

VIAGRA DID NOT WORK, BUT MICHAEL JORDAN STILL MADE IT: TRADEMARK POLICY TOWARD THE TRANSLATION OF FOREIGN MARKS IN CHINA

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ABSTRACT

Most multinational enterprises (MNEs) register their original trademarks in Roman letters in China upon entering the Chinese market. However, many fail to develop and register corresponding Chinese marks because they do not understand local culture and consumers, overvalue consumers' presumed brand loyalty, or neglect the accompanying trademark issues. This failure enables trademark squatters to register and hold the Chinese marks for ransom or local competitors to free ride on foreign marks using their Chinese translations or transliterations. This Article first introduces the complexity of translating a foreign mark into Chinese, which concerns complex linguistic, cultural, and business challenges. Based on recent court decisions, this Article systematically analyzes the legal basis on which an MNE may claim to protect the Chinese equivalent of its original trademarks. This Article then provides essential business and legal implications of China's trademark policy toward translating foreign-language marks into Chinese.

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I. INTRODUCTION

The choice of a local brand name or trademark translation into the local language is critical for multinational enterprises (MNEs) when introducing their products to a foreign market.¹ A well-designed local brand name can effectively help its holder enter local markets.² By contrast, a thoughtless local brand name can negatively affect an MNE's business image and sales.³ Branding mistakes range from "Nova," meaning "no go" in Spanish, to Clairol's "Mist Stick," implying "manure" in German.⁴ In China, a notable brand name translation blunder was the transliteration of Nestlé infant formula Lactogen as Le To Jing (勒吐精), meaning "forcing

¹ See, e.g., He Chuansheng & Xiao Yunnan, *Brand Name Translation in China: An Overview of Practice and Theory*, 49 BABEL 131, 131–32 (2003); Jian Sang & Grace Zhang, *Communication Across Languages and Cultures: A Perspective of Brand Name Translation from English to Chinese*, 18 J. ASIA PAC. COMM. 225, 226 (2008); Shi Zhang & Bernd H. Schmitt, *Creating Local Brands in Multilingual International Markets*, 38 J. MKT. RSCH. 313, 313 (2001); see also Daniel Chow, *Lessons from Pfizer's Disputes Over its Viagra Trademark in China*, 27 MD. J. INT'L L. 82, 87–88 (2012) (stating that "[i]n China and many other East Asian countries, most people will never colloquially refer to a brand or trademark by its English-language name, no matter how famous or prestigious") [hereinafter Chow, *Lessons from Pfizer's Disputes*]; Daniel C.K. Chow, *Trademark Squatting and Limits of the Famous Marks Doctrine in China*, 47 GEO. WASH. INT'L L. REV. 57, 61 (2015) [hereinafter Chow, *Trademark Squatting*] (indicating that "due to the dominance of Chinese language in Chinese culture, the Chinese transliteration is far more important to the average Chinese consumer than the foreign language trademark"); Lily C. Dong & Marilyn M. Helms, *Brand Name Translation Model: A Case Analysis of US Brands in China*, 9 J. BRAND MGMT. 99, 100 (2001) ("Developing one world brand may be a marketing ideal, but it is extremely difficult because words and meanings vary greatly across languages and cultures."); June N.P. Francis et al., *The Impact of Linguistic Differences on International Brand Name Standardization: A Comparison of English and Chinese Brand Names of Fortune-500 Companies*, 10 J. INT'L MKT. 98, 113 (2002) ("Firms moving into linguistically different countries should expect to localize their brand name.").

² See Dong & Helms, *supra* note 1, at 101 (noting that most "successful products appear in new markets with a translated name in the foreign language"); see also Francis et al., *supra* note 1, at 113 (indicating that "[w]hen localizing brand names, firms have the opportunity to add benefits to the names to make them more attuned to [local] culture").

³ See Francis et al., *supra* note 1, at 99; Doreen Kum et al., *Testing to Prevent Bad Translation: Brand Name Conversion in Chinese-English Contexts*, 64 J. BUS. RSCH. 594, 594 (2011).

⁴ Zhang & Schmitt, *supra* note 1, at 313.

you to vomit the essence.”⁵ Branding initiatives in foreign markets concern not only a company’s marketing strategy, advertisement resource allocation, corporate identity, and local cultures but also complicated trademark issues. Therefore, in addition to developing a recognizable and resonant local brand name for the subject market, MNE managers must understand the trademark issues associated with the choice of local brand name.

The Chinese market has been of interest to many MNEs since its opening in 1979.⁶ MNEs’ interest in entering the Chinese market has increased significantly in recent years because of the country’s economic reforms, which enable increasingly more local consumers to buy expensive foreign products of higher quality.⁷ Consequently, MNEs have faced local branding issues and associated trademark disputes in China.⁸ While most MNEs know how to register their original trademarks in China upon entering the Chinese market, many fail to develop and register a corresponding Chinese trademark. This failure happens because they do not understand local culture and consumers, overvalue consumers’ presumed brand loyalty,⁹ or neglect the accompanying trademark issues.¹⁰ This failure to register the corresponding Chinese mark in China enables trademark squatters to register and hold the Chinese mark for ransom or local

⁵ Chuansheng & Yunnan, *supra* note 1, at 131; *see also* Stephanie M. Greene, *Protecting Well-Known Marks in China: Challenges for Foreign Mark Holders*, 45 AM. BUS. L.J. 371, 387 (2008) (identifying “poor choice of a Chinese trademark” as one of the problems facing MNEs in China).

⁶ *See* Christiane Prange, *The Promise of China*, in MARKET ENTRY IN CHINA: CASE STUDIES ON STRATEGY, MARKETING, AND BRANDING 3, 3 (Christiane Prange ed., 2016); Lianxi Zhou & Michael K. Hui, *Symbolic Value of Foreign Products in the People’s Republic of China*, 11 J. INT’L MKTG. 36, 36–37 (2003).

⁷ *See, e.g.*, Christiane Prange, *Marketing Decisions in China: Positioning, Branding, Marketing Mix*, in MARKET ENTRY IN CHINA: CASE STUDIES ON STRATEGY, MARKETING, AND BRANDING 17, 17 (Christiane Prange ed., 2016); Zhou & Hui, *supra* note 6, at 37 (claiming that Chinese “consumers generally associate foreign products with such concepts as sophistication, modernity, novelty, and faddishness”).

⁸ *See* Chow, *Trademark Squatting*, *supra* note 1, at 58–59 (observing that “squatters have already registered both the [MNE’s] foreign language trademarks and their Chinese translations before the [MNE] has even entered the China market”).

⁹ *See* Prange, *supra* note 7, at 19; *see also* Dong & Helms, *supra* note 1, at 100 (“Culture, norms, values, traditions and history must be considered when translating a brand into Chinese.”).

¹⁰ *See infra* Section III; *see also* Chow, *Trademark Squatting*, *supra* note 1, at 58 (noting that “[a] number of recent high profile cases involve attempts by the [MNEs] to cancel registrations of the Chinese translations or transliterations of their foreign language trademarks by squatters”).

competitors to take advantage of foreign marks using translations or transliterations of the name.¹¹ MNEs in industries like luxury goods,¹² wine,¹³ consumer electronics,¹⁴ and financial software information¹⁵ have encountered intractable legal issues associated with the Chinese equivalent of their original trademarks.

Squatters' pre-emptive registration of Chinese marks creates legal risks for MNEs planning to invest in China. First, squatters prevent foreign trademark owners from registering ideal Chinese names. Under China's first-to-file trademark system, foreign trademark owners cannot use ideal Chinese names corresponding to the original-language trademarks if third parties already registered such Chinese names.¹⁶ Trademark owners may, in turn, fail to develop a successful marketing strategy or to maximize their brand value in China. For example, Toyota was forced to choose the Chinese characters "Lei Ke Sa Si" (雷克萨斯) over the widely used "Ling Zhi" (凌志) mark as the official transliteration of its 'Lexus' model due to preexisting similar marks.¹⁷ Second, squatters create an infringement risk for foreign brand owners who insist on using the already-registered Chinese name.¹⁸ A recent example of this was when New Balance, an internationally

¹¹ See Patricia Marquez, *Trademark: A Comparative Look at China and the United States*, 14 *TOURO INT'L L. REV.* 334, 351 (2011).

¹² See Haochen Sun, *Hermès in the Lost (Luxury) Paradise: How to Secure Enhanced Well-Known Trademark Protection in China*, 38 *EUR. INTELL. PROP. REV.* 101 (2016) (analyzing the *Hermès v. Dafeng* case in which Hermès failed to prove the Hermès mark and its Chinese transliteration were well-known).

¹³ See Sophie Brown, *Brand Wars: Battling China's Trademark "Squatters"*, CNN (July 18, 2014, 2:30 GMT), <https://edition.cnn.com/2014/07/17/world/asia/china-trademark-squatters-penfolds> (reporting Australian wine producer Penfolds's litigation concerning "Ben Fu," the Chinese transliteration of its trademark in China); Chow, *Trademark Squatting*, *supra* note 1, at 95–96 (introducing the trademark dispute over the Chinese translation of Johnny Walker).

¹⁴ See Jyh-An Lee & Yangzi Li, *The Obscure Consumer in the Chinese Intellectual Property Law*, 42 *EUR. INTELL. PROP. REV.* 55, 62 (2020) (analyzing a case in which the Japanese company Nikon claimed trademark infringement of its English trademark 'Nikon' and its Chinese mark 'Ni Kang' (尼康)).

¹⁵ See Greene, *supra* note 5, at 388–89 (discussing Bloomberg's dispute over the Chinese equivalent of its trademark in China).

¹⁶ See *infra* text accompanying notes 166–167.

¹⁷ See Columbus, *Overcoming "Name Squatting"*, (Laura Lin trans.) *ECON. OBSERVER* (Aug. 5, 2013), <http://www.eeo.com.cn/ens/2013/0819/248683.shtml>.

