Confusion or likelihood of confusion?
Trademark infringement in China and EU

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<tr>
<td>CJEU</td>
<td>Court of Justice of the European Union</td>
</tr>
<tr>
<td>CTMR</td>
<td>Community Trade Mark Regulation</td>
</tr>
<tr>
<td>EU</td>
<td>European Union</td>
</tr>
<tr>
<td>EUIPO</td>
<td>European Union Intellectual Property Office</td>
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<tr>
<td>EUTMR</td>
<td>European Union Trade Mark Regulation</td>
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<tr>
<td>IP</td>
<td>Intellectual Property</td>
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<td>TPRC</td>
<td>Trademark Law of People’s Republic of China</td>
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1. Introduction

1.1 background

Trademark, as a major part in the intellectual property system, is the outcome of social and economic development. Rights conferred by trademarks that depend on its social development also tend to have various characteristics in different development stages. Identification as the basic function of the trademark is one of the main features that trademark differs from other rights, that is, the relevant public can make a link between the goods or services with a particular manufacturer by the basic function. And trademark infringement from the essence is due to the fact that a third party or illegal infringer uses the registered trademark without consent of the trademark owner and gradually weakens the distinguishing function and even vanishes. The direct result is making average consumers confused about the trademarks and purchase the similar products instead of the ones they are loyal to.

With the arriving of the science and technology age, enterprises also diversify their marketing campaign measures. Undoubtedly, it promotes the growth of a trademark’s economic value, especially the well-known ones, whose status in the economy has also become increasingly prominent. As a result, the number of illegal infringers who take free riding of the registered trademark and make similar sign on the same or similar goods or services to confuse consumers and gain illegitimate interests is also going up. For undertakings, trademark used to be the intangible property, at present, can cause loss of tangible property. If this kind of infringement cannot be prevented, it can severely affect a country’s intellectual property and economy development and even impede the progress of human society in the long term. Confusion theory, especially likelihood of confusion plays an extremely crucial role in the standard for trademark infringement should be paid high attention no matter in EU or in China. In 2013, China modified its trademark law which shows it is paying pretty attention to protect trademark rights. The gradually improved regulations and system are also keeping in line with the international trademark system. However, compared with EU that already has an advanced trademark system and constantly update its directive and regulations, there are still a number of shortcomings for China to overcome. Especially the legal context on likelihood of confusion. Only in this way can China better protect the Chinese trademarks and make it outstanding enough in the global products market.
1.2 purpose and delimitation

Trademark confusion, likelihood of confusion and trademark infringement have a close relation with one another and are usually been discussed together. Even though there are millions of scholars both in China and EU studying these related subjects, there is no clear boundaries for each of them. Since China and EU are respectively the representative of the civil law country and case law, how on earth the Court judges a trademark infringing in different cases and multicultures, and the principle, criteria, classifications of trademark confusion, likelihood of confusion and trademark infringement are worth studying. But I do not hope to cover all aspects of those three areas and related area of this theme in two legal systems, only some perspectives from my own understanding.

The criterion for trademark infringement is not based on the similarity degree of the trademark, nor the confusion theory, but the likelihood of confusion. During the process of judging a trademark infringement, the court should put the “likelihood of confusion” in the first place and then combine the similarity of the trademark, the distinctive character, the similarity of the goods or services and the economically link they may generate, the subjective intention of the infringer, the attention degree of the relevant public and etc. to comprehensively analyse whether it constitutes a trademark infringement.

1.3 methodology

Based on the purpose of this study, this thesis is adopting historical analysis, case analysis and comparative analysis methodologies. To be specific, the development, object and classification of the trademark confusion theory are studied by the historical analysis. For likelihood of confusion, it more tends to analyse the identification and final judgment inn different legal systems via genuine cases. Finally, using the comparative analysis to point out the defects of the current trademark law in China and put forward some suggestions to improve in my opinion.

References are based on primary and secondary sources, including books, articles, cases and provisions in China, EU and the global. And the main provisions that this thesis rely on is the TRIPs Agreement, Trade Mark Law of the People’s Republic of China, the Trade Mark Directive and Trade Mark Regulation.
2. Trademark confusion theory

2.1 Development

2.1.1 Typical trademark confusion

Trademark is a symbol that helps customers to distinguish one brand from another.\(^1\) If consumers cannot clearly tell goods or services from a specific origin, it will cause confusion. Trademark confusion was first stipulated in the Lanham Act of 1946 in the United States. According to Art 32 (1)\(^2\), a typical trademark confusion can be summarised as a new trademark used in the identical or similar goods or services with the earlier trademark so that consumers are led to believe the new trademark is the earlier trademark’s products or originates from the earlier one. The theory of typical trademark confusion arises from the illegal traders’ use of a trademark on an earlier registered mark or the same or similar goods or services of a well-known enterprise in order to obtain unfair interests, achieve the goodwill of a reputed enterprise trademark and cause confusion for consumers to mistake the referred goods or services. What the illegal traders do not only destroy the basic function of a trademark: distinguishing, infringe the rights and interests of consumers as well, but also lead to the decline of the sales volume and the damage of the goodwill of the well-known companies. Hence, to restrain trademark infringement, there is a growing number of countries making relevant regulations on trademark confusion in their legal systems.

On the other hand, with the development of economy as well as the expansion of enterprises’ production lines, a great deal of companies is no longer satisfied with the production of sole products but with diversified products. For example, ICA not only has its goods in fields of

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\(^1\) EUIPO, Trademark definition, available at https://europa.eu/ohim/en/trademark-definition?

\(^2\) The Lanham Act 1946, Art 32 (1), “Any person who shall, without the consent of the registrant —— (a) use in commerce any reproduction, counterfeit, copy, or colourable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive; or (b) reproduce, counterfeit, copy or colorably imitate a registered mark and apply such reproduction, counterfeit, copy or colourable imitation to labels, signs, prints, packages, wrappers, receptacles or advertisements intended to be used in commerce upon or in connection with the sale, offering for sale, distribution, or advertising of goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive
food, beverage and health products, but also services of their own bank. In the meantime, consumers’ concept has also changed. Consumers begin to accept the fact that any single product is no longer the mainstream, or the star product of a brand. At this time, as long as illegal traders put the already registered trademark on products that consumers can recognize in the field of its expanded production, it is possible to mislead consumers to believe this product originates from the right holder of the registered trademark, in other words, causing confusion. They do not even need to use the registered marks on ordinary commodities. Such infringement will not directly result in a reduction in the number of plaintiff products, but it may destroy their hard-earned reputation and increase the obstacles to expand product chains in other fields.³

To conclude, typical confusion is positive confusion from the direction of confusion to analyse, a single source confusion from the content, confusion in sale from the time that confusion happens. And we will give specific discussion about these concepts below.

2.1.2 the expansion of trademark confusion

Since 1940s, trademark confusion has begun to expand with the development of case law. And it expanded differently in USA and EU. Take the Lanham Act for example, ‘confusion’ in the 1962 Amendment, also includes “the origin, sponsorship, or approval” of goods. ⁴ It is the expansion from the content of trademark confusion. Except that, the expansion in America also appears in terms of the direction and relevant time of confusion.

2.1.2.1 in America

I. the expansion of the content
Typical trademark confusion happens in the background when the relationship among companies was not so close. However, with the rapid development of economy, business operations are no longer monolithic, but are expanded through the establishment of branch companies or enterprises. As a result, the right to use the registered trademark has to be shared

³ Yuanyuan li, An Analysis of the Confusion Theory in the Determination of Trademark Infringement, University of Business & Economics in HeBei, master degree graduation thesis, January 2013

with branch companies or enterprises. And for the further result, in practice, even consumers clearly know products are not produced by the trademark owner, they will be misled by the relationship between the owner and the producer, which may damage the owner’s reputation to some extent. To solve this problem, a number of countries started to amend their trademark law to expand the content of trademark confusion. Like the 1962 Lanham Act we have mentioned before, the infringement subject has expanded to

“Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce 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 …”

Besides, “sponsorship confusion” aims to those confusion as to affiliation, sponsorship, or association’ varies hugely from “a single source confusion”. In this situation, consumers are aware of the fact that products they purchase are not produced from the trademark owner. Therefore, when illegal traders also use the registered trademark pretending to be a branch company, consumers will believe there is a relationship and continue the purchase behaviour, which may damage the owner’s goodwill and prevent its opportunity in other fields in the long run.

II. the expansion of the direction

Typical trademark confusion aims to protect the distinguishing function of a trademark, prevent illegal free-riding. As we have mentioned above, forward confusion points to the fact that goods or services with later trademark belongs to or originates from the earlier trademark. With the development of new economic pattern, trademark infringement cases are no longer confined to positive confusion cases where small businesses take the convenience of the well-known companies. There are also more frequent to see reverse confusion cases when large enterprises using their own advantages to “embezzle” small businesses’ trademarks.

5 Xuelong Peng, Analysis of Trademark Confusion and Improvement of Trademark Infringement System in China, 2011
6 15 U.S.C 1125 (SECTION 43 OF THE LANHAM ACT)
7 Supra 4
The reverse confusion of trademark is not a concept coinciding with trademark law. The concept has not yet been determined in the statute law of any country. But many scholars have elaborated on it. Take professor Thomas for example, in his study, when a consumer purchases a trademark owner’s product he considers that he purchased the product of the later use of the trademark. That is to say, when the trademark is wildly advertising and the market is advance enough to inundate the reputation of the trademark owner, the consumer will mistakenly consider the product of the mark owner as the product of the later use of the trademark.\(^8\) It took about 60 years for the Court to take the fact seriously that not all small businesses are willing to be “famous” through the use of their own trademark by large companies without consent. And if the reverse confusion was not regulated, large enterprises will arbitrarily plunder the trademarks of small business.\(^9\)

Meanwhile, reverse confusion also infringes consumers’ right. No matter the large uses the small’s trademark or vice versa, it will cause confusion and mislead consumers when picking the products. In the end, it will damage the distinguishing function of trademark.

III. the expansion of relevant time

In the confusion of time, it extends from the time of purchase to before and after the purchase. In general, confusion refers to the confusion that occurs at the time of purchase. However, in accordance with the 1962 amendment of the Lanham act, the confusion that causes damage to the trademark owner is not limited to confusion of purchase. In fact, if the determination of whether or not there is a possibility of confusion is not limited to purchasers, the confusion can occur either before or after purchase.\(^{10}\) The former situation is called the pre-sale confusion. It means that the infringing trademark has stimulated the initial interest of the consumer, although the confusion has been eliminated before the actual purchase. And the latter is called post-sale confusion, which means that although consumers are not confused when purchasing, their subsequent use of the goods or services may lead to confusion to other people.

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\(^8\) J. Thomas, McCarthy on Trademark and Unfair Competition, Lawyers Co-operative Publishing Company, 1996


\(^{10}\) Supra 5
2.1.2.2 in EU

In 1998, the European Union prosecutor Jacob pointed out that it is impossible to simply regard the so-called “association possibility” in the Directive as inappropriate expression of trademark anti-dilution theory. It goes the same with the opinion that “association possibility” implies the expansion of the test of typical confusion. In 1999, the European Community Court made further clarification that if the public is likely to think that there is some kind of connection between the parties, even if it is clearly originate from different sources, there is a possibility of confusion from the point of the Directive. And at that time, confusion has already include the association confusion.

