



IP CASE EXPRESS



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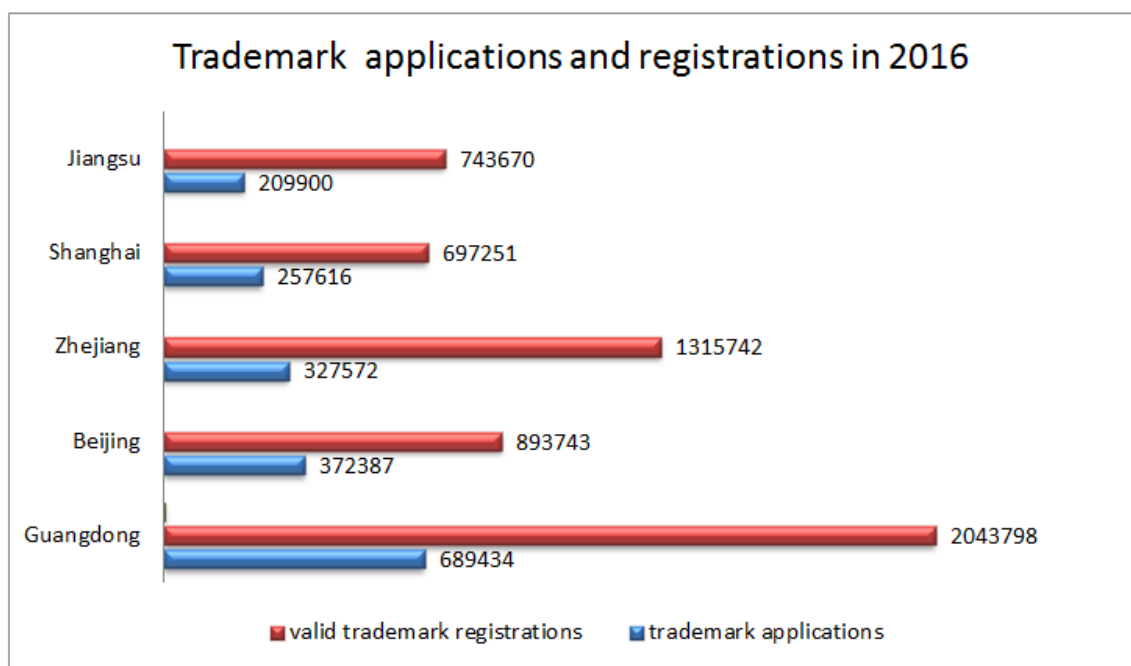
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In this edition, we browsed and analyzed IP-related court judgments and adjudications together with the key statistics recently, and we would like to share with you noteworthy statistics and our comments on some significant cases.

