NTD Intellectual Property Attorneys

IP CASE EXPRESS

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In this edition, we scanned all the IP-related judgments and adjudications published at the Supreme Court's official website (http://www.court.gov.cn/zgcpwsw/) in February 2015, worked out the statistics based on all the IP-related judgments and adjudications published by the Supreme Court and the 32 Higher Courts, and shared with you our comments on some significant cases.

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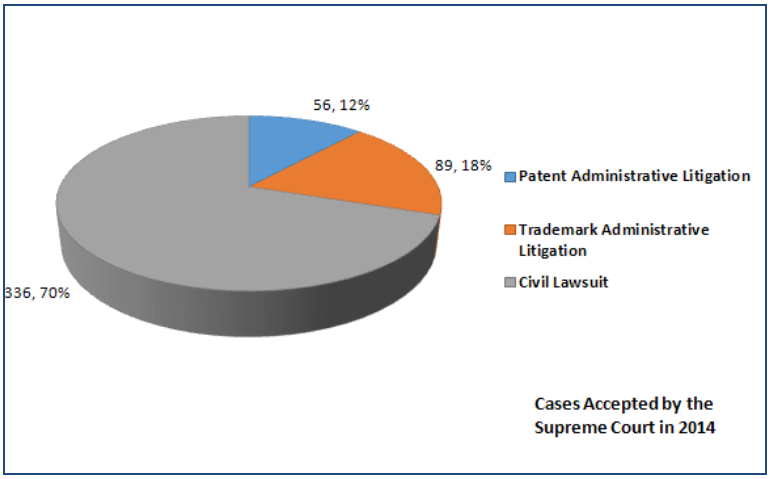
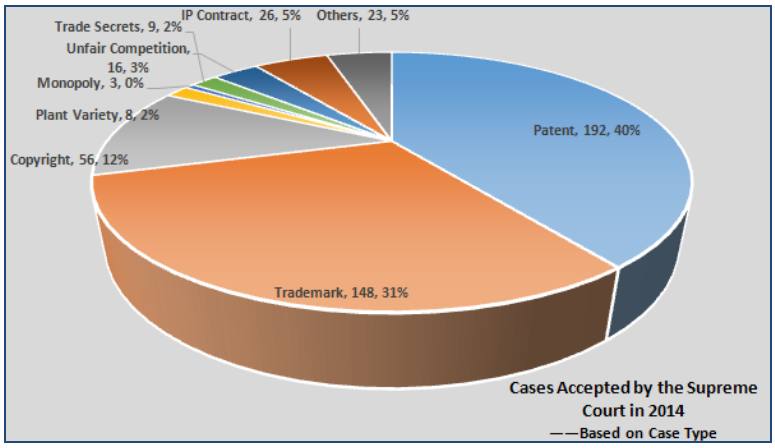
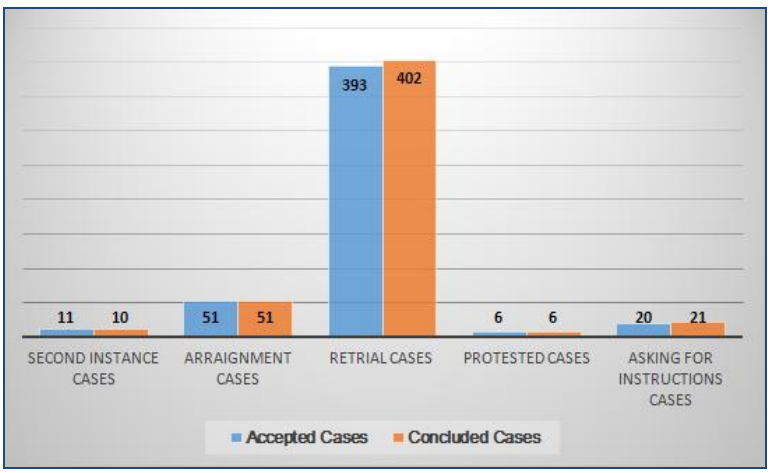
I. Statistics

