SPC Guiding Case No. 113: Michael Jeffrey Jordan v. the Trademark Review and Adjudication Board of the State Administration for Industry and Commerce and Qiaodan Sports Co., Ltd. (Administrative Dispute over the “Jordan” Trademark)

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SPC Guiding Case No. 113

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Keywords

Administrative; trademark dispute; name right; good faith

Holding

1. The name right is a personal right enjoyed by a natural person in respect of his or her name, and the name right may constitute a "prior right" provided for in the Trademark Law. Where the Chinese transliteration of a foreign natural person's foreign-language name meets the relevant conditions, the natural person may, in accordance with the law, claim protection of that specific name under the provisions governing name rights.

2. Where a foreign natural person claims protection of his or her name right in respect of a specific name, that specific name shall satisfy the following three conditions: (1) the specific name enjoys a certain degree of popularity in China and is known to the relevant public; (2) the relevant public uses the specific name to refer to that natural person; and (3) a stable correspondence has already been established between the specific name and the natural person.

3. Use is one of the contents of the right enjoyed by the holder of a name right, but it is not a statutory precondition for the holder of the name right to claim protection of that right. Where a specific name is protected by law as a name right, the fact that the natural person has not actively used it does not affect the holder of the name right's ability to claim rights under the provisions on prior rights in the Trademark Law.

4. Where a "trademark right holder," in violation of the principle of good faith, maliciously applies for registration of a trademark and infringes another person's existing prior right, and then claims that the registered trademark is lawful and valid on the ground that the trademark's publicity, use, awards, protection, and other circumstances have formed "market order" or "commercial success," the people's court shall not support such a claim.

Basic Facts

In this administrative dispute over a trademark, the retrial applicant Michael Jeffrey Jordan (hereinafter "Michael Jordan") faced the respondent, the Trademark Review and Adjudication Board of the State Administration for Industry and Commerce (hereinafter the "TRAB"), and the third party in the first instance, Qiaodan Sports Co., Ltd. (hereinafter "Qiaodan Company"). The dispute concerned Qiaodan Company's No. 6020569 "Qiaodan" (Qiaodan) trademark (the trademark in question), which was approved for use on Class 28 goods, namely sporting equipment, swimming pools (for recreation), roller skates, and Christmas tree ornaments (other than lighting and confectionery). The retrial applicant claimed that the trademark contained "Qiaodan," the Chinese transliteration of his English name, which fell within the circumstance of "prejudicing another person's existing prior rights" provided in Article 31 of the Trademark Law as amended in 2001, and therefore applied to the TRAB for revocation.

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The TRAB held that the trademark in question, "Qiaodan," differed to a certain extent from "Michael Jordan" and its Chinese transliteration "Maike'er Qiaodan," and that "Qiaodan" was a common English and American surname, making it difficult to conclude that there was a natural correspondence between the surname and Michael Jordan. It therefore ruled to maintain the trademark in question. The retrial applicant disagreed and brought an administrative lawsuit before the Beijing First Intermediate People's Court.

Judgment

On April 1, 2015, the Beijing First Intermediate People's Court rendered Administrative Judgment No. (2014) Yi Zhong Xing (Zhi) Chu Zi No. 9163, rejecting the claims of Michael Jeffrey Jordan. Michael Jeffrey Jordan, dissatisfied with the first-instance judgment, appealed. On August 17, 2015, the Beijing Higher People's Court rendered Administrative Judgment No. (2015) Gao Xing (Zhi) Zhong Zi No. 1915, rejecting the appeal and affirming the original judgment. Michael Jeffrey Jordan, still dissatisfied, applied to the Supreme People's Court for retrial. After retrying the case, the Supreme People's Court rendered Administrative Judgment No. (2016) Zui Gao Fa Xing Zai No. 27 on December 7, 2016, ordering: (1) revocation of Administrative Judgment No. (2014) Yi Zhong Xing (Zhi) Chu Zi No. 9163 of the Beijing First Intermediate People's Court; (2) revocation of Administrative Judgment No. (2015) Gao Xing (Zhi) Zhong Zi No. 1915 of the Beijing Higher People's Court; (3) revocation of the TRAB's Ruling No. Shang Ping Zi [2014] No. 052058 on the dispute over the No. 6020569 "Qiaodan" trademark; and (4) that the TRAB issue a new ruling on the No. 6020569 "Qiaodan" trademark.

Reasoning

The Supreme People's Court held that the focus of the dispute was whether the registration of the disputed trademark prejudiced the retrial applicant's name right claimed in respect of "Qiaodan," in violation of the provision of Article 31 of the Trademark Law as amended in 2001 that "an application for trademark registration shall not prejudice another person's existing prior rights." The judgment's principal findings were as follows.

