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A "Safety Valve" in Finding Trade Mark Infringement — Analyzing the Trade Mark Use in Comparative Law Perspective

Han Jia

School of Law, Nankai University, Tianjin, China
jiahan11@outlook.com

Abstract. The digital commerce era has intensified debates on trade mark infringement thresholds, particularly regarding non-display uses (e.g., search engine keyword advertising). Landmark cases like Interflora Inc v. Marks & Spencer Plc exposed theoretical ambiguities in whether "use as a trade mark" is a prerequisite for infringement. Based on a comparative case study, this paper focuses on the role of trade mark use as a “safety valve” in determining trade mark infringement, and advocates trade mark use as a necessary precondition for determining trade mark infringement. Through a comparative study of cases and laws in the UK and China, this paper finds that, despite theoretical disputes, both jurisdictions strictly treat trade mark use as an infringement prerequisite. This requirement acts as a critical "safety valve" to prevent undue rights expansion while balancing protection and free competition. In practice, courts focus on the functional purpose of use (not consumer confusion), distinguishing it from likelihood-of-confusion tests. This study finds that using trade marks is still a necessary step in today's trade mark systems, as evaluating their use helps maintain the law's original goals, which are to balance trade mark protection with freedom of expression and fair competition.

Keywords: Trade Mark Law, Trade Mark Use, Trade Mark Infringement, Comparative Study

1. Introduction

The debate over the issue of trade mark use has its origins in a dispute over trade mark rights under U.S. law relating to search engine keyword advertisements [1]. Interflora Inc v. Marks & Spencer Plc, also known as Interflora Cases, is widely recognized as having advanced legal standards for trade mark use in digital commerce by balancing protection with fair competition. However, the decision did not clarify whether non-display use (e.g., triggering ads without showing the trade mark in the ad text) qualifies as "use as trade mark", and moreover, whether should “use as a trade mark” be a threshold requirement for finding a trade mark infringement.

The concept of trade mark use is required for any aspect of the trade mark legal system [2]. Kilejian and Dahlstrom recognized that whether the sale and purchase of keywords in non-display manner is trade mark "use" that can give rise to trade mark infringement is the first thing that courts fouce on [3]. Lv Bingbin pointed out that, theoretically, “trade mark use” corresponds to the optimal

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degree of trade mark-propertilization. This means that it aims to protect property interests derived from the source distinction function of a trade mark [4]. However, He Huaiwen argued that in determining whether the infringement is established, the overall conduct of the accused (i.e., the entire specific commercial situation in which the accused mark is used) should be taken into account, and “trade mark use” should not be taken as a prerequisite to unreasonably limit the right to register the mark [5]. It is clear from the divergent views of the academics that “use as a trade mark” is still a vague concept. In order to strike a balance between freedom of expression and reasonable protection of trade marks, it is necessary to clarify the position of trade mark use in constituting trade mark infringement

This paper employs a comparative legal analysis, integrating comparative case studies and doctrinal critiques. Addressing the current theoretical controversy, it explores the "safety valve" attribute of trade mark use from the perspective of comparative law. Through analyzing UK and Chinese jurisprudence, this study highlights trade mark use—defined by its source-identifying function—as an indispensable “safety valve” threshold for determining infringement. This approach helps prevent undue rights expansion while balancing trade mark protection with freedom of competition.

2. Findings of trade mark infringement in the UK based on the core function of the trade mark

Despite the significant differences in their legal systems, the UK and China exhibit a high degree of similarity in their regulations and jurisprudence regarding the determination of trade mark infringement. This is particularly evident when comparing Section 10 of the UK trade marks Act with Article 57 of the Trade Mark Law of the PRC. Both China and the UK have taken trade mark use as a prerequisite for constituting trade mark infringement in legislation and legislative interpretation, and have applied this rule strictly in specific cases. In many cases, although the judge did not directly use the phrase "use as a trade mark", the court clearly held that liability arose from the defendant's particular type of use of another's mark [6]. The intention behind this approach is to maximise the threshold role of the element of "trade mark use" in determining trade mark infringement.

