

# “Trademark Dilution” in Domain Name Dispute Cases\_an Empirical Study on Recent Years’ Cases in China

---

Xiaowu LI, School of Law,  
Tsinghua University  
November 13, 2009

---

# Agenda

- 1 Research Background
  - 2 Some Findings of the Research
    - 1) Legal Basis
    - 2) The Determining Factors of Dilution
    - 3) Remedies
  - 3 Conclusions
-

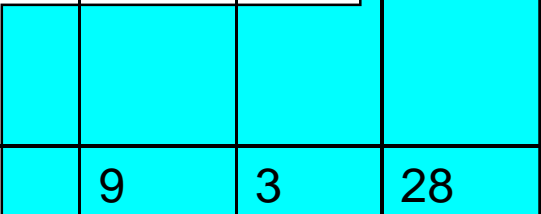
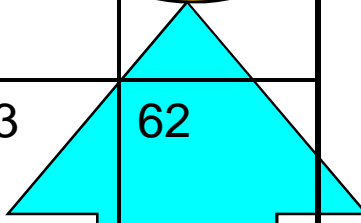
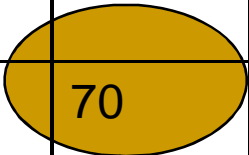
---

# Research Background

- Although China has no “trademark dilution” expression in its statutes, this term “trademark dilution” appears frequently in the rulings of the court.
  - By searching in the legal database (<http://www.chinalawinfo.com/>), We find 228 “trademark dilution” cases from 2002 to 2008. These cases can be divided into 4 categories, among them 70 cases are related to the domain name dispute.
-

# “Trademark Dilution” Cases in China

categories	2002	2003	2004	2005	2006	2007	2008	SUM
1 Domain name dispute cases			1	5	27	32	5	70
2 Dispute between enterprise name and Trademark	1	5	7	19	15	12	3	62
3 Dispute between Trademarks used in different classes of goods or service			2	9	17	34	6	68
4 Other special cases	1	0	2	8	5	9	3	28
<b>SUM</b>	<b>2</b>	<b>5</b>	<b>12</b>	<b>41</b>	<b>64</b>	<b>87</b>	<b>17</b>	<b>228</b>