Apart from that, the definition of the “Model Provisions on Protection against Unfair Competition” by the World Intellectual Property Organization(WIPO) and its interpretation are in the same way that the Lanham Act does. It puts that,

“Where a trademark, trade name or any other business identifier is associated by consumers with a certain commercial source or origin, any act that causes or is likely to cause confusion with respect to the source or origin will usually constitute an act of unfair competition. The concept of confusion should not, however, be restricted to confusion with respect to commercial source or origin, but should also include anything that could indicate a business connection, for example between two users of the same trademark or of similar trademarks (confusion with respect to affiliation).”

Thus, it can be seen that the expansion of trademark confusion theory has become a common feature of the evolution and development of international trademark law.

2.2 classification

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11 First Trademark Directive, 89/104/EEC
12 J. Thomas McCarthy, Proving a Trademark has been Diluted: Theories or Facts?, 41 Hous.L. Rev. 713
14 Model Provisions on Protection against Unfair Competition, P16, notes on Article 2, 2.04
As for trademark infringement, the legislation and judiciary of various countries also show increasingly categorized features. As we have mentioned above, in the early days of the trademark system development, almost all infringements were generalized as trademark confusion. Against this background, the further classification of trademark confusion has become an inevitable trend in the development of trademark infringement system. As far as the legal consequences are concerned, all kinds of confusion can damage the interests of trademark right holders, prevent consumers from recognizing products and disrupt the competitive order of market. And for the judicial and law enforcement levels, it is the difference in types of trademark confusion, the constituent elements and expressions that helps to apply the trademark law when distinguishing the types appropriately. In this article will focus on three common types of confusion in China and EU.

2.2.1 in China

Reverse confusion, pre-sale confusion or initial-interest confusion are the two typical confusion types in China. Especially, initial-interest confusion is also common in EU, but often combined with digital media factors. Next, I will combine cases to explain these confusions.

I. reverse confusion

It is an opposite of forward confusion. In general trademark infringement cases, consumers usually believe the defendant’s trademark as the plaintiff’s by mistake, or mistakenly think that goods with the defendant’s trademark originate from the plaintiff or the plaintiff. While reverse confusion is just the opposite. Some well-known companies use small businesses’ trademarks and bombard the market by advertising the market. Consumers usually don’t confuse large companies’ trademarks with small businesses, but they may think that small businesses are subsidiaries of large companies. Therefore, small businesses can no longer use their own trademarks.\(^{15}\) It refers to the fact that due to the presence of post-trademarks, consumers misunderstand that goods of the prior trademark owner are derived from or are related to subsequent users.\(^{16}\)

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15 Xiaoqing Feng, the Third Revision of the Trademark Law Issues, Chinese trademark, 2007. Vol 4, p28
16 Supra 5
The newly amended Chinese Trademark Law, passed in August 2013, for the first time introduces the confusion theory, i.e. likelihood of confusion. However, reverse confusion, a special type of trademark confusion has not been defined in Chinese law. In judicial practice, when dealing with cases of reverse confusion, the courts have no clear legal basis to apply but to follow the pattern of forward confusion. As a result, it is common to see different court decisions or change the original sentences and it is difficult to ensure the fairness and justice.\(^\text{17}\)

We can tell from the table below.

<table>
<thead>
<tr>
<th>Case</th>
<th>Court of appeal</th>
<th>Case decisions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banshen</td>
<td>Beijing first intermediate court</td>
<td>Plaintiff’s defeat.</td>
</tr>
<tr>
<td>阪神(^\text{18}) 案</td>
<td></td>
<td>The verdict of trademark review and adjudication board was upheld.</td>
</tr>
<tr>
<td></td>
<td>Beijing higher people’s court</td>
<td>Appellant won.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Revocation of first instance judgment.</td>
</tr>
<tr>
<td>AUPU</td>
<td>Suzhou intermediate court</td>
<td>Plaintiff won.</td>
</tr>
<tr>
<td>奥普(^\text{19}) 案</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Jiangsu Provincial higher people’s court</td>
<td>Appellant won.</td>
</tr>
<tr>
<td></td>
<td>Supreme People’s Court</td>
<td>There was a possibility of reverse confusion.</td>
</tr>
<tr>
<td>If you are the one</td>
<td>Shenzhen Nanshan district court</td>
<td>Plaintiff lost.</td>
</tr>
<tr>
<td>非诚勿扰(^\text{20}) 案</td>
<td></td>
<td>Do not constitute trademark infringement.</td>
</tr>
<tr>
<td></td>
<td>Shenzhen intermediate court</td>
<td>Appellant won.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Constitute reverse confusion and infringe.</td>
</tr>
<tr>
<td>New balance</td>
<td>Guangzhou intermediate court</td>
<td>Plaintiff won.</td>
</tr>
<tr>
<td>新百伦(^\text{21}) 案</td>
<td></td>
<td>Constitute reverse confusion</td>
</tr>
<tr>
<td></td>
<td>Guangdong Provincial higher people’s court</td>
<td>The verdict of reverse confusion was upheld.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Commuted for compensation.</td>
</tr>
</tbody>
</table>

Figure 1. Table for heated cases on reverse confusion in China in recent decade.

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17 Huihu, Judicial Identification of Trademark Reverse Confusion in China, Anhui University of Finance & Economics, master degree graduation thesis, June -2017
18 The administrative judgment no. 2961 of Beijing first intermediate people’s court (2013) no.1
The administrative judgment no. 456 of Beijing higher people’s court (2014)
19 The civil judgment no. 0312 of Jiangsu province Suzhou intermediate people’s court (2010)
The civil judgment no. 0143 of Jiangsu provincial higher people’s court (2011)
The civil judgment no. 216 of Supreme People’s Court (2016)
20 The civil judgment no. 208 of Shenzhen Nanshan district court (2013)
The civil judgment no. 927 of Shenzhen intermediate people’s court (2015)
21 The civil judgment no. 574 of Guangzhou intermediate people’s court (2013)
The civil judgment no.444 of Guangdong provincial higher people’s court (2015)
By analysing the cases in the table above, the most direct conclusion is the difference of trial results. Even if there are no other new situations and new evidence in the second instance, there still can be a commute. This has revealed that Chinese courts lack trial experiences in reverse confusion, especially when they are in the face of large enterprises. In AUPU case\textsuperscript{22}, the judge at the first instance did not demonstrate reverse confusion at all, but argued with forward confusion. Furthermore, in the process of trial, the court of first instance directly skipped whether the existence and actual use of the cited trademark to consider the confusion occurred. It can have a fatal effect on the final verdict of the case. There is still a long way for Chinese courts to go on reverse confusion.

II. initial-interest confusion

In the modern society, it is common to see that a few companies use some reputed trademarks instead of their own in business or in a commercial occasion. It misleads consumers from the beginning, but consumers are aware that they are choosing the products from other sources than they wanted during the purchase.\textsuperscript{23} Suppose a driver is hungry and appealed by a McDonald’s board on expressway and drives away from his destination. However, when he follows a direction, he only finds nothing but a home restaurant. In that situation, he is most probably to enter that restaurant. It is clear that the owner of that home restaurant is misleading consumers on purpose, but the moment when the driver decides to enter, he has no confusion. To judge from the first sight, it seems that the home restaurant owner does not harm McDonald’s interests, but in fact he unjustifiably utilize the fame and reputation of McDonald’s, that is to attract the starving driver walk into the restaurant and have the food. It goes the same way with goods in the market. Consumers will be attracted to enter the store and examine the products. These days, the capital market is filled with billions of brands all over the world, how to catch eyes is becoming the vital issue for enterprises to think over, for there will be no point of discussing sales and market share holds if consumers never come into your store and get to know your product. The biggest challenge for brands to survive in commodity market is not the subtle difference in the product, but the trademark tagged on it. As the basic function of trademark is distinguishing, that is to catch consumers’ eyes. Therefore, once the catching eye function is made improper uses, the owner of well-known trademark is bound to suffer damage or infringe,

\textsuperscript{22} Supra 19

\textsuperscript{23} Danny Friedmann, Trademarks and Social Media Towards Algorithmic Justice, p34
by free hitchhiked. Especially in EU, where advertisements in the digital media is mature and successful, cases involve social media such as Google and Amazon are common to see from time to time. Courts have to consider comparative advertising and internet, awareness of relevant public over the simple pre-sale confusion. In *Google France v Louis Vuitton*\(^\text{24}\), the CJEU held that,

“… normally informed and reasonably attentive internet users are unable to determine whether the advertiser is a third party vis-à-vis the proprietor of the trademark or, on the contrary, economically linked to that proprietor…”

CJEU has to think the confusion over an internet third party with the trademark proprietor rather than the free riding brand, which is more complicated. While in China, there are more cases involved two companies with similar trademark that causes confusion. Take the Maotai (茅台)\(^\text{25}\) case for example, we can see how the court thinks about initial confusion cases.

China Guizhou Moutai Liquor Factory (Group) Co., Ltd (中国贵州茅台酒厂) is the proprietor of “Guizhou Moutai” Chinese character and graphic combination trademark, which has been recognized as a well-known trademark and enjoys a high reputation home and abroad. In 2011, the legal authorities seized a batch of “Hundred Years of Ronghe Laojiao” (百年荣和老窖) which has similarities in the front, back, side and bottle of the liquor box, from the color combination, graphics and even the character meaning. The Court believes that the decoration of “Hundred Years of Ronghe Laojiao” constituted an approximate mark on the whole. Although. The relevant public may not be confused by the two commodities, it is very likely that the producers of the “Hundred Years of Ronghe Laojiao” and “Guizhou Moutai” have specific relationships such as licensing or capital investment. Therefore, it is decided that the defendant Ronghe Shaofang Company constitutes infringement and bears the legal responsibility of stopping the infringement and compensating the economic loss of the plaintiff China Guizhou Moutai Liquor Factory (Group) Co., Ltd distillery 200,000 yuan. Even though the defendant appealed, the Judge maintained the original verdict and concluded that,

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\(^{24}\) C 236/08, Google France v Louis Vuitton

\(^{25}\) The civil judgment of Beijing second intermediate people’s court (2013)
“in this case, there is a distinct difference between the commodity package decoration and the registered trademark of the plaintiff, but the overall similarity is enough to stimulate the consumers’ initial purchase interest. It belongs to the confusion of pre-sale, which violates the exclusive right to use the registered trademark.”²⁶

On the other hand, Article 32 of TPRC regulates that,

“No applicant for trademark application may infringe upon another person’s existing prior rights, nor may he, by illegitimate means, rush to register a trademark that is already in use by another person and has certain influence.”²⁷

In this case, even though details of the decoration of “Hundred years Ronghe” is almost identical with the plaintiff, it is not considered as a counterfeit. In my opinion, it reflects the fact that counterfeits in China are more likely to refer those unlicensed individual workshops, they have no brands or even produce some stuff may cause damage to consumers’ body and mental. For example, they combine water with alcohol and put it into nearly the same decoration boxes, charging the same price as the genuine products. by that comparison, “Hundred years Ronghe” is merely taking free ride of the famous brand. Their alcohol may not taste that well

²⁶ Ibid
²⁷ Trademark Law of the People’s Republic of China (2013), Art 32
as Moutai, but at least not the fake alcohol. Trademark infringement problems are far more to deal in practice.

