

"Discussing Well-known Trademarks": Analysis of the Essence of the Well-known Trademark System

– Based on the Case of "Ctrip" Trademark Infringement

Yize Chen^{1,a,*}

¹*Faculty of Law, Macau University of Science and Technology, Macau, 999078, China*

a. skrr0922@gmail.com

**corresponding author*

Abstract: In the field of trademarks, the academic circle has been exploring the specific legal protection of recognized trademarks. Even though the Paris Convention and the TRIPs Agreement provide written guidance around the world, domestic experts have yet to agree on the level of protection of well-known trademarks by international contractual obligations. However, whether it is the debate in the industry or the consensus of the public, it is only concerned about how a reputation mark should be applied or owned, but few people seem to ask what a "well-known mark" is or what the essence of a "well-known mark" is. Therefore, this article will reveal its essence through the analysis of the "Ctrip" trademark infringement case.

Keywords: Well-known trademark, Trademark protection, trademark infringement, Essence of trademark.

1. Introduction

The emergence of any kind of legal system is always to meet the needs of reality, to protect the increasingly formed legitimate interests, and to establish corresponding order in the field that should be protected by law. Well-known trademarks are no exception. Since the Paris Convention initially introduced the concept of "well-known trademark", the legal protection of a well-known trademark has gone through two stages: First, the Paris Convention breaks through the principle of territory and registration of traditional trademark law, and requires member states to protect each other's foreign trademarks that have not been registered in their own countries; Second, on this basis, the TRIPs Agreement extends the object of well-known trademark protection to service marks, breaks through the principle of exclusivity of traditional trademark law, and extends the scope of protection of well-known trademarks to "non-similar" goods and services. In the years of development of well-known trademarks, cases are also emerging all over the world, and this case is a typical case about well-known trademarks. China's well-known trademark "Ctrip" has been registered by others in Japan, and Ctrip has successfully defended its rights in Japan according to the above well-known trademark provisions. In the invalid application procedure, the Japanese Licensing Office reviewed that: "The 'Ctrip' and the 'Ctrip' logo used by Ctrip were well known to the relevant Chinese public, and the 'Ctrip' trademark referenced was well known in China at the time the disputed trademark was filed;

The disputed trademark and the cited trademark have certain similarities in appearance and name, constituting an approximate trademark. When the owner of the disputed trademark applies for the registration of the disputed trademark while knowing that the quoted trademark is well-known, his improper purpose of obtaining the relevant honor is obvious and cannot be called accidental. To sum up, the disputed trademark violates the provisions of Article 19, paragraph 1, of well-known trademarks, that is, "for improper purposes, no trademark identical with or similar to a well-known trademark of another person in Japan or abroad on related goods or services shall be registered." This provision was added in 1996, reflecting that the protection of well-known trademarks in Japan broke through the regional principle. Why is the judge particularly concerned that "Ctrip" is recognized as a well-known trademark in China? Actually, the judicial determination of well-known trademarks only takes them as case facts. One particular way to protect a trademark owner is to not grant the trademark owner an "honorary title." Use well-known trademarks as "honorary titles" for commercial publicity. This is not in line with establishing a well-known trademark protection system. Therefore, the analysis of this case can help us to explore the essence of the well-known trademark system and help people better understand and use this system [1-2].

