



IP CASE EXPRESS



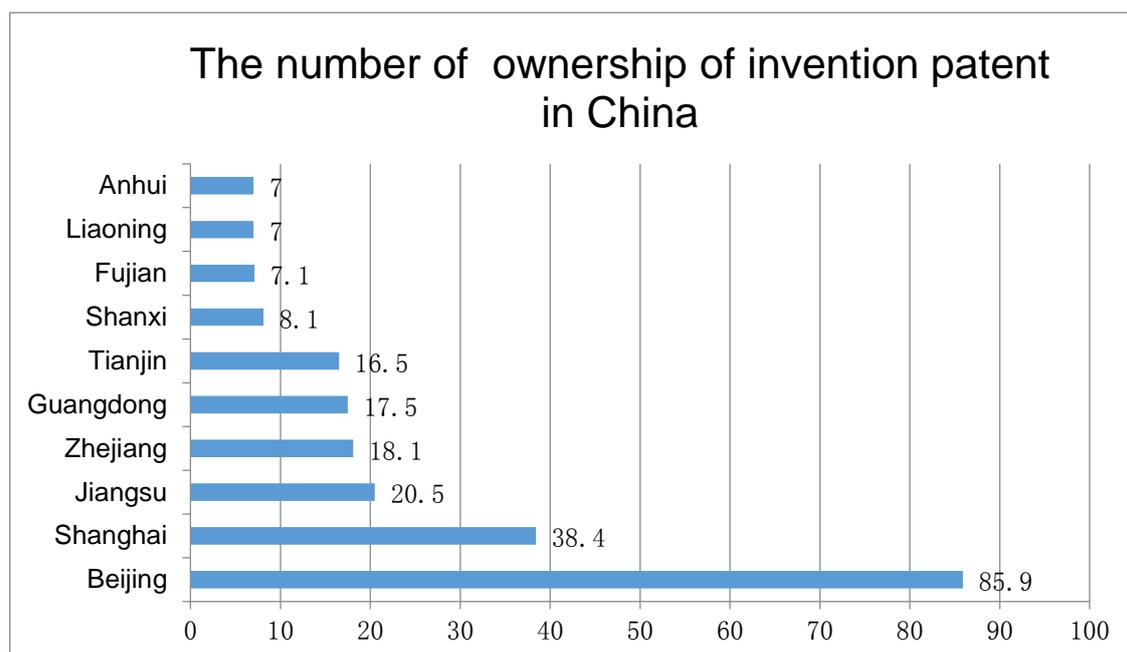
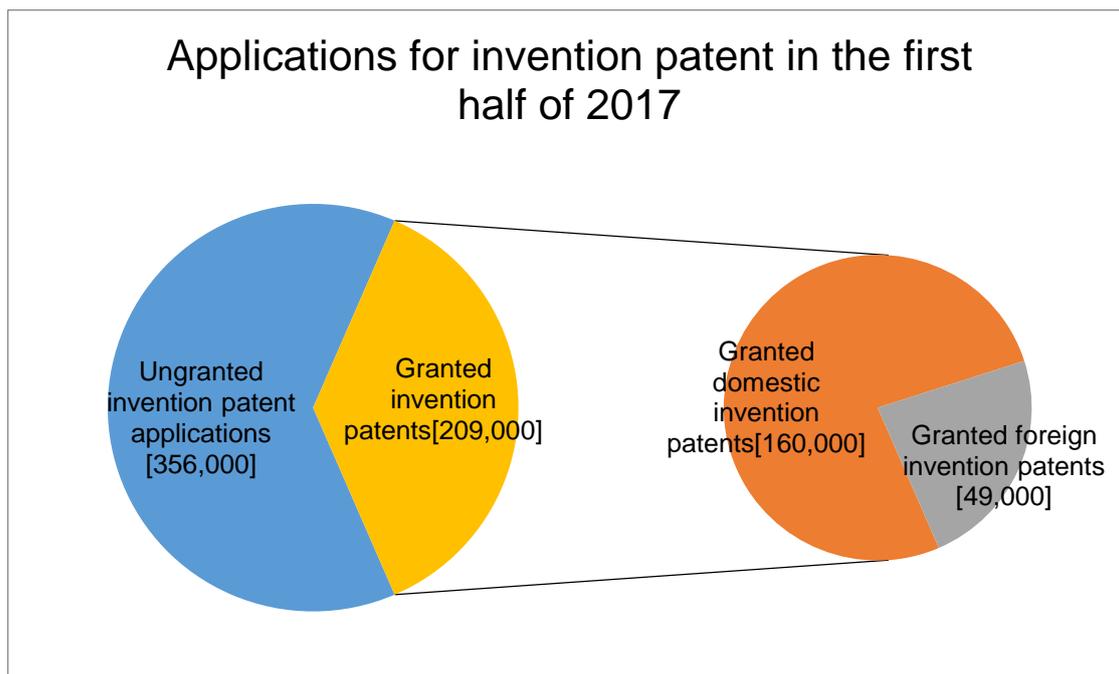
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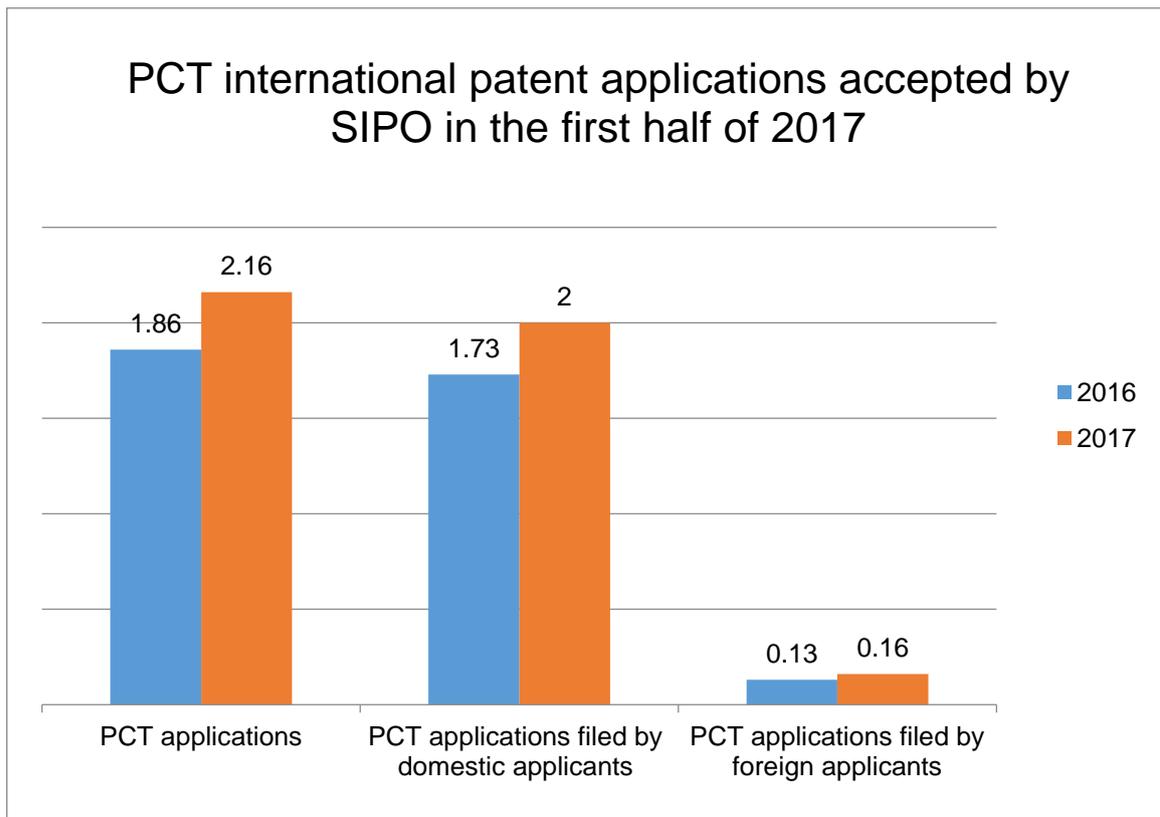
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In this edition, we browsed and analyzed IP-related court judgments and adjudications together with the key statistics recently, and we would like to share with you noteworthy statistics and our comments on some significant cases.