2.2.2 in EU

Compared with China, the association confusion in EU has a long history and common to see in practice. The birth of the association confusion has to date back to 1971, in the Benelux Trade Mark Act, which not only unified legislations in Belgium, the Netherlands and Luxembourg but also laid the foundation for European modern association theory. In Art.13, it puts that,

“A. Without prejudice to the possible application of ordinary civil law in matters of civil liability, the proprietor of a mark may, by virtue of his exclusive right, oppose:

1. any use made of the mark or of a like symbol for the goods or services in respects of which the mark is registered, or for similar goods or services;”

The realistic basis of the theory is that if the trademark and the sign are similar in any aspect of pronunciation, shape and meaning, an association between the trademark and the sign can be generated and is likely to affect the relevant public to associate the two things. In fact, this kind of association is potentially to transfer the good will and reputation from a registered trademark to the later mark and eventually damage the image of the registered one. Hence, the association confusion theory can be seen as a new and flexible way to protect trademarks. It includes three situations: firstly, the relevant public directly confuse about the trademark and the sign; secondly, the relevant public believes there is an association between the owner of the sign and the proprietor of the trademark and cause confusion, which is the indirect confusion or association; thirdly, the sign reminds the public of the registered trademark. The public agrees with similarities of the two but not confuse about them, just associate.

29 the Benelux Trade Mark Act (1971), Art 13 A. 1.
30 Kenneth J. Vandevelde, the New Property of the Nineteenth Century: the Development of the Modern Concept of Property, 29 Buff. L. Rev. 325 (1980)
The association theory, from my perspective, has some defects. Firstly, it only indicates the trademark use on the same or similar goods or services and neglects goods or services in different or dissimilar fields. In the modern economic market, the purpose to protect trademarks goes far more than merely preventing any kinds of confusion, but making the property suffer from damage. And the property includes the good will and reputation behind the trademark as well as the time, effort and fortune to maintain trademarks’ originality, distinctiveness, and the advertisement campaign effect and so on. As a result, the association confusion should expand to include all goods or services. Secondly, trademark as the object of trademark right, the act of infringing the trademark also inevitably constitutes a trademark infringement. While the association theory does not solve the problem that the trademark has been damaged. It is not enough to solely rely on a theory to confirm whether the infringement constitutes are complete, there should be a resolution for the consequences of the damaged trademark. Strictly speaking, the association theory originates from the Benelux Act does not exist, it only provides a concept or outline. Therefore, today in EU, we discuss more about the likelihood of confusion, which requests more specific requirements to protect trademark and avoid the damage that may come from the confusions.

Interestingly, the association confusion also appeared in the legal inspection practice in China. It has two situations. First, it means that although there are differences between the two trademarks, they have similarity in the form, consumers will not mistake the later trademark as the early one, they will believe the two marks come from the same origin. Second, even if consumers do not consider the two marks originate from the same origin, in view of the reputation of the prior trademark, association between the two marks will damage the interests of the prior trademark and weaken the image of the trademark. But it usually includes dilution into the association confusion in practice, therefore, it also has few regulations to refer.

3. Likelihood of confusion

3.1 origin

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31 Ruimao Qian & Mei Qing, Comparative Analysis of Trademark Confusion, Association and Dilution and Relevant Theories, Yinshan Academic Journal, Jan.2004, Vol.17

If a trademark hopes to become alive and meaningful, in no matter which kind of situation such as word, sound, colour or shape, it needs to be registered validly. And speaking of the definition of ‘trademark’, there are versatile versions of expression in different regulations and directives. Taking Trade Marks Act 1994 and TRIPs for example,

“Any sign capable of being represented graphically which is capable of distinguishing goods or services of one undertaking from those of other undertakings.”

“Any sign, or any combination of signs, capable of distinguishing the goods or services of one undertaking from those of other undertakings, shall be capable of constituting a trademark. Such signs, in particular words including personal names, letters, numerals, figurative elements and combinations of colour as well as any combination of such signs, shall be eligible for registration as trademarks. Where signs are not inherently capable of distinguishing the relevant goods or services, Members may take registrability depend on distinctiveness acquired through use. Members may require, as a condition of registration, that signs be visually perceptible.”

Both of them points out three requirements for a trademark to win registration, i.e. (1) distinctiveness of the originality, (2) ability to be represented graphically and (3) description as ‘any sign’. That is to say, missing any above requirement will lead to grounds for refusal of the trademark registration. Therefore, in order to be precise, the refuse reasons that prevent a trademark from registering are divided into absolute grounds and relative grounds for refusal. From the beginning, the legislation lays the burden of absolute grounds to prevent trademark that lacks the inherent character from being registered, as can be proved in the 1994 Act section 3(1) on distinctiveness and the ‘sign’ point in 3(2). And for EU, no matter the

33 Trade Marks Act 1994, Section 1(1)
34 Trade-Related Aspects of Intellectual Property Law, Art 15(1)
36 Trade Marks Act 1994, Section 3(1), “The following shall not be registered— … (b) trade marks which are devoid of any distinctive character, …”
37 Trade Marks Act 1994, Section 3(2), “A sign shall not be registered as a trade mark if it consists exclusively of — (a) the shape which results from the nature of the goods themselves, (b) the shape of goods which is necessary to obtain a technical result, or (c) the shape which gives substantial value to the goods.”
Trade Mark Regulation\textsuperscript{38} (TMR) that governs the national trademark of each member state or the Trade Mark Directive\textsuperscript{39} (TMD) regulates trademark applicable for the Community Trademark also has similar expression. Therefore, it leaves relative grounds as a reminder to the unregistrable situation to concern, namely, the situation that causes the likelihood of confusion on the relevant public\textsuperscript{40}.

And for likelihood of confusion, which belongs to relative grounds for refusal or invalidity, is cited as,

“… if because of its identity with or similarity to the earlier trade mark and the identity or similarity of the goods or services covered by the trademarks there exists a likelihood of confusion on the part of the public in the territory in which the earlier trade mark is protected; the likelihood of confusion includes the likelihood of association with the earlier trade mark.”\textsuperscript{41}

It points out two situations that should be considered: (i) likelihood of confusion (ii) likelihood of association. We will discuss it in detail in chapter 3.4.

However, in Trademark Law of the People’s Republic of China (TPRC), there is not definition of trademark in the law nor the classification of absolute grounds or relative grounds for refusal. When assessing a trademark whether can be registered, the provision is put in Chapter 2: Application for Trademark Registration, Art 13(2)\textsuperscript{42} as below:

\begin{itemize}
\item [38] \textsuperscript{38} Trade Mark Regulation(EU) 2017/1001, Art 7(1) The following shall not be registered: …(b) trade marks which are devoid of any distinctive character, …” …(e) signs which consist exclusively of: the shape, or another characteristic, (i) which results from the nature of the goods themselves (ii) of goods which is necessary to obtain a technical results (iii) which gives substantial value to the goods;”
\item [39] \textsuperscript{39} Trade Mark Directive(EU) 2015/2436, Art 4, “ The following shall not be registered or, if registered, shall be liable to declared invalid: … (b) trade marks which are devoid of any distinctive character… (e) signs which consist exclusively of: the shape, or another characteristic, (i) which results from the nature of the goods themselves (ii) of goods which is necessary to obtain a technical results (iii) which gives substantial value to the goods;”
\item [40] Jeremy Phillips, Trade Mark Law A Practical Anatomy, Oxford University Press, p114, 4.179
\item [42] Trademark Law of the People’s Republic of China (2013), Art 13(2)
\end{itemize}
“(2) Where a mark is a reproduction, imitation or translation of a third-party’s famous trademark which has not been registered in China and where the goods are identical or similar, which may cause public confusion and damage the interests of the registrant of the famous mark, no registration shall be granted and the use of the mark shall be prohibited.

(3) Where a mark is a reproduction, imitation or translation of a third-party’s famous trademark which has been registered in China and where the goods are not identical or dissimilar, which may lead the public and cause injury to the interests of the registrant of the famous mark, no registration shall be granted and the use of the mark shall be prohibited.”

That is the Chinese version of “relative refusal” for the marks applied to be registered. For the term about “confusion” is put in infringement section in Art 57(2),

“Any of the following acts shall constitute an infringement on exclusive rights to the use of a registered trademark:

(2) Using a trademark that is similar to a registered trademark on the same kind of goods, or using a trademark that is identical with or similar to the registered trademark on similar goods without obtaining licensing from the registrant of the registered trademark, and is likely to cause confusion.”

There is no word of “likelihood of confusion” appearing in the law, however, it is already a progress, to some extent. From the perspective of Xiangjun Kong, professor of the Supreme Court, likelihood of confusion in China can be practiced from two aspects: first, the purchaser has or may have misunderstood the origin of the goods or services; second, the buyers believe that goods or services provided by the infringer has some special connection with the trademark owner and thus have the misunderstanding.  

In the traditional trademark infringement identification process, “similarity” has always been used as the only criteria for trademark infringement. However, this standard has brought many obstacles to the theory and practice of trademarks. Thanks to the introduction of the concept of

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43 Trademark Law of the People’s Republic of China (2013), Art 57(2)
“likelihood of confusion” in 2013 Trademark Law, it is of significance to judge cases on trademark infringement in China.

Firstly, from the aspect of the trademark function. When judging trademark infringement, it is necessary to consider the function of trademark to distinguish the origin of goods or services and determine whether it constitutes a trademark infringement. What is the most important is to judge if it will cause confusion to the relevant public. Therefore, the prevention of trademark confusion is essentially to protect the trademark recognition function from being destroyed, and to avoid the relevant purchaser from misunderstanding the origin of the goods or services. The introduction of “likelihood of confusion” is to better regulate the action that cause consumers confusion and to ensure the basic distinguishing function of trademark is effectively utilized. From this aspect, the introduction of this concept focuses on the core functions of trademarks and its purpose is to effectively guarantee it working.

Secondly, from the aspect of the legislative purpose of the trademark. The legislative purpose of the Chinese trademark law is to protect purchasers from the danger of misidentification and mis-purchase when choosing their favourite goods or services. Compared with producers and operators, the legislative purpose of trademark law is to better consumers’ legitimate rights and interests. Hence, only by regulating the trademark rights of the right owners via trademark law and other related judicial interpretations can further protect legal rights ad interests of consumers.45

Last but not least, from the aspect of global protection of intellectual property. The introduction of “likelihood of confusion” in China, it is the embodiment of learning from the international advanced law and can help Chinese legal system improve.

3.2 principles

In judicial practice, the judgment of likelihood of confusion is a controversial issue. As the word “likelihood” is a subjective understanding, with random and uncertainty. Besides, it has to be differentiate from typical confusion, which adds the difficulty to make the judgment. In

45 Jian Li, a Study of the likelihood of confusion in trademark infringement, Guangxi University for Nationalities, master degree graduation thesis, April 2017
reality, cases vary from cases and they all have their own factors to consider, enjoying universality and uniqueness. As a result, it is essential to bear principles in mind when judging “likelihood of confusion”.

