



# Trademark Litigation Review

2025

**What brand owners need to know  
before taking legal action in China**

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The second edition of the WTR Trademark Litigation Review casts an expert eye on some of the most pressing issues facing those involved in litigation on both sides of the divide, blending analytic insight with on-the-ground expertise from the key regions of the Americas, the Asia-Pacific, and Europe, the Middle East and Africa.

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# What brand owners need to know before taking legal action in China

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## IN SUMMARY

When trademark infringement is found in the mainland Chinese market, comprehensive knowledge of trademark enforcement and a complete trademark rights protection strategy are the key weapons for the brand owners to equip before taking action. This article outlines the typical questions that the brand owners usually ask, provides answers to these questions and provides specific recommendations for actions brand owners should take in different stages and the relevant legal basis of these actions.

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## DISCUSSION POINTS

- Confirmed infringing act
  - Evidence collection
  - How to rationally determine damages
  - Pre-litigation protection measures
  - Trademark rights to be cited
  - Fair use
  - Which entity to bring legal actions
  - Limitation of action
  - Prior use evidence
  - Whether there is a legitimate source
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## REFERENCED IN THIS ARTICLE

- Trademark Law
  - Anti-Unfair Competition Law
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Once a trademark is counterfeited and infringed by infringers, it may have a negative impact on the reputation of the company and consumers' trust in the product. In this case, trademark enforcement will be very necessary. There are generally two parallel ways to protect trademark rights in China. One is to file a complaint before the Market Supervision Administration, which is required to impose administrative punishment against the infringer. Another is judicial litigation before courts, which seeks to grant compensation through court decisions against infringers. Complaints before the Market Supervision Administration are usually faster and cheaper, but damages are not available. Litigation before courts generally takes longer and costs more but brand owners could be awarded damages. So, what should we pay attention to in trademark legal actions?

## CONFIRMED INFRINGING ACT

In current trademark infringement litigation, parties generally adopt the path of notarisation and evidence collection to preserve evidence. In addition, whether it is the commodity trademark or the service trademark, the use of the right holder and the infringing party are

all open to the public, so the evidence involving the infringement facts presented by the right holder will not be questioned too much on the authenticity issue.

In the case of a single trademark used by the right holder and the infringing party, there may not be too many difficulties, but this is often not the case in practice. Taking catering services as an example, the right holder may have multiple trademarks such as word trademarks, graphic trademarks and combined trademarks, and the infringing party may use the right holder's trademarks in different ways such as on store doors, menus, tableware, in-store display boards and takeaway bags, individually or in combination. In the process of complaint and trial, the right holder often cannot always summarise and categorise the infringing act clearly because non-professionals, and even some professional lawyers, do not pay enough attention to this issue and cannot make it clear. In the process of finding out the facts in court, only the judge can prompt them to realise this problem. In fact, the trademark use behaviour of the accused infringer is the basic fact for trademark infringement cases, and different use behaviours correspond to different claims basis, different judgment standards and different emphases of evidence and argumentation of the right holder. Confirming and appropriately classifying infringing acts helps the court to fully identify the facts of the case and avoid omissions, and also has a guiding role for the right holder to improve the evidence of the case itself.

In the process of confirming a trademark-infringing act and looking for legal basis, some behaviours that are not regulated by trademark law may be found, and the basis of claim of litigation will be fully determined. If article 58 of the Trademark Law stipulates that the use of another person's registered trademark or an unregistered well-known trademark as a shop name in an enterprise name misleads the public and constitutes an act of unfair competition, it shall be dealt with in accordance with the Anti-Unfair Competition Law of China. In many trademark infringement cases, when the defendant registers the plaintiff's trademark as a name but does not use it explicitly, the right holder often neglects to sort out and clarify the infringement act and simply takes trademark infringement as its litigation claim, and only adds litigation claims related to the Anti-Unfair Competition Law under the court's clarification at the court investigation stage. At this time, they may not only face the delay of the defendant's request for the defence period, but also fall into a passive position in this part of the lawsuit because their own side is not fully prepared.

