

# 18 Well-Known Trademark Protection: A Comparative Study between Japan and China

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*While the well-known trademark protection is an important issue in domestic and international trade, Paris Convention and TRIPS Agreement oblige members to protect well-known trademarks under both the doctrine of confusion and the doctrine of dilution. In this respect, Japan and China have provided such protection in their trademark law and unfair competition law. This paper is to compare the legal provisions, practices, and cases related between Japan and China, and to find some solutions to the problems resulted in China in the protection of well-known trademarks.*

*To protect the well-known trademarks under the doctrines of confusion and dilution are the common aspects in Japan and China. In comparing the legal provisions, practices, and cases, the paper suggests that China shall learn some practices from Japan, such as applying the doctrine of abuse of trademark right, or enabling a court to invalidate a registered trademark so as to protect unregistered well-known trademarks. The paper as well points out that China should follow the Japanese legislative practice to protect well-known trademarks under the doctrine of dilution in both trademark law and unfair competition law, rather than only in trademark law.*

*To deal with the relationship between trade name and well-known trademark, and the effect of the designated well-known trademark, are the special problems resulted in China. The paper recommends that China shall accept the Japanese view that a trade name has a name aspect and a property aspect, and the former is regulated by the trade name recoding regulation and the later is regulated by the unfair competition law. The author also suggests that the effective of a designated well-known trademark in the disputes shall be confined to the specific case, has nothing to do with advertisements and government merits.*

*The paper concludes that Chinese legislative, administrative, and judicial agencies shall learn the related legal provision, practice, and cases from Japan, and thereof improve the well-known trademark protection in China.*

## I Introduction

The term “well-known trademark” refers to a trademark, registered or unregistered, which is known to the public and has a relatively high reputation in a particular country or region. On the international level, the Paris Convention requires the countries of the Union to protect unregistered well-known trademarks. Based on this requirement, the TRIPS Agreement further requests that Members should afford protection for well-known trademarks under the doctrine of dilution. In accordance with this request, both China and Japan have

established legislations for well-known trademark protection.

Since both China and Japan are civil-law countries, their legal provisions for well-known trademark protection and operations thereof are relatively similar. Relevant legislations, court decisions, and academic theories generated in Japan are of significant value as references for China.

## II Protection under the doctrine of Confusion

The doctrine of confusion applies mainly

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to the protection of unregistered well-known trademarks. Both China and Japan uphold the principle that trademark rights shall be obtained by registration, which is different from that of the United States where a trademark right is obtained by the use of trademark. At the same time, China and Japan rely on the doctrine of confusion and provide for the protection of unregistered well-known trademarks in trademark law and unfair competition prevention law. Accordingly, the trademark authorities and courts in these countries protect unregistered well-known trademarks in the course of examinations for registration or judicial proceedings.

However, Japan has some unique practices in this respect, which may serve as helpful references for China. For instance, in the case where a unregistered well-known trademark is registered by a party other than the trademark owner before the owner obtains registration, Japanese courts afford necessary protection for the trademark owner by applying the doctrine of abuse of trademark right, without making a determination of the validity of the trademark right registered by such other party. Chinese courts should take this practice as reference. Furthermore, under Article 39 of the Trademark Act revised in 2004, Japanese courts are now allowed to directly deny the validity of a registered trademark, without waiting for the JPO trial board to make an award as to the validity of the trademark registration. This revision has not only simplified the relevant procedures but also made it possible to protect unregistered well-known trademarks effectively. The Chinese legislature should also learn a lot from this legal reform.

### **III Protection under the Doctrine of Dilution**

According to the doctrine of dilution, even if a person uses another's well-known trademark or trademark similar thereto for goods or services that are not similar to those

provided by such other person, although it does not cause confusion among consumers as to the source of goods or services, it may cause damage to the well-known trademark by reducing or diluting the trademark's power to indicate the source.

Since traditional trademark law is designed to protect trademarks for the purpose of preventing confusion, many countries provide for protection of well-known trademarks under the doctrine of dilution in unfair competition prevention law. This is because that where a person uses another person's well-known trademark or trademark similar thereto for the purpose of diluting the trademark, such use does not cause confusion among consumers but takes advantage of the goodwill of the well-known trademark, it constitutes an act of unfair competition. Some other countries and regions, however, include provisions for preventing dilution in *trademark law*. In this respect, China provides the protection of well-known trademark under both the doctrine of dilution and the doctrine of confusion in the trademark law.