3.2.1 in China

In judicial practice, there are mainly three principles for judges to follow, that is: (i) case by case principle, (ii) relevant public principles and (iii) comprehensive judgment principle.\(^{46}\)

I. case by case principle

Take this principle literally, it means judging likelihood of confusion based on the specific circumstances of individual case. There is no unified mode applying for all cases for the provisions and jurisprudence that can be invoked during the trial are limited. Especially in the process of judging likelihood of confusion case, trademark censors, judges and other executors have great discretion, which leads to the judgment quite subjective.\(^{47}\) As a result, case by case principle can be the core principle but has to be used with other principles together.

II. relevant public principle

When judging “likelihood”, although the judge may add his own subjective assertion, it is not groundless.\(^{48}\) They cannot analyse the case by putting themselves into the shoes. Instead, judges should arm themselves with consumers’ perception, discernment as well as the actual situation in a particular market or commodity under a specific background and try to figure out the psychological state of the relevant consumers. Moreover, this principle should also be applied for trademark examiner and other staff, assessing the trademark based on the general attention of relevant public. Since products of different function or character serve for various consumer targets and have different consumer groups. Only analysed factors in a specific range of related consumer groups can “likelihood of confusion” make sense, otherwise it will cause deviation.


\(^{47}\) Liwei Jiang, trademark case review principle, China trademark, 2009, vol.10

Meanwhile, relevant consumers show diverse attitude towards products of different kinds, thus asking for different degree of attention. In the purchase of high-end commodities or goods of relatively higher value, consumers are usually alert about it by nature and even do some study on the brand and trademarks in advance. Accordingly, they are less likely to be confused. As far as the judgment of the likelihood of confusion is concerned, the decisive factor is not the degree to which the two industries or products are related or how similar to each other, but whether there is a considerable number of representative consumers pay attention to the likelihood of confusion.49

III. comprehensive judgment principle

When determining the degree of “likelihood”, a deal of factors should be taken into account. The degree of similarity of the trademark, of the products, the range and attention of the relevant consumer, the subjective intention of the defendant as well as the actual confusion…, any factor can affect the final judgment.50 This principle requires the judge to examine the facts and factors related to the likelihood of confusion during the trial and comprehensively analyse the impact of various factors on that basis on the final trial.

To conclude, when dealing with a trademark infringement case, to judge whether is likelihood of confusion, judges and other staff should carefully combine the specific circumstances, comprehensively take all relevant factors into account and finally reach the conclusion.

3.2.2 in EU

Double identity and likelihood of confusion are general principles for EU trademarks and legally based on Article.8(1) of the ‘EUTMR’.51 Article.8(1) of the ‘EUTMR’ as the first  

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50 Jicun Fu, Research on the Value Structure of Trademark Law, China Legal Publishing House, 2012, p 87
51 Guidelines for Examination of European Union Trade Marks, European Union Intellectual Property Office(EUIPO) part C, Opposition, Section 2, Double Identity and Likelihood of Confusion, Chapter 1, General Principles
relative ground for refusal is composed of opposition on likelihood of confusion\textsuperscript{52} as well as double identity in Article.8(1)(a),

“If it is identical with the earlier trade mark and the goods or services for which registration is applied for are identical with the goods or services for which the earlier trade mark is protected,”\textsuperscript{53}

As can be seen from the provision, double identity refers to identity with the earlier trademark and the identity with the registered goods or services. While, refusal on likelihood of confusion requires either identity with trademarks and goods/services in question or similarity to them. Due to the fact that “identity with trademark and goods/services” is the same requirement for double identity and likelihood of confusion, therefore, the relation between two principles can be concluded as “where there is double identity, there is no need to carry out an evaluation of likelihood of confusion, and the opposition will automatically be upheld.”\textsuperscript{54} However, if there is only evidence for Article 8(1)(a), but no proof of identity with the earlier signs and/or goods/services mentioned in Article 8(1)(b), the similarity in the following figure must be highlighted.

\begin{figure}[h]
\centering
\includegraphics[width=0.5\textwidth]{similarities.png}
\caption{Figure 4. similarities in orange}
\end{figure}

From the figure, we can clearly see the importance of similarities as the criteria of likelihood of confusion, and it will be further discussed in 3.3.

Furthermore, likelihood of confusion must be considered from a global assessment. As the Court stated in Sabel, “The likelihood of confusion must be appreciated globally, taking into account all factors relevant to the circumstances of the case.”\textsuperscript{55} It has also been mentioned in

\begin{itemize}
\item \textsuperscript{52} Supra 41
\item \textsuperscript{53} European Union (EU) Council Regulation (EC) No. 207/2009 of 26 February 2009 on the Community trade mark (codified version) (Text with EEA relevance) Art.8(1)(a)
\item \textsuperscript{54} Supra 51
\item \textsuperscript{55} Judgment of 11/11/1997, C-251/95, Sabel, EU: C :1997:528, para 22
\end{itemize}
Canon, “A global assessment of the likelihood of confusion implies some interdependence between the relevant factors and in particular a similarity between the marks and between these goods or services.”

3.3 identification criteria

3.3.1 in China

In the latest Regulations of the Supreme People's Court on Certain Issues Concerning the Trial of Administrative Cases of Trademark Authorization and Confirmation (2017), it interprets several factors that should be considered when applying Art 13 of TPRC:

“If the party claims that the disputed trademark constitutes a reproduction, imitation, or translation of an unregistered well-known trademark that should not be registered or is invalidated pursuant to Article 13(2) of the Trademark Law, the People’s Court shall comprehensively consider the following factors and mutual influence between the factors, whether it is likely to cause confusion:

(1) similarity degree of the trademark
(2) similarity degree of the product
(3) distinctiveness and well-known level of the claimed trademark
(4) degree of attention of the relevant public
(5) other relevant factors.

The subjective intention of the trademark applicant and the evidence of actual confusion can be used as a reference for judging the possibility of confusion.”

I will give specific explanation of the above factors below.

3.3.1.1 similarity degree of the trademark

Art 8 of TPRC can be seen as the definition of trademark,

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57 Regulations of the Supreme People's Court on Certain Issues Concerning the Trial of Administrative Cases of Trademark Authorization and Confirmation (2017), Art 12
“Any sign, capable of distinguishing the goods or services of one natural person, legal person or any other organization from those of other persons, including words, devices, letters, numerals, three-dimensional signs, combination of colours, sounds, etc., as well as the combination of such signs, shall be eligible for application for registration as a trademark.”

The shape design, pronunciation, colour, language characteristics, psychological cognition and the meaning as well as the significance from business or social aspect of a trademark all can lead to two marks similar. And those elements are interrelated. On the one hand, the elements at in conjunction with one another, and the more same elements they have, the higher likelihood of similarity they will be. On the other hand, each single element is able to cause similarity, but not necessarily. It may need to combine with other elements. For example, the higher the similarity degree of the trademark shape design or totally identical, the lower the similarity of the trademark in pronunciation, meaning or colour will be. Therefore, in China, when assessing the similarity degree of a trademark, we mainly take pronunciation, appearance and meaning three elements into consideration.

I. pronunciation

First of all, in general, the name of a product transferred to the majority of consumers, the young and the old or the uncivilised, via its sound. Especially, for the advertisements published by video channels or television. Therefore, the similarity from pronunciation is most likely to confuse customers. In *Kohler v Zhao Guixiang*, the world-famous American brand that produces high-end equipment for kitchen and bathroom, Kohler Co, is officially translated into “科勒” when it enters into China market. Since “科勒” has no original meaning and extended meaning in Chinese, nor is it an inherent phrase in Chinese. Therefore it was registered in China because of its significance, novelty and creativity in 1997. The defendant, Shunde Kele Co., was founded in 1994, formerly known as Shunde city of Guangxi town Wei Hao kitchen equipment factory and renamed Foshan Shunde District Ronggui Kele (科乐) kitchenware Co. Ltd. According to the judgment, both “科勒” and “科乐” are both constituted by two Chinese

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58 Trademark Law of the People’s Republic of China (2013), Art 8
59 Xiangjun Kong, Trademarks and Unfair Competition Law Principles and Jurisprudence (2009), LAW PRESS-CHINA, p 260
60 Kohler Co., Ltd. v. Zhao Guixiang, et al.
characters, though the second character “勒” and “乐” are completely different in font and meaning, the pronunciation of two brands is identical. Besides, Defendant as well as its retailers conducted the propaganda by using the same pronunciation, which is probably causing confusion to customers. Furthermore, “Kele” and “KELE” are the form of Chinese phonetic alphabet of Defendant’s trademarks “科乐”. Defendant always used “Kele” or “KELE” together with its Chinese trademark “科乐”. The only way that customers call the brand is “科乐”. And it is also the same way they call the Plaintiff, “科勒” and “Kohler”. Since the way of calling the trademark is the primary recognition element for consumers in the bid shopping, the similarity of the two trademarks in the pronunciation is likely to confuse the consumers. Hence, the Court believed that “科乐” and “科勒”, “Kele”, “KELE” and “KOHLER” formed similar trademarks.

II. appearance

The similarity degree of a trademark’s appearance should examine the similarity of the appearance of a trademark. It is necessary to analyse and contrast the elements which the trademark composes of, and to integrate the overall effect when making the final decision. Owing to the fact that single element may not be similar, however, the overall effect could be similar; otherwise, the overall effect may not look similarly, but their sole element is similar. As a result, to judge two marks whether have similar appearance should observe (i) the font and characters of the word, (ii) composition of the figure or the graphic and (iii) the shape and colour of the three-dimensional mark along with the overall structure after the combination of those various elements and then compare each separate element to observe the integration. In most situations, if there are slight differences in font, size of alphabet or the arrangement in horizontal or vertical on condition that two trademarks they have identical language, components and order of words, that will be judged similar. For Chinese trademarks, similarity can happen when only one character has difference from the other. But except the situations when the pronunciation or font style of the first character is different, or their completely different meaning which has strong distinctiveness. Like the case we mentioned above, “科勒” and “科乐”. Or “夏普” and “复普”; “奥利奥” “粤利粤”; “RIMOWA” “日默

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61 Mingde Li, Intellectual Property Law of the United States, LAW PRESS-CHINA, p 300
瓦”和“RUMOWA”“汝默瓦”和等。那些案件通常涉及假冒伪劣问题以及商标侵权和不正当竞争。

In a nutshell, word marks focuses on the noun in a phrase or the distinctiveness on the similar part. Three dimensional mark focuses on the structure, shape and overall visual effect of the 3D mark. The colour combination trademark focuses on the arrangement of colour combinations, colour matching and overall visual effects. If the trademarks consist of the same or similar colour and the arrangement, the trademark constitutes similarity. While, if the colours are the same or similar, but the overall visual effects are quite different, it won’t be considered as similar mark.  

