International Legal Protection of Trademarks in China

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ARTICLES

INTERNATIONAL LEGAL PROTECTION
OF TRADEMARKS IN CHINA*

ROBERT H. Hu†

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*This article is a greatly expanded and updated version of a chapter on international treaties
and agreements, in the author’s forthcoming book, RESEARCH GUIDE TO CHINESE
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thank Professor Vincent R. Johnson and Professor John W. Teeter, Jr., of St. Mary’s
University School of Law, for their helpful comments and suggestions on the draft of this
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ABSTRACT

This article addresses major trademark-related international regimes in which China participates. The article will discuss the Chinese obligations under certain international treaties and agreements, both multilateral and bilateral, and use some Chinese court decisions to illustrate how these obligations are fulfilled in its judicial practice. Finally, the article will provide an assessment of the effectiveness of these international regimes in China and offer observations on future development in protection through better enforcement. Three arguments will be made: (1) International trademark law is taking roots in China; (2) China is taking its international obligations to protect trademarks seriously, and it has achieved much in harmonizing its domestic law with the international standards on trademarks; and (3) China should still do more to improve its enforcement of international and domestic rules aimed at protecting trademarks.

INTRODUCTION

China is experiencing a historic transformation of its trademark regime and legal system for intellectual property rights (“IPR”). Each year hundreds of thousands of applications for trademark registration are filed with and approved by the China Trademark Office. The number of trademark applications, and approvals, continues to grow year after year. Based on government statistics, in 2005, the Trademark Office received a total of 664,017 applications, of which 70,635 (or 10.6%) were from foreign owners. During the same period, the Trademark Office granted a sum of 258,532 applications, of which foreign registrations accounted for 39,801 approvals (or 15%) of the total registrations granted.

1. Intellectual property rights (hereinafter IPR) as used throughout this article refers to the legal system that protects the right holders of patents, copyrights, trademarks, and computer software. In other words, IPR covers all the subfields of the rights, of which trademarks is one of them.


3. See id.


5. Id.
the honor of first place in the world for the total number of applications accepted for the fifth consecutive year. This enormous increase in trademark applications, however, presents a serious problem for delays in registration.

Meanwhile, Chinese courts are actively engaged in enforcing the trademark law and adjudicating trademark and other IPR disputes and infringement cases. Since the passage and implementation of the 1982 Trademark Law in 1983, the courts have decided tens of thousands of lawsuits involving trademark controversies and infringement. According to Chinese government statistics, from 1985 through 2004, the nation’s courts of first instance accepted a total of 6629 civil cases involving trademarks. In 2006, Chinese courts of first instance accepted and disposed of over 14,000 civil cases involving IPR, whereas the courts of appeals accepted a total of 2686 civil IPR cases and disposed of 2652 of them. The number of trademark and IPR cases accepted by Chinese courts has been rising over the past decades as more and more Chinese companies and citizens become increasingly aware of their IPR and are willing to go to court to protect their rights. Take Beijing First Intermediate People’s Court, for example. This court, one of the leading tribunals in China which has decided some prominent foreign IPR cases involving Pfizer, Warner Brothers, Sony, Disney, and 20th Century Fox, has seen its IPR caseload grow threefold from 486 in 2002 to 1386 in 2006.

Historically speaking, the idea of trademark rights, as well as the

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7. According to one estimate, it takes at least three years to register a trademark in China due to the shortage of trademark examiners; however, the government has recently promised to shorten the approval time to nine months by 2010. See Howard Tsang, China Pledges to End Trade Mark Backlog by 2009, MANAGING INTELL. PROP., May 2008, at 156.


entire concept of intellectual property rights, is a relatively new phenomenon in China. Although there were a series of official attempts to promulgate regulations governing trademark affairs in the 1950s and 1960s, the first Chinese Trademark Law was not enacted until August 23, 1982, thirty-three years after the founding of the People’s Republic. The passage of the 1982 Trademark Law, along with its successive revisions in 1993 and 2001, is a critical part of China’s economic development and modernization program and is a response to the political and diplomatic pressures for reform exerted primarily by the United States.

On China’s long march toward establishing a modern IPR system compatible with world standards, two milestones are noteworthy. The first milestone was reached on December 19, 1984, when China deposited with the World Intellectual Property Organization (“WIPO”) a letter of accession to the Paris Convention on the Protection of Industrial Property, thereafter becoming a member of the Paris Convention on March 19, 1985. The second milestone was in November 2001, when China joined the World Trade Organization (“WTO”). China’s WTO membership entails obligations under the WTO’s side agreement on IPR — the Agreement on Trade-Related Aspects of Intellectual Property Rights (“TRIPs Agreement”), a matter of great interest to both scholars and practitioners.

13. In the context of this article, the term “China” has a definitive meaning. Geopolitically, it refers to the Chinese mainland, excluding Hong Kong, Macau, and Taiwan, due to these three entities’ special statuses and relationships with the mainland. Legally, China, as used in this article, refers to the People’s Republic, which was founded in 1949 by the communists and exists still today.
14. Loke-Khoon Tan, Pirates in the Middle Kingdom: The ENSUING TRADEMARK BATTLE 9-10 (2d ed. 2007).
15. Id. at 11.
16. Id. at 8.
21. For a sample of articles and commentaries on this subject, see Angela Gregory,
milestones, China has taken strides in adopting numerous international regimes that govern trademarks and other IPR matters. Additionally, it has entered into a number of bilateral agreements with Western nations, including the United States, which are intended to offer better protection of IPR. These developments have and will continue to push China forward to meet the international standards for protection of trademarks and other IPR.

As China undertakes its historic, unprecedented development in legal protection of trademarks in particular, and IPR in general, a great controversy and debate rages on between China and the West. On the one hand, Western governments, led by the United States, Japan, and the European Union, insist, perhaps rightfully, that China has done a poor job protecting foreign IPR, and that as a result IP piracy in China is epidemic, costing foreign right holders billions of dollars in lost sales and jobs. One influential British IP magazine recently ranked China at the bottom of a list of twenty-two countries in the world based on the Global IP Index, which primarily measures the effectiveness of an IP regime in a particular country. According to statistics compiled by one industrial lobbying group, in 2005 the United States alone lost $2.3 billion in sales in movies, books, and software due to Chinese piracy (see Figures 1 and 2 for details).
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Figure 1: Estimated U.S. Trade Losses (in Millions of U.S. Dollars) Due to Piracy of China & Levels of Piracy: 2001–2005

<table>
<thead>
<tr>
<th></th>
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<th></th>
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<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Loss</td>
<td>Level</td>
<td>Loss</td>
<td>Level</td>
<td>Loss</td>
</tr>
<tr>
<td>Motion Pictures</td>
<td>244</td>
<td>93%</td>
<td>280</td>
<td>95%</td>
<td>178</td>
</tr>
<tr>
<td>Sound Recordings &amp; Musical</td>
<td>204</td>
<td>85%</td>
<td>202.9</td>
<td>85%</td>
<td>286</td>
</tr>
<tr>
<td>Compositions</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Business Software Applications</td>
<td>1276.1</td>
<td>88%</td>
<td>1488</td>
<td>90%</td>
<td>1787</td>
</tr>
<tr>
<td>Entertainment Software</td>
<td>589.9</td>
<td>92%</td>
<td>510</td>
<td>90%</td>
<td>568.2</td>
</tr>
<tr>
<td>Books</td>
<td>52</td>
<td>NA</td>
<td>50</td>
<td>NA</td>
<td>40</td>
</tr>
<tr>
<td>Total</td>
<td>2366</td>
<td></td>
<td>2530.9</td>
<td></td>
<td>2859.2</td>
</tr>
</tbody>
</table>

Figure 2: Estimated U.S. Trade Losses (in Millions of U.S. Dollars) Due to Piracy of China & Levels of Piracy: 1995–2000

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Loss</td>
<td>Level</td>
<td>Loss</td>
<td>Level</td>
<td>Loss</td>
<td>Level</td>
</tr>
<tr>
<td>Motion Pictures</td>
<td>120</td>
<td>90%</td>
<td>120</td>
<td>90%</td>
<td>120</td>
<td>90%</td>
</tr>
<tr>
<td>Sound Recordings &amp; Musical</td>
<td>70</td>
<td>85%</td>
<td>70</td>
<td>90%</td>
<td>80</td>
<td>56%</td>
</tr>
<tr>
<td>Compositions</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Business Software Applications</td>
<td>658.7</td>
<td>93%</td>
<td>437.2</td>
<td>91%</td>
<td>808.4</td>
<td>95%</td>
</tr>
<tr>
<td>Entertainment Software</td>
<td>NA</td>
<td>99%</td>
<td>1382.5</td>
<td>95%</td>
<td>1420.1</td>
<td>95%</td>
</tr>
<tr>
<td>Books</td>
<td>130</td>
<td>NA</td>
<td>128</td>
<td>NA</td>
<td>125</td>
<td>NA</td>
</tr>
<tr>
<td>Total</td>
<td>978.7</td>
<td>2137.7</td>
<td>2553.5</td>
<td>2792.3</td>
<td>2309.3</td>
<td>2323</td>
</tr>
</tbody>
</table>

26. Id.
A harsh critique of China is widely propagated in Western media and receives extensive coverage in popular culture. On the other hand, China claims, justifiably, that it has made huge strides in setting up a modern IPR institution within a relatively short period of time, and that it is working hard to curb IP piracy in the nation. This position is vigorously advocated by the Chinese government at home and abroad and is supported by the state-run media.

This article will address major trademark-related international regimes in which China participates, either as a state party or as a signatory. The article will then discuss China’s obligations under the relevant international treaties and agreements, both multilateral and bilateral, and analyze pertinent Chinese court decisions to illustrate how these obligations are enforced by the judiciary. Finally, the article will offer suggestions on future development in China’s IPR protection through better enforcement of the existing regimes. I will make three arguments: (1) International trademark law is taking roots in China; (2)
China is taking its international obligations to protect trademarks seriously, and it has achieved much in harmonizing its domestic law with the international standards on trademarks; and (3) China should still do more to improve its enforcement of international and domestic rules aimed at protecting trademarks.

I. THE RATIFICATION OR APPROVAL OF TREATIES AND AGREEMENTS IN CHINA

As in the United States and many other countries in the world, international treaties and agreements concluded by the Chinese government must be ratified or approved by the legislature or another government body to become effective. Under Article 89 of the Chinese Constitution ("Constitution"), the State Council (i.e., the Cabinet) is authorized to exercise the power "to conduct foreign affairs and conclude treaties and agreements with foreign states[]." According to the Constitution, the National People’s Congress ("NPC") or its Standing Committee is granted the power to ratify international treaties and agreements once negotiated and signed by the Chinese government. Specifically, Article 67 of the Constitution states that the Standing Committee of the NPC is the organ “to decide on the ratification and abrogation of treaties and important agreements concluded with foreign states.”

