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In this edition, we browsed all IP related judgments and adjudications published from January to June, 2014 at the Supreme Court's official website (<http://www.court.gov.cn/zgcpwsw/>) and made statistics on all the IP related judgments and adjudications published by the Supreme Court and the 32 High Courts. We continued to select significant cases and made brief comments accordingly and would like to share with you a recently successful case represented by NTD in respect of well-known trademark protection beyond class.



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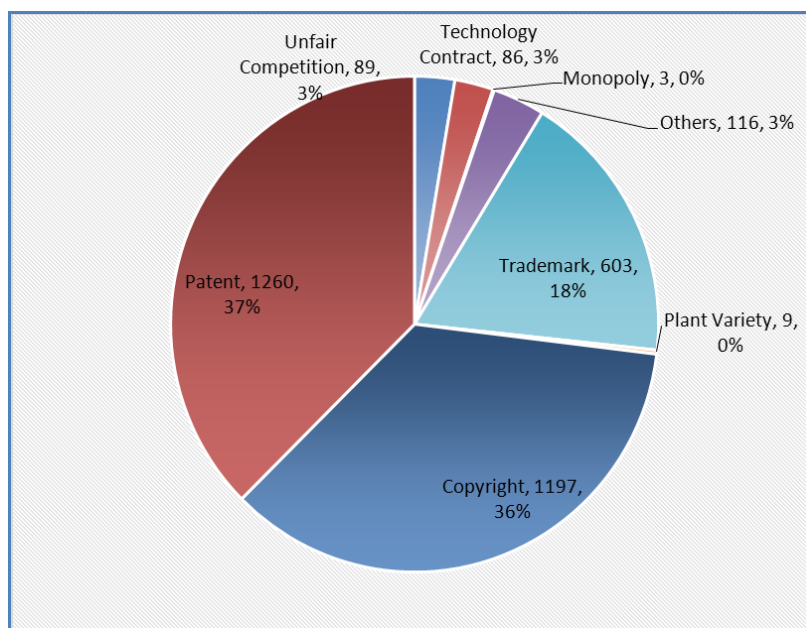
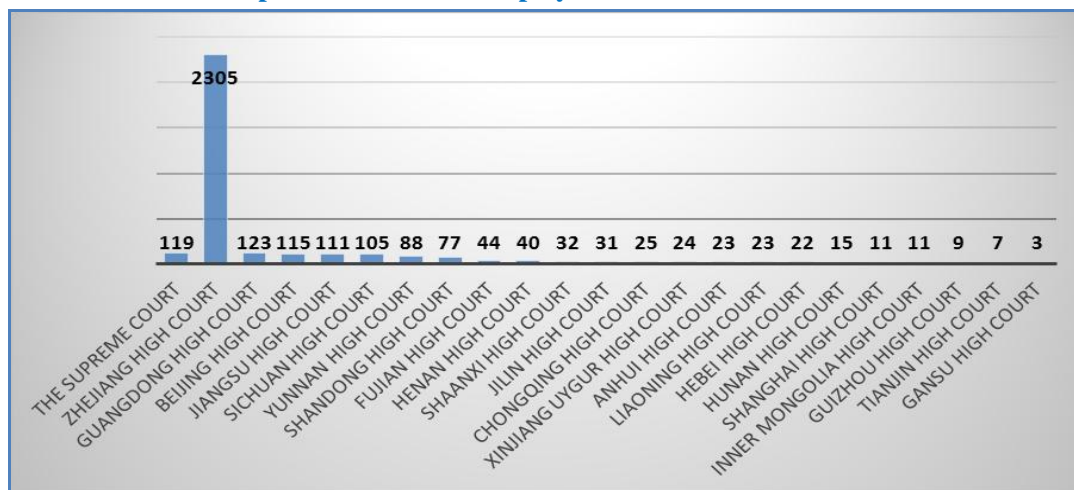
Johnson & Johnson vs. TRAB, Xu regarding Trademark Opposition Review Administrative Litigation..... - 12 -

NTD PATENT & TRADEMARK AGENCY LIMITED
NTD LAW OFFICE

10th Floor, Block A, Investment Plaza, 27 Jinrongdajie, Beijing 100033, P.R. China
Tel: 86-10-66211836 Fax: 86-10-66211845 E-mail: mailbox@chinantd.com Website: www.chinantd.com

I. Statistics

From January to June, 2014, a total number of 3,363 IP case decisions were published by the Supreme Court and 32 High Courts, including 119 IP case decisions from the Supreme Court. 22 High Courts have published IP case decisions so far. Zhejiang High Court ranked No. 1 with 2,305 decisions. Guangdong High Court (123 cases) and Beijing High Court (115 cases) took second and third place respectively. In terms of case type, patent, trademark and copyright cases still took the dominant position. We are also aware of the publication of 3 monopoly cases.



