

NEWSLETTER

NO. 3

April, 2019

IP LAW

第 3 期

www.changyanlawfirm.com

2019 年 4 月



Part I: News on Legislation and Policies

- **【Legislation】** *Public Consultation on the 'Revision of the Patent Examination Guidelines' (Draft for Comment)*
On April 4th, the National Intellectual Property Administration, PRC issued the 'Revision of the Patent Examination Guidelines (Draft for Comment)' and its detailed explanations, which were drafted to enhance the openness and transparency of legislation and improve the quality of legislation.
- **【Legislation】** *The National Intellectual Property Administration, PRC issues the 'Guidelines for the Review and Enforcement of Integrated Circuit Layout Design (For Trial implementation)'*
Recently, the National Intellectual Property Administration, PRC issued the 'Guidelines for the Review and Enforcement of Integrated Circuit Layout Design (For Trial implementation)'. The formulation of the Guide is a refinement and summary of national IP administration's long term experience on IP review and IP enforcement. It is also a concrete achievement for implementing the new functions of the National Intellectual Property Administration, PRC as granted by institutional reforms, which is conducive to highlighting the layout design of integrated circuits as an intellectual property type.
- **【Legislation】** *The 'Management Measures for Patent Commissioning' was officially announced and will be implemented on May 1st 2019*
On April 15th, after soliciting many public comments on the draft version, the Market Supervision Administration officially issued the 'Management Measures for Patent Commissioning'.
- **【Legislation】** *The Trademark Law and the Anti-Unfair Competition Law were amended and adopted*
On April 23, the tenth meeting of the Standing Committee of the 13th National People's Congress passed a decision on the revision of the PRC Trademark Law

and the PRC Anti-Unfair Competition Law. Among the two revised laws, the Trademark Law will be implemented on November 1, 2019, and the Anti-Unfair Competition Law came into effect on the date of promulgation.

- **【Policies】** *The executive meeting of the State Council determines a series of intellectual property administrative and legislative matters*

On April 3rd, Premier Li Keqiang presided over the State Council executive meeting to implement the ‘Government Work Report’. The meeting decided to expand the scope of reducing patent application fees and annual fees, etc. from July 1 this year, and reduce some trademark registrations fees. Above charges and fees must be significantly reduced, such as the trademark renewal fee reduced from 1,000 yuan to 500 yuan. The meeting also passed a batch of draft amendments to the Law, such as the Trademark Law, and decided to submit it to the Standing Committee of the National People's Congress for deliberation, increase penalties for violations of trademark exclusive rights, and substantially increase the amount of infringement compensation.

- **【Policies】** *General Office of the CPC Central Committee and General office of State Council both issued document to help the healthy development of small and medium-sized enterprises applying intellectual property measures*

Recently, the General Office of the Central Committee of the Communist Party of China and the General Office of the State Council issued the Guiding Opinions on Promoting the Healthy Development of Small and Medium-sized Enterprises, and notified all departments in various regions to implement them conscientiously in light of actual conditions. In order to promote the healthy development of SME, the Opinion proposes to protect intellectual property rights, improve the risk-sharing and compensation mechanism of intellectual property pledge financing, give full play to the role of intellectual property credit enhancement, and encourage specialized funds such as local intellectual property operation funds to serve the innovative development of SMEs.

- **【Policies】** *The national standard for the classification of intellectual property (patent) intensive industries (2019) was officially released*

The ‘Statistical Classification of Intellectual Property (Patent) Intensive Industries (2019)’ issued by the National Bureau of Statistics (Order No. 25 of the National Bureau of Statistics) was officially implemented on April 1st, 2019. The classification standard defines the definition of intellectual property (patent) intensive industry, establishes the classification principle and method, defines the industry coverage, and is the normative basis for statistical monitoring of the development of intellectual property-intensive industries, in order to accurately reflect the role of intellectual property-intensive industries in the national economy.

- **【Policies】** *An intellectual property protection cooperation mechanism will be*

established in the Yangtze River Delta region

Recently, at a news conference held in Nanjing on the “Development and Protection of Intellectual Property Rights in the Yangtze River Delta Region in 2019”, Jiangsu, Zhejiang, Shanghai and Anhui provinces will establish a cooperation mechanism for intellectual property protection in the Yangtze River Delta region, build a service system for intellectual property rights in the Yangtze River Delta region, and promote the sharing of overseas intellectual property resources in the Yangtze River Delta region.

- **【Policies】** *The ‘Law-information Intellectual Property Edition’ of the Supreme Court was released online, the first legal knowledge big data platform for intellectual property*

On April 26th, “Law-information Intellectual Property Edition” was released on the intranet of PRC Supreme Court. The platform will comprehensively bring together the professional content resources such as laws, cases, referees, opinions, books and other necessary resources for intellectual property trials. The IP knowledge map system, combing the case adjudication rules with time and degree of legal effect coordinates, can provide more accurate, standardized and intelligent case retrieval and push. It is an integrated big data service platform that focuses on intellectual property case guidance and is supported by intellectual property trial knowledge.