For many years after 1949, the Chinese government conducted foreign affairs and entered into numerous bilateral and multilateral treaties and agreements covering a wide range of subjects, without following a uniform domestic procedure for treaty practice. However,
this situation changed in 1990 when the legislature enacted the *Law of China on the Procedure of the Conclusion of Treaties* ("LPCT"). In twenty-one short articles, the LPCT defines the roles of government entities that participate in treaty (or agreement) negotiations and provides the specific procedures for treaty (or agreement) negotiation, conclusion, ratification, and abrogation. For example, Article 3 of the LPCT defines the roles of different bodies of the government in this way:

The State Council . . . shall conclude treaties and agreements with foreign states.  
The Standing Committee of the [NPC] . . . shall decide on the ratification and abrogation of treaties and important agreements concluded with foreign states.  
The President of . . . China shall, in accordance with decisions of the Standing Committee of the [NPC], ratify and abrogate treaties and important agreements concluded with foreign states.  
The Ministry of Foreign Affairs . . . shall administer the specific affairs concerning the conclusion of treaties and agreements with foreign states.

Certain treaties and agreements must be ratified by the legislature, which include:

(1) treaties of friendship and cooperation, treaties of peace and similar treaties of a political nature; (2) treaties and agreements relating to territory and delimitation of boundary lines; (3) treaties and agreements relating to judicial assistance and extradition; (4) treaties and agreements which contain stipulations inconsistent with the laws of the People’s Republic of China; (5) treaties and agreements which are subject to ratification as agreed by the contracting parties; and (6) other treaties and agreements subject to ratification.

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41. *Id.*
42. *Id.* art. 3.
43. See *id.* art. 7.
Other articles of the LPCT give specific instructions on the procedure for exchange of ratifications between China and the other relevant party and proclamation of treaties or agreements once ratified. The passage of the LPCT represented a major step forward in China’s history of treaty development.

Over the past fifty years, the NPC, or its Standing Committee, has nearly always ratified international treaties and agreements concluded by the government. Rejection of such instruments has been extremely rare. The state legislature usually conducts brief discussions of a draft treaty or agreement presented and simply rubber stamps its approval after superficial discourse. Disagreement or debate on any international instruments has been virtually unknown. The lack of public discourse over international instruments is largely attributable to the fact that all branches of the government—the legislature, the executive branch (the State Council), and the judicial branch—are completely controlled by the Communist Party (“Party”), and the Party strongly desires to maintain a united foreign policy in its relations with the international community. In this regard, the initiation of negotiations and the conclusion of all treaties and agreements must be decided and pre-approved by the Party at the highest level through Party members in the top positions in the government. Once treaties (or agreements) are concluded, their approval is fundamentally assured.

44. See, e.g., id. art. 4-6.

45. One Chinese-American legal scholar found that “[w]ith three exceptions, all documents entitled ‘treaties’ that were concluded between 1949 and 1964 were ratified. Two of the three treaties not subjected to ratification were signed by the Chairman of the People’s Republic of China. . . . The other treaty not subjected to ratification was signed by the Foreign Minister of the Communist China.” See Hungdah Chiu, The People’s Republic of China and the Law of Treaties 36 (Harvard Univ. Press 1972). As another Chinese legal scholar put it, “As a matter of practice, there has been no case yet in which the NPC Standing Committee refused to ratify an international treaty submitted to it by the State Council for ratification. . . . In the process of negotiation of the Protocol of Accession [to the WTO], no formal debate took place in the NPC or its Standing Committee; the NPC Standing Committee completed its ratification formality even before the completion of the draft Protocol.” See Qingjiang Kong, Enforcement of WTO Agreements in China: Illusion or Reality?, in CHINA AND THE WORLD TRADING SYSTEM: ENTERING THE NEW MILLENNIUM 137 (Deborah Z. Cass, Brett G. Williams, & George Barker eds., Cambridge Univ. Press 2003).

46. Id.

47. Id. “In practice, the de facto supremacy of the Communist Party Central Committee, and particularly its Politburo, over all the state organs ensures the conclusion and ratification of treaties in conformity with the party line.” Kong, Enforcement of WTO Agreements in China, at 137.

48. Id.
To some extent, this practice is beneficial to foreign governments because they can be certain that treaties and agreements concluded with China will be guaranteed for ratification by the Chinese legislature.

II. FORCE AND EFFECT OF TREATIES AND AGREEMENTS UNDER CHINESE LAW

Chinese legal scholars generally agree that treaties and agreements, once accepted by China by way of adoption or accession, become sources of China’s domestic law and achieve the full force and effect of binding legal rules and that international treaties and agreements take priority over the domestic law. This view agrees with the practice of the Chinese government. In fact, China goes so far as to even grant superseding effect to treaties and agreements over domestic law. For example, Article 142 of the General Principles of the Civil Law clearly states:

If any international treaty concluded or acceded to by the People’s Republic of China contains provisions differing from those in the civil laws of the People’s Republic of China, the provisions of the international treaty shall apply, unless the provisions are ones on which the People’s Republic of China has announced reservations.

This principle is also restated in successive pieces of legislation, such as the Administrative Procedure Law and the Civil Procedure Law.


50. See Kong Xiangjun, WTO TRIPS Agreement and Its Domestic Application in China (Law Publ’g Press 2003).


52. Article 72 of the Administrative Procedure Law reads that “[i]f an international treaty concluded or acceded to by the People’s Republic of China contains provisions different from those found in this Law, the provisions of the international treaty shall apply, unless the provisions are ones on which the People’s Republic of China has announced reservations.” Administrative Procedure Law of China (promulgated by the National People’s Congress, Apr. 4, 1989, effective Oct. 1, 1990) 1989 China Law LEXIS 487 (P.R.C.).

53. Article 236 of the Civil Procedure Law of 1991, as amended on October 28, 2007, provides that “[i]f an international treaty that the People’s Republic of China has concluded or acceded to contains provisions that are inconsistent with this Law, the provisions of the international treaty shall prevail, except for those provisions to which the People’s Republic of China has declared its reservations.” Civil Procedure Law of China (promulgated by the National People’s Congress, Oct. 28, 2007) 2007 China Law LEXIS 1904 (P.R.C.).
Moreover, the Chinese Supreme Court, in its *Circular Concerning the Adjudication and Enforcement of Foreign Related Civil and Commercial Cases*, reaffirms the above doctrine by instructing that “[a]ll international conventions joined in by our government should take precedence in application, unless our government has made express reservations regarding specific clauses. . . .”

Like many countries, China draws a distinction between two categories of treaties and agreements: self-executing ones and non-self-executing ones. In the case of non-self-executing instruments, the national legislature, that is, the NPC, its Standing Committee, or another duly authorized government entity such as the Ministry of Commerce, must enact a domestic measure to implement the instrument domestically. For example, after China joined the *Madrid Agreement Concerning the International Registration of Marks* in 1989, the State Administration for Industry and Commerce, an agency of the executive branch, in 2003 promulgated the *Policy for the Implementation of International Registration of Marks under the Madrid Agreement*.

Many Western commentators, business leaders, and government officials have sharply criticized China’s record on fulfilling its international obligations, particularly on IPR. In truth, the Chinese government has taken very seriously its duties and obligations under binding treaties and agreements, and it has a fair record of treaty
observation. As a party to the Vienna Convention on the Law of Treaties, China has long recognized international treaties and agreements as a primary source of international law. In addition, China’s serious attitude toward its international treaties and agreements is supported by various official declarations, policy statements, legislation, and judicial practice. Moreover, China subscribes to the view that international customs and practices, apart from treaties and agreements, are part of the source of international law. It is also true, as discussed later in this article, that the official position and efforts in adhering to international duties have not significantly reduced the problem of IPR piracy and infringement due to a complicated set of political and economic circumstances.

III. MULTILATERAL TREATIES AND AGREEMENTS

Bringing the standard of IP protection in China close to that of the international community, that is, developed Western countries, has been a goal of the Chinese government as the country moves to integrate itself into the world economy. Since the 1980s, China has been very active in participating in international regimes regarding IP rights. In the field of trademarks, the country has joined in or signed six multilateral conventions, treaties, and agreements. Table 1 gives a snapshot of China’s participation in international trademark regimes.

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61. CHEN, supra note 49, at 103.
63. CHEN, supra note 49, at 103.
64. As an example of its efforts to comply with international obligations, in the last two decades China has either enacted new IPR law or revised its existing law to implement international treaties and agreements. See NEW PROGRESS IN CHINA’S PROTECTION OF INTELLECTUAL PROPERTY RIGHTS, supra note 8.
65. For a comprehensive and authoritative treatment of Chinese approach toward international law, especially treaties and agreements, see CHUI, supra note 39.
66. See infra Part VI.
67. See INTELLECTUAL PROPERTY PROTECTION IN CHINA, supra note 11; infra Part III.
68. See infra Table 1.
Table 1: China’s Multilateral Trademark Obligations at a Glance
(As of April 21, 2008)

<table>
<thead>
<tr>
<th>Name of Instrument</th>
<th>Effective Date in China</th>
<th>Declarations/Reservations by China</th>
<th>Corresponding Domestic Legislation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paris Convention for the Protection of Industrial Property (1883, as revised)</td>
<td>March 19, 1985</td>
<td>Reservation to Paragraph (1) of Article 28</td>
<td>Provisions on the Determination and Protection of Well-known Marks (issued on April 17, 2003, effective on June 1, 2003)</td>
</tr>
<tr>
<td>Madrid Agreement Concerning the International Registration of Marks (1891, as revised)</td>
<td>October 4, 1989</td>
<td>Inapplicable to Hong Kong or Macau</td>
<td>Provisions for Implementation of International Registration of Marks Under the Madrid Agreement (issued on April 17, 2003, and effective on June 1, 2003)</td>
</tr>
<tr>
<td>Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks (1989)</td>
<td>December 1, 1995</td>
<td>1) Inapplicable to Hong Kong or Macau; 2) Declaration on Article 5(2)(b) and (c); 3) Declaration on Article 8(7)(a).</td>
<td>n/a</td>
</tr>
<tr>
<td>Nice Agreement Concerning the International Classification of Goods and Services for the Purpose of the Registration of Marks (1957, as revised)</td>
<td>August 9, 1994</td>
<td>Applicable to Macau from December 20, 1999</td>
<td>n/a</td>
</tr>
</tbody>
</table>


70. China declares “that the time limit to notify a refusal of protection shall be 18 months and that, where a refusal of protection results from an opposition to the granting of protection, such refusal may be notified after the expiry of the 18-month time limit.” Madrid Agreement Status, supra note 58.