Summary of IP Litigations by the Supreme Court in 2014

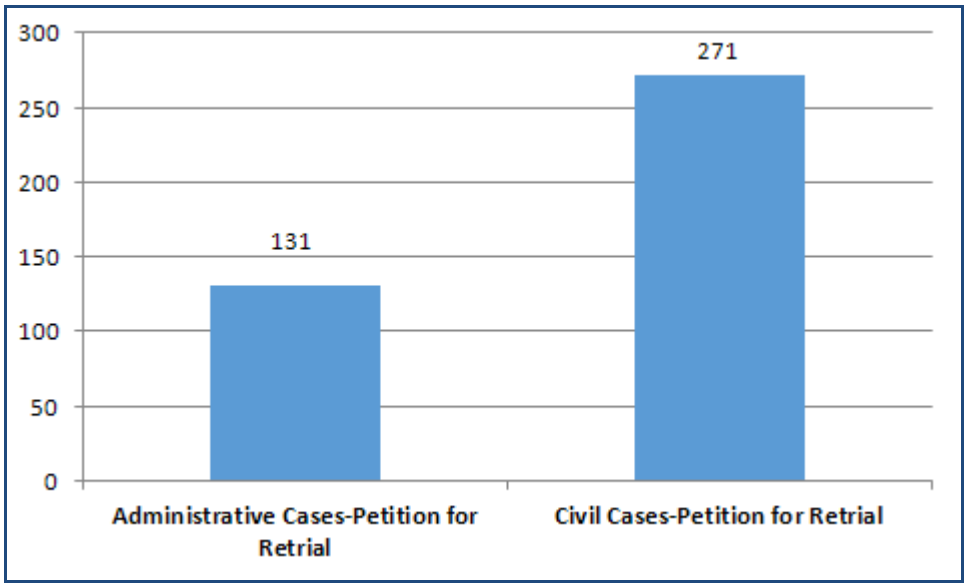
- **In 2014, the Supreme Court IP Tribunal accepted 481 intellectual property-related cases, and concluded 490 cases in total.**

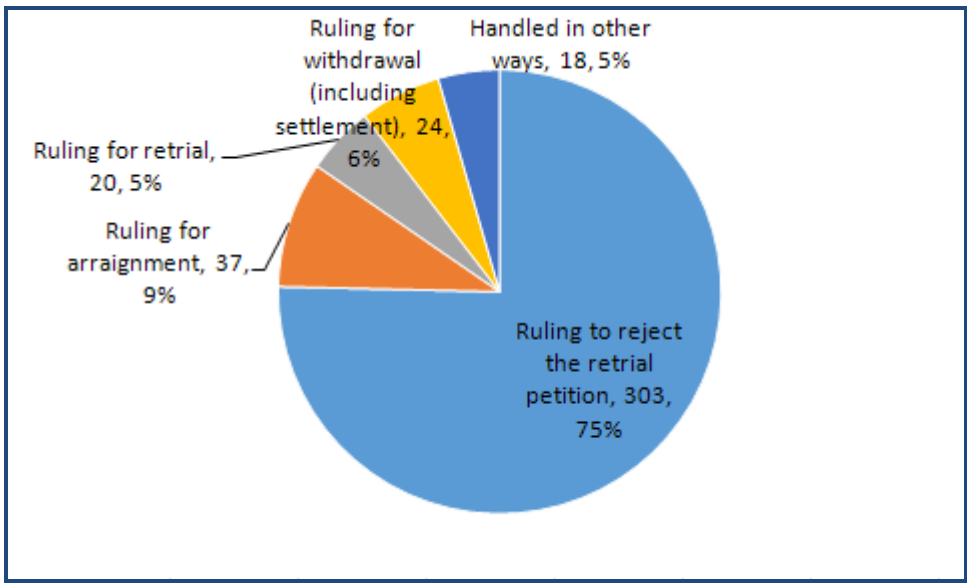






- **Among 402 retrial cases concluded by the Supreme Court IP Tribunal, there were 131 administrative cases and 271 civil cases and the Supreme Court ruled rejection for petition for retrial of 303 cases, ruled arraignment for 37 cases, ruled retrial for 20 cases, ruled withdrawal (including settlement) for 24 cases and handled in other ways for 18 cases.**





