

A Unique Type of Cocktail: Protection of Geographical Indications in China

Haiyan Zheng*

1 INTRODUCTION

China is a nation with a large population and vast territory with numerous products originating in specific parts of the country. The introduction of a geographical indication (GI) regime in China can assist in preserving the authenticity of these products, both in terms of their geographical origin and the characteristics.

The history of GI protection in China can be traced back to the mid-1980s when China joined the Paris Convention for the Protection of Industrial Property (Paris Convention).¹ Under the obligations of the Paris Convention, China started to protect indications of source and appellations of origin by way of administrative decrees. In 1989, the State Administration for Industry and Commerce (SAIC)² issued an administrative decree to protect the French GI ‘Champagne’ from being misused as a generic term for a type of

* Director of Examination Division I, Trade Mark Office, State Administration for Industry and Commerce (SAIC), P.R.China. This chapter draws on some material already published as Haiyan Zheng, *Geographical Indications Protection in China*, in RESEARCH HANDBOOK ON INTELLECTUAL PROPERTY AND GEOGRAPHICAL INDICATIONS 327 (Dev Gangjee ed., 2016).

¹ Paris Convention for the Protection of Industrial Property, *opened for signature*, 20 March 1883, 21 U.S.T. 1583, 828 U.N.T.S. 305 (revised at Brussels on 14 December 1900, at Washington on 2 June 1911, at The Hague on 6 November 1925, at London on 2 June 1934, at Lisbon on 31 October 1958, and at Stockholm on 14 July 1967, and as amended on 28 September 1979) [hereafter Paris Convention].

² SAIC is a ministerial-level government agency, which administers trademark registration and protection, company name registration, anti-unfair competition, consumer protection, and other market-related issues. The Trade Mark Office is under the umbrella of SAIC. See State Administration for Industry & Commerce of the People’s Republic of China, *About Us*, SAIC, www.saic.gov.cn (last visited 15 June 2016).

sparkling wine in Chinese markets.³ This was probably the first significant event in China regarding GI-related administrative protection. Since then, several legislative efforts have been made in this respect, and different government agencies have been involved in protecting GIs in China.

Still, China does not adopt a uniform approach in protecting GIs. In particular, both trademark protection and a *sui generis* regime are available for GI protection today. In addition, these types of protection are complemented by laws on unfair competition, consumer protection, and product quality. However, as this chapter elaborates, the parallel and sometimes conflicting different legal systems under which GIs can be protected in China today may also hamper the creation of a healthy and efficient system of GI protection.

Notably, this chapter offers an overview of how the GI legal system has evolved in China. It also compares the advantages and disadvantages of the different regimes currently available for GI protection, and concludes with specific suggestions for improvements to the existing arrangement.

2 PROTECTING GEOGRAPHICAL INDICATIONS UNDER THE CHINESE TRADEMARK SYSTEM

The philosophy of using trademarks to protect GIs is that GIs function quite similarly to trademarks. In particular, the primary purpose of a trademark regime is to protect the interests of consumers by way of the trademark's source-identifying function and the quality guarantee function. Moreover, trademark protection extends to protect the business interest of trademark owners, namely the trademark goodwill and the investments that trademark owners have in the marks, and the products. Generally speaking, a trademark is an identifier of one single producer or service provider.

Similar to trademarks, GIs also designate source, even though a geographical source guarantees specific qualities of the products that derive from the natural and human factors within the given geographical area, and protect the investment made by generations of local producers on the reputation that is associated with the GIs. In this sense, GIs can be understood as a subset of trademarks.⁴ More specifically, a GI usually serves to identify

³ See State Administration for Industry & Commerce of the People's Republic of China, *Notice of Stopping the Use of the Word 'Champagne' on Goods Classified as Alcoholic Drinks*, TRADE MARK OFFICE (25 October 1989).

⁴ Lynne Beresford, *Geographical Indications: The Current Landscape*, 17 FORDHAM INTELL. PROP. MEDIA & ENT. L. J. 979, 980–81 (2007).

a group of producers who share something in common, that is, the producers' products possess a certain quality, reputation, or other characteristics which are essentially attributable to their geographical origin.⁵

Generally, GIs are protected as certification or collective marks in China, the two types of marks that best accommodate GI protection within the trademark system.⁶ Notably, both certification marks and collective marks identify groups of users, instead of one single business entity, which best reflect the nature of GIs as collective rights and signs that guarantee specific (and certified) product quality and characteristics. Moreover, the ownership of certification marks or collective marks is for applicants which have a collective legal nature, usually in the form of an association of producers.⁷ Again, this best corresponds to the collective nature of a GI registrant. Therefore, both certification marks and collective marks can be used to protect GIs under the trademark system in China.

2.1 Legislative History

Before 1993, it was not possible to protect GIs within the trademark system in China. However, Rules for the Implementation of the Trade Mark Law (1993 Revision) (TM Implementing Rules 1993)⁸ introduced provisions for the protection of certification marks and collective marks. This made it possible to protect GIs as trademarks. In December 1994, based on the Trade Mark Law of 1993 (TM Law 1993)⁹ and the TM Implementing Rules 1993, SAIC formulated and promulgated the Procedures for the Registration and Administration of Collective Marks and Certification

⁵ See Daniele Giovannucci, Elizabeth Barham & Richard Pirog, *Defining and Marketing 'Local' Foods: Geographical Indications for US Products*, 13 J. WORLD INTELL. PROP. 94, 104 (2010).

⁶ See Irina Kireeva, Xiaobing Wang & Yumin Zhang, *Comprehensive Feasibility Study for Possible Negotiations on a Geographical Indications Agreement between China and the EU*, 21 (2009), available at www.ipkey.org/en/resources/ip-information-centre/19-geographical-indications/1942-comprehensive-feasibility-study-for-possible-negotiations-on-a-geographical-indications-agreement-between-china-and-the-eu.

⁷ In China, the government or its agencies cannot become trademark registrants due to certain restrictions on the eligibility of ownership.

⁸ See Rules for the Implementation of the Trademark Law of the People's Republic of China (1993 Revision) (Approved by the State Council of People's Republic of China on January 3, 1988, and secondly revised and approved by the State Council on 15 July 1993), available at <http://en.pkulaw.cn/display.aspx?cgid=6324&lib=law>.

⁹ See Trademark Law of the People's Republic of China (as amended by Decision of 22 February 1993, of the Standing Committee of the National People's Congress, on Revising the Trademark Law of the People's Republic of China), available at www.wipo.int/wipolex/en/text.jsp?file_id=181327 [hereinafter TM Law 1993].

Marks,¹⁰ which provided that certification marks could be used to certify the place of origin, raw materials, method of production, quality, accuracy, or other characteristics of the said goods or services. This was the first administrative rule regarding the protection of a GI in the national legal system in China.¹¹

Less than a decade later, in 2001, China made a commitment to introduce specific GI protection in its Trade Mark Law as part of its accession to the World Trade Organization (WTO). As a result, the concept of ‘geographical indication’ was officially introduced in the revised Trade Mark Law of 2001 (TM Law 2001).¹² This legislation elevated the legal basis for GI protection from administrative rule to national law.¹³ However, the 2001 revision to the Trade Mark Law did not provide for a specific procedure to register a GI in China. Thus, a year later, in 2002, the State Council promulgated Regulations for the Implementation of the Trade Mark Law (TM Implementing Regulations 2002)¹⁴ in order to create a system of registration.

In particular, Article 6.1 of the TM Implementing Regulations 2002 stipulates that ‘for geographical indications referred to in Article 16 of the Trade Mark Law, applications may be filed to register them as certification marks or collective marks under the provisions of the Trade Mark Law and these Regulations’. Article 3 of TM Law 2001 was later confirmed in the same provision in the Trade Mark Law of 2013 (TM Law 2013),¹⁵ which defines

¹⁰ See Procedures for the Registration and Administration of Collective Marks and Certification Marks (issued by State Administration for Industry and Commerce, 30 December 1994, effective 1 March 1995, repealed 1 June 2003) (China), available at <http://vip.chinalawinfo.com/newlaw2002/SLC/slc.asp?db=chl&gid=18688>.

¹¹ Qinghu An, Speech at the International Symposium on Geographical Indications: Legal System on Geographical Indication Protection in China and Related Issues (25 June 2007), available at www.zjfw.org/xw-view.asp?bid=1&sid=2&id=504.

