



## Featured Article

# Guardians of Origin: Navigating Legal Paths for Foreign Geographical Indication Protection in China

### Introduction

Geographical Indication (GI) stands as a crucial component of intellectual property within the global trade framework, serving as an essential intangible asset for the economic and social progress of its place of origin. Through the common use of the geographical indication within the geographical area of origin coupled with the exclusive prohibition of its usage outside the region, it plays a pivotal role in advancing the industrialization process of the origin. In order to fulfill the protection obligations under international treaties such as the TRIPS and the Paris Convention, China provides the same level of protection to foreign geographical indications as to domestic ones. This commitment underscores the importance of safeguarding the rights associated with these indications, fostering a fair and equitable environment for both domestic and foreign entities.

This article delves into three cases of foreign geographical indication infringement, scrutinizing the variations in protection scope and available remedies through different legal avenues. By providing insights into the distinct paths available for seeking legal redress, the aim is to assist foreign geographical indication right holders in making informed decisions to halt infringements within China.

## 1. Introduction of judicial cases on foreign geographical indications

### 1.1 Protection based on the right to geographical indications

Champagne is a highly recognized geographical indication and appellation of origin owned by the Comité Interprofessionnel du Vin de Champagne ( "CIVC" ). In the geographical indication infringement and unfair competition dispute between CIVC and Beijing Shengyan Yimei Trading Co. (the "Defendant" )(hereinafter "CIVC v. SYYM" ), CIVC claimed that the Defendant used the "Champagne" marks on the beverages it sold without authorization, which would cause the relevant public to associate the goods with the geographical indication of Champagne, thus infringing its right to geographical indication.

After the hearing, the court concluded that Champagne, recognized as a renowned geographical indication in the realm of wines, has actually played a role in our country' s acknowledgement of the geographical area of origin, should be protected by law in our country. The Defendant's unauthorized and prominent use of the Champagne mark on beverages closely resembling wine raises concerns of potential consumer confusion, leading them to believe that the beverages originate from the Champagne region of France, which may damage the long-established credibility or reputation of

Champagne. Therefore, the court, referring to Article 16 of the *Trademark Law*, which stipulates that "where a trademark contains a geographical indication of the goods in respect of which the trademark is used, the goods is not from the region indicated therein and the trademark misleads the public, it shall be rejected for registration and prohibited from use" , held that it constituted an infringement of the right to geographical indications.

CIVC claimed both the right and interests of an unregistered well-known trademark and the right to a distinctive name of well-known goods under the *Anti-Unfair Competition Law*, but both of which were rejected by the court, on the grounds that Champagne, as a geographical indication, identifies only the source of the place of origin rather than a specific producer. Therefore, it could not perform the function of identifying the source of goods that a trademark or trade name should have.

### 1.2 Protection based on trademark right

Conseil Interprofessionnel du Vin de Bordeaux ( "CIVB" ) is the owner of the geographical indication collective mark "Bordeaux" in Class 33 for the "wine". In the trademark infringement dispute between CIVB and Ningbo Hezhixing Wine Co.(the "Defendant" )(hereinafter "CIVB v. NBHZX" ), CIVB claimed that the defendant's sale of wine with the Bordeaux marks attached would easily confuse the relevant public and mislead them into believing that the goods conformed to the

standard of Bordeaux wines, thus infringing on its right to geographical indication collective mark.

After the hearing, the court held that the wine sold by the defendant and the goods designated by the collective mark are the same goods, and that the mark used by the Defendant and the English part of the collective mark are identical. The two marks constitute similar trademarks. As a result, the defendant has infringed the geographical indication collective mark owned by CIVB.

### **1.3 Protection based on competitive interests**

Bureau National Interprofessionnel du Cognac ( “BNIC” ) is the trade association responsible for the development and defense of the geographical indication “Cognac” , established by a decree of the French government. In the case of unfair competition dispute between BNIC and Ford China Co., ltd, etc. ( “Defendants” ) (hereinafter “BNIC v. Ford” ), BNIC claimed that by naming the car “Cognac Special Edition” and the color of the interior decoration “Cognac Brown” , the Defendants were trying to utilize the reputation to the geographical indication of Cognac, which constituted unfair competition.

The court held that the defendants’ use of Cognac was intended to exploit the difference between Cognac brandy and ordinary brandy in order to emphasize the difference in quality and taste between the special edition cars they produced and the ordinary edition cars. This was clearly an

improper exploitation of the goodwill of the geographical indication, leading consumers to believe that the special edition cars were Cognac goods or that there was a specific association with Cognac. At the same time, the Defendants’ act will result the following consequences: it increases the risk of the Cognac geographical indication becoming a generic name, it reduces consumers’ attention, it diminishes the reputation of the Cognac products, and it limits the color of the Cognac wine. It therefore constitutes unfair competition.

