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Newsletter



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CCPIT trademark team actively attended the first remote video hearing held by the Supreme People's Court



Following our trademark team's attendance of the first Cloud-Hearing held remotely on internet in Beijing IP Court on February 17, 2020, our trademark team once more attended the first remote video hearing of a retrial case held by the Supreme People's Court on April 8, 2020.

The retrial case is a non-use cancellation dispute, which involves considerable evidence. The Supreme People's Court applied a remote video hearing system called Zhi Yun for the first time, and conducted activities such as court investigation and court debate according to laws. Our attorneys Mr. Gang Hu and Ms. Xiaoping Wei, representing the applicant of the retrial, actively cooperated with the Court in testing the hearing system and smoothly completed the whole hearing process, including presenting opinions, exchanging evidence and signing court record.

By way of remote video hearing online, the Supreme People's Court fully secured the rights of both litigation parties during the epidemic period of coronavirus. It is said that the Zhi Yun hearing system will be improved and applied in the courts of China. With increasing in-depth integration of informatization with trial, the courts of China will surely provide the litigation parties with more convenience. ■

Online trademark filing available for applications with non-standard specification



On May 20, 2020, the China National Intellectual Property Administration (CNIPA) announced that it now accepts online filing of trademark applications with non-standard specification.

China, as a member to the Nice Agreement, applies a subclass system. The Official Classification of Similar Goods and Services issued by the CNIPA provides a standard list of goods and services, basically in line with the Nice Agreement, and according to the subclass system, which is the official guideline for the examiners to determine the similarity of goods and services. The CNIPA also regularly updates and announces a list of acceptable items of goods and services as supplement to the standard list in the said official classification.

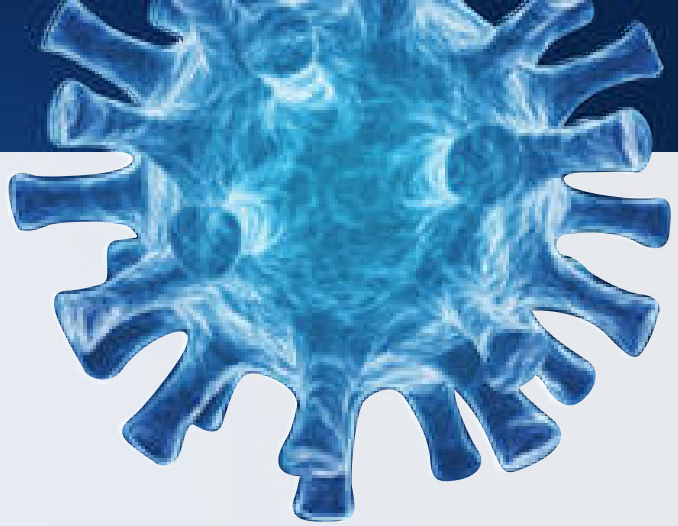
Online trademark filings used to be only available for applications with the standard specification, or the acceptable goods and services announced by the CNIPA, while those applications for goods and services beyond the standard list had to be filed in paper.

Now online filing is allowed for all trademark applications, regardless the descriptions of goods and services. And online filing enjoys 10% discount off the official fee.

For applications filed online, the CNIPA will send all official notifications via email only to the trademark applicants or agents, which will further facilitate the paperless examination.

Applications with priority claim can also be filed online.

The CNIPA will examine the specification and may issue office actions to require the applicants to further specify and clarify the unacceptable items of goods and services. On the one hand, we hope that the examiners will become more tolerate to non-standard specification, so that more new and specific goods and services can be accepted. On the other hand, with the aim to further shorten the examination duration to four months by the end of this year, the examiners might be reluctant to give more opportunities for amendments or explanations of the non-standard goods and services. To avoid extra cost and delay in the procedure caused by office actions, or potential rejection due to unacceptable specification, we consider it advisable to comply with the standard specification as to meet the official requirements. ■



CNIPA issued notification on the relief of missing a trademark related deadline due to the outbreak of COVID-19

In view of the challenges caused by the outbreak of COVID-19, China National Intellectual Property Administration (CNIPA) issued Announcement No. 350 on January 28, 2020, allowing the party to claim for continued protection when the obstacle to the exercise of rights is removed, including patents, trademarks, and integrated circuit layout design. By the Announcement No. 350, the relevant time limit given in the China Trademark Law and the Implementing Regulations thereof, or the deadline specified by the CNIPA shall be suspended from the date when the obstacle to the exercise of the rights arise, till the obstacle for exercise of the right is removed, except as otherwise stipulated by law. The party concerned, including the applicant, the right holder and the agent, may claim for continued protection within 2 months from the date when the obstacle to the exercise of rights is removed, with supporting evidentiary material for the restoration of rights.

On March 27, CNIPA released an official notification to confirm that the parties in all countries and regions affected by COVID-19 outbreak can claim for remedy for missing deadlines through the Announcement No. 350.

A detailed Q&A was issued on February 6 by CNIPA, to clarify how the parties concerned

who are missing deadlines may seek remedy through the Announcement No. 350. These are the five most frequently asked questions in the Q&A:

1. Which trademark proceedings are eligible for suspension?

Proceedings including reply to office action; response to office opinion; payment of official fees; submitting use proof for marks applied on the same day and response to consultation; submitting use proof in a non-use cancellation; filing, responding and submitting supplementary evidence in trademark opposition, review of refusal, review of opposition, review of invalidation, review of non-use cancellation; filing response and supplementary evidence in invalidation and etc.

2. How do I determine "the day when the obstacle to the exercise of rights arise" and "the day when the obstacle to the exercise of rights is removed"?

The day when the obstacle to the exercise of rights arise refers to the day when the party starts hospitalization, quarantine due to coronavirus infection, or fails to handle trademark issues normally due to epidemic prevention and control measures in the area.

The day when the obstacle to the exercise of rights is removed refers to the day when the party ends hospitalization, quarantine, or when the work in the area resumes and personnel control ends.

Under the special circumstance of this coronavirus epidemic, in order to protect the rights and interests of the party to the greatest extent, if the above dates coexist, the most favorable time shall be used as the date when the obstacle to the exercise of rights arise or is removed.

3. How do I file the claim of suspension?

When handling the above-mentioned trademark proceedings, the party shall file the claim of suspension, specifying the region where they are during the epidemic period, reasons for obstacle to the exercise of rights and time of removal of the obstacle, with supporting evidentiary material.

4. What supporting evidential requirements should be provided to supplement a claim?

The party shall provide proof of being infected and treated, being quarantined, or being restricted within a time period, instead of the notice of the local government to delay work resumption.

In order to reduce the burden of the party, for multiple applications of the same kind, wherein suspension of time limit is claimed, he may submit the evidentiary material only in one case, while stating the application number of that case in the claim of suspension for other similar cases.

5. How do I remedy trademark renewal if I am delayed due to the coronavirus outbreak?

If the party fails to renew a trademark right within the grace period due to the coronavirus outbreak, which may result in loss of the right, he may file an application for renewal within 2 months from the date when the obstacle to the exercise of rights is removed, and supplement relevant evidentiary material as stipulated above. ■

New Balance wins 15-year legal battle against New Barlun

By Ling Zhao

In a recent landmark case, the N logo used on shoes (see images below) by New Balance Athletics, Inc. (New Balance) was, for the first time, recognized as a famous product decoration in China.

Ruling of Beijing High Court

In its verdict (2018) Jing Xing Zhong No. 3847, issued on July 11, 2019, the Beijing High Court found that the evidence filed by New Balance proved that since 2001, it had used the letter N on sports shoes as a product decoration in China and obtained a certain reputation. The court ruled that the legal interests generated from the famous product decoration should be protected in accordance with Article 31 of the 2001 China Trademark Law (Article 32 of 2013 China Trademark Law), which provides for protection for product decoration. The court further ruled that the registration and use of the disputed mark No. 3954764 on shoes, similar to New Balance's famous product decoration, is against the law, and should be declared invalid.



N logo used on shoes by New Balance
(image from www.newbalance.com.cn)



Disputed mark used on shoes
(image from www.suning.com)



This ruling concluded a 15-year trademark dispute between New Balance and New Barlun (China) Co., Ltd. (New Barlun). The original filing took place in 2004 and was then opposed in 2007. Further review of opposition occurred in 2010, and the trademark was finally approved for registration in 2011. Then New Balance filed an invalidation action against it in 2014. The decision was appealed to the Beijing IP Court for first instance trial and finally to the Beijing High Court for second instance trial.