¹² See Trademark Law of the People’s Republic of China (as amended up to Decision of 30 August 2013, of the Standing Committee of National People’s Congress on Amendments to the Trademark Law of the People’s Republic of China) art. 16(2), available at www.wipo.int/wipolex/en/text.jsp?file_id=341321 (English), http://sbj.saic.gov.cn/flfg1/flfg/201309/t20130903_137807.html (Chinese) [hereinafter TM Law 2013].

¹³ See An, *supra* note 11.

¹⁴ See Regulations for the Implementation of the Trademark Law of the People’s Republic of China (promulgated by Order No. 358 of the State Council of the People’s Republic of China on 3 August 2002; amended by order No. 651 of the Decision of the State Council on Amending the Regulations for the Implementation of the Trademark Law of the People’s Republic of China on 29 April 2014), available at www.wipo.int/wipolex/en/details.jsp?id=15011 [hereinafter TM Implementing Regulations 2002].

¹⁵ See Trademark Law of the People’s Republic of China (as amended up to Decision of 27 October 2001, of the Standing Committee of National People’s Congress Revising the Trademark Law of the People’s Republic of China), available at www.wipo.int/wipolex/en/text.jsp?file_id=131395 [hereinafter TM Law 2001].

a collective mark as ‘a mark registered in the name of a group, association, or any other organization and used by its members to indicate membership’.¹⁶ It also goes on to define a certification mark as ‘a mark which is owned by an organization that exercises supervision over a particular product or service and which is used to indicate that third-party goods or services meet certain standards pertaining to place of origin, raw materials, mode of manufacture, quality, or other characteristics.’¹⁷

In 2003, SAIC issued the Measures for the Registration and Administration of Certification and Collective Marks¹⁸ in response to the revised Trade Mark Law, making detailed provisions about the registration and administration of GIs. As a result, GIs can be registered and protected as collective marks or certification marks under the trademark regime with the Trade Mark Office under SAIC.

2.2 Current Protection under the Chinese Trademark System

Article 16 of the TM Law 2013 provides that geographical indication ‘means that it is the place of origin on the goods at issue and that the special qualities, reputation or other characteristics of the goods are primarily determined by the natural conditions or other humanistic conditions of the geographical location involved’.¹⁹

2.2.1 What May be Registered as a Geographical Indication under the Trademark System

Under Chinese trademark law, a GI registered as a collective mark or a certification mark may be the name of the geographical region indicated or any other visual signs capable of indicating that a good originates from the region. The area of the region designated as the region from which GI products originate is not required to be fully consistent with the name or boundary of the administrative division of the same region.²⁰ In this respect, the scope of trademark protection is much wider than that of the *sui generis* protection for GIs, as the latter only allows for the registration of geographically accurate names.

¹⁶ *Id.* art. 3. ¹⁷ *Id.*

¹⁸ See Measures for the Registration and Administration of Collective Marks and Certification Marks (issued by State Administration for Industry and Commerce, 17 April 2003), available at www.wipo.int/wipolex/en/text.jsp?file_id=181612 (English), http://sbj.saic.gov.cn/flfg1/sbxzgz/200906/t20090603_60312.html (Chinese) [hereafter SAIC Measures 2003].

¹⁹ TM Law 2013, *supra* note 12, at art. 16.

²⁰ SAIC Measures 2003, *supra* note 18, at art. 8.

2.2.2 Special Registration Requirements

Applicants should follow the general rules enacted to register collective or certification marks in order to register a GI as a trademark. In addition, in order to apply for registration, applicants have to present the following supporting documents or evidence:

- (1) a document issued by the people's government which has jurisdiction over, or the competent authority of, the concerned industry approving the applicant's registration of the GI in question, for example, agricultural or fishery authorities;²¹
- (2) a description of the GI including (i) the given quality, reputation, or any other characteristic of the goods indicated by the sign, (ii) the relation between the given quality, reputation, or any other characteristic of the goods and the natural and human factors of the region indicated by the GI, and (iii) the boundary of the region indicated by the GI;²²
- (3) detailed information of the professionals and special testing equipment of the applicant or of any other organization authorized by the applicant to show its capability of supervising the particular quality of the goods indicated;²³
- (4) the regulation governing the use of a collective mark or certification mark.²⁴ The registrant of a GI imposes control over the use of the GI mainly through the implementation of this regulation.

Foreign applicants should appoint a trademark agent to act for them in China,²⁵ and further present documents certifying that the GI being applied for is protected also in the country of origin, in addition to the documents mentioned in (2), (3), and (4) above.²⁶

2.2.3 Use of Geographical Indications as Registered Certification or Collective Marks

Anyone within the specified geographical area who satisfies the prescribed standard can ask for permission to use the GI and the owner cannot refuse it. Therefore, the trademark system makes it possible that even small producers can share the benefits of the exclusive rights granted by GI protection.²⁷ If a qualified product meets the standards set by the owner of the certification mark, the producer must be permitted to use the mark fairly. Generally,

²¹ *Id.* art. 6.1. ²² *Id.* art. 7. ²³ *Id.* arts. 4, 5. ²⁴ *Id.* arts. 10, 11.

²⁵ TM Law 2013, *supra* note 12, at art. 18.2.

²⁶ SAIC Measures 2003, *supra* note 18, at art. 6.2.

²⁷ TM Implementing Regulations 2002, *supra* note 14, at art. 4.2

certification trademarks are not held by private businesses but by certification bodies, who should be impartial towards producers.²⁸ These bodies must exercise legitimate control over the use of the marks, but may not discriminate against a producer who actually meets the standards. Therefore, collective use is open to all producers in the specified region who comply with the rules or specifications of the certification trademarks.

The difference between GIs as collective marks and certification marks lies in that only the members of the association that has registered the mark can use the former.²⁹ The bodies eligible for collective mark GI registration should be composed of members located within the regions designated by the GIs.³⁰ Anyone whose goods satisfy the conditions under which the GI is used may request membership from the collective mark registrant, and the registrant must accede to this request in accordance with its articles of association.³¹ For those who do not request membership, fair use of the geographic name of the said GI must be allowed to describe the origin of their products.³² This use constitutes a type of fair use exemption of a geographical mark under the trademark system in China.

2.2.4 Control and Supervision over Certification and Collective Marks

The registrants/trademark owners in accordance with the control and supervision system that is set for the products to which the collective or certification marks apply exercise the control of the use of GIs as certification or collective marks. This control and supervision system is specifically articulated in the regulation governing the use of the said marks, and is a required component of the application documents of these types of trademarks.³³ If the registrants/trademark owners of a collective or certification mark fail to exercise effective control over the use of the mark and, as a result, the goods to which the said mark applies fail to meet the requirements of the regulation governing the use of the mark, causing damage to consumers, the administrative authority for industry and commerce can order them to rectify the situation within a time

²⁸ A provision similar to US practice. See DANIELE GIOVANNUCCI, TIM JOSLING, WILLIAM KERR, BERNAD O'CONNOR & MAY T YEUNG, *GUIDE TO GEOGRAPHICAL INDICATIONS: LINKING PRODUCTS AND THEIR ORIGINS* 66 (2009); see also SAIC Measures 2003, *supra* note 18, at art. 20 (the registrant of a certification mark shall not use the certification mark on goods provided by himself or itself).

²⁹ TM Law 2013, *supra* note 12, at art. 3. ³⁰ SAIC Measures 2003, *supra* note 18, at art. 4.2.

³¹ TM Implementing Regulations 2002, *supra* note 14, at art. 6.2.

³² Article 6.2 of the TM Implementing Regulations 2002 provides for fair use of the GI, and Article 18 of the SAIC Measures 2003 modifies it to be fair use of the geographical name.