- **【Policies】** *The “Intellectual Property Analysis and Evaluation Service Specification” is released and will be implemented on October 1, 2019*

Recently, the State Administration for Market Regulation and the National Standardization Administration issued the National Standard for Intellectual Property Analysis and Evaluation specification, which will be implemented on October 1, 2019. The drafting unit of the standard includes the National Intellectual Property Administration, PRC and the China National Institute of Standardization. The content mainly includes nine aspects - the scope of intellectual property analysis and evaluation, normative references, terminology and definitions, service content, service providers, service personnel, service management, and service implementation.



Part II: Law-enforcement

- **【Enforcement】** *Tianjin Netcom Office issued a ticket for Visual China*

On April 11th, the Tianjin Internet Information Office interviewed the person in charge of the Visual China website in accordance with the law, ordered the website to immediately stop the violations of laws and regulations, to be thoroughly rectified, and imposed administrative penalties on the dissemination of illegal and harmful information on the visual Chinese website. In response to the copyright issue of the “black hole” picture, the National Copyright

Administration also issued a notice on April 12nd stating that the copyright protection of the picture will be included in the upcoming “Sword Net 2019” special action.

- **【Enforcement】***Six departments expressed to strengthen enforcement of intellectual property rights in online shopping, import and export*

Recently, the General supervision Administration of the PRC and the Ministry of Public Security, the Ministry of Agriculture and Rural Affairs, the General Administration of Customs, the National Copyright Administration, the National Intellectual Property Administration, PRC and other departments have issued the “*Measures for Strengthening the Implementation of IPR Enforcement in the Field of Online Shopping and Import and Export*”, and closely cooperated with each other to further improve the enforcement capacity of intellectual property rights, increase the investigation and punishment of violations of intellectual property rights, and earnestly safeguard the legitimate rights and interests of right holders and the market order of fair competition.

- **【Enforcement】***Four departments teamed up to combat online infringement and piracy*

On April 26th, the National Copyright Administration, the State Internet Information Office, the Ministry of Industry and Information Technology, and the Ministry of Public Security jointly launched the “Sword Net 2019” campaign against Internet infringement and piracy.



Part III: Case Overview and Reviews

- **【Case】***Jiangsu Tongling v. Bulls involved in patent invalidation case*

Recently, Tongling Technology filed two patent infringement suits against the Bull Group in the Nanjing Intermediate People's Court, claiming that the amount of compensation amounted to nearly 1 billion yuan, setting a new high for patent infringement litigation of domestic enterprises. Correspondingly, the Bull Group filed an invalidation request with the Reexamination and Invalidation Department of the Patent Office of the National Intellectual Property Administrative, PRC for the above two patents of Tongling Technology. The patent number of the utility model patent involved is ZL201020681902.3. The invention name is “power outlet safety protection device”. The patentee is the general technology, and the invalidation requester is the bull group.

Reviews: The Bull Group encountered a patent litigation with its competitors on the eve of the listing, which may adversely affect its listing process.

- **【Case】** *The First Instance Judgment of Copyright Infringement Case of 'Dark box' v. 'In the Name of the People'*

In 2017, Liu Santian, the author of the *Dark box*, sued the playwright, famous writer Zhou Mason and seven co-authors for infringing her copyright, demanding that the novel be removed from the shelves and compensated for the loss of 18 million yuan. In the afternoon of April 24th, the Shanghai Pudong Court decided the case in the first instance, found that the defendant did not constitute infringement, and rejected the plaintiff's claim.

Reviews: This case has a great social influence because of the popularity of the TV play 'In the Name of the People'. In this case, the court held that copyright law protects the expression of works, not the thought of works. The criterion for judging copyright infringement is the same or substantive similarity in expression of content plus constitution. Novels, movies and TV works mostly come from real life. It is normal for different people to create works with similar plots and scenes. When deciding whether it constitutes infringement, first of all, we should judge whether the elements that the obligee claims to protect belong to the idea that is not protected by copyright law. At the same time, we should exclude the limited expression in public domain. Thereafter, whether a work constitutes infringement depends on whether the overall structure, specific plot, relationship between characters and scenes of the two works are the same or substantially similar. The Court of First Instance held that the plaintiff's novel 'Dark Box' and the defendant's novel and the TV play 'In the Name of the People' of the same name do not have literal similarities in literal expression, nor do they have non-literal similarities in the overall structure, specific plot, and the relationship between the characters of the work. There is no factual and legal basis for the plaintiff maintains the infringement of copyright by the defendants.

- **【Case】** *The First Case of Guangzhou Internet Court – 'Kunlun Xu' v. 'Lingjian Sky' Copyright Infringement Dispute*

On March 27, 2019, Guangzhou Internet Court issued a judgment on copyright infringement disputes between *Kunlun Xu* and *Lingjian Sky*, which came into effect on April 13rd after a statutory appeal period. As the first case of Guangzhou Internet Court, this case involves three defendants, six games and five million litigation objects. The result of the judgment in this case is rejecting all the plaintiff's claims.

