

On Unification of Criteria for Identifying Commercial Signs Having Certain Influence in China

— Starting from the Aming Tool Case

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I. Introduction

Three provisions of the current Trademark Law and Anti-Unfair Competition Law in China involve commercial signs “having certain influence”: Article 32 of the Trademark Law stipulates in the second half thereof (hereinafter referred to as the registration hindrance provision) that the right holder of the commercial sign “having certain influence” can exercise his or its right to raise an opposition and file a request for invalidation within the statutory period where any other person preemptively registers his or its unregistered trademark by illegitimate means; Article 59.3 (hereinafter referred to as the prior use defense provision) of the Trademark Law entitles the right holder of the commercial sign “having certain influence” to make a non-infringement defense where any other person has obtained the exclusive trademark right for the same commercial sign, in such a way to continue using the sign “within the original scope”; and in the light of Article 6.1(1) - (3) (hereinafter referred to as the confusion provision) of the Anti-Unfair Competition Law, the right holder of the commercial sign “having certain influence” is entitled to prohibit market operators from using his or its commercial sign without authorization to commit any acts which create confusion, misleading consumers into believing that certain connections exist therebetween, and to hold them accountable. Though being different in purposes and functions, these three legal provisions complement one another¹ in a way that provides users of commercial signs “having certain influence” with systematic remedies ranging from hindrance of improper registration, non-infringement defense to liabilities for confusion, which constitutes the “common unregistered trademark protection system”²

in China. However, two laws, relevant judicial interpretations and administrative rules haven’t gone into further detail about these three provisions on commercial signs “having certain influence”. When different relief procedures interact or overlap, different identification standards for commercial signs “having certain influence”, if applied, will inevitably lead to conflicts in the application of law, thereby causing difficulties in legal interpretation.

In *Hefei Yiqishuo Network Technology Co., Ltd. v. Hangzhou Huitun Technology Co., Ltd.* (hereinafter referred to as the Aming Tool case),³ an unfair competition case concluded by Anhui High People’s Court on 18 June 2021, the courts of first instance and second instance had different understandings regarding the identification of a commercial sign “having certain influence” under the two laws. The two parties in this case were previously involved in a dispute over registered trademark opposition. The plaintiff, Yiqishuo, once raised an opposition to the trademark “Aming Tool” applied for registration by the defendant, Huitun, according to Article 32 of the China’s Trademark Law on the grounds that its own commercial sign “Aming Tool” had certain influence. The China National Intellectual Property Administration (CNIPA) determined that Yiqishuo’s product name “Aming Tool” did not have certain influence.⁴ Yiqishuo asserted under Article 6 of the Anti-Unfair Competition Law that the use of the commercial sign “Aming Tool” “having certain influence” by the defendant, Huitun, without authorization constituted the act that creates confusion prohibited by the Anti-Unfair Competition Law.

The court of first instance held that standards which are different from those in traditional fields or conventional conditions should be adopted in the determination of whether

software products used in the Internet environment have “certain influence”, and the requirements for the continuous use time, area, sales volume or advertising standards should not be set too high, thereby determined that “Aming Tool” is the product name of the Yiqishuo’s index conversion software that has certain influence. But in the second instance, Huitun submitted the Request for Trademark Opposition filed by Yiqishuo and the CNIPA’s Administrative Decision, proving that Yiqishuo had furnished the same evidence with the CNIPA in the trademark opposition procedures and the CNIPA found that Yiqishuo’s “Aming Tool” did not have certain influence. The court of second instance accepted Huitun’s grounds for appeal, stating that the expression “having certain influence” in Article 32 of the Trademark Law has the same meaning as “having certain influence” in Article 6.1 of the Anti-Unfair Competition Law, and according to the principle of *de facto* force, the legality of an administrative act shall be examined only through administrative litigation and the court shall not easily deny any specific administrative act, including the decision on approval of registration, in a civil lawsuit. Eventually, despite that the trademark “Aming Tool” applied for registration by Huitun is “completely identical” with the corresponding sign of Yiqishuo, the court of second instance determined that Yiqishuo’s “Aming Tool” was not a product name having certain influence, which was not subject to the confusion provision.

In the above-mentioned case, Yiqishuo’s commercial sign “Aming Tool” cannot obtain relief from the registration hindrance provision in the Trademark Law and the confusion provision in the Anti-Unfair Competition Law due to lack of the constituent element (i.e., having certain influence) of a common unregistered trademark. To facilitate discussion herein, suppose that Huitun filed a trademark infringement lawsuit against Yiqishuo, and the latter made a non-infringement defense under the prior use defense provision of the Trademark Law. Then, will Yiqishuo meet its Waterloo again in terms of the identification of the trademark “having certain influence”? Shall the court adopt the “different criteria theory”, i.e., the criterion for identifying the commercial sign “having certain influence” under the prior use defense provision shall be lower than the requirement under the registration hindrance provision,⁵ thereby allowing Yiqishuo to continue to use “Aming Tool” within the original scope?

This article deems that, starting from the *status quo* of

China’s legislation, effort shall be made to standardize the criteria for identifying commercial signs “having certain influence” as stipulated in the three articles of the two laws, in order to avoid conflicts in the application of law. Next, this article will first analyze the current situation and shortcomings of China’s legislative resources in resolving the conflicts in the application of law regarding commercial signs “having certain influence” between the two laws, then prove that the criteria for identifying commercial signs “having certain influence” as stipulated in the three articles of the two laws shall be unified based on the analysis of the viewpoints, grounds and limitations of the “different criteria theory”, and finally construct unified rules for identifying commercial signs “having certain influence”.

II. Legislative resources that coordinate the criteria for identifying commercial signs “having certain influence” and shortcomings thereof

The Trademark Law and the Anti-Unfair Competition Law in China do not further expound the connotation of commercial signs “having certain influence”, which leaves much room for interpretation by judicial and law enforcement authorities, but meanwhile directly lays up troubles for inconsistent criteria for identifying commercial signs “having certain influence”. In contrast, although the judicial interpretations provided by China’s highest judicial authority touch upon the rules on how to apply the three articles respectively, the relevant provisions are neither aimed nor function to coordinate the application standards of the three articles in the two laws.