III. meaning

This inspects the meaning as well as its potential psychological recognition business or social aspects or language features of a mark. There are a large number of synonyms and homoionyms in languages. Different combinations of words may produce the same or similar meanings, and different combinations of word and graphics may express the same way. As a result, when applying these words and combinations into different marks is likely to generate the same or similar meaning. And the implication of a mark is often expressed in the form of words or graphics. Trademarks, especially graphical logos that differ in pronunciation and appearance, should be paid attention to whether the meaning of the trademark is the same. In KUOK OILS, plaintiff, KUOK OILS, registered their mark “金龙鱼” to sell edible oils and fats in classification 29 since 1990,  

![Figure 5. “金龙鱼” Trademark](image)

while Fuzhou Fenxiang company sold processed seeds in classification 29 under the mark of “金皇鱼” from 1999. Beijing First Intermediate People’s Court held that the cited trademark is a graphic combination trademark. The entire trademark sign is composed of Chinese characters,

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63 Ibid, p 365
fish graphic and English characters. The constituent elements are relatively complex. And for average consumers, they are more likely to remember Chinese characters “金龙鱼” to recognize and identify the brand. The disputed trademark “金皇鱼” is a word mark and merely consists of Chinese characters. Although there is a difference between “龙” (dragon) and “皇” (emperor) in the text part of the cited and disputed trademarks, the two are still similar in the pronunciation and visual effects, especially considering the specific meaning and strong relevance of “dragon” and “emperor” in Chinese traditional custom culture and habits of Chinese language. Average consumers are prone to feel confused and may misrecognize two marks. And also “金皇鱼” constituted an imitation of “金龙鱼”. Hence, the Court believed the disputed mark was similar to the cited mark. From this case, we can come to the conclusion that if the trademark uses different language but the main meaning the same or basically the same, it can be regarded as a similar trademark.

Trademarks that are similar in terms of pronunciation, appearance and meaning can be identified as similar trademarks; and vice versa. On the other hand, the similarity degree of trademarks should be taken into consideration by other factors, for instance, the stronger distinctiveness of the trademark, the easier it will be to identify the similarity. In the case of a trademark a novel design, as long as there is a slight change to the non-substantive part of the mark, it will be considered a similar mark in most cases.

3.3.1.2 similarity degree of goods or service

I. cognitive concept of average consumers

This should be the basic aspect to inspect whether goods or services are similar from the aspect of average consumers. From this aspect, if manufactures provide the same goods or services, then the goods or service that can meet the same requirements or related to the same activity, that can be seemed similarity. For example, though dog food and vitamins for dog varies

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64 The trademark Review Committee of National Administration of Industry and Commerce of the People’s Republic of China v KUOK OILS & GRAINS PTE LTD, Beijing Municipal Higher People’s Court Administrative Judgment (2009) high line final word no.133

differently in component, function and other aspects, their purposes are to feed dogs and keep
dogs healthy. Therefore, dog food and vitamins for dog are seemed similar goods.\footnote{Arthur R. Miller, Intellectual Property Law: patent, trademark, copyright, 3\textsuperscript{rd} edition (2004), p 126}

II. characteristics of goods or services

It is the characteristic of goods or services that determines its use and function. And products
such as Coca Cola and Pepsi Cola that have similar use and function can be replaced by the
other. Customers can pick anyone to meet their needs: to drink cola. This makes the situation
between two products in the event of shift. Hence, the possibility of these goods being identified
as similar goods is relatively large. Moreover, there may be a complementarity between
products with similar use and functions. And for the complementary goods, they may also be
identified as similar products. In “惠普生” (hui pu sheng) case\footnote{Trademark Review and Adjudication Board’s Decision No. 11226952}, health products “日宝惠普生”（ri bao hui pu sheng）and medicine “惠普生” is in a substitution relationship. Products
such as lecithin dietary supplements approved for the use of the disputed trademarks and
chemical products as well as medical nutrition products approved for use by the cited
trademarks are basically the same in terms of functions, uses, distribution channels and targeted
consumers. The committee held that the trademarks mentioned above coexisted and was likely
to lead average consumers to confusion and misidentification of the source of goods.

Features of the service determine its purpose, content and approach. As a result, services that
are similar in terms of purpose, content and approach can be identified as similar services.

III. location and prices of sales of goods or services

The similarity in sales location promotes a higher chance for customers to meet similar goods
or services, which may involve overlapped products. Therefore, goods or services will have a
higher possibility to be judged similar. To some extent, the price can divide consumer targets
into various groups and consumers from various group will be in a unique commodity market.
As the old proverb goes, “Birds of a feather block together.” Otherwise, the price comparison
is too obvious to rise consumers’ attention. Hence, likelihood of confusion is more likely to
happen in consumers from the same group.
3.3.1.3 distinctiveness of the trademark

If a trademark can prevent average consumers from being confused when purchasing the goods, the trademark must be identifiable and distinguishable to some extent from other trademarks. As can be seen that the distinctiveness of a trademark is also a demanding factor when assessing likelihood of confusion. In the case of China Cereals, Oils and Foodstuffs Group Co. Ltd. v. Beijing Jiayu Oriental wine young company, etc, the Court believed that the word “长城” (changcheng) in the registered mark “长城牌” (changchengpai) of China Oils and Foodstuffs Group have strong distinctiveness by its high reputation and can obviously stand out in the grape wine market than other marks containing the word “长城”. Legislation should provide prior protection to it. While, the disputed mark “嘉裕长城” (jiayu changcheng) and its graphic used the most distinct character “长城” of the cited mark “长城牌”, will make relevant consumers feel confused.

Distinctiveness as we mentioned above is the core element for a mark, the higher distinctiveness it is, the higher rate it will be remembered by the public. Though the advantage of becoming well known is a huge advantage for a mark, it may also lead to a higher chance of likelihood of confusion. Distinctiveness of the trademark has no doubt is the core of a trademark. It not only plays a significant role in absolute grounds for refusal in EUTMR, but also in relevant grounds for making two marks so alike that it is difficult for consumers to distinguish. In “长城” case, the well-known level of the claimed mark

3.3.1.4 degree of attention of the relevant public

I. price

No matter the price is high or low, it will influence customers to make decisions during purchasing. According to Wee, the impact of commodity prices on consumers can be explained

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68 Supra 19, p 126
69 People’s Republic of China Supreme People’s Court civil judgment (2005) civil action third time final word 5th
from the perspective of “foreseeable financial risk”. When other factors remain on equal condition, if a consumer spends the majority of his after-tax expenses on goods with high price, he is surely to be aware that this action will increase his financial risk. Therefore, he will pay more attention to selecting the product, cautiously and attentively. Otherwise, if the consumer is purchasing a goods with cheap price within his income range, he cares less about the financial risks and maybe have an adventurous attitude to try new and bizarre commodities. There is no doubt that his cautious awareness will do down, which give rises to high possibility of facing likelihood of confusion.

II. the complexity of shopping process and types of the goods

Except price, another factor that can affect consumers’ awareness is the complexity of shopping process and types of the goods. Shopping situations and classifications of goods ask consumers to have the cautious awareness also varies from situation to situation. Like the proverb goes, “Practice makes perfect.” By concentrating on purchasing on a specific product in a relatively long term, the customer can gain experience in this product’s brand and its commodity field. The more time he spends on this product, the more cautious he will be prudent about it. Therefore, a complex trading situation demands customers to have a higher cautious awareness. For some specific products, such as medical and health supplies, customers will be more alert about it for the fact that it has a close relationship with human health. While for the goods that never appears on customers’ shopping list, for instance snacks, fast food or magazines, that are purchased in a hurry or in a moment. Average consumers usually pay less attention on these impulse buys. In a nutshell, these impulse buys only ask customers for relative low cautiousness.

III. professional purchaser

When a man knows everything about the goods, he becomes professional in this field. Professional purchaser has been following specific goods with interest in their professional fields. They have a comprehensive understanding of products and can continuously enhance their knowledge of professional knowledge through their work. This enables professional

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buyers to be highly cautious and discreet, and they will be more alert when purchasing goods in related fields.\textsuperscript{71}

IV. education background

The study of consumer behaviour shows that consumers who have received formal education will improve their methods of handling things, their ability to solve problems and to analyse complex information. Besides, the ability of consumers to process information will increase with the improvement of educational level.\textsuperscript{72} Traditional theory believes that the higher the degree of education of consumers, the more cautious they are when making decisions and the less likely they are confused. Therefore, consumers with higher education level have higher degree of caution.

3.3.2 in EU

EUIPO in the guidelines sets that “Whether a likelihood of confusion exists depends on an overall assessment of several interdependent factors, including: (i) the similarity of the goods and services, (ii) the similarity of the signs, (iii) the distinctive and dominant elements of the conflicting signs, (iv) the distinctiveness of the earlier mark, and (v) the relevant public, and in particular its degree of attention and sophistication.”\textsuperscript{73} Therefore, we will follow the guidelines to analyse those factors that may cause likelihood of confusion in European Union.

3.3.2.1 the similarity of the goods and services

As we have discussed in the principle of likelihood of confusion, double identity is a vital factor that cannot be neglected. Besides, according to Article 8(1) EUTMR, identity or similarity of goods or services is the condition of likelihood of confusion.\textsuperscript{74} The Court in Canon case pointed

\textsuperscript{71} Thomas R. Lee, Glenn L. Christensen, Eric D. DeRosia, Trademarks, Consumer Psychology, and the Sophisticated Consumer, 57 Emory Law Journal, 2008, p620
\textsuperscript{72} Supra 24
\textsuperscript{73} Guidelines for Examination of European Union Trade Marks, European Union Intellectual Property Office(EUIPO) part C, Opposition, Section 2, Double Identity and Likelihood of Confusion, Chapter 6, Relevant Public and Degree of Attention
\textsuperscript{74} Supra 51
out, “In assessing the similarity of the goods or services concerned, all the relevant factors relating to the goods or services themselves should be taken into account. Those factors include, inter alia, their nature, their end user and their method of use and whether they are in competition with each other or are complementary.”\textsuperscript{75} Thus, below we will analyse these similarity elements to have a better understanding of likelihood of confusion.

I. nature

Nature is the crucial characteristic that help goods or services to be recognised, which often falls under a specific category to define it.\textsuperscript{76} For example, cheese belongs to the food category, milk belongs to the beverage category. However, when two goods or services being compared fall under the same category, such as juice and milk, does not directly mean they have the same nature. Because juice is the beverage from a fruit or vegetable origin, while milk originates from animal. Only when two products belong to an enough narrow category can they favour an identical or similar nature.\textsuperscript{77}

Composition, functioning principle and physical condition are three most features that help to define the goods nature, however none of them are always conclusive to be a must factor. We should consider all relevant conditions together to assess whether two goods have a similar nature.

While for the nature to define services, it is totally different from it for goods. Since services are composed of intangible activities offered by third parties. Therefore, in most cases the nature of services depends on its class.\textsuperscript{78}

II. intended purpose

\textsuperscript{75} Ibid, para 23
\textsuperscript{76} Guidelines for Examination of European Union Trade Marks, European Union Intellectual Property Office (EUIPO) part C, Opposition, Section 2, Double Identity and Likelihood of Confusion, Chapter 2, Comparison of Goods and Services
\textsuperscript{77} Ibid
\textsuperscript{78} Ibid
Here, in assessing similarity, it emphasises “intended” to define purpose from the function of goods or services. For example, books can be used to decorate bookshelves or help make the table steady and even drive flies away, however, we only take its intended use: serve to inform or be read in likelihood of confusion cases. That is to say, only define purpose by its basic function to narrow down its scope.

III. method of use

It is a significance factor that shows characteristics of goods or services. However, since it usually is taken into account with nature and intended purpose of the goods, it alone cannot be conclusive to determine similarity. For example, meat and bread have the same method of use is eatable. While on the other hand, they are both food from the nature and give energy to the living from the intended purpose. Therefore, method of use cannot be the only decisive factor.

