

China Case Law Annual Review

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In the dynamic landscape of the China trademark law system, the divergence of the long-drawn-out law amendment drafting and the consultation process and real-life practice has given rise to complex legal, regulatory, and strategic challenges. As a result, navigating the case precedents provides a fresh perspective for brand legal practitioners to consider when enforcing their trademarks in China.

The session, **China Case Law Update—Navigating the Case Precedents: Exploring the Interplay Between Law Amendment and Real-Life Practice**, takes a bird’s-eye view of milestone cases—ranging from prosecution to litigation, and cutting across bad-faith filing, imposed sanctions, and injunctive relief—and provides insider analysis of the impact on the pace and shape of trademark rights protection in China.

Recent Chinese case decisions highlight several interesting trends:

- An overly strict approach to absolute grounds examination and intent-to-use requirements.
- Drastic measures against bad-faith filings leading to increased use requirements in non-use cancellation, equally alarming to infringers and legitimate brand owners.
- New offshoots in the expanded use of unfair competition grounds to capture the anti-competitive behaviors arising out of the digital era the Internet, and others.
- A more refined methodology of base calculation in damages awards and actionable strategies for effective enforcement.

To raise awareness of the IP environment in China and to provide knowledge about and insight into Chinese trademark law and practice, the China Case Law Project Team of the International Trademark Association (INTA) has spearheaded an editorial project, capturing the main IP happenings in the past few years and highlighting interesting trademark case trends that affect companies of all sizes and from all industry sectors in and outside of China.

This project—including this Review—would not have been possible without the dedication and hard work of the members of the China Case Law Project Team, and we thank them for their tireless efforts:

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INTRODUCTION

In line with INTA's strategic direction to promote and reinforce the value of brands, and considering the increasingly important role China plays in the worldwide IP ecosystem, INTA has been developing content and programming to keep the global trademark community current on the ever-evolving IP policy regime and case law and practice in China. INTA's first **China Case Law Update** session was launched at the 2021 Annual Meeting. With all this in mind, and with a view to helping international companies better navigate the China trademark law system to minimize their IP risks, the Association's China Case Law Update Project Team was created and tasked with providing insider analysis on trendsetting decisions rendered by Chinese courts and administrative authorities.

This China Case Law Annual Review (the Review) expands upon the **China Case Law Update** session, which took place at INTA's 2024 Annual Meeting, with in-depth analysis of recent case developments and policy and legislative changes. The Review covers the now familiar trademark issues of "absolute" grounds—including validity, distinctiveness, and descriptiveness, as well as "relative" grounds—including similarity and confusion, co-existence agreements, right of publicity, and merchandising rights. It also delves into topics such as infringement, defenses and limitations, what qualifies as use in commerce, and punitive damages—with some notable cases illustrating changes in practice and procedure. In analyzing the trademark developments of the past few years, it would be fair to say that the continuing relevance of bad faith filing of trademarks cuts across the entire structure of trademark protection in China, and the Anti-Unfair Competition Law is playing an increasingly important role in addressing this issue.

As is usually the case, after years of amendment drafting and consultation, the amended law is far from being a certainty. Despite that, the evolving case precedents and judicial practice are, encouragingly, leading the charge in resolving the issues underlined in the current draft amendment.

I. ABSOLUTE GROUNDS FOR REFUSAL OF REGISTRATION AND TRADEMARK CANCELLATION

1. **Introductory Comments**

Absolute grounds relate to the inherent characteristics of a trademark, its registrability, distinctiveness, and scope, relative to what is referred to as the "the essential function" of trademarks, that is, to identify the exclusive source of the goods or services for which registration is sought. Absolute grounds for refusal of registration may also form the basis for a later claim of invalidation, so cases in this section often deal with analysis of both pre- and post-registration issues.

Absolute grounds for refusal and cancellation in China's Trademark Law mainly include the following:

- Registrability (Article 10);
- Distinctiveness (Article 11);
- Warehousing without intent to use (Article 4);
- Deceptive and other improper means (Article 44.1); and
- Eligibility of signs (Article 8).

Article 10 of the Chinese Trademark Law sets out a list of absolute grounds for refusal of trademark applications which pertain to trademarks that cannot be registered due to their inherent characteristics, regardless of the goods or services they represent.

These grounds include marks that are considered deceptive, misleading, or detrimental to socialist ethics, as well as those that harm public signs and emblems (e.g., country names, national emblems etc., of both China and foreign nations as well as the name or logo of the Red Cross or Red Crescent etc.). Trademarks that feature discriminatory content, or contain false claims, or elements that may cause public confusion as to quality or origin are also prohibited. Additionally, geographical names of administrative regions at the county level or above, as well as well-known overseas geographical names, cannot be used as trademarks unless they have another meaning or are part of a collective or certification mark. The purpose of these provisions is to safeguard the public interest and to uphold legal and ethical standards in the marketplace, ensuring that trademarks do not violate public order, deceive the public, offend established morality, or violate national interests.

Unlike refusals based on Article 11, the actual use of the subject marks of applications rejected on the basis of Article 10 is generally considered irrelevant, as the grounds for refusal outlined in Article 10 are primarily connected to public interests and cannot be remedied or rectified through usage.

Article 11 of the Chinese Trademark Law provides for a set of absolute grounds for refusal that apply to trademarks that lack distinctiveness and cannot function as unique source identifiers of goods or services. These include descriptive marks, such as generic names, figures or model numbers, or marks that only describe product characteristics (such as quality, main ingredients, purposes, use, or function), and marks that lack distinctiveness. The purpose of these restrictions is to prevent the monopolization of descriptive or common terms and to ensure fair competition in the marketplace.

However, unlike for the absolute grounds covered under Article 10, refusals under Article 11 can be remedied by acquired distinctiveness through extensive use. This means that such trademarks may become eligible for registration despite initially falling under these prohibitions.

In the realm of intellectual property protection, the registration of non-traditional trademarks—such as distinctive product shapes and product get-ups—has garnered increasing attention. Under the Chinese Trademark Law, however, the path to securing such protection via trademark registration is often fraught with difficulty. Article 12 of the Chinese Trademark Law contains a specific absolute ground for refusal directed at shape marks (and similar to the legal provisions of many other jurisdictions and regions, including for instance the United States and the EU), which expressly stipulates that signs that consist exclusively of shapes that result from the nature of the goods themselves, shapes that are necessary to achieve a technical function, or shapes that give substantial value to the goods shall not be registered as trademarks. This provision embodies an absolute ground for refusal, designed to safeguard the public domain and prevent the monopolization of

functional or aesthetic product features through private trademark rights.

In practice, the application of Article 12 in China has been notably stringent. The China National Intellectual Property Administration (CNIPA) and Chinese courts have interpreted these exclusions narrowly, thereby making it challenging for trademark owners to register product shapes as trademarks in China. As a result, many brand owners have turned to alternative legal avenues to protect the distinctive shape and trade dress of their products, such as through copyright, unfair competition law, or design patents. The case example below illustrates this, and constitutes a notable example of how companies have navigated the limitations of shape trademark protection in China by relying on other grounds for legal protection.

Article 44 of the Chinese Trademark Law is a provision about the invalidation of registered marks and provides a number of grounds for invalidation that include references to Articles 10, 11, and 12 (discussed above), among others. However, Article 44 is also considered a standalone ground for invalidation of registrations obtained by fraudulent means or other improper means as well as for registrations not intended for genuine use (Article 4).


This means that the scope of this Article is relatively broad. A trademark that is found to have been registered in bad faith (e.g., through falsified documents or misleading information), as well as malicious registrations aimed at exploiting the reputation of well-known marks or hoarding trademarks without a clear intent for genuine use, may all be subject to invalidation under Article 44. For example, trademarks registered without clear intent for actual use or those imitating famous brands for unfair advantages, e.g. bulk filings that are out of proportion with the business scope of the applicant, or filings for third party marks with a reputation in unrelated classes, are subject to invalidation under this Article.

The provision ensures that the trademark registration system upholds integrity and fairness, preventing market disruptions caused by illicit or fraudulent trademark filings, and therefore empowers both the authorities (ex officio) and third parties to challenge and invalidate these registrations.


2. Cases


The team has conducted a thorough analysis of recent cases concerning the application of Article 10 of the Chinese Trademark Law, focusing on how absolute grounds for refusal are interpreted in practice. The cases below have been selected to illustrate the courts' rigorous and strict approach in enforcing this provision, which is in line with the strict application of this provision by CNIPA. These cases, mostly from the Beijing High People's Court, particularly underscore that on appeal Article 10 is also applied very strictly, with the trademark being allowed registration in only one of the following cases (case 15 below).


- 1) Rejection on the basis of Article 10 of Trademark Law

#	Trademark	Goods/Services	Approved?	Court	Reasoning
1	 No.45558904	Restaurant; Hotel reservations etc. (Class 43)	No	Beijing High People's Court	<p>The case started with a refusal by CNIPA based on Art. 10.1.7 of the Trademark Law.</p> <p>On first appeal, the Beijing IP Court ("BJIPC") held that the disputed trademark contains both the numeral 5 and a star symbol, which is likely to cause the relevant public to mistake the quality or other characteristics of the services.</p> <p>On second appeal, the Beijing High People's Court ("BHPC") confirmed the BJIPC's decision and held that the disputed trademark comprises the words "Firmdale Hotels," the numeral "5," and a "five-pointed star" graphic. Notably, the number "5" and the "five-pointed star" occupy a significant portion of the design and serve as the distinctive elements of the trademark. The textual components in Chinese also align one-to-one with their English equivalents in the mark. The overall impression of the disputed trademark readily suggests a "5-star hotel." Consequently, when applied to review-related services, such as "restaurants" and "hotels" the trademark is likely to mislead the public about the quality and other attributes of the services.</p>


#	Trademark	Goods/Services	Approved?	Court	Reasoning
2	<p>NeuWin</p> <p>No.68517289</p>	Diagnostic apparatus for medical purposes; Medical apparatus and instruments etc. (Class 10)	No	Beijing High People's Court	<p>The case started with a refusal by CNIPA based on Art. 10.1.7 of the Trademark Law.</p> <p>On first appeal, the BJIPC held that the disputed trademark essentially consists of the Latin letters NEUWIN, which can be translated as "neuro-sheath win," which is likely to cause the relevant public to mistakenly believe that the goods have certain characteristics such as their purpose or function. The BJIPC also added that the registration of other trademarks is irrelevant to this case and cannot serve as a basis for the preliminary approval of the disputed trademark</p> <p>On second appeal, the BHPC confirmed the BJIPC's decision and held that the disputed trademark comprises the letters "NEUWIN," where "NEU" may be interpreted as "nerve sheath" and "WIN" as "win" or "victory." Although the company presented evidence to establish that "NEU" does not directly correspond to "nerve sheath" in English and highlighted its connection to Northeastern University, this does not preclude the interpretation of "NEU" as "nerve sheath." Given the inclusion of "NEU" in the trademark, the public may reasonably associate the product's functions or characteristics with the "nervous system" or perceive it as offering significant therapeutic benefits, implying an effect akin to "overcoming or winning." Consequently, this could lead to misinterpretation. The court found that the evidence submitted by the company failed to refute the above conclusion.</p>

#	Trademark	Goods/Services	Approved?	Court	Reasoning
3	 No.66499970	Surgical apparatus and instruments; nasal dilator; surgical bougies, etc. (Class 10)	No	Beijing High People's Court	<p>The case started with a refusal by CNIPA based on Art. 10.1.7 of the Trademark Law.</p> <p>On first appeal, the BJIPC held that the disputed trademark essentially consists of the words "nanos" and "medical" combined in a device, which convey the concept of "nanotechnology" and "medical." The BJIPC held that this means this mark possesses deceptive characteristics. The court also rejected the appellant's arguments regarding acquired registrability through use and references to other registered marks.</p> <p>On second appeal, the BJHPC confirmed the BJIPC's decision and held that the disputed trademark comprises the English words "nanos" and "medical," along with accompanying graphics. The term "nano" can be interpreted as "nano" or "micron". When applied to reviewed goods such as "medical devices and instruments," the trademark is likely to mislead the relevant public regarding the functional uses, technological processes, or other characteristics of the goods, thereby rendering it deceptive.</p>
4	FIBER CHOICE	"Dietary fiber" (Class 5)	Yes	Beijing High People's Court	<p>The case started with a refusal by CNIPA based on Art. 10.1.7 of the Trademark Law.</p> <p>On first appeal, the BJIPC ruled to revoke the rejection decision by the CNIPA.</p> <p>On second appeal, the BJHPC affirmed the ruling of first instance, holding that based on the general cognitive level and ability of the relevant public, using "FIBER" on "dietary fiber" goods was not likely to mislead the public about the product's quality, raw materials, or other characteristics.</p>


#	Trademark	Goods/Services	Approved?	Court	Reasoning
5	 <p>No.69571688</p>	Radar detectors; gas analyzers; precision measuring apparatus etc. (Class 9)	No	Beijing High People's Court	<p>The case started with a refusal by CNIPA based on Art. 10.1.7 of the Trademark Law.</p> <p>On first appeal, the BJIPC held that the main recognizable part of the disputed trademark means "Magnetic Needle Stone Technology," which refers to a compass. When used on the relevant goods this was likely to be deceptive.</p> <p>On second appeal, the BJHPC confirmed the BJIPC's judgment and held that the disputed trademark consists of a combination of the Chinese characters "磁针石科技" and the English term "Magnetic Needle," with "磁针石科技" serving as the distinctive identifying element. The term "磁针石" translates to "compass" and is applied to designated goods such as "measuring instruments" in Class 9. Based on the general perception of the public, the use of this trademark would be likely to cause misunderstandings regarding the functions and intended uses of the goods.</p>


#	Trademark	Goods/Services	Approved?	Court	Reasoning
6	 No.62401763	Beer-based cocktails; beer wort; malt beer; ginger beer etc. (Class 33)	No	Beijing High People's Court	<p>The case started with a refusal by CNIPA based on Art. 10.1.7 of the Trademark Law.</p> <p>On first appeal, the BJIPC held that the main recognizable part of the disputed trademark is "即刻酿造" (meaning "immediate brewing") paired with the letters ACME BREWING. When read together with the goods applied for this mark seems to mislead consumers as to the manufacturing process or similar characteristics.</p> <p>On second appeal, the BJHPC confirmed the BJIPC's judgment and held that the disputed trademark comprises the Chinese characters "即刻酿造," the English words "ACME BREWING," and a graphic. The phrase "即刻酿造" translates to "brewing immediately" or "within a very short time," while "ACME BREWING" can be interpreted as "极致酿造" in Chinese. When used on products such as "barley beer," "beer," and "ginger beer," the trademark is likely to mislead the relevant public regarding the functions, quality, production process, and other attributes of the products, and is therefore deceptive. Additionally, it fails to clearly distinguish the source of the products.</p>

#	Trademark	Goods/Services	Approved?	Court	Reasoning
7	Hydrogreen No.67229259	Petroleum (crude or refined); industrial oil; electric energy etc. (Class 4)	No	Beijing High People's Court	<p>The case started with a refusal by CNIPA based on Art. 10.1.7 of the Trademark Law.</p> <p>On first appeal, the BJIPC held that the term “hydro” in the disputed trademark can be seen as “electricity” or “hydropower,” and is combined with the term “green.” When used on goods such as industrial oils, the relevant public is likely to be misled regarding the quality or performance characteristics of the goods. The BJIPC also held that the registration or coexistence of other trademarks is not a legal basis for successful registration of this mark.</p> <p>On second appeal, the BJHPC considered that the disputed trademark comprises the English word "Hydrogreen." Given the level of familiarity with English among the relevant public in China, "hydro" can be interpreted as "electricity" or "hydroelectricity," while "green" is commonly understood as "green" in the context of environmental sustainability. Considering the public's habits in interpreting trademarks and their general understanding of goods, the use of this trademark on designated products such as "petroleum (crude or refined); industrial oil; electric energy" is likely to create an impression that these goods are associated with green hydropower. This may be misleading regarding the quality, performance, or other characteristics of the goods.</p>



#	Trademark	Goods/Services	Approved?	Court	Reasoning
8	 No.58061802	Gardening gloves; gloves for household purposes; polishing gloves; car washing mitts, etc. (Class 21)	No	Beijing High People's Court	<p>The case started with a refusal by CNIPA based on Art. 10.1.7 of the Trademark Law.</p> <p>On first appeal, the BJIPC held that the mark contains clear superlatives, which are likely to cause the relevant public to mistake the quality or other characteristics of the goods.</p> <p>On second appeal, the BJHPC confirmed the BJIPC's judgment and considered that the disputed trademark prominently features the English words "Top Glove Top Quality, Top Efficiency" as its distinctive identifying elements. When used on the reviewed goods, this trademark is likely to mislead the relevant public regarding the quality, functionality, and other characteristics of the products.</p>


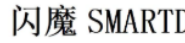
#	Trademark	Goods/Services	Approved?	Court	Reasoning
9	babyfirst No.57906016	Research and development of new products for others and design and development of multimedia products, etc. (Class 42)	No	Supreme People's Court	<p>The case started with a refusal by CNIPA based on Art. 10.1.7 of the Trademark Law due to deceptiveness based on the use of superlatives, which was subsequently confirmed by the BJIPC.</p> <p>On second appeal, the BJHPC essentially considered that the component 'first' generally indicates a leading position in terms of quality, ranking, etc. The court hence reasoned that the disputed trademark is likely to cause the public to mistakenly believe that the quality of the re-examined services or the ranking of the disputed trademark in the market for similar services is superior. Therefore, the BJHPC confirmed the original judgment and the decision finding that the disputed trademark is deceptive.</p> <p>A review procedure was lodged with the Supreme People's Court ("SPC"). The SPC held in its review judgment that the disputed trademark in this case is "babyfirst". The SPC followed the BJHPC by finding that in the general perception of the relevant public, the term "first" conveys a sense of leadership or superiority in service quality and market ranking. Consequently, when the trademark is applied to services such as "research and development of new products for others" and "design and development of multimedia products," it is likely to mislead the public regarding the quality of the services and the trademark's ranking among similar services in the market. Additionally, the SPC held that Article 10, paragraph 1 of the Trademark Law is an absolute ground of refusal, so the actual use of the disputed trademark cannot be used as a basis</p>

#	Trademark	Goods/Services	Approved?	Court	Reasoning
10	 <p>No.59614873</p>	Bread; tea; sugar; pies; moon cakes; biscuits, etc. (Class 30)	No	Beijing High People's Court	<p>The case started with a refusal by CNIPA based on Art. 10.1.7 of the Trademark Law.</p> <p>On first appeal, the BJIPC held that the mark contains a clear superlative (“best choice”), which is likely to cause the relevant public to mistake the quality or other characteristics of the goods.</p> <p>On second appeal, the BJHPC confirmed the BJIPC’s judgment and considered that the disputed trademark consists of the English word "Bestchoice" and the Chinese word "百司卓." Although the English component features artistic design, it remains easily recognizable as "Bestchoice," which conveys the meaning of "the best choice" in Chinese. When applied to goods such as "bread, tea, and sugar" in Class 30, the trademark is likely to mislead the relevant public regarding the functions, quality, and other characteristics of these goods, based on the general level of public understanding and cognitive ability.</p>

#	Trademark	Goods/Services	Approved?	Court	Reasoning
11	 No.58693756	Brushes; large-toothed combs for the hair; electric combs; comb cases; combs, etc. (Class 20)	Yes	Beijing High People's Court	<p>The case started with a refusal by CNIPA based on Art. 10.1.7 of the Trademark Law, based on the meaning of "green," which when used on the designated goods, is likely to cause confusion among the relevant public.</p> <p>On first appeal, the BJIPC essentially reversed the CNIPA's decision, stating that the meaning of the word "green," does not appear relevant to the characteristics or attributes of the reviewed goods, such as "combs" and "comb boxes," for which the trademark is intended and that the trademark is therefore not misleading and is registrable.</p> <p>On second appeal, lodged by the CNIPA, the BJHPC confirmed the BJIPC's judgment and held that the disputed trademark consists of the English word "MIRA-GREENLINE" and a graphic, with "MIRAGREENLINE" serving as its distinctive identifying element. The court ruled that the evidence provided in this case is insufficient to demonstrate that the English component is an inherent combination or possesses a specific, fixed meaning. While "GREEN" can be interpreted as "green" in Chinese, this interpretation, based on the general public's perception, does not appear relevant to the characteristics or attributes of the reviewed goods, such as "combs" and "comb boxes," for which the trademark is intended. Consequently, the use of the disputed trademark on these goods is unlikely to mislead the public regarding their quality or other features.</p>

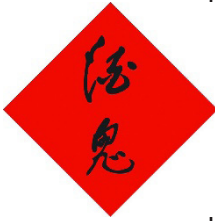
#	Trademark	Goods/Services	Approved?	Court	Reasoning
12	极氪 X No.69364451	Motor vehicles, electric vehicles, etc. (Class 12)	Yes	Beijing High People's Court	<p>The case started with a refusal by CNIPA based on Art. 10.1.7 of the Trademark Law, based on the meaning of the term ‘氪’ contained in the trademark application referring to the Chinese term for a chemical element, “krypton.” CNIPA stated that when used as a trademark on the designated goods, it is likely to cause consumers to mistakenly believe that the goods are made from that chemical element or possess other characteristics associated with it.</p> <p>On first appeal, the BJIPC essentially confirmed the CNIPA's decision, also adopting the same reasoning for rejecting the trademark registration.</p> <p>On second appeal, the BJHPC reversed the BJIPC's judgment. The BJHPC considered that the trademark indeed contains the character “氪” meaning “krypton,” a chemical element. However, the BJHPC considered that in this case, the public is not likely to associate it with the goods (raw materials or characteristics) for the goods applied for. Additionally, the BJHPC referred to the evidence submitted from which it appeared that this mark had already been used and had already obtained a certain popularity, without misleading the public.</p>

#	Trademark	Goods/ Services	Approved?	Court	Reasoning
13		oyster sauce (Class 30)	No	Beijing High People's Court	<p>This case concerns the trademark  (No. 66023291) and its rejection by CNIPA under Article 10(1)(7) of the Trademark Law (TML), which prohibits deceptive or misleading trademarks. The applicant filed a lawsuit challenging the rejection, and the first-instance court ruled in favor of the applicant, stating that the term "薄盐" (meaning "low salt" or "reduced salt") in the trademark would not mislead consumers about the characteristics of the goods.</p> <p>However, CNIPA appealed, arguing that the trademark could mislead the public into believing the product has specific qualities related to salt content that it may not possess. The Beijing High People's Court overturned the first-instance judgment, ruling that the inclusion of "薄盐" in the trademark could indeed lead to consumer misconceptions about the product's characteristics, thereby violating Article 10(1)(7) of the TML.</p> <p>The BJHPC emphasized that the assessment of deceptiveness under Article 10(1)(7) of the TML should be based on the general public's understanding and rational interpretation of the trademark in connection with the designated goods. The court found that the term "薄盐" in the trademark, when used on oyster sauce, could lead consumers to believe the product has specific qualities related to salt content, such as reduced salt levels, which it might not possess.</p> <p>The BJHPC ruled that the inclusion of "薄盐" in the trademark could mislead the public about the characteristics of the goods, such as taste and salt content, thereby violating Article 10(1)(7) of the TML. It concluded that CNIPA's decision to reject the trademark application was appropriate and supported by evidence.</p> <p>The court also highlighted the importance of considering the public's general understanding and common knowledge when assessing deceptiveness. It ruled that the first-instance court erred in its judgment by not adequately considering the potential for consumer misconceptions arising from the trademark.</p>


#	Trademark	Goods/Services	Approved?	Court	Reasoning
14	 No.30174818	Glass fibers for textile use; plastic fibers for textile use; Raw linen [flax], etc. (Class 22)	No	Beijing High People's Court	<p>The case started with a refusal by CNIPA based on Art. 10.1.8 of the Trademark Law.</p> <p>On first appeal, the BJIPC held that the disputed trademark essentially consists of the distinctive English word "sinowin" and a graphic element. The term "sino" can be translated as "China" or "East," and its use as a trademark is likely to cause adverse social impact.</p> <p>On second appeal, the BJHPC confirmed the BJIPC's judgment.</p> <p>Furthermore, the usage of the disputed trademark does not alter the aforementioned conclusion with respect to the absolute grounds for refusal.</p>
15	 No.68267262	Refrigerator magnetic stickers; 3D glasses; computer peripherals etc. (Class 9)	No	Beijing High People's Court	<p>The case started with a refusal by CNIPA based on Art. 10.1.8 of the Trademark Law, due to inclusion of the meaning "smart devil," which is detrimental to socialist moral standards and likely to have adverse social consequences.</p> <p>On first appeal, the BJIPC confirmed CNIPA's decision.</p> <p>On second appeal, the BJHPC confirmed the BJIPC's judgment, and held that the disputed trademark is a word mark comprising the Chinese term "闪魔" and the English phrase "Smart Devil," where "Smart" and "Devil" are both widely recognized English words, with "Devil" commonly understood in Chinese as "魔鬼." When used as a trademark for the relevant products such as "refrigerator magnetic stickers," "3D glasses," and "computer peripherals," this combination is likely to have a detrimental impact on social morality and likely to have adverse social consequences.</p>

#	Trademark	Goods/Services	Approved?	Court	Reasoning
16	Curbell No.67229259	Medical apparatus and instruments; Heart rate monitoring apparatus; Blankets, electric, for medical purposes etc. (Class 10)	No	Beijing IP Court	<p>The case started with a refusal by CNIPA based on Art. 10.1.8 of the Trademark Law.</p> <p>On appeal, the BJIPC held that the disputed trademark consists of the English word “Curbell.” In Chinese, the word “Cur” can be translated to mean “evil dog” or “despicable villain,” which, when used as a trademark in commercial activities, is deemed to lack good taste and is likely to generate negative and adverse impacts. As such, this trademark application violates Article 10(1)(8) of the Trademark Law, as it fails to meet the standards of high moral character and is susceptible to causing undesirable social effects.</p> <p>This case was not further appealed.</p>

#	Trademark	Goods/Services	Approved?	Court	Reasoning
17	watmind No.55066259	Retail or wholesale services for pharmaceutical preparations; retail or wholesale services for drugs, etc. (Class 35)	No	Beijing High People's Court	<p>The case started with a refusal by CNIPA based on art. 10.1.8 of the Trademark Law.</p> <p>On first appeal, the BJIPC essentially held that the mark contains "wat," which refers to a Buddhist temple or monastery and therefore the mark's registration may cause adverse societal effects.</p> <p>On second appeal, the BJHPC confirmed the BJIPC's judgment and considered that the disputed trademark consists of the stylized letters "watmind," which remain easily recognizable by the relevant public. While "watmind" is not an established word, it can be interpreted as a combination of "wat" and "mind," where "wat" can be translated as "Buddhist temples or monasteries" particularly in the Thailand, Laos, Cambodia, or Khmer contexts. Although "wat" is not listed in authoritative or widely used dictionaries and reference materials, the public can readily determine its meaning through online dictionaries or similar resources. The use of the disputed trademark is likely to lead the relevant public to associate the services under the disputed trademark with Buddhist temples, potentially causing a negative impact on religious harmony in China.</p>

#	Trademark	Goods/Services	Approved?	Court	Reasoning
18	 No.34729274	Sales and promotions for others, etc. (Class 35)	Yes	Beijing High People's Court	<p>This case concerns an invalidation case brought by a third party before CNIPA, based on Article 10(1)(8), Article 44(1), (3), and Article 46 of the Trademark Law. In its decision, the CNIPA considered that the term “ ” in the disputed trademark generally refers to a person who is fond of drinking alcohol (a derogatory term). When used as a trademark registration for the designated services, it is likely to have an adverse social impact and therefore violates Article 10(1)(8) of the Trademark Law and was declared invalid.</p> <p>On first appeal, the BJIPC held that although the term酒鬼” has a certain degree of derogatory connotation in some contexts, the presence of derogatory connotations in a word does not necessarily mean that the use of such a word as a trademark will automatically have an adverse societal effect. Even if “酒鬼” has a derogatory connotation, its derogatory nature is clearly mild and insufficient to reach the threshold of causing an adverse societal effect. Additionally, the evidence submitted by Jiugui Wine Company demonstrates that its use of the “酒鬼” trademark on alcoholic beverages, through long-term promotion and use, has achieved a high level of market recognition. There is also no evidence showing that the disputed trademark has caused any adverse effects in its actual use.</p> <p>On second appeal, the BJHPC held that the disputed trademark consists of a device containing stylized Chinese characters “酒鬼” that mean “drunkard,” which may indeed generally have an adverse impact. However, the court also reviewed and attached particular importance to the evidence submitted by the applicant showing a strong market reputation after long-term publicity and use for alcoholic products. On this basis, the BJHPC (like the BJIPC before it) found no evidence that the trademark had caused any adverse effects during its actual use. Therefore, the court reversed the earlier CNIPA decision, confirmed the BJIPC judgment, and maintained registration of the mark.</p>

#	Trademark	Goods/Services	Approved?	Court	Reasoning
19	KORSUVA No.63253637	Anal- gesics; balsamic prepara- tions for medical purposes, etc. (Class 5)	No	Beijing High People's Court	<p>The case started with a refusal by CNIPA based on Art. 10.2 of the Trademark Law.</p> <p>On first appeal, the BJIPC held that Suva is the capital of Fiji, and the disputed trademark as a whole does not form any other specific meaning stronger than "Suva" as a foreign place name. Further, Article 10, Paragraph 2 of the Trademark Law is a prohibition clause, and the actual promotional use of the disputed trademark is therefore irrelevant, as are references to alleged similar successful trademark registrations.</p> <p>On second appeal, the BHPC confirmed the BJIPC's decision and held that the disputed trademark is the word mark "KORSUVA," in which "SUVA" corresponds to the English name for Suva, the capital and largest city of the Republic of Fiji and therefore could not be registered as a trademark. Furthermore, the court held that the disputed trademark, as a whole, did not convey any distinct meaning that differed from the geographical name "SUVA." The prior approval of trademarks containing the term "SUVA" also could not serve as a valid basis for approving the registration of the disputed trademark. Additionally, the evidence provided by the company failed to demonstrate that the disputed trademark was sufficiently different from the place name it contained.</p>

#	Trademark	Goods/Services	Approved?	Court	Reasoning
20	No.53638463  ERDOS	Textile raw materials, wool, raw silk, textile fibers, and related products (Class 22)	Yes	Beijing High People's Court	<p>The case started with a refusal by CNIPA based on Article 10.2 of the Trademark Law.</p> <p>On first appeal, the BJIPC upheld the CNIPA's decision, ruling that the contested trademark as a whole violated the prohibition on geographical names.</p> <p>On second appeal, the BJHC conducted a category-specific analysis and ruled that the contested trademark had acquired a meaning distinct from the geographical name for wool-related goods.</p> <p>The trademark's application (1987) and recognition as a well-known trademark (1999) predates the establishment of Ordos City as an administrative division (2001). This temporal precedence strengthened the trademark's independent commercial identity as a non-geographical identifier.</p> <p>Long-term sales contracts, market accolades, and media reports demonstrated that the public associates "Erdos" with cashmere products rather than the geographical name. The evidence chain established a dual perception of "geographical name + alternative meaning" for wool-related goods.</p> <p>For other goods (e.g., raw silk, down feathers), the applicant failed to provide specific use evidence, leaving the public likely to associate the trademark with the geographical name. This violated the geographical name prohibition under Article 10(2).</p>

The above cases clearly show that the chances of successful registration are fairly low when an absolute ground under Article 10 is raised by CNIPA (and less so by a third party in an invalidation case). Arguably, the application of this Article is very strict, and even remarkably strict in some cases, e.g., where trademarks are rejected based on relatively uncommon meanings in foreign languages (e.g., cases 2, 10, and 14) or based on uncommon geographical locations that are only part of a trademark (e.g., case 4). It can also be clearly concluded from the above cases that it is generally hard in China to obtain the registration of trademarks incorporating or constituting superlatives. Nevertheless, as can be seen from the above cases, the courts do sometimes reverse the prior decisions to allow registrations of trademarks even when objections are raised based on Article 10, and it can be noted that in those cases, the court's reasoning often relied on the actual use of the goods/services for which the trademark was applied.