First, the judicial interpretations of the Trademark Law analyze the connotation of and identification criteria for commercial signs “having certain influence” in the context of the administrative cases involving grant and confirmation of trademark rights, and do not involve the prior use defense provision in the Trademark Law, let alone the confusion provision in the Anti-Unfair Competition Law. For instance, Article 18 of the Opinions on Several Issues Concerning the Trial of Administrative Cases Involving Grant and Confirmation of Trademark Rights (hereinafter referred to as the Opinions) promulgated and implemented by the Supreme People’s Court in 2010 indicates that “where a trademark has been actually used in China and is known to the relevant

public in a certain area, it should be deemed as the trademark having been used and having certain influence. If there is evidence proving that the prior trademark has been used continuously for a certain time, in a certain region, or has certain sales volume or advertisements, the prior trademark can be deemed as having certain influence.”⁶ The Provisions of the Supreme People’s Court on Several Issues Concerning the Trial of Administrative Cases Involving Grant and Confirmation of Trademark Rights (hereinafter referred to as the Provisions), which have been implemented since 2017, seem to lower the criteria for identifying marks “having certain influence”, wherein the first sentence of the provision of Article 18 of the Opinions is completely deleted, and only the second sentence thereof is retained in Article 23 of the Provisions, i.e., “where the prior trademark has been used continuously for a certain time, in a certain region, or has certain sales volume or advertisements”, it can be deemed as having certain influence.”⁷

Second, the judicial interpretations of the Anti-Unfair Competition Law are only directed to the confusion provision, rather than the confirmation provision and defense provision in the Trademark Law. Take the judicial interpretations of the Anti-Unfair Competition Law passed and implemented in 2022 for example. Regarding the regulation of such an anti-unfair competition act as confusion, Article 4 thereof clearly stipulates that “for a sign having a certain degree of market recognition with distinctive characters distinguishing the source of goods”, the court may determine it as a sign “having certain influence”; and in determining whether a sign has a certain degree of market recognition, the court shall “take comprehensive consideration of the degree of recognition by the relevant public in the territory of China; the time, area, volume and target consumers of the sale of goods; the duration, degree and geographical scope of publicity; the protection afforded to the mark, and other factors”.⁸ Although the identification criterion is quite similar to the identification criterion in the above judicial interpretations of the Trademark Law judging from their expression, it is not clear whether they are completely consistent in terms of substantive connotation and standards of proof.⁹

In contrast, although the departmental regulations of China’s trademark administrative authority are not faced with the problem of coordinating the identification criteria, the latest regulations all adopt the consistent statements when defining the concept of “having certain influence” in the two articles of the Trademark Law. For instance, accord-

ing to the Guidelines for Trademark Examination and Trial published by the CNIPA in 2021, “the trademark having been used and having certain influence” in the registration hindrance provision of the Trademark Law means that “the prior unregistered trademark has exerted the function to identify the source of goods or services and has been known to the relevant public within a certain scope in China through commercial publicity, production and business activities”. Specific evidence materials include: those about the earliest use time or continuous use of the trademark; transaction documents or records such as contracts and invoices of the relevant goods or services; the sales region scope, volume, channels, methods, market share, etc. of the relevant goods or services; the advertisements and marketing materials released via various media by trademark users; business activities such as exhibitions or auctions participated or awards won by the relevant goods or services; and the like.¹⁰ The Judging Criteria for Trademark Infringement promulgated by the CNIPA at the same period also adopt the expression of being “known to the relevant public within a certain scope”. In the light of Article 33 of the Judging Criteria for Trademark Infringement, the “trademark having certain influence” in the prior use defense provision of the Trademark Law refers to the “unregistered trademark having been previously used in China and been known to the relevant public within a certain scope”, and “a comprehensive judgment should be made in view of such factors as the continuous use time, sales volume, revenue and advertising of the trademark”.¹¹

Although the above-mentioned administrative regulations issued by the CNIPA do not involve the confusion provision of the Anti-Unfair Competition Law, the Guidelines for Trademark Examination and Trial particularly specify that the registration hindrance provision of the Trademark Law requires “applications for trademark registration shall not infringe upon the existing prior rights of others”, wherein it includes the situation of applying for trademark registration of words, devices, etc. that are identical or similar to the names, packages and decoration of others’ goods or services that have “certain influence”, which may “easily cause confusion among the relevant public”, and the names, packages and decoration of others’ goods or services that have “certain influence” refer to “signs that do not consist merely of a functional shape, have distinctiveness, enjoy a certain degree of recognition before the registration of the disputed trademark, and enable the relevant

public to distinguish the source of goods or services”.¹² This judging criterion is substantially consistent with the provision of Article 4 of the effective judicial interpretation of the Anti-Unfair Competition Law. Apparently, under such circumstances, the application of the registration hindrance provision of the Trademark Law will have a direct connection with the confusion provision of the Anti-Unfair Competition Law, and may raise the following question: when a judge identifies the commercial sign “having certain influence” according to the confusion provision of the Anti-Unfair Competition Law, can the criterion in the judicial interpretation of the Anti-Unfair Competition Law be equated with the identification criterion in the Guidelines for Trademark Examination and Trial?

In summary, China’s existing laws and judicial interpretations lack normative resources to coordinate the identification criteria for signs “having certain influence” in the three articles of the two laws. The administrative regulations recently passed by the trademark administrative authority seem to imply a certain tendency to unify the identification criteria for signs “having certain influence”. But such a tendency is not obvious, and the regulations are at a relatively low rank in the hierarchy of laws and therefore cannot fully exert their coordinating functions. In individual cases, China’s judicial authorities are in the dilemma of lack of norms, and the inconsistency and conflict of the criteria in the application of law are unavoidable. The Aming Tool case is such an example.

