Secondary Liability for Trademark Infringement Online: Legislation and Judicial Decisions in China

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INTRODUCTION

Secondary liability in China for trademark infringement online can be best understood in the context of the three periods of e-commerce development that took place in the country. During the embryonic stage (1999 to 2002), there were very few netizens and online business operators, and a number of enterprises, including 8848—China's e-commerce enterprise flagship—rose but then quickly fell.[1] In the rising phase (2003 to 2007) that followed, small and medium-sized e-commerce platforms like Alibaba—an e-commerce company that eventually established Taobao.com and other businesses—began to make profits and a number of e-commerce providers, including E-Commerce China Dangdang and EachNet, rose rapidly.[2] Throughout this period, the number of online vendors increased from 4 million to 35.5 million.[3] An e-commerce boom began in 2008, and Alibaba, NetSun, Suning Appliance Company, GOME Electrical Appliances and other traditional retailers became publicly traded companies. Meanwhile, Redbaby and Beijing Jingdong Trading Co. entered into and started the competition of business-to-consumer (B2C) marketing.[4] On November 11, 2012, the Alibaba Group

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1. For an account of the rise and fall of 8848, see Cheng Tianyu (程天宇), *8848 Cong Dingfeng Zouxiang Shuaiwei de Lishi Jianzheng* (8848从顶峰走向衰微的历史见证) [*History of the Rise and Fall of 8848*], IT SHIDAI ZHOUKAN (IT时代周刊) [J. IT TIME WEEKLY] 24, 24−32 (June 20, 2005).

2. For an account of the growth of Alibaba, see Tang Wenlong (唐文龙), *Alibaba: Ruhe Lingwu Zhongguo Dianzi Shangwu* (阿里巴巴如何领舞中国电子商务) [*Alibaba: Leading Electronic Commerce in China*], 11 QIYE YANJIU (企业研究) [J. BUS. RES.] 63, 63−68 (2008). For an account of Dangdang's rise, see Maggie Yu, *Dangdang Yu Zhuoyue: Juezhu B2C Dianzi Shangwu Jingjichang* (当当与卓越：角逐B2C电子商务竞技场) [*Dangdang and Amazon: Competing in B2C Market*], 1−2 ZHONGGUO KEJI CAIFU (中国科技财富) [J. FORTUNE WORLD] 40, 40−43 (2006). As for EachNet, in the third quarter of 2004, its retail sales totaled 0.23 billion RMB yuan. *See* Fan Jun (范俊), *Taobao Yiqu Shuangxiong Bingzhi, Dianzi Shangwu Xin Geju Quxian* (淘宝易趣双雄并峙，电子商务新格局趋现) [*Taobao and EachNet Compete with Each Other, New Trend of Electronic Commerce Emerges*], GUOJI JINRONG BAO (国际金融报) [INT'L FIN. NEWS], Nov. 17, 2004.

3. Lei Binjian (雷宾建), *Zhongguo Wangmin Jiejin Sanyi, Hulianwang Maixiang Jiazhi Yingyong Shidai* (中国网民接近三亿，互联网迈向价值应用时代) [*The Number of Internet Users Approaches 0.3 Billion in China, Internet Marches Forward to an Era of Value Application*], SOHU.COM (Jan. 21, 2009, 11:52 AM), http://it.sohu.com/20090121/n261881102.shtml.

4. Zhongguo Shekeyuan Caijing Zhanlue Yanjiuyuan Ketizu (中国社科院财经战略研究院课

announced that its November 11 promotion ended with sales of 19.1 billion RMB Yuan via Alipay—Alibaba's e-commerce payment platform—with a year-to-year increase of 260%.[5]

On November 26, 2012, the Data Center of the Chinese Internet (DCCI) issued *Forecast 2013: Chinese E-Commerce Blue Book*.[6] According to the *E-Commerce Blue Book*, online retail sales per capita in mainland China reached 6010 RMB yuan in 2012, an increase of 37% compared to 2011.[7] The total value of online sales reached 1274 billion RMB yuan, with a growth of 49.2% compared to 2011.[8] In 2012, Tmall—a subsidiary company of Alibaba—ranked first in sales among department stores in China with total sales of 200 billion RMB yuan.[9] The report predicts that in 2013, traditional retail will experience zero growth.[10]

China has also experienced growth with regard to search engine use. As of September 2007, the number of Chinese monthly search requests exceeded those of any other country in the world, with a volume of more than 10 billion monthly requests.[11] By the end of 2011, the number of search engine users in China soared to 407 million, which accounts for 79.4% of all Internet users globally.[12] The Chinese search engine operator market was worth 28.79 billion RMB yuan in 2012, an increase of 53.6% from 2011.[13] These figures indicate that China's rapid development of the Internet and e-commerce has driven consumers from traditional shopping to online shopping. The traditional legal system, which developed based on brick-and-mortar industries, must find new legal foundations to adapt to the development of e-commerce.

This article will address several questions on the subject of online trademarks: How can trademark owners' rights be protected when merchandise is distributed online as opposed to through brick-and-mortar shops? Once trademark owners' rights are infringed, are Internet service providers (ISPs) responsible for infringements on their servers? Although the future impact of technological innovations on China's legal framework remains uncertain, the judicial practice in China is currently to examine secondary liability for trademark infringement

题组) [Research Grp. of the Fin. Strategy Research Inst., Chinese Acad. of Social Scis.], *Dianzi Shangwu*: *Zhongguo Jingji Fazhan de Xin Yinqing* (电子商务：中国经济发展的新引擎) [*Electronic Commerce: The New Engine of China's Economic Development*], 11 QIUSHI ZAZHI (求是杂志) [J. QIUSHI] 15, 16 (2013).

5. *See* Lee Woon-Jae, *Lynx Taobao "Double-October" Turnover of 19.1 Billion, up by 260%*, SOHU.COM (Nov. 12, 2013, 8:01 AM), http://business.sohu.com/20121112/n357319391.shtml.

6. DATA CENTER OF CHINA INTERNET [DCCI], FORECAST 2013: CHINESE E-COMMERCE BLUE BOOK (2012).

7. *Id.*; *see also* Deutsche Bank AG/H.K., *The China 2013 E-Commerce Blue Book*, CHINA TMT DAILY, Dec. 20, 2012, at 1 [hereinafter Deutsche Bank Analyst Report], *available at* http://www.docin.com/p-563000899.html (summarizing key statistics from the DCCI's *Forecast 2013: Chinese E-Commerce Blue Book* in English).

8. *Id*.

9. *Id*.

10. *Id*.