2) The *POST-IT* case: based on Article 11 of Trademark Law

Summary

The POST-IT case is a case showing the application of the principle that objections under Article 11 of the Trademark Law can be overcome with sufficient evidence of acquired distinctiveness through use. It also shows that the evidentiary threshold for such arguments is generally high, with the courts generally only accepting such claims if very significant amounts of prior trademark use within China can be demonstrated.

Case Facts

The case concerned International Trademark Registration number 1611910, for index labels and stationery labels (Class 16) for the device trademark:



The case originated from a trademark refusal decision issued by CNIPA, rejecting the application on the basis of Article 11, Paragraph 1, Item (3) of the Trademark Law. The CNIPA considered that the disputed trademark can be translated to mean 'convenience note' or 'reminder note.' When used on designated goods such as index labels, filing labels, and stationery labels, the CNIPA considered that the relevant public is unlikely to recognize it as a trademark, and that it therefore lacks distinctiveness.

The case was appealed to the BJIPC, which reversed the decision of the CNIPA, considering that the appellant sufficiently provided evidence of acquired distinctiveness and allowed registration on that basis. The CNIPA subsequently filed an appeal against this decision.

Court Judgments

The Beijing High People's Court essentially confirmed the judgment by the Beijing IP Court. The BHPC particularly determined that the applied-for trademark primarily consists of the term "Post-it," which conceptually translates to "sticky note" or "post-it note." The Court noted that this trademark is used on goods such as index labels and stationery labels and is considered to possess weak inherent distinctiveness for such goods.

However, the BJHPC considered the extensive evidence of prior use filed by the applicant. Based on the evidence presented by the applicant during both the administrative and litigation stages, the court held that it was sufficiently established that the applicant has continuously utilized the trademark on identical or similar goods, including note paper.

The Court found that this consistent and intensive use has enabled the trademark to acquire distinctiveness through usage, thereby enabling the identification of the goods' origin. As a result, the court ruled that the trademark meets the criteria for registration.

3) The *BAMBOO SALT* case: based on Article 11 of Trademark Law

Summary

The BAMBOO SALT case revolves around the legal principles of trademark distinctiveness and acquired distinctiveness under the Chinese Trademark Law. The BAMBOO SALT case serves as a significant referential case in Chinese trademark law, illustrating once more the principle that trademarks that initially lack distinctiveness can become registrable if they acquire secondary meaning through use.

It also reminds practitioners that acquired distinctiveness must be specific to the goods for which such secondary meaning has been obtained and does not automatically extend to all goods covered by the initial registration. The Beijing High People's Court's judgment highlights the importance of consumer perception, market recognition, and the necessity of proving distinctiveness through substantial use.

Furthermore, it clarifies the application of Article 11 of the Trademark Law, ensuring that trademarks that are descriptive in nature are only protected to the extent that they have gained distinctiveness in

the minds of the relevant public. The case provides valuable guidance on balancing fair competition with brand protection and preventing monopolization of common descriptive terms in the market.

Case Facts

The case revolves around trademark number 3953036 for the following device mark:



This trademark was initially granted registration on March 11, 2004, and was owned by a healthcare products company. The mark was approved by CNIPA for use on Class 3 goods, including toothpaste, non-medical mouthwash, and shower gel.

However, a third party, Foshan Nanhai Huang Jiachun Bioengineering Co., Ltd. (Huang Jiachun Company) filed an invalidation request with the CNIPA, arguing that the trademark violated the absolute grounds for refusal under Article 10(1)(7) and (8) and Article 11(1)(2) and (3) of the Trademark Law.

In its initial decision in this invalidation procedure, the CNIPA ruled that the trademark did not breach these provisions and upheld its registration, prompting Huang Jiachun Company to challenge this decision before the courts.

The Beijing IP Court essentially confirmed the CNIPA decision and dismissed the lawsuit, leading to a further appeal to the Beijing High People's Court.

Court Judgments

In its appeal judgment, the Beijing High People's Court took a more nuanced approach to trademark distinctiveness, emphasizing the principle of overall assessment, the perception of the relevant public, and the potential acquired distinctiveness of the disputed mark.

The court particularly found that while the disputed mark contained multiple elements, they were commonly used terms that in the case of this mark described the quality and composition of the goods, particularly in relation to bamboo salt. As such, the court held that the trademark indeed lacked inherent distinctiveness under Article 11(1)(2) of the Trademark Law, which prohibits registration for marks that directly indicate the quality, main raw materials, or other characteristics of the goods.

However, based on submitted evidence, the court determined that the trademark had acquired distinctiveness through extensive use in connection with toothpaste.

Consequently, the court held that the mark was registrable for toothpaste due to its acquired distinctiveness. Nevertheless, the court did at the same time declare the mark invalid for all other goods it was registered for, as its use on those goods was likely to mislead consumers and, for those goods, it also lacked the necessary acquired distinctiveness.

4) The *PARURE GOLD* Case: Rejection on the basis of indistinctiveness under Article 11(1)(3) of the Trademark Law

Summary

In this case, the Beijing High People's Court clarified that in its assessment, the disputed mark "PARURE GOLD" does not inherently possess specific meaning. The relevant public can identify the origin of goods by the disputed mark. The evidence submitted by Guerlain can prove the use of the disputed mark on cosmetics goods, thereby enhancing the distinctiveness of the disputed mark. Therefore, the applied mark did not violate Article 11(1)(3) of China Trademark Law.

Case Facts

The applicant of Trademark No. 63744348, 'PARURE GOLD,' was dissatisfied with the refusal review

decision and filed an administrative lawsuit with the Beijing Intellectual Property Court. The Beijing Intellectual Property Court ruled to revoke the sued decision. CNIPA, being dissatisfied with the judgment of the Beijing Intellectual Property Court, filed an appeal with the Beijing High People's Court. The Beijing High People's Court believed that the disputed trademark, when used on the designated goods, enables the relevant public to identify the source of the goods, and the disputed trademark possesses distinctive characteristics. Furthermore, the evidence submitted by Guerlain proves that the disputed trademark, when used on cosmetic goods, enhances its distinctiveness. Therefore, the Beijing High People's Court ruled to uphold the first-instance judgment and ordered CNIPA to re-issue a decision.

Court Judgments

In this case, the Beijing High People's Court clarified that the disputed trademark as a whole does not inherently possess a specific meaning. When used on designated goods such as perfumes and cosmetics, the relevant public can recognize it as an indicator distinguishing the source of the goods and therefore has distinctive characteristics. According to the evidence submitted by Guerlain during the administrative and litigation procedures, Guerlain has used the disputed trademark to a certain extent on cosmetics and other goods, thereby further enhancing its distinctiveness. Therefore, the registration application for the disputed trademark does not violate Article 11(1)(3) of China Trademark Law.

5) The *Petown* Case:¹ Rejection of lacking distinctiveness under Article 11(1)(3) of the TML

Summary

This case from the Beijing High People's Court clarifies that when examining whether a disputed English-language trademark has distinctiveness, it should be determined whether the trademark as a whole has distinctiveness based on the common understanding of the relevant public for the goods designated for use of the trademark. In this case, the Beijing High People's Court confirmed the facts, ruling that the disputed trademark "Petown" does not violate Article 11(1)(3) as its textual combination contradicts English grammar, allowing the public to recognize it as a trademark with distinctiveness.

Case Facts

In the review decision concerning Application No. 62827878 for Petown, the CNIPA determined that the mark lacks distinctiveness, not being easily recognizable as a trademark by relevant consumers. Thus, the CNIPA rejected the application under Article 11(1)(3)² of the Trademark Law. Following this decision, the applicant filed the first appeal.

The Beijing Intellectual Property Court held that although "Petown" could be split into "Pet" (pet) and "own" (own), this combination did not follow English grammar, so the public would not interpret it as "one's own pet," thus not violating Article 11(1)(3), leading to the revocation of the refusal decision. However, the CNIPA was dissatisfied with the judgment and filed an appeal to the Beijing High People's Court.

Court Judgments

In its appeal judgment, the Beijing High People's Court dismissed the appeal and affirmed the ruling of first instance. The appellant argued that "Petown" was easily split into "Pet" and "own," lacking distinctiveness, and the evidence provided was insufficient. The Beijing High People's Court determined that the English term "Petown" in the disputed trademark is not an inherent word. Although it can be split into "Pet" and "own," according to the grammatical rules of English, there is no such usage of placing the verb or adjective "own" after the noun "Pet." Therefore, the relevant public generally will not split the English words of the disputed trademark and understand the overall meaning of the disputed trademark as something related to "one's own pet" in the way of identifying

¹ (2024) Jing Xing Zhong No. 876

² **Article 11** None of the following signs may be registered as trademarks:

(3) Signs that otherwise lack any distinctive character.

Any mark mentioned in the preceding paragraph may be registered as a trademark if it has acquired distinctive features through use and is readily distinguishable.

Chinese characters. Thus, the trademark has sufficient distinctiveness for source identification in designated goods, not violating Article 11(1)(3) of the Trademark Law.

6) The *AESOP* case: based on Article 12 of Trademark Law

Summary

This case is an illustration of the principle set out above, that trademark owners are increasingly looking towards other types of IP protection due to the difficulties of registering shape marks/ 3D trademarks in China. The case at hand is an unfair competition case brought against a domestic producer manufacturing and commercializing beauty products with a strikingly similar get-up and product decoration to AESOP products. The case is interesting as it clearly shows the application and viability in China of alternative legal protections, e.g., under the Anti-Unfair Competition Law, for distinctive product shapes and get-up.

Case Facts

The plaintiff in this infringement case is the owner of the Australian high-end skincare brand AESOP. Since 1997, AESOP branded products have consistently used their current packaging design, which combines a brown bottle body, a black cap, and a black-and-white label. This design has become deeply ingrained in the public consciousness, and consumers have come to closely associate this distinctive packaging design with the brand. In China, the plaintiff and its affiliated companies have been widely selling and promoting AESOP branded products through online platforms such as Tmall and JD.com, brick-and-mortar stores, and social media.

In 2022, the plaintiff discovered that the defendant was producing, selling, and promoting multiple personal care and fragrance products using packaging and decoration designs similar to those of the plaintiff's AESOP branded products, specifically the brown bottle body, black cap, and black-and-white striped label combination. The claimant also indicated that many Chinese consumers commented online that the packaging and decoration of the defendant's brand of personal care and fragrance products were similar to those of AESOP-branded products.

In June 2023, the lawsuit was brought before the first-instance court, requesting the court to order the defendant to immediately cease the unfair competition behavior and compensate for economic losses and expenses incurred in protecting the plaintiff's rights.

A comparison table (extracted from the appeal judgment) shows the products side-by-side:



However, in its judgment, the first-instance court ruled that the packaging and decoration of the plaintiff's products were too simple in design and lacked distinctiveness to identify the source of the goods. Additionally, in reference to the facts invoked by the claimant by reference to the earlier administrative judgment in a parallel administrative trademark case involving the claimant before the Supreme People's Court (SPC) (2018), the plaintiff additionally argued that the AESOP branded products were already known to the relevant public in China before the application date of the AESOP trademark of 25 January 2006 and had already achieved a certain level of fame. However, in response to this argument, the first-instance court held that the SPC judgment merely recognized that the AESOP trademark had gained a certain degree of influence prior to 25 January 2006, but that this was irrelevant here as the fame of a trademark does not equate to the fame of the packaging and decoration of the products under that brand, which was what the claimant was relying on in this case.

The first-instance court further considered that the layout and colour scheme of the labels on the infringing products differed and were not sufficiently similar. The first court therefore ultimately dismissed all of the infringement claims.

Court Judgments

On appeal, the case was brought before the Shenzhen Intermediate People's Court. The court specifically considered the following elements as relevant: the defendant's products bear a strong overall resemblance to those of the AESOP products, including particularly the similarities in bottle shape, color schemes, typography, and label design. The appeal court also held that the consistent combination of AESOP products consisting of a brown bottle with a black cap, black-and-white label, and pharmaceutical-style packaging constitutes a distinctive trade dress that possesses a certain reputation and qualifies for protection under the Anti-Unfair Competition Law.

Additionally, the court referenced the abovementioned administrative judgment from the SPC, which crucially determined that even prior to the application date of the disputed trademark on January 25, 2006, Chinese consumers had already been purchasing AESOP products through online shopping and purchase agents and that these products and their trade dress therefore already had a certain influence at that time. Such sales were therefore sufficient to conclude that the AESOP get-up had already established a certain reputation in China by that time.

As to whether the get-up by itself functioned as a commercial identifier for the products even though

it was used consistently with the AESOP trademarks, the Shenzhen Intermediate Court overturned the first instance judgment on this point by considering that consumer recognition of AESOP products extended beyond the trademark itself to include its unique packaging and decorative elements.

Furthermore, the court held that the defendant's actions were deemed intentional, as the evidence pointed toward the conclusion that the defendant sought to capitalize on the established reputation of the AESOP brand. As a result, the court ordered the defendant to pay RMB 600,000 in damages, issue a public apology, and comply with a permanent injunction.

After this appeal judgment was handed down, the defendants applied for a retrial with the Guangdong High People's Court. However, the Guangdong High People's Court confirmed that the appeal judgment was correct in considering that the packaging and labelling of the products bearing the AESOP brand constituted the packaging and labelling of a well-known product, and that the packaging and labelling of the infringing products were similar to the AESOP products, such that the average consumer exercising ordinary care, would be likely to confuse them. The Guangdong High People's Court therefore dismissed the application for retrial.

This case serves to reinforce the critical importance of protecting brand identity of get-up, product shapes, and packaging designs under unfair competition laws.

7) The 麦昆AM.MyQueen case: based on Article 44 of Trademark Law

Summary

In this case, the Beijing High People's Court clarified the principle that a trademark assignment does not alter the legal assessment of the validity of the initial registration of a trademark. In other words, if the initial trademark registration violated the Trademark Law and should be invalidated on that basis, a subsequent assignment of that same mark to a third party in good faith does not affect or annul the ground for invalidation of that mark. In this case, the original applicant's extensive filings of marks identical or similar to well-known brands, going far beyond the scope of its ordinary business operations, indicated subjective bad faith in filing the application and an attempt to gain unfair commercial benefits. The ruling underscores that whether a trademark assignee acquires the mark in good faith is irrelevant if the initial registration was obtained through improper means. By reinforcing regulatory oversight on bulk trademark filings and assignments, this case serves as a warning against trademark hoarding and the misuse of the registration system to disrupt fair market competition.

Case Facts

The review decision concerned device trademark number 8189797:  originally applied for by Guangzhou Zhongwei Company and subsequently, after being registered for more than five years, assigned to Putian Qunfei Trading Co., Ltd. (hereinafter referred to as "Putian Qunfei"). On April 8, 2010, this trademark was granted for use on goods such as "swimming suits, football shoes, shoes" in Class 25. On November 20, 2020, the mark was assigned to Putian Qunfei (through two assignments).

Subsequently, a third-party company filed an application for invalidation against this mark on the grounds that the registration of the disputed trademark violated the provisions of Article 10, paragraph 1, items 7 and 8, and Article 41, paragraph 1 of the Trademark Law of 2001.

In its invalidation decision, the CNIPA ruled that the registration did indeed disrupt the trademark registration system, undermine fair market competition, and constitute an act of "obtaining registration by improper means" as set out in Article 41(1) of the Trademark Law (i.e., Art. 44 under the current version of the Trademark Law). Consequently, the CNIPA declared the disputed trademark invalid. Dissatisfied with the decision, Putian Qunfei appealed to the Beijing IP Court, which upheld the invalidation ruling and dismissed the case. The company then appealed to the Beijing High People's Court.

Court Judgments

In its final judgment, the Beijing High People's Court found that the original trademark applicant, Guangzhou Zhongwei Company, had filed the disputed trademark in the context of a batch filing for over 1,300 trademarks across multiple classes, including marks highly similar to well-known

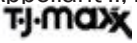

brands (including “投名状” “度娘” “晶六福” “欧米嘉琼斯” “肯德西” “盾梵希DONPHANCY” “哲薇娅ZERWIIYR” “宝拉达PORUADAZ” etc.). The Court also considered that, as a management consulting service provider, Guangzhou Zhongwei Company’s large-scale trademark applications clearly exceeded its normal business needs and demonstrated an intent to exploit the goodwill and reputation of established brands for illegitimate financial gain. The court held that such registrations lacked legitimacy, disrupted the trademark registration system, and constituted bad-faith filings. Furthermore, Putian Qunfei’s subsequent acquisition of the disputed trademark from Guangzhou Zhongwei did not change the illegality of the initial registration of this mark, which cannot be cured by the mere assignment of the mark, even if the acquisition was made in good faith. As a result, the Court affirmed that the trademark had been obtained through improper means under Article 41(1) (currently Art. 44) and upheld its invalidation.

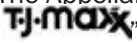
8) The TJMAXX Case: based on Article 44 of Trademark Law



Summary

In this case, the Beijing High People’s Court supported an invalidation claim based on Article 44.1 and adjudicated that the third party had a consistent malicious intention in copying and squatting others’ prior trademarks. The third party failed to provide a reasonable explanation for his application and failed to prove that he has real intention to put the trademarks into actual commercial use. Therefore, the third party’s behavior constitutes the act of hoarding trademarks, disrupting the order of trademark registration, with obvious bad faith, and constitutes the situation of “obtaining registration by other improper means” as stipulated in Article 44.1 of the Trademark Law, and the disputed mark should be invalidated for registration. The first instance judgment and the CNIPA’s decision were wrong and should be revoked. The CNIPA was ordered to make a new decision in this case.

Case Facts

The Appellant I The TJX Companies, Inc., is a world-renowned retailer of apparel and home fashion products and the most consistent, successful and powerful apparel retail channel in the United States over the past 30 years. Appellant I pioneered the off-price department store industry and has remained at the forefront of the industry, becoming a leader in the department store industry. Founded in 1976, TJX has now become a large chain of off-price department stores with more than 3,600 stores in nine countries including the United States, Canada and Europe, and around 10 chain brands including T. J. Maxx, Marshalls, and HomeGoods, with annual sales revenue of more than \$30 billion. Appellant II, NBC Fourth Real Estate, Inc. is the factual owner of the trademarks and Copyrights in the  and  series artworks. Since 1999, Appellant II has been licensing TJX to use the foregoing rights.

The Appellants found that a Chinese individual Pan Zhiyu had applied for and obtained registration of “” mark under No. 32029672 in Class 21 designating goods such as “electric toothbrushes; electric toothbrush replacement head” (hereinafter referred to as the disputed mark). The disputed mark is confusingly similar to “TJX” trademark/trade name, “T.J.MAXX” and “T.K.MAXX” series trademarks previously used by the Appellant that have already enjoyed high visibility and influence, and the designated goods are highly related. The disputed mark is a malicious plagiarism of the trademark previously used by the Appellant, which has certain influence. The registration and use of the disputed mark will dilute the Appellant’s well-known trademark, mislead the relevant public into thinking that the disputed mark is related to the Appellant, seriously disturb the market order, and cause adverse social effects. Therefore, Appellant filed a trademark invalidation against the disputed mark.

However, both the CNIPA and the Beijing Intellectual Property Court held that the disputed mark and the Appellant’s prior cited trademarks do not constitute similar marks used on similar goods or services, and the evidence is not sufficient to prove that the registration of the disputed mark violates Article 44.1 of the Trademark Law. In addition, the Beijing Intellectual Property Court also held that the Appellant’s “” and “” logos are only composed of letters, and both are common fonts that do not meet the requirements of originality of the work and could not be protected under Chinese Copyright Law. In the end, neither the CNIPA nor Beijing Intellectual Property Court supported Appellant’s claim for trademark invalidation.

Court Judgments

In this case, the Beijing High People’s Court overturned a first-instance decision. The court held that evidence submitted by the Appellant is sufficient to prove that the third party, Pan Zhiyu, has registered

12 trademarks that are identical or similar to others' prior trademarks with certain fame. Pan Zhiyu failed to provide a reasonable explanation for his application to register the disputed mark, nor did he prove that he had the real intention to use the disputed mark and had actually put it to commercial use. Hence, Pan Zhiyu's registration of the disputed mark and other trademarks has manifestly exceeded normal business requirements and constitutes the act of amassing trademarks for registration. His behavior has disrupted the order of trademark registration and with subjective malice. His acts have constituted the circumstance "acquired the trademark by improper means" as stipulated in Art. 44.1 of the Trademark Law. Thus, it was held that the disputed mark should be declared invalid.

9) The *Tide* Case: Invalidity of the disputed trademark under Article 44(1) of the Trademark Law

Summary

This case concerns Procter & Gamble's (P&G) appeal to the Beijing High People's Court, seeking to invalidate the trademark "洁汰霸" (JIE TAI BA in Chinese) based on Articles 30 and 44(1) of the Trademark Law (TML). The court dismissed P&G's claim under Article 30, finding that the disputed trademark was not similar to P&G's cited trademark "汰渍" (Tide in Chinese) and would not cause consumer confusion. However, the court ruled that the registrant of the disputed trademark had engaged in trademark hoarding, violating Article 44(1). The registrant had filed 22 trademarks in Class 3, many resembling well-known trademarks or program names, demonstrating bad faith registration practices. The court invalidated the disputed trademark, overturning the first-instance judgment and CNIPA's decision.

Case Facts

P&G argued that the disputed trademark was similar to its trademark "汰渍" (Tide in Chinese) and could lead to consumer confusion, violating Article 30 of the TML. Additionally, P&G presented evidence showing that the registrant had applied for 22 trademarks in Class 3 between June 2019 and August 2023, many of which were similar to well-known trademarks or program names, such as "Tidb," "Tidb洁汰霸," (Tidb and JIE TAI BA in Chinese) "香雪夫人去渍霸," ("Mrs. Xiangxue's stain remover" in Chinese) "炫晟金纺," (XUAN SHENG "Comfort" in Chinese) and "巧美净爸爸去哪儿," (QIAO MEI JING "Where Are We Going, Dad?" in Chinese). Among these, four trademarks were rejected outright, and seven were disapproved for registrations through opposition procedures.

P&G argued that this pattern of filings constituted trademark hoarding, disrupting the registration system and demonstrating bad faith. The CNIPA and the Beijing Intellectual Property Court initially dismissed P&G's claims, prompting the company to file a second appeal with the Beijing High People's Court.

Court Judgments

The Beijing High People's Court determined that the disputed trademark "洁汰霸" (JIE TAI BA in Chinese) was not similar to P&G's "汰渍" (Tide in Chinese) trademark under Article 30 of the TML and would therefore not cause consumer confusion.

However, the court found clear evidence of trademark hoarding behavior. The registrant had applied for 22 trademarks in Class 3 within a short period, many resembling well-known trademarks or program names. This pattern of filings disrupted the trademark registration system and demonstrated subjective bad faith, violating Article 44(1) of the TML, which prohibits obtaining trademark registration through "other improper means."

Based on these findings, the court invalidated the disputed trademark, overturning the first-instance judgment and the CNIPA's decision.

10) The *Armani* Case: Validity of Trademark Registration under Article 41(1) of the 2001 Trademark Law

Summary

This case involves an appeal by an Italian company against the trademark "ANMANI" (EN MAN LIN in Chinese and ANMANI) (No. 3869103), registered by XINHE Company, seeking its invalidation. The CNIPA dismissed the invalidation request, stating that the registration did not involve "obtaining registration through deception or other improper means" as outlined in Article 41(1) of the 2001 Trademark Law (TML). The Italian company filed a lawsuit, but the first-instance court dismissed its claims.

The Beijing High People's Court affirmed the first-instance judgment, concluding that XINHE Company provided sufficient evidence of genuine intent and actual commercial use of the disputed trademark.

Despite XINHE Company's numerous registered trademarks, the court found reasonable explanations for the registration. Therefore, the court ruled that the registration did not violate Article 41(1) of the 2001 TML, and the trademark was maintained.

Case Facts

The disputed trademark "ANMANI" (恩曼琳) (EN MAN LIN in Chinese and ANMANI) (No. 3869103) was registered by XINHE Company for goods in Class 25. The Italian company argued that this violated Article 41(1) of the 2001 TML, which prohibits obtaining trademark registration through deception or other improper means.

The CNIPA issued invalidation Decision No. [2022] 0000216787, rejecting the invalidation request. The Italian company then filed a lawsuit to overturn the CNIPA's decision. XINHE Company presented evidence of genuine intent and actual commercial use of the disputed trademark, including product catalogs, sales records, promotional materials, and advertising campaigns.

The first-instance court found that XINHE Company's registration of the disputed trademark was justified and did not involve deception or other improper means. The Italian company's claims were dismissed, leading to an appeal to the Beijing High People's Court.

Court Judgments

The Beijing High People's Court upheld the first-instance judgment, confirming that the disputed trademark "ANMANI" (恩曼琳) (EN MAN LIN in Chinese and ANMANI) did not violate Article 41(1) of the 2001 TML.

The court noted that while XINHE Company had many registered trademarks, it provided sufficient evidence of genuine intent and actual commercial use. The court reviewed product catalogs, sales records, promotional materials, and advertising campaigns associated with the disputed trademark, proving its use in commerce.

The court found reasonable explanations for the registration and ruled that it did not constitute obtaining trademark rights through deception or other improper means. The court rejected the Italian company's appeal and upheld the first instance judgment.

11) The *DEMARSON* Case: Invalidity Declaration under Article 44(1) of the Trademark Law

Summary

This case involves the invalidity declaration of the trademark "DEMARSON" (No. 47589108), filed by DEMARSON Company against Quanzhou E-commerce Co., Ltd. The applicant argued that the disputed trademark is identical to its well-known "DEMARSON" mark and that the respondent failed to provide a reasonable explanation for the independent creation of the trademark. Furthermore, the respondent's legal representative and shareholders collectively applied for over 600 trademarks, far exceeding normal business needs, and have a history of copying others' brands. These actions indicate bad faith trademark hoarding and exploitation of others' reputation, violating Article 44(1) of the TML.

Upon review, the CNIPA determined that the disputed trademark is identical to the applicant's previously registered trade name, which cannot be a coincidence. Additionally, the respondent and its 18 affiliated companies have applied for numerous trademarks similar to others' distinctive commercial signs and designer names across various categories without reasonable explanation. The respondent's affiliated companies also engage in trademark agency services, demonstrating a consistent pattern of bad faith trademark hoarding and imitation. These actions disrupt the trademark registration system and constitute "obtaining registration by other improper means" under Article 44(1) of the TML.

Case Facts

The applicant argued that the disputed trademark "DEMARSON" is identical to its well-known "DEMARSON" mark and that the respondent failed to provide a reasonable explanation for the independent creation of the trademark. The applicant also highlighted that the respondent's legal representative and shareholders collectively applied for over 600 trademarks, far exceeding normal business needs. Many of these trademarks were copied from others' well-known brands, indicating bad faith trademark hoarding and exploitation of reputation, which violates Article 44(1) of the TML.

The CNIPA found that the disputed trademark is identical to the applicant's previously registered trade

name, making it unlikely to be a coincidence. The respondent and its 18 affiliated companies applied for numerous trademarks similar to others' distinctive commercial signs and designer names across various categories without reasonable justification. Furthermore, the respondent's affiliated companies engage in trademark agency services, revealing a pattern of improper registration practices aimed at disrupting the trademark system. The CNIPA concluded that these actions constitute "obtaining registration by other improper means" under Article 44(1) of the TML.