I. On the legal basis for the retrial applicant's claim of protection of a name right

Article 31 of the Trademark Law provides: "An application for trademark registration shall not prejudice another person's existing prior rights." Prior rights for which the Trademark Law has specific provisions shall be protected in accordance with those specific provisions. Prior rights for which the Trademark Law has no specific provision, but which, under the General Principles of the Civil Law, the Tort Liability Law, and other laws, merit protection and were already enjoyed by a civil subject in accordance with the law before the filing date of the disputed trademark, shall be protected under this general provision. Article 99(1) of the General Principles of the Civil Law of the People's Republic of China and Article 2(2) of the Tort Liability Law of the People's Republic of China both expressly provide that natural persons enjoy the name right in accordance with the law. Accordingly, the name right may constitute a "prior right" under Article 31 of the Trademark Law. Where the registration of a disputed trademark prejudices another person's prior name right, the registration shall be found to violate Article 31 of the Trademark Law.

A name is used to denote, address, and distinguish a specific natural person, and the name right is an important personal right enjoyed by a natural person in respect of his or her name. With the continuous development of China's socialist market economy, it has become increasingly common for natural persons of a certain popularity to commercially exploit their names and, by contract or other means, to endorse specific goods or services for economic benefit. In applying Article 31 of the Trademark Law to protect another person's prior name right, protection involves not only the protection of the personal dignity of the natural person, but also the protection of the economic interests embodied in the name of the natural person, especially the name of a well-known figure. Where a person, without authorization, registers as a trademark a name in respect of which another person enjoys a prior name right, and this is likely to cause the relevant public to mistakenly believe that the goods or services bearing the trademark have a specific connection,

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such as endorsement or licensing, with the natural person, the registration of the trademark shall be found to prejudice the other person's prior name right and to violate Article 31 of the Trademark Law.

II. On the specific content of the name right claimed by the retrial applicant

When a natural person claims protection of a name right in respect of a specific name under Article 31 of the Trademark Law, the necessary conditions must be satisfied.

First, the specific name must enjoy a certain degree of popularity and be known to the relevant public, and must be used to refer to the natural person. Article 6(2) of the Interpretation of the Supreme People's Court on Several Issues Concerning the Application of Law in the Trial of Civil Cases Involving Unfair Competition is a judicial interpretation made in respect of the determination of the unfair competition act of "using another person's name without authorization, causing it to be mistakenly believed to be another person's goods"; that unfair competition act is in essence also a tort that prejudices another person's name right. The "causing it to be mistakenly believed to be another person's goods" involved in the determination of that act is closely related to the determination in this case of whether the registration of the disputed trademark is likely to cause the relevant public to mistakenly believe that there is a specific connection, such as endorsement or licensing. Therefore, the provisions of the above judicial interpretation may be applied by reference in this case to determine the conditions for protection of a natural person's name right.

Second, a stable correspondence must have been established between the specific name and the natural person. In resolving the conflict of rights between a prior name right and a registered trademark right involved in this case, the standard for protecting the prior name right should be reasonably determined so as to balance the interests of the prior name right holder and the trademark right holder. It is neither permissible to find that the registration of a disputed trademark prejudices a natural person's name right merely because the mark used or contained in the disputed trademark uses or contains a natural person's "name" that is known only to some persons or is used only temporarily, nor is it permissible, as the TRAB argued, to impose an overly stringent standard on the protection of a natural person's claimed name right by making it a precondition that the "name" claimed by the natural person form a "unique" correspondence with the natural person. Where a stable correspondence has already been established between the specific name claimed by a natural person and the natural person, the name may obtain protection as a name right in accordance with the law even if that correspondence falls short of a "unique" correspondence. In summary, when applying the provision of Article 31 of the Trademark Law on "not prejudicing another person's existing prior rights," where a natural person claims protection of a name right in respect of a specific name, that specific name shall satisfy the following three conditions: first, the specific name enjoys a certain degree of popularity in China and is known to the relevant public; second, the relevant public uses the specific name to refer to the natural person; and third, a stable correspondence has already been established between the specific name and the natural person.

In determining whether a foreigner may claim protection of a name right in respect of part of the Chinese transliteration of his or her foreign-language name, it is necessary to take into account the customary manner in which the relevant public in China addresses foreigners. Where a Chinese transliteration satisfies the three conditions above, the name right may be claimed in accordance with the law. The evidence in this case is sufficient to prove that "Qiaodan" enjoyed a relatively high degree of popularity in China and was known to the relevant public, that the relevant public in China ordinarily used "Qiaodan" to refer to the retrial applicant, and that a stable correspondence had already been formed between "Qiaodan" and the retrial applicant. Therefore, the retrial applicant enjoyed a name right in respect of "Qiaodan."

III. On whether the retrial applicant and his authorized Nike companies actively used "Qiaodan," and the effect of the fact of active use on the name right claimed by the retrial applicant in this case

First, under Article 99(1) of the General Principles of the Civil Law of the People's Republic of China, "use" is one of the contents of the right enjoyed by the holder of a name right, not an obligation assumed by the

holder, and still less a statutory precondition for the holder of the name right to "prohibit others from interference, misappropriation, or counterfeiting" and to claim protection of his or her name right.

