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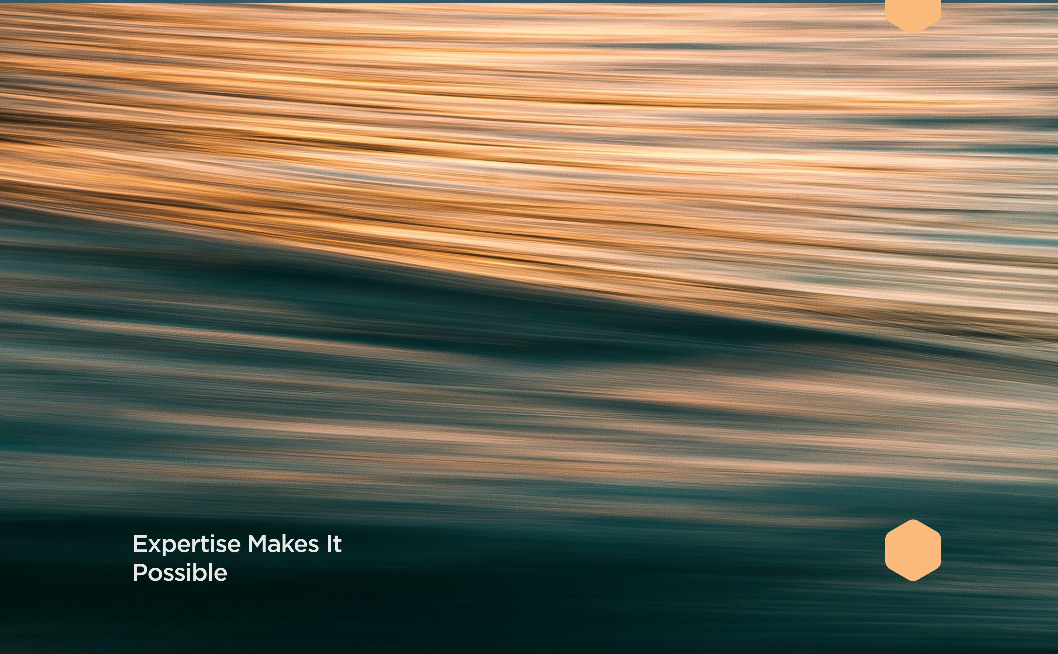
INTELLECTUAL PROPERTY

PROTECT YOUR TRADEMARKS IN CHINA



Expertise Makes It Possible

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Wanhuida Intellectual Property is a leading IP service provider in China. It has two main legal entities, Wanhuida IP Agency and Wanhuida Law Firm, with offices covering major IP hubs in China.

Wanhuida is now home to some 500 employees working exclusively in the field of intellectual property. It has some 50 partners, 120 lawyers specialised in IP litigation and enforcement work, 160 trademark attorneys, 80 patent attorneys and 80 other professionals, including investigators and supporting staff. Many of them are recognised leaders in their respective fields. They come from a broad range of backgrounds, having worked in private practice, as in-house counsel or in government services in courts, police departments or administrative agencies.

The firm's professionals have broad and in-depth experience. Over the years, they have cumulatively litigated thousands of IP cases in courts all over China, prosecuted tens of thousands of patent applications and filed hundreds of thousands of trademark registrations. Many of the cases are first of their kind. They are recognised by industries, courts and administrative agencies as exemplary cases for their legal significance.

Wanhuida understands the law and its context through years of study and practice. It actively participates in the development of the legal framework. Since its creation, the firm has thus been closely associated with the legislative progress of Chinese IP laws and regulations. It continues to play an active role in the improvement of the Chinese legal and regulatory environment. Its practitioners are involved in the processes for revising the trademark law, patent law, copyright law, anti-unfair competition law and relevant judicial interpretations through the submission of comments to draft laws and organising platforms for discussion and communicating with authorities responsible for policy development.

The firm’s active involvement in policy and law development enables it to stay abreast of how the laws are shaping up and gives its professionals insights that can be critical to protecting its clients' interests. The firm also keeps its finger on the pulse of legal practice changes through the thousands of cases it handles before the courts and administrative agencies.

This mix of legal expertise and result-oriented practical approach has been critical to the firm’s past success and remains a key feature as it launches into the future.

Protect Your Trademarks in China

CHAPTER 1

Protection of trademark right

Beijing IP Court finds no bad faith in defensive trademark registration

Paul RANJARD & JIANG Nan,
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- IMEIK's application for 嗨体御肌 was rejected ex officio on the ground that IMEIK had filed a large amount of applications within a short period of time
- The court disagreed, finding that the contested trademark could be considered as an extension of IMEIK's existing 嗨体 mark
- A large number of trademarks applications shall not be treated automatically as a case of "bad-faith filing without intention to use"

In a recently surfaced administrative decision, the Beijing Intellectual Property Court has sided with the applicant for a defensive trademark, finding no foul play in the applicant’s conduct. Rendered on

26 December 2022, the decision considered whether the defensive trademark registration constituted a bad-faith application for a trademark that was not intended for use, which is banned by Article 4 of the 2019 China Trademark Law.

Background

On 21 July 2021 IMEIK Technology Development Co Ltd filed an application for the trademark 嗨体御肌 in Class 5. The application designated pharmaceutical preparations, medical fillers and injectable dermal fillers, among others. The examiner rejected the trademark application ex officio on the ground that IMEIK had filed applications for a significant amount of trademarks within a short period of time, and that the application at issue constituted a case of "application filed in bad faith without intention to use", in violation of Article 4.1 of the Trademark Law. The refusal decision was upheld in the ensuing review on 23 May 2022.

IMEIK initiated administrative proceedings before the Beijing Intellectual Property Court on 20 September 2022.

Court decision

The court ascertained that IMEIK had been using the trademark 嗨体 on its dermal filler product named "sodium hyaluronate composite solution for injection". Such use had generated a certain influence in the aesthetic medicine industry. The contested trademark 嗨体御肌 consisted of ' 嗨

体 ' and ' 御肌 ', with the latter being a common descriptive term in the relevant industry. The court thus found that the contested trademark could be considered as an extension or a variant of IMEIK's existing 嗨体 trademark. The fact that IMEIK had applied for the registration of a total of 531 trademarks for various goods and services did not suffice to prove that the contested trademark had been filed in bad faith.

The court repealed the review decision and ordered the China National Intellectual Property Administration to remake its decision. The CNIPA complied and the decision came into force. The contested trademark was published on 6 March 2023 and was approved for registration on 7 June 2023.

Comment

This decision indicates that, for the court, the purpose of IMEIK's application was to widen the scope of protection of its basic trademark. Such additional trademarks, sometimes called ‘defensive trademarks’, serve a purpose which is not illegitimate.

Since 2008 the number of trademark filings in China had been on an upward trajectory, increasing over twelvefold - with the number peaking at 9.45 million in 2021. This was largely due to the practice of ‘trademark hoarding’ - that is, filing a large number of trademarks for the sole purpose of using them in litigation and/or reselling them to a third party. Although the figure dipped to 7.52 million in 2022, the phenomenon of trademark hoarding remains a major problem. This trend prompted the CNIPA to adopt an extremely restrictive policy with regard to trademark examination, which resulted in a sharp rise in the refusal rate (excluding partial refusals). From 25.9% in 2020, the refusal rate rose up to 33.6% in 2022. Defensive trademarks, as defined above, unfortunately ended up being collateral damage in the campaign against bad-faith trademark filings.

The decision should thus be welcome as it seemingly affirms that a large number of trademarks filings shall not be treated automatically as a case of "bad-faith filing without intention to use". It seems that some space is left for stakeholders to file trademarks for the purpose of extending the protection of their existing business. In the meantime, brand owners are advised to keep a close watch on whether the decision will usher in any favourable changes to the existing examination practice.

Heidelberg Materials AG successfully obtains registration of HEIDELBERG MATERIALS

YANG Mingming,
first published by WTR

- Registering a mark with a geographical name component may be quite challenging in China
- A letter of consent from a municipal government may serve as an official endorsement that such a mark can perform its source-identifying function
- Following an initial refusal, the CNIPA approved Heidelberg Materials AG's territorial extension application

Background

Established in 1873, Heidelberg Materials AG, which is headquartered in Heidelberg, Germany, is one of the world's most renowned and influential building materials manufacturers. As an industry leader, the company provides essential building materials, such as cement, aggregates, ready-mixed concrete and asphalt, operating in over 50 countries worldwide.

On 30 March 2023 Heidelberg Materials AG filed for an international registration for its house mark, depicted below, in Classes 39 and 40, with territorial extension to China:

On 4 August 2023 the China National Intellectual Property Administration (CNIPA) rejected the application for all designated services based on the findings that:

1. ‘Heidelberg’, as a foreign geographical name well known to the public, shall not be used as a trademark; and
2. the mark is devoid of distinctiveness when used for the designated services.

Heidelberg Materials AG filed for review of the refusal, arguing, among other things, that:

- consent had been obtained from the Municipality of Heidelberg for the registration and use of the applied-for trademark; and
- the mark, as a whole, could be distinguished from the geographical name Heidelberg and function as a source identifier of services.

On 29 May 2024 the CNIPA approved the territorial extension application.

CNIPA Practice

Registering a trademark with a geographical name component may be quite challenging in China. In principle, geographical names are deemed to be inherently non-distinctive. Examiners often cite Article 10(2) of the Trademark Law to reject applications containing names of administrative divisions at or above county level or well-known foreign geographical names. If such marks are filed by applicants from locations other than those geographical names indicated in the trademark, they could be found misleading to the public, thus violating Article 10(1)(7) of the Trademark Law.

The prevalence of translation software and AI tools has also popularised foreign geographical names among the Chinese public, and the increasing awareness of such names is leading to more foreign geographical names being deemed well known in China.

The Supreme People's Court introduced, in its 2020 judicial interpretation, an exception that allows the registration of a trademark consisting of the geographical name of an administrative division at or above the county level or a well-known foreign geographical name and other elements, provided that the overall sign has a meaning distinct from the geographical name. The CNIPA further clarified in its 2021 Trademark Examination and Review Guidelines that "geographical names with other meanings" refer to those with a certain signification that outweighs the meaning as a geographical name and will not mislead the public.

However, in practice, the examination of marks with a geographical name component and other elements tends to be rigorous. Applicants seeking to register such marks will need to prove that their marks fall into any of the following scenarios:

1. the addition of other elements makes the overall mark distinctive;
2. the mark has formed a meaning stronger than that of the geographical name; or
3. the mark has no meaning and is not likely to be recognised as a geographical name.

In the present case, Heidelberg is a well-known city name in Germany, with its own entries in Chinese search engines and dictionaries. A search of the CNIPA database revealed that the CNIPA rejected the application for a trademark combining ‘Heidelberg’ with other words and a device filed by another applicant located in Heidelberg. The CNIPA reasoned that ‘Heidelberg’, as the distinctive part of the applied-for mark, referred to a well-known German city and thus constituted a well-known foreign geographical name that could not be used as a trademark. Given that the applied-for trademark constituted a mark prohibited from being used as a trademark, the applicant's use evidence could not serve as a basis for registration. Trademark rights are territorial, and the extraterritorial registrations for the applicant's mark could not establish its registrability in China.

Comment

Here, Heidelberg Materials AG was not only from Heidelberg, but had also obtained consent from the Municipality of Heidelberg for the registration and use of the applied-for trademark. A letter of consent from a city government, though not a mandatory document, may serve as an official endorsement that such a trademark, even in its place of origin, can perform its source-identifying function beyond the mere nomenclature of the geographical name. The success in the refusal review will help Heidelberg Materials AG deploy its house mark portfolio in China.

It is worth noting, however, that a letter of consent from a municipal government may not be a panacea for overcoming an ex officio refusal related to geographical names. The market fame of Heidelberg Materials in China and worldwide also played a significant role in the successful registration of the trademark. Applicants are therefore advised to tailor their filing strategy on a case-by-case basis.

INAO triumphs in invalidating copycat trademarks before Beijing IP Court

HUANG Mei,
first published by IAM

Precis: The Beijing IP Court's ruling to uphold the CNIPA's invalidation decision in an agricultural trademark dispute shows that the CNIPA and courts prioritise public interest and grant protection over signs that certify origin of high-quality products, regardless of whether or not they are registered in China.

Background

The Beijing IP Court has held up the China National IP Administration (CNIPA)'s decision to invalidate the marks of a Chinese agricultural company due to it piggybacking on the reputation of a French sign used to certify high-quality products.

The National Institute of Origin and Quality (INAO) is a public administrative institution in France and is responsible for the implementation of French policy on officially identifying the origin and quality of agricultural and food products, including protected designations of origin, the Label Rouge sign, geographical indications (GIs) and organic farming, among others.

Label Rouge ('Red Label' in English) is a national sign that refers to products that, due to their production or manufacturing processes, have a higher level of quality compared to other similar products. Label Rouge is open to all products regardless of their geographical origin (including outside the European Union), but they must meet the INAO's requirements defined in the specification to bear the sign.

In February 2011, Chinese company Nanjing New Concept Agriculture Technology (New Concept) filed for and obtained registration of the trademark 红标 ('Red Label' in Chinese), designating live animals and breeding poultry in Class 31. It then filed two more of the same marks in 2012 and 2016 in Class 29, designating "eggs" and "meat jellies; dried meat; sausages; ham; poultry, not live; meat; broth concentrates; broth". The marks were granted for registration in 2015 and 2018, respectively.

