IP CASE EXPRESS

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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.

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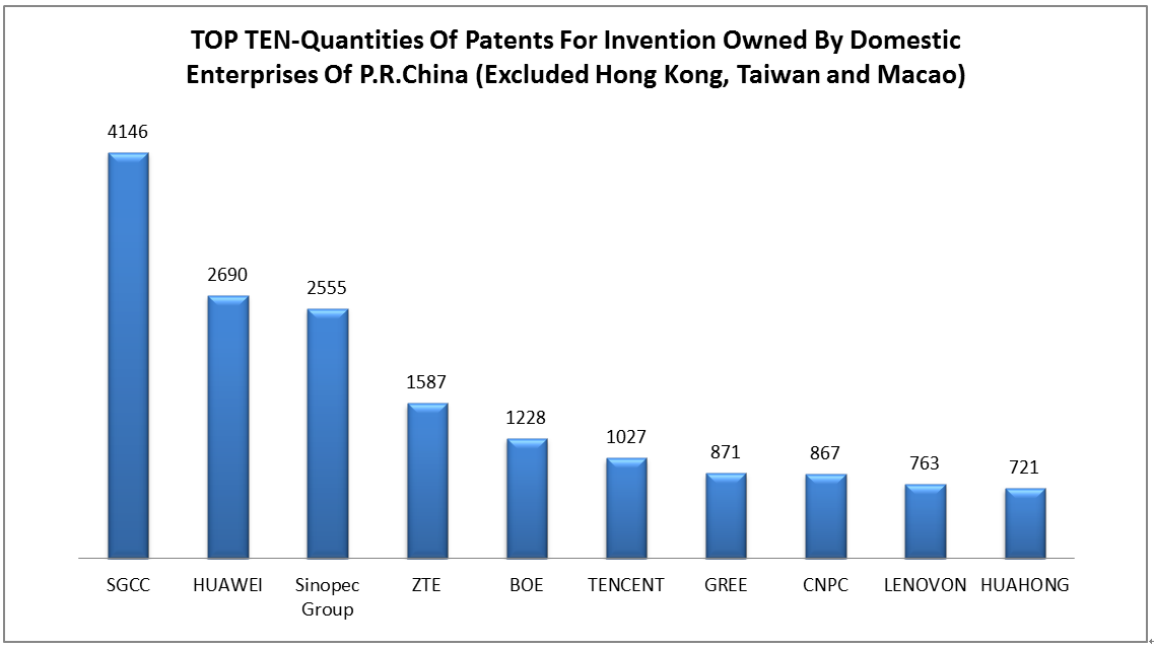
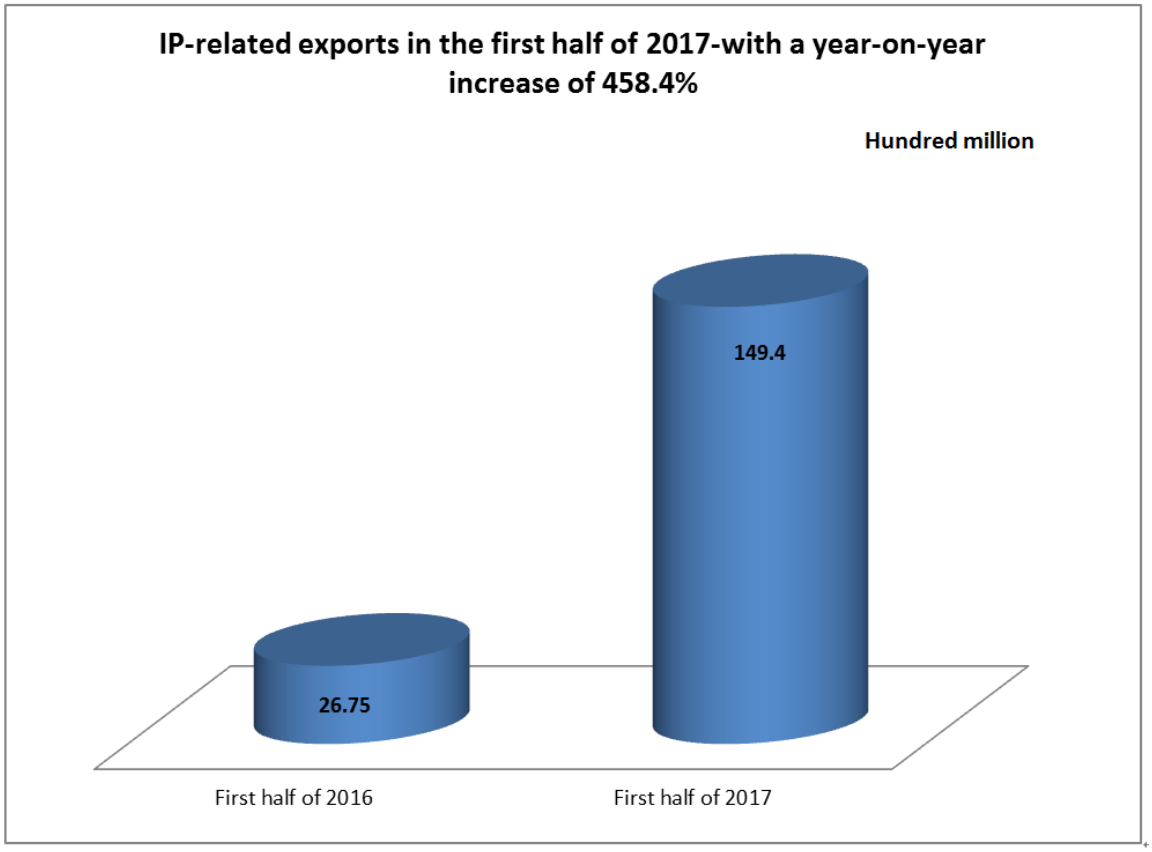
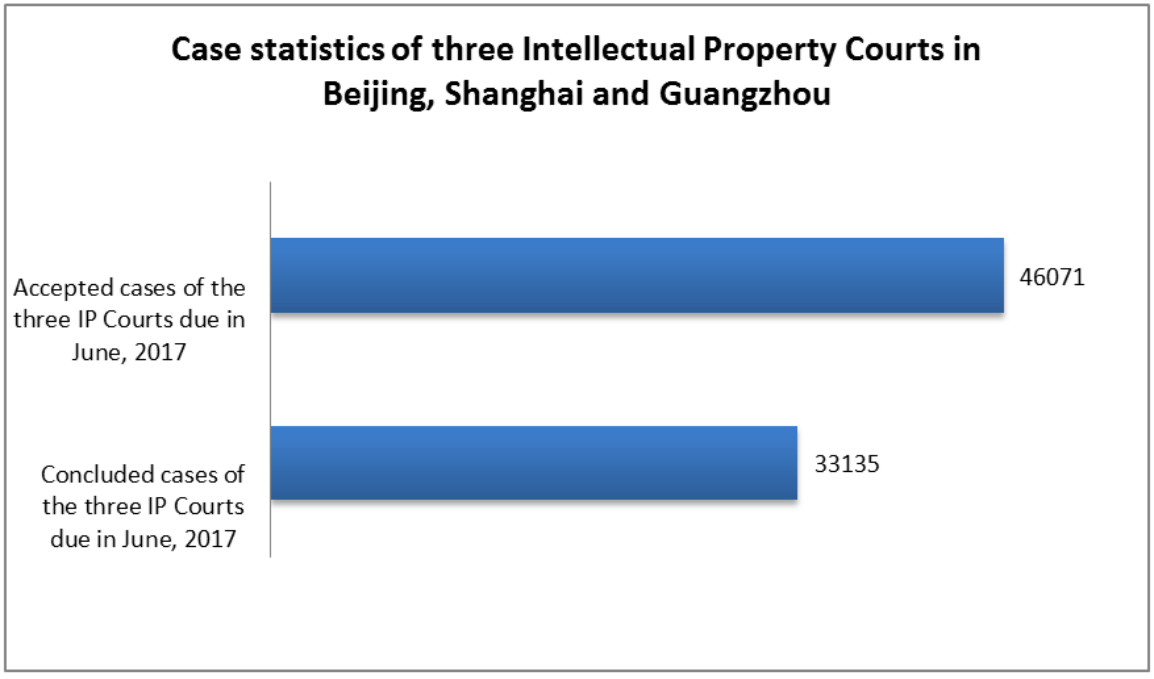



