On 15 June 2020, the China National Intellectual Property Administration (“CNIPA”) issued the *Judging Criteria for Trademark Infringement* (“Criteria”) to further implement the decisions and arrangements of the State Council on strengthening intellectual property protection, reinforce the *PRC Trademark Law* and the *Implementation Regulations of the Trademark Law* related enforcement through guidance, and unify the standards of law enforcement for the local authorities and People’s Courts. The Criteria took effect immediately.

1. Background

Trademark infringement judgments require profound understanding of relevant laws and regulations because the facts involved can be complex. This requires professionally trained lawyers or administrative personnel to apply relevant laws and regulations when assisting trademark owners to resolve trademark disputes. However, relevant trademark laws and regulations are usually prescribed as principles and guidance, which may not be very straightforward for front-line administrative personnel to apply in practice. Front-line administrative personnel are usually the first responders for most trademark disputes. In order to better implement the relevant trademark laws and regulations, front-line administrative personnel need more straightforward guidance. Moreover, with the growing Internet-related businesses, trademark disputes become diversified and complicated. Therefore, the issuance of the Criteria is aimed at improving the trademark protection system, improving the level of law enforcement protection, solving new scenarios and new problems in law enforcement, providing specific application guidance of the trademark laws and regulations for law enforcement, and creating a highly transparent and predictable intellectual property protection environment for market participants.
2. Key aspects of the Criteria

The key aspects of the Criteria are as follows:

(1) Use of trademarks;

(2) Identical and similar goods and services;

(3) Identical and similar trademarks;

(4) Likelihood of confusion;

(5) Constitution of trademark infringement;

(6) Seller's liability exemption;

(7) Other noticeable provisions.

3. Use of trademarks

The Criteria clarify that the first step in determining whether there is a trademark infringement is to determine whether the alleged infringement actions constitute a "trademark use" under the PRC Trademark Law. The Criteria refine the definition of trademark use on goods, goods' packaging or containers, and commercial transaction documents, services, promotion, advertisement, exhibition, and other commercial activities for identifying the source of goods and services as follows.

a) For trademark use on goods, goods' packaging or containers or on commercial transaction documents of goods, the specific forms include, but are not limited to:

- Attaching trademark to goods, goods' packaging or containers or labels by means of direct affixing, marking, ironing, weaving, or using the trademark on additional tags, instruction manual, introduction brochure and price list of the goods;
- Applying trademark to transaction documents relating to sales of goods include goods sales contract, invoice, note, receipt, inbound and outbound inspection and quarantine certificate, Customs declaration forms, etc.

b) For trademark use at places of services, or on transaction documents of services, the specific forms include, but are not limited to:
Applying trademark in places of service directly, including introduction brochures, staff clothing, posters, menus, price lists, business cards, lottery tickets, office stationery, correspondence papers and other relevant articles used in the provision of services;

Applying the trademark to documents and materials in connection with the service, such as invoices, bills, receipts, remittance documents, service agreements, certificates for repair and maintenance, etc.

c) For trademark use in advertisements, exhibitions or other business activities, the specific forms include, but are not limited to:

- Applying the trademark in media such as broadcasts, televisions, films and internet, in publications for public circulation, in billboards or mailing advertisements, or in other advertising carriers;
- Using the trademark in exhibitions or expositions, including handing out printing materials, pictures of exhibition booths, exhibition certificates and other materials that use the trademark in exhibitions or expositions;
- Using the trademark on websites, instant messaging tools, social network platforms, applications, two-dimensional codes, sign or decoration of the hall of the shop, etc.

The clarification on trademark use at places of services or on transaction documents of services is a critical supplement to Article 48 of the PRC Trademark Law, which only prescribed trademark use on goods. Unlike goods where trademarks can be directly attached to, use of trademarks at places of services or on transaction documents of services varies depend on the type of services or transaction document, such as restaurant uniform, menu, business cards, coupon, invoice, etc. These determinations can be particularly difficult.

Further, when determining whether a trademark is used, the following factors shall be taken into consideration comprehensively:

1. the user's subjective intention;
2. the user's method of use;
3. the user's method of promotion;
4. trade practice;
5. consumer perception, etc.

