

CNIPA Issues Systematic Guidelines for Determination of Trademark Infringement in Administrative Enforcement Actions

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by Lilian Shi and Eileen Xu



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administrative enforcement action is one of the ways to enforce registered trademark rights in China against infringers, especially counterfeiters. Such enforcement actions are conducted by the Administration of Market Regulation (**MSA**) and its local branches. After receiving a complaint of trademark infringement, an MSA officer would need to first determine whether the complained-of act should be deemed trademark infringement before he can proceed to consider the enforcement steps, such as to raid and seize infringing goods and issue a penalty decision. In order to unify the standard and enforcement practice on the determination of trademark infringement, the China National Intellectual Property Administration (**CNIPA**) issued “The Standard For Determination Of Trademark Infringement” on June 15, 2020 to provide guidelines to the enforcement officers in determining the issues relating to trademark infringement.

The Standard contains 38 Articles that offer operational guidance to the various issues an enforcement officer often encounters and needs to determine in administrative actions, such as what constitutes “trademark use”, the similarity of marks and goods or services, the element of “confusion”, and the considerations in respect to conflicting rights. The Standard appears to be an overall reflection and consolidation of the existing laws, judicial interpretations and administrative regulations on substantive issues relating to the determination of trademark infringement from an administrative enforcement perspective.

We highlight some of the issues addressed by the Standard that foreign brand owners may be interested to know about.

Trademark Use

The starting point in evaluating trademark infringement is to determine whether the complained-of use constitutes “trademark use”. Articles 3 to 7 of the Standard provide open-ended descriptions of instances of trademark use, such as the use on the product, packaging, containers, shop signage, transaction documents or in advertising or exhibitions.

The Standard specifically includes the use of a mark on an instant messaging tool, internet social media platforms, apps and 2-dimensional bar codes as examples of trademark use.

It appears to be the majority view of trademark practitioners in China that the Standard has taken a cautious approach towards the issue of OEM use of a mark, i.e., whether the use of a mark on products manufactured in China solely for purpose of export and that will not be sold in China will be regarded as “trademark use” and hence whether such use constitutes trademark infringement, depending on the answer to the question. The Standard only provides an “overall consideration” approach under Article 7 that the determination of the issue of “trademark use” should be based on an overall consideration of the intent of the user, the manner of use and advertising, the general industrial practice and the ordinary consumer’s perception.

Suspension of Administrative Actions

The Standard expressly provides under Article 35 that an administrative enforcement action may be suspended in the following three circumstances:

1. an invalidation action against the registered trademark is pending;
2. the registered trademark is under the grace period for renewal; or
3. the registered trademark is facing other ownership dispute.

Note that a local enforcement officer still has discretion in deciding whether or not to suspend an enforcement action. For example, a request for suspension may nonetheless be rejected if the enforcement officer takes the view that the invalidation action against the registered trademark apparently has no merit.

Infringement Liability of Organizers And E-business Platforms

Under Article 30 of the Standard, a market or exhibition organizer, a lessor of sales counters or an e-business platform will be held liable for trademark infringement if it fails to exercise its duty of care in managing the business venue, and fails to take preventive steps when it knows or ought to know that an operator in the market, a participant in an exhibition, the lessee of the sales counter or an e-business operator is committing trademark infringement, or it fails to take necessary steps to stop infringing activities after

being notified of an effective administrative or judicial enforcement order.

This is the first time that systematic guidelines have been issued by the CNIPA covering most of the substantive issues in administrative actions on whether or not a trademark infringement complaint should be entertained. It provides an additional and presumably authoritative legal source for trademark owners who wish to enforce their registered trademark rights in China via an administrative channel. However, we have also observed that the Standard avoids certain complicated issues relating to trademark infringement, such as the OEM issue discussed above, and the issue relating to parallel importing and keyword search infringement. Foreign brand owners may be better served by judicial actions in relation to these complicated kinds of trademark infringement.