On 22 April 2022, the INAO brought invalidation proceedings against these marks before the CNIPA, citing Articles 4, 7, 10(1)(7) and 10(1)(8) of China's Trademark Law. It contended that Label Rouge, which has been used since 1965, enjoys a strong reputation in China. The disputed marks are identical to the Chinese translation of 'Label Rouge', and thus their registration and use would be likely to cause confusion among consumers as to the origin and quality of goods. Further, the INAO argued that bad faith could be established, as New Concept not only filed and registered a slew of trademarks incorporating the 'Label Rouge' or '红标' component but also deliberately included the French Label Rouge sign in its promotional materials, trying to piggyback on its reputation.

In 2023, the CNIPA invalidated the disputed marks based on the finding that Label Rouge is an official French sign used to certify the quality and origin of agricultural products. It ruled that the registration and use of the disputed mark 红标 is likely to create confusion or misidentification among consumers and therefore breaches Article 10(1)(7) of the Trademark Law.

Court decision

New Concept appealed before the Beijing IP Court. It denied bad faith and argued that the disputed marks' reputation was acquired through use and promotion over the years.

On 22 October 2024, the Beijing IP Court decided to maintain the CNIPA's decision. It ruled that:

- recorded evidence could prove that Label Rouge was known to the Chinese public before the application date of the marks;

- the disputed marks are similar to Label Rouge in terms of meaning; and
- their registration and use are likely to cause misidentification among the public, which violates Article 10(1)(7).

The case is now once again under appeal as New Concept has challenged this first-instance decision before the Beijing High Court.

Comment

Like foreign GIs, quality signs and their Chinese translations are used to identify the origin of high-quality agricultural and food products and should thus not be owned by private entities. This judgment highlights that institutions or organisations that control such signs can leverage Article 10(1)(7) to challenge copycat trademarks, even if the marks are registered and extensively used in China.

These cases are live examples that the CNIPA and courts prioritise public interest and grant protection over these signs, regardless of whether or not they are registered in China.

PARIS - DAKAR invalidates copycat mark “MARKMA DAKARA/T”

YANG Mingming & NIE Xiaoyan,
first published by Lexology

Background

The Dakar Rally, often referred to simply as “The Dakar,” stands as one of the most gruelling and legendary events in motorsport history. Held annually, the Dakar Rally is known for its extreme challenges and the rugged endurance required of both vehicles and competitors. The Dakar Rally was conceived by French motorcycle racer Thierry Sabine. The inaugural rally, known as the Paris-Dakar Rally, took place in 1978, starting in Paris, France, and ending in Dakar, Senegal.

On June 4, 2020, a Chinese company Guangzhou HAO ZAI LAI Tyre Co., Ltd. applied for the mark “**MarkMa DAKARA/T**” in Class 12, designating “motorized vehicle for terrestrial, aerial, subaqueous or railway use, tyres for motorized vehicle”, among others.

PARIS - DAKAR filed for opposition against the said mark citing its prior registration in the same class, only partially obstructed its registration. On January 21, 2022, the CNIPA decided to approve its registration on “aerial conveyors, tyre for delivery vehicle, auto tyre, repair outfits for inner tubes”, which the CNIPA deemed to be not conflicting with the opponent’s prior mark in class 12. The mark later proceeded to registration on the aforesaid goods, with the date of registration calculated retrospectively on February 7, 2021.

On November 4, 2022, PARIS - DAKAR filed an invalidation against the said mark, citing the client’s prior mark registered on class 41 designating services like “organiser of sports events”, among others.

CNIPA decision

On October 17, 2023, the invalidation request was upheld by the CNIPA for violating provisions of Articles 30 and 44 of the Trademark Law.

The CNIPA found that Articles 30 is applicable based on the below reasoning:

1. Evidence suffices to prove that the cited mark, which is highly original, had acquired certain reputation on "sporting events" prior to the application date of the disputed mark.
2. The disputed mark, which incorporates the main distinguishing word element “DAKAR” of the cited mark, is similar to the latter.

3. The designated goods (auto tyre) of the disputed mark in class 12 are closely associated with the services (sports and events) covered by the cited mark in class 41 in terms of service origin, usage scenario and target consumers.
4. As a player in auto tyre industry, the registrant of the disputed mark should have been aware of the cited mark, yet it registered the disputed mark and promoted tyre products for Dakar rally on various occasions, which attests its blatant bad faith.
5. The co-existence of the marks is likely to mislead the relevant public into believing that the goods and services originate from the same source or there is certain association between their sources, thus creating confusion and misidentification.

The CNIPA also affirmed that the registrant of the disputed mark copied and plagiarised the client's famous marks, which breaches the good faith principle and disrupts the trademark registration, use and administration order, thus falls under the scenario of "acquiring trademark registration by other unfair means" as prescribed in Article 44.

The CNIPA therefore ruled to invalidate the registration of the disputed mark on all the remaining goods.

This is great news for the client as the CNIPA, for the first time, affirmed that goods in class 12 are similar to the client's services in class 41. The holistic approach the CNIPA employed in finding trademark similarity in this case also aligns with the methodology elucidated by the Beijing High Court in the Guidelines for the Trial of Trademark Right Granting and Verification Cases.

DEL MONTE FOODS successfully blocks the registration of a seemingly dissimilar copycat mark

YANG Mingming & LI Chen,
first published by Lexology

Background

Del Monte Foods is a leading American food production and distribution company based in California. It is known for its popular brands like Del Monte, S&W, and Contadina. The company was founded in 1886, and the Del Monte brand was officially introduced in 1892. In 1916, the predecessor company, California Packing Corporation, also known as Calpak, which was formed through a merger of four large California canning companies, rebranded itself as Del Monte Corporation. The company began marketing its products under the Del Monte brand and expanded its operations to include canneries in various states and overseas.

On July 4, 2022, the opposed mark “ ” was filed by an obstinate trademark squatter called Quanzhou Qiandu Ecological Foods Ltd. (hereinafter referred to as Qiandu) in class 29, designating goods “canned fruit, canned fish, marinated olives, peanut butter, Auriculariales”, among others. Qiandu had repeatedly filed copycat trademarks mimicking the prior registered trademarks of Del Monte Foods and has been on the latter’s radar for years.

Qiandu used to register in class 30 (designating honey, soy sauce, ketchup and condiment) a combination mark “ ” (Qiandu CALPAK 1916 & device), which specifically incorporates the distinguishing device from the house mark of Del Monte Foods and the explicit reference to the latter’s predecessor company Calpak and the year of its rebranding. After the aforesaid trademark was invalidated, Qiandu changed its tactics and shifted away from filing strikingly similar copycat marks. By tweaking the shape of the device of the earlier copycat mark, adding some decorative elements and placing it against a green background, Qiandu created the opposed trademark , a seemingly dissimilar mark.

In the opposition proceeding, apart from identifying the similarities the opposed trademark share with the cited mark, Del Monte Foods also underscored the bad faith of the opposed party in imitating many other famous food brands like “ 四季宝 ” (Chinese equivalent of Skippy).

CNIPA decision

On September 15, 2023, the CNIPA upheld the opposition and disapproved the registration of the opposed mark. The CNIPA affirmed that:

1. The opposed mark is similar to the cited mark in terms of visual effect and design, and they constitute similar marks on designated goods that are partially similar to those of the cited mark, which is likely to cause confusion and misidentification among the consumers.
2. The opposed party has exhibited blatant bad faith in copying others' marks that have been used in prior and acquired certain reputation. In applying for the opposed mark, the opposed party intentionally duplicates, copies and imitates other's prior mark, which breaches the good faith principle, creates confusion over source of goods, prejudices fair competition in the market and contravenes the legislative spirit of the Trademark Law (banning the acquisition of trademark registration by fraudulent or other unfair means).

Comment

The outcome is quite inspiring.

Article 30 of the Trademark Law aims to prevent trademark confusion by banning the registration of a trademark that is identical with or similar to other's prior mark filed on or registered on identical or similar goods. The examiners adopted a holistic approach in ascertaining the likelihood of confusion (LOC). Other than the degree of similarity between marks, the examiners also weighed up the similarity of goods, the distinctiveness and reputation of the cited marks, and in particular whether the trademark applicant acted in bad faith in the LOC assessment.

As the CNIPA is taking a hardline and ratcheting up efforts against bad faith trademark filings and registrations, trademark squatters are adapting their tricks to game the system. They are employing all sorts of means to conceal and even whitewash their bad faith. Therefore, evidence collection pertaining to the filing record, trademark use status and other factors that may help establish bad faith on the adverse party should be high on the radar of brand owners.

Copyright v trademarks: Supreme People's Court offers guidance on assessing "substantial similarity" in administrative proceedings context

SUN Ruirui,
first published by WTR

- The proportion of the copyrighted work contained in a disputed mark has no bearing on the assessment of copyright infringement
- The exact reproduction of a copyrighted work inside a disputed mark is sufficient to establish copyright infringement
- "Substantial similarity" under the Copyright Law and "trademark similarity" under the Trademark Law should not be confused

Article 32 of the Trademark Law provides that a trademark should not infringe on another's prior rights, including copyright. Prior copyright owners may attack a trademark – applied for or registered – for dissimilar goods/service. To do so, they need to prove that:

1. the trademark applicant had access to the copyrighted work; and
2. the disputed mark is substantially similar to the claimed copyrighted work.

In some cases, the copyrighted work is only an element of the disputed mark, and the issue is therefore to determine whether the presence of the copyrighted work in the mark justifies an affirmation of infringement. In a recent case, the Supreme People's Court affirmed that the proportion of the copyrighted work contained in a disputed mark has no bearing on the assessment of copyright infringement.

Background

On 24 July 2019 Chinese company Heilongjiang Mangrove Animal Husbandry Ltd ('Mangrove') applied for the registration of the mark 耕 (and device), as shown below, in connection with fertilisers-related goods in Class 1. The trademark, which contains the Chinese character ' 耕 ' ('plough') and the silhouette of a farmer wearing a straw hat, holding a hoe and working on farmland, was registered on 21 March 2020.

The disputed mark

On 18 December 2020 an individual, Li Feng, president of a farmers' cooperative specialising in yam cultivation, filed a request for invalidation of the mark, citing his prior copyright entitled “good hoe” (shown below), which he had created on 11 March 2016. Li contended that the registration of the disputed mark violated Article 32 (prior rights).

The prior work

On 15 October 2021 the CNIPA rejected Li's application, holding that the image in the disputed trademark was not substantially similar to the copyrighted image in the sense of the Copyright Law.

Li brought administrative litigation proceedings before the Beijing IP court, which overturned the CNIPA’s decision, finding a substantial similarity between the disputed mark and the prior copyrighted work.

The CNIPA appealed to the Beijing High Court, which ruled in favour of the CNIPA on 28 February 2024. The appeal court reasoned that the prominently featured Chinese character ‘ 耕 ’ was the distinguishing part of the disputed trademark. In contrast to the more prominent overall visual effect of the circular contour and green farmland, the image of a farmer holding a hoe was very small and inconspicuous. Therefore, the disputed mark and the claimed prior work were distinctively different in terms of structure and layout, composition elements and overall effects. As a result, they were not substantially similar.

SPC decision

Li filed a retrial application before the Supreme People's Court. On 24 March 2025 the court revoked the decision of the Beijing High Court and confirmed the first-instance judgment:

1. The prior work, which featured the silhouette of a farmer wearing a straw hat, holding a hoe and working on farmland, was aesthetic and original, and thus constituted a work of fine art in the sense of the Copyright Law.
2. The disputed mark comprised a component that was almost identical to the graphic part of the prior work, making it substantially similar in the sense of the Copyright Law.
3. The prior copyrighted work had been registered on 22 July 2016 and made public prior to the application date of the disputed mark. Therefore, Mangrove had access to Li's copyrighted work before filing the disputed mark.
4. The proportion of the graphic element featuring a farmer holding a hoe in the disputed mark had no bearing on the assessment of copyright infringement.

Comment

It seems that the CNIPA and the appeal court confused "substantial similarity" in the context of the Copyright Law with "trademark similarity" in the context of the Trademark Law. Substantial similarity between two conflicting works is to be strictly assessed by a detailed comparison of the works, while trademark similarity is based on the assessment of the likelihood of confusion, which is a much more flexible method of comparison. In the present case, the Supreme People's Court was satisfied that the exact reproduction of the copyrighted work inside the disputed trademark was sufficient to establish copyright infringement; in contrast, from a trademark comparison point of view (with the likelihood of confusion in mind), the outcome could have been different.

Other cases illustrate the difference between substantial similarity and risk of confusion. In Cars v The Autobots (2017), the infringers raised the defence that the poster at issue would not cause confusion among consumers, owing to other distinguishable elements used in the promotion of the movie. The Shanghai IP Court found the defence without merit and, focusing on the substantial similarities of the cartoon images, affirmed copyright infringement.

	
Prior work	Infringing work

Chinese courts continue to butt heads over trademark use for establishing infringement

ZHANG Shuhua & Paul RANJARD,
first published by IAM

Precis: Commercial use of fake goods is an issue that lacks clear guidance in Chinese jurisprudence. As courts continue to hand down conflicting decisions, it is crucial to examine Articles 48 and 57 of the Trademark Law – especially as brand-new judgments come to light.

In September 2024, the China Trademark Association published a list of landmark trademark cases – administrative and judicial – from 1994 to present. The latest case on this list is an administrative penalty decision made by the Shanghai Administration for Market Regulation (SAMR) on a local car-rental company. The SAMR found that this organisation had replaced the rented cars' original logos with that of

Rolls Royce and was advertising them as luxury vehicles to be used for weddings. The administration held that such commercial use constituted trademark infringement as provided by Article 57(7) of the Trademark Law, namely "causing other damage to the registered trademark of others".