³³ TM Implementing Regulations 2002, *supra* note 14, at arts. 10, 11.

limit. If the registrants/trademark owners refuse to do so, they will be imposed a fine.³⁴

2.2.5 Protection and Enforcement

Protecting GIs as certification or collective marks follows the general rule of ordinary product or service marks. Article 3.1 of TM Law 2013 provides that '[a] trademark registrant shall enjoy an exclusive right to use the trademark, which shall be protected by law'.³⁵ The statute also provides a list of the acts that constitute infringements of the exclusive right to use a registered trademark, which are also applicable to a registered certification or collective marks (used to protect the GIs).³⁶

Under the Chinese trademark system, there is a twin-track system to enforce trademark rights. In particular, right holders may either institute legal proceedings in the people's court or request the administrative authorities for industry and commerce (AICs) to take action. The AICs are empowered by the TM Law 2013 to investigate and handle trademark infringement cases. The AICs can order the infringer to immediately stop the infringing act. Additionally, the AICs can confiscate and destroy the infringing goods and the tools that are used to manufacture the goods. The AICs can also impose a fine for counterfeiting the registered trademark.³⁷ If the case is so serious as to constitute a crime, the AICs shall transfer the case to the judicial authority for determination.³⁸ Alternatively, the interested party may directly bring a lawsuit to the people's court for trademark infringement.

3 PROTECTION OF GEOGRAPHICAL INDICATIONS UNDER THE SUI GENERIS REGIME

Meanwhile, there are two independent *sui generis* systems available in China for GI protection. These systems implement the ministerial rules on GIs by the General Administration of Quality Supervision, Inspection, and Quarantine (AQSIQ)³⁹ and the Ministry of Agriculture (MOA) respectively.

Under a *sui generis* system, the legal recognition and protection of GIs is based on a 'unique' approach, which is specifically dedicated to this type of intellectual property. With its close links to the specific geographical area, GIs belong to the region itself and not to individual producers located

³⁴ *Id.* art. 21. ³⁵ TM Law 2013, *supra* note 12, at art. 3.1. ³⁶ *Id.* art. 57. ³⁷ *Id.* art. 53.

³⁸ *Id.* art. 61.

³⁹ Due to institutional reconstruction, AQSIQ was created in 2001 to incorporate the former State Bureau of Quality and Technical Supervision and the former State Administration for Entry-Exit Inspection and Quarantine.

therein. Because GIs grant collective rights, GI protection also sees a deep involvement of the public authorities. In particular, under a *sui generis* system, the definition of the GI area, the eligible users of the GIs, and the ability to enforce regulations often are driven, at least in part, by the public authorities. Moreover, governments intervene in terms of control and supervision on the quality and specific characteristics of the products marketed under GIs.⁴⁰ In this respect, *sui generis* protection puts more emphasis on the quality of GI products, which requires strict controls over their production processes.

3.1 *First SUI GENERIS Regime: General Administration of Quality Supervision, Inspection, and Quarantine Practice*

The AOSIQ rules in China have been heavily influenced by the appellation d'origine contrôlée (AOC) system of France. The former State Bureau of Quality and Technical Supervision, in close cooperation with the French Ministry of Agriculture, the Ministry of Finance, and the Bureau National Interprofessionnel Du Cognac, promulgated China's Provisions on Protection of Designations of Origin Products in 1999. This was also the first administrative regime specifying protection for designations of origin.⁴¹ Two years later, the former State Administration for Entry-Exit Inspection and Quarantine promulgated the Provisions on the Administration of Marks of Origin in 2001. These two agencies then merged to form the AOSIQ in 2001. AOSIQ proceeded to promulgate the Provisions on the Protection of Geographical Indication Products (PPGIP)⁴² in 2005, which replaced the above-mentioned two rules. All the rules mentioned above are administrative rules.

According to PPGIP, GI products are 'products that originate from a particular geographical region with the quality, reputation or other characteristics substantially attributable to the natural and human factors of the region, and denominated with the name of the region upon examination and approval'.⁴³ Products of GIs include (i) those grown or cultivated in the region;

⁴⁰ See Kireeva, Wang & Zhang, *supra* note 6, at 16.

⁴¹ Jing Dai, 试论我国地理标志产品保护制度[On the Protection System of Geographical Indication Products in China], 3 MOD. BUS. 277 (2009).

⁴² See Provisions on the Protection of Geographical Indication Products (promulgated by General Administration of Quality Supervision, Inspection and Quarantine, 16 May 2005, effective 15 July 2005), available at www.wipo.int/wipolex/en/text.jsp?file_id=181517 (English), www.gov.cn/gongbao/content/2006/content_292138.htm (Chinese) [hereinafter PPGIP].

⁴³ *Id.* art. 2.1.

and (ii) those made, wholly or partially, of the raw materials from the region and produced or processed with the particular techniques in the region.⁴⁴ The coverage of GI products under PPGIP is rather wide and includes agricultural products, handicraft works, spirits, and other products protected under the trademark regime.

3.1.1 Registration Procedures

As a starting point, there is a two-tier process for applicants to apply for registration of the GI products. First, registration of the GI needs to take place with provincial quality and inspection departments, then with the AQSIQ. After the GI has been registered, producers who intend to use the GIs for their products have to go through a similar two-tier process to get the approval to use the GI. The applicants can either be entities designated by local governments, enterprises, or associations accredited by local governments.⁴⁵ For GI products of exporting enterprises, applications should be made to entry-exit inspection and quarantine departments of the prescribed area. For other GI products, applications should be made to the local (that is at or above county level) quality supervision departments.⁴⁶

3.1.2 Examination and Approval

Provincial quality supervision departments or entry-exit inspection and quarantine departments conduct the first level of examination for registering a GI. These departments draw up preliminary opinions on the application and then submit their report and application documents to AQSIQ.

At the second level, AQSIQ first conducts formal checks on the application, and will then publish a notice of acceptance in the AQSIQ Gazette, as well as on its website if the application satisfies the formality requirements.

If the application fails to meet the formality requirements, the AQSIQ will notify the applicant in writing.⁴⁷ Anyone who objects to the registration can file an opposition within two months after publication.⁴⁸

For an application without opposition or where the opposition is unsuccessful, the AQSIQ will set up an expert examination panel according to the features of the products in question. The expert panel will then conduct a technical examination on the application and the AQSIQ will publish its approval of the application, if it passes the technical review by the expert panel.⁴⁹

⁴⁴ *Id.* art. 2.2. ⁴⁵ *Id.* art. 8. ⁴⁶ *Id.* art. 11. ⁴⁷ *Id.* art. 13.

⁴⁸ PPGIP, *supra* note 42, at art. 14. ⁴⁹ *Id.* arts. 15, 16.

3.1.3 Application by the Producer to Use a Geographical Indication Product

Any producer within the geographical limits of the origin region who wishes to use the GI sign on its product first has to file an application with the local (provincial) quality supervision department or entry-exit inspection and quarantine departments. Successful applications will then be subject to review by the AQSIQ.

After the AQSIQ approves its application and publishes it in the AQSIQ Gazette, the producer will be eligible to use the sign in question.⁵⁰ The application process for hopeful users of GI products is quite similar to the registration system.⁵¹

3.1.4 Control and Supervision

Local quality inspection authorities exert routine control on the quality of the GI products and do so in a very detailed way. Their scope covers almost every aspect of production. This includes raw materials, production techniques, quality features, classifications of quality, quantity, packaging and labelling of GI products, as well as the printing, distribution, quantity, and use of the special signs of the product, manufacturing environment, production equipment, and conformity with standards of the product.⁵²

3.1.5 Protection and Enforcement

The approved GI products are protected in accordance with PPGIP. There are three types of acts that can be categorized as infringing the legitimate rights of registrants:⁵³ (i) use without authorization or forging a GI and its specific marks; (ii) unauthorized use by producers within the protected regions who cannot obtain approval because their products fail the requirements; and (iii) use of signs that are so similar to the protected signs that consumers will be misled into believing the products are protected GI products.

According to PPGIP, the quality supervision and entry-exit inspection and quarantine departments are responsible for investigating the above-mentioned acts.⁵⁴ Similar to the trademark regime, interested parties can either lodge complaints with local quality supervision departments or bring lawsuits to the people's court. The quality supervision departments rely on China Law of

⁵⁰ *Id.* art. 20.2.

⁵¹ See Bradley M. Bashaw, *Geographical Indications in China: Why Protect GIs with Both Trade Mark Law and AOC-type Legislation?* 17 PAC. RIM L. & POL'Y J. 73, 84 (2008).