III. Criticism of different criteria for identifying commercial signs “having certain influence”

1. The “different criteria theory” and the bases thereof

Difference voices from China’s academic circle are often heard as to whether the same expression, namely “having certain influence”, in the registration hindrance provision and the prior use defense provision of the Trademark Law should be interpreted as the same. Scholars who advocate the “different criteria theory” think that the expression, “having certain influence”, in the two articles should be interpreted differently, and the criteria for “having certain influence” in the registration hindrance provision shall be higher than that in the prior use defense provision.¹³ The “different criteria theory” mainly assesses the strength of in-

fluence according to the geographical scope in which the commercial sign was previously used, and proposes various expressions for different geographical scopes. For instance, where the influence of the previously used commercial sign is confined to a “particular region” or a “certain area”, the prior use defense under the Trademark Law can be established; and where the influence of the previously used commercial sign reaches a “very large area”, the registration hindrance provision of the Trademark Law can be applied.¹⁴ Judging from the legal effects, according to the “different criteria theory”, if the commercial sign owner files an opposition or a request for invalidation against other’s illegitimate preemptive registration of its unregistered trademark under the registration hindrance provision, it will bear heavier burden of proof and have a higher risk of failure to prove that its commercial sign “has certain influence” as compared with the assertion of non-infringement defense under the prior use defense provision.

The courts in support of the “different criteria theory” usually hold that the difference in the standards of proof between the prior use defense provision and the registration hindrance provision is attributed to the difference between their constituent elements: the former only requires the proof of the “prior use and certain influence” of a commercial sign, which is the lowest identification criterion, whereas the latter additionally requires the consideration of the subjective element (“illegitimate means”). For instance, in the Yuquan case, the court lowered the influence criterion of the prior use defense provision as appropriate, in order to make it distinguishable from the strict identification criterion of the registration hindrance provision.¹⁵ In the Qihang case, the Beijing Intellectual Property Court held that the requirement of the prior use defense provision for the influence of the sign is aimed to demonstrate that the legal interest has occurred, and it is, in principle, not necessary to require that the sign has greater influence or the influence has expanded to a larger geographical scope.¹⁶ The Guangzhou Intellectual Property Court also stated in the Wrangler case that the legislative purpose of the prior use defense provision is to protect the legitimate rights and interests of the prior users of unregistered trademarks; and the identification criterion should not be too high, or otherwise the room for legally exercising and protecting the unregistered trademarks may be squeezed.¹⁷

Studies on comparative law seem to furnish strong support for the “different criteria theory”. According to the stud-

ies of some Chinese scholars, the registration hindrance provisions of the German, U. K. and Japanese trademark laws set higher requirements on objective elements for previously used trademarks, i.e., generally speaking, the previously used trademarks are required to have the “circulation effect nationwide” (Germany), “establish goodwill within a large area” (U.K.) and be “well-known among consumers”, whereas the prior use defense provisions set lower requirements on objective elements for the previously used trademarks, i.e., the previously used trademarks are only required to have the “circulation effect in a particular region” (Germany), and “establish goodwill in a particular region” (U.K.).¹⁸ Although the registration prohibition provision and the continued use provision in the Japanese trademark law both stipulate that the previously used trademarks should be “well-known among consumers”, Japanese scholars mostly think that the prior use defense provision requires the recognition of the previously used trademark “in a scope smaller than the hindrance provision”. This view is also seen in judicial practice. For instance, in the Kotan case, when applying the continued use provision, the court lowered the requirement for geographical scope on purpose in a bid to make it distinguishable from the registration prohibition provision.¹⁹ Why is it necessary to distinguish the expression, “having certain influence”, in different provisions? The “different criteria theory” is mainly based on the fact that the force of a registered trademark extends all over the country, but the “prior use” in the prior use defense is distinctively defined within a certain region. As a result, the previously used trademark as a registration hindrance reason is expected to have greater influence in terms of territorial reach or the degree of penetration than the previously used trademark in the prior use defense.

The scholars in support of the “different criteria theory” also believe that different criteria should be adopted for identifying the commercial sign “having certain influence” in the registration hindrance provision and the prior use provision of the Trademark Law and the one in the confusion provision of the Anti-Unfair Competition Law. Mainly starting from the legislative purpose of the Anti-Unfair Competition Law and the relationship between the Anti-Unfair Competition Law and the Trademark Law, the above view emphasizes the necessity of cracking down on a huge number of free riding acts in the market economic activities by means of the confusion provision of the Anti-Unfair Competition Law, in a bid to provide supplementary protection for the Trade-

mark Law. Therefore, the criterion for identifying the commercial sign “having certain influence” in the confusion provision of the Anti-Unfair Competition Law should be lower than that in the Trademark Law.²⁰

2. Limitations to the different criteria theory

Nevertheless, there are insurmountable limitations to the different criteria theory.

First, in the light of the systematic interpretation approach, both the registration hindrance provision and the prior use defense provision are provided in the Trademark Law and contain the expression “having certain influence”. Unless otherwise specified or with a clause of proviso, the same expression shall be interpreted in the same way. When the connotation of the expression “having certain influence” in different provisions is interpreted differently according to the different criteria theory in judicial practice, it is easy to lead to the conflicts in the application of law. In a great majority of cases, the courts may only need to apply one provision, and thus there is no cross application of multiple provisions as that in the Aming Tool case. However, the Aming Tool case and other similar cases have sufficiently exemplified that the owner of an unregistered trademark “having certain influence” may resort to the three provisions for legal remedies simultaneously. Under such circumstances, if different standards are adopted to identify the influence and recognition of the same trademark, there will occur inexplicable problems in the application of law.