Prior Right of Famous Product Decoration

According to the verdict, three conditions should be fulfilled in order to determine that a trademark conflicts with a prior product decoration with certain reputation, protected as a prior right in accordance with Article 31 of 2001 China Trademark Law (Article 32 of 2013 China Trademark Law):

1. The product has obtained certain reputation prior to the filing of the later trademark application;
2. The product decoration is distinctive, to function as a source identifier of the goods; and
3. The product decoration is identical with or similar to the later trademark.

Copyright Considerations

The court considered New Balance's NB logo as an artwork with originality and artistic aesthetics, which should be protected by copyright.

New Balance applied to register its NB logo as a trademark in the United States in the 1970s, and in China on May 7, 2003, where it received protection on July 7, 2005, for Registration No. 3548487. Trademark registration can be taken as preliminary proof of copyright ownership, which is sufficient to entitle New Balance to claim for copyright protection as an interested party.

However, the court dismissed New Balance's claim of copyright protection for its N logo, as such claim was never raised in prior proceedings, and denied its claim for the NB logo, as it is not considered similar in substance to the disputed mark. ■

Supreme People's Court ruling on J'adore 3D mark selected as guiding case

By Zhao Ling

On 24 December 2019, the ruling of the Supreme People's Court (SPC) on the retrial of the refusal of Parfums Christian Dior's 3D trade mark for J'adore perfume was selected as guiding case number 114.

Since 2011, the SPC has announced 135 guiding cases in various fields. The selected guiding cases are of great significance and are binding on Chinese courts. The SPC has only selected a few trade mark-related cases as guiding cases.

The retrial of the refusal of the J'adore 3D trade mark was one of the most high-profile IP cases in China in 2018: the SPC announced a final judgment on 26 April, the World Intellectual Property Day, reversing the decisions of the lower courts and the review board.

Refusal for lack of distinctiveness

Christian Dior filed an application for the J'adore perfume bottle 3D trade mark through the Madrid System and extended for protection in China. The China National Intellectual Property Administration (CNIPA) refused the application for lack of distinctiveness under Article 11, 1 (3) of the China Trademark Law.

Christian Dior filed for a review with the review board. After the appeal was rejected, it filed further appeals at the Beijing Intellectual Property Court, Beijing High Court, and then finally a retrial application at the Supreme People's Court.

Christian Dior claimed that its J'adore perfume bottle trade mark was mistakenly categorised as a device trade mark, instead of a 3D trade mark, and that the decision of the CNIPA was made incorrectly due to this procedural illegality.

The trade mark (illustrated) was applied for the goods "perfumery, perfumes, eau de parfum, eau de toilette, eau-de-cologne, perfume extracts, scented body milks, scented oils and lotions for the body, shower perfumed lotions, perfumed shower gels, bath lotions, scented gels for the bath, scented soaps, scented shampoos; make-up for the face, eyes and lips; nail and nail care products" in Class 3. The mark is the form of fine and long figure eight, with a small globe



图1 Image 1



图2 Image 2

at the top and an oval shape at the bottom, adorned in gold.

But according to Rule 13 of the Implementing Regulations of the China Trademark Law, the applicant for a 3D trade mark shall submit a drawing capable of determining the 3D shape, which shall at least contain 3D views, and describe the way in which the trade mark is to be used.

Christian Dior supplemented the drawing with 3D views during the review procedure, and claimed that the trade mark contained the word "J'adore" and should be considered sufficiently distinctive. It also claimed that through long-term use and publicity on a wide scale, the trade mark had acquired stronger distinctiveness.

The review board of CNIPA still rejected the application, on the grounds that the trade mark was a bottle device, and could be viewed a common container for the designated goods, so that it lacked inherent distinctiveness. Further, there was insufficient evidence to prove the acquired distinctiveness of the mark.

Procedural illegality

After failing in the review procedure, and then in two instances of court appeals, Christian Dior filed a retrial petition at the SPC. It argued that the trade mark was filed as a 3D mark through the Madrid System, and it was wrong for the China Trademark Office to examine it as a common device mark.

The trade mark should have been examined as it was filed with WIPO, instead of as how the application was recorded in the internal system of the China Trademark Office. The applicant should have been given the opportunity to supplement the trade mark sample of three views, before the China Trademark Office issue the provisional refusal. The review board made a decision based upon the incorrect record, and thus the decision was wrong in procedure.

Distinctiveness and the principle of consistency

The SPC ordered the review board to re-examine the trade mark as a 3D trade mark. The Court also commented that the review board shall take the following factors into consideration: 1) if the trade mark has distinctiveness or acquired distinctiveness by use in the market. The evidence filed by the applicant can show that the trade mark has been used in the Chinese market for a long time and the use and publicity in the market makes it possible for the related public to identify the perfume bottle as a trade mark. 2) the principle of consistency in examination criteria, for the applicant has a valid Chinese registration for the same J'adore perfume bottle (see picture).

Even though the SPC did not directly rule in the decision that the J'adore perfume bottle 3D trade mark had or had acquired distinctiveness, it did imply that the evidence could possibly lead to such a conclusion, especially when considering that the same J'adore perfume bottle 3D trade mark had been registered in China.

Approval by CNIPA

Following the SPC decision, CNIPA made a new decision. Based on the evidence filed by Christian Dior proving the selling of J'adore perfume in the Chinese market in the years 2012 to 2017, advertisements in magazines, media reports, awards, sales rankings, etc. in China, CNIPA ruled that through wide-scale publicity and promotion, Christian Dior's J'adore perfume had acquired a reputation in Chinese market, and the J'adore perfume bottle 3D trade mark had acquired distinctiveness by use on perfume. The J'adore 3D trade mark was thus approved for registration in China for perfume in Class 3.

This is a very good example of how to determine the distinctiveness of a 3D trade mark, and how to prove distinctiveness acquired by use.

This case also raised questions about how the procedures of international registrations should be harmonized with national applications. Under the current practice, there is no procedure of amendment, either regarding the trade mark specimen or the descriptions of goods/services, for international registrations with extension to China. Foreign applicants might have encountered similar situations, where the China Trademark Office issues a provisional refusal, due to the unacceptable descriptions of goods. Such refusals can be avoided if there is an opportunity to correct the description of goods. ■

GRUNDFOS was recognized as well-known trademark and awarded damages of RMB 3 million

By Ling Zhao

Grundfos, the world leader in water solutions, is one of the most famous brands for pumps. Both its English and Chinese trademarks, i.e. Grundfos and 格兰富 *(Gelanfu)* are recognized as well-known trademarks by Beijing Intellectual Property Court recently, in a civil judgement of trademark infringement and unfair competition against local companies and infringers, Gelanfu Water Supply Device (Shenzhen) Co., Ltd. (hereafter referred to as Gelanfu Shenzhen), Shenzhen Weige Trade Co., Ltd. (hereafter referred to as Shenzhen Weige), Shenzhen Yihefeng Sci & Tech Co., Ltd. (hereafter referred as Shenzhen Yihefeng) and Beijing Jingdong Sanbailushidu Electronic Commerce Co., Ltd.(hereafter referred to as Jingdong)[1]. Grundfos is awarded RMB 3 million for damages. Although the case has been appealed by the defendants to the Beijing High Court, this case is of great significance to Grundfos and is an important milestone, which will help Grundfos' trademarks and other intellectual property rights to be more strongly protected in China.

