

Castel Freres SAS Case

Castel Group is a world leader in wines, beers, and soft drinks that entered the Chinese market more than 14 years ago under the name “Ka Si Te - Chang Yu Chateau”.

On March 7, 2000, the name “Ka Si Te” was registered as a Chinese class 33 trademark by Wenzhou Wujin Jiaodian Huagong and then transferred to Li Dao Zhi, a Spanish-Chinese winemaker. It was only in 2005, almost 10 years after having started marketing the name “Ka Si Te” in the Chinese market, that Castel became aware of the hostile trademark “Ka Si Te” held by Li. Castel applied for the trademark application “Ka Si Te” under class 33, but this was rejected due to its collision with the prior “Ka Si Te” class 33 registry back in 2000 and owned by Li.

On July 8, 2005, Castel filed a petition to cancel Li’s hostile trademark “Kai Si Te” due to nonuse for three consecutive years. This cancellation dispute went on for six years and the final ruling came from the Supreme People’s Court on December 17, 2011, rejecting the petition for cancellation.

In October 2009, parallel to the cancellation action, Li together with Shanghai Banti Wine Company filed a trademark infringement lawsuit against Castel and Shenzhen Castel (its Chinese dealer) with the Wenzhou Intermediate People’s Court, claiming compensation for RMB 40 million (€5,120,000) by alleging that Castel and its dealers had illegally earned this amount of profit by their unauthorized use of his trademark “Ka Si Te” from January 2007 to October 2009, including using the brand on wine products, advertising, and packaging.

On April 10, 2012, the Wenzhou Intermediate Court found that the conduct of the two defendants infringed upon the trademark rights of Li and ordered the defendants to pay damages of RMB 33,734,546.26 (more than \$5 million). To date, this is one of the largest awards for an IP infringement case in China.

Li is ultimately lawfully enjoying the benefit of an exclusive IP right that really should have belonged to Castel, following years of investment in building up their brand in China. Clearly Castel should have registered “Ka Si Te” immediately before or at the latest upon entering the Chinese market in 1998. Failure to plan ahead to protect your trademarks in China may cost you dearly as the Castel case shows, or you may find yourself unable to sell products in the world’s fastest growing market under the brand name that you have invested so heavily in building elsewhere.