

Judicial views on trademark confusion in China

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In 2013, China revised its Trademark Law for the third time. The new Trademark Law provides in Article 57.2 that “use, without the permission of the trademark registrant, of a trademark that is similar to its registered trademark on identical goods, or use of a trademark that is identical or similar to its registered trademark on similar goods, where the same is likely to cause confusion” shall be infringement of the exclusive right to use a registered trademark.

This is the first time for the concept “confusion” to be explicitly introduced into the law to determine trademark infringement since China enacted its Trademark Law in 1982. It is widely regarded that the introduction of this concept will significantly change the current law enforcement and judicial practices in trademark infringement cases.

In fact, before the concept “confusion” was formally introduced, it was already widely adopted as a main criteria to judge trademark infringement in judicial practices, particularly after the concept was introduced into a judicial interpretation document (*Interpretation of the Supreme People's Court on Several Issues Concerning the Application of Law to the Trial of Trademark Civil Disputes Cases*. Ref. No.: Judicial Interpretation No. 2002-32) in 2002 by the Supreme People's Court (SPC), as the concept "confusion" originates from the basic function of trademark, and the judicial adoption is actually in line with the internal logic of the need for trademark protection.

Here I would like to introduce several different types of “confusion” which have already been adopted in Chinese judicial practices, including source confusion, association confusion, reverse confusion, pre-sale confusion and after-sale confusion.

1. Source Confusion

Source confusion, also known as "direct confusion", refers to the situation where the consumers are confused about the source of goods or services at the time of purchase, due to the use of the infringing trademark misleading the purchase.

A case in point

Trademark infringement dispute between Shaanxi Xifeng Liquor factory and Shaanxu Xifeng Liquor Group Co., Ltd. (the plaintiffs) and Fenyang Beichuan Liquor Factory and Shanxi Xinghuatangrenfu Liquor Co., Ltd. (the defendants) (Ref. No.: Beijing Fengtai People’s Court No. (2009) Feng Min Chu Zi 439)

The plaintiffs are the right holders of the trademark 西凤 (XIFENG in Chinese, meaning “west phoenix” literally) in class 33 in respect of the goods “liquor”. The trademark had become very famous due to the plaintiffs’ wide use and advertisement, enjoying the honor of “famous Chinese liquor” for many times, was recognized as “well-known mark” by Trademark Review and Adjudication Board (TRAB) in 2005. The defendants used a trademark 两凤 (Liangfeng in Chinese, meaning “two phoenixes” literally) which is confusingly similar to the plaintiffs’ trademark, in its produced liquor. The plaintiffs filed a lawsuit based on trademark infringement.

After hearing, the Court opined that 1) the goods are identical; 2) the two marks are similar to each other in respect of writing and pronunciation, and the actual use of the infringing mark is almost the same as the plaintiffs’ registered mark; and 3) source confusion might be caused among consumers. Consequently, trademark infringement is confirmed.

2. Association confusion

Association confusion, also known as "indirect confusion" and "sponsorship confusion", refers to the situation where though the infringing trademark will not confuse the consumers about the source of goods, it will cause the consumers to mistakenly believe that the infringer has association with the right holder, including but not limited to joint operation, sponsorship or license.

A case in point

Trademark infringement dispute between Secom Co., Ltd. (the plaintiff) and Shenzhen Shiqiang Telecom Co., Ltd. (the defendant) (Ref. No.: Shenzhen Intermediary People’s Court No. (2008) Shen Zhong Fa Min San Chu Zi 424)

The plaintiff is the right holder of the trademark “SECOM” in class 9 in respect of the goods “detection sensor, magnetic sensor, etc.” The defendant used the trademarks “SECOM” and “SECOM TELECOM” in its brochures, websites, employees’ name card, etc., but the defendant did not use “SECOM” or “SECOM TELECOM” on its sold goods “sensors”. Instead, it used the trademarks of the real manufacturers on the goods. Even so, the plaintiff opined that confusion might occur and filed lawsuit based on trademark infringement.

After hearing, the court ruled that 1) no confusion will be caused about the source of the goods, as the defendant labeled on the goods the manufacturers' trademarks rather than the plaintiff's trademarks; however, 2) the defendant's use of the plaintiff's trademarks in its brochures, websites, employees' name cards, etc. will cause the relevant public to mistakenly believe that the defendant has association with the plaintiff, such as joint operation, sponsorship or license. In this way, the defendant can profit from the plaintiff's goodwill. Consequently, trademark infringement is confirmed.

3. Reverse confusion

Reverse confusion refers to a situation where a later party adopts a mark identical with or similar to that of an earlier party and causes the consumers to mistakenly believe the goods of the earlier party originate from the later party or it has association with the later party, usually because the later party is much larger and more famous than the earlier party or the later party enhances the popularity of the mark by intensive and large-scale investment and promotion in a very short time.

A case in point

Trademark infringement dispute between Zhejiang Lanye Wines & Spirits Co., Ltd. (the plaintiff) and Shanghai Pepsi Cola Beverage Co., Ltd. (the defendant) (Ref. No.: Zhejiang High People's Court No. (2007) Zhen Min San Zhong Zi 74)

The plaintiff is the right holder of the mark 蓝色风暴 (BLUE STORM in Chinese) in class 32 in respect of the goods "cola, etc." The defendant widely used this mark on its goods of Pepsi cola and in its promotional activities. The plaintiff thought the defendant's large-scale use of the mark posed big obstruction to its continued use of the same mark, and filed a lawsuit based on trademark infringement and claimed reverse confusion.

