

Study on the Improvement of China's Unregistered Well-known Trademark Clause under CPTPP Rules

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Abstract

In September 2021, China officially applied to join the CPTPP. On February 17, 2022, the spokesperson for China's Ministry of Commerce stated that China is willing to reform and strive to fully meet the standards set by the CPTPP rules. Through a comprehensive and detailed study of the CPTPP's provisions on unregistered well-known trademarks, it was found that China's protection of unregistered well-known trademarks is insufficient; pre-litigation remedies cannot be practiced, nor can claims for civil compensation for unlawful infringement be made; there is a lack of cross-class protection for unregistered well-known trademarks. In response to these issues, further efforts can be made to establish the legal status of unregistered well-known trademarks; improve the damage relief system for unregistered well-known trademarks; and establish a conditional cross-class protection system for unregistered well-known trademarks. By benchmarking against and drawing on the high-level intellectual property provisions of the CPTPP, China can transform them into Chinese-characteristic intellectual property protection rules, and be ready to join the CPTPP and meet the challenges at any time.

Keywords

CPTPP, Unregistered well-known trademark, Cross-class protection.

1. The Influence of International Conventions on The Protection of Unregistered Well-known Trademarks in China

1.1. Paris Convention for the Protection of Industrial Property

The Trademark Law of China, enacted in 1982, did not address the protection system for well-known trademarks. It was not until 1985, when China joined the Paris Convention for the Protection of Industrial Property (hereinafter referred to as the Paris Convention), that legal revision work officially began, aiming to align domestic legislation with the international intellectual property protection system. The protection mechanism for well-known trademarks under the Paris Convention can be traced back to the Hague Diplomatic Conference of 1925, undergoing two revisions in London and Lisbon, and finally establishing its basic framework in 1967. Article 6 of the Convention establishes the fundamental institutional framework for protecting well-known trademarks: first, it requires member states' authorities to be responsible for recognizing well-known trademarks; second, it emphasizes that right holders must meet the conditions for protection under the Convention; third, it defines types of infringement and remedies; fourth, it establishes differentiated handling rules — requiring the revocation and prohibition of use of registered infringing trademarks, and providing an administrative rejection mechanism for unregistered ones. To fulfill international obligations, our country established the "deceptive trademark revocation system" in the first revision of the Trademark Law in 1993. This means that if an applicant uses fraudulent means to seek registration when the relevant public has already widely recognized a specific trademark, such registration will not be approved according to law. This legislative adjustment reflects

procedural protection for unregistered well-known trademarks. It is worth noting that the Paris Convention does not specify clear criteria for recognizing well-known trademarks. Based on international experience, Article 14 of China's Trademark Law establishes a recognition system that includes multiple evaluation factors such as "public awareness, duration of use, scope of promotion, and past protection records." For example, in the "Benevolent Wealth" trademark dispute, judicial authorities determined its status as an unregistered well-known trademark by analyzing the relationship between "Penfolds" and the Chinese mark, the duration of continuous use (over 20 years), and market penetration. Notably, the Paris Convention grants member states discretionary power to handle well-known trademarks not actually used in their home country, while Chinese judicial practice takes a cautious approach. The "Muji" trademark dispute case serves as a typical example, where the court rejected the protection request on the grounds that the involved trademark was not actually used in the Chinese market. This ruling sparked extensive discussions in the international intellectual property community, reflecting the tension between domestic standards and international practices.

1.2. Agreement on Trade-Related Aspects of Intellectual Property Rights

The Agreement on Trade-Related Aspects of Intellectual Property Rights (hereinafter referred to as the "TRIPS Agreement"), which came into effect in 1994, established a new framework for the protection of well-known trademarks in Part II, Section II. Article 16 of the Agreement divides well-known trademarks into two categories based on registration status: registered and unregistered, and it innovatively develops the Paris Convention: first, it expands the scope of traditional product trademark protection to include service trademarks; second, it establishes the principle of cross-class protection, meaning that using a well-known trademark on non-similar goods or services can constitute infringement if it may cause confusion or association; finally, it reforms the criteria for recognition, clarifying that well-known status can be achieved through publicity and other means, without requiring actual use. To fulfill its obligations under the TRIPS Agreement, China formally established the well-known trademark protection system in the revision of the Trademark Law in 2001. However, there are still significant differences at the legislative level: the cross-class protection required by the TRIPS Agreement is only reflected in China's law as protection for identical or similar goods. In judicial practice, courts have used legal interpretation methods to break through the limitations of codified law through typical cases such as the "Xinhua Dictionary Case" (2016) and the "Lafite Case" (2018). For example, in the "Xinhua Dictionary Case," despite the trademark not being registered and the involved goods being different categories, the court still ruled to prohibit others from using it on non-similar goods based on market significance formed through long-term use, essentially achieving cross-class protection. This judicial initiative reflects China's unique path in legal transplantation and localization adjustment in the field of intellectual property protection.

