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Jiangxi Tianyou Medical and Drug Science and Technology Co., Ltd. v. Jiangxi Kangmei Medical and Health Products Co., Ltd. et al.,

Citation: The Jiangxi Province Higher People's Court's Civil Judgment No. Ganminsanzhongzi 33/2005

Date of judgment: January 23, 2006

Procedural history

The Jiangxi Kangmei Medical and Health Products Co., Ltd. (Kangmei) sued, in the Yichun City Intermediate People's Court, the Jiangxi Tianyou Medical and Drug Science and Technology Co., Ltd. (Tianyou) for imitating the name of its famous product, the "Yikangmeibao" brand "Fuyan-jie" (a product for treating gynaecological infection), the Jiangxi Yaodu Shunfa Bio-health Co., Ltd. for marketing the counterfeit products made by Tianyou and for unfair competition. The first-instance court decided that Tianyou's imitation of the name particular to the famous goods of Kangmei constituted an act of unfair competition. Tianyou appealed to the Jiangxi Province Higher People's Court.

Issue

Was "Fuyan-jie" washing lotion a generic name of goods or a name particular to famous goods?

Facts

In January 1999, Kangmei began to make and market the "Yikangmeibao" brand "Fuyan-jie" washing lotion for extracorporeal use, on which Kangmei put in quite a lot of money to constantly advertise it for a long time on a large scale on CCTV, the satellite TV channels of various

provinces and cities and in the press. Said product was rewarded many honorary titles, with sales network spreading across the country and its sales volume on top of the list. In the effective judgment the Yichun City Intermediate People's Court made, in September 2005, the "Yikangmeibao" brand "Fuyanjie" washing lotion was established as famous goods, and "Fuyanjie" as the name particular to the famous goods.

In July 2002, Kangmei filed an application for registration of the "Fuyanjie" mark in goods, such as health articles and disinfectant, in class 5, and the application was refused by the Trademark Office. In the trademark reexamination proceedings, the Trademark Review and Adjudication Board (TRAB) decided that "Fuyanjie" as a mark to distinguish the source of goods and possessed the distinctive character of a mark through actual use in the market and in advertisement. Tianyou et al. raised opposition to the trademark, which was pending when the second-instance judgment was made in the present case.

Tianyou began to make "Fuyanjie" washing lotion in April 2005, and was granted the registration of the "Youmei" mark in July 2005; it placed advertisement, attracted investment to promote the sale of "Youmen" brand "Fuyanjie" washing lotion.

The first-instance court held that "Fuyanjie", a name particular to the famous goods, was used first by Kangmei in hygiene articles. Through long and constant use and advertisement of the name in the major media in the country, the relevant sector of the public may distinguish the source of product by the name "Fuyanjie"; "Fuyanjie" became distinctive in the process of use, and was a name particular to the famous goods of Kangmei. In addition, it was established in the effective judgment made by the Yichun City Intermediate People's Court that the "Yikangmeibao" brand "Fuyanjie" washing lotion product was famous goods, and "Yikangmeibao" a name particular to said goods. Therefore, it was not necessary for Kangmei to adduce any evidence for ascertaining, or for the court to re-ascertain, the fact. Tianyou's "Youmei" brand "Fuyanjie" washing lotion and Kangmek's "Yikangmeibao" brand "Fuyanjie" washing lotion were identical in name, which was sufficient to mislead the relevant sector of the public, and Tianyou's use of it constituted an infringement.

Tianyou appealed, arguing that, in as early as 1993, some enterprises were given approval to make and market the “Fuyanjie” effervescence pills, and Kangmei was not the first to have used “Fuyanjie”. “Fuyanjie” was a generic name widely used in the industry.

Rule of law

Article 5 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 commodity, or using a name, package or trade dress similar to that of another’s famous commodity, thereby confusing the commodity with that famous commodity and leading the purchasers to mistake the former for the latter.*

Article 11, paragraph one, of the Interpretation by the Supreme People's Court of Several Issues Relating to Application of Law to Trial of Cases of Civil Disputes over Trademarks *The similar goods under Article 52 (1) of the Trademark Law shall refer to goods with identical function, use, manufacturer, channel of commerce and intended consumers or goods that the relevant sector of the public generally think related in a particular way or it is likely to cause confusion.*

Reasoning

1. Establishment of famous goods

The “Yikangmeibao” brand “Fuyanjie” washing lotion led the similar products in the country in terms of scale and market share through long-time advertisement on TV and in the press on which the Kangmei spent a huge amount of money and the three-level market networks in the provinces, cities and counties. Said product was rewarded various prizes from competent authorities, recognized by the governmental agency of quality supervision, and well received by consumers nationwide; it was quite reputable. Kangmei’s “Yikangmeibao” brand “Fuyanjie” washing lotion was a goods famous to a certain extent, and known to the relevant sector of the public; hence it was a famous goods.

2. Establishment of name particular to famous goods

Firstly, the “Yikangmeibao” brand “Fuyanjie” washing lotion was a hygiene product, while “Fuyanjie effervescence pills” which a party not involved in the case made and marketed was a drug. According to the Interpretation of Several Issues Relating to Application of Law to Trial of Cases of Civil Disputes over Trademarks, with reference to the Classification of Similar Goods and Services and on the basis of the evidence from the Kangmei presented showing that the registration of the identical marks in disinfectant and drug for human use was granted for which different proprietors had applied, the “Fuyanjie effervescence pills” the party not involved in the case made and the “Fuyanjie” washing lotion were not goods of the same class. For this reason, it was decided that the Kangmei had used the “Fuyanjie” in hygiene product first.

Secondly, the combination of the three Chinese characters for “Fuyanjie” could not be found in the series of books of the hygiene products industry and the catalogue of the State drug standards, nor did “Fuyanjie” directly indicate the composition, function and use of the product. Besides, the “Fuyanjie” washing lotion, an antiseptic (bacteriostatic) lotion, was made of a variety of main ingredients, and was not a unitary name. The name “Fuyanjie” did not preclude other enterprises from using other names in their goods, and it was not monopolistic. Besides, many different names were used for antiseptic (bacteriostatic) lotion in the market; therefore, “Fuyanjie” was not the generic name of hygiene products.

Thirdly, when Kangmei began to use the name “Fuyanjie” for a hygiene product in 1999, said name was devoid of distinctive character. But thanks to the long and extensive use and advertisement thereof, and the high quality of the product bearing the name, said name won recognition and trust from the public in the country. As a result, it possessed the distinctive character distinguishing the source of goods in the same class; it was even more distinctive than the registered mark “Yikangmeibao”, resulting in special association with the Kangmei’s famous goods in the consumers’ mind; it became an important sign showing Kangmei’s product, and acquired its “special meaning”, so it constituted a name particular to the famous goods.

Besides, the 24 penalty decisions made by the agencies for industry and commerce across the country which the Kangmei produced to the court showed that, from putting onto the market, the “Fuyanjie” washing lotion, the name thereof, had been exclusively used and was not diluted from

a particular name into a generic name. That a few enterprises' illegal use of "Fuyanjie" as the product name after "Yikangmeibao" brand "Fuyanjie" lotion became famous goods was not sufficient to prove that "Fuyanjie" had become a generic name of the goods in that class.

Holding

"Fuyanjie" was a name particular to Kangmei's famous goods "Fuyanjie" washing lotion of the "Yikangmeibao" brand; Tianyhou used a name for its own product identical with said name particular to the famous goods, and such use constituted an act of unfair competition.