I. Statistics





Source: SIPO

II. Comments on Typical Cases

Patent

Suzhou ATW Valve Co., Ltd. v. SHK Valve Group Co., Ltd.

Shanghai Higher People's Court Civil Judgment (2017) Hu Min Zhong No. 23
Shanghai Intellectual Property Court Civil Judgment (2015) Hu Zhi Min Chu Zi No. 218



Rules:

In the determination of patent infringement, it is meaningless to distinguish between essential and non-essential technical features in the claims. In view of the fact that each technical feature has an impact on the technical scheme of a patent, all technical features included in the claims shall be taken into account for defining the protection scope of the claims.

Facts:

Suzhou ATW Valve Co., Ltd. (hereinafter referred to as "ATW Company") is the patentee of patent No. 200910053595.6 entitled "Double-Valve Integrated Disc

Valve". The technical solution of Claim 1 is "a double-valve integrated disc valve comprising an upper valve and a lower valve operating by independent on-off switches, ... **a horizontal axis welded to the fixed valve shaft, and driving parts welded together with the horizontal axis;...**"

ATW Company alleged that the products manufactured by SHK Company and used by Liuzhou Chemical Company infringed its patent and filed a suit with Shanghai Intellectual Property Court. Shanghai Intellectual Property Court carried out on-site inspection of allegedly infringing products. Upon inspection, the allegedly infringing products were determined to be double-valve integrated disc valves, among which, **the horizontal axis was connected to the fixed valve shaft by means of a flat key plus fastening screws, while driving parts were connected to the horizontal axis and fixed with fastening screws.**

Upon comparison in the first instance, the parties had disputes over the corresponding technical features of the allegedly infringing products and the statement in Claim 1 that "the said valve stem was composed of a rocker, a fixed valve shaft, a horizontal axis welded to

the fixed valve shaft, and driving parts welded together with the horizontal axis” (hereinafter referred to as technical features in dispute), while agreed on the remaining technical features.

As to the technical features in dispute, the plaintiff held that the “welding” involved in the technical features was not the technical feature of the involved patent, which was simply used to describe the connected relation and spatial position of the fixed valve shaft, horizontal axis and driving parts, as well as a description of the processing craft for the parts. In addition, the welding and other means of connection were for fixation and connection, the functions of which were basically the same, thereby constituting equivalent means of connection.

The two defendants defended that the two were neither identical or equivalent for the main reasons that in the involved patent, the horizontal axis was connected to both the fixed valve shaft and driving parts by means of welding, while the allegedly infringing products used dismountable means of connection, such as key joint and cup joint. The plaintiff claimed in the inspection that welding was better than other means of connection, so the means of connection of the allegedly infringing products achieved different results from that of the involved patent.

The court of the first instance held that when the people’s court determined the scope of protection of the patent, the preamble part, the characterizing part, and the technical features recorded in the quoted part and restrictive part of dependent claims all had definition to the

protection scope. Therefore, the technical features included in the claims should all be understood as the indispensable technical features of the technical solution for the patent and had a limitation on the scope of protection of the patent, which should be taken into account for determining the scope of protection of the patent. In addition to defining the various components of the valve stem, the technical features in dispute also defines the means of connection between the horizontal axis and the fixed valve shaft, as well as between the horizontal axis and the driving parts. The opinion of the plaintiff that “welding” was not a technical feature restricted by the involved claims was untenable, which would not be supported by the court of the first instance.

By comparison, the horizontal axis of the involved patent was welded to the fixed valve shaft, and the driving parts were welded together with the horizontal axis, while the horizontal axis of the allegedly infringing product was connected to the fixed valve shaft by means of a flat key plus fastening screws, and driving parts were connected to the horizontal axis and fixed with fastening screws. Therefore, the two were not the substantial same in terms of the means of connection between the horizontal axis and the fixed valve shaft, as well as between the driving parts and the horizontal axis, which constituted identity in terms of the means of connection of the said components. The court of the first instance found that the allegedly infringing product did not fall within the scope of protection of Claim 1 of the plaintiff, and the acts of the two defendants did not constitute infringement

of the involved patent of the plaintiff.

