



# IP CASE EXPRESS



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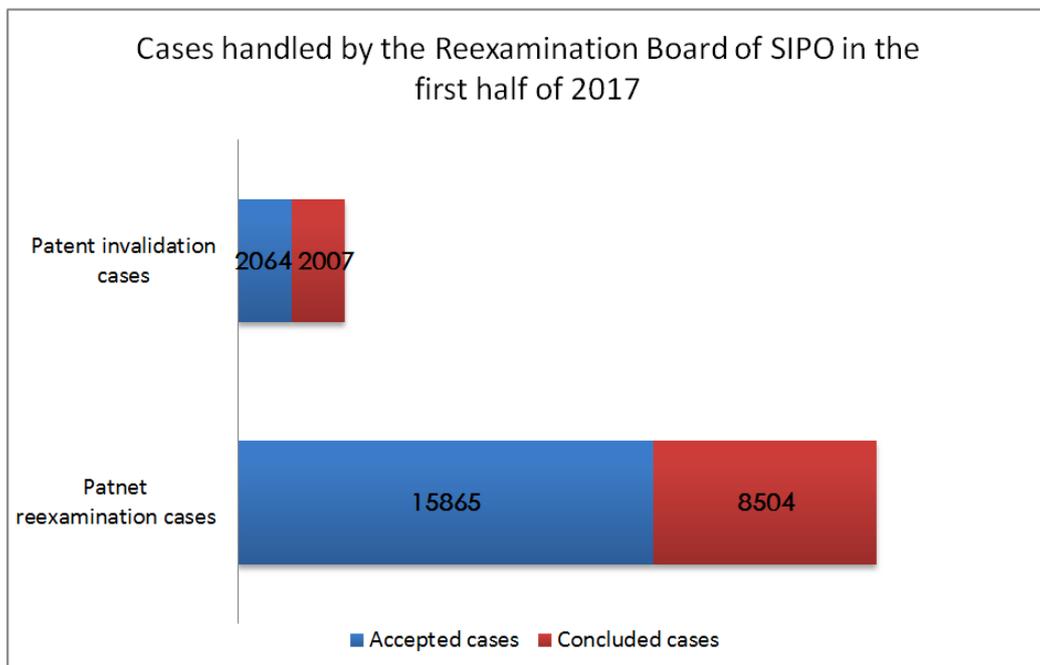
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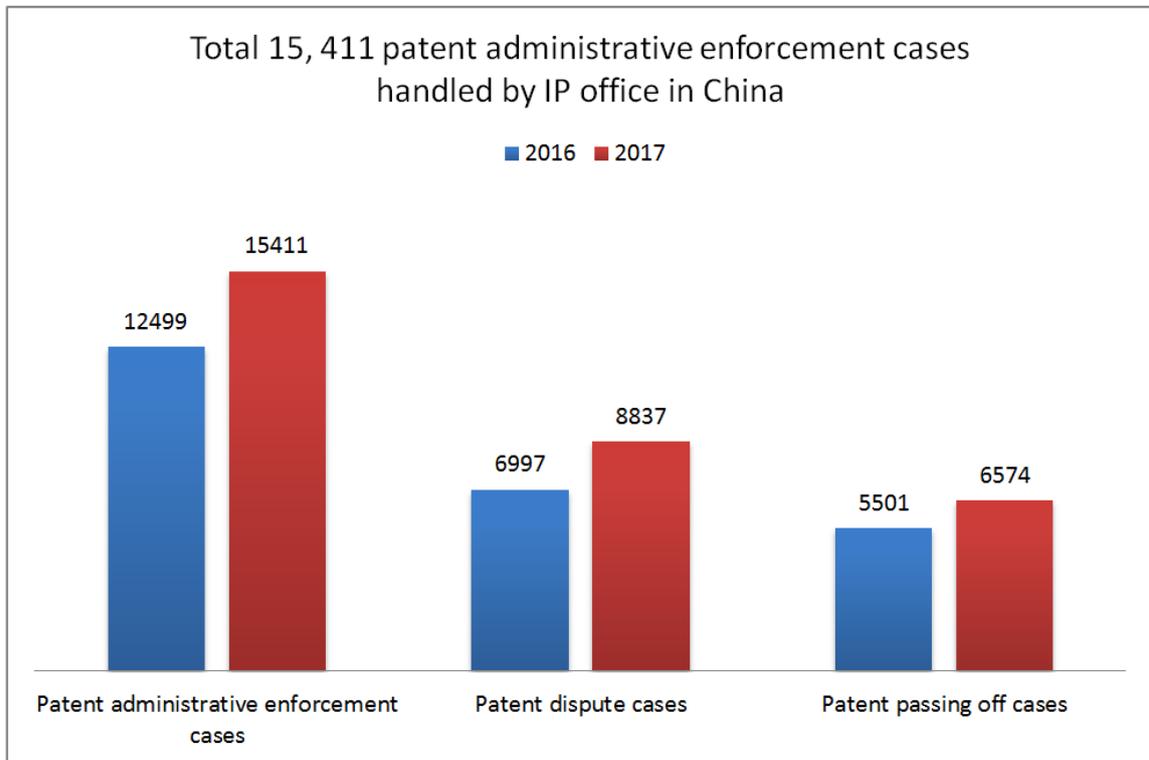
In this edition, we browsed and analyzed IP-related court judgments and adjudications together with the key statistics recently, and we would like to share with you noteworthy statistics and our comments on some significant cases.