Second, the different criteria theory suggests that different criteria shall be adopted to judge the expression “having certain influence” in different provisions, which actually indicates that the expression carries different values in different ranks of the legal system. Such a value judgment is made on an assumption that the three legal provisions of the two laws offer protection at different levels for the previously-used unregistered trademark “having certain influence”, and impact on the trademark registration order differently. Therefore, the requirements for the recognition of the trademark “having certain influence” should also be different from each other. To be specific, the registration hindrance provision of the Trademark Law provides the strongest protection and causes most powerful impact, followed by the prior use defense provision of the Trademark Law and the confusion provision of the Anti-Unfair Competition Law. The influence of the expression “having certain influence” in the three provisions thus declines stepwise. But the assumption on the stepwise protection and impact is

groundless and questionable. For instance, from the perspective of diversified trademark acquisition routes and the balance of interests, the protection of trademarks that have obtained legal protection due to prior use in good faith may result in “trademark coexistence” and may increase the likelihood of confusion between registered trademarks and trademarks previously used in good faith in a particular region and among particular consumer groups. In contrast, if a preemptively registered trademark that has never been put into actual use or just used for a short period of time is cancelled, the trademark registration system will not be harmed because relevant consumers have not yet established a connection between said mark and a particular product or service.²¹ Therefore, when the same right holder safeguards his right from the perspectives of trademark coexistence and hindrance of malicious preemptive registration, the resulting impacts on the trademark registration order are usually hard to quantify and compare, and the protection of the unregistered trademark cannot be quantified. The judgment on the basis of claims, namely, the commercial sign “having certain influence”, should not be biased.

Third, the biggest difficulty faced by the different criteria theory is how to distinguish various levels of influence and recognition. Take the geographical scope, one of the most important factors to measure the influence and recognition, for example. In order to distinguish different degrees of influence, the different criteria theory proposes such concepts as “a very large area”, “a certain area”, “a relatively small area” or “a relatively broad area”²². In comparison with the statutory concept of “having certain influence”, these new concepts do not succeed in specifying the different levels of influence, and are still abstract.²³ The different criteria theory also utilizes such concepts as administrative divisions and economic circles to specify different degrees of influence. For instance, the trademark only needs to be regionally distinctive to be identified as “having certain influence” under the prior use defense provision, whereas the trademark needs to reach several adjacent provinces or important economic circles so as to be identified as “having certain influence” under the registration hindrance provision.²⁴ There is even a view that the unregistered trademark “having certain influence” in the registration hindrance provision must be “well-known nationwide”.²⁵ However, just like the dilemma in delimiting the territorial scope of relevant public in relation to generic names²⁶, expressions like “regionally distinctive” and “several adjacent provinces or im-

portant economic circles” are still concepts with blurred boundaries and questionable rationality. Meanwhile, the “well-known nationwide” criterion is much clearer (the boundaries of a country are relatively definite). If the unregistered trademark “having certain influence” in the registration hindrance provision is “well-known nationwide”, the unregistered trademark under such circumstances has actually constituted an unregistered well-known trademark, and the party concerned can directly protect it in accordance with Article 13.2 of the Trademark Law. Hence, such an interpretation exceeds the upper limit of recognition for the unregistered common trademarks, and spoils the respective orientation of the unregistered well-known trademark system and the unregistered common trademark system.

At last, the comparative law analysis does not fully support the different criteria theory. Take Japan for example. Japanese scholars have pointed out that from the perspective of the evolution of the Japanese Trademark Act, the prior use defense provision in the trademark law was established to provide certain protection for the prior trademark user who has missed the objection period and whose sign has been “well-known”, i.e., the prior trademark user can claim a non-infringement defense. Thus, the understanding of “well known among consumers” should be consistent.²⁷ This is also the reason why “well known” in the prior use defense provision and that in the registration hindrance provision are generally determined to have the same scope in the judgments in the Japanese judicial practice. For instance, in the Hiroshima DCC trademark dispute, since both parties in the lawsuits respectively sought remedies based on registration hindrance and prior use defense in two related trademark disputes, in which the cross application of legal provisions occurred, just like in the Aming Tool case. In the first case, Daiwa Coffee requested to cancel the DCC trademark registered by UBC Coffee; and in the second case, UBC Coffee requested Daiwa Coffee to stop using its DCC trademark, but the latter raised the prior use defense. In the above cases, the Japanese courts did not adopt the different criteria theory, but made a consistent interpretation of the term “well known” in the above two provisions.²⁸

The comparative law analysis also reminds us from another perspective that full attention must be paid to the subtle differences in the functional orientations of legal provisions as a result of the differences between Chinese and foreign legislations. For instance, both the registration hindrance provisions in the German and U.K. trademark laws

involve no subjective aspects of the registrants, whereas China has clarified that “illegitimate means” is one of the elements for preemptive registration; and the German and U.K. trademark laws stipulate an exception that the right to request the cancellation of malicious preemptive registration is not subject to statutory time limits, whereas China sets a five-year time limit for the exercise of the right to cancel malicious preemptive registration. The aforesaid differences surely affect the interpretation of the influence and recognition in the registration provisions of the German and U.K. trademark laws to some extent. In other words, from the perspective of the German and U.K. trademark laws, it is reasonable to set higher criteria for influence that can be used to challenge a registered trademark, since those provisions can be utilized against *bona fide* registrants. However, in regard to the registration hindrance provision against improper preemptive registration in the China’s trademark law, such high criteria for determining influence may hinder its function and orientation of inhibiting improper preemptive registration.

IV. The theoretical justification and specific application of the unified criteria for identifying commercial signs “having certain influence”

1. Theoretical justification of the unified criteria theory

Contrary to the different criteria theory, the unified criteria theory generally starts from the perspective of systematic interpretation, stating that the constituent elements of a common unregistered trademark are “having been used” and “having certain influence”, so the expression “having certain influence” should be given a unified interpretation. The unified criteria theory can be further divided into a narrow one and a broad one according to whether the unified interpretation is only applicable to the Trademark Law or both the Trademark Law and the Anti-Unfair Competition Law.

