

# Breaking Out of the West, Advancing Into Asia: Cultural Considerations for Brand Management in China

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# BREAKING OUT OF THE WEST, ADVANCING INTO ASIA: CULTURAL CONSIDERATIONS FOR BRAND MANAGEMENT IN CHINA

GREGORY HWA\*

## I. INTRODUCTION

The concept of “sport culture” simply did not exist in China prior to the twentieth century.<sup>1</sup> In fact, it was not until 1902 that the Chinese journalist and philosopher, Liang Qichao, introduced the idea of sport culture, or *tiyu*, into mainstream Chinese consciousness.<sup>2</sup> Since then, sports have played an increasingly essential role in the development of Chinese society and in the prosperity of its marketplace, both domestically and internationally.<sup>3</sup>

Naturally, China’s heightened awareness of sports, and its citizens’ participation in sporting activities over the last century has piqued the interest of international sport merchandisers seeking to expand their businesses into China.<sup>4</sup> However, the country’s reputation for lax enforcement of intellectual property rights, and for the rampant counterfeiting of international goods that occurs within its borders, turns many merchandisers away from marketing their products in China for fear of misappropriation of their valuable sport-related trademarks.<sup>5</sup> To complicate the issue further, recent amendments to China’s trademark statute have created substantial ambiguity as to how, and if any, safeguards

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1. XU GUOQI, OLYMPIC DREAMS: CHINA AND SPORTS 1895–2008 12 (2008).

2. See *id.* Liang Qichao and his contemporaries imported the idea of *tiyu* (体育, literally, “body cultivation”) into China from Japan. *Id.* Today, *tiyu* is synonymous with sporting lifestyle and culture, and may be used to refer to sports generally. *Id.* at 12–13; see OXFORD CONCISE ENGLISH-CHINESE CHINESE-ENGLISH DICTIONARY 444 (3d ed. 2003).

3. See, e.g., Guoqi, *supra* note 1, at 199.

4. See *id.* at 209.

5. See Anonymous, *Brand Protection by Foreign Trademark Owners in China*, in CHINESE

against infringement will actually apply.<sup>6</sup>

Addressing these uncertainties and developing a valid protection strategy for international trademarks in China requires an understanding of the ways in which Chinese sport culture differs from sport culture in the West and how those cultural nuances will affect interpretation of China's amended trademark law. To that end, this Article will explore the evolution of modern sport culture in China, and undertake a comparative analysis of the 2013 amendments to the Chinese Trademark Law (CTL) against the backdrop of the previous 2001 statute.<sup>7</sup> Finally, this Article will propose a strategy for owners of sport merchandise trademarks to adopt in anticipation of marketing their brands in China under the new trademark law.

## II. SPORT CULTURE AND TRADEMARKS IN CHINA

To fully understand modern sport culture in China first requires an examination of sport culture's evolution throughout the twentieth century, particularly through the development of the *tiyu* movement<sup>8</sup> during the early 1900s and the country's revitalized globalization in the late 1900s. Identifying the ways in which China used sport culture to adapt to changes in the nation's history clarifies the ways in which Chinese citizens consume sport culture in the modern era.

### A. *Physical Cultivation Under the Doctrine of Tiyu*

*Tiyu*, or "cultivation of the body," is now used to describe sport culture generally, and connotes a sporting and physically active lifestyle.<sup>9</sup> However, the term was originally used in the Chinese military to evoke values of discipline

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INTELLECTUAL PROPERTY LAW AND PRACTICE 400 (Mark A. Cohen et al. eds., 1999); *see also* Anne M. Wall, *Intellectual Property Protection in China: Enforcing Trademark Rights*, 17 MARQ. SPORTS L. REV. 341, 345 (2006).

6. *See generally* *China's New Trademark Implementing Regulations*, LEGAL UPDATE: INTELLECTUAL PROPERTY (Mayer-Brown JSM, China) Dec. 19, 2013, *available at* <http://www.mayerbrown.com/files/Publication/819c3948-c4f4-4fcf-bc39-160a06bd3f20/Presentation/PublicationAttachment/1476ecbd-e9a9-443b-86ad-1ab3d3263142/131219-PRC-IP.pdf>. *See generally* Trademark Law of the People's Republic of China (promulgated by the Standing Comm. Nat'l People's Cong., Aug. 30, 2013) (China), *available at* [http://www.wipo.int/wipolex/en/text.jsp?file\\_id=302623](http://www.wipo.int/wipolex/en/text.jsp?file_id=302623) (in Chinese). [hereinafter Trademark Law 2013].