## I. **Statistics**

### China's Patent-related Statistics

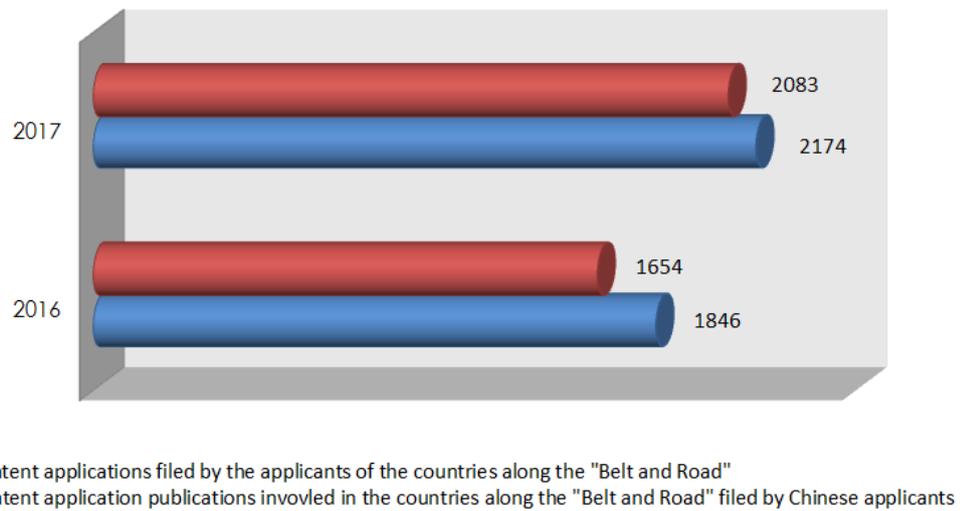
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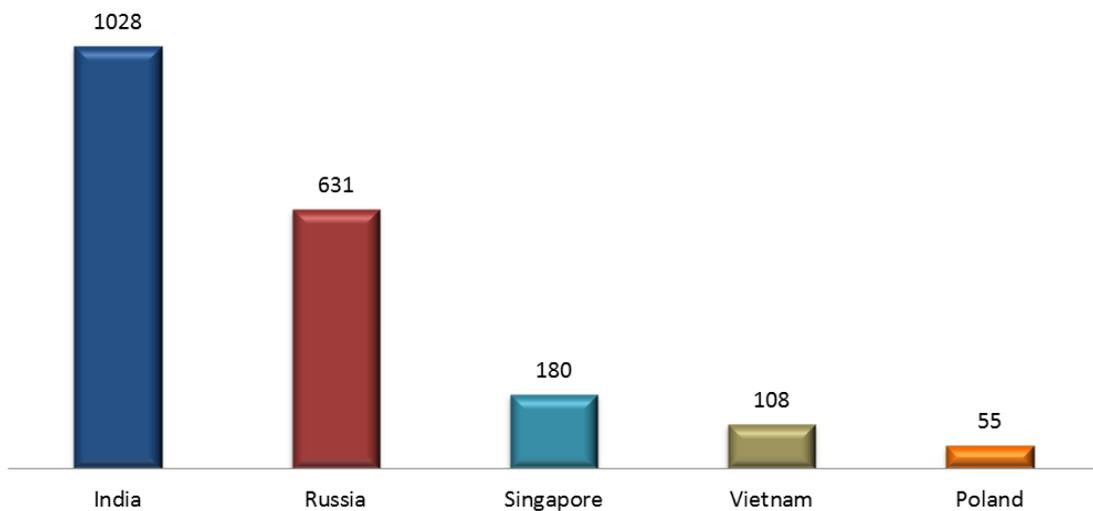


