

2022 – Study Question
Trade Marks and the Internet and Social Media

I. Current law and practice

1) In our Group's current laws or regulations, are there any provisions that specifically concern trade mark protection on the internet or social media? Please answer YES or NO. If YES, please list these.

Yes. The laws and regulations are listed below:

1. Trademark Law (2019)
2. Regulations for the Implementation of the Trademark Law of the People's Republic of China (2014)
3. Anti-Unfair Competition Law (2019)
4. Supreme Court's Interpretation of Several Issues on Application of Law in Trial of Civil Cases Involving Unfair Competition (2022)
5. Advertising Law (2021)
6. E-commerce Law (2019)
7. Civil Code (2020)
8. Civil Procedural Law (2021)
9. Supreme Court's Interpretation of Application of Civil Procedural Law (2022)
10. Supreme Court's Interpretation of Several Issues on Application of Law in Trial of Trademark Civil Dispute Cases (2020)
11. Supreme Court's Interpretation of Several Issues on Application of Law in Trial of Computer Network Domain Name Dispute Cases (2020)
12. Beijing High Court's Guidelines for Trial of Internet Cases Involving Intellectual Property Rights (2016)
13. CNIPA's Criteria for Determination of Trademark Infringement (2020)
14. Interim Measures for the Administration of Internet Advertising (2016)
15. Measures for Administration of Network Broadcast Marketing (Trial) (2021)

2) Is there any authority in the country or region of your Group which deals with trade mark infringement matters on the internet or social media, which is different from the authority for traditional off-line trade mark infringement matters? Please answer YES or NO. If YES, please specify which.

Yes.

The Online Transactions Supervision and Management Division of the Administration for Market Regulation (at both national and local level) is in charge of: 1) develop and implement institutional measures for the supervision and management of online transactions; 2) coordinate the administrative enforcement works relating to online market; 3) guide on the compliance and management of online marketplaces and

online business entities; and 4) monitor the online market activities.

3) Is there any special mechanism/procedure available in the country or region of your Group to handle trade mark infringement matters on the internet or social media? Please answer YES or NO. If YES, please clarify which.

NO.

4) What ways of use of a trade mark on the internet and social media might constitute trade mark infringement if there is no permission from the trade mark owner? Please choose one or more answers from the following choices:

- a) use to sell a product or service online;
- b) use as a keyword (in a search engine or ranking at a platform);
- c) use as a metatag;
- d) use as a hashtag;
- e) use in a review posting;
- f) use as the name of a social media account or an online shop name;
- g) use for a comparison;
- h) use to endorse or promote another party's product or service;
- i) other, namely...

a) use to sell a product or service online;

The use to sell a product or service online that infringe a registered trademark constitutes trade mark infringement according to Trademark Law.

In addition, registering words that are identical with or similar to another's registered trademark as a domain name and using such domain name for e-commerce business that involves the transaction of related goods, thereby is liable to cause misidentification among the relevant public, and constitutes trademark infringement.

b) use as a keyword (in a search engine or ranking at a platform);

The use of trademarks as keywords in search engine or platform rankings can be divided into explicit use and implicit use. Explicit use is the keywords appearing in the promotion link entry or/and appearing in the promotion and publicity website. Implicit use is setting the trademark as keywords in the computer backend only.

With regard to explicit use, Chinese courts held that if the explicit use of trademark as a keyword substantially serves the function of source identification and constitutes trademark use, causing confusion among consumers, then the said act constitutes trademark infringement. (Reference Case: *Liu Du Co. Ltd. v. Jin Kai Jia Co. Ltd.*, [2016] Zhe 01 Min Zhong No.5963). If it does not cause confusion, it would constitute unfair competition.(Reference Case: *Lian Su Co. Ltd. V. Lian Xing Co. Ltd. etc.*, [2016] Yue 73

Min Zhong No.335)

