

## The protection of foreign GIs in China [Zhu Zhigang, Beijing Wanhuida (Shanghai) Law Firm, 2021-07-28]

In China, there are two different legal systems which are used for the protection of GIs: (1) the trademark system established by the China Trademark Office (CTMO), now under the China National Intellectual Property Administration (CNIPA); and (2) a sui generis protection system.

The sui generis protection system itself is two-pronged: (1) the regulation promulgated by the General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ), which is now being revised by the CNIPA, which concerns "GI products" in general; and (2) the regulation promulgated by the Ministry of Agriculture (MoA), now Ministry of Agriculture and Rural Affairs (MARA), which only applies to Agricultural GIs.

The numbers of GIs registered in China are published periodically.

As of the end of 2020, the total number of GIs registered as trademarks (collective trademarks or certification trademarks) was 6,085. The number of "GI products" registered in China was 2,391. On March 1st, 2021, the CNIPA announced the protection of 96 additional GIs from Europe, pursuant to a bilateral agreement signed between the European Union and China.

By June 2020, MARA had registered 3,090 GIs (exclusive of the aforesaid trademarks or "GI products"), none of which were foreign.

China has provided a wide protection to GIs since long.

### **I. GI as geographical name known to the public**

Article 10.2 of the Trademark Law (2019) provides that names of administrative divisions at or above the county level and foreign place names that are known to the public shall not be used as trademarks.

This basic principle is often used for the protection of GIs.

In CIVC v. Victoria's Secret (2019), the CIVC, who owns the collective trademark "Champagne" in China, registered in Class 33 (wines) in 2013, opposed as trademark application filed by Victoria Secret for the registration of the trademark "VICTORIA'S SECRET CHAMPAGNE GLOW", designating the goods "cosmetic preparations for skin care; bath preparations, not for medical purposes; perfumes; etc." in Class 3.

The goods designated by CIVC's collective trademark and those designated by Victoria Secret's application being different, the CIVC could not base its opposition on its collective trademark registered in Class 33. Therefore, the CIVC cited Article 10.2 of the Trademark Law which prohibits the use as a trademark of the name of a place known to the public.

CNIPA found that "Champagne" is the name of a foreign geographical name well-known to the public and considered that, since such word in the opposed trademark does not have any other meaning than the name of the place, the trademark violates the provisions of Article 10.2 of the Trademark Law. The trademark was refused.

In CIVC v. "Petit Champagne" (2019), the CIVC filed a complaint to the Tianjin Municipal Administration for Market Regulation (Tianjin AMR), alleging that Hedong was selling carbonated drinks named "Petit Champagne" and that such use infringed the registered collective trademark "Champagne".

The Tianjin AMR held that the goods fall under the category of non-alcoholic beverage in Class 32, and therefore, that the sale of such goods did not constitute trademark infringement. However, the AMR considered that the above act violated Article 10.2 of the Trademark Law, and pursuant to Article 52 of the Trademark Law, ordered Hedong to stop selling the drinks named "Petit Champagne".

## **II. GI sui generis**

Article 16 of the Trademark Law (2019) provides that: "Where a trademark has a geographical sign of the designated goods which do not originate from the place where the geographical sign indicates and is likely to mislead the public, such a trademark shall not be allowed for registration and shall be forbidden from

practical use. However, where such a trademark has been approved and registered out of goodwill, it shall continue to be valid.”

In practice, the GI sui generis, registered or not in China, can benefit from the protection offered by the Trademark Law.

In CIVC v. Seven Star Champaign (2015), the CIVC sued before the Beijing First Intermediate People’s Court, in 2011, a company called Beijing Sheng Yan Yi Mei Trade which was selling bottles of “Seven Star Champaign” (red and white).

In 2011, the CIVC did not own any trademark registration for the name “Champagne”. The CIVC tried several arguments among which Article 16 of the Trademark Law was cited.

The defendant argued that, in the absence of registration, the provisions of Chapter 7 of the Trademark Law (providing for enforcement of registered trademark rights) could not apply.

The Court replied to this argument that since Article 16 of the law provides, not only, that a sign containing a geographical name cannot be registered if the goods do not originate from the place in question, but also, that such name is prohibited from use, the enforcement of such prohibition is, therefore, implied in the law.

The Court thus ruled in favour of the CIVC and ordered the defendant to stop selling the infringing products.

In INAO (Romanée Conti) v. Wu Liping (2019), Wu Liping applied for the registration of the trademark “罗曼尼康帝” (the disputed trademark), which is the transliteration of “Romanée Conti”, designating the goods “aperitif, wine, etc.” in Class 33. The mark was registered on 14 November 2017.

The INAO filed an application for the invalidation of the disputed trademark on the grounds of Articles 7 (bad faith), 10.1.7 (deceptive mark as to the place of origin), 10.1.8 (disruption of the social order), 10.2 (foreign place name known to the public), 16 (GI) of the Trademark Law, which was then rejected by the CNIPA.