In the first half of 2017, total 15, 411 patent administrative enforcement cases were dealt in China, with a year-on-year growth of 23.3%, among which 8837 ones were patent dispute cases, including 8666 patent infringement disputes, with a year-on-year growth of 26.3%, and 6574 ones were passing off patent ( fake replicas of the granted patents ) cases, with a year-on-year growth of 19.5%.

"Belt and Road"(the Silk Road Economic Belt and the 21st-Century Maritime Silk Road)-related patent statistics



Top 5-Number of the patent application publications in the countries along the "Belt and Road" filed by Chinese applicants in the first half of 2017



Source: State Intellectual Property Office of the P.R.C

## II. Comments on Typical Cases

### Patent

### Jiang Xiaoping v. Chongqing Lifan Automobile Sales Co., Ltd., etc

- *Jiangsu Higher People's Court Civil Judgment (2016) Su Min Zhong No. 161*
- *Jiangsu Nanjing Intermediate People's Court Civil Judgment (2014) NingZhi Min Chu Zi No. 135*



#### Facts:

Jiang Xiaoping (hereinafter referred to as the patentee) owns an invention patent named “shark fin antenna”, and the patent number is 200710019425.7. The patentee filed a lawsuit against six defendants including Chongqing Lifan Automobile Sales Co., Ltd. (hereinafter referred to as the accused infringers) with Nanjing Intermediate People’s Court, accusing the latter of infringing the patent right thereof with activities of production, sales and offering for sale.

Nanjing Intermediate People’s Court held in the first instance that the accused product fell into the protection scope of the patent at issue, and that the accused infringers jointly committed relevant infringement activities. Before that, in a patent invalidation proceeding, the Patent Reexamination Board had made a decision maintaining the validity of the patent right. The accused infringers were unsatisfied with the judgment of the first instance and appealed to Jiangsu Higher People’s Court.

Jiangsu Higher People’s Court held in the second instance that the patentee made an interpretation restricting claims of the patent at issue in the patent invalidation proceeding, and waived the technical solution of the product at issue. Said

#### Rules:

**Article 13 of the Interpretations of the Supreme People’s Court on Issues Concerning the Application of Law for the Trial of Patent Infringement Dispute Cases (hereinafter referred to as Judicial Interpretations on the Patent Law (II)) restricts the application of prosecution history estoppel. This restriction is limited to situation of “explicit negation”, which shall not be extended arbitrarily. This kind of “explicit negation” shall be made in an express manner, rather than “in an implied manner” or “without comments”.**

interpretation was not explicitly negated by the Patent Reexamination Board. Therefore, due to prosecution history estoppel, the accused product shall not be included in the protection scope of the patent at issue based on the doctrine of equivalent, thereby not falling into the protection scope of the patent claims.

