Enforcement the right of a registered trademark when it is used by others as trade name

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Trademark and trade name are both important business signs to identify the source of products and services. In practice, it is not uncommon to use a trademark of others with certain popularity as trade name. Different forms of infringements are regulated by different laws. During the enforcement the right, it is advisable to take most appropriate legal action according to the severity and circumstance of infringement.

1. Forms of infringement, relevant laws and regulations, elements for infringement determination

The act of noticeably using the trade name in the enterprise's name constitutes trademark infringement in accordance with the Article 1 of the *Interpretation of the Supreme People's Court on Several Issues Concerning the Application of Laws in the Trial of Trademarks in Civil Disputes*, and such act is regulated by the Trademark Law. Therefore, the trade name shall be used in accordance with the laws and regulations, and shall not be used noticeably. Noticeable use mainly refers to the situation that the font, size, color and arrangement of the trade name are more prominent than the rest part of the enterprise name.

The act of registering and using a trade name that is identical with or similar to a prior registered trademark is mainly regulated in accordance with the principle of good faith as stipulated in Article 2 of the *Anti-Unfair Competition Law*.

In addition, if the prior trademark is a famous trademark, according to Article 2 of the *Interpretation of Several Issues on Application of Law on Trial of Civil Dispute Cases Involving Protection to Famous Trademark by The Supreme People's Court*, the right holder may initiate a trademark infringement lawsuit of an unfair competition lawsuit when the enterprise name is identical with or similar to the famous trademark.

Whether or not the later trade name infringes upon the right of other's prior registered trademark mainly depends on the following factors: the popularity of the prior registered trademark, the subjective state of the later trade name user, the manner of the trade name being used, whether the trade name is used noticeably, etc. And finally, all the above factors will be considered comprehensively in order to determine whether confusion and misunderstanding is likely to be caused. Confusion and misunderstanding hereof mainly refer to whether the relevant public is liable to mistake the origin of the products or services. In practice, it is mainly determined by the judge's subjective cognition, taking into account a number of factors such as trademark popularity.

2. Ways to resolve the dispute

For the act of registering and using a trade name that is identical with or similar to the prior registered trademark, the trademark owner may require the accused enterprise to bear civil liabilities such as cessation of use, alteration of use, standardized use, damages and so on. According to our years of experience in safeguarding rights, the following steps could be taken to deal with related disputes.

- **Warning and negotiation**

In general, for the infringement with clear facts and less serious circumstances, it may be resolved through a warning letter and negotiation. Some infringers knew the existence of the trademark of the right holder, but tried to "free ride" when they register their own trade names. After receiving a warning letter from the right holder, under pressure they are possible to agree to the relevant requirements of the right holder. As a representative of a well-known brand in lactobacillus milk beverage industry, we sent a warning letter to Company A in respect to their suspected infringing act of registering and using a trade name which is identical with our client's well-known trademark without authorization. Through the communication, Company A understood the risk of infringement, and changed its trade name that was neither identical with nor similar to the client's trademark within a few months upon their receiving of the warning letter. However, there still exist some more stubborn infringers who would insist that their business names have been legally registered and there is no infringement. At this point, further action is needed to safeguard right.

- **Administrative investigation**

It is a good choice to take administrative investigation when the problem cannot be resolved through warning and negotiation, or the infringement is more serious and the trademark owner wants the suspected infringer to be punished accordingly. In the practice of administrative investigation in the past few years, a more commonly happened situation was that the suspected infringing enterprise changed its trade name voluntarily as being persuaded by the officer of the administration of industry and commerce and under the administrative power when the suspected infringing products were found and the administrative investigation was conducted to seize the inventory of the said infringing products. In the practice of administrative investigation in the past two years, it is felt improvement of the level of law enforcement by the administration of industry and commerce. Now, existence of infringing products become unnecessary, as long as there is the act of registering and using the registered trademark of another person as trade name which is determined to have constituted infringement, the administration of industry and commerce would explain to the infringer about the infringement issue and let the involved enterprise change the trade name. It should be noted that after the institutional reform in 2018, there are market supervisory authorities whose competence among different departments is not very clear. And some infringing act may be dealt by more than two departments. Thus, it is necessary to communicate well which department is to be responsible for the case through phone before applying for investigation. We have handled a number trade name disputes in which the market supervisory authorities actively cooperated with the trademark owner enforcing right considering sufficient infringement evidence and popularity evidence of the prior trademark we have prepared and submitted, and our detailed explanation therefore. With the help of the local market supervisory authority, the alleged enterprises finally changed their trade names successfully.

The level and capability of law enforcement of each market supervisory authority are different, and not all market supervisory authorities would actively cooperate with the right holders to have the suspected infringer to change its trade name. Especially in the case where the later trade name is not identical with the prior trademark, it may be more difficult to make an infringement determination for the staff of the market supervisory authorities. At this time, litigation may be an option.

- **Civil litigation**

Even if a warning letter is issued or an administrative investigation is initiated, it may be difficult to obtain an ideal result for a serious infirming act but with delicate situation in similarity determination. Under such circumstance, the trademark owner may resolve the dispute by filing civil litigation. Although it is relatively costly and time-consuming, civil litigation can ensure that the trade name dispute is dealt with. If it is found that it constitutes infringement or unfair competition, the court will order the later trade name holder to change the name of the enterprise within the prescribed time limit. Moreover, it is also an opportunity for the trademark holder to request famous trademark recognition by the court in the litigation. Besides, the trademark holder may obtain damages. Nowadays more and more attention has been paid to the protection of intellectual property rights. Millions of damages were already old news. To obtain higher damages, the trademark owners need to collect and preserve more evidence to prove popularity of the trademark and evidence to prove profit obtained by the accused infringers.