## **EVIDENCE COLLECTION**

Evidence is an important factor in determining the outcome of a case. Whether brand owners can collect the evidence comprehensively, accurately and adequately is directly related to the final fact recognition and decisions of courts or local administrations. And evidence is also the main basis for calculating the loss to get compensation, which effectively protects the legitimate rights and interests of the trademark right holder. Therefore, gathering evidence is a very important step before filing a trademark action.

First, evidence should be provided to prove the ownership of the trademark right.

Second, the evidence required for legal actions will include the infringer's promotional materials, product samples or photos, product sales contracts, sales invoices, industrial and commercial filing materials, evidence of damages and the calculation method of the amount of compensation, which will determine the final amount of compensation.

To determine the infringer and the jurisdiction of the legal actions, brand owners should also provide the exact name of the infringer, address, nature of the enterprise, registered capital, number of personnel, business scope and other evidence about the infringer's situation.

Evidence of ownership, evidence of infringement, evidence of damages and evidence about the infringer's situation are all the basic evidence to bring legal actions, so brand owners should pay more attention to collect these.

In addition, when collecting evidence, it is necessary to pay attention to the content of the evidence collected, and the means of obtaining evidence should be legal, and illegal methods such as violence, threats, deception, inducement and purchase should not be used to collect evidence, nor can false, forged and non-evidential materials be provided as evidence. To ensure the evidential power of the evidence, we should also pay attention to the correlation and consistency between the evidence, and there should be some objective connection between the evidence, corroborating each other, but not isolated and contradictory, so as to maximise the role of the evidence.

### **HOW TO RATIONALLY DETERMINE DAMAGES**

The determination of the amount of damages has always been a difficult problem in the trial of intellectual property cases, and trademark infringement is no exception. The revised Trademark Law on 23 April 2019 raised the limit of legal compensation for trademark infringement to 5 million yuan, which reflects the protection of trademark owners at the national legislative level. However, compensation for losses is, after all, a matter that requires individual judgment, so in specific cases, right holders should not be too confident and propose unreasonable compensation for losses.

The method of determining the amount of compensation loss determined according to article 63 of the Trademark Law, whether it is the actual loss of the right holder or the benefit gained by the infringer, is a matter of fact finding, and a scientific and ideal compensation system should fill in the actual loss of the right holder on the basis of finding out the facts. However, due to the intangible nature of intellectual property rights, the hidden nature of infringement and other factors, the identification of the above facts is objectively that there are obstacles, so there is a statutory compensation system. But from a practice point of view, because of the existence of the system, there are some brand owners that voluntarily give up the facts of their losses or infringer's profit. On the basis of the waiver of proof, there are several irrational claims about the amount of compensation.

Article 7.1 of the Guiding Opinions of the Beijing Higher People's Court on Determining Damages in Cases of Infringement of Intellectual Property Rights and Unfair Competition and the Judgment Standards for Statutory Compensation issued in April 2020 stipulate that when applying statutory compensation to determine the amount of compensation for trademark infringement, the significance, popularity and reputation of the trademark involved can be taken into account: the unit price and profit of the trademark owner, the unit price and profit of the accused infringing goods, and the type, mode of operation, scale of operation, infringement circumstances, subjective malice and other factors of the defendant. With reference to the above provisions, from the perspective of judicial adjudication, there are several suggestions for the right holder to determine the amount of compensation claimed.

First, brand owners should not give evidence on the issue of compensation. Even if the exact loss cannot be proved, the plaintiff should initially provide corresponding evidence based on the considerations of judges in determining compensation in judicial practice.

Second, do not put forward clearly unreasonable loss calculation criteria, which in the eyes of people with a little common sense of life and law will be unprofessional performance, and can only reduce the impression of the rationality of the claim of the right holder. According to the above suggestions, from the perspective of the parties, the right holder should not listen to the lawyer's advice without facts and legal basis and advocate unrealistic compensation. The attorneys' fees and other expenses based on high compensation are borne by the parties. Even if infringement is found, the rights protection fees based on excessive compensation may not be fully supported by the court. From the lawyer's point of view, it is necessary to fully grasp the facts of the case, do a case search and understand the latest judicial policy to give reasonable suggestions to the parties.