There is a controversy in judicial practice as to whether the implicit use of keywords constitutes trademark infringement. In the case of *Chongqing Jujiao Human Resource Services Co., Ltd. v. Qianjing Network Information Technology Co., Ltd. & Beijing Baidu Internet Science and Technology Co., Ltd.*, ([2017] Yu 05 Min Chu No. 377), the Chongqing Fifth Intermediate People's Court held that the defendant's behavior weakened the particular connection between the plaintiff and its registered trademark, which in fact damaged the plaintiff's exclusive right to use the registered trademark. However, the Nanjing Intermediate People's Court, on the other hand, held that the defendant's setting of the plaintiff's trademark as the keywords was only an internal operation of the computer system, which was not a trademark use and did not damage the function of the trade mark to distinguish the plaintiff's service from others., and thus did not constitute trademark infringement. (*Jin Fu Ren Co. Ltd. v. Mi Lan Zun Rong Co. Ltd. etc.*, [2016] Su 01 Min Zhong No.8584)

c) use as a metatag;

Whether the use of trademark as a metatag constitutes trademark infringement is controversial in Chinese courts.

In the case of *Nan Yuan Co. Ltd. v. Fei Xiang Co. Ltd.*, ([2013] Su Zhi Min Zhong No.0186), the court of first instance held that setting trademark as a metatag caused pre-sale confusion and constituted trademark infringement. The court of second instance, on the other hand, held that setting trademark as a metatag was a concealed, non-consumer-oriented operation, which was not an act of trademark use and therefore did not constitute trademark infringement.

d) use as a hashtag;

There are no relevant legal provisions or cases in China.

e) use in a review posting;

Judging from judicial cases, there are no relevant cases where the use of others' trademarks by consumers in social media comments constitutes trademark infringement, but there are cases in which operators were convicted infringement. In the case of *Beijing Yidege Ink Co., Ltd. v. Beijing Yidege Culture Development Co., Ltd.* ([2017] Jing 0108 Min Chu No. 18134), the Haidian District People's Court found that the defendant's legal representative reposted the content published by the defendant to promote the accused trademark-infringing product through his personal Sina Weibo account (Sina Weibo is similar to Twitter), and left a message in the comments about the official purchase method of the infringing product. The court held that the behavior of the defendant's legal representative was an act of duty, and his publicity

on Weibo was an unauthorized use of another's trademark, which constituted trademark infringement.

f) use as the name of a social media account or an online shop name;

In judicial practice, the unauthorized use of other's trademark as the name of a WeChat public account or an online shop name on the same or similar goods or services is generally considered a trademark use and constitutes trademark infringement. Such as:

Unauthorized use of others' trademarks as online shop name. In the case of *Zhengzhou Zhangbainian Pharmaceutical Co., Ltd. v. Qingdao Saisheng Pharmaceutical Co., Ltd.* ([2021] Lu 02 Min Chu No. 207), the Qingdao Intermediate People's Court held that, in the Internet environment, the purpose of the defendant's use of the word "虎镖" in the name of its Jingdong online shop was to identify its online shop and distinguish the source of the service provider. Since the text, pronunciation, and arrangement of the alleged infringing logo were consistent with the registered trademark, and both of them were used in advertisements and services that provide online marketplaces for buyers and sellers, consumers were easily confused or misunderstood about the origin of goods or services, which objectively squeezed the plaintiff's opportunity to display goods and services in its online shop. Therefore, the defendant's acts damaged the plaintiff's exclusive right to use the registered trademark.