11. ORIENTAL CABLE NETWORK [OCN], CHINA SEARCH ENGINE MARKET INVESTMENT ANALYSIS AND FORECAST REPORT 2014−2018 (2014).

12. *Id.*

13. *Id.*

mainly in relation to search engines and platform providers. The courts have not yet paid as much attention to the responsibilities of banks, credit card companies or payment institutions. This Article tracks and identifies the main issues in both Chinese judicial developments and legislative responses to secondary trademark infringement online and attempts to summarize the policy issues behind them.

I. JUDICIAL DECISIONS

Courts in China generally demonstrate skepticism of secondary liability claims for trademark infringement against online intermediaries. As early as 2006, the Shanghai First Intermediate People's Court ruled that online intermediaries are not able to control counterfeiting online by third parties.[14] The court noted that the defendants, as online marketplace operators, had established an intellectual property rights reporting system in order to stop online intellectual property violations, and therefore held it had reasonably exercised their duty of care.[15] Moreover, the court noted that there are large numbers of Internet users and online merchandisers, and consequently it would be unrealistic to require online intermediaries like eBay to investigate every piece of merchandise sold on their Web sites to ensure it is legitimate.[16] Furthermore, the court stated that even if the defendant has made an ex ante investigation, it would still not be able to guarantee the legitimacy of the commodities actually delivered offline—i.e., third parties could post pictures of legitimate products online but then deliver infringing products instead.[17]

The Guangzhou Intermediate People's court decided a similar case in 2006 that was filed against Taobao. The court held that, because the online network extends globally, ISPs might not be capable of ensuring the legality of goods sold through its networks, and that it was therefore beyond the capacity of ISPs to be held responsible for possible infringement of all of the goods sold by online vendors.[18] Taobao—an online shopping site operated by Alibaba that is similar to Amazon or

14. *See* 2001 Nian 11 Yue 21 Ri Gongsi su Yi Qu Wangluo Xinxi Fuwu Shanghai Youxian Gongsi, Shanghai Yiqu Maoyi Youxian Gongsi, Yibei Yiqu Wangluo Xinxi Fuwu Youxian Gongsi Shangbiao Qinquan Jiufen An (2001年11月21日公司诉易趣网络信息服务（上海）有限公司、上海易趣贸易有限公司、亿贝易趣网络信息服务（上海）有限公司商标侵权纠纷案) [Aktieselskabet AF Nov. 21, 2001 v. eBay Network Info. Servs. (Shanghai) Co. for Trademark Infringement], 2005 NIAN HU YI ZHONG MIN WU (ZHI) CHU 371 (Shanghai No. 1 Interm. People's Ct. Aug. 21, 2006) [hereinafter *Aktieselskabet*].

15. *Id.*

16. *Id.*

17. *Id.*

18. *See* Ludaofu Dasile Tiyu Yongpin Boma Gufen Gongsi Su Zhejiang Taobao Wangluo Youxian Gongsi deng Xiaoshou Jiamao Zhuce Shangbiao de Shangpin Jiufen An (鲁道夫.达斯勒体育用品波马股份公司诉浙江淘宝网络有限公司等销售假冒注册商标的商品纠纷案) [Puma Aktien-gesellschaft Rudolf Dassler Sport v. Zhejiang Taobao Network Co. for Selling Counterfeit Goods], 2006 HUI ZHONG FA MIN SAN CHU ZI 179 (Guangzhou Interm. People's Ct. Oct. 18, 2006) [hereinafter *Puma*].

eBay—had taken efforts in drafting and implementing rules with sanctions against counterfeiting.[19] As a result, the court held that Puma's accusations that Taobao had failed to exercise ex-ante investigations and ex-post remedial obligations and had assisted the direct infringer Chen in violating Puma's registered trademark rights were not justified.[20] After this decision, the same reasoning was applied to similar cases by other courts in China.[21]

It is important to keep in mind, however, that these early judgments were made with regard to ISPs' duty of care. Courts pointed out that the judiciary would not be permitted to impose a duty of care on ISPs to verify the legality of online goods because such an obligation was not stipulated statutorily.[22] Courts did not therefore initially rely on concepts of secondary liability or even contributory liability and instead approached the issue as one of direct infringement.[23] Subsequent decisions, however, were based on secondary liability and applied the safe harbor rule of copyright law by analogy, [24] and courts have now formally introduced a doctrine of secondary or indirect infringement into trademark infringement cases through the stipulation of contributory liability. For example, in *Bao Jian (China) Co. v. Zhejiang Taobao Network Co.*, the Xihu District Court of Hangzhou pointed out that, according to Article 50(2) of the Trademark Law Implementing Regulations, intentionally facilitating another's infringement upon the exclusive right to use a registered trademark—such as providing storage, transportation, postage or concealing—shall be considered an act of infringement upon the exclusive trademark right.[25] Therefore, for a defendant to be found liable, the online vendor must have infringed upon the trademark owner's right, and the ISP must have had knowledge of the illegal conduct of the specific online seller.[26] Moreover, in *E-Land Fashion (Shanghai) Trade Co. v. Taobao Network Co.& Du Guofa*, the court held that where a network service provider knows or is made aware of infringement, it "shall take such necessary measures as removing, blocking or disconnecting the link timely, otherwise, it shall be liable for harm."[27] In that case,

19. *Id.*

20. *Id.*

21. *See, e.g.*, Yinian (Shanghai) Shizhuang Maoyi Youxian Gongsi su Gu Mou Deng Qinfan Zhuce Shangbiao Zhuanyongquan Jiufen An (衣念（上海）时装贸易有限公司诉浙江淘宝网络有限公司、顾某等侵犯注册商标专用权纠纷案) [E-land Fashion (Shanghai) Trade Co. v. Taobao Network Co. & Gu for Infringing Registered Trademark Rights], 2010 HUANG MIN SAN (ZHI) CHU ZI 40 (Shanghai Huangpu Dist. People's Ct. Sept. 10, 2010) [hereinafter *E-land v. Gu*].

22. *Id*.

23. *Aktieselskabet*, *supra* note 14.

24. *See E-land v. Gu*, *supra* note 21.

25. Baojian (Zhongguo) Riyongpin Youxian Gongsi su Zhejiang Taobao Wangluo Youxian Gongsi Qinfan Shangbiao Zhuanyongquan Jiufen An (宝健（中国）日用品有限公司诉浙江淘宝网络有限公司侵犯商标专用权纠纷案) [Pro-Health (China) Co. v. Zhejiang Taobao Network Co. for Infringing Registered Trademark Rights], 2009 HANG XI ZHI CHU ZI 11 (Xihu Dist. People's Ct. of Hangzhou Mar. 2, 2009).