⁵² PPGIP, *supra* note 42, at art. 22. ⁵³ *Id.* art. 21. ⁵⁴ *Id.* art. 4.

the People's Republic of China on Product Quality,⁵⁵ Standardization Law of the People's Republic of China,⁵⁶ and Law of the People's Republic of China on Import and Export Commodity Inspection⁵⁷ to impose administrative penalties in dealing with cases of GI products.⁵⁸

3.1.6 Protection of Foreign Geographical Indication Products

PPGIP provides that separate provisions are to be formulated for the registration of foreign GIs in China.⁵⁹ Yet, there are no such provisions available to date. In 2007, the European Union (EU) initiated a '10 plus 10' pilot project with AQSIQ, under which both sides presented a list of ten agricultural GIs, respectively, to seek protection in each other's territories – that is, ten GIs from China were protected in EU and ten GIs from the EU were protected in China under the pilot project.⁶⁰ In addition, AQSIQ accepted an application from the French GI 'Cognac' in June 2009. AQSIQ approved the application in December 2009 pursuant to the Memorandum of Understanding on Geographical Indications⁶¹ signed by AQSIQ of China and the European Commission DG Trade, with reference to the PPGIP. 'Cognac' is the first foreign GI product protected by AQSIQ in China.

⁵⁵ See China Law of the People's Republic of China on Product Quality (adopted by the Standing Comm. Nat'l People's Cong., 22 February 1993, amended 8 July 2000), available at www.most.gov.cn/eng/policies/regulations/200501/t20050105_18422.htm.

⁵⁶ See Standardization Law of the People's Republic of China (adopted by the Standing Comm. Nat'l People's Cong., 29 December 1988, promulgated by the People's Rep. of China 29 December 1988), available at www.npc.gov.cn/englishnpc/Law/2007-12/12/content_1383927.htm.

⁵⁷ See Law of the People's Republic of China on Import and Export Commodity Inspection (adopted by the Standing Comm. Nat'l People's Cong., 21 February 1989, amended by the People's Rep. of China on Import and Export Commodity Inspection Standing Comm. Nat'l People's Cong., April 28, 2002), available at <http://english.mofcom.gov.cn/article/policy/lease/Businessregulations/201303/20130300045852.shtml>.

⁵⁸ PPGIP, *supra* note 42, at art. 24. ⁵⁹ *Id.* art. 26.

⁶⁰ The EU list is comprised of Grana Padano; Prosciutto di Parma; Roquefort; Pruneaux d'Agel/Pruneaux d'Agel mi-cuits; Priego de Córdoba; Sierra Mágina; Comté; White Stilton Cheese/Blue Stilton Cheese; Scottish Farmed Salmon; and West Country Farmhouse Cheddar. The Chinese AQSIQ list comprises of Dongshan Bai Lu Sun (asparagus), Guanxi Mi You (honey pomelo), Jinxiang Da Suan (garlic), Lixian Ma Shan Yao (yam), Longjing Cha (tea), Pinggu Da Tao (peach), Shaanxi Ping Guo (apple), Yancheng Long Xia (crayfish), Zhenjiang Xiang Cu (vinegar), and Longkou Fen Si (vermicelli). See European Commission, *Agricultural and Rural Development*, http://ec.europa.eu/agriculture/newsroom/26_en.htm (last visited 8 June 2016).

⁶¹ See General Administration Quality Supervision, Inspection and Quarantine of the People's Republic of China, *Notice on Protection for Products of Cognac Geographical Indication* (No. 117 2009), available at http://kjs.aqsic.gov.cn/dllbzepbhwhz/ggcx/201001/t20100106_134265.htm (last visited 8 June 2016).

3.2 Second SUI GENERIS Regime: Ministry of Agriculture Practice

In addition to AOSIQ, the MOA has also promulgated a set of administrative rules, namely the Measures for the Administration of Geographical Indications of Agricultural Products (MOA Measures),⁶² in 2007 according to the Agriculture Law of the People's Republic of China and Law of the People's Republic of China on Agricultural Product Quality Safety. The MOA Measures entered into force in February 2008.

Article 2 of the MOA Measures defines 'agricultural products' as 'primary products sourced from agriculture, namely, plants, animals, microorganisms, and the products thereof obtained in agricultural activities'.⁶³ Among the three types of protection regimes (under Trade Mark law, the PPGIP, and MOA Measures), the scope of protected products under MOA Measures is the narrowest, only covering agricultural products.

3.2.1 Registration Procedures

The MOA Measures is quite similar to PPGIP in that the registration procedures also involve a two-level process – provincial and national – for an applicant to obtain registration.

Under the MOA Measures, agricultural product GIs are regarded as a collective right; accordingly, individuals or enterprises are not eligible to make applications. Eligible applicants include professional cooperative organizations of farmers and industrial associations determined by governments at or above the county level.

3.2.2 Examination and Approval

After receiving the application, provincial agricultural authorities will conduct on-site verification and propose their preliminary examination opinion. For applications that meet the requisite conditions, the authorities will send the filing documents and preliminary opinion to the Centre for Agri-food Quality and Safety (the Centre), operated under the MOA. For those that do not, the authorities will notify the applicant of their opinion.⁶⁴

Within twenty working days after receiving the documents, the Centre will examine the application and organize expert examination. The expert

⁶² See Measures for the Administration of Geographical Indications of Agricultural Product (issued by Ministry of Agriculture, 25 December 2007, effective 1 February, 2008) (China), available at www.wipo.int/wipolex/en/text.jsp?file_id=182476 (English), www.gov.cn/gongbao/content/2008/content_1071853.htm (Chinese) [hereinafter MOA Measures].

⁶³ *Id.* art. 2. ⁶⁴ *Id.* art. 10.

committee will then undertake the appraisal of the registration of GIs of agricultural products, work out appraisal conclusions independently, and be responsible for the conclusions.⁶⁵ If the expert committee is in favour of the application after appraisal, the Centre will publish an announcement approving the application on behalf of the MOA. Anyone who has an objection to the approval can file their opposition within twenty days with the Centre. If there are no objections, the MOA will make an announcement, issue a Certificate of People's Republic of China on the Registration of Geographical Indications of Agricultural Products, and publish the relevant technical regulations and standards. If the expert committee does not approve of the application, the MOA will make a decision not to register it and notify the applicant of the decision in writing.⁶⁶

3.2.3 Application to Use Geographical Indications on Agricultural Product

Any producer who satisfies the following conditions may apply to the registration certificate holder for uses of the GI on suitable agricultural products. In particular, applicants will need to (1) have the capability to supervise and administer the GIs of agricultural products and the products thereof;⁶⁷ (2) have the capability to provide guidance for the production, processing, and marketing of agricultural products with GIs;⁶⁸ and (3) have the capacity to bear civil liabilities independently.⁶⁹

3.2.4 Protection Term

Unlike GIs registered as collective marks or certification marks, which have to be renewed every ten years, the MOA registration of a GI for an agricultural product will remain valid permanently without need to be renewed.⁷⁰

3.2.5 Control and Supervision

Moreover, the MOA *sui generis* regime emphasizes administrative supervision and control over the quality and source of products. Competent local agricultural authorities will be responsible for conducting regular inspections and administering the use of GI signs, as well as evaluating the boundary requirement of geographical origin.⁷¹ The producers of agricultural products with GIs also shoulder some responsibility by establishing a quality control tracing system.⁷²

⁶⁵ *Id.* art. 11. ⁶⁶ *Id.* art. 12. ⁶⁷ *Id.* art. 8.1.

⁶⁸ MOA Measures, *supra* note 62, at art. 8.2. ⁶⁹ *Id.* art. 8.3. ⁷⁰ *Id.* art. 13.

⁷¹ *Id.* art. 18. ⁷² *Id.* art. 19.

3.2.6 Protection and Enforcement

Forgery, use of GIs without authorization, or false claims regarding any registration certificates are considered to violate the MOA Measures.⁷³ Like the PPGIP, there is no direct provision in the MOA Measures concerning any administrative penalty. Rather, administrative punishment will be imposed according to the Law on Agricultural Product Quality Safety.⁷⁴

3.2.7 Protection of Foreign Geographical Indications for Agricultural Products

Article 24 of the MOA Measures provides that the ‘Ministry of Agriculture accepts applications for the registration of geographical indications of agricultural products from foreign countries, and protects them once they have been registered in China’.⁷⁵ However, the specific measures as to the application and registration of foreign GIs for agricultural products are yet to be formulated. As no such specific measures have been promulgated, no foreign GIs of agricultural products have been registered under the MOA regime so far.⁷⁶

4 PROTECTING GEOGRAPHICAL INDICATIONS UNDER OTHER LAWS IN CHINA

In addition to be protected under the trademark system and a *sui generis* system, GIs can be protected in China (at least to a certain extent) under other laws. In particular, the Anti-Unfair Competition Law,⁷⁷ Product Quality Law,⁷⁸ and Law on Protection of Consumer Rights and Interests⁷⁹ were

⁷³ *Id.* art. 20.