71. China declares “that, in connection with each request for territorial extension to it of the protection of an international registration and the renewal of any such international registration, it wants to receive, instead of a share in the revenue produced by the supplementary and complementary fee, an individual fee.” Id.
It is important to understand how China relates to each of these multilateral regimes listed above. Because each of the systems has its own history, requirements, and complexity, China’s duties and obligations vary from one regime to another. The following pages set forth individual descriptions and discussions of each multilateral instrument. Under each instrument (or regime) a brief summary of its content and features will be followed by some basic facts, such as the number of contracting parties present and the Chinese signature or accession, along with any declarations or reservations made by the government.

### A. Paris Convention for the Protection of Industrial Property

As the oldest multilateral IP regime, the *Paris Convention for the Protection of Industrial Property* (“Paris Convention”) protects industrial property in the widest sense, including inventions, marks, industrial designs, utility models, trade names, geographical indications, and the repression of unfair competition. The substantive provisions of the Paris Convention fall into three main categories: national treatment (Articles 2 and 3), right of priority (Article 4), and common rules. Major provisions concerning trademarks include: Article 5C, use of marks; Article 5D, indication of mark; Article 6, *Conditions of Registration; Independence of Protection of Same Mark in Different Countries;* Article 6bis(1), *Well-Known Marks;* Article 6ter, *Prohibitions*

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73. *Id.* art. 1.
Concerning [Certain State Marks]; 6quater, Assignment of Marks; 6quinquies, Protection of Marks Registered in One Country [in Other Countries]; Article 6sexies, Service Marks; Article 6speties, Registration in the Name of the Agent or Representative of the Proprietor Without the Latter's Authorization; Article 7, Nature of the Goods to which the Mark is Applied; Article 7bis, Collective Marks; Article 8, Trade Names; and Article 9, Seizure, on Importation, etc., of Goods Unlawfully Bearing a Mark or Trade Name; Article 10, Seizure, on Importation, etc., of Goods Bearing False Indications as to their Source or the Identity of the Producer; Article 10bis, Unfair Competition; and Article 10ter, Remedies, Right to Sue. The Paris Convention is administered by the World Intellectual Property Organization (“WIPO”). As of January 15, 2008, the Paris Convention has a total membership of 172 state parties. The United States became a state party on May 30, 1887.

China acceded to the Paris Convention on December 19, 1984, and the instrument became effective in China on March 19, 1985. However, China made a reservation to Paragraph 1 of Article 28 of the Convention regarding dispute settlement. At the time of its joining, China’s domestic laws were not in compliance with certain requirements of the Paris Convention, especially concerning the registration of “service marks” and recognition of “well-known marks” in foreign countries. This prompted amendments of the Chinese trademark law and regulations over the next several years to meet the standards set by the Paris Convention. The adoption of the 2001 Trademark Law,
along with the passage of the Provisions on the Determination and Protection of Well-known Marks on April 17, 2003, finally closed the gaps between the Chinese law and the Paris Convention with regard to protection of trademarks in China.

B. Madrid Agreement Concerning the International Registration of Marks

The Madrid Agreement Concerning the International Registration of Marks (hereafter Madrid Agreement) is the oldest multilateral regime to simplify and harmonize the standards and procedures for trademark registration and protection. The system aims at achieving two primary objectives by establishing an international registration system of marks (trade and service marks) among the member states. The first objective is to facilitate the acquisition of protection for marks among the member states. The owner of a mark that is registered in its country of origin may file for an international registration through a designated body (i.e., the International Bureau) and, once approved, the mark will be deemed registered and therefore protected in all the member states. The second objective is to make it easier for the owner of an internationally registered mark to manage registration-related matters among the member states. That includes, in particular, application, payment of fees, changes, renewal, transfer, and assignment.

The Madrid Agreement is administered by the International Bureau of the WIPO. According to the WIPO’s Web site, there are fifty-six


84. See TAN, supra note 14, at 15 (“the Madrid Agreement is the oldest international filing system”). See also INTERNATIONAL ENCYCLOPEDIA OF INTELLECTUAL PROPERTY TREATIES, supra note 72, at 57 (“the Madrid Agreement . . . was the first step along the road to a global trade mark registration system”).

85. See Madrid Agreement, supra note 83, art. 1.

86. See id. arts. 3, 7, 8.

87. Id. art. 11.
state parties to the Madrid Agreement as of February 7, 2008. The United States is not a state party to this system. Among the major provisions of the Madrid Agreement are the following: Article 1, Filing of Marks at the International Bureau; Article 3, Application for International Registration; Article 3bis, “Territorial Limitation”; 3ter, Request for “Territorial Extension”; Article 4, Effects of International Registration; Article 5, Refusal by National Offices; Article 6, Independence of International Registration, Termination of Protection in Country of Origin; Article 7, Renewal of International Registration; Article 9, Changes in National Registers also Affecting International Registration; and Article 9bis, Transfer of International Mark Entailing Change in Country of Proprietor.

China joined the Madrid Agreement as a state party on October 4, 1989, with a declaration that the Madrid Agreement would not be applicable to special administrative regions of Hong Kong and Macau. To be in harmony with the Madrid Agreement, on April 17, 2003, the State Administration for Industry and Commerce of China issued the Policy for Implementation of International Registration of Marks under Madrid Agreement, which entered into effect on June 1, 2003. This set of regulations replaces an earlier set of similar regulations promulgated in 1996. The 2003 enactment clarifies the procedures for international registration applications in China by naming China as the home country. The regulations also specify the duties of the China Trademark Office when dealing with issues such as applications for “international registration, territorial extension to China, and the transfer of rights to an internationally registered trademark under the

88. See Madrid Agreement Status, supra note 58.
89. For reasons mainly attributable to the features of the American trademark law, the United States has taken objections and chosen not to participate in the Madrid Agreement; instead, it decided to join a related agreement, i.e., the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks. For detailed descriptions and discussions, see Thies Bosling, Securing Trademark Protection in a Global Economy - the United States’ Accession to the Madrid Protocol, 12 U. BALT. INT’L. PROP. LJ. 137 (2004); Roger E. Schechter, Facilitating Trademark Registration Abroad: The Implications of U.S. Ratification of the Madrid Protocol, 25 GEO. WASH. J. INT’L. L. & ECON. 419 (1991).
90. See Madrid Agreement, supra note 83.
91. See Madrid Agreement Status, supra note 58, n. 2.
93. Id. art. 21.
94. Id. art. 2.
C. Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks

The Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks ("Madrid Protocol") is designed to address shortcomings identified with the registration system established under the Madrid Agreement. The Madrid Protocol and the Madrid Agreement together form what is widely known as the Madrid System (or Madrid Union) governing international trademark affairs. The Madrid Protocol introduces several major changes, among which are: international registrations can be made based upon national applications, as well as upon national registrations; an eighteen-month period, instead of twelve months, is allowed for state refusal to registration and a longer period for opposition by a third party; and a failed international registration can be transformed into national applications in each designated country, with the filing date and priority date of the respective international registration. Major provisions of the Madrid Protocol include: Article 2, Securing Protection Through International Registration; Article 5, Refusal and Invalidation of Effects of International Registration in Respect of Certain Contracting Parties; Article 8, Fees for International Application and Registration; Article 9quinquies, Transformation of an International Registration into National or Regional Applications; and Article 14, Becoming Party to the Protocol, Entry into Force.

The Madrid Protocol is administered by the International Bureau of the WIPO. According to the WIPO's Web site, there were seventy-seven state parties as of September 2008, including the United States,

95. See TAN, supra note 14, at 16.
99. Id. art. 5.
100. Id. art. 9quinquies.
102. Id. art. 11.
which joined on November 2, 2003.\footnote{103}

China became a party to the Madrid Protocol on December 1, 1995, with three declarations or reservations.\footnote{104} First, the Madrid Protocol would not apply to Hong Kong or Macau.\footnote{105} Second, the time limit for stating a protection refusal would be eighteen months, and “where a refusal of protection results from an opposition to the granting of protection, such refusal may be notified after the expiry of the 18-month time limit.”\footnote{106} Third, with regard to each request for territorial extension of “the protection of an international registration and the renewal of any such international registration,” China requires an individual fee payment instead of sharing “the revenue produced by the supplementary and complementary fee.”\footnote{107} To address the existing differences between the Chinese trademark law and the Madrid Protocol, China adopted certain provisions to meet the requirements contained in the Madrid Protocol.\footnote{108}

D. Nice Agreement Concerning the International Classification of Goods and Services for the Purpose of the Registration of Marks\footnote{109}

The \textit{Nice Agreement Concerning the International Classification of Goods and Services for the Purpose of the Registration of Marks (“Nice Agreement”)} establishes an international classification of goods and services for the purposes of the registration of marks. The international classification includes: “(1) a list of classes, together with . . . explanatory notes; [and] (2) an alphabetical list of goods and services . . . with an indication of the class into which each of the goods or services falls.”\footnote{110} Major provisions of the Nice Agreement include: Article 1, \textit{Adoption of an International Classification}; Article 2, \textit{Legal Effect and
Use of the Classification; Article 3, Committee of Experts; Article 4, Notification, Entry Into Force and Publication of Changes. The Nice Agreement is administered by the International Bureau of the WIPO. According to the Web site of WIPO, there are eighty-three state parties as of October 15, 2008, including the United States as a party as of May 25, 1972.

China acceded to the Nice Agreement on May 5, 1994, without reservations, and the Nice Agreement became effective in China on August 9, 1994. Membership in the Nice Agreement benefits China in that it allows the country to give input into the international classification of goods and services and to suggest additions to the classification scheme.

E. Agreement on Trade-Related Aspects of Intellectual Property Rights, Including Trade in Counterfeit Goods

The Agreement on Trade-Related Aspects of Intellectual Property Rights, Including Trade in Counterfeit Goods (“TRIPs Agreement”) “is Annex 1C of the Marrakesh Agreement Establishing the World Trade Organization (WTO), signed in Marrakesh, Morocco” on April 15, 1994. The TRIPs Agreement recognizes that widely varying standards in the protection and enforcement of IP rights and the lack of uniform principles, rules, and disciplines dealing with international trade in counterfeit goods have been a growing source of tension in international economic relations. The TRIPs Agreement addresses the applicability

111. See Nice Agreement, supra note 109.
112. Id. art. 6.
117. Id.
118. TRIPs, supra note 116, at 33 I.L.M. 84.
of basic General Agreement on Tariffs and Trade (GATT) principles and those of relevant international IP agreements, the provision of adequate IP rights, the provision of effective enforcement measures for the rights, multilateral dispute settlement, and transitional arrangements. Of particular interest is Part II of the TRIPs Agreement, which deals with each IPR area in succession. On trademarks, the TRIPs Agreement defines what types of signs are eligible for protection as a trade or service mark and what minimum rights will be conferred upon their owners. Marks that are well-known in a particular country shall enjoy additional protection. Furthermore, the TRIPs Agreement lays down a number of obligations regarding the use of trade and service marks, the term of protection, and licensing or assignment. Major provisions include the following: Article 15, Protectable Subject Matter; Article 16, Rights Conferred; Article 17, Exceptions; Article 18, Term of Protection; Article 19, Requirement to Use; Article 20, Other Requirements; and Article 21, Licensing and Assignment.