Prior to this, commercial use of fake goods (eg, rental of fake goods for profit or installing fake goods in business facilities) had been found occasionally, but trademark owners rarely pursued it legally due to lack of clear guidance as to whether such commercial use would be actionable. There are very few judicial precedents on this issue and academic study of it is scarce. However, case law reveals that a second-instance civil judgment from 2017 discussed this issue in depth (JI MIN ZHONG No 281, 2017). The two courts held very different views on the definition of 'trademark use', which reflects the lack of clarity when it comes to the basic concept of trademark law in China.

Background

In this case, the plaintiff Mr Qiao, a manufacturer of billiards tables under the registered trademark JOY QIAO SHI, discovered that a billiards club was using similar tables marked with the same trademark, which turned out to be fake. Mr Qiao sued the club, claiming trademark infringement.

The case was heard by two courts – first instance and appeal – which reached different conclusions based on their respective interpretations of Article 57 and Article 48 of the Trademark Law.

The first-instance court held that the defendant's use of fake goods did not constitute trademark use as outlined in Article 57. It noted that the Trademark Law is silent about commercial use of counterfeit products – contrary to the Patent Law, which has a specific provision that prohibits such use of infringing products. From this difference, the court held that the legislative bodies must have intended to tolerate such commercial use of fake goods when it came to trademarks and rejected the infringement claim.

However, the second-instance court reversed this decision by referring to the definition of use in Article 48 of the Trademark Law, which includes all “commercial activities” where the purpose is to distinguish the source of the products and/or services. The court found that the defendant using the infringing trademark on its billiard tables was likely to cause confusion as to the source of the products and thus found trademark infringement.

Latest case law

On 18 October 2024, the Pudong District Court found in the Shiro motor-fan case that the defendant had used the trademark according to Article 48 (ie, intending to identify the source of the products) and held that such use constituted infringement according to Article 57 of the Trademark Law (HU 0115 MIN CHU No 18077, 2024).

Other decisions have followed the same pattern of reasoning.

According to these decisions, since Article 57 defines infringement as "using a trademark (that is identical…)", it is necessary to verify if the accused use actually constitutes trademark use every time. In fact, in relation to a different case involving OEM products manufactured exclusively for export, certain courts still hold that since the goods are not sold in China, the function to identify their source is missing and thus the trademark is not used. Other courts take the opposite view.

Comment

One way of looking at this issue is to compare Article 57 with its equivalent in the TRIPS Agreement, which defines the rights conferred to the trademark registrant as preventing others from using an identical or similar sign on the same or similar goods "in the course of trade" without the registrant's consent. Article 16 of the TRIPS Agreement does not refer to use of a trademark but use of a "sign".

If Article 57 of the Trademark Law could be modified and aligned with the TRIPS Agreement by replacing the word "trademark" with 'sign', there would be no more confusion or contradictory decisions. Indeed, if a claim is made that the use of a sign is an act of infringement, the court would have no reason to verify whether such use satisfies the definition of trademark use.

On 22 November 2024, the Nanjing Intermediate Court handed down a decision in a case concerning the logo of NIO, an electric car manufacturer, which was used on barbecues by BSWolf, an outdoor gear vendor (SU 01 MIN CHU No 525, 2024). The court ordered cessation of trademark infringement and awarded damages. This case is a perfect example of a situation in which the defendant's use of a logo is just decoration and is not intended to identify the product. However, the logo was an infringing sign.

With regard to the registrant's use of a trademark, these issues may be covered by other parts of the law, such as those concerning the revocation for non-use, where it can be specified what sort of use may be accepted (eg, insignificant modification of the sign or use exclusively for export).

Lacoste v Cartelo: a landmark case clarifying the rules on confusion and co-existence

HE Wei & Paul RANJARD,
first published by WTR

- In 2008 the Supreme People's Court ruled that there was no infringement on Cartelo's part, implying that the two logos could co-exist on the market
- Cartelo subsequently adopted several marketing and design elements closely associated with Lacoste
- The Beijing Intellectual Property Court found that the new marketing strategy had destroyed the distinct market perceptions that previously enabled the marks' co-existence

The dispute between Lacoste and Cartelo, which has spanned over two decades and involved multiple court cases, has come to a new stage. Lacoste, a globally recognised brand known for its iconic right-facing crocodile logo, found itself embroiled in legal battles with Cartelo, a company that adopted a similar, left-facing crocodile symbol for its products.

Lacoste logo (figure 1) Cartelo logo (figure 2)

Background

The Lacoste logo has been registered in China since 1980, while the Cartelo logo was refused and was registered only in the form of a crocodile silhouette against a backdrop with the capital letters CARTELO:

Figure 3

Lacoste sued Cartelo in 2000. The core of the dispute centred around Cartelo's use of a single, left-facing crocodile logo (figure 2) and its obvious similarity with the Lacoste device (figure 1).

The case reached the Supreme People's Court in 2008. Despite the visual similarities between the signs, the court ruled that there was no infringement on Cartelo's part, implying that the two logos could de facto co-exist on the market.

This decision was influenced by several key factors:

- Distinct market segmentation - the court noted that the two brands targeted different consumer demographics in China, which minimised the risk of confusion;
- Co-existence on international markets - evidence was presented to show that the brands had co-existence agreements outside Mainland China; and
- Usage context - Cartelo typically used its crocodile mark in conjunction with its tri-colour logo (figure 3), which helped distinguish its products from those of Lacoste.

Despite this, the court imposed a condition on Cartelo to make every effort to avoid any potential confusion in the marketplace.

However, the dynamics of the dispute have shifted significantly in recent years.

In 2017 Cartelo was acquired by a Chinese company, Nanji E-Commerce, and developed an aggressive branding strategy. The company applied again (following an unsuccessful attempt in 2006) for the registration of the left-facing crocodile device (figure 2) and obtained registrations for bags (Class 18) and apparel (Class 25). By 2018, Lacoste observed that Cartelo had abandoned the tri-colour logo and was prominently featuring the left-facing crocodile mark alone on clothing and bags.

This change was also accompanied by the adoption of several marketing and design elements closely associated with Lacoste:

- Sports themes - Cartelo used a tennis theme, a sport deeply associated with the Lacoste brand;
- National colours - products and promotional materials began to feature the French national colours, mirroring Lacoste's branding;
- Advertising: phrases uniquely associated with Lacoste were adopted by Cartelo; and
- Store placement - Cartelo placed its stores directly opposite Lacoste's, which indicated a strategic shift towards direct competition.

These actions led to significant market confusion, prompting Lacoste to file a lawsuit claiming that Cartelo infringed its well-known trademark by mimicking its branding strategy.

Court decision

The case was brought before the Beijing Intellectual Property Court, which delivered a comprehensive ruling in favour of Lacoste. The court's decision was multifaceted:

- Recognition of Lacoste's trademark as well known - the court recognised that Lacoste's crocodile trademark was well known prior to the date on which Cartelo applied - for the first time in 2006 - for its crocodile trademark.

- Trademark similarity - the court found that the similarity of the marks was likely to confuse consumers, particularly since Cartelo had begun using the crocodile device in isolation, thus increasing its prominence.
- Market confusion - the court agreed that Cartelo's new marketing strategies had destroyed the distinct market perceptions that previously enabled the marks' co-existence, thus leading to confusion and association with Lacoste.
- Co-existence agreements - the court considered that the co-existence agreements in place for foreign markets did not apply to China.

Therefore, the court ruled that Cartelo's actions constituted trademark infringement and awarded Lacoste Rmb15.05 million in damages for economic losses and legal expenses.

The case was then appealed to the Beijing High Court, which fully maintained the first-instance judgment.

In the meantime, Lacoste had requested the invalidation of Cartelo's left-facing crocodile device. Lacoste eventually succeeded in September 2023.

Comment

The case concerns the application of Article 57.2 of the Trademark Law, which provides that using a similar trademark (on the same or similar goods) constitutes an act of infringement, but only if it is likely to cause confusion.

The case illustrates the (rare) situation where the use of a sign, although considered in abstracto as similar to a prior registered trademark, may nevertheless be deemed as not infringing because, due to a series of factual conditions, such use is unlikely to cause confusion.

The court's ruling clarifies that such conditions are not static. If the factual conditions change and if, as a result of such change, the likelihood of confusion becomes a reality, the conditions for co-existence may be destroyed and infringement may be declared, with all the consequences of the law.

Supreme Court awards New Balance Rmb30 million in damages in dispute with infringer

Jason YAO & Paul RANJARD,
first published by WTR

- This long-running dispute started in 2015 when Lingpao started selling sports shoes bearing a logo resembling New Balance's iconic 'N' mark
- The first-instance court found that it was difficult to calculate Lingpao's profits accurately and applied the statutory maximum compensation
- The Supreme Court, having elaborated on the reasons justifying going beyond the statutory limit, increased the amount of damages to Rmb30 million

On 26 September 2023 the Supreme People's Court of China issued a final judgment finding that Jiangxi Xinbailun Lingpao Sporting Goods Co Ltd and Guangzhou Xinbailun Lingpao Sporting Goods Co

Ltd (collectively 'Lingpao') had infringed the iconic 'N' trademark of New Balance and the trade dress of New Balance Trading (China) Co Ltd, a subsidiary of New Balance, and had thus committed acts of trademark infringement and unfair competition.

The court increased the amount of damages awarded in the first instance by the Liaoning High Court from Rmb5 million to just over Rmb30 million - a significant increase and a rarely seen amount in IP litigation in China. With this decision, New Balance has made a breakthrough in its series of legal actions against Lingpao's production and sale of infringing products, which began in 2015. After eight years of arduous struggle, New Balance has obtained favourable judgments from courts in Shenzhen, Guangdong, Beijing, Suzhou, Chongqing and other places, and has now achieved a significant milestone with this Supreme Court decision.

Background

Lingpao's infringing sports shoes were first introduced to the market in 2015. Both sides of the shoes used a logo that closely resembled New Balance's iconic 'N' trademark and decoration. Lingpao even succeeded in registering several trademarks with a letter 'N', which took New Balance seven years to invalidate. Lingpao also copied the designs, colours and models of New Balance sports shoes on many shoe models. The two defendants established branch offices, direct stores and authorised retail stores across the country, rapidly expanding to thousands of retail outlets. Their annual sales is believed to have exceeded Rmb1 billion in 2018.

New Balance initiated infringement actions in many places against the infringers and their distributors, obtaining cessation of the infringement and compensation each time. Lingpao, however, continued the production and sale of the infringing goods, constantly changing the infringing entities, assigning their infringing registered trademarks, registering new infringing trademarks, and using various means (eg, raising jurisdiction objections and evading service of subpoena) to delay the litigation process.

Court action

New Balance filed the case with the Shenyang Intermediate Court on 16 May 2017. At that time, it was difficult to assess the real size of Lingpao's infringing business. The claim for damages was therefore limited to Rmb3 million - the limit for statutory damages provided by the then-Trademark Law. However, as information on the scale of the infringement was progressively revealed, New Balance was able to raise its claim to Rmb100 million, which led the Shenyang Intermediate Court to transfer the case to the Liaoning High Court in September 2018. Such transfer was, of course, challenged by Lingpao. The Liaoning High Court confirmed its jurisdiction and, finally, the Supreme Court confirmed the jurisdiction of the High Court on 20 December 2020.

The Liaoning High Court issued its first judgment on 29 November 2021. In spite of the huge amount of sales made by Lingpao over the years, as shown by the evidence produced, the court considered that no accurate assessment could be made. Due to the inability to obtain the complete production and sales records of the defendants, it was difficult to calculate Lingpao's profits accurately. This was the main reason why the first-instance court applied the statutory maximum compensation (which had been raised to Rmb5 million after the fourth amendment to the Trademark Law).

Both parties appealed to the Supreme Court.

Supreme Court decision

The Supreme Court elaborated on the factors to consider in determining the amount of damages and the reasons justifying going beyond the statutory limit to determine the amount of compensation in cases where it is impossible to determine the defendants' infringement profits accurately.

The court pointed out that, if it is difficult to prove the specific amount of damages or infringing profits, but there is evidence showing that the aforementioned amount significantly exceeds the statutory maximum compensation, the compensation amount should be reasonably determined based on the overall evidence of the case, rather than simply by applying the statutory compensation.

Among such evidence, the Supreme Court took into account the statements made by Lingpao on its official website, WeChat public account and media reports announcing, on multiple occasions, sales of Rmb1 billion yuan in 2018. While Lingpao argued that these claimed sales were nothing but promotional language, the court rejected such defence, considering that promotion should be based on objective facts and should not contain intentional concealment or exaggeration to obtain undue benefits. The court ultimately determined that Lingpao's annual sales amount amounted to Rmb1 billion and calculated the profits made by Lingpao from its infringing shoes by applying the profit margin of New Balance.

Additionally, the Supreme Court noted that Lingpao had constantly refused to provide relevant records of the production and sale of the infringing products. It was not until after the second hearing before the Supreme Court that Lingpao reluctantly submitted some unaudited financial data that were incomplete and lacked authenticity. Under such situation, the court took precedence of the evidence submitted by the plaintiff.