¹⁸ See Michele Ferrante, *Strategies to Avoid Risks Related to Trademark Squatting in China*, 107 *TRADEMARK REP.* 726, 740 (2017).

renowned sports footwear and apparel manufacturer, was ordered by the Chinese court to pay RMB five million in damages for the use of the name “Xin Bai Lun” (新百伦), the Chinese translation of ‘New Balance.’¹⁹ Third, squatters create a chance of consumer confusion and mark dilution. Suppose foreign trademark owners decide not to use the Chinese trademarks already registered by local parties. In that case, squatters could free ride on the foreign brand owners’ reputations by using the Chinese equivalent of the foreign brand owners’ trademarks.²⁰ Fourth, squatters present a ransom scenario for foreign MNEs. Specifically, foreign trademark owners may decide to purchase the Chinese mark back from the squatters, sometimes at an excessive price.²¹ For example, Tesla settled to buy the English trademark Tesla and its Chinese transliteration ‘Te Si La’ (特斯拉) from a squatter after being sued for trademark infringement.²² Tesla offered around USD 300,000 to settle this case,²³ but the final settlement terms remain undisclosed.²⁴ These problems create significant costs and uncertainties for MNEs entering the Chinese market and diminish Chinese consumers’ choices of diversified and high-quality products overseas.

Although existing literature on Chinese trademark law has focused on well-known marks²⁵ and bad-faith registration²⁶ in the country, few

¹⁹ Zhou Lelun Su Xinbailun Maoyi (China) Youxian Gongsi, Guangzhoushi Shengshi Changyun Shangmao Liansuo Youxian Gongsi (周乐伦诉新百伦贸易(中国)有限公司, 广州市盛世长运商贸连锁有限公司) [Zhou Lelun v. New Balance Trade (China) Co. Ltd. & Guangzhou Sanse Merchant Chain Co. Ltd.], 2016 Zui Gao Fa Min Shen No. 2421 (Sup. People’s Ct. 2016) (China) [hereinafter *Zhou v. New Balance & Sanse* 2016].

²⁰ See Chow, *Lessons from Pfizer’s Disputes*, *supra* note 1, at 99 (making the same argument from Pfizer’s trademark dispute in China).

²¹ See, e.g., *id.* at 100 (suspecting that a local pharmaceutical company intended to force Pfizer to purchase the Chinese trademark of Viagra).

²² Zhan Baosheng Su Tesla Motors Co. Ltd. (占宝生诉特斯拉发动机有限公司) [Zhan Bao Sheng v. Tesla Motors Co. Ltd. (Zhan v. Tesla)], 2013 Shen Zhong Min Si Chu Zi No. 811 (Liaoning Province Shenyang Interm. People’s Ct. 2013) (China).

²³ See Ferrante, *supra* note 18, at 734.

²⁴ See *Tesla Reaches Agreement over Trademark Dispute*, CHINA DAILY (Aug. 7, 2014), http://www.chinadaily.com.cn/business/2014-08/07/content_18264076.htm.

²⁵ See Chow, *Trademark Squatting*, *supra* note 1; Greene, *supra* note 5, at 384–89.

²⁶ See Danny Friedmann, *Protection Against Abuse of Trademark Law in Greater China: A Brief Analysis of the People’s Republic of China, Hong Kong, Macau, and Taiwan*, 47 CAL. W. INT’L L.J. 157, 169–71 (2017) (describing briefly the issues arising from the translation or transliteration of foreign marks

articles discuss the challenges MNEs face regarding Chinese equivalents of their Roman letter-based original marks. While some specific case studies on this issue exist,²⁷ there is a need for systematic research. This Article aims to fill that gap. Section II introduces major approaches to translating foreign marks into Chinese, namely phonetic translation, semantic translation, phono-semantic translation, the combination of phonetic and semantic translations, and creative translation. Section III examines the legal basis upon which MNEs have succeeded or failed to protect the Chinese translation of their trademarks in China. This Section shows that MNEs' claims are based on rights of unregistered marks, exclusive rights of the original trademark, or prior rights. Section IV discusses the legal and business implications of the cases in Section III. This Section makes two key conclusions. First, MNEs are advised to file trademark applications for their desired Chinese names as early as possible and use these names as much as possible. Second, Chinese courts have invented the concept of "corresponding relation" and intensively applied it in their trademark decisions. This legal invention also appears in judgments concerning the Chinese translation of foreign marks. Section V concludes the Article.

II. TECHNIQUES FOR TRADEMARK TRANSLATION INTO CHINESE

Chinese consumers prefer to call foreign products or services by their Chinese names.²⁸ For example, they seldom use the English name McDonald's to refer to the international fast-food chain.²⁹ Instead, they prefer to use its Chinese transliteration, "Mai Dang Lao" (麦当劳).³⁰

but most focusing on general bad-faith registration and trademark abuse issues); Jyh-An Lee & Hui Huang, *Post-Application Evidence of Bad Faith in China's Trademark Law*, 13 J. INTEL. PROP. L. & PRAC. 400, 403 (2018) (examining the evidence of bad-faith registration in the Michael Jordan case).

²⁷ See, e.g., Mary K. Alexander, *The Starbucks Decision of the Shanghai No.2 Intermediate People's Court: A Victory Limited to Lattes*, 58 CASE W. RES. L. REV. 881 (2008) (probing into Starbucks's trademark dispute in China); Chow, *Lessons from Pfizer's Disputes*, *supra* note 1 (examining the trademark dispute over the Chinese equivalent); Ferrante, *supra* note 18 (focusing on two high-profile trademark case concerning the translation of foreign marks); Laura Wen-yu Young, *Understanding Michael Jordan v. Qiaodan: Historical Anomaly or Systemic Failure to Protect Chinese Consumers?*, 106 TRADEMARK REP. 883 (2016) (studying the second-instance court decision of the Michael Jordan case).

²⁸ Ferrante, *supra* note 18, at 737.

²⁹ See Chow, *Lessons from Pfizer's Disputes*, *supra* note 1, at 88; Ferrante, *supra* note 18, at 737.

³⁰ See Ferrante, *supra* note 18, at 737; Hu Gang, *How to Choose Chinese Trademark for Trademark in Foreign Language*, 3 CHINA PAT. & TRADEMARK 82, 83 (2008).

Therefore, Chinese media and consumers would often provide Chinese-language equivalents to foreign-language marks that interest Chinese consumers.³¹ For those companies wanting to make this translation, the possibility of having several Chinese language equivalents of their trademarks further complicates the trademark issues.³²

There are multiple ways for companies to translate their brands into Chinese. Foreign trademarks may be translated into Chinese by sound (phonetic translation), by meaning (semantic translation), by sound plus meaning (phono-semantic translation), or partially by sound and partially by meaning (combination of phonetic and semantic translations).³³ The choice of translation is closely associated with the context of the product or service, the market, and local culture.³⁴ Therefore, MNEs often need advice from native Chinese speakers for choosing appropriate Chinese names.³⁵ Moreover, since the Chinese language provides varied possibilities for translation, squatters may easily manipulate the form, sound, or meaning of the translated marks.³⁶ This Section proceeds by addressing each way to translate trademarks into Chinese.

A. Phonetic Translation

Phonetic translation, or transliteration, uses Chinese characters with similar pronunciation as original foreign brand names.³⁷ In other words, it “aims to select the linguistic symbols in the foreign language that, when pronounced, correspond as much as possible to the phonetic structure of the original name.”³⁸ The phonetic translation can develop local connotations

³¹ See Ferrante, *supra* note 18, at 738; Chow, *Trademark Squatting*, *supra* note 1, at 92.

³² See Chow, *Lessons from Pfizer’s Disputes*, *supra* note 1, at 88; Chow, *Trademark Squatting*, *supra* note 1, at 74.

³³ Zhang & Schmitt, *supra* note 1, at 314.

³⁴ See *id.* (“Certain types of translation . . . work best for certain contexts . . . because these contexts trigger specific cognitive processes. Similarly, certain contexts call for a certain type of translation approach.”).

³⁵ See LOKE-KHOON TAN, TRADEMARK LAW IN CHINA - PIRATES IN THE MIDDLE KINGDOM: THE NEW FRONTIER 30–31 (2017); Greene, *supra* note 5, at 387.

³⁶ Sunny Chang, *Combating Trademark Squatting in China: New Developments in Chinese Trademark Law and Suggestions for the Future*, 34 NW. J. INT’L. L. & BUS. 337, 357 (2014).

³⁷ See TAN, *supra* note 35, at 19; Ferrante, *supra* note 18, at 737 n.26; Hu, *supra* note 30, at 83–84; Sang & Zhang, *supra* note 1, at 229; Kum, Lee & Qiu, *supra* note 3, at 595; Zhang & Schmitt, *supra* note 1, at 315; see also Chow, *Trademark Squatting*, *supra* note 1, at 60 (defining transliteration as “a collection of Chinese word sounds that mimic the foreign name in the ear of a Chinese listener”).

³⁸ Zhang & Schmitt, *supra* note 1, at 315.

with the pronunciation of the original brand.³⁹ Those phonetic translations usually do not carry any specific meanings⁴⁰ but occasionally deliver exotic flavor among consumers.⁴¹ Defu (德芙) for Dove chocolate,⁴² Suo Ni (索尼) for Sony, Ke Da (柯达) for Kodak, and Di Si Ni (迪斯尼) for Disney are all well-known examples.

B. Semantic Translation

Semantic translation, or literal translation, is the direct translation of the original brand, which has a specific meaning.⁴³ Semantic translation normally does not consider the sound of the original mark.⁴⁴ However, semantic translation is not feasible if the original trademark does not have any meaning.⁴⁵ Notable examples of this approach include Tong-Yong Qi-Che (通用汽车) for General Motors, Ping Guo (苹果) for Apple, Qiao Pai (壳牌) for Shell, Wei Ruan (微软) for Microsoft, and Shi Dai (时代) for TIME Magazine.

C. Phono-semantic Translation

Phono-semantic translation, sometimes referred to as the phonetic-conceptual method or combined phono-semantic method, considers the sound of the original brand while creating a similar or desirable meaning that best fits in the product association.⁴⁶ This method is the ideal approach in translating a foreign mark into Chinese because it not only helps

³⁹ F.C. (Frank) Hong, Anthony Pecotich & Clifford J. Shultz II, *Brand Name Translation: Language Constraints, Product Attributes, and Consumer Perceptions in East and Southeast Asia*, J. INT'L MKTG 29, 30 (2002).

⁴⁰ See TAN, *supra* note 35, at 29; Sang & Zhang, *supra* note 1, at 229; Fade Wang, *An Approach to the Translation of Brand Names*, 2 THEORY & PRAC. LANGUAGE STUD. 1945, 1947 (2012); Zhang & Schmitt, *supra* note 1, at 315.