I. Statistics

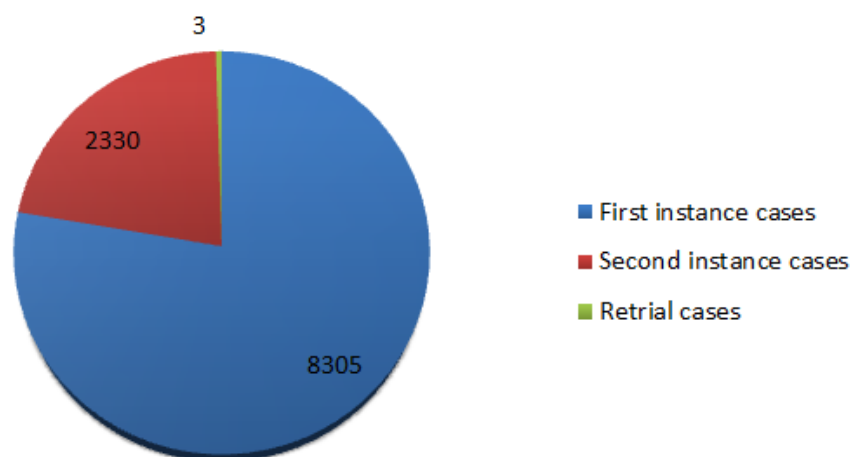
China's Trademark-related Statistics



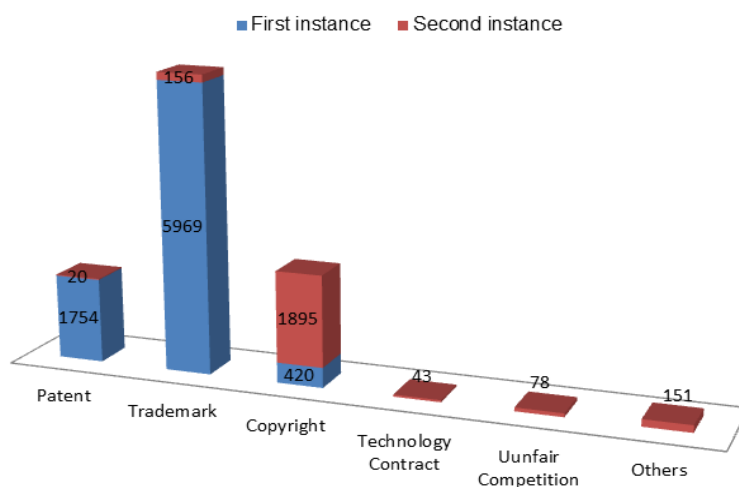
In 2016, the top five provinces or municipalities on trademark filings are Guangdong (689,434), Beijing (372,387), Zhejiang (327,572), Shanghai (257,616) and Jiangsu (209,900).

The top five provinces or municipalities owning the largest number of valid trademark registrations in China are Guangdong (2,043,798), Zhejiang (1,315,742), Beijing (893,743), Jiangsu (743,670) and Shanghai (697,251).

Intellectual property related cases accepted by the Beijing Intellectual Property Court in 2016



Intellectual property related cases accepted by the Beijing Intellectual Property Court in 2016



In 2016, the Beijing Intellectual Property Court accepted a total of 10,638 with a year-on-year growth of 15.74% (9191 cases accepted in 2015), which include 8305 first instance cases, 2330 second instance cases and 3 retrial cases.

Among the first instance cases, 1754 cases were relevant to patent; 5969 cases were relevant to trademark and 420 cases were relevant to copyright. Among the second instance cases, 7 cases were relevant to patent, 156 relevant to trademark; 1895 cases were relevant to copyright; 43 cases were relevant to technology contract; 78 cases were relevant to unfair competition and other cases are 151.

Source: Trademark Office of State Administration for Industry and Commerce; CNIPR.COM

II. Comments on Typical Cases

Patent

Panasonic Corporation vs. Zhuhai Jindao Electrical Appliance Co., Ltd. and Beijing Likang Fuya Trade Co., Ltd. re Design Patent Infringement

- (2016) Jing Min Zhong No. 245 Civil Judgment
- (2015) Jing Zhi Min Chu Zi No. 266 Civil Judgment



Rules:

When judging whether two designs are identical or similar, if the sued product adds an independent design part compared with the patent at issue, which, however, does not have a significant influence on the overall design of the sued product, the sued product shall be found to fall within the protection scope of the patent at issue.

Where it is hard to prove the specific amount of the loss or benefit from infringement, but there is evidence to prove that the amount obviously exceeds

the cap of statutory compensation, the amount of compensation shall be determined reasonably above the cap of statutory compensation based on all the evidence presented.

It is not always safe to believe that sellers of infringing products do not bear the liability for patent infringement, who, in the event of willful infringement, shall bear the liability for patent infringement.

Facts:

The patent at issue is a design patent named “beauty instrument” (See Figure 1 below), the application number is 201130151611.3, the issuance number is CN302065954S and the patentee is Panasonic Corporation. The sued infringing product is a beauty sprayer (See Picture 2 below) produced by Zhuhai Jindao Electrical Appliance Co., Ltd. (hereinafter referred to as Jindao Company) and sold by Beijing Likang Fuya Trade Co., Ltd. (hereinafter referred to as Likang Company).

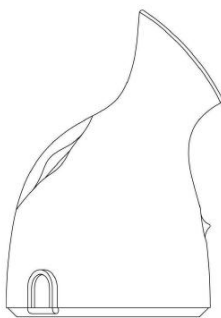


Figure 1



Figure 2

As to the infringement comparison for determining, the courts of the first instance and the second instance both held that although the patent at issue did not contain the handle and only contained the shape design of the body, the shape and handle are independent design factors in design. The design of adding a handle on the basis of the shape design of the body did not have a significant visual influence on the shape itself; neither did it result in obvious differences to the overall visual effects of the products. Therefore, the sued infringing product with a handle should be found to fall within the protection scope of the patent at issue.