⁷⁴ See MOA Measures, *supra* note 62, at art. 23. See also Law of the People’s Republic of China on Quality and Safety of Agricultural Products (ordered by the People’s Rep. of China, amended and adopted by the Standing Comm. Nat’l People’s Cong., 29 April 2006, hereby promulgated and shall go into effect as of 1 November 2006), available at www.npc.gov.cn/englishnpc/Law/2008-01/02/content_1387986.htm.

⁷⁵ See MOA Measures, *supra* note 62, at art. 24.

⁷⁶ See Kireeva, Wang & Zhang, *supra* note 6, at 115.

⁷⁷ See Anti-Unfair Competition Law (PRC) (promulgated by the Standing Comm. Nat’l People’s Cong., 2 September 1993, effective 1 December 1993) (China), available at www.lawinfochina.com/law/display.asp?id=648 [hereinafter Anti-Unfair Competition Law].

⁷⁸ See Product Quality Law (PRC) (promulgated by the Standing Comm. Nat’l People’s Cong., 22 February 1993, effective 1 September 1993, revised for the first time 8 July 2000, revised for the second time 27 August 2009), available at www.lawinfochina.com/law/display.asp?id=615 [hereinafter Product Quality Law].

⁷⁹ See Law on Protection of Consumer Rights and Interests (PRC) (promulgated by Standing Comm. Nat’l People’s Cong., 31 October 1993, effective 1 January 1994, revised 25 October 2013), available at www.lawtime.cn/faguizt/117.html [hereinafter Law on Protection of Consumer Rights and Interests].

enacted to protect producers and consumers. They only stipulate general rules, but can serve the purposes of GI protection.⁸⁰

4.1 Unfair Competition

Under the Anti-Unfair Competition Law of China, falsely indicating the place of origin of commodities is a prohibited unfair competitive activity.⁸¹ The Anti-Unfair Competition Law also prohibits business operators from using any false advertising or other means of false publicity in business activities regarding the origin of products.⁸²

Accordingly, it is clear that the Anti-Unfair Competition Law does protect the concept of place of origin from the perspective of consumer and producer. However, the protection afforded to GIs under this law is directly finalized at safeguarding not GIs per se, but rather consumers and fairness in competition.⁸³

4.2 Consumer Protection

The Law on Protection of Consumer Rights and Interests stipulates that consumers have the right to obtain genuine information on commodities or services, including information on place of origin. Business operators are therefore under the obligation to provide this information.⁸⁴ Providing false information on place of origin constitutes an offence under the Law.

4.3 Product Quality Protection

The Product Quality Law forbids the inaccurate use of the place of origin on products.⁸⁵ However, the products mentioned in the Product Quality Law refer to products processed and manufactured for the purpose of marketing.⁸⁶ A great number of GI products, namely primary agricultural products such as vegetables and fruits, are excluded from protection under this Law. Therefore, the scope of protection accorded by Product Quality Law to GI is rather inadequate.⁸⁷

⁸⁰ See Bashaw, *supra* note 51, at 86.

⁸¹ Anti-Unfair Competition Law, *supra* note 77, at art. 5(4). ⁸² *Id.* art. 9.

⁸³ See TIAN FURONG, 地理标志法律保护制度研究》[STUDY ON THE LEGAL SYSTEM FOR PROTECTION OF GEOGRAPHICAL INDICATIONS] 272 (2009).

⁸⁴ Law on Protection of Consumer Rights and Interests, *supra* note 79, at arts. 8, 20.

⁸⁵ Product Quality Law, *supra* note 78, at art. 5. ⁸⁶ *Id.* art. 2(1).

⁸⁷ See FURONG, *supra* note 83, at 273.

5 MAJOR CHALLENGES FOR THE PROTECTION OF GEOGRAPHICAL INDICATIONS IN CHINA

In conclusion, there are three parallel ways in which one may seek protection for GIs in China's legal system – within trademark law, under the PPGIP regimes administered by AQSIQ, and the MOA regime. Each of them is administered by different governmental agencies, with a distinct legal basis. There are also more general legal regimes which target misleading conduct in the marketplace and can thus protect GIs, namely, unfair competition regime (Anti-Unfair Competition Law), consumer protection regime (Law on Protection of Consumer Rights and Interests), and product quality regulation regime (Product Quality Law).

Still, GI protection in China faces many challenges. The most controversial issue is the concurrent operation of trademark and *sui generis* models, and this is made more complicated by the fact that there are two parallel *sui generis* models operated by AQSIQ and the Ministry of Agriculture. As previously noted, trademark protection falls within the jurisdiction of the SAIC, while protection of GI products in general and protection of agricultural products in particular come under the administration of AQSIQ and the Ministry of Agriculture respectively. Since there are three independent and parallel systems of GI protection in China, the same GIs may be simultaneously protected, potentially obtaining three independent kinds of protection.

Simultaneously, the possibility of registering place names qualified to be GIs as ordinary trademarks causes conflicts between individual trademarks and GIs-as-trademarks within the trademark regime. Therefore, there are two principal challenges: one is the conflict between ordinary trademarks containing geographical terms and geographical indications by means of certification or collective marks; and the other is the overlap and ensuing conflict arising from the co-existence of trademark and *sui generis* mechanisms.⁸⁸

5.1 *Conflicts between Trademarks and Geographical Indications within the Trademark Regime*

5.1.1 Causes of Conflicts

In general, geographical terms, which are descriptive, cannot be registered as trademarks on the ground of lack of distinctiveness as they are unable to distinguish the goods or services of one undertaking from those of others,

⁸⁸ See ZHAO XIAOPING, 地理标志的法律保护研究 [STUDY ON LEGAL PROTECTION OF GEOGRAPHICAL INDICATIONS] 285 (2007).

a fundamental function of trademarks.⁸⁹ Meanwhile, this also prevents the possibility of the monopolization of geographical terms by a single entity.⁹⁰ Moreover, if the goods or services are not offered within the designated region, the geographically descriptive term could be misleading to consumers.

However, the Trade Mark Law in force before 1993 allowed registration of geographical names (even administrative place names at or above the county level) as ordinary trademarks. Today, even misleading trademarks indicating a false place of origin continue to be valid if they were previously registered under this law in good faith.⁹¹ The 金华(JINHUA) trademark for ham is one such example. Notably, the proprietor of JINHUA for ham does not produce ham originating in Jinhua City. Rather, the proprietor of the mark is located in another city within the same province. Accordingly, the mark actually indicates a false origin for the products that it identifies, but remains valid because it was a bona fide registration before 1993. Moreover, it becomes a rather famous trademark due to the heavy long-term investments made by the trademark owner.

Another issue is that the TM Law 2013⁹² only regulates the registration of geographical terms consisting of administrative regions as ordinary trademarks. However, geographical boundaries are determined by natural environment and human skills, which makes them not necessarily identical to administrative regions. The same is true with administrative place names under the county level. Such geographical terms, following Article 10.2 of the TM Law 2013, cannot be prevented from being registered as ordinary trademarks. As a consequence, many geographical names below the county level, or non-administrative place names, have been registered as ordinary marks and these privately held trademark rights may be used to prohibit the use of such place names by local producers situated within the indicated place.⁹³

Thus, if there were a causal link between the geographical place and the quality, reputation, or other characteristics of goods originated from this place, such a geographical name would be eligible for GI protection. However, a prior registered trademark may obstruct the registration of such a GI.

⁸⁹ WORLD INTELL. PROP. ORG., MAKING A MARK: AN INTRODUCTION TO TRADEMARKS FOR SMALL AND MEDIUM-SIZED ENTERPRISES 4 (2006).

⁹⁰ See FURONG, *supra* note 83, at 248.

⁹¹ Bashaw, *supra* note 51, at 79; see also Trade Mark Law 2013, *supra* note 12, at art. 16(1) (where a trademark contains a GI of the goods in respect of which the trademark is used, the goods are not from the region indicated therein, and it misleads the public, it shall be rejected for registration and prohibited from use; however, any trademark that has been registered in good faith shall remain valid).