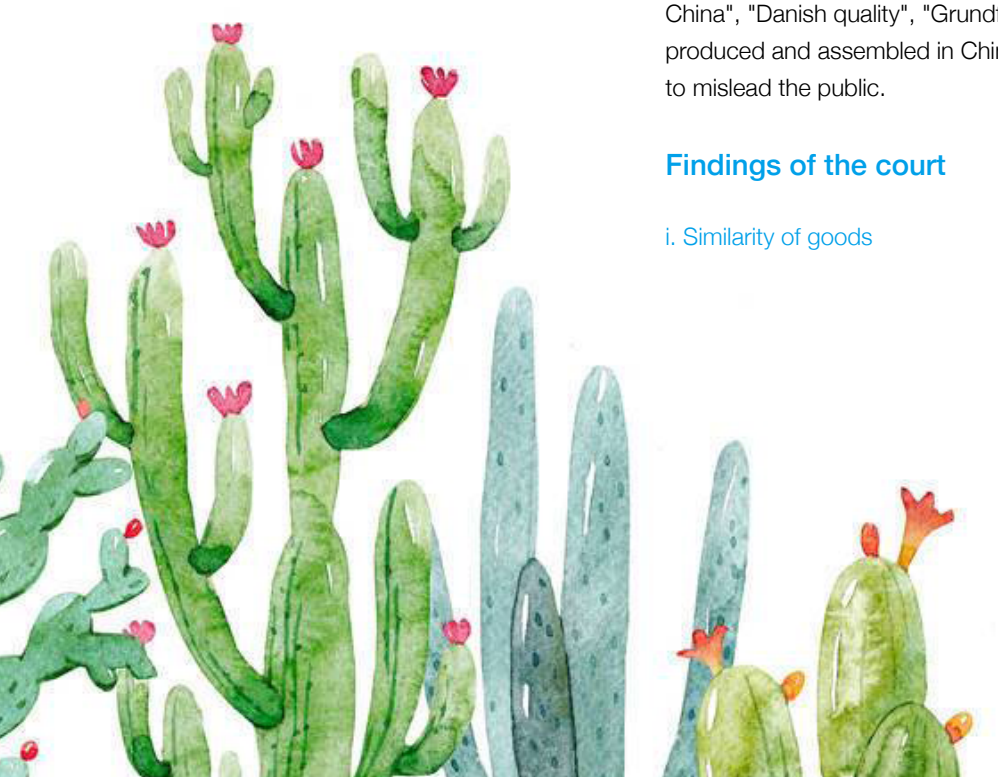
This is a typical case of malicious infringement of well-known trademark rights. In the judgment, the court recognized the well-known trademarks of the plaintiffs (Grundfos), and took the bad faith of the defendants as an important factor when deciding the amount of compensation for infringement damage, which fully reflected the judicial trends that well-known trademarks should enjoy a higher, stronger and wider protection scope, while at the same time, the bad faith registration of trademarks for the purpose of infringing others' legitimate rights should be curbed. This case was handled by the trademark team of CCPIT Patent and Trademark Law Office headed



by Gang Hu and Ling Zhao.

Headquartered in Denmark, the purpose of the Grundfos group is to pioneer solutions for the world's water and climate challenges and improve the quality of life for people. Since 1995, Grundfos Group have been producing and selling pumps in Chinese market and achieved tremendous success.

By the end of 2016, Grundfos initiated a lawsuit against Gelanfu Shenzhen, Shenzhen Weige, Shenzhen Yihefeng and Jingdong for trademark infringement and unfair competition at Beijing Intellectual Property Court, claiming for well-known trademark protection. The defendants were accused of using the identical GRUNDFOS trademark on so-called "hot water circulation system" and selling the infringing products via online "Grundfos flagship store" on the Jingdong e-commerce platform. Gelanfu Shenzhen registered and used the identical Chinese mark " 格兰富 " *(Gelanfu)* as its enterprise name, and registered the website www.glfgssb.com to promote and sell the infringing goods, using such slogan like "Danish technology serves China", "Danish quality", "Grundfos produced and assembled in China" to mislead the public.



Findings of the court

i. Similarity of goods

The defendants claimed that the infringing goods hot water circulation system was a new product in the industry, and should be classified as a water supply equipment in Class 11, while the goods of the plaintiffs belonged to Class 7, so that they should be considered as dissimilar goods, and there was no likelihood of confusion. The court found that pumps are the major component of said hot water circulation system, and the main function of the said product was actually performed by an installed pump, and it is no doubt they were closely relevant in terms of function, use, sales channels and consumers and constituted similar goods. So although the defendants claimed the hot water circulation system to be a kind of water supply device, which belonged to Class 11, such goods were considered similar to pumps in Class 7.

ii. Fair use claim denied

The defendants argued that the trademarks "Grundfos" and " 格兰富 " *(Gelanfu)* used on the infringing products were merely to describe the source of the product component. The court held that in the process of selling and advertising the infringing products, the defendants didn't



make any distinction or special explanation to distinguish the source of the components from that of the infringing products. Instead, with full knowledge of the trademark "Grundfos" and "格兰富" *(Gelanfu)*, the defendants used Grundfos as the name of the flagship stores as well as the enterprise name, on the products as well as on the trading documents. The court held that such use was clearly beyond the scope of fair use, infringing upon the trademark rights of the plaintiffs and causing confusions on the source of the goods.

iii. Conflicts of registered trademark rights

The defendants claimed that the infringing trademark was a registered one by Lianyungang Weile Electric Appliance Co., Ltd., namely Reg. No. 3133907 "Grundfos" in Class 11, and they were merely licensed users. In 2014, the plaintiffs filed an invalidation action against the infringing trademark registration No. 3133907 based upon its prior registration for GRUNDFOS in Class 7. By verdict of Beijing High Court (2019) Jing Xing Zhong No. 808 issued in November 2019, this trademark is decided to be declared invalid, for constituting a similar trademark to the cited one used on similar goods and there is the likelihood of confusion, in accordance with Article 28 of 2001 China Trademark Law.

When the present litigation was initiated, the infringing trademark was still a valid registration. The court pointed out that since 2014, the infringing trademark had been involved in dispute with the well-known trademarks of the plaintiffs, though it was not declared invalid until recently, the defendants, manufacturers and sellers of relevant goods, should be obliged to avoid causing any likelihood of confusion that would damage the legitimate interests of the right holders of the well-known trademarks in question, in accordance with the good faith principle, especially when the legal status of the disputed trademark right was not stable.

Significance of the case

i. Well-known trademark protection

Based on the evidence on file, the court held that the plaintiffs' trademarks "Grundfos" and "格兰富" *(Gelanfu)* had been widely known to the related public through long-term and extensive use and publicity, and had become well-known trademarks used on pump goods. Beijing Intellectual Property Court recognized both the Chinese and the English trademarks of Grundfos as well-known trademarks used on pumps. The court ruled that the infringing products, namely hot water circulation system are closely related to pumps in terms of function, use, sales channels and consumers, and thus should be considered as similar goods. However, it is necessary to recognize the well-known status of the cited marks in the present case and extend the well-known trademark protection scope to the infringing products. Though the cross-class protection of a registered well-known trademark



is usually only necessary in case where dissimilar goods are involved, the court hold that equivalent level of protection should also be extended to the similar goods[2].In this case, the judges apply paragraph 3 of Article 13 of China Trademark Law to protect a registered well-known trademark on similar goods, which is understood as reasonable expansion of the legal context of the law, also known as the principle of "applying the penalty of a heavy crime to a light one"[3] in the criminal law theory. If a registered well-known trademark can be protected on dissimilar goods, it should also be protected on similar goods, since the protection scope of the former is wider than the latter.

The judgment reflects the current judicial tendency of strengthening the protection of intellectual property rights, while cracking down malicious infringement.

ii. Damages of RMB 3 million awarded

The court decided to award RMB 3 million for compensation for damages of trademark infringement and unfair competition based upon the following reasoning: (1) The three defendants from Shenzhen, as the manufacturers and sellers of water supply equipment and hot water circulation system products, clearly knowing the high reputation and good will embodied with the brand name GRUNDFOS, registered and used the same marks "Grundfos" and " 格兰富 " *(Gelanfu)* as their trade name, and the name of their online stores, and used misleading advertising slogans to associate the infringing goods to Grundfos. (2) The defendants registered online stores on multiple e-commerce platforms to sell and publicize infringing products, so that the infringement was conducted in multi channels and in a large scale, and the circumstances were serious. (3) The defendants advertised online that the infringing products were popular, and the sales number and income were high. And there were actual confusions caused to the relevant consumers, which seriously damaged the well-known trademark rights and the interests of the plaintiffs. (4) Although the comments and evaluation of purchasers of the infringing products via the Jingdong and Suning e-commerce platforms might not be enough to prove the exact sales number and profit of infringement, they could show that the sales of infringing products were remarkable. And the information provided by the plaintiff could also prove, to some extent, that the average profit margin of the infringing products is high. (5) The infringing goods are for household use by ordinary consumers. The confusion caused by the infringement to the consumers will not only harm the legitimate interests of the plaintiffs, but also cause potential health risk to the consumers that could even

endanger lives and bring about negative social influence.