The approach of preventing dilution of well-known trademarks in Japan may give some guidances to China. On the one hand, the Trademark Act prevents dilution of well-known trademark in the examination procedures. On the other hand, the Unfair Competition Prevention Act as well prevents dilution by regulating the use of well-known trademarks. Therefore in the legislative aspect and the operational aspect, the Trademark Act and the Unfair Competition Prevention Act supplement each other and realize the protection under the doctrine of dilution to a relatively satisfactory extent.

### **IV Trade Names and Well-Known Trademarks**

Trade names are closely related to trademarks. In many cases, trade names contained in company names also serve as companies' trademarks. Article 8 of the Paris Convention requires the countries of the

Union to protect trade names. While most countries protect trade names under unfair competition prevention law, some other countries have specific legislation to provide for the registration of trade names.

In Japan, a trade name is regarded separately as *name aspect* and *property aspect*, of which the *name aspect* is regulated by the commercial registration, and the *property aspect* is regulated by the Unfair Competition Prevention Act. Under this principle, Japanese courts appropriately coordinate the relationships between trade names and well-known trademarks, and between well-known trade names and registered trademarks.

However, in China where a trade name is not regarded as two aspects as in Japan, confusion arises in the protection of trade names and the relationship between trade name and well-known trademark. The administrative authorities equally treat the effect of a recorded trade name and the effect of a registered trademark, based on the idea that the recording of a trade name is the grant of a right. On the other hand, Chinese courts sometime hesitate to determine the relationships between trade names and well-known trademarks, placing emphasis on the normal use of the recorded trade name.

The administrative authorities, judicial agencies and academic circles in China should understand and accept the fact that Japan applies two approaches of interpreting trade name for coordinating the relationship between trade name and well-known trademark, while providing sufficient protection of well-known trademark.

## **V Effect of Well-Known Trademarks**

In Japan, both when the patent office makes determinations of well-known trademarks in the course of the trademark examination procedure, objection procedure and invalidation proceedings, and when courts make determination of well-known trademarks in trademark disputes, they only focus on the dispute settlement in question.

In principle, a determination is made for each well-known trademark, and the effect thereof is defined on a case-by-case basis, having nothing to do with business advertising.

On the other hand, in China, a determination of a well-known trademark is not only related to the solution of a particular case but also is significant to the extent to go beyond the case in at least two aspects. Firstly, it is significant in terms of business advertising; once a trademark is determined to be a well-known trademark in the administrative or judicial proceedings, the owner of the trademark can advocate in advertising that his/her trademark is a well-known trademark, thereby acquiring an advantage in the market. On the other hand, owners of trademarks without such determination cannot advertise their trademarks as well-known ones, regardless of how well-known in fact they are. Secondly, determinations of well-known trademarks are significant as a means for the local governments to proclaim their achievements. Without the understanding of the true meaning of making a determination of a well-known trademark, most local governments in China have a false idea that well-known trademarks are proof of the abilities of the companies in their territories, and therefore they demonstrate the local governments' own achievements. Some local governments urge competition for having more well-known trademarks under the slogan of "Create More Well-Known Trademarks!"

Since well-known trademarks are significant beyond individual cases, question even arises as to who should make a determination of a well-known trademark and what standards should apply to making determination. In this context, the Ministry of Industry and Commerce issued the "Provisions on Determination and Protection of Well-Known Trademarks" in 2003 and the Supreme People's Court issued the "Notification on the Establishment of the System for Recording Judicial Determinations of Well-Known Trademarks" in 2006. These are intended to ensure

appropriate determinations of well-known trademarks.

The administrative authorities, judicial departments and academic circles in China should return to the true meaning of well-know trademark protection and limit the effect of determination and protection of a well-known trademark to a particular case or dispute solution.

## **VI Conclusion**

The report is a comparative study of legal provsions and operations on the protection of well-known trademarks between China and Japan, focusing on the four aspects, namely protection under the doctrine of confusion, protection under the doctrine of dilution, the relationship between trade name and well-known trademark, and the effect of a well-known trademark. China and Japan have some features in common in this area, whereas China has its own problems. The comparative study has revealed that the legal provisions on well-known trademark protection and relevant theories and practices generated in Japan can be used as references for China in many ways.

If Chinese legislative, administrative and judicial bodies as well as academic circles fully recognize and understand Japan's legal provisions on well-known trademark protection and relevant theories and practices, they will obviously be able to correct and improve relevant legal provisions and practices in China. When applying such theories and practices for well-known trademark protection imported from Japan, China will be in accordance with the principle of well-known trademark protection under the Paris Convention and the TRIPS Agreement.