With respect to the amount of compensation, the courts of the first instance and the second instance, based on the evidence and estimation provided by the patentee, both supported the compensation claim of the patentee in the full amount of 3 million RMB. It should be noted that considering that Likang Company, as the seller, did not stop selling or offering to sell the involved infringing product after knowing the suit and during the trial of the second instance, the court of the second instance supported the judgment of the court of the first instance, ordering Likang Company to share, together with Jindao Company, the reasonable expenses incurred by the patentee for stopping the infringement.

Remarks:

This case involves three interesting issues: the principle for determining infringement of design, the probative force of the sales data of e-commerce platforms, as well as the circumstances in which sellers of infringing products undertake the liability for infringement.

Issue 1: the principle for determining infringement of design

When judging whether two designs are identical or similar, the principle of overall observation and comprehensive judgment shall be abided by, the judgment shall be made in the view of a common consumer of the products with these designs, and the judgment criteria of whether the overall visual effects of the two designs are identical or similar shall be complied with.

In this case, the court of the second instance pointed out that the sued product added an independent design part compared with the patent at issue, which, however, did not have a significant influence on the overall design of the sued product, so that the sued product should be found to fall within the protection scope of the involved design

Issue 2: the probative force of the sales data of e-commerce platforms

In this case, the patentee fixed the sales data of the infringing product searched from certain e-commerce platforms via notarization to prove the profit earned by the infringer from the infringement. Although Jindao Company asserted during the second instance that the compensation amount decided by the court of the first instance was unreasonable for the reason that except for "Kingdom Flagship Store" opened by itself, the sued infringing product sold by other web

stores were mostly fake, and the sales data advertised was untrue, it failed to provide corresponding evidence. Therefore, the court of the second instance held that the compensation in the amount of 3 million RMB claimed by the patentee was relatively reasonable.

With respect to the compensation decided in this case, the court of the second instance especially cited the provision of Article 16 of the Opinions of the Supreme People's Court on Several Issues concerning the Trial of IP Rights Cases Serving the Overall Objectives of China under the Current Economic Situation (Fa Fa [2009] No. 23): Where it is hard to prove the specific amount of the loss or benefit from infringement, but there is evidence to prove that the amount obviously exceeds the cap of statutory compensation, the compensation amount shall be determined reasonably above the cap of statutory compensation based on all the evidence presented in the case.

Issue 3: the circumstances in which sellers of infringing products undertake the liability for infringement

According to Article 70 of the Patent Law: Where any person, for the purpose of

production and business operation, uses, offers to sell or sells a patent-infringing product without knowing that such product is produced and sold without permission of the patentee, he shall not be liable for compensation provided that the legitimate source of the product can be proved.

In this case, Likang Company, as a seller, did not stop selling or offering to sell the infringing product after knowing the suit and during the trial of the second instance. Therefore, the court of the second instance supported the judgment of the court of the first instance, ordering Likang Company to share, together with Jindao Company, the reasonable expenses incurred by the patentee for stopping the infringement.

The judgment reminded us that it was not always safe to believe that sellers of infringing products did not bear the liability for infringement, who, in the event of willful infringement, should bear the liability for infringement. The specific way for sellers to bear the liability for infringement ruled in this case is also a helpful exploration.

Contributed by Lawyer Jonathan MIAO

Trademark

The United States Shoe Corporation vs. the Trademark Review and Adjudication Board and Li Zhengtong re Administrative Dispute over Invalidation of the Trademark “亮视点”

- (2016) Zui Gao Fa Xing Zai No. 75 Judgment by the Supreme People’s Court
- (2015) Gao Xing (Zhi) Zhong Zi No. 1006 Judgment by Beijing Higher People’s Court
- (2014) Yi Zhong Xing (Zhi) Chu Zi No. 4424 Judgment by Beijing No. 1 Intermediate People’s Court

LENSCRAFTERS
亮视点 

V.S.




Rules:

When judging whether two trademarks are similar, it shall be taken into comprehensive consideration the degree of the similarity of the components and the entirety of the trademarks and the distinctiveness and the fame of the

trademarks with whether likelihood of confusion will be caused as the basic standard. During the trial of the cases for affirmation of trademark rights, with respect to the disputed trademark that has been used for a long time, has not been maliciously registered and used, has established a relatively high market reputation and gathered a relevant consuming public, the legislative spirit of balancing the protection of the benefits of prior commercial signs with the maintenance of market order shall be accurately understood, and the market reality that the consuming public have objectively distinguished between relevant commercial signs shall be fully respected, so as to protect the stable market order that has been established.