IP-related exports in the first half of 2017-with a year-on-year increase of 458.4%
Hundred million
149.4
26.75
First half of 2016
First half of 2017


Case statistics of three Intellectual Property Courts in Beijing, Shanghai and Guangzhou
Accepted cases of the three IP Courts due in June, 2017
46071
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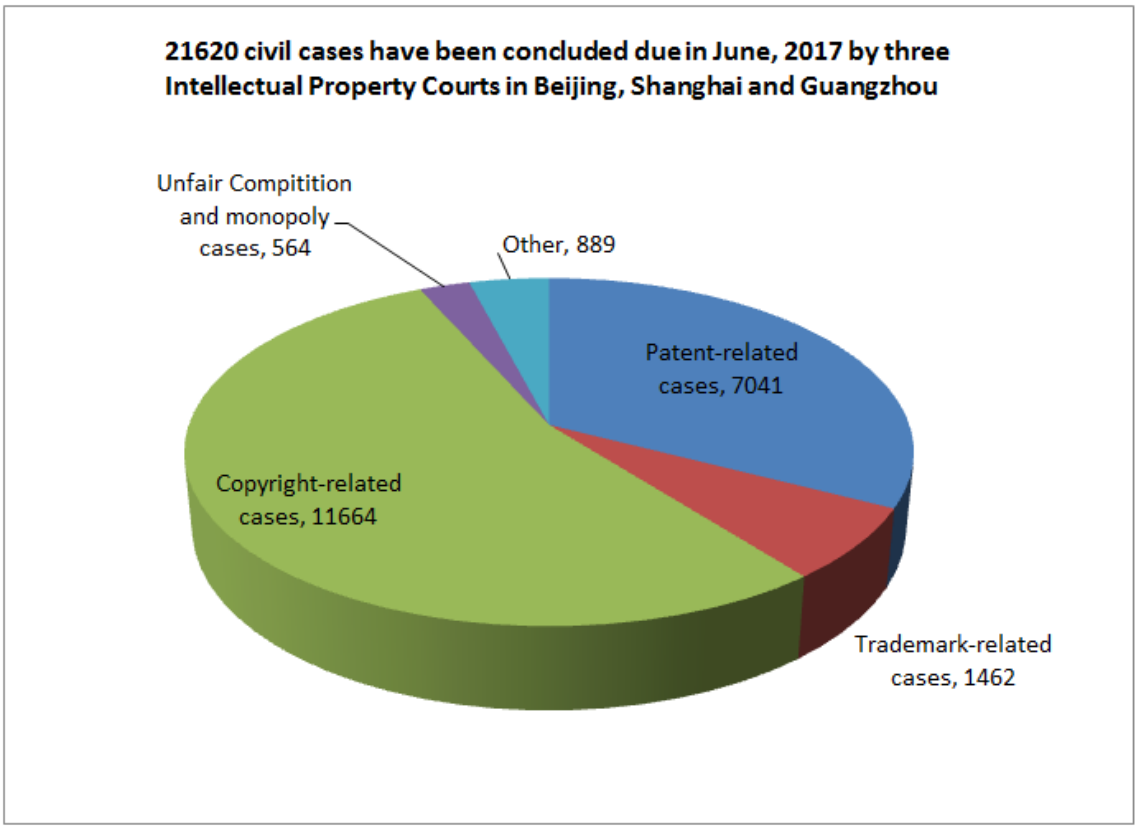
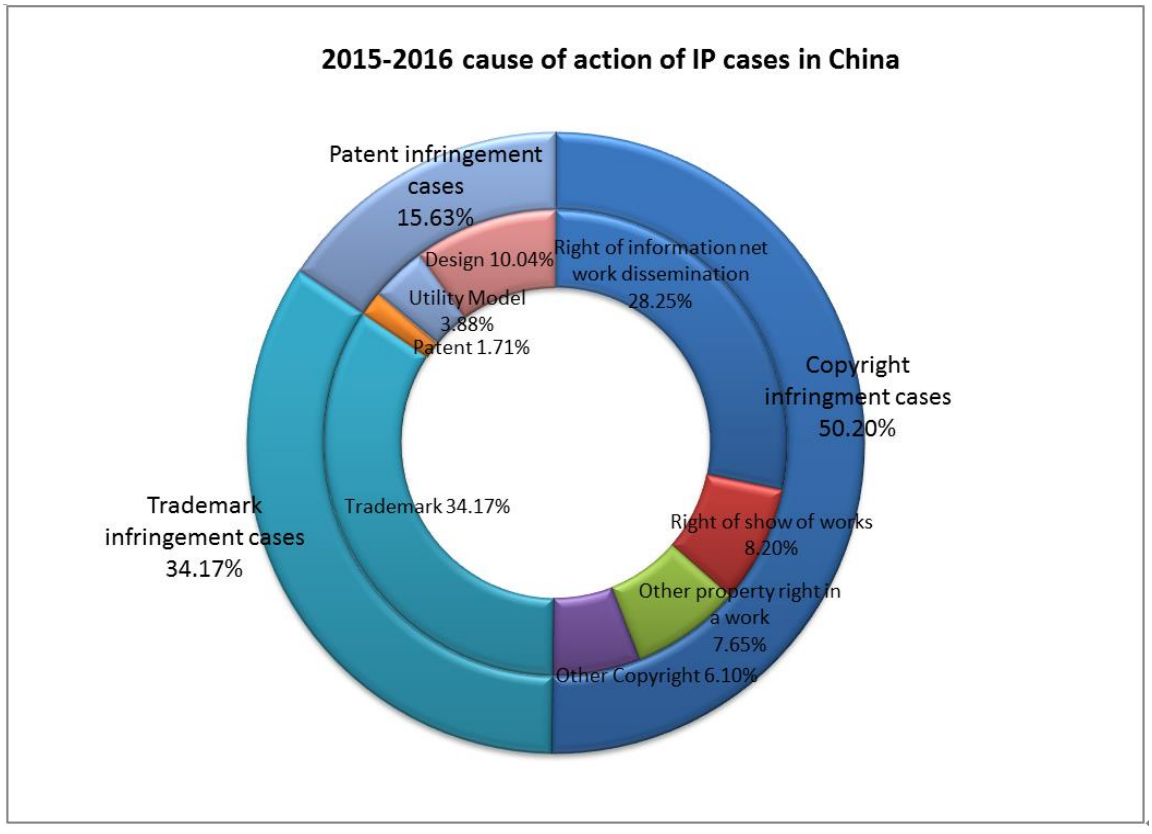
33135





Source: State Intellectual Property Office of the P.R.C/The Supreme People's Court

II. Comments on Typical Cases

Patent

Hu Chongliang v. Foshan Nanhai District Lanfei Hardware Processing Factory

Guangdong Higher People's Court （2017）Yue Min Zhong Zi No. 214 Civil Judgment
Guangzhou intellectual Property Court (2016) Yue 73 Min Chu Zi No. 553 Civil Judgment

Rules:

1. For a patent infringement dispute, the accused infringer shall actively seek for related remedies at law, so the invalidation request against the patent at issue shall be filed within the statutory time limit for response; otherwise the accused infringer may bear the possible negative consequences caused by the delay of exercising his rights;
2. The patentee shall exercise his patent right with due diligence, those who exercise their patent rights with bad faith will shall be held liable for damages.

