GWA

LAW TAX ACCOUNTING

BANGKOK – BARCELONA – BEIJING – BERGAMO – HANOI – HONG KONG
MILAN – NEW YORK – SAIGON – SHANGHAI – SINGAPORE - TOKYO

China's Anti-Unfair Competition Law (AUCL): an overview of the 2025 revision

China has introduced a new amendment to its ***Anti-Unfair Competition Law*** **(AUCL),** effective **15 October 2025.** This marks the third major revision since the law was enacted in 1993, following earlier updates in 2017 and 2019. The latest changes aim to respond to evolving market dynamics, particularly challenges arising from the **digital economy** and the growing influence of platform operators.

1. EXPANDED DEFINITION OF UNFAIR COMPETITION

The revised AUCL reaffirms several categories of conduct already recognized as "Acts of Unfair Competition", while extending or further clarifying them, **thereby expanding the law's overall protection and scope of application.** These acts include:

a) **misleading behavior (Art. 7):**
b) **commercial bribery (Art. 8);**
c) **false advertising (Art. 9):**
d) **infringement of trade secrets (Art. 10);**
e) **improper prize-linked sales practices (Art. 11);**
f) **commercial slander (Art. 12).**

1.1 WHAT'S NEW?

- With regard to misleading behavior, **Article 7 broadens the scope of protection against confusing or deceptive conduct**, by expressly including online identifiers such as online usernames, new-media account names, app names, and app icons within the range of protected signs (Art. 7, par. 1, no. (3)).
- **It further specifies that using another party's registered trademark or unregistered well-known trademark** as the trade name in an enterprise name, where such use may cause confusion, **constitutes confusing behavior (Art. 7, par. 2).**
- Likewise, setting another person's product names, enterprise names, registered trademarks, or well-known marks as search-engine keywords without authorization, thereby **misleading consumers into believing that one's goods or services originate from, or are connected with, the other party, is now explicitly included (Art. 7, par. 2).**

Suite 2303, Huaihai China Building 885 | Ren Min Rd | China.
info@gwa-asia.com
+86 (0)21.33070001

- **Assisting others** in engaging in such confusing conduct is **also deemed to constitute unfair competition (Art. 7, par. 3).**

2. NEW PROTECTIONS FOR SMES

The 2025 AUCL introduces **additional protections for small and medium-sized enterprises (SMEs).** The amendment establishes a new prohibition on the **abuse of an advantageous position**, preventing large enterprises and other business operators from using their advantages in capital, technology, trading channels, industry influence, or similar areas to impose clearly unreasonable payment periods, methods, terms, or default liabilities on SMEs, or to delay payments for goods, projects, or services provided by them.

This notion of "advantageous position" has evolved over time: early drafts (2016) introduced a broad notion of a "relatively advantageous position," which was later revived in 2022 with a focus on delayed payments. The 2025 revision narrowed the scope to large enterprises and specifically targets payment-related abuses, shifting from a general unfair-trading approach to a focused mechanism protecting SMEs in payment relationships.

Enforcement relies on the ***"Three Letters and One Notice"*** mechanism, which allows businesses to rectify violations before penalties are imposed, although fines, ranging from up to RMB 1 million to up to RMB 5 million in serious cases, remain available.

3. STRONGER RULES FOR DIGITAL PLATFORMS

Finally, the 2025 AUCL **strengthens the regulation of digital platforms, prohibiting unfair online practices and imposing specific obligations on platform operators.** Article 13 expands the scope of online unfair competition to include the misuse of **data, algorithms, technology, and platform rules,** banning practices such as fraudulent data collection, sabotaging or interfering with competitors' services, and abusing platform rules to generate false transactions, reviews, or malicious returns. Articles 14 and 21 impose responsibilities on platform operators, including prohibiting forced below-cost sales, ensuring clear competition rules, establishing complaint mechanisms, and reporting violations, with penalties ranging from RMB 50,000 to RMB 2 million.

Suite 2303, Huaihai China Building 885 | Ren Min Rd | China.
info@gwa-asia.com
+86 (0)21.33070001