Facts:

Li Zhengtong filed a trademark application

no. 3738276  (“Cited Mark”) on September 29, 2003, designating services optical stores, which was approved on April 14, 2006. The United States Shoe Corporation filed a trademark application no. 5438618

亮视点 (“Disputed Mark”), designating

services optical stores and optometry services, which was granted preliminary approval and finally approved on December 16, 2010 after the review of refusal by the Trademark Review and Adjudication Board ("TRAB"), who held that the Disputed Mark was not similar to the Cited Mark. On December 19, 2011, Li Zhengtong filed the invalidation of the Disputed Mark, claiming that the Disputed Mark is similar to the Cited Mark in respect of similar service. The TRAB, the court of the first instance and the court of the second instance all held that the Disputed Mark and the Cited Mark both contain the Chinese characters "视点", which were similar in the pronunciation and the meaning and, therefore, constituted similar trademarks in respect of similar service. They also held the evidence provided by The United States Shoe Corporation was insufficient to prove the consuming public could distinguish the Disputed Mark from the Cited Marks in respect of similar service, thus finding the Disputed Mark and the Cited Mark constituted similar trademarks in respect of similar service. Therefore, the Disputed Mark should be declared invalid.

The United States Shoe Corporation applied for re-trial with the Supreme People's Court within the prescribed time limit, and the Supreme People's Court decided re-trial. In the re-trial proceedings, The United States Shoe Corporation supplemented a lot of evidence in terms of the publicity, use and industry ranking of the Disputed Mark. The Supreme People's Court held in the re-trial proceedings that although the Disputed Mark and the Cited Mark both contain "视点" and there is little difference in the meaning thereof, there is some difference in the overall structure thereof. Besides, on the one hand, the Disputed Mark entered the

Chinese market in 2006, which, after years of wide, extensive and continuous publicity and use, was known by consuming public in China and obtained a relatively high reputation. However, at the time of the application of the Disputed Mark, Li Zhengtong only used the Cited Mark by operating a privately owned Anshan Tiedong Shidian Glasses Store in Anshan City, Liaoning Province, with no other form of publicity. Therefore, compared with the Disputed Mark, the Cited Mark was used in a much smaller area and much less known to the public. On the other hand, The United States Shoe Corporation had no subjective malice when filing and using the Disputed Mark. Therefore, after comprehensively considering the degree of difference between the components and the entirety of the Disputed Mark and the Cited Mark, the higher reputation of the Disputed Mark, the use conditions of the Cited Mark, the subjective state of The United States Shoe Corporation when filing and using the Disputed Mark, etc, the Supreme People's Court found that the use of Disputed Mark in connection with service identical or similar to the service designated by the Cited Mark is unlikely to cause confusion or misunderstanding to the consuming public and the Disputed Mark and the Cited Mark do not constitute similar trademarks, thus ordering to revoke the decision of the TRAB and the judgments of the first instance and the second instance.

Remarks:

The judgment of whether a trademark is similar to a registered trademark depends on whether the coexistence of the two will lead to confusion and misunderstanding to the consuming public. In this case, the Disputed Mark and the Cited Mark are different in



terms of the components and the overall appearance. Besides, there is obvious difference between the Disputed Mark and the Cited Mark in terms of the popularity. The Disputed Mark was known to the consuming public after continuous publicity and use, while the Cited Mark was publicized and used in a limited area with little popularity. The coexistence of the two trademarks would not lead to confusion and misunderstanding to the consuming public. And the re-trial of the Supreme People's Court has practically implemented the legislative spirit of the trademark law as to

balancing the protection of the benefits of prior commercial signs with the maintenance of market order during the trial of administrative cases for affirmation of trademark rights with respect to the disputed trademark that has been used for a long time, has established a relatively high market reputation and gathered relevant consuming public.

Contributed by Lawyer Grace Gao

Copyright

Aimeide Company vs. Hainan Travel Channel Company and Jingdong Company re Copyright Infringement

- (2015) Jing Zhi Min Zhong Zi No. 925 Civil Judgment
- (2013) Da Min Chu Zi No. 11485 Civil Judgment

avoids the awkwardness in which judges refuse to make judgment and reflects the need for quicker settlement of disputes. Therefore, the limit on amount shall not be exceeded.



