

# Michael Jordan and New Balance Lead the Charge in Bringing Chinese Trade Mark Laws Into the Global Fold

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*In the wake of recent changes to China's trade mark laws, global brands now have new avenues for recourse against bad faith filings and infringement in the traditionally protectionist economy.*

Speaking of trends, the Supreme People's Court of China (SPC) made yet another finding to protect the rights of non-native brand owners, by ruling in favour of celebrated shooting guard Michael Jordan in his battle against Qiaodan Sports Co. Ltd China (Qiaodan).

Jordan had initially commenced proceedings against Qiaodan almost ten years ago, over their registration of the word 'Qiaodan' – a phrase that has been commonly received as a phonetic transliteration of the name 'Jordan' – as well as a logo depicting a basketballer attempting a mid-air layup.

Despite having held the registration of these marks since 2007, the comparable similarity of Qiaodan's marks to Jordan's name and the prominent Jumpman logo, was enough for the basketballer to seek damages in an effort to protect his rights in his name and portrait.

The ruling by the SPC, which was handed down in March of this year, overturned the lower courts' initial decision against Jordan, which held that 'Qiaodan' was a common surname in China and had no absolute correlation with Michael Jordan or his brand – a stance that was highly indicative of the Chinese courts' traditionally nationalist approach to such disputes.

However, Jordan's legal team was able to compile substantive evidence by way of two investigative consumer studies, which highlighted that 85% of a sample population in some of China's most populous provinces considered that 'Qiaodan' was

effectively synonymous with Michael Jordan and on that basis, 90% of interviewees considered Jordan's brand and Qiaodan to be affiliated with one another.

These reports were further supported by over 200 newspaper articles and over 1,000 other sports and educational texts, which all used the transliteration of Jordan's name to refer to the basketball player.

The overwhelming evidence presented by Jordan's legal team played a significant role in the SPC's adoption of a more relaxed benchmark in respect of Jordan's onus to prove prior use of the name. By requiring only a 'stable' correlation between Jordan's name and Qiaodan's mark to be proved (in contrast to an 'absolute' correlation), the SPC exhibited its nascent willingness to accept the results of the articles and consumer studies to allow large, non-Chinese celebrities and brands to rely on prior name rights to defend against infringement in China.

The resulting order by the SPC for the re-examination of the invalidation proceedings, is symptomatic of the Chinese courts' burgeoning use of discretion to award damages beyond statutory limits in favour of non-native brand owners – a trend that began in 2015, when the Beijing Intellectual Property Court first awarded a maximum statutory damage amount for a trade mark matter, in favour of French luxury clothing brand Moncler.

Since then, Chinese courts have exhibited more and more leniency towards arguments that challenge their traditionally first-to-file trade mark system.

In particular, the Standing Committee of the National People's Congress announced in April 2019, that they were implementing amendments to China's trade mark law to provide for

new sanctions against, and grounds to challenge bad faith filings.

Accordingly, trade mark applications filed in bad faith without intent to use, can be rejected outright during examination by the National Intellectual Property Administration of the People's Republic of China (CNIPA). This new scope for rejection was accompanied by increased statutory damages, from USD \$425,000 to USD \$708,500, and punitive damages to five times of the actual damages based on the rights holder's losses or a reasonable multiple of the trade mark licence fees.

In another recent case, the Shanghai Pudong People's Court ruled in favour of American-based sportswear company New Balance, in their unfair competition case against New Barlun Co Ltd for their unauthorised use of the stylised letter 'N' – which is otherwise recognised globally as the logo that is synonymous with New Balance. The Court accordingly ordered New Barlun to pay damages of RMB 10.8 million on the basis of years of losses for New Balance.

Despite the fact that New Barlun had successfully obtained trade mark registration for the lookalike mark in 2004, New Balance was able to use the revised laws for challenging bad faith applications to commence invalidation and opposition proceedings against New Barlun's mark, as well as obtain damages for trade dress infringement and unfair competition.

Ultimately, these new grounds for challenging bad faith filings coupled with the SPC's growing willingness to accept evidence of prior use by non-native brand owners, has provided new scope for global brand owners to assert their rights and revise their filing strategies in one of the most lucrative consumer markets in the world.