26. *Id.*

27. *See* Yinian (Shanghai) Shizhuang Maoyi Youxian Gongsi su Zhejiang Taobao Wangluo Youxian Gongsi, Du Guofa Qinhai Shangbiaoquan Jiufen An ((衣念(上海)时装贸易有限公司诉浙江淘宝网络有限公司、杜国发侵害商标权纠纷案) [E-land Fashion (Shanghai) Trade Co. v. Taobao

Taobao removed all specific instances of infringement it was notified about by the plaintiff, but was nonetheless found liable because Taobao continued to provide access to its Web site to the direct infringer and allowed it to continue selling the infringing products.[28]

Judicial decisions have experienced a change of direction with regard to secondary liability of search engine service providers for trademark infringement. The Shanghai Intermediate People's Court and the Guangzhou Intermediate People's Court in 2009 both held that search engine service providers must bear contributory liability for trademark infringement.[29] The case *Dazhong Transportation (Group) Inc. v. Beijing Baidu Netcom Science and Technology Co.* dealt with user companies bidding on keywords from Baidu—a search engine service provider—such that when a Baidu user searches for the keywords the company successfully bid on, the search results yielded would include links to the bidder company's Web site.[30] The Shanghai Intermediate People's Court held that if the keywords a user bids on obviously violate the rights of others, Baidu will be found negligent if it does not further review the user's relevant qualifications—for example by requiring the user to submit its business license and other documents.[31] In this case, the court found that Baidu should have investigated whether the user who bid on keywords corresponding to plaintiff's company name had legitimate business qualifications or an association with plaintiff.[32] Since it did no such investigating, the court held that Baidu had not properly exercised its duty of care, which led to the third party's Web site appearing prominently on the search results Web page, and therefore furthered the act of unfair competition that harmed the goodwill of the plaintiff.[33]

In another suit (against Google for its AdWords service) the Guangzhou Intermediate People's Court ruled that a keyword advertising provider will be held jointly and severely liable with the direct infringer.[34] In that case, the Gangyi Company was the exclusive user of the combination trademark "Lvdaofeng

Network Co. & Du Guofa for Infringing Trademark Rights], 2011 HU YI ZHONG MIN WU (ZHI) ZHONG ZI 40 (Shanghai No. 1 Interm. People's Ct. Apr. 25, 2011) [hereinafter *E-land v. Du*] (in which defendant failed to stop infringing acts, despite multiple requests from plaintiff).

28. *Id.*

29. *See* Dazhong Jiaotong Jituan Gufen Youxian Gongsi deng su Beijing Baidu Wangxun Keji Youxian Gongsi deng Qingfan Shangbiao Zhuanyongquan yu Bu Zhengdang Jingzhen Jiufen An (大众交通（集团）股份有限公司等诉北京百度网讯科技有限公司等侵犯商标专用权与不正当竞争纠纷案) [Dazhong Transp. (Grp.) Inc. v. Baidu Netcom Sci. & Tech. Co. for Infringing Trademark Rights and Unfair Competition], 2008 HU ER ZHONG MIN WU (ZHI) CHU ZI 147 (Shanghai Interm. People's Ct. June 24, 2008) [hereinafter *Dazhong*]; Taishan Gangyi Dianqi Youxian Gongsi deng su Beijing Guxiang Jishu Youxian Gongsi Qinfan Shangbiaoquan Jiufen An （台山港益电器有限公司等诉北京谷翔信息技术有限公司等侵犯商标权纠纷案） [Taishan Gangyi Co. v. Beijing Guxiang Info. Tech. Co.], 2008 HUI ZHONG FA MIN SAN ZHONG ZI 119 (Guangzhou Interm. People's Ct. of Guangdong Province Nov. 27, 2009) [hereinafter *Nedfon*].

30. *Dazhong*, *supra* note 29.

31. *Id.*

32. *Id.*

33. *Id.*

34. *Nedfon*, *supra* note 29.

Nedfon," but the Third Electrical Appliance Factory bought sponsored links with the trigger keyword of "Nedfon" from a Google agent.[35] Thus, when a user entered the search term "nedfon," the Third Electrical Appliance Factory and its link www.gzmeihao.com would appear at the top of the sponsored links section, while Gangyi's name and its link appeared at the top of the natural search results page.[36] Gangyi argued that both the Guxiang Company and the Third Electrical Appliance Factory had infringed Gangyi's exclusive trademark rights.[37] The court ruled that Guxiang had helped the Third Electrical Appliance Factory infringe the plaintiff's rights.[38] An order to cease infringement was not necessary, however, because Guxiang had stopped the infringement so that the Third Electric Appliance Factory was unable to continue infringing.[39] Still, Guxiang and the Third Electrical Appliance Factory were held to be jointly and severely liable for damages and reasonable expenses incurred by Gangyi.[40] The court ordered Guxiang and the Third Electrical Appliance Factory to compensate plaintiff's damages in the amount of 50,000 RMB yuan.[41]

In contrast to the decisions described above, subsequent Adwords cases have been decided overwhelmingly in favor of the search engine service providers. For example, in *Hangzhou Pan'gu Automation Systems Co. v. Hangzhou Mengkong Instrument Technology Co.* (the *Pan'gu* case), the court held that defendant, not the search engine provider, was liable because the search engine's advertising model placed responsibility on defendant to select creative titles and keywords to direct users to its Web site.[42] The court further held that plaintiff's trademark was not strong enough that the search engine service provider should be expected—acting with due diligence and care—to be aware of the fact that defendant's online marketer had chosen keywords similar to the plaintiff's trademark.[43] Moreover, in *Shenzhen Jieshun Science and Technology Industrial Co. v. Shenzhen Jiuding Intelligent Technology Co.*, the Shenzhen Intermediate People's Court held that search engine providers' pay-per-click (PPC) advertising services—a payment method in which companies pay the ad publisher based on the number of users click on the ad—is a searching service, not a content service, meaning that the ISPs provided only a *platform* for advertising, not the advertising itself.[44] Therefore, the