ATW Company refused to accept the judgment of the first instance and appealed to Shanghai High People's Court. Shanghai High People's Court held that the protection scope of invention and utility model should be subject to the contents of their claims. All the technical features included in the claims should have a definition on the technical solution of the patent, which should constitute an indispensable part of the complete technical solution of the patent. Therefore, in the determination of patent infringement, it was meaningless to distinguish between essential and unessential technical features in the claims. When deciding whether the allegedly infringing technical solution falling within the protection scope of the patent, the people's court should strictly follow the "comprehensive coverage" principle for the technical features of the patent, i.e. the technical features of the allegedly infringing products should cover all of the technical features recorded in the claims asserted by the right holder or the equivalent features thereof. If the allegedly infringing technical solution was lack of one or more technical features recorded in the patent claims, or if one or more technical features were neither identical nor equivalent, it should be determined to not fall within the protection scope of the patent. Therefore, the judgment of the first instance was clear in facts and correct in the application of the law. The appeal should be dismissed to maintain the original judgment.

Remarks:

The scope of protection of the patent is subject to the content of the claims. The Interpretations of the Supreme People's Court on Several Issues concerning the Application of Law in the Trial of Patent Infringement Dispute Cases and judicial precedents have established the "comprehensive coverage" principle, i.e. all the technical features included in the claims shall be taken into account for determining the scope of protection of the claims. In view of the "comprehensive coverage" principle for determining infringement, the drafting of claims is particularly important in patent prosecution. The claims shall not be for the only purpose of grant, but also to consider whether the scope of protection of the granted claims can be bypassed by others. Therefore, it is necessary to take into account in the preparation stage of claims the possible patent infringement issues in the future, and carefully consider the possible impact of the included technical features on the subsequent determination of infringement, so as to avoid the inclusion of technical features not necessary for implementing the invention into independent claims.

In this case, in addition to defining the connected relation between the fixed valve shaft, the horizontal axis, the driving parts and etc., Claim 1 has also limited the means of connection to be "welding". However, with respect to the patent, "welding" is not the only means of connection between various components, and the patent specification further states that in addition to "welding", the horizontal axis and fixed valve shaft may be

connected by means of splines, pins or solid forging. Since the connected relation between the horizontal axis and both the fixed valve shaft and the driving parts has been defined in Claim 1, it is not necessary to define the means of

connection between the two. Certainly, if “welding” is better than other means of connection, it can be stated in a dependent claim.

Author: Gavin JIA

Trademark

Shenzhen Hongyibang Electronics Co., Ltd. v. Tanita (Shanghai) Trading Co., Ltd.

- *Shanghai Intellectual Property Court Civil Judgment (2016) Hu 73 Min Zhong No. 310*
- *Shanghai Huangpu District People's Court Civil Judgment (2015) Huang Pu Min San (Zhi) Chu Zi No. 50*



Rules:

According to the principle of “non bis in idem”, a court shall adopt the conclusion on a legal issue drawn in a final judgment of a preceding case, if 1) the plaintiff in the current case is the same as that in the preceding case, 2) the defendants are respectively the manufacturer and seller of the same allegedly infringing product; 3) the key issue is the same.

Facts:

Shenzhen Hongyibang Electronics Co., Ltd. (hereinafter referred to as

Hongyibang Company) is the **TANITA** the trademark reg. No.1574606 **特需他**, designating goods **alcohol tester** in Class 9.

Tanita (Shanghai) Trading Co., Ltd. used the trademark **TANITA** on “HC-212s **breath tester**” sold thereby. Hongyibang Company sued Tanita (Shanghai) Trading Co., Ltd. for infringing the exclusive right to use the registered trademark thereof.

The court of the first instance held that the product “HC-212S breath tester” sold by Tanita Company was basically identical to the detector of alcohol content in exhaled air and alcohol detector in terms of the manufacturing conditions, function, use pattern, purpose, distribution channel and targeting consumers, which constituted similar goods. The English characters in the **TANITA** mark **TANITA** and the trademark **特需他** were identical. Although the characters “NI” in the trademark sign **TANITA** were specially designed, it was not enough to distinguish between the two trademarks, which would still cause confusion. Therefore, the said trademark constituted a trademark similar to the registered trademark. The use of the trademark **TANITA** fell within the scope of the exclusive right of the trademark of Hongyibang Company, and constituted infringement.