Facts:

On December 10, 2013, the patentee Hu Chongliang filed an infringement action with Foshan Intermediate Court, accusing Foshan Nanhai District Lanfei Hardware Processing Factory(hereinafter referred to as "Lanfei Processing Factory") infringed his patent right for design. After trial, Foshan Intermediate Court determined that Lanfei Processing Factory infringed the patent right for design owned by Hu Chongliang, thus ordered Lanfei Processing Factory to stop the infringement and to compensate the economic loss and reasonable expenses occurred for the lawsuit.

Lanfei Processing Factory was not satisfied with the first instance judgment and filed an appeal. During the trial of the second instance, Lanfei Processing Factory filed an invalidation request with

the Patent Reexamination Board against Hu Chongliang's patent right for design at issue, and then filed a motion requesting Guangdong Higher Court (hereinafter referred to as "the court of second instance") to suspend the trial of the case. The court of second instance overruled the motion on suspending the trial on the grounds that the patentee Hu Chongliang had submitted the patent evaluation report issued by the State Intellectual Property Office during the trial of the first instance, and the request for invalidation by Lanfei Processing Factory was not filed within the designated time limit for response in the first instance.

The court of second instance upheld the first instance judgment. When the second instance judgment came into force, Lanfei Processing Factory was forced to carry out its obligation of compensation on November18, 2014 by the compulsory enforcement procedure launched by Foshan Intermediate Court.

On February 2, 2015, Patent Reexamination Board made its decision on the invalidation request, declaring the patent right for design at issue invalid with the reason that no obvious differences were found between the design at issue and cited prior designs.

When the decision of Patent Reexamination Board came into force, Lanfei Processing Factory filed a petition for retrial to the Supreme Court regarding the infringement dispute, requesting the second instance judgment should be withdrawn on the grounds that the patent right for design at issue has been declared invalid. The Supreme Court rejected the petition on the grounds that the judgment on infringement dispute had been enforced and the Patent Reexamination Board's decision has no retroactive effect on a judgment that had been enforced.

Lanfei Processing Factory filed another lawsuit with Guangzhou Intellectual Property Court, requesting the patentee Hu Chongliang to refund the damages that have been compulsorily enforced and compensate its economic losses.

After the trial, Guangzhou Intellectual Property Court held that (1) no sufficient evidence had been filed by Lanfei Processing Factory that could prove the patentee Hu Chongliang had been aware of the fact that his design was in conflict with prior designs disclosed by others, neither could the evidence prove that the lawsuit was launched by the patentee Hu Chongliang with bad faith. However, (2) it is obviously violating the principle of fairness if Lanfei Processing Factory paid the damages for a deemed never existed patent, so the damages obtained by the patentee Hu Chongliang under the patent right for design should be refunded.

The patentee was not satisfied with the judgment and appealed to the court of second instance. After the trial, the court of second instance held that the invalidation request filed by Lanfei Processing Factory against the patent right for design at issue was filed during the trial of the second instance, so it had not actively sought for related remedies at law and thus should bear the negative consequences caused by the delay of exercising its rights. The court of second instance withdrew the first instance judgment and rejected the petition of Lanfei Processing Factory.

Remarks:

The invalidation request is a commonly applied counter measure against an accusation of patent infringement. The invalidation request procedure and the patent infringement trial procedure are respectively accepted and heard by Patent Reexamination Board and the court. However, the court's judgment on patent infringement dispute is made under the premise of whether a valid patent right exists. When the aforesaid two legal procedures are proceed in parallel, an unavoidable issue occurs to the court on how to protect the legitimate rights of a patentee in a timely manner and how to maintain the stability of a judgment. This case is a typical scenario of this issue.

(1) Time for filing an invalidation request

The law in China stipulates that the court may suspend the trial procedure for an infringement dispute under certain conditions before Patent Reexamination Board makes a decision on the validity of the disputed patent, and then the trial on the infringement dispute may be continued. One of the conditions for suspending the trial is that the accused infringer shall file an invalidation request against the patent alleged by the other party within the statutory time limit for response.

For this case, although the accused infringer has filed an invalidation request before Patent Reexamination Board during the trial of the second instance and the patent right at issue was finally declared invalid, it is unfortunate that the court had made the final judgment and the judgment had been enforced when Patent Reexamination Board made the decision declaring the invalidity of the patent at issue. Even though the accused infringer requested to refund the damages that have been paid by initiating an additional lawsuit, this petition was rejected by the court on the grounds that the decision made by the Patent Reexamination Board has no retroactive effect on a judgment that had been enforced.

(2) Exceptions for a decision has retroactive effect on a judgment that had been enforced

It should be noted that although the law in China prescribes a principle that a later decision declaring a patent invalid has no retroactive effect on a judgment that had been enforced, a few exceptions are also provided: (a) the patentee shall be liable for damages caused by exercising his patent right with bad faith; (b) if it is apparently contrary to the principle of fairness by not refunding related damages, and/or royalties and/or assignment fees, the refund can be made in whole or in part.

Pursuant to above legal provisions of the law, the liabilities possibly undertaken by the patentee are different for exercising patent right with bad faith and for apparently contrary to the principle of fairness. In the former situation, the patentee shall be liable for paying damages; in the latter situation, the patentee shall refund all or part of related payments basing on the principle of fairness.