It is worth noting that the court explicitly stated that “under the trend of diversification of modern industries, cross-industry cooperation and multi-industry mixed operations are becoming more and more common. Therefore, even though the geographical indication of Cognac is mainly used for wines, the Defendants’ behavior of improperly establishing a specific relationship with the geographical indication is still a clear violation of the principle of good faith and business ethics.” Finally, the court granted an extremely broad scope of protection to geographical indications in order to preserve the competitive order of the market.

## **2. Comparison and selection of legal protection paths for foreign geographical indications**

### **2.1 Comparison of different protection paths for foreign geographical indications**

### 2.1.1 Basis of claim

In *CIVB v. NBHZX*, Bordeaux was protected based on the geographical indication collective mark right, while in *CIVC v. SYYM* and *BNIC v. Ford*, the court explicitly pointed out that, although Article 16 of the Trademark Law provides that geographical indications may be protected by applying for the registration of a collective mark or a certification mark, the above provision cannot be interpreted restrictively to mean that China excludes the provision of legal protection for geographical indications other than trademarks.

In addition, Article 123 of the *Civil Code of the People's Republic of China* has already clarified geographical indications as legal intellectual property rights. Therefore, the right to geographical indications itself can be used as the basis of claim in infringement cases, but the legal basis for obtaining protection in such cases still relies on the reference to the *Trademark Law* or the application of the relevant provisions of the *Anti-Unfair Competition Law*. However, the legal basis for obtaining protection in each case is still based on the application of the *Trademark Law* or the *Anti-Unfair Competition Law*.

### 2.1.2 Scope of protection

In both *CIVC v. SYYM* and *CIVB v. NBHZX*, since the *Trademark Law* was applied as the legal basis for protection and the geographical indications in question were not recognized as well-known trademarks,

the scope of protection of was limited to the identical or similar goods.

In 2017, the Supreme Court issued a trademark-related judicial interpretation, which for the first time clarified that the category of goods protected by geographical indications under *Article 16 of the Trademark Law* included “non-identical goods”, but did not further clarify whether “non-identical goods” included only “similar goods” or also “non-identical and non-similar goods”. Trademark examination and judicial practice are more inclined to limit the above provisions only to “similar goods”, and not to include “non-identical and non-similar goods”. For example, in the case of the cancellation of the “CHAMPAIGN” trademark, the court ruled that the goods designated by the disputed trademark, such as “shampoo, cosmetics, hairspray”, and the “wine” goods of the geographical indication Champagne (CHAMPAGNE), were not similar goods, and thus would not mislead the public. The judges of the Supreme Court also held that “non-similar” goods should not be interpreted broadly, and that the provisions should be applied only when the goods are sufficiently similar to the geographical indication product to cause confusion as to source or misidentification as to quality by the relevant public.

However, in *BNIC v. Ford*, the scope of protection of geographical indications have been extended to goods that are neither identical nor similar, thus

obtaining the effect of “cross-class protection” similar to that of well-known trademarks.

### 2.1.3 Judicial remedy

Due to the obvious difference between the legal interests protected by the trademark law and the unfair competition law, the remedies provided for different types of infringements are also quite different.

In *CIVC v. SYYM*, the legal basis for infringement was *Article 16 of the Trademark Law*, and the civil remedies provided for in that article were limited to "prohibition of use". Therefore, the court only ruled that the defendant to bear the civil liability of cessation of infringement. In *CIVB v. NBHZZ*, the court held the defendants civilly liable for cessation of infringement and compensation for damages. As for the CIVB's claim of eliminating the impact, the court held that the geographical indication collective mark was used by members of the industry, who sold wines at different prices, and that the defendant's behavior did not diminish the goodwill or the value of the collective mark, and therefore did not support the claim. In *BNIC v. Ford*, the court upheld the BNIC's claims for cessation of infringement, compensation for damages, and removal of effects, all of which were the most adequate remedies. The court also took into account the fact that the defendant's conduct could lead to a reduction in BNIC's commercial and branding opportunities and an increase in

promotional costs, and ultimately upheld the damages amount of \$2 million in full.

Through the three cases above, it can be clarified that both the right to geographical indications, the geographical indication collective/certificate trademarks rights and the competitive interests based on geographical indications can be used as the basis of the claim for infringement of foreign geographical indications. However, different rights have different boundaries. Trademark rights as prohibited rights are still limited to the identical or similar classes of goods. Competition interests with the attribute of behavioral regulation extend their scope of protection moderately outward by adopting the concept of dynamic competition.