7. *Compare* Trademark Law 2013, with Trademark Law of the People's Republic of China (promulgated by the Standing Comm. Nat'l People's Cong., Oct. 27, 2001) (China) *available at* [http://www.wipo.int/wipolex/en/text.jsp?file\\_id=194208](http://www.wipo.int/wipolex/en/text.jsp?file_id=194208) (in Chinese) [hereinafter Trademark Law 2001].

8. *See* GUOQI, *supra* note 1, at 12–13.

9. *See id.*

and physical prowess.<sup>10</sup> By the 1920s, the concept of *tiyu* had become a subject of academic and scientific interest, as scholars and researchers began to identify and promote the health benefits associated with a physical lifestyle.<sup>11</sup> Around the same time, the Chinese government, through the Chinese Nationalist Party, began to allocate significant resources towards educating the general public in the importance of staying active, especially among the disparate rural regions of the country where public health issues were major concerns.<sup>12</sup>

Chinese governmental support of the *tiyu* movement was essential to the development of China's modern sport culture.<sup>13</sup> By the 1930s, the government's widespread promotion of physical cultivation had laid the foundation for a "fiercely nationalistic" mentality throughout China rooted in the relationship between a "healthy body and a strong labor force."<sup>14</sup> Building a strong body was billed as an essential element of becoming a contributing member of society.<sup>15</sup> China's participation in the 1932 Olympic Games cemented the country's *tiyu*-based national pride by showcasing the country's athletic prowess on the world stage, thus defining a new goal that required a unity among the Chinese populace to attain: a positive international perception of China.<sup>16</sup>

China's presence in the 1932 Olympics allowed the country's citizens to peer into the international world through the lens of sports and to establish itself as an international presence in the same arena.<sup>17</sup> However, the decades following the 1930s would prove disastrous for Chinese society as the Communist Party, led by Mao Zedong, plunged the nation into an era of stunted political, economic, and social growth.<sup>18</sup> Moreover, Mao's regime isolated the country from the rest of the world, and by the time China emerged from the Cultural Revolution in 1976, the international identity it had cultivated during the early half of the century was all but nonexistent.<sup>19</sup> The remainder of the twentieth century would be spent reconstructing what the nation had lost.<sup>20</sup>

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10. *See id.* at 12; *see also* ANDREW D. MORRIS, MARROW OF THE NATION: A HISTORY OF SPORT AND PHYSICAL CULTURE IN REPUBLICAN CHINA 122 (2004).

11. *See* ANDREW D. MORRIS, CULTIVATING THE NATIONAL BODY: A HISTORY OF PHYSICAL CULTURE IN REPUBLICAN CHINA 203 (1998).

12. *See id.*; *see* MARROW OF THE NATION, *supra* note 10, at 122–23.

13. *See* MARROW OF THE NATION, *supra* note 10, at 123.

14. *Id.* at 122.

15. *See id.*

16. *See* Guoqi, *supra* note 1, at 40.

17. *See id.*

18. *See generally* WOLFRAM EBERHARD, A HISTORY OF CHINA (2005).

19. *Id.* at 348.

20. *See* Guoqi, *supra* note 1, at 197.

### B. Revitalization Through Sport Culture

The 1980s marked the beginning of a new era of cultural growth in China as the country returned to its *tiyu* values in an attempt to redefine itself.<sup>21</sup> Under the new leadership of Deng Xiaoping, China bolstered its efforts to establish itself on the world stage and earn its share of the global resources it needed to thrive once again.<sup>22</sup> Under the slogan “Break out of Asia, advance into the world,” the National Sports Commission unveiled its “Olympic Model” to gain international recognition between 1979 and 1980.<sup>23</sup>

The Olympic Model required each Chinese province to refocus its sports programs with the singular goal of winning events at the 1984 Olympic Games.<sup>24</sup> Ultimately, this trend of governmental involvement in sports programs would become a hallmark of Chinese sport culture.<sup>25</sup> Government-funded agencies, such as the State General Administration of Sports, regulate China’s sports industry, and government-funded sport schools recruit the most promising young athletes with plans to groom them to become national heroes.<sup>26</sup> It is this conception of athletes as heroic icons that lies at the core of modern Chinese sport culture.