**Remarks:**

With respect to prosecution history estoppel, Article 6 of the Judicial Interpretations on the Patent Law (I) provides that where the right holder includes in the protection scope of a patent a technical solution that has been waived by the patent applicant or the patentee in patent prosecution or invalidation proceeding with amendments to the claims or specification or opinions, the people's court shall not uphold such inclusion. This provision is the origin of prosecution history estoppel in Chinese patent practice, which is aimed to prohibit the patentee from asserting equivalent infringement and reclaiming contents that have been excluded from the protection scope due to amendments or statements made during patent prosecution or invalidation proceeding, thereby "obtaining double advantages" and harming the public interest. Therefore, there shall be a limit on the protection scope of claims by applying prosecution history estoppel, in order to reasonably determine the protection scope of a patent, which reflects the legislative intention of the Patent Law, i.e., to provide sufficient and appropriate protection for patents.

However, there are disagreements in practice about how to understand the

"waiver of the technical solution" as provided in Article 6 of the Judicial Interpretations of the Patent Law (I). For this purpose, Article 13 of the Judicial Interpretations of the Patent Law (II) prescribes that where the right holder proves that the restrictive amendment to or statement on the scope of claims, specification and figures made by the patent applicant or patentee during patent prosecution or invalidation proceeding is explicitly negated, the people's court shall determine that such amendment or statement does not lead to a waiver of the technical solution. As such, on the basis of the Judicial Interpretations of the Patent Law (I), the Judicial Interpretations of the Patent Law (II) added "explicit negation" as an exception to the application of prosecution history estoppel. That is to say, the technical solution will not be waived, and prosecution history estoppel will not be applied, only if the restrictive amendment to or statement on the claims, specification and figures made by the patent applicant or patentee during patent prosecution or invalidation proceeding is "explicitly negated".

This case involves the determination of "explicit negation". Specifically, in the invalidation proceeding, in an observation submitted to the Patent Reexamination Board, the patentee acknowledged that the differences between Claim 1 of the patent at issue and the closest prior art lied in technical features A, B and C. In the its decision, the Patent Reexamination Board made no comment on whether features A and B contribute to the inventiveness of the patent at issue, while only confirmed feature C makes the patent at issue inventive and maintained the validity of the patent right on this

basis.

In this case, there is a big debate between the parties on whether the observation made by the patentee during the invalidation proceeding would lead to a “waiver of the technical solution”. The accused infringers held that the Patent Reexamination Board made no comment on the restrictive statement made by the patentee that the patent at issue is different from the prior art in features A and B. In other words, the restrictive statement made by the patentee was not explicitly negated by the Patent Reexamination Board, which, in accordance with Article 13 of the Judicial Interpretations on the Patent Law (II), should still be subject to prosecution history estoppel and produced the legal consequence of waiver of the technical solution.

However, the patentee held that a restrictive amendment or statement that leads to waiver of a technical solution must substantially influence the granting of patent or maintaining of the patent right. Prosecution history estoppel only applies to technical features that play decisive roles in the granting of patent or maintaining of the patent right. However, features A and B did not play such a role, therefore prosecution history estoppel should not be applied here.

In this connection, the appellate court held that “explicit negation” should be a negative comment made expressly, rather than a presumed negative comment. In this case, the restrictive statement made by the patentee with respect to features A and B is substantially involved in the judgment of inventiveness of the patent at

issue, while the Patent Reexamination Board made no explicit comment on whether features A and B rendered the patent at issue inventive, which amounted to “without comment”. Therefore, the requirement of “explicit negation” was not satisfied whether in terms of the form of expression or in terms of legal effects. In terms of literal interpretation, Article 6 of the Judicial Interpretations on the Patent Law (I) prescribes wide application of prosecution history estoppel. That is to say, prosecution history estoppel shall be applied, so long as the patentee asserts equivalent infringement and reclaim contents that have been excluded from the protection scope due to restrictive amendments or statements made during patent prosecution or invalidation proceeding. Although Article 13 of the Judicial Interpretations on the Patent Law (II) has restricted the application of prosecution history estoppel, said restriction is only limited to situation of “explicit negation”, which shall not be extended arbitrarily when applying this article. As such, the patentee is required to be very prudent when making opinions restricting or amendments partially waiving the protection scope of the claims during patent prosecution or invalidation proceeding.