2. Analysis on the essence of well-known trademarks

The significance of the well-known trademark itself and the huge legal value it carries, condenses the tremendous labor of the trademark owner, and also reflects the personality of the trademark owner. At the same time, it can encourage trademark owners to maintain the business reputation of well-known trademarks. The birth of any kind of legal system is born in response to the urgent needs of real life, its purpose is to defend those increasingly prominent legitimate rights and interests and build the due order in the field of law. Well-known trademarks, as part of the legal system, also follow this law. Since the "Paris Convention" first raised the concept of a "well-known trademark", the legal protection of a well-known trademark has gone through two core stages. From the beginning, the Paris Convention innovatively challenged the regional principles of trademark law and registration systems and strongly advocated the mutual protection of foreign trademarks that were not registered in their own countries. Next, the TRIPs Alliance went further, broadening the boundaries of well-known trademark protection to service marks, going beyond the principle of specificity of trademark law, and extending the protection cover of well-known marks to the field of products and services like "non-similar". However, there is also a new problem that the traditional registration system is no longer suitable for increasingly updated trademarks, which means that companies that have used unregistered trademarks for a long time will not be able to obtain exclusive rights to prevent others from using them. Even worse, once the trademark is registered by others, the company will face the risk of being unable to continue using it. This situation is particularly prominent in cross-border trade, because cross-border trademark application usually takes a lot of time, making it difficult for enterprises to avoid being registered by others. If the alleged trademark is not well known to the public, the damage may not be serious. However, if the declared trademark has already enjoyed a high degree of popularity in the relevant country, the impersonation of others is likely to occupy the market available to the applicant, and even cause public misunderstanding and confusion about its brand. This is unfair to companies that trade globally, and to a certain extent, it also affects economic progress. Therefore, for businesses that intend to use their trademarks in cross-border trade, it is essential to register them in advance [3].

Therefore, when the Paris Convention was revised at the Washington Diplomatic Conference in 1911, France had a deep understanding of the importance of the protection of well-known trademarks and first raised relevant issues. The French proposal at the time was that anyone who used a registered trademark in another member state for the first time would have the right to continue using it even if the trademark was later registered by someone else. Although the proposal was not adopted at the

time, it sparked deep debate and eventually led to the inclusion of well-known brand protection provisions in the Paris Convention. This suggests that well-known marks are in essence an important complement to the registration system, as excessive enforcement of registration provisions may have an adverse effect on the owners of well-known brands. This innovative development provides well-known trademarks with protection that traditional trademarks cannot provide: first, unregistered trademarks can oppose malicious squatting; Second, in the case of applying for a trademark but not registered, it can directly use the well-known trademark clause to prevent others from using it; Third, even if it is not used after registration, it can also rely on the protection mechanism of well-known trademarks to protect the rights and interests. According to the early provisions of the Paris Convention, the transfer of trademarks must be accompanied by the transfer of goodwill, which was later abolished by Article 21 of the TRIPs Agreement. In modern times, trademarks are no longer limited to founding companies but have become independent in their financial nature. Unauthorized use of another person's trademark in a non-similar product or service, if the trademark enjoys good goodwill, undoubtedly constitutes an unregulated competitive act for the purpose of obtaining an unfair advantage. The law cannot sit idly by, so the TRIPs Agreement provides additional provisions to give trademarks broader cross-class protection [4].

From this historical development track, we can clearly understand that the well-known trademark is actually a means of trademark protection, it exists in the trademark system. The evolution of every well-known trademark is a modification and reinforcement of the existing trademark protection method that can not meet actual needs. The introduction of this system is not only because of its rationality but also can be a model of seamless connection between theoretical assumptions and practical needs. The emergence and development of this system fully proves the flexibility and adaptability of the legal system, which can constantly improve and innovate according to the changes and progress of society.

Similarly, the essence of "well-known mark" being translated into "well-known mark" can be explored from the perspective of linguistics. "Well-known" refers to a condition that is well known, that is known to most people in a particular field of expertise. However, the Paris Convention does not specify the exact size of the field. From a reading of Article 6 bis of the Convention and an understanding of the principle of "unregistered marks" in cross-border transactions in China, we can infer that the definition of "well known" is measured in terms of the State seeking protection, that is, the "state" can be used as a measure. However, the Convention leaves it up to each member state to decide how to determine definitively whether a mark meets the "well-known" criteria in a country. Therefore, the main problem arises, because the evaluation of "famous" must involve the factors of time, geographical scope and who is evaluated. This also constitutes the well-known trademark recognition of the three dimensions of time, space and subjectivity. These three dimensions not only provide the direction for us to think about the recognition standard of well-known trademarks but also reveal the uncertainty of the recognition standard, which makes the recognition of well-known trademarks full of complexity and challenge.