### C. Trademarks and the Modern Consumption of Sports

China’s heavy governmental involvement in its sports industry has generated a sport culture in which individual athletes are promoted as national heroes and cultural role models.<sup>27</sup> Similarly, as China has pushed to become a more visible international presence in recent decades, international athletes have gained exposure among Chinese consumers.<sup>28</sup> The result is that Chinese consumers view athletes, both nationally and internationally, as individuals first, and parts of a larger team only secondarily.<sup>29</sup>

While the idea of rallying behind individual athletes is not foreign to the Western world, gaining such acclaim as to elevate a single player above any

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21. *See id.*

22. *Id.*

23. *Id.*

24. *Id.*

25. *See id.* at 223–24.

26. *Sport in China Heavily Influenced by Government*, HUMAN KINETICS, <http://www.humankinetics.com/excerpts/excerpts/sport-in-china-heavily-influenced-by-government> (last visited May 7, 2015).

27. *See* GUOQI, *supra* note 1, at 71–73.

28. Interview with Shuli Guo, Visiting Professor, Marquette University Law School, in Milwaukee, Wis. (Nov. 25, 2013).

29. *Id.*

team affiliations is typically reserved for individuals who have redefined a sport due to their unquestionable dominance in their respective games.<sup>30</sup> Examples of these singular athletes are rare in the West, and include the likes of Michael Jordan, Babe Ruth, and Tiger Woods. But in China, these names are joined by other individual heroes: Yao Ming, Li Ning, Shaquille O'Neal, and Kevin Garnett, among others.<sup>31</sup>

While athletes identified as popular in China are peak performers in their own rights, none have attained the level of dominance in their fields that most Westerners would require to root for them individually. To the Chinese, an athlete's appeal goes beyond physical prowess.<sup>32</sup> Instead, Chinese sport enthusiasts focus on the values embodied by their athletic heroes: fitness, persistence, confidence, and discipline.<sup>33</sup> The focus on these cultural values rather than dominance in the arena alone strongly parallels traditional conceptions of *tiyu* developed in the early twentieth century.

In the context of a *tiyu* athletic tradition, it follows that Chinese consumers gravitate towards merchandise closely related to their favorite athlete, even if the product is not sports-related.<sup>34</sup> In China, the equipment, apparel, food, and drink that an athlete supports are all indicative of that athlete's embodied values, and consuming products associated with the athlete and his or her values reflects those values in the consumer as well. In China, the athlete is a status symbol.<sup>35</sup> In China, the athlete is the brand.<sup>36</sup>

The idea of an athlete embodying a brand unto him or herself is further exemplified by a recent rash of trademark disputes in China involving athletes' names. In February of 2012, basketball Hall-of-Famer Michael Jordan sued the Chinese company, Qiaodan Sports Company, alleging that the company's name is an unauthorized transliteration of Jordan's name, and is therefore infringing on his personal trademark.<sup>37</sup>

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30. *Id.*

31. Matt Beyer, *After Losing Yao Ming, the Chinese Government Plans to Spend Billions to Create More Profitable Athletes and Sports Facilities*, BUS. INSIDER (Oct. 13, 2011), <http://www.businessinsider.com/china-sports-industry-2011-10>.

32. Interview with Shuli Guo, *supra* note 28.

33. *Id.*

34. See Geoffrey A. Fowler & Betsy McKay, *Coke Pins China Hopes on Blitz in Beijing*, WSJ, <http://online.wsj.com/news/articles/SB121910643955651579> (last updated Aug. 19, 2008).

35. *See id.*

36. *See id.*

37. *Trial Begins in Michael Jordan Suit Against Chinese Company*, CRAIN'S CHI. BUS. (Apr. 30, 2013), <http://www.chicagobusiness.com/article/20130430/BLOGS08/130439968/trial-begins-in-michael-jordan-suit-against-chinese-company#>.