⁹² TM Law 2013, *supra* note 12. ⁹³ See XIAOPING, *supra* note 88, at 281.

5.1.2 Proposed Solutions

The conflict between ordinary trademarks containing geographical terms and GIs applied for as certification or collective marks may be solved within the trademark regime itself. The 'first in time, first in right' principle is often proposed as an optimal solution to addressing the problem.⁹⁴ But sometimes it is not as clear-cut an issue in practice.

The Jinhua Ham case is an exemplary case study of a situation where a rigid application of the priority principle would not produce satisfactory results. As mentioned above, JINHUA is a trademark used on ham owned by Zhejiang Jinhua Ham Co. Ltd.⁹⁵ After becoming aware that Jinhua Ham could qualify as a protected GI, the Office for Protecting Jinhua Ham Certification Trade Mark filed an application for Jinhua City Jinhua Ham as a certification mark with the Trade Mark Office in 2003. Normally, in accordance with the principle of priority, a subsequent confusingly similar sign (as is the case here) should be refused registration based on the prior registration of a mark which is used on identical or similar goods. However, sometimes one needs to settle such conflicts by taking historical factors as well as the interests of producers and consumers into consideration. While the proprietor of JINHUA is a company outside the boundary of Jinhua City, local Jinhua ham producers want Jinhua City Jinhua Ham to be registered as a GI so that its hams can be adequately protected. After difficult and lengthy negotiations and mediation, Jinhua City Jinhua Ham was published in the Trade Mark Gazette in 2009 and registered as a certification mark GI.⁹⁶ This has created a de facto co-existence of quite similar marks under the trademark system. Although co-existence is one solution for such conflicts, it should be subject to strict control and only allowed in exceptional cases. After all, intellectual property rights are generally subject to the principle of priority, which ensures exclusivity. Co-existence should be treated as an exception to this principle, only allowed under very limited circumstances because it has certain adverse effects on the right holders. If the system allows co-existence, the holder of a GI sometimes has to tolerate the use of the GI by third parties provided that the parties use it in accordance with honest practices in industrial and commercial matters. Otherwise, the owner of a prior trademark would need to take the risk of trademark dilution.

⁹⁴ Dev Gangjee, *Quibbling Siblings: Conflicts between Trademarks and Geographical Indications*, 82 CHICAGO-KENT L. REV. 1253, 1263 (2007).

⁹⁵ See Jinhua, Registration No. 130131, available at http://sbcx.saic.gov.cn:9080/tmois/wszhcx_pageZhcxMain.xhtml?type=reg&intcls=®Num=130131&paiType=0.

⁹⁶ See Jinhua City Jinhua Ham, Registration No. 3779376, available at http://sbcx.saic.gov.cn:9080/tmois/wszhcx_pageZhcxMain.xhtml?type=reg&intcls=®Num=3779376&paiType=0.

There is a suggestion that the TM Law 2013 be amended to allow for the cancellation of ordinary trademarks containing GIs or to disallow renewal of such trademarks. As a consequence there would not be any prior trademarks that could potentially conflict with a subsequent GI application.⁹⁷ However, it seems unrealistic to revise the TM Law 2013 along these lines because it will result in legal uncertainty and deprive the trademark holders of their investment, and probably lead to more confusion among consumers. This is particularly true for famous individually owned geographical trademarks, which are also eligible for GI protection. In such cases, it may be better to maintain the status quo because the trademark has earned itself a good reputation in the marketplace at the owner's expense. The owner has already considerably invested in the brand, so the potential cancellation of such famous regular trademarks or even co-existence between them and subsequent GIs would negatively impact upon the trademark owner. Furthermore, in the minds of consumers, after powerful presence of the brand in the marketplace for so many years, the geographical term would point to a specific producer rather than a region. Therefore, continuing to recognize the geographical term as an ordinary trademark would better serve the interests of consumers.

One case decided by the Trade Mark Review and Adjudication Board (TRAB)⁹⁸ reveals that the 'first in time, first in right' principle may not apply if the registered trademark has a GI nature, and the use of the trademark by the registrant might mislead the public as to the origin of its goods. In 2003, XIANG LIAN (literally meaning Hunan Lotus Seed) was registered by a Fujian-based company as an ordinary trademark on lotus seeds and other products. The Hunan Xiangtan Xianglian Association filed an application with TRAB to cancel this registration on the ground that Xianglian was in fact a GI, referring to lotus seeds produced in Hunan Province. In that case⁹⁹ the trademark owner defended itself by arguing that the disputed trademark has distinctiveness as an ordinary trademark. According to the evidence filed by the appellant, TRAB found that Xianglian is mainly produced in Hunan Province, and the lotus seeds have distinctive qualities, which are essentially attributable to the local temperature, humidity, soil, as well as the planting methods. 'Xianglian' had been in use for over 1400 years to refer to the lotus seeds produced in Hunan Province. It thus satisfied the conditions established

⁹⁷ See Bashaw, *supra* note 51, at 90.

⁹⁸ As an agency in parallel to the Trade Mark Office, TRAB is also under the administration of SAIC.

⁹⁹ See Xianglian, Registration No. 3023790, available at http://sbcx.saic.gov.cn:9080/tmois/wsz_hcx_pageZhcxMain.xhtml?type=reg&intcls=®Num=3023790&paiType=0.

in Article 16.2 of the TM Law 2001.¹⁰⁰ Furthermore, TRAB found that the trademark owner engaged in lotus seed trade with producers in Hunan Province before its registration. The trademark owner thus knew that Xianglian referred to lotus seeds produced in Hunan Province but still applied for trademark registration, which was liable to mislead the public as to the quality and origin of its product. This act was in violation of the provision of Article 16.1 of the Trade Mark Law (providing 'where a trade mark contains a geographic indication of the goods in respect of which the trade mark is used, the goods are not from the region indicated therein and it misleads the public, it shall be rejected for registration and prohibited from use; however, any trade mark that has been registered in good faith shall remain valid').¹⁰¹ Accordingly, TRAB cancelled the registration of the disputed trademark. In this case TRAB established that unregistered GIs in China could also be protected.¹⁰² This is the first case where TRAB recognized and protected an unregistered GI in a trademark dispute case.

5.2 *Priority Conflicts between SUI GENERIS GIs and Ordinary Trademarks*

5.2.1 Causes for Conflicts

Conflicts will presumably not arise if GIs are owned by the same entities under different protection systems, though it might be regarded as a waste of time, money, or energy to seek parallel avenues for protecting the same GI. However, if the same GIs are pursued by more than one unrelated entity via different protection systems, it is likely that conflicts will occur.¹⁰³ Moreover, the co-existence of the systems confuses applicants as to which avenue to take. In the absence of clarification regarding their differences, many of them have opted for cumulative registrations in all three of the relevant agencies. If conflicts arise out of different ownership decided by different authorities, the parties have to go to court to resolve them, which could be expensive and time-consuming. The current regime is thus ineffective and creates uncertainty for GI stakeholders.

A given geographical name associated with a product may be protected as a GI under criteria set by one administration, but the same geographically significant term may be considered as having acquired distinctiveness under

¹⁰⁰ TM Law 2001, *supra* note 15, at art. 16.2. ¹⁰¹ *Id.* art. 16.1.

¹⁰² Xinzhang Shi, *Recognition and Protection of Geographical Indication in Trade Mark Dispute Cases for the First Time* (2009), available at www.saic.gov.cn/spw/cwtx/200904/t20090409_55216.html.

¹⁰³ Kireeva, Wang & Zhang, *supra* note 6, at 147.

the TM Law 2013 and be eligible for registration as an ordinary trademark.¹⁰⁴ At present there are no explicit rules in either the TM Law 2013 or its related regulations, or the *sui generis* administrative rules of the AQSIQ and Ministry of Agriculture, which can resolve the conflict between rights granted under the trademark system and those granted under the *sui generis* systems.