35. *Id.*
36. *Id.*
37. *Id.*
38. *Id.*
39. *Id.*
40. *Id.*
41. *Id.*
42. Hangzhou Pangu Zidonghua Xitong Youxian Gongsi su Hangzhou Mengkong Yibiao Jishu Youxian Gongsi, Beijing Baidu Wangxun Keji Youxian Gongsi Qinhai Shangbiaoquan Jiufen An (杭州盘古自动化系统有限公司诉杭州盟控仪表技术有限公司、北京百度网讯科技有限公司侵害商标权纠纷案) [Hangzhou Pan'gu Automation Sys. Co. v. Hangzhou Mengkong Instrument Tech. Co. & Beijing Baidu Netcom Sci. & Tech. Co. for Infringing Trademark Rights], 2011 HANG BIN ZHI CHU ZI 11 (Hangzhou Binjiang Dist. People's Ct. of Zhengjiang Province Nov. 11, 2011).
43. *Id.*
44. Shenzhenshi Jieshun Keji Shiye Gufen Youxian Gongsi su Shenzhenshi Jiuding Zhineng Jishu Youxian Gongsi, Baidu Zhongguo Youxian Gongsi, Beijing Baidu Wangxun Keji Youxian Gongsi

court held that notice and takedown rules should apply: the ISPs would not be held liable so long as they deleted a potentially infringing link or its contents after being notified of the infringement.[45]

When viewed together, these decisions suggest that Chinese courts usually rule based on a theory of contributory infringement—a form of joint tort—and that they focus at least in part on whether the accused secondary infringer has the capacity to monitor or control the direct infringer.[46] This indicates that courts have, to some extent, made efforts to base their decisions on a theory of vicarious liability. The courts, however, have not been successful in applying applicable statutory rules or applying satisfactory reasoning to such decisions. Both Chinese legislation[47] and some scholars take a narrow approach to vicarious liability, arguing that the theory should be applied only in the context of finding an employer liable for its employee's act.[48] On the other hand, Chinese copyright law has detailed provisions on contributory liability comparable to Chinese tort law.[49] Courts are therefore willing to approach copyright cases from a contributory liability angle, since which rules are applicable is more clear than in the trademark context.[50]

II. LEGAL CONTEXT

Because there are no specific statutory provisions in China for holding ISPs secondarily liable for online trademark infringement, courts are inconsistent in the statutory provisions they cite in each case.[51] With no specifically applicable

Qinfan Shangbiao Zhuanyongquan Jiufen An (深圳市捷顺科技实业股份有限公司诉深圳市九鼎智能技术有限公司、百度（中国）有限公司、北京百度网讯科技有限公司侵犯商标专用权纠纷案) [Shenzhen Jieshun Sci. & Tech. Indus. Co. v. Shenzhen Jiuding Intelligent Tech. Co., Baidu China Co. Ltd., Beijing Baidu Netcom Sci. & Tech. Co. for Infringing Trademark Rights], 2011 SHEN ZHONG FA ZHI MIN ZHONG ZI 651 (Shenzhen Interm. People's Ct. Jan. 16, 2012) [hereinafter *Jieshun*].

45. *Id.*

46. *See, e.g.*, Luyi Weideng Malidi su Pan Xiangchun deng Qinfan Zhuce Shangbiao Zhuanyongquan Jiufen An (路易威登马利蒂有限公司诉潘祥春等侵犯注册商标专用权纠纷案) [Louis Vuitton Malletier v. Beijing Xiushui Street Garment Co. & Pan Xiangchun for Infringing Registered Trademark Rights], 2005 ER ZHONG MIN CHU ZI 13594 (Beijing No. 2 Interm. People's Ct. Dec. 19, 2005) (discussing a brick-and-mortar shopping mall company's secondary liability for trademark infringement, with particular emphasis on the analysis of venue providers' duty of control or supervision).

47. Currently, the Tort Liability Law of the People's Republic of China stipulates for vicarious liability in two provisions of articles 34 and 35, both of which focus on the employer's responsibility for employee's act. *See* Zhonghua Renmin Gongheguo Qinquan Zerenfa (中华人民共和国侵权责任法) [Tort Liability Law of the People's Republic of China] (promulgated by the Standing Comm. Nat'l People's Cong., Dec. 26, 2009, effective July 1, 2010) (Chinalawinfo) [hereinafter Tort Liability Law].

48. Zhang Min'an (张民安), *Tidai Zeren de Bijiao Yanjiu* (替代责任的比较研究) [*Comparative Study on Vicarious Liability*], 5 GAUSU ZHENGFA XUEYUAN XUEBAO (甘肃政法学院学报) [J. GANSU POL. SCI & L. INST.] 50, 51 (2009).

49. *See* Xinxi Wangluo Chuanboquan Baohu Tiaoli (信息网络传播权保护条例) [Regulations on the Protection of the Right to Network Dissemination of Information] (promulgated by the State Council, P.R.C., May 18, 2006, effective July 1, 2006; amended Jan. 16, 2013 and effective Mar. 1, 2013) [hereinafter Dissemination Regulation].

50. *See Jieshun*, *supra* note 44.

51. In early cases, rights owners and courts often cited the following provisions: Zhonghua Renmin Gongheguo Minfa Tongze (中华人民共和国民法通则) [General Principles of Civil Law of the

statutory provisions, the courts' choice of which provisions to cite played an important role in the outcome of their decisions. After the State Council promulgated the Regulation on the Protection of the Right to Network Dissemination of Information (the Dissemination Regulation) in 2006, courts began to refer to the relevant provisions of copyright law on secondary infringement.[52] Drawing upon the laws of the United States and other developed countries, the Dissemination Regulation describes specific circumstances under which ISPs cannot be held liable for damages caused by Internet users and specifies how a safe harbor should be applied.[53]

Subsequently, the Supreme Court of the People's Republic of China revised the Interpretations of the Supreme People's Court on Some Issues of Applicable Law to Copyright Disputes over the Internet (the Internet Copyright Interpretation).[54] The Internet Copyright Interpretation provides for joint and several contributory liability between direct infringers and ISPs who participate, abet or aid online copyright infringement.[55] It also provides the standard of negligence with regard to