4. Identical and similar goods and services

The Criteria define the principle of determining identical and similar goods and services, and also clarify the application of the Classification of Similar Goods and Services issued by the CNIPA based on the Nice Agreement ("CNIPA Classification") in trademark administrative law enforcement.

To determine whether goods or services are identical or similar, a comparison should be made between goods or services that have been approved to use under the registered trademark and those goods and services designed
under the alleged infringing mark by referencing the CNIPA Classification.

Determining identical or similar goods and services may look to be a straightforward comparison of the items listed in the CNIPA Classification. However, in practice, not all goods and services approved to use are standard items as listed in the CNIPA Classification because technology and market evolves much faster than the annual renewal of the CNIPA Classification. The CNIPA Classification may not be able to be timely updated or adapted to the latest technology or market change. Under such circumstances, determining whether goods and services are identical or similar become even harder. Therefore, the Criteria provide definitions of identical and similar goods and services as follows.

a) Identical goods and services

Identical goods can be divided into two categories. First, if the name of goods actually produced and sold by the alleged infringer is identical with the name of goods of another that is approved for use under a registered trademark, then the goods shall be deemed as identical. Second, if the two names are different but are identical or nearly identical in terms of function, purpose, main raw material, production department, target consumer, sales channel and other aspects of the goods, and the relevant public generally considers them to be identical goods, then the goods shall also be deemed as identical.

Similarly, identical services can be divided into two categories. First, if the name of service actually provided by the alleged infringer is identical with the service of another that is approved for use under the registered trademark, then the services shall be deemed as identical. Second, if the two names are different but are identical or almost identical in terms of the purpose, content, method, provider, object, venue and other aspects of the services, and the relevant public generally considers them to be identical services, then the services shall also be deemed as identical.

b) Similar goods and services

Similar goods refer to goods with certain commonalities in terms of function, purpose, main raw material, production department, target consumer, sales channel, etc.

Similar services refer to services with certain commonalities in terms of purpose, content, method, provider, target, venue, etc.

Unlike determining identical goods and services, for determining similar goods and services the Criteria do not require to consider whether the relevant public would generally consider the goods and services as similar. This will help the local authorities and the judges at the People’s Court to less rely on their subjective mind when determining the similarity of goods and services, and further assist the unification of law enforcement.

Another highlight in the Criteria regarding determining identical or similar goods and services is the use of the CNIPA Classification. Article 12 of the Criteria specifically states that determination of whether goods or services are identical or similar shall be made in reference to the CNIPA Classification. If the goods and services are not listed in the CNIPA Classification, then the relevant public’s general understanding shall be considered including the factors listed in 4a) and 4b).
5. Identical and similar trademarks

To determine whether two marks are identical or similar, a comparison shall be made between the registered trademark of the rights holder and the alleged infringing mark. When comparing the two marks, the standard to be applied is the general attention and cognition ability of the relevant public. The identification methods shall be isolated observation, overall comparison, and comparison of major parts of the two marks.

According to the Criteria, in the following circumstances, an alleged infringing mark may be deemed as identical or similar to the registered trademark:

a) Identical trademarks

(1) For text trademarks:

- The formation and arrangement of texts are identical;
- Having made changes in the font style, capital or lower case, horizontal and vertical arrangements, the space between texts, letters and numbers of the registered trademark, but there is no fundamental difference from the registered trademark;
- Having made change in color of the registered trademark, not affecting the manifestation of the distinctive features of the registered trademark;
- Adding to a registered trademark such contents as the generic commodity name, graphics or model that lack any distinctive feature, not affecting the manifestation of the distinctive features of the registered trademark.

(2) For graphic trademarks: the composition elements, expression forms, etc. are basically indistinguishable.

(3) For text-graphic combination trademarks: the text composition, graphic appearance, and the arrangement and combination of the text and graphics are the same, the overall vision is basically indistinguishable.

(4) For three-dimensional trademarks: the prominent three-dimensional signs and prominent plane elements are the same or have no fundamental difference.