Facts:

The plaintiff entrusted the design company to design the logo in 2003, which was used formally in Hainan Travel Channel in July, 2004. In August of the same year, the plaintiff entered into a copyright assignment agreement with the design company, obtaining the copyright of the work of art in connection with the involved logo. The defendant arbitrarily applied for trademark registration of the involved logo in connection with travel bags, etc, as well as produced and sold travel bags, etc under the aforesaid trademark. Therefore, the plaintiff filed a lawsuit against the defendant.

Rules:

Article 49 of the Copyright Law of the People's Republic of China has particularly and clearly provided for the rules to determine the amount of compensation. The loss arising out of infringement of copyright belongs to loss of anticipated interests. There is often lack of evidence to prove actual loss. The law grants judges the power to decide, at its discretion, the amount of compensation if the actual losses of the right holder or the illegal gains of the infringer are unable to determine, i.e. ordering compensation no more than 500,000 yuan according to the circumstances of infringement. It is not only a grant of judicial discretion to judges, but also a limit thereto, which

The court of the first instance ordered the defendant to stop publicizing, producing and selling infringing goods bearing the involved logo, and to compensate the plaintiff for economic losses and reasonable expenses in the total amount of 2,000,000 yuan. The defendant was unsatisfied and appealed with Beijing Intellectual Property Court. Beijing Intellectual Property Court held the evidence on the record proved that the defendant produced annually more than 2,000,000 travel bags involved in the case, and according to the price of the involved goods



shown in the evidence on the record, if the profit from infringement per involved travel bag was calculated as 1 yuan, it was reasonable for the plaintiff to find the gains from infringement of the defendant at 2,000,000 yuan, thereby upholding the judgment of the first instance.

Remarks:

In view of the reality that it is difficult for the plaintiff to prove and determine actual losses arising from IP infringement, Article 49 of the Copyright Law provides for the statutory compensation amount for the purpose of granting judges corresponding judicial discretion, so as to settle disputes quickly. Statutory compensation amount is a limit on the judicial discretion from the legislative perspective. Therefore, judges need to determine, at its discretion, the

compensation under the statutory compensation amount if they are unable to determine actual losses or illegal gains. However, if there is evidence to prove that the amount of actual gains of infringing products have exceeded the statutory compensation amount, the court will, by taking into account in an overall manner the originality, artistic beauty and popularity of the infringed works, the way of using the involved works by the defendant, the duration of the infringement, etc, consider and determine the contribution of the involved works to the illegal gains of the defendant. Therefore, in order to obtain the support of the court, it is important to select proper compensation requirements.

Contributed by Lawyer Richard Hu

Unfair Competition

China Oil & Foodstuffs Corporation (COFCO) v. Beijing Zhongliang Xishu Douhuazhuang Catering Company

- (2016) Jing 73 Min Zhong No. 401 Civil Judgment of Beijing Intellectual Property Court
- (2015) Chao Min (Zhi) Chu Zi No. 04614 Civil Judgment of Beijing Chaoyang People's Court



Rules:

If the abbreviation of an enterprise name has been recognized by the consuming public and has established a stable association with the enterprise among the consuming public, the abbreviation may be deemed as “enterprise name” and shall be protected pursuant to Article 5(3) of the Anti-Unfair Competition Law of the People's Republic of China. To be specific, the following three conditions shall be satisfied for the abbreviation of an enterprise name to receive protection: first, the abbreviation has been recognized by the consuming public within a specific territory after actual and positive use; second, the abbreviation possesses a certain market popularity,

and has established a stable association with the enterprise; third, a third party uses the abbreviation without the enterprise's authorization, which will lead to confusion among the consuming public within the specific territory in terms of the identity of the later user and the enterprise.

Facts:

China Oil & Foodstuffs Corporation (COFCO) was established in July, 1983, formerly known as China National Cereals, Oils and Foodstuffs Import and Export Corporation, changed its name to COFCO in March, 2007. In January, 1992, the Ministry of Foreign Economics and Trade issued an official reply to approve China National Cereals, Oils and Foodstuffs Import and Export Corporation to use “中粮” (“Zhongliang”) as its abbreviation and as the trade name of its subsidiaries. Afterwards, public institutions including the State Administration for Industry and Commerce, the State Council, etc. successively used “中粮” (“Zhongliang”) in relevant documents.