1.3. Comprehensive and Progressive Trans-Pacific Partnership

Under the framework of regional economic and trade agreements, Article 18.22 of the CPTPP establishes a new mechanism for protecting well-known trademarks. Its first paragraph explicitly excludes protection based on registration, list filing, or administrative recognition. The second paragraph innovatively grants unregistered well-known trademarks the same cross-class protection as registered trademarks. This institutional design represents a significant breakthrough compared to existing international treaties: building on the trademark protection foundation established by Article 6 bis of the Paris Convention, Article 16.3 of the TRIPS Agreement first expanded protection to include service marks and established cross-class protection rules. The CPTPP provision, however, achieves a second breakthrough by extending cross-class protection to the realm of unregistered trademarks.

This institutional evolution not only strengthens legal safeguards for unregistered trademarks outside the region but also lowers the threshold for recognizing well-known trademarks and refines the criteria for such recognition. The comparative analysis shows that Article 13 of China's current Trademark Law still adheres to "actual use" as a necessary condition for protecting unregistered trademarks, a legislative orientation that has sparked controversy in judicial practice. A typical case is the "Muji" trademark dispute, where judicial authorities refused to provide protection on the grounds that no actual use had been established. If this judicial approach were placed within the framework of the CPTPP, it might lead to a different conclusion. Moreover, the agreement requires member states to establish a rapid response mechanism for malicious squatting, while China's current trademark opposition and invalidation procedures are generally lengthy, with an average processing time of 3-5 years, failing to meet the timeliness standards required by the agreement. Currently, China's unregistered trademark protection system exhibits significant passive legislative characteristics, primarily manifested in the mechanical transformation of minimum obligations under the Paris Convention and the TRIPS Agreement, which contrasts sharply with the proactive protection model emphasized by new-generation trade rules such as the CPTPP. This legislative lag is no longer sufficient to adapt to the evolving trends in international trade rules and urgently requires institutional innovation to shift from "compliance legislation" to "leading legislation."

2. Problems Faced By the Protection of Unregistered Well-known Trademarks in China

2.1. The scope of protection for unregistered well-known trademarks is insufficient

The current Trademark Law of our country establishes a registration-based acquisition system, which objectively creates an institutional gap in the protection of unregistered trademarks. According to the existing regulatory framework, unregistered trademarks neither receive statutory exclusive rights nor have legal standing against third parties, leading to weak protection for well-known unregistered trademarks with market influence. Compared to ordinary registered trademarks, which enjoy a complete set of rights, such trademarks exhibit a clear imbalance in legal status. From the perspective of protection, registered well-known trademarks can obtain comprehensive legal remedies: besides basic exclusive rights protection, when infringement reaches the level of confusing the public, their rights can extend to non-similar goods or services. In contrast, unregistered well-known trademarks are only granted negative rights to prevent others from registering and using them, and these rights are subject to the dual criteria of "identical or similar goods" and "likelihood of confusion among the public." This restrictive protection model exposes two major dilemmas: first, the requirement settings do not match the intensity of protection that trademark fame should receive, making it difficult to curb malicious squatting; second, the narrow scope of protection objectively induces negative effects such as trademark squatting and market confusion. This institutional design not only lags behind the cross-class protection standards established by international agreements like the CPTPP but also shows a significant gap compared to the legislative trends in developed countries that expand the scope of protection for unregistered trademarks.