Unauthorized use of others' trademarks as social media account name. The Haidian District People's Court held that the defendant's use of the "营销奇葩说" logo in the name of its WeChat official account constituted trademark use. At present, WeChat has become one of the main ways for people to exchange information. Through the WeChat official account, merchants can communicate with specific groups in text, pictures and voice, promote products, and provide services, forming an open application platform and a kind of online and offline interactive marketing method. The defendant's conduct has been manifested as an act of indicating the source of the goods or services to the relevant public, constituting a use in the sense of a trademark law. (Reference Case: *Beijing IQIYI Science & Technology Co., Ltd. v. Beijing Xueling Network Technology Co., Ltd.* , [2018] Jing 0108 Min Chu No.31695)

Of course, the specific infringement judgment still needs to be combined with the facts of the case, and cannot be generalized. In the case of *Mishan Caizijiaren Culture Media Co., Ltd. v. Tencent Technology (Beijing) Co., Ltd.* ([2021] Jing 73 Min Zhong No. 3401), the Beijing Intellectual Property Court held that, as a commonly used idiom in Chinese, the plaintiff's trademark "才子佳人" has its own fixed meaning, and the evidence in the case also cannot prove that WeChat users have the purpose of using the logo as a source of identification or have the subjective intention of free-riding and clinging to

the goodwill of others when they use the “才子佳人” in the official account. To sum up, the use of “才子佳人” by WeChat users in the official account name was not a trademark use.

g) use for a comparison;

There are no cases of trademark infringement caused by comparison, but there are cases of unfair competition such as commercial slander caused by false comparisons.

h) use to endorse or promote another party's product or service;

In judicial practice, such acts are generally considered to constitute trademark infringement. In the case of *Fuzhou Pinguoyuan Catering Management Co., Ltd. v. Beijing Shengshi Power Catering Management Co., Ltd., Beijing Baidu Netcom Science and Technology Co., Ltd.*, ([2018] Jing 0101 Min Chu No. 3616), the Dongcheng District People's Court of Beijing found that the defendant Shengshi Power Company set the text content of the plaintiff's retrademark "Little Rabbit" as a keyword and title on the search engine of the defendant Baidu Company, in order to conduct paid business promotion, however, after clicking on the above content, what appeared was other similar brand products promoted by the defendant Shengshi Power Company which had direct competition with the plaintiff. The court held that although the defendant Shengshi Power Company argued that it provided commercial promotion services for others, there was no evidence to prove it; moreover, even if it provided services for others, there was no evidence to prove that it used the keyword at the request of others. It remains liable for the conduct.

5) Are there any different tests applying to online trade mark infringement compared with traditional off-line trade mark infringement? Please answer YES or NO. If YES, please state which.

NO.

6) What factors are taken into account when assessing whether there is jurisdiction regarding the use of a trade mark online (on a website or app)? Please choose one or more answers from the following choices:

- a) whether the consumers in your country or region can access the website or app;
- b) whether the server of the website or app is located in your country or region;
- c) whether the website or app uses a local language of your country or region;
- d) whether the website or app allows to pay in the local currency of your country or region;
- e) whether goods/services are delivered to consumers in your country or region by the user of the trade mark on that website or app;
- f) whether there is any business facility of the user of the trade mark in your country or region;

g) whether there are any promotional activities targeting consumers in your country or region by the user of the trade mark;

h) other, namely...

In China, there are no special laws or regulations in relation to the jurisdiction of online (including on a website or app) trademark infringement, and the relative jurisdiction rules would refer to the Civil Procedure Law of the PRC, Trademark Law and related Judicial Interpretations.

In general, the online trademark infringement civil case shall be subject to the competent court that is located at the domicile of the defendant or the Locus Delicti (including the place where the infringing act is committed and the place where the result of the infringing act occurs).

To be specific, the following factors shall be taken into account when assessing jurisdiction issue towards the online trademark use.

● Domicile of the user of the trademark within the territory of China

According to the Article 22 of the Civil Procedure Law, A civil action instituted against a citizen or a legal person or any other organization shall be under the jurisdiction of the people's court at the place of domicile of the defendant.

● Business facility (impoundable property) of the user is located in China:

According to the Article 272 of the Civil Procedure Law, if the user has no domicile within the territory of China, but has impoundable property in China, the court at the place where impoundable property is located may have jurisdiction over the civil action.