This case made valuable exploration in the specific application of prosecution history estoppel according to the Judicial Interpretations on the Patent Law (I) and (II), which has reference significance for accurately interpreting Article 13 of the Judicial Interpretations on the Patent Law (II) in subsequent judicial practice.

Author: Jonathan Miao

## Trademark

### Beijing Kuailian Marriage Service Co., Ltd. v. Shanghai Huaqianshu Information Technology Co., Ltd. Beijing Branch

- *Beijing Chaoyang District People’s Court Civil Judgment (2015) Chao Min (Zhi) Chu Zi No. 27050*



#### Rules:

The use of words directly describing service functions or the purpose of a place in commercial activities which does not identify the source of commodities or services cannot constitute the use of trademarks. In order to judge the use of trademarks, such aspects as the meaning of the mark (including the intrinsic meaning and the actually used meaning of the mark), the direct relevance between the mark and the commodities and services in connection with which the mark is used, as well as the subjective intention of users shall be considered in a comprehensive manner.

#### Facts:

Beijing Kuailian Marriage Service Co., Ltd. (formerly known as Beijing Huanleyuan Culture Club Co., Ltd., and hereinafter referred to as “Kuailian Company”) was approved to register the word trademark reg. no 12652046 “Yue Ba (约吧)” on October 21, 2014, designating goods/services *companionship, escort (companionship), dating, matchmaking, etc.* in Class 45. By the time of the lawsuit, the change of name of the trademark registrant has not been recorded at Trademark Office.

Shanghai Huaqianshu Information Technology Co., Ltd. Beijing Branch (hereinafter referred to as “Huaqianshu Beijing Branch”) established several experience stores named “Shijijiyuan | YueHui Ba (约会吧, Dating Bar)” in Beijing, as well as displayed and introduced “Shijijiyuan | YueHui Ba (约会吧, Dating Bar)” and “YueHui Ba (约会吧, Dating Bar)” on WeChat Account “Shijijiyuan One-to-One Matchmaker” and the website [date.jiayuan.com](http://date.jiayuan.com). It was found out that the registered trademarks “shijijiyuan” and “yuanshijijiyuan” of Huaqianshu Company had obtained certain popularity through a lot of publicity and promotion. Huaqianshu Beijing Branch argued that firstly, Kuailian

Company didn't enjoy the exclusive right to use the registered trademark "Yue Ba (约吧)", as the registrant thereof was not Kuailian Company. Secondly, "Yue Ba (约吧)" was a description of the basic functions of the service, which directly expressed other features of the service provided.

Beijing Chaoyang District People's Court held after trial that Huaqianshu Beijing Branch didn't constitute trademark infringement:

1. Although the change of name of the trademark registrant wasn't recorded, Kuailian Company had the right to file a civil lawsuit with the changed company name.