According to the WTO’s Web site, there are 151 state parties and observers as of July 27, 2007, including the United States as a state party since January 1, 1995. China acceded to the TRIPs Agreement on December 11, 2001, when it obtained membership in the WTO. To comply with the requirements of the TRIPs Agreement, China amended its then-existing trademark law and regulations. For example, Article 13 of the 2001 Trademark Law regarding recognition and protection of well-known marks closely aligns itself with Article 16 of the TRIPs Agreement. The Regulations on the Recognition and Protection of Well-Known Trademarks, promulgated in June 2003 to replace an earlier version of similar regulations, aim at meeting the standards of protection set forth in the TRIPs Agreement. As recently as April 2007, the United States

119. TRIPs, supra note 116.
120. Id. art. 15.
121. Id. art. 16.
122. TRIPs, supra note 116, at 33 I.L.M. 89.
124. Id.
125. For a systematic comment and analysis of this topic, see XIANGJUN, supra note 50.
filed with the WTO two IPR related complaints against China, citing the TRIPs Agreement as the legal basis of the complaints.\footnote{127}

\section*{F. Trademark Law Treaty\footnote{128}}

The 	extit{Trademark Law Treaty} ("TLT") was intended to simplify and harmonize the requirements of obtaining and retaining a trademark registration internationally.\footnote{129} It does so by establishing simplified and uniform procedures for filing an application, filing for an assignment, designating a representative, or changing the address of record.\footnote{130} This is achieved through the introduction of maximal requirements for trademark procedures. Major provisions of the TLT include the following: Article 2, 	extit{Marks to Which the Treaty Applies}; Article 3, 	extit{Application}; Article 4, 	extit{Representation; Address for Service}; Article 5, 	extit{Filing Date}; Article 6, 	extit{Single Registration for Goods and/or Services in Several Classes}; Article 7, 	extit{Division of Application and Registration}; Article 9, 	extit{Classification of Goods and/or Services}; Article 10, 	extit{Changes in Names or Addresses}; Article 11, 	extit{Change in Ownership}; and Article 13, 	extit{Duration and Renewal of Registration}.\footnote{131} According to the WIPO's Web site, there are forty-two state parties to the TLT as of October 15, 2008, including the United States as a party since August 12, 2000.\footnote{132}

China signed the TLT on October 28, 1994.\footnote{133} The TLT, however, has not been entered into force in China.\footnote{134} As of April 21, 2008, China still has not submitted to the WIPO an instrument of ratification.\footnote{135}

\begin{itemize}
\item \footnote{127} For an in-depth analysis of the United States' filings against China under the TRIPs Agreement and an assessment of the possible outcomes of the cases, see Konstantina K. Athanasakou, China IPR Enforcement: Hard As Steel Or Soft as Tofu? Bringing the Question to the WTO under TRIPS, 39 Geo. J. Int'l L. 217 (2007).
\item \footnote{130} See Trademark Law Treaty, supra note 128.
\item \footnote{131} Id.
\item \footnote{133} Id.
\item \footnote{134} Id.
\item \footnote{135} Id.
\end{itemize}
IV. BILATERAL TREATIES AND AGREEMENTS

Besides multilateral treaties and conventions, bilateral treaties and agreements formed between China and its foreign counterparts are an important way of protecting IP rights in China and the foreign country. Since 1973, China has negotiated with a number of countries and entered into bilateral agreements specifically designed to facilitate trademark registration and protection in each other’s territory.\footnote{136} Nearly all of these bilateral agreements exist in the form of an exchange of letters between the Chinese government and its foreign counterpart.\footnote{137} In addition to the bilateral agreements specifically addressing trademark registration and related matters, China has also formed agreements with other countries that are intended to protect broader IP rights.\footnote{138} These agreements have been entered into with the following countries (in chronological order): Switzerland, Sweden, Norway, Russia, France, Ukraine, and Italy.\footnote{139} All these bilateral agreements, either on trademarks or on broad IP matters, form the legal basis for protecting trademark and other IP rights in China and the other countries. The table below enumerates the known bilateral trademark and IP agreements between China and other countries.

Table 2: China’s Bilateral Trademark and IP Agreements at a Glance\footnote{140}
(As of April 23, 2008)

<table>
<thead>
<tr>
<th>Country</th>
<th>Agreement Name</th>
<th>Effective Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>Exchange of Notes between Australia and the</td>
<td>October 12, 1974</td>
</tr>
</tbody>
</table>

136. See infra Table 2.
137. Id.
138. Id.
139. Id.
140. This table was created with information gathered from various Chinese sources. The primary source consulted is the China Court Net (中国法院网), the official Web site of the Supreme People’s Court of China, \textit{available at} \url{http://www.chinacourt.org/flwk/index.php?type=30}. Other sources consulted include the Ministry of Foreign Affairs’ Web site, \textit{available at} \url{http://www.fmprc.gov.cn/chn/wjb/zzjg/tyfls/tfsczkll/default.htm}, and the State Intellectual Property Office of China’s (SIPO) Web site, \textit{available at} \url{http://www.sipo.gov.cn/sipo2008/zcfg/}. 
<table>
<thead>
<tr>
<th>Country</th>
<th>Agreement/Exchange Details</th>
<th>Dates</th>
</tr>
</thead>
<tbody>
<tr>
<td>People’s Republic of China</td>
<td>Concerning Registration of Trade Marks (October 12, 1974)</td>
<td></td>
</tr>
<tr>
<td>Austria</td>
<td>Letters of Exchange between China and Austria Regarding Reciprocal Registration of Trademarks and Service Marks (April 4, 1977)</td>
<td>April 4, 1977</td>
</tr>
<tr>
<td>Belgium</td>
<td>Letters of Exchange between China, as One Party, and Belgium, Netherlands and Luxembourg, as the Other, Regarding Reciprocal Registration and Protection of Trademarks (April 10, 1975)</td>
<td>April 10, 1975</td>
</tr>
<tr>
<td>Canada</td>
<td>Letters of Exchange between China and Canada Regarding Reciprocal Registration of Trademarks (July 16, 1973)</td>
<td>July 16, 1973</td>
</tr>
<tr>
<td>Germany, West</td>
<td>Letters of Exchange between China and the Federal Republic of Germany Regarding Reciprocal Registration of Trademarks (August 8, 1975)</td>
<td>August 8, 1975</td>
</tr>
<tr>
<td>Greece</td>
<td>Letters of Exchange between China and Greece Regarding Reciprocal Protection of Trademarks (June 19, 1975)</td>
<td>June 19, 1975</td>
</tr>
<tr>
<td>Iran</td>
<td>Letters of Exchange between China and Iran Regarding Reciprocal Registration of Trademarks (December 15, 1975)</td>
<td>December 15, 1975</td>
</tr>
<tr>
<td>Italy</td>
<td>1) Letters of Exchange between China and Italy Regarding Reciprocal Registration of Trademarks (January 5, 1973) 2) Agreement between China and Italy on Cooperation in Intellectual Property</td>
<td>January 5, 1973 June 8, 2004</td>
</tr>
<tr>
<td>Luxembourg</td>
<td>Letters of Exchange between China, as One Party, and Belgium, Netherlands and Luxembourg, as the Other, Regarding Reciprocal Registration and Protection of Trademarks (April 10, 1975)</td>
<td>April 10, 1975</td>
</tr>
<tr>
<td>Netherlands</td>
<td>Letters of Exchange between China, as One Party, and Belgium, Netherlands and Luxembourg, as the Other, Regarding Reciprocal Registration and Protection of</td>
<td>April 10, 1975</td>
</tr>
<tr>
<td>Country</td>
<td>Agreement/Agreement Details</td>
<td>Date(s)</td>
</tr>
<tr>
<td>----------------</td>
<td>---------------------------------------------------------------------------------------------</td>
<td>---------------</td>
</tr>
<tr>
<td>New Zealand</td>
<td>Letters of Exchange between China and New Zealand Regarding Reciprocal Registration of Trademarks (June 18, 1975)</td>
<td>June 18, 1975</td>
</tr>
<tr>
<td>Norway</td>
<td>Memorandum of Understanding between China and Norway on Protection of Intellectual Property</td>
<td>June 20, 1995</td>
</tr>
<tr>
<td>Russia</td>
<td>Agreement between China and Russia on Cooperation in Intellectual Property</td>
<td>April 25, 1996</td>
</tr>
<tr>
<td>Spain</td>
<td>Letters of Exchange between China and Spain Regarding Agreement on Trademark Registration and Protection (June 10, 1977)</td>
<td>June 10, 1977</td>
</tr>
<tr>
<td>Sweden</td>
<td>Memorandum of Understanding between China and Sweden on the Protection of Intellectual Property</td>
<td>November 5, 1993</td>
</tr>
<tr>
<td>Switzerland</td>
<td>Memorandum of Understanding between China and Switzerland on the Protection of Intellectual Property</td>
<td>July 8, 1992</td>
</tr>
<tr>
<td>Thailand</td>
<td>Letters of Exchange between China and Thailand Regarding the Exclusive Rights of Registered Trademarks (January 18, 1977)</td>
<td>January 18, 1977</td>
</tr>
<tr>
<td>Ukraine</td>
<td>Agreement on Cooperation in Intellectual Property</td>
<td>November 18, 2002</td>
</tr>
</tbody>
</table>

To comprehend the Chinese agreements with each of these nations, one must have a proper understanding of their contents.

A. Argentina

China concluded a trademark agreement with Argentina on May 30, 1978. It is called *Letters of Exchange between China and Argentina*

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141. Letters of Exchange between China and Argentina Regarding Trademark
Regarding Trademark Registration. In a nutshell, these brief Letters provide that, on the principle of mutual benefit and reciprocity, both natural persons and legal entities from either country may apply for registration of a trademark in the other country according to the host country’s laws and, upon approval, the owner of the registered trademark will obtain the exclusive rights of such trademark in the host country.

B. Australia

China entered into a trademark agreement with Australia on October 12, 1974. The agreement is called Exchange of Notes between Australia and the People’s Republic of China Concerning Registration of Trade Marks. The basic contents of these simple notes state that on the basis of equality and mutual benefit, corporations, legal entities, and natural persons from either country may apply for registration of a trademark in the other country according to the host country’s laws and, upon approval, the owner of the registered trademark will obtain the exclusive rights of protection in the host country.