IV. complementarity

If two goods are complementarities, they obviously have a close relation that the relevant public cannot afford to miss either of them. For example, shuttlecocks and badminton racket. Consequently, consumers are led to believe they originate from the same undertaking or there is a close relation between undertakings. This functional relation in most cases have to aim to the same target group, for example only the people who wants to play badminton.

Like method of use, complementarity can be proved similar only when it is considered with other factors together. For example, they usually come from the same origin, marketed by the same provider by the same distribution channel and have the same consumer target. Otherwise, taking wine and wineglasses for example, they seem to have the same close relation as shuttlecocks and badminton racket do. However, the complementary relation alone is not sufficient enough to prove similarity for the two products originate from different industries thus have different distribution channels offered by various businessmen. Equally, complementarity is neither an adequate justification for similarity.

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79 Ibid
80 Ibid
Moreover, even though complementarities are in close relation with each other, it does not mean they have to be used in combination. The Court held that this ‘aesthetic complementarity’ fall out of the scope of the existing definition of complementarity with other similarity factors.\textsuperscript{81}

Not only that, boxes or cans that can be used for packaging, leaflets and posters that have the promotion use as well as the free offered goods or services in the process of merchandising campaign cannot be judged complementarity or similarity.\textsuperscript{82}

Last but not least, raw material, another common packaging material, which serves to the end product, with its parts, components and fittings do not obey the same standard to be complementarity.\textsuperscript{83}

V. in competition

If two products have the same ultimate purpose and target consumer group, for example iPhone and Huawei, they are competing with each other. That is to say, anyone can replace the other. When confronting this ‘interchangeable’ goods or services, the Court tends to believe there is a similarity no matter how disparate the prices charge.\textsuperscript{84}

3.3.2.2 relevant public

Usually, the relevant public can be separated into two types. First, public at large, also can be called general public. They are the name of thousands of millions of ordinary members of the market economy who account for a large proportion of the average consumer group. Corresponding to general public is the second group, professional public. It is usually composed of business customers and specialised public. No matter which kind of classification, to define


\textsuperscript{82} Supra 78

\textsuperscript{83} Ibid

\textsuperscript{84} Ibid
the relevant public, “the territory by the earlier mark” and “the goods and services which have been found identical or similar” should be taken into account.85 Besides, the relevant public don’t have to be the person who really uses the goods or enjoys the service, i.e. the actual end user, but also includes potential customers of disputed goods and services. Even if they have coincident potential consumers, it does not directly indict the similarity. It should be analysed in specific circumstances.86

First, when both the earlier mark and the mark in dispute target at the general public, then in assessing likelihood of confusion, the general public represents relevant public. Equally, for the second circumstance, when two marks target at the professional public, then the professional public represents relevant public.

Third, when two marks target at the wide range of relevant public, including both the general and professional public, the standard is counting on the part with relatively lower degree of attentiveness among the relevant public for they are more likely to be confused without cautious.

When average consumers are purchasing goods with expensive prices or with their own brand loyalty on as well as “potentially hazardous or technically sophisticated goods”87, they normally have to ask for professional advice, for example “safety of goods”88, a higher degree of attention is accordingly arisen. Not only that, higher degree of attention also “depends on the nature of the relevant goods and services and the knowledge, experience and purchase involvement of the relevant public.”89

Last but not least, in ‘ALADIN’ case, the Court holds that “Although "polish for metals" can consist equally well of everyday consumer goods as of goods intended for a professional or specialised public, it is not disputed that the goods to which the trade mark application relates must be regarded as directed solely at persons operating in the metal-working industry. Therefore, the only public likely to confuse the trade marks in question is formed of such

85 Supra 41, concluded from the provision
86 Supra 83
87 Supra 72
88 Judgment of 22/03/2011, T- 486/07 ‘CA’, para.41
89 Supra 86
operators.” It indicates the situation when the registered trademark has no specific consumer range, while the trademark in question is specially targeting at the professional public, then opinions from the professional public will be the only decisive standard in likelihood of confusion.

3.3.2.3 distinctive character

As we have mentioned above, no matter as a decisive element for absolute grounds of refusal or a standard to analyse likelihood of confusion in China, distinctive character is worth being aware of. It is the same for EU.

“It is not impossible that the conceptual similarity resulting from the fact that two marks use images with analogous semantic content may give rise to a likelihood of confusion where the earlier mark has a particularly distinctive character.”

“Marks with a highly distinctive character, either per se or because of the reputation they possess on the market, enjoy a broader protection than marks with a less distinctive character.”

“The distinctive character of the earlier mark and in particular its reputation must be taken into account when determining whether the similarity between the goods and services is enough to give rise to the likelihood of confusion.”

3.3.2.4 other factors

Apart from the above elements from the Canon case, 10th Recital Harmonization Directive 89/104 EEC also indicates several factors should be evaluated about likelihood of confusion,

“… whereas it is indispensable to give an interpretation of the concept of similarity in relation to the likelihood of confusion; whereas the likelihood of confusion, the appreciation of which depends on numerous elements and, in particular, on the recognition of the trade mark on the market, of the association which can be made with the used or registered sign, of the degree of similarity between the trade mark and the sign and the goods or services identified, constitutes

90 Judgment of 14/07/2005, T-126/03 ‘ALADIN’, para.81
91 Supra 55, para 24
92 Supra 76, para 18
93 Ibid 93, para 24
the specific condition for such protection; whereas the ways in which likelihood of confusion maybe established…”

The recognition of the trade mark on the market is asking requirements for the relevant republic, “reasonably well informed and reasonably observant and circumspect,” which is similar to criterion in China. However, in practice, there are two main obstacles they may encounter: (i) recognizing the mark as a whole and general mark instead of remembering its subtle details; (ii) it is hardly for average consumers to meet two similar marks at the same time and make comparisons directly. Therefore, consumers have no choice but to make comparison in mind with the incomplete image.

Furthermore, in practice, distribution channel and usual origin play a significant role in the origin of goods or services that may affect the recognition of the trade mark on the market. Distribution channel that we analyse in the similarity part is more prone to indicate the place of distribution instead of the way that companies sell or promote their products. Only when two brands are displaying in the same section of a supermarket or sold at the same or similar price in specialised shops can attract attention of similarity. The merit is reasonably observant consumers can make comparison on two brands’ origin or functions, while others are likely to believe they are made by the same manufactures or economically linked on the fact they are put together. Thus, distribution channel is a factor we may encounter in reality but not a decisive one.

Similarly, usual origin emphasises on the origin that is responsible for producing the goods or offering services instead of the actual place of production. If are examined coming from the same large enterprise that has various businesses, this factor will be meaningless.

3.4 classification

94 First Council Directive 89/104/EEC, 10th Recital
95 Case C- 210/96 Gut Springenheide and Tusky, ECR 1998, para.31
97 Supra 81
98 Ibid
Article 8(1)(b)\textsuperscript{99} points out there are likelihood of confusion and likelihood of association. Besides, in the eighth recital of the EUTMR, “the association which can be made with the used or registered sign”\textsuperscript{100} indicates that the ‘association’ on likelihood of confusion part can reminds consumers of the earlier trademark. That is to say, whether it can confuse the origin of the goods or services is the core of likelihood of association. According to Benelux case law, even though likelihood of association enjoys a broader range than likelihood of confusion, since imagination is unlimited, “the consumer did not consider that the goods/services had the same commercial origin.”\textsuperscript{101} Then this cannot lead to likelihood of confusion.

As a result, in Sabel case, the Court holds that “ the likelihood of association may arise in three sets of circumstances: (1) where the public confuses the sign and the mark in question (likelihood of direct confusion); (2) where the public makes a connection between the proprietors of the sign and those of the mark and confuses them (likelihood of indirect confusion or association); (3) where the public considers the sign to be similar to the mark and perception of the sign calls to mind the memory of the mark, although the two are not confused (likelihood of association in the strict sense).”\textsuperscript{102}

To conclude the above three types of circumstances, “likelihood of association is not an alternative to likelihood of confusion, but that it merely serves to define its scope.”\textsuperscript{103} Similarly, in Marca Mode case, the Court also believes that, “ It in no way implies a presumption of likelihood of confusion resulting from the existence of a likelihood of association in the strict sense.”\textsuperscript{104} Thus, to define the scope of likelihood of confusion, in Canon, the Court holds that, “ the public might believe that the goods and services in question come from the same undertaking or, as the case may be, from economically linked undertakings, constitutes a likelihood of confusion.”\textsuperscript{105} And the scope for ‘economically linked undertakings’ in ‘Ideal Standard’ case, the Court holds that, “… A number of situations are covered: products put into

\textsuperscript{99} Supra 41
\textsuperscript{100} European Union Trade Mark Regulation 2017/1001, 8th Recital
\textsuperscript{101} Supra 51
\textsuperscript{102} Case C-251/95 Sabel, para 16
\textsuperscript{103} Case C-251/95 Sabel, para 18
\textsuperscript{104} C- 425/98 ‘Marca Mode CV v Adidas AG’, para.39
circulation by the same undertaking, by a licensee, by a parent company, by a subsidiary of the same group, or by an exclusive distributor.”

In a word, EUIPO clarifies likelihood of confusion into two types, “(i) the consumer directly confuses the trade marks themselves or where (ii) the consumer makes a connection between the conflicting signs and assumes that the goods/services covered are from the same or economically-linked undertakings.”

However, in China, it is still difficult to distinguish confusion or likelihood of confusion, let alone the classification of it. There are more analyses of the reasons that cause trademark infringement no matter in theory or in practical that we will discuss in chapter 4. But the likelihood of confusion, there is still a long way for Chinese trademark system to learn.

4. Trademark infringement

Speaking of trademark infringement, “confusion” usually refers to the existence of two twin marks: the infringing mark and the origin mark, which are used in a certain goods or services and lead to average consumers have confusion on which one on earth belongs to the genuine trademark holder. In a trademark infringement case, even though consumers have no recognition about the basic information, such as its origin, company or manufacturer, about the parties, as long as they can associate the infringing trademark with a specific manufacturer, there exists a likelihood of confusion. In recent years, modern science and technology are developing at a high speed. So does the economic market, which also changes rapidly. Against this backdrop, the competition among brands, companies and countries is becoming increasingly fierce. Accordingly, trademark infringers are adopting a more concealed, complicated and diversified pattern for infringement.

Additionally, TRIPS as the first international convention to harmonize the norms of trademark substantive law, it regulates,

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107 Supra 51
“(1) The owner of a registered trademark shall have the exclusive right to prevent all third parties not having the owner’s consent from using in the course of trade identical or similar signs for goods or services which are identical or similar to those in respect of which the trademark is registered where such use would result in a likelihood of confusion. In case of the use of an identical sign for identical goods or services, a likelihood of confusion shall be presumed. The rights described above shall not prejudice any existing prior rights, nor shall they affect the possibility of members making rights available on the basis of use.

(2) … In determining whether a trademark is well-known, Members shall take account of the knowledge of the trademark in the relevant sector of the public, …

(3) … to goods or services which are not similar to those in respect of which a trademark is registered, provided that use of that trademark in relation to those … would indicate a connection between those … and the owner of the registered trademark and provided that the interests of the registered trademark are likely to be damaged by such use.”\(^{109}\)

We will discuss the application of these three types of infringements in two legal systems below.