2. "YueHui Ba (Dating Bar)" did not constitute the use of the trademark. Dating and matchmaking generally could not do without a specific place, so the service was directly connected with the place. In accordance with the literal habit of modern Chinese, "YueHui (Dating)" generally referred to agreement on meeting beforehand between boyfriends and girlfriends, and might refer to gathering of relatives and friends in a few occasions, while "Ba (Bar)" referred to a service place, such as internet bar, wine bar, diet bar, etc. Therefore, "YueHui Ba (Dating Bar)" can be interpreted as "a place to date" or "a place to gather", which directly described the corresponding service functions and purposes. Further, Huaqianshu Beijing Branch also introduced in practical operation that "there are complete recreational facilities and various interesting interactive games in 'YueHui Ba (Dating Bar)', and

Shijijiayuan will organize various interactive mini-games every day to facilitate mutual understanding among members... 'YueHui Ba (Dating Bar)' is mainly divided into the entertainment area and the activity area...". "YueHui Ba (Dating Bar)" was used to describe the service place, which, used in connection with the trademark "shijijiayuan" with certain popularity, would not cause confusion among relevant customers. Moreover, there was a difference of only a single word between "YueHui Ba (Dating Bar)" and "Yue Ba". In the interpretation and publicity by Kuailian Company, "Yue Ba" referred to "a place to make friends", "a place to relax", etc., which might also imply the same meaning, i.e., a place for dating and making friends.

#### **Remarks:**

Article 48 of the Trademark Law provides that the use of trademarks as stipulated in this Law refers to the affixation of trademarks to commodities, commodity packaging or containers, as well as commodity exchange documents or the use of trademarks in advertisements, exhibitions and for other commercial activities, in order to identify the source of the commodities. Therefore, the premise of the use of trademarks is "to identify the source of commodities". Paragraph 1 of Article 59 of the Trademark Law provides that an exclusive right holder of a registered trademark shall have no right to prohibit other people from fairly using the common name, logo or model contained in the relevant registered trademark or the quality, principal raw materials, functions, uses, weight, quantity, geographic name or other

features that are explicitly expressed in the registered trademark.

In accordance with the legal provisions mentioned above, the premise of the use of trademarks is “to identify the source of commodities”. However, there is no clear and specific provision in the law as to how to determine the use of trademarks and what factors shall be considered in judicial practice. This case has comprehensively analyzed and sufficiently demonstrated the meaning of the mark (including the intrinsic meaning and the actually used

meaning of the mark), the direct relevance between the mark and the commodities and services in connection with which the mark is used, as well as the subjective intention of users, which will have a positive significance on determining “the use of trademarks” in future trademark infringement cases.

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## Copyright

### Shanghai Animation Film Studio v. Hangzhou Xijiang Culture and Creativity Co., Ltd.

- *Zhejiang Supreme People's Court Civil Judgment (2016) Zhe Min Zhong No. 590*
- *Zhejiang Hangzhou Intermediate People's Court (2016) Zhe 01 Min Chu No.242*

Animation Film Studio fully obtained the copyright of the "Q-version Sun Wukong" through transfer. On January 12, 2012, the film *The Monkey King 3D* produced by Shanghai Animation Film Studio was released and several images of Q-version Sun Wukong were used at the tail leader. Several media reported the film.

#### Rules:

**In the proceedings of such kind of copyright infringement cases involving the recreation of a traditional character, where the image of the traditional character is relatively mature and little space is left for recreation, the distinctive features demonstrated by the new works in connection with the development history and creation rule of the image which enable them to differ from the old image of the character shall be deemed as original parts and paid special attention to in accordance with the principle of balance of interests,.**

Shanghai Animation Film Studio thought that the all-copper ornaments produced and sold by Hangzhou Xijiang Culture and Creativity Co., Ltd. (hereinafter referred to as Xijiang Company) constituted materially similar to the fine art of work of "Q-version Sun Wukong" in dispute, which infringed the copyright thereof, and then filed a lawsuit with the court, requesting the court to order Xijiang Company to stop the infringement, publish a statement of apology and compensate for economic losses and reasonable expenses in total of 310,000 Yuan.