People's Republic of China] (promulgated by the Nat'l People's Cong., Apr. 12, 1986, effective Jan. 1, 1987) (Chinalawinfo) [hereinafter General Principles of Civil Law] (Article 130 states that two or more persons who jointly infringe and cause damage bear joint and several liability); Zuigao Renmin Fayuan Guanyu Guanche Zhixing Zhonghua Renmin Gongheguo Minfa Tongze Ruogan Wenti de Yijian Shixing (最高人民法院关于贯彻执行《中华人民共和国民法通则》若干问题的意见(试行)) [Opinions of the Supreme People's Court on Several Issues Concerning the Implementation of the General Principles of the Civil Law of the People's Republic of China (Tentative)] (issued by the Supreme People's Court, Jan. 26, 1988, effective Jan. 26, 1988) (Chinalawinfo) [hereinafter Opinions on the General Principles of Civil Law] (Article 148 states that a person aiding or abetting a tortious act bears joint and several liability with the actor); Zhonghua Renmin Gongheguo Shangbiaofa Shishi Tiaoli (中华人民共和国商标法实施条例) [Regulations on the Implementation of the Trademark Law of the People's Republic of China] (promulgated by the State Council, P.R.C., Aug. 3, 2012, effective Sept. 15, 2002; amended Apr. 29, 2014 and effective May 1, 2014) (Chinalawinfo) [hereinafter Trademark Law Implementing Regulations] (Article 50(2) interprets Article 52(5) of Zhonghua Renmin Gongheguo Shangbiaofa (中华人民共和国商标法) [Trademark Law of the People's Republic of China] (promulgated by the Standing Comm. Nat'l People's Cong., Aug. 23, 1982, amended Feb. 22, 1993, Oct. 27, 2001 & Aug. 30, 2013, and effective May 1, 2014) (Chinalawinfo) [hereinafter Trademark Law], which focuses on facilitating another's trademark infringement). *See, e.g.*, *Puma*, *supra* note 18 (citing Article 130 of the General Principles of Civil Law and Article 50(2) of the Trademark Law Implementing Regulations); *Dazhong*, *supra* note 28 (citing Article 148 of Opinions on the General Principles of Civil Law and Article 50(2) of Trademark Law Implementing Regulations).

52. *See* Dissemination Regulation, *supra* note 49.

53. *See id.* (Article 14 provides notice and takedown procedures for infringing works from ISPs that "provide[] information storage space or . . . searching and linking services"; Article 22 states that an ISP will not be held liable for damages under certain circumstances, including lack of knowledge that a work is infringing, lack of benefit from the infringement and removal of the infringing work upon notice; Article 23 states that an ISP that follows proper notice and takedown procedures will not be held liable for damages, unless it "knew or should have known that the [work] has infringed upon another's right").

54. Zuigao Renmin Fayuan Guanyu Shenli Sheji Jisuanji Wangluo Zhuzuoquan Jiufen Anjian Shiyong Falv Ruogan Wenti de Jieshi (最高人民法院关于审理涉及计算机网络著作权纠纷案件适用法律若干问题的解释) [Interpretations of the Supreme People's Court on Some Issues of Applicable Law to Copyright Disputes over the Internet] (promulgated by the Supreme People's Court, Nov. 22, 2000, revised Dec. 23, 2003 & Nov. 20, 2006, and effective on Dec. 8, 2006) (Chinalawinfo) [hereinafter Internet Copyright Interpretation].

55. Article 3 of the Internet Copyright Interpretation states that the People's Court shall, in

contributory liability, and states that the People's Court determines whether the providers are found liable under either abetting liability or contributory liability.[56] When the court determines that ISPs knew or should have known that infringement was occurring, they are held liable; however, courts may not find ISPs liable for failing to preemptively investigate users' conduct.[57]

In fact, judges tend to consider applying the copyright law safe harbor rule to trademark secondary liability cases.[58] However, in most cases judges only analyze whether ISPs have promptly taken necessary measures—such as blocking or removing links to infringing items—and in such cases it is unnecessary for the courts to cite the specific copyright provisions. For example, in the *E-land v. Taobao* series of cases, in making its determination as to whether the online shopping Web site Taobao was liable, courts first looked to whether the site had removed links to infringing items for sale after being notified of suspected infringement.[59]

The promulgation of the Tort Liability Law of the People's Republic of China (the Tort Liability Law) provided judges with a specific law to refer to when deciding online trademark infringement cases,[60] removing the need to rely on copyright law. The law provides that a network user who infringes "upon the civil right or interest of another person through the network" will be held liable through tort, and provides notice and takedown procedures such that the network service provider must take "necessary measures promptly" at the request of the victim of the tort.[61] Network service providers are held jointly and severally liable if they fail to take such measures after receiving knowledge of infringement.[62]

Although Article 36 of the Tort Liability Law refers specifically to the liability of ISPs, and might be applicable in online trademark cases, courts nonetheless rarely apply it in specific cases because its meaning and how to square it with corresponding stipulations in other laws is not sufficiently clear.[63] For example, what qualifies as sufficient "notice" and what qualifies as "knowledge" of

accordance with Article 130 of the provisions of the General Principles of the Civil Law, impose joint liability on ISPs found liable with the direct tortfeasors. *See* Internet Copyright Interpretation, *supra* note 54.

56. Article 8 of the Internet Copyright Interpretation provides that the People's Court determines whether ISPs are held to abetting liability or contributory liability standards, and that ISPs are at fault when they "know or should have known" of the infringement. *See id.*

57. Article 7 of the Internet Copyright Interpretation provides that the People's Court shall hold ISPs liable in tort if the ISPs "abet or help users to infringe upon the rights of others to dissemination on the Internet" and that such conduct constitutes contributory infringement. *Id.* Article 11 of the Internet Copyright Interpretation states that there is a higher duty of care when the ISP is found to have "extract[ed] proceeds directly" from the infringement. *Id.*

58. *See e.g.*, *E-land v. Gu*, *supra* note 21.

59. *See id.*; *E-land v. Du*, *supra* note 27.

60. Tort Liability Law, *supra* note 47.

61. *Id.*

62. *Id.*

63. For a discussion of how to apply Article 36 to intellectual property cases, see Yang Ming (杨明), *Qinquan Zerenda Di 36 Tiao Shiyi Jiqi Zhankai* (侵权责任法第36条释义及其展开) [*Understanding Article 36 of Tort Liability Law*], 3 HUADONG ZHENGFA DAXUE XUEBAO (华东政法大学学报) [J. E. CHINA U. POL. & L.] 123, 123–32 (2010).

infringement remains uncertain, and scholars have given different answers to these questions.[64] A search on the Chinalawinfo database—a Chinese legal research Web site—yielded only three cases of trademark infringement that explicitly cited Article 36, and all three focused on the issue of e-commerce platforms' secondary liability for trademark infringement online.[65] These cases provide some insight into what action ISPs can take in order to avoid liability after notice of infringement.[66] In one of these cases, the court held that even though Taobao had sanctioned the infringer, it was still held jointly and severally liable pursuant to Article 36 of the Tort Liability Law because the sanctions were not effective enough to stop the infringer from continuing to infringe.[67] The court held that Taobao had indulged or permitted the tortious conduct, leading the consumers to buy goods sold on its Web site from tortfeasors.[68]

III. MAIN ISSUES

Chinese judges seldom analyze concepts such as "use in commerce" when analyzing online trademark infringement cases, in contrast with American courts.[69] One explanation for this is that the Chinese trademark regime is based on registration, not on use; registered trademarks are protected by Chinese law even if they have not yet been put into commercial use.[70] Moreover, trademark holders in

64. *See, e.g.*, Zhang Xinbao & Ren Hongyan （张新宝、任鸿雁）, *Hulianwang Shang de Qinquan Zeren: Qinquan Zerenfa Di 36 Tiao Jiedu* （互联网上的侵权责任：侵权责任法第36条解读） [*Understanding Article 36 of Tort Liability Law*], 4 ZHONGUO RENMIN DAXUE XUEBAO （中国人民大学学报） [J. RENMIN U. CHINA] 17, 17−25 (2010).