The CNIPA Decision

The CNIPA recognized the bad faith trademark applications, which disrupt the trademark registration system and infringe upon the rights of legitimate trademark holders. It noted that the respondent and its affiliated companies' extensive trademark applications, far exceeding normal business needs, demonstrating a clear pattern of bad faith behavior.

On April 12, 2022, the CNIPA issued the "Notification on Continuing to Crack Down on Malicious Trademark Registration," which outlined eight measures including enhanced monitoring and early warning systems, to identify and target entities engaging in bad faith trademark hoarding.

Under these circumstances, in this case, based on the determination that the application for registration of the disputed trademark constitutes the circumstances prescribed as Article 44(1) of the Trademark Law, the applicant and its affiliated companies were included in the key monitoring list. This fully reflects the high-pressure stance of the trademark authorities in severely cracking down on malicious trademark hoarding and actions that exploit the reputation of others. It also demonstrates the firm commitment to safeguarding the principles of good faith and maintaining a healthy and orderly trademark registration and usage system. This initiative is an important measure to boost market confidence, improve the regulatory framework for malicious trademark registrations, and utilize information-based early warning mechanisms to uphold order in trademark registration management.

12)The *Dongchedi* Case:³ Excessive Defensive Trademark Applications May Be Regarded as Bad-Faith Under Article 4(1) of the TML

Summary

The Beijing High People's Court established the "dual-element framework combined with behavioral presumption" to clarify the application standards of Article 4(1) of TML.⁴ To constitute a "bad-faith trademark registration not intended for use," both "lack of genuine intent to use" and "bad faith" must be satisfied. The court emphasized that subjective malicious intent can be inferred through registration behavior, combined with logical reasoning and common-sense principles.

In this case, the court noted that the applicant has filed more than 5,000 trademark applications across multiple classes of goods and services, with over 300 applications submitted solely from 2022 to September 2023, far exceeding normal business requirements. The designated goods for the contested trademark bore no direct functional or consumer demographic connection to the applicant's core business. Its claim of "defensive registration" lacked legal basis under China's trademark regime. The court emphasized the core logic lies in the principle that trademark registration must be rooted in actual use and any hoarding behavior exceeding normal business needs constitutes bad faith. Defensive registration is only permissible if it strictly aligns with the core business operations of the applicant.

Case Facts

The applicant, Beijing Youzhuju Network Technology Co., Ltd., filed the trademark application for "Dongchedi" (Chinese characters, Application No. 55129984) on April 12, 2021, designating Class 16 goods, including paper, car decoration stickers, magazines, posters, and other related products. The CNIPA rejected the application on the grounds of "bad-faith registration", citing the applicant's excessive trademark filings: over 380 trademark applications between 2022 and 2023, totaling exceeding 5,000 trademarks, far beyond normal business needs.

³ (2024) Jing Xing Zhong No. 152

⁴ **Article 4(1)** Where a natural person, legal person, or other organization needs to obtain the exclusive right to use a trademark for its goods or services in production or business operations, it shall apply for registration with the Trademark Office. Bad-faith trademark registration not intended for use shall be rejected.

The applicant challenged the rejection in the Beijing Intellectual Property Court, which upheld the CNIPA's decision, ruling that the applicant's actions constituted trademark hoarding. The applicant then appealed to the Beijing High People's Court, arguing that the application was a "defensive registration" and submitted evidence including the commercial scale and brand reputation of its affiliated company ByteDance, as well as a "situation statement" claiming the trademark filings were justified as group management needs.

Court Judgement

The Beijing High People's Court emphasized that Article 4(1) of the TML requires the simultaneous satisfaction of two elements to establish a violation: "lack of genuine intent to use" and "bad faith." While the applicant argued that the application was a "defensive registration," the court clarified the following:

China's legal framework does not recognize a defensive trademark system, and "Dongchedi" APP—which provides automobile information services—has no direct functional or consumer demographic connection to the designated goods in question (e.g., paper, posters). This lack of relevance undermines the necessity of a defensive registration.

The applicant's excessive filings of over 5,000 trademarks (including non-core business categories) constitute trademark hoarding, as the scale of applications far exceeds legitimate business needs. Such behavior amounts to monopolizing public resources and is incompatible with the trademark system's purpose.

The applicant argued that the sheer operational scale of its affiliated company ByteDance justified the filings. However, the court rejected this reasoning, stating that operational scale does not inherently correlate with the number of trademark applications, and cannot serve as a valid justification for hoarding trademarks.

The judgment clarified that trademark registration must be rooted in actual use, and defensive registrations must be based on "actual future business needs." In this case, the applicant's large-scale, unnecessary filings constituted an improper occupation of public resources. Therefore, the court dismissed the appeal and upheld the original decision.

13) The 日日煮 ("Daily Cooking" in Chinese) Case: Invalidation of the prohibition on trademark agencies applying for trademarks under Article 19 of the Trademark Law

Summary

This case primarily involved determining whether a business entity was engaged in trademark agency services through case-specific analysis. In the subject case, although the plaintiff's business scope, described as "Intellectual Property Services (excluding patent affairs)" includes services such as "trademark agency" and "intellectual property agency", it could not be proven that the registrant of the disputed trademark was actually engaged in trademark agency services at the time of the trademark application registration. Therefore, "Intellectual Property Services (excluding patent affairs)" could not be equated with "trademark agency" or "intellectual property agency" services, nor could it be recognized as a trademark agency. The subject case provides positive guidance for standardizing the examination and determination of "trademark agency institutions" and avoids the arbitrary expansion of the scope of application of this provision.

Case Facts

Xiamen Yingqiu Network Technology Co., Ltd. (Yingqiu Company) applied for 日日煮 ("Daily Cooking" in Chinese) no. 34365686 on October 30, 2018, designated "computer software (recorded), etc." in Class 9. Shanghai Jialong Daily Cooking Information Technology Co., Ltd. (Daily Cooking Company) filed an invalidation against the disputed trademark by claiming that its registration violated Articles 4 and 19(4) of the 2013 China Trademark Law.

The CNIPA held that the disputed trademark did not violate the relevant provisions of the 2013 China Trademark Law and issued a decision maintaining registration of the disputed trademark.

Daily Cooking Company, dissatisfied with the decision, filed a lawsuit with the court of first instance. In the first-instance judgment, the Daily Cooking Company's claims were dismissed. The company filed an appeal.

Court Judgments

The appellate court believed that although "intellectual property services (excluding patent matters)" include business services such as "trademark agency" and "intellectual property agency," when "intellectual property services (excluding patent matters)" is listed as an enterprise's business scope, whether the operating entity is actually engaged in trademark agency services must be determined on a case-by-case basis.

In this case, the evidence on record was insufficient to prove that Yingqiu Company was engaged in trademark agency services or related agency activities during its actual business operations. Furthermore, the business scope and operational items listed in the National Enterprise Credit Information Publicity System did not include business types closely related to trademark agency services. Therefore, the evidence was insufficient to prove that Yingqiu Company was actually engaged in trademark agency services at the time of filing for the disputed trademark. "Intellectual property services (excluding patent matters)" cannot be interpreted as including "trademark agency" or "intellectual property agency" services, nor can it be used to determine that Yingqiu Company is a trademark agency, thereby expanding the application scope of Article 19(4) of the 2013 China Trademark Law.

Accordingly, the appellate court dismissed the appeal and upheld the original judgment.

II. CONFLICT WITH EARLIER RIGHTS—RELATIVE GROUNDS FOR REFUSAL OF REGISTRATION

1. Introductory Comments

This chapter discusses legal grounds for refusal of registration (and also cancellation through opposition and invalidation) based on conflicts with specific prior rights. The specific clauses relating to relative grounds in the TML are:

2. Article 13 Well-known trademark protection;
3. Article 15 Trademark hijacking due to agent/representative or principal relationship, or contractual or business relationship;
4. Article 16 Geographical indications (GIs);
5. Article 30 Protection of a prior registered or published trademark;
6. Article 31 Protection of a trademark application with a prior filing date, first-to-file principle; and
7. Article 32 Protection of others' prior rights and unregistered trademark rights.

2. Cases

1) The Davco Case: based on Article 30 of Trademark Law

Summary

The CNIPA cited a related case concerning another trademark [“KINDEGO肯德高”] which had been found not similar to the cited trademark, but the Beijing High Court held that the other case cited by the CNIPA was irrelevant, as the facts, the arguments, and the visual elements of the marks in question were not the same.

Case Facts

Davco (Guangzhou) Construction Materials Co., Ltd. (“Davco”) is a subsidiary of the Swiss Sika

Group, a Fortune Global 500 company. It is one of the leading enterprises in China's specialized dry-mix mortar industry. Its core brand "DAVCO" is registered in Class 19 reputed in China for products such as tile adhesives, waterproofing materials, grout sealants, and mortar (the cited trademark).



Shenzhen Dongfang Yuhong Sand Powder Technology Co., Ltd. ("Dongfang Yuhong"), registered the trademark **肯德高** (Ken De Gao, in Pinyin) disputed trademark in Class 19, also designating goods such as building mortar (the disputed trademark).

On April 7, 2022, Davco requested the invalidation of the disputed trademark claiming that the cited Trademark and the disputed trademark were similar and that the disputed trademark was also an infringement of its trade name, 德高.

On May 30, 2023, the CNIPA held that the two marks were not similar and rejected the invalidation request.

Davco filed a lawsuit with the Beijing IP Court.

Court Judgments

Before the court, the CNIPA argued that, in a related case concerning another trademark belonging to an affiliate of Dongfeng Yuhong ["KINDEGO肯德高"], the Beijing High Court had ruled that such trademark was not similar to the cited trademark. The CNIPA further argued that both marks had, through years of use, established their own stable market share, and the relevant public could distinguish between them.

The Beijing IP Court upheld the CNIPA's arguments and maintained the validity of the disputed trademark.

Davco appealed to the Beijing High Court.

On October 30, 2024, the Beijing High Court overturned the first-instance judgment and the CNIPA's decision, finding that the goods designated by the two marks are identical or similar; that the marks are similar and that the other case cited by the CNIPA was irrelevant, as the facts, the arguments, and the visual elements of the marks in question were not the same.

In addition, Davco submitted evidence of its brand's reputation in the present case several times more substantial than what had been shown in the previous related case cited by the CNIPA, while Dongfang Yuhong provided very limited evidence of use of the disputed mark.

2) The Panda Case: based on Article 30 of Trademark Law

Summary

There is no automatic extension between trademarks registered successively. The claim that the refused trademark was a derivative of applicant's earlier trademarks was not upheld. However, the refused mark was very lucky because the cited trademark had been cancelled.

Case Facts

Guangdong Chimelong Cultural Industry Co., Ltd. ("Chimelong") applied to register a trademark representing the image of a Panda and designating goods in Class 9 such as timers (the refused trademark).



The application was rejected by the CNIPA, which cited the presence of a prior registered trademark also representing a Panda (the cited trademark),



Chimelong filed a request for review before the board of review of the CNIPA. Later, Chimelong was to file an application to revoke the cited trademark, based on non-use for three consecutive years.

On April 26, 2022, the CNIPA confirmed the refusal of the refused trademark.

Chimelong initiated administrative litigation, arguing the dissimilarity between the marks and arguing further that the refused trademark was a derivative of its earlier well-known trademark “长隆CHIMELONG” and a new version of its of “panda device” animated series and that the high reputation acquired by its earlier trademarks should extend to the refused trademark, enabling it to be distinguished from the cited trademark.

Court Judgments

On September 28, 2022, the Beijing IP Court upheld the CNIPA's decision, pointing out that a trademark registrant holds separate and independent rights to each of its registered trademarks, and that there is no automatic extension between trademarks registered successively.

Chimelong appealed to the Beijing High Court, and on March 29, 2023, the Beijing High Court upheld the original judgment.

Chimelong filed a retrial application with the Supreme People's Court.

On October 13, 2023, the cited trademark was revoked due to non-use.

Still, on February 28, 2024, the Supreme Court rendered its judgment, confirming all the findings of the first and second instance courts; holding that the trademarks are similar and used on same goods, that the evidence was insufficient to prove that the refused mark had a high level of recognition allowing it to be distinguished from the cited trademark and finally, that there is no automatic extension between trademarks registered successively by the same trademark holder.

However, as the cited trademark had been revoked, it no longer constituted an obstacle to the approval of the refused trademark. The CNIPA would consequently re-examine the application and render a new decision based on the new facts.

3) The **Bo Wu Case**: based on Article 30 of Trademark Law

Summary

This is a classic case concerning the assessment of similarity between goods. The court found that the goods in Class 20 (such as “furniture”) though not the same as magazines, could be considered as derivative products in the broader context of the current cultural and creative industry.

Case Facts

The magazine China National Geographic (the Magazine) is the owner of the trademarks “博物文创” (Bo Wu Cheng Wang), registered in Classes 16, 17, 18, 25 and the well-known trademark “博物” (Bo Wu), registered in Class 16 (the cited trademark).

On April 7, 2021, Bo Wu Wen Chuang Company registered the same trademark “博物文创” in Class 20, designating goods like furniture, etc. (the disputed trademark).

The Magazine filed an invalidation request.

The CNIPA rejected the request, finding that the goods designated by the trademarks are different, that no evidence proves that the cited trademark was well-known before the filing date of the disputed trademark, and that the disputed trademark did not infringe on any prior right.

Court Judgments

The Magazine filed a lawsuit before the Beijing IP court, who upheld the decision of the CNIPA.

The Magazine appealed to the Beijing High Court. On October 31, 2024, the Beijing High Court reversed the prior and stated that the disputed trademark and all the cited trademarks are similar; that the Magazine had used “博物” (Bo Wu) for nearly twenty years and had gained a certain level of recognition nationwide. However, the court did not grant cross-class protection to the cited trademark; rather, it found that the goods in Class 20 (such as “furniture”) though not the same as magazines, could be considered as derivative products in the broader context of the current cultural and creative industry. Therefore, the disputed trademark and the cited trademark constituted similar trademarks used on similar goods, and the registration of the disputed trademark violated Article 30 of the Trademark Law.


4) The **MIDEA Case**: based on Article 13 of Trademark Law

Summary


An invalidation request case shall be examined based on the facts, arguments, and claims submitted by the parties in their application and response. After two rounds of litigation, the applicant's new version of the trademark was recognized by the court as a well-known trademark and was granted protection.

Case Facts

Midea Group Co., Ltd. (hereinafter “Midea”) is the owner of the trademark 美的 (“Mei Di” in Pinyin), registered in Class 11 for products like rice cookers (the cited mark).

On April 7, 2013, an individual named Guan applied for the registration, of the trademark “” (the disputed mark, “Ding Mei” in Pinyin), which was registered on September 14, 2014, in Class 11, designating products like electric cooking utensils, cooking appliances (the disputed trademark)

In 2021, Midea filed an invalidation request citing its prior trademark “Mei Di.” Since more than five years had elapsed after the registration of the disputed trademark, Midea needed to prove the well-known status of its cited trademark (Article 45 Trademark Law).

On February 20, 2021, the CNIPA issued an invalidation decision. However, instead of grounding its decision on the cited trademark, the CNIPA cited another trademark of Midea, .

, which was also registered in Class 11 for products such as fans and air conditioners. The CNIPA found that such trademark was well known and determined that the registration of the disputed mark violated Article 13(3) of the Trademark Law.

Midea was satisfied with the invalidation decision but not with the motivation. Midea considered that the CNIPA had committed a procedural error and should have based its decision on the cited trademark, thus recognizing the well-known status of the said mark.

Midea filed a lawsuit with the Beijing IP Court.

On February 24, 2022, the Beijing IP Court ruled in favor of Midea and ordered the CNIPA to make a new ruling. The CNIPA appealed and, in 2022, the Beijing High People's Court upheld the decision.

The CNIPA, therefore, made a new decision invalidating the disputed trademark, but this time, the CNIPA found that, when combined with other marks registered by Guan, the disputed trademark was very similar to the cited trademark, and found that Guan had registered multiple trademarks similar to other well-known brands, which indicated bad faith. Therefore, the CNIPA then ruled that the disputed trademark had been obtained by “other improper means” (Article 44.1 Trademark Law). Concerning the cited trademark, the CNIPA ruled that the evidence was insufficient to establish that mark had acquired the well-known status before the disputed mark’s application date.

Court Judgments

Still dissatisfied with the decision, Midea filed another lawsuit before the Beijing IP Court, arguing that the CNIPA failed to assess the cited mark’s well-known status, which constituted another procedural error.

On August 23, 2024, the Beijing IP Court issued the final judgment, holding that (1) the cited mark had acquired well-known status before the application date of the disputed trademark, and (2) the disputed mark, when combined with other trademarks registered by Guan, was found to be confusingly similar to the cited mark, (3) Guan had applied for multiple trademarks that imitated famous brands, demonstrating clear bad faith; and (4) the CNIPA’s reliance on Article 44(1) was procedurally flawed since it was not the legal basis proposed by Midea in its invalidation request.

Finally, the court decided that there was no need for the CNIPA to re-issue an invalidation decision based on the cited trademark.

5) The *Shou Nong* Case: based on Article 13 of Trademark Law

Summary

In this case, the later mark fully incorporates the earlier mark, which enjoys a certain level of reputation, and was therefore found to be similar.

Case Facts

Beijing Shou Nong Group Co., Ltd. (“Shou Nong”) owns the trademark “首农” (Shou Nong), registered in Class 29 in respect of goods such as meat and milk (cited trademark).

Dashun Wheat Professional Cooperative (“Dashun Cooperative”) registered the trademark “首农硕丰” (“Shou Nong Shuo Feng”) in Class 30, in respect of goods like noodles (disputed trademark).

Shou Nong filed an invalidation request. On April 18, 2023, the CNIPA rejected the invalidation, considering evidence was insufficient to establish that the cited trademark had become well-known among the relevant public for meat and milk, before the filing date of the disputed trademark.

Court Judgments

Shou Nong Company filed a lawsuit with the Beijing IP court. The court issued a judgment (2023) overturning the CNIPA’s decision. The court found that the evidence was sufficient to establish that, prior to the application date of the disputed trademark, the cited trademark “was well known.” The

Court ruled that the disputed trademark should be invalidated.

The CNIPA appealed. On November 15, 2024, the Beijing High Court confirmed the first-instance determination that the cited trademark had acquired well-known status. The court further stated that the disputed trademark “首农硕丰” fully incorporates the cited trademark “首农” and is highly similar. It is likely to be perceived by the relevant public as part of a series of trademarks or as an associated trademark. Furthermore, considering (a) that “noodles” and “milk products” are agricultural and sideline products that share close ties in terms of target consumers and sales channels and that (b) the cited trademark was already well-known when the disputed trademark was filed, there is a risk that the disputed trademark could mislead the public into believing that there is an association between the two marks thereby weakening the distinctiveness of the cited trademark, tarnishing its market reputation, and infringing upon the legitimate rights and interests of Shou Nong.

6) The **HAO YI SHENG** (“Good Doctor”) Case: based on Article 13 of Trademark Law

Summary


In this case, the later mark fully incorporates the earlier mark whose distinctiveness is inherently weak. In this context, the SPC held that if a visual element is added to the earlier mark, the result is not similar.

Case Facts

Hao Yi Sheng Pharmaceutical Group Co., Ltd. (“Hao Yi Sheng”) holds several registrations for the trademark “好医生” (“Hao Yi Sheng” in Pinyin, or “Good Doctor” in English).

Among such registrations, one trademark is registered in Class 5 (human medicines; dietetic foods for medical purposes; dietetic substances for medical use; nutritional additives for medical purposes, etc. (cited trademark 1), and two are registered in Class 35: sales promotion for others; accounting; data search in computer files for others, etc. (cited trademarks 2 and 3).

Ping An Insurance (Group) Company of China, Ltd. (“Ping An Group”). filed on July 30, 2015, and

obtained the registration of  or (Ping An Hao Yi Sheng) for various services in Class 35, including, providing an online marketplace for buyers and sellers of goods and services; marketing; systemization of information into computer databases; accounting; retail or wholesale services for pharmaceutical, veterinary and sanitary preparations, and medical supplies (disputed trademark).

Hao Yi Sheng requested the invalidation before the CNIPA, claiming the protection of its trademarks and trade name.

In 2019, CNIPA rejected the invalidation holding that the disputed trademark is different from the cited trademarks and the cited trade name.

Hao Yi Sheng filed a lawsuit before the Beijing IP Court.

Court Judgments

On November 11, 2019, the Beijing IP Court rendered a judgment reversing the decision of the CNIPA. The Court ruled that the disputed trademark constitutes a similar mark used on identical or similar services as those covered by cited trademarks 2 and 3, for the “providing of online marketplaces for buyers and sellers of goods and services; marketing; systemization of information into computer databases; accounting.” Regarding cited trademark 1, the court affirmed that the mark is well known in respect of human medicines and entitled to cross-class protection in relation to the “retail or wholesale services for pharmaceutical, veterinary, sanitary preparations and medical supplies” covered by the disputed mark.

However, the claim of protection based on the trade name was not upheld because the evidence was insufficient to prove that the name had acquired a sufficient degree of reputation in the services

related to the disputed trademark.

Both the CNIPA and Ping An Group appealed to the Beijing High Court and on June 10, 2020, the Beijing High Court rendered its decision upholding the first-instance judgment.

Thereafter, cited trademarks 1 and 2 were cancelled for all classes of services due to non-use for three consecutive years.

The key issue then shifted to whether the remaining cited trademark 5 constituted an obstacle for the disputed trademark.

Ping An Group filed a petition for retrial before the Supreme People's Court and, on December 30, 2024, the Supreme Court revoked the first and second-instance judgments and upheld the decision of the CNIPA.


The Supreme Court held that “Hao Yi Sheng” (“Good Doctor”) is commonly used as a descriptive term for the quality of medical services and, when applied to medicine (the cited trademark 5), the distinctiveness of this mark is inherently weak. Therefore, if a visual element is added to the mark, the result is not similar. The court also found that the classes of services approved for the disputed trademark differ significantly from the related to cited trademark 5. Therefore, there is no risk of confusion, and the disputed trademark should not be invalidated.

7) The **BLUE MOON Case: based on Article 13 of Trademark Law**

Summary

The court held that if the relevant public for the goods in question substantially overlaps, and the cited mark enjoys a high level of reputation, the relevant public is likely to be confused or misled about the commercial origin of the goods bearing the cited mark and the disputed mark.

Case Facts

Guangzhou Blue Moon Industrial Co., Ltd. (“Blue Moon”) owns the trademark  (“Blue Moon”), registered in Class 3 (soaps, detergents, antibacterial hand sanitizers, and cleaning preparations, etc.) and in Class 21 (glass bottles (containers), bathroom utensils, and porcelain decorative articles, etc.) (cited trademarks 1 and 2).

Fengli Glass Products Co., Ltd. (“Fengli Company”) registered the trademark “蓝月光”, (“Blue Moonlight”) in Class 21, designating bathroom utensils, dishwashing brushes, and vacuum flasks (the disputed mark).

Blue Moon filed an invalidation request with the CNIPA, which held that:

- With respect to “bathroom utensils,” the disputed mark and cited mark 2 constitute similar trademarks used on identical or similar goods. Therefore, the disputed mark on “bathroom utensils” should be invalidated.
- With respect to “dishwashing brushes” and “vacuum flasks”, even if cited mark 1 is well known for “detergents; antibacterial hand sanitizers; toilet cleaners,” the difference between the goods is substantial and unlikely to cause confusion. Therefore, the disputed mark should not be invalidated.

Court Judgments

Blue Moon Company filed a lawsuit before the Beijing IP Court, which upheld the CNIPA's decision (2023). Blue Moon Company appealed to the Beijing High Court.


On October 31, 2024, the Beijing High Court issued the second-instance judgment, holding that there is a significant degree of overlap among the relevant consumers between “dishwashing brushes” and “vacuum flasks” on which the disputed mark and the goods (detergents, antibacterial hand sanitizers) for which cited mark 1 is well known. The relevant public is likely to be misled as to

the source of the goods bearing the cited and disputed marks. Therefore, the disputed trademark should be invalidated.

8) The *Diamond* case: based on Article 13 of Trademark Law


Summary




This case concerns an invalidation request based on the well-known trademark “,” appealed to the Beijing High People’s Court. It involves the determination of a well-known trademark and the identification of a malicious registration. One of the key points is the determination of the historical reputation of an old brand upon evidence such as certificates of honor, sales documents, exhibition records, old newspapers, library search reports, archives, etc. In addition, the court’s determination of “malicious registration” takes multiple factors into account. These include the reputation of the cited trademark, the similarity between the trademarks, the high degree of association between the goods, the registration of multiple trademarks similar to the cited trademark by the owner of the disputed trademark, and the failure of the owner of the disputed trademark to attend the trial or submit any defense opinions or evidence. The court thereby found that the registration of the disputed trademark was clearly malicious.

Case Facts



On October 14, 2023, Peng applied to register trademark No. 3751728 “” (the disputed trademark) in Class 11 for goods such as “disinfection cabinets; electric water heaters; fans (air conditioning).” The trademark was registered on December 28, 2005. On August 29, 2022, Guangdong Triangle Electric Co., Ltd. (Guangdong Triangle) filed an invalidation request against



the disputed trademark with the CNIPA, based on its prior trademark No. 47099 “” (the cited trademark) in Class 11. The CNIPA ruled to maintain the disputed trademark, as its registration did not violate Article 13(3) of the Trademark Law, 2013 Amendment. The case was then appealed to the Beijing Intellectual Property Court. The first-instance court held that the substantive issues in the case should be subject to the Trademark Law, 2001 Amendment. The disputed trademark constituted a replication and imitation of the well-known cited trademark and thus violated Article 13(2) of the Trademark Law, 2001 Amendment. Consequently, the disputed trademark’s registration was declared invalid. The CNIPA appealed to the Beijing High People’s Court.

Court Judgments

The second-instance court found that Guangdong Triangle had provided sufficient evidence, including certificates of famous trademarks, promotion contracts, sales records, etc. Such evidence showed the cited trademark had been well-known among the relevant public for “electric fans” prior to the application date of the disputed trademark. The disputed trademark was deemed an imitation of the cited trademark, causing damage to Guangdong Triangle’s legitimate interests. Moreover, before the application date of the disputed trademark, the cited trademark had already achieved a high level of fame. Instead of fulfilling the duty of reasonable avoidance, Peng registered the disputed trademark that fully incorporated the distinctive elements of the cited trademark. The goods designated for the disputed trademark were closely related to those for which the cited trademark was famous. In addition, Peng had registered multiple other trademarks similar to the cited trademark. Peng also did not participate in the administrative or judicial proceedings and did not submit any defense opinions or evidence. Given these circumstances, Peng’s registration of the disputed trademark was clearly malicious. According to Article 45(1) of the current Trademark Law, the owner of a well-known trademark is not subject to the five-year time limit when requesting the invalidation of a maliciously registered trademark. Therefore, the court dismissed the appeal from the CNIPA and upheld the first-instance judgment.

9) The *AUPU* Case: based on Article 13 of Trademark Law

Case Summary

This case is a typical trademark administrative dispute involving cross-category protection of a well-known trademark. The court considered the well-known trademark's distinctiveness and fame, the copy and imitation by the disputed trademark, and the applicant's registration and usage. The court held that registration of the disputed trademark could harm the rights in the well-known trademark, thus declaring it invalid. This Judgment combats malicious trademark registration, protects well-known trademark owners' rights, and offers guidance for adjudicating cases of well-known trademark squatting and reputation exploitation.

Case Facts

On May 11, 2018, Xiang applied to register the trademark No. 30848932 "Aupuda" (the disputed trademark) for goods in Class 9 ("electric switches, heat regulators, batteries"). Aupu Home Furnishings Co., Ltd. (AUPU Company) argued that the disputed trademark replicated and imitated its well-known trademark, infringing on its legal rights. Based on Article 13(3) of the Trademark Law, 2013 Amendment, AUPU Company requested the CNIPA to declare the trademark invalid. The CNIPA ruled that although the cited trademark was highly recognized on goods such as "bathroom heaters, lighting instruments," the registration of the disputed trademark on goods like "batteries, network communication equipment, car audio equipment, glasses" would not cause consumer confusion. Thus, it upheld the registration of the disputed trademark. AUPU Company appealed to the court, but its claim was rejected. Then, AUPU Company appealed to the Beijing High People's Court.

Court Judgments

The second-instance court found that based on evidence such as proof of sales, advertisements, honors, and well-known trademark records submitted by AUPU Company, the "奥普" (AUPU in Chinese) trademark was well-known for "bathroom heaters" before the application of the disputed trademark. Meanwhile, "AUPU" and the Chinese "奥普" corresponded. The disputed trademark fully contained the letters "AUPU" from the cited well-known trademark. The application of a trademark similar to the cited well-known trademark thereby lacked good faith. The goods designated for the cited trademarks ("batteries, network communication equipment, car audio equipment, glasses") overlapped with AUPU Company's well-known "bathroom heaters" in consumer base and sales channels. Using the disputed trademark on these goods could mislead the public as to the source of the products or weaken the cited trademark's distinctiveness, harming AUPU Company's interests. Thus, the second-instance court revoked the first-instance judgment and the contested ruling and ordered CNIPA to issue a new ruling.

10) The *Data Focus* Case: based on Article 32 of Trademark Law

Summary

If a domain name had gained a certain level of recognition before the filing date of a trademark and there is a likelihood of confusion as to the source of the goods/services, the trademark will be barred from registration.

Case Facts

Huishu Zhitong is the owner of domain name Datafocus.ai and has been using the trademark Datafocus in China acquiring a certain degree of reputation in the field of data analysis, computer design, and computer software maintenance (the cited trademark).

Anzheng Company registered "DataFocus," in respect of services including "rental of web servers" in Class 42.

