

Study on the Protection of Sports Star's Name Right from the Perspective of Trademark Law ——Taking “Qiaodan Trademark” as an Example

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ABSTRACT

The case related to the trademark “Qiaodan” heard by the Supreme People’s Court has attracted the world-wide attention. The fast development of sports business has made the sports stars’ name of vital importance with great commercial value. The name right is an important personality right, the trademark holder owns an exclusive property right. The behaviour of squatting the sports stars’ names as trademarks is an infringement to the name right of sports stars, meanwhile this trademark squatting constitutes an unfair competition, which damages the lawful rights of the sports stars and the consumers, as well as the sports development of China. The Chinese trademark law has no regulation on the issue that the sports stars’ names can be squatted as trademark, however the regulation “an application for maliciously registering a trademark without the purpose of actual use or intent-to-use should be rejected” in the latest revision of trademark law will lower the possibility of squatting the sports stars’ names as trademarks.

Keywords: Name right, Qiaodan trademark, Trademark squatting, Prior right, Infringement.

1. INTRODUCTION

Before the enforcement of Chinese *Civil Code*, the name right of a natural person is usually protected by *General Principles of Civil Law* in China, however it is challenged that how the name identification related to the net name or nickname, as well as the Chinese name of a foreigner should be protected within the current legal framework. In the judicial practice, the unique correspondence or stable connection is adopted to justify the association between the name identification and specific person. If the name of a notable person, for example, a famous sports man, is squatted to be registered as a trademark by an enterprise, his name right protection will be in the plight. It is known that a trademark reflects the great value of an enterprise and its brand as an intangible asset. Due to the fast development of market economy, trademark squatting has inevitably come out and become more and more serious negative phenomenon. The behavior of trademark squatting, which is regarded as an infringement, has not only seriously damaged the prior rights of the business signs owned by the right holders,

but also spoiled the right order of market competition, disrupted the order of trademark registration and management of administrative organs and harmed the consumers’ interests without any benefits. The trademark squatting and its commercial use of the sports man’s name as trademark constitute a name infringement to the sports man’s lawful rights.

2. THE DISPUTE RELATED TO QIAODAN TRADEMARK

The dispute of Qiaodan trademark happens between the famous celebrity, Michael Jeffrey Jordan (Michael Jordan) and Qiaodan Sportswear Co. Ltd (Qiaodan Sports) which was established in Fujian in 2000. Michael Jeffrey Jordan, who became a very famous basket player in NBA in the 1980s, was reported and broadcasted by Chinese medias as “Qiaodan” at that time, so he is well-known to Chinese people. Due to Michael Jordan’s great achievement in basket career, Nike invited him to speak in behalf of Nike and applied for and obtained trademark registration for “Jordan”, “Air Jordan” in China, but Nike has never applied for

“Qiaodan” trademark registration.[1] however “Qiaodan” is referred to as Chinese transliteration of Jordan in China owing to media’s broadcasting. After the establishment of Qiaodan Sports, the company applied for and registered more than 100 similar trademarks using “Qiaodan”. In 2012 Michael Jordan initiated an action to the Trademark Review and Adjudication Board (TRAB) to revoke the series of 68 “Qiaodan” trademarks, which were related to Michael Jordan’s name right, portraiture right, and the trademark dispute with Qiaodan Sports. The request of revocation was refused by TRAB and Michael Jordan filed an administrative lawsuit to No.1 Beijing Intermediate People’s Court, Although Michael Jordan claimed that Qiaodan Sports had tried to borrow his good reputation by deliberately using “Qiaodan” as the transliteration of Michael Jordan in its business to mislead and confuse the consuming public, yet the Chinese courts of first and second instance denied Michael Jordan’s standpoint by rendering that “Qiaodan” was not the only way to translate Michael Jordan’s name. Jordan is a common western family name. A direct connection cannot be established between “Qiaodan” and Michael Jordan, who applied for the retrial to the Supreme People’s Court (SPC). In December 2015, the SPC rejected 50 trademark cases in Jordan’s application for retrial, and only ordered to bring 10 cases related to the name right to trial. The focus of controversy was whether Jordan had the name right for the Chinese name “Qiaodan” and whether Qiaodan Sports maliciously registered “Qiaodan” trademark to confuse the consuming public? [2] The SPC made the final ruling that “Qiaodan” trademark in Chinese characters infringed Michael Jordan’s prior rights and should be cancelled. As for the trademarks “QIAODAN” “qiaodan” in pinyin, the SPC maintained the judgment of second instance and rejected the application of Michael Jordan for retrial.