65. Gao Kun su Beijing Jingdong Sanbai Liushi Du Dianzi Shangwu Youxian Gongsi Deng Qinfan Shangbiao Zhuanyongquan Jiufen An (高坤诉北京京东三百六十度电子商务有限公司等侵犯商标专用权纠纷案) [Gao Kun v. Beijing Jingdong 360 E-commerce Co. for Infringing Trademark Rights], 2012 CHAO MIN CHU ZI 20257 (Beijing Chaoyang Dist. People's Ct. Sept. 27, 2012) [hereinafter *Gao Kun*]; Yinian (Shanghai) Shizhuang Maoyi Youxian Gongsi su Gu Mou Deng Qinfan Zhuce Shangbiao Zhuanyongquan Jiufen An (衣念（上海）时装贸易有限公司诉浙江淘宝网络有限公司、钱某等侵犯注册商标专用权纠纷案) [E-land Fashion (Shanghai) Trade Co. v. Taobao Network Co. & Qian for Infringing Registered Trademark Rights], 2011 HU YI ZHONG MIN WU ZHI ZHONG ZI 159 (Shanghai No. 1 Interm. People's Ct. Sept. 21, 2011) [hereinafter *E-land v. Qian*]; Shanghai Huixi Maoyi Youxian Gongsi su Beijing Mingwan Zhida Keji Youxian Gongsi Qinfan Shangbiaoquan ji Bu Zhengdang Jingzheng Jiufen An (上海慧禧贸易有限公司诉北京铭万智达科技有限公司侵犯商标权及不正当竞争纠纷案) [Shanghai Huixi Trade Co. v. Beijing Mingwan ZhidaTechnology Co. for Infringing Trademark Rights and Unfair Competition], 2011 CHAO MIN CHU ZI 16770 (Beijing Chaoyang Dist. People's Ct. Sept. 29, 2011) [hereinafter *Huixi*].

66. *See, e.g.*, *Gao Kun*, *supra* note 65 (holding that an ISP will not be held liable if it has taken sufficient measures after notice); *Huixi*, *supra* note 65 (holding that the ISP was not liable pursuant to Article 36, paragraph 3 of the Tort Liability Law).

67. *See E-land v. Qian*, *supra* note 65.

68. *Id.*

69. For example, in cases involving liability of online marketplaces, American judges usually start the direct infringement analysis by looking at whether the online marketplace is using the mark in commerce and whether the mark is being used as a trademark. *See, e.g.*, Tiffany (NJ) Inc. v. eBay Inc., 600 F.3d 93 (2d Cir. 2010).

70. Article 56 of the Trademark Law states that, "[T]he exclusive right to use a registered trademark is limited to the trademark which has been approved for registration and to the goods on which the use of the trademark has been approved." Trademark Law, *supra* note 51.

the United States are more likely to file suit on grounds of both direct and indirect infringement, requiring judges to decide whether the ISPs use the trademark in commerce as direct infringers.[71] In contrast, most Chinese courts will first examine the role ISPs play in the specific circumstances of the case at issue, and define the duties of ISPs based on their conclusions.[72] ISPs are not held liable if they act as intermediaries, but otherwise can be held to a level of liability similar to that of direct infringers.[73]

A. NATURE OF THE ISPS' SERVICE

Past judicial decisions indicate that in most cases courts have recognized online marketplace and search engine service providers as intermediary service providers, not as content providers.[74] Therefore, ISPs may request to apply notice and takedown rules to avoid bearing liability.

1. Are Online Marketplace Providers Joint Vendors?

As mentioned above, most judicial decisions hold that online marketplace providers are platform providers, not dealing parties or joint vendors to online transactions. In *Aktieselskabet AF v. eBay Network Information Services (Shanghai) Co.*, the defendant provided an Internet trading platform service—a virtual marketplace where users could open accounts, register, login, browse listings and negotiate with Web site visitors regarding transactions—though the actual transaction was completed offline.[75] The court held that the defendant online marketplace provider was not a party to the transactions, and therefore was not liable for the transactions, even though the online vendors paid service fees to the defendant after transactions were completed.[76]

However, this holding does not mean that online service providers are entitled to

71. *See Tiffany*, 600 F.3d at 101−03.

72. *See* Babaike Beijing Ruanjian Jishu Youxian Gongsi su Beijing Wolisen Xinxi Jishu Youxian Gongsi Shangbiao Qinquan Jiufen An (八百客（北京）软件技术有限公司诉北京沃力森信息技术有限公司侵犯注册商标专用权纠纷案) [800 APPs (Babaike) (Beijing) Software Techs. Co. v. Beijing Volitation Info. Tech. Co. for Trademark Infringement], 2010 YI ZHONG MIN ZHONG ZI 2779 (Beijing No. 1 Interm. People's Ct. May 14, 2010) [hereinafter *800 Apps*].

73. *See, e.g.*, Zhushi Huishe Disangte su Beijing Jinri Dushi Xinxi Jishu Youxian Gongsi deng Shangbiao Qinquan Jiufen An (株式会社迪桑特诉北京今日都市信息技术有限公司等商标侵权纠纷案) [Descente Ltd. v. Today Beijing City Info. Tech. Co. for Trademark Infringement], 2011 ER ZHONG MIN CHU ZI 11699 (Beijing No. 2 Interm. People's Ct. Apr. 25, 2012) [hereinafter *Descente I*], *aff'd*, 2012 GAO MIN ZHONG ZI 3969 (Beijing Higher People's Ct. Dec. 19, 2012) [hereinafter *Descente II*].

74. *See, e.g.*, *Gao Kun*, *supra* note 65.

75. *See Aktieselskabet*, *supra* note 14.