2.2. They cannot practice pre-litigation remedies or claim civil damages for unlawful infringement

The trademark registration system in our country leads to the dual deficiency of procedural and substantive rights for unregistered well-known trademarks. According to Articles 65 and 66 of the Trademark Law, trademark registrants or interested parties can apply for pre-

litigation injunctions, asset preservation, and evidence preservation against infringement. However, due to the lack of exclusive rights, unregistered well-known trademarks are often excluded from the category of "interested parties" when applicants seek pre-litigation interim measures, creating procedural obstacles in judicial practice. This institutional design conflicts with the principle of "preventing irreparable damage" established by Article 50 of the TRIPS Agreement, which explicitly requires member states to provide timely and effective interim relief measures for all intellectual property rights holders. From the perspective of the civil liability system, the current system is significantly imbalanced: when a registered trademark is infringed, it can claim complete remedies such as cessation of infringement and compensation for losses, whereas unregistered well-known trademarks can only obtain negative defense rights under Article 13 of the Trademark Law. Due to the lack of clear criteria for civil liability in cases of infringement, judicial authorities generally exclude them from the scope of trademark exclusive rights protection, leaving right holders unable to obtain damages or effectively eliminate the impact of infringement through legal procedures. This gap in the relief mechanism not only violates the principle of "where there is a right, there must be a remedy" but also substantially weakens the legal protection effectiveness of unregistered well-known trademarks, objectively creating a loophole that indirectly condones infringement.

2.3. Lack of cross-class protection for unregistered well-known trademarks

Strengthening the protection of unregistered well-known trademarks has become a crucial direction in the evolution of global trademark governance systems. Current international rules exhibit a significant dual-track development trend: while the TRIPS Agreement sets a baseline for protection, it allows member states to implement higher standards; newer trade agreements like the CPTPP, however, establish a more proactive protection paradigm through provisions that expand cross-class protection and lower recognition thresholds. Notably, developed economies such as Japan and the EU have revised their legislation to grant unregistered well-known trademarks the same cross-class protection rights as registered trademarks. For example, Article 4, Paragraph 1, Item 19 of Japan's Trademark Law explicitly includes "widespread recognition" as the standard for cross-class protection, breaking through traditional registration requirements. In contrast, China's current system remains at the level of fulfilling basic obligations under international treaties. Although Article 13 of the Trademark Law establishes a framework for protecting unregistered well-known trademarks, it suffers from three institutional flaws: first, the scope of protection is limited to similar or identical goods, which differs from the cross-class protection standards set by the CPTPP; second, remedies are restricted to prohibiting registration and use, lacking civil liability support such as damages; finally, the recognition criteria overly rely on the "actual use" requirement, failing to establish a dynamic evaluation system centered on market recognition. This institutional design not only leads to frequent disputes over foreign trademarks like "Muji" but also exposes domestic enterprises to systemic risks due to a lack of legal protection in international competition. Particularly, China has yet to establish a systematic protection mechanism for unregistered well-known trademarks. Compared to Germany's supplementary protection model through the Anti-Unfair Competition Law and the United States' establishment of the "second meaning" rule through common law precedents, China's reliance on specialized trademark legislation has become rigid. The breakthrough for institutional optimization lies in building a collaborative protection system between "specialized laws and the Anti-Unfair Competition Law," while introducing the "market confusion theory" to expand the legal basis for cross-class protection. This will facilitate a transition from passive compliance to proactive innovation in the institutional framework.