Timeliness: From the perspective of time, time passes inexorably, unaffected by human subjective will. Whether today's famous trademarks will retain their status in the future, no one knows for sure. Although we can control this uncertainty to a certain extent by optimizing the process to shorten the recognition cycle of well-known trademarks, this practice will inevitably cause a lot of human and material resource consumption.

Spatiality: From a spatial perspective, there are significant differences in the ease with which trademarks are well-known in countries with different population sizes. In sparsely populated countries, trademarks are easily widely recognized and well-known. In a country with a large population, there are more difficulties to overcome to achieve the same level of fame. Such regional

differences are not conducive to the comprehensive and effective protection of trademarks in large countries.

Subjectivity: From the perspective of subjectivity, due to the differences in interest relationship, cognitive Angle and concept between different subjects, they are likely to have differences on whether the same trademark is famous. Therefore, the standard of "famous" is difficult to achieve uniform in all countries. This element of uncertainty runs counter to the principles of precision and consistency pursued by law.

Therefore, the special protection of famous brands is not limited to a specific category of brand protection, but a protection that is possible for all brands, is an open policy for all brands. This kind of trademark protection, once clearly defined, is easy to leads people to mistake it as a special trademark or mark enjoying special trademark rights, thus creating an artificial hierarchy between trademarks and trademark rights, which is contrary to the concept of equality in private law. In addition, the special protection enjoyed by well-known trademarks is not strictly a special right, because both the Paris Convention and the TRIPs Agreement regard the consumer's misidentification and confusion of the source of the goods, the operator or related persons as the criteria for determining the liability for trademark infringement. The main content of trademark protection obtained is only to allow the trademark owner to enjoy the established business reputation without interference, not to let him have the right to prevent others from using specific text symbols or logos because he has a well-known trademark [5-6].

Through historical research and text analysis of well-known trademark symbols, we can recognize that the protection of well-known trademarks is a unique protective measure that all commodity holders can use, symbolizing an "equal treatment" system concept. A well-known trademark is not a special case, a separate trademark, but a way to protect goods, which is their real concept. Part of the protection of well-known trademarks has gone beyond the interpretation of commodity law and has been further transformed into a core department of anti-unfair competition law. The original intention of this system is not to provide some special rights to commodity owners, but to maintain the unique publicity value and reputation advantage of well-known trademarks, prevent others from using the reputation of well-known trademarks for unfair competition, and ensure the market order of fair competition. Therefore, it can be asserted that in today's society, the legal protection system of well-known trademarks is an important way to maintain the order of fair competition in the market and safeguard the rights and interests of consumers.

The unfortunate fact is that since the launch of this policy, both in academic research and in the practical application of brand protection, there has been the same mistake, that is, to mistakenly regard well-known trademarks that meet certain criteria as "trademarks". Actually. Judicial recognition of well-known trademarks only takes them as case facts. A special method of protection for trademark owners, not is to grant the trademark owner an "honorary title". Use well-known trademarks as "honorary titles" for commercial publicity. It is not in line to set up a well-known trademark protection system. The well-known trademark protection system is only when the rights and interests of the trademark owner are infringed. A special protection system is provided by trademark law. The biggest feature of this system is passivity and passivity [1]. Once a trademark meets legal recognition, the associated product has a certain share in the market, and has always symbolized a certain quality, this trademark will be classified as a well-known brand. But this is a misunderstanding of the essence of well-known brands. But even if this is just a conceptual error, when this concept is written into legislation and then gradually seeps into the formulation of various specific regulations, we may be in a dilemma. It seems that we have established a relatively complete well-known brand protection system, which should play its function, but in the actual application process, the legislative intention of the regulations has not been implemented.