Also in February of 2012, the Chinese company Wuxi Risheng Sports Utility Company revealed that in 2010 it had registered the Chinese name and initials of then-New York Knicks point guard Jeremy Lin as trademarks in China.<sup>38</sup> As the issue stands, Lin requires Wuxi Risheng's authorization if he chooses to trade on his Chinese name, Lin Shuhao, in China.<sup>39</sup>

Both of these cases illustrate the importance that Chinese consumers place on individual athletes as opposed to the teams or larger organizations that they represent. Ultimately, for international sport brands to succeed in China, they must associate themselves with heroic athletes that espouse *tiyu* ideals valued by Chinese consumers. Moreover, for trademarks associated with those brands to receive strong protection in China, they must transcend the isolated demographic marketing so prevalent in the West and instead maintain appeal throughout the Chinese populace as a whole by comporting with Chinese ideals of *tiyu*.

Close examination of the new amendments to the CTL supports the view that brands with mass cultural appeal are encouraged, particularly through the amended statute's emphasis on well-known marks.<sup>40</sup>

## II. THE THIRD AMENDMENT TO THE CHINESE TRADEMARK LAW

The history of China's intellectual property laws is perhaps as tumultuous as the history of the nation itself.<sup>41</sup> Still, despite the country's multiple political regime changes throughout the twentieth century, China has become a party to all major international trademark treaties, including the Paris Convention for the Protection of Intellectual Property,<sup>42</sup> the Madrid Agreement Concerning the International Registration of Marks,<sup>43</sup> the Madrid Protocol,<sup>44</sup> and the Agreement

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38. Benjamin Kang Lim, *Trademark Dispute Looming Over Who Discovered Jeremy Lin*, REUTERS (Feb. 27, 2012), <http://www.reuters.com/article/2012/02/27/us-nba-china-trademark-idUSTRE81Q0QC20120227>.

39. Doris Li, *The Allure of Celebrities—the Jordan Trademark Case in China*, CHINA INTELLECTUAL PROPERTY (May 3, 2012), <http://www.chinaipmagazine.com/en/journal-show.asp?id=804>.

40. See Trademark Law 2013, *supra* note 6.

41. See generally WILLIAM P. ALFORD, *TO STEAL A BOOK IS AN ELEGANT OFFENSE: INTELLECTUAL PROPERTY LAW IN CHINESE CIVILIZATION* (1995).

42. World Intell. Prop. Org., Paris Notification No. 114, Accession by the People's Republic of China, available at [http://www.wipo.int/treaties/en/notifications/paris/treaty\\_paris\\_114.html](http://www.wipo.int/treaties/en/notifications/paris/treaty_paris_114.html).

43. World Intell. Prop. Org., Madrid (Marks) Notification No. 41, Accession by the People's Republic of China, available at [http://www.wipo.int/treaties/en/notifications/madrid-gp/treaty\\_madrid\\_gp\\_41.html](http://www.wipo.int/treaties/en/notifications/madrid-gp/treaty_madrid_gp_41.html).

44. World Intell. Prop. Org., Madrid (Marks) Notification No. 79, Date of Entry into Operation of the Protocol and Declarations Under the Protocol by the Governments of the People's Republic of China, the Kingdom of Denmark, the Republic of Finland, the Kingdom of Norway, the Kingdom of Sweden and the United Kingdom of Great Britain and Northern Ireland, available at

on Trade Related Aspects of Intellectual Property Rights (TRIPS) through the World Trade Organization (WTO).<sup>45</sup> Thus, China recognizes and protects internationally owned trademarks under the provisions of its trademark statute, as long as they are properly registered in China.

China's own trademark statute, the Chinese Trademark Law (CTL), was originally enacted in 1983 and has been amended twice prior to 2013, with the most recent previous amendment taking effect in 2001.<sup>46</sup> Therefore, to best understand how international marks will be treated following the 2013 amendments to the CTL, a substantive comparison between the 2001 statute and the 2013 amended statute is required. Furthermore, as the value of a sport-related trademark is derived primarily through the mark's own fame or connection with famous athletes, analysis of the CTL relevant to sport trademarks in China must also construe the relationship of well-known marks to modern Chinese sport culture and *tiyu*.

Articles 13 and 14 are the provisions of both the 2001 and 2013 versions of the statute most relevant to well-known marks.<sup>47</sup> However, because Article 14 remains unchanged in the 2013 amendments, a complete analysis of the CTL first requires a comparison between the 2001 amended CTL and the 2013 amended CTL as related to Article 13, followed by an evaluation of Article 14 in light of the modern Chinese sport culture.