### **PRE-LITIGATION PROTECTION MEASURES**

Before the commencement of formal legal proceedings, to protect brand owners' interests to the maximum extent, in accordance with the provisions of articles 65 and 66 of the Trademark Law, brand owners may submit to the people's court pre-litigation evidence preservation and pre-litigation interim measures before the prosecution, to avoid the loss of evidence or irreparable damage caused by the infringement of the trademark, and effectively protect the legitimate rights and interests of brand owners.

If brand owners want to apply for pre-litigation interim measures, they must provide evidence to the people's court to prove that infringers are violating or about to violate its trademark right to exclusive use, and if the infringing act cannot be stopped in time, brand owners' legitimate rights and interests will be irreparably damaged. If the evidence is not available or is insufficient, it will not be possible to apply for pre-litigation interim measures.

### **TRADEMARK RIGHTS TO BE CITED**

If a brand owner's registered trademark is defective in the authorisation process or if the brand owner's registered trademark should be revoked, infringers can request the infringement case to be terminated in the accepting court.

Trademarks can be revoked for a variety of reasons, such as the registration of a trademark that should not be used as a trademark, or the registration of a trademark that infringes on the legitimate prior rights of another person, or the registration of a trademark that was previously used by another person and has some influence.

The number of trademark claims in an infringement lawsuit is not always as many as possible. Infringement is a simple and clear concept, and if the right trademark is sufficient to cover it, only one trademark infringement needs to be asserted. Litigation claims take the necessity of safeguarding rights as the final measure, which not only saves the money of the right holder, but also saves judicial resources. So, under what circumstances can multiple trademarks of the trademark owner play a role and how to use them? If multiple trademarks of the trademark owner are used at the same time, and sufficient business reputation and brand awareness are established based on this, other trademarks of the trademark owner can be presented as auxiliary evidence in the lawsuit, and other facts on the record can be used to prove the subjective malice of the infringing party. This can play an important role in strengthening the evidence of the judge's determination of the wrongdoer's malice and seeking for the possibility of compensatory compensation.

### **WHAT IS FAIR USE?**

We first look at the relevant provisions of the Trademark Law, if the registered trademark contains the generic name, graphics, models of the goods, or directly indicates the quality of the goods, the main raw materials, weight, quantity, etc, the registered trademark cannot be dedicated. In this case, if the alleged infringer uses these elements in the packaging and decoration of their own products, it is fair use, and the alleged infringer's behaviour does not constitute infringement.

### **IS THE ENTITY TO BRING LEGAL ACTIONS QUALIFIED?**

According to the Trademark Law and the Interpretation of the Supreme People's Court on Several Issues concerning the Application of Law in the Trial of Trademark Civil Disputes, the plaintiff in a trademark infringement lawsuit must be the trademark owners or interested person of the registered trademark.

### **HAS THE LIMITATION OF ACTION EXPIRED?**

The limitation of action for infringement of the exclusive right to use a registered trademark shall be two years, counted from the date on which the trademark registrant or interested party becomes aware (or should become aware) of the infringing act.

### **DO THE BRAND OWNERS HAVE PRIOR USE?**

Article 59 of the Trademark Law stipulates that before a trademark registrant applies for trademark registration, if another person has used a trademark identical or similar to the registered trademark on the same kind of goods or similar goods before the trademark registrant and has certain influence, the exclusive right holder of the registered trademark has no right to prohibit the user from continuing to use the trademark within the original scope of use, but may require it to attach appropriate distinguishing marks.

### **IS THERE A LEGITIMATE SOURCE?**

If the alleged infringing product is purchased from a third party, the defendant needs to further provide the corresponding contract, invoice, payment records, etc, but when the defendant is a licensed seller, it needs to focus on the statement of the manufacturer on the certificate. If the certificate is marked as the manufacturer, it cannot claim the defence of legal source.





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