#### Facts:

On August 10, 2011, Mr. Su independently finished the creation of the fine art work of "Q-version Sun Wukong". On December 11, 2013, Shanghai



(relevant art of work of the plaintiff)



(relevant product of the defendant)

**Remarks:**

1. Although the drawings attached in the Copyright Transfer Agreement of fine art of work of “Q-version Sun Wukong” submitted by the plaintiff in the first instance were the originals of 7 freehand ones and colored ones, the plaintiff clearly claimed in both the first instance and the second instance that the copyright they owned is the cartoon image of “Q-version Sun Wukong”, which was extremely

important for the court to affirm infringement. If the plaintiff only claimed for the copyright of the 7 graphic works attached in the Copyright Transfer Agreement, it was hard to affirm infringement. The court of the second instance held that the image of the character was closely connected with such elements as the story, background pictures, props and lines, which constituted one of the most elements of the animation film, thereby belonging to the fine art of work in nature.

2. Another important issue in this case is to affirm the nature of the act of the defendant, i.e., whether the act of the defendant’s producing and selling copper products constitutes infringement of the reproduction right of the plaintiff. The court of the first instance and the second instance both held that the reproduction from “two-dimension to three-dimension” was the act of reproducing the original expression of the works in dispute in a three-dimension manner, which constituted the reproduction within the meaning stated in the Copyright Law.

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## Unfair Competition

### Mu Deyuan, etc. v. Beijing Chuangci Space Film Culture Media Co., Ltd. etc.

- *Beijing Intellectual Property Court Civil Judgment(2016) Jing 73 Min Zhong No. 156*
- *Beijing Haidian District People's Court (2015) Hai Min (Zhi) Chu Zi No. 20815*



#### **Rules:**

1. The legislative intent of the Anti-Unfair Competition Law has gradually expanded from the protection of competitors' interests to the protection of consumers' interests and public interests. Therefore, the definition of unfair competition shall not be limited to the competition among horizontal competitors, but expand to the competition among competitors not in the same industry. At the same time, if there are no specific regulations, the general competitive relation in economic market activities is not equivalent to the direct interest relation prescribed in the Civil Procedure Law. With respect to unfair competition disputes including disputes over false publicity, the provisions of the Civil Procedure Law shall be strictly followed when examining the lawsuit

qualification of the plaintiff.

2. A remake of film or television works will definitely involve the use of the script thereof. The same script may be repeatedly licensed, while except some famous literary works or classic plays, the chance for a script to be remade is generally limited, and after repeatedly remake, the remaking value of the script may decrease gradually and the space for remake and recreation will shrink.

Therefore, if a script is publicized to have been remade, the chance for the script to be remade in the future will definitely decrease, thereby influencing or reducing the trading opportunity and economic interests of the copyright holder of the script.

#### **Facts:**

The plaintiffs in the first instance Mu Deyuan and Chen Yanmin are the scriptwriters of the film *The Lonely Spirit in an Old Building* (hereinafter referred to *The Lonely Spirit*), and own the copyright to the script of the film *The Lonely Spirit in an Old Building* (hereinafter referred to the script of *The Lonely Spirit*). Mu and Chen once licensed Shenzhen Film Enterprise to make a film of the same name with the script, which was released in 1989. The film *Horror Floor/The Eighth House* (hereinafter referred to as *The Eighth House*) produced by Chuangci

Company and released by Hengye Company declared in the poster and other promotion activities that the film was a remake of the banned horror film *The Lonely Spirit in an Old Building* in 1989 without the authorization of Mu and Chen. Besides, Sohu Company published the poster and trailer of *The Eighth House* on sohu.com operated thereby, as well as wrote and published articles to introduce the film with false information.

Therefore, the plaintiffs in the first instance requested Chuangci Company, Hengye Company and Sohu Company to 1. immediately stop the false publicity at issue; 2. extend a formal apology and eliminate the adverse effects; 3. jointly and severally bear the liability of compensating for economic losses and reasonable expenses in total of 1,000,000 RMB; 4. undertake the legal costs in this case.

