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AgrEvo (Tianjin) Co., Ltd. v. Sichuan Province Fushun County Bio-chemical Engineering Plant

Citation: The Supreme People's Court's Civil Judgment No. Zhizhongzi 11/1999

Date of judgment: June 13, 2000

Procedural history

The AgrEvo (Tianjin) Co., Ltd. (AgrEvo) sued, in the Sichuan Province Higher People's Court, the Sichuan Province Fushun County Bio-chemical Engineering Plant (Fushun) for trademark infringement. In the first-instance judgment, Fushun was held to have committed an infringement. Raising its opposition to the amount of damages therefor, AgrEvo appealed to the Supreme People's Court.

Issue

1. Whether the “decis” (pronounced “di sha si” and meaning “killing insects” in Chinese) registered mark had become a generic name of the goods that was precluded from the trademark protection.
2. Should the infringer be imposed heavier liability for damages for trademark infringement due to its intended bad faith?

Facts

The French Hoechst Schering AgrEvo S. A. legitimately obtained the registration of the word marks “DECIS” and “Dishasi” from the Chinese Trademark Office to be used in goods, such as weedicide and parasiticide preparation, and insecticide. AgrEvo was the licensee of said registered

marks.

The pesticide products bearing the words “10% Highly Effective Dishasi” “Dishasi” and “DECIS” Fushun made were marketed. AgrEvo wrote to Fushun, requesting the latter to cease infringement. After replying to confirm immediate cessation of said infringement, Fushun kept on making and marketing the pesticide products bearing the representations with the words “Dishasi” and “Highly Effective Dishasi”.

The first-instance court invited the Xuaxi Auditing Office to audit the pesticide products bearing the representations with the words “Dishasi”, “Highly Effective Dishasi” and “Synergistic Dishasi” Fushun sold from 1997 to August 1998 and found that the sales of said products totaled over RMB 3.38 million yuan. It was decided in the first-instance judgment that Fushun pay AgrEvo RMB 150,000 yuan in compensation for its economic losses.

AgrEvo appealed, requesting to change the judgment by fixing the damages at the amount of RMB 1.50 million yuan.

Fushun argued in defense that the name of “Dishasi” registered mark, being widely used, had actually become a generic name of pesticide goods; the amount of damages the appellant claimed was groundless.

Rule of law

Article 38 of the Trademark Law as of 1993 *Any of the following acts shall be an infringement of the exclusive right to use a registered trademark.*

(1) using a mark identical with or similar to a mark registered in identical or similar goods without authorization of the owner of the registered mark; ...

(4) harming, in other ways, another person's right to exclusively use a registered trademark.

Rule 41 of the Regulation for the Implementation of the Trademark Law as of 1995 *Any of the following acts shall constitute an infringement of the exclusive right to use a registered trademark as referred to in Article 38 (4) of the Trademark Law:*

(1) dealing in the goods that he knows or he should know have been involved in an infringement of the exclusive right of another person to use a registered trademark;

(2) using any word or device that is identical with or similar to the registered trademark of another person, in respect of the same or similar goods, as the name or trade dress of the goods, which is so sufficient as to mislead the public;

Reasoning

1. Whether the “Dishasi” registered mark had become a generic name of the pesticide goods that was precluded from the trademark protection.

The first-instance court held that the “Dishasi” and “DECIS” word marks were granted the registration by the Chinese Trademark Office, and remained within their term of validity. According to the pertinent provisions for the trademark administration in China, where a registrant’s negligence of management of a registered mark within its term of validity rendered said mark devoid of distinctive character, said mark would be cancelled for lack of distinctive character. Although the registrant in the present case failed to do anything about the confusion, in some specialized publications, of the goods name of Deltamethrin with the “Dishasi” trademark, said mark should be protected under the Trademark Law before the Trademark Office published the cancellation of the registered mark. Accordingly, the first-instance court held that Fushun’s act had constituted an infringement of the exclusive right to use the registered marks “Dishasi” and “DECIS”.

The second-instance court held that the first-instance court’s decision was correct on Fushun’s infringement of the exclusive right to use said trademarks, but did not confirm that “Dishasi” had become a generic name of goods as claimed by Fushun.

2. Should the infringer in this case be imposed heavier liability for damages caused by its infringement due to its intended bad faith?

Under the circumstances where it was difficult to find out Fushun’s costs and tax dues, it was due for the first-instance court to have decided on the amount of damages, in the present case, with reference to the plant’s sales revenue and the various factors having effect on the costs of produc-

tion. Fushun had the obvious intention of infringement after it received AgrEvo's letter of warning, and replied concerning its immediate cessation of the infringement, but kept on infringing the mark. The first-instance court's judgment was not due for failure to impose heavier liability for failure to take account of the extent of Fushun's bad faith.

The damages at the amount of RMB 150,000 yuan as decided in the first-instance judgment was such a small amount that it was insufficient to protect the legitimate rights and interests of the trademark registrant; Fushun had the obvious intention of infringement. Considering the extent of Fushun's bad faith, and Fushun should be imposed heavier liability for damages caused because of its infringement, the second-instance court decided that Fushun was to pay damages at the amount of RMB over 338,000 yuan.

Holding

1. The registered trademark "Dishasi" did not become a generic name of the goods. Before the Chinese Trademark Office published its cancellation of the registered mark, "Shadisi" mark was protected under the Trademark Law, and the unauthorized use thereof was still an infringement.
2. The infringer had subjective bad faith, so should be imposed heavier liability for damages caused because of its infringement.