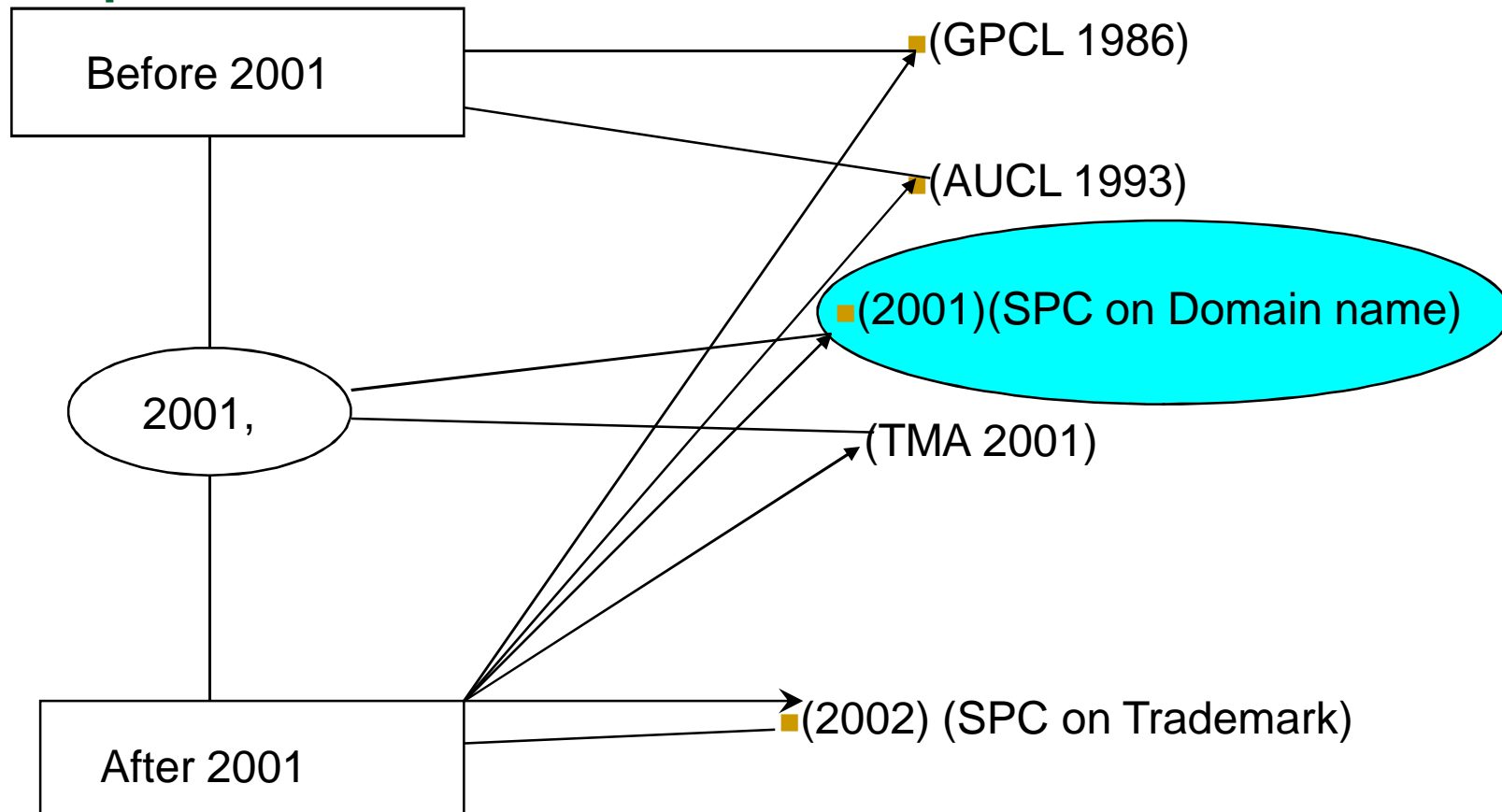


---


# Legal Basis

- Statistics shows that these 70 cases, reached their conclusion by different legal resources, includes:
  - General Principles of Civil Law(1986) Art. 4 (GPCL 1986)
  - Anti Unfair Competition Law(1993)Art.2 (AUCL 1993)
  - Trade Mark Act(2001), Article 52, Section5,(TMA 2001)
  - 5) causing other damage to the right to exclusive use of a registered trademark of another person.
  - Interpretation of the Supreme People's Court on Application of Laws in the Trial of Civil Disputes Over Domain Names of Computer Network  
(2001)(SPC on Domain name),Art.4,5,6,8
  - Interpretations of the Supreme People's Court Concerning the Application of Laws in the Trial of Cases of Civil Disputes Arising from Trademarks(2002) (SPC on Trademark),Art.1
-

# Legal Basis to Resolve the Domain Name Dispute



# The Determining Factors of Dilution

- 1 Well Known Marks
- Almost all the 70 cases maintained that only well known marks might be diluted by a domain name use
- 2 The domain name (Usually 3rd level) is a copy, imitation, translation or transliteration of the Well Known Mark
- Q: Is there any difference between the inherent distinct marks and acquired distinct marks?
- According to Art4 and Art5 of SPC(2001) —  NO
- “Charlie(查理)” Case , Zhejiang Province, 2007
- “Chushi(chef, 厨师)” Case, Fujian Province, 2006

---

# The Determining Factors of Dilution

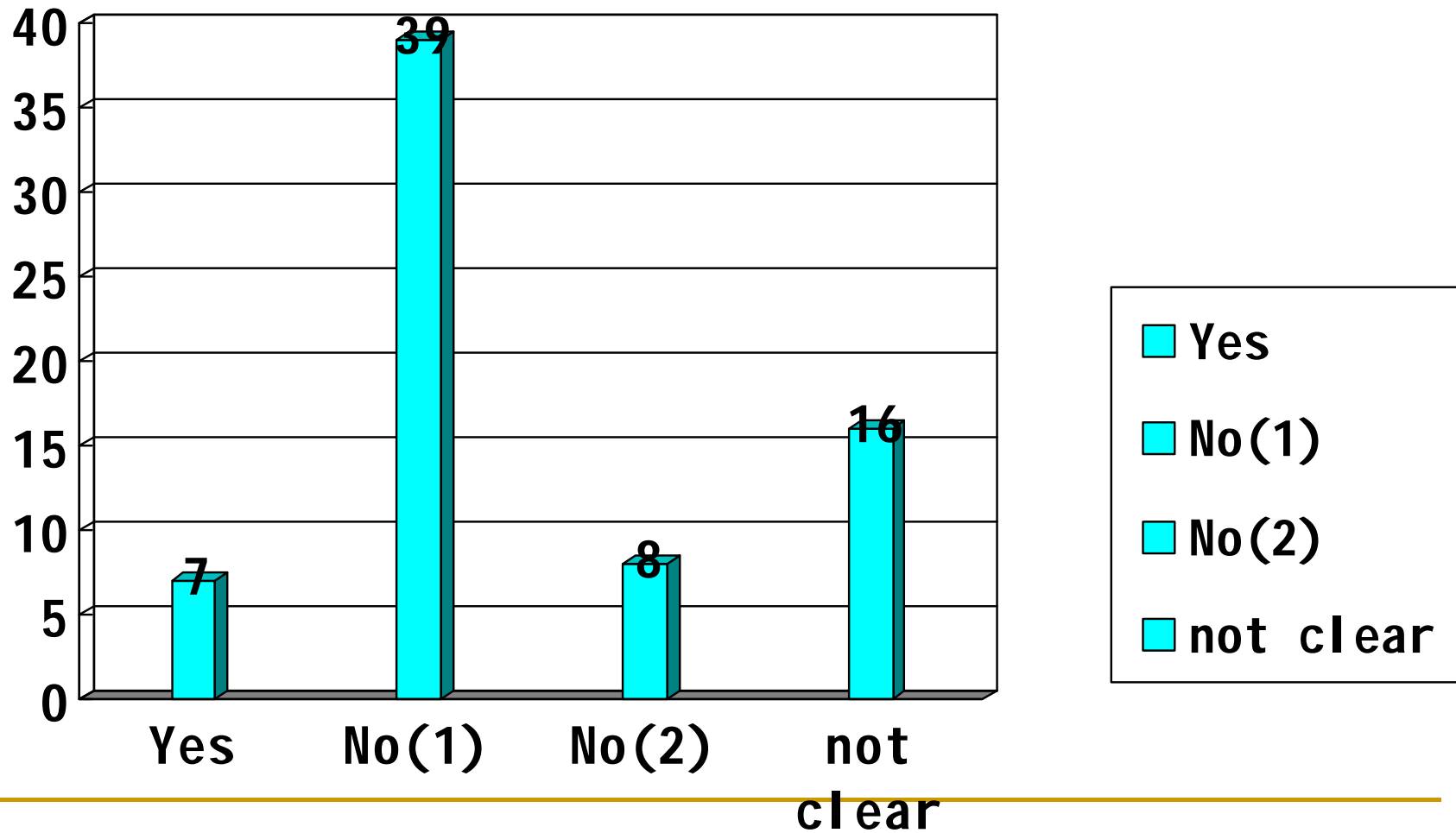
- 3 Domain Name Registration is enough?
  - 1)Yes.
  - Reasoning: The well known mark's owner is prohibited from Using it in the cyberspace. Hence, its function as a trademark in the cyberspace is weakened, Its reputation is damaged and the interests of the consumers is hurt. (XIZI.com.cn case, Hangzhou, 2007)
-