4.1 in China

Before the introduction of new trademark law, the identification of trademark infringement is always related to similar trademarks, or to be specific, is based on the judgement of similar trademarks, that is to say, without the permission of trademark registrant, a trademark which is similar to the trademark registrant used on the same or similar goods or services, will be judged as an infringement.\(^{110}\) According to this regulation, once it is determined that two trademarks are the same or similar, it is determined that there must be a conflict between two trademarks and thereby prohibiting the use of the latter trademark. Neither look into the fact that whether the infringed trademark is used in practice nor whether consumers will actually be confused about two trademarks or commodities. This kind of approach to confirm an infringement is unduly simple and absolute. It does not consider whether the cited trademark will cause confusion or the extent of the confusion. Despite the standard to judge similarity of trademarks has strong judicial operability, it is more likely to cause misjudgement and fall short of the actual situation. It counts against to protecting the legal interests of the parties nor to the

\(^{109}\) TRIPS, Article 16

\(^{110}\) Trademark Law of the People’s Republic of China (1993), Art 38
maintenance of the stability and development of the trademark system.\textsuperscript{111} As China joins the WTO, the trademark law must also be in line with TRIPs, the Paris Convention, Nice Agreement and other international regulations. As a result, the new regulation in Art 57,

“No of the following acts shall constitute an infringement on the exclusive rights to these of a registered trademark:

(1) Using a trademark that is identical with a registered trademark on the same kind of goods without obtaining licensing from the registrant of the registered trademark;

(2) Using a trademark that is similar to a registered trademark on the same kind of goods, or using a trademark that is identical with or similar to the registered trademark on similar goods without obtaining licensing from the registrant of the registered trademark, and is likely to cause confusion.

(6) Providing, intentionally, convenience for such acts as infringe upon others’ exclusive right of trademark use, to facilitate others to commit infringement on the exclusive right of trademark use.

… \textsuperscript{112}

not only refines the infringement into using a trademark “that is identical with” and “that is similar to” the registered trademark, but also adds the new type of “facilitate others to commit infringement”. This amendment raises the actual acts in legal practice to the legislative level, which is beneficial to regulating trademark infringement. Moreover, what is more vital is that it introduces “is likely to cause confusion”, which means from 2014, China is adopting the likelihood of confusion standard to judge trademark infringement instead of the actual confusion standard. It is such a progress. However, there is still a long way for Chinese trademark law to establish a complete and flawless “likelihood of confusion” system. Since there is no specific provision to support the new standard, it is difficult for judges to carry out a fair judgement merely according to “is likely to cause confusion”.

The new regulation in Art 57(2) can be explained from the basic jurisprudence of trademark infringement standard and the motivation of China to introduce the likelihood of confusion in

\textsuperscript{111} Xuelong Peng, Analysis of Confusion Types and Improvement of China’s Trademark Infringement System, Law Science(2008), Vol.5, p 107

\textsuperscript{112} Trademark Law of the People’s Republic of China (2013), Art 57
Chinese trademark law as follows. It takes similarity, whether two marks in dispute are the same or similar trademarks or the same or similar products as the basis and premise to judge the trademark infringement, while taking the likelihood of confusion as the limited qualification.\textsuperscript{113} According to this standard, in assessing a trademark infringement, the first step should judge whether the trademark is the same or similar as that of the goods. And the second step is to judge whether there is a likelihood of confusion. If the trademark and the goods are not identical only similar to the other one, they do not necessarily constitute trademark infringement. The likelihood of confusion still needs to be examined. Only when it is provided with both similarity and likelihood of confusion can it constitute an infringement. On the other hand, if the trademark and the goods are neither identical or similar, then the determination that it does not constitute the infringement can be made directly and no longer needs to analyse whether there is a likelihood of confusion.

The adoption of this standard not only helps to simply the judgment of trademark infringement, but also maintains the stability and continuity of Chinese trademark legislation and practice. As mentioned above, when taking the similarity as the basis and premise of trademark infringement standard in China, whether trademarks are identical or similar and that of goods can be two factors to determine infringement on the first step. If the two factors can support the infringement, then further consideration should be given to other factors to determine likelihood of confusion on the second step. The ultimate step is to make sure there is a likelihood of confusion, then it constitutes trademark infringement, whereas vice versa. Moreover, similarity has always been played a significant role in the judgment of trademark infringement in the past 30 years since the establishment of Chinese trademark system. Taking similarity as the basis and premise can help to maintain the coherence and stability of the trademark law.\textsuperscript{114}

At present, trademark infringement cases are dealt based on article 57(1)\textsuperscript{115} and other relevant judicial interpretations that is (i) derived from the exclusive right (positive right) of the trademark right to prevent detrimental damage or damage to the exclusive right to use the registered trademark; (ii) from the exclusive right (negative right) to prohibit the harm of

\textsuperscript{113} Taiping Wang, the Criterion of Trademark Infringement: The Relationship between Similarity and Likelihood of confusion, China Academic Journal Electronic Publishing House, 2014, Vol.6, p 177
\textsuperscript{114} Ibid
\textsuperscript{115} Supra 112
likelihood of confusion.\textsuperscript{116} For the first condition, that do not considering likelihood of confusion and once the same trademark has been found used on the same goods is directly considered infringement is the inherent right of the registered trademark owner. That is to say, if such behaviour does not constitute an infringement, then the core of the exclusive right is uncertain, which will hinder its basic functions and run in opposite directions against the legal authority.\textsuperscript{117} For the second condition, the main reason to take likelihood of confusion as a standard for trademark infringement is to prevent the wide expansion of trademark right for fear of impeding the free competition of the third parties.\textsuperscript{118}

Besides, taking similarity as the basis and premise and likelihood of confusion as a necessary condition for trademark infringement can effectively distinguish the traditional infringement from the protection of the well-known trademarks in crossed categories. Protecting the ordinary trademark in the same or similar goods or services from confusion and well-known trademarks from dilution.

In China, the rights of well-known trademarks can be protected by TPRC and Anti-unfair Competition Law of the People’s Republic of China in different approaches. And it can be found in Article 58 of TPRC as,

“Whoever uses a registered trademark or an unregistered well-known trademark of another party as the trade name in its enterprise name and mislead the public, which constitutes unfair competition, shall be dealt with in accordance with the Anti-unfair Competition Law of the People’s Republic of China.”\textsuperscript{119}

In Article 6 of Anti-unfair Competition Law, it regulates that,

\begin{itemize}
  \item [\textsuperscript{116}] Xiangjun Kong, Trademark Law and Unfair Competition Law – Principles and Precedents, Law Press China (2009), P315
  \item [\textsuperscript{117}] Xiangjun Kong, Trademark Law and Unfair Competition Law – Principles and Precedents, Law Press China (2009), P311-319
  \item [\textsuperscript{118}] Ibid
  \item [\textsuperscript{119}] Trademark Law of the People’s Republic of China (2013), Article 58
\end{itemize}
“A business operator shall not perform any of the following confusing acts that will enable people to mistake its products for another business’s products or believe certain relations exist between its products and any business’s products,

(1) unauthorized use of a mark that is identical or similar to the name, packaging or decoration of another business’s commodity, which has influence to a certain extent,

(2) unauthorized use of another business’s corporate name (including its shortened name, trade name, etc), the name of a social group (including its shortened name, etc.), or the name of an individual (including his or her pen name, stage name, translated name, etc.), which has influence to a certain extent.

...”

It can be seen from the above provisions that the protection of well-known trademarks by Anti-unfair Competition Law is essentially protecting the unregistered trademarks, which is complementary to the protection of registered trademarks by trademark law. The trademark law under the registering doctrine in China provides exclusive trademark protection. While the Anti-unfair Competition Law provides relatively weak protection for commercial signs, which only applies to “competitive operators” and adopts the confusion standards. Trademark dilution is used for different products or services that share the same or similar signs. It is inconsistent with the functions, uses and consumer groups of well-known trademarks. Therefore, it has difficulties in proving the competition relation compared with the confusion.

To conclude, at present in China trademark infringement cases are keen on confusion cases, what the judges are busy with is distinguishing the similarities of the two cited trademarks and hesitate whether there is a likelihood of confusion. The missing of the legal definition of confusion classifications as well as the union and precise standard of likelihood of confusion are all obstacles for Chinese trademark law. Trademark dilution and anti-dilution system is still under theoretical construction. Paying attention to the significance of IP rights and genuinely put it into practice are two questions. What the authorities need to do is to prohibit the counterfeits.

Even there are “may cause confusion”, “confusion” starting to appear in the new Trademark Law and some interpretations have noticed the factors that may affect likelihood of confusion,

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120 Anti-Unfair Competition Law of the People’s Republic of China (2017), Article 6
this is not the genuine confusion principle. For China has adopted the likelihood of confusion as the sole criterion to judge the similarity of the trademark, but not the principle of trademark confusion to judge infringement. Besides, the legal effect of interpretations cannot weigh as the trademark law, China needs to make direct regulation on similarity of the trademark, likelihood of confusion, and standard for trademark infringement. For an important character of civil countries is to take statute law as the basis of trials.

Moreover, the classification of confusion such as initial confusion, reverse confusion and post-sale confusion has not been recognized by statute law, neither have those concepts been generally accepted in the judicial practice. Once the infringement is extended, there is no provisions for the judge to follow, which will be a great threat to the benefit of the trademark owner. And at that time, illegal infringers will take advantage of the legal blank to infringe the rights of trademark owners. The protection for trademark proprietor as a result will be reduced greatly. Not only that, it will also infringe the interests of average consumers, contrary to the legislative purpose of the trademark law and damage the order of the ordinary market competition.

Hence, it is necessary to apply the likelihood of confusion as the infringement standard instead of the actual confusion standard and put it in the legal context so as to eliminate the contradiction between provisions and judicial interpretations and make it possible for the judges to exercise discretion in the course of trial. It can also be a standard for the public to keep in mind in case of infringing others’ rights. Meanwhile, since the identification criteria of likelihood of confusion have great uncertainty, each case has various criteria to consider individually or distinguishing multiple factors according to its importance degree, it is necessary to establish a basic principle to judge likelihood of confusion on the basis of legislative confirmation. That is, using case by case principle, relevant public principle and comprehensive judgment principle, etc. to construct an effective and operational standard for likelihood of confusion in practice.