⁴¹ Dong & Helms, *supra* note 1, at 110–11; see also TAN, *supra* note 35, at 29 (noting that phonetic translation of trademark is a marketing strategy to create the impression among consumers that the product is imported from abroad); Sang & Zhang, *supra* note 1, at 243 (using the Chinese transliteration of KFC to explain the “communicative purpose of conveying ‘foreign’ and ‘otherness’”).

⁴² See MARS, <http://www.dovechocolate.com.cn/> (last visited Feb. 22, 2022).

⁴³ See TAN, *supra* note 35, at 28; Hong, Pecotich & Shultz, *supra* note 39, at 30; Kum, Lee & Qiu, *supra* note 3, at 595; Sang & Zhang, *supra* note 1, at 229; Zhang & Schmitt, *supra* note 1, at 315.

⁴⁴ See TAN, *supra* note 35, at 28; Sang & Zhang, *supra* note 1, at 229.

⁴⁵ See Dong & Helms, *supra* note 1, at 107; Zhang & Schmitt, *supra* note 1, at 315.

⁴⁶ See TAN, *supra* note 35, at 30; Sang & Zhang, *supra* note 1, at 229; Zhang & Schmitt, *supra* note 1, at 315.

consumers easily remember the Chinese brand name but also generates positive impressions associated with the trademarked product.⁴⁷ However, this approach requires a high level of understanding of the Chinese culture and language.⁴⁸ For example, the Chinese trademark for Dove soap is Duofen (多芬), indicating “much fragrance.” Similarly, the Chinese translation of the beauty products company Avon is Ya Fang (雅芳), connoting “elegant and fragrant.” Other notable examples include the Chinese mark of Coca-Cola KeKou Kele (可口可乐), denoting “delicious and delightful,” and that for Mercedes Benz is Ben Chi (奔驰), meaning gallop or speed on, suggesting the excellent performance and historical flavor of the automobile.

D. Combination of Phonetic and Semantic Translation

The Chinese translation of a foreign name sometimes includes both semantic and phonetic translation. This translation approach is different from phono-semantic translation, in which the translated mark reveals both semantic and phonetic associations with the original mark. However, combining phonetic and semantic translations means that the original foreign term is separated into at least two parts: one is translated semantically, while the other is translated phonetically. For example, New Zealand has been translated into “Xin Xi Lan” (新西兰). While “Xin” is the literal translation of “New,” “Xi Lan” is the phonetic translation of “Zealand.” Similarly, the Chinese trademark of Starbucks is “Xing Ba Ke” (星巴克), in which the first syllable “Xing” means star and the last two ones “Ba Ke” are the phonetic translation of “bucks.”

E. Creative Translation

Some MNEs might decide to localize their trademarks based on neither the meaning nor the sound.⁴⁹ Instead, they choose the terms with the most desirable meanings in the local culture associated with the underlying products or services.⁵⁰ For example, the Chinese trademark for BMW, Bao Ma (宝马), means “precious horse,” implying that the automobiles can run fast and enduringly.⁵¹ In Chinese culture, a horse is a highly regarded

⁴⁷ See TAN, *supra* note 35, at 30; Chow, *Lessons from Pfizer’s Disputes*, *supra* note 1, at 90; Dong & Helms, *supra* note 1, at 110; see also Sang & Zhang, *supra* note 1, at 242 (claiming that “[a] translated Chinese name with matching pronunciation, plus a positive meaning either newly created or directly transferred from the English name, is highly favoured”).

⁴⁸ See Chow, *Trademark Squatting*, *supra* note 1, at 60.

⁴⁹ See Dong & Helms, *supra* note 1, at 109; Sang & Zhang, *supra* note 1, at 229.

⁵⁰ Dong & Helms, *supra* note 1, at 109.

⁵¹ *Id.*

animal and a symbol of speed and heroic features.⁵² Another example is Xue Bi (雪碧), the Chinese trademark for Sprite, meaning “snow and green.” This trademark was designed to create the impression of the product’s characteristics—cool and bottled in green. Further, squatters are less likely to have registered a uniquely creative translation of an MNE’s trademark that has nothing to do with the sound and meaning of the original mark.⁵³

III. LEGAL BASIS FOR CLAIMING TRADEMARKS TRANSLATED INTO CHINESE

When an MNE finds that the Chinese translation of its trademark was already registered by a third party in China, the MNE may either negotiate with the party to buy the Chinese trademark or take legal action against it. While most MNEs hesitate to compromise with the trademark squatters by paying the latter excessively high price for the Chinese trademarks, those who decide to sue the squatters do not often win the cases. This Section explains the legal bases upon which MNEs win or lose cases against third parties who registered the Chinese translation of the MNEs’ trademarks.

A. Unregistered Mark and Trademark Use Doctrine

The Chinese Trademark Law protects unregistered well-known trademarks⁵⁴ and unregistered marks with a certain reputation⁵⁵ under some circumstances. Articles 13(2) and 32 of the Chinese Trademark Law provide unregistered trademark owners with a legal basis to invalidate

⁵² See Sang & Zhang, *supra* note 1, at 237–38.

⁵³ See Chang, *supra* note 36, at 357 (“[T]rademarks best suited for China often ‘convey the unique meaning of the brand without describing it literally or copying it phonetically.’” (quoting JEROEN LALLEMAND, SPECIAL REPORT TRADEMARKS IN CHINA: LAND OF OPPORTUNITY POSES UNIQUE INTELLECTUAL PROPERTY RISKS FOR BRAND OWNERS 6 (2011))).

⁵⁴ See Zhonghua Renmin Gongheguo Shangbiao Fa (中华人民共和国商标法) [Trademark Law] (promulgated by the Standing Comm. Nat’l People’s Cong., Aug. 23, 1982, effective Mar. 1, 1982, as amended Apr. 23, 2019, effective Nov. 1, 2019), art. 13 (China), *translated in* Trademark Law Of The People's Republic Of China (As Amended Up To Decision Of April 23, 2019, Of The Standing Committee Of National People's Congress), WIPO, <https://wipolex.wipo.int/en/text/579989> (last visited May 23, 2022) [hereinafter Trademark Law 2019].

⁵⁵ See *id.* art. 32.

squatted trademarks within five years of registration.⁵⁶ While both Articles 13(2) and 32 require certain reputations of unregistered marks, the reputation requirement of the former—being “widely known” among the relevant public⁵⁷—is higher than the latter, which only requires “certain influence” or reputation.⁵⁸ Therefore, it is natural for MNEs to claim that their unregistered Chinese marks are either well-known or have a specific reputation. This claim aims to invalidate the squatters’ prior registration. However, controversy then occurs if the media or consumers develop the popular translation of a foreign mark instead of the original trademark owners.⁵⁹ While consumers may associate the disputed Chinese translations with MNEs’ products, these MNEs are not necessarily able to claim such translation if they have never used it on their products.

1. Unregistered Well-Known Mark

Article 13.2 of the Chinese Trademark Law protects unregistered well-known marks against copying, imitation, or translation for identical or similar goods or services.⁶⁰ In *Pfizer v. Beijing Healthy & Guangzhou Viamen*, the pharmaceutical company Pfizer attempted to claim “Wei Ge” (伟哥) as its unregistered well-known trademark for its blockbuster erectile dysfunction drug, Viagra, in China.⁶¹ On October 24, 1996, Pfizer filed a trademark registration application in China for its original name “Viagra” without a corresponding Chinese translation, which was approved in July 2000.⁶² However, Chinese consumers associated Viagra with the unofficial

⁵⁶ See *id.* art. 45(1) (“Where a registered trademark is in violation of the second and third paragraph of Article 13, Article 15, the first paragraph of Article 16, Article 30, Article 31 or Article 32 of this Law, the holder of prior rights or an interested party may, within five years upon the registration of the trademark, request the [T]rademark [R]eview and [A]djudication [B]oard to declare the registered trademark invalid. Where the aforesaid registration is obtained mala fide, the owner of a well-known trademark is not bound by the five-year restriction.”).

⁵⁷ *Id.* art. 13(2).

⁵⁸ *Id.* art. 32.

⁵⁹ See Chow, *Trademark Squatting*, *supra* note 1, at 74.

⁶⁰ Trademark Law 2019, *supra* note 54, art. 13(2).

⁶¹ Huishui Youxian Gongsi, Huishui Zhiyao Youxian Gongsi Su Beijing Jiankang Xingainian Dayaofang Youxian Gongsi, Guangzhou Weierman Yaoye Youxian Gongsi (辉瑞有限公司, 辉瑞制药有限公司诉北京健康新概念大药房有限公司, 广州威尔曼药业有限公司) [Pfizer, Inc. and Pfizer Pharmacy (China), Inc. v. Beijing Healthy New-Conceptual Big Pharmacy Co., Ltd. & Guangzhou Viamen Pharmaceutical Co., Ltd.], 2007 Gao Min Zhong Zi No. 1685 (Beijing High People’s Ct. 2007) (China) [hereinafter *Pfizer v. Beijing Healthy & Guangzhou Viamen*].

⁶² *Id.*

Chinese name—Wei Ge—since a popular North American newspaper first used this nickname to refer to Viagra on April 30, 1998.⁶³ Wei Ge, which means “great elder brother,” turned out to be an excellent phono-semantic translation of Viagra because it subtly implied a wonderful sex life and was in line with conservative Chinese attitudes towards sex.⁶⁴ One of the defendants in Pfizer’s Viagra trademark lawsuit, Guangzhou Viamen, was a local pharmaceutical company producing a competing product.⁶⁵ Guangzhou Viamen applied for trademark registration of Wei Ge on May 20, 1998.⁶⁶ Pfizer later applied for trademark registration over the same Chinese name on August 12, 1998.⁶⁷ While Pfizer successfully registered the Chinese trademark Wei Ge in Hong Kong and Taiwan,⁶⁸ its application was rejected in mainland China because it was almost three months later than Guangzhou Viamen’s application.⁶⁹

Because Pfizer failed to secure the trademark registration of Wei Ge earlier than Guangzhou Viamen, the former then attempted to claim that the Chinese name was its unregistered well-known mark according to Article 13.2 of the Chinese Trademark Law. However, when determining whether a mark is well-known, and therefore whether the company can claim ownership of the unregistered mark, the court must consider the “duration of the use of the trademark” by the claimant.⁷⁰ In the Pfizer Viagra case, Pfizer eventually lost because it never used this Chinese name—Wei Ge—on its product.⁷¹ The general public’s widespread usage of this name to refer to Viagra did not constitute a well-known trademark of Pfizer.⁷² The Wei Ge case signals the importance of trademark use in connection with the product for MNEs that desire to claim the Chinese name as their unregistered well-known trademarks. Without actual use of the disputed Chinese name, it is almost impossible for MNEs to claim that name as an unregistered well-known trademark.