As for this case, the court rules that the patentee has submitted a patent evaluation report when launching the

infringement action, thus he had performed the duty of due diligence, and the patent at issue is still legal and valid when the accused infringer pays the compensation for damages. The court of the first instance further believes that if no sufficient evidence are filed that can prove the patentee is aware of the fact that his patent conflicts to the prior legal rights of the others at the date of filing but he still files the application before State Intellectual Property Office, the patentee shall not be regarded as exercise his patent right with bad faith.

As for whether the damages should be refunded in whole or in part pursuant to the principle of fairness when the patent right at issue is declared invalid, the courts of first instance and second instance have different opinions: the court of first instance believes that: the accused infringer has, during the trial of patent infringement, filed the invalidation request against the patent at issue and also requested the court to suspend the trial of the infringement case, while the motion on suspending the trial is overruled by the court, the decision of which is not up to the accused infringer; however when the patent right at issue is declared invalid, it is obviously contrary to the principle of fairness if the damages paid by the infringer is refunded. While the court of second instance believes that: during the trial of the first instance, if the invalidation request against the patent right at issue is filed within the statutory time limit for response and a motion is filed to the court for suspending the trial procedure, the court may suspend the trial according to the specific details of the case in accordance with the legal provisions, while the invalidation request is filed by the accused infringer during the trial of the second instance, so the accused infringer shall bear corresponding negative consequences caused by the delay of seeking for related remedies at law.

In market activities, it may be very difficult to be exempt from an accusation of patent infringement or to determine the proper time to respond to a patent infringement accusation. However when encountering a patent infringement accusation, it is necessary to actively seek for related remedies at law, those who are delayed in exercising related rights might bear the possible negative consequences.

Author: Frank Mu

Trademark

Guangdong Jiaduobao Beverage & Food Co., Ltd. v. Guangzhou Wanglaoji Great Health Industry Co., Ltd.

The Supreme People's Court (2015) Min San Zhong Zi No.2 and No.3 Civil Judgments
Guangdong Higher People's Court (2013) Yue Gao Fa Min San Chu Zi No.1and No.2 Civil Judgments

Rules:

Intellectual property disputes often arise in a complex historical and realistic context, while the division and balance of rights and interests are often intertwined. Such disputes shall be fairly and reasonably settled in full consideration of and with respect for their historical causes, present application situations, and consumer awareness, among others. During the handling of the disputes, the basic principles of maintaining good faith and respecting facts shall be followed and legal provisions shall be observed.

Considering the historical development, business cooperation background, consumer awareness and the fairness principle, awarding all the package and decoration interests involved in the case to one party would lead to obviously unfair results and harm the public interest if both parties involved have played an active role in establishing and developing the interests of package and decoration and building the reputation. Therefore, the interests of unique package and decoration of famous products involved could be jointly enjoyed by both parties involved in accordance with the principle of good faith to the extent that consumer awareness is respected and the legitimate interests of others are not harmed.

Facts:

Guangzhou Pharmaceutical Holdings Limited ("Guangzhou Pharmaceutical") is the right owner of the trademark "Wanglaoji (王老吉)", and Guangdong Jiaduobao Beverage & Food Co., Ltd. ("JDB") was established in Dongguan, Guangdong in September 1998 invested by Hong Kong Hung To Group.

On May 2, 2000, Guangzhou Pharmaceutical and Hung To Group signed Trademark License Agreement which provides that Guangzhou Pharmaceutical grants to Hung To Group

a license to use the trademark “Wanglaoji”, and Hung To Group is limited to use it in production and sale of red-can version of Wanglaoji herbal tea. This Agreement does not provide which party shall own the goodwill that arise from the use of new packaging after red-can version of herbal tea is put into market. In April, 2011, Guangzhou Pharmaceutical filed an arbitration application with China International Economic and Trade Arbitration Commission, requesting the Commission to render an award that: (1) Trademark License Agreement between Guangzhou Pharmaceutical and Hung To Group is invalid; (2) Hung To Group terminates the use of the trademark “Wanglaoji”. On May 9, 2012, China International Economic and Trade Arbitration Commission issued an award that Trademark License Agreement between Guangzhou Pharmaceutical and Hung To Group is invalid, and Hung To Group terminates the use of the trademark “Wanglaoji”.

In December 1995, June 1996, Chan Hung To respectively applied for industrial design patents named as “beverage box label” and “can label” (packaging design of red-can version of herbal tea), and was granted patents in February 1997, July 1997. In May 1996, Hung To Group begun to manufacture red-can version of Wanglaoji herbal tea by means of consigned processing.

In 2003, Hung To Group spent several hundred million RMB to bid for and won the right to broadcast advertisement during 3 prime times on CCTV, and initiated the promotion of brand slogan “a bottle of Wanglaoji takes the fear of Shànghuǒ (i.e. excessive internal heat, a cause of disease in Chinese perspective) away” and thereafter made advertisement on CCTV for as long as nearly ten years consecutively. Since 2006, red-can version of Wanglaoji herbal tea produced by JDB gained many honors, such as during 2008-2012, consecutive No. 1 sale title of canned beverages across the county for the preceding year granted by China Industrial Information Issuing Center, CIIIC.