The case experienced two instances. The court of first instance rejected the plaintiff's complaint for the reason that the defendant had no bad faith intention and that no confusion about the source of goods could be caused among consumers. The plaintiff appealed. After hearing, the second-instance court opined that 1) thanks to the defendant's large-scale promotional activities, the mark has become very distinctive

and enjoy good reputation in the market; 2) under such situation, when the plaintiff continues to use its own mark, the consumers will mistakenly believe that the plaintiff's goods originate from or it has association with the defendant; and 3) as such, the relations between the plaintiff and its registered mark will be separated, and the plaintiff's mark will lose its basic function of distinguishing source of goods. Accordingly, the plaintiff will lose interests and its entrepreneurship to invest and further develop the goodwill of its mark. Consequently, trademark infringement is confirmed.

4. Pre-sale confusion

Pre-sale confusion, also known as "initial interest confusion", refers to the situation where confusion occurs among consumers when they firstly notice the infringer's use of a mark identical with or similar to that of another party, but the confusion disappears at the time of real purchase. As such, even if the consumers buy the infringer's goods at last, it is the consumers' real intention, rather than due to confusion about the source of goods.

A case in point

Trademark infringement and unfair competition dispute between Chengdu Xinjin Uncle Tom Shoe Artistry Co., Ltd. (the plaintiff) and Chongqing Fennisi Leather Care Co., Ltd. (the defendant) (Ref. No.: Chongqing First Intermediary People's Court No. (2012) Yu Yi Zhong Fa Min Chu Zi 430)

The plaintiff is the right holder of the mark 汤姆叔叔 (UNCLE TOM in Chinese) in class 37 in respect of the services "shoe repair, leather care, etc." The defendant used the plaintiff's mark as a keyword to promote its own business in the biggest Chinese search engine Baidu. When the netizens searched "shoe repair of Uncle Tom" in Baidu, the first search result is the description "shoe repair of Uncle Tom, chain of Pi-mei-er leather care" which is related to the defendant's webpage. The plaintiff filed a lawsuit based on trademark infringement and unfair competition.

After hearing, the court opined that 1) the promotion information, listed in the defendant's webpage which was directed by the first search result of "shoe repair of Uncle Tom" in Baidu, all belongs to the defendant but irrelevant to the plaintiff; 2) However, the defendant's act of using the plaintiff's mark as key word in search engine intercepted some potential consumers of the plaintiff, misled them to log onto the defendant's website, so as to increase the exposure rate of its own services and get

more business opportunity; and 3) as the defendant and the plaintiff are competitors, the defendant's such act to seize more clients, bigger market share will help it attract the consumers' attention and business opportunity which should belong to the plaintiff due to the popularity of its mark. Consequently, trademark infringement is confirmed.

5. After-sale confusion

After-sale confusion refers to the situation where no confusion occurs at the time of purchase by the real buyers, but confusion arises among other people during the process of using the goods after sale. After-sale confusion mainly includes bystander confusion and status confusion.

A case in point

Trademark infringement and unfair competition dispute between the plaintiff (Louis Vuitton Malletier) and the defendants (Guangzhou Baoshiwei Leatherware Co., Ltd. and Li Bin) (Ref. No.: Guangdong Shenzhen Futian People's Court No. (2014) Shen Fu Fa Chu Zhi 1219)

The plaintiff is the right holder of the device mark below in class 18 in respect of the goods "cases, travelling bags, etc." The plaintiff has a very long history of using this mark which has grown strongly distinctive through long and extensive promotion and using in China. The consumers can easily associate this mark with the plaintiff. The defendant used on its suitcases a decoration very similar to the plaintiff's mark, including the color, sequence and combination of the damier. The plaintiff filed a lawsuit based on trademark infringement and unfair competition.



(The mark in question)

After hearing, the court ruled that as the defendant labeled its own mark in the infringing goods and its price is much lower than the plaintiff's real goods, no confusion might occur among the real buyers at the time of purchase. However, during the process of using such goods, other people, including the potential buyers, might be confused about the source of goods. Consequently, after-sale confusion exists and trademark infringement is confirmed.

From the cases above, we can see that though the concept "confusion" was only

explicitly defined in the Chinese Trademark Law in 2013, it has long been adopted in Chinese judicial practices. Even the concepts “pre-sale confusion” and “after-sale confusion”, which are seldom or very cautiously adopted in many developed countries, have been adopted in some judicial practices though only in very few cases. Therefore, the introduction of the concept “confusion” into the new Trademark Law will not suddenly and abruptly change the current judicial practices regarding the criteria or standard to judge trademark infringement.

However, the introduction of this concept from the previous judicial interpretation document in 2002 to the current Trademark Law in 2013 means a big step forward in trademark legal system. We have reason to believe that the concept of “confusion”, including different types of confusions, will be adopted in more judicial practices and will have further development in the near future. The courts’ reasoning might be useful in other relevant cases.

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