2. Unregistered Mark with Certain Reputation

⁶³ *Id.*

⁶⁴ See Chow, *Lessons from Pfizer’s Disputes*, *supra* note 1, at 89.

⁶⁵ *Pfizer v. Beijing Healthy & Guangzhou Viamen*, *supra* note 61.

⁶⁶ *Id.*

⁶⁷ *Id.*

⁶⁸ Chow, *Lessons from Pfizer’s Disputes*, *supra* note 1, at 90.

⁶⁹ *Pfizer v. Beijing Healthy & Guangzhou Viamen*, *supra* note 61.

⁷⁰ Trademark Law 2019, *supra* note 54, art. 14(1)(ii) (stating one of the factors to consider is “the duration in which the trademark has been in use”).

⁷¹ *Pfizer v. Beijing Healthy & Guangzhou Viamen*, *supra* note 61.

⁷² *Id.*

In addition to the well-known trademark, MNEs may seek to protect unregistered Chinese names of their products as an unregistered mark with a certain reputation. These protections are based on Article 32 of the Chinese Trademark Law, which provides that the application of trademark registration should not be allowed if the mark (1) infringes upon another party's prior right or (2) has been used by another party and has had a certain reputation.⁷³ Since MNEs may believe that their marks are reputable, if not well-known, Article 32 is a possible legal basis for MNEs to invalidate squatters' registrations. Nevertheless, like the claim over unregistered well-known marks, the main challenge for many MNEs is that they might never use disputed Chinese marks at all in connection with the actual products.

In *Sony Ericsson v. Trademark Review and Adjudication Board* [hereinafter *TRAB*], a joint venture of two MNEs, Sony and Ericsson, registered and used the trademark "Sony Ericsson" and its Chinese transliteration "Suo Ni Ai Li Xin" (索尼爱立信) for its mobile phones and electronic products.⁷⁴ While many consumers and the media used "Suo Ai" (索爱) as the abbreviation of Suo Ni Ai Li Xin to refer to Sony Ericsson's products, the company never used such an abbreviation itself.⁷⁵ The third party in the lawsuit, Jianjia Liu, filed an application of registration for "Suo Ai" in Chinese characters as a trademark for DVD players, amplifiers, loudspeakers, and telephones on March 19, 2003, and the application was approved on August 7, 2004.⁷⁶ In 2008, Sony Ericsson initiated an invalidation proceeding against Liu's registration of Sui Ai according to Articles 13(2) and 32 of the Chinese Trademark Law.⁷⁷

⁷³ Trademark Law 2019, *supra* note 54, art. 32 ("No applicant for trademark registration may infringe upon another person's existing prior rights, nor may he, by illegitimate means, rush to register a trademark that is already in use by another person and has certain influence."); *see also* Chow, *Trademark Squatting*, *supra* note 1, at 70 (noting that "[t]o overcome the effects of the principle of territoriality and the first-to-file rule, which can lead to trademark squatting, trademark owners often rely on the famous marks doctrine").

⁷⁴ Suoni Ailixiin Yidong Tongxin Chanpin (Zhongguo) Youxian Gongsi Su Guojia Gongshang Xingzheng Guanli Zongju Shangbiao Pingshen Weiyuanhui (索尼爱立信移动通信产品有限公司诉国家工商行政管理总局商标评审委员会) [*Sony Ericsson Mobil Commc'ns (China) Co., Ltd. v. Trademark Appeal Board of the State Administration of Industry & Commerce*], 2010 Zhi Xing Zi No. 48 (Sup. People's Ct. 2010) (China) [hereinafter *Sony Ericsson v. TRAB* 2010].

⁷⁴ *Id.*

⁷⁵ *Id.*

⁷⁶ *Id.*

⁷⁷ *Id.*

The Beijing First Intermediate People’s Court ruled for Sony Ericsson. The court held that the media and general public’s broad use of the Chinese abbreviation *Suo Ai* generated the same effect as if Sony Ericsson had used this abbreviation on its products.⁷⁸ Therefore, Sony Ericsson should own *Suo Ai* as an unregistered mark according to Article 32.⁷⁹ However, the reviewing courts disagreed with this viewpoint. Instead, the Supreme People’s Court upheld the Beijing High People’s Court’s decision that found no legal right to the unregistered mark, despite its reputation, reasoning that:

[A]fter the disputed mark *Suo Ai* had been registered for three years by a third party, the Vice President . . . of Sony Ericsson still stated multiple times that *Suo Ai* could not denote the official Chinese name *Suo Ni Ai Li Xin*, and this unofficial abbreviation was unacceptable [to the company] Therefore, Sony Ericsson Company had no intention and action to use the disputed mark. Relevant media reports on the company’s mobile phone products [with the name *Suo Ai*] could not create legally protected rights and interest for it.⁸⁰

By contrast, some MNEs have been lucky enough to invalidate previous registration of their Chinese names by other parties based on Article 32. For example, in *Jaguar Land Rover v. TRAB*, Jaguar Land Rover, a British automobile producer, registered in China the trademark “Land Rover” in English without a corresponding Chinese name.⁸¹ The company registered “Lu Hua” (路华) as its Chinese-language tradename.⁸² The dispute regarding reputation-based mark rights arose because the Chinese media created another Chinese name, “Lu Hu” (陆虎), to refer to

⁷⁸ Suoni Ailixiin Yidong Tongxin Chanpin (Zhongguo) Youxian Gongsi Su Guojia Gongshang Xingzheng Guanli Zongju Shangbiao Pingshen Weiyuanhui (索尼爱立信移动通信产品有限公司诉国家工商行政管理总局商标评审委员会) [Sony Ericsson Mobil Commc’ns (China) Co., Ltd. v. Trademark Appeal Board of the State Administration of Industry & Commerce], 2008 Yi Zhong Xing Chu Zi No. 196 (Beijing First Interm. People’s Ct. 2008) (China) [hereinafter *Sony Ericsson v. TRAB* 2008].

⁷⁹ *Id.*

⁸⁰ *Sony Ericsson v. TRAB* 2010, *supra* note 74.

⁸¹ Luhua Gongsi Su Zhonghua Renmin Gongheguo Guojia Gongshang Xingzheng Guanli Zongju Shangbiao Pingsheng Weiyuanhui (路华公司诉中华人民共和国国家工商行政管理总局商标评审委员会) [Jaguar Land Rover Co., Lit. v. Trademark Appeal Board of the State Administration for Industry & Commerce], 2011 Gao Xing Zhong Zi No. 1151 (Beijing High People’s Ct. 2011) (China) [hereinafter *Jaguar Land Rover v. TRAB*].

⁸² *Id.*

the cars.⁸³ Lu Hu, meaning “tiger on the road” in Chinese, signaled a high-performance off-road vehicle.⁸⁴ This creative translation quickly became a popular name for Land Rover automobiles among Chinese people.⁸⁵

Meanwhile, Geely Co., a Chinese automobile manufacturer, applied for trademark registration of the Chinese name Lu Hu on November 10, 1999, and the application was approved on March 7, 2001.⁸⁶ Jaguar Land Rover subsequently initiated an invalidation proceeding against this trademark registration, claiming Jaguar Land Rover used the Chinese name Lu Hu and the name had gained a certain reputation.⁸⁷ Beijing’s High People’s Court ruled for Jaguar Land Rover because “Lu Hu” had been associated with Land Rover cars before Geely Co. applied to register the name.⁸⁸ In fact, the company’s executive used Lu Hu to denote its automobile products during an interview with the media before Geely’s aforementioned application for trademark application.⁸⁹ Therefore, Land Rover could claim the mark against Geely’s registration because Land Rover had used the Chinese name Lu Hu, a name with certain reputation associated with its products.⁹⁰

The two cases above illustrate the importance of trademark use for MNEs intending to invalidate the trademark registration of their Chinese names by third parties. While both Sony Ericsson and Jaguar Land Rover sought to claim that they owned the disputed Chinese translation of their original trademarks, the results of the two cases were opposite.

3. Summary

Based on the analysis above, the main challenge for MNEs to substantiate their claims to invalidate the squatted registration of the Chinese translation of their trademarks within the discussed trademark law articles is that the MNEs may have never used the translation on the products or in marketing materials. Translations become famous among consumers because the media, not the foreign trademark owner, has popularly used them. Thus, the lack of commercial use of the marks translated into Chinese by the MNEs is the challenge for MNEs to fight against squatters over these marks based on Articles 13(2) and 32.

⁸³ *Id.*

⁸⁴ *Id.*

⁸⁵ *Id.*

⁸⁶ *Id.*

⁸⁷ *Id.*

⁸⁸ *Id.*

⁸⁹ *Id.*

⁹⁰ *Id.*

B. Similarity between Trademarks in Foreign Languages and Chinese

It happens quite often that an MNE registers its trademark in its original foreign language in China and another party later registers the Chinese translation of this original mark. In such cases, the MNE may claim that these two marks are phonetically or literally similar and are applied to identical or similar goods or services; therefore, the trademark in Chinese should be invalidated based on the similarity of the marks.⁹¹ According to the Supreme People's Court, Chinese courts should consider the shape, pronunciation, meaning, and other factors when determining the similarity between two marks.⁹² Since a Chinese-language mark is different from a foreign-language mark in its appearance, determining the similarity between them should focus on their pronunciation and literal meanings.

1. Phonetic Similarity

In *Nantong Hundred Health Biotech v. TRAB*, a biotech company filed an application for the Chinese trademark for “Tui Te” (推特).⁹³ TRAB rejected the application because “Tui Te” sounded similar to “Twitter,” an English-language trademark Twitter, Inc. registered in 2007.⁹⁴ Moreover, the biotech company wanted to use the mark “Tui Te” for telecommunications and social networking services similar to Twitter's

⁹¹ Trademark Law 2019, *supra* note 54, art. 30 (“Where a trademark, for the registration . . . is identical with or similar to the trademark already registered by another person or is given preliminary examination and approval for use on the same kind of goods or similar goods, the trademark office shall reject the application and shall not announce that trademark.”).