With “中粮” (“Zhongliang”) as the keyword, more than 100 Chinese documents before August 14, 2000 could be searched, which showed that COFCO had been ranked among the Fortune Global 500 successively since 1994.

In 2010, COFCO registered the No. 5669046

trademark for “中 粮” (“Zhongliang”), designating services including restaurants, hotels, etc. in Class 43. Beijing Zhongliang Longquan Shanzhuang Company is a wholly-owned subsidiary of COFCO established on November 1, 1993, mainly engaging in accommodation, catering services, etc. In 2010, COFCO signed a Trademark License Contract with Zhongliang Longquan Shanzhuang, licensing the trademark to the latter for free.

Zhongliang Xishu Douhuazhuang Company (“Zhongliang Xishu Douhuazhuang”) was incorporated on August 14, 2000 with the business scope covering Chinese food and retail of drinks, which operated four restaurants respectively named Zhongliang Plaza Branch, Oriental Plaza Branch, Lezhishan Town Restaurant and Yayuncun Branch. In 2008, Zhongliang Xishu Douhuazhuang registered the No. 3996002 trademark for “中粮西蜀豆花庄(Zhongliang Xishu Douhuazhuang in Chinese) and device”, designating services including hotels, restaurants, etc. in Class 43. The notarized evidence showed that the four restaurants all used wet tissues containing the characters “中粮西蜀豆花庄(Zhongliang Xishu Douhuazhuang in Chinese)”, Lezhishan Town Restaurant used chopsticks wrappers containing the characters “中粮西蜀豆花庄(Zhongliang Xishu Douhuazhuang in Chinese)”, and Zhongliang Plaza Branch and Oriental Plaza Branch separately highlighted the characters “中 粮” (“Zhongliang”) on their menu covers, the font and arrangement of which were obviously different from those of “西蜀豆花庄”(Xishu Douhuazhuang in Chinese).

The court held that Zhongliang Xishu Douhuazhuang was engaged in catering services, while COFCO Corporation was

engaged in hotel operation and management, etc, which invested Zhongliang Longquan Shanzhuang specializing in catering services, so the two companies competed with each other. “中 粮” (“Zhongliang”) as the abbreviation of COFCO had become a well-known enterprise logo in the market before 2000. As a market operator in the same/similar industry, Zhongliang Xishu Douhuazhuang registered and used “中粮” (“Zhongliang”) as a part of its trade name, which would make the consuming public misunderstand that there was an association between Zhongliang Xishu Douhuazhuang and COFCO. It had the subjective intention to improperly make use of the good business reputation of COFCO, which constituted unfair competition against COFCO by unauthorizedly using the enterprise name of others. Besides, COFCO Plaza Branch and Oriental Plaza Branch separately highlighted the characters “中粮” (“Zhongliang”) on their menus, and deliberately used font and arrangement different from those of “西蜀豆花庄” (Xishu Douhuazhuang in Chinese). The use of the characters “中 粮” (“Zhongliang”) obviously was not the use of the trademark “西 蜀 豆 花 庄 (Xishu Douhuazhuang in Chinese)” and device , which infringed upon the exclusive right of COFCO to the registered trademark “中粮” (“Zhongliang”). Therefore, the court ordered Zhongliang Xishu Douhuazhuang to change the its enterprise name, and the changed name should not contain “中 粮” (“Zhongliang”). The court also ordered Zhongliang Xishu Douhuazhuang to undertake legal liabilities including stopping the infringement, eliminating the effects, compensating for losses, etc.

Remarks:

In recent years, IP disputes concerning the



abbreviation of an enterprise name increase day by day. The abbreviation of an enterprise name is a specific appellation given by the consuming public to a certain enterprise. The abbreviations of the names of famous enterprises entail the goodwill and huge economic benefits of the enterprises, which often becomes targets of rush registration and free riding by illegal competitors. Enterprises shall strengthen IP protection awareness, fully use the current Trademark

Law and Anti-Unfair Competition to establish a protection mechanism of registering the abbreviations as trademarks beforehand and filing lawsuits by claiming unfair competition afterwards, so as to protect their commercial interests fully and effectively.

Contributed by Lawyer Ruichun Zhao



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If you are interested in gathering further details about the above cases, please do not hesitate to contact us.

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