C. Austria

China signed an agreement on trademarks with Austria on April 4, 1977. The agreement is in the form of Letters of Exchange between China and Austria Regarding Reciprocal Registration of Trademarks and Service Marks. The basic contents of these documents stipulate that based on the principle of equality and mutual benefit, natural persons, legal entities and corporations from either country may apply for registration of a trademark or service mark in the other country according to the host country’s laws and, upon approval, the owner of the registered mark will obtain the exclusive rights of such mark in the


142. Id.
143. Id.
145. Id.
146. Id.
148. Id.
host country. If, however, one of the countries has not passed a law regarding the registration of service marks, that country may refuse any application for registration of a service mark filed by natural persons, legal entities, and corporations from the other country.

D. Belgium, Netherlands, and Luxembourg

Belgium, Netherlands, and Luxembourg formed a trademark protection union among themselves on March 19, 1962, effective on July 1, 1969. China signed an agreement with the three countries together on April 10, 1975, in the form of Letters of Exchange between China, as One Party, and Belgium, Netherlands and Luxembourg, as the Other Party, Regarding Reciprocal Registration and Protection of Trademarks. According to this agreement, China and the other countries agree that based on the principle of reciprocity and mutual benefit, natural persons, legal entities, and corporations from any country involved may apply for registration of a trademark or service mark in another country according to the host country’s laws and, upon approval, the owner of the registered mark will obtain the exclusive rights of such mark in the host country.

E. Canada

China concluded a trademark agreement with Canada on July 16, 1973, in the form of Letters of Exchange between China and Canada Regarding Reciprocal Registration of Trademarks. The agreement provides that, in accordance with the principle of mutual benefit, individuals, partnerships, corporations, and government-owned entities of either country may apply for registration of a trademark in the other country according to the host country’s laws and, upon approval, the owner of the registered trademark will obtain the exclusive rights of such trademark in the host country.

149. Id.
150. Id.
151. Letters of Exchange Between China, as One Party, and Belgium, Netherlands and Luxembourg, as the Other Party, Regarding Reciprocal Registration and Protection of Trademarks (Apr. 10, 1975) (on file with author).
152. Id.
153. Id.
155. Id.
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F. France

China concluded a trademark agreement with France on July 15, 1975, in the form of *Letters of Exchange between China and France Regarding Reciprocal Registration of Trademarks*. In a snapshot, the agreement provides that, in accordance with the principle of reciprocity, natural persons and legal entities of either country may apply for registration of a trademark in the other country according to the host country’s laws and, upon approval, the owner of the registered trademark will obtain the exclusive rights of such trademark in the host country.

In addition to the trademark agreement, China also entered into a broad IP agreement with France on September 24, 1998. The broad IP agreement mainly covers how to protect patents, copyrights, and trade secrets derived from joint work projects between a Chinese business and a French business.

G. West Germany

China signed an agreement with West Germany on August 8, 1975, in the form of *Letters of Exchange between China and the Federal Republic of Germany Regarding Reciprocal Registration of Trademarks*. The basic contents of these documents provide that in accordance with the principle of reciprocity, trade companies and other entities of either country may apply for registration of a trademark in the other country according to the host country’s laws and, upon approval, the owner of the registered trademark will obtain the exclusive rights of such trademark in the host country.

H. Greece

China entered into a trademark agreement with Greece on June 19, 1975, by way of *Letters of Exchange between China and Greece Regarding Reciprocal Protection of Trademarks*. The main terms of

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157. *Id.*


159. *Id.*


161. *Id.*

this agreement include: (1) natural persons and legal entities of either country, regardless of their permanent residency, may apply for registration of a trademark in the other country according to the host country’s laws and, upon approval, the owner of the registered trademark will obtain the exclusive rights of such trademark in the host country; (2) “trademark” includes marks used in both commercial products and industrial products; and (3) the agreement will remain effective unless one of the parties gives the other party a written notice six months in advance.\textsuperscript{163}

\section{Iran}

China made a trademark agreement with Iran on December 15, 1975, in the form of \textit{Letters of Exchange between China and Iran Regarding Reciprocal Registration of Trademarks}.\textsuperscript{164} The basic terms of the agreement can be summarized as follows: based on the principle of mutual benefit, natural persons and legal entities of either country may apply for registration of a trademark in the other country according to the host country’s laws and, upon approval, the owner of the registered trademark will obtain the exclusive rights of such trademark in the host country.\textsuperscript{165}

\section{Italy}

There are two agreements between China and Italy, one specifically addressing trademark issues and the other discussing general IP matters. The trademark agreement, concluded on January 5, 1973, is in the form of \textit{Letters of Exchange between China and Italy Regarding Reciprocal Registration of Trademarks}.\textsuperscript{166} The general IP agreement, signed on June 8, 2004, sets out terms of protection for other IPR.\textsuperscript{167} As far as the trademark agreement goes, it provides that, in accordance with the principle of reciprocity and mutual benefit, corporations and other entities of either country may apply for registration of a trademark in the other country according to the host country’s laws and, upon

approval, the owner of the registered trademark will obtain the exclusive rights of such trademark in the host country.\footnote{168}{Letters of Exchange Between China and Italy, supra note 166.}

K. Japan

China entered into two agreements with Japan on September 29, 1977.\footnote{169}{Trade Mark Protection Agreement Between the Government of Japan and the Government of the People’s Republic of China, Japan-P.R.C., Sept. 29, 1977 (on file with author); Letters of Exchange between China and Japan Regarding Trademark Registration (Sept. 29, 1977) (on file with author).} One of them is called the Trade Mark Protection Agreement Between the Government of Japan and the Government of the People’s Republic of China and the other Letters of Exchange between China and Japan Regarding Trademark Registration. The basic contents of these instruments provide that the most favored national treatment will be given to natural persons or legal entities of either country when they file for registration of a trademark in the other country; upon approval, the owner of the registered trademark will enjoy the exclusive rights of such trademark in the host country.\footnote{170}{Id.} Furthermore, the agreement will be valid for an initial term of three years from its date of entry into force.\footnote{171}{Id.} After an initial 3-year term, the agreement will remain effective indefinitely unless one of the parties gives the other party a written notice three months ahead of time.\footnote{172}{Id.}

L. New Zealand

China entered into an agreement with New Zealand on June 18, 1975, in the form of Letters of Exchange between China and New Zealand Regarding Reciprocal Registration of Trademarks.\footnote{173}{Letters of Exchange Between China and New Zealand Regarding Reciprocal Registration of Trademarks (June 18, 1975) (on file with author).} In a nutshell, this agreement stipulates that, in accordance with the principle of reciprocity, corporations, other entities, and individuals of either country may apply for registration of a trademark in the other country according to the host country’s laws and, upon approval, the owner of the registered trademark will obtain the exclusive rights of such trademark in the host country.\footnote{174}{Id.}
M. Norway

China and Norway entered into an agreement on June 20, 1995, in the form of the Memorandum of Understanding between China and Norway on Protection of Intellectual Property. The agreement reaffirms each nation’s promise to comply with the Paris Convention of 1883 regarding industrial properties. It specifies China’s obligation to provide administrative protection of inventions derived from Norwegian medicine, agricultural, and chemical products. It further agrees to conduct bilateral consultations and exchanges in regard to the protection and acquisition of IP rights in each country.

N. Russia

China entered into a general agreement with Russia on IP cooperation on April 25, 1996, in a document known as the Agreement between China and Russia on Cooperation in Intellectual Property. The general terms of this agreement include: (1) reciprocal national treatment for persons and entities in each other’s country, in case the multilateral treaties and conventions to which both China and Russia belong do not have specific provisions; (2) cooperation and coordination between both countries in protection of IP rights; (3) communications and exchanges of information between both parties in law, procedures, training, and international exhibitions; and (4) both countries’ promises to enact penal laws against manufacturing and distribution of products infringing on copyright or trademark.

O. Spain

China made an agreement with Spain on June 10, 1977, by way of Letters of Exchange between China and Spain Regarding Agreement on Trademark Registration and Protection. There are three basic terms of this agreement. First, the most favored national treatment will be

176. Id.
177. Id.
178. Id.
180. Id.
afforded to natural persons or legal entities of either country when they file for registration of a trademark or factory mark in the other country; upon approval, the owner of the registered trademark will enjoy the exclusive rights of such trademark in the host country.\textsuperscript{182} Second, in the context of trademark application, registration, and exclusive rights of the owner, the most favored treatment shall not be denied to natural persons or legal entities of either country based on a requirement of permanent residency in the host country.\textsuperscript{183} Third, the agreement remains effective indefinitely unless one of the parties gives the other a written notice to withdraw six months ahead of time.\textsuperscript{184}

\textbf{P. Sweden}

China and Sweden signed an agreement on IP protection on November 5, 1993.\textsuperscript{185} The agreement is referred to as the \textit{Memorandum of Understanding between China and Sweden on the Protection of Intellectual Property}. The agreement reaffirms each country’s promise to comply with the Paris Convention regarding industrial properties.\textsuperscript{186} It specifies China’s obligation to protect inventions derived from Swedish medicine, agricultural, and chemical products through administrative means.\textsuperscript{187} It further agrees to conduct bilateral consultations and exchanges in regard to the protection and acquisition of IP rights in each country.\textsuperscript{188}

\textbf{Q. Switzerland}

China and Switzerland concluded an agreement on the protection of IP rights on July 8, 1992.\textsuperscript{189} This agreement is known as the \textit{Memorandum of Understanding between China and Switzerland on the Protection of Intellectual Property}. The agreement reaffirms each party’s promise to comply with the Paris Convention regarding
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industrial properties. It specifies China’s obligation to protect inventions derived from Swiss medicine, agricultural, and chemical products through administrative means. It further agrees to conduct bilateral consultations and exchanges in regard to the protection and acquisition of IPR in each country.

R. Thailand

China entered into an agreement with Thailand on January 18, 1977, in the form of Letters of Exchange between China and Thailand Regarding the Exclusive Rights of Registered Trademarks. The terms of the agreement provide that, in accordance with the principle of reciprocity, both natural persons and legal entities of either country may apply for registration of a trademark in the other country pursuant to the host country’s laws and, upon approval, the owner of the registered trademark will obtain the exclusive rights of such trademark in the host country.