(5) For color combination trademarks: the combination of colors and the way of arrangement are the same or have no fundamental difference.

(6) For sound trademarks: the auditory perception is the same as the overall music image or has no fundamental difference.

b) Similar trademarks

(1) For text trademarks: the shape, pronunciation and meaning of the texts are similar.

(2) For graphic trademarks: the design, coloring, and shape are similar.
(3) For text-graphic combination trademarks: the overall arrangement or combination and appearance are similar.

(4) For three-dimensional trademarks: the shape and appearance of the three-dimensional sign are similar.

(5) For color combination trademarks: color or combination of color are similar.

(6) For sound trademarks: the auditory perception or the overall music image is similar.

Further, in determining whether an alleged infringing mark is similar to a registered trademark of others, Part 3 (examination of identical or similar marks), 4 (examination of three-dimensional marks), 5 (examination of color combination marks), and 6 (examination of sound marks) of the Trademark Review and Adjudication Standards shall be taken into consideration.

Unlike the PRC Trademark Law and the Implementation Regulations of the Trademark Law, the Criteria categorize the method of determination into text, graphic, text-graphic combination, three-dimensional, color, and sound trademarks and specifically point to the Trademark Review and Adjudication Standards to assist local authorities and judges at the People’s Court in determining the similarity between two marks.

6. Likelihood of confusion

In the judgment of trademark infringement, the likelihood to cause any confusion shall be taken into account in the case of using similar marks on identical goods or services or using identical or similar mark on similar goods or services.

The Criteria clarify the two circumstances that easily cause confusion under the PRC Trademark Law:

**a)** For direct confusion, it is sufficient to make the relevant public believe that the alleged infringing goods or services are produced or provided by the owner of the registered trademark; and

**b)** For indirect confusion, it is sufficient to make the relevant public believe that there exists a relationship of investment, licensing, alliance or cooperation between the provider of the alleged infringing goods or services and the owner of the registered trademark.

The trademark enforcement authorities shall comprehensively consider the following factors and the mutual influence of various factors in their judgment on whether use of a mark is likely to cause confusion:

(1) Similarity of the marks;
(2) Similarity of the goods or services;

(3) Prominence and fame of the registered trademark;

(4) Features of the goods or services and the manner in which the trademark is used;

(5) Degree of attention and cognition ability of the relevant public; and

(6) Other relevant factors.

Following the likelihood of confusion principle stipulate in Article 57(2) of the PRC Trademark Law, the Criteria include both direct and indirect confusion under the likelihood of confusion umbrella. Particularly, the inclusion of indirect confusion may assist local authorities in determining confusion.

7. Constitution of trademark infringement

The Criteria reference relevant administrative replies and judicial interpretations to provide the factors to be considered when determining whether a specific circumstance constitutes as trademark infringement. These factors can be generally categorized as (i) non-standard use of registered trademarks, (ii) sale of products that infringe registered trademarks, and (iii) assisting in an infringement. These factors may assist in unifying judgement of trademark infringement for local authorities and judges at the People’s Court.

a) Non-standard use of registered trademarks

(1) Unauthorized change of registered trademarks or combined use of several registered trademarks.

(2) Prominent use of other’s registered trademark as corporate name without authorization.

(3) Applying color of a registered trademark that does not designate a color for the purpose of free riding.

b) Sale of products that infringe registered trademarks

(1) Undertaker’s use of infringing goods in the business activities of contracting labor and material for processing.

(2) Business operator’s use of infringing goods as a gift in the sale of other goods.

c) Assisting in an infringement

(1) Market organizers, exhibition organizers, counter lessors, e-commerce platforms or any other operators
clearly know or ought to have known a trademark infringement but failed to stop such infringement or failed to take necessary measures to stop such infringement after being notified by the trademark enforcement authorities or being notified by the trademark owner;

(2) Unauthorized use of registered trademark as domain name and carry out e-commerce transactions of related goods or services through such domain name.