The ruling made by the SPC creates the standard of “stable connection” to determine whether the name right of famous sports stars is infringed or not. According to *Provisions of the Supreme People’s Court on Several Issues Concerning the Trial of Administrative Cases of Trademark Authorization and Confirmation*, if the relevant public believes that the trademark refers to a natural person, and it is easy to believe that the goods marked with the trademark are licensed by the natural person or have a specific connection with the natural person, the people’s court shall determine that the trademark damages the name right of the natural person. The party concerned claims the right of name with a specific name, which has certain popularity and has established a stable relationship with the natural person. If the relevant public refers to the natural person, the people’s court shall support it. So in judging whether the trademark applied for registration infringes upon the prior name right of others, three conditions should be met: first, the name is known to the relevant public in

China; Second, the relevant public uses the specific name to refer to the person; Third, the name has formed a stable corresponding relationship with natural persons.[3] Michael Jeffrey Jordan has been well-known to the relevant public in China, who mostly refers to “Qiaodan” as Michael Jeffrey Jordan and its influence is no longer limited to the field of basketball. Accordingly, it is determined that the Chinese “Qiaodan” trademark infringes Michael Jordan’s prior name right. [3]

3. ADVERSE EFFECTS OF SPORTS STAR’S NAMES BEING REGISTERED AS TRADEMARKS

Without the permission of sports stars, registering their names as trademarks not only infringes their prior name rights, but also easily confuses the sources of the goods marked with these trademarks, so that the public mistakenly believe that there is an endorsement or other specific connection between the goods and the sports stars, damages the legitimate rights and interests of the sports stars and consumers, and disrupts the market economic order. [4]

3.1. *Encroaching the Name Rights of Sports Stars*

The behaviour of squatting sports stars’ names as trademarks to be used on goods or services without permission may cause a great many bad effects to the sports stars. In terms of economic benefits, registering sports stars’ names as trademarks without their consent will deprive their opportunity of obtaining the remuneration by allowing others to use their names for activities, which is not conducive to sports stars to obtain the economic benefits brought by the popularity of their names. [4] In terms of personal reputation, the trademark registered with sports stars’ name is easy to make consumers associate the reputation and image of sports stars with the quality of goods or services pointed to by the trademark. If the goods or services pointed to by the trademark have quality defects or other problems, it is likely to damage the personal image of sports stars and have a negative impact on their reputation. The act of registering the names of sports stars as trademarks has seriously damaged the legitimate rights and interests of sports stars. [4]

3.2. *Causing the Confusion of Consumers*

The sports stars usually have sunny, healthy and positive social images, which has become the object of many people to follow and emulate. Their behavior and dress have a strong appeal and influence on teenagers. People’s love and worship to the sports stars must be accompanied by the increase of consumption related to sports stars. When these consumers buy goods, they incline to buy their favorite sports stars’ own brand or

other goods with specific links such as the endorsement of the sports stars. Therefore, if a trademark registered with a sports star's name without his permission is used on goods or services, consumers are likely to think that the goods or services pointed to by the registered trademark have a specific connection with the sports star, which is easy to make consumers misjudge or confuse the goods or services. This rush registration behavior does not comply with the principle of good faith. It is an act of deceiving consumers. In fact, there is no specific connection between the goods or services purchased by consumers and the stars they worship or trust, which does not achieve the purpose of purchasing the goods or services. In addition, there may be quality defects or other problems, which seriously infringe on the legitimate rights and interests of consumers