According to the unified criteria theory in a narrow sense, the registration hindrance provision and the prior use defense provision are both stipulated in the Trademark Law and adopt the concept of “having certain influence”, and are in a “supplementary and further evolutionary” relationship and identical in terms of their legal nature and function. Therefore, the same concept should be interpreted the same unless otherwise specified or there is a clause of pro-

viso.²⁹ In practice, there are judicial decisions that support the unified criteria theory in a narrow sense at home and abroad. The aforementioned Hiroshima DCC trademark dispute is just an example. The effort made by Chinese judges to coordinate the two provisions also embodies the spirit of the unified criteria theory. First of all, as regards the interpretation of the prior use defense provision, the court cited the criterion for determining “having certain influence” under the registration hindrance provision given by the Provisions in the “Ambitmicro” case³⁰; and in the “Huamu Gankang” case³¹, the “Wangxingji” case³² and the “NFHIFI” case³³, the courts all followed the examination criteria that are consistent with the registration hindrance provision. Second, when it comes to the application of the registration hindrance provision, some courts hold that the subjective element can supplement the influence element, and the two elements are complementary. Therefore, the criterion of “having certain influence” can be adjusted. If the actor’s subjective malice is evident (such as massive preemptive registrations of public resources as trademarks, improper exploitation of other’s market reputation, or enormous applications for trademark registration that exceed the needs of normal business activities), the requirements for the evidence proving the trademark “having certain influence” can be relaxed (such as the “Zheng Yu” case³⁴), or even no requirement is set for actual sales in the territory of China (such as the “AESOP” case³⁵ in which the strict requirement for “having been used within China” is abandoned).

The unified criteria theory in a narrow sense delves into the relationship between the two provisions in the Trademark Law from the perspective of systematic interpretation. But it is still doubtful whether the systematic interpretation approach can extend beyond the Trademark Law to encompass the provision on “having certain influence” in the Anti-Unfair Competition Law. The unified criteria theory in a broad sense further expands the systematic interpretation, highlighting that the signs in the three provisions of the two laws all pertain to unregistered trademarks and therefore said provisions must be consistent. Accordingly, the unified interpretation of the expression “having certain influence” in the three provisions of the two laws complies with the legislative spirit of China’s unregistered trademark protection system and is more definite and highly operable in practice. Furthermore, the scope of the expression “having certain influence” in the Anti - Unfair Competition Law is at least “greater than or equal to” that in the Trademark Law.³⁶

There is a view that Article 18 of the Opinions defines the expression “having certain influence” in the registration hindrance provision with reference to the criteria for “well-known goods” in the Anti-Unfair Competition Law. Therefore, there is no substantial difference in interpretation between the criteria for signs “having certain influence” and those for “well-known goods”.³⁷ Some courts have made explanation to the coordination between the Trademark Law and the Anti-Unfair Competition Law in specific cases. In addition to the second-instance judgment of the “Aming Tool” case, the court in the “Ant Mover” case³⁸ also understood the expression “having certain influence” in the prior use defense provision and the confusion provision as the same.

This article endorses the unified criteria theory in a broad sense, that is to say, the same criteria should be adopted to identify a commercial sign “having certain influence” in the three provisions in the context of either the Trademark Law or both the Trademark Law and the Anti-Unfair Competition Law. In addition to the aforementioned grounds for refuting the different criteria theory, the following grounds shall also be taken into account:

First, from the perspective of contextual analysis, each law can be regarded as a particular context. According to the basic principle of unity of rule of law and the principle of integrity of legal interpretation, the same concept or the same rule should be semantically consistent in the legal system.³⁹ Under the systematic interpretation, the connotation of a legal concept is defined by not only the context but also the overall goals of the law such as the tenet, value and principles.⁴⁰ The commercial sign “having certain influence” is in essence related to China’s unregistered trademark protection system. The protection of such commercial signs inevitably involves various rules concerning unregistered trademarks in the trademark law, and even the confusion regulations in the anti-unfair competition law. These rules should be analyzed in the same content and are kept semantically consistent. For such reasons, the expression “having certain influence” in the context of the trademark law and the anti-unfair competition law shall be interpreted systematically in a unified manner, unless otherwise specified.

Second, from the perspective of specific application of law, the contexts in which the three provisions of the two laws are analyzed are usually consistent. For instance, when protecting an unregistered trademark with certain recognition under the Trademark Law, the courts often cite the “principle of good faith” in Article 7 (such as the “Erguang

Wonton” case⁴¹), “not be in conflict with any prior legitimate rights acquired by others” in Article 9 (such as the “Golden Hualian” case⁴²) and “shall be handled in accordance with the Anti-Unfair Competition Law of the People’s Republic of China” in Article 58 (such as the “China Resources” case⁴³), in addition to the registration hindrance provision and the prior use defense provision. It can be seen that in their specific application, the registration hindrance provision and the prior use defense provision are usually applied in the same context.

Third, from the perspective of historical analysis, the Trademark Law and the Anti-Unfair Competition Law share the same goal and have close historical connections in terms of anti-counterfeiting. Under a strict trademark acquisition by registration system, trademark rights can only be granted for well-known trademarks without registration, and common unregistered trademarks are not protected by the trademark law. The value orientation of the trademark acquisition by registration system pushes the anti-unfair competition law to function to protect unregistered trademarks with certain recognition, namely, “having certain influence”, and builds up, together with the principle of good faith in the trademark law for regulating malicious preemptive registration, a complete protection system for unregistered trademarks.⁴⁴ This explains why disputes sued on the grounds of “trademark infringement” and “unfair competition” have no substantial difference in some countries (e.g., the United States).⁴⁵ Hence, the Trademark Law and the Anti-Unfair Competition Law of China shall provide consistent protection for commercial signs “having certain influence”.