S. United States

Intellectual property rights have been a persistent issue and hot topic of debate between China and the United States over the last twenty years. In fact, the issue of IPR has become intertwined with domestic politics and bilateral trade relations between the two countries. This phenomenon has been extensively documented and analyzed by numerous American scholars. The chief complaint against China by the United States has been that Chinese infringement on American IPR, in the form of copyright, patent piracy, and trademark counterfeiting, is rampant and that China provides

190. Id.
191. Id.
192. Id.
194. Id.
196. Id. at 8-9.
insufficient protection for American IPR holders.\textsuperscript{198} To address its grievances, the United States has confronted China in trade negotiations and used its domestic legislation (known as Section 301\textsuperscript{199}) to push China to change its municipal laws and join international treaties on IPR. Over the last twenty years, spanning three administrations, the U.S. government, led by the United States Trade Representative (USTR), has engaged in extensive, and at times difficult, negotiations with China on IPR, and these negotiations have led to the conclusion of three agreements designed to improve Chinese protection of American IPR.\textsuperscript{200}


The above agreements laid down the general framework of the China-U.S. relations regarding intellectual property, which also contain specific actions required of the Chinese, as demanded by the United States. While the 1992 and 1996 agreements primarily address United States' concerns over copyright piracy in computer software, movies, CDs, and publications and request China to strengthen its domestic law


\textsuperscript{200} For a detailed account of the history of these negotiations and an authoritative analysis of these agreements, see MERTHA, supra note 18, at 35-76.


\textsuperscript{203} This agreement is actually called (U.S. Trade Representative's) Report on Chinese Enforcement Actions under the 1995 IPR Agreement. See ROBERT H. HU, RESEARCH GUIDE TO CHINESE PATENT LAW AND PRACTICE 325-30 (William S. Hein & Co. 2002).
and enforcement against infringement.\textsuperscript{204} The 1995 agreement has the most specific provisions regarding the Chinese commitments on trademarks.\textsuperscript{205} For example, one article of the Action Plan of the 1995 instrument commits Chinese government agencies to investigate and punish trademark infringement on foreign right holders promptly and strictly, including criminal prosecution when necessary.\textsuperscript{206} Another example is that the 1995 agreement requires China to afford legal recognition and protection of well-known trademarks owned by foreigners and to prohibit unfair competitions against them.\textsuperscript{207} The signing and gradual implementation of these agreements mark only the beginning of the Sino-U.S. IPR dialogues, and the United States has continued to press China to step up its efforts to fulfill its commitments and enforce its laws. Evidence of the continual United States pressure is that the USTR compiles and submits an annual Special 301 Report to Congress in which China is often placed on the “Priority Watch List” for its lacking record in IP protection.\textsuperscript{208} Such designation enables the

\textsuperscript{204} See Memorandum of Understanding Between the Government of the People’s Republic of China and the Government of the United States of America, supra note 201; (U.S. Trade Representative’s) Report on Chinese Enforcement Actions, supra note 203.


\textsuperscript{206} See id. at 896-97.

\textsuperscript{207} Id. at 888.

USTR to investigate China carefully and take sanctions against China when warranted. As recently as April 2007, the United States filed two cases with the WTO alleging that China failed to protect and enforce copyrights and trademarks that affect a wide range of products.\textsuperscript{209} China and the United States held a formal consultation on these issues in June 2007, but did not resolve them.\textsuperscript{210} Consequently, in August 2007, the United States asked the WTO to establish a dispute settlement panel to rule on the complaints.\textsuperscript{211} A WTO panel was established on September 25, 2007, and panelists were appointed on December 13, 2007.\textsuperscript{212} The legal proceedings are still pending as of this writing. One commentator states that it remains uncertain how the WTO will rule in these two cases, and that the decisions will have grave consequences not only for China and the United States, but also for the entire world trading system.\textsuperscript{213}

V. SELECTED CHINESE COURT DECISIONS

A snapshot of the landscape of trademark disputes and infringement cases in China is provided by the China Court Network, an authoritative Chinese law Website co-sponsored by the Supreme Court of China, which contains a small bank of 2844 trademark cases.\textsuperscript{214} Whereas most of the decisions included in the Web site concern disputes exclusively between Chinese parties, a small number of them involve foreign right holders. An analysis of several foreign cases should illustrate the general approach of Chinese courts in interpreting and applying international conventions and agreements in such trademark disputes.

\textsuperscript{209} U.S. TRADE REPRESENTATIVE, 2008 SPECIAL 301 REPORT, supra note 208, at 16.
\textsuperscript{212} U.S. TRADE REPRESENTATIVE, 2008 SPECIAL 301 REPORT, supra note 208, at 16.
\textsuperscript{213} See Athanasakou, supra note 127, at 236-45.
\textsuperscript{214} See SUP. PEOPLE’S CT., China IPR Judgments and Decisions, available at http://ipr.chinacourt.org/more.php?sub=2 (last visited May 19, 2008) (the number of cases is based on the data as of May 19, 2008).
A. Eastman Kodak Co. v. Suzhou Keda Elevator Co. (Chinese name: 伊士曼柯达公司与苏州科达液压电梯有限公司商标权侵权纠纷案)\(^{215}\)

Eastman Kodak Company (“Kodak”), a Rochester, United States based company that makes films, cameras, and digital image equipment, registered its trademark, KODAK, in China as early as 1982.\(^{216}\) That trademark has long achieved the status of a well-known trademark around the world and in China.\(^{217}\) In June 2005, Kodak discovered that the KODAK insignia was attached to escalators in Chinese shopping malls and other commercial locations in large cities.\(^{218}\) The producer of the escalators was identified as Suzhou Keda Elevator Company, Ltd. (“Suzhou Keda”\(^{219}\)), a Chinese company with subsidiaries in Beijing and Guangzhou.\(^{220}\) In addition, Eastman discovered Suzhou Keda and its subsidiaries employed the KODAK indicia over the gates of their plants, commercial displays, business cards, promotional materials, and the company Web sites.\(^{221}\) Kodak sued Suzhou Keda at the Suzhou Intermediate People’s Court in November 2005, alleging trademark infringement and harm to its reputation.\(^{222}\) The Intermediate People’s Court decided in favor of Kodak, holding, in part, that because both the United States and China belong to the Paris Convention of 1883 and the TRIPs Agreement, the KODAK trademark registered in China by Kodak, an American company, warrants protection under both the international agreements and Chinese domestic law. The Intermediate People’s Court’s analysis specifically cited Article 6bis of the Paris Convention\(^{223}\) and Subsection 3, Article 16 under Section 2 of the TRIPs


\(^{216}\) Id.

\(^{217}\) Id.

\(^{218}\) Id.

\(^{219}\) Note: the Chinese phonetic sound of “Keda” is the same as that of “Kodak,” which is partly responsible for the confusion in this case.


\(^{221}\) Id.

\(^{222}\) Id.

\(^{223}\) Article 6bis reads:

(1) The countries of the Union undertake, ex officio if their legislation so permits, or at the request of an interested party, to refuse or to cancel the registration, and to prohibit the use, of a trademark which constitutes a reproduction, an imitation, or a translation, liable to create confusion, of a mark considered by the competent authority of the country of registration or use to be well known in that country as being already the mark of a person entitled to the benefits of this Convention and used for identical or similar goods. These provisions shall also apply when the
Agreement

The Intermediate People’s Court reasoned that the above clauses correspond to Article 52 of Chinese Trademark Law in determining what constitutes infringement, and it concluded that KODAK, as a well-known mark, should enjoy cross-class protection.

The Intermediate People’s Court also held that Suzhou Keda, in using KODAK on its escalators, related products, and promotional material, intentionally and misleadingly associated itself with Kodak, therefore infringing upon its exclusive trademark rights.

As a consequence, the Court ordered Suzhou Keda to stop using KODAK on all products and to pay damages in the amount of ¥50,000 (approximately $6,250).

B. FERRERO-Società per Azioni v. Trademark Review and Adjudication Board (Chinese name: 费列罗有限公司与商标评审委员会商标行政纠纷案)

Ferrero-Società per Azioni (hereafter Ferrero-Società) is an Italian food producer. It filed to register a three-dimensional trademark with the WIPO in May 2002. The registration was granted, and the assigned registration number was 783,646. The registered trademark covered food items, including bread, biscuits, cakes, chocolate, and candies. An image of this mark is posted on the Web site of the WIPO, with a detailed description as below:

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essential part of the mark constitutes a reproduction of any such well-known mark or an imitation liable to create confusion therewith.

Paris Convention, supra note 72, art. 6bis.

224. This clause reads,
3. Article 6bis of the Paris Convention (1967) shall apply, mutatis mutandis, to goods or services which are not similar to those in respect of which a trademark is registered, provided that use of that trademark in relation to those goods or services would indicate a connection between those goods or services and the owner of the registered trademark and provided that the interests of the owner of the registered trademark are likely to be damaged by such use.

TRIPs, supra note 116, at 33 I.L.M. 89-90.

226. Id.
227. Id.
228. Id.
230. Id.
231. Id.
232. Id.
233. Id.
The mark consists in a transparent container of basically rectangular shape decorated in the centre by a band containing a design of parallel stripes of gold, white and red, intersected at the top by an oval surface with a white background, a gold outline and a fine red border with below, a representation of a praline wrapped in paper, another unwrapped praline and a walnut, coloured gold, brown, white and green; inside the container, three pralines wrapped in paper, set in paper bases coloured gold, brown and white; all against a white background.234

Ferrero-Società applied in August 2002 with the WIPO to extend its registration to China and other countries that belong to the Madrid Agreement Concerning the International Registration of Marks and the Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks ("Madrid System").235 In March 2003, however, the Trademark Office of China rejected Ferrero-Società’s request for registration via the Madrid System on the grounds that the three-dimensional mark at issue lacked the “distinctiveness” element required by the Chinese law.236 Ferrero-Società appealed the rejection to the Trademark Review and Adjudication Board (TRAB), the upper division of the Trademark Office responsible for reviewing disputes between the Trademark Office and trademark owners over applications for registration.237 The TRAB affirmed the decision to deny Ferrero-Società’s request.238 Consequently, Ferrero-Società sued the TRAB in the Beijing First Intermediate People’s Court, asking the First Intermediate People’s Court to reverse the TRAB’s decision.239 The First Intermediate People’s Court agreed with the TRAB, however, holding that the three-dimensional mark presented by Ferrero-Società did not possess the requisite “distinctiveness.”240 As the First Intermediate People’s Court reasoned, the visual effect intended by the mark in question projected to consumers only a transparent container,
regardless of the three ball-shaped objects inside the cube, thus the mark could not serve the purpose of indicating the source of the good bearing it.\textsuperscript{241} For this reason, held the First Intermediate People’s Court, the mark could not be considered distinctive, therefore not meeting the registration requirement of the Chinese law.\textsuperscript{242} Ferrero-Società then appealed to the Beijing Higher People’s Court, which affirmed the lower court’s decision.\textsuperscript{243} That decision is now final.\textsuperscript{244}