In the UK, numerous cases have shown that courts in judicial practice often use "trade mark use" as the first step in determining trade mark infringement. In Bravado Merchandising Services Ltd v. Mainstream Publishing (Edinburgh) Ltd, a comparable question arose under the 1994 Act [7]. The petitioner owned the trade mark "Wet Wet Wet," associated with a popular music group. The defendant intended to publish a book about the group, incorporating "Wet Wet Wet" in the title. Lord McCluskey, in the Court of Session concluded that this constituted trade mark use but fell under Section 11 (2)(b) of the 1994 Act, indicating characteristics of the goods, and therefore did not amount to infringement.

In Interflora Inc v. Marks & Spencer, although the English Court did not directly use the term "use as a trade mark", it essentially defined it by analysing the impairment of the function of the trade mark [8]. M&S's actions were found to likely mislead consumers into believing there was a commercial connection with Interflora, thus impairing the source identification function of the trade mark. Additionally, Interflora was forced to maintain visibility by bidding high prices for advertising space, which undermined the economic value of the trade mark. Therefore, this case demonstrated that even hidden use of the trade mark can also constitute infringement, provided it can be shown that such use impairs the function of the trade mark.

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However, Dinwoodie and Janis argued against the "use of a trade mark" as an element of a trade mark infringement. In their point of view, trade mark use is an inflexible concept for the purpose of limiting trade mark rights. The standard for judging trade mark use in any given context is as "fact-intensive" as the standard for judging confusion, essentially overlapping with the confusion standard itself [9]. They assert that the likelihood of confusion should be the ultimate criterion for evaluating trade mark infringement, suggesting that the criteria for trade mark use and likelihood of confusion are redundant and do not need to be distinguished or judged separately. McCarthy also argued that "trade mark use" is actually indirectly captured in the likelihood of confusion determination for trade mark infringement because "use in a non-trade mark sense is almost unlikely to lead to actionable confusion" [10].

Still, English case law has established "impairment of the function of the trade mark" as an important criterion for the determination of infringement. "Use as a trade mark" is the necessary threshold, but it needs to be analyzed in the context of the function, not just the form. As to the arguments against trade mark use as an element of a finding of trade mark infringement, Dogan and Lemley posed that trade mark use cannot simply be absorbed by a finding of confusion [11]. They argue that whether a use constitutes trade mark use should focus on whether the trade mark indicates the origin of goods or services, rather than merely causing confusion. trade mark use emphasizes the economic advantage gained from the use of the mark, while likelihood of confusion is assessed by considering various factors, such as distinctiveness and popularity [12]. If there's no trade mark use as a threshold, many situations that do not infringe trade mark rights would be brought within the scope of the trade mark owner's rights. Chinese scholar Lv Bingbin argued that, theoretically, "trade mark use" corresponds to the optimal degree of trade mark-propertilization, aimed at protecting property interests arising from a trade mark's function to identify the origin of goods or services [4]. Thus, trade mark use can give the court sufficient discretion to uphold lawful trade mark rights while also appropriately limiting the undue expansion of trade mark rights.

3. Insights from the Chinese cases

Similar to the UK, China strictly follows the prerequisite of "trade mark use" in the determination of trade mark infringement.

Chinese jurisprudence shows that the function of "trade mark use" must be aimed at identifying the source of the goods or services. More explicit provisions can be found in Article 3(2) of Criteria for Determining trade mark Infringement, which clearly established that functional use of a trade mark is a crucial element in assessing trade mark infringement.

The Supreme People's Court of the PRC has reinforced this principle through case law, affirming that trade mark infringement should be premised on the establishment of trade mark use [13]. In Pujiang Yahuan Locks Co Ltd v. Focker Security Products International Limited, an OEM case, the Supreme Court held that the act of attaching a logo to a commissioned product did not constitute a trade mark infringement. If the sign attached to the commissioned products neither has the meaning of distinguishing the source of the processed goods nor can it realise the function of identifying the source of the goods, the sign does not have the attributes of a trade mark. Consequently, this action did not amount to trade mark infringement.

In Jujiao Service v. Qianjin Network and Baidu Network, Chinese court held that, the defendant, Qianjin's conduct weakened the specific connection between the relevant services of the Plaintiff, Jujiao, and its registered trade mark "Huibo" [14]. This undermined the trade mark's function of distinguishing the source of goods and services, thereby infringing the plaintiff's trade mark rights.