Notes on the case samples for statistics as follows:

- 1) Decisions uploaded on the Internet are effective judgments and adjudications. First-instance judgments still in the appeal period are not uploaded.
- 2) Not all effective judgments and adjudications issued by courts are uploaded onto the Internet. Some cases such as cases involving trade secrets are not uploaded under the Exception rule of the Supreme Court Regulations. Also, some courts have not uploaded judgments and adjudications so far due to technical reasons.

Source: Past, Present and Existing Problems of Website Platform for Publishing Case

Decisions in China

■ 29 provinces, autonomous regions and municipalities have established their local website platforms to publish case decisions, besides Judicial Opinions of China, a central website publishing effective decisions issued by courts at all levels of different types, according to our investigation up to May 28, 2014.

■ Those local website platforms set up in different regions can be distinguished from each other. Some are unified website platforms to publish all decisions made within a province, while others are just platforms belonging to the local high, intermediate or basic-level courts publishing judgments within their judicial districts without a unified platform.

Local Website Platform Mode		Provinces, Autonomous regions and Municipalities
Provinces using a Unified Online Publishing Judgment Platforms	Provinces having parallel intermediate and basic level courts online publishing judgment platforms	11: Shanghai, Jiangsu, Zhejiang, Beijing, Tianjin, Chongqing, Shandong, Hunan, Jiangxi, Hebei, Heilongjiang
	Provinces without any intermediate and basic level courts judgments online publishing judgment platforms	2: Henan, Hainan
Provinces without any Unified Online Publishing Judgment Platforms	Provinces having parallel online publishing judgment platforms at three levels	15: Yunnan, Liaoning, Anhui, Shaanxi, Shanxi, Sichuan, Qinghai, Guangdong, Guizhou, Gansu, Hubei, Fujian, Inner Mongolia, Xinjiang Uygur Autonomous Region, Guangxi Zhuang Autonomous Region
	Provinces with only part of intermediate and basic level courts having judgments online publishing platforms	1: Jilin

Link: <http://chuansongme.com/n/521886>

II. Comments on Typical Cases

Patent

Maped Corporation vs. Yangjiang Bonly Industries Ltd. and Yangjiang Ewin Knife & Scissors Co., Ltd regarding Design Patent Infringement Dispute

- The Supreme Court Civil Adjudication (2013) Min Shen Zi No. 29
 - Guangdong High Court Civil Judgment (2011) Yue Gao Fa Min San Zhong Zi No. 164
 - Guangdong Guangzhou Intermediate Court Civil Judgment (2010) Sui Zhong Fa Min San Chu Zi No. 165
- ✓ 2013 Chinese Courts Top 50 Typical IP Cases



Rule: When an alleged infringement product, in addition to using an identical or similar design to a design patent, includes other additional patterns and color design factors, and when these additional design factors are only extra-added design factors, they normally will have no substantive effect on the determination of infringement.

Remarks:

In this case the main differences between the alleged infringing product and the disputed patent for the design were: the rivet of the alleged infringing product consisted of two truncated cone-like protrusions arranged at opposite sides of the scissor, the obviously larger size and wavy stripes arranged on the central axis, the rivet of the disputed patent is a metal rivet, the obviously smaller size and linear groove arranged in the middle on only one side (*the distinguishing feature 1*), and the scissor blades of the alleged infringement product are further provided with colored patterns (*the distinguishing feature 2*).