The court of the second instance held that before the court of the first instance accepted the case, Hongyibang Company had filed a lawsuit with Dongguan First People's Court on January 20, 2015, claiming that the production of "HC-212S breath tester" with the trademark

TANITA by Xiaofeng Company infringed

Hongyibang Company's exclusive right to use the trademark reg. No.1574606

TANITA
特需他, and that "HC-212S breath tester" was an infringing product. In accordance with the principle of "non bis in idem", the current case should be heard based on the judgment of Dongguan No. 49 case heard by Dongguan First People's Court. In the final judgment of Dongguan No. 49 case, Dongguan Intermediate People's

Court found the trademark **TANITA** used

on "HC-212S breath tester" was neither identical nor similar to the trademark reg.

TANITA
特需他 No. 1574606 of Hongyibang Company, which would not cause confusion of consumers, so that "HC-212S breath tester" was not a product infringing the trademark reg. no.

TANITA
特需他 1574606 of Hongyibang Company. Therefore, in the current case, Tanita's selling of "HC-212S breath tester" did not constitute an infringement of the

TANITA
特需他 trademark reg. No. 1574606 of Hongyibang Company.

Remarks:

Article 247 of the *Interpretations of the*

Supreme People's Court on the Application of the Civil Procedure Law of the People's Republic of China stipulates that "where the parties file a lawsuit for a matter that has been in the course of a legal proceeding or for a matter over which a court has made a judgment, such a lawsuit shall constitute a repetitive suit, if: (1) the parties in the former case are the same as those in the latter one; (2) the subject matter in the former case is the same as that in the latter one; and (3) the claims in the former case are the same as those in the latter one, or the claims in the latter case substantially deny the judgment of the former case. If a party files a repetitive lawsuit, the suit shall not be accepted; where the suit has been accepted, the suit shall be ruled to be rejected, unless as otherwise provided in laws and judicial interpretations."

Reading the above judicial interpretation literally, you'll find that this case clearly does not belong to the situation of "non bis in idem". The defendant in this case is Tanita Company, while the defendant in Dongguan No. 49 case is Xiaofeng Company. The parties are obviously different. However, this case and Dongguan No. 49 case involve the same allegedly infringing product and the same trademarks, and the defendants are respectively the seller and manufacturer of the same allegedly infringing product. Therefore, the legal issue involved in the two cases can be determined to be identical. Since the judgment of Dongguan No. 49 case has entered into force, the judgment made by the court of the first instance which was completely different from that of Dongguan No. 49 case made it

impractical for the parties to execute the judgment.

Therefore, in trademark infringement cases, if the current case and the preceding case are lodged by the same plaintiff and respectively against the manufacturer and seller of the same

allegedly infringing product, and the core issue in the current case is the same as that in the preceding case, the principle of “non bis in idem” shall be applied to adopt the conclusion on the legal issue drawn in the final judgment of the preceding case.

Author: Nathan YANG; Yan ZHANG

Copyright

CCTV International Network Co., Ltd. v. Shenzhen Kaiboer Technology Co., Ltd. and Shanghai Keluofu International Trade Co., Ltd.

Shanghai Intellectual Property Court Civil Judgment (2017) Hu 73 Min Zhong No. 25

Shanghai Putuo District People' Court Civil Judgment (2015) Pu Min San Zhi Chu No. 312



Rules:

Since the manufacturer of Internet TV set-top boxes knows and supports the vendor in installing software in set-top boxes which provides live-broadcasting, replaying and requesting functions for TV programs without authorization, the manufacturer and the vendor shall be deemed to have reached an agreement on the installation, which shall constitute joint tort and be jointly liable for tort.

Facts:

On April 20, 2009, CCTV issued a Letter of Authorization, granting an exclusive and worldwide license to the plaintiff for all TV channels and programs shot, produced or broadcast thereby, as well as authorizing the plaintiff to investigate for the liability for tort.

