



# FOREIGN WELLKNOWN TRADEMARKS IN CHINA

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# INTRODUCTION

China is an important market in terms of trade and attracting foreign investors

Many business people, from entrepreneurs to large corporations, want to take advantage and expand their market in China.

For this reason, it is necessary to understand the intellectual property protections that are available in China and how to obtain such protections



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# UNDERSTANDING THE CHINESE TRADEMARK SYSTEM



Investors are hesitant to invest in China due to concerns about trademark protection. Unauthorized use of a trademark can lead to confusion and damage to a brand's reputation, which can undermine investor confidence. However, there are provisions in place to protect trademarks in China with the help of legal experts.





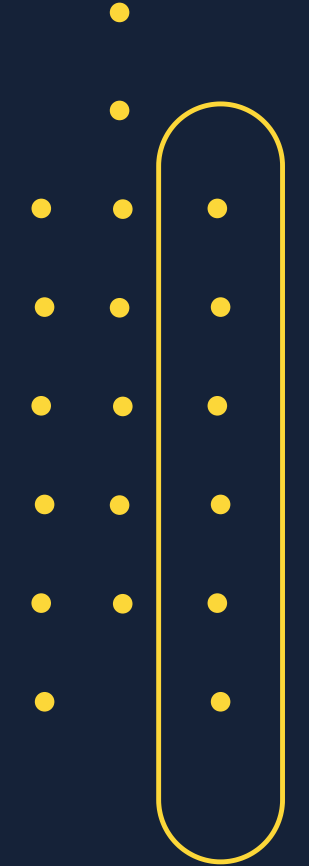
# TRADEMARK



A trademark serves as a distinctive symbol, word, or phrase that sets a product or service apart from others available in the market. It may come in the form of a logo, slogan, or a combination of both.



?? Trademarks are crucial for businesses to safeguard their brand and reputation. Registering trademarks with the government provides legal protection and reinforces a professional image.



# ENFORCEMENT OF TRADEMARK RIGHTS



Trademarks play a vital role in safeguarding a business's brand identity and setting apart their goods and services from those of their competitors. A widely recognized wellknown mark in the US serves as a clear indication to the public that the goods and services belong to the owner of the mark.



To be recognized as a well-known mark in China, a product or service must be widely recognized by consumers. While the standards for achieving this recognition are slightly less rigorous than those for a famous mark, a wellknown mark still enjoys less protection than a famous mark.





Many foreign companies attempting to do business with China may struggle to establish a recognizable brand.

This is due to the highly competitive nature of the Chinese market and the prevalence of local companies

Cultural differences and language barriers may pose additional challenges for foreign companies seeking to gain a foothold in China. Nonetheless, with the right strategy and approach, it is possible for foreign companies to succeed in China's vast and lucrative market.

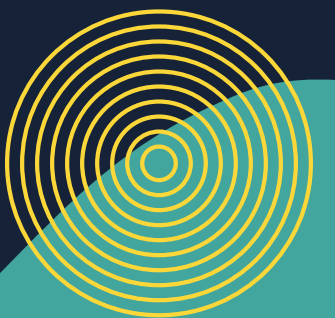


# LEGAL FRAMEWORK



China had the responsibility to protect famous brands even before becoming a member of the World Trade Organization in 2001 due to its membership in the Paris Conventions since 1985.

This agreement allows countries to reject the registration or use of a famous brand, even if it is not registered in their country.





Some nations like China require a multistep registration process before granting trademark ownership



These first to-file nations grant ownership to the first entity to complete the registration process, regardless of which entity first used the mark

A minority of nations, including the U.S., grant trademark ownership based on a first-to-use system, whereby the first user of the trademark is considered the owner. For example, the entity who first uses a trademark may take priority over a later use or registration of the same mark.



Foreign companies have to be aware that China uses a first-to-file system. Therefore, some companies can fail to register their trademark in China because their trademark has already been granted to a Chinese company.

This type of registration can encourage Chinese companies to register the mark with the intention of selling it back to the foreign company. These tactical trademark registrations are commonly called bad-faith registrations



Starbucks Corp. v Shanghai Xingbake Coffee is an example of misunderstanding of well-known trademark where Chinese court decided to offer protection to a foreign well-known trademark against domestic infringements.



The two coffeehouses share the same three characters “Xing Ba Ke (‘星巴克’) in Chinese, where ‘Xing’ (‘星’) means ‘star’ and ‘Ba Ke’(‘巴克’) means ‘bucks’” . To describe, "Xingbake" is a combination of transliteration and translation. Thus, "xing" is a translation, while "ba ke" is a transliteration of "bucks



For this reason, the three characters have no connection with coffee or food. Basically what happen is that the US company filed a trademark registration for its Chinese translation of ‘Starbucks’ ‘Xing Ba Ke’ (‘星巴克’) in 1998 and secured the registration on 28 December 1999



While waiting for its approval, Starbucks began its massive advertising with the trademarks 'Starbucks' and 'Xing Ba Ke' in mainland China. While its Chinese trademark registration was pending, the defendant which is a Chinese coffeehouse pre-registered 'Xing Ba Ke' ('星巴克') as a business name on 20 October 1999 and the company was established on 9 March 2000



# STARBUCKS VS XINGBAKE

The case highlights the importance of protecting intellectual property rights in the global market, especially in countries with different legal systems and cultural norms. Therefore, it is crucial for companies to understand the legal landscape and take necessary measures to safeguard their intellectual property.



In 2006, Starbucks Corp. filed a lawsuit against Shanghai Xingbake Coffee Corp. in China, citing trademark infringement. The dispute centered around the use of the name "Xingbake," which Starbucks argued was too similar to their own Chinese name, "Xingbake."

The case was settled out of court, with Shanghai Xingbake Coffee Corp. agreeing to change its name to "Linghua Coffee."

The case brought attention to the importance of protecting trademarks in the global market, and highlighted the challenges that companies face when operating in foreign countries



The outcome of the case also demonstrated the potential consequences of failing to properly research and register trademarks in foreign markets.

The issue at hand was trademark infringement. Starbucks claimed that Xingbake's logo and store design were too similar to their own, causing confusion among customers.

The court ultimately ruled in favor of Starbucks, ordering Xingbake to pay damages and stop using the infringing logo and design. The case serves as a reminder of the importance of protecting intellectual property and the potential consequences of infringing on others' trademarks.





# CONCLUSION

The safeguarding of trademarks is a fundamental component of contemporary commerce, and the Starbucks case in China has underscored the significance of this matter.

The aforementioned case has brought to light the difficulties of preserving well-established trademarks, particularly in foreign markets.



# CONCLUSION

Despite these obstacles, it is imperative for enterprises to safeguard their trademarks to uphold their brand identity and reputation.

This may entail initiating legal proceedings against infringing parties, as well as implementing preemptive measures to prevent infringement from transpiring. By doing so, businesses can ensure that their intellectual property rights are honored and that their brand continues to be robust and recognizable in the commercial arena.

**THANKS FOR YOUR ATTENTION**

谢谢



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