In sum, based on the reputation of the trademarks of the plaintiffs, the bad faith of the defendants, the length and wide scale of infringement, the actual confusion, the high quality and safety performance requirements of the products per se, and the negative impact of potential safety threat to consumers, the court determine RMB 3 million for damages of the infringement and unfair competition acts of the defendants Gelanfu Shenzhen, Shenzhen Weige and Shenzhen Yihefeng to be jointly borne thereby. Since the decision as mentioned has been appealed by the defendants to the Beijing High Court, the final outcome of the case has not been decided.

iii. Positive social influence

John Markmann, chief financial officer of Grundfos China, mentioned this case in an interview with China Economic Weekly. "This case is of particular significance to Grundfos and is an important milestone, which will help Grundfos trademark and other intellectual property to be more strongly protected in the future.", so said John Markmann. "And we would like to thank the Chinese government for its efforts in the protection of intellectual property rights. The Chinese government has taken many measures to improve market access, expand imports, strengthen intellectual property protection and create a more attractive investment environment. Grundfos is confident in an open and innovative Chinese market."

The efforts of authorities to improve intellectual property protection from every level of administrative body as well as the judicial system are highly praised by the foreign investors. In 2019, China revised its Trademark Law for the fourth time and the China National Intellectual Property Administration announced the corresponding new rules to implement the new Law, aiming to curb bad faith filings and registration, and to strengthen the protection of well-known trademark as well as other legitimate rights of brand owners. ■

(First published in *Trademark Lawyer* issue 3 *)*

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1. *(2016) Jing 73 Min Chu No. 1192 Civil Judgement of Beijing Intellectual Property Court*
2. *According to Article 13 of China Trademark Law, the protection scope of a registered well-known trademark can be extended to dissimilar goods and/or services, while the protection scope of an unregistered well-known trademark is limited on identical and/or similar goods and services.*
3. *Protection on similar goods and services for a registered well-known trademark is granted by the Supreme People's Court in a trademark dispute involving P & G Company and Shantou Weishida Cosmetics Co., Ltd. [(2016) Zui Gao Fa Xing Zai No. 12 Administrative Judgement of the Supreme People's Court] Beijing Intellectual Property Court also applied the rule in a trademark infringement and unfair competition dispute between Deere company, John Deere (China) Investment Co., Ltd. and John Deere (Beijing) Agricultural Machinery Co., Ltd., John Deere (Dandong) Petrochemical Co., Ltd. and Lanxi Jialian Deere Oil Chemical Co., Ltd. [(2016) Jing 73 Min Chu No. 93 Civil Judgement of Beijing Intellectual Property Court]*

Considerations on the protection of Remdesivir under Trademark Law

By Hui Gao

During the period of outbreak of COVID-19, Remdesivir, which has not entered into Chinese market as a new drug, has attracted public attention. However, since February 3, 2020 to date, there have been many different types of malicious trademark filings related to Remdesivir. It is worthwhile to reflect on the protection of Remdesivir and "new drugs" within the framework of Trademark Law in China.

1. Existent trademark applications related to Remdesivir filed on bad faith and corresponding countermeasures.

(1) Filing "瑞德西韦 (Remdesivir in Chinese)" and Remdesivir together or separately as trademark applications.

瑞德西韦 and Remdesivir are both International Nonproprietary Names (INN) approved by the World Health Organization (WHO)[1], namely drug generic name. Since the outbreak of COVID-19, there have been malicious trademark filings for the combination of 瑞德西韦 and Remdesivir.

Filing Number	Trademark	Class	Filing Date
43982344	瑞德西韦 REMDESIVIR	5	Feb. 3, 2020
44105588	瑞德西韦 REMDESIVIR	19	Feb. 17, 2020

Within just ten days from Feb. 3 to Feb. 12, 2020, there have been 55 trademark applications for Remdesivir covering almost all categories of goods and services, including not only Class 5 for medicine, Class 10 for medical apparatus, but also Class 9 for electronic products and Class 3 for cosmetics. The list of malicious trademark applications in Class 5 is as shown on the right:

Filing Number	Trademark	Class	Filing Date
43984432	REMDESIVIR	5	Feb. 3, 2020
43992460	REMDESIVIR	5	Feb. 4, 2020
4398165	REMDESIVIR	5	Feb. 5, 2020
43999033	REMDESIVIR	5	Feb. 5, 2020
44013930	REMDESIVIR	5	Feb. 7, 2020
44017075	REMDESIVIR	5	Feb. 7, 2020
44022541	REMDESIVIR	5	Feb. 8, 2020
44052194	REMDESIVIR	5	Feb. 12, 2020

(2) Filing Chinese trademarks similar to 瑞德西韦(Remdesivir in Chinese).

The Chinese marks in the list on the right is substantially similar to 瑞德西韦 (RUI DE XI WEI) (Remdesivir in Chinese) and can hardly be differentiated from 瑞德西韦 (RUI DE XI WEI)

Filing Number	Trademark	Class	Filing Date
43982344	瑞德西维 (RUI DE XI WEI)	5	Feb. 3, 2020
44079899	瑞德思维 (RUI DE SI WEI)	12	Feb. 14, 2020
44020747	瑞德韦 (RUI DE WEI)	5	Feb. 8, 2020
44019920	瑞德西 (RUI DE XI)	5	Feb. 8, 2020
44012880	瑞德西伟 (RUI DE XI WEI)	35	Feb. 7, 2020
44009512	瑞德西弗 (RUI DE XI FU)	5	Feb. 6, 2020
44006580	瑞德西威 (RUI DE XI WEI)	5	Feb. 6, 2020
44004155	瑞德西维 (RUI DE XI WEI)	3	Feb. 5, 2020
44002988	瑞德西维 (RUI DE XI WEI)	35	Feb. 5, 2020
44001843	瑞德西维 (RUI DE XI WEI)	25	Feb. 5, 2020

It is very possible that the above-mentioned trademarks, especially the marks, which are the same with " 瑞德西韦 (Remdesivir in Chinese)" and Remdesivir will be directly refused by China National Intellectual Property Administration (CNIPA) for the following two reasons. Firstly, during the outbreak of COVID-19, these trademarks will cause negative social influence. Secondly, they are the same

with INN, namely generic name of drugs and therefore they lack distinctiveness, a basic requirement for being a trademark.

However, in normal times, it may be difficult for Chinese Examiners to recognize a mark the same with or similar to a foreign INN name, because they are usually composed of dozens of letters. Therefore, pharmaceutical companies should establish their own watch system to find out such marks and take actions in time, such as opposition and invalidation.

- How to prevent registrations of malicious trademark applications



the same with or similar to INN.

INN is filed by pharmaceutical company and is approved by WHO. Before a new drug is launched in China, it has obtained an INN from WHO. Therefore, these INNs are facing the risk of being filed by others as a trademark in China.

The following two cases can prove that Art. 11. 1. (1) of Trademark Law is a strong and effective article in taking actions against malicious trademark filings, which is the same with or similar to INN of a new drug.

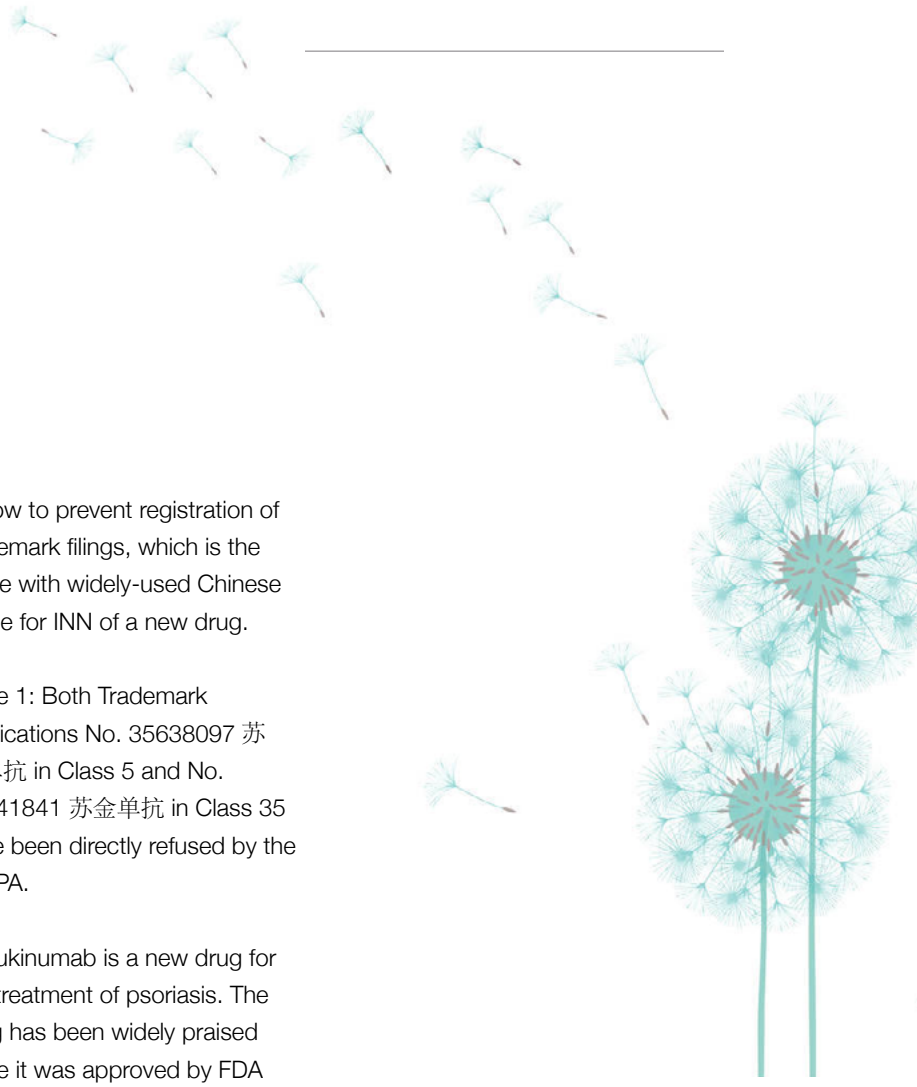
Case 1: In decision for opposition against trademark "Solanezumab" in Class 5, the Trademark Office in China decided that Solanezumab is a generic name for a drug that slows down the progression of Alzheimer's disease and according to Art. 11. 1. (1) of Trademark Law, it should not be registered as a trademark.