Source：*Intellectual Property Cases Annual Report by the Supreme Court in 2014*

II. Comments on Typical Cases

Patent

Patent Reexamination Board of the State Intellectual Property Office vs. BAIXIANG food Co., Ltd. and Chen Zhaohui

- **Design patent invalidation dispute**
- **The Supreme Court [Case No.: (2014) Zhi Xing Zi No.4]**
- **This case was selected as one of Top 10 Innovative IP Cases by Chinese Courts in 2014**

	
Involved Design No. 00333252.7	**Prior-Applied Mark No.1506193**

Rule:

As long as the filing date of the trademark is before the filing date of the patent and the trademark has been approved for registration and remains valid, the exclusive right of the registered trademark of the prior application can be used against the design patent right of the later application, when the patent invalidation is requested.

Remarks:

Chen Zhaohui filed a design patent application named *Food packaging bag* before SIPO on Oct. 16, 2000, which was granted on May 2, 2001. The filing date of the No.1506193 Baixiang trademark held by Baixiang Food Co. is Dec.12, 1997, which was approved for registration on January 14, 2001. On Aug. 4, 2009, Baixiang Food Co. filed the request for invalidation before Patent Reexamination Board of the State Intellectual Property Office against the disputed patent because of the conflicts with the prior Baixiang trademark right. Patent Reexamination Board sustained the validation of the disputed patent right for the reason that the approval date of registration for Baixiang trademark is after the filing date of the disputed patent, which does not

belong to the legitimate prior right. Baixiang Food Co. refused to accept the PRB decision and initiated the administrative proceedings. The Beijing No.1 Intermediate Court revoked the invalidation decision on the grounds of the approval date of registration for Baixiang trademark being earlier than the publication date of the disputed patent, thus constituting prior right at issue. Patent Reexamination Board appealed, and the Beijing Higher Court rejected the appeal and upheld the earlier holding of filing date of the Baixiang trademark being earlier than the filing date of the disputed patent, which constituted the prior right by the Plaintiff. Patent Reexamination Board applied for a retrial before the Supreme Court.

The Supreme Court held that:

The application right of the trademark was not the prior right mentioned in the Article 23 of Patent Law. However, it was very important for deciding on the right conflicts of the design patent right and the exclusive right of the registered trademark. As long as the filing date of the trademark was before the filing date of the patent, the exclusive right of the registered trademark of the prior application could be used against the design patent right of the later application. When Baixiang trademark was approved for registration, the right conflicts occurred objectively between the disputed patent and the trademark. So in the principle of protecting the prior right, the exclusive right of the Baixiang registered trademark of the prior application could be used against Chen Zhaohui's design patent.

In this case, the Supreme Court clarifies the legal meaning of the filing date of the trademark in IP right conflict disputes. The Supreme Court is of the opinion that as long as the filing date of the trademark is before the filing date of the patent and the trademark has been approved for registration and remains valid when the patent invalidation is requested, the exclusive right of the registered trademark of the prior application can be used against the design patent right of the later application, and furthermore to be used for judgment on if there is conflict between the trademark and the design patent. This case is deemed to certain degree as a breakthrough on the regulation that the approved registration date is the time node for deciding if the exclusive right of the registered trademark constitutes legal prior right according to Article 23 of Patent Law, which has certain value of guidance to the trial of cases involving conflicts of IP rights.

Copyright

Bai Xianyong vs. Shanghai Film Group, Shanghai Yi Xiang Cultural Communication Co., Ltd and Shanghai Jun Zheng Culture and Art Development Company

- **Copyright Infringement Dispute**
- **The Shanghai No.2 Intermediate Court [Case No.: (2014) Hu Er Zhong Min Wu(Zhi)Chu Zi No.83]**
- **This case was selected as one of Top 50 Typical IP Cases by Chinese Courts in 2014 and one of Top 10 IP Cases by Shanghai Courts in 2014**

Rules:

Actor who uses the adapted work to perform should be granted with approval both from the copyrighters of the adapted work and the original work.