Reviews: The plaintiff's lawsuit claims that the defendant infringes the right to copy and the right to disseminate information through the network. But according to the relevant facts and evidence found by the court, it does not constitute an infringement on the right to disseminate information through the network. Comparing Taiji Panda with Huaqiangu, the plaintiff advocated the infringement of copying right, adaptation right and information network propagating right. The

result of court judgment was that it constituted infringement of adaptation right, not infringement of copying right and information network propagating right. In the judgment of this case, the court also implied that if the plaintiff Fifox Company considers that it constitutes an infringement of other rights in his works, it may claim otherwise. This case enlightens enterprises to avoid improper litigation claim when filing a lawsuit, so as to avoid the consequences of losing the lawsuit.

- **【Case】** *Seventeen fake Tmall Company in Guangdong Province were fined 1.5 million damages for infringement. The original judgment was maintained in the second instance.*

On the morning of April 10, the Intellectual Property Trial Chamber of Zhejiang High Court opened a public hearing in the Second Court of Zhejiang High Court to hear an appeal against trademark infringement and unfair competition disputes between the appellant, Guangdong Tmall Investment Group Co., Ltd. and its 16 enterprises and Zhou Mou and the appellant Alibaba Group Holding Co., Ltd. and Zhejiang Tmall Network Co., Ltd. The second instance upheld the judgment of the first instance and decided that the appellant constituted an infringement of trademark rights and unfair competition. At the first instance of the case, the injunction was issued, requiring the defendant to immediately stop using the logo with the word ‘Tmall’ on the business premises and websites, immediately stop using the enterprise name with the word ‘Tmall’ in commercial activities, and apply to the industrial and commercial departments for the change of the enterprise name within 15 days. The changed enterprise name may not include the word ‘Tmall’.

Reviews: In this case, the injunction which requires the defendant to change the name of the enterprise immediately, was issued by Chinese courts for the first time in respect of IP infringement cases, effectively curbing the defendant's intention to cling to other people's business reputation, and timely protecting the rights and interests of consumers. Temporary injunction is a judicial remedy to protect the interests of the applicant (or plaintiff) in judicial practice when the obligee faces urgent and irreparable damages. Although there are still many gaps in the substantive conditions and procedural regulations of relevant laws, if the obligee of intellectual property and his agent are familiar with the operation practice and the application conditions and proof of the injunction, there is still more room for the court to support the injunction.

Disclaimer: All of the above information is from domestic and foreign media reports and publications. We have not verified the specific content of the information, and are not responsible for its authenticity, accuracy and completeness. This publication does not constitute any form of legal opinion or advice. If you need legal consultation on a particular matter, please contact the following lawyers:



Yan XIE

Associate Professor
Lawyer
Tongji University
Shanghai International College of
Intellectual Property

E-mail: xieyan@changyanfirm.com

Lawyer Yan Xie has a doctorate in law from Munich University, Germany. She is currently an associate professor at Shanghai International College of Intellectual Property Tongji University, and a legal adviser on intellectual property rights in Changyan Shanghai Office. Lawyer Xie specializes in criminal defense, IP protection and foreign-related business, especially in the cross-cutting business of criminal and IP protection. Lawyer Xie has a solid foundation in law, a strong research ability, an international perspective, and is good at combining theory with practice. Only in the past two years from 2017 to 2018, lawyer Xie presided over one national project, three provincial and ministerial projects and published more than ten papers. In 2018, she was one of the first members of the Shanghai Youth Legal Talents Bank.



Justin CAI

Changyan Shanghai Office
Vice Executive Director
and Senior Partner

E-mail: justincai@changyanfirm.com

Mr. Justin Cai earned his LL.M. degrees respectively from Duke University and Fudan University. Mr. Cai has over 16 years' work experience in leading international/Chinese law firms such as King and Wood, Zhong Lun, Weil Gotshal and MWE China (McDermott Will & Emery), and has provided legal services to numerous Fortune 500 companies. Mr. Cai's practice areas include cross-border investment, compliance (cyber-security law, data protection, anti-bribery, FCPA etc.), intellectual property rights protection, start-up company financing and real estate transactions.



Ke WANG

Lawyer
Changyan Shanghai Office

E-mail: wangke@changyanfirm.com

Ms. Wang has obtained a master degree of law from Fudan University. She has 11 years of legal work experience. She specializes in intellectual property rights protection, corporate compliance and risk control, labor law, dispute resolution, and has a lot of front-line operating experience in MNCs. Ms. Wang has served as in-house legal counsel to several MNCs including Michelin, SMIC. etc. and has worked in the Shanghai Pudong New District Court for three years.



Ying ZHU

Postgraduate
Tongji University
Shanghai International College of
Intellectual Property

Zhu Ying is currently an internship in Changyan Shanghai office, mainly engaged in the research of intellectual property law.