#### A. *The 2001 Amended Chinese Trademark Law*

The 2001 amended CTL was the most recent iteration of the Chinese trademark law prior to the substantial revisions adopted in 2013.<sup>48</sup> Article 13 of the CTL contemplates protections afforded to well-known marks.<sup>49</sup>

Accordingly, Article 13 of the 2001 Amended CTL states:

Where a trademark in respect of which the application for registration is filed for use for identical or similar goods is a reproduction, imitation or translation of another person's trademark not registered in China and likely to cause confusion, it shall be rejected for registration and prohibited from use.

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[http://www.wipo.int/treaties/en/notifications/madridp-gp/treaty\\_madridp\\_gp\\_79.html](http://www.wipo.int/treaties/en/notifications/madridp-gp/treaty_madridp_gp_79.html).

45. *China and the WTO*, WTO, [http://www.wto.org/english/thewto\\_e/countries\\_e/china\\_e.htm](http://www.wto.org/english/thewto_e/countries_e/china_e.htm) (last visited May 7, 2015).

46. DANNY CHEN, *TRADE MARK LAWS AND PRACTICE IN CHINA 1* (2008), available at [http://www.ecta.org/IMG/pdf/Chen\\_text\\_1\\_.pdf](http://www.ecta.org/IMG/pdf/Chen_text_1_.pdf).

47. See Trademark Law 2013, *supra* note 6; see Trademark Law 2001, *supra* note 7.

48. CHEN, *supra* note 46, at 1.

49. Trademark Law 2013, *supra* note 6, at art. 13.

Where a trademark in respect of which the application for registration is filed for use for non-identical or dissimilar goods is a reproduction, imitation or translation of the well-known mark of another person that has been registered in China, misleads the public and is likely to create prejudice to the interests of the well-known mark registrant, it shall be rejected for registration and prohibited from use.<sup>50</sup>

The first part of this statutory language addresses a latecomer's use of a mark in an identical or similar respect to the original.<sup>51</sup> Article 13 indicates that a mark that is held by an entity outside of China, but not registered in China, is entitled to protection from infringement so long as the latecomer's use is likely to cause confusion.<sup>52</sup>

The second part of 2001's Article 13 addresses a latecomer's use of a mark in a manner that is dissimilar from the use of the original mark.<sup>53</sup> Here, protection is available only if four conditions are met: (1) the original mark is a "well-known mark," (2) the original mark has already been registered in China, (3) the latecomer's use of the mark misleads the public, and (4) the latecomer's use of the mark is likely to "create prejudice" to the interests of the original mark holder.<sup>54</sup>

In effect, the 2001 incarnation of the CTL is highly favorable to original trademark holders in situations where a putative infringer uses the mark in conjunction with goods and services similar to those offered by the original holder. Conversely, the 2001 CTL sets a fairly high bar for original trademark holders to prevent others from using their marks in conjunction with goods and services that are dissimilar to those that they actually provide. Such a high bar is problematic if an original trademark holder does not anticipate a good or service that it will someday want to introduce into the Chinese market. Furthermore, the 2001 statute fails to contemplate a scenario in which a mark that is not well-known is appropriated for use in dissimilar goods or services.

The 2013 amendments to Article 13 address these issues found in the

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50. *Id.* As of this writing, there is no official English translation to the 2013 amendments to the China Trademark Law. Instead, the Author has relied on the following translation: *Trademark Law of the People's Republic of China*, MINISTRY OF COM. PEOPLE'S REPUBLIC OF CHINA, <http://english.mofcom.gov.cn/article/policyrelease/Businessregulations/201303/20130300045770.shtml> (last visited May 7, 2015).

51. Trademark Law 2001, *supra* note 7, at art. 13.

52. *Id.*

53. *Id.*

54. *Id.*

2001 statute.<sup>55</sup>

*B. The 2013 Amended Chinese Trademark Law*

The 2013 amendment to the China Trademark Law represents the third amendment of the law in its history.<sup>56</sup> China issued the 2013 amended version of the statute on August 30, 2013, and the law will go into force on May 1, 2014.<sup>57</sup> Similarly to the 2001 amendments, Article 13 contemplates protections afforded to well-known marks.<sup>58</sup>

Accordingly, Article 13 of the 2013 amended CTL reads:

Where a mark is a reproduction, imitation, or translation of a third-party's famous trademark which has not been registered in China and where the goods are identical or similar, which may cause public confusion and damage the interests of the registrant of the famous mark, no registration shall be granted and the use of the mark shall be prohibited.