On November 23, 2016, Lilly announced that the third-phase clinical trial of Solanezumab did not achieve the expected results[2] . However, as a general name of the drugs that the enterprise has invested heavily in R & D, if Solanezumab is registered as a trademark on "medicine for human use", it will inevitably lead to negative effects.

Case 2: In decision for invalidation against Reg. No. 23902984 Omadacycline, the CNIPA decided that before the filing date of the disputed trademark, Omadacycline has become a generic name for antibiotic drugs, and the disputed trademark is exactly the same with the generic name. The use of the disputed trademark on "medicine for human use" has constituted the situation referred in Article 11. 1 (1) of Trademark Law. The use of the disputed trademark on "nutritional supplements, dental grinders, veterinary drugs" is difficult to be distinguished from the source of the commodities, which constitutes the situation referred in Art. 11. 1. (2) of Trademark Law.

(3) Filing " 伦地西韦 (LUN DI XI WEI)", which was a widely-used Chinese name for REMDESIVIR, but not an officially-approved INN in Chinese for REMDESIVIR, as a trademark.

Although " 瑞德西韦 (RUI DE XI WEI)" is the Chinese INN name of Remdesivir approved by WHO, " 伦地西韦 (LUN DI XI WEI)" has once been widely used as the corresponding name for Remdesivir. Searching for " 伦地西韦 (LUN DI XI WEI)" as a key word through Baidu leads to around 501,000 items



referring to Remdesivir. Searching for the combination of " 伦地西韦 (LUN DI XI WEI) & Remdesivir" as a keyword leads to about 190,000 items.

Some new drugs, which have not entered Chinese market, will receive high attention from Chinese market because of their obvious therapeutic effects. Public concern will actively create Chinese names for them based on their generic names in foreign languages. " 伦地西韦 (LUN DI XI WEI)" is a Chinese name for Remdesivir occurred under this status. Although " 伦地西韦 (LUN DI XI WEI)" is not an INN approved by WHO, it was a widely-used Chinese name for Remdesivir, from Feb. 4, 2020 to date, the trademark applications are as following:

Filing Number	Trademark	Class	Filing Date
44028231	伦地西韦 (LUN DI XI WEI)	5	Feb. 10, 2020
44026740	伦地西韦 (LUN DI XI WEI)	3	Feb. 10, 2020
44002739	伦地西韦 (LUN DI XI WEI)	1	Feb. 5, 2020
43993816	伦地西韦 (LUN DI XI WEI)	35	Feb. 4, 2020

• How to prevent registration of trademark filings, which is the same with widely-used Chinese name for INN of a new drug.

Case 1: Both Trademark applications No. 35638097 苏金单抗 in Class 5 and No. 35641841 苏金单抗 in Class 35 have been directly refused by the CNIPA.

Secukinumab is a new drug for the treatment of psoriasis. The drug has been widely praised since it was approved by FDA in 2015. The drug has not been approved for marketing in China until April 2019. Before that, due to the excellent efficacy of the drug, it had drawn high attention from relevant Chinese professionals and patients. Many psoriasis patients went to Taiwan and Hong Kong for treatment by using this drug. A Chinese name " 苏金单抗 (SU JIN DAN KANG)" was created by relevant public based on Cantonese pronunciation of "Secukin" and the meaning of "-mab" in Secukinumab. Fortunately, malicious trademark filings the same with this Chinese name created by the public concern have been direly refused by CNIPA.

New drug R & D enterprises should pay attention to whether their new drugs have been "loved" by the public concern, and whether they

have obtained Chinese name, which is created and accepted by the relevant public. The combination of Article 11. 1(1) and Art. 10. 1 (7) of Trademark law can effectively prevent such malicious trademark filings from being registered in oppositions against them.

2. Other types of malicious trademark applications related to "Remdesivir", which may occur in the future and countermeasures.

(1) After the brand name of Remdesivir is decided, there may come malicious trademark filings, which are the same with its brand name in English and Chinese.

- How to prevent registration of trademark applications, which are the same with brand name of a new drug.

Notice on Further Standardizing of Management of Drug Names issued by the State Food and Drug Administration in 2006 stipulated that "Except for drugs with new chemical structure, new active ingredients, and drugs with compound patents, brand name cannot be used for all other drugs." Since then, there has been no more than 100 new drug brand names in China every year[3].

The above proves that only drugs with new chemical structure and new active ingredients are entitled to obtain a brand name. This is an encouragement and support for innovative drugs. Therefore, it is also of great significance to protect brand names of new drugs under the Trademark Law.

Case 1: Zejula is the brand name of a new drug developed by TESARO for the treatment of prostate cancer. Its generic name is Niraparib[4]. Although TESARO and her partner "Zai Ding Pharmaceutical (Shanghai) Co., Ltd." have both tried to register Zejula as a trademark on "human medicine" in Class 5, these applications have been refused because of citation of prior similar mark No. 23560459 ZEJULIA on similar goods. TESARO has filed opposition against this prior similar mark[5].

It is believed that TESARO will continue to make efforts to obtain trademark registration for Zejula on "human medicine". Submission for sufficient evidence proved that the opposed trademark is the same with or similar to their brand name and the use of opposed mark on pharmaceutical preparations is likely to mislead consumers regarding functions and raw materials of the goods can effectively prevent the registration of such trademarks.

(2)There may come malicious trademark filings, which include the INN stem "-vir" in Remdesivir and INN stem "- 韦 (-WEI)" in 瑞德西韦 (RUI DE XI WEI).

- How to prevent registration of trademark applications, which include INN stem of new drugs.

All substances belonging to the same drug or chemical family are pharmacologically related, and the INN names of members of the same family contain the same "stem". Practitioners, pharmacists and other people who deal with drugs can identify these substances as a group of drugs with similar pharmacological effects through "INN stem".

The INN stems in Remdesivir and 瑞德西韦 (RUI DE XI WEI) are respectively "-vir" and "- 韦 (-WEI)". The drugs whose INN names containing this stem are antiviral drugs. For example, antiviral drugs "Peramivir 培拉米韦 (PEI LA MI WEI)", "Adefovir 阿德福韦 (A DE FU WEI)", among which "-mivir, - 米韦 (-MI WEI)" and "-fovir, - 福韦 (-FU WEI)" represent the antiviral effect of these drugs.

WHO's "Guidance on INN" stipulates that in order to avoid confusion that may endanger the safety of patients, trademarks shall not be derived from INN, especially shall not contain INN stem, which is usually used. However, in practice, there is still the case that trademark applications containing INN stem, such as the followings.

Filing Number	Trademark	Class	Filing Date
12110359	新感米韦 (XIN GAN MI WEI) It includes INN stem "-mivir, - 米韦 (-MI WEI)"	5	Jan. 28, 2013
13931085	赛若福韦 (SAI NUO FU WEI) It includes INN stem "-fovir, - 福韦 (-FU WEI)"	5	Jan. 17, 2014

In some cases, the CNIPA has supported opponent's claim that the opposed mark should not be approved for registration, because it includes INN stem.