76. *Id.*; *see also* Beijing Yuzhouxing Maoyi Youxian Zeren Gongsi su Chen Hongzhen, Yibei Yiqu WangluoXinxi Fuwu Shanghai Youxian Gongsi, Shanghai Yiqu Maoyi Youxian Gongsi Shangbiao Qinquan Jiufen An (北京宇宙星贸易有限责任公司与陈宏征、亿贝易趣网络信息服务（上海）有限公司、上海易趣贸易有限公司商标侵权纠纷案) [Beijing Cosmic Star Trade Co. v. Chen Hongzheng, eBay EachNet Network Info. Servs. (Shanghai) Co., Shanghai eBay Trade Co. for Trademark Infringement], 2005 QING MIN SAN CHU ZI 404 (Shandong Qingdao Interm. People's Ct. June 13, 2005).

complete immunity from liability on the grounds that they basically function as intermediaries. The distinction between intermediaries and sellers can be obscure and tricky; courts make this determination based on online service providers' specific conduct in each dispute, not based on the nature of their overall business patterns.[77] Sometimes courts find service providers liable because they find them acting in such an active way that they should be considered parties to the online transactions.[78] For example, in *Descente Ltd. v. Today Beijing City Information Technology Co.*, the trial court held that the platform provider was liable as a joint vendor.[79] In that case, the plaintiff owned a trademark used on sneakers, and the defendant ran a Web site for group purchasing. The defendant signed a contract with another company, Zouxiu, to sell sneakers affixed with the plaintiff's trademark to consumers.[80] The consumers paid the defendant directly, the defendant kept a service fee for each item and then transferred the remaining amount to Zouxiu.[81] The defendant also handled refunds where necessary.[82] While the appellate court did not say specifically whether the Web site operator of a group purchasing site is a joint vendor, it held that the operator at least has a duty to investigate the goods sold as a seller would.[83] The court held that the operators' intellectual property liability depends on balancing the burden on operators checking detailed information about the listed commodities, weighed against the interests the operators directly gain from the group purchasing.[84] Ultimately, defendant was held to have the same duty of investigation as the seller, regardless of whether it was called a "vendor" or a "service provider."[85] Essentially, the court held that when ISPs extract financial interest directly from the individual online sellers' business, they are held to a higher duty of care; this is also the standard prescribed in the online copyright infringement context by Article 11 of the Supreme People's Court's Dissemination Right Interpretations.[86] Therefore, it seems that Chinese judges are still using the technicalities and implications of copyright cases in trademark cases.

77. *See, e.g.*, *Descente I & II*, *supra* note 73.
78. *See, e.g.*, *id.*
79. *Descente I*, *supra* note 73.
80. *Id.*
81. *Id.*
82. *Id.*
83. *Descente II*, *supra* note 73.
84. *Id.*
85. *Id.*
86. Zuigao Renmin Fayuan Guanyu Shenli Qinhai Xinxi Wangluo Chuanboquan Minshi Jiufen Anjian Shiyong Falv Ruogan Wenti de Guiding (最高人民法院关于审理侵害信息网络传播权民事纠纷案件适用法律若干问题的规定) [Provisions of the Supreme People's Court on Several Issues Concerning the Application of Law in Hearing Civil Dispute Cases Involving Infringement of the Right of Dissemination on Information Networks] (issued by the Supreme People's Court, Dec. 17, 2012, effective Jan. 1, 2013).

2. Are Search Engine Service Providers Publishers of Infringing Advertisements?

With the rapid development of the Internet, search engines provide an essential tool to guide network users to their sought after destinations online. Online search providers have tried to capitalize off this by charging advertising clients to manipulate search results so that certain keyword searches direct users to their advertising clients' Web sites. In the *Nedfon* case discussed above,[87] the court held that Guxiang had a duty to police the selection of AdWords, and that the government should encourage the innovation of the Internet industry to improve technology and management standards and strengthen the competitiveness of the industry. Guxiang, by not exercising its duty of examination or investigation, helped the Third Electric Appliance Factory engage in trademark infringement, and therefore bore joint and several liability.[88]

A key reason Guxiang was found liable was because it admitted that its keyword advertising was a form of providing advertisement services. However, subsequent decisions have instead held that the AdWords service is not an advertisement service, but a search service in nature. In *800 Apps (Babaike) (Beijing) Software Technologies Co. v. Beijing Volitation Information Technology Co.*, search engine Baidu provided PPC services to online sellers, in which customers of the PPC service made bids that ultimately determined which keywords would yield search results.[89] As a result of the bids, Baidu manipulated search results to feature Web sites with the companies that bid to have their results featured.[90] Although online vendors use PPC services to promote their Web sites, goods and services, the court nonetheless held that such a service is considered information searching and not advertising governed by advertisement law.[91] Hence, AdWords service providers, as intermediaries, may claim that they are not liable for the selection of keywords on the grounds that the safe harbor rule stipulated by the Dissemination Regulation applies.[92]

B. DUTIES OF ISPS

Although Chinese courts usually consider ISPs intermediaries, ISPs still assume some responsibility for online users' conduct. As in other jurisdictions, Chinese legislation and regulations have set thresholds ISPs must meet in order to claim immunity via the safe harbor rule and avoid liability.

1. Providing the Identity Information of the Account Owners

Rights owners need to know the identities of suspected infringers in order to

87. *See supra* text accompanying notes 33−40.
88. *Nedfon*, *supra* note 29.
89. *800 Apps*, *supra* note 72.
90. *Id.*
91. *Id.*
92. *See* Dissemination Regulation, *supra* note 49.

impose liability on them. ISPs are obligated to disclose that information, and if they refuse to do so without proper justification, rights owners may request the court to require such disclosure. For example, in *Chengdu Le Rong Cosmetics Co. v. Zhejiang Taobao Network Co.*, an action for trademark infringement, the Hangzhou Xihu District People's Court required the Zhejiang Taobao Network Company to provide Chengdu Le Rong Cosmetics and Shanghai FOK Cosmetics with the identifying information of the nine online sellers suspected of infringement in the case.[93]

2. Excluding Some Keywords, Setting Up Antifraud Rules, but Not Assuming Preemptive Investigation Responsibilities

Chinese scholars have debated whether or not *Dazhong* was correctly decided since the decision was first delivered.[94] The general consensus today is that, for AdWords and PPC programs, search engine service providers must take precautions and exclude some keywords, but do not bear the responsibility of preemptive investigation.[95] As for the duty of care requirement, under normal circumstances, PPC program providers are not responsible for preemptive investigation of keywords, except for those that obviously violate regulations or are identical or similar to famous trademarks.[96] However, at least one court enumerated an increased duty of care the search engine providers must exercise: Baidu was required to filter and delete keywords that were reactionary, obscene or otherwise in violation of mandatory laws under the reasonable person standard.[97] Baidu had to investigate words that may have conflicted with famous trademarks, and had to include a term in its service contract with clients requiring promotional advertisement text to be clean of intellectual property claims. It also had to establish various complaint channels for the rights owners to report suspected

93. Chengdu Rongle Huzhuangpin Youxian Gongsi deng su Zhejiang Taobao Wangluo Youxian Gongsi Qinfan Shangbiao Zhuanyongquan Jiufen An (成都荣乐化妆品有限公司等诉浙江淘宝网络有限公司侵犯商标专用权纠纷案) [Chengdu Rongle Cosmetics Co. v. Zhejiang Taobao Network Co. for Trademark Infringement], 2009 HANG XI ZHI CHU ZI 71 (Hangzhou Xihu Dist. People's Ct. Sept. 21, 2009) [hereinafter *Rongle*].