Huishu Zhitong filed a request for invalidation, claiming that the disputed trademark infringed its domain name right and its prior-used trademark, which had acquired a certain influence, and that the

disputed trademark was filed without intention to use (Article 4 Trademark law) and was deceptive.

The CNIPA rejected the invalidation request, due to insufficient evidence that the cited trademark and domain name had acquired the certain level of influence prior to the filing date of the disputed trademark, or that the disputed trademark has been filed without intention to use or was deceptive.

Court Judgment

Huishu Zhitong filed a lawsuit, but both the Beijing IP Court and the Beijing High Court confirmed the CNIPA's decision. Huishu Zhitong filed an application for retrial with the Supreme People's Court.

On December 5, 2024, the Supreme Court affirmed that Huishu Zhitong's domain name "datafocus.ai" had gained a certain level of recognition before the filing date of the disputed trademark and, therefore, that there was a likelihood of confusion as to the source of the services of the two companies. The court also found that the "DataFocus" trademark had been used for data analysis and software application services, and had acquired a certain influence, before the filing date of the disputed trademark; Anzheng Company was engaged in the same industry and should have been aware of the existence of the "DataFocus" trademark; the trademark was therefore determined to have been filed in bad faith.

However, there was no evidence that Anzheng Company had engaged in large-scale trademark hoarding without the intent to use it, and therefore there was no violation of Article 4 of the Trademark Law.

11) The *BTS* Case: based on Article 32 of Trademark Law

Summary

If the name of a music group has gained a certain level of recognition, it can be protected as a prior right under Art 32 of the TML.

Case Facts

The name "Bangtan Boys "防弹少年团" refers to a male music group under BigHit Music Co., Ltd., which has gained a certain level of fame. "BTS" is the abbreviation commonly associated with the



group. BigHit Company registered and used the trademark **BTS** on goods such as balls for sports activities in Class 28, and music magazines in Class 16.

An individual named Zeng registered the trademark "BTS & Device" (the disputed trademark) on December 11, 2017, in Class 25 for clothing and related goods.

BigHit Company filed an invalidation request, arguing that the registration of the disputed trademark infringed upon its prior trademarks and other prior rights (prior copyright, prior personal name rights etc.), and constituted a bad-faith preemptive registration of its previously used and influential mark in the field of clothing.

The CNIPA rejected the request and BigHit Company filed a lawsuit before the Beijing IP court.

Court Judgment

On June 19, 2024, the Beijing IP Court overturned the CNIPA's decision. The court held that clothing is different from music magazines; that BigHit Company's claim based on prior copyright was not upheld due to insufficient evidence. Furthermore, BigHit Company did not prove that it had already used the mark on clothing or related goods with a certain level of influence.

However, the court found that, prior to the filing date of the disputed trademark, BigHit had already used "BTS" as the name of its music group, and the name had gained a certain level of recognition. Besides, clothing could reasonably be considered derivative merchandise, hence a likelihood of association between the clothing and the name of the musical group.

So, the registration of the disputed trademark improperly exploited the fame and influence of the music group name, which fell within the scope of Article 32 of the TML.

12) The *FRESH* Case: based on Article 32 of Trademark Law

Summary

This case involves a foreign-language trademark. In assessing similarity, the court took into consideration the general level of English language recognition among Chinese consumers.

Case Facts

Fresh is the owner of a series of trademarks registered in Classes 3, and 44 (cited trademarks 1-5).

fresh (Class 3 and 44) *fresh*_{F21C} (Class 3) FRESH F21C 馥蕾诗 (Class 3). 馥蕾诗 (Class 44).

An individual named Luo, registered the trademark “Freshfragrance” in Class 44, designating services related to public baths, steam baths, and beauty services (disputed trademark).

Freshfragrance

Fresh filed an invalidation request, on the basis of its Cite Trademarks 1–5 and of its trade name Fresh.

On October 27, 2021, the CNIPA rejected the request. It ruled that, as a whole, the disputed trademark and cited marks 1–5 were distinguishable and unlikely to cause confusion and reached the same conclusion concerning Fresh.

Fresh filed a lawsuit before the Beijing IP Court.

Court Judgment

On December 26, 2023, the Beijing IP Court issued its judgment departing from the CNIPA's conclusion on the similarity of marks. Notably, the Court considered the general level of English language recognition among Chinese consumers and held that the disputed trademark and cited marks 1–5 constituted similar marks used on similar goods and/or services. The Court reached the same conclusion concerning Fresh's trade name.

CNIPA appealed before the Beijing High Court.

On September 30, 2024, the Beijing High Court, taking into consideration the reputation achieved by the Fresh series of cited trademarks, dismissed the appeal and upheld the first instance judgment.

13) The *M&DEVICE* Case: based on Article 32 of Trademark Law

Summary

The prior copyright held by Marposs played a key role in this case. In contrast, earlier-filed, earlier-registered, or earlier-used trademarks with a certain level of influence are subject to limitations based on the designated goods when used to challenge a later mark.

Case Facts

Marposs Corporation (“Marposs”) is the owner of two trademarks covering goods in Class 9, such as “data storage and processing systems” (cited trademarks 1 and 2).



Dongguan Li Te Hardware Machinery Co., Ltd. (“Li Te Company”) registered a trademark using a similar design in Class 7, including “milling cutters and drill bits” (machine parts) (disputed trademark).



Marposs filed an invalidation request against the disputed trademark, citing its two trademarks and contending that the disputed trademark was a similar mark used on identical or similar goods; that it had been preemptively filed against marks already in use, that it had acquired a certain influence, and that it infringed the prior copyright of Marposs.

On March 17, 2023, the CNIPA rejected the request and upheld the registration.

Court Judgment

Marposs filed a lawsuit before the Beijing IP Court. On October 28, 2024, the Beijing IP Court revoked the CNIPA's decision, and decided that the disputed trademark should be invalidated, holding that the figurative element of the disputed trademark shows only minor differences from the cited trademark's in terms of compositional elements, design techniques, and overall appearance, and thus constitutes substantial similarity.

However, the court found no ground for trademark infringement, as the goods covered by the cited trademark were not similar and Marposs has not proven that its cited trademark would have acquired a certain influence in the field of machine parts, prior to the filing date of the disputed trademark.

14) The **YELLOW DUCK** Case: based on Article 32 of Trademark Law

Summary

When animal images from the public domain are involved in copyright protection, the threshold for determining substantial similarity is relatively high.

Case Facts

Semk Products Limited (“Semk Company”) owns the copyright on the image representing a yellow baby duck (copyrighted work):



Da Huang Ya (Guangzhou) Brand Management Co., Ltd. (“Da Huang Ya”) registered a trademark representing a yellow baby duck in Class 5, including for infant formula and baby food (disputed trademark).



Semk Products filed a request for invalidation based on its prior copyright. The request was upheld by the CNIPA.

Court Judgment

Da Huang Ya Company initiated a lawsuit before the Beijing IP court. The Beijing IP Court upheld the CNIPA's decision.

Da Huang Ya Company filed an appeal before the Beijing High Court. On April 30, 2024, the Beijing High Court overturned both the invalidation decisions. The court admitted that Sems Company was the owner the copyright on the image and that such copyright was issued prior to the filing date of the disputed trademark.

However, the court made a detailed comparison between the two images and found significant differences (exaggerated, artistically styled beak vs. stylized, anthropomorphic hairstyle) and found that the similarities were primarily in the overall shape and color scheme of the duck, while these elements do not constitute original expressions protected by copyright in the work. The court added that no entity should be allowed to monopolize representations of animals that belong to the public domain.

Accordingly, the court found that the disputed trademark and the copyrighted work were not substantially similar.

15) The *GOOD HOE* Case: based on Article 32 of Trademark Law

Summary

Although the graphic element occupies only a small portion of the disputed trademark, the SPC held that the determination of copyright infringement does not depend on the proportion it takes up.

Case Facts

An individual named Li created an image representing a farmer using a hoe, with the English words "Good Hoe" and the Chinese words 老鋤頭 ("Lao Chu Tou" in Pinyin) (the cited copyright):



Li is also the owner of the trademark “老鋤頭及圖” (Old Hoe and Device), registered in 2017 for goods in Class 31, including “trees” (the cited trademark).

In 2019, Hongshulin Company filed an application for the registration of the “耕及圖” (“Geng” in Pinyin and Device) mark, which was in Class 1, for goods including “fertilizers for soil” (disputed trademark):



Li, filed an invalidation request against the disputed trademark, claiming protection of his copyright, infringement of his registered trademark, and that the cited trademark was a preemptive registration of his mark having a certain influence.

On October 15, 2021, the CNIPA rejected Li's application, holding that the image of the disputed trademark was not substantially similar to the copyrighted image in the sense of the Copyright Law; that there was no evidence that, prior to the filing date of the disputed trademark, Li had used an identical or similar mark on the same or similar goods, or that the mark had acquired a certain level of influence. Finally, the designated goods of the disputed trademark were not identical or similar to those covered by the cited trademark.

Court Judgment

Li filed a lawsuit with the Beijing IP Court. The Beijing IP Court found that the cited trademark did infringe the copyright of Li, but dismissed the other claims based on trademark infringement.

The CNIPA appealed to the Beijing High Court. The Beijing High Court held that the graphical elements in question were substantially different, and the disputed trademark did not infringe the prior copyright.

Li applied for a retrial to the Supreme People's Court.

On March 24, 2025, the Supreme People's Court, revoked the second-instance judgment and upheld the first-instance judgment. The court found that although the “farmer carrying a hoe” graphic constituted only a small portion of the disputed trademark, this part was substantially similar, within the meaning of the Copyright Law, to Li's copyrighted work, adding that the determination of copyright infringement is not based on the proportion occupied by such elements in the overall mark.

16) The *Baldor* case: based on Article 32 of Trademark Law

Case Summary

This case is an administrative dispute over the rejection of a trademark registration by Guangdong BALDOR-TECH Co., Ltd. (Bao Die Company) against the CNIPA. The court found that the disputed trademark not only falls with regard to Article 30 of the Trademark Law but also infringes upon the prior trade name right of “BALDOR” and violates the first half of Article 32 of the Trademark Law.

Case Facts

Trademark 35507675 “Bao Die” (葆蝶 in Chinese, the disputed trademark) was applied for by Bao Die Company on December 24, 2018 and is designated on air compressors and air compressor machines in Class 7, Subclass 0749. ABB ASEA BROWN BOVERI LTD. (ABB ASEA) filed an objection against the disputed trademark based on two cited trademarks. These are No. 4393309 “BALDOR” trademark, registered for generators and current generators in Class 7, Subclasses 0742, 0748, 0750, and Trademark No. 739740 “BALDOR,” registered for lathes and shock absorbers in Class 7, Subclasses 0742, 0748, 0750. After review, the CNIPA rejected the registration of the disputed trademark.

Bao Die Company appealed to the court and argued that the disputed trademark is not similar to the cited trademarks and that the designated goods do not fall under the same group. Thus, it does not constitute a scenario under Article 30 of the Trademark Law. It also claimed that ABB ASEA and its related companies are separate legal entities. ABB ASEA cannot claim trade name rights based on its related company's trade name. Hence, the application for the disputed trademark does not violate the first half of Article 32 of the Trademark Law.

Court Judgments

During the litigation process, ABB ASEA submitted key evidence materials. These included search results for “Bao Die” and “BALDOR” the Bing and Youdao dictionaries, product certificates, test reports, contracts, judgments, business registration information of Bao Die Company and its

affiliates, trademark archives alleging copying of “Bao Die” and “BALDOR” trademarks under the Bao Die Company and its affiliates, and notarization of websites selling “BALDOR” goods by Bao Die Company.

The court found that Daoqi (Shanghai) Transmission Mechanical Co., Ltd. was formerly called Baldor Electric (Shanghai) Co., Ltd (葆德电气(上海)有限公司). Its name was changed to Shanghai ABB Power Transmission Co., Ltd. on November 25, 2014, and to its current name on July 22, 2022. Before the name change on November 25, 2014, the company’s shareholder was ABB (China) Co., Ltd., the sole shareholder of which is ABB ASEA.

The court held that the trademark “Bao Die” (葆蝶) had already established a corresponding relationship with the cited trademark “BALDOR” prior to the application date of the disputed trademark. They constitute similar trademarks. The goods designated for the disputed trademark, namely air compressors and air compressor machines, are related in use, sales channels, and consumer bases to the goods designated for the cited trademarks. Thus, they should be classified as similar goods. Given the certain degree of fame of the cited trademarks in the electric motor and other goods, the coexistence of the disputed trademark and the cited trademark is likely to cause consumer confusion or lead the public to believe there is a specific connection between them. This constitutes a scenario under Article 30 of the Trademark Law.

Regarding the first half of Article 32 of the Trademark Law, prior to the application for the disputed trademark, the related company of ABB ASEA had already used “Bao Die” (葆蝶) as a trade name and had gained a certain influence within the power and electric motor industries. The disputed trademark is identical to this trade name, and the designated goods are closely related to the products sold by ABB ASEA and its related companies. This makes confusion likely and violates this provision.

In conclusion, the court dismissed the plaintiff’s claims and upheld the decision of the CNIPA.

17) The *LUSSAC SAINT-EMILION* Case: Rejection on the basis of geographical indications under Article 16 of the Trademark Law

Summary

In this case, the Beijing Intellectual Property Court analyzed the evidence submitted by the applicant in the administrative and litigation proceedings and found that the evidence could prove that the registration of the disputed mark complies with Article 16 of the Trademark Law on the application for registration of geographical indication collective trademarks.

Case Facts

The applicant of the trademark “LUSSAC SAINT-EMILION” No. 34227157, was dissatisfied with the decision on the refusal review and filed an administrative lawsuit with the Beijing Intellectual Property Court. Finally, the Beijing Intellectual Property Court believed the disputed mark complies with Article 16 of China Trademark Law and ruled to revoke the sued decision and ordered CNIPA to re-issue a new decision.

Court Judgments

The Beijing Intellectual Property Court held that the following submitted evidence could prove that the application for the registration of the disputed trademark complies with Article 16 of the Trademark Law regarding the application for registering a geographical indication collective trademark.

1. The decree issued by the French Ministry of Agriculture and Food on November 22, 2017, amends the specifications for the controlled designation of origin “LUSSAC SAINT-EMILION” approved by Decree No. 2011-1815 of December 7, 2011, and the notarization procedures for the amended specifications.
2. The rules for the use and notarization procedures of the collective trademark for the geographical indication “Lussac Saint-Emilion” by the Bordeaux Wine Industry Union Committee.
3. The announcement issued by the General Administration of Quality Supervision, Inspection and Quarantine on May 16, 2016, approving the implementation of geographical indication protection

for 45 affiliated regions of Bordeaux. The announcement states: In reference to the "Regulations on the Protection of Geographical Indication Products" and the "Measures for the Protection of Foreign Geographical Indication Products," protection for the 45 affiliated regions of Bordeaux is approved effective immediately.

Based on the above evidence, the disputed trademark could be preliminary approved for registration based on Article 16 of the Trademark Law.

III. TRADEMARK INFRINGEMENT, LIMITATION OF RIGHTS, AND DEFENSES

1. Introductory Comments

Trademark conflicts in China are generally governed by the TML, which mainly protects registered trademarks, and the Anti-Unfair Competition Law, which protects unregistered trademarks, with its good-faith clause ultimately providing for remedy and protection.

2. Cases

1) The X-BIONIC/X-SOCKS Case

Summary

The focus of parallel imports lies in the fact that the trademark holder in the home country and the producer of goods from regions outside the home country are the same entity or have an affiliated relationship. If they are not the same entity or there is no affiliated relationship between them, even if the goods have the same source, the relevant goods cannot be considered as parallel imports due to the difference in the rights holders. Importing and selling the relevant goods without the permission of the domestic trademark holder is regarded as an act of trademark infringement.

Case Facts

Beijing Sanfo Outdoor Products Co., Ltd. ("Beijing Sanfo") is the right holder of four trademarks,

i.e., No. G1167958A  "X-BIONIC", No.  "X-SOCKS", No. 4700530  "XBIONIC", and No. 7859776  "XBIONIC".

The plaintiff, Jiangsu Sanfo Outdoor Products Co., Ltd. ("Jiangsu Sanfo"), is a wholly owned subsidiary of Beijing Sanfo and was authorized by Beijing Sanfo to use the above trademarks on goods such as sportswear and footwear and to deal with trademark infringement disputes in its own name. The plaintiff filed a lawsuit against the defendant, an individual named Liu, alleging trademark infringement for selling clothing bearing the "XBIONIC" marks in the online store he operated without permission.

The defendant, however, submitted source evidence such as customs declaration forms, special payment records for customs import duties, and invoices, arguing that the accused infringing goods and the genuine products sold by the plaintiff in its official flagship store were both produced by a Swiss company, X-Bionic AG. The defendant claimed that the goods were legally imported and then sold on its online store, which constituted parallel imports and did not infringe the rights of trademarks in question.

On 21 February 2023, Beijing Dongcheng District Court issued the first instance judgment [(2022) Jing 0101 Min Chu No. 3336]. The court upheld the defendant's defense and ruled to dismiss the plaintiff's claims.

Jiangsu Sanfo appealed the first instance judgment.

Court Judgment

The second instance court overruled the first instance judgment and held that the producer of the accused infringing goods, the Swiss company, was not the same entity as the trademark holder in China, Beijing Sanfo. In addition, there was no evidence in the case proving any affiliation between the two, even if Beijing Sanfo was once an agent of the Swiss company, it did not constitute the "affiliated" relationship for establishing a parallel import.

Therefore, the appellee's act of selling the accused infringing goods within China without the permission of the trademark holder constituted trademark infringement. Thus, the first-instance judgment was revoked, and the appellee was ordered to cease the infringement and to compensate for economic losses in the amount of CNY 30,000 and reasonable expenses of CNY 8,000.

2)The Nature Republic Case⁵

Summary

This case clarifies the constitutive requirements of the legitimate source defense in trademark infringement disputes, requiring the seller to prove that the goods were lawfully obtained and that there was no subjective fault. It particularly establishes practical standards for determining the duty of care for small-scale operators.

The defendant in this case, an individual retailer, operated in a relatively weak market position with flexible transaction methods. The court ruled that the burden of proof for establishing a legitimate source should be appropriately reduced for such sellers, without overly stringent requirements for formal evidentiary completeness. As long as the evidence provided aligns with general trade practices, identifies the supplier, and demonstrates that the goods were acquired through lawful channels at reasonable prices, the court should recognize the legitimacy of the source of the infringing goods.

Case Facts

The plaintiff, NATUREREPUBLICCO., LTD. (a South Korean company), held the exclusive rights to the registered trademark "NATUREREPUBLIC" (No. 10494197) and obtained the exclusive right to use the trademark "纳益其尔" (No. 9481384) through a licensing agreement, both registered for Class 3 goods (cosmetics, etc.). The plaintiff alleged that the defendant, Wangdu County Jianglin Cosmetics Store (an individual business), sold counterfeit aloe vera gel bearing the infringing trademark, thereby violating the plaintiff's exclusive trademark rights. The plaintiff filed a lawsuit, demanding that the defendant cease infringement and compensate for damages.

The defendant argued that the goods had a legitimate source and that it had fulfilled its duty of care and thus should not be liable for damages. The defendant provided evidence including a distribution contract with its supplier, Zhongzhuang Company, copies of Zhongzhuang Company's business license, delivery notes from Zhongzhuang Company, inventory records, and payment receipts. Additionally, it submitted supporting documents from Zhongzhuang Company's upstream suppliers (Guanmei Company and Yipinzhuang Company), such as invoices, customs declarations, quarantine inspection certificates, and import duty payment records.

Court Judgment

⁵ (2022) Zui Gao Fa Min Zai No.275

In trademark infringement cases, a successful legitimate source defense by the seller must satisfy both objective and subjective requirements. The objective requirement is that the infringing goods were lawfully obtained by the seller. The subjective requirement is that the seller neither knew nor should have known that the goods were infringing. These two elements are interconnected, and the objective evidence may presume the seller's lack of subjective fault.

The court found that the defendant, as a small-scale retailer, had provided sufficient evidence to meet the objective requirement under laws, regulations, and judicial interpretations. The evidence demonstrated that the goods were acquired in compliance with normal market transaction rules, with a clear source, lawful channels, and reasonable pricing, and the defendant had identified the supplier.

Thus, the court held that the defendant had fulfilled its reasonable duty of care commensurate with its business scale and expertise. This led to the presumption that the defendant did not know and had no reason to know that the goods were infringing. As such, there was no subjective fault.

The Supreme People's Court ultimately ruled that the defendant's legitimate source defense was valid. While the defendant was ordered to cease infringement, it was not held liable for damages, which represented the overturning of the first and second instance rulings on compensation.

3) The First AI Model Trademark Infringement Case in China⁶

Summary

This is the first judgment in China to stop the infringement of using an AI model's trademark to attract consumers, protecting the legitimate rights and interests of AI model developers, and providing solid judicial protection for the development of the artificial intelligence industry.

For the infringement part, using the same or a similar mark as the AI model's trademark to promote other software is likely to confuse the consumers and thus constitutes trademark infringement. To be noted, the plaintiff's damage cannot be denied simply because the AI models are in the public beta stage. The downloaded public beta Apps from the defendant's website will reduce the user experience as they do not reflect all the functions of the final official version of the App, damaging the potential market of the plaintiff. Therefore, the defendant bears the infringement liability and must compensate for the plaintiff's loss.

Case Facts

The plaintiff Alibaba and its affiliated company registered the "Tongyi (通义)" trademark in Classes 9, 38 and 42, covering downloadable computer software, database access service, Software as a Service (SaaS), and cloud computing, etc. They developed the AI model products "Tongyi Qianwen (通义千问)" and "Tongyi Tingwu (通义听悟)," with functions including conversation, writing copy and video analysis, which were still in the public beta stage when the alleged infringement occurred.

The defendant Feiyou provides software downloading service of "Tongyi Qianwen" and "Tongyi Tingwu" on its website, using the words "Tongyi Qianwen" and "Tongyi Tingwu" in the webpage title, software name, software screenshot, and software introduction, etc. Some of their links point to other irrelevant software and some link to the plaintiff's public beta version Apps. They also set up a downloading zone for "Tongyi Qianwen," using the words "Tongyi Qianwen" in the zone title and promotion. Furthermore, they use "Official version App of Tongyi Qianwen" in the software introduction and mark the plaintiff Alibaba as the software developer.

The plaintiff alleged that Feiyou's behavior constituted trademark infringement and unfair competition and claimed compensation of RMB 5 million.

⁶ ALIBABA CLOUD (SINGAPORE) PRIVATE LIMITED & Alibaba Dharma Institute (Hangzhou) Technology Co., Ltd. v. Wuhan Feiyou Technology Co., Ltd., Wuhan Intermediate People's Court, Hubei Province, (2023) E 01 Zhi Min Chu No. 481.

First Instance

The court ruled that Feiyou's behavior constituted trademark infringement for several reasons. First, using "Tongyi Qianwen" and "Tongyi Tingwu" in the webpage title, software name, software screenshot, and software introduction, etc., is regarded as trademark use. Second, Feiyou uses the plaintiff's trademark "Tongyi" as the main identification part of its marks, which is similar to the plaintiff's trademark. Considering the plaintiff's AI models' popularity and influence, Feiyou's behavior is likely to cause confusion and mislead consumers into believing that the software is provided by the plaintiff or has obtained authorization from the plaintiff. Third, when the alleged infringement occurred, the plaintiff had not yet officially released the official version of its Apps, which were still in the public beta stage. Therefore, the Apps provided by the defendant could not reflect all the final functions of the official software, which could result in poor user experience and damage the quality assurance function of the plaintiff's trademark.

In addition, the use of "Official version App of Tongyi Qianwen" in the software introduction and identifying Alibaba as the software developer were determined to be unfair competition by false advertising. The court finally decided that Feiyou must cease infringement and pay damages of RMB 230,000 considering the circumstances, duration of the infringement, and reasonable expenses.

Both parties accepted the first instance judgment and no appeal was filed.

4) The *Guangzhou Baodao Eyewear Case*

Summary

The Guangzhou IP Court held that the act of the Guangzhou Baodao Company and its branches simplifying the use of their enterprise name as "Guangzhou Baodao Eyewear" ("广州宝岛眼镜") was not an act of dominantly using the trade name, but an appropriate simplification of the enterprise name, and did not constitute trademark infringement or unfair competition.

Case Facts

Jinghua Baodao (Beijing) Eyewear Co., Ltd. ("Jinghua Baodao Company") enjoyed the right of exclusive license of the "Baodao" series trademarks with designated service of "optical shops." Jinghua Baodao Company alleged that the acts of Guangzhou Baodao Eyewear Co., Ltd. ("Guangzhou Baodao Company") and an individual named Xiang ("the individual XIANG"), who used marks such as "Baodao Eyewear" and "Guangzhou Baodao Eyewear" on relevant services, as well as the fact that the enterprise name "Guangzhou Baodao Company" included the word "Baodao," constituted trademark infringement and unfair competition. Consequently, Jinghua Baodao Company initiated a civil lawsuit against Guangzhou Baodao Company and the individual XIANG at the Guangzhou Nansha District Court.

The First Instance Court Judgment

The Guangzhou Nansha District Court made the 1st instance judgment [(2022) Yue 0115 Min Chu No. 8088] holding that,

- According to the "Interpretation of the Supreme People's Court on Several Issues Concerning the Application of Law in the Trial of Civil Dispute Cases Relating to Trademarks" and "Regulations on the Registration and Administration of Enterprise Names," although the signboard of an enterprise name can be appropriately simplified, it should reasonably give way when there may be a conflict with others' prior rights. Jinghua Baodao Company's "Baodao" series trademarks were registered early and have high popularity through promotion. Guangzhou Baodao Company's acts of using "Baodao Eyewear" and "Guangzhou Baodao Eyewear" marks on service carriers such as store decoration did not reasonably give way to the prior rights of Jinghua Baodao Company's trademark, which was likely to cause public confusion, and infringed the exclusive trademark rights of No. 772859, No. 3110047, No.

1394775 and No. 10848902 trademarks of Jinghua Baodao Company.

- It was difficult to determine that Guangzhou Baodao Company's acts of registering and using its enterprise name was malicious. Using the enterprise name in a standardized manner after legal registration did not constitute unfair competition. However, with the increase of the popularity of the claimed trademarks of Jinghua Baodao Company, the dominant use of the simplified enterprise name by Guangzhou Baodao Company and its branches on service carriers such as store decoration was likely to cause public confusion. To avoid conflicts with the rights, the enterprise name should be used in a standardized manner. Since Jinghua Baodao Company failed to prove that requiring Guangzhou Baodao Company to stop using the word "Baodao" in their enterprise names was necessary or the only measure to eliminate public confusion, the first instance court did not support Jinghua Baodao Company's claim that Guangzhou Baodao Company and its branches should stop using the words "Baodao" in their enterprise names.
- Considering the factors such as the popularity of the "Baodao" series trademarks, the period and scale of infringement, and the maliciousness of Guangzhou Baodao Company, the 1st instance court discretionarily determined that Guangzhou Baodao Company should compensate Jinghua Baodao Company in the amount of CNY 950,000, and the individual XIANG should be jointly and severally liable within the range of CNY 30,000.

The Second Instance Court Judgment

In 2023, the Guangzhou Intellectual Property Court made the 2nd instance judgment{(2023) Yue 73 Min Zhong No. 1904], partially modifying the first instance judgment. The 2nd instance court held that:

- The word "Baodao" in the alleged infringing mark was not similar to Jinghua Baodao Company's No. 772859 and No. 3110047 trademarks, but was similar to the No. 1394775 and No. 10848902 trademarks. Therefore, the act of the defendant using the "Baodao Eyewear" mark only infringed the No. 1394775 and No. 10848902 trademarks of Jinghua Baodao Company.
- The court comprehensively considered factors such as the way Guangzhou Baodao Company's simplified use of its enterprise name, the fact that its establishment time was earlier than the time when Jinghua Baodao Company's trademarks entered the Guangdong market, the market pattern formed through years of operation and the accumulation of certain reputation, as well as the fact that relevant history regulations allow the appropriate simplification of enterprise names. The court considered that Guangzhou Baodao Company's simplification of its enterprise name as "Guangzhou Baodao Eyewear" was an appropriate simplification and did not constitute trademark infringement or unfair competition. However, the court also made clear that the enterprise name was exclusive, and the act of Guangzhou Baodao Company authorizing or licensing others to use the mark "Guangzhou Baodao Eyewear" was not supported.
- Considering factors such as the popularity of the "Baodao" series trademarks, the period and the scale of the infringements, the 2nd instance court discretionarily determined that Guangzhou Baodao Company should compensate Jinghua Baodao Company CNY 600,000, and the individual XIANG was jointly and severally liable within the range of CNY 20,000.

5) The New Balance327 Case

Summary

It has been challenging to protect the design of shoes and apparel, while infringement has continued to evolve from straightforward counterfeits to the passing off of designs. Such infringements not only cause market confusion and dilute the creative designs of IP rights owners, but will ultimately disrupt the normal market competition order and discourage innovations. In this case, New Balance requested to assert protectability of its 327 design under the Anti-Unfair Competition Law, to protect the overall shape of the sporting shoes. This is not only a pilot case for New Balance, but also a

leading case in protecting trade dress of sporting shoes, as the judiciaries may view most sporting shoes with generic designs, as it can be difficult to separate the protectable decorative features from the functional elements. The elaboration and evidence production method adopted in this case can be illustrative for other sporting brands when fighting against copycats. The calculations of damages and evidence regarding malice is also of relevance to similar cases.