\textbf{C. Infineon Technologies AG v. Hangzhou Yingfeiling Computer System and Engineering Co. (Chinese name: \textsuperscript{145}英飞凌科技股份有限公司诉杭州英飞凌计算机系统工程有限公司商标侵权及不正当竞争纠纷案\textsuperscript{245})}

Infineon Technologies AG (“Infineon”), a Germany-based multinational company, specializes in developing, manufacturing, and marketing semi-conductors and computer components around the world.\textsuperscript{246} Infineon set up its first Chinese subsidiary in Wuxi City in 1995, and has since established eight subsidiaries in China.\textsuperscript{247} In October 2002, Infineon registered the trademark INFINEON \textsuperscript{英飞凌} (a combination of bilingual letters and a graphic) with WIPO under the Madrid System.\textsuperscript{248} Infineon specifically requested in its international registration that the protection of its trademark would extend to the territories of China because both Germany and China are members of the Madrid System.\textsuperscript{249} The above trademark received registration in China in October 2002, therefore enjoying exclusive rights.\textsuperscript{250} Starting in April 2003, Infineon began to use this mark on its product lines marketed in China and spent enormous amounts of money advertising

\begin{itemize}
\item \textsuperscript{241} \textit{Id.}
\item \textsuperscript{242} \textit{Id.}
\item \textsuperscript{243} \textit{Id.}
\item \textsuperscript{244} For comparison, the U.S. Patent and Trademark Office approved on January 8, 2008, a request by Apple Inc. to register a three-dimensional shape trademark for its iPod media player. \textit{See} David Orozco & James Conley, \textit{Shape of Things to Come}, WALL ST. J., May 12, 2008, at R6.
\item \textsuperscript{246} \textit{Id.}
\item \textsuperscript{247} \textit{Id.}
\item \textsuperscript{248} \textit{Id.}
\item \textsuperscript{249} \textit{Id.}
\item \textsuperscript{250} \textit{Id.}
\end{itemize}
the brand name. Such efforts led to wide recognition of this brand. However, Hangzhou Yingfeiling Computer System Engineering Co. (“Yingfeiling”), a Chinese company that develops, produces, and markets computer products very similar to those of Infineon, incorporated in April 2004 and registered its business name as HANGZHOU Yingfeiling, part of which is identical to a portion of Infineon’s registered trademark. Additionally, Yingfeiling extensively used the Yingfeiling Chinese characters in its advertisements, business cards, homepage of the company website and other promotional materials. In February 2006, Infineon filed suit in the Hangzhou Intermediate People’s Court, charging that Yingfeiling’s intentional, widespread use of Infineon’s registered trademark misled consumers, infringed on the registered mark, and constituted unfair competition against Infineon. However, the parties reached a settlement before trial. The settlement, approved by the court, included, among other terms, that Yingfeiling would remove the offending Chinese characters from its business name and discontinue using the disputed trademark on its products and promotional material.

D. Procter & Gamble v. Beijing Guowang Information Co. (Chinese name: 美国宝洁公司诉国网信息有限公司域名侵权案)

Procter & Gamble Company (“P&G”), a United States based multinational manufacturer of consumer products, such as body lotions, feminine hygiene products, and detergents, sells products in China and 130 other countries around the world. In 1992, P&G registered its trademark, WHISPER, as well as its Chinese character equivalents, with Chinese trademark authorities so the firm would be able to market consumer products carrying this trademark. P&G then spent millions of dollars in advertising its WHISPER brand in China, which resulted in a high level of recognition of the brand name among Chinese consumers.

251. Id.
252. Id.
253. Id.
254. Id.
255. Id.
256. Id.
257. Id.
259. Id.
260. Id.
nationwide. Beijing Guowang Information Co. ("Beijing Guowang") is a Chinese company engaged in computer network, information consulting, online services, and development of hardware and software. On November 2, 1998, Beijing Guowang registered the domain name Whisper.com.cn with the Chinese government. However, the domain name had not been used before the lawsuit. When P&G discovered the Whisper.com.cn domain name, it filed suit against Beijing Guowang in the Beijing Second Intermediate People’s Court. P&G accused Beijing Guowang of committing trademark infringement and unfair competition by registering a domain name bearing the P&G’s trademark. P&G asked the Second Intermediate People’s Court to revoke the domain name registered by Beijing Guowang. The Second Intermediate People’s Court ruled in favor of P&G and ordered the revocation of the domain name. The Second Intermediate People’s Court reasoned, in part, that because the WHISPER trademark had gained the fame of a well-known mark in China due to P&G’s vigorous marketing and widespread recognition by Chinese consumers, it should enjoy special rights and protection afforded to well-known trademarks, as granted by the Paris Convention. Furthermore, such special protection would extend to the Internet, barring the registration of the same domain name by another party. Beijing Guowang appealed the Second Intermediate People’s Court’s decision to the Beijing Higher People’s Court, which upheld the lower court’s judgment. The Higher People’s Court decided that because both China and the United States belong to the Paris Convention, P&G was entitled, under the Convention, to bring suit in China to protect its rights and that Chinese courts shall apply both domestic law of China and the principles of the Paris Convention.

261. Id.
262. Id.
263. Id.
264. Id.
265. Id.
266. Id.
267. Id.
268. Id.
269. Id.
270. Id.
271. Id.
272. Id.
when adjudicating trademark disputes.\textsuperscript{273} The Higher People’s Court’s decision is final.

\textit{E. Shanghai Dongbao Department Store v. La City Societe A Responsabilite Limitee (Chinese name: 上海东宝百货有限公司与法国都市有限责任公司商标侵权、不正当竞争纠纷案)\textsuperscript{274}}

La City Societe A Responsabilite Limitee (“La City Societe”), a French textile company, registered the LA CITY trademark in France in 1999.\textsuperscript{275} The French company then received an international registration of the LA CITY mark in February 2000 under the Madrid system.\textsuperscript{276} By extension of its international registration, the company obtained a registration of the same mark in China because both France and China are members of the Madrid system.\textsuperscript{277} The Chinese registration became effective in December 2000.\textsuperscript{278} Shanghai Dongbao Department Store (“Dongbao”) is a large Chinese retailer selling women’s clothes and textile products.\textsuperscript{279} Dongbao, through a sales contract with another French company, La Chapelle, sold woman’s apparel carrying the mark, LA CHAPELLE 拉夏贝尔, owned and registered by La Chapelle, a joint defendant in the case.\textsuperscript{280} La Chapelle tried but failed to register the LA CITY mark in China because that mark had already been registered by La City Societe.\textsuperscript{281} La Chapelle, nevertheless, used the LA CITY mark on its lines of clothes, store displays, and advertisements, in violation of La City Societe’s mark.\textsuperscript{282} Consequently, Dongbao marketed apparel carrying the LA CITY trademark.\textsuperscript{283} La City Societe sued both Dongbao and La Chapelle in the Shanghai Second People’s Intermediate Court, alleging that both defendants infringed upon the plaintiff’s trademark rights.\textsuperscript{284} The

\textsuperscript{273} Id.
\textsuperscript{275} Id.
\textsuperscript{276} Id.
\textsuperscript{277} Id.
\textsuperscript{278} Id.
\textsuperscript{279} Id.
\textsuperscript{280} Id.
\textsuperscript{281} Id.
\textsuperscript{282} Id.
\textsuperscript{283} Id.
\textsuperscript{284} Id.
Second People’s Intermediate Court ruled against Dongbao in holding both defendants liable for trademark infringement. The Second People’s Intermediate Court ordered Dongbao to pay La City Societe ¥20,000 (approximately $2,500) in damages. Dongbao appealed to the Shanghai Higher People’s Court. The Higher People’s Court affirmed the lower court’s decision on the basis that once LA CITY was duly registered under the Madrid system and confirmed by the Chinese authorities as valid, it should receive protection under the Chinese trademark law. The Higher People’s Court’s ruling is final.


In that dispute, the Washington Apple Commission (“WAC”), a Washington state agency created to promote the State’s apple industry, sued China’s Trademark Review and Adjudication Board (“TRAB”), the upper division of the China Trademark Office in charge of reviewing and deciding disputed applications for registration of trademarks. In March 2003, WAC attempted to register a mark consisting of the word “Washington,” together with a graphic of apples with the China Trademark Office. China rejected the application because the word “Washington” is a well-known foreign geographical name and therefore it cannot be used as part of a registered trademark under Article 10 of the Trademark Law. WAC appealed to the TRAB for reconsideration, but the TRAB affirmed the denial. WAC then filed suit in 2006 in the Beijing First Intermediate People’s Court,

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285. Id.
286. Id.
287. Id.
288. Id.
290. Id.
291. Id.
292. Article 10 reads, in part: “The foreign geographical names well known to the public shall not be used as trademarks, but such geographical terms as have otherwise meanings or are a part of collective marks/or a certification marks shall be exclusive. . . .” Trademark Law Treaty, supra note 128.
294. Id.
asking that the TRAB’s decision be reversed. WAC argued, in part, that both the United States (of which Washington is a part) and China are members of the Paris Convention for the Protection of Industrial Property of 1883. For that reason, the trademark in question, which already had been registered in the United States, should, by extension, be allowed registration in China. The First Intermediate People’s Court, in reliance on Article 6 of the Paris Convention, disagreed. It reasoned that whether the trademark in question should be registered in China depends on the requirements of Chinese law, as stipulated by the Paris Convention. Because the application by WAC did not meet the requirements under Chinese law, the First Intermediate People’s Court continued, the TRAB’s decision to reject the application was justified and should be affirmed. WAC then appealed to the Beijing Higher People’s Court, which upheld the lower court’s judgment. The Higher People’s Court’s decision is final.

While Chinese courts have shown a genuine interest and willingness to apply international law and to protect trademarks of foreign owners, foreign governments and IP holders take issue with certain aspects of Chinese trademark law and IP regimes. For instance, foreign right holders complain that the statutory amount of damages awarded to the plaintiff in an infringement or counterfeit case is too low, therefore

295. Id.
296. Id.
297. Id. It appears that WAC relied on Article 6quinquies, section A, which reads, in part, “(1) Every trademark duly registered in the country of origin shall be accepted for filing and protected as is in the other countries of the Union, subject to the reservations indicated in this Article.” Paris Convention, supra note 72, art. 6quinquies.
298. Article 6, Marks: Conditions of Registration; Independence of Protection of Same Mark in Different Countries, reads, in part, that

(1) [t]he conditions for the filing and registration of trademarks shall be determined in each country of the Union by its domestic legislation. . . . (3) A mark duly registered in a country of the Union shall be regarded as independent of marks registered in the other countries of the Union, including the country of origin.