Case 1: In the opposition against trademark application "Mefatinib" filed in 2013, the Trademark Office ruled that the evidence provided by the opponent can prove that "-tinib" is an INN stem. Drugs whose name including the stem "tinib" are mostly anti-tumor drugs. The opposed mark contains "-tinib" and is used on "tonics, medical and veterinary bacteriological research preparations" in Class 5. The opposed mark is likely to make consumers recognize the composition, function, use and other characteristics of the its designated goods by mistake. According to Art. 10. 1. (7) of Trademark Law, the opposed mark should not be registered.

Because of its potential market value, new drug is likely to become the object of malicious trademark application. Malicious applications can occur in various types as above-mentioned. Making good use of the relevant provisions of Trademark Law can make a powerful combination against malicious trademarks filings related to new drug. No matter during the epidemic period, or in normal time, China has provided full-round protection to "new drugs" under the framework of Trademark Law, which is conducive to the realization of the economic merit of new drugs for pharmaceutical R & D enterprises and the social significance of new drugs in the protection of public life and health. ■

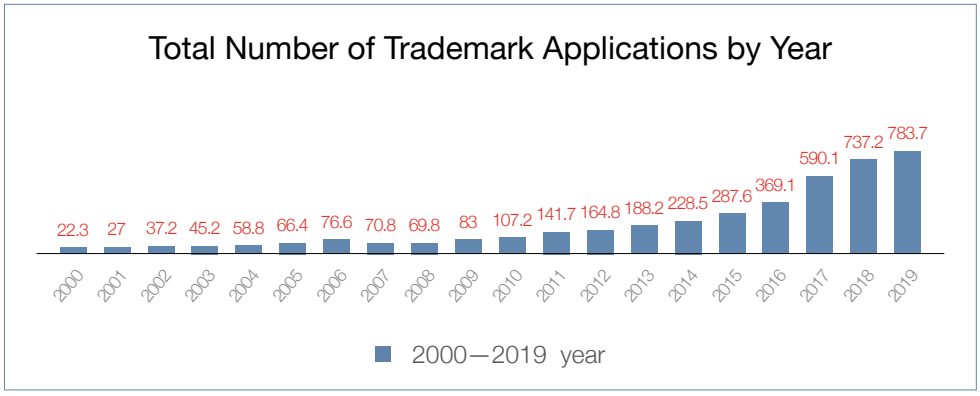
1. *https://mednet-communities.net/inn/db/ViewINN.aspx?i=10478*
2. *Nov. 24, 2016, at https://www.chemdrug.com/news/232/12/57417.html.*
3. *March 16, 2006, "Ren Min Wang", "No brand name will be approved since this June for generic drug."*
4. *https://db.yaozh.com/ypxs?comprehensivesearchcontent=ZEJULA&*
5. *Decision for review on refusal against App. No. 29024393 "ZEJULA& Device"*



Improved first to file system in legislation and practices in China

By Yang Shi

In China, trademark applications have been increasing rapidly during the past 10 years (see below chart 1). The number reached to about 7.83 million in 2019[1]. The applications have far exceeded the real demand of commercial activities, among which a great number weren't filed for use but for handsome profits. It's blamed that the problem of malicious applications is the direct result of implementing first to file system, as it's inherently flawed in granting exclusive rights separately from actual use. The inherent drawbacks, market players' pursuing for interest, misunderstanding on the real value of trademark rights and the decrease of official application fees collectively lead to the increasing trademark squatting and hoarding. China has been endeavoring to abate the negative impacts by improving the protection system in legislatures and practices.



(chart 1: total number of trademark applications for each year in China)

1. First to file system established in 1982 China Trademark Law.

Since the promulgation of first Trademark Law, first to file system has been established[2]. No real use intention or good faith was required for applying

trademarks, while certain signs were prohibited to be used as trademarks i.e. "signs that are detrimental to socialist moralities, customs or having other harmful influences". Unregistered trademarks were not protected. Non-use cancellation procedure has been set up and nowadays still plays a great role in eradicating useless trademarks.

Provisions on prohibiting certain signs to be used as trademarks have been developed, functioning well in practices. Lately, some Chinese applicants preempted marks in close relation to coronaviruses, having harmful influences. The China National Intellectual Property Administration (CNIPA) responding quickly declared to reject applications 'LiWenLiang" (the name of the coronavirus whistle-blower) and to monitor trademarks i.e. "Huoshenshan" and "Leishenshan" (the names of two special hospitals built in Wuhan). Until March 16, among the 1580 monitored applications, 328 directly refused and 866 were withdrawn by the applicants[3]. Two trademark agencies were warned and fined of 100,000 yuan for assisting these applications.

2. "Registration obtained through other illicit means" barred in amendment of 1993.

The Chinese legislature started to improve the first to file system by absorbing good faith principle in 1993. It was added "if a registration is obtained through fraudulent or other illicit means, the Trademark Office shall cancel such registered trademark; other entities or individuals may request the Trademark Review and Adjudication Board to make a ruling cancelling such registered trademark". This article though amended has been maintained[4] and frequently applied to restrict bad faith trademarks.

3. Major improvements on protecting unregistered trademarks in 2001.

Responding to the actual problems occurred, in the amendment of 2001, important provisions have been included to protect unregistered trademarks in the certain circumstances. It marks the momentous transition from absolute first to file system to a more flexible one.

Protection of unregistered well-known trademarks has been provided and now the authorities don't hesitate to grant protection when necessary. In the typical case decided by Shanghai Intellectual Property Court, it's recognized the unregistered trademark " 拉菲 " used by the plaintiff as the equivalence of "LAFITE", had been well-known on the wine products before the alleged infringement occurred[5]. In another case decided in 2020, the local court affirmed well-known status of the unregistered trademark " 奔富 " (Chinese transliteration of PENFOLDS) and decided using the trademark " 奔富 " in sales and promotions have infringed upon the trademark rights derived from prior durable and extensive use[6].

Protection of unregistered trademarks in prior use with certain influence shall be granted when three requirements are met, which include, 1) the trademarks in prior use have acquired certain good fame, 2) the contested trademark is filed by unfair means namely in bad faith, 3) protection should be limited to the same or similar goods or services. In the retrial case decided by the Supreme Court, having met the aforesaid requirements, prior use and good fame of the trademark "PPStream" have been well protected. The disputed trademark reg. No. 5787553 " PPS 私人助理 " was cancelled on the similar services[7].

Prohibiting unauthorized registration of trademarks of the principals or the represented parties have been stipulated and implemented. In the case against the trademark No. 3644066 " adinc. ", the Beijing High People's Court decided, the legal representative of the applicant of the opposed mark was a business partner of the opponent and had good knowledge of the opponent's trademark. Filing the opposed mark without proper authorization constituted preemption of the principal's trademark[8].



4. "Good faith" expressly required for filing and using trademarks in 2013.

The amendments of 2013 further stressed the importance of use and good faith principle. Article 7 "registration and use of a trademark shall observe good faith principle" was added as a general clause to regulate malicious application and trademark infringement. In practices, the administrative and judicial authorities' decisions also reflect the emphasis on "good faith". The CNIPA directly applies "good faith article" in oppositions when the opposed parties filed a great number of trademarks or plagiarized other reputable or strongly distinctive trademarks. In the famous Uniqlo case decided by the Supreme Court[9], the plaintiffs filed more than 2600 trademarks and proposed to transfer the cited trademark reg. No. 10619071 "UL" at the price of 8 million yuan to Uniqlo. The plaintiffs maliciously lodged 42 trademark infringement lawsuits against Uniqlo, its affiliate and their shops in different cities. The Supreme Court reiterated good faith principle in obtaining and enforcing trademark rights, deciding the plaintiffs' actions constituted abuse of trademark rights.

Protection on trademarks in prior use has been stipulated in the amendments, limiting junior registrants' exclusive rights[10]. Now in the infringement cases against the bona fide prior users, the Chinese courts pursue for substantive justices and lighten the burden of proof on the prior users in establishing the alleged good fame to defend against pernicious infringement claims. In the case decided by Shanghai Pudong Court[11], the plaintiff having no actual businesses, obtained the trademark reg. No. 18766213 "Ambitmicro". In this infringement lawsuit the defendants confronted "Ambiq Micro" is their trademark and tradename in prior use with certain good fame on the concerned goods. The cited mark was the malicious preemption and the plaintiff had no rights to stop their use. The Court affirmed the defense, rejecting the infringement claims.

5. "Bad faith applications lack of use intention" constrained in 2019.