On December 13, 2004, the Higher People’s Court of Guangdong Province decided in a judgment that, Wanglaoji canned herbal tea is a famous commodity, and the decoration of Wanglaoji canned herbal tea is the unique decoration of famous commodity; JDB, as the lawful operator of Wanglaoji canned herbal tea, has the decoration interest of famous commodity with respect to the decoration that it uses for Wanglaoji canned herbal tea.

From December 2011, JDB begun to produce and sell herbal tea with red can package and decoration, one side marked with “王老吉”, and another side “加多宝”. From May 10, 2012, JDB begun to produce herbal tea with red can package and decoration, both sides marked with “加多宝”。

In February 2012, Guangzhou Pharmaceuticals formed its wholly-owned subsidiary, Guangzhou Wanglaoji Great Health Industry Co., Ltd. (“Great Health”). On May 25, 2012, Guangzhou Pharmaceuticals and Great Health entered into Trademark License Contract which provides that Guangzhou Pharmaceutical grants a license to Great Health to use the trademark “Wanglaoji”.

On June3, 2012, Guangzhou Pharmaceutical authorized Great Health to begin to produce and sell red-can version of Wanglaoji herbal tea.

Since in contract for license and use of the trademark “Wanglaoji”, both parties did not make express agreement on the ownership of the interests of unique package and decoration of red-can version of Wanglaoji herbal tea in question, both parties claimed the interests of unique package and decoration of red-can version of Wanglaoji herbal tea in question.

As the right owner of the registered trademark “Wanglaoji”, Guangzhou Pharmaceutical holds that: the trademark “Wanglaoji” is an integral part of packaging decoration, and plays a remarkable role in identifying the origin of goods, thus consumers certainly will think that red-can version of Wanglaoji herbal tea comes from the right owner of the trademark “Wanglaoji”.

As the once actual operator of red-can version of Wanglaoji herbal tea, JDB thinks that: the ownership of the interests of unique package and decoration and the right of the trademark “Wanglaoji” are independent of each other, without affecting the other. The package and decoration involved in this case is used by JDB and is closely connected with the foregoing commodity, so the interests of unique package and decoration shall belong to JDB.

Hence, JDB and Guangzhou Pharmaceutical, naming each other as defendant, sued the other for infringing its own interests of unique package and decoration of famous commodity.

For the above two cases, the Higher People’s Court of Guangdong Province in the first instance, ruled that: the owner of the interests of unique package and decoration of red-can version of Wanglaoji herbal tea shall be Guangzhou Pharmaceutical, red-can version of herbal tea produced and sold by Great Health upon authorization by Guangzhou Pharmaceutical does not constitute infringement. Since JDB does not enjoy the interests of unique package and decoration concerned, the red-can version of herbal tea produced by it with “王老吉”marked on one side and “加多宝” on another side, as well as “加多宝”on both sides, constitutes infringement.

JDB appealed to the Supreme People’s Court from the judgment in the first instance of two cases.

In the final judgment, the Supreme People’s Court holds that: considering the historical development of red-can version of Wanglaoji herbal tea, business cooperation background, consumer awareness and the fairness principle, awarding all the interests of unique package and decoration involved in the case to one party would lead to obviously unfair results and harm the public interest since Guangzhou Pharmaceutical and its predecessor, JDB and its affiliate all have played an active role in establishing and developing the rights and building reputation with respect to the packaging and decorations in question. Therefore, the interests of unique package and decoration of famous commodity in question may be enjoyed by Guangzhou Pharmaceutical and JDB jointly in

accordance with the principle of good faith to the extent that consumer awareness is respected and the legitimate rights and interests of others are not harmed.

Remarks：

This case is called as “First case of package and decoration in China”, which lasted for 5 years, and made immense social impact.

This case involves several issues, such as how to identify famous commodity, the unique package and decoration, but in essence the core issue is “whether trademark, and package and decoration could be separated.” Trademark is often a part of the package and decoration of commodity, both are attached to the same commodity or serve the same commodity at the same time; but because of their different functions, in terms of the way how to be governed, trademark law and anti-unfair competition law or patent law (such as package and decoration and industrial design of commodity) shall be applicable to them respectively, so under normal circumstances the trademark right and the interests of unique package and decoration can be protected separately. The particularity of this case is that the interests of unique package and decoration formed during the license period is not only closely related to use of the licensed trademark, but also has resulted in characteristics of goodwill spilled over trademark right because it has the property of an independent interest under the anti-unfair competition law, that is to say, the particularity of this case is how to define the ownership between trademark owner and actual manufacturer and operator after they break up, there is no precedent. In addition, since 2012 when Guangzhou Pharmaceutical retrieved license to use the trademark “Wanglaoji” from JDB, both parties filed several lawsuits in many places across the country regarding trademark, red can, advertisement slogan, resulting in tension and expansion of war between both parties. Therefore, the judgment of this case will set a precedent, more importantly, will decide to a great extent whether both sides can stop their fight.