3.3. Causing Damages to the Prior Users of the Business Logo

The Chinese *Civil Code* clearly stipulates: "The personal rights, property rights and other legitimate rights and interests of civil subjects shall be protected by law and shall not be infringed upon by any organization or individual". The name right is a right of personality, which is included in the civil right. The business logo used by prior user is a lawful right that should be legally protected. When the sports stars' name is used on the goods or services, the business logo with sports stars' name forms the business goodwill and its market competitiveness. Once the sports stars' name is squatted to be registered as trademark, the lawful rights of the prior right holders will be damaged, the losses of prior right holders include the impairment of the goodwill established by the registrant, that is, the prior user on the unregistered trade mark, the loss of market opportunities and the reasonable expenses paid to get back their trademark.[5] This behaviour of trademark squatting tramples on the minimum business ethics and violates the basic principle of good faith.

3.4. Harming the Right Order of Market Competition

Strengthening intellectual property protection and creating a good business environment is an important guarantee for reinforcing the rapid development of socialist market economy. The trademark application of rushing to register the names of sports stars and maliciously clinging to the reputation of sports stars will undoubtedly damage the business environment of China's sports market. With the strict examination of trademark registration applications by the Trademark Office, more and more operators do not directly register the names of sports stars, but apply for the registration of trademarks similar to or containing the names of sports stars, which is also easy to confuse others. This kind of unfair competition has seriously hindered the

healthy development of sports industry and the construction of China's sports power. Meanwhile This kind of unfair competition behaviour is not conducive to advocating a good social atmosphere and the construction of public morality. Perhaps in order to obtain greater economic benefits in the market competition, the sports stars' names or symbols similar to sports stars' names are registered as trademarks, which is easy to disrupt the normal market competition order and affect the orderly development of China's fair competition market economy. In addition, this kind of unfair competition will also have a negative impact on China's international image. The brand image of an enterprise is related to national image. Establishing a good brand image can not only make enterprises win and profit in today's cruel and fierce market competition, but also help to improve national image. On the contrary, if the brand image is questioned, it will not only be difficult for consumers to accept the products or services they produce, making it difficult for enterprises to develop healthily, but also may damage the national image, so the trademark squatting is detrimental to the national image and deviates from China's intellectual property strategy.

4. REASONS FOR CAUSING SPORTS STARS' NAME BEING REGISTERED AS TRADEMARK

Although China is trying to perfect its trademark legal system, trademark squatting and registration in a bad faith still take place. The reasons why sports stars' names are squatted to be registered as trademarks lie in the conflicts between trademark registration system and name right itself, the differences between the name right protection model under trademark system and the name right protection model under other system, as well as the differences between the attributes of the names, Chinese characters, and trademarks.

4.1. Conflicts between Registration-Based System of Trademark and Name Right Protection

China is a trademark registration-based country with a first-to-file rule. Trademark rights are acquired by first application for registration and authorization. The registration system is conducive for the public to know the existence of the mark, however such first-to-file rule may facilitate the phenomenon of trademark squatting. The latest amended trademark law has required that the trademark application for registration should be based on the actual use or intent-to-use of the mark. The malicious application for registration of a

trademark without the purpose of use shall be rejected.

The Chinese *Civil Code* provides name right protection for a natural person. Here the name should include the name of the person's ID card, pen names, stage names, former names, as well as the unique "characters" and "numbers" in China's traditional culture.[6] The name right is an important personality right enjoyed by a natural person. The *Chinese Trademark Law* (CTL) stipulates that an application for registration of a trademark should not impair others' existing prior rights which generally include others' portrait right, name right, copyright, enterprise name, trade dress, industrial design patent right, as well as the name, packaging or decoration peculiar to the well-known commodities. etc. [7] According to the CTL, any sign can be applied to be registered as a trademark as long as it can distinguish the source of goods or services, thus a natural person's name can also be registered as a trademark, however this will bring out an issue that a conflict happens between the prior name right and the poster registered trademark.