Another highlight of this case is the clarification of the boundary between registered trademarks and corporate names. Lingpao, which was established in 2015, had obtained the authorisation to use the trademark XIN BAILUN, registered by a third party. Lingpao, therefore, was using a corporate name very similar to that of New Balance's subsidiary, already very well known to the relevant public of China. In this regard, the Supreme Court considered that, even if the XIN BAILUN mark was licensed to Lingpao, this did not warrant Lingpao to use it in its corporate name in such a way as to create confusion. The court stressed that having exclusive rights to a registered trademark does not automatically grant the right to use that mark as a corporate name, and vice versa. The court therefore ruled that Lingpao should change its corporate name to one that is not confusingly similar to the corporate name of New Balance's Chinese subsidiary.

Chinese courts divided over whether code scratching constitutes trademark infringement

ZHU Zhigang,
first published by IAM

Precis: Courts in China tackle code scratching very differently as there is a distinct lack of clarity as to whether it constitutes infringement. Three recent cases highlight that outcomes often depend on how the courts balance trademark exhaustion and market competition considerations.

Under the exhaustion-of-rights principle, once an IP-protected product is sold, the IP owner's exclusive rights over that specific product are exhausted. In other words, once a product legally enters the market under a registered trademark, the trademark owner loses any right to prevent any following sales of the product.

However, this principle does not prevent manufacturers from organising their distribution networks and imposing certain conditions or restrictions on their distributors. These restrictions may lead the distributor to step outside of contractual boundaries or even adopt unethical behaviours, such as code scratching. Three recent cases demonstrate significant differences in Chinese court judgments on whether such behaviour constitutes infringement.

To meet sales targets or performance evaluations set by manufacturers, distributors may be required to purchase large quantities of products, which can lead to overstocking. When faced with mounting inventory and cashflow challenges, they may resort to selling products at heavily discounted prices or redirecting them to other regions to quickly liquidate excess stock.

This is where code scratching comes in. Code scratching refers to the deliberate removal or alteration of product codes (eg, barcodes, QR codes or serial numbers) on packaging or labels. This practice is typically used to obscure the traceability of products, making it difficult to track their origin, distribution channel or intended market. This allows distributors to bypass contractual limitations or evade responsibilities tied to specific distribution channels.

Whether the removal of product identification codes constitutes infringement is a point of legal contention. Recent court decisions have provided varying interpretations from the perspectives of trademark infringement and unfair competition, but there is no consistent conclusion across courts.

Opple Lighting v Zhang Zhonghua

In Opple Lighting v Zhang Zhonghua, the Wuhan Jianghan District People's Court, in its first-instance judgment, found that Zhang Zhonghua had removed barcodes from the external packaging of authentic Opple products – but the Opple trademark and independent barcodes/QR codes on individual packaging were still intact. Since consumers would not be confused about the source of the products, the resale did not infringe trademark rights. Additionally, as Zhang Zhonghua was a reseller rather than a manufacturer, these actions did not reduce Opple's market share, meaning no competitive relationship was harmed.

However, the Wuhan Intermediate People's Court, in its second-instance judgment in July 2024, held that the code removal compromised the product's integrity, potentially causing consumers to misunderstand its quality due to the lack of crucial information. This harmed Opple's reputation and undermined consumer rights, violating the good-faith principle under Article 2 of the Anti-Unfair Competition Law.

Opple Lighting v Dingfeng Company

In this January 2024 case, the Shenzhen Nanshan District People's Court ruled in the first instance that Dingfeng's online sale of products with removed codes:

- damaged the integrity of the product packaging;
- disrupted traceability and warranty functions;
- undermined fair competition among distributors;
- increased consumer redress costs; and
- infringed on consumers' rights, thereby constituting unfair competition.

However, the Shenzhen Intermediate People's Court held in its second-instance ruling that the products were genuine with clearly visible trademarks and manufacturer information. Consumers could still verify authenticity and access after-sales service via the packaging's QR code. Therefore, there was no confusion surrounding the source of the products and the conduct did not fall under Article 6 of the Anti-Unfair Competition Law.

Moreover, the code removal only partially impacted Opple's internal distributor tracing system without harming its competitive advantage. Since the transaction was conducted openly and did not disrupt fair market competition, applying the good-faith principle was deemed unnecessary.

Mary Kay v Ma Shunxian

In this case, the Zhejiang High People's Court overturned the first-instance infringement decision. The court reasoned that the products in question were genuine goods obtained through legitimate channels, and even though QR codes and batch numbers were removed, the quality and source information on the packaging remained unchanged. Therefore, the trademark's function to indicate origin was not compromised and product quality remained under Mary Kay's control. Since consumers were explicitly informed that the products came from non-official channels, the brand's value was not damaged. The court thus ruled that there was no trademark infringement.

It also applied the proportionality principle when determining whether Ma Shunxian's actions constituted unfair competition. Although Mary Kay's business model suffered some losses, Ma Shunxian's sales of discounted, authentic products still fell within the realm of fair competition and did not warrant regulation under the Anti-Unfair Competition Law. Further, since Ma Shunxian clearly disclosed the true nature of the code-removed products to consumers during online sales, consumer choice and market competition were not compromised. In the e-commerce context, the sale of such products was deemed consistent with the principles of honesty and recognised business ethics.

The Supreme People's Court ultimately upheld the second-instance judgment, rejecting Mary Kay's retrial request.

Key takeaways

These three cases demonstrate the significant differences in how the courts tackle code scratching. In the two Opple Lighting cases, the courts reached different conclusions regarding similar code removal, highlighting the complexity of balancing consumer rights, product integrity and market competition. In the Mary Kay case, the defendant's explicit disclosure to consumers that the products were parallel imports was a key factor and played a critical role in the court's judgment.

There is currently no definitive answer as to whether code scratching constitutes infringement. Outcomes often depend on how courts balance trademark exhaustion and considerations related to consumer rights and market competition. The ultimate resolution of this issue may require clearer legal norms and more consistent judicial precedents.

CHAPTER 2

Peripheral protection of trade signs

Design of Hermès' iconic Birkin and Kelly bags held to constitute "trade dress with a certain influence"

HE Wei & CUI Wen,
first published by WTR

- Hermès sued the defendants for selling HXXXXS-branded handbags, the designs of which were strikingly similar to Hermès' Kelly and Birkin bags
- The court found that the shapes of the Kelly and Birkin bags constituted "trade dress with certain influence" under the Anti-unfair Competition Law
- The decision offers an alternative route for luxury brand owners

Background

Hermès is a prestigious French luxury fashion house founded in 1937, with ladies' handbags being one of the best-selling products of the company. The trade dress of the Kelly and Birkin handbags, as the representative designs in the industry, are widely loved by consumers.

Hermès found out that Guangzhou Tongmei Brand Management Co Ltd and Guangzhou Youge Brand Management Co Ltd jointly promoted and sold online HXXXXS-branded handbags, the designs of which were strikingly similar to Hermès' Kelly and Birkin handbags. The two entities also used Hermès' trademarks BIRKIN, KELLY, CONSTANCE, PICOTIN, H and LINDY on their official websites, online stores and product labels to promote the infringing products.

Hermès Birkin bag	Infringing products
	
Hermès Kelly bag	Infringing products
	

Court decision

Hermès sued the two companies before the Yuhang District Court of Hangzhou, requesting that the court ascertain the following:

1. The design of Hermès' iconic Kelly and Birkin handbags constitutes "trade dress with certain influence", as stipulated by Article 6 of the Anti-unfair Competition Law.
2. The defendants used, without permission, designs similar to those of Hermès' handbags, which constituted an act of unfair competition.
3. The defendants' use of Hermès' marks constituted trademark infringement.

Hermès requested the cessation of such acts, damages of Rmb3 million and reimbursement of its litigation costs, among other things.

The defendants' submitted the following argument in their defence:

1. Trademark infringement: the contested marks BIRKIN, KELLY, CONSTANCE, PICOTIN, H and LINDY were not used as trademarks. In addition, the use of their proprietary trademark HXXXXS clearly indicated the source of the bags. As a result, the consumers would not be confused as to the source of the bags.
2. Unfair competition: the trade dress of the Birkin and Kelly bags could not function as a source identifier of the products. In particular, the CNIPA's refusal of 3D trademark applications for the shape of

these bags clearly affirmed the non-distinctiveness of the claimed trade dress. In addition, Hermès had a unique business model and the Kelly and Birkin bags were much more expensive than the defendants' bags, so that consumers would not be confused as to the source of the bags.

On 29 April 2024 the Yuhang District Court rendered the following judgment:

1. The defendants used the contested marks on their website and Tmall store, and on the tags of the bags in a clear and prominent manner, which constituted trademark use. The unauthorised use of Hermès' trademarks on identical products constituted trademark infringement.
2. The trade dress of the Kelly and Birkin handbags has a certain level of distinctiveness. The bags enjoy a high reputation and influence, having established a stable one-to-one correspondence with Hermès. Therefore, the shapes of the Kelly and Birkin bags constituted "trade dress with certain influence" under the Anti-unfair Competition Law. As the defendants' bags utilised trade dress that was visually almost identical to the claimed trade dress, such use was likely to cause confusion among the relevant public. Therefore, unfair competition had been established.

The court thus ordered the cessation of such use and awarded Hermès damages of Rmb2.3 million. The defendants appealed before the

Hangzhou Intermediate Court, which upheld the first-instance decision on 13 September 2024.

Comment

Luxury brands have fallen victims to the prevalent imitation of their unique product shape and/or designs in the Chinese market. As it is extremely difficult to secure 3D trademark registrations in China, brand owners cannot resort to the Trademark Law to stop the infringement of their product shape and/or designs. This case offers an alternative route, as brand owners may turn to the Anti-unfair Competition Law and seek trade dress protection instead.

The second-instance decision is the first effective decision by which a Chinese court has granted protection to the shape of a handbag on the basis of the Anti-unfair Competition Law. It may serve as a point of reference for similar cases in the future.

Michelin dispute sheds light on when similar trade names constitute unfair competition

DU Binbin & Paul RANJARD,
first published by IAM

Precis: French tyre company Michelin has sued three enterprises based on Article 58 of the Trademark Law, which states that using a registered or unregistered trademark in a company's trade name in a way that misleads the public can be deemed unfair competition.

The Zhejiang High Court has upheld a first-instance decision that determined infringing use of a trade name that constituted unfair competition. The word 'Michelin', which is the name of a French company famous for its tyres, as well as the Michelin Guide, is written ' 米其林 ' in Chinese – pronounced 'mi qi lin'. This Chinese name is registered, along with Michelin, in Classes 12 (tyres) and 16 (the guide).

Background

In 2021 Michelin discovered that a company involved in the canned food industry had changed its name from Zhejiang Huang Yan Second Canned Food Factory to Taizhou Huang Guan Mi Qi Lin Food, in which the 'Mi Qi Lin' part was written ' 米奇林 '. The first and third characters were the same as those that Michelin had chosen, while the second character was different but is pronounced in the exact same way.

This new name therefore contained a very similar element to Michelin in Chinese and Huang Guan used this new name on the packaging of its products and on its online store. Further, Huang Guan was also using the same name as Michelin in Chinese (with the same second character) on one webpage of its online store, and it was found that Huang Guan was even using the full English name "Taizhou Huang Guan Michelin Food Co Ltd" on a third-party platform.

Huang Guan supplied products to two other companies, Zhejiang Taizhou Huang Guan Manor Food and Taizhou Huangyan Zhong Yi Food, which had their own distribution network.

In September 2021 Michelin sued the three companies before the Ningbo Intermediate People's Court on the grounds of unfair competition based on its trademarks ' 米其林 ' (Michelin) and MICHELIN, registered in Classes 12 and 16. This was based on Article 58 of the Trademark Law, which states that using a registered or unregistered trademark in an enterprise's trade name in a way that misleads the public constitutes unfair competition, which is to be dealt with according to the Anti-Unfair Competition Law.

Court decision

Before the court, Huang Guan argued that the use of the identical Chinese name was a clerical error on its part and that the use of the full 'Michelin' was not its responsibility, but an initiative taken by the third-party platform. These arguments were flatly rejected by the court.

Huang Guan also argued that canned food and tyres were different industries, so they were not competitors. It also claimed that its new name had been registered for more than five years and could therefore not be sued. The other defendants argued that they had merely, according to law, indicated the name of the manufacturer.

In September 2022 the first-instance court issued a judgment determining that the defendants' acts constituted unfair competition (Zhe 02 Min Chu No 1935, 2021). It ordered the three defendants to stop using the infringing company name and demanded that Huang Guan change its registered company name and pay damages of 150,000 yuan. The three defendants appealed and in March 2023, the Zhejiang High Court issued a final judgment upholding the first-instance decision (2022 Zhe Min Zhong No 1327).

Comment

This case is typical of enterprise name infringement. The court determined several issues:

- using a mark of another person in a trade name, as stated in Article 58, includes the use of a similar trademark, which constitutes an act of unfair competition;
- when the goods designated by the plaintiff's trademark are different from the defendant's industry, unfair competition may be determined without having to recognise the well-known status of the plaintiff's trademark;
- there was a certain degree of overlap between the consumer groups of both parties, and therefore they were in a competitive relationship;
- rights holders may file civil lawsuits for unfair competition even if the defendant's company name has been registered for more than five years; and
- the other two defendants that had honestly provided the manufacturer's information could not use this as an excuse, but in view of their subjective state of good faith, they were exonerated of the obligation to bear compensation liability.

Xiaomi's voice-activation command prompt awarded protection in precedent-setting trademark dispute

ZHANG Han, CHENG Jin & CAI Ye,
first published by IAM

Precis: The Wenzhou Court has affirmed that words with certain influence and popularity are protectable under the Anti-Unfair Competition Law in a trademark-squatting case brought by tech giant Xiaomi. For rights holders of voice-activation command prompts, it is crucial to prove that their names help to identify the source of goods or services.

