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## Beijing Jiayu Dongfang Wine Co., Ltd. v. COFCO

*Citation: The Supreme People's Court's Civil Judgment No. Minsanzhongzi 5/2005*

*Date of judgment: August 10, 2006*

### **Procedural history**

The COFCO sued, in the Beijing Higher People's Court, the Beijing Jiayu Dongfang Wine Co., Ltd. (Jiayu) for infringement of its "Great Wall Brand" mark. It was held in the first-instance judgment that the act constituted an infringement, and Jiayu appealed to the Supreme People's Court.

### **Issue**

1. Whether use of a mark similar to another party's well-known mark constituted an infringement?
2. How to calculate the amount of damages when it was impossible to find out the unit profit made from the infringing goods?

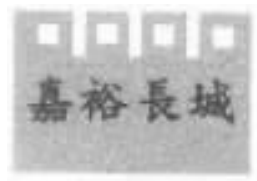
### **Facts**

On July 20, 1974, the COFCO Tianjin Branch was granted the registration of the "Great Wall Brand" mark (No. 70885) in the goods of wine in class 33. On April 8, 1998, the mark proprietor was changed into the COFCO. The COFCO's mark (No. 70855) was established as a well-known mark by the Trademark Office in November 2004.

The Great Wall brand wine was the bestseller in wine industry in the three consecutive years from 2001 to 2003.



The registered mark (No. 70855)



The allegedly infringing mark

From 2001, Jiayu concluded a contract with a party not involved in the present case for entrusted production of the “Jiayu Great Wall” wine, and 192.03 tones of wine of “Yiyu Great Wall” brand was produced. Jiayu used the “Jiayu Great Wall and the device” mark on the series of “Jiayu Great Wall” wine.

Jiayu argued that the two Chinese characters meaning “Great Wall” in the COFCO’s “Great Wall Brand” mark (No. 70855) *per se* lacked distinctive character, and the alleged infringing mark was not similar to the COFCO’s mark in lexical shape, pronunciation, meaning, device, color, or the overall composition of all the mark elements in combination. It did not constitute an infringement of the COFCO’s exclusive right to use the mark.

The first-instance court held that the most distinctive part of the registered mark (No. 70855) was the word “Great Wall”. The “Jiayu Great Wall” was similar to it. Jiayu’s act constituted an infringement of the right in the registered mark (No. 70855), so it decided that Jiayu pay the COFCO RMB 15.52 million yuan in compensation of its economic losses.

### **Rule of law**

Article 52 (1) of the Trademark Law *Any of the following acts shall be an infringement of the exclusive right to use a registered trademark:*

(1) *using a trademark that is identical with or similar to a registered trademark in respect of the same or similar goods without the authorization of the trademark registrant.*

Article 56, paragraph one, of the Trademark Law *The amount of damages for infringement of the exclusive right to use a registered trademark shall be the profit that the infringer has made because*

*of the infringement during the period of the infringement or the losses that the infringer has suffered because of the infringement during the period of the infringement.*

### **Reasoning**

1. Under Articles 9 and 10 of the Supreme People's Court's Interpretation of Several Issues Relating to Application of Law to Trial of Cases of Civil Disputes over Trademarks, whether the allegedly infringing trademark is similar to the claimed registered trademark should be determined depending on the circumstances, such as the extent of the elements of the mark in suit and its repute in the market. With account taken of the shape, pronunciation, meaning of words or the composition and colour of the device, an comprehensive analysis should be made of whether the global composition or the various elements are likely to cause confusion in the market. A mark the global composition or the various elements of which is likely to cause the confusion may be established as a similar mark.

The COFCO's "Great Wall Brand" mark was well known, so was the wine bearing said mark in the domestic wine market. According to the specific features and the customary pronunciation of the registered mark, the word parts "Great Wall" and "Great Wall Brand" were strongly distinctive due to its high frequency of use, and had formed such a fixed association with the COFCO's wine products in the wine market that on seeing them the relevant sector of the public in the wine market would associate them with the COFCO's wine products and brand; hence they were obviously so distinctive as to distinguish the COFCO's wine products from any other brands. They were such main part of the mark that they had made the mark strongly exclusive to other marks containing the word "Great Wall" in the wine market, so they should be given strong legal protection.

In the Jiayu's "Jiayu Great Wall and the device" mark was used the word "Great Wall", the most distinctive word element in the COFCO's "Great Wall Brand" mark. Due to the well-knownness and distinctiveness of the "Great Wall Brand" word part, the relevant sector of the public in the wine market were likely to confuse the wine bearing the "Jiayu Great Wall and the device" mark including the word "Great Wall" with the "Great Wall" wine made by COFCO, or at least to regard them as associated in a certain way. Accordingly, it might be determined that Jiayu's "Jiayu Great Wall and the device" mark was similar to the COFCO's registered "Great Wall Brand"

mark (No. 70855).

2. Under Article 14 of the Supreme People's Court's Interpretation of Several Issues Relating to Application of Law to Trial of Cases of Civil Disputes over Trademarks, the profit earned because of the infringement under Article 56, paragraph one, of the Trademark Law may be calculated on the basis of multiplication of sales of the infringing goods by the unit profit of the goods. Where it is impossible to find out the unit profit of the goods, it is calculated on the basis of the unit profit of goods bearing the registered trademark. In the present case, it was impossible to find out the unit profit of the allegedly infringing goods, this court decided that Jiayu had made profit of RMB 10.61 million yuan as calculated on the basis of the COFCO' unit profit of the goods bearing its mark multiplied by the sales volume of the allegedly infringing goods.

### ***Holding***

1. Jiayu's "Yiyu Great Wall" mark was similar to the COFCO's well-known mark; it infringed the COFCO's exclusive right to use its registered mark; and
2. Where it was impossible to find out the unit profit of the allegedly infringing goods, the amount of the damages was calculated on the basis of the COFCO' unit profit of the goods bearing its mark multiplied by the sales volume of the allegedly infringing goods.