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These cases illustrate that, despite the fact the courts of China and the UK have applied different laws and have reasoned in different ways, they have made almost identical judgements in similar trade mark infringement cases. Regardless of whether it is the advertised use of a trade mark, the trade mark labeling in OEM, or the trade mark infringement in keyword advertisements, the courts of both countries haveembraced "use of a trade mark" as a prerequisite for determining trade mark infringement. By examining the prerequisite of "trade mark use", the court can determine whether an act should be further found to be a trade mark infringement based on the core function of the trade mark, thus reasonably and effectively avoiding undue expansion of trade mark rights or difficulty in remedying them. The legislative purpose of trade mark law is to ensure that consumers can correctly associate a registered trade mark with the source of its goods or services. The use of a trade mark as a prerequisite is a concrete manifestation of this purpose and the best way to achieve it [15]. As scholar Widmaier noted, trade marked use acts as a "safety valve" in the determination of trade mark infringement [16].

4. Insights and recommendations

The Chinese and English cases show that the courts should focus on whether the act complained of substantially impairs the source identification function of the mark, such as the erosion of advertising value in the Interflora case and the increase in search costs for users in the Jujiao case, rather than focusing only on the physical form of use of the sign. In determining trade mark use, it is necessary to analyse whether the accused act uses the sign as a tool to indicate the source of goods or services in a commercial scenario, and to assess its impact on the core functions of the trade mark (source identification, quality assurance, advertising value).

The “safety valve” mechanism emphasised in this article is essentially a technical realisation of the principle of balance of interests in trade mark law. In the context of digital business, only through the function-oriented trade mark use review can we curb “trade mark hegemony” (such as the abuse of rights to combat competition) and avoid “trade mark nihilism” (such as indulgence in traffic hijacking), and ultimately achieve a dynamic balance between brand protection and commercial freedom. This is where the practical value of the safety valve nature of the trade mark use comes in.

5. Conclusion

Despite the theoretical controversy,under the existing legal frameworks in countries such as the UK and China, "use as a trade mark" should be a threshold requirement for a finding of trade mark infringement. However, in determining whether to use a mark as a trade mark, consideration should be given to whether the perpetrator has the intent to make a property use of the trade mark. Just as in the cases mentioned above, trade mark use is judged only on the act of use itself, i.e., what function the use fulfills, without regard to how consumers may be confused. Despite the huge differences between the Chinese and British judicial systems, both countries have given strong protection to trade mark rights, both in terms of law and cases. If we were to further extend the scope of the determination of trade mark infringement in judicial practice, it would upset the balance of rights between trade mark owners and other subjects. In this sense, we can consider that trade mark use, as a prerequisite for determining trade mark infringement, plays the role of a “safety valve”.

However, this paper does not explain the legal theory of the “safety valve” mechanism, and only borrows Widmaier's metaphor of the “safety valve” without analysing its legal basis in depth. The coverage of trade mark infringement scenarios in this paper is still limited, focusing only on

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traditional disputes such as keyword advertisement and OEM, but not involving emerging issues such as algorithmic recommendation scenarios. In terms of comparative law case analysis, this paper is relatively one-dimensional, comparing only China and the United Kingdom, without analysing the differentiated practices in jurisdictions such as the European Union and the United States, which is still insufficient in terms of theoretical richness.

Future research in trade mark jurisprudence may respond to a threefold challenge. First, at the level of normative construction, there is an urgent need to reconstruct the doctrinal basis of the function of trade marks in the digital age — to establish source identification criteria for non-traditional use of virtual goods, and to include confusion caused by algorithmic facilitation in the determination of infringement. Secondly, at the level of institutional comparison, it is necessary to examine cross-border rule conflicts (such as jurisdictional differences in OEMs) through the functionalist methodology, and promote international coordination in the determination of trade mark infringement. Thirdly, at the level of the rights restriction system, a “safety valve” mechanism based on the principle of proportionality can be developed, and a step-by-step review model of “commercial use/functional damage/necessity/justifiable reasons” can be constructed.

In conclusion, the long-term goal is to realise the normative leap of trade mark law from physical signs to digital signals, and from territorialism to global governance, so as to provide institutional presets for post-human scenarios.

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