Background

In July 2017, Xiaomi launched a smart speaker with a voice activation command prompt (VACP) called ' 小爱同学 ' (Xiao Ai Tong Xue), which later became the name of its AI-powered voice-interaction product. In August 2017, a Chinese person named Chen Xiong registered

小爱同学 as a trademark. Between then and June 2020, Chen filed for 66 marks in 21 classes and, after obtaining the registration, sent a cease-and-desist letter demanding Xiaomi to cease use of the mark. Chen then began to use the mark on watches and clocks.

Xiaomi initiated a court action against Chen and the licensee of the copycat trademarks before the Intermediate People's Court of Wenzhou. The Wenzhou Court issued a first-instance civil judgment on 14 December 2023, affirming that the name of Xiaomi's VACP should be protected under the Anti-Unfair Competition Law. The court found that Chen's extensive trademark squatting and the cease-and-desist letter breached the good-faith doctrine and prejudiced Xiaomi's rights and interests – ultimately constituting unfair competition. The court awarded Xiaomi 1.2 million yuan for commercial losses and reasonable expenses.

The judgment has now taken effect, and the case was listed as one of the Supreme People's Court's top 10 IP cases of 2023.

Court decision

The development of AI and IoT technologies has fueled the boom of the smart-home industry. Tech giants have launched proprietary AI devices with unique VACPs, such as Apple's Siri and Amazon's Alexa. These names have functioned as source identifiers of goods and services through extensive use and promotion.

The popularity of VACPs means that brands often fall victim to bad actors seeking to profit from trademark squatting. Without explicit provisions offering protection to the legitimate right holders of VACPs in China, this case sets a precedent by affirming that words with certain levels of influence and popularity are protectable under the Anti-Unfair Competition Law.

The judgment also clarified the scope of protection. Xiaomi has applied its Xiao Ai Tong Xue AI-powered engine widely in a slew of products, including mobile phones, TVs and smart speakers. The Xiao Ai Tong Xue VACP enables users to operate smart devices (eg, air conditioners, refrigerators and cleaning robots) using spoken commands. Thus, the court ruled that this VACP is associated with a wide range of goods that have built-in AI voice interaction engines and so should be protected on these goods.

The court found that the defendant's act of trademark squatting severely infringed Xiaomi's legitimate rights and interests, disrupted the normal trademark registration administration process and harmed fair market competition. When ascertaining the amount of damages to award in this case, the court considered the expenses that the plaintiff had incurred in combatting the defendant's behaviour including costs associated with administrative procedures, such as review of refusal and invalidation, as well as litigation costs.

Comment

The case is expected to serve as a point of reference for similar future cases because of the precedent it sets.

For VACP rights holders, it is crucial to prove that the names of the prompts have gained a certain level of popularity and influence and that they help to identify the source of goods or services. To do this, rights holders must proactively collect and preserve evidence of popularity during daily use to build a strong case.

Brand owners should also actively exercise their rights by taking action against trademark squatters. Otherwise, the infringer could exploit the right holder’s acquiescence and use it against them.

Chinese courts sanction Ford's misuse of 'Cognac' on automobiles

HE Wei,
first published by WTR

- Following the launch of the Ford COGNAC Special Edition series, the BNIC filed a civil lawsuit on the basis of its GI product registration for 'Cognac'
- Both the first and second-instance courts found that Ford China's actions constituted unfair competition
- Ford China exploited the reputation of a protected GI to elevate its own brand, thereby gaining an unfair competitive edge

The dispute involved the Bureau National Interprofessionnel du Cognac (BNIC) - the French organisation responsible for promoting and safeguarding the geographical indication (GI) 'Cognac' - and the Chinese affiliates of Ford Motor Company, a prominent automotive supplier (hereinafter referred to as 'Ford China').

Background

In 2018 Ford China launched a series of vehicles under the name 'COGNAC Special Edition' (as shown below), including models like the 'EcoSport COGNAC Special Edition' and 'Mondeo EcoBoost 180 COGNAC Special Edition'.

These vehicles were promoted on Ford China's official website and other media. The marketing campaign went as far as using the tagline of "Not all brandies are Cognac, not all Fords are Cognac", which inappropriately leveraged Cognac's prominent position on the brandy market to promote the premium quality of the Ford Cognac series of vehicles. In addition, Ford China used 'COGNAC Brown' to refer to the colour of the interior decoration of these vehicles.

The BNIC filed a civil lawsuit to challenge such use by Ford China on the basis of its 'GI product' registration for 'Cognac' with the Administration of Quality Supervision Inspection and Quarantine, now the China

National Intellectual Property Administration (CNIPA). In the absence of a specific GI law, the BNIC based the action on the Anti-unfair Competition Law.

Court decision

The case was initially heard at the Suzhou Intermediate People's Court (with a first-instance decision being rendered on 23 November 2020) and subsequently appealed to the Jiangsu Provincial High People's Court (with a second-instance decision being rendered on 9 August 2023). Both courts arrived at the same conclusion: Ford China's actions constituted unfair competition. The legal reasoning behind the decision was multi-faceted:

- Protection under the Anti-unfair Competition Law: the court clarified that GIs can seek protection under China's Anti-unfair Competition Law by resorting to the general principle of good faith, as stipulated in Article 2 of the law. This aligns with the TRIPs Agreement, to which China is a signatory, which provides legal means to prevent unfair competition concerning GIs.
- Existence of a competitive relationship: although Ford China and the BNIC operated in different industries, the court emphasised that they were in a competitive relationship. This is because both vie for consumer attention in a broad sense.
- Insufficient evidence of genericide: Ford China attempted to justify its infringing use by arguing that ‘Cognac’ had become a generic term. However, the court found that the evidence provided was

insufficient to support this claim, especially within the context of the Chinese market.

- Establishment of unfair competition: the court ruled that, by using the term 'Cognac', Ford China was exploiting the reputation of a protected GI to elevate its own brand, thereby gaining an unfair competitive edge. Such behaviour could cause other harms, such as increasing the risk of genericisation of the GI and reducing the opportunities for the GI owner to engage in cross-class business cooperation.

Comment

The case serves as a pivotal legal precedent for right owners searching for civil remedies in cases involving GIs registered as GI products in China. Not only does it confirm that GI products registrants may act on the basis of the unfair competition law, more importantly, it also considerably extends the concept of 'competitive relationship'. This is not without similarity with the very broad EU concept of 'evocation', which is specific to the protection of GIs: a simple 'association' in the mind of the consumer is sufficient to trigger protection. The products or services concerned do not even need to be similar.

While the finding concerning the absence of genericity is satisfactory, it may be pointed out that, according to EU regulation, a protected GI (unlike a trademark) can never become generic.

In summary, the present case offers valuable insights on future GI protection practice in China.

Protect Your Trademarks in China

CHAPTER 3

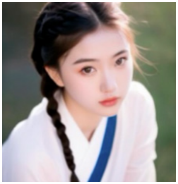
AIGC IP Protection

Beijing Internet Court rules that AI-generated content is eligible for copyright protection

ZHU Zhigang & Paul RANJARD,
first published by IAM

Precis: The outcome of a dispute concerning an AI-generated portrait marks a significant shift in jurisprudence in China when it comes to determining what AI works can be protected under copyright law.

Background



This portrait is not a photograph, and the girl displayed in the portrait does not exist. It was created by Stable Diffusion – open-source software – under the guidance of Li Yunkai, who then published the portrait on the Internet. When the defendant Liu Yuanchun posted an article using the portrait without Li Yunkai's authorisation, he sued her before the Beijing Internet Court. On 17 November 2023, the Beijing Internet Court ruled in favour of the plaintiff.

The main issue was whether an image generated by AI can be eligible for copyright protection.

Court decision

The court ruled that throughout the entire process – from conceptualisation to final selection of the image – Li Yunkai had made intellectual inputs. He had defined the subject and its presentation using prompts to set the parameters for visual layout and composition. The court determined that these choices reflected the plaintiff's personality. Further, the court found that, after obtaining the initial image through input prompts and parameter settings, the plaintiff had continued to add prompts and modify the parameters, constantly adjusting and refining the image until the final version was reached. Therefore, the court rejected the defence based on "mechanical intellectual achievement".

The court went on to elaborate on its perspective on the "new generation of generative artificial intelligence technology", observing that generative

AI is changing the way that people create. It is similar to the invention of the camera: before photography was invented, people needed exceptional painting skills to reproduce the objective appearance of objects, whereas today, the powerful and user-friendly camera function in smartphones makes photography accessible to all. However, as long as a photo taken with a smartphone reflects the photographer's creative intellectual input, it still qualifies as photographic work and is protected by copyright law.

According to Article 11 of the Copyright Law, authors are limited to natural persons, legal persons or unincorporated organisations. Therefore, AI models themselves cannot be recognised as authors under Chinese copyright law. The court thus decided that the author is the person who directly made the relevant settings to the AI model according to its needs and choices. The image is the direct result of the plaintiff’s intellectual input and reflects the plaintiff's personalised expression. Hence, the plaintiff is the author of the implicated image and holds the copyright to it.

Comment

The eligibility of AI-generated content for copyright protection is a complex and evolving legal and ethical question. Determining this involves factors such as the level of human involvement, creativity and originality in the creation process. This criteria is very similar to the elements that courts consider when determining whether a work is original.

Such analysis in favour of AI has not always been accepted in China's judicial practice. In 2020, the same court ruled against the plaintiff in a case between Feilin Law Firm and Beijing Baidu Wangxun. The law firm had published an article ("Judicial Big Data Analysis Report on the Film and Entertainment Industry - Movie Volume, Beijing Edition") on their WeChat public account, which consisted of both textual and graphical content. On 10 September 2018 Beijing Baidu Wangxun published an article, the content of which was largely identical to the plaintiff’s piece, but it omitted sections such as the byline, introduction and search overview. The law firm sued on the grounds of copyright infringement.

The defendant argued that its article was generated by data analysis software and was not created using the plaintiff's intellectual work. In this judgment, the Beijing Internet Court agreed with the defendant, considering that the work needed to be created by a natural person. It further stated that the software developer and user of the software had not produced any creative act in relation to the article in question. Therefore, the AI-generated content did not convey "unique expressive qualities" of either party.

The decision in this case shows that data analysis and artistic creation are quite different. This likely explains why the same court reached different conclusions in different applications of the copyright law. The discussion on the copyright eligibility of AI-generated content will continue and it will be crucial for experts to monitor how it unfolds.

Key generative-AI rulings shed light on challenges surrounding copyright and personality rights

ZHU Zhigang,
first published by IAM

Precis: The Chinese courts have established a framework of rules for the copyright and personality rights protection of AI-generated works through several crucial decisions. While ownership and infringement challenges persist, these rulings are valuable for addressing IP challenges brought about by generative AI.

The development of generative AI has introduced unprecedented challenges to IP protection and is attracting global attention. China has attempted to address these issues through legislative and judicial means.

China's only legal text that specifically addresses the topic of generative AI is the Interim Measures for the Management of Generative AI Services, which was released on 10 July 2023. Article 7 of this regulation explicitly outlines the obligations of generative-AI service providers when it comes to data processing, including:

- using data and foundational models from legitimate sources;
- avoiding infringement of IP rights; and
- obtaining personal consent or complying with legal and regulatory requirements for personal information.

This regulation established a legal baseline for the relationship between the developer of an AI algorithm and the copyright owners of data used by the developer to feed and train the algorithm, but more clarification from judicial cases was needed.

Copyright challenges

The issue of copyright infringement during both the training and generation phases of AI-created works sparked extensive discussion. In March 2024, the Guangzhou Internet Court delivered a judgment in Xinchuanhua v an AI Company. In this case, the defendant's AI platform generated an image that was substantially similar to the plaintiff's Ultraman character, of which the plaintiff held the copyrights. The court ruled that the defendant had, without authorisation, copied and adapted the plaintiff's work and infringed upon its reproduction and adaptation rights. Additionally, the court specified several key duties of AI service providers:

- notifying users via service agreements that they must not infringe upon others' copyrights;
- establishing a complaint mechanism for rights holders to protect their copyrights; and
- providing prominent identification in case the AI-generated content could cause public confusion or misidentification.

Ultraman character	Infringing images
	

On 18 October 2024, the Changshu Court in Jiangsu Province handed down a judgment in Lin Chen v Hangzhou Gaosi Membrane Technology. In this case, the plaintiff had used AI to create a visual artwork called "With Heart". The defendant had created a physical installation resembling half a heart, which was similar to the plaintiff's work. The court found that the "With Heart" image was distinctly original in its composition and arrangement of elements such as cityscape, water,

buildings and reflections, and thereby qualified as a visual artwork under copyright law and merited protection.

However, copyright protection was only extended to this 2D work and not the 3D installation. The court noted that copyright law does not protect ideas or concepts, and copyright holders cannot prevent others from using the ideas conveyed in their works. Therefore, the defendant's use of a similar concept did not constitute infringement. However, the unauthorised use of the plaintiff's image for online promotion, which was found to be nearly identical to the original, did infringe upon the plaintiff's right to distribute the work online.

AI artwork "With Heart"	Defendant's physical installation
	

Personality rights and AI

In addition to copyright issues, AI-generated works also involve personality rights. On 23 April 2024, the Beijing Internet Court heard China's first case of AI-generated voice personality rights infringement.