The case of 金华火腿 (Jinhua Ham) is a milestone regarding the resolution of the conflict between *sui generis* GIs and trademarks in China.¹⁰⁵ As noted above, the trademark JINHUA and the GI 'Jinhua City Jinhua Ham' (registered as a certification mark) are concurrently valid under the trademark system. Yet, before the Jinhua City Jinhua Ham was able to obtain GI protection as a certification mark from SAIC, the Jinhua municipal authorities applied for a designation of origin (which later became a GI) for its ham and successfully obtained approval from the predecessor of AQSIQ. When the defendant, a company located in Jinhua, which is authorized to use the designation of origin, put Jinhua Ham on the packages of its products, the individual trademark proprietor sued him for infringement. So the dispute is in fact a conflict arising out of two protection systems, namely, trademark protection versus designations of origin (*sui generis* GIs). After a trial, the court decided that the trademark owner of Jinhua had the exclusive right but was not entitled to prohibit the fair use of a third party. The fact that the defendant was authorized to use the designation of origin Jinhua Ham, which was approved by another government agency, granted the defendant the fair-use exemption. Both parties enjoyed independent IP rights, namely a trademark right and a *sui generis* GI right, both of which were protected by law. The court also ruled that in order to guarantee that their acts were legal and justifiable both parties should respect each other's intellectual property rights and exercise their respective rights within the scope of protection, strictly following the relevant provisions.¹⁰⁶ Although the court decided the case by allowing co-existence of both sets of rights and the two parties accepted the judgment, the potential for clashes between the two systems remains the same.

5.2.2 Proposed Solutions

From the JINHUA judgment, one can see that clashes between trademark rights and GI rights could be settled based on principles of honest concurrent

¹⁰⁴ World Intellectual Prop. Org. (WIPO), *Geographical Indications and the Territoriality Principle*, WIPO Doc. SCT 9/5 (1 October 2002).

¹⁰⁵ See Zhejiang Food Co. Ltd. v. Shanghai Taikang Food Co. Ltd., SUP. PEOPLE'S CT. GAZ. (Shanghai No.2 Interm. People's Ct., 25 December 2003) (unreported). See also TIAN FURONG, *supra* note 83, at 277–79.

¹⁰⁶ See Guoqiang Lv & Denglou Wu, 我国地理标志法律制度的完善 [Optimization of China's Legal System of Geographical Indications], 1 LEG. SCI. 154, 158 (2006).

use. For historical reasons relating to permissive legislation, many place names with potential GI significance have been registered as individual trademarks. The trademark owners have made tremendous efforts to enhance the reputation of the marks. On the other hand, the efforts and investment made by generations of local producers cannot be denied, either. Under such circumstances the law should protect both rights, provided that separate right holders use them fairly and honestly in the course of industrial and commercial activities.¹⁰⁷ However, co-existence is achieved at the price of compromises made by both trademark and GI right holders.

5.3 *Conflicts between SUI GENERIS GIs and GIs Registered as Trademarks*

Different administrative authorities may confer the same GI right on different entities, define different geographical boundaries, and enforce different quality standards. Take Shanxi Laochencu (literally meaning Old Vinegar in Shanxi) for example. AQSIQ recognized it as a protected product of designation of origin (now product of geographic indication) in 2004.¹⁰⁸ Then the Trade Mark Office registered it as a certification mark in 2010.¹⁰⁹ However, the production boundaries as well as the production standards determined by the two systems are so different that conflicts among the two right holders, as well as producers, would be unavoidable. Under such circumstances, it is difficult to coordinate the systems to achieve efficient GI protection.

6 COMPARISON BETWEEN THE TRADEMARK REGIME AND SUI GENERIS PROTECTION

As mentioned before, the most prominent problem is the co-existence of the trademark and *sui generis* systems for GI protection. By weighing the advantages and disadvantages of the two systems respectively, and taking into consideration the conflicts precipitated by the co-existence of the two systems, it is suggested that in China it would be better to maintain only one system. This should preferably be the trademark mechanism because it accommodates the rationale of GI protection better than *sui generis* mechanisms, bearing legal and economic considerations in mind.

¹⁰⁷ *Id.* at 159.

¹⁰⁸ Administration of Quality Supervision, Inspection and Quarantine, Product of Designation of Origin, Announcement No. 104, Protection of Shanxi Laochencu (1994).

¹⁰⁹ See Shanxi Laochencu, Registration No. 6173333, available at http://sbex.saic.gov.cn:9080/tmois/wszhcx_pageZhcxMain.xhtml?type=reg&intcls=®Num=6173333&paiType=0.

6.1 Costs

The trademark system is already in place to conduct GI examination (as collective or certification marks), whereas the *sui generis* system does not provide for protection for foreign GIs due to lack of procedural rules. It would be expensive to build up a comprehensive *sui generis* system to address international GI protection.

6.2 Obtaining Exclusive Rights

Despite the fact that in China it is usually government departments that set up the relevant association as the applicant to initiate the registration of a certification or collective mark GI, under the trademark regime it is the right holder who makes further decisions in seeking protection without government actions. On the international level, GIs as certification or collective marks can be applied for directly by the interested parties without an official government action being necessary, as is required under the Lisbon Agreement.¹¹⁰ Trademark registration also involves less government intervention, as the standards for inspection and verification are set by the certification or collective mark owner, rather than the competent authorities. These government agencies are not expected to take on many roles that are supposedly taken on by private parties, such as market functions like defining the production or operating standards, managing verification of compliance, or controlling output.¹¹¹ Sometimes government agencies tend to be bureaucratic and demand complex procedures to be satisfied. The two-level examination and approval processes under both AQSIQ and MOA practices mirror the complexity of the procedures. From the producers' point of view, it is far more complicated to obtain *sui generis* GI registration.

6.3 Enforcement of Exclusive Rights

In cases where the use of a GI is not well regulated and monitored, or where misappropriation and abuses of GIs have become rampant, GI protection can hardly achieve its goal of protecting producers and consumers and promoting local development. In countries like China, the available practical benefits of

¹¹⁰ See World Intellectual Prop. Org. (WIPO), *Document SCT/6/3 Rev. On Geographical Indications: Historical Background, Nature of Rights, Existing Systems for Protection and Obtaining Protection in Other Countries*, at 22, WIPO Doc. SCT/8/4 (2 April 2002).

¹¹¹ Giovannucci et al., *supra* note 28, at 53.

enforcement of GI protection are far more important than simply acquiring registered protection.

As far as the right holder is concerned, when facing misrepresentation or fraudulent use of GI, a private trademark owner can take immediate legal action to reduce the negative effect to a minimum. On the other hand, public authorities could be slow in reacting or responding due to bureaucratic procedures. Private owners will always try their best to maximize their profits and interests, whereas government agencies usually take other factors, such as political ends, into consideration when dealing with GI protection, and may not always treat the interests of producers as a top priority.¹¹² From the perspective of administrative enforcement, an expeditious and efficient means is already in place for trademark owners who want to lodge complaints against misuse and infringement of their exclusive right. Under the trademark regime, the nationwide administrative forces for industry and commerce (AICs) guarantee rapid, convenient, and effective enforcement against trademark infringement. In fact, the administrative protection enforced by AICs has an irreplaceable advantage in China.¹¹³ Comparatively, AQSIQ administrative forces put more emphasis on product quality supervision in the production channels and inspection of imported or exported goods according to their defined functions by the State Council, mostly dealing with what happens in the workshops where processing and production take place and not in the circulation channel (market supervision is within the competence of SAIC).¹¹⁴ Additionally, the Ministry of Agriculture does not have experienced forces to handle GI infringement issues.

7 LEGAL CONSIDERATIONS

7.1 *Trademark Law Ranks Higher Than Administrative Sui Generis Regimes*

The hierarchy of the Chinese national legal system, from the highest level, starts at the Constitution. The next tier would be national laws made by the National People's Congress or its Standing Committee, after which are administrative regulations made by the State Council based on the Constitution and national laws, followed by regional laws made by the provincial people's congress, and

¹¹² *Id.*

¹¹³ See Jianli Su, 论我国商标权的行政保护 —— 以商标行政执法为中心 [On the Administrative Protection of Trademark Right – Focusing on the Administrative Law Enforcement], www.docin.com/p-472469996.html (last visited 16 June 2016).

¹¹⁴ See Yumin Zhang, 地理标志的性质和保护模式选择 [On Its Character & Mode Choice of Geographical Indications] 6 LAW SCIENCE MAGAZINE 6, 11 (2007).

finally administrative rules made by ministries or provincial governments for the purpose of implementing national laws, administrative regulations, or regional laws.¹¹⁵

According to the classification, the TM Law 2013 is a national law promulgated by the Standing Committee of the National People's Congress. The PPGIP and MOA Measures are administrative rules promulgated and implemented by ministerial agencies, which are lower in the legal hierarchy than national laws.