Chuangci Company defended that there wasn't competitive relation as stipulated in the Anti-Unfair Competition Law between Mu and Chen and Chuangci Company, Hengye Company, as well as Sohu Company. Mu Deyuan and Chen Yanmin were the scriptwriters of *The Lonely Spirit*, rather than the producers so that they were not the proper plaintiffs in this case. Furthermore, Chuangci Company caused no economic losses to Mu Deyuan and Chen Yanmin.

Hengye Company defended that the copyright owner of *The Lonely Spirit* was Shenzhen Film Enterprise, while Mu and Chen only owned the copyright of the script of *The Lonely Spirit* and only enjoyed the right of authorship to *The*

*Lonely Spirit*, who didn't constitute as the "business operator" in the Anti-Unfair Competition Law, thereby were not qualified for filing the lawsuit. Hengye Company further defended that "remake of a film" wasn't a discriminatory expression. The promotion contents of *The Eighth House* would not cause the misunderstanding among the public, and would not harm *The Lonely Spirit* or the script thereof.

The court of the first instance held in the first place that the defendants had competitive relation with Mu Deyuan and Chen Yanmin within their business scope, so Mu Deyuan and Chen Yanmin were proper plaintiffs in this case. The court further held that Chuangci Company and Hengye Company had a subjective fault, and their acts constituted false publicity which would cause misunderstanding, so they should bear corresponding legal liabilities. Further, the court stated that, except some famous literary works and classic plays, the chance for a script to be remade was generally limited, and after repeated remake, the remaking value of the script might decrease gradually and the space for remake or recreation would shrink. Therefore, if a script was publicized to have been remade, the chance for the script to be remade would definitely decrease, thereby influencing or reducing the trading opportunity and economic interests of the copyright holder of the script. Meanwhile, the false publicity at issue had caused the misunderstanding among the public, and the negative comments on *The Eighth House* in film reviews also had a bad impact on *The Lonely Spirit* and the script thereof. Therefore, Chuangci Company

and Hengye Company should bear the legal liability for eliminating the adverse effects and compensating for damages to Mu Deyuan and Chen Yanmin in respect of the unfair competition acts thereof.

The court of the second instance upheld the judgment of the court of the first instance. With regard to the lawsuit qualification of the plaintiffs, the court of the second instance held although there wasn't horizontal competition between the defendants and Mu Deyuan and Chen Yanmin, it was found out after comprehensive consideration that Mu and Chen who were the copyright holders of the script of *The Lonely Spirit* and the scriptwriters of *The Lonely Spirit* had the competitive relation in broad sense as stipulated in the Anti-Unfair Competition Law with Chuangci Company, Hengye Company, and Sohu Company in terms of such business fields as screen culture and entertainment media. Furthermore, as the copyright holders of the script of *The Lonely Spirit*, Mu and Chen enjoyed the right of licensing and final control over the remake of *The Lonely Spirit*. If the charges of Mu and Chen would stand, the negative comments of the public on *The Eighth House* would extend to *The Lonely Spirit*, which would not only directly harm the legal rights and interests of Mu

Deyuan and Chen Yanmin as the copyright holders of *The Lonely Spirit*, also indirectly harm the legitimate rights and interests thereof as the scriptwriters of *The Lonely Spirit*. Therefore, in respect of the dispute over false publicity published by Chuangci Company and Hengye Company on sohu.com that *The Eighth House* was a remake of *The Lonely Spirit*, Mu Deyuan and Chen Yanmin had direct interests in the lawsuit and conformed to the provisions of the Civil Procedure Law concerning the qualification of plaintiffs.

**Remarks:**

As one of the typical cases concerning standardizing the market order and facilitating fair competition among the 62 typical cases of 2016 elected by Beijing Intellectual Property Court, this case has demonstrated in detail whether the act of declaring a remake of others' film or television works without authorization shall constitute unfair competition, as well as whether the copyright holder of the script of the film or television works is qualified to claim rights based on the Anti-Unfair Competition Law in such false publicity case. This case, therefore, has relatively important guiding significance on how to deter such kind of false publicity acts under the Anti-Unfair Competition Law.

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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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