8. Seller’s liability exemption

The Criteria specify the relevant requirements for sellers of alleged infringing goods or services to be exempted from liability, clarify circumstances that do not constitute as selling without knowledge of trademark infringement and relevant conditions to satisfy the requirement of the provider of the alleged infringing goods.

Paragraph 2 of Article 60 of the PRC Trademark Law states that “in the case of persons who engage in sale of goods which infringe upon exclusive rights to use registered trademarks without knowledge of the infringement, if it can be proven that the goods are obtained legitimately and the supplier of the infringing goods can be provided, the persons will be only ordered to stop selling the infringing goods” In practice, determining what constitutes “without knowledge of the infringement” can be difficult for the front-line administrative personnel. Therefore, the Criteria specify the following circumstances that do not constitute “selling goods that infringe the exclusive right to use a registered trademark without knowledge of such infringement” under Paragraph 2 of Article 60 of the PRC Trademark Law:

(1) The purchasing channel fails to meet the commercial practice and the price is obviously lower than the market price;

(2) Where the enterprise refuses to provide accounts, sales records and other accounting vouchers, or the accounting vouchers are falsified;

(3) Transferring or destroying physical evidence, or providing false proof or information, after the case has been discovered; Committing similar violations again after being punished for such violations;

(4) Committing similar violations again after being punished for such violations;

(5) Any other circumstance where it is clear that the party concerned knows or should have known.

For the purpose of Paragraph 2 of Article 60 of the PRC Trademark Law, the term “the supplier of infringing goods can be provided” means that the alleged infringer should proactively provide the name, business address, contact information and other accurate information or clues of the supplier of the alleged infringing goods.

9. Other noticeable provisions

The Criteria also provided the following noticeable provisions that are worthy of trademark owner’s attention.
a) Conflict between trademark and other intellectual property rights

Where the alleged trademark infringement is defended by arguing that there is a design patent or work copyright, if the application date for the registered trademark is prior to the application date for the design patent, and prior to the evidence proved date of completion of the copyright work, the trademark enforcement authorities may investigate the case of trademark infringement based on the rights of the registered trademark.

b) Prior use of unregistered trademarks

The term “trademark that has certain influence” as specified in Paragraph 3 of Article 59 of the PRC Trademark Law refers to any unregistered mark that has been used in the PRC and is well-known to the relevant public within a certain scope. Such unregistered trademarks can be continuously used within the original scope of use if the other party has obtained the same trademarks registrations. Determination of an unregistered trademark that has certain influence shall consider the following factors: period of continuous use of the trademark, sales volume, turnover, advertising and publicity, and other relevant factors.

Under the following circumstances, the users shall not be deemed as using the unregistered trademark continuously within the original scope of use:

(1) Adding specific goods or services into which the trademark is used;

(2) Changing the design, text, color, structure or writing style of the trademark, except for changes made for the purpose of distinguishing the trademark from registered trademark of others;

(3) Other circumstances beyond the original scope of use.

c) Identification opinions from the trademark owner

In the course of investigation of a trademark infringement case, the trademark enforcement authorities may require the trademark owner to issue a written opinion of identification on whether the alleged infringing goods are manufactured by the trademark owner or manufactured under licensing from the trademark owner.

Where the alleged infringers have no rebuttal evidence to deny the identification opinion, the trademark enforcement authorities shall adopt such identification opinion as evidence.

Conclusion

The Criteria follow the State Council’s decision to strengthen intellectual property protection by providing specific guidance on trademark enforcement. The Criteria provide guidance through numerous lists of factors for use of trademarks, identification of similar goods and services, identification of similar trademarks, likelihood of confusion, constitution of trademark infringement, exemption of seller's liability, conflict between trademark and other intellectual property rights, prior use of unregistered trademarks, and issuance of identification opinions from the trademark owner. These are areas where disputes occur most often in trademark enforcement actions.
carried out by both administrative departments and People's Courts. The factors stipulated in the Criteria not only will have immediate and significant impact for the local authorities and the judges at the People's Court to apply the same standard factors in determining trademark infringement, but also provide insights to trademark owners on whether they can launch legal actions against an alleged infringing third-party.

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