● The representative office of the user is located in China:

According to the Article 272 of the Civil Procedure Law, if the user has no domicile within the territory of China, but has any representative office in China, the court at the place where the representative office is located may have jurisdiction over the civil action.

● The infringing commodities are stored or sealed up and detained in China:

According to the Article 6 of the Interpretation of the Supreme People's Court Concerning the Application of Laws in the Trial of Cases of Civil Disputes Arising from Trademarks, the court at the place where the infringing commodities are stored or sealed up and detained may have jurisdiction over the civil action.

● The place where the computer terminal or other equipments by which the plaintiff found the infringed domain name

According to the Article 6 of Interpretation of the Supreme People's Court on Application of Laws in the Trial of Civil Disputes Over Domain Names of Computer

Network, If the place where the infringing act is committed or the place of domicile of the defendant is hard to determine, the court at the place where the computer terminal or other equipment by which the plaintiff found that domain name may have jurisdiction.

- The server of the website or app is located in China

According to the Article 25 of the Interpretation of the Supreme People's Court on the Application of the Civil Procedure Law of the PRC, if the infringing acts occur on the information networks, the court at the place where the computer(server) that is used to commit the infringements is located may have jurisdiction.

Controversial points:

- The Supreme People's court recognized that information networks-related infringing acts have specific meaning, i.e. both the performance of the infringements and the corresponding damages should be involved in the networks. Hence, such as the IP infringements involved in the network transactions shall not be deemed as information networks-related infringing acts, accordingly, the server's location shall not be considered. (Qingdao Rubber Six Conveyor Belt Co.Ltd. v. Wuxi Boton Technology Co., Ltd, [2021] ZGFZMZ No. 2163)
- The local courts have opposite recognitions: For example: the Zhejiang higher People's court indicated that the IP infringements involved in the network transactions are covered by the information networks-related infringing acts. (Ningbo Lishi Daily Necessities Co., Ltd. v. Shantou Huamei Plastic Mold Industry Co., Ltd etc. [2018] ZMXZ No. 168)

- The place of receipt of the infringing commodity is located in China

Controversial points:

- The Supreme People's court recognized that the infringing commodity's delivery spot by online shopping shall not be considered as the Locus Delicti, thus, the jurisdiction shall not be determined based on this delivery spot. (Xiangshan nishitang Medical Technology Co., Ltd. v. Zhang Renzhen, [2020] ZGFZMX No. 9)
- The local courts have opposite recognitions: For example: The Shanghai higher People's court indicated that the infringing commodity's delivery spot could be deemed as the place where the result of the infringing act occurs, namely, covered by the Locus Delicti. Thus, the competent court at the place where the delivery spot is located had the jurisdiction. (RB (China) Holding Co., Ltd. v. Wenzhou yashuai daily necessities Co., Ltd. [2016] HMXZ No.230)

7) a) Can the use of another part's trade mark as a keyword in keyword search advertisement services without the trade mark owner's permission infringe that trade mark? Please answer YES or NO.

b) If YES, under which conditions is trade mark infringement established?

See answer for 4)-b).

8) a) Do one or more online market platforms in the country or region of your Group provide services to stop trade mark infringement on their platform? Please answer YES or NO.

b) If YES, what services are provided? Please tick the below boxes that apply (in the comment box you may specify if these differ for different platforms):

- notice and take-down
- shop-shut down
- initiative policing and investigation of trade mark infringement
- authentic products verification
- trade mark recording system
- other, namely

a) YES. Most mainstream platforms in China set up complaint mechanism providing services to stop trademark infringement on their platforms according to complaints.

b)

- Notice and take-down is the basic service provided by most platforms.
- Shop-shut down is provided by some platforms for serious infringement.
- Only a few platforms set up projects, in which initiative investigation of trademark infringement and authentic products verification may be conducted.
- No platform provides service of trademark recording system for the purpose of monitoring trademark infringement.
- Besides, some platforms provide other disposal measures to trademark infringement such as limiting right of publishing product auction, limiting withdrawal of deposit, deducting part of deposit, or increasing amount of deposit.