Where a mark is a reproduction, imitation, or translation of a third-party's famous trademark which has been registered in China and where the goods are not identical or dissimilar, which may mislead the public and cause injury to the interests of the registrant of the famous trademark, no registration shall be granted and the use of the mark shall be prohibited.<sup>59</sup>

Similar to the 2001 amended statute, Article 13 of the 2013 amended statute provides for the protection of international marks both registered and unregistered in China.<sup>60</sup> However, the 2013 amendments restrict protection to well-

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55. Compare Trademark Law 2013, *supra* note 6, at art. 13, with Trademark Law 2001, *supra* note 7, at art. 13.

56. CHEN, *supra* note 46, at 1.

57. HOGAN LOVELLS, CHINA'S NEW TRADEMARK LAW: WHAT'S IN STORE? 1 (2013), available at [http://www.hoganlovells.com/files/Publication/a812c22f-d397-456b-b8d4-cd8c7f5f5bfc/Presentation/PublicationAttachment/2c129caa-c5a4-46e8-a6b1-ce6c67e162fb/China%E2%80%99s\\_new\\_Trademark\\_Law\\_\\_what\\_s\\_in\\_store\\_-Sep\\_\\_2013\\_.pdf](http://www.hoganlovells.com/files/Publication/a812c22f-d397-456b-b8d4-cd8c7f5f5bfc/Presentation/PublicationAttachment/2c129caa-c5a4-46e8-a6b1-ce6c67e162fb/China%E2%80%99s_new_Trademark_Law__what_s_in_store_-Sep__2013_.pdf).

58. Trademark Law 2013, *supra* note 6, at art. 13.

59. *Id.* As of this writing, there is no official English translation to the 2013 amendments to the China Trademark Law. Instead, the Author has relied on the following translation, *Full Text of 2013 China Trademark Law*, BRIDGE IP LAW COMMENTARY (Sept. 12, 2013), <http://www.chinaiplawyer.com/full-text-2013-china-trademark-law/>, supplemented by his own knowledge of Chinese language to develop a working translation that reflects language and style consistent with both the previous 2001 amended statute, and the canons of Chinese grammar, generally.

60. *Id.*

known marks alone. While the first paragraph of the 2001 amended statute allows for protection of any trademark not registered in China, as long as the putative infringer has filed for use of identical or similar goods, the 2013 amended statute affords this protection only to well-known marks.<sup>61</sup>

Essentially, the 2013 amendment to the CTL addresses the discrepancy in trademark protection seen in the 2001 amendment by universally raising the bar for protection to include only well-known marks. Although this change disfavors rights holders whose marks are not well-known, the newly revised statute's premium on well-known marks is more consistent with Chinese notions of brand protection, especially as they relate to sporting brands.

For international sport merchandisers, the 2013 amendments to the CTL reinforce the importance and benefits of obtaining well-known marks in China. Thus, the main issue is in determining which marks are classified as "well-known." Article 14 of the CTL provides some clarification.<sup>62</sup>

### *C. Determination of Well-Known Marks*

Article 14 of the CTL remains substantively unchanged in 2013 and establishes a five-factor test for determining whether a mark is considered well-known.<sup>63</sup> Accordingly, Article 14 of the 2013 amended CTL reads:

A famous trademark, based on the parties' request, can be defined when the facts in each case dealing with the relevant trademark support such a conclusion. The following factors shall be considered in making such a determination:

- (1) The degree of public recognition of the mark in its trading areas;
- (2) How long the mark has been in use;
- (3) The duration and extent of advertising and publicity of the mark, and the geographical extent of the trading areas in which the mark is used;
- (4) The protection of the mark as a famous mark;
- (5) Other reasons for the famous reputation of the mark.<sup>64</sup>

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61. Compare Trademark Law 2013, *supra* note 6, at art. 13, with Trademark Law 2001, *supra* note 7, at art. 13.