Case Facts

Since it was launched in 2020, the New Balance 327 collection has appealed to many consumers with its characteristic design and become one of the hottest and most successful products of New Balance. Due to its extreme popularity, it was widely followed and imitated by others including some locally famous brands. Though with different color schemes, the overall design and major features of New Balance 327 have been basically consistent. The influence and distinctiveness of New Balance 327 has been stably connected with New Balance, the trade dress of 327 hence acquired a source-identifying function.

Since 2021, Tianjin Qili Shoes Co., Ltd. (“Tianjin Qili”), the authorized manufacturing factory of Shanghai Warrior, started producing a copycat of New Balance 327 under the “Warrior” brand, and selling through online stores operated by Jiangxi Hansen Apparel Co., Ltd. (“Jiangxi Hansen”). Although the copycat did not bear the iconic “N” logo on both sides of the shoes, the overall design was confusingly similar to New Balance 327 and hence attracted a large number of buyers and caused massive market confusion.

New Balance sent warning letters to all the entities involved in August 2022, but Tianjin Qili and Jiangxi Hansen still continued the infringement. In March 2023, New Balance brought the civil case before the Nanchang Intermediate Court, requesting the Court to assert unfair competition and impose punitive damages.

Accused Infringing Goods	New Balance 327 Trade Dress
	
	
	



Court Judgment

The Court held that the New Balance 327 collection has been continuously and widely promoted and on sale in China since 2020 and hence should be recognized as products with certain influence. It was also held that the design of New Balance 327 has distinctive features that distinguish it from other sporting shoes, and there's no evidence to prove similar designs had existed before the 327 design. Though the accused infringing shoes did not bear the "N" mark on the shoes' sides and had minor variations with the 327 design, they copied almost all the distinctive features claimed by New Balance and were overall confusingly similar to the 327 design, which would easily cause confusion of the relevant public. As such, the passing off by defendants constitutes unfair competition. The Court also held that Tianjin Qili has obvious subject malice to infringe and therefore decided to award twofold damages on the basis of the plaintiff's losses.

The 1st instance judgment was rendered in December 2023, confirming that New Balance 327 shall be protectable under Anti-Unfair Competition Law as the decoration of influential goods and that the defendant Tianjin Qili should pay punitive damages for the infringement. The 1st instance judgment has taken effect, and all the defendants executed:

- Tianjin Qili and Jiangxi Hansen committed to unfair competition for manufacturing and distributing New Balance 327 copycats;
- Tianjin Qili compensated New Balance for economic losses and legal cost totaling RMB 380,000 and Jiangxi Hanse paid legal cost of RMB 20,000;
- Both companies should publish statements in online stores to eliminate negative impacts caused by the infringement.

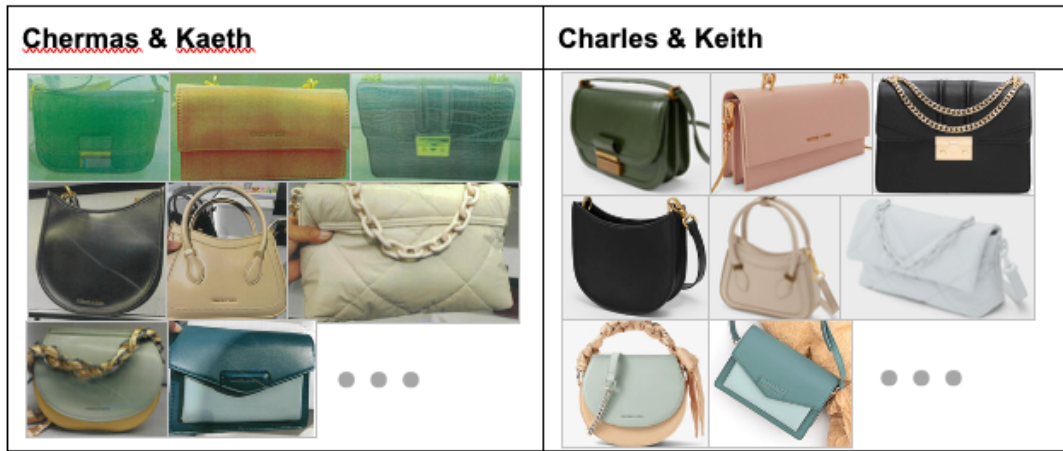
6) The *Charles & Keith v. Chermas & Kaeth* Case

Summary

This groundbreaking decision sets a new standard in trademark and unfair competition law. The court's willingness to hold infringers accountable for actions both before and after the invalidation of the trademark sends a clear message that bad-faith actors will not be tolerated. It also highlights the importance of protecting innovative designs under the Anti-Unfair Competition Law, providing brand owners with a powerful tool to defend their intellectual property. Furthermore, the court's recognition of joint liability for individuals facilitating infringement ensures that compensation is enforced more effectively and that rights holders receive adequate remedies.

Case Facts

Charles & Keith was founded in 1996 and officially entered the Chinese market in 2010. Through extensive and sustained sales and marketing efforts, Charles & Keith has gained widespread recognition among Chinese consumers and established significant influence in the handbag industry. However, Chermas & Kaeth, a malicious competitor, has used the accused mark "Chermas & Kaeth" on the handbags it manufactures, sells, and promotes. Furthermore, it has supplied franchisees with products bearing the "Chermas & Kaeth" mark in exchange for payment. According to incomplete statistics, Chermas & Kaeth has opened over 100 stores nationwide. Notably, 54 of the accused handbags were found to be complete copies of Charles & Keith's designs. In September 2023, Charles & Keith brought a civil case before the Chengdu Intermediate Court, requesting the court to find trademark infringement and unfair competition, and impose damages.



Court Judgment

The Chengdu Intermediate Court held that the 54 bag designs of Charles & Keith are protectable under the Anti-Unfair Competition Law, and that the defendant who provided her personal bank accounts for collecting infringement proceeds should bear joint and several liability.

With the rapid growth of online shopping, the fashion industry is increasingly grappling with infringement issues such as the copying of popular designs and product codes. Given the high cost of rights enforcement and the fast-paced product iteration cycles, it is challenging for rights holders to register or protect every design through trademarks, copyrights, or design patents.

In this case, based on the plaintiff's claims and a thorough design comparison of the 54 products, the court recognized that Charles & Keith enjoys legitimate competitive interests in the aforementioned handbag designs. The defendant's large-scale imitation of these designs was ruled to be an act of unfair competition. This ruling provides new insights into effectively protecting the legitimate rights of stakeholders in the fashion industry. When copyright law, patent law, and other intellectual property laws fall short—due to the functional nature of fashion goods and the need to balance social interests, this case demonstrates how the Anti-Unfair Competition Law can be applied to regulate and address infringement acts. It sets a significant precedent for determining the scope and applicability of such a legal framework in similar disputes.

In this case, the court determined that the individual defendant, acting as the financial officer of Chermas & Kaeth, overstepped her professional duties by providing her personal bank account to collect infringement proceeds on behalf of Chermas & Kaeth. Consequently, she was held jointly and severally liable along with the Chermas & Kaeth company.

The court's full recognition of joint liability is expected to strengthen the fulfillment of compensation and ensure that rights holders receive adequate remedies.

In September 2024, the first-instance judgment was rendered by the Chengdu Intermediate Court, ruling that:

- Chermas & Kaeth shall immediately cease the unfair competition behavior of imitating the bag designs of Charles & Keith.
- Chermas & Kaeth shall immediately cease the production and sale of bag products and stop allowing its franchise stores to infringe upon the trademark rights of Charles & Keith.
- Chermas & Kaeth and its financial officer shall jointly compensate Charles & Keith for economic losses and legal costs totaling RMB 2,000,000.
- Chermas & Kaeth shall publish a statement in the *China Intellectual Property News* to eliminate the negative impacts caused by the infringement.

7) The “MoFangShou” Case

Summary

This case, selected as one of the Hubei High People's Court's 2024 Top Ten Typical Intellectual Property Cases, provides essential guidance on the legitimacy of using others' trademarks as search keywords on e-commerce platforms. Typically, online shoppers engage in the following steps: entering product names or brands into search bars, selecting preferred items from the results, and completing purchases. Consequently, priority display in search results significantly enhances merchants' traffic and sales opportunities. This case offers practical insights for businesses on how to appropriately set search keywords for fair competition, particularly when involving the textual trademarks of others.

The second-instance judgment concluded that using registered trademarks as search keywords does not necessarily impair the indicative function of those trademarks. Such "implicit use," distinct from "explicit use," does not constitute "trademark use" under trademark law, as it does not cause consumer confusion or misrepresentation regarding the source of goods or services, thereby negating claims of trademark infringement. From the perspectives of market development and competition, the court balanced search engines' provision of relevant results against the prioritized display of paid advertisements. This approach safeguards trademark rights while promoting the healthy growth of platform economies.

Case Facts

The plaintiff, Shanghai Fubao Health Technology Co., Ltd. ("Fubao"), is the rights holder of the "魔方瘦" trademark (Registration No. 26115702) and manufactures and sells postpartum rehabilitation devices, including the "魔方瘦PRO" massage equipment. The defendant, Xiangyang Aimami Technology Co., Ltd. ("Aimami"), operates a Taobao store named "美丽妈妈仪器租赁店" and purchased 66 units of Fubao's products for rental purposes. Evidence indicates that Aimami bid for the keyword “魔方瘦” in Taobao's P4P advertising system (“直通车”), ranking its rental products third in the search results. The store displayed product descriptions such as “魔方瘦PRO租来用更划算” and “风靡全球日本魔方瘦Pro” without authorization.

Fubao repeatedly filed complaints with Taobao's operator, alleging trademark infringement, patent violations, and copyright issues. Taobao dismissed these claims, asserting that the rented products were authentic. Consequently, Fubao initiated trademark infringement litigation against both defendants at the Xiangyang Intermediate People's Court.

Court Judgments

The first-instance court held that Aimami's use of the keyword "魔方瘦" in Taobao's P4P advertising system constituted trademark infringement. By bidding for the keyword to prioritize its product listings in search results, Aimami engaged in paid search advertising, a form of trademark use under the law. Although Aimami's ads included disclaimers such as "Rental," "Advertisement," and its corporate name, the court ruled these measures were insufficient. The prioritized placement would inevitably divert users who were originally seeking Fubao's products to Aimami's store, thereby:

- Diluting the exclusive association between the trademark "魔方瘦" and Fubao
- Undermining the trademark's source-identifying function
- Unfairly diverting business opportunities from the rights holder

The court concluded that this exceeded permissible trademark use under Article 59 of the Trademark Law. As a result, Aimami was ordered to cease its infringing activities and compensate Fubao CNY 30,000 for damages and reasonable expenses. Taobao was directed to terminate the promotional services that allowed "魔方瘦" as a search keyword.

In contrast, the second-instance court ruled that mere background configuration of keywords

constitutes non-infringement if such "implicit use" only elevates a promoted store's search ranking without displaying the accused trademark on the results page. Legally, this does not fulfill the source-identifying function required for "trademark use" under Article 48 of the Trademark Law, specifically:

- **Non-trademark-use determination:** Aimami's use of "魔方瘦" in Taobao's P4P advertising ranked its listings third in search results without a foreground display of the mark. This constituted descriptive use to accurately indicate the rented product's brand, not source-identifying use under Article 48 of the Trademark Law.
- **Absence of consumer confusion:** Evidence confirmed that the search result page identified "魔方瘦" as the product brand, not Aimami's identifier. Consumers could distinguish between Fubao's sales and Aimami's rental services, eliminating risks of confusion.
- **Trading opportunity neutrality:** Keyword bidding merely enhanced non-exclusive commercial exposure. Without evidence of consumer deception, trademark holders cannot claim a monopoly over such generalized market opportunities.

The court overturned the first-instance judgment and dismissed Fubao's claims.

8) The Tesla case

Summary

When aware of the well-known status of particular trademark rights, applying for or acquiring a series of trademarks that are similar to the trademark(s) involved, with the intent of concealing existing trademark infringement, constitutes an act of trademark infringement and should result in the cessation of use of the relevant registered trademarks. This case involves the globally renowned electric vehicle brand "Tesla," marking the first instance in which the Tesla series of trademarks has been recognized as well known in China.

Case Facts

Tesla (Shanghai) Co., Ltd. (plaintiff), is an affiliate of Tesla, Inc. in China. Tesla, Inc. is a leader and pioneer in the global electric vehicle industry. It is the owner of registered trademarks in class 12 (Figs. 1-6).

TESLA (Fig.1, No.7792673)

TESLA (Fig. 2, No.13690430)

特斯拉 (Fig. 3, No. 13690434)



(Fig. 4, No.13690442)



(Fig. 5, No.8008888)



(Fig.6, No. G1199687)

The Defendants are described as follows:

- Zhongyin Food Co., Ltd. (Defendant 1) and Guangdong Zhongyin Food Co., Ltd. (Defendant 2) are affiliated companies.
- Tangjiu Network Technology (Shanghai) Co., Ltd. (Defendant 3) is the operator of Tangjiu website, on which defendants advertised the infringing products.

In 2020, the plaintiff found that the defendants produced and sold soda and beer products with marks that are highly similar to Tesla's registered trademarks via online Taobao, Pinduoduo, offline KTV, bars, experience stores, supermarkets, etc., and also promoted infringing products on official WeChat Public accounts, Douyin accounts, Tencent, Youku, etc., and also used slogans such as "International top brand limited company planning and marketing, international positioning standards." The actions of the defendants had actually caused confusion among consumers.







The plaintiff filed a lawsuit before the Shanghai Intellectual Property Court on October 25, 2021, demanding that the defendants stop the infringement, publish a clarification statement in the Legal Daily to eliminate the effect, and pay compensation for economic losses and reasonable expenses totaling CNY 5 million.

The First Instance Judgement

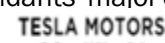
On February 21, 2023, the Shanghai Intellectual Property Court issued the first-instance judgment [(2021) Hu 73 Min Chu No.551].

- Tesla's 6 trademarks in Class 12 are recognized as well known.

Tesla entered China in November 2012. Since then, Tesla's trademarks in Class 12 have been widely used and have gained a high market reputation and influence in the Chinese market and have been widely known by the relevant public since 2019., ie., they are well-known trademarks.

The defendant's activity constituted trademark infringement. The defendants used various trademarks (such as “特斯拉”, “TESLA SODA”, “”, “”, “”, “”, “”, “”, “”, etc.) that were identical and highly similar to Tesla's well-known trademarks on soda and beer products without permission and carried out relevant publicity, which infringe Tesla's trademark rights and constitute trademark infringement.

The defendants applied for and were assigned more than 50 trademarks that are identical or highly similar to Tesla's trademarks, which is easily misleading to the public. The defendants' bad faith is obvious. According to Article 13 (3) of the Trademark Law, the defendants should stop using these trademarks relevant to Tesla's trademarks.

For this point, the defendants' major defense is that they have acquired a registered trademark in class 32 No. 13113593  特斯拉, which was registered in 2013, before the Tesla trademarks gained reputation in China, so their activity is legitimate, and Tesla could not forbid it from using the marks based on its well-known trademark claim. The court confirmed that mark No. 13113593 was registered in class 32 covering beers, etc., but not soda alcohol, so defendants could not claim trademark use of this mark on its soda alcohol products (which belong to class 33). In addition, the trademark used by defendants on beer products is “TESILA,” rather than the trademark No.13113593.

The defendant's bad faith is obvious. The defendants acquired eight marks that are highly similar to Tesla's trademark. The mark No.13113593 was not originally applied for by defendant, but by a Fujian company. The Fujian company registered a large number of bad faith trademarks in addition to this one, and the registration of this mark was in bad faith in the first place. The Fujian company transferred the mark to an individual (family member of the shareholders of defendant 1) in 2019 (at that time the Tesla marks had already gained high reputation), and that individual transferred the mark to the defendant in 2021. The individual mentioned above also applied for seven registered trademarks in 2019 and then transferred them to the defendants. Obviously, defendants acquired these marks to facilitate their infringement and had bad faith.

The defendant's activity constituted unfair competition. The defendants promoted the "Tesla" brand, such as "International top brand limited company planning and marketing, international positioning standards, leading the trend," "Tesla has become a pioneer brand in the U.S. pre-mixed drinks category and is sold well in North America, South America, Europe, etc.," "Tesla Soda brand, brand master plan—International Top Brand Co. global vision, creating top brands!" etc., which constitutes an act of unfair competition by false publicity.

The amount of compensation was determined at the upper limit of the statutory compensation, namely CNY 5 million. The court considered the large scale of the infringement, the seriousness of the infringing circumstances, the long duration of the infringement, the diverse sales and publicity channels of the infringing products, the wide range of influence, the variety of infringing products (involving 13 products), and the obvious bad faith. Consequently, the court ordered the defendants to provide compensation of CNY 5 million.

The Second Instance Judgment

On August 2, 2023, the Shanghai High People's Court issued the second instance judgment [(2023) Hu Min Zhong No.451], rejecting the appeal and upholding the original judgment.

9) The Good Doctor Case

Summary

In cases where rights holders claim relational similarity, courts will place greater emphasis on examining business models, customer types, service content, and other aspects, especially in industries under special regulation. For industries that have formed relatively stable and clear market patterns due to special regulations, if there is a need to break through the boundaries between goods and services, the long-term stable market order should be considered as an important factor, to avoid disrupting the relevant public's perception of industry order.

When rights holders simultaneously pursue trademark infringement civil litigation and trademark invalidation administrative litigation, special attention should be paid to maintaining consistency in claims regarding the same facts across different litigation procedures. Contradictory statements should be avoided, as such contradictions may weaken the credibility and persuasiveness of the rights holder's claims

Case Facts

Gooddoctor Pharmaceutical Group Co., Ltd (hereinafter referred to as "Gooddoctor Company") owns trademark No. 1908463 "好医生" which was registered in 2002 and approved for use in Class 5 of goods including "human medicines."

Ping An Health Internet Co., Ltd. ("Ping An Internet Company") used the terms "平安好医生" and "好医生" ("the disputed marks") on its official website, "平安好医生"APP, and related services. Gooddoctor Company claimed that Ping An Internet Company's actions constituted trademark infringement and subsequently filed a lawsuit.

The court of first instance found that Ping An Internet Company's use of the infringing marks was primarily for internet medical services and corresponding platform operations. Both the first and second instance judgments determined that the aforementioned activities fell under the relevant service categories of Class 35 and Class 44. Neither party disputed this classification.

Concurrently, Gooddoctor Company filed several administrative litigations requesting invalidation of multiple trademarks owned by China Ping An insurance (Group) Co., Ltd containing the term "好医生" in Classes 35 and 44. In these cases, Gooddoctor Company confirmed that "retail or wholesale services for pharmaceutical, veterinary and sanitary preparations and medical supplies" in Class 35 was not similar to the "human medicines" in Class 5 covered by its own trademark.

Court Judgements

The court of first instance ruled that Ping An Internet Company's actions constituted trademark infringement.

The appellate court upheld the first instance judgment and rejected both parties' appeals.

The Supreme People's Court ("SPC") held that the Internet medical services and the corresponding platform-based business model operated by Ping An Internet Company through the "平安好医生" APP differ significantly from Gooddoctor Company's traditional pharmaceutical manufacturing and sales in terms of business model, customer types, and service content.

China implements the "separation of clinic and pharmacy" policy for pharmaceutical production and operation. Consequently, pharmaceutical manufacturers typically sell only their own limited range of products, and their sales targets are exclusively pharmaceutical operating enterprises and medical institutions. In contrast, pharmaceutical wholesale or retail enterprises carry products from various pharmaceutical manufacturers, offering a wide variety of medications, with retail enterprises targeting patients and consumers.

A relatively stable and clear market structure has long been established between pharmaceutical producers and enterprises engaged in pharmaceutical retail or wholesale, allowing the relevant public to maintain a distinct recognition of pharmaceutical producers versus wholesalers and retailers. Therefore, the services in which Ping An Internet Company used the disputed marks are not similar to the goods covered by the trademark No. 1908463 "好医生".

Furthermore, in the series of administrative disputes regarding trademark invalidation requests between Gooddoctor Company, China Ping An insurance (Group) Co., Ltd, and the CNIPA reviewed by the SPC, Gooddoctor Company asserted that the services in Classes 35 and 44 covered by the disputed trademark do not constitute similar categories to the goods in Class 5 covered by the cited trademark (the same trademark cited in the civil litigation). Gooddoctor Company requested cross-class protection on the grounds that the registration of the disputed trademark violated TML Art. 13.3 and accordingly applied for invalidation of the disputed trademark.

In conclusion, the first and second instance judgments incorrectly determined that the two categories of goods and services were similar, and the SPC corrected this determination.

10) The Decathlon Case

Summary

In the Decathlon Case, the court emphasized that consumer confusion or misrecognition under the Anti-Unfair Competition Law includes situations where consumers might mistakenly believe products or services originate from, or are affiliated with, a well-known provider, despite differences in pricing, quality, or target market segments. The court clarified that distinctiveness through featuring different trademarks or other commercial indicators does not necessarily eliminate the possibility of consumer confusion.

Case Facts

Decathlon is a company established under French law, specializing in the manufacture and sale of sporting goods globally. In 2003, Decathlon founded Decathlon (Shanghai) Sporting Goods Co., Ltd. ("Decathlon") and introduced the "迪卡侬DECATHLON" store in China. Decathlon operated hundreds of stores with distinctive and consistent interior designs, decorations, and signage, gaining significant brand recognition and goodwill among Chinese consumers.

Fujian Outcool Sporting Goods Co., Ltd. ("Outcool") used highly similar decorative elements in its physical stores and online promotional activities. Furthermore, Outcool advertised extensively with phrases such as "Join Outcool, be China's Decathlon", suggesting affiliation or equivalence to Decathlon.

Decathlon then initiated litigation against Outcool for unfair competition, imitation of their distinctive store decoration, and false advertising.

First Instance Judgment

In July 2021, the Wuhu Intermediate People's Court of Anhui Province [(2020) Wan 02 Min Chu No. 110] found that the store signage of Outcool differed notably from Decathlon's signage in colors, Chinese and English fonts, and wording, resulting in distinct visual impacts. Although other decorative elements within the stores had similarities, the overall visual impact or immediate impression would not likely cause confusion among the relevant public and thus did not constitute unfair competition.

Regarding false advertising, Outcool repeatedly used "Decathlon" for promotion on its company webpage and other online media, engaging in behavior that associates with and disparages

"Decathlon," which constituted unfair competition.

The court ruled that Outcool must immediately cease publishing and delete online false promotional materials related to "Decathlon," compensate Decathlon for economic losses and reasonable expenses amounting to CNY 300,000 and issue a formal apology to Decathlon to mitigate negative reputational damages.

Second Instance Judgment

Dissatisfied with the first instance judgment, Decathlon appealed to the Anhui High People's Court.

In October 2022, the Anhui High People's Court [(2021) Wan Min Zhong No. 1478] held that the overall decoration and branding of Decathlon's stores can identify its service origin, constituting distinctive packaging and decoration protected under Article 6 of the Anti-Unfair Competition Law.

Although Outcool provided evidence that certain decorative elements were common in the industry, it failed to demonstrate that the specific combination used by Decathlon was widely adopted by others. The court found Outcool's store decoration visually similar to Decathlon's distinctive decoration and determined Outcool's promotional phrases, such as "Join Outcool, be China's Decathlon," could easily lead the relevant public to mistakenly believe that there was economic affiliation between the parties, despite the differences in price, quality, and targeted consumers.

Consequently, the court reversed the first instance judgment and ordered that Outcool immediately cease using relevant decorations and promotional phrases similar to Decathlon's. The court increased the compensation amount as well, ordering Outcool to pay CNY 2,000,000 to Decathlon for economic losses and reasonable expenses. Additionally, Outcool was required to publish a statement in a national newspaper to eliminate the adverse effects on Decathlon.

Retrial Judgment

Outcool applied for a retrial with the Anhui Provincial Higher People's Court.

In July 2024, the Anhui High People's Court [(2023) Wan Min Shen No. 6586] determined that Decathlon's store decoration can be protected as "influential decoration" under the Anti-Unfair Competition Law. Although Outcool argued that differences existed in elements such as storefront signage and employee attire, these differences were not part of the store decoration that Decathlon sought to protect, nor did they affect consumers' perception of the overall store style.

Outcool's decoration closely resembled Decathlon's and combined with their repeated promotional phrases describing itself as the "Decathlon" in the sports and outdoor brand franchise sector, Outcool's use of similar store decoration could easily cause confusion among relevant consumers, leading them to mistakenly believe there was a licensing relationship or affiliated business connection between the two companies.

11) The MIOLTTA Case

Summary

In the MIOLTTA case, the court clarified that where a trademark registered in a different class conflicts with the prior use of the mark by another party in a different class, the court should consider the timing and continuity of the prior use, the distinctiveness of the mark, and whether the later registrant had a genuine intent to use the mark. A comprehensive assessment of these factors is necessary to determine whether the prior use constitutes infringement.

Case Facts

In July 2018, Kunshan YH Environmental Technology Co., Ltd. ("Kunshan YH") acquired mark



No.19392043 "魅她 MIOLTTA" (魅她 MIOLTTA) in Class 3. On October 11, 2018, Kunshan YH opened an online "MIOLTTA flagship store" on Tmall, selling household leather care, garment care, shoe care, and other cleaning products. Additionally, starting from April 2019, Kunshan YH began selling dye products both online and offline, which fall under Class 2, prominently displaying the "MIOLTTA" mark on product bottles. Through extensive marketing efforts, the "魅她 MIOLTTA" mark

gained notable recognition.

Yangxin NH Trading Co., Ltd. ("Yangxin NH") applied for mark No. 52978783 "MIOLTTA/魅她" in Class 2 on August 28, 2021. Yangxin NH also applied for over 50 trademarks in Class 2 that are identical or similar to existing marks registered in Class 3 by other entities.

Yangxin NH alleged that Kunshan YH's dye products infringed on its trademark rights, as these products were manufactured by Hubei YH Environmental Technology Co., Ltd. ("Hubei YH"). Yangxin NH thus initiated legal proceedings, demanding Kunshan YH and Hubei YH ("YH companies") cease infringement and seeking damages of RMB 1,239,995.35.

First Instance Judgment

The Hubei Macheng People's Court [(2022) E 1181 Min Chu No. 2800] found that the YH companies had committed trademark infringement and should bear liability for compensation.

The court held that Yangxin NH lawfully owned the exclusive trademark rights for "MIOLTTA/魅她" in Class 2. Hubei YH prominently affixed the "MIOLTTA" mark to its dye products and Kunshan YH sold these products without authorization. The court determined that these actions violated the Trademark Law by using a mark similar to Yangxin NH's registered trademark on identical goods, which could easily cause consumer confusion, thereby constituting an infringement of registered trademark rights.

The court ordered the YH companies to immediately cease the production and sale of the infringing products, remove the relevant infringing webpages, and pay compensation for economic losses and reasonable expenses totaling CNY 19,000.

Second Instance Judgment

Dissatisfied with the first-instance judgment, the YH companies appealed on the grounds that their use of the disputed mark predated Yangxin NH's registration and that Yangxin NH had acted in bad faith by preemptively registering the mark.

In December 2023, the Huanggang Intermediate People's Court [(2023) E 11 Min Zhong No. 3910] ruled that Kunshan YH and Hubei YH did not infringe Yangxin NH's trademark rights.

The prior use defense raised by YH companies was upheld. The court found that the YH companies had used the disputed mark earlier than both the application date of Yangxin NH's trademark and the launch date of Yangxin NH's MIOLTTA flagship store on the Pinduoduo platform. Therefore, it could be established that YH companies had prior use of the disputed mark. Furthermore, based on evidence submitted by the YH companies—including sales records from their MIOLTTA flagship store—the court determined that the "魅她" and "MIOLTTA" marks had attained a certain degree of recognition and market influence through their promotions.

Yangxin NH's conduct violated the principle of good faith and should not be afforded legal protection. The term "MIOLTTA/魅她" is a coined word with strong distinctiveness; therefore, it is unlikely that the same term would be independently adopted by coincidence. In addition, evidence submitted by the YH companies showed that Yangxin NH had filed numerous trademark applications during the same period, many of which were identical or similar to marks already registered in other classes by third parties. The court held that Yangxin NH's actions had clearly gone beyond the scope of legitimate business operations and IP protection. Yangxin NH's attempt to leverage trademark rights for improper gain through the misuse of judicial resources violated the principle of good faith and thus should not be legally protected.

As a result, the court overturned the first-instance judgment and dismissed all claims brought by Yangxin NH.

12) The *Shuang Mei* Case

Summary

Obtaining trademark license authorization does not automatically exempt a licensee from liability for trademark misuse. If a licensee improperly uses both the licensed trademark and its own allegedly infringing mark on the same or similar goods and services, causing consumer confusion, such conduct constitutes “other harm to the exclusive right to use a registered trademark” under Article 57(7) of the Trademark Law and should be deemed an infringement of the trademark holder’s exclusive rights.

Furthermore, if the licensee’s simultaneous use of both marks misleads the public into believing the marks are connected or suggests that its own goods and services are superior to those of the licensed mark, this may constitute false advertising and unfair competition.

Case Facts

Hebei Naqi Catering Management Co., Ltd. ("Naqi") was authorized to use the registered mark “双美” (Shuang Mei) under No. 29424629, which was licensed to operate through 188 Shuang Mei bean milk franchisees across 24 provinces and municipalities in China. Naqi also licensed Hebei Sitafu Catering Management Co., Ltd. ("Sitafu") to use the “双美” mark. Sitafu later registered marks including “市井婆” (Shi Jing Po) and operated 228 stores across 56 cities.