9) a) According to your Group's current laws and practice, can a social media influencer bear liability for his or her endorsement of a product or service infringing another party's trade mark? Please answer YES or NO.

b) If YES, under which conditions is trade mark infringement established?

a) YES.

b) A social media influencer shall bear liability for his or her endorsement of a product or service infringing another party's trade mark under the following conditions:

- **Contents published by influencer shall constitute advertisements**

Only if the contents published by influencer can constitute the advertisement identified by the Advertisement Law, can the influencer have the possibility of bearing liability of trademark infringement. Otherwise, his or her endorsement behavior may

belong to the freedom of speech, such as subjective assessment on a specific product.

In practice, lots of social media celebrities publish an advertisement in a lifelike tone, as if sharing their own experience or feeling, which makes it difficult to distinguish the advertisement and the freedom of speech. According to the precedent and our experience, the following factors can be taken into consideration when judging the advertisement, a) whether the influencer voluntarily affixes “ads” to his/her notes as required by law, 2) whether the influencer is charged for the contents published, 3) whether the purpose of the content includes promotional intention, such as prominently using trademark, attaching purchase link or the contact information of the merchants, selling products in a live streaming and etc.

● **The liability of influencer depends on the roles he/she plays in the endorsement**

Since the influencer may perform different jobs in an advertisement, such as the brand owner, the advertisement designer, or merely a publisher and etc., the liability of influencer will accordingly be different depends on the roles he/she plays.

- The influencer is the right holder of infringing trademark

In this situation, the influencer’s liability will have no difference between other kinds of infringers and will bear civil or administrative liability if his/her behavior violate the Article 57 of Trademark Law. Meanwhile, if his/her promotional contents also include false information, which will constitute unfair competition based on the Article 8 of Anti-unfair competition law.

- The influencer is the publisher, operator and spokesperson (hereinafter referred to as “advertiser”) of the advertisement

According to Article 34 of Advertisement Law, the advertiser shall have the obligation to examine whether the content of advertisements complies with the law. If they do not fulfill the examination obligation and cause damage to others, according to the Article 68.5 of Advertisement Law, Article 57.6/57.7 of Trademark Law and Article 1169 of Civil Law, the influencer’s behavior shall take the liability for assisting infringement by providing convenience for other’s infringing behavior.

Nevertheless, according to the precedents, the examination obligation of advertiser shall not be so strict but the specific criteria is vague. For example, generally speaking, if the advertiser has already examined the trademark certificate, trade name and the using way of trademark in an advertisement, it usually can be assumed that the advertiser has fulfilled examination obligation. However, if the advertiser does not examine the authenticity of related documents within his/her capacity, he/she may also constitute assisting infringement.

II. Policy considerations and proposals for improvements of your Group's current law

10) Could your Group's current law or practice relating to the use by third parties of trade marks on the internet and social media be improved? If YES, please explain.

Yes.

Article 6 of The CNIPA's Criteria for Determination of Trademark Infringement (2020) enumerates the ways of use of a trade mark on the internet that are considered as trademark use in the sense of Article 48 of the Trademark Law.

"The use of trademarks for advertising, exhibition and other commercial activities includes but is not limited to:

(1) Using trademarks in media such as radio, television, movie and internet, or in published publications, or in the billboards, mailshots or other advertising vehicles;

...

(3) Using trademarks on websites, instant messengers, social network platforms, applications and other medium;

(4) Using trademarks in QR codes or other information carriers; ..."

It would be considerable to incorporate this article into the current revision of the Trademark Law.

The same proposal also applied to the contributory liability as prescribed in Article 57.6 of the Trademark Law. The new revision should include the current requirement and practice with regard to e-commerce platform.

11) Are there any other policy considerations and/or proposals for improvement to your Group's current law falling within the scope of this Study Question?