4.2. Seeking for a Trademark'S Commercial Value Clashes the Property Value of the Sports Stars' Name

From the decision made by the SPC, it can be seen that although the "Qiaodan" trademark case nominally defends the name right of a natural person, it is in fact not from the perspective of the name right itself, but from the perspective of commercial interests. The essence of incorporating commercialized rights and interests into the name right is to protect the commercialized rights and interests of names.[8] On the one hand, the sports star's name contains high commercial value and has direct property interests. If the sports star's name is registered as a trademark and used in goods or services, the huge appeal attached to its name can attract potential consumers to buy goods or services with more commercial interests.[9] On the other hand, the SPC quoted the article 5(3) of China's *Anti-Unfair Competition Law*(AUCL) in 1993 to demonstrate that the behavior of unfair competition is essentially an infringement that damages the name right of others. The goods involved in this act are mistakenly believed to be the goods of others, which is closely related to whether the registration of the disputed trademark identified in this case is easy to lead the relevant public to mistakenly believe that there are specific links such as endorsement and license. The conditions for the protection of the name right of a natural person can be determined by referring to the provisions of its judicial interpretation.[8] although the article 5(3) of the AUCL does not require

that the protected "name" is well-known or has certain influence, the provisions "leading people to mistakenly believe that it is the goods of others" have included the factor of market popularity. The revised AUCL in 2017 absorbs such regulation. Therefore, the "name" in this article is not really based on the name right itself, but should be understood as the commercialized rights and interests of the name. The pursuit for the commercial value of a trademark will inevitably causes the conflict with the property value of the sports stars' name. From the perspective of trademark law, the protection of sports stars' name right should depend on the protection of the commercialized rights and interests of names.[9]

5. APPROACH TO PROTECTING SPORTS STARS' NAME RIGHT FROM PERSPECTIVE OF TRADEMARK LAW

The fast and continuous development of the sports commercial market has greatly increased the commercial value of sports stars' name, and it has become a common phenomenon for the business operators to hijack and register the names of sports stars as trademarks, resulting in more and more disputes. The regulations in the CTL provide effective approaches to protecting sports stars' name rights and lawful rights of consumers, as well as the orderly development of market economy in the fair competition.

5.1. Rejecting an Application for Malicious Trademark Registration without the Purpose of Use

The latest revised CTL stipulates: "An application for registration of a malicious trademark not for the purpose of use shall be rejected." "The use refers to the conditions of using trademarks on goods, goods packaging or containers, as well as goods transaction documents, or using trademarks in advertising, exhibits and other commercial events so as to identify the origin of the goods." The judicial cases further clarify that the registered trademark should be actively used in commerce to distinguish the source of commodities or services. "Use in commerce of a trademark on goods" refers to the situation that a label, or document be marked on the goods, its package, its container or related display, or in association with the sale"; "use in commerce of a trademark on services" means using services for advertising or sales materials.[4] The actual and lawful commercial use of a trademark will vary relying on the practices of industry involved, and should be decided on the basis of the standards of that particular industry.[5] The active use of a trademark can have consumers associate the trademark with the particular goods or services, informing the others this connection, other people know the fact that a prior user has already used this trademark in commerce, so they cannot invest on the trademark similar to this mark

anymore.[10] In practice some business operators apply for the registration of sports stars' names as trademarks with the purpose of their own business, however some other people apply for the registration of sports stars' names as trademarks without intention of use, but in order to obtain economic benefits through the transfer of trademarks to others.[9] In addition, registering the name of a sports star as a trademark without the permission of the sports star is mostly to take advantage of the market popularity and influence of the sports star's name, which is a kind of "free riding" behavior.[7] This malicious behavior of disturbing the market order should be denied.