A Beijing-based cultural media company used an actor's voice without permission to create an AI-generated audio product, which it sold on its platform. The court held that a natural voice – distinguishable by tone, pitch and frequency – is unique and identifiable, thereby enabling an audience to associate it with a specific person. If AI-generated voices can be linked to an individual based on these characteristics, then the individual's personality rights extend to the AI-generated product. Therefore, the defendant's actions were deemed to have infringed upon the plaintiff's personality rights.

Similarly, the court ruled that unauthorised use of a public figure's likeness and name to create a virtual character also infringes upon image, name and general personality rights.

These rulings clarified how personality rights should be protected in the realm of AI-generated works, providing crucial guidance for judicial practice.

Key takeaways

China has preliminarily established a framework of rules for the copyright and personality rights protection of AI-generated works through regulation and judicial practices. While disputes persist with regard to ownership and infringement of AI-generated works, these rulings and regulations provide valuable reference points for addressing IP challenges brought about by generative AI.

Using copyrighted content to train generative AI can be deemed fair following Ultraman infringement dispute

Xiaoquan (Claus) ZHANG,
first published by IAM

Precis: The Hangzhou Intermediate Court's decision in China's first-ever copyright infringement case concerning AI training seems to indicate a more tolerant attitude toward copyrighted inputs but a stricter stance on infringing outputs. As this remains a legal grey area worldwide, this judgment could help to shape industry practices in China and beyond.

With the extensive adoption of AI-powered tools, copyrighted content is increasingly being used to train large language models (LLMs). Whether this qualifies as fair use is a hotly debated topic around the world.

In February 2025 a ruling handed down by the Hangzhou Intermediate Court in December 2024 came to light. The court found that using copyrighted content to train generative AI could be deemed fair, provided that there is no evidence proving that such use intends to plagiarise the original expression of the copyrighted works or has impeded the use of the originals or unreasonably prejudiced the copyright owner's legitimate interests.

Background

Tsuburaya Productions is the copyright holder of Ultraman, a Japanese anime character, while Shanghai Character License Administrative (SCLA) – the plaintiff – is the exclusive licensee of Ultraman fine art works.

Small Design is an AI platform operator that enables users to create LoRA models by fine tuning an AI model on a custom dataset. Users uploaded images of Ultraman to this platform to train original models, which were then made available to other users for generating varied Ultraman-style content.

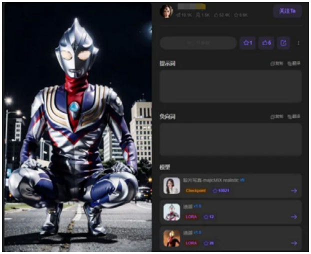


Figure 1. The Ultraman image generated by the accused platform

In 2024, SCLA sued Small Design on the grounds of copyright infringement and unfair competition. It requested cessation, deletion of all relevant material and data and damages (including reasonable costs) of 300,000 yuan.

Court decision

The Hangzhou Internet Court dismissed the unfair competition claim as it found the defendant's business model and operations to be legitimate, and it held that the dispute would be governed by the Copyright Law rather than the Anti-Unfair Competition Law.

The court affirmed that the defendant, as a provider of generative-AI services, was not involved in direct copyright infringement. However, it held the defendant liable for contributory copyright infringement, ordering the generated Ultraman images to be deleted and cessation of the generation and publishing service pertaining to the images at issue. The court awarded damages and reasonable costs of 30,000 yuan, which is one tenth of the initial amount claimed by the plaintiff, and rejected the plaintiff's other requests.

The Hangzhou Intermediate Court upheld this decision on appeal.

The trial court used a two-pronged approach. Specifically, it proposed adopting a more lenient and inclusive assessment of data input and data-training actions of LLMs. However, it underlined the necessity of a rigorous assessment when it came to the output of LLM-generated content and its use. This bifurcated approach sharply contrasts Article 7(2) of the Interim Measures for the Management of Generative Artificial Intelligence Services, which stipulate that gen-AI service providers must conduct pre-training, fine-tuning and other data-processing activities in accordance with the law – and must not infringe upon the legally protected rights of others – when IP rights are involved.

From the court's rationale, it can be inferred that the correlation between training and generation is not linear causality, as may be misconstrued by most people. The creation and evolution of generative AI requires the input of a massive amount of training data, which would inevitably include the copyrighted works of others. In principle, using these at the training stage is for learning, analysing and summarising prior works for the sake of transformative creation of new works later – without the intention to reproduce the originality of the copyrighted works. In general, data training merely temporarily retains the prior works in structural analysis of corpus data without making these available to the public during the training and generation processes.

The court therefore concluded that so long as the training process does not intend to reproduce the original works, interfere with their normal use or cause unreasonable harm to the copyright holder's legitimate interests, it may fall within the scope of fair use.

Comment

Notably, Article 24 of the 2020 Chinese Copyright Law outlines the circumstances that constitute fair use of copyrighted works. Although the legislation does not explicitly address the use of copyrighted works for AI training, clause 13 (other circumstances provided by laws and administrative regulations) leaves the door open, should other laws or administrative regulations sanction fair use in the context of AI training in the future.

It is interesting that the Hangzhou Intermediate Court distinguished the platform's duty to dissuade user infringement during the model-training phase (input) by using legally sourced data and models from its obligations to prevent infringement at the content-generation stage (output) by utilising necessary mechanisms that are consistent with the level of technology at the time of the infringement. This distinction reflects a growing judicial understanding in China that a nuanced approach may be warranted in determining the legal liability of platform operators hosting AI-powered tools in the different phases of AI training and utilisation.

Training AI requires huge and diverse datasets, which often include copyrighted text, images and audio. Whether such use constitutes infringement remains a legal grey area worldwide. This case, which is China's first judicial recognition in this area, seems to insinuate a more tolerant attitude toward copyrighted inputs in AI training – but a stricter stance on infringing outputs. The decision could help to shape both legal interpretation and industry practices in China and beyond.

Protect Your Trademarks in China

CHAPTER 4

Practice and Strategy

Navigating China's social media landscape: issues and best practices for brand protection

Jason YAO,
first published by WTR

China's booming social media landscape presents vast opportunities for brand owners to connect with a massive consumer base. Social media platforms have become a major channel for advertisement and direct communication. However, there are also challenges such as trademark infringement, counterfeit goods, copyright violations, false advertising and unfair competition. To protect their IP rights and business interests and ensure compliance with Chinese laws, brand owners must be well versed in the legislation that governs social media platforms and be familiar with different enforcement strategies for different platforms. In this article, we will explore popular social media platforms in China, the laws that regulate e-commerce, advertising, and intellectual property protection, and offer advice for brand owners to better protect their interests on social media platforms.

Popular social media platforms in China

WeChat

WeChat is an all-in-one platform that combines features such as messaging, voice and video calls, Moments (a timeline for sharing updates), social networking, e-commerce, e-payment and mini-programs. With over 1 billion monthly active users, it offers a wide range of marketing opportunities and has become an essential platform for communication, social networking, content sharing, and business transaction in China. Almost all brand owners doing business in China, big or small, have opened an official account as a channel to make public announcements, launch new products, advertise and carry out promotional activities. However, due to its open platform nature, the unauthorised use of brand logos, trademarks and copyrighted content is a common issue. Many sellers use the platform to market and sell infringing products.

Douyin

Douyin, known as TikTok outside of China, is a short-video platform with millions of users. It has become a powerful marketing tool that allows brands to reach consumers through creative and engaging content. However, brand infringement issues can arise (eg, unauthorised use of brand names or logos in videos). The sale of infringing and unauthorised products on Douyin livestreams is a growing problem.

Kuaishou

Kuaishou is another popular short-video platform, known for its focus on live streaming and user-generated content. Like Douyin, Kuaishou poses risks of trademark and copyright infringement when users misuse brand assets.

Xiaohongshu (rednote)

Xiaohongshu is popular among young consumers. It combines social media features with product reviews, shopping experiences and recommendations, enabling users to discover and share experiences, tips and product recommendations across various categories (eg, beauty, fashion, lifestyle, sports and travel). Unavoidably, a lot of content may be misleading, falsified or IP infringing.

Sina Weibo

Sino Weibo, often called the “Chinese Twitter”, is a microblogging platform for real-time news updates, discussions, celebrity interactions and user-generated content. The platform has over 500 million registered users. Users can post short messages, share photos and videos, follow other users and interact through comments and likes. Many brand owners have an official account for public announcements, new product launches, advertising and customer interactions. It is not uncommon to find infringing content and counterfeit products being offered on the platform.

Bilibili

Bilibili is a video-sharing platform popular among China's younger generation. It focuses on user-generated content, including animation, gaming and entertainment. Although the platform has implemented strict copyright policies, infringement can still occur, primarily related to unauthorised use of copyrighted material.

These are only a few examples of popular social media platforms in China. It is worth noting that the Chinese social media landscape is vast and constantly evolving, with new platforms emerging and existing ones adapting to changing trends. There are many other social media platforms that are very popular among certain groups of people.

Common IP infringement issues

Due to the ease of sharing and distributing content and its instant reach to a vast public, IP infringement on social media platforms is a significant concern.

Copyright infringement

- Unauthorised sharing of protected content: users often share copyrighted material (eg, music, videos and images) without permission from the copyright holder. Memes, GIFs and remixes can contain copyrighted material that is shared without proper licensing.
- Reposting and forwarding: reposting and forwarding content created by others may infringe copyright if there is no consent or proper attribution.
- User-generated content: users creating content that incorporates copyrighted material (eg, background music in videos) may inadvertently infringe copyright.

Trademark infringement

- Promoting and selling trademark-infringing products: users may offer counterfeit products or trademark-infringing products from the grey market.
- Fake profiles and impersonation: accounts that impersonate brands or individuals can infringe on trademark rights and mislead users.
- Unauthorised use of logos and brand names: using trademarks in posts, or profile pictures, or to sell counterfeit goods can infringe on trademark rights.
- Hashtag infringement: using brand names or trademarks in hashtags to promote unrelated content can cause confusion or dilute the brand.

Patent infringement

While less common on social media, showcasing or selling products that infringe on patented inventions or designs are often seen on social media accounts, especially those involving certain interest groups.

Trade secret misappropriation

- Disclosure of confidential information: employees or insiders may inadvertently or purposely share trade secrets on social media.
- Industrial espionage: competitors may use social media to gather trade secrets or confidential information.

Laws governing advertising and e-commerce on social media platforms

While the relevant general laws (including the Trademark Law, Copyright Law, Patent Law, Anti-unfair Competition Law, Advertising Law and Consumer Rights Protection Law) are applicable to social media platforms, several special laws specifically govern activities on these platforms:

- E-commerce Law: the E-commerce Law regulates online transactions, including those conducted through social media platforms. It imposes obligations on e-commerce operators to protect consumer rights, ensure product quality and safety and prevent deceptive practices. Brand owners engaging in e-commerce activities on social media platforms must comply with these provisions, ensuring transparency and consumer protection.

- Provisions on the governance of the online information content ecosystem: these provisions categorise online content into “encouraged”, “negative”, and “illegal” content. Social media platforms are responsible for content management and implementing measures to prevent the creation, reproduction or distribution of negative or illegal content.
- Administrative measures for internet post comment services: these measures stipulate that service providers for internet forums, blogs and comment sections must monitor and manage user-posted content, require real-name registration and report illegal information to the authorities.
- Administrative provisions on internet group information services: this specifies regulations for social media platforms that offer group information services (eg, chat groups and forums). It includes requirements for real-name registration, content monitoring and reporting mechanisms.
- Several provisions on regulating the market order of internet advertising: these provisions regulate online advertising activities, requiring clear labelling of advertisements and prohibiting false or misleading online ads.

Social media platforms operating in China must comply with these laws and regulations, which typically involve significant self-censorship and cooperation with government surveillance and control measures. They also provide leverage and tools for brand owners to file complaints with social media platforms and remove infringing contents. Being familiar with these laws and regulations is not only important for brand owners to use social media platforms proactively, but also beneficial for protecting their rights and interests effectively.

Strategic advice for brand owners

It is crucial to aggressively enforce IP rights and commercial interests on social media platforms in China. Given the challenges of the complex online ecosystem and law enforcement mechanism in China, developing a comprehensive strategy is critical.

Proactive monitoring

Brand owners should implement robust monitoring programmes to detect potential instances that are detrimental to the brands on social media platforms. Regularly searching for unauthorised use of brand assets and actively engaging with the platform’s reporting mechanisms can help identify and address infringing activities quickly and effectively.

Collaboration with platforms

Establishing cooperative relationships with social media platforms can enhance brand owners’ ability to protect their IP rights and interests.

Platforms are obligated to take down infringing content and implement preventive measures according to the relevant laws and regulations. Most platforms, if not all, have implemented programmes and mechanisms to receive complaints from rights holders and take down infringing content when legitimate complaints are filed. Some platforms have also been proactively going after repeated and serious offenders.

Legal action

Aggressive legal actions should be pursued in cases of severe infringement. It may start with a cease-and-desist letter, and follow with a complaint to an administrative enforcement agency, a civil lawsuit before a competent court, or a criminal complaint with the police, depending on the severity. Working with experienced local attorneys specialising in the relevant areas is crucial to navigate the legal system effectively.

Proactive approach

Brand owners can take a proactive approach to leverage the influence of social media by using social media platforms actively. Many brand owners have created their official accounts on popular platforms to promote brand awareness and engage with consumers and the public. It has become an increasingly important way to interact with consumers, provide customer service, educate consumers on authenticity and build trust and brand loyalty. It is also becoming a crucial channel to sell products directly to consumers through live streaming on social media platforms.