As discussed above, trademark hoarding is a great concern in China. Data from January to December of 2017 shows, a Chinese individual filed 5767 applications ranking first, and another individual filed 3605 applications ranking seventh in the list[12]. In 2018, two commercial companies (respectively incorporated

in 2017 and 2018) ranked the second and the third in the list, each filed 6506 and 5754 trademark applications[13]. According to the latest published data, among the 50 top applicants in the first half of 2019, four Chinese natural persons filed more than 1800 trademark applications in total[14].

In recent years, the CNIPA has been taking effective actions against the abnormal applications. In 2018, about 100,000 and in 2019, about 39,000 abnormal applications (including squatting trademarks) were refused in examination and opposition proceedings[15]. The Chinese courts in the administrative litigations reject or cancel the hoarded trademarks by defining them as "registrations obtained by other illicit means". In the case against the trademark reg. No. 13888086 "360 安钱宝 " decided by the Supreme Court[16], the registrant filed more than 1000 trademarks and most were similar to others' reputable trademarks. Its shareholders were publicly selling trademarks. The Court canceled the disputed trademark as "the registration obtained by other illicit means".

At the legislative level, the amendments approved on April 23, 2019, for the first time expressly provide trademarks filed in bad faith apparently lacking use intention shall be refused to register[17]. It requires the reasonability or justification of trademark application actions. The trademark authorities shall, observing the amended article 4, ex officio reject the malicious applications devoid of use intent. The CNIPA may following article 29 require the applicant to submit statement explaining their filing actions, if considers the applicant is a possible trademark squatter or hoarder. Oppositions and invalidations can be raised by anyone applying article 4 to attack the trademarks not being filed or registered for use. The present provisions have perfected the trademark legal systems, emphasizing "use" and "bona fide" to regulate registration and use of trademarks.

Accordingly, the State Administration of Market Supervision issued Some Several Provisions on Regulating Trademark Applications on October 11, 2019, further emphasizing use purpose and good faith[18], in article 8 specifying the factors to be considered in deciding whether an application has been filed breaching article 4 of the Trademark Law.

The present laws and regulations have constructed a relatively complete system. It's believed more influential cases would follow to curb the chaos in registration and use of trademarks.

6. Suggested improvements on first to file system in future.

As greater protection for intellectual property rights and better business environment have been stressed in China, the latest amendments are crucial to enhance trademark protection. It's yet far from eradicating the chaos. On one hand, it's essential to insist first to file system, and on the other hand, we shall absorb the advantages of first to use principle to build a finer legal system. The following suggestions can be considered:

First, certain requirements can be imposed on getting a trademark registered by adopting "intent to use trademark application". The applicant submits "an intent to use application" to obtain an early application date. If the applicant fails to establish use within a certain period, the application would still be rejected. It would increase the burden of potential squatters or hoarders in securing trademark registrations and to certain degree decrease the bad faith applications.



Second, use evidence can be required to renew trademark registrations. The validation period of a trademark registration is quite long i.e. ten years. If a trademark is still not used after ten years, it has no real value in the market and shall not be renewed.

Third, since a great number of trademarks have been filed just for sale, some legal constraints are suggested to be made about transferring trademarks like trademark registrations without actual use shouldn't be transferred. Only in special occasions like the business successors of the registrants from mergers, separations and alike, or their heirs may obtain the unused trademarks through transfer. By this, preemptive trademarks or trademarks invented only to be sold as products would lose their values. ■

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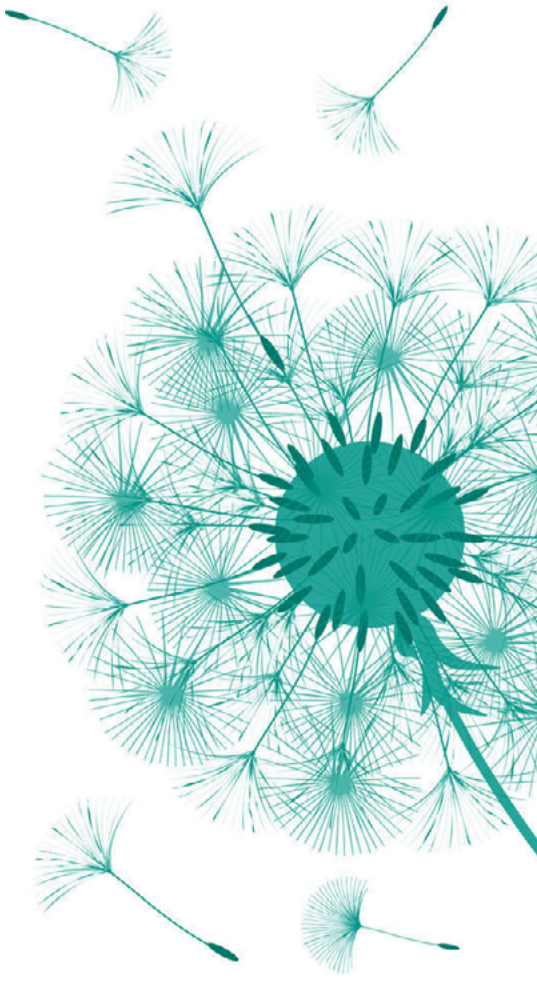
1. *China National Intellectual Property Administration, http://www.cnipa.gov.cn/zscqgz/1145388.htm.*
2. *1982 China Trademark Law, article 4 provided "to acquire exclusives rights over a trademark, any enterprise, institution or self-employed industrialists and businessman shall file an application for registration of goods trademark with the Trademark Office".*
3. *China National Intellectual Property Administration, http://www.cnipa.gov.cn/zscqgz/1146741.htm.*
4. *1993 China Trademark Law, article 27 provided "if a registration is obtained through fraudulent or other illicit means, the Trademark Office shall cancel such registered trademark; other entities or individuals may request the Trademark Review and Adjudication Board to make a ruling cancelling such registered trademark". It was amended and stipulated in article 41.1 in 2001 Trademark Law and it was amended and provided in article 44.1 in 2013 Trademark Law.*
5. *Chateau Lafite Rothschild v. Shanghai Baochun Industrial Development Co., Ltd., Shanghai Intellectual Property Court, (2015) Hu Zhi Min Chu Zi No. 518.*
6. *Southcorp Brands Pty Limited v. Huai'an Huaxia Manor Brewing Co., Ltd., Nanjing Intermediate People's Court, (2018) Su (01) Min Chu No. 3450.*
7. *YUE Jin Jun v. Trademark Review and Adjudication Board, Supreme People's Court, (2017) Zui Gao Fa Xing Shen No. 3104.*
8. *LIU Yue Er v. Trademark Review and Adjudication Board, Beijing High People's Court, (2017) Jing Xing Zhong No. 1818.*
9. *UNIQLO v. Guangzhou Compass Exhibition Service Co. Ltd., Guangzhou Zhongwei Enterprise Management Consulting Services Limited, Supreme People's Court, (2018) Zui Gao Fa Min Zai No. 396.*
10. *2013 China Trademark Law, paragraph 2, article 59 provides, "where, before a registrant applies for trademark registration, another party has used an identical or similar mark with certain reputation on the identical or similar goods, the registrant has no rights to preclude such other party from continuing to use the trademark for original purposes".*
11. *Ambitmicro Technology Limited v. Ambiq Micro, Inc., Shanghai Pudong Court, (2018) Hu (0115) Min Chu No. 46794.*
12. *IPRDAILY, https://www.sohu.com/a/210290219_99919423.*
13. *IPRDAILY, http://www.iprdaily.cn/news_20721.html.*
14. *Guo Fang Software: https://www.sohu.com/a/327437676_120044144.*
15. *China National Intellectual Property Office, http://www.cnipa.gov.cn/zcfg/zcjd/1143141.htm, http://www.cnipa.gov.cn/mtsd/1146434.htm.*
16. *Wuhan Zhong Jun Campus Services Co., Ltd. v. the Trademark Review and Adjudication Board, Supreme People's Court, (2018) Zui Gao Fa Xing Shen No. 4130.*
17. *2019 China Trademark Law, article 4 provides, "a bad faith application for trademark registration for a purpose other than use shall be rejected".*
18. *Some Several Provisions on Regulating Trademark Applications issued by State Administration of Market Supervision of China, http://www.cnipa.gov.cn/zfgg/1143015.htm.*

Collecting evidence for compensation in trademark infringement litigation

By Bin Zhang & Lei Fu

Current Chinese trademark law provides that the compensation shall be assessed based on the losses the right holder has suffered, the profits the infringer has earned or the trademark license fees. If the infringement is in bad faith and severe, the court could impose on the infringers the punitive compensation which could be not more than five times of the amount determined in the aforesaid method. The statutory compensation is also covered in this law, and it was raised from RMB 3 million to RMB 5 million in the latest amendment which came into effect last year.