Id. art. 6.
300. Id.
301. Id.
302. Id.
303. For additional information and analysis of the Chinese law governing geographic indications, see Bradley M. Bashaw, Geographical Indications in China: Why Protect GIs with Both Trademark Law and AOC-Type Legislation?, 17 PAC. RIM L. & POL’Y J. 73 (2008).
being unable to deter future illegal activities.\textsuperscript{304} Foreign right holders are also unhappy with the Chinese criminal law, which, they claim, sets the threshold level too high for effectively penalizing infringers and counterfeiters.\textsuperscript{305} As the 2008 Special 301 Report by the U.S Trade Representative puts it: “Inadequate IPR enforcement is a key factor contributing to these shortcomings, with high criminal thresholds as well as difficulties in initiating or transferring cases for criminal prosecution resulting in limited deterrence. Civil damages are also low.\textsuperscript{306}

The Chinese government is keenly aware of the above concerns and issues, and has made efforts to revise its domestic legislation and criminal law to address the deficiencies. For example, in April 2007, the Supreme People’s Court of China and the Supreme People’s Procuratorate issued an Interpretation on the Application of Law to Several Issues Arising from the Handling of Intellectual Property Crime Cases (最高人民法院最高人民检察院关于办理侵犯知识产权刑事案件具体应用法律若干问题的解释(二)) ("Interpretation").\textsuperscript{307} This judicial interpretation clarifies certain aspects of the statutory criminal thresholds. For example, Article 1 of the Interpretation defines—for the purposes of determining the severity of an IP crime—“serious circumstances” as making 500 copies of a copyrighted product, such as films, music, recordings, or computer software, whereas it defines “especially serious circumstances” as making 2,500 copies of a protected product.\textsuperscript{308} In addition, Article 4 allows the courts to impose on a criminal wrongdoer a fine in the amount of 100% to 500% of the illegal

\textsuperscript{304} See Steve Toloken, China IP System Improving, But Pitfalls Remain, PLASTICS NEWS, May 12, 2008, at 7 (“Some argue that China’s smaller damage awards mean that too often infringing companies see IP violations as only a cost of doing business. And the country remains a tough place to get the kind of sizable court judgment that can deter an obvious case of infringement[.]”).

\textsuperscript{305} See Industry Groups Support WTO Case Against China’s IPR Regime, 6 Inside US – China Trade 38 (Sept. 27, 2006) ("[T]he International AntiCounterfeiting Coalition (IACC) said Chinese laws that only allow criminal penalties to be brought against IPR violators once certain profit thresholds are met violate WTO rules. . . . According to IACC the threshold for criminal action in IPR cases is significantly higher than in other criminal matters."). See also China Claims Full Compliance with TRIPS Rules at WTO Meeting, 6 Inside US – China Trade 43 (Nov. 1, 2006) ("[T]he U.S., European Union and Japan all argued that their companies are still complaining about high piracy levels in China. . . . They also said their companies are finding it difficult to get China to pursue cases against violators, and said that piracy is not being pressed enough under China’s criminal law[.]").

\textsuperscript{306} U.S. TRADE REPRESENTATIVE, 2008 SPECIAL 301 REPORT, supra note 208, at 20.


\textsuperscript{308} \textit{Id.}
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gains acquired. 309 Very recently, China has been drafting new trademark and patent laws that will incorporate changes pushed by foreign right holders and governments. 310

VI. DISCUSSION AND OBSERVATION

As shown by the preceding discussion and the judicial decisions summarized above, international intellectual property law matters in China when it comes to the protection of foreign trademarks. This is demonstrated by several facts. First, China has adopted all major international treaties and agreements on trademarks that are in existence today. 311 As a matter of Chinese legal principles, international rules accepted by China will prevail over domestic laws when there is a conflict between domestic law and the international norms. 312 To implement its international treaties and agreements, China has enacted and amended its domestic legislation, rules, and regulations to meet its international obligations. 313 This is especially evident from China’s attempts to comply with the TRIPs Agreement before and after the country’s accession to the WTO. 314 Second, the Chinese government, specifically the Trademark Office, has set up detailed rules and procedures for handling international trademark applications for registration submitted under the Madrid system for territorial extension, which fulfills its duties under the Madrid Agreement and Protocol. 315 Third, China has entered into bilateral agreements with a number of nations to protect trademarks and IPR. 316 The national government of China has made consistent efforts to follow through on these bilateral

309. Id.
310. See Peter Ollier, China’s Controversial Amendment Plans, MANAGING INTELL. PROP., Dec. 2007/Jan. 2008 at 1. One proposed change in the amended patent law is to increase statutory damages from ¥500,000 ($68,000) to ¥1,000,000 ($135,000). Id.
311. See supra Part III.
312. See General Principles of the Civil Law of China, supra note 51, art. 142; Civil Procedure Law, supra note 53, art. 238; Administrative Procedure Law, supra note 52, art. 72.
313. See NEW PROGRESS IN CHINA’S PROTECTION OF INTELLECTUAL PROPERTY RIGHTS, supra note 8; supra Part II.
316. See supra Part IV.
agreements. Such actions include crafting national IP strategies and action plans, building up institutional infrastructure and capacities, and carrying out international exchanges and dialogues. In the case of Sino-U.S. relations, China’s efforts to carry out the three agreements (Memorandum of Understanding) on IPR have been earnest, noteworthy, and at least partially successful. Finally, Chinese courts, when hearing foreign trademark cases, have regularly cited to and applied international treaties and agreements when such rules are relevant to the issues at hand. As Chinese legal scholars have correctly observed, “In the process of implementing international treaties, China has demonstrated the credibility of a responsible super nation.”

The enforcement in China of international IPR laws is not without flaws, however. Some commentators state correctly that international laws concerning IPR are difficult to implement, especially in a freestanding and independent nation such as China. Nevertheless, international laws are not useless against China. As shown by the


318. Two examples illustrate this point. First, the central government set up in 2004 a Cabinet level entity—State Working Office for Protection of Intellectual Property, which plans and coordinates all IP related activities among the government ministries and departments nationwide. See Zhang Yixuan, China Investigates and Handles Over 10,000 Cases of IPR Infringement, PEOPLE’S DAILY (OVERSEAS ED.), Jan. 25, 2007, at 2. Second, Chinese courts will, beginning in 2007, allow foreign diplomats and representatives to attend trials of IP cases. See China to Increase Judicial Transparency, IP Trials to Be Open to the Public, PEOPLE’S DAILY (OVERSEAS ED.), Apr. 5, 2007, at 2.

319. For instance, China and the United States hold annual official talks on IPR issues. China and the European Union conduct regular consultations and exchanges on IPR matters. China holds regular dialogues on IPR concerns with the WIPO, Japan, Korea, and other nations and organizations. See Yixuan & Yong, supra note 317.

320. See YU, The Second Coming, supra note 195.

321. See, e.g., supra Part V.


324. See Jacobson, supra note 60, at 62.

325. See id. at 60 (arguing, “[a]lthough international protections are in existence, they are relatively useless against China”).
China-U.S. IPR negotiations and subsequent conclusion of the agreements, China is susceptible and responsive to international rules and pressures. Indeed, that the United States is suing China on two IP complaints before the WTO strengthens the argument that international law is important and relevant to China and can be used to press for domestic legal and policy changes. As one commentator summarizes, “China’s IP enforcement is undergoing significant change. IP protection in China is probably neither as well developed as Chinese leaders suggest nor as deficient as many foreign businesses and lawmakers contend. It is somewhere in between and in a constant state of flux.”

The questions remain, however, to what extent China’s IP regime is effective in protecting foreign trademarks and IPR and how the regime can be made more responsive. For the first question, China’s system seems reasonably effective despite serious flaws that still exist, particularly in enforcement. The evidence suggests that the country has set up an extremely impressive modern system composed of pertinent legislation and regulations; that government agencies, such as the Trademark Office and Trademark Review and Adjudication Board, have been established to handle trademark registrations and related business transactions on a regular basis; that the judiciary has been put in place and equipped to try trademark disputes and punish infringement; and that the country has joined all relevant trademark conventions and agreements, which are being implemented by the courts in practice. Regarding the second question, the national government of China is highly committed and determined to protecting foreign trademarks and IPR, and it has obtained limited success in reducing counterfeits and punishing infringement.

China has, through its policies and developments of the past two decades, established a very impressive system to protect foreign trademarks and other IPR. This regime consists of both China’s domestic law and international rules in the form of multilateral


327. As of 2006, 172 IP divisions within the Chinese courts, along with 140 IP tribunals of the courts, have been established nationwide. There are a total of 1667 Chinese judges specialized in IP trials. See Wu Yuehui, Chinese Judiciary – Building an Iron-clad Network to Protecting Intellectual Property Rights, PEOPLE’S DAILY (OVERSEAS ED.), Aug. 1, 2008, at 3.

conventions, treaties, and bilateral agreements. Participation in these international agreements brings China into close compliance with the existing international framework for trademark protection, and Chinese courts have observed applicable international rules when adjudicating disputes over foreign trademark matters. Further improvement in protecting foreign (and domestic) trademarks and fighting counterfeits remain primarily an issue of enforcing existing laws. This will require raising general awareness of IPR among Chinese citizens and constructing better infrastructures, institutions, and capacities, all of which are tied to the Chinese cultural attitudes, social-economic development, and international political environment. As one study indicates, “the level of IP protection is affected by multiple factors, most significantly, cultural attitudes, economic development, and international political pressure.” Therefore, “the sub-factors correlating and contributing to socioeconomic development constitute the most decisive factors in determining the level of IP protection in any country.” Although some legal experts would argue that international pressure, especially trade sanctions as threatened by the United States, would not achieve positive, long-lasting improvement in Chinese IPR, international monitoring and cooperation, combined with occasional pressure exercised by foreign governments when needed, will continue to play an essential role in encouraging China to undertake further reform and progress. As one scholar asserts, “[T]he careful application of external pressure can, in some cases, have very real and lasting effects on policy enforcement.” To foreign enterprises and businesses that desire to expand operations in China while simultaneously protecting their trademarks and IPR, it is essential to appreciate the complicities of the Chinese IPR enforcement issue. One commentator succinctly summarizes it this way:

329. See NEW PROGRESS IN CHINA’S PROTECTION OF INTELLECTUAL PROPERTY RIGHTS, supra note 8; supra INTRODUCTION.
331. Id. at 257-58.
333. See MERTHA, supra note 18, at 5.
[E]ffective IPR enforcement lies not exclusively through the use of courts, laws, treaties and international organizations, but also through the development of stakeholders relationships and the incentives they engender, the foundation of most mutually beneficial business ventures. Using an approach that accounts for Chinese cultural norms seems like a more promising approach to IPR enforcement as compared to forcing adoption of Western legal concepts which lack congruency with the Chinese approach to law and culture.  