The INAO appealed to the Beijing IP Court.

Regarding Article 16 of the Trademark Law, after reviewing the evidence produced by INAO, the Beijing IP Court was satisfied that “Romanée Conti” is a GI as defined by Article 16 of the Trademark Law, and that “罗曼尼康帝” is the transliteration of such name, known to the public in China. Regarding the CNIPA’s argument that “Romanée Conti” was not registered as a collective or certification trademark, and therefore was not entitled to protection, the court affirmed that registration as a collective trademark or certification trademark is not a prerequisite for the protection of a GI.

### **III. GI as collective trademark**

The protection of collective trademarks follows the same general principles as for “ordinary” trademarks. There are abundant favorable decisions in which GI collective trademark holders have successfully opposed or invalidated copycat trademark applications/registrations.

However, the enforcement, especially civil and criminal enforcement of GI collective trademark, remains rare. Two landmark cases are worth mentioning.

In CIVB v. Yantai Lark (2019), the Shandong High Court upheld a first instance judgment rendered by the Yantai Intermediate Court in favor of Conseil Interprofessionnel du Vin de Bordeaux (CIVB), the owner of the “Bordeaux” Geographical Indication (GI) Collective Mark in a civil suit. Both courts found that: 1) the defendant’s unauthorized use of “Bordeaux” infringed CIVB’s collective trademark; 2) the defendant, by using “Bordeaux” as Appellation d’Origine Contrôlée on its products, forged the origin of the product. The false advertising (claiming all its products are imported from France) constituted unfair competition; and 3) taking into account the reputation of “Bordeaux” collective trademark and the circumstances of the defendant’s infringement, the court ordered the defendant to pay RMB 500,000 as damages.

This case has been selected as one of the “2019 Top Ten IP Cases” by Shandong High Court.

In CIVB v. Shanghai Feitong Trading Company and Zhuge Ruiyong (2020), the Shanghai Pudong People's Court handed down a judgment in a criminal proceeding, which found Shanghai Feitong Trading Company and its actual operator Zhuge Ruiyong criminally liable for counterfeiting the collective trademark "Bordeaux". Zhuge Ruiyong was sentenced to one-and-a-half-year imprisonment with probation (a lenient decision based on his voluntary indemnification of CIVB's losses). The Court imposed a fine of RMB 100,000 on Shanghai Feitong and another RMB 50,000 on Zhuge Ruiyong, confiscated the counterfeit "Bordeaux" wines and prohibited Zhuge Ruiyong from being engaged in food production and distribution business until his probation ends.

In practice, the criminal enforcement of "Bordeaux" collective trademark has been somewhat difficult in China. Some of the difficulties are the result of the requirement to submit, as reference, one authentic product. In the case of "Bordeaux", there are, not one unique, but many authentic samples, hence the difficulty to satisfy the requirement.

This case has been selected as one of the "2020 Top Ten IP Cases" by Shanghai Pudong Court and one of the "2020 Top Ten Trademark Administrative Enforcement Cases" by the CNIPA.

#### **IV. Other remedies**

In some cases, the law enforcement agencies protect GIs from different perspectives.

In CIVB v. Yueyang Mengyan, the AMR ascertained that the "Bordeaux" and "Margaux" GIs have been registered in China and enjoys GI protection. Yueyang Mengyan's unauthorized use of "Bordeaux" and "Margaux" is in violation of Article 5.4 of the "Measures for the Punishment of Acts Harming Consumers' Rights and Interests", which provides that: "Business operators shall not have the following behaviors: (4) Sales of forged or fraudulent use of product quality signs (GI, BIO, etc.).

Based on the above, Yueyang AMR ordered Yueyang Mengyan to immediately cease using "Bordeaux" and "Margaux" GIs and imposed a fine of RMB 70,000.

## **Comments**

Foreign GIs, are protected even if they are not registered in China, as shown by the case CIVC v. Seven Star. Article 16 of the Trademark Law allows the holder of a GI to request a People's Court to order an infringer to stop the production and sale of a product bearing infringing name/labelling. Furthermore, the foreign GI holder finds in the Trademark Law (Articles 10.1.7 and 10.2) other remedial approaches to oppose the application, obtain the invalidation, or stop the illegal use of a trademark identical with or similar to its GI.

However, being registered as a collective trademark allows the GI holder to benefit more from the enforcement: the entire "arsenal" of the trademark law, customs regulations, criminal law, is at its disposal. The GI holder may, not only, seek administrative actions against an infringer, but also obtain financial compensation. Cases cited above prove that the protection is effective, even if obtaining satisfactory results requires significant efforts from the GI holder.

For all the above reasons, it is preferable to register a GI as a collective trademark in China.

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