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China's Newly Revised Anti-Unfair Competition Law: Expansion of Confusion Provisions and Clarification of Long-Arm Jurisdiction

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On June 27, 2025, the Standing Committee of the National People's Congress of China adopted the revised Anti-Unfair Competition Law (AUCL), which will come into effect on October 15, 2025.

The previous amendment of the AUCL had been promulgated in 2019 and two revision drafts had been issued, in 2022 and 2024.

The law finally expands from 33 articles in the previous version to 41 articles.

Some of the newly added articles aim to address the growing phenomenon of self-harming practices between competitors (who engage in price war and offer such extended payment conditions that end up hurting both). In addition, the Law prohibits platforms from imposing oppressive low-price competition (such as coercive "either-or choice" tactics that compel businesses to deal exclusively with a single platform) and bans large enterprises from abusing their relatively dominant positions to squeeze small and medium-sized enterprises (through unreasonable price suppression or delayed payments). Additionally, the special "internet provisions" now include two new prohibitions: one against data scraping, and another against the abuse of platform rules (like posting fake reviews, filing baseless or malicious complaint).

Confusion Practices

But the most closely watched provision is Article 6, re-numbered Article 7, which provides: "Business operators shall not engage in the following confusing practices that may mislead others to believe that their goods are associated with another party..."

The list of such confusing practices is significantly expanded.

- Protection of online interests: In line with the development of the digital economy, the law now explicitly protects "online names, social media and other new media account names, APP names or icons" that have a certain influence.
- Trade names: the prohibition extends to unauthorized use of others' registered trademarks or unregistered well-known trademarks as trade name;
- Search Keywords: It is prohibited to use the product names, company names (including abbreviations, trade names, and so forth), registered trademarks, or unregistered well-known trademarks of others, as search keywords, to create false associations.

This point concerning search keywords corresponds not only to the "explicit" use (the infringing sign appears in the search results or pages), but also to the "implicit" use where the keyword does not appear in the search results but simply brings on the same page, next to the owner of the protected name, featuring the name of the person who set the keyword.

This "implicit" use has been at the center of academic debate and various contradictory court decisions. The issue was finally settled by a judgment of the Supreme People's Court (Hailliang case 2022), on the basis of Article 2 of the 2019 version of AUCL, which provides the principle of good faith. The court found that the defendant intentionally leveraged the goodwill of another by setting keywords related to the competitor's well-known trademarks or business names, diverting traffic that was supposed to be directed to the competitor, to its own site. This not only directly harmed the competitor's interests and disrupted the normal internet competition order but also damaged consumer interests and public welfare, violating the good faith principle and business

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[Media Center > Insights > IP General](#)

ethics enshrined in Article 2. The case was selected by the Supreme Court as one of the 50 typical cases of 2022.

The new Article 7 further provides that assisting others in engaging in acts that cause confusion is also prohibited.

Introduction of China's Long-Arm Jurisdiction Clause (Article 40)

The revised law introduces Article 40, which provides that where unfair competition acts occur outside China but disrupt market competition order within China or damage the legitimate rights and interests of domestic operators or even consumers, Chinese courts may exercise jurisdiction under the Anti-Unfair Competition Law.

This clause is widely regarded as China's version of a long-arm jurisdiction provision and also serves to codify existing judicial practice: in 2021 the Supreme Court (with parties names undisclosed) ruled that, when overseas unfair competition causes harm to parties within China, and such conduct disrupts the competitive order of the Chinese market, that disruptive effect in China can be treated as the jurisdictional connecting factor in litigation.

The 2022 draft

It is somewhat regrettable that several provisions that were well received by rights holders in the first draft released on November 22, 2022, did not make it to the next drafts and the final law. These include:

- Broadening the restriction against unauthorized use of a company name that has a certain influence to include "similar names" (Draft Article 7.1.2).
- Extending the scope of punitive damages (up to five times the amount of damages) from the intentional violation of trade secrets, to all types of unfair competition acts provided in the law;
- Extending the scope of statutory damages (up to 5 Million CNY when the prejudice is difficult to prove) which were limited to confusion acts and trade secrets violations to all unfair competition acts provided in the law (Draft Article 27).
- Authorizing administrative enforcement agencies to confiscate illegal gains and means of production used in confusion acts (Draft Article 28).
- Empowering administrative authorities to pursue unfair competition acts that violate the good faith principle under Article 2 (Draft Article 37).