Naqi submitted notarized evidence showing that Sitafu and its franchisees were concurrently using both the “双美” and “市井婆” marks on goods and services in various locations. Some consumers posted comments raising concerns about confusion between the two marks. Furthermore, Sitafu published statements on its “Shi Jing Po Bean Milk” WeChat public account claiming, “Our brand has officially upgraded to Shi Jing Po Bean Milk SINCE 1980’S...,” causing some consumers to mistakenly believe that “双美” and “市井婆” were the same or affiliated brands. This diluted the source-identifying function of the “双美” mark. Naqi therefore initiated legal proceedings on the grounds of trademark infringement and unfair competition.

First Instance Judgment

In August 2023, the Wuhan Intermediate People’s Court of Hubei Province [(2022) E 01 Zhi Min Chu No. 2541] found that although Sitafu’s storefront signs displayed “Shi Jing Po,” its interior displays, product cups, lids, straws, packaging bags, napkins, and other accessories continued to bear both the “双美” and “市井婆” marks, resulting in the appearance of dual sources for the same goods. This weakened the identifying function of the “双美” mark and misled consumers into believing that “双美” and “市井婆” originated from the same commercial source.

The court also found that Sitafu’s promotional message referring to a brand “upgrade” implied that “市井婆” products were superior to those of “双美”. Given that both Naqi and Sitafu operated in the same market for bean milk beverages and were direct competitors, the court concluded that Sitafu’s false advertising harmed Naqi’s legitimate interests and constituted unfair competition.

The court ruled that Sitafu must immediately cease the concurrent use of the “双美” and “市井婆” marks and halt all false advertising. Sitafu was also ordered to compensate Naqi CNY 810,000 for economic losses and reasonable expenses.

Second Instance Judgment

Sitafu was dissatisfied with the first-instance judgment and filed an appeal. In December 2023, the Hubei High People’s Court [(2023) E Zhi Min Zhong No. 749] upheld the first instance ruling.

Infringement: Sitafu argued that its use of the “双美” mark was lawful under a trademark licensing agreement and that it was permitted to use the mark concurrently with “市井婆.” However, the court held that even with proper licensing, the licensee must use the trademark in a regulated manner. Evidence showed that Sitafu had changed storefront signage from “双美” to “市井婆,” while continuing to use both trademarks simultaneously on goods and services. This led to consumer confusion and diluted the exclusive rights of the “双美” mark.

Sitafu further claimed that it used higher-quality ingredients to differentiate "市井婆" from "双美," but the court held this was insufficient to prevent consumer confusion. The concurrent use of both marks on store materials exacerbated the confusion and constituted trademark infringement under the PRC Trademark Law.

Unfair competition: Sitafu claimed that its trademark use was legitimate and not misleading. However, the court found that the use of phrases such as "SINCE 1980" and "1980s" falsely suggested a long-standing brand history, which constituted fabricated facts and false advertising. Additionally, Sitafu promoted its products as "natural, healthy, and additive-free," which was inconsistent with the actual presence of additives, thereby misleading consumers. Its claims regarding sales volume were unsubstantiated and also likely to mislead.

The court concluded that Sitafu's actions constituted false advertising and unfair competition, damaging Naqi's rights. Accordingly, the court dismissed Sitafu's grounds.

13) The M&G Scissors Case

Summary

In the M&G Scissors Case, the similarity of trademark alone was not the decisive factor in determining whether infringement occurred. If the use of the mark did not impair the identifying and distinguishing functions of the registered trademark and did not result in market confusion, such use falls outside the scope of what is prohibited under the Trademark Law and does not constitute trademark infringement.

Case Facts

Yangjiang Yangdong Dayang Knife & Scissors Manufacturing Co., Ltd. ("Dayang") is a knife and scissors manufacturer based in Yangjiang, Guangdong Province. In 2002, it registered the marks



“晨 光 ” (Chen Guang & device) under Nos. 1976369 and 36745817, and “晨光” (Chen Guang) under No. 33819619 in Class 8, covering goods such as knives, scissors, pruning shears, and fish scale scrapers.

In 2021, Dayang filed a lawsuit with the Nansha District People's Court in Guangzhou, claiming that scissors sold by Yongxin Stationery Store ("Yongxin")—an authorized retailer of M&G stationery products—under the "M&G晨光" (M&G, Chen Guang) brand constituted use of a similar mark on identical or similar goods to those covered by its registered marks. Dayang argued that such use was likely to cause confusion among relevant consumers, specifically reverse confusion, thereby infringing its trademark rights.

First Instance Judgment

In September 2021, the Nansha People's Court of Guangzhou [(2021) Yue 0115 Min Chu No. 8480] found that the disputed mark was similar to Dayang's registered mark and that the stationery scissors constituted the same type of goods as those covered by Dayang's registration. The court held that a likelihood of reverse confusion existed and ruled that Yongxin had infringed Dayang's trademark rights.

Second Instance Judgment

Yongxin appealed the decision to the Guangzhou Intellectual Property Court.

In March 2023, the Guangzhou IP Court [(2021) Yue 73 Min Zhong No. 6948] found that, although the marks used by Dayang and Yongxin were similar, the products at issue—stationery scissors versus industrial cutting tools—were neither identical nor similar. The court concluded that Yongxin's use

of the mark would not cause reverse confusion among the public and overturned the first-instance decision, dismissing all of Dayang's claims.

Retrial Judgment

Dayang then applied for a retrial with the Guangdong Provincial High People's Court.

In May 2024, the Guangdong High People's Court [(2023) Yue Min Shen No. 13971] issued its ruling.

The High Court upheld the appellate court's finding that Dayang's Class 8 marks primarily covered industrial-use knives and scissors and did not include stationery scissors. However, it noted that stationery scissors and industrial scissors share similar functions and uses and are sold through comparable distribution channels, thus constituting similar goods.

The High Court emphasized that the scope of trademark protection should align with the mark's level of recognition in the market. As Dayang failed to provide evidence that its mark had acquired such recognition since 2009 and considering that "M&G晨光" branded stationery scissors had been on the market and widely promoted since at least 2009, the court found that Yongxin had no intent to exploit the goodwill of Dayang's mark. The use of the disputed mark did not impair the connection between Dayang's mark and its designated goods, and thus did not constitute reverse confusion. Therefore, Yongxin was not found to have infringed Dayang's trademark rights.

14) The Fei Shu Case


Summary

Where a party uses the textual component of a registered mark in its enterprise name or business signage for legitimate reasons, and the form of use differs from the registered mark, such usage does not constitute trademark infringement when there is no intent to misappropriate goodwill, and no actual confusion has occurred.

Considering the geographical nature of catering businesses, if the registered mark lacks recognition in the region where the defendant operates its catering business, the defendant may not be found to have acted in bad faith.

Case Facts

Anhui Yimao Catering Management Co., Ltd. ("Anhui Yimao") is the owner of mark “” (Fei Shu) under No. 18702259 in Class 43, covering restaurant, dining, and tea house services.

Anhui Yimao filed a lawsuit against a restaurant named “” (Fei Shu Chaoshan Food Paradise) in Futian District, Shenzhen ("Fei Shu Restaurant"), claiming that the use of "肥叔"(Fei Shu) in the business registration and on Meituan's platform and storefront signage infringed its trademark rights and constituted unfair competition.

First Instance Judgment

The Shenzhen Futian People's Court [(2024) Yue 0304 Min Chu No. 22280] held that the allegedly infringing sign “肥叔潮汕吃乐园” (Fei Shu Chaoshan Food Paradise) used an ordinary font and did not adopt the design elements of the registered mark. The term “肥叔” (Fei Shu) appeared as part of the full phrase “肥叔潮汕吃乐园” and was neither used independently nor emphasized. Accordingly, the court found that the sign was neither identical nor similar to the registered mark.

Furthermore, the distinctiveness of the registered mark derived from the combination of textual and design elements, rather than from the word “肥叔” alone. In Guangdong, “肥叔” is commonly

understood as a descriptive term referring to a chubby man. The defendant's use of the term was literal and unembellished, and no evidence of consumer confusion was presented. The court also noted the regional nature of restaurant operations and found no indication that the plaintiff's mark had achieved recognition in Shenzhen, or that the defendant had any intent to exploit the plaintiff's goodwill. Given that the defendant's business name was lawfully registered and reasonably used, the court ruled that no trademark infringement had occurred and dismissed all of the plaintiff's claims.

Second Instance Judgment

Anhui Yimao appealed to the Shenzhen Intermediate People's Court, which upheld the first-instance judgment in case [(2024) Yue 03 Min Zhong No. 33838].

Infringement: The court recognized that both parties operated within similar categories of catering services under Class 43. However, the form of the allegedly infringing sign differed substantially from the registered mark. The defendant used plain text as part of a composite phrase and did not emphasize or use "肥叔" separately in a prominent manner.

The registered mark was a word-and-design combination, and its distinctiveness did not reside in the word "肥叔" alone. The term itself has descriptive meaning and is commonly used in Guangdong. The defendant's use of "肥叔" functioned as a personal nickname and business name and bore no connection to the plaintiff's branding.

Moreover, catering businesses have a certain geographical nature. The defendant was registered in Futian District, Shenzhen, and its family had engaged in the catering business in that area since as early as 2013. The plaintiff failed to demonstrate that its mark had acquired recognition in Shenzhen or that the defendant's use caused or was likely to cause consumer confusion. As the restaurant's name "肥叔潮汕吃乐园" was legally registered and its use was reasonable, the court did not support the plaintiff's claim of trademark infringement.

Unfair competition: The court held that the defendant's family had been using the "肥叔" name in the food industry since 2013—prior to the plaintiff's trademark registration in May 2017. Additionally, the plaintiff's promotional efforts were primarily concentrated in cities such as Hefei and Nanjing and did not extend to Shenzhen.

The court concluded that the defendant's registration and use of the business name were reasonable and lawful, and dismissed the plaintiff's unfair competition claim accordingly.

15) The LEMFÖRDER Case




Summary



In trademark infringement litigation, the legitimacy of the plaintiff's trademark rights forms the basis of their legal claims. If those rights were acquired in bad faith, the claim itself lacks a legal foundation. The court's assessment of whether the plaintiff engaged in malicious trademark registration falls within the scope of evaluating the legitimacy of the asserted rights.

Case Facts

ZF Sales & Service (China) Co., Ltd. ("ZF China") is part of the German ZF Group ("ZF Group"), a globally recognized supplier of automotive components. ZF Group, through various affiliates including ZF China, holds numerous registered trademarks worldwide.

Hangzhou Lemforder Chassis Technology Co., Ltd. ("Hangzhou Lemforder") registered over 300 trademarks in China, many of which were identical or highly similar to trademarks owned by ZF Group companies. ZF China filed multiple oppositions and invalidation actions against Hangzhou

Lemforder's marks and succeeded in invalidating several of them, including marks “”, “” and “” under Nos. 8870827, 9037620, and 18522853. Nevertheless, Hangzhou

Lemforder continued to file applications for marks (e.g., “”, “” under Nos. 24461005 and 24460806) that were identical or similar to those owned by the ZF Group.

Suzhou Deyu Auto Parts Co., Ltd. (“Deyu”) operated a Tmall store named "Aobang Volkswagen Audi Genuine Parts Demo Store," where it sold a product bearing a trademark registered by Hangzhou Lemforder. ZF Group had not yet registered this mark. Hangzhou Lemforder sued Deyu for trademark infringement. In defense, Deyu argued that the product was a genuine ZF product acquired through legitimate channels.



Court Judgments

The first-instance court, the Suzhou Wujiang People's Court of Jiangsu Province [(2023) Su 0509 Min Chu No. 3298], dismissed Hangzhou Lemforder's claims.

The second-instance court, the Suzhou Intermediate People's Court of Jiangsu Province [(2023) Su 05 Min Zhong No. 13237], upheld the original ruling and dismissed the appeal, on the following grounds:

- Hangzhou Lemforder's company name was phonetically similar to the ZF Group's “LEMFÖRDER” brand. It had registered hundreds of trademarks across various classes that were highly similar to those owned by the ZF Group, far exceeding normal commercial needs. Several of these marks had already been invalidated by the CNIPA for violating the principle of good faith and disrupting the trademark registration order.

The court determined that Hangzhou Lemforder intended to benefit from ZF's established market reputation and held that its attempt to sue Deyu based on trademark rights obtained in bad faith constituted an abuse of rights, which should not be legally supported or protected.



- Regarding the issue of prior use, the court found that ZF China had used the marks “” and “” on automotive parts prior to Hangzhou Lemforder's registration, and that such use had achieved a notable level of influence without exceeding the original scope. Therefore, ZF China possessed legitimate prior rights to the marks. On this basis, Deyu's sale of the allegedly infringing product did not constitute an infringement of Hangzhou Lemforder's trademark.


16) The LACOSTE Case

Summary

Where two marks with a high degree of similarity have historically coexisted, the user of the later mark bears a duty to avoid converging toward the earlier mark. If such a duty is breached and the resulting use leads to market confusion and undermines the established consumer perception that allowed for coexistence, such use may constitute trademark infringement.

Case Facts

Lacoste S.A. (“Lacoste”) is the owner of the registered trademark “” under No. 141103, covering goods such as “clothing, etc.” in Class 25. The mark “” under No. 5358242 in Class 25 was originally filed by Crocodile International and was later assigned to Cartelo in 2012. In the

same year, Cartelo filed a new application for the mark “” under No. 10499067 in Class 18. In 2016, Nanji E-Commerce (Shanghai) Co., Ltd. (“Nanji Shanghai”) acquired a 95 percent equity interest in Cartelo. Previously, the Supreme People’s Court had ruled that Crocodile International’s use of the disputed crocodile logo did not infringe upon Lacoste’s trademark rights.

Lacoste later filed a lawsuit before the Beijing Intellectual Property Court, alleging that Xinjiang Kae E-Commerce Co., Ltd. (“Xinjiang Kae”), Nanji E-Commerce Co., Ltd. (“Nanji”), Nanji Shanghai, Shanghai Xinhezhaoh Enterprise Development Co., Ltd. (“Xinhezhaoh”), and Beijing Surprise Outlets Mall Co., Ltd. (“Surprise Outlets”) had jointly infringed its exclusive trademark rights by using the disputed mark in connection with apparel, bags, product packaging, and promotional materials.

First Instance Judgment

The Beijing Intellectual Property Court [(2018) Jing 73 Min Chu No. 1127] found that Lacoste’s trademark, through long-term use and promotion, had become well-known in relation to clothing products prior to the application date of the disputed mark. Unlike previous litigation, the present case differed in the manner of use and the current coexistence status. The defendants knowingly used a similar mark despite being aware of Lacoste’s well-known trademark. This was likely to mislead consumers into believing there was a connection with Lacoste, constituting imitation and reproduction of a well-known trademark, thereby causing confusion and infringing Lacoste’s exclusive trademark rights.

The hangtags on the infringing products listed Xinhezhaoh as the manufacturer, and either Nanji or Xinjiang Kae as the trademark licensor. Based on this, the court found that Nanji and Xinjiang Kae were the actual controllers and operators of the “Cartelo” brand, and that they, together with Xinhezhaoh, had acted in coordination and jointly infringed Lacoste’s rights. Additionally, Shanghai Nanji was found to have participated in the operations and profited from the brand, thereby also constituting joint infringement.

Surprise Outlet was found to have fulfilled its duty of reasonable review during contract signing and therefore bore no liability.

The court ordered Xinjiang Kae, Nanji, Shanghai Nanji, and Xinhezhaoh to cease the infringement and jointly pay CNY 14.8 million in damages and CNY 250,000 in reasonable expenses. Other claims were dismissed.

Second Instance Judgment

Xinjiang Kae, Nanji, Shanghai Nanji, and Xinhezhaoh appealed the first-instance judgment to the Beijing High People’s Court. In case [(2022) Jing Min Zhong No. 293], the court held that where highly similar trademarks have historically coexisted, such coexistence relies on established consumer recognition that allows for differentiation. However, when that recognition is diminished and confusion can no longer be avoided, the basis for coexistence no longer exists.

The court found that the defendants’ use of the disputed mark significantly weakened the distinguishing features and increased similarities, thereby undermining the existing market differentiation. As a result, the use of the disputed mark was likely to cause confusion with the Lacoste mark, thus meeting the conditions for trademark infringement.

The use of a similar mark on identical or similar goods—such as clothing, hats, shoes, and belts—without Lacoste’s authorization, and in a manner likely to mislead consumers as to the source of the goods, constituted infringement under Article 57(2) of the Trademark Law.

The damages awarded in the first instance were found to be reasonable, taking into account factors such as the fame of the Lacoste mark, the duration and scope of the infringement, sales revenue, and profit margins. Accordingly, the court dismissed the appeal and upheld the original judgment.

17) The *PREDATOR* Case

Summary

The key distinction between Original Equipment Manufacturing for export and standard commissioned processing lies in the fact that the OEM products are entirely exported, and the use of the relevant mark on such products does not cause confusion among the domestic public nor impair the trademark's identifying function protected by the PRC Trademark Law. Such OEM activity does not harm the exclusive trademark rights of domestic registrants and therefore does not constitute trademark infringement.

Case Facts

Fuzhou Yama Electromechanical Co., Ltd. (“Yama”) is the registrant of the mark “PREDATOR” under No. 10886272 in Class 7, covering goods such as generator sets and emergency generators. The mark was registered on September 14, 2013.

On March 20, 2021, Chongqing Shenchu Import and Export Trading Co., Ltd. (“Shenchu”) declared one unit of a gasoline-powered generator set for export to the United States, bearing the PREDATOR mark. The overseas consignee was Harbor Freight Tools, the legitimate rights holder of the PREDATOR trademark in the United States, also registered in Class 7 for gas-operated power generators. Harbor commissioned Shenchu to manufacture the product exclusively for export to Harbor and explicitly instructed that the PREDATOR-branded goods were to be used solely by Harbor.

Upon inspection, Shanghai Yangshan Customs issued a Notice of Suspected Infringement to Yama. Based on this notice, Yama requested that Customs detain the product. However, due to conflicting claims and evidence submitted by both parties, Customs was unable to determine whether the generator infringed Yama’s trademark rights. Consequently, Yama filed a lawsuit with the Pudong New Area People’s Court of Shanghai.

First Instance Judgment

The Pudong New Area People’s Court of Shanghai [(2021) Hu 0115 Min Chu No. 77928] held that the alleged infringing conduct constituted OEM activity for export, and that OEM manufacturing qualifies as trademark use. The court emphasized that the alleged infringing conduct—a single prototype destined for laboratory testing in the United States—had an extremely low probability of re-entering the Chinese market. Any potential confusion caused by Chinese consumers traveling abroad could not be attributed to the OEM activity itself.

The court therefore concluded that the OEM conduct would not mislead consumers regarding the origin of the goods, nor would it impair the identifying function of Yama’s mark in the domestic market. As a result, the conduct did not constitute trademark infringement, and the court dismissed Yama’s claims.

Second Instance Judgment

The Shanghai Intellectual Property Court [(2023) Hu 73 Min Zhong No. 475] upheld the first-instance judgment and further clarified the reasoning as follows:

- The appellate court did not evaluate whether the alleged conduct constituted trademark use. It held that whether the behavior qualifies as trademark use is only one element in determining infringement. If other criteria for trademark infringement are not met, there is no need to assess whether the conduct constitutes trademark use.
- The alleged OEM conduct did not infringe Yama’s exclusive trademark rights. The court stated that damage to the exclusive rights of a registered trademark is a necessary condition for infringement. Whether the use of an identical mark on identical goods constitutes infringement should be assessed by examining: (i) whether the identifying function of the mark is impaired, and (ii) whether the exclusive right to prohibit use is harmed. In the case of OEM activities where all products are exported, the affixed marks do not cause confusion

among domestic consumers and do not impair the identifying function protected under the PRC Trademark Law. Additionally, since the goods are not circulated domestically, the registered mark's ability to function in the future is not undermined, thereby preserving the exclusivity of use.

- In this case, the possibility of "product reimportation" into China was extremely low. The court emphasized that the risk of product reimportation must be assessed on a case-by-case basis. In this case, the item was a single prototype and there was no evidence that Shenchi had ever sold it domestically. Given the negligible likelihood of reimportation, the conduct did not harm Yama's trademark rights. The court therefore dismissed the appeal and upheld the original judgment.

Retrial Judgment

Yama applied for a retrial to the Shanghai High People's Court.

In September 2024, the Shanghai High People's Court [(2024) Hu Min Shen No. 2330] ruled to reject the application for retrial.

Yama claimed that the lower courts failed to consider a similar case (the Honda case) as a reference and committed procedural violations by not addressing its arguments based on that case. However, the court held that the Honda case was not a binding guiding case under China's legal framework, and the lower courts were not obligated to refer to or respond to it in their judgments. Therefore, no procedural error was established.

On the substantive issue, the court found that the alleged infringement—the export of “PREDATOR”-marked generator samples to the U.S.—did not damage the trademark's function in China, as there was no evidence the goods entered the domestic market. Therefore, the conduct did not constitute infringement under the PRC Trademark Law.

Accordingly, the court rejected Yama's retrial application.

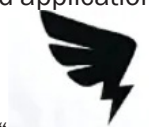
18) The *Ding Ding* Case

Summary

In trademark infringement litigation, where the defendant relies on a registered mark as a defense and the plaintiff asserts that its trademark is well-known, the point in time at which the well-known status is assessed depends on the form of use by the defendant. If the defendant uses the registered mark in its original form, the well-known status of the plaintiff's mark should be determined as of the application date of the defendant's mark. If the defendant uses a modified or non-standard version of the registered mark, the relevant point in time is when such non-standard use occurred.

Case Facts

In 2015, a high-tech group launched an enterprise-level smart mobile office platform called "DingTalk". The plaintiffs, DingTalk Technology Co., Ltd. and DingTalk (China) Information Technology Co., Ltd. (collectively, "DingTalk"), are the entities responsible for developing and providing the DingTalk platform and services. On July 7, 2014, and January 13, 2015, the high-tech group filed applications

for the mark "钉钉" (Ding Ding) under No. 14653058 and the winged design mark "" under No. 16215741, both under Class 42 (software operation services). These marks were registered on August 14, 2015, and December 21, 2017, respectively, and were later licensed to the plaintiffs. Through continuous promotion and use, the marks gained significant recognition in China. On September 12, 2016, the high-tech group filed an application for the same winged design mark under No. 21277655 in Class 43 (restaurants), which was registered on May 7, 2018.

On December 28, 2016, the defendant, HE, acquired from a third party the registered marks "

钉钉冒菜" (Ding Ding Mao Cai) under Nos. 18378734 and 18378707 in Classes 29 (food) and 43 (restaurants), both registered on November 19, 2015. In March 2017, a catering company headed by HE as legal representative was incorporated. Its promotional brochure described the



"Ding Ding Mao Cai" mark as its flagship brand, show the use of " (Ding Ding Mao Cai).

HE's catering company and affiliated stores—including an offline store named Xindu District Ding Yi



Ding Mao Cai—used the " logo across store signage, promotional boards, ordering displays, outdoor posters, the company's food delivery platform, and on certain food packaging.

The plaintiffs alleged that the defendants' actions had undermined the close association between the plaintiffs' registered marks and software operation services, diluted the distinctiveness of the marks, and constituted joint infringement. The plaintiffs further argued that the defendant acted in bad faith and violated commercial ethics, disrupting market competition. The plaintiffs brought the case before the Shanghai High People's Court.

First Instance Judgment

In May 2024, the Shanghai High People's Court [(2021) Hu Min Chu No. 6] held that the determination of infringement hinged on whether the plaintiffs' "钉钉" mark and wing-shaped logo in Class 42 had acquired well-known status. Based on the evidence and statements submitted, the court found that



the defendants' non-original use of the " (Ding Ding Mao Cai) sign began as early as November 2019, when the restaurant commenced operations.

The plaintiffs submitted extensive evidence dated between 2015 and 2022, which was sufficient to establish that the "钉钉" mark and the wing-shaped logo had attained well-known status in Class 42 by the relevant date. As a result, the plaintiffs' marks should be protected cross-class in Classes 29, 35, and 43. The court found that the defendants' non-original use of the disputed mark in these classes could mislead the relevant public into believing there was an association with the well-known marks, thereby diluting their distinctiveness and unfairly exploiting their market reputation. These acts infringed upon the plaintiffs' trademark rights.

However, the court also noted that there was no evidence proving the plaintiffs' marks had attained well-known status as of November 19, 2015, the date the "钉钉冒菜" mark was applied for. Therefore, the defendants retained the right to use the registered mark within the scope of its registration but were required to use it in a lawful and regulated manner. Specifically, they were prohibited from engaging in piggyback marketing, independently using "钉钉", or altering or disassembling the registered "钉钉冒菜" mark.

Accordingly, the court ordered the defendants to cease the infringing activities and publicly eliminate the negative impact. The individual defendant He and his affiliated companies were held jointly liable for CNY 500,000 in damages.

No appeals were filed, and the first-instance judgment has taken legal effect.

IV. LEGAL REMEDIES

1. Introductory Comments

Article 63 of the Trademark Law stipulates that the basis for damage compensation includes:

- (1) The losses suffered by the brand owner;
- (2) The illegal profits obtained by the infringer;
- (3) A reasonable multiple of the licensing fee.

It is not necessarily required to follow the sequence, and the court may calculate the amount of compensation according to the calculation method selected by the brand owner.

In the vast majority of cases, when calculating the compensation base, plaintiffs typically choose to rely on the "profits obtained from infringement" as the calculation basis. Depending on the circumstances of each case, there are two main approaches to calculating the profits from infringement:

(1) When the infringer operates its business primarily for the purpose of infringement (a relatively smaller part, such as the Schneider Case⁷, where it is required that the main business of the infringer is infringing products or services, coupled with intentional or malicious infringing activities). In such cases, the profits from infringement are calculated according to the "sales profit" of the whole company.

Despite the differing opinions on the concept of "sales profit," in practice, the courts usually regard it as the same concept as "gross profit." The formula could be: "sales profit" equals the "gross profit" or equals the "operating income" × the "gross profit margin." For those who operate their businesses primarily for the purpose of infringement, there is generally no need to further discount the amount by the "brand contribution rate" (although there are also different opinions about this).

(2) When the infringer does not operate its business primarily for the purpose of infringement (i.e., it operates without intent or malice) or only a portion of its products or services are found to be infringing (which is likely the situation in most cases, like the Extra Case⁸), the profits from infringement should be calculated based on the "operating profit."

The concept and calculation method of the "operating profit" are relatively complicated. In practice, one can simply refer to the operating profit item in the financial report (if available). If only a portion of the products/services constitutes infringement, the profit from infringement equals the "operating profit" × the proportion of infringing products/services. Under such circumstances, brand contribution rate is sometimes considered a factor (though courts remain divided on this matter).

"Criminal incidental civil litigation" refers to a proceeding where the victim's claim for civil compensation is filed and heard simultaneously with a criminal trial procedure.

Article 36 of the Criminal Law stipulates that where a criminal act causes the victim to suffer economic losses, in addition to criminal liability, compensation for economic losses shall be imposed. Where the property of the criminal is insufficient to pay the criminal fine and civil compensation, civil compensation shall be given priority.

China has maintained a high-pressure crackdown on trademark crimes, and the total number of criminal cases has been increasing year by year. However, due to the traditional "criminal first, civil later" principle, in the vast majority of criminal cases, no civil claim is attached. When a civil procedure is initiated after the criminal procedure, since the criminal is already in prison at that time and has paid the criminal fine, it is usually very difficult to further seize and execute the criminal's remaining property for the civil remedy. Therefore, the number of civil cases following the criminal proceedings has always been very low.

⁷ The Supreme Court (2023) Min Zhong No. 351.

⁸ Beijing IP Court (2022) Jing 73 Min Chu No. 1134.

In 2022, the Supreme People's Procuratorate issued the "Opinions on Comprehensively Strengthening the Prosecution Work of Intellectual Property Rights in the New Era," requiring that "to comprehensively promote the all-round judicial protection of intellectual property rights . . . [one should] explore the undertaking of criminal incidental civil litigation." Since then, the number of criminal incidental civil litigation cases has started to increase gradually. Now, in a few areas, the local procuratorates and courts have been very active in promoting criminal incidental civil litigation cases, issued local judicial regulations, and strictly implemented the provision of giving priority to civil compensation under Article 36 of the Criminal Law, providing many positive typical cases (such as the Jiangyin case⁹ and Maxim's case¹⁰).

2. Cases

1) The *Schneider Case*¹¹

Summary

Schneider Electric (China) was established on July 10, 1995, and its electrical products enjoy a high reputation in China. Zhenjiang Schneider Electric, which was founded on May 17, 1999, has been comprehensively using marks identical or similar to those of Schneider Electric on its products, as well as in its company name and trade name, and this has lasted for more than 10 years. The court determined that Zhenjiang Schneider Electric "operated business primarily for the purpose of infringement", so the infringement profits could be calculated based on its "sales profits" and punitive damages amounting to twice that amount were imposed. Finally, the court ruled that Zhenjiang Schneider Electric should compensate Schneider Electric CNY 106 million (about USD 14.7 million). To date, this case marks the highest compensation amount awarded in a trademark infringement lawsuit to a European company in China. The criteria for determining "operating business primarily for the purpose of infringement" and the compensation calculation method in the case provide an important model for cracking down on serious infringement activity.

Case Facts

The defendant, Zhenjiang Schneider Electric, engaged in blatant trademark infringement and unfair competition. It used marks like "施耐德 (Schneider in Chinese)" and "Schneider" on its products, including electrical conduits and switchgear, as well as in promotional materials. These marks are either identical or highly similar to the trademarks of the plaintiff, the legitimate Schneider Electric, thus constituting trademark infringement. Additionally, Zhenjiang Schneider Electric's use of "施耐德 (Schneider in Chinese)" as its trade name and the registration and utilization of "zj-schneider.com" as its domain name further constituted unfair competition.

The infringement was long-standing, spanning from 1999 when the defendant's company was established to the time of the trial, a period exceeding 20 years. During this time, the infringer reaped substantial profits from its illegal activities. Notably, from June 2017 to March 2022 alone, the profits derived from the infringement amounted to CNY 35.4 million.