7.2 International Protection

7.2.1 Protection Pursued by Domestic Right Holders

Trademark systems have been established for an extended period of time and are well accepted in most countries. GI right holders have the option to apply for trademark registration in those countries where protection for GIs as collective marks or certification marks is available.¹¹⁶ Even absent the possibility of collective or certification marks, they can often rely on regular trademarks to protect GIs. In contrast, there has been no harmonized international system regarding GI protection up to now. The Lisbon Agreement has only twenty-eight contracting parties, and China is not one of them.¹¹⁷

Overseas GI protection can also be achieved by way of bilateral trade agreements or specific GI protection agreements via the provision of lists of protected GI terms in the annex, but this method relies heavily on the initiatives and efforts of governments and this takes time to negotiate and conclude. So far few such bilateral agreements have been reached between China and other countries.¹¹⁸ By comparison, trademark protection is always available in other jurisdictions where GI producers have a market interest. While they can file the applications individually in these countries, the Madrid international registration system makes it much easier and cheaper to achieve the same goal. In particular, Rule 9(4)(x) of the Common

¹¹⁵ See An, *supra* note 11.

¹¹⁶ Paris Convention, *supra* note 1, at art. 7bis. (It sets a legal basis to make it possible to register GIs as collective marks in other countries and requires Member States to provide protection for collective marks. The obligation is incorporated into TRIPS Agreement by Article 2.1.)

¹¹⁷ For a list of contracting parties to the Lisbon Agreement, see World Intellectual Prop. Org. (WIPO), *Contracting Parties – Lisbon Agreement*, WIPO, http://wipo.int/treaties/en/ShowRresults.jsp?lang=en&treaty_id=10 (last visited 6 June 2016).

¹¹⁸ One such bilateral agreement is the Free Trade Agreement between China and Peru. Meanwhile, China and the EU are still in the process of negotiating a possible agreement on GIs.

Regulations under the Madrid Agreement Concerning the International Registration of Marks and the Protocol Relating to that Agreement¹¹⁹ stipulates that, where the basic application or the basic registration relates to a collective or certification mark, the international application should contain an indication to that effect.¹²⁰ Successful examples of Chinese GIs registered as certification trademarks include Zhangqiu Scallion¹²¹ and Guanxi Sweet Shaddock¹²² (also known as a pomelo). After commercial success on domestic markets, the trademark owners may exploit the commercial potential of the mark internationally by using the Madrid system to seek GI protection in overseas markets.¹²³

7.2.2 Protection Pursued by Foreign Right Holders

At present it is difficult to register foreign GIs in China under the *sui generis* systems. As there is a lack in procedural rules, neither the PPGIP nor the MOA Measures can be used to register foreign GIs. So far, the AQSIQ has put several foreign GIs in its recording list, but these have been based on the conclusion of bilateral agreements, which are time-consuming and costly. The easiest way available is to register them as certification or collective marks under the trademark regime.¹²⁴ Therefore, only the trademark mechanism fully complies with the TRIPS requirement in terms of national treatment and enforcement.

7.3 Administrative Appeal and Judicial Review

The TM Law 2013 allows judicial review of administrative decisions made by the TRAB on refusal of registration, opposition, cancellation, revocation, as well as the administrative penalties such as fines made by AICs.¹²⁵ This is

¹¹⁹ See Common Regulations under the Madrid Agreement Concerning the International Registration of Marks and the Protocol Relating to that Agreement (as in force 1 April 2016), available at www.wipo.int/wipolex/en/treaties/text.jsp?file_id=397995.

¹²⁰ World Intellectual Prop. Org. (WIPO), *Addendum to Document SCT/6/3 Rev. on Geographical Indications: Historical Background, Nature of Rights, Existing Systems for Protection and Obtaining Protection in Other Countries*, at 10, WIPO Doc. SCT 8/5 (2 April 2002).

¹²¹ See Zhangqiu Scallion, Registration No. 1299947, available at http://sbcx.saic.gov.cn:9080/tmois/wszhcx_pageZhcxMain.xhtml?type=reg&intcls=®Num=1299947&paiType=0.

¹²² See Guanxi Sweet Shaddock, Registration No. 1388988, available at http://sbcx.saic.gov.cn:9080/tmois/wszhcx_pageZhcxMain.xhtml?type=reg&intcls=®Num=1388988&paiType=0.

¹²³ See Shiping Chen, 《平和琯溪蜜柚品牌效益凸显》 [Brand Effects Obvious of Pinghe 'Guanxi Sweet Shaddock'] 2 CHINA FRUIT NEWS 37, 37–38 (2009).

¹²⁴ *Id.* at 109. ¹²⁵ See TM Mark Law 2013, *supra* note 12, at arts. 34, 35, 45, 54.

particularly important for the fulfilment of the TRIPS Agreement. By contrast, neither the *sui generis* AQSIQ nor the MOA rules explicitly provide for the rights of administrative appeal or judicial review.¹²⁶ If the application fails to be accepted by the administrative agency, there is no remedy to correct the application form or any other administrative appeal procedures. Nor is there any judicial review for opposition, cancellation, or revocation decisions. The TRIPS Agreement requires Member States to provide for judicial remedies for any intellectual property in their legislation.¹²⁷ From this aspect, only the trademark regime enables China to fulfil its WTO obligations.

At present there are some Chinese scholars who advocate protecting GIs as an independent commercial sign in parallel with trademarks, certification marks, and collective marks under the Trade Mark Law.¹²⁸ As noted by other scholars,¹²⁹ this is also a common legislative practice adopted in some countries, such as Indonesia (Law on Marks)¹³⁰ and Russia (Federal Law on Trademarks, Service Marks and Appellations of Origin of Goods).¹³¹ The advantages of such a model include granting a rather straightforward and definite protection on GIs without the necessity of framing a separate new law. In addition, it facilitates the determination of priority and classification of products if both trademarks and GIs are subject to examination under the Trade Mark Office,¹³² which is not available under the current dual system.

The separation of GIs from certification or collective trademarks is certainly a big change which needs discrete analysis and scrutiny. In view of the fact that a *sui generis* system under AQSIQ and the Ministry of Agriculture is

¹²⁶ See Bashaw, *supra* note 51, at 100.

¹²⁷ Agreement on Trade-Related Aspects of Intellectual Property Rights, 15 April 1994, Marrakesh Agreement Establishing the World Trade Organization, Annex 1C, Legal Instruments – Result of the Uruguay Rounds vol. 31, 33 I.L.M. 81, at art. 41.4 (1994) (Parties to a proceeding shall have an opportunity for review by a judicial authority of final administrative decisions and, subject to jurisdictional provisions in a Member's law concerning the importance of a case, of at least the legal aspects of initial judicial decisions on the merits of a case. However, there shall be no obligation to provide an opportunity for review of acquittals in criminal case).

¹²⁸ See Xiaoxia Li, 地理标志商标法保护模式的重构 [On the Reconstruction of Protecting Model of Geographical Indications by Trade Mark Law], 1 J. XINYANG NORMAL UNIV. 95, 97 (2009).

¹²⁹ See BERNARD O'CONNOR ET AL., GEOGRAPHICAL INDICATIONS AND TRIPS: 10 YEARS LATER Part II – PROTECTION OF GEOGRAPHICAL INDICATIONS IN 160 COUNTRIES AROUND THE WORLD (2007).

¹³⁰ See Law No. 15 of 1 August, 2001, regarding Marks (Indonesia).

¹³¹ See Trademark Law #3520–1 of 23 September 1992, as amended by the federal law 166-FL on 11 December 2002 (Russia).

¹³² See Li, *supra* note 128, at 97.

still in operation, it seems too early to categorize GI as an independent sign under the trademark system. Otherwise it may make GI protection more complicated and confusing. Nevertheless, it is a direction for Chinese legislators to undertake further consideration on the method of GI protection in China.

In conclusion, this chapter discusses various approaches of GI protection in China, compares their advantages and disadvantages, and presents the challenges. It concludes that the unique type of cocktail is not as tasty as imagined and changes are needed to achieve more effective GI protection in China.