Fourth, the expression “having certain influence” is more like a factual evaluation of unregistered trademarks, or at least a legal finding of facts, and should not incorporate different value evaluations. As indicated in the series of the “Ghost Blowing Lamp” cases by the second-instance court, “it is an objective fact that the series of works entitled “Ghost Blowing Lamp”⁴⁶ enjoy high market recognition”. As for the identification of recognition, Chinese courts are almost the same in terms of the selection of influencing factors and the admission of relevant evidence when applying the three provisions of the Trademark Law and the Anti-Unfair Competition Law. Specifically, the following factors are generally taken into consideration: (1) sales scope, sales volume, sales time, market share and even tax amount; (2) advertising, online media comments, users’ selection and recognition; (3) honors and cooperation with well-known en-

terprises; (4) decisions of the Trademark Office; and (5) the use time of the sign in dispute. Thus, if the factual finding criteria are made different due to different bases of claims chosen by the parties concerned, the boundaries of factual findings and value judgment may be confused. Under such circumstances, if different factual finding standards are adopted and, in a far-fetched manner, some unregistered trademarks are classified as subject matters eligible for protection only under the Anti-Unfair Competition Law due to the distinctions in reliefs between the Trademark Law and the Anti-Unfair Competition Law, this approach actually focuses on the inherent difference in legislative values between the laws, which completely departs from the factual finding of the influence of unregistered trademarks.

In summary, this article supports the unified criteria theory, that is, the expression “having certain influence” in the three provisions of the two laws shall not be differentiated according to influence and recognition. It conforms to the legislative purpose of the China’s common unregistered trademark system, and is easy in practices and capable of preventing contradictions and conflicts between the standards of law application where legal provisions cross in specific cases.

2. Criteria and methods for identifying influence

Having made clear that the criteria for identifying the commercial signs “having certain influence” should be unified, it is necessary to further delve into two issues: first, whether the unified criteria for identifying influence should be high or low; and second, in view that influence is a varying factor, how shall we understand and cope with the potential negative impact of such change on the unified application of law.

(1) Criteria for identifying influence

There is little discussion as to what criteria for identifying influence should be adopted under the unified criteria theory. Some Chinese scholars deem that said criteria should be set the same as those for obtaining distinctiveness or “secondary meaning” in judging whether a sign constitutes a trademark,⁴⁷ or that the criteria require the identifiability that functions as the premise and basis for legal protection of trademarks.⁴⁸ The authors opine that under the unified criteria for identifying “certain influence”, relatively low criteria for identifying influence, namely, the “distinctiveness through use” criteria, should be established by extracting the same connotation from such expressions as distinctiveness, identifiability or “secondary meaning” and

combining this with the concept of “relevant public”⁴⁹ long used in China’s trademark law and anti-unfair competition law in practice.

First, unregistered commercial signs “having certain influence” are those having acquired distinctiveness, identifiability or “secondary meaning” through trademark use. Taking the acquisition of distinctiveness through use as the criterion for identifying “certain influence” fully complies with the theory of acquiring trademark right protection, given that the acquisition of distinctiveness through use is one of the major manners to obtain trademark protection. For instance, as definitely specified in the German Trademark Act, a trademark can be obtained by three means, i.e., a trademark can be registered, or acquired through use or by being well known, and the acquisition of the second meaning through use refers to “the use of a sign in trade in so far as the sign has acquired public recognition as a trademark within the affected trade circles”.⁵⁰

Second, distinctiveness, identifiability or “secondary meaning” required for identifying “certain influence” can be acquired as long as the sign has gained recognition among the relevant public. It is not necessary that the sign is well-known in all or most markets or among all or most people, or otherwise, the criteria for identifying influence may be in conflict with the criteria for identifying well-known trademarks. Moreover, “certain influence” can be identified as long as the commercial sign is known to a part of the relevant public, and it is not necessary that all the operators or consumers of the relevant public are familiar with the commercial sign.⁵¹ As for how to determine the scope and number of “a part of” the relevant public, judges can quantify them in individual cases based on the attributes and characteristics of specific goods (services) and specific territorial scopes, and keep the quantified criteria consistent when coordinating the application of the three provisions of the two laws.

Third, even though the expression “having certain influence” conveys a temporal connotation of “continuous use”, it does not mean absolutely uninterrupted use.⁵² The “certain influence” of a sign cannot be denied simply because of the short use or publicity time. The strength of influence is indeed linked with the time factor, but shall be identified flexibly (such as the Cephalosporin case⁵³). A comprehensive consideration shall be given to the complete history of the use of commercial signs, and it is not appropriate to make a judgment merely based on respective use time of

the parties (such as the Taiqi case⁵⁴).

(2) Dynamic identification of influence

Unified criteria for identifying influence do not mean that the courts' judgments on "certain influence" made according to the three provisions of the two laws must be exactly the same. Whether a commercial sign having certain influence must be identified dynamically on a case-by-case basis.

First of all, in view of the diversified protection routes for unregistered trademarks, the party concerned can choose a corresponding claim in either the Trademark Law or the Anti-Unfair Competition Law according to specific circumstances. The time periods during which the influence will be evaluated may be different in the different relief routes. For instance, "certain influence" in the registration hindrance provision refers to that in the period prior to the registration of the disputed trademark, special attention shall be paid to the period before the use of the other party's trademark for identifying "certain influence" in the prior use defense provision, and "certain influence" in the confusion provision is directed to the period during which infringement occurs. Under such circumstances, the time periods covered by the parties' evidence may overlap, but not be completely identical. As a result, the court has to determine the influence of the commercial sign according to facts at different periods in different litigation proceedings, such as in the trademark confirmation procedures and the unfair competition action against confusion and counterfeiting. Although the court adopts the same criteria for identifying influence, different conclusions may be drawn due to different protection routes, not fully aligned time periods for evaluating influence, and evidence that may not be exactly identical.

Second, trademark use is dynamic, and the influence of a commercial sign is dynamic as well and will vary as time passes by. The influence of a commercial sign can increase from scratch to a higher level with continuous use and operation; and on the contrary, the influence may also gradually diminish due to little use. This means that if the court has made a conclusion on the influence of a commercial sign under a certain relief route, said conclusion is only valuable as reference, but should not be taken for granted. For instance, even though the plaintiff proved by evidence the influence of the disputed sign at the time of registration of the defendant's trademark in the trademark confirmation procedures, it does not necessarily mean that the disputed sign also has the same influence when used by the defendant in the law-

suit for unfair competition resulting from confusion.