Remarks:

This case is a copyright dispute which has great social importance and defines the way of exercising copyright when a movie is derivative from original and adapted works.

Bai Xianyong, the plaintiff, is the author of the novel Di Xian Ji. In 1989, Shanghai Film Studio, the predecessor of Shanghai Film Group, adapted the novel into movie The Last Aristocrat which was released to the public on the same year. In 2013, Shanghai Yi Xiang Cultural Communication Co., Ltd, the defendant, obtained the authorization of Shanghai Film Group, the co-defendant, to adapt the movie The Last Aristocrat into drama under the same name. The drama was performed

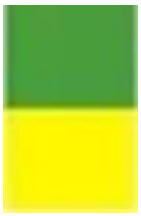
six times consecutively. The plaintiff brought a lawsuit with the Shanghai No.2 Intermediate Court for the copyright infringement of the novel Di Xian Ji.

Although the copyright of a movie is enjoyed by the producer, there exist "dual rights", namely the copyrights of authors of the original work and the derivative rights, when the movie is derivative from the original work. In this case, the performance of the drama which is adapted from the movie The Last Aristocrat needs the approvals of the movie producer- Shanghai Film Studio and the author of the original work-Bai Xian Yong. In the end, the Shanghai No.2 Intermediate Court made the decision that Shanghai Yi Xiang Cultural Communication Co., Ltd. and Shanghai Jun Zheng Culture and Art Development Company have infringed the copyright of Bai Xian Yong's novel-Di Xian Ji, and the defendants should offer an apology to the plaintiff, remove negative influence and compensate economic losses and reasonable expenses 250,000 RMB in total by the Plaintiff.

Trademark

Deere vs. Joetech International Heavy Industry (Qingdao) Shareholding Corporation and etc.

- **Dispute over trademark infringement and unfair competition**
- **The Beijing Higher Court [Case No.: (2014) Gao Min Zhong Zi No.382]**
- **The Beijing No.2 Intermediate Court [Case No.: (2013) Er Zhong Min Chu Zi No.10668]**
- **This case was selected as one of Top 50 Typical IP Cases by Chinese Courts in 2014 and one of Top 10 IP Innovative Cases by Beijing Courts in 2014**

	
Color Combination Trademark under No. 4496717	**Infringing Product**

Rule:

The use of a color combination trademark is usually connected with commodities, and its manner of use can vary depending on shapes of the commodity. When determining whether the accused trademark is identical or similar to the color combination trademark, the standard of the general attention of average consumers should be adopted, based on the positions, layouts, color difference, overall appearance of the color combination.

Remarks:

On March 21, 2009, Deere acquired the registration of the color combination trademark No. 4496717, designated for use on "agricultural machinery, harvester" and other goods. Since 2001, Joetech Qiaodao and Joetech Beijing have been making and selling harvesters with the "Di Ma" trademark, which were also advertised and promoted on the website www.jotec.cn. Deere thought Joetech Qingdao's use of a logo confusingly similar to Deere's No.4496717 color combination trademark on harvesters constituted trademark infringement and unfair competition, therefore filed a lawsuit before the Beijing No.2 Intermediate People's Court on such afore-said grounds. After adjudication, the Beijing No.2 Intermediate People's Court supported the plaintiff's claim of trademark infringement, and ordered the two defendants to compensate the plaintiff RMB 400,000 as damages. The Beijing Higher People's Court sustained the first instance court's decision.

In this case, Deere specifically indicated when No.4496717 trademark was a color combination trademark and the place of each color to be used specifically, i.e., the green color to be used on the body of the vehicle while the yellow color to be used on the wheels of the vehicle. Through Deere's long-term, extensive and continuous use and advertising of the color combination trademark, the public had associated the color combination trademark exclusively with the products of Deere. The court pointed out, in view of the special characteristics of color combination trademarks, the use of a color combination trademark was usually connected with commodities, and its manner of use could vary depending on shapes of the commodity, not necessarily consistent with the specimen in the trademark registration certificate. As such, both courts of the first instance and second instance hold the trademark under No. 4496717 is a color combination trademark and Deere Company is the owner of this trademark.