⁹² Zuigao Renmin Fayuan Guanyu Shenli Shangbiao Minshi Jiufen Anjian Shiyong Falu Ruogan Wenti De Jieshi (最高人民法院关于审理商标民事纠纷案件适用法律若干问题的解释) [Interpretation of the Supreme People's Court on Certain Issues Concerning the Application of Law in the Trial of Civil Cases Involving Trademark Disputes] (promulgated by the Sup. People's Court Oct. 12, 2002, effective Oct. 16, 2002, revised Dec. 23, 2020), art. 9(2) (China).

⁹³ Nantong Baitai Shengwu Keji Youxian Gongsi Su Guojia Gongshang Xingzheng Guanli Zongju Shangbiao Pingsheng Weiyuanhui (南通百泰生物科技有限公司诉国家工商行政管理总局商标评审委员会) [Nantong Hundred Health Biotech Co. Ltd. v. The Trademark Appeal Board of the State Administration for Industry & Commerce], 2019 Jing Xing Zhong No. 522 (Beijing High People's Ct. 2019) (China) [hereinafter *Nantong Hundred Health Biotech v. TRAB*].

⁹⁴ *Id.*

business.⁹⁵ Beijing's High People's Court upheld the lower court decisions and explained that:

The pronunciation of “Tui Te” in Chinese and Twitter in English is quite similar. The former is the latter's transliteration, and these two terms are strongly corresponding to each other. The coexistence of these two trademarks on identical or similar services will confuse or mislead relevant public regarding the source of the subject services.⁹⁶

Similarly, Chateau Lafite Rothschild, a French wine producer, owned the trademark “LAFITE” for alcoholic beverages except for beer.⁹⁷ In *Chateau Lafite v. TRAB*, Chateau Lafite Rothschild initiated invalidation proceedings against the registration of a Chinese trademark, La Fei Zhuang Yuan (拉菲庄园), for grape wines, alcoholic beverages, apple wines, fruit extracts, and similar products.⁹⁸ The Supreme People's Court ruled for the plaintiff because the first two Chinese characters of La Fei Zhuang Yuan (i.e., La Fei), which was the central part of the trademark, sounded similar to LAFITE, and these two trademarks were registered for similar products.⁹⁹ Although Chateau Lafite Rothschild had not registered La Fei—the Chinese transliteration of LAFITE—as a trademark in China, both the company and Chinese media used La Fei to denote LAFITE products.¹⁰⁰

2. Semantic Similarity

MNEs may seek to invalidate the trademark registration of third-party semantic translations of their original marks. For example, in *Gao v. TRAB*, the Chinese trademark “Yong Heng Yin Ji” (永恒印记) was held to be the semantic translation of De Beers's “FOREVERMARK.”¹⁰¹ Since these two marks were registered for similar goods and semantically

⁹⁵ *Id.*

⁹⁶ *Id.*

⁹⁷ Lafei Luosi Chaierde Jiuzhuang Su

Guojia Gongshang Xingzheng Guanli Zongju Shangbiao Pingshen Weiyuanhui (拉菲罗斯柴尔德酒庄诉国家工商行政管理总局商标评审委员会)

[Chateau Lafite Rothschild Co. v. Trademark Appeal Board of the State Administration for Industry & Commerce], 2016 Zui Gao Fa Xing Zai No. 34 (Sup. People's Ct. 2016) (China) [hereinafter *Chateau Lafite v. TRAB*].

⁹⁸ *Id.*

⁹⁹ *Id.*

¹⁰⁰ *Id.*

¹⁰¹ Gao Wenxin Su Guojia Gongshang Xingzheng Guanli Zongju Shangbiao Pingshen Weiyuanhui (高文新诉国家工商行政管理总局商标评审委员会) [Gao Wenxin v. The Trademark Appeal Board of the State Administration for Industry & Commerce], 2017 Jing Xing Zhong No. 956 (Beijing High People's Ct. 2017) (China) [hereinafter *Gao v. TRAB*].

corresponded to each other, the court rejected the application of Yong Heng Yin Ji as the junior registration.¹⁰²

However, disagreements may arise about what the correct semantic translation is of a trademark. In *Beijing Four-Dimensional-Diagram New-Tech v. TRAB*, TRAB rejected the application for registration of ‘Bu Xing Zhe’ (步行者), which means walker.¹⁰³ TRAB believed this mark was literally identical or similar to the English-language trademark “WALKMAN,” which had already been registered by Sony.¹⁰⁴ The Beijing First Intermediate Court revoked TRAB’s decision, and Beijing’s High People’s Court later upheld this revocation.¹⁰⁵ The Beijing First Intermediate Court held that WALKMAN did not mean walker; instead, according to Oxford Advanced Learner’s English-Chinese Dictionary and Longman Dictionary of Contemporary English, WALKMAN referred to portable media players connected to headphones.¹⁰⁶ Because the meanings were sufficiently distinct from each other, the court ruled that there was no semantic similarity between them.¹⁰⁷

Courts also consider whether the general public understands the meaning of a foreign mark when assessing semantic similarity. For example, in *Guangzhou Xin-Yeo-An v. TRAB*, TRAB rejected the plaintiff’s application of registration for an English trademark “MENAT FOREVER MENAT.”¹⁰⁸ TRAB rejected it because its distinctively major part, “MENA,” meant “Hu Shen Fu” (护身符) in Chinese, which was already registered as a trademark by a third party, Qingdao Chinese Clothing Co.

¹⁰² *Id.*

¹⁰³ Beijing Siweitu Xinkeji Gufen Youxian Gongsi Su Guojia Gongshang Xingzheng Guanli Zongju Shangbiao Pingshen Weiyuanhui (北京四维图新科技股份有限公司诉国家工商管理总局商标评审委员会) [*Beijing Four-Dimensional-Diagram New-Tech. Co. Ltd. v. TRAB*], 2013 Gao Xing Zhong Zi No. 537 (Beijing High People’s Ct. 2013) (China) [hereinafter *Beijing Four-Dimensional-Diagram New-Tech v. TRAB* 2013].

¹⁰⁴ *Id.*

¹⁰⁵ *Id.*

¹⁰⁶ *Id.*

¹⁰⁷ *Id.*

¹⁰⁸ Guangdong Xinyouan Maoyi Youxian Gongsi Su Guojia Gongshang Xingzheng Guanli Zongju Shangbiao Pingshen Weiyuanhui (广州新佑安贸易有限公司诉国家工商行政管理总局商标评审委员会) [*Guangzhou Xin-Yeo-An Trading Co. Ltd. v. The Trademark Appeal Board of the State Administration for Industry & Commerce (Guangzhou Xin-Yeo-An v. TRAB)*], 2016 Jing Xing Zhong No. 3125 (Beijing High People’s Ct. 2016) (China) [hereinafter *Guangzhou Xin-Yeo-An v. TRAB* 2016].

Ltd.¹⁰⁹ Nevertheless, the Beijing Intellectual Property Court revoked this TRAB decision, holding that “MENA” was not a common English word understood by the general public, and accordingly, that consumers would not be confused by the two trademarks.¹¹⁰ Beijing’s High People’s Court upheld this decision.¹¹¹

Because English is the only foreign language compulsorily taught in China’s education system, and most Chinese people do not understand other foreign languages, it is more difficult for MNEs to claim semantic similarity between their original non-English trademarks and their literal translations in Chinese. For example, in *Wang v. TRAB*, TRAB rejected the plaintiff’s application for registration of the trademark “Xiao Hei Qun” (小黑裙) in Chinese characters because it shared the exact meaning of an existing trademark “LA PETITE ROBE NOIRE.”¹¹² While the former was in Chinese and the latter was in French, both meant “little black skirt.”¹¹³ This TRAB decision was later revoked by the Beijing Intellectual Property Court, which held that since most Chinese consumers were unfamiliar with French, they would not be confused by these two marks even if used for identical or similar products.¹¹⁴

3. Combination of Phonetic and Semantic Translation

It is more difficult for courts to find the similarity between a foreign mark and its translation when the Chinese translation of the mark involves both phonetic and semantic translation. In *Zhou v. New Balance & Sanse*, a Chinese individual, Lelun Zhou, claimed that the American sportswear company New Balance infringed on his Chinese trademark “Xin Bai Lun” (新百伦).¹¹⁵ New Balance argued that Zhou’s trademark Xin Bai Lun should be invalidated because it was like the English trademark New Balance. Therefore, the company could legitimately use the mark Xin Bai Lun on its products.¹¹⁶ Xin Bai Lun was a combination of phonetic and semantic translations of New Balance: “Xin” was the literal translation of “New,” and “Bai Lun” was the phonetic translation of “Balance.” The

¹⁰⁹ *Id.*

¹¹⁰ *Id.*

¹¹¹ *Guangzhou Xin-Yeo-An v. TRAB* 2016, *supra* note 109.

¹¹² Wang Shuohan Su Guojia Gongshang Xingzheng Guanli Zongju Shangbiao Pingshen Weiyuanhui (王烁涵诉国家工商行政管理总局商标评审委员会) [Shuohan Wang v The Trademark Appeal Board of the State Administration for Industry & Commerce] 2014 Jing Zhi Xing Chu Zi No. 168 (Beijing Intellectual Property Ct. 2014) (China) [hereinafter *Wang v. TRAB*].

¹¹³ *Id.*

¹¹⁴ *Id.*

¹¹⁵ *Zhou v. New Balance & Sanse* 2016, *supra* note 19.