The Supreme People's Court believed that even though the brief explanation of the design does not clearly claim that the colors should be protected, the colors in the drawings or photographs should not be used for delimiting the range of protection of the patent for a design and should not be taken into account when making the comparison of infringement. At the same time, where the changes in the degree of brightness or degree of depth on the product form patterns, they shall be regarded as pattern design factors, rather than color design factors. The concentric rings with the different degrees of brightness on the handles of the disputed patent belong to the pattern design factors. The alleged infringement product, in addition to using the identical or similar design with the patent for a design, includes other additional pattern and color design factors, and if these additional design factors are the extra-added design factors, they normally will have no substantive effect on determination of infringement. Otherwise, another person could easily evade the patent infringement by simply adding patterns, colors and other elements to the patent for a design. Additionally, this is obviously in conflict with the legislative intentions of Patent Law, i.e., encouraging the invention-creation and promotion of the development and innovation of science and technology. The disputed patent does not claim protection of the color, and there is no pattern design on the blades. The distinguishing feature 2 is the extra-added design factor on the alleged infringement product, and thus has no substantive effect on determination of infringement.

Copyright

CCTV International Network Co., Ltd. vs. Shanghai Quantudou Culture Communication Co., Ltd. regarding Information Network Transmission Right Infringement Dispute

- Shanghai No. 1 Intermediate Court Civil Judgment (2013) Hu Yi Zhong Min Wu Zhi Zhong Zi No. 228
- Shanghai Minhang District Court Civil Judgment (2013) Min Min San Zhi Chu Zi No. 242
- ✓ Typical IP Cases published by the Supreme Court on June 23, 2014
- ✓ 2013 Shanghai Courts Top 10 Typical IP Cases



Rule: An internet service provider shall bear the burden of proof if they use the storage service as a defense.

Remarks:

This is a typical case regarding infringement of an Information Network Transmission Right. This case was widely paid attention to because the subject works involved, “A Bite of China,” has a very high public reputation in China. CCTV International Network Co., Ltd. filed the lawsuit based on the account that the web-site Tudou, which is operated by the defendant, provided on-line service without permission when the involved work was a hit show. The plaintiff believed that the aforesaid behavior would infringe on its legitimate rights and interests, so it filed the lawsuit accordingly.

The court ruled that “A Bite of China” belongs to works created by virtue of the analogous method of film production and should be protected by the Copyright Law. After authorized by the copyright owner, China Central Television (CCTV), the plaintiff obtained the exclusive Information Internet Transmission Right of the involved works. Therefore, the plaintiff is entitled to initiate the lawsuit. The defendant argued that they only provided storage service and the disputed work was uploaded by a netizen. This allegation was not proved by the defendant. The court held that the information of a specific up-loader was controlled and managed by the defendant, and the negative fact should be proven by the defendant. The defendant deleted the raw data on its own and made it impossible for the plaintiff to find out the truth. Accordingly, the defendant must bear the consequences for the lack of supporting evidence.

Courts of the first and second instances both judged the infringement of the Information Network Transmission Rights. When fixing the amount of damages, the courts took full account of the popularity and influence of the involved works, along with the subjective faults of the defendants, the occurrence and duration time of the infringement and the business scale, business type and influences of the defendant’s website. At last, the court awarded 248,000RMB to cover the plaintiff’s economic losses and reasonable expenses. This case indicates that the Internet intellectual property protection has gained more attention. This will make up the economic losses made to rightful owners and also alarm Internet service providers to pay more attention to self-control and management.

 **Trademark**

Lan Jianjun & Hangzhou Xiao Mu Zhi Company vs. Tianjin Xiao Mu Zhi Company regarding Trademark Infringement and Unfair Competition

- The Supreme Court Civil Adjudication (2013) Min Shen Zi No.723
- Tianjin High Court Civil Judgment (2012) Min Gao Min San Zhong Zi No.0046
- Tianjin No.2 Intermediate Court Civil Judgment (2012) Er Zhong Min San Zhi Chu Zi No.47

✓ **Seventh Batch of Guiding Cases issued by the Supreme Court on June 26, 2014**



Rules:

- 1. Whether a company operates beyond its business scope and violates the laws and regulations of Administrative Authorization will not affect its civil rights or ability to stop trademark infringement or unfair competition;**
- 2. The Anti-unfair Competition Law adjusts both direct and indirect competitive relations.**

Remarks:

The plaintiffs Lan Jianjun and Hangzhou Xiao Mu Zhi are the rightful holders of trademark “Xiao Mu Zhi” in Chinese.” Hangzhou Xiao Mu Zhi Company obtained the registration of trademark No.6573882 “Xiao Mu Zhi” in Chinese” in 2011, designated in respect of class 35 services “chain store management; franchise management.” In the same year, Lan Jianjun granted exclusive license of his trademark No. 6573881 “Xiao Mu Zhi” in Chinese” (designated in respect of class 37 services “vehicle maintenance and repair; vehicle cleaning; vehicle lubrication; vehicle polishing”) to Hangzhou Xiao Mu Zhi Company. Hangzhou Xiao Mu Zhi Company has been using “Xiao Mu Zhi” as its trade name since the company was established in October 2004. The company set up its own maintenance system to repair minor damage to vehicles, and used “Xiao Mu Zhi” to conduct commercial franchising activities. The trademark “Xiao Mu Zhi” in Chinese” has gained a certain reputation after long term use of the name. The defendants Tianjin Xiao Mu Zhi Company and Tianjin Hua Shang Company used “Xiao Mu Zhi” devices in many places in their auto repairing service and attracted investment activity on the Internet. They also used the trademark “Xiao Mu Zhi” in Chinese” individually and prominently. Subsequently, the plaintiffs

filed a lawsuit against the two companies on the grounds of trademark infringement and unfair competition.

The defendants argued that Hangzhou Xiao Mu Zhi Company did not obtain an administrative permit on its vehicle maintenance and repair business, so its activities of providing vehicle maintenance and repair services are beyond its scope of business permitted by the authorities also making the activities illegal. This would mean that its civil rights should not be protected by law. The court held that even if a company operated beyond its permitted scope of business and violated the laws and regulations of the Administrative Authorization it would not affect the company's civil right to prevent trademark infringement or unfair competition on its business. Whether the business is legal or not should be investigated and determined by the administrative authority in accordance with relevant law. Accordingly, the defendants' arguments were unjustified.

In addition, the defendants Tianjin Xiao Mu Zhi Company and Tianjin Hua Shang Company were both engaged in the vehicle maintenance and repair business. Although the plaintiff Hangzhou Xiao Mu Zhi Company does not have the operation qualifications for vehicle maintenance and repair, and is not actually engaged in the auto maintenance and repair business, based on the fact that Hangzhou Xiao Mu Zhi Company does deal in developing technologies such as automotive glass repair and automotive paint repair, and the designated services of its licensed trademark include vehicle maintenance and repair, it is affirmed that Hangzhou Xiao Mu Zhi Company is engaged in vehicle maintenance and repair related business. Further the company is granted licenses of its resources, such as corporate logo, trademark, patent and proprietary technology to its directly controlled stores or franchisees so to make them the operators of brand "Xiao Mu Zhi." As for the question of whether there was a competitive relation between the plaintiff and the defendant, the court holds that Anti-unfair Competition Law neither restricts the competitive relation to be direct competitive one, nor regulates that the competitors should be engaged in the same business. In view of the fact that the plaintiff, Hangzhou Xiao Mu Zhi Company, was engaged in the vehicle maintenance and repair related business, there was an indirect competitive relation between the plaintiff and the defendants. In all, among indirect competitors, when activity violates the Anti-unfair Competition Law and damages another's rights and interests, it will be deemed as unfair competition.

Unfair Competition

Tianjin China Youth Travel Service Co., Ltd vs. Tianjin Guo Qing International Travel Agent regarding Trade Name Misappropriation

- **The Supreme Court Civil Adjudication (2012) Min Shen Zi No.1184**
- **Tianjin High Court Civil Judgment (2012) Jin Gao Min San Zhong Zi No. 3**
- **Tianjin No.2 Intermediate Court Civil Judgment (2011) Er Zhong Min San Zhi Chu Zi No. 135**
- ✓ **Seventh Batch of Guiding Cases issued by the Supreme Court on June 26, 2014**



Rule:

- 1. The abbreviation of the name of a company that is known in the market to certain extent and is actually used and functions as the trade name of the company should be protected in the same way as the company name.**
- 2. Misconduct, including causing confusion by using other companies' abbreviations of virtual brand value as key words for internet price ranking searching will be considered as an act of unfair competition.**

Remarks:

“Tianjin QingLv” is the Chinese abbreviation of, Tianjin China Youth Travel Service Co., Ltd, who is the plaintiff in this case. The plaintiff brought the defendant, Tianjin Guoqing International Travel Agent to court for its illegal use of the plaintiff’s trade name and its abbreviation on the defendant’s rights-reserved web pages, website source code and search engine. The plaintiff requested that the Court order the defendant to stop the misappropriation, issue an apology and provide compensation to the plaintiff.

