed corresponding relationship, and thus the similarity, between "LEROY-SOMER" and "利莱森玛".

While this judgment gives hope, it should be remembered that the issue of similarity will always be decided on a case-



by-case basis. If the Plaintiff cannot submit sufficient evidence to support a claim of concurrent use of their foreign language trademark and the Chinese character trade name, as well as the level of recognition of its trademark and/or trade name, then a court will certainly deny similarity, and therefore alleged trademark infringement and unfair competition.

Another noteworthy aspect from this case is how to prove the level of reputation of the trademark. In the words of the SPC, “the famous nature of the foreign language trademarks” should be given consideration in deciding similarity. However, the SPC does not mention the definition of this famous nature, or to put it differently, to what extent a foreign trademark would be famous enough to establish such similarity. This issue is also important when deciding the amount of damages. If a foreign trademark enjoys a high-profile status, the amount of damages may even break through the statutory damage ceiling of RMB 1 million.

Final Remarks

It is unwise to count on this new wind alone to protect Chinese-character translations of (well-known) international trademarks. Yes, it is good news that the SPC seemingly has set a new precedent; on the other hand, by far safest, cheapest and most effective way to ensure that the owner of a foreign-language trademark also has the exclusive rights to the Chinese-language equivalent, is to file for registration of this trademark in China in relevant classes. This will ensure not only that third parties are barred from use, but will also allow the owner to control under which Chinese-language trademark it will be known in the market. Considering the many positive and negative connotations of words in China, this benefit alone should make the decision to initiate registrations, an easy one.

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