¹¹⁶ *Id.*

Supreme People's Court eventually ruled against New Balance. It held that consumers would not confuse Xin Bai Lun and New Balance because the two marks did not correspond to each other in terms of pronunciation, appearance, and meaning.¹¹⁷ The court further explained that the phonetic translation of New Balance was "Niu Ba Lun" (纽巴伦) and its semantic translation was "Xin Ping Heng" (新平衡).¹¹⁸ Neither Niu Ba Lun nor Xin Ping Heng was similar to Zhou's trademark Xin Bai Lun.¹¹⁹

4. Summary

An MNE can claim trademark infringement against a squatter who has preemptively registered the Chinese translation of the former's trademark. However, when two marks are in different languages, it is more challenging for the claimant to prove similarity and confusion than in scenarios where two marks are in the same language. While claimants may be able to establish the similarity between a foreign mark and its phonetic translation with relative ease,¹²⁰ whether similarity exists between a foreign mark and its semantic translation depends on whether the general public understands the meaning of the foreign mark.¹²¹ Since most of the Chinese public does not understand foreign languages other than English, it is challenging for foreign mark owners to prove that a non-English foreign mark is similar to its semantic translation in Chinese.¹²² Last but not least, although it is common to use a combination of phonetic and semantic translation, it is almost impossible for the foreign mark owner to prove that its original mark is similar to the combination of its phonetic and semantic translation into Chinese. The coexistence of phonetic and semantic translation in a single mark reveals multiple ways to translate the foreign mark into Chinese. Courts may conclude that consumer confusion is unlikely based on the limited relation between the two marks.¹²³

C. Prior Rights

As mentioned above, according to Article 32 of the Chinese Trademark Law, trademark registration should not be allowed if the mark infringes upon another party's prior right.¹²⁴ The prior rights in Article 32 include tradename right, copyright, design patent, personal name right, and

¹¹⁷ *Id.*

¹¹⁸ *Id.*

¹¹⁹ *Id.*

¹²⁰ *See supra* text accompanying notes 96–100.

¹²¹ *See supra* text accompanying notes 109–111.

¹²² *See supra* text accompanying note 114.

¹²³ *See supra* text accompanying notes 120–124.

¹²⁴ *See supra* text accompanying note 73.

portrait right.¹²⁵ Prior rights, especially tradename right and personal name right, are also a possible legal basis for MNEs to claim against squatters that have registered trademarks over the Chinese translation of the former's original marks. This Subsection addresses tradename rights before turning to personal name rights, explaining the basic law and challenges prior rights present for MNEs.

1. Tradename

If an MNE's Chinese tradename is registered as a trademark by another party, the MNE can claim that this trademark registration infringes its tradename right, and should be revoked under Article 32. Nevertheless, when claiming tradename rights against another party's trademark registration, the owner of the tradename needs to provide evidence beyond tradename registration. The legal basis for tradename protection is Article 6 of the Anti-Unfair Competition Law, which states that:

A business shall not commit the following acts of confusion to mislead a person into believing that a commodity is one of another person or has a particular connection with another person:

.....

(2) Using without permission another person's name with certain influence, such as the name (including abbreviations and trade names) of an enterprise, the name (including abbreviations) of a social organization, or the name (including pseudonyms, stage names, and name translations) of an individual.¹²⁶

¹²⁵ See Jyh-An Lee & Thomas Mehaffy, *Prior Rights in the Chinese Trademark Law*, 37 EUR. INTEL. PROP. REV. 673, 675–77 (2015).

¹²⁶ Zhonghua Renmin Gongheguo Fan Buzhengdang Jingzheng Fa (中华人民共和国反不正当竞争法) [Anti-Unfair Competition Law of China] (promulgated by the Standing Comm. Nat'l People's Cong., Apr. 23, 2019, effective Apr. 23, 2019) art. 6 (China), *translated in* Anti-Unfair Competition

In *Zhou v. New Balance & Sanse*, mentioned above, New Balance also claimed that Zhou's Chinese trademark, Xin Bai Lun, infringed on the company's tradename right and should therefore be invalidated.¹²⁷ The court did not support this claim because New Balance's tradename registration was approved on December 27, 2006, which was later than Zhou's application of trademark registration.¹²⁸ Although several media reports had used Xin Bai Lun to refer to New Balance since it entered the Chinese market in November 2003, the Guangdong High People's Court held that this fact was inadequate to prove that Xin Bai Lun had enjoyed a certain reputation as New Balance's Chinese name in the market.¹²⁹ Since New Balance could only prove that it started to commercially use the tradename Xin Bai Lun after December 27, 2006, the company could not claim prior rights associated with the tradename against Zhou's earlier trademark registration.¹³⁰ The Supreme People's Court later upheld the Guangdong High People's Court's decision.¹³¹

Even if an MNE's Chinese tradename is registered before a squatter applies for trademark registration, the former still cannot claim prior right against the latter's trademark registration if the two parties' products or services are neither identical nor similar. In *Arsenal v. TRAB*, TRAB approved a third party's application of "'A Sen Na' (阿森纳) ARSENAL" as a Chinese-English combination trademark for optical apparatus and instruments, including eyeglasses.¹³² Arsenal Football Club, a top-class European football team, then sued the TRAB, claiming that this

Law of the People's Republic of China (2019 Amendment) [Effective], HONG FANG L., <https://www.hongfanglaw.com/wp-content/uploads/2019/10/Anti-Unfair-Competition-Law-of-the-Peoples-Republic-of-China-2019-AmendmentEnglish.pdf> (last visited May 23, 2022).

¹²⁷ See *Zhou v. New Balance & Sanse* 2016, *supra* note 19.

¹²⁸ *Id.*

¹²⁹ Zhou Lelun Su Xinbailun Maoyi (China) Youxian Gongsi, Guangzhoushi Shengshi Changyun Shangmao Liansuo Youxian Gongsi (周乐伦诉新百伦贸易(中国)有限公司, 广州市盛世长运商贸连锁有限公司) [*Zhou Lelun v. New Balance Trade (China) Co. & Guangzhou Sanse Merchant Chain Co.*], 2015 Yue Gao Fa Min San Zhong Zi No. 444 (Guangdong High People's Ct. 2015).

¹³⁰ *Id.*

¹³¹ *Zhou v. New Balance & Sanse* 2016, *supra* note 19.

¹³² Asenna Zuqiu Julebu Gonggong Youxian Gongsi Su Guojia Gongshang Xingzheng Guanli Zongju Shangbiao Pingshen Weiyuanhui (阿森纳足球俱乐部公共有限公司诉国家工商行政管理总局商标评审委员会) [*Arsenal Football Club Public Co. v. The Trademark Appeal Board of the State Administration for Industry & Commerce*], 2012 Yi Zhong Zhi Xing Chu Zi No. 1120 (Beijing First Interm. People's Ct. 2012) (China).

trademark registration infringed the football club's tradename right.¹³³ Beijing First Intermediate People's Court upheld TRAB's decision. It reasoned that although the plaintiff's tradename, A Sen Na, enjoyed a certain degree of reputation in football games, there was no evidence that such reputation extended to products such as eyeglasses.¹³⁴ As a result, the court did not find any confusion among consumers regarding the disputed trademark and the plaintiff's Chinese tradename.¹³⁵

2. Personal Name

The names of celebrities, along with their Chinese translations, are usually commercially valuable, especially when those names and translations are used on specific products or services. These names are protected by Article 1012 of the Chinese Civil Law Code, which stipulates that "[a] natural person enjoys the right to name, and is entitled to determine, use, change, or allow others to use his name in accordance with law, provided that public order and good morals are not offended."¹³⁶ This name right is a prior right which an individual, typically a celebrity, can assert against trademark registration by another party.¹³⁷

In *Michael Jordan v. TRAB*, the plaintiff was the world-famous former professional basketball player from the United States. Jordan claimed that the registration of the Chinese trademark, "Qiao Dan" (乔丹) by Qiaodan Sports infringed on his name right.¹³⁸ Although the plaintiff had never used the media-created Chinese name, Qiao Dan, the Supreme People's Court still ruled for him.¹³⁹ The court held that foreign individuals could enjoy the name right over the Chinese translation of their names if (1) the Chinese name was well known by the relevant public; (2) the relevant public used the Chinese name to refer to that specific natural person; and (3) there was a stable corresponding relation between the Chinese name and the specific natural person.¹⁴⁰ This decision led to other court decisions in

¹³³ *Id.*

¹³⁴ *Id.*

¹³⁵ *Id.*

¹³⁶ Zhonghua Renmin Gongheguo Minfadian (中华人民共和国民法典) [Civil Law Code] (promulgated by the Nat'l People's Cong., May 28, 2020, effective Jan. 1, 2021) art. 1012 (China).

¹³⁷ See *supra* text accompanying note 124–125.

¹³⁸ Michael Jeffrey Jordan Su Guojia Gongshang Xingzheng Guanli Zongju Shangbiao Pingshen Weiyuanhui (迈克尔·杰弗里·乔丹诉国家工商行政管理总局商标评审委员会) [Michael Jeffrey Jordan v. The Trademark Appeal Board of the State Administration for Industry & Commerce], 2016 Zui Gao Fa Xing Zai No. 27 (Sup. People's Ct. 2016) (China) [hereinafter *Jordan v. TRAB*].

¹³⁹ *Id.*

¹⁴⁰ *Id.*

which Jordan successfully asked the courts to cancel Qiaodan Sports's Qiao Dan trademark registered in other categories of product¹⁴¹ and to grant Jordan damages from Qiaodan Sports for infringing his personal name right.¹⁴²

While some commentators view *Michael Jordan v. TRAB* as a milestone for protecting foreign businesses' trademarks in China,¹⁴³ Jordan's claim was established on a unique legal basis that is only applicable to individual celebrities. His success will not likely improve the overall legal protection of MNEs' trademarks translated into Chinese. Moreover, Jordan's damages from Qiaodan Sports regarding personal name infringement were only RMB 300,000 (USD 46,000) for emotional

¹⁴¹ Michael Jeffrey Jordan Su Guojia Zhishi Chanquan Ju (迈克尔·杰弗里·乔丹诉国家知识产权局) [Michael Jeffrey Jordan v. China National Intellectual Property Administration], 2018 Zui Gao Fa Xing Zai No. 32 (Sup. People's Ct. 2018) (China).

¹⁴² Michael Jeffrey Jordan Su Qiao Dan Tiyu Gufen Youxian Gongsi, Shanghai Bairen Maoyi Youxian Gongsi (迈克尔·杰弗里·乔丹诉乔丹体育股份有限公司, 上海百仞贸易有限公司) [Michael Jeffrey Jordan v. Qiaodan Sports Co. Ltd. & Shanghai Bairen Trade Co. Ltd.], 2012 Hu Er Zhong Min Yi Chu Zi No. 1 (Shanghai Second Interm. People's Ct. 2012) (China) [hereinafter *Jordan v. Qiaodan Sports & Shanghai Bairen*].