In March, 2014, the plaintiff made a notarized purchase of Internet TV players manufactured by the defendant Shenzhen Kaiboer Company from the defendant Keluofu Company on Tmall, which, upon inspection, were found to enable live broadcasting, requesting and replaying of CCTV's programs. The defendant Keluofu Company admitted that it had installed relevant software in the players, while the defendant Kaiboer Company denied that the involved players manufactured thereby were installed with the software that enabled broadcasting of CCTV's programs when leaving the factory. The relevant software in the players was downloaded and installed by the vendor Keluofu Company without authorization.

The court ruled that the defendant Kaiboer Company knew and supported

Keluofu Company in installing relevant software, as well as provided upgrading and downloading services for relevant software, which could be deemed to have reached an agreement with Keluofu Company in terms of installing relevant software in the involved players. The software enabled live broadcasting, requesting and replaying of the programs of CCTV, which infringed the copyright and information network communication right of CCTV International Company.

Therefore, the court held that Kaiboer Company and Keluofu Company constituted joint tort, which should be jointly liable for tort.

Remarks:

1. The Supreme Court of the United States initially established the principle of “Technology Neutrality” in the Sony case, determining manufacturers of products with material and non-infringing purposes would not constitute indirect infringement due to certain purposes actually possessed by the products. However, in the practical application of the principle, the case facts shall be analyzed to avoid absolute technology neutrality and use of technology neutrality as a shield against improper exemption from the liability for tort. As to technologies with substantial and non-infringing commercial purposes, the provider thereof shall be reviewed to determine whether the provider knows or shall have known the existence of the specific and direct infringement act, as well as has other assistance or instigation acts, so as to determine the liability of the provider.

2. The facts of the case indicated that Kaiboer Company knew the existence of direct infringement facts and provided assistance: first, Kaiboer Company declared on its official website and Tmall flagship store that the involved players had abundant online resources and were internally installed with several online platforms and video programs; second, Kaiboer Company demonstrated on its official website the live-broadcasting, requesting and replaying functions of the players and actual effects. The built-in software of the players could provide live broadcasting and replaying of the programs of CCTV. Meanwhile, Kaiboer Company provided downloading and upgrading services for relevant software. Third, Kaiboer Company declared on its official website that Keluofu Company was the general agency thereof in Shanghai and provided links to relevant websites of Keluofu Company, while the latter also declared the involved players enabled the watching and replaying of the programs of CCTV in the introduction to the involved players on its website. The facts showed that Kefuluo Company and Kaiboer Company were closely related. Kaiboer Company not only knew and supported Keluofu Company in installing relevant software, but also provided upgrading and downloading services for relevant software. Therefore, Kaiboer Company and Keluofu Company could be deemed to have reached an agreement on installing relevant software in the involved players and should be jointly liable for tort.

Author: Richard HU

Unfair Competition

Shanghai Mars Culture Media Co., Ltd. v. Guangzhou Douyu Network Technology Co., Ltd.

Shanghai Pudong New Area People's Court Civil Judgment (2015) Pu Min San (Zhi) Chu Zi No. 191

Shanghai Intellectual Property Court Civil Judgment (2015) Hu Zhi Min ZhongZi No. 641



Rules:

1. The video broadcasting right in the Internet does not belong to legal copyright and game competition footage does not belong to the works under the copyright law.
2. The exclusive video broadcasting right to game competitions has a strong commercial attribute, which carries the goodwill of online live-broadcasting platform operators and certain economic interests. Such interests belong to the civil property interests under the protection of the Tort Liability Law, which may be protected from unfair competition in accordance with the provisions of Article 2 of the anti-unfair competition law.

Facts:

Shanghai Mars Culture Media Co., Ltd. (hereinafter referred to as "Mars Company") claimed that the game DOTA2 was a world famous e-sports online game, the Asia Invitational Tournament of which was held from January 5 to February 9, 2015. Mars Company was licensed to air an online live broadcast of the involved competition on its website Huomao TV. However, Guangzhou Douyu Network Technology Co., Ltd. (hereinafter referred to as "Douyu Company") made marks in a prominent section of its webpage and provided several live broadcasts of DOTA2 Asia Invitational Tournament on Douyu.com operated thereby. The illegal real-time live broadcasting of DOTA2 Asia Invitational Tournament by Douyu.com without authorization infringed the copyright of Mars Company, seized the economic interests of Mars Company and diverted users' attention and website traffic, which also constituted unfair competition.