The court also elaborates that when determining whether the accused trademark is identical or similar to the color combination trademark, the standard of the general attention of average consumers should be adopted, based on the positions, layouts, color difference, overall appearance of the color combination. In this case, Deere's color combination trademark is designated for use on harvesters, whereas the accused products manufactured, sold and advertised by Joetech Qingdao and Joetech Beijing are also harvesters, identical with the goods designated by Deere's said trademark; furthermore, the harvesters manufactured, sold and advertised by Joetech Qingdao and Joetech Beijing are using green color for the body of the vehicle and yellow color for the wheels, whose layouts, colors, overall impression and appearance are substantially similar to Deere's registered color combination trademark. The defendants' acts are likely to cause confusion among the public as to the origin of the goods or services, and therefore constitute trademark infringement as stipulated in Article 57(2) of Trademark Law of China.

Being the first infringement lawsuit involving color combination trademarks in China, this case provides a valuable reference for future similar cases in that it clarifies the protection scope of color combination trademarks and standards in determining infringement of a color combination trademark, and probes into legal protection of non-conventional trademarks including color combination trademarks.

Unfair Competition

Beijing Ze Xi Nian Dai Film Limited et al. vs. Beijing Yong Xun Liang Chen Cultural Development Limited

- **Unfair competition dispute**
- **The Beijing Higher Court [Case No.: (2014) Gao Min (Zhi) Zhong Zi No.3650]**
- **This case was selected as one of Top 10 Innovative IP Cases by Beijing Courts in 2014**

Rule:

Fairness or not is the fundamental standard of judging the legitimacy of competition. Operators launching of goods with ambiguous language or in other misleading ways causing misunderstanding to the relevant public, is defined as false and misleading presentation.

Remarks:

In this case, the general clauses and specific ones of Anti-unfair Competition Law are applied to the unfair competition behavior termed as "parasite marketing" currently existing in China's domestic film industry; and offers favorable exploratory experiences in the trial of similar disputes.

Beijing Yong Xu Liang Chen Cultural Development Limited shot horror movies *Bi Xian* and *Bi Xian II* in 2012 and 2013 respectively, which acquired satisfactory box office value and gained reputation of the producer. In the premiere of *Bi Xian II*, the company announced that *Bi Xian III*

would be released on July 17 2014. In 2012, Beijing Ze Xi Nian Dai Film Limited produced horror movie *Bi Xian Panic*. Having known the release time of the movie *Bi Xian III*, this company together with Xing He Alliance Company, in the absence of *Bi Xian Panic Ⅱ*, straightly made *Bi Xian Panic III* which was publicly showed on April 4 2014 . What's more, in the media publicity the two companies claimed that *Bi Xian Panic III*, as "the upgrade of *Bi Xian* series horror movies" and the sequel of "*Bi Xian*" series, would give great importance to set the scene of "summoning Bi Xian" and etc.

In this case, the Beijing Higher court particularly emphasized that Anti-unfair Competition Law was a law regulating unfair competition behaviors, and fairness or not was the fundamental standard of judging the legitimacy of competition behaviors. The involved movies *Bi Xian III* and *Bi Xian Panic III* constituted certain similarities due to similar names and the same category of horror movies. The Beijing Ze Xi Nian Dai Film Limited and Xing He Alliance Company unfairly took advantage of Beijing Yong Xun Liang Chen Cultural Development Limited's commercial advantage, violating the principle of good faith and commercial ethics and disturbing market competition order, which was deemed as unfair competition behavior by the court according to the principle under Article 2 of the Anti-unfair Competition Law.

What's more, the behavior of Beijing Ze Xi Nian Dai Film Limited and Xing He Alliance Company claiming *Bi Xian Panic III* as "the upgrade of Bi Xian series horror movies" in the media publicity was a kind of behavior of using ambiguous language in publicity, which contributed the relevant public's confound of *Bi Xian Panic III* with *Bi Xian* and *Bi Xian Ⅱ* series and constituted false publicity. In the end, the court made the decision that Beijing Ze Xi Nian Dai Film Limited and Xing He Alliance Company made public announcement to remove improper influence and jointly compensated Beijing Yong Xun Liang Chen Cultural Development Limited for the economic losses and reasonable expenses amounting to 500,000 RMB.