5.2. The Application for Registration of a Sports Star'S Name as a Trademark Shall Follow the Principle of Good Faith

The principle of good faith is the basic requirement of commercial activities. The provision of the principle of bona fide in article 7 of the CTL is helpful to prevent infringement of good faith in trademark authorization and trademark use, and has a good guiding role in regulating malicious trademark squatting.[11] However, the principle of good faith has rich connotation, high abstraction and fuzziness, [12] and its boundary is not easy to be clearly defined. In the American judicial case, good faith is defined as a firm intention, even if it may rely on the outcome of an event and should be used to reflect an impartial and objective factors to decide the trademark applicant's intention based on all the circumstances.[13] The term "bona fide" means using a trademark actually and lawfully with a faithful purpose in a commercial sense instead of only having a "token use" in order to acquire the trademark rights.[10] So the applicants for registering the celebrity's name as trademark, they should apply for the registration with the actual commercial use or bona fide intent-to-use without infringing others' prior rights or the celebrity's name rights.

5.3. The Application for Registration Should Not Infringe upon another Party'S Existing Prior Rights

The latest CTL provides protection for the unregistered well-known or influential trademarks and introduces the prior use system for unregistered trademarks. The introduction of prior right protection abides by the regulation of article 16 in the *Agreement On Trade-related Aspects of Intellectual Property Right* (TRIPS). The establishment of prior use system is meaningful for the CTL to balance the interests between the unregistered trademark holders in prior use and real trademark owners, which achieves the fairness and justice of the law.[14] In the CTL, the article 9 sets that A trademark applied for registration shall not conflict

with the legal rights of prior right holders, the article 32 provides that an application for trademark registration shall not prejudice the existing prior rights of others, nor shall it register a trademark that has been used by others and has a certain impact by improper means. The article 45 authorizes the right holders whose prior rights are harmed can apply to the TRAB for invalidation of the infringing trademark. Therefore, when the sports stars' name is squatted to be registered as a trademark, as long as the sports stars are well-known in the relevant public, the disputed trademark to be registered which has stable connection with sports stars' name may harm the name rights of the sports stars, they can claim their prior rights protection. Even if the disputed trademark has been registered, they can still apply to the TRAB to revoke such registration or declare such registration invalid.

5.4. Applying to Revoke the Registered Trademark without Use for Three Consecutive Years

If a registered trademark ceases to be used continuously without justification, anyone can apply for cancelling such registration. This is a provision of the trademark law of countries that adopt the trademark right registration and acquisition system, and it is also recognized in the TRIPS Agreement.[15] A registered trademark protected by law should be truly used in commercial activities. If a registered trademark has not been used commercially for a long time, consumers cannot recognize and distinguish the resources of commodities or services with trademark used on them, so such registered trademark should not be protected any more. This provision is regulated in article 49 (2) of the CTL. So if the sports stars find that their names are squatted to be registered as trademarks, they can apply to revoke such registration if the situation exist that the registered trademarks have not been used for three consecutive years, in addition to request to cancel the registered trademarks on the grounds of infringement of its prior name right or other adverse effect.

6. CONCLUSION

The judgments of series cases related to "Qiaodan" trademark have attracted people's attention to examine the conflict between the prior name right and the trademark right. The judgments have clarified that a natural person owns name right when he claims his name right protection for a specific name as long as the person's name establishes a stable correspondence relationship with the natural person. In determining whether an application for registration of a trademark impairs another person's name right, the ruling of the SPC clearly clarifies the misunderstandings on how the CTL safeguards prior rights, as well as clarifies the conditions under which a natural person claim his name rights protection and the vicious intention that should be

taken into consideration in deciding whether an application for registration of a trademark infringes upon the name right of prior right holders. Why sports stars' names are squatted to be registered as trademarks lies in the commercial value contained sports stars' names. It can be estimated that more and more sports stars' names will be registered as trademarks with the spread of celebrity effect. It is of importance and urgency to make specified provisions in the CTL to regulate the issue that the celebrity's names are squatted to be registered as trademarks. Combating the behaviour of registering sports stars' names as trademarks cannot only safeguard the sports stars' prior name rights, but also defend the consumers' lawful rights, maintain market competition order, as well as promote the vigorous and healthy development of China's intellectual property rights.

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