The Second Instance Court's Final Judgment

The case went through two instances and both levels of courts ruled in favor of the plaintiff.

The second-instance judgment is the final decision, where the appellate court affirmed the first-instance court's judgment, ruling that the defendant's actions indeed constituted trademark infringement and unfair competition, and that punitive damages were warranted.

The court concluded that the defendant primarily operated its business for the purpose of

9 (2024) Su 02 Xing Zhong No. 166.

10 Shenzhen Luohu District Court (2023) Yue 0303 Xing Chu No. 1169.

11 The Supreme Court (2023) Min Zhong No. 351.

infringement, based on several key factors:

- **Business Scope and Trademark Dependence:** The defendant's business scope was highly congruent with that of the legitimate trademark owner, and the infringing trademarks were central to its business operations.
- **Lack of Legitimate Operation Evidence:** The defendant failed to present sufficient evidence of legitimate business activities, indicating that its profits mainly stemmed from infringing conduct.
- **Long-term and Large-scale Infringement:** The infringement endured for an extended period and was of significant scale.
- **Obvious Bad Faith:** The defendant exhibited clear malicious intent throughout the infringement process.

Since the defendant's business was predominantly based on infringement, the court calculated the infringing profits using the “sales profit” method. In this case, the plaintiff provided compelling evidence in the form of financial ledger data obtained from the Tax Bureau under a court order. This data clearly recorded the defendant's annual operating revenue, operating costs, and business taxes and surcharges. Consequently, the court directly determined the compensation base of CNY 35.4 million for this case, calculating the “sales profits” as follows:

Sales Profits = Operating Revenue – Operating Costs – Business Taxes and Surcharges

Given the defendant's blatant subjective malice in both trademark infringement and unfair competition, the long-lasting nature of the infringement (lasting over 10 years), the diverse types and extensive scope of the infringing acts, and the significant harm inflicted on the rights holder, the court imposed punitive compensation at a rate of twice the base amount. As a result, the total final compensation amount was set at CNY 106 million (about USD 14.7 million), which was three times the initial calculated base amount.

In conclusion, the second-instance court dismissed the defendant's appeal and upheld the judgment of the first-instance court, firmly reinforcing the legal consequences for Zhenjiang Schneider Electric's trademark infringement and unfair competition.

2) The Extra Case¹²

Summary

Defendants Guangzhou Qiancai Cosmetics Co., Ltd. (Qiancai) and its affiliated entity Guangzhou Dental Doctor Oral Care Research Institute (Dental Doctor) committed trademark infringement by imitating Wrigley's well-known trademark, “Extra” on toothpaste products. The multiple trademark registrations for Extra in various forms, which were obtained by Qiancai and latterly invalidated by Wrigley through more than ten years of legal battles, including a series of opposition/invalidation proceedings as well as the subsequent court appeals, were unable to provide justification for the infringing Extra toothpastes. Considering the defendant's obvious bad faith and huge illegal profits, the court awarded punitive damage based on the sales data submitted by Qiancai in the trademark invalidation cases, and fully supported Wrigley's claim of damage, totaling CNY 50 million (about USD 7 million).

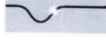
Case Facts

The plaintiff, Wrigley, registered its “Extra” trademark in connection with chewing gum in Class 30 as early as 2000. Through long-term commercial use and publicity, Wrigley's “Extra” trademark has obtained high fame in China, and the iconic advertising slogans such as “Care for teeth, care more about you” have also gained great popularity in China. From 2013~2022, courts recognized and protected Wrigley's “Extra” as a well-known trademark in dozens of cases.

The defendant Qiancai has successively acquired and registered a bunch of trademarks identical or similar to Wrigley's “Extra” trademark, including “Extra,” “Extra White,” and “Dental Doctor Extra”

¹² Beijing IP Court (2022) Jing 73 Min Chu No. 1134.

on toothpaste and other goods since 2010. Over the past decade, Wrigley has been combating Qiancai's malicious trademark squatting through trademark administrative procedures. In 2016, the Supreme Court ruled in a retrial case that the defendant's "Extra"-related trademark registered on toothpaste shall be rejected since it has infringed upon Wrigley's prior "Extra" trademark registered on chewing gums. From 2018 to 2021, the CNIPA, the Beijing Intellectual Property Court and the Beijing High Court successively ruled to invalidate Qiancai's "Extra"-related trademarks, deeming them filed with the malicious intent to copy and imitate Wrigley's well-known trademark "Extra."

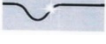
Qiancai has been using various forms of the "Extra" trademarks, i.e., "Extra," "Extra White," and "Dental Doctor Extra" on its toothpaste products to carry out large-scale production and sales. Dental Doctor, which is affiliated with Qiancai, assisted in researching and developing the infringing toothpastes. The documents submitted by Qiancai in the trademark invalidation proceedings showed that it had begun to produce Extra toothpastes as early as 2006 and the sales volume of Extra toothpastes during 2013~2015 reached 531 million units. After Qiancai's registrations for "Extra" and "Extra White" were finally invalidated in 2021, they gradually upgraded the infringing toothpastes to "Dental Doctor Extra," which was pending invalidation at that time. The infringing toothpaste also copied Wrigley's advertising slogan "Care for teeth, care more about you", the curve design  as well as the ingredient concept of "Extra" chewing gum, i.e., "Xylitol helps prevent cavities."

Additionally, Qiancai's shareholders Chen Qiquan and Wu Xiaotao, a married couple, registered a company named "American White Arrow (China) Limited" in Hong Kong, which is a blatant copy of another brand of Wrigley's.

The First Instance Court Judgment

On March 27, 2024, the Beijing Intellectual Property Court ruled in favor of Wrigley in the trademark infringement lawsuit it brought against Qiancai, holding that Qiancai and Dental Doctor had committed acts of trademark infringement and awarded damages of CNY 50 million and expenses of CNY 363,124.

According to the trial court, the materials submitted by Wrigley could prove that its "Extra" trademark, through continued use and extensive promotion, had become widely known to the relevant public for chewing gum products prior to 2006 and has been established as a well-known trademark.

The court held that the use of "Extra," "Extra White," and "Dental Doctor Extra" by the defendant on the infringing toothpaste constitutes replication and imitation of the "Extra" trademark owned by Wrigley. The infringing toothpaste is closely related to the plaintiff's chewing gum in function, usage, sales channels, consumers, etc. In addition to copying the "Extra" trademark, Qiancai also extensively copied Wrigley's advertising slogan, "Care for teeth, care more about you" and the curve design  in product packaging and on online platforms, which further proved its bad faith. Thus, the infringing products were likely to cause confusion among consumers and dilute the distinctiveness of Wrigley's Extra trademark and therefore violated Article 13 (3) of the Trademark Law.

The court rejected the defendant's claim that their use of the infringing trademarks was legitimate based on Qiancai's prior trademark registrations related to "Extra." This is because Qiancai's relevant trademarks had all been declared invalid and should be deemed void ab initio.

The court held that Dental Doctor should bear joint liability for the infringement, as it had provided assistance to Qiancai in its infringing acts and had a shared bad intention to do so.

Regarding compensation, based on the documents submitted by Qiancai in the trademark invalidation proceedings, the court determined that Qiancai's revenue from the sale of infringing products between 2006 and 2022 was at least CNY 548 million. Considering the toothpaste industry's profit margin and a brand contribution rate of 35 percent, the court calculated the defendant's illegal profit from the infringement to be CNY 33.25 million. Given Qiancai's blatant bad faith and the severity of the infringement, the court imposed a punitive damage amounting to a total of CNY 66.5 million. This amount exceeded the compensation sought by the plaintiff. As a result, the court fully supported Wrigley's claim for an economic loss of CNY 50 million.

Qiancai and Dental Doctor filed an appeal, and the case is pending the 2nd instance before the Beijing High Court.

3) The HLA Case¹³

Summary

In this case, the defendants illegally sold counterfeit clothing online, with significant sales and illegal profits. The procuratorate prosecuted them, and the brand owner filed an incidental civil suit. The prosecutor in charge held that when a civil claim was filed together with a criminal charge, civil compensation has priority over criminal fines. The defendant's recovered illegal gains should be used to compensate the brand owner's civil damages first.

Case Facts

From December 2022 to November 2023, Defendant Lian, without authorization, purchased over 160,000 sets of counterfeit hangtags for the registered trademarks “海澜之家” (“HLA” in Chinese) and “海澜优选” (“Heilan Home” in Chinese). Lian's brother and an individual named Chen, aware of Lian's trademark counterfeiting, assisted in attaching these hangtags to the unlabeled clothing and packing them for delivery. Subsequently, Lian sold the trademark-counterfeiting clothing via online stores, generating sales of over CNY 9.8 million and illegal profits exceeding CNY 500,000.

The procuratorate initiated public prosecution against the three defendants for the crime of counterfeiting registered trademarks. Concurrently, the brand owner filed an incidental civil lawsuit against Lian, demanding elimination of adverse effects and loss compensation.

Court Judgment

After trial, the Jiangyin City People's Court of Jiangsu Province held that the three defendants committed the crime of counterfeiting registered trademarks and that it was a joint crime. Given the high reputation of these trademarks in the clothing industry, as well as Lian's intentional and severe infringement, punitive damages were determined to be applicable.

Accordingly, Lian, Lian's brother, and Chen were sentenced to fixed-term of imprisonment ranging from four years and six months to four years and nine months for the crime of counterfeiting registered trademarks, and with fines ranging from CNY 100,000 to 800,000. Additionally, punitive damages were applied, and Lian was ordered to pay the brand owner about CNY 2 million in compensation and reasonable enforcement expenses, and to publish a statement to eliminate adverse effects for the brand owner.

Dissatisfied with the civil part of the judgment, Lian appealed but later withdrew it, rendering the judgment legally effective.

This case prompted the establishment of a formal mechanism prioritizing civil compensation over criminal penalties in IP cases in Jiangyin, Jiangsu Province (Opinions on Strengthening the Recovery of Illegal Gains from Intellectual Property Crimes (Trial)). It specifies that civil compensation to rights holders should be prioritized over, and then deducted from, criminal fines. This encourages rights holders to initiate criminal incidental civil litigation, motivates criminal suspects to fulfill compensation duties, and ensures greater relief for rights holders.

4) The MX Mooncake Case¹⁴

Summary

In the MX Mooncake Case, the defendant, Ma Shaoyu, was convicted of selling counterfeit MX-branded mooncakes, a well-known Hong Kong product, for illegal profit. The court ruled that the defendant is guilty of the crime of selling goods with counterfeited registered trademarks. During the criminal proceedings, the plaintiff (trademark owner) filed a criminal incidental civil lawsuit. Civil litigation linked to criminal proceedings generally follows one of two patterns: concurrent criminal and civil litigation, and criminal litigation preceding civil litigation. This case exemplifies the concurrent approach. When criminal and civil cases occur in tandem, rights holders can receive compensation promptly. For defendants, actively compensating for losses presents a viable strategy to potentially secure a more lenient sentence, creating a mutual incentive for resolution. Crucially,

¹³ (2024) Su 02 Xing Zhong No. 166.

¹⁴ Shenzhen Luohu District Court (2023) Yue 0303 Xing Chu No. 1169.

the defendant's voluntary admission of guilt, acceptance of punishment, proactive payment of fines, and earnest efforts to indemnify the rights holder can all serve as compelling grounds for leniency during sentencing.

The court awarded both compensatory and punitive damages to the plaintiff in the incidental civil action. The case highlights key judicial considerations in calculating infringement profits and applying punitive damages, particularly in incidental civil action.

Case Facts

Ma Shaoyu knowingly purchased and sold counterfeit MX moon cakes through online platforms and Wechat. During the investigation of a related case, authorities discovered Ma's activities and seized over 2,000 boxes of counterfeit mooncakes from his warehouse. The total value of the seized goods was CNY 204,888, while sales records showed sales revenue of CNY 1,396,618.40. The plaintiff, Maxims Food (Guangzhou) Co., Ltd., filed a criminal incidental civil lawsuit, seeking compensation for economic losses and punitive damages.

The First Instance Court Judgment

The main disputes centered around the calculation of the loss amount and the application of punitive damages. The plaintiff contended that the profits derived from infringement should encompass both sold and unsold goods. However, the court held that for a seller such as Ma, unsold inventory could not be factored into the calculation, as these items had yet to enter the market. The court concluded that the infringement profits should be calculated as the difference between the selling price and the purchase cost, explicitly excluding operational expenses such as storage fees and wages.

In rejecting the plaintiff's claim for a 50 percent profit margin, which was based on the financial reports of listed competitors, the court emphasized that Ma was a seller, not a producer. Instead, the court opted to use Ma's self-reported gross profit margin of 17–18 percent as the benchmark for its calculations.

In the matter of punitive damages, the court, after taking into account the defendant's intentional infringement and the severity of the circumstances, as well as various other relevant factors, decided to award punitive damages at a multiple of one time. The court determined that Ma had acted intentionally. He sourced products at prices significantly lower than the market value without any legitimate reason. The seriousness of the circumstances was evident from the large-scale nationwide sales amounting to CNY 1.39 million and the short yet intense infringement period, which coincided with seasonal mooncake sales. However, when setting the punitive damages at 1× the compensatory amount (CNY 254,656), the court considered several mitigating factors. Ma was merely a seller rather than a producer. He had voluntarily paid the fine and it was his first offense.

The Shenzhen Luohu District Court handed down a two-year imprisonment sentence to Ma and imposed a fine of CNY 600,000. In terms of civil liabilities, Ma was ordered to pay compensatory damages amounting to CNY 254,656 and punitive damages equivalent to CNY 254,656, which was set at a multiplier of one time the base compensatory amount.

This case vividly illustrates the effectiveness of parallel criminal-civil proceedings in facilitating timely compensation for right holders, the intricacies involved in calculating profits for sellers as opposed to producers in trademark infringement cases, and the judicial prudence exercised in awarding punitive damages, where the court carefully balances the severity of the offense with defendant-specific factors such as their role in the infringement, level of cooperation, and other mitigating circumstances.

5) The Childlife Case

Summary

This case involves a brand owner taking legal action against a former distributor for infringement. The Zhejiang High People's Court delivered a judgment that clarified the criteria for determining trademark infringement (including reverse passing off) and various forms of unfair competition. The court determined that "ChildLife" trademark rights belong to the brand owner, due to the strong connection between the trademark and the brand over a long-term distribution relationship. This

decision effectively curbed the former distributor's infringing activities.

In terms of civil liability, the court took into account sales data of infringing products, profit margins, and the circumstances of the infringement. Despite making corrections to some details from the first instance, such as the profit margin, the court still supported a high compensation award and ruled that the actual controller of the company should bear joint liability for the infringement.

Case Facts

In March 2021, the "CHILDLIFE" brand owners (Clarke and Biozeal, LLC) terminated the distribution agreement with their dealer, ChildLife Company, due to its infringement and breach of contract. However, ChildLife Company continued to use the "ChildLife" mark to sell products and launched goods with brand "inne." Biozeal, LLC sued ChildLife Company, alleging numerous infringing and unfair competition acts.

The first-instance court found that ChildLife Company's sale of "inne" products using the "CHILDLIFE" trademark constituted trademark infringement. The sale of "ChildLife" products using the "inne" trademark constituted trademark infringement of reverse passing off. Moreover, ChildLife Company's actions, such as using similar packaging to products having a high reputation, identical or similar product names of "ChildLife," link-replacing, false statements, malicious complaints, and using "CHILDLIFE" keywords were deemed unfair competition.

In the meantime, the court did not support the claim that Lu, the actual controller of ChildLife Company, should bear joint liability. There were also disputes over the calculation of compensation, including the recognition of infringing product sales, profit margins, and the applicability of punitive damages. The court determined one-time punitive damages, and fully supported CNY 50 million compensation. Clarke and Biozeal, LLC appealed the determination of joint liability.

Court Judgments

The second-instance court mostly upheld the first-instance findings on ChildLife Company's infringing acts. The second-instance court held that ChildLife Company had no rights to the "ChildLife" mark, and its post-cooperation use is unfair competition. It also confirmed that link-replacing and malicious complaints are unfair competition.

In terms of whether Lu committed joint infringement, as Lu never served as a director or senior manager of ChildLife Company, the court believed that the key was whether the alleged infringing acts reflected Lu's will and if he participated in the infringements. The court found Lu was the actual controller, knew or should have known about the use of ChildLife related marks and packaging, and played a leading role in the infringing acts. Thus, he should bear joint legal responsibility.

Regarding the compensation, the court considered that the profit margin of the infringing products sold by leveraging the reputation of the involved-rights marks, was higher than that during the distribution period. Referring to industry profit margins, it set the profit rate of the infringing products at 12 percent, correcting the first-instance court's 20 percent rates. It applied for times one punitive damages and fully supported the CNY 50 million claims.

6) The *Panpan Case*¹⁵

Summary

In this case, **the court calculates infringement profits based on defendant's publicized business performance due to the defendants' failure to provide evidence.** The Supreme People's Court applied punitive damages. Despite knowing the fame and influence of other's registered trademark and business name, the defendants used similar marks and engaged in the same business, showing an intent to cause confusion about the source of goods and leverage other's reputation. Due to the large scale, wide scope, and significant profits from the infringement, the court deemed the circumstances serious. The defendant's malicious intent and the severity of the infringement were key factors in determining the multiple for punitive damages.

¹⁵ The Supreme Court (2022) Min Zhong No. 209.

Case Facts

Panpan Security Door Industry Co., Ltd. (“Panpan Company”) was established in 1996, with its business scope including security doors and windows. Panpan Company registered several trademarks, including the “PANPAN” (盼盼 in Chinese) trademarks No. 647,663 and No. 10,794,738, as well as graphic trademarks No. 1,301,742 and No. 1,403,347, for goods such as security doors, safes, metal windows, and locks in Class 6. Panpan Company sued Xinponghui Company, Guyang Door Factory, and Zhou (collectively “the defendants”), alleging that their use of marks associated with Panpan Company’s “Panpan” series trademarks and business name in the production, sale of products, and related promotions constituted trademark infringement and unfair competition.

The first-instance court, Jiangsu High People’s Court, found that the actions of Xinponghui Company, Guyang Door Factory, and Zhou infringed Panpan Company’s exclusive rights to the registered trademarks and constituted unfair competition. They use the “Panpan” business name, panda mascot image, false advertising, and business disparagement. Because of the long-term infringement, substantial profits, clear intent to infringe, and serious circumstances, the court determined that punitive damages should apply. The Jiangsu High People’s Court ordered the defendants to immediately cease the trademark infringement and unfair competition, change their business names, cancel domains, publish apologies in newspapers, and jointly compensate Panpan Company CNY 100 million for losses and CNY 650,000 for reasonable expenses.

Court Judgement

The second-instance court found that Panpan Company requested to determine compensation based on the profits from the infringing acts of Xinponghui Company, Guyang Door Factory, and Zhou, and to apply punitive damages, as well as the calculation method and supporting facts and reasons.

First, Panpan Company had already fulfilled its burden of proof to the best of its ability. The accounts and materials related to the infringing acts were primarily in the possession of the defendants. During the first-instance trial, the defendants explicitly stated that their financial management was chaotic and that they had no standardized financial reports, making it impossible for them to provide accurate information. Therefore, the defendants should bear the legal consequences of failing to provide evidence. Under these circumstances, the compensation base could be determined by referring to the profits that Panpan Company claimed that the defendants made from the infringement and the evidence Panpan Company provided.

Second, the calculation method used by the first-instance court had logical errors. Additionally, the court’s determination of the compensation base by relying on a survey report commissioned by Panpan Company to a Beijing market research company, which indicated that 48.1 percent of respondents believed there was an association between Xinponghui Company and Panpan Company’s security doors, and thus concluding the degree of public confusion, lacked legal basis. Consequently, the second-instance court corrected the calculation method for determining the compensation base used by the first-instance court.

Third, taking into account Zhou’s statements at a summit on Xinponghui Company’s plan to achieve a five-year output value of CNY 1 billion and the dealer contracts stipulating an annual growth rate of 50 percent, the court calculated the defendants’ output value for 2017 as CNY 76 million, for 2018 as CNY 76 million \times 1.5 (i.e., CNY 114 million), and for 2019 as 76 million \times 1.5 \times 1.5 (i.e., CNY 171 million) totaling CNY 361 million over these three years. Following this calculation method, the output value for the fourth year would be CNY 76 million \times 1.5 \times 1.5 \times 1.5 (i.e., CNY 256.5 million), and for the fifth year, 76 million \times 1.5 \times 1.5 \times 1.5 \times 1.5 (i.e., CNY 384.75 million). Thus, the total output value for the first five years amounts to CNY 1.00225 billion, which is essentially in line with Zhou’s publicized claim of a CNY 1 billion five-year output value.

Lastly, based on the information posted by Zhou in the “Sichuan Door and Window Association Boss Club” WeChat group and on his Moments, their Xinpanpan security doors are positioned as a high-end, first-tier brand. The defendants and their dealers have priced their security doors, metal doors, and other products at high levels to inflate their product prices. This indicates that the operating profit of the Xinpanpan brand is unlikely to be lower than the average profit margin of large and

medium-sized industrial enterprises nationwide. The first-instance court calculated the profit of Xinpanpan brand products using the 2017 national average profit margin of 7.5 percent for the furniture manufacturing sector of large and medium-sized industrial enterprises, which would not exceed the actual profit. Therefore, the second-instance court determined the compensation base for trademark infringement as CNY $(0.76 + 0.76 \times 1.5 + 0.76 \times 1.5 \times 1.5)$ billion \times 7.5 percent, or 27.075 million.

7) The *Pandora* Case

Summary

The highlight of this case lies in determining the base for calculating infringement profits and applying a 5x punitive damages multiplier. The current Trademark Law does not explicitly require the use of profit margins when calculating compensation. However, in accordance with judicial interpretations and considering that operations involve certain operational costs, courts generally calculate the unit profit of infringing goods by using the formula “infringing product transaction amount \times profit margin” to accurately reflect actual infringement profits. This approach may actually reduce the infringer’s liability for compensation. In this case, the court directly used the infringing product sales revenue as the infringement profit without applying a profit margin, which is highly innovative. The court considered several factors, such as the defendant’s comprehensive imitation of the trademark, operating mainly on infringement, and the long-term and serious nature of the infringement. Moreover, during the litigation, the defendant failed to provide evidence of actual infringement profits and operational costs and thus should bear the adverse consequences of insufficient evidence. Consequently, the court supported the plaintiff’s claim to use all illegal operating income as the base for infringement profits and apply a 5x punitive damages multiplier. This judgment reflects the current judicial approach of imposing stricter penalties for serious infringement behaviors such as comprehensive imitation and professional infringement, making it a typical case.

Case Facts

The plaintiff, Pandora Company, is a world-renowned jewelry manufacturer. It owns numerous trademarks, including “PANDORA” and “Pandora (潘多拉 in Chinese)” which are used on jewelry items such as bracelets, necklaces, pendants, earrings, rings, and jewelry boxes.

Defendant Lin is the operator of an infringing online store on an e-commerce platform run by defendant Beijing XX Fashion Company. Lin massively displayed and sold counterfeit jewelry of various luxury brands, including Pandora, operating mainly on infringement. Specifically, the front-end transaction amount for counterfeit Pandora jewelry alone exceeded more than CNY 100 million. Consequently, Pandora Company sued Lin and Beijing XX Fashion Company in the Beijing Chaoyang People’s Court, demanding that the defendants cease infringement, eliminate its impact, and compensate for economic losses and reasonable legal expenses, totaling CNY 300,000.

During the first-instance litigation, defendant Beijing XX Fashion Company disclosed the backend transaction data of the infringing online store, which showed a large number of abnormal orders where payments were not actually made. After excluding these abnormal orders, the transaction orders amounted to CNY 40,473.7. The plaintiff argued that Lin had intentionally infringed with serious circumstances and operated mainly on infringement. Thus, the maximum 5x punitive damages should apply. Since the products sold by Lin were counterfeit, all illegal operating income, i.e., CNY 40,473.7, constituted infringement profits and should serve as the base for calculating punitive damages. Combining compensatory and 5x punitive damages, the total compensation was calculated as CNY 242,842.2, plus reasonable legal expenses, with the total claimed compensation amounting to CNY 300,000.

Court Judgment

The first-instance court ruled that defendant Lin used the words and patterns “PANDORA” and “Pandora (潘多拉 in Chinese)” on the infringing products, their packaging, and in promotions without plaintiff Pandora Company’s permission. These were essentially identical to the plaintiff’s trademarks, constituting trademark infringement.

As Lin failed to provide evidence of infringement profits, the court supported the plaintiff's claim to use the infringing product sales amount of CNY 40,473.7 as the infringement profit. Lin's actions involved comprehensive imitation of genuine products, trademark counterfeiting, and long-term infringement. From the overall sales of the store, the defendant Lin operates mainly on selling counterfeits bearing the plaintiff's trademark. Considering Lin's subjective fault and the duration of the infringement, the court legally applied 5x punitive damages. Ultimately, the court ordered Lin to compensate CNY 242,842.2 for economic losses and CNY 30,000 for reasonable expenses, totaling CNY 272,842.2. The plaintiff's other claims were dismissed.

Defendant Lin appealed the judgment, but the Beijing Intellectual Property Court, based on the first-instance findings and evidence, rejected the appeal and upheld the original judgment.

APPENDICES

Appendix I

EU-China Intellectual Property Rights (IPR) Working Group

October 2024

The International Trademark Association (INTA) appreciates the opportunity to contribute to the EU-China IPR Working Group and Dialogue. INTA recognizes that intellectual property legislation and law enforcement in China has greatly improved over the past few years, thanks to the significant actions of the Chinese government. While recognizing these improvements, INTA encourages continued progress on a range of issues of importance to all IP owners.

We hope you will find these comments helpful in the context of the upcoming EU-China IP Working Group.

1) TRADEMARKS

Improvements to deter bad faith trademark registrations.

INTA notes that following the release of the draft for public comments in February 2023, the Fifth Revision of the Chinese Trademark Law incorporated a wide range of inputs from various stakeholders. Out of the 3,347 valid suggestions received, 2,730 were accepted or partially accepted after thorough examination, culminating in the current draft of the “Trademark Law Amendment (Draft for Review).”

INTA appreciates the continuous efforts made by Chinese government in revising the Trademark Law. INTA notes that the “Trademark Law Amendment (Draft for Review)” seeks to balance the obligations on trademark registrants to use their trademarks with the view of combating bad faith trademark applications and trademark warehousing. This draft requires applicants to declare an intent to use the trademark at the time of application but no longer mandates that registrants provide a statement of use every five years. Meanwhile, it retains several new measures to curb bad faith registrations, including but not limited to mandatory transfers of trademarks registered by agents, representatives, or interested parties, the right to file civil lawsuits for compensation against malicious filings, and counterclaims for malicious litigation.

However, despite the welcome amendments, trademark owners and practitioners still have questions about how these measures will be implemented and enforced in practice. INTA encourages further government-to-government engagement to keep the issue of deterring bad faith registrations at the top of agenda.

INTA also notes several updates to legal measures at both administrative and judicial levels in China aimed at combating and deterring bad faith trademark applications, including the issuance of the [“Work Plan for Systematic Tackling of Bad Faith Trademark Registration to Promote High-Quality Development \(2023-2025\)”](#) and regulations on bad faith registration behaviors in civil litigation. INTA suggests reviewing the impact of these new regulations and judicial cases in China and publishing the findings to support future legislative and administrative efforts to address this issue.

In the meantime, INTA members have raised several questions and recommendations which we hope will be addressed in the Working Group, including:

- What legislative and regulatory developments are being considered to strengthen the ability of China National Intellectual Property Administration (CNIPA) to deter and respond to bad faith trademarks?
 - ▶ Article 4 of the Trademark Law now explicitly recognizes that bad faith trademarks not intended for use can be rejected by the Trademark Office (TMO). While this provision effectively targets bad faith applications and hoarding, it also creates pressure on bona fide applicants with large volumes of applications. The standard

for proving good faith in response to official notifications remains unclear, and there is a need for greater transparency regarding the rejection notices.

- Many courts across different regions have applied the Anti-Unfair Competition Law to hold bad faith registrants liable for damages caused by malicious trademark applications and/or actions that disrupt the sale of genuine products, including orders requiring bad faith registrants to withdraw their applications and registrations. INTA appreciates the judicial system's innovation and efforts and hopes to see more explicit judicial standards and interpretations introduced.

The increasing instance of rejections of applications and appeals for marks deemed inherently unregistrable.

INTA members report concerns that the stricter assessment as to whether trademark applications fall foul of absolute grounds under the Chinese Trademark Law has resulted in an increasing instance of rejections of applications and appeals for marks deemed inherently unregistrable. INTA adopted the amendment of the [Trademark Examination Guidelines](#) in November 2023. There are substantial changes to the Absolute Grounds section of the Guidelines, and INTA offers its assistance through research and other forms of engagement to support Chinese government efforts to improve the quality examination of trademark applications in a timely manner.

Coexistence agreements

In “ex officio” trademark systems which examine trademark applications on relative grounds, coexistence agreements negotiated between parties of potentially conflicting trademark rights can be used as a tool to overcome confusion objections based on an earlier existing similar trademark issued by the trademark office, and to thus facilitate registration.

Around the world different trademark offices adopt various differing approaches in dealing with co-existence agreements when considering the registrability of a trademark application. Some trademark offices are persuaded by the contents of a co-existence agreement between two parties and will take them into account, but other trademark offices will not give any weight to co-existence agreements, and they are disregarded.

What is important for brand owners is to ensure that each jurisdiction is consistent in the way their national trademark office will deal with a coexistence agreement. This will influence the conduct of the party and whether the often-extensive efforts required to negotiate a co-existence agreement are worthwhile.