In this case, the term of “Tianjin QingLv” is highly popular and famous to the public because of the company’s longtime and extensive use and promotion. The use of the name has been closely associated with the plaintiff and can therefore be regarded as a kind of commercial sign with an implied identification of a business entity. The court ruled that the abbreviation of the name of a company that is known in the market to a certain extent and has actually been used and functioned as the trade name of the company should be protected in the same way as the company name. It can be concluded from above that “Tianjin QingLv” can be considered as the company name and will be protected in accordance with Anti-unfair Competition Law, Article 5.3.

According to Article 5.3 of Anti-unfair Competition Law, “Tianjin GuoQingLv” has been engaged in unfair competition, infringing upon the legitimate rights and interests of “Tianjin China Youth Travel Service,” by using key words associated with the plaintiff’s company name in the search engine and website source code to take advantage of the plaintiff’s reputation and high profile in

the market, causing confusion in relevant groups of consumers, and to compete for potential customers. All these practices should be banned.

 Others

Huawei Technologies (Huawei) vs. InterDigital Corporation (IDC) regarding Abuse of Market Dominant Position Dispute

- Guangdong High Court Civil Judgment (2013) Yue Gao Fa Min San Zhong Zi No.306
- Guangdong Shenzhen Intermediate Court Civil Judgment (2011) Shen Zhong Fa Zhi Min Chu Zi No. 858

- ✓ 2013 Chinese Courts Top 50 Typical IP Cases
- ✓ 2013 Guangdong Courts Top 10 IP Judicial Protection Cases



Rule:

Each market for the licensing of essential patents in regards to technology standards constitutes an independent relevant market. “Package licensing” of standard essential patents by patentees on a global scale should be seen as “tie-in sales,” which comply with the principle of efficiency for multinational corporations, thus it does not constitute a monopoly. Factors such as a comparison of relevant license fees, actual situations of other corporations, cross-licensing conditions, relevant litigation cases and so forth will be considered when making a comprehensive determination as to whether unfair and excessive pricing behavior exists.

Remarks:

The Guangdong High Court characterizes this case as a dispute on abuse from a market dominant position. The Court specifically defines a “relevant market,” affirms that IDC has a dominant position in the relevant markets, and analyzes which behaviors of IDC constitute an abuse from a market dominant position.

Regarding identification of a relevant market: it was held that each of the essential patent licensing markets of IDC for 3G wireless communication technology standards in China and essential patent licensing markets of IDC for 3G wireless communication technology standards in the U.S. constitutes an independent relevant market, and the relevant market in this case is a group of these independent but relevant markets. As the sole supplier of the essential patent licensing market at issue, IDC has a full share in each of the relevant essential patent licensing markets regarding 3G standards, and thus it absolutely has the ability to block or influence other business operators to enter a relevant market. Furthermore, since IDC takes patent licensing as its only business model but does not carry out any substantial production, resulting in IDC's non-dependence and non-restrictiveness from cross-licensing of other 3G essential patent holders, its market dominant position is not effectively restricted, and thus IDC does have a market dominant position in the relevant essential patent licensing markets.

Regarding identification of abuse from a market dominant position, on the tie-in sales issue: IDC's packaging licensing of essential patents on a global scale, which will be seen as a behavior of bundling sales, complies with the principle of efficiency for multinational corporations such as Huawei and, thus, does not constitute a monopoly. However, IDC's tie-in sales of non-standard essential patents with standard essential patents does constitute abusing a market dominant position. On the unfair excessive pricing issue: with comprehensive consideration of factors like relevant license fees, actual situations of other corporations, cross-licensing conditions, relevant litigation cases of IDC and so on, it is identified that IDC's offering of essential patent licensing to Huawei at issue constitutes an unfair excessive pricing.