From the results of judgment, it can be seen that, when giving answer to “whether trademark, and package and decoration can be separated,” the Supreme People’s Court not only took into account whether the word of trademark was marked prominently in the publicity and use of package and decoration in question, the importance of word of such trademark in the packaging decoration and its possible role in indicating the source of commodity, more importantly, but also applied the principle of balance of interests. On one hand, the word of “Wanglaoji” trademark of Guangzhou Pharmaceutical is an important basis for the emergence, continuation and development of popularity of red can version of Wanglaoji herbal tea; on the other hand, during the authorization of “Wanglaoji” trademark, JDB designed red can and integrated the world of “Wanglaoji” into the distinctive packaging decoration of red can, and it is lawful due to the trademark authorization of Guangzhou Pharmaceutical. During the trademark authorization, JDB invested great amounts in marketing, and carried

out continued wide publicity and use for many years, conveying the information to consumers that red-can version of Wanglaoji herbal tea was actually produced by JDB and strengthening consumers' recognition toward red-can version of Wanglaoji herbal tea, thus increasing visibility of such commodity in market. Therefore, when purchasing red-can version of Wanglaoji herbal tea, consumers will associate it with both the actual operator JDB and the right owner of the trademark "Wanglaoji" Guangzhou Pharmaceutical. Both parties have made valuable contribution to the package and decoration of red-can version of Wanglaoji herbal tea, and legally there is basis for them to share the interests, hence law shall protect their respective rights on an equal basis. This reflects the spirit of "those who give shall benefit" in civil law.

In view of the fact that the package and decoration of commodity, just like trademark, is also a commercial sign that has strong visual impact and can serve as identification, even not inferior in those regards to the trademark itself, so enterprises shall consider the package and decoration of commodity together with trademark when entering into trademark license agreement, and make provisions with respect to the ownership of the interests of package and decoration of commodity in order to resolve any dispute or conflict (if any), and avoid to be involved in big litigations as long and costly as the package and decoration case of Wanglaoji commodity.

Authors: Lily Fu, Ryan Tang

Copyright

XIANG v. PENG

Beijing Intellectual Property Court (2015) Jing Zhi Min Zhong Zi No. 1814 Civil Judgment
Bejing Chaoyang District People's Court Chao Min (Zhi) Chu Zi No. 9141 Civil Judgment

《Drunk Lotus》

《Fairy in Lotus》

Rules:

Both parties to this case are Chinese citizens, and the legal facts of civil relation concerning infringement occurred in Moscow, Russia, and Berlin, Germany. According to law, this case is a foreign-related civil one. In this case, both parties did not expressly indicate the choice of law, but both cited Copyright Law of the People's Republic of China. Therefore, it can be concluded that both parties have made the choice regarding which law shall be applied in this case, so this case shall be governed by Copyright Law of the People's Republic of China.

Facts:

Xiang, author of traditional Chinese painting, Drunk Lotus, found that Fairy in Lotus, displayed at exhibitions by Peng held at Moscow and Berlin, compared with its Drunk Lotus, is identical with respect to composition, modeling, color, line across the whole painting except for that there is red text at top of Fairy in Lotus. Therefore, Xiang sued Peng for infringing its copyright. Courts of first and second instance both decided that Peng infringed the copyright of Xiang to its work.

Remarks:

The concern of this case lies in the

application of conflict of laws. The purpose of the application of China's conflict of laws is to reasonably resolve foreign-related civil disputes and safeguard the interests of the parties. Usually, Chinese courts are more inclined to choose Chinese laws. This inclination is reflected in the order of choice of law shown in Law of the People's Republic of China on Choice of Law for Foreign-Related Civil Relationships ("Law"): first, the Law allows the parties to expressly choose the applicable law, and respects the parties' right of choice of conflict of laws. This kind of right of choice is not limited to the choice of law in contract cases, but extended to the choice of conflict of laws in infringement cases. If the parties have no express agreement on the conflict of laws, and have not proposed the conflict of laws that shall be applied, the court will presume that the choice of law by both parties mutually is the implied choice of conflict of laws, just like this case.
Second, the Law causes the parties to choose Chinese laws other than foreign ones to be applied for convenience of litigation by providing that the parties are obliged to provide foreign laws chosen by them.

Third, in the absence of express or implied choice of conflict of laws by the parties, the court is allowed to choose law of the country of most suitable connecting point among several connecting points established by the Law regarding the dispute. In many cases, a lawsuit that is filed in China will have some connection with China, so the court is more inclined to choose Chinese law.

Notwithstanding such inclination, it does mean that the choice of law of a Chinese court will certainly be Chinese law with respect to a foreign-related case. Just as the purpose of the Law shows, choice of conflict of laws is designed to resolve the foreign-related civil dispute reasonably, and safeguard the interests of the parties. For example, in the case regarding the dispute over ownership of domain, penline.com,
Beijing First Intermediate People's Court choose to apply the Uniform Domain Name Dispute Resolution Policy of ICANN other than a Chinese law as the legal basis for dispute resolution. In that case, the right owner only has the trademark PENLINE registered in Australia previously, but the court holds that the Uniform Domain Name Dispute Resolution Policy of ICANN is an international practice, so when the parties propose for application, the court accepts such proposal in order to reasonably resolve the dispute.

Authors: Richard Hu, Ryan Tang

Unfair Competition

Under Armour, Inc. v. Fujian Tingfeilong Sports Goods Co., Ltd.

Fujian Higher People's Court (2016) Min Min Chu No. 78

Rules:

Even if the defendant owns a trademark registration, it may even constitute trademark infringement, provided that it changes the trademark in actual use to be a mark identical with or similar to the plaintiff's trademark on the same or similar goods or services, which likely cause confusion.