Shanghai Pudong New Area People's Court held in the first instance that game competition footage did not belong to the works under the copyright law, so that Douyu Company did not constitute copyright infringement by using the footage of the involved competition.

Therefore, the claim of Mars Company that Douyu Company infringed the copyright thereof was untenable. However, the act of live-broadcasting of the involved competition on the part of Douyu Company directly damaged the competitive advantage in market brought to Mars Company by exclusively exercising the broadcasting right, which infringed the goodwill and economic interests brought to Mars Company by the competitive advantage in market, as well as damaged the normal operation order of online game live-broadcasting website industry, thereby constituting unfair competition.

Shanghai Intellectual Property Court held in the second instance that Douyu Company input nothing to the organization and operation of the competition, nor did it acquire the license for the video broadcasting right. However, it enjoyed for free the commercial achievements resulting from the involved competition organized and operated by Mars Company with huge investment, manpower, materials and efforts, and acquired for itself commercial interests and competitive advantages, which was actually a “free riding” behavior. It seized the audiences that would have belonged to Mars Company, which led to serious diversion of the website traffic of Mars Company, impacted the advertisement profiting capacity of Mars Company, damaged the commercial opportunities and competitive advantages of Mars Company, as well as weakened the appreciation capability of the online live-broadcasting platforms of Mars Company. Therefore, the act of Douyu Company not only violated the

principle of honesty under the anti-unfair competition law and the recognized commercial ethics, but also damaged the legal rights and interests of Mars Company, as well as destroyed the recognized market competition order established in the industry, which was obviously improper. It was proper for the court of the first instance to rule that Douyu Company’s live-broadcasting of the involved competition footage constituted unfair competition.

Remarks:

The case is called “the first case in China on online game live broadcasting”, which involves both unfair competition and copyright infringement. It is of typical significance, which will be discussed from the following aspects:

I. The exclusive video broadcasting right to game competitions belongs to a civil property interest under the protection of our tort liability law

In general, the holding and broadcasting of game competitions are controlled by game developers, operators, organizers and broadcasters, which shall devote certain financial resources and acquire certain goodwill and economic interests. Therefore, the exclusive video broadcasting right to game competitions has a strong commercial attribute and carries the goodwill of broadcasters and certain economic interests, which belong to the civil property interests under the protection of the Tort Infringement Law.

II. Being allowed to watch game competitions does not imply arbitrary use of game competition footage

Although Douyu Company defended that it obtained competition footage through the watching function of DOTA2 client for spectators rather than using the live-broadcasting contents of Mars Company, which had nothing to do with Mars Company and did not constitute unfair competition, the act of watching competitions through the client and the act of using Internet software technologies to take screenshots of competition footage have totally different features. And Douyu Company failed to present evidence to prove that the operator of the game client allowed it to take screenshots of competition footage and used it for live broadcasting. Therefore, the act of Douyu Company was obviously beyond the reasonable extent of watching the competition. Even though the operator of the game client did not impose any technological limit on screenshot, it did not imply that the operator allowed others to take screenshots of competition footage and used it for live broadcasting and other commercial purposes. It is lack of legal basis and juridical logic and contrary to commercial common sense to regard non-limit of the client on outflow of competition footage as allowing others to arbitrary use of such footage, which will directly damage the established normal operation order for licensing broadcasting of game competitions. Therefore, Douyu

Company's act of taking screenshots of competition footage of the involved game client for live broadcasting directly conflicts with the exclusive video broadcasting right of Mars Company, which has damaged the legal rights and interests of Mars Company.

III. The legal character of game competition footage is still in dispute

Although the court of the first instance held that "the competition footage was dynamic one established by several players of the two sides participating in the competition through their respective operations in accordance with the rules of the game, which was an objective and intuitive pattern of manifestation of the ongoing competition. Since the competition process was random and non-duplicated, and the result was uncertain, the competition footage did not belong to the works under the copyright law". However, there is still a big controversy as to the legal character of game competition footage in legal practice. For the time being, there are cases in which game footage is held to be "cinematographic work" as provided in the copyright law, and domestic courts have repeatedly found "sports event program" as "cinematographic work". Therefore, no final conclusion has yet been reached on the legal character of game competition footage.

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