62. See Trademark Law 2013, *supra* note 6, at art. 14.

63. *Id.*

64. *Id.*

Although Article 14 of the CTL provides the general guidelines that Chinese courts will follow in determining whether a mark is well-known, the inquiry must occur on a case-by-case basis, leaving significant room for ambiguity and unpredictability.<sup>65</sup> However, viewing the provision within the context of modern Chinese sport culture can provide some insight as to how courts might evaluate marks associated with sports and athletes.

The first factor of the test assesses the public's recognition of the mark in its "trading areas."<sup>66</sup> The term "trading areas" points to both the distribution of the mark across a geographic region, as well as its distribution among the "relevant public."<sup>67</sup> Within a sport culture that has historically unified the peoples of a diverse and disparate nation, only a mark that is recognized beyond the main Chinese metropolises and by individuals throughout the socioeconomic spectrum will likely result in this factor weighing towards a determination of a well-known mark.

The second factor of the test assesses the length of time that a mark has been in use.<sup>68</sup> This straightforward factor will easily weigh in favor of establishing a well-known mark, provided that the international mark holder has used and established the mark elsewhere before entering into China's market.

Similar to the first factor, the third factor of the test calls for an evaluation of the mark's advertising distribution both geographically, and among the relevant public.<sup>69</sup> Like the first factor, this factor is likely to weigh in favor of establishing a well-known mark if advertising of the mark successfully permeated most regions and most socioeconomic strata in China.

The fourth factor of the test is somewhat ambiguous, as it relates to a showing that the mark in question was protected as a well-known mark.<sup>70</sup> However, historic application of interpretive guides, such as State Administration for Industry and Commerce's Well-Known Marks Interim Provisions, suggest that a showing of documents that indicate or certify that the mark is well-known is sufficient to tilt this factor in favor of establishing a well-known mark.<sup>71</sup> For marks related to sports and sport-merchandise, such documents may include advertisements or contracts demonstrating that such products are associated with an established well-known athlete respected in China.

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65. See PETER FENG, *INTELLECTUAL PROPERTY IN CHINA* 297 (1997).

66. Trademark Law 2013, *supra* note 6, at art. 14.

67. See generally Li Zuming, *Trademarks*, in *CHINESE INTELLECTUAL PROPERTY AND TECHNOLOGY LAWS* 46, 70 (Rohan Kariyawasam ed. 2011).

68. Trademark Law 2013, *supra* note 6, at art. 14.

69. *Id.*

70. *Id.*

71. FENG, *supra* note 65, at 297–98; see Zuming, *supra* note 67, at 70.

Finally, the fifth factor of the test allows for any “other facts that can demonstrate that the trademark is famous.”<sup>72</sup> While the sport culture context does not offer any specific insight into particular types of evidence that will cause this factor to weigh heavily in favor of finding a well-known mark, it is unlikely that a determination will turn on this factor alone.

In light of all the factors in Article 14’s test within the context of China’s sport culture, the factors most likely to influence an actual determination of a well-known mark are the first and third factors, which consider both the geographic distribution of the mark, as well as its recognition among a significant portion of China’s populace. Thus, ensuring that an international sports trademark is well-known in China requires a significant investment in advertising to ensure that the mark is adequately dispersed throughout the country.

### III. CULTURAL STRATEGIES FOR TRADEMARK MANAGEMENT IN CHINA

As reflected by the analysis conducted in this Article, the most effective protection afforded to international sport trademarks in China is available when a mark is both registered in China and established as a well-known mark. Effective management of international sport brands in China therefore requires appropriate strategies for registration of trademarks, and for maximizing the likelihood that a mark becomes well-known.

#### A. *Cultural Strategies for Trademark Registration*

Registration of an international mark in China is essential for heightened protection under the 2013 amended CTL. In addition to its original mark, an international sport trademark holder should register an appropriate translation or transliteration of the mark in China. In light of Michael Jordan’s recent battle with Qiaodan, proactively registering a translation or transliteration of a mark assures that the trademark holder retain control of the mark’s phraseology in China.<sup>73</sup>

Control over an “official” translated or transliterated mark is essential to prevent the market from developing its own methods of referring to a mark. For instance, although Quaker Oatmeal has adopted the name “Gui Ge” (桂格), or “Cinnamon Standard,” the company’s failure to register a translation or transliteration upon entering the Chinese market has resulted in its “colloquial” brand name “Lao Ren Pai” (老人牌), or “Old Man Brand.”<sup>74</sup>

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72. Zuming, *supra* note 67, at 70.