The Meta-universe concepts, known as a virtual society, are rapidly rising. Trademark owners are facing the problem of digital assets protection. China seems quite open-minded in this regard and already accepted evidence acquired via blockchain technology.

It is hoped that China may further clarify rules that are applicable in the protection of trademark in virtual reality.

III. Proposals for harmonization

12) Do you believe that there should be harmonization in relation to trade mark protection on the internet and social media? Please answer YES or NO.

Yes.

13) Should there be any provisions that specifically concern trade mark protection on the internet or social media? Please answer YES or NO.

Yes.

14) Should there be any authority to deal with trade mark infringement matters on the internet or social media, which is different from the authority for traditional off-line trade mark infringement matters? Please answer YES or NO.

Yes.

15) Should there be any special mechanism/procedure to handle trade mark infringement matters on the internet or social media? Please answer YES or NO.

Yes.

16) What ways of use of a trade mark on the internet and social media should constitute trade mark infringement if there is no permission from the trade mark owner? Please choose one or more answers from the following choices:

The following ways of use of a trade mark on the internet and social media should constitute trade mark infringement if there is no permission from the trade mark owner. Please find more details in the answer 4.

- a) use to sell a product or service online;
- b) use as a keyword (in a search engine or ranking at a platform);
- c) use as a metatag;
- d) use as a hashtag;
- e) use in a review posting;
- f) use as the name of a social media account or an online shop name;
- g) use for a comparison;
- h) use to endorse or promote another party's product or service;

17) Should there be any different tests applying to online trade mark infringement compared with traditional off-line trade mark infringement? Please answer YES or NO. If YES, please state which.

No.

18) What factors should be taken into account when assessing whether there is jurisdiction regarding the use of a trade mark online (on a website or app)? Please choose one or more answers from the following choices:

The following factors should be taken into account when assessing whether there is jurisdiction regarding the use of a trade mark online (on a website or app). Please refer

to the answer 6 for more details.

- a) whether the consumers in your country or region can access the website or app;
- b) whether the server of the website or app is located in your country or region;
- c) whether the website or app uses a local language of your country or region;
- d) whether the website or app allows to pay in the local currency of your country or region;
- e) whether goods/services are delivered to consumers in your country or region by the user of the trade mark on that website or app;
- f) whether there is any business facility of the user of the trade mark in your country or region;
- g) whether there are any promotional activities targeting consumers in your country or region by the user of the trade mark;

19) a) Should the use of another party's trade mark as a keyword in keyword search advertisement services without the trade mark owner's permission infringe that trade mark? Please answer YES or NO.

b) If YES, under which conditions should trade mark infringement be established?

Yes. Both explicit use (the keywords appearing in the promotion link entry or/and appearing in the promotion and publicity website) and implicit use (setting the trademark as keywords in the computer backend only) without the trade mark owner's permission infringe that trade mark, provided there is likelihood of confusion, either direct or indirect, pre-sale or after-sale.

20) a) Should online market platforms provide services to stop trademark infringement on their platform? Please answer YES or NO.

b) If YES, what services should be provided? Please tick the below boxes that apply:

Yes.

- notice and take-down
- shop-shut down
- initiative policing and investigation of trade mark infringement
- authentic products verification
- trade mark recording system

21) a) Should a social media influencer bear liability for his or her endorsement of a product or service infringing another party's trademark? Please answer YES or NO.

b) If YES, under which conditions should trade mark infringement be established?

Yes. Once the contents published by influencer can constitute the advertisement identified by the Advertisement Law, the influencer have the possibility of bearing liability of trademark infringement.

22) Please comment on any additional issues concerning any aspect of trade marks

and the internet and social media you consider relevant to this Study Question.

n/a

23) Please indicate which industry/cultural sector views provided by in-house counsel are included in your Group's answers to Part III.

Fashion industry, Tire industry, FMCG industry, Food & Beverage Industry, and Pharmaceutical Industry.

This Study research was prepared and provided by Wan Hui Da Law Firm