¹⁴³ See, e.g., *Michael Jordan Wins Rights to his Chinese Name in Trademark Battle*, GUARDIAN (Dec. 8, 2016, 9:24 EAT) (reporting the viewpoint that this case was an "encouraging development"); Cindy Boren, *No Matter the Language or Spelling, There's Only One Michael Jordan. Even in China*, WASH. POST (Dec. 8, 2016), <https://www.washingtonpost.com/news/early-lead/wp/2016/12/08/no-matter-the-language-or-spelling-theres-only-one-michael-jordan-even-in-china/> (claiming that "Jordan's win is significant because it shows that third parties who use Chinese characters of famous people and companies can be successfully challenged"); Gerry Harker, *Michael Jordan Wins Trademark Battle Against Chinese Company Using His Name*, SUPCHINA (Apr. 13, 2020), <https://supchina.com/2020/04/13/michael-jordan-wins-trademark-battle-against-chinese-company-using-his-name/> (noting that the Jordan case was "an example of how the country provides equal intellectual property rights protection and an optimized business environment to foreign litigants" (quoting *Cao Yin, Jordan's win demonstrates IPR equality*, CHINA DAILY (Apr. 10, 2020), <https://global.chinadaily.com.cn/a/202004/10/WS5e8fc81ea3105d50a3d152ca.html>); Sui-Lee Wee, *Michael Jordan Owns Right to His Name in Chinese Characters, Too, Court Rules*, N.Y. TIMES (July 9, 2018), <https://www.nytimes.com/2016/12/07/business/international/china-michael-jordan-trademark-lawsuit.html> (viewing the decision as the "determination by Beijing to tackle the country's rampant trademark infringement problem").

sufferings and RMB 50,000 (USD 7,600) for legal expenses.¹⁴⁴ The amount of damages was much lower than that granted in other cases involving trademark infringement with significant commercial value.¹⁴⁵ Although Qiaodan Sports lost in the litigation, it became one of China's most popular sports chains with hundreds of millions of dollars of business annually.¹⁴⁶ Comparing the damages awarded to Jordan with Qiaodan Sports' success reveals that free-riding on the Chinese equivalent of a famous foreign mark is still a profitable business, and the Jordan case may not really be a milestone for protecting trademarks of foreign companies.

3. Summary

While it is legally possible for MNEs to claim tradename right and personal name right to invalidate the registration of their Chinese trademarks by squatters, there are several barriers for claimants to overcome. To claim tradename right against an existing trademark registration, the tradename owner needs to use the tradename before the trademark is registered.¹⁴⁷ Furthermore, the tradename owner's products or services must be identical or similar to those provided by the trademark owner.¹⁴⁸ On the other hand, the Supreme People's Court has established that the personal name right is exclusively enjoyed by natural persons, and set a clear standard for claiming this right against trademark registration in the Michael Jordan case.¹⁴⁹

D. Corresponding Relation

Chinese courts usually apply the doctrine of "corresponding relation" to address issues concerning the Chinese equivalent of foreign marks. Although the corresponding relation doctrine is not stipulated in the Trademark Law, Chinese judiciaries frequently use it to resolve claims. The Supreme People's Court declared this doctrine in a 2017 interpretation concerning the granting and confirmation of trademark rights.¹⁵⁰ According to this interpretation, to make a successful claim against an existing registered trademark, the owner of a personal name or tradename must

¹⁴⁴ *Jordan v. Qiaodan Sports & Shanghai Bairen*, *supra* note 142.

¹⁴⁵ *Cf. supra* text accompanying note 19 (stating that the Supreme People's Court ordered New Balance to pay RMB five million in damages for infringing the "Xin Bai Lun" trademark).

¹⁴⁶ *See, e.g.*, James J. Zhang, Euisoo Kim, Brandon Mastromartino, Tyreal Yizhou Qian & John Nauright, *The Sport Industry in Growing Economies: Critical Issues and Challenges*, 19 INT. J. SPORTS MKTG. & SPONSORSHIP 110, 117 (2018).

¹⁴⁷ *See supra* text accompanying note 129–130.

¹⁴⁸ *See supra* text accompanying note 134–135.

¹⁴⁹ *See supra* text accompanying note 137–140.

¹⁵⁰ *See infra* text accompanying notes 170–171.

prove that a “stable corresponding relation” exists between the claimant and the claimed name.¹⁵¹ In the case of a personal name, if the claimant is claiming their pen name, stage name, or translated name, they must prove that the claimed name enjoys a certain degree of reputation and establish a “stable corresponding relation” between the claimed name and the claimant.¹⁵² In the case of tradename, if the claimant claims the abbreviation of a tradename against another party’s trademark registration, the claimed tradename must have a certain degree of reputation in the market, and “a stable corresponding relation” must exist between the claimant and the claimed abbreviation.¹⁵³

The way Chinese courts apply the corresponding relation doctrine goes beyond what the Supreme People’s Court’s 2017 interpretation defined. First, in cases concerning unregistered marks, other than those protected by prior rights, courts also require a “corresponding relation” between the claimant and the claimed mark; to claim a trademark or other right over the Chinese equivalent of its foreign mark, an MNE needs to prove that it has a corresponding relation with the disputed Chinese name. Second, some courts have expanded corresponding relation to explain the similarities between a foreign mark and its Chinese equivalent. We analyze both scenarios below.

1. Reputation of Association

As mentioned above, the doctrine of corresponding relation originates from the Supreme People’s Court’s interpretation concerning personal name rights and trademarks.¹⁵⁴ Therefore, it is not surprising that in *Michael Jordan v. TRAB*, the Supreme People’s Court required that there be a stable corresponding relation between the Chinese name Qiao Dan and the claimant Jordan.¹⁵⁵ The Court focused its analysis on public impression, i.e., whether the general public or consumers would associate the claimed name with the claimant. If Qiao Dan had a strong reputation related to Michael Jordan, then a corresponding relation would be found. Jordan convinced the Supreme People’s Court that a corresponding relation had

¹⁵¹ *Id.*

¹⁵² Provisions of the Supreme People’s Court on Several Issues Concerning the Trial of Administrative Cases Involving the Granting and Confirmation of Trademark Rights

(最高人民法院关于审理商标授权确权行政案件若干问题的规定)

(promulgated by the Sup. People’s Court Dec. 12, 2016, effective Mar. 1, 2017, revised Dec. 23, 2020), art. 20(2) (China).

¹⁵³ *Id.* art. 21(2).

¹⁵⁴ See *infra* text accompanying note 170.

¹⁵⁵ See *supra* text accompanying note 140.

been established because 282 articles in mainstream newspapers (such as Renmin Ribao), 1,376 articles in periodicals, fourteen books, and several mainstream online media, such as QQ (腾讯网), ChinaNews (中国新闻网), Shanghai Online (上海热线), and China Daily, in China had used Qiao Dan to denote Michael Jordan.¹⁵⁶

Chinese courts also apply the doctrine of corresponding relation to assess the connections between foreign marks and their Chinese translations. In *Jaguar Land Rover v. TRAB*, the Beijing High People's Court held that Geely Co.'s trademark registration Lu Hu was illegitimate since the third party was undoubtedly aware of the corresponding relation between the English mark Land Rover and the Chinese mark Lu Hu.¹⁵⁷ In *Chateau Lafite v. TRAB*, the court found that the plaintiff had built a stable corresponding relation between its trademark LAFITE and the Chinese translation La Fei by continuous marketing activities.¹⁵⁸ Numerous media reports which used La Fei to denote LAFITE verified this relationship.¹⁵⁹

2. Confusing Similarity

Chinese courts sometimes also adopt the concept of corresponding relation to determine whether two marks are confusingly similar. For example, in *Nantong Hundred Health Biotech v. TRAB*, Beijing's High People's Court reasoned that the strong corresponding relation between the Chinese-language mark Tui Te and the English mark Twitter would lead the relevant public to mistake the source of the service.¹⁶⁰

Where the claimant alleges that the disputed Chinese mark is literally similar to its foreign-language trademark, and the similarity will confuse consumers, some courts apply corresponding relation to evaluate the similarity. In *Gao v. TRAB*, the Beijing High People's Court ruled that a corresponding relation existed since De Beers's FOREVERMARK trademark and the plaintiff's Chinese trademark Yong Heng Yin Ji shared the same meaning.¹⁶¹ Accordingly, the plaintiff's trademark application should not be approved; otherwise, it would cause confusion among consumers.¹⁶² The doctrine of corresponding relation has also been applied in cases where the courts did not find similarities between the foreign-language mark and Chinese mark. For instance, in *Beijing Four-Dimensional-Diagram New-Tech v. TRAB*, the Beijing High People's Court

¹⁵⁶ *Jordan v. TRAB*, *supra* note 138.

¹⁵⁷ *Jaguar Land Rover v. TRAB*, *supra* note 81.

¹⁵⁸ *Chateau Lafite v. TRAB*, *supra* note 97.

¹⁵⁹ *Id.*

¹⁶⁰ *Nantong Hundred Health Biotech v. TRAB*, *supra* note 95.

¹⁶¹ *Gao v. TRAB*, *supra* note 101.

¹⁶² *Id.*

explained no corresponding relation existed between Sony's WALKMAN trademark and the Chinese term Bu Xing Zhe because the meaning of the two marks were distinctive enough to exclude consumer confusion.¹⁶³

However, it is usually tricky for MNEs to establish corresponding relation if there are numerous valid ways to translate the original marks into Chinese. Furthermore, it is almost impossible to prove a stable corresponding relation between a foreign mark and its Chinese translation with the combination of phonetic and semantic translations. In *Zhou v. New Balance & Sanse*, the Supreme People's Court ruled that there was no exact corresponding relation between the defendant's trademark New Balance and the disputed mark Xin Bai Lun in terms of their pronunciation, appearance, or meaning.¹⁶⁴ Moreover, the court explained that the trademark "New Balance" had been translated into different Chinese names, such as its transliteration "Niu Ba Lun" and its semantic translation "Xin Ping Heng;" this fact confirmed the lack of a corresponding relation between "New Balance and Xin Bai Lun."¹⁶⁵

Unlike the reputation of association, which is the first type of corresponding relation identified in the previous section, confusing similarity emphasizes the objective status of two marks. Courts have used corresponding relation to explain whether a foreign-language mark is phonetically or literally like a Chinese one. By contrast, when corresponding relation is used to describe the reputation of an association, it undermines the consumer's perception of the association of two marks.