In addition, compared with the ordinary trademark, the well-known trademark has stronger function to indicate the origin of goods or services and more outstanding distinctiveness. While illegal infringers usually take free-riding of the goodwill of the reputed trademark to obtain illegal benefits, which will bring about fatal violation to an enterprise. For the current trademark system, it is far not sufficient to protect well-known trademarks by interpretations, even they
are from the Supreme Court, which are low in efficiency and trademark protection. Thus, legal context for well-known trademarks should also be added, especially aiming at strikes and rules for the frequent well-known trademark infringement situations to maintain the reputation of the well-known trademarks and restrain trademark infringement.121

4.2 in EU

In Article 10(2) of the Directive, it regulates that,

“Without prejudice to the rights of proprietors acquired before the filing date or the priority date of the registered trade mark, the proprietor of that registered trade mark shall be entitled to prevent all third parties not having his consent from using in the course of trade, in relation to goods or services, any sign where:

(a) the sign is identical with the trade mark and is used in relation to goods or services which are identical with those for which the trade mark is registered;

(b) the sign is identical with, or similar to, the trade mark and is used in relation to goods or services which are identical with, or similar to, the goods or services for which the trade mark is registered, if there exists a likelihood of confusion on the part of the public; the likelihood of confusion includes the likelihood of association between the sign and the trade mark;

(3) the sign is identical with, or similar to, the trade mark irrespective of whether it is used in relation to goods or services which are identical with, similar to, or not similar to, those for which the trade mark is registered, where the latter has a reputation in the Member State and where use of that sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the trade mark.”122

Compared with the 1988 version123, it adds provision (c) to specify the protection for well-known trademarks. That means the identification for trademark infringements in EU develops

121 Xiya Peng, On the Criteria and Determination of Trademark Infringement, Hunan University Master’s Thesis, 2014
into three levels. First of all, when using the same mark on the same goods or services, there is no need to consider the likelihood of confusion but offering protection to the earlier trademark without causes. This is the condition for absolute infringement. Secondly, when the signs or trademarks have similarity and the goods or services are also similar, to protect the interests of the trade mark owners, the likelihood of confusion must be taken into account and combine this factor with others together to explain. Last, the new protection is against trademark dilution that “seeks to preserve the ‘uniqueness’ and ‘magnetism’ of the trademark.”

For CJEU, the vital process to judge dilution is to check if there is taking unfair advantage or causing detriment to the distinctive character or the repute of the trademark and they conclude three types of infringement from it, that is: blurring, tarnishment and free-riding. Article 9 (1)(c) CTMR also has similar expression on trademark dilution, but neither CTMR nor Article 10(2)(C) TMD mentioned likelihood of confusion or association. Due to the fact that, well-known trademarks itself can generate association about the sign and the mark for its repute and distinctiveness. As a result, even when the relevant public “views the sign purely as an embellishment, it necessarily does not establish any link with a registered mark, with the result that one of the conditions of the protection conferred by Article 5(2) of Directive 89/104 is then not satisfied.” In the end, CJEU judged that “a sign is viewed as an embellishment by the consent from using in the course of trade: (a) any sign which is identical with the trademark in relation to goods or services which are identical with those for which the trade mark is registered; (b) any sign where, because of its identity with, similarity to, the trade mark and the identity or similarity of the goods or services covered by the trade mark and the sign, there exists a likelihood of confusion on the part of the public, which included the likelihood of association between the sign and the trade mark.”

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125 Annette Kur, Martin Senftleben, European Trade Mark Law A Commentary, Oxford University Press (2017), p338
126 Regulation (EU)2017/1001 of the European Parliament and of the Council, Article 9(1)(c). “The sign is identical with, or similar to, the EU trade mark irrespective of whether it is used in relation to goods or services which are identical with, similar to or not similar to those for which the EU trade mark is registered, where the latter has a reputation in the Union and where use of that sign without due cause takes unfair advantage of, or is detrimental to, the distinctive character or the repute of the EU trade mark.”
127 Case C-408 / 01, Adidas v. Fitnessworld, Para 41
relevant section of the public, is not, in itself, an obstacle to the protection conferred by Article 5(2) of Directive 89/104 where the degree of similarity is none the less such that the relevant section of the public establishes a link between the sign and the mark.”128 As we have mentioned earlier in Sabel129, the Court believed, “the association merely ‘calling to mind the memory of the mark’ was not sufficient in the area of protection against confusion.”130 Because when a case involved with well-known trademarks, the solution should be different from likelihood of confusion and that is why it is the third type of trademark infringement in EU. Furthermore, the recognition of the association which can be made with the used or registered sign illustrates likelihood of confusion aims to protect the earlier trademark from infringements. Even though the function of trademark is more than its origin function, it also has the advertising function or the function to guarantee the quality of goods or services for consumers and investment function from the opinion of trademark owners.131 Legislation is only found for the origin function: to distinguish one undertaking from others. Therefore, the main trademark infringements, from my perspective, in EU is concerned about likelihood of confusion, to eliminate obstacles that may block trademarks from realizing its origin function.

5. Conclusion

As an intangible property of an undertaking, trademark has been given more and more attention. It reflects an interest relation by making connections with a sign and goods or services in the market. Therefore, to protect the registered trademark from being infringed is the basic claim of trademark proprietors. However, the approach to identify the trademark infringement both in legislation and in judicial practice becomes two tricky problems.

By comparing the types of trademark confusion, the provisions of likelihood of confusion and the factors that need to be considered in China and EU, this paper elaborates on the current trademark law and regulations, judicial interpretations and case analysis. And its purpose is to demonstrate the principle of trademark confusion is playing an important role in judging the

128 Ibid
129 Supra 56
130 Annette Kur, Martin Senftleben, European Trade Mark Law A Commentary, Oxford University Press (2017), p347
131 Justin Pila, Paul Torremans, European Intellectual Property Law, Oxford University Press, p399
trademark infringement and the importance of likelihood of confusion in the confusion part, and examining the gap that China has to conquer.

For the general public, when they believe some goods or services originate from the same producer or operator, but actually the commodities are not, it causes trademark confusion. Therefore, to prevent trademark confusion is to prevent the general public from being confused about the real origin of the goods or products. It means that the key to protect trademark right is to prevent infringers from gaining unjust enrichment by causing confusion and even seizing or damaging the reputation of the trademark owner. As a result, trademark infringement and trademark confusion are naturally connected. From above, the recognition function represented by trademark distinctiveness is a necessary prerequisite of trademark infringement. In fact, trademark infringement is the act of destroying the distinctiveness of the trademark and for the most cases, by comparing two signs of trademarks. Interestingly, the confusion theory is based on the protection of the trademark distinctiveness, that is to say, the ultimate goal of distinctiveness is still to assess whether it constitutes trademark confusion. In short, the core of trademark infringement is to judge trademark confusion. 132 In judicial practice, judges or other legal staff take distinctiveness as absolute grounds to decide a trademark’s registrability; in daily practice, average consumers take distinctiveness as the proof to judge the origin of goods or services. Therefore, how distinctive the trademark is from some extent decides how close consumers will believe the relation between products with trademark owners.

Besides, what does Art 16 of TRIPs 133 regulate is the most common infringement acts, which can affect consumers’ cognition of the source of goods or services directly and cause confusion in the end. Hence, trademark confusion is not only an important criterion for the examination of trademark registrability, but also the main standard of trademark infringement identification as well as the range of rights that trademark owner can enjoy.

Likelihood of confusion as a criterion for judging trademark infringement is established with the development of trademark law. Since EU has established the intellectual property system earlier than China, their regulations on likelihood of confusion are more specific and constantly expand it to adapt to the increasingly complicated trademark infringement cases under their

132 Hailong Sun, Jianjun Yao, Trademark Infringement Judgment and Exception Defense, China Trademark (2010), Vol 5, p33
133 Supra 110
continuous development of the economy. This has great significance for China to refer to and improve the judgment standard for trademark infringement.

The standard of the likelihood of confusion is a comprehensive consideration of a number of factors. The analysis of the factors for the likelihood of confusion is neither mechanical, following the prescribed order, nor a fixed and constant determination formula. It is impossible to choose a particular factor as a special one to identify the likelihood of confusion. Nor is it possible to determine the existence of the likelihood of confusion counting on any single factor. Therefore, when analysing likelihood of confusion, the factors are not independent of each other, but internally related. Sometimes, the relevance and importance of any factor may change. Even if two trademarks are almost identical, but they are serving completely different and irrelevant goods or services and irrelevant, it won’t be judged as likelihood of confusion. On the contrary, even two trademarks are not that similar, their similarity degree is relatively low, their similarity degree of the goods or services is relatively high, it still can cause confusion. In practice, the only way to identify whether a trademark may cause confusion correctly and effectively is to analyse each case based on the specific circumstance and comprehensively consider various factors together.

Finally, for the well-known trademarks, what does Chinese trademark system have is too little to compare with EU and it is not enough to protect the well-known trademarks in China. However, it is the well-known trademark infringements that are common to see in China due to its repute, especially those ones are well-known nationally rather than in a few provinces and districts. A nation well-known trademark is like a trademark that enjoys reputation and protection. Therefore, the result of a well-known trademark been infringed is not only a damage to the reputation and reduction of the sales and even ruin the brand that has been managing for years. Based on this, some scholars advise to establish the anti-dilution system like EU does, however, without a clear recognition of trademark confusion and likelihood of confusion, the anti-dilution system in their assumption is another way of applying confusion rather than the real anti-dilution for well-known trademarks.134

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Figures

Figure 1. Table for heated cases on reverse confusion in China in recent decade.

<table>
<thead>
<tr>
<th>Case</th>
<th>Court of appeal</th>
<th>Case decisions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Banshen</td>
<td>Beijing first intermediate court</td>
<td>Plaintiff’s defeat.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>The verdict of trademark review and adjudication board was upheld.</td>
</tr>
<tr>
<td></td>
<td>Beijing higher people’s court</td>
<td>Appellant won.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Revocation of first instance judgment.</td>
</tr>
<tr>
<td>Case</td>
<td>Court</td>
<td>Decision</td>
</tr>
<tr>
<td>------</td>
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</tr>
<tr>
<td>AUPU</td>
<td>Suzhou intermediate court</td>
<td>Plaintiff won.</td>
</tr>
<tr>
<td></td>
<td>Jiangsu Provincial higher people’s court</td>
<td>Appellant won. There was a possibility of reverse confusion.</td>
</tr>
<tr>
<td></td>
<td>Supreme People’s Court</td>
<td>Application for retrial won. Revocation of first and second instance judgment. Do not constitute reverse confusion.</td>
</tr>
<tr>
<td>If you are the one</td>
<td>Shenzhen Nanshan district court</td>
<td>Plaintiff lost. Do not constitute trademark infringement.</td>
</tr>
<tr>
<td>非诚勿扰</td>
<td>Shenzhen intermediate court</td>
<td>Appellant won. Constitute reverse confusion and infringe.</td>
</tr>
<tr>
<td>New balance</td>
<td>Guangzhou intermediate court</td>
<td>Plaintiff won. Constitute reverse confusion</td>
</tr>
<tr>
<td>新百伦</td>
<td>Guangdong Provincial higher people’s court</td>
<td>The verdict of reverse confusion was upheld. Commuted for compensation.</td>
</tr>
</tbody>
</table>

Figure 2. Guizhou Moutai (贵州茅台)  
Figure 3. Hundred years Ronghe (百年荣和) 

135 The administrative judgment no. 2961 of Beijing first intermediate people’s court (2013) no.1  
The administrative judgment no. 456 of Beijing higher people’s court (2014)  
136 The civil judgment no. 0312 of Jiangsu province Suzhou intermediate people’s court (2010)  
The civil judgment no. 0143 of Jiangsu provincial higher people’s court (2011)  
The civil judgment no. 216 of Supreme People’s Court (2016)  
137 The civil judgment no. 208 of Shenzhen Nanshan district court (2013)  
The civil judgment no. 927 of Shenzhen intermediate people’s court (2015)  
138 The civil judgment no. 574 of Guangzhou intermediate people’s court (2013)  
The civil judgment no.444 of Guangdong provincial higher people’s court (2015)
Figure 4, similarities overlapped in likelihood of confusion, signs and goods/services

Figure 5. “金龙鱼” Trademark