III. NTD Case Selection

Invalidation regarding patent for invention titled "Powdery clarifying agent and method of mixing the same to translucent polyolefin resin"

- **Examination Decision on Request for Invalidation No. 23770 by the Patent Reexamination Board**
- **This case was selected as one of the Top 10 patent reexamination and invalidation cases of the year 2014**

Patent for invention ZL93105006.5, titled "Powdery clarifying agent and method of mixing the same to translucent polyolefin resin" has been involved in invalidation proceedings for eight times after being granted in China. Invalidation requests regarding this patent stemmed from patent infringement lawsuits between the patentee and the invalidation petitioners. During the invalidation procedures, the patent had already expired. Both the patentee and the petitioners presented large amounts of evidences, among which some were identical, regarding whether the specification was clear and had sufficiently disclosed the invention, as well as the inventiveness of claims 1-20. NTD represented MILLIKEN Research Corporation in filing the response and attending the oral proceedings. The Patent Reexamination Board made a combined examination of four invalidation cases and reached a decision on Sep. 5, 2014 declaring the patent entirely valid.

The examination of this case was focused mainly on the following key issues:

1. Whether the specification had sufficiently disclosed the invention

Is laser scattering method a mature technique in measuring particle diameters? Can the specification sufficiently disclose the invention without mentioning the condition under which laser scattering measures particle diameters?

Due to the reason that the independent claim 13 set a limitation on the particle diameter of the powdery clarifying agent, the petitioners doubted the accuracy and reliability of the method of measuring the particle diameter in its invalidation petition along with the evidences. The panel deemed that the preparation method, confirmation, description of particle diameter, specific usage and significant effect of the powdery clarifying agent protected by independent claim 13 had been clearly defined in the specification, and the measurement of particle diameter by laser scattering method was considered as a mature technique in measuring particle diameter. So absence of the mention of the condition for measurement in the specification, it didn't constitute insufficient disclosure.

2. Whether the claims were supported by the specification

Can the powdery clarifying agent protected by claim 13 be supported by the specification without limiting the scopes of the component and content?

The panel deemed that the powdery clarifying agent protected by claim 13 was a powdery chemical product prepared by a general formula of compound as the raw material, and possessed certain particle diameter characteristic. Those skilled in the art can get that the problem of white dot or bubble can be solved by refining the general formula of compound defined by claim 13 into particles of certain diameter and the complex temperature can also be lowered from the disclosure of the specification. Whether there were other components in the powdery clarifying agent and what were their contents would not result in the situation which those skilled in the art can't anticipate.

3. About the inventive step of Claims 1-20

(1) What was the technical problem the patent actually solved?

All the petitioners claimed that the actual technical problem the captioned patent solved was to get the powdery clarifying agent with a small particle diameter. For this, the panel supported the submissions by the patentee. As described in the specification, the technical problem solved by the captioned patent was to overcome the changes of color and smell of the polyolefin resin by avoiding the white dot or bubble during the complex of the clarifying agent and the polyolefin resin, and by lowering the complex temperature as well.

(2) How to treat the actual disclosure of the prior arts, e.g. Manual of Plastic Additive

All petitioners agreed that technical clues of smashing organic nucleator into ultrafine particles were taught by Manual of Plastic Additive. For this, the panel supported the submissions by the patentee. That is to say Manual of Plastic Additive didn't teach about lowering the complex temperature of polyolefin resin and clarifying agent by ultra-refining DBS clarifying agent particle and thereby give the technical clues of reducing or avoiding the white dot of bubble of the polyolefin resin product as well as the changes of color and smell.

The focal issues in the dispute were to make sure of the actual technical problem solved by the patent, and of whether the actual disclosure of the prior arts had given technical clues. As for the aforementioned points, the panel fully held the opinions of NTD patent attorney, and the patent remained entirely valid. This case has certain directing effect and reference in specifying the content disclosed by evidences of common knowledge.

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