3. Suggestions on Improving the Protection of Unregistered Well-known Trademarks in China

3.1. Further determine the legal status of unregistered well-known trademarks

The formation of unregistered well-known trademarks involves dual path dependencies: Firstly, it stems from the dynamic transformation of trademark distinctiveness elements. Marks that originally failed to pass registration due to a lack of inherent distinctiveness gradually accumulate goodwill and develop identification functions through continuous commercial use and market promotion. Although such trademarks have not been formally registered, they substantially meet the "obtaining distinctiveness through use" requirement stipulated in Article 11 of the Trademark Law. A typical case is "Little Pot Tea," which achieved a significant rise in brand recognition through marketing innovation. Secondly, it involves the institutional gap in cross-border trade, primarily manifested as trademarks that have gained fame abroad but have not yet completed domestic registration procedures due to the phased nature of international business strategies. For example, Tesla faced trademark squatting incidents before its early entry into China. The digital technology revolution has exacerbated the crisis of protecting unregistered trademarks. In new communication ecosystems like social media and live-streaming e-commerce, the mechanism for forming trademark awareness has undergone structural changes: although cross-border goods have not actually entered the domestic market, they can achieve exponential growth in brand recognition in a short period through KOL marketing, international event sponsorships, and other diversified channels, coupled with the viral spread effect of the internet. A typical case is Japan's "Kakunin" character, which gained widespread market recognition through meme dissemination despite not being registered in China. This non-traditional contact model leads to a special state where "fame precedes registration procedures," making it highly susceptible to trademark squatting and reputation hijacking. On the institutional response level, there is a significant bias in value judgment within the current legal framework. When a registered trademark can obtain punitive damages under Article 63 of the Trademark Law, unregistered well-known trademarks, lacking the appearance of rights, find it difficult to claim equivalent remedies. This differential treatment essentially violates the principles of "prohibition of abuse of rights" and "good faith." From a comparative law perspective, Germany's Trademark Act, Article 4, Paragraph 3, establishes the principle of "priority to market reputation," while Section 43(a) of the U.S. Lanham Act provides federal-level protection for unregistered trademarks, both reflecting a full respect for the substantive value of trademarks. China urgently needs to establish a value orientation of "rights arising from use" and further determine the legal status of unregistered well-known trademarks in the revision of the Trademark Law.

3.2. We will improve the compensation system for damages caused by unregistered well-known trademarks

First, among various remedies, the most effective remedy currently is ceasing infringement. While implementing this remedy, the right holder can also be granted the right to apply for an injunction. When an unregistered well-known trademark is infringed upon and reaches a level of confusion, the right holder can apply to the court for an injunction and provide corresponding guarantees to prevent further damage to the unregistered well-known trademark. Second, improve the compensation system for damages caused by the infringement of unregistered well-known trademarks. The current Article 63 of the Trademark Law only stipulates matters such as the amount of compensation for trademark infringement, but it does not include unregistered well-known trademarks within its scope of application, still excluding them. Therefore, it is necessary to improve the compensation system to strengthen the

protection of unregistered well-known trademarks. Finally, China's Civil Code has established a punitive damages system for intellectual property rights. For intentional infringement of unregistered well-known trademarks that results in serious consequences, the punitive damages system for intellectual property rights can be applied, building a compensation system with different levels of relief.

3.3. Establish a conditional cross-class protection system for unregistered well-known trademarks

By comparing unregistered well-known trademarks with registered ones, it is found that unregistered well-known trademarks merely lack a registration process. It is precisely because of this missing step that the protection methods for unregistered well-known trademarks differ significantly from those for registered ones. To keep up with the tide of the times, there is an urgent need for China to further improve and perfect the cross-class protection system for unregistered well-known trademarks. Even in such an urgent situation, the institutional arrangements for cross-class protection of unregistered well-known trademarks should proceed steadily based on facts. Cross-class protection for unregistered well-known trademarks should be provided within reasonable limits; it cannot be limited to nominal cross-class protection or implemented across all classes in a one-size-fits-all manner. Unregistered well-known trademarks can only obtain cross-class protection when they meet specific conditions and standards. The decision on whether to grant cross-class protection can be made based on factors such as the reputation, distinctiveness, and likelihood of infringement of the unregistered trademark. The CPTPP's provisions on unregistered well-known trademarks strengthen their protection, which is also an inevitable trend in the future development of unregistered well-known trademarks. How to correctly handle the differences and relationships between unregistered well-known trademarks and registered ones, and determine a suitable "degree" of cross-class protection for unregistered well-known trademarks on the basis of free competition and respect for creativity, will ultimately be tested through time and practice.

4. Conclusion

International conventions have significantly enhanced the protection level of unregistered well-known trademarks in our country through legislative promotion and judicial influence. The Paris Convention laid the foundation for protection, the TRIPS Agreement expanded its scope, and the CPTPP set even higher standards. However, there remains a structural gap between current laws and international rules, and judicial breakthroughs have yet to fully fill the institutional void. In the future, it is necessary to improve legislation, innovate in judicial practice, and promote international cooperation to build an unregistered well-known trademark protection system that aligns with international standards, thereby addressing challenges in international trade and maintaining fair competition.

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