Second, in applying Article 31 of the Trademark Law to protect another person's prior name right, whether the relevant public is likely to mistakenly believe that the goods or services bearing the disputed trademark have a specific connection, such as endorsement or licensing, with the natural person is an important factor in determining whether the registration of the disputed trademark prejudices the natural person's name right. Therefore, where the three conditions for protecting a name right described above are satisfied, the natural person is entitled, under Article 31 of the Trademark Law, to obtain protection of a name right in respect of a specific name that he or she has not actively used.

Finally, for a foreigner of a certain popularity in China, the foreigner or an interested party may not have actively used his or her name within China; or, due to convenience of address, linguistic habits, cultural differences, and other reasons, the "name" with which the relevant public and the news media in China are familiar and which they use may not be identical to the name that the foreigner actively uses. In this case, for example, the relevant public and the news media in China universally used "Qiaodan" to refer to the retrial applicant, while the retrial applicant and the Nike companies mainly used "Maike'er Qiaodan." However, both "Maike'er Qiaodan" and "Qiaodan" enjoyed a relatively high degree of popularity among the relevant public, both were universally used by the relevant public to refer to the retrial applicant, and the retrial applicant did not raise any objection or opposition. Accordingly, the TRAB's and Qiaodan Company's argument that, because the retrial applicant and the Nike companies had not actively used "Qiaodan," the retrial applicant did not enjoy a name right in respect of "Qiaodan," was not supported.

IV. On whether Qiaodan Company's registration of the disputed trademark involved obvious subjective bad faith

In this case, whether Qiaodan Company acted with subjective bad faith when applying to register the disputed trademark was an important factor in determining whether the registration of the disputed trademark prejudiced the retrial applicant's name right. The evidence in this case is sufficient to prove that Qiaodan Company, fully aware that the retrial applicant and his name "Qiaodan" enjoyed a relatively high degree of popularity, did not consult or negotiate with the retrial applicant to obtain his permission or authorization, but instead, without authorization, registered a large number of trademarks, including the disputed trademark, that were closely related to the retrial applicant, and allowed the injurious result of the relevant public mistakenly believing that the goods bearing the disputed trademark had a specific connection with the retrial applicant, thereby enabling Qiaodan Company, without paying excessive costs, to achieve the effect of having the retrial applicant "endorse" it. Qiaodan Company's conduct violated the principle of good faith provided in Article 4 of the General Principles of the Civil Law of the People's Republic of China, and its registration of the disputed trademark involved obvious subjective bad faith.

V. On Qiaodan Company's business conditions and the effect on this case of its publicity, use, awards, and protection of its enterprise name and relevant trademarks

Qiaodan Company's business conditions, as well as its publicity, use, awards, protection, and other circumstances of its enterprise name and relevant trademarks, were insufficient to render the registration of the disputed trademark lawful.

First, from the perspective of the nature of the rights and the constitutive elements of prejudice to a prior name right, a name is used to denote, address, and distinguish a specific natural person, and the name right is a personal right enjoyed by a natural person in respect of his or her name. The principal function of a trademark, by contrast, is to distinguish the origin of goods or services; it is a property right, a right of a different nature from the name right. In determining whether the registration of a disputed trademark prejudices another person's prior name right, the key is whether it is likely to cause the relevant public to mistakenly believe that there is a specific connection, such as endorsement or licensing, between the goods

or services bearing the disputed trademark and the name right holder; its constitutive elements differ from those of trademark infringement. Therefore, even if Qiaodan Company's years of operation, publicity, and use had caused Qiaodan Company and its "Qiaodan" trademark to enjoy a relatively high degree of popularity in particular categories of goods, and the relevant public could recognize that the goods bearing the "Qiaodan" trademark originated from Qiaodan Company, that alone was insufficient to conclude that the relevant public would not be likely to mistakenly believe that the goods bearing the "Qiaodan" trademark had a specific connection, such as endorsement or licensing, with the retrial applicant.

Second, Qiaodan Company maliciously applied to register the disputed trademark, prejudicing the retrial applicant's prior name right and clearly contravening the principle of good faith. The market order or commercial success asserted by the TRAB and Qiaodan Company was not entirely the lawful fruit of Qiaodan Company's good-faith operation, but was, to a certain extent, built on the basis of the relevant public's misapprehension. Upholding such market order or commercial success would not only be unfavorable to the protection of the lawful rights and interests of the name right holder, but would also be unfavorable to safeguarding the interests of consumers, and still more unfavorable to purifying the environment for trademark registration and use.

(Judges of the effective judgment: Tao Kaiyuan, Wang Chuang, Xia Junli, Wang Yanfang, Du Weike)

Relevant Legal Provisions

1. Article 32 of the Trademark Law of the People's Republic of China (2013 Amendment) (this case applied Article 31 of the Trademark Law of the People's Republic of China as amended in 2001)

2. Article 4 and Article 99(1) of the General Principles of the Civil Law of the People's Republic of China

3. Article 7 and Article 110 of the General Provisions of the Civil Law of the People's Republic of China

4. Article 2(2) of the Tort Liability Law of the People's Republic of China

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