As brand owners explore the vast opportunities presented by China's social media landscape, it is important to understand the legislation that govern activities on these platforms. By familiarising themselves with the laws, actively monitoring for infringements and taking proactive measures to protect their IP rights and commercial interests, brand owners can mitigate the risks associated with brand infringement and counterfeit goods. Collaboration with social media platforms, aggressive legal action when necessary and proactive use of social media can further strengthen brand protection and build more powerful brand influence in China's dynamic digital environment.

Intellectual Property Protection in Product Recycling and Remanufacturing in China

ZHU Zhigang,
first published by IAM

Amid heightened global attention on environmental protection, the recycling and reuse of products is becoming a key consideration for the Chinese government. Relevant legislation has been introduced - such as the Environmental Protection Law and the Circular Economy Promotion Law - to encourage and facilitate the establishment of recycling systems. However, these fail to directly address the issue of the exhaustion of IP rights in product recycling and the conditions under which IP rights can be reasserted.

As this issue becomes increasingly relevant, it is necessary to look at how the Chinese courts have previously approached it for guidance.

Trademark protection

The principle of trademark exhaustion is not explicitly defined under the Trademark Law. However, scholars and practitioners generally accept that once a trademark owner or its licensee places goods bearing a trademark on the market, said owner cannot invoke its rights to prevent further sales or transfers of those goods. In other words, a purchaser has the freedom to deal with the product and the trademark owner no longer has the power to control further distribution.

At the same time, Article 57(5) of the Trademark Law restricts this principle by prohibiting the unauthorised replacement of a registered trademark with the intention of reintroducing goods to the market – also known as 'reverse passing off'. Further, Article 30 of the Regulations on the Protection of IP Rights in the Hainan Free Trade Port (2021) emphasises that if continued use of a registered mark after the goods have been marketed would harm the mark's distinctiveness or reputation, the exhaustion principle does not apply.

However, when products undergo certain processes during recycling (eg, refilling, repair or refurbishment) and then re-enter the market, they may be significantly different to the originals. This raises questions about whether and how recyclers can continue using an original mark. Chinese administrative and judicial authorities have long held divergent opinions on this matter.

Beer-bottle recycling – case law indicates unified stance

Reusing recycled beer bottles is a widespread practice in China. While beer-bottle manufacturers typically emboss their brand directly onto the bottles, Chinese law does not specifically regulate how breweries may use recycled bottles. Courts at various levels have gradually formed a unified stance on whether the exhaustion principle applies here.

Chongqing beer case (2011)

In this case, the High People's Court of Hunan Province overturned a first-instance infringement decision. It held that the defendant's use of recycled beer bottles did not constitute trademark infringement on three grounds.

First, the court opined that the defendant merely used the bottles as containers rather than seeking to exploit the plaintiff's trademark. Further, it held that the defendant's bottle cap, neck label and main label clearly featured its own trademark, which would not mislead typical consumers.

Second, it claimed that reusing beer bottles aligns with national policy. Because the plaintiff failed to adopt special measures to prevent its bottles from entering the recycling system, it was reasonably foreseeable that its bottles could be reused by others.

Finally, the court noted that if it were to uphold the plaintiff's infringement claim, it would effectively prohibit the recycling of used beer bottles, thereby conflicting with national policies. Balancing individual interests against the overall public interest, the court decided that environmental rights should be protected over the plaintiff's trademark rights in this scenario.

Dali beer case (2011)

The Supreme People's Court similarly held that collecting and reusing glass beer bottles that still met safety standards was longstanding industry practice in China. It noted that the defendant merely used the recycled bottles as containers for its own beer, clearly labelling its products with its own LANCANGJIANG trademark and company name on the bottle's body and neck.

Given that there was no evidence of an intent to free ride on Dali Beer's goodwill, the court concluded that the defendant's reuse of Dali's bottles did not infringe trademark or company name rights.

Xiyingmen case (2014)

The Supreme People's Court slightly changed its stance in this case, emphasising that breweries must take reasonable measures to avoid infringement when reusing recycled bottles.

It held that simply using another company's recycled beer bottle – while visibly attaching one's own trademark and company name to avoid consumer confusion – generally does not constitute infringement. However, the defendant not only retained the embossed BUDWEISER INBEV mark but also used packaging and labelling that closely resembled Budweiser's well-known Harbin Beer brand. Consequently, the embossed mark could now serve as a source-identifying function and was thus more likely to create confusion among consumers. Therefore, the court found the defendant's reuse of the bottles to be infringing.

Administrative authorities' approach

Chinese administrative authorities have adopted a much stricter position than the courts. As early as 1995, the trademark office stated that any party wishing to refill beverage containers that bear another party's still-visible trademark must completely cover it. Failure to adequately do so constitutes trademark infringement.

A 2019 reply from the China National IP Administration reiterated that while China encourages recycling of resources, it must not infringe others' registered trademark rights. Even if an embossed trademark cannot be easily removed, other users must take measures (eg, covering the mark with a new label) to avoid consumer confusion.

Trademark infringement when refurbishing goods

Refurbished goods are frequently reintroduced into the Chinese marketplace. From a judicial perspective, a key issue is how the refurbisher uses the original trademark when reselling the products.

1. Removing the original trademark without authorization

In Fengye (1994), the Beijing First Intermediate People's Court held that buying products bearing the plaintiff's trademark and then removing the marks for resale – under the guise of exhaustion of rights – constitutes unfair competition. The court reasoned that the defendant's conduct exploited the plaintiff's high-quality products for illicit profit without compensating the plaintiff for the goodwill and labour involved in building its brand.

After the Trademark Law was amended in 2001 to include in Article 57(5) reverse passing off as a form of infringement, courts have consistently found that removing and replacing an original trademark before reintroducing goods into the market impairs the mark's normal function. For example, in Malata (2016), the Ningbo Intermediate People's Court held that covering up Malata's mark with "AOV" deprived Malata of the opportunity to display its trademark to the public, preventing it from leveraging its brand value and goodwill in the market. Consumers would also be misled regarding the product's origin.

Some courts have similarly found that removing the original trademark (without replacing it with a new mark) can also constitute infringement. In Yinzhi (2003), the Nantong Intermediate People's Court reasoned that trademark rights are inseparable from the goods themselves. Removing the original trademark disrupts the link between the owner and user, depriving them of information about the true producer and negating the product's market-expanding attributes – thus infringing the trademark owner's legitimate interests.

2. Continuing to use the original mark without authorization

Whether refurbished goods may still bear the original mark without constituting infringement depends on whether:

- the product has undergone a substantive transformation; and
- there is a likelihood of confusion.

The HP case (2019)

In this case, the Tianhe District People's Court in Guangzhou reasoned that the seller must respect the trademark owner's rights during the product's circulation; merely transporting, storing or reselling goods that bore the mark did not cause confusion. However, if the seller substantially alters the product's core elements, the trademark no longer accurately indicates the product's origin and quality. Continuing to use the original mark thus tarnishes it and undermines consumer interests.

The Domino case (2018)

The Guangdong High People's Court recognised a balance between the trademark owner's rights, the interests of the recycler and public interest. In this case, the defendants only recycled old circuit boards from the plaintiff's A200 coding machines. The default setting caused Domino's mark to appear when the screen started up, but the defendants did not actively or prominently use Domino's mark on the refurbished machines or packaging. Because the new product's packaging contained no Domino logo, there was no direct risk of confusing the public as to its origin. The reuse of an internal part – without significantly altering the machine's overall quality or removing the original trademark – fell within the scope of trademark exhaustion.

3. Selling refurbished products as brand new

Refurbishers that sell old products as new and that are falsely labelled as original may also face criminal charges. In Oppo (2022), the Chengdu Intermediate People's Court found that replacing certain components (eg, phone back covers and screens) could affect functionality and performance, amounting to a "substantial alteration". Selling phones as new without disclosing such alterations would confuse consumers about the product's authenticity and quality, infringing on the trademark's source-identifying and quality-guarantee functions. Further, such activities constituted counterfeiting of registered trademarks as they harmed the brand's goodwill.

Patent protection

China has recognised domestic patent exhaustion since 1985, when the Patent Law stated that after a patentee has produced or authorised production of a patented product and sells it, the subsequent use or resale does not constitute infringement. In 2008, the revised Article 75 expanded this to include "international exhaustion", which clarified that using, offering to sell, selling or importing a patented product – once it has been sold or authorised by the patentee – does not constitute infringement.

Scholars and practitioners tend to agree that repairing a patented product generally falls within the scope of patent exhaustion, while remanufacturing constitutes patent infringement. The key disagreement lies in how to distinguish between the two.

Although judicial and administrative authorities have attempted to define and characterise the distinction between repairing and remanufacturing, consensus has proven elusive. This has led to repeated withdrawals or omissions of such provisions from final legal texts.

The debate in legal texts

The Beijing High People's Court Opinion on Several Issues Concerning the Determination of Patent Infringement (second draft, 2001) proposed that "restoring a patented product that has exceeded its service life to its original form" would be considered manufacturing, while "performing repairs or maintenance to maintain or extend the life of a product that has not exceeded its service life" would be non-infringing. However, this language was not adopted in later guidelines.

The Supreme People's Court Regulation on Several Issues Concerning the Trial of Patent Infringement Disputes (draft, October 2003) also included detailed distinctions between manufacturing and repair, but these provisions were later deleted following industry opposition and were not included in subsequent judicial interpretations.

Similarly, the Patent Infringement Determination Guidelines (draft for comment, 2016) from the then State IP Office contained provisions on assembly and repair of patented products, but these were also deleted from the final version.

Patent infringement cases involving this issue remain relatively rare. However, there are two notable examples.

Frame-style air filter case (2014)

The Henan High People's Court held that the defendant's "retrofit" of a patent-protected filter system to increase its purification capacity constituted manufacturing a new product rather than a mere repair, because the original device was still functional and the alterations substantially improved its performance. The modification thus fell within the scope of the patent claims and amounted to infringement.

Sealing device case (2023)

The Jiangsu High People's Court addressed a situation where the defendant replaced worn-out sealing boards in a patented product. Since the patentee had not claimed exclusive rights in these consumable parts, the court deemed the replacement a permissible repair to maintain normal product function, rather than the remanufacture of such product.

Practical takeaways for companies

Refurbishers and recyclers find themselves in a challenging position. On one hand, the government encourages recycling and reuse initiatives for environmental and cost-saving reasons (aligned with ESG principles). On the other hand, these activities must also respect the rights and legitimate interests of original IP owners.

Nevertheless, drawing upon administrative and judicial practices, the following consensus principles can guide corporate compliance and risk management.

Proactive and comprehensive disclosure

When refurbishing and reselling products, companies should actively and comprehensively disclose relevant information, such as:

- which parts are refurbished;
- which components have been replaced;
- who performed the refurbishing; and
- whether the product is still within the original warranty period.

Conspicuous refurbished labelling

All refurbished products should bear an indelible label that clearly shows that they have been refurbished on their outer casing, product manuals and packaging at the point of sale. For online sales, this label must appear prominently in product listings to ensure that consumers understand the product’s nature and avoid deception.

Limit repairs to ordinary maintenance

It is advisable to restrict refurbishing to ordinary repairs that restore or maintain a used product’s appearance and functionality, avoiding changes that substantially alter the original product’s design, functionality or performance. Activities that cross into remanufacturing risk infringing IP rights.

Avoid confusing terminology and trademarks

Refurbished products should use clear and accurate markings. Avoid terms like ‘officially refurbished’, ‘official replacement’, ‘brand new’, ‘original’ or ‘authentic second-hand’, as they could mislead consumers. Under no circumstances should businesses highlight or display the original brand or trademark in a way that suggests non-existent authorisation or affiliation.

Ensure packaging and accessories do not infringe

Refurbished products should use packaging and accessories that are distinguishable from those of the original brand. Any new packaging or accessories must avoid infringing the original rights holder’s trademarks, industrial designs or copyrights.

By adhering to these guidelines, enterprises can better harmonise ESG responsibilities with respecting IP rights.

Beijing IP Court docket statistics and new guidelines vital for foreign litigants

Paul RANJARD, QIN Huimin & ZHU Zhigang,
first published by IAM

Precis: The newly revealed analytics of the Beijing IP Court highlight a fall in the number of IP cases docketed in 2023, the first decrease since its inauguration in 2014. To further facilitate foreign litigants, the court has introduced new guidelines to help them easily navigate China's documentation processes going forward.

On 19 December 2023 the Beijing IP Court released statistics on its docketed cases from the first 11 months of 2023 and introduced the Guidelines for Handling Supporting Documents Certifying the Subject Qualification in Foreign-Related Cases at a press conference.

Statistics from 2023

From January to November, 24,324 IP cases were docketed in total by the Beijing IP Court, showing a decrease of 7% – in contrast to the average annual growth rate of around 20% – over the past seven years. This marks the first fall since the court's inauguration in 2014.

Given that the Beijing IP Court has exclusive jurisdiction over all China National IP Administration decisions concerning trademarks and patents, it is unsurprising that most of the cases handled by the court are administrative. Of the 24,324 cases docketed from January to November, 5,449 were civil and 18,875 were administrative.

With regard to civil cases, 1,369 were filed directly with the Beijing IP Court at first instance, while the remaining 4,080 were appeals against lower-court decisions and cases concerning other procedural matters. As for administrative cases, 18,867 were submitted at first instance.