Since neither of the two sides provides any evidence to prove the actual loss or actual profit due to infringement, based on actual situations for this case and with consideration of the nature of IDC's infringement, degree of IDC's subjective fault, infringement duration and impact of the infringement, and reasonable expense paid by Huawei for investigating and ceasing the monopoly behavior, it was ruled that IDC should pay a monetary compensation of 20 million RMB (approx. 3.23 million USD) to Huawei.

III. NTD Case Selection

Johnson & Johnson vs. TRAB, Xu regarding Trademark Opposition Review Administrative Litigation

- Beijing High Court Administrative Judgment (2013) Gao Xing Zhong Zi No. 2403
- Beijing No.1 Intermediate Court Administrative Judgment (2013) Yi Zhong Zhi Xing Chu No. 2170



NTD won again in a case on cross-class protection for a well-known trademark, for Johnson & Johnson, the global giant in the business line of pharmaceuticals and personal care products.

In recent years, “cross-class squatting” has been an annoying problem encountered by world famous brands owners, due to the fact that requesting for cross-class protection of a well-known trademark needs to meet strict requirements for burden of proof, which dispirits the commercial giants. In this case, an individual named Xu caused trouble with Johnson & Johnson, whose registration covered goods for a meat tenderizer for household purposes, yeast and flavoring agents, which were quite irrelevant to the business of Johnson & Johnson. The Trademark Review and Adjudication Board (hereinafter referred to as “TRAB”) held in its review decision that the evidence that Johnson & Johnson submitted could only prove that the cited mark “强生” had obtained certain fame but was insufficient to prove that it had become a well-known trademark prior to the application date of the opposed trademark. In addition, a meat tenderizer for household purposes, yeast and flavoring agents were quite different from infant care products, cosmetics, and others that the cited trademark was based on. For those reasons and a general lack of relevance registration of the opposed trademark was approved.

NTD was delegated power to go through the administrative litigation proceeding and thought it fatal to supplement sufficient and efficient evidence for the purpose of winning the case. However, whether the supplemented evidence could be taken by the trial court is always unpredictable due to the fact that the court had the right to reject the new evidence based on the principle of “legitimacy examination.” That meant that all of the evidence that the attorneys made great efforts to collect may be vain at the end. This became a big threshold of testing the wisdom and courage of the attorneys. Having carefully analyzed the prevailing tendency of strengthening protection of a well-known trademark advocated by the Supreme Court and courts at all levels in their trial practice in recent years, the NTD lawyers decided to ask the client to try and collect more evidence and told the client which were the most efficient exhibits for proving a well-known trademark and its formality requirements. What is more, for the evidence that was difficult for the client to collect, NTD took initiative to use its own resources to help the client to collect.

NTD finally won the case after two instance trials. The trial court held that the supplementary evidence that Johnson & Johnson submitted in the proceeding were not those taken as the base of the TRAB decision, and refused to take them in accordance with the principle of “legitimacy examination,” thus the TRAB decision was sustained. Quite to the contrary, the appeal court accepted Johnson & Johnson’s supplementary evidence and made a different ruling based upon the following major considerations: **1.** Johnson & Johnson submitted certain evidence to TRAB regarding the fact that the cited trademark had become a well-known trademark, which should not be regarded as refusing to submit evidence or be slack in submitting evidence in the administrative proceeding. **2.** Mr. Xu had never appeared in any of the hearings in the previous trademark oppositions, reviews or even court proceedings, meaning that he abandoned his rights of cross-examination, court debating, etc. **3.** The characters “强生” were highly distinctive, and the opposed mark was totally identical to “强生” without any justification. **4.** The well-known trademark is protected by law not for the avoidance of confusion alone, but also for the anti-dilution of the distinctiveness of a well-known trademark or derogation of the good-will of the well-known trademark. **5.** Although, the goods “meat tenderizer for household purpose, yeast and flavoring agent” and the opposed trademark designated were quite different from infant care products covered by the cited trademark in terms of function, purpose and manufacture sectors, the cross class protection for trademark that has relative high reputation should be in proportion of its degree of reputation. Based on the reasoning and analysis of the supplementary evidence that Johnson & Johnson submitted in the litigation, the appeal court held the cited trademark as a well-known trademark, and subsequently ruled to repeal the TRAB decision approving the registration of the opposed mark.

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Please call +8610 66211836 ext. 323 or send email to law@chinantd.com.

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