### 2.2 Selection of different protection paths for foreign geographical indications

If the geographical indication right holder chooses the protection based on the right of geographical indication, the first thing that needs to be proved is the basis of the right, which is mainly the fact that the geographical indication is protected in the country of origin, and that it has actually played the role of indicating the geographical origin, the specific quality, the reputation or the characteristics of the geographical indication product to the relevant public in the territory of China. For example, relevant regulations and industry rules issued by the country of origin on the designation of the region of origin and the production conditions of the



geographical indication product; the sale of the geographical indication product in China; and periodicals, tools, industry rules and standards relating to the meaning, production technology and the conditions of the geographical indication product. The advantage of the protection based on the right of geographical indication is that it can provide direct protection without the need to be registered as a trademark in China, so there are fewer obstacles to establishing the basis of claim. However, since China has not yet enacted legislation on geographical indications, it is necessary to refer to the application of the provisions of *Article 16 of the Trademark Law*, so there is also the disadvantage of only being able to provide the remedy of cessation of infringement. In conclusion, the protection based on the right of geographical indication applies to the situation where the owner of a foreign geographical indication who has not yet applied for a trademark in China seeks to prevent others from using the geographical indication on the identical or similar goods.

Protection based on trademark right can provide strong protection for foreign geographical indications registered as collective marks or certification marks. In addition, China's *Trademark Law* has clearly defined the elements and defenses of trademark infringement, which can provide clear litigation guidelines and expectations for geographical indication trademark right holders. However, the prerequisite for trademark infringement is that the defendant uses the geographical

indication as a trademark, and the use of the geographical indication merely to describe the region of origin of the product will not be recognized as trademark infringement. In *CIVB v. NBHZZ*, the court held that the separate use of the "Bordeaux" mark on the front label of the infringing product was a trademark use and constituted a trademark infringement; however, the use of "APPELLATION BORDEAUX CONTROLEE" on the front label and "APPELLATION AREA: APPELLATION AREA OF BORDEAUX, FRANCE" on the back label were descriptions of the place of origin of the wines, and were not trademark uses, and therefore did not constitute infringement. In conclusion, the protection based on trademark right is applicable to the owner of a geographical indication who has registered a trademark in China and seeks judicial remedies against trademark infringement. However, the right holders should pay attention to distinguish whether others are using geographical indications for the purpose of describing the place of origin of their products, in order to avoid wasting litigation costs.

The protection based on the competitive interests adopted by the Court in *BNIC v. Ford* is a cross-industry protection of foreign geographical indications by utilizing the complementary role of the Unfair Competition Law where the geographical indications are well known and the defendant's intent to climb is obvious, and where no other intellectual property law can provide an adequate

remedy. Such protection is rare. The court also clearly stated in its judgment that "the protection of geographical indications under the framework of the *Anti-Unfair Competition Law* is not only focused on the protection of the right itself, but also needs to take into account the legitimacy of the behavior of the market entity. Only when the behavior of using the goodwill of geographical indications clearly violates the principle of honesty and business ethics, can it be regulated." Therefore, protection based on competitive interests applies in situations where no remedy is available under the *Trademark Act* or other intellectual property laws, but where the defendant's conduct clearly disrupts the competitive order of the market and increases the risk that the geographical indication will become a generic name. The right holder of a geographical indication who chooses this path of protection needs to focus on the appropriateness and necessity of the other person's act, the negative impact on the interests of the market participants, the interests of consumers and the competitive order of the market, and to adequately prove the impropriety of the use of the geographical indication.

### 3. Conclusion

The fundamental role of a geographical indication lies in establishing a connection between a product's specific quality and reputation and its geographical area of

origin, a departure from the function of a trademark that primarily indicates the source of goods or services. Recognizing geographical indication as a legal intellectual property right, its protection should not be limited to the framework of trademark law, but should encompass the broader intellectual property law system. At present, China lacks a unified legislation and administrative system specifically dedicated to geographical indications. Rights related to geographical indication can be embodied in a variety of types, such as "geographical indications," "geographical indication certification marks and collective marks." Protection clauses are dispersed across legal frameworks such as the *Trademark Law*, the *Anti-Unfair Competition Law* and other regulations. This diversity provides options for the foreign geographical indication right holders to choose the path of legal protection. Given that different protection paths may result in significant variations in the scope of protection and available remedies, foreign geographical indication right holders may choose a suitable protection path by considering the status of the basis of their rights in geographical indications, the scope of protection needed to stop infringement, the remedies they expect to achieve, etc., so as to ensure the sustainable development of their geographical indications in the Chinese market.

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