Of the total caseload docketed at the first instance, 21.2% were foreign-related (including Hong Kong, Macao and Taiwan). Cases involving France, Germany, Japan, South Korea and the United States made up over 50% of all foreign-related cases.

The court's new guidelines

In addition to these statistics, the Beijing IP Court also released its Guidelines for Handling Supporting Documents Certifying the Subject

Qualification in Foreign-Related Cases, in which it provides detailed instructions to help foreign litigants establish and submit the set of documents that officially certify their identity and capacity. This clarification effort is a welcome development, especially after China's formal accession to the Apostille Convention in 2023.

The documentation that is required to certify litigants' identity and eligibility varies in different jurisdictions. Since it is impossible to address all of the existing legislation concerning legal forms and corporations' operational rules, the guidelines focus on six countries only: Belgium, France, Germany, Japan, South Korea and the United States (California and Delaware). For each of these jurisdictions, the guidelines cite the relevant laws and describe, with examples, the content of each certification document that is required.

In addition to proving their identities, foreign litigants must submit a power of attorney in favour of the Chinese attorney who will act in court on their behalf. Since the undersigned of the power of attorney is rarely the litigant's legal representative (it is often a member of staff – authorised by a kind of internal power of attorney), it is necessary to satisfy the court that the undersigned is, indeed, duly authorised. In its guidelines, the Beijing IP Court explains who has the authority to sign a power of attorney on behalf of a company according to local laws and provides templates that litigants can easily follow.

Since 7 November 2023, litigants from contracting states of the Apostille

Convention can skip the legalisation procedure – which previously involved the issuing country's authorities and the Chinese Consulate in the litigant's country. Now, litigants may submit the documents with the Apostille, provided by the relevant authority in the country concerned, together with an official translation (see "Apostille Convention marks transformative step forward for foreign IP litigants in China").

The Protection of Geographical Indications in China

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1. Introduction

The TRIPS Agreement

The Agreement on Trade-Related Aspects of Intellectual Property Rights (TRIPS) of 15 April 1994 defines Geographical Indications as " ... indications which identify a good as originating in the territory of a Member, or a region or locality in that territory, where a given quality, reputation or other characteristic of the good is essentially attributable to its geographical origin".

The Agreement leaves to the Members the choice between protecting GIs under the trademark system (the United States choice) or as a "sui generis" concept (the European choice).

The dual choice of China

China embraced both regimes and started, first, with the collective or certification trademark system and adopted, later and concurrently with the sui generis system, an ad hoc regulation in which GIs are defined as "GI Products".

Trademark regime

In establishing its GI trademark regime, China cited and combined two different sources: (1) the definition of the TRIPS Agreement (above) and (2) the definition provided by the Lisbon Agreement for the Protection of Appellations of Origin and their International Registration (October 31, 1958), for the "Appellations of Origin": "... the geographical denomination of a country, region, or locality, which serves to designate a product originating therein, the quality or characteristics of which are due exclusively or essentially to the geographical environment, including natural and human factors".

In 2001, China's legislator introduced Article 16.2 in the then Trademark Law, which reads as follows: "... a sign which identifies a good originating from a certain region, where a given quality, reputation or other characteristic of the good is essentially attributable to the natural or human factors of the region." In 2002, the Implementing Regulation of the Trademark Law specified that "GIs may be registered as collective or certification trademarks".

In 2003, China promulgated the "Regulations for the Registration and Administration of Collective Marks and Certification Marks", which heralded the registration of a geographical indication as a collective mark or a certification mark.

"*sui generis* GI Products" regime

In 2005, China decided to protect GIs with a "sui generis" registration and protection system that runs parallel to the trademark system already in place. The "sui generis" regime is similar to what was in force in Europe. The Provisions for the Protection of GI Products published by the then quality watchdog Administration of Quality Supervision Inspection and Quarantine (AQSIQ) , define the GI Product using similar terms as the Trademark Law: "The term 'geographical indication product' refers to products whose quality, reputation, or other essential characteristics are primarily determined by the natural and human factors of a specific region".

Both regulations were revised and respectively replaced by a new Regulation on Collective and Certification Trademarks and a new Measures on the Protection of GI products (both dated 29 December 2023), which entered into force on 1st February 2024.

2. Differences between the two regimes: enforcement

China's institutional reform in 2018, which led to the dissolution of the AQSIQ and the integration of its remit over GI products under the roof of China National Intellectual Property Administration (CNIPA) has long triggered the speculation over the integration of the two regimes. The simultaneous promulgation of the two aforesaid regulations may have given, at the time, the impression that the creation of a unique regime of protection for all GIs could be well under way. Indeed, the concept of a "unified GI law" is a topic of heated discussion in the Chinese academia.

Six years on, a unified law is not yet on the horizon. The concomitance of the two regimes merits a thorough analysis of their differences, which mainly concerns the enforcement of the GI right.

Protection against conflicting trademarks

In fact, the term "enforcement" corresponds to two different situations which need to be distinguished: (1) protection against the registration of conflicting trademarks incorporating the GI, and designating identical, similar of even different products, and (2) protection against the use of the GI by third parties on identical, similar of even different products.

The Trademark Law offers unique legal basis and affords GI right owners protection against conflicting trademarks in three articles:

Article 10.1.7: *"The following signs shall not be used as trademarks:... (7) those deceptive, which are likely to mislead the public to misidentify the quality or other characteristics or place of origin of the goods;"*

Article 10.2: *"The geographical names (in China) ...and the foreign geographical names well-known to the public shall not be used as trademarks, [except if they have other meanings or are part of a collective mark or certification mark. ....]"*

Article 16.1: *"A trademark that consists of or contains a geographical indication in respect of goods that are not originating from the indicated region to such an extent as to mislead the public, ...shall not be registered and shall not be used."*

Based on Article 16, foreign GIs like the famous Margaux and Romanée Conti wines obtained the refusal or invalidation of trademarks using their name, even without trademark registrations in China. The CNIPA also sided with owners of registered collective trademarks of Napa Valley, Bordeaux, and Saint Emilion, in refusal or invalidation proceeding, citing Article 16 or Article 10.2.

And even when different products are concerned, Article 10.2 was wielded by the Comité Interprofessionnel du Vin de Champagne (CIVC) to prevent Victoria Secret from filing the name VICTORIA'S SECRET CHAMPAGNE GLOW, designating "cosmetic preparations for skin care; bath preparations, not for medical purposes; perfumes" in Class 3.

Protection against infringement

Concerning the protection against acts of infringement, the two systems - trademarks and GI Products - provide different solutions. Right owners may resort to the two systems even if their GI has not yet been registered, either as a collective/certification trademark or as a GI Product, as illustrated by some of our practice below.

Protection of unregistered GIs

In 2011, the CIVC had not yet secured the registration of Champagne as a collective trademark (the registration of foreign GI Product was only possible in 2016) and found out that a Chinese company was selling sparkling water called Seven Star Champagne. The CIVC initiated a civil action before the Beijing No.1 Intermediate Court in 2012, citing articles 10.1.7, 10.2 and 16 of the Trademark Law, as well as Article 13 (unregistered well-known trademark). The court took three years to decide and finally, after careful analysis of all the legal means cited by the CIVC, ruled in favor of the CIVC on the basis of Article 16, finding: Champagne is a geographical indication and the sparkling water of Seven Star does not originate from such place. The court added that the geographical indication should be protected regardless of whether, or not, it is registered as a collective mark or certification mark in China.

Protection of GIs registered as trademark

Once a GI is registered as a collective or certification trademark, the enforcement of the right is governed by the relevant articles of the law, with no difference from other ordinary trademarks. The GI trademark can also be recognized as a well-known trademark and enforced against the use on different goods.

In 2020, the CIVC launched a civil action before the Beijing IP Court against two Chinese companies manufacturing and selling perfumes under the name Champagne Life. In February 2022, the court decided in favor of the CIVC, establishing, first, that the collective trademark Champagne is well-known, as provided by Article 13 of the Trademark law. The court elaborated on the issue, explaining that the reputation achieved by Champagne resulted from its long duration of use as a GI before it was registered. The court also specified that the reputation acquired by the main producers of Champagne benefited the CIVC, owner of the GI. Finally, the court added a comment on the necessity for the CIVC to protect the GI against a claim that the name Champagne could be considered as a generic term. The defendants were ordered to pay damages and costs totaling RMB220,000. In November 2023, the Beijing High Court confirmed the first instance judgment.

More recently, in May 2023, the CIVC brought an action against a company selling non-alcoholic beverage under the name “Little Champagne”. The Beijing IP Court, in its judgment of 29 September

2024, found that sparkling wine and non-alcoholic beverage are dissimilar goods and that, due to the reputation of Champagne, the use of such name on non-alcoholic beverage creates a risk of association in the minds of the consumers which is detrimental to the interests of the CIVC. The court added a similar comment as regards the risk of genericity which justifies the need to protect the GI Champagne. The defendant was ordered to pay CIVC damages for RMB400,000 plus cost RMB80,000. The case is currently under appeal.

Finally, another recent case illustrates the willingness of Chinese courts to protect well-known GIs registered as collective trademarks. In 2023, the CIVB (Conseil Interprofessionnel du Vin de Bordeaux) filed a civil action before the Shenzhen Intermediate Court against a company operating a club where consumers can play games while enjoying a foot massage. The club called itself Xixiang Bordeaux Leisure Club. On 30 September 2024, the court decided in favor of the CIVB, stating that the collective trademark Bordeaux is well-known in China and that the use of this name, even in the absence of confusion, weakens the association between the GI and the famous wines produced in the region. Furthermore, the use of Bordeaux in the tradename of the defendant was considered as an act of unfair competition. The defendant was ordered to pay RMB50,000 as damages and costs.

Protection of GI Products

Cases of enforcement against acts of infringement involving a GI product are rare, due to the absence of a special law regulating such infringement actions.

The Measures of 29 December 2023 provide (article 30) that violations are "*...subject to relevant laws and regulations...*"

As a matter of fact, the Civil Code of China, promulgated on 28 May 2020 provides in Article 123 that "*Civil subjects enjoy intellectual property rights according to law. Intellectual property rights are [...] (4) Geographical Indications...).*" However, whereas the enforcement of works of art, inventions, trademarks and trade secrets is explicitly provided by copyright, patent, trademark, and anti-unfair competition laws, there is no "GI Law" supporting the enforcement of GIs.

In practice, the only law that can be used is the Anti-Unfair Competition Law. Article 2 establishes the principle of fairness and good faith in business activities and Article 6 addresses situations where a business operator misleads consumers into believing that its own goods are the goods of another entity.

Article 2 of this law was cited once, successfully, in a case between the Bureau National Interprofessionnel du Cognac (BNIC) and the car manufacturer Ford.

In 2018, Ford China launched a series of vehicles under the name "COGNAC Special Edition" including models like the "EcoSport COGNAC

Special Edition" and "Mondeo EcoBoost 180 COGNAC Special Edition". These vehicles were promoted on Ford China's official website and on other media. The marketing campaign went as far as using the tagline of "Not all brandies are Cognac, not all Fords are Cognac", which inappropriately leveraged Cognac's prominent position in brandy to endorse the premium quality of Ford's Cognac series vehicles. Ford also used "COGNAC Brown" to refer to the color of the interior decoration of these vehicles.

On 23 November 2020, the Suzhou Intermediate Court decided that, by exploiting the reputation of the name Cognac, Ford had committed acts of unfair competition, violating Article 2 of the law. Ford appealed to the Jiangsu Provincial High Court who confirmed the first instance decision in 2023.

3. The need for a GI Products Law

The BNIC v. Ford case, high profile as it may be, is an exception and does not offset the weak enforcement of GI Products against acts of infringement.

This weakness is due to the absence of power of the administrative enforcement authority to take action when GI Products are infringed.

Such powers had been provided in a draft regulation issued in 2020, and again in 2023, by the CNIPA, which provided: "*In case of any of the* *following [infringing] acts, the authorities responsible for enforcement for geographical indications shall order the offender to forthwith stop the illegal act; where there is illegal turnover, the illegal turnover shall be confiscated; in serious cases, a fine of not more than five times the illegal turnover, capped at RMB100,000 may be imposed; where there is no illegal turnover or the illegal turnover is less than RMB50,000, a fine of not more than RMB50,000 may be imposed*".

Unfortunately, the final text of the Measures promulgated at the end of 2023, did not keep this provision. The reason is apparently that, as indicated in the State Council Institutional Reform Plan dated 7 March 2023, the CNIPA, which used to be administered by the State Administration for Market Regulation (SAMR), was elevated to a higher administrative echelon and became an institution directly under the State Council. As a result, the CNIPA no longer has the enforcement authority over the IP rights. This responsibility belongs now to the SAMR.

Besides, the absence of a GI Law does not help either. Such a law could provide for the protection of the GI Products in the same manner as the Trademark Law addresses the issue of the protection of trademarks. Right holders of GI Products need a law that clearly defines the scope of protection of their rights and serves as a legal base for legal civil action, or criminal prosecution, as the case maybe.

The European model

In that regard, China could find inspiration in the latest European Regulation dated 18 October 2023, which provides that GIs shall be protected "*against any direct or indirect commercial use […] where the use of the name exploits, weakens, dilutes, or is detrimental to the reputation of the protected geographical indication*" and "*against any misuse, imitation or evocation of the name protected as a geographical indication…*".

The few cases mentioned above show that China is quite in line with the European view, even though it achieves an equivalent level of protection through different legal means (protection of well-known trademark or unfair competition).

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