

54

Jiangsu Aitefu Medicament and Health Products Co., Ltd. v. Beijing Ditan Hospital et. al.

Citation: the Supreme People's Court's Civil Judgment No. Minsanzhongzi 1/2002

Date of judgment: March 23, 2003

Procedural history

The Beijing Ditan Hospital (Ditan Hospital) sued, in the Beijing Higher People's Court, the Jiangsu Aitefu Medicament and Health Products Co., Ltd. (Aitefu), Jinhu County Aitefu Chemical Engineering Co., Ltd. (Jinhu Aitefu) and Beijing Qingyu Drug Business Department for making and marketing the "84" brand disinfectant and for unfair competition. The first-instance court held that the act of Aitefu had constituted an act of unfair competition. Aitefu appealed to the Supreme People's Court.

Issue

Was "84" a name particular to a famous goods or a genetic name of the goods involved?

Facts

In 1984, the Ditan Hospital began to make and market the "84" brand disinfectant. From March 1997, it assigned or licensed the technology to more than 30 manufacturers in China for them to make and market said product; all the licensed enterprises put, on their products, the trademark and the name "84" brand hepatitis washing and disinfectant liquid or "84" disinfectant liquid. In July 1992, the Aitefu began to make and market the "84" disinfectant liquid.

The Aitefu and Ditan Hospital filed, respectively, applications with the Trademark Office for reg-

istration of the “84” mark to be used in respect of goods of disinfectant in class 5. The Trademark Office refused these applications on the ground that said mark had direct reference to the type and characteristics of the designated goods. In March 1999, the Ditan Hospital asserted, in its request filed with the Trademark Review and Adjudication Board (TRAB) for cancellation of the trademark in suit that “the ‘84’ disinfectant, which had been licensed to as many as 38 enterprises in China, was one of the important products available in the disinfectant product market, and the products of the kind were generally called “84” disinfectants”.

In the Provisions on Denomination of Health-related Products as issued in 2001 by the Ministry of Health is provided that a name of a health-related product must be composed of three parts: a trademark name, a generic name, and an attributive name. By September 2002, five names of “84” disinfectant had been approved by the Ministry of Health in the form “x x brand 84 disinfectant”, and all the names approved were still within the term of validity.

The first-instance court took the view that the “84” disinfectant was famous to an extent in the marketplace; it was goods known to the public, and should be established as famous goods. “84”, as the name of the disinfectant, was first used by the Ditan Hospital, and became known through use. “84” was so closely related to the hospital and the disinfectant it developed that “84” stood for and signified said product; hence “84” had the notable distinctive character setting it apart from other relevant goods, and should be established as a name particular to the disinfectant made by the Ditan Hospital. The Aitefu’s unauthorized use of “84” disinfectant as the name of its products was sufficient to create confusion of its products with those made by the Ditan Hospital, and mislead consumers, thus constituting unfair competition.

The Aitefu argued in its appeal that “84” was the genetic name of the disinfectant products of the kind, and should not be established as a name exclusively owned by the Ditan Hospital.

The Ditan Hospital argued in its defense that the name of the “84” disinfectant product was composed of “disinfectant”, the generic name part, and “84”, the particular name part, and was clearly different from a generic name; it was the name particular to chlorine disinfectant product the Ditan Hospital made. It was not the generic name of the chlorine disinfectant products.

Rule of law

Article 5 (2) of the Unfair Competition Law *A business operator shall not harm its competitors in market transactions by resorting to any of the following unfair means: ... (2) using for a commodity without authorization a name, package, or trade dress particular to another party's famous goods, or using a name, package or trade dress similar to that of another party's famous goods, thereby confusing the commodity with that famous commodity and leading the purchasers to mistake the former for the latter.*

Reasoning

A name particular to a famous goods refers to the name of the goods which is not commonly used to stand for the relevant goods, and has its distinctive character; when used in the goods, it enables consumers to distinguish the goods from similar goods from other business operators. The name particular to a famous goods is protected under the law, and the right owner thereof is entitled to prevent any other party from unauthorized use thereof. A particular name is also relative to the generic name of the goods, and the exclusive right to use the name particular to the famous goods should not be granted to the generic name of the goods. In the determination of a generic name, not only the names of goods put in the national or industry standards and reference books and dictionaries of a special field, but also the expressions accepted through common practice of the business operators in the same industry or commonly used to stand for some goods of the kind should be determined as generic names.

From 1984, the Ditan Hospital assigned its technology to many enterprises, licensing them to make and market the “84” disinfectant without making any special agreement concerning the “84” name. As a result, the “84” disinfectant had been commonly used as the name of the goods. As for the “84” disinfectant approved by the Ministry of Health and made and marketed in the marketed now, given that the name thereof is a combination of the trademark of each enterprise and the Chinese characters of the “84” disinfectant, the name of “84” disinfectant itself was incapable of showing the source of the goods. Besides, the Ministry of Health governing the making and marketing of “84” disinfectant and the Trademark Office and TRAB resolving disputes over the registration of “84” trademark had deemed “84” to be a disinfectant in their administration, or determined that “84” showed the type and characteristics of the goods.

In addition, both parties clearly knew how “84” was used as the name of the disinfectant goods. Particularly, the Ditan Hospital once requested the TRAB to cancel another party’s registration of the “84” mark used in respect of goods in class 5 on the ground that “84” was the generic name of the disinfectant goods, which truly indicated how the name of “84” was used, and was somewhat binding on the Ditan Hospital, which was trying to hold back on its words and sued other parties for infringement of its civil rights and interests on the ground that the name was particular to the famous goods.

To conclude, the “84” disinfectant in suit was a generic name, not a name particular to the famous goods, and the Ditan Hospital had not right to prohibit any other party from using the name of the goods.

Holding

The “84” disinfectant is a generic name of the goods, rather than a name particular to the famous goods, and the Ditan Hospital had no right to prohibit others from using said name.