94. *See, e.g.*, Deng Hongguang & Yi Jianxiong (邓宏光，易健雄), *Jingjia Paiming de Guanjianci Heyi Qinhai Shangbiaoquan?* （竞价排名的关键词何以侵害商标权） [*Why Does the Use of Trademark of Another for PPC Program Constitute Trademark Infringement?*], 8 DIANZI ZHISHICHUANQUAN （电子知识产权） [ELECTRONICS INTELL. PROP.] 55, 56−57 (2008) (providing an opponent's argument); Huang Wushuang （黄武双）, *Sousuo Yinqing Fuwushang Shangbiao Qinquan Zeren de Fali Jichu-Jianping Dazhong Banchang Su Baidu Wangluo Shangbiao Qinquan An* （搜索引擎服务商商标侵权责任的法理基础—兼评大众搬场诉百度网络商标侵权案） [*Nomological Justifications for Searching Engine's Trademark Infringement Liability—An Analysis of* Dazhong Banchang v. Baidu Network], 5 ZHISHI CHANQUAN （知识产权） [J. INTELL. PROP.] 53, 55 (2008) (providing a proponent's argument).

95. *See, e.g.*, Meili Piaopiao Beijing Dianzishangwu Youxian Gongsi su Baidu Shidai Wangluo Jishu Beijing Youxian Gongsi deng Qinfan Shangbiaoquan ji Bu Zhengdang Jingzheng Jiufen An (美丽漂漂（北京）电子商务有限公司诉百度时代网络技术（北京）有限公司等侵犯商标权及不正当竞争纠纷案) [Meili Piaopiao (Beijing) E-Commerce Co. v. Baidu Times Tech. (Beijing) Co.], 2011 HAI MIN CHU ZI 10473 (Beijing Haidian Dist. People's Ct. Sept. 20, 2011).

96. *Id.*

97. *See 800 Apps*, *supra* note 72.

infringement to promptly remedy it.[98]

Even when keywords do not conflict with famous trademarks, the court may rule in favor of rights owners against search engine providers when the service provider does business in the same territory as the trademark owner and therefore should have known that use of the mark would infringe. In *Dazhong*, for example, the court ruled that Baidu's staff responsible for business in the Shanghai area should have known of Dazhong's trademark, and recognized that many PPC users bidding on Dazhong as a search term had no association with the plaintiffs.[99] By permitting PPC clients to use "Dazhong" as a keyword, Baidu had manipulated the search results so that two Web sites that appeared identical, but were actually two different companies, appeared side-by-side.[100] The only investigation Baidu took was to screen and filter reactionary and obscene keywords.[101] The court held that Baidu should have known of the possibility of trademark infringement from the third party Web site, and therefore should have further examined the site's qualifications.[102] Due to Baidu's negligence, third party Web sites appeared prominently on search result pages for "Dazhong," which misled the general public to believe that the linked Web sites were sponsored by or associated with Dazhong Company, doing harm to Dazhong's goodwill.[103] The three defendants were held to be joint tortfeasors, jointly and severally liable with the direct infringer, because they had helped the third party Web site infringe.[104]

Marketplace providers now must authenticate sellers' identities and issue rules that explicitly require sellers not to infringe the legitimate rights and interests of others.[105] Providers are also required to set up an intellectual property rights complaint mechanism with a special line and staff to handle the relevant issues.[106]

3. Taking Necessary Measures upon Notification of the Potentially Infringing Conduct

Generally, ISPs avoid liability by deleting infringing links once rights holders notify them of an infringement. However, when ISPs fail to take prompt action that is sufficiently effective in preventing the occurrence of further infringement, they may be liable for any further loss incurred to the rights holder.[107] This line of reasoning was followed in both of the only two lawsuits that Taobao lost against E-Land. In *E-land v. Du*, E-land had sent cease and desist letters to Taobao many times, and each time Taobao had removed the link after being notified.[108]

98. *Id.*
99. *See Dazhong*, *supra* note 29.
100. *Id.*
101. *Id.*
102. *Id.*
103. *Id.*
104. *Id.*
105. *See Rongle*, *supra* note 93.
106. *Id*.
107. *See, e.g.*, *E-land v. Qian*, *supra* note 65.
108. *See, E-land v. Du*, *supra* note 27.

However, Taobao permitted the direct infringer in the case, Du, to open a new account to sell goods on Taobao's Web site.[109] The court held that removing infringing links and goods after receiving notice is only one condition to prevent liability for ISPs, but that it is not sufficient; where third parties can still use the ISP's services to commit a tort, the ISP must take further necessary measures—determined according to the category of Internet service, technical feasibility, cost, seriousness of the infringement and other factors—to stop further infringement.[110] The measures online marketplace providers, like Taobao, may take include a public warning, a lower credit rating, suspending the release of commodity information and even closure of Internet users' accounts.[111] The court held Taobao jointly and severally liable for contributory infringement for deliberately aiding Du in carrying out tortious acts.[112]

IV. CONCLUSION

Although the Trademark Law of the People's Republic of China does not include specific provisions about secondary liability for trademark infringement online, the Tort Liability Law has generally stipulated liability for infringement online. The application of this provision has yet to be examined further. Courts have gathered much experience regarding how to decide cases on secondary liability for trademark infringement online, while decisions on secondary liability for copyright infringement online have provided much insight into the validity of criticisms and accolades brought by the practice of search engine advertising. Overall, both Chinese legislation and judicial practices have imposed comparatively lighter duties on online intermediaries than on primary infringers, and only rule against online intermediaries under specific circumstances: (1) when the intermediary has not taken measures after being made aware of suspected infringement; (2) when the measures taken by the intermediary are not effective enough to prevent further infringement or (3) when the intermediary has shared the proceeds of transactions with a direct infringer, yet has failed to exercise a relatively higher duty of care than would be required of a non-profit-sharing intermediary.

109. *Id.*
110. *Id.*
111. *Id.*
112. *Nedfon*, *supra* note 29.