INTA members report concerns that China's trademark authorities previously gave considerable weight to co-existence agreements but that since the late half of 2021, it appears they no longer given any weight on co-existence agreements. We suggest continuing the previous consistent policy of providing significant weight to co-existence agreements. Some of the factors suggested by INTA to evaluate whether consent should be considered a valid reason to accept the Co-existence Agreement:

- a significant period of concurrent use has passed with no evidence of actual confusion among the relevant purchasing public;
- the applicant's goods/services are distinct from the goods/services of the cited marks;
- the trade channels and/or the purchaser groups are different;
- the applicant and the owners of the cited marks agree not to use the mark of the other on their own goods/services, and agree not to use their own mark on the goods/service of the other;
- the undertaking that if confusion should occur, the owners of the respective marks will work together and take reasonable action(s) to promptly obviate such confusion;
- Inclusion of any other relevant factors illustrating that in this specific case, a likelihood of confusion does not exist.

We meanwhile encourage both the European Commission and the Chinese Government to review the November 2020 INTA [Board Resolution](#) on Bad Faith Trademark Applications and Registrations

and INTA [Guidelines for Trademark Examination](#) and implement measures consistent with them.

Well-Known trademark (WKMs) protection

INTA appreciates that several updates to China's legal measures addressing WKMs in its revised *Trademark Examination Guidelines*, including strengthened regulation through National Enterprise Credibility System, Letter of Commitment, and increased liability of evidence falsification.

A strong WKMs system serves as a valuable tool in combating bad faith trademark applications by preventing the registration or use of marks that are identical with or similar to well-known trademarks. Foreign brand owners report that despite China's legal framework for protecting WKMs, in practice it remains exceptionally difficult to achieve well-known status due to strict standards as applied by Chinese courts and CNIPA. This is particularly true for small and medium-sized foreign brands that have little or no sales in China yet have high levels of global reputation. These difficulties create opportunities for bad faith actors to register or use marks that are, in reality, well known by consumers but are unable to receive WKM status under the law.

Considering the fast-developing technology and business methods impacting consumer awareness of and connection to brands, such as through e-commerce and social media channels, the WKMs systems in China should be updated to reflect these changes and prevent bad faith actors from seizing the gaps of unregistered classes of goods/services in ways that harm legitimate owners.

INTA suggests reviewing the WKMs systems in China. Some specific points to suggest and questions our member have are:

- As Chinese brand owners expand into global markets, they will benefit from stronger WKM systems overseas; with this in mind, would CNIPA support a global study of how different countries protect WKMs?
- We support WIPO's Joint Recommendation Concerning Provisions on the Protection of Well-Known Marks.
- To what extent does CNIPA consider the overall impression of a WKM (compare the entirety and the core components of the marks)?
- Commerce today is built upon global, nearly instantaneous communication and access, which means that local consumers can, and often do, become aware of a foreign brand well before the brand registers or uses its trademark(s) locally. Thus, it is imperative that legal systems recognize a trademark can easily become well-known without local registration or use, and local notoriety/ awareness may be built upon foreign use and/or a robust local resale market. We encourage CNIPA to utilize the ongoing consideration of amendments to its Trademark Law to formalize these concepts into law.
- To what extent can consideration be extended to important factors such as the well-known status of a mark in a foreign jurisdiction?
- To what extent can CNIPA adjust its analysis on reliance on traditional indicators such as sales volumes, market share, advertising / promotional expenses, etc.? Many businesses today intentionally limit production levels, which means low sales volumes and market share, and many businesses rely on innovative advertising approaches that do not incur significant direct costs (such as consumer-driven promotion through consumers' social media accounts).

Non-traditional trademark protection

Non-traditional trademarks are, by their nature, constantly evolving. Despite the lifting of graphic representation introduced in China's Trademark Law in 2013, there remains few applications of non-traditional trademarks mature to registration, largely because highly detailed and, in some cases, unclear description requirements or significant amount of evidence of acquired distinctiveness is required that can be prohibitively difficult to provide.

INTA suggests reviewing the non-traditional mark systems in China. Some specific points to suggest and questions our member have are:

- Can clarification be given with respect to “position” marks? Though “position” is not formally accepted as an independent type of non-traditional trademark in China, in practice, it is capable of functioning as trademarks directly connected with the product or service, and therefore should not be barred from registrability or precluded from protection, as evidenced by the Christian Louboutin case prosecuted in January 2020 and enforced in September 2022.
- Description requirements: trademark description, indicating how the mark will be used and is therefore of vital importance to determine the protective elements and protection scope of a non-traditional trademark, even when it is approved for registration, is not included in the publication or registration certificate, making it extremely problematic in subsequent enforcement actions or capacity to oppose or invalidate a registration on the same grounds as other trademarks.
- According to the Chinese Trademark Examination and Review Guidelines, if distinctive textual or graphical elements are combined with a three-dimensional trademark of relatively weak distinctiveness, the trademark will be classified as a common trademark rather than a three-dimensional trademark. However, the Guidelines do not currently provide clear criteria for the level of distinctiveness required for such a three-dimensional trademark. We would appreciate more clarification from CNIPA in this regard.

We would like to cite the position mark session of the Guidelines for Examination of European Union Trademarks for your consideration:

- According to the article 3(3)(d) EUTMIR, a position mark is a trademark consisting of the specific way in which the mark is placed on or affixed to the goods. An appropriate identification of the position of the mark and its size or proportion with respect to the relevant goods (mandatory). A visual disclaimer of those elements that are not intended to form part of the subject matter of the registration (mandatory). The EUTMIR gives preference to broken or dotted lines.
- A description explaining how the sign is affixed to the goods (optional). The representation should by itself clearly define the position of the mark as well as its size or proportion with respect to the goods. Therefore, according to Article 3(2) EUTMIR, the description may only serve explanatory purposes; it cannot serve to substitute visual disclaimers.
- An objection under Article 7(1)(a) EUTMIR may be raised for those goods on which the positioning of the mark is unclear. For example, if a position mark is applied for in respect of clothing, footwear and headgear, but the representation identifies the position of the mark on footwear only, an objection should be raised for clothing and headgear.

2) COUNTERFEITING AND ENFORCEMENT ISSUES

INTA welcomes the new clauses tackling counterfeiting related issues, introduced with the revision of the PRC Criminal Code, which came into effect on 1 March 2021. It’s encouraging that the maximum penalty for trademark counterfeiting, selling counterfeit goods, making, and selling trademark labels, copyright infringement and trade secret infringement has been increased from seven years to ten years. The new revisions also clarified that counterfeiting can also apply to service marks.

Clarification in “illegal gain/profit” is lacking.

Although the Criminal Code sends a strong signal on China’s prioritization of cracking down on IP crimes, we would like more clarity with respect to the threshold for selling counterfeit goods under Article 214 of the Criminal Code, in particular the change from “sales amount” to “illegal gain” for calculation of the criminal threshold. It would be concerning if the threshold was calculated based on the “illegal gain/profits” made from selling counterfeit products, making it extremely difficult for brand owners and authorities to pursue criminal actions against relevant offenders, as the sellers of counterfeit goods may likely be incentivized to doctor their accounting to keep their “illegal gain/profits” as low as possible to avoid criminal liability. INTA would recommend adjusting the criminal threshold to be calculated based on the volume and/or value of the counterfeit goods that have already been sold or have been acquired for the purpose of selling. Meanwhile, we believe further clarification is required with respect to the definition and scope of “illegal gain/profits” to ensure a

consistent interpretation is adopted across China.

The criminal threshold for counterfeiting cases remains too high.

INTA appreciates that the criminal threshold for trade secrets infringement has been lowered following the revised Criminal Code and the Judicial Interpretation III, however INTA notes that the criminal threshold set for other IP rights remains rigid, therefore having a continued negative impact on IP enforcement. This issue continues as there is no change to such thresholds: the sales value of counterfeit goods must reach RMB 50,000 (about USD 7,000), or the inventory value be more than RMB 150,000 (about USD 21,000) to be considered a crime. This results in significant differences between criminal and administrative penalties for counterfeiting. Many counterfeiters, especially in the most sophisticated operations, are now careful to reduce the amount of counterfeit inventory to avoid these criminal sanctions.

Therefore, we restate our previous suggestion that the criminal threshold for counterfeiting cases be lowered so that sellers and producers of counterfeit goods are effectively prosecuted under the criminal provisions of the law. Moreover, in order to take counterfeiters' sophistication into consideration in avoiding the higher fines, the claimant should be allowed to present alternative evidence on the business operations and process of the infringer.

Efforts to ensure consistent IPR enforcement should continue.

INTA recognizes that effective administrative enforcement efforts have been made and the rate of recidivism appears to be decreasing. Accordingly, INTA commends the Chinese national administrative authorities for their actions and encourages continuation of their enforcement efforts.

INTA welcomes the updates to China's regulatory regime facilitating the coordination between administrative and criminal enforcement authorities following the SAMR's Provisions on Administrative to Criminal IP Case Coordination, where it clarifies the criteria of "a reasonable suspicion of a criminal case" on the transferring of administrative IP cases to criminal authorities.

However, we believe further clarifications are needed on the following aspects:

- 1) The indication of case facts and collection of evidence required; and
- 2) The deadline to assess if the case can be qualified as criminal.

Furthermore, several INTA members have expressed concerns in terms of the practical difficulties in enforcing against fake retail stores across China, those imitating the legitimate rights owner's stores. INTA appreciates the recent amendment of the Criminal Code that has extended the criminal sanction against the crime of counterfeiting registered trademarks to 'service marks,' however this still appears to be a new area lacking comprehensive guidance. In this regard, INTA looks forward to proactive approaches and bold enforcement actions to be taken by local authorities to send stronger deterrent message to infringers and to create a safer environment for Chinese consumers.

Improvement can be achieved where administrative enforcement is concerned and we encourage a collaborative dialogue between the industry and enforcement authorities, notably through promoting a more effective information sharing mechanism to ensure the consistency of IPR enforcement across China. Specifically, encouraging more local Public Security Bureaus and Customs officials to pursue criminal cases collectively would be one suggestion.

Collaboration for Enhanced Enforcement Against Shell Companies

Shell companies, often created with the sole intention of engaging in illicit activities and counterfeiting and designed to evade detection and penalties from customs and other enforcement authorities have been a persistent challenge. INTA believes that through coordinated action as well as the sharing of intelligence among various law enforcement agencies and brand owners, we can significantly enhance our efforts to combat this issue effectively.

To this end, INTA suggests establishing a dedicated task force comprising representatives from SAMR, GACC and MPS, to work cohesively to develop a comprehensive plan to identify, investigate, and take appropriate action against shell companies. Proposed actions include:

1. Information Sharing: To facilitate the exchange of relevant information and intelligence among participating agencies and relevant stakeholders including brand owners, to identify potential shell companies and their unlawful activities.
2. Joint Investigations: To coordinate efforts for in-depth investigations into suspected shell companies, related parties and their networks so as to crack down on their operations.
3. Enhanced Surveillance: To adopt advanced technology to monitor and track suspicious financial transactions and activities of shell companies back to production sources.
4. Public Awareness: To launch public awareness campaigns to educate businesses and individuals about the risks associated with shell companies and the importance of due diligence.

Well-known trademark recognition through AMR channel

In addition to judicial recognition of well-known trademark status in civil litigation, Article 14 of the Trademark Law of China empowers the Administration of Market Regulation (AMR) to ascertain a well-known trademark in the course of solving trademark infringement disputes based on the needs of handling the case.

Due to the increasing sophistication of infringers, it is not uncommon to find malicious use of a well-known trademark in dissimilar goods to free ride the brand owner's good commercial reputation to make profit. Brand owners are often discouraged to choose civil litigation due to considerations of high financial commitments and long time periods to conclude proceedings and seek resolution of such disputes. AMR recognition of a well-known trademark to decide on trademark infringement can be a more efficient channel. However, few brand owners have been successful in the attempt to protect their well-known trademark. This situation seems to be due to the following reasons:

- 1) A trademark infringement complaint is usually submitted first to a local level AMR (district or county level) which has limited experience in handling complex trademark disputes. Lower-level officials tend to be more conservative towards challenging and/or non-straightforward cases with concerns that the infringer may initiate appeal or file administrative lawsuit against the official. They may advise the brand owner to go directly to court for a final decision to solve such complex IP disputes.
- 2) If a complaint is accepted by a local AMR, the well-known trademark (WKTM) status has to be established before they can decide if the case constitutes trademark infringement. The procedure for recognizing the WKTM is for the local AMR (e.g. District AMR) to submit the application to its upper-level municipal AMR which will relay submitting to provincial AMR which will submit to SAMR for reviewing and making a decision. Even if the case has successfully filed with the SAMR, the efficiency in the communication and coordination within different departments of SAMR is also a concern. This is because the trademark infringement complaints are made to the law enforcement department of the AMR (formerly the AIC) up to the Inspection Bureau of the SAMR, while it is the CNIPA under the SAMR that will review and decide on WKTM status. There is no transparency in the timeline of each stage, nor any official channel for brand owners to receive updates about the progress of a case and if more information can or should be submitted.

Recommendations:

- 1) As administrative protection of trademarks is in parallel to judicial resolution in China, it is very important that the enforcement authorities at all levels be trained up to be capable of handling complex IP infringement cases including those of WKTM infringement. Judicial experiences and precedents can be referred to by AMR officials although China is not a case law legal system so that more cases can be solved in a timely and cost-efficient manner as well as alleviate the burden of the court.
- 2) Brand owners may offer to support the AMRs in possible appeals or administrative litigations initiated by the infringers who disagree with the Punishment Decision issued by the AMR. This is to give the AMR confidence in handling a complex WKTM case and remove their

concerns of the legal challenges.

- 3) SAMR to provide guidance as to the procedures and timeline of WKTM reviewing and decision-making and specify evidence requirements so that AMRs at all levels can manage the process of a WKTM infringement case consistently and brand owners can manage their expectations.

Online counterfeiting

INTA appreciates that several updates to China's legal measures addressing online counterfeiting, including the *Supreme People's Court's Opinion on the Trial of Intellectual Property Disputes Involving E-Commerce Platforms and Reply on the Application of Laws in Disputes related to Online IP Infringement* in July 2020, and the SAMR's e-commerce Law in 2021. These documents have provided useful guidance to bridge the gap of the E-commerce Law and help balance out the rights and responsibilities among online sellers, platforms, legitimate rights owners, and consumers as a whole in the notice and takedown procedures.

However, we believe further clarifications are needed on the following aspects:

- The time period that an e-commerce platform has to take action after notification from a brand owner has been submitted to ensure it is dealt with in a timely manner;
- The lack of a mechanism to allow the IPR holder to respond, nor for the e-commerce platform to deny the request to relist, even where this information is clearly false, and
- The deadline for IPR holders to respond to a counternotification by initiating a lawsuit or administrative action being extended to 20 days, as this requirement continues to operate in favor of infringers rather than IPR owners. Under this system, an IPR owner would be required to pursue on its own or through administrative channels listings which advertise one or two infringing products in order to prevent relisting.

We continue to urge that subsequent regulations implementing the e-commerce law reflect the current status quo to (1) give platforms discretion to evaluate and reject seller appeals when appropriate, and (2) maintain the enforcement action until the matter is resolved by a court or arbitration body, with IPR holders bearing costs/damages if the court finds the takedown was not made in good faith.

Additionally, INTA notes that it is difficult for brand owners and enforcement authorities to obtain accurate information on the identity of online counterfeiters, which operate under multiple, seemingly unrelated accounts, from the major e-commerce platforms. This has an impact both on online enforcement and possible online-to-offline enforcement actions. Thus, we restate our position to insert a provision enabling IP owners to obtain identity information from ISPs, registrars, and e-commerce websites upon proving (1) the existence of an IP right and (2) the prima facie infringement of that IP right by the web shop exploiter in question, and we hope that it would effectively address these concerns.

Unauthorized use of the decoration of goods that are influential

Where trademark, copyright and design patent protection are out of the question against imitation of design of other's products, article 6 of the current Anti-Unfair Competition Law prescribes that the act of unauthorized use of the decoration of goods which are influential that may cause confusion can constitute unfair competition.

The burden of proof on the right owner to establish "*good which are influential*" was lowered in the 2019 version of the Anti-Unfair competition Law than the previous requirement of "*goods which are well-known*". With this threshold being lowered, the AMR no longer find this evidence so difficult to prove by requesting right owners to provide evidence of its products having certain degree of reputation in the market. However, the "confusion" factor is disputable, and it is not simple for right owners to convince the AMR officials to move forward.

In practice, there are inconsistencies in the AMR system in handling such cases. Major challenges identified are:

1. Can the design/shape of a product itself be deemed as decoration in the sense of unfair competition? For example, the overall design/shape of a shoe was deemed by some AMRs as decoration, but not by other AMRs.
2. As effective judicial judgement is final and authoritative, IP owners often refer such judgments to AMRs for cases that are of the same or similar situations to support their own claim of infringement. Some AMRs are more willing to accept this supporting documentation and follow the reasoning of the judgments and therefore accept the case as unfair competition. However, other AMRs have asserted that China is not a case law country and that they make their own decisions. In such cases these AMRs are not usually supportive of the right owner's claim.
3. Regarding the confusion factor, the law only requests proof of the possibility of confusion, not actual confusion. Currently AMRs tend to request the right's owner to provide evidence of actual confusion caused so that unfair competition is directly established. However, evidence of actual confusion is very hard to obtain and places additional unnecessary burden on the right's owner.

Recommendations:

1. AMRs at all levels to continue the education and training to enhance their capability of handling complex IP cases. AMR would also benefit from the exchange of views with right owners by joining meetings, events and dialogues organized by INTA.
2. In handling Anti-Unfair Competition Law cases, the AMRs should use greater discretion to decide on the possibility of confusion based on the evidence provided. If more explanation is required, the right owner can provide AMRs with additional reasoning without the need to provide data of real confusion caused to consumers which is a lengthy, expensive and complex process.
3. SAMR to issue relevant regulation as to dispel the concerns of local AMRs and/or officials that being having appeals or litigation filed is not an indication of poor performance. This would empower AMRs to be more open to different opinions and fair in handling complex IP disputes.

Enforcement by courts should continue improving.

Specialized IP courts have been set up in Beijing, Shanghai, Guangzhou, and Hainan. Twenty-nine Specialized IP Tribunals have also been established. Furthermore, each of these courts/tribunals requires that their judges must have significant IP experience. This is a positive development greatly welcomed by INTA, as is the creation of the new Internet Courts in Hangzhou, Beijing, and Guangzhou and new Internet Tribunal in Huqiu (Suzhou) with exclusively virtual procedures for IPR cases related to the internet.

Courts should continue to be supported in their efforts to successfully address IP infringements and enforcement. We welcome China's courts to advance a system of efficiency, quality, consistency, and cost-effectiveness of decisions of disputed trademark matters through measures such as frequent and consistent professional continuing education, training and capacity building for judges, including participation in international conferences such as the INTA Annual Meeting, frequent research on emerging and contentious issues in partnership with industry and other stakeholders, exploring the advantages of a unified appeal court dealing with trademark-related cases, or broader adoption of case precedence and adherence to guiding or leading cases.

We appreciate several updates to China's legal measures addressing punitive damages awards, introduced officially with the amendment of Civil Code and stipulation in Patent Law and Copyright Law respectively, and further clarified in the *Judicial Interpretation on the Application of Punitive Damage Awards in the Adjudication of Civil IP Infringements* issued by the Supreme People's Court. A number of cases decided by Chinese courts in 2023 have granted plaintiffs punitive damages awards, some at million US dollar level. These are welcoming trends to the brand owners and IP practitioners globally, and we are also seeing a clear increase in cases where the courts awarded

damages close to or equivalent to the maximum amount allowed by law.

We are happy to see that the Supreme People's Court will start hearing more retrial cases. This is especially important for the many cases filed with the Beijing Intellectual Property Court (first instance) following decisions made by CNIPA. These judgments are then subject to appeal before the Beijing High Court (second instance), and then, to the SPC for retrial. In addition, it is worth paying attention to whether and how the SPC will use its ex officio power to retry the case where the SPC finds there is an error in a civil or administrative judgment or ruling of a local people's courts at any level to harmonize the application of the law.

Moreover, China's accession to the *Convention Abolishing the Requirement of Legalization for Foreign Public Documents*, which greatly eases some of the difficulties encountered by foreign litigants in the submission of the documents concerning their identification and the Power of Attorney (POA) to their Chinese attorney, is welcome.

Enforcement by courts could be further improved in several areas. We emphasize recommendations included in INTA's previous submissions:

- IP courts should be less reluctant in issuing preliminary injunction orders and evidence/assets preservation orders. This could enhance the efficiency of the IP judicial system. We encourage review of the November 2020 INTA [Board Resolution](#) on Harmonization of Preliminary Injunctions Legislation and implement measures consistent with those enumerated therein
- The penalty against submission of false evidence in China is not very dissuasive. For civil litigation, fines, up to RMB 100,000 (approximately USD 14,000) against an individual and RMB 1 million (approximately USD 140,000) against a company may be imposed if it is proven that false evidence has been submitted. However, in an administrative litigation, such as where the revocation of a trademark based on non-use is at stake, the fines sanctioning the submission of false evidence of use is limited to RMB 10,000 (approximately USD 1,400).
- In China, the service of documents is performed by courts. When, as it often happens, the defendant cannot be found, or simply refuses to accept the documents, the court needs to go through several stages of procedure (including publication in the press) to ensure all measures are exhausted to inform the defendant. This can take months, which benefits the defendant, and more damage incurred on the plaintiff. Thus, streamlined procedure is necessary. It may involve considering the last registered address of the person/entity concerned as the only address on the official record in the service of documents.
- The transfer of case files from the first instance court to the appeal court can take several months or even years. This may exacerbate delays for cases involving foreign parties, due to the undefined trial period under the Civil Procedural Law.
- In accordance with the law, it is possible to file, with the criminal court, a claim for damages on IP infringements. We are pleased to see that more Chinese courts are now willing to consider such claims and making decisions incorporating civil claims into a criminal case. It would be more cost-efficient to implement such practice at a national wide level.

We encourage review of the November 2023 INTA [Board Resolution](#) on Monetary Relief for Trademark Violations and implement measures consistent with those enumerated therein. For INTA's policy advocacy submissions, see [here](#).

3) DESIGNS

The protection of Graphical User Interfaces (GUI)

INTA commends the significant advancement in China Design Patent Law, which now offers broader protection for GUI designs. This change, recognizing partial designs and protecting GUI designs themselves, aligns China's design patent practice more closely with other ID5 member countries. As result, INTA anticipates a surge in GUI design patent filings in China.

However, the scope of protection remains narrow and does not fully reflect current marketplace conditions. China Design Patent Law still requires GUI designs to be related to "human-machine

interaction“ for design patent protection. This limitation can hinder the registration of icons in a GUI that are merely patterns unrelated to human-machine interaction.

To streamline filing of GUI design patents in China, INTA recommends further easing certain formality requirements. Specifically, INTA proposes eliminating the requirement for GUI designs to be related to human-machine interaction and the need to briefly describe the characteristic features of the design. These requirements can unnecessarily restrict the scope of design patent protection and impose an additional burden, even for users of the Hague filing system.

Shorten examination period

Generally, it takes around six to eight months for the CNIPA to review patent applications for designs, for merely formal examination rather than substantively. Months of waiting is time-consuming for those industries updating their designs on a regular basis, such as the clothing industry and furniture industry, and is making it difficult to seek legal protection timely based on patent rights. We believe it will benefit users of the design system in China if the examination period is shortened, or if the CNIPA can establish a white list for prior art examination for those specific industries. INTA continues to recommend guidelines on the process and basis for prior art examination be introduced in order to increase clarity, consistency and legal certainty.

Grace Period

Pursuant to Article 24 of PRC Patent Law, a design application will not lose its novelty if it is filed with CNIPA within six months of first disclosure of the design only under four prescribed circumstances: (1) during a national emergency/extraordinary situation for the public interest; (2) exhibited at an international exhibition held or recognized by China government; (3) at a prescribed academic or technological conference; or (4) by others without authorization for the design's owner. Circumstance (1) above is newly introduced under the revised Patent Law.

Grace periods during the design registration process protect independent inventors, SMEs, and large companies in a whole range of fact patterns where disclosures occur before an application is filed. Having a grace period prevents inadvertent forfeiture of rights for creators and therefore prevents third parties from making knockoff products without immunity. Most countries around the world have instituted grace periods for these reasons, including all other four members of the ID5 (the US, Japan, Korea, and the EUIPO). In accordance with Chinese law, grace period in China is limited to very few situations, notably, international exhibition and academic conferences recognized by CNIPA. In addition, the six-month gap between international practice and Chinese law results in many designs (which enjoy the grace period in other jurisdictions) not being registerable in China. INTA continues to strongly advocate for the introduction of a general twelve-month grace period, applicable to all situations, allowing registration of a design within twelve months of an initial use or disclosure of the design by the proprietor or by a third party based on information obtained from the proprietor. The extension of the grace period to twelve months without limitation to the specific circumstances set out in Article 24 of PRC Patent Law may also mitigate the effect of the lack of unregistered design protection in China.

Allowing multiple designs application

Pursuant to the unity requirement provided in Article 31 of PRC Patent Law, a single design application shall only contain one design, with the exceptions of (i) the similar designs of one product, or (ii) designs for products of the same class and sold/used in sets. Article 35 of Implementing Regulations of PRC Patent Law further imposes that exception (i) mentioned above is up to ten similar designs in one application and clarifies that the “same class” stipulated in exception (ii) refers to the main class (i.e., Classes 1-32) and the designs are customarily sold or used at the same time and of the same design concept. The difference between international practice and China often results in international applicants being required to amend the application in China or file divisional applications to overcome the unity issue.

INTA supports applications for multiple designs to be included in a single application. The general interest in design protection has been exponentially growing over the years. Therefore, access to design protection should be facilitated, especially for SMEs and multiple design applications are beneficial,

particularly, in terms of cost/benefit. In view of the aforesaid, INTA considers that substantial cost and administrative savings can be gained for users through the filing of multiple designs in a single application (“multiple application”) and therefore recommends that Intellectual Property (IP) Offices allow the filing of such multiple applications even if the designs will be individually examined and granted. This has the potential to decrease the administrative burden and costs for applicants, such as the ability to file a single Power of Attorney or Assignment of all designs in the same application. INTA further recommends that IP Offices not require that the designs within a multiple application need to be in the same Locarno class.

Considering more rights conferred by a registered design

According to Article 19(1) of the CDR, a registered community design confers on its holder the exclusive right to use, which covers making, offering, putting on the market, importing, exporting, or using of a design product. However, in China, infringing acts only expressly include the acts of making, offering for sale, selling and importing as set out in Article 11 of PRC Patent Law. It appears that not including “using” for design infringement is designed to balance public interests, and the protection of “making” and “selling”, etc. is considered sufficient for designs.

Thus, a third party who merely uses a product protected by a registered design, without a license, cannot be sued for direct infringement in China. This is different from other jurisdictions, including the EU and the US. INTA encourages the CNIPA to consider amending the Chinese patent law to also restrict use of a registered design by an unauthorized third party.

Clarity on bad faith application

Article 20 of the new PRC Patent Law introduces the principle of good faith in respect of the application and enforcement of design rights in China in response to the prevailing abusive applications in China.

Although the language of Article 20 may be broadly defined, the *Draft Implementing Regulations of Patent Law (2020)*, *CNIPA’s Measures for Regulating Patent Application Activities (2021)* and *Identification of Abnormal Patent Application Behaviors and Post-identification Sanction Guidelines (2023)* have respectively more specifically spelled out the circumstances in which bad faith may be considered under the Chinese law. In parallel with such legislative measures, it is equally important to avoid inadvertently harming legitimate rights holders by illegal bad faith practices.

Administrative injunctions against design infringements should be introduced at national level

Administrative enforcement against patent infringement is relatively fast but not fast enough especially online. In June 2021 the Shenzhen Administration for Market Regulation (Shenzhen AMR) issued the first-ever provisions on administrative injunctions against design infringements, including online infringements. It was a revolutionary provision, meaning without the need to prove irreparable damage, rights holder may seek quick relief by simply filing an administrative complaint. According to the provision, within twenty-four hours from the filing of the complaint by the rights holder infringement will be stopped, which provides an effective remedy for design infringement in China. Following in the footsteps of Shenzhen AMR, other cities and provinces have made similar regulatory efforts, for instance the Hainan Free Trade Port “*Regulations on the Protection of Intellectual Property Rights (2022)*” and “*Shantou Special Economic Zone Regulations on Intellectual Property Protection (2022)*”.

We believe such crucial reforms are useful and should be taken up at a higher national level to ensure consistent implementation nationwide. Such efforts will also supplement takedown measures by platforms, especially in contentious proceeding.

Appendix II

Referenced Sources

- [CHINA: Court Protects Foreign GIs for the First Time](#)
- [CHINA Accession to Apostille Convention](#)
- [CHINA Guangzhou Court Makes Landmark Decision on AIGC Copyright Infringement](#)
- [How China Hopes New Amendment Will Modernize Trademark Law](#)
- [CHINA Shanghai IP Court Affirms OEM Production Does Not Infringe Domestic Trademark Rights](#)
- [CHINA Supreme Court Sets Obligations for Advertisers and Broadcasters](#)
- [CHINA Interim Provisions on Anti-Unfair Competition on the Internet Implemented](#)
- [CHINA Court Favors Color Mark Owner in Unfair Competition Litigation](#)
- [HONG KONG SAR, CHINA: Companies Registry Clamps Down on Unauthorized Use of DeepSeek Name](#)
- [CHINA Beijing High Court Affirms Renown of BMW's MINI Trademark](#)



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