Third, due to the difference in relief routes and the dynamic changes in the influence of commercial signs, the factual findings for identifying influence by the courts may be different even in related cases involving the same parties concerned. Thus, the examination on "certain influence" must be dynamically made on a case-by-case basis, just like the way to identify well-known trademarks individually. In particular, if there are conclusions drawn under different relief routes, the court must take a precautionous attitude towards the previous judicial or administrative decisions. Under such circumstances, in view of the different facts of individual cases, the court must consider whether to fully accept or reject the factual findings of the previous specific administrative act (such as the Aming Tool case), or take the previous administrative ruling into consideration as one of the "other factors" (such as the Mars case⁵⁵), or make a new decision on the case-by-case basis (such as the Jinjunmei case or the Huamei case⁵⁶).

V. Conclusion

The three legal provisions in the Trademark Law and the Anti-Unfair Competition Law provide systematic protection for commercial signs "having certain influence" from the perspectives of hindrance of improper registrations, prior use defense and anti-confusion. Based on the legislative purpose of the China's common unregistered trademark system, the three provisions should not be further distinguished in terms of criteria or level of influence so as to avoid the conflicts in the application of criteria where legal provisions cross or overlap, thereby enhancing the certainty and practicability of the application of law. With the unified criteria for identifying influence, Chinese courts shall adopt a dynamic identification method on a case-by-case basis and examine the three requirements for unregistered commercial signs "having certain influence", namely, the sign has been used as a trademark; the sign has acquired distinctiveness or "secondary meaning" through actual use and functions to identify the source of goods; and the sign has accumulated market recognition and goodwill among the relevant public. ■

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¹ For analysis of the provisions in the China's Trademark Law that provide different protection for prior trademark users:

Du Ying (2014). Interpretation of the prior user right of trademarks — Understanding and application of Article 59.3 of the Trademark Law. *Peking University Law Journal*, 5, 1359 and 1368.

Some scholars argued that in comparison with the remedy for “prevention of malicious registration” provided by the trademark confirmation provision, the defense provision allows the prior user to defend against others' *bona fide* registrations with no time limit, which is completely different from the statutory period for filing an objection. Thus, its legal effects bring further impact.

Wang Taiping (2018). Systematic interpretation of the unregistered trademark protection system in China. *Law Science*, 8, 138 and 147.

Cao Xinming (2014). Studies on prior user right of trademarks — Comments on the third revision of China's Trademark Law. *Research on Rule of Law*, 9, 16-24.

² Wang Taiping (2018). Systematic interpretation of the unregistered trademark protection system in China. *Law Science*, 8, 138.

³ See the Civil Judgment No. Wan01minchu 1714/2019, and the Civil Judgment No. Wanminzhong 325/2021.

⁴ The CNIPA's Decision No. Shangbiaoyizi 0000002675/2021. The administrative decision on trademark opposition had not been made yet during the first instance lawsuit for unfair competition.

⁵ Du Ying (2014). Interpretation of the prior user right of trademarks — Understanding and application of Article 59.3 of the Trademark Law. *Peking University Law Journal*, 5, 1359 and 1368.

⁶ Article 18.2 of the Opinions of the Supreme People's Court on Several Issues Concerning the Trial of Administrative Cases Involving Grant and Confirmation of Trademark Rights (No. Fa-fa 12[2010]).

⁷ Article 23 of the Provisions of the Supreme People's Court on Several Issues Concerning the Trial of Administrative Cases Involving Grant and Confirmation of Trademark Rights (passed in 2016, No. Fa-shi 2[2017]; amended in 2020, No. Fa-shi 19[2020]).

⁸ Article 4 of the Interpretation of the Supreme People's Court on Several Issues Concerning the Application of the Anti-Unfair Competition Law of the People's Republic of China (No. Fa-shi 9[2022]).

⁹ Similar situations also exist in some local anti-unfair competition legislations. For instance, Article 8 of the Shanghai Anti-Unfair Competition Regulations (passed in 1995 and revised in 2020, Announcement No. 49 of the Standing Committee of the Shanghai People's Congress) stipulates that “a sign having certain influence” refers to “a distinctive sign that is known to the public within a certain scope and capable of identifying goods or the source thereof”.

¹⁰ “Section 4 Judgment on trademarks having been used and having certain influence”, Chapter 15, Volume II of the Guidelines for Trade-

mark Examination and Trial (CNIPA's Announcement No. 462, 2021).

¹¹ Article 33 of the Criteria for Judging Trademark Infringement (No. Guozhifabaozi 23[2020]).

¹² See supra note 10. “Section 3.7 Names, packages and decoration of goods or services having certain influence” of Chapter 14. It is noteworthy that for interpreting the expression “continuous use within the original scope of use” in Article 59.3 of the Trademark Law, Article 33 of the Criteria for Judging Trademark Infringement clarifies that only the addition of goods or services and the modification of the device, text, colour, structure, writing style, etc. of the trademark shall not be regarded as the continuous use within the original scope of use, and does not mention the expansion of the territorial scope.

¹³ See supra note 5, pp. 1372-1373.

Li Yang (2006). Interpretation of prior right in trademark law in respect of intellectual property law. *Science of Law (Journal of Northwest University of Political Science and Law)*, 5, 49.

Zhang Peng (2018). Systematic interpretation of laws and regulations for regulating malicious preemptive registration of trademarks. *Intellectual Property*, 7, 21.

¹⁴ Li Yang (2006). Interpretation of prior right in trademark law in respect of intellectual property law. *Science of Law (Journal of Northwest University of Political Science and Law)*, 5, 49.

¹⁵ The Civil Judgment No. Xinzhongminsanchuzi 96/2014.

¹⁶ The Civil Judgment No. Jingzhiminzhongzi 588/2015.

¹⁷ The Civil Judgment No. Yue73minzhong 1702/2022.

¹⁸ See supra note 5, p. 1372.

¹⁹ Retrieved from <https://ipforce.jp/Hanketsu/jiken/no/9605>.