73. See *Trial Begins in Michael Jordan Suit Against Chinese Company*, *supra* note 37.

74. Haike Bruneel, *What’s in a Brand Name? Chinese Brand Names of Multinationals*, HUTONG SCHOOL (May 7, 2013), <http://www.hutong-school.com/brand-name-multinationals-china>.

Still, choosing to register a translation of the mark may negatively impact the mark's recognition to the public if the mark is relatively well-established abroad. Moreover, registration of a transliteration of a sport-related mark is likely more beneficial than registering a translation of the mark, since many sport-related and athletic marks are either fanciful or incorporate an athlete's name.<sup>75</sup> Thus, a transliteration is generally the preferred method of registration.

In choosing an appropriate Chinese transliteration of a mark, trademark holders must understand that the Chinese language contains many homonyms and homophones. Thus, when selecting a transliteration for a mark, trademark holders should make sure the chosen words form a definition that evokes a positive connotation, or at least, does not evoke a negative one. For example, "Coca-Cola" is transliterated as "Kekou Kele" (可口可乐), which roughly translates to "delicious cola" or "tasty happiness."<sup>76</sup>

Other factors to consider when choosing to register translations or transliterations of brand names include the dialect spoken in the region of distribution as well as the existence of any regional slang that may adversely impact the meaning of the translated mark. Although Article 13 of the 2013 amended CTL does not provide protection for infringing transliterations by third parties, an international sport merchandiser's business is best served by contemplating possible transliterations of its trademarks that may block usage of potential colloquial transliterations of the mark in the future.

### *B. Cultural Strategies for Establishing Well-Known Marks*

Taking the proper measures to maximize the probability that a mark will become well-known under the 2013 amended CTL is perhaps more important than merely registering the mark and its Chinese translations since marks that are well-known receive significantly heightened protection under the newly amended law.<sup>77</sup> Additionally, much of a sport trademark's economic value will derive from being well-known throughout the country.

To ensure that a mark becomes well-known, the trademark holder must actively use and advertise the mark throughout China's provinces and regions and avoid limiting exposure only to large metropolitan areas. Widespread distribution is necessary since a determination of the mark's "relevant public" under the first and third factors of the well-known marks test established in Article 14 of

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75. See Mike Ozanian, *The Forbes Fab 40: The World's Most Valuable Sports Brands*, FORBES (Oct. 3, 2011), <http://www.forbes.com/sites/mikeozanian/2011/10/03/the-forbes-fab-40-the-worlds-most-valuable-sports-brands-3/>.

76. Richard Haitch, *Follow-Up on the News; Ke Kou Ke Le*, NYTIMES.COM (Sept. 27, 1981), <http://www.nytimes.com/1981/09/27/nyregion/follow-up-on-the-news-ke-kou-ke-le.html>

77. See generally Trademark Law 2013, *supra* note 6.

the CTL will likely include a broad range of China's population, given the nation-wide growth of China's sport culture.<sup>78</sup>

Additionally, to best generate recognition of a mark throughout most of the Chinese market, trademark holders should take advantage of Chinese citizens' gravitation towards individual athletes who are exemplars of *tiyu* values. A brand's association with popular athletes ensures that Chinese nationals take notice of the brand.

While not all brands entering into China will enjoy the bargaining power to court China's national heroes for sponsorship deals, understanding the evolutionary trajectory of Chinese sport culture may help international brands to develop their own athletes in ways that will attract Chinese consumers. Instead of waiting for dominant individuals to revolutionize different sports, recognizing that China's sport culture and identity stems from traditional *tiyu* values allows international sport merchandisers to develop and market their brands directly to Chinese consumers on their own terms.

#### IV. CONCLUSION

Much of China's history throughout the twentieth century is defined by an anxious search for a unifying national identity that would propel the country forward as an international power. The cultural and legal analyses undertaken here provide substantial evidence that the search for Chinese identity is over. If China continues on its current trajectory, its lineage in the twenty-first century will reflect unprecedented social and economic growth both domestically and internationally as a result of its unique and adaptable culture, both as it relates to sports, and as it relates to the world at large.

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78. *See id.* at art. 14.