In a case where the plaintiff's trademark enjoys high reputation and the defendant has obvious bad faith, such factors shall be given full consideration when deciding the damages, and the damages should be relatively higher than normal cases.

Facts:

The plaintiff, Under Armour Inc., is the holder of "Under Armour", "安德玛" (Chinese translation of "Under Armour"), and " " trademarks, which have been registered and used in connection with sporting goods and clothing and are well-known to the relevant public in China.

Huang Canlong, a supervisor and shareholder of the defendant, Tingfeilong Co., Ltd., incorporated Under Armour (China) Co., Ltd. in Hong Kong on March 29, 2016. On April 5, 2016, No. 3851618 registered trademark "Uncle Martian" was transferred by Ma Chenbing, a person uninvolved in the case, to Tingfeilong Co., Ltd. On March 21, 2016, No. 15151285 " niu halun 纽哈伦 " trademark was transferred by Hong Qing'er, a person uninvolved in the case, to Tingfeilong Co., Ltd. Hong Kong YuanhengLizhen Co., Ltd, a company uninvolved in the case, was permitted to register No. 12572838 " " trademark on October 14, 2014, and the defendant was granted the license to use the trademark. Products approved for such trademarks are clothing and other products in class 25.

During 2016, Tingfeilong Co., Ltd. promoted clothes under the "Uncle Martian" brand and used the name "Under Armour (China) Co., Ltd" and such trademarks and logos as "Uncle Martian" and "UNCLE MARTIAN" in its advertising campaigns and offices.

In November 2016, the Higher People's Court of Fujian Province issued a temporary injunction to prevent the launch of the allegedly infringing products after the plaintiff submitted the evidence of the alleged infringement and the imminent launch of the allegedly infringing products.

The Higher People's Court of Fujian Province held that wheat ears in the " 

" logo used by Tingfeilong Co., Ltd was not obvious in color, leading to a resemblance between its main part and the "  " logo of Under Armour Inc. Tingfeilong Co., Ltd. claimed that it used the "  " trademark licensed by Hong Kong YuanhengLizhen Co., Ltd., which, however, was not supported by sufficient evidence. In addition, the one in use was not "  ". Tingfeilong Co., Ltd. didn't use the approved registered trademark.

Article 1 of the *Provisions of the Supreme People's Court on Issues Concerned in the Trial of Cases of Civil Disputes over the Conflict between Registered Trademark or Enterprise Name with Prior Right* stipulates that:

"When the plaintiff files a lawsuit on the ground that the text and graphics used in others' registered trademarks have violated its prior rights such as the copyright, design patent right and business name right and Article 108 of the Civil Procedure Law is met, the people's court shall accept the case.

When the plaintiff files a lawsuit on the ground that the registered trademark used by others on approved products is identical or similar to its prior registered trademark, the people's court shall ask the plaintiff to submit its application to the relevant administrative authority for settlement in accordance to the provisions of Article 111 (3) of the Civil Procedure Law. When the plaintiff files a lawsuit on the ground that someone else uses a registered trademark identical or similar to its prior registered trademark on products other than approved ones or in ways such as changing significant features of the trademark, or splitting or combining the trademark(s), the people's court shall accept the case. "

Therefore, using the " 

" logo by Tingfeilong Co., Ltd. is a trademark civil case. The main identification part of the logo is the pattern in the middle, which is similar to the "  " trademark of Under Armour Inc. in terms of overall visual effects. In addition, Tingfeilong Co., Ltd. has deliberately faded the surrounding decorative patterns to cause confusion and misunderstanding among relevant public. Therefore, the act has constituted a trademark infringement.

Using the "UNCLE MARTIAN" trademark, however, does not constitute a trademark infringement as the trademark used by Tingfeilong Co., Ltd. bears little resemblance to the plaintiff's "UNDER ARMOUR".

The adoption of the name "Under Armour

(China) Co., Ltd.” by Tingfeilong Co., Ltd., which has obviously shown the intention to seek connections with the plaintiff, has constituted unfair competition.

The compensation amount was decided at RMB 2 million in consideration of the high popularity of the trademark of Under Armour Inc., and in consideration that Tingfeilong Co., Ltd. has obvious malice, infringes a number of trademark rights of Under Armour Inc., and forces Under Armour Inc. to spend a lot to stop the infringement.

Lawyer’s analysis:

Currently, there are many cases of trademark infringement by changing registered trademarks. Such infringement is committed in disguised form and difficult to identify. Pursuant to the judicial interpretation on conflict between trademarks and prior rights by the Supreme People's Court, the Higher People’s Court of Fujian Province held that the defendant's use didn't belong to the use of registered trademarks, and issued an injunction before litigation and confirmed the infringement, which is of positive significance in stopping infringements and all kinds of acts conducted in a quasi-legal way. Meanwhile, the court fully considered the popularity of the plaintiff's trademark and the defendant's obvious malice, and decided on a compensation amount of RMB 2 million in light of the absence of evidence that the plaintiff suffered any loss or the defendant gained any benefit. This is a relatively high compensation amount in trademark civil cases, and will carry deterrent value on infringements and violations.

Author: Nathan Yang

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