²⁰ Huang Hui. Expert interpretation: Interpretation of the Anti-Unfair Competition Law from the perspective of commercial signs. Cited from Guo Fan, The identification of commercial signs “having certain influence” in the Trademark Law and the Competition Law. Retrieved from <https://www.jiemian.com/article/3843844.html>.

²¹ See supra note 2, p. 147 (Note 38).

²² Some Japanese scholars believe that a previously used trademark based on which a non-infringement defense can be raised is not required to be known nationwide, but rather being widely known “in a relatively large area”, or even “in a relatively narrow area” is sufficient. Tetsuro Makoto (2002). Trademark (6th edition, p. 351). Yuhikaku Publishing Co., Ltd.

Tamura Yoshiyuki (2004). Intellectual Property Law (3rd edition, p. 116). Yuhikaku Publishing Co., Ltd. Cited from supra note 14, p. 47.

²³ See supra note 14.

²⁴ Zhang Peng (2016). Systematic interpretation of force of unregistered trademarks in China. *Science of Law (Journal of Northwest University of Political Science and Law)*, 5, 142.

²⁵ See supra note 14.

²⁶ The Administrative Judgment No. Gaoxingzhongzi 330/2009.

²⁷ Tetsuro Makoto (2002). Trademark (6th edition, p. 778). Yuhikaku Publishing Co., Ltd. Cited from supra note 5, p. 1370.

²⁸ See supra note 5, p. 1370.

²⁹ See supra note 2.

Liu Jifeng (2018). Competition Law (3rd edition, p. 287). Peking University Press.

Feng Xiaoqing and Ying Jiangnan (2023). Seeking a balance between trademark registration and use: Studies on the prior use defense system. *Journal of Shaoyang University (Social Science Edition)*, 1, 27.

Liu Qijia (2009). Reflection and reconstruction of the concept of trademark rights. *Intellectual Property*, 4, 67.

Cao Xinming (2014). Studies on prior user right of trademarks — Comments on the third revision of China's Trademark Law. *Research on Rule of Law*, 9, 23.

³⁰ The Civil Judgment No. Hu0115minchu 46794/2018.

³¹ The Civil Judgment No. Changminsanchuzi 82/2015.

³² The Civil Judgment No. Zhe8601minchu 1746/2020.

³³ The Civil Judgment No. Yue0306minchu 12922/2021.

³⁴ The Civil Judgment No. Yueminzai 257/2020.

³⁵ The Administrative Judgment No. Xingzai 18/2018.

³⁶ See supra note 2, pp. 147 and 148.

Wang Lianfeng and Liu Runtao. Understanding and application of the provision on “certain influence” in Article 6 of the new Anti-Unfair Competition Law. WeChat Account: Zhichanli, posted on 29 November 2017.

³⁷ Kong Xiangjun (2018). Spirit of the age of the newly revised Anti-Unfair Competition Law. *Oriental Law*, 1, 74-75.

³⁸ The Civil Judgment No. Changzhongminwuchuzi 757/2015.

³⁹ Compiling Group (2010). *Jurisprudence* (pp. 44 and 177). People Press and Higher Education Press.

⁴⁰ Liu Jifeng (2020). Semantic restoration and meaning verification of “certain influence” in the Anti-Unfair Competition Law. *China Legal Science*, 4, 188.

⁴¹ The Civil Judgment No. Hu0104minchu 18665/2018 and the Civil Judgment No. Hu73minzhong 444/2020.

⁴² The Civil Judgment No. Wan16minchu 341/2020.

⁴³ The Civil Judgment No. Shan01zhiminchu 215/2021 and the Civil Judgment No. Shanzhiminzhong 232/2022.

⁴⁴ Feng Shujie (2013). The right creation mechanism and protection mode of unregistered trademarks. *Law Science*, 7, 39.

⁴⁵ Section 43(a) of the Lanham Act, i.e., §1125(a) (False designations of origin, false description) reads any person who, on or in connection with any goods or services, or any container for goods, uses in com-

merce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which—

(A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person, or

(B) in commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or geographic origin of his or her or another person's goods, services, or commercial activities,

shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.

⁴⁶ The Civil Judgment No. Su03minchu 27/2017.

⁴⁷ See supra note 2, p. 148.

Liu Jifeng and Miu Hui (2020). Criteria for identifying commercial sign “having certain influence” in the event of confusion. *Journal of Graduate School of Chinese Academy of Social Sciences*, 3, 74.

⁴⁸ This view is formed mainly from the perspective of the anti-unfair competition law.

Wang Lianfeng and Liu Runtao. Understanding and application of the provision on “certain influence” in Article 6 of the new Anti-Unfair Competition Law. WeChat Account: Zhichanli, posted on 29 November 2017.

⁴⁹ According to the judicial interpretation of China's Trademark Law, the relevant public refer to consumers in relation to a certain type of goods or services bearing a trademark and other operators in close association with the marketing of said goods or services.

The Interpretation of the Supreme People's Court on Several Issues Concerning the Application of Law in the Trial of Civil Trademark Disputes (No. Fa-shi 32[2002]).

⁵⁰ Article 4 of the German Trademark Act.

⁵¹ Kong Xiangjun (2019). *New Principle of Anti-Unfair Competition Law: Specific Theories* (p. 29). Law Press.

⁵² *Hanover Star Milling Co. v. Metcalf*, 240 U.S.403, 407(1916).

⁵³ The Civil Judgment No. Xingtizi 2/2007. This case was published in the Gazette of the Supreme People's Court in 2007.

⁵⁴ The Civil Judgment No. Suzhiminzhongzi 98/2015.

⁵⁵ The Civil Judgment No. Yue73minchu 3370/2017 and the Civil Judgment No. Yueminzhong 2677/2019.

⁵⁶ Regarding the specific application of the case-by-case principle in judicial practice, please refer to the Ruling No. Shangpingzi 53057 [2012] on Opposition and Reexamination of “Jinjunmei” Trademark No. 5936208 for the trademark confirmation procedure, and the Civil Judgment No. Yue06minzhong 15358/2022 for the unfair competition lawsuit.