3. Current situation

The first difficulty arises from the certainty of a "well-known trademark". According to the second paragraph of the Provisional Provisions, "well-known trademarks are registered trademarks that are widely recognized by the public and have a reputation in the market." One problem with this definition is that it does not specify the scope of "market", whether it is limited to inland markets or includes overseas markets. Fortunately, the Provisions on the Protection of Well-known Marks, adopted on 29 September 1999 by the Paris Alliance for the Protection of Industrial Property and by the World Intellectual Property Organization (WIPO), clarify this point. Article 2 (2) (d) of the regulation states: "A mark may be regarded as a well-known mark in a Member State even if it is not widely known or recognized in that Member State." However the definition remains somewhat vague. "With high prestige" and "famous" are two different meanings. According to the Modern Chinese Dictionary, "well-known" means "widely spread fame", that is, to be known in a specific region. The term "prestigious" covers three parts: First, prestigious. Prestige is a sign of reputation and fame, described as being well known to the public; Second, there is "high" prestige, "high" means that the degree of knowledge and coverage is very extensive, beyond the conventional understanding; Finally, the word prestige also contains a positive public evaluation, that is, a positive evaluation of the quality of the product or service associated with the trademark. From another perspective, the standard of "having a high reputation" goes beyond what is commonly understood as a well-known trademark. The definition of a well-known trademark as "having a high reputation" can only cover part of the content of a well-known trademark, which undoubtedly raises the threshold and correspondingly reduces the scope of protection. Similarly, in order to achieve a "high reputation", it is necessary to receive a positive evaluation from the public and also to meet certain quality standards. However, the trademark itself can only be measured by popularity, and can not be compared by quality. Only the quality of goods or services can be compared, therefore, quality is not a factor to be considered in identifying well-known trademarks, the only measure is the degree of public awareness [7].

This shows that we mistakenly regard well-known marks as a unique brand, and mistakenly believe that the special protection system of well-known marks can only be enjoyed by well-known marks themselves. This makes our country fall into a misunderstanding in the legislation and judicial practice of well-known brands, which is inconsistent with the original legislative goal. However, this also confirms the essence of well-known brands from the other hand, indicating that well-known trademarks are only a tool for trademark protection [8].

4. Conclusion

To sum up, the historical course of the well-known trademark shows that it is only a way of trademark strategy, according to its literal meaning, it can only exist as a means of trademark protection. China's legal system and court practice further confirm its essential characteristics. Although the cases cited in this paper are too few and the samples are insufficient, which is not convincing to some extent, it can be applied to other cases according to the analysis method in this paper. In short, only by deeply understanding the basic nature of well-known trademarks can we grasp the original intention of the mechanism, effectively establish practice rules, play the function of theoretical fairness and scientific system in practice, and realize the original intention of the legislation. Therefore, we should discard the misunderstanding of well-known trademarks in the past, and re-examine well-known trademarks to ensure that they play the greatest value in maintaining fair competition in the market and protecting the rights and interests of consumers.

References

- [1] Zhang Chunyan. *On the Essence, Formation and Judicial Recognition of Well-known Trademarks -- Taking "Su Yan" Trademark as an example* [J]. *Modern Economic Research*, 2008(8):38-40. (in Chinese) DOI:10.3969/j.issn.1009-2382.2008.08.009.
- [2] Ren Yan. *On the dilution and Anti-dilution measures of Well-known Trademarks -- Rediscussing the legislative improvement of the protection of well-known trademarks in China* [J]. *Hebei Law Journal*, 2011, 29(11):51-57.
- [3] *Research on Some Disputes in Well-known Trademark protection* [J]. *Science and Technology and Law*, 2011(3): 19-25. (in Chinese) DOI:10.3969/j.issn.1003-9945.2011.03.005.
- [4] Yoram Barzel. *Economic Analysis of Property Rights* [M]. Cambridge University Press. 1997. <https://doi.org/10.1017/CBO9780511609398>.
- [5] Hegel. *Principles of Philosophy of Right* [M]. Cambridge University Press. 1997. <https://doi.org/10.1017/9781139939560>.
- [6] Naser Mohammad Amin; Hammouri Tariq M. *The notion of famous, well-known trade marks and marks with repute compared*[J]. *Journal of Intellectual Property Law & Practice*, 2014.
- [7] Frank I. Schechter. *The Rational Basis of Trademark Protection* [J]. *Harvard Law Review*, 1927(6). <https://doi.org/10.2307/1330367>
- [8] Tanamura Yoshiyuki. *Japanese Intellectual Property Law* [M]. Intellectual Property Publishing House. 2010. Japan: Intellectual Property (nishimura.com)