---

## 3 Is registration Enough?

- 2)No.
  - There need to be a use of the domain name and the causation of Public confusion.  
Dilution is almost impossible to be apart from confusion
  - 3)No.
  - There need to be a use of the domain name and the causation of Public confusion.  
Dilution is possible to be apart from confusion
-

# 3 Is registration Enough?



---

# The Determining Factors of Dilution

- 4 bad faith?
  - It seems more like a defense, rather than a determining factor
  - If the defendant has no justification in using the domain name, then the bad faith is presumed
  - LG(卢光(LuGuang)公司) Case, 2006, Zhejiang Province,
-

---

# Remedies

- 1 Cease to use the domain name and cancel the registration
  - 2 Transfer the domain name to the Plaintiff
  - 3 Damages
  - Q: How to calculate the damages?
-

---

# The Calculation of Damages

- According To Art.56, TMA, 3 ways
  - 1 Profits gained by the infringer
  - 2 Losses suffered by the right holder
  - 3 Statutory Damages (500,000 Yuan or Below)
-

---

# The Calculation of Damages

- According to these 70 cases, when the burden of proof is not met, The court might order the defendant to compensate the Plaintiff:
    - 1 No damages.(7 cases)
    - Reason: No proof of losses
    - 2 Reasonable Cost(13 cases)
    - Includes, Plaintiff's expenses incurred from stopping infringing acts, Investigation costs, court fees, lawyers' fees
    - 3 Statutory Damages: depending on judges' consideration(46 cases)
  - the court may order the defendant to compensate the plaintiff for actual damages according to the circumstance of the case
-

# The Calculation of Damages

Rulings	Number of cases	Reasons
1 No damages	7	No Proof
2 Reasonable Costs (Investigation fee + Court fee + Lawyer's fee)	13	Plaintiff provide evidence.
3 Statutory Damage (Varies from 700 Yuan to 200,000 Yuan )	46	No proof. Or It is Difficult to calculate the losses or the gaining.
4 The plaintiff give up the damage claim	4	N/A
<b>SUM</b>	70	

---

# Problems of Statutory Damages

- 1 In one case, The court orders the cybersquatter to compensate the right holder by the price it offered to transfer the domain name (Guomei.com case), but in another case (Huang Chang case), This kind of calculation is abandoned.
  - 2 Even if there is no proof of losses or gaining, The court might order the defendant to compensate varies from 700Yuan to 200,000 Yuan.
  - 3 It is uncertain about the calculation of the Statutory Damage.
-

---

# Conclusion

- 1 Before 2004, "Trademark Dilution" is not mentioned by the court as an infringement. After the TMA and SPC, this term was frequently used.
  - 2 In some cases, the mere registration of a domain name which is in conflict with a well known mark is deemed as a kind of trademark dilution, this might go too far, for there is no "trademark use" in this circumstance
  - 3 It is very difficult to tell when there is a grant of Statutory Damage, or how much it will be in this category of cases.
-

---

# Thanks for Your Attention!

- [xiaowuli@mail.tsinghua.edu.cn](mailto:xiaowuli@mail.tsinghua.edu.cn)
- 010-62773477