IV. BUSINESS AND LEGAL IMPLICATIONS

Section IV explores important business and legal implications of the court decisions discussed in Section III. MNEs are advised to take a more proactive approach to trademark application and use associated with their desired Chinese names. Furthermore, since the Chinese courts have rigorously applied the doctrine of corresponding relation to resolve trademark issues, MNEs must redesign their marketing strategies to strengthen the corresponding relation between their foreign-language mark and Chinese marks.

¹⁶³ *Beijing Four-Dimensional-Diagram New-Tech v. TRAB* 2013, *supra* note 104.

¹⁶⁴ *Zhou v. New Balance & Sanse* 2016, *supra* note 19.

¹⁶⁵ *Id.*

A. Early Application Strategy

China has adopted a first-to-file or registration-based system.¹⁶⁶ This means that only the first-filed application will be examined for potential approval when two or more applicants apply to register identical or similar trademarks for use on the same or similar goods.¹⁶⁷ As made clear by cases analyzed above, MNEs often fail to register the ideal Chinese names as trademarks for their products or services early enough. Because China has become a significant market for various consumer products, MNEs should consider developing the Chinese names for their products or services alongside their original brand names,¹⁶⁸ and must apply for trademark registration of the marks and their Chinese names as early as possible.¹⁶⁹ Legally sensitive MNEs, such as Adidas, Benz, IKEA, Nike, and BMW, all successfully filed applications for trademark registration of their original foreign-language trademark along with their Chinese translation in China.

Although finding a proper Chinese name is a vital part of MNEs' international branding and trademark strategy, they should be sensitive to market reactions in the early days of product release even if they already register the trademarks in Chinese.¹⁷⁰ Media or users may develop other

¹⁶⁶ See, e.g., Chow, *Lessons from Pfizer's Disputes*, *supra* note 1, at 93; Ferrante, *supra* note 18, at 732–33; Jyh-An Lee & Jingwen Liu, *Prior-Use Defence in the Chinese Trade Mark Law*, 42 EURO. INTELL. PROP. REV. 751, 751 (2020).

¹⁶⁷ Trademark Law 2019, *supra* note 54, art. 31.

¹⁶⁸ See Chow, *Lessons from Pfizer's Disputes*, *supra* note 1, at 104–05; see also Chow, *Trademark Squatting*, *supra* note 1, at 95 (suggesting that MNEs should create Chinese transliterations of its trademarks “as early as possible in the marketing process, even before a new product is launched”).

¹⁶⁹ See, e.g., Chow, *Lessons from Pfizer's Disputes*, *supra* note 1, at 105; Chow, *Trademark Squatting*, *supra* note 1, at 62; Dalila Hoover, *Coercion Will Not Protect Trademark Owners in China, but an Understanding of China's Culture Will: A Lesson the United States Has to Learn*, 15 MARQ. INTELL. PROP. L. REV. 325, 335 (2011); Gregory Hwa, *Breaking Out of the West, Advancing into Asia: Cultural Considerations for Brand Management in China*, 25 MARQ. SPORTS L. REV. 399, 410 (2015); John Keller Jr., *Under Armour v. Uncle Martian: A Case Study in Protecting American Trademarks in China Against Homegrown Squatters*, 34 MD. J. INT'L L. 388, 403 (2019); Anne M. Wall, *Intellectual Property Protection in China: Enforcing Trademark Rights*, 17 MARQ. SPORTS L. REV. 341, 374 (2006).

¹⁷⁰ See Aaron L. Parker, *China: 3 Takeaways From Michael Jordan's Chinese Supreme Court Trademark Victory For Companies Doing Business in China*, MONDAQ (Jan. 6, 2017), <https://www.mondaq.com/china/trademark/558252/3-takeaways-from-michael-jordan39s-chinese-supreme-court-trademark-victory-for-companies-doing-business-in-china> (advising MNEs that “If you do not have a Chinese name, you

Chinese nicknames that become much more popular or memorable than MNEs' registered Chinese trademarks. Sensitive MNEs should register these popular nicknames as trademarks for their products or services as fast as possible.¹⁷¹ They will otherwise suffer tremendous commercial losses if squatters register the popular nicknames for purpose of free-riding or blackmail. The case of Wei Ge is a great example, where Pfizer failed to register a Chinese nickname for Viagra before its local competitor, Guangzhou Viamen.¹⁷² It was estimated that Pfizer suffered a significant loss in brand equity, between USD \$85 million and USD \$120 million, by failing to secure Wei Ge as a trademark for Viagra in China.¹⁷³ MNEs that are able to register desirable Chinese names before squatters will save enormous expenses, including litigation costs and intangible costs arising from consumer confusion, and will have greater earning potential based on their attractive trademark in the local language.¹⁷⁴

B. Trademark Use

Since trademark use allows MNEs to claim trademark right over the Chinese equivalent of their original marks,¹⁷⁵ they must use the Chinese marks more actively to prevent preemptive registration by squatters. Legally

should create one or monitor the market to see if one has begun to gain notoriety in the marketplace”).

¹⁷¹ See Ferrante, *supra* note 18, at 738; see also Parker, *supra* note 170 (recommending MNEs to “[r]egister popular names for defensive purposes, but at the same time, educate the market and direct consumers to your company’s primary (chosen) Chinese name”).

¹⁷² See *supra* text accompanying notes 63–72.

¹⁷³ YAHONG LI ET AL., ASIA CASE RESEARCH CENTRE, NO. HKU902, VIAGRA IN CHINA: A PROLONGED BATTLED OVER INTELLECTUAL PROPERTY RIGHTS 10 (2010). Cf. Parker, *supra* note 170 (commenting the Michael Jordan case that although Jordan won the case, “Qiaodan Sports, a known infringer, has successfully built a footwear empire in China by trading on the goodwill associated (partially or entirely) with Jordan’s brand power”); see also Chow, *Lessons from Pfizer’s Disputes*, *supra* note 1, at 99 (revealing that “[t]he result of the protracted battle over the *Weige* trademark in China is that the market for the sales of Viagra has been almost entirely lost to counterfeiters and pirates”).

¹⁷⁴ See Ferrante, *supra* note 18, at 738; see also Chow, *Trademark Squatting*, *supra* note 1, at 63–64 (pointing out that “[t]he costs of preemptive registrations are only a fraction of a protracted lawsuit and are trivial compared to the potential business losses that can ensue from losing a trademark registration for a popular Chinese transliteration to a Chinese company that first registers the trademark”).

¹⁷⁵ See also Ferrante, *supra* note 18, at 740 (noting that prior use is an important claim for true brand owners to win back the Chinese version of their trademarks from trademark hijackers).

attuned MNEs should apply for trademark registration and use attractive Chinese marks as soon as possible. Using the desirable Chinese translation before squatters apply for trademark registration is an effective way for MNEs to protect such a translation.

There are two interesting implications of trademark use illustrated by the cases studied above. First, the court's determination of trademark use is occasionally different from what Article 48 defines.¹⁷⁶ For example, in *Jaguar Land Rover v. TRAB*, the plaintiff had not used the disputed Chinese mark "Lu Hu" on its products or in its advertisements; the Beijing High People's Court nevertheless found that the plaintiff had used the disputed Chinese trademark because its executive associated the mark with the company's products during a media interview.¹⁷⁷ Although mention of a mark during a media interview is arguably outside the scope of trademark use as enumerated in Article 48, the court might sometimes broaden the scope of trademark use to protect foreign brand owners.

Second, the essentiality of actual use of the disputed mark may vary depending on the case. Although in many cases, actual use of the disputed mark is essential for MNEs to claim trademark right over the Chinese equivalents of their original marks, it proved unnecessary in the Michael Jordan case, where the plaintiff had never used the media-created and consumer-popularized Chinese translation, Qiao Dan.¹⁷⁸ The Supreme People's Court relied on the media's use of the mark to justify its ruling for Jordan and to establish the Chinese name's overwhelming reputation.¹⁷⁹ However, given that Michael Jordan's victory was based on the personal name right, which is only enjoyed by individual celebrities and is inapplicable to most MNEs' claims, this result does not suggest that trademark use has become insignificant.

C. Corresponding Relation

Corresponding relation refers to the reputation of translated Chinese names and their association with original foreign-language trademarks. The stronger the association in the minds of consumers, the clearer the underlying corresponding relationship is; this is why the corresponding relation can be reinforced by extensive media exposure and marketing initiatives. MNEs must use Chinese names and the original name together

¹⁷⁶ According to Article 48 of the Chinese Trademark Law, "use of a trademark" means using a trademark on goods, on the packages or containers of goods, in the trade documents of goods, or for advertisements, exhibitions, and other commercial activities for the purpose of identifying the origin of goods." Trademark Law 2019, *supra* note 54, art. 48.

¹⁷⁷ See *supra* text accompanying notes 83–90.

¹⁷⁸ See *supra* text accompanying note 139.

¹⁷⁹ See *supra* text accompanying note 174.

as much as possible to establish the corresponding relation and should endeavor to strengthen this corresponding relation by educating the media about the Chinese marks associated with their products.

Moreover, when an MNE uses a combination of phonetic and semantic translations, it normally has other alternatives to translate its brand. Therefore, courts would be unlikely to find a corresponding relation between a foreign mark and such translation. Consequently, it is almost impossible for the MNE to claim infringement of the original trademark against such translation if another party has already registered it. The only way to secure such combination of translations is through early application and active use.

V. CONCLUSION

MNEs must register the Chinese equivalents of their trademarks when exploring the Chinese market. However, given the complexity of the Chinese language and culture, there are multiple ways to translate a foreign mark into Chinese, and it is never an easy task for MNEs to choose the most desirable Chinese names. This complexity and the first-to-file trademark regime in the country have provided trademark squatters with great opportunities to hijack the Chinese equivalents of foreign marks, making it increasingly costly for MNEs to enter the Chinese market. Although several provisions in the Chinese Trademark Law protect the Chinese translations of MNEs' foreign-language trademarks, each has its limitations, and not all MNEs can effortlessly overcome them. Based on the systematic analysis of relevant court decisions, we highlight the importance of trademark strategy based on existing judicial practices and sensitivity to market and culture. We also recommend MNEs' proactive use of trademarks in Chinese, through which a stable corresponding relation can be established between the original Roman-letter marks and their Chinese equivalents.