In practice, trademark proprietors may run into difficulties while collecting direct evidence proving the losses they suffered, the profit infringers gained or the trademark license fees, but trademark proprietors could still expect statutory compensation granted by court. Claiming for statutory compensation does not mean without burden to collect evidence, on the contrary, it is quite necessary to submit evidences to influence the judges in a decision of compensation. Based on interpretation of the Supreme Court, while determining statutory compensation the court would take into consideration of the nature, duration and consequences of the infringing act, the reputation of the trademark, the amount of trademark license fee, the type, time and scope of the trademark license, as well as the reasonable expenses for stopping the infringing acts, etc. In view of this guidance and in order to





obtain comparatively high compensation, it is suggested that the trademark proprietor submit evidence relating to the long duration of the infringement, the different types of infringing products, the large production scale, etc. to prove the infringement is severe.

For more compensation, the following prongs on evidence collections should be noticed:

Evidence proving the infringers' profits

The more profits gained by the infringers, the more compensation they shall pay. Though the trademark proprietors might not be able to obtain direct evidence proving the infringers' profits, they could submit to court an estimated amount of profits gained by the infringers through manufacturing and selling the infringing products. The estimated profits could be calculated based on the sales volume of the infringing products, the unit price and the profit rate. The data collected from reliable sources could have influence on the judges determining the amount of the statutory compensation.

If the infringing products are distributed and sold through online platforms, the trademark proprietors could adopt the sales volume and comments numbers as shown on the website as the basis to calculate the infringers' profits. If the infringers deny the sales volume shown online, they shall submit counterevidence proving the numbers are not true. In one judgement, though the defendant submitted evidence proving that the sales volume on the online platform was not real, the court ruled that the sales volume included "false trading" that should not be counted into infringer's profits, but the plaintiff's "indirect losses", including the lost sales and possible credit decline due to the "false trading", should be counted and included in the compensation.

To submit to the court a reasonable calculation of the infringers' profits, the trademark proprietors could try to collect useful data from the information released by the infringers on its official website and recognized online stores or through some government websites. The annual production amount, products types and sales volume found in these websites could be regarded as reliable sources for evaluation of the infringers' profits. If the trademark proprietor and the infringer had trademark invalidation dispute or other administrative litigations, the trademark use evidence submitted in those cases by the infringer and that relating to the sales status of the infringing products could be used by the trademark proprietor to evaluate the infringer's profit.

It might be difficult to find the profit rate for calculating infringers' profits. Trademark proprietors may refer to the profit rate of the industry released by the Industry Association or credible third parties. The profit rate indicated in an Annual Report released by listed companies in the same industry could also be used as reference while deciding the infringers' profit rate.

Evidence proving the infringers' bad faith

Infringers' infringement act would be regarded as in bad faith if it is repeated infringement or conducted with full awareness of the trademark proprietor and the involved trademark. To prove the bad faith, the trademark proprietors could collect evidence proving the infringement is conducted under the following backgrounds: a) the trademark proprietors ever delivered Cease and Desist letter to the infringers for trademark infringement or initiated administrative complaint, civil and administrative litigation against the infringers; b) the trademark proprietors and the infringers have business relationships; c) the infringers filed application for registration of trademarks similar to or identical with the trademark proprietors' registered trademarks; d) the infringers used more than one of trademark proprietors' trademarks; e) the trademark proprietors have other IP disputes (patent or copyright) with the infringers; etc.

Evidence proving trademark proprietors' use and the reputation of the trademark

According to trademark law, if the trademark proprietors could not prove the actual use of the registered trademarks in the past three years counting from the date of filing the litigation and fail to prove the losses caused by the infringement, the accused infringers would not bear the liabilities for compensation. Therefore, it is suggested that while filing the trademark infringement litigation, the trademark proprietors collect and submit evidence proving the trademark use and trademark reputation. The evidence could be used not only against the non-use defense, but also to prove the bad faith of the infringers, as infringement is intentionally conducted by the infringers who know the good reputation of the trademarks. The evidence that could prove the reputation of a trademark include: the continuous use of the trademark, the reputation of the trademark in the market, the market share, sales area of the goods bearing the trademark, the promotional activities for this trademark, etc. ■

(First published in World IP Review (WIRP) issue 1)





Patent protection: defenses – options, strategies, procedures

By Deqiang Zhu

With the development of industry and technology, patent infringement disputes become very common while competitors strive to occupy as big a proportion of the market share in the relative industry as possible. For a business entity, attention should be paid not only to the enforcing of its patent to stop a competitor's infringing upon the patent but also to the defending against the enforcement of a patent by the competitor. For a business entity involved in a patent infringement lawsuit, there are some defences to consider protecting its lawful rights and interests against the plaintiff's allegation of patent infringement. This article aims to give a brief introduction to some of the optional defences, strategies and relative procedures for a defendant in a patent infringement lawsuit.

Invalidity defence

Invalidity defence is one of the most commonly and firstly used defences made by a defendant in a patent infringement lawsuit. By the invalidity defence, two goals may be sought for i.e. having the patent invalidated completely or partly and making the claims of the patent to be limited further or narrowed down in scope and/or clarifying the protection scope of the claims of the patent.

To make the invalidity defence, an invalidation request against

the patent is filed with the Chinese Patent Office rather than simply arguing invalidity of the patent before the court handling the patent infringement lawsuit. It would be preferable for the defendant if the invalidation request is filed within the time limit for responding to the plaintiff's complaint. With the invalidation request being filed with the CPO timely, the defendant may file a request for staying the trial of the patent infringement case with the court. If necessary, the court may stay the trial of the patent infringement case in order to avoid a scenario that the court makes a decision of finding infringement upon the patent but later the CPO makes a decision of declaring the patent invalid. According to the Chinese judicial practice, if the CPO makes a decision of invalidating a patent asserted by the plaintiff in the patent infringement lawsuit, the court may simply dismiss the lawsuit. However, the patent right owner may appeal the CPO's decision of invalidating the patent to Beijing Intellectual Property Court in the first instance and further appeal to the Supreme People's Court in the second instance. If CPO's decision of invalidating the patent is finally revoked by the Court, the patent right holder may file the lawsuit alleging patent infringement again.

There is a list of reasons on the ground of which a request for invalidation of a patent right can be filed. A patent right can be declared invalid if it falls in any of the following circumstances: lack of novelty; lack of inventiveness; lack of practical applicability; an invention that contravenes any law or social moral or that is detrimental to public interests; violation of confidentiality examination; inconformity with the definition of invention, utility model or design; belonging to subject matter ineligible for a patent right; amendments going beyond the scope of the initial disclosure; lack of support by the specification or failure to clearly to define the protection scope; failure to record technical features indispensable for solving the technical problem; and double patenting etc. Among these reasons, lack of novelty and lack of inventiveness are the most commonly used ones, but some of the remaining reasons such as lack of support by the specification, failure to clearly define protection scope unclear and amendments going beyond the scope of initial disclosure and failure to record technical features indispensable for solving the technical problem are also useful in some cases.

Sometimes it may be difficult to find a prior art document of category X which deprives claims of a patent of the novelty and prior art documents of category Y which in combination deprive the claims of the patent of inventiveness and the claims of



the patent are not declared invalid on the ground of lack of novelty or inventiveness. There is still a possibility that through the procedure of invalidation request against the claims of a patent on the basis of the optional reasons, the claims of the patent are further clarified or narrowed down in protection scope either by amendments to the claims or observations about the invention creation claimed in patent made by owner of the patent right during the procedure of examination of the invalidation request.

Non-infringement defence

For non-infringement defence, all elements rule should be considered firstly. To find infringement of a product or a method upon a claim of a patent right necessitates that the product or method contains technical features identical or equivalent to all the technical features described in the claim of the patent, and no infringement of the product or method upon the claim of the patent can be found if there is one or more of these technical features in the claim of the patent for which the alleged infringing technical solution contains neither technical feature which is identical nor technical feature which is equivalent to the said one or more of the technical features as described in the claim.

Secondly, doctrine of equivalent should be considered. It is not unusual that the alleged infringing product or method differs from the technical solution defined in a claim of a patent and one or more technical features of the latter are not present in the former. In such case, doctrine of equivalents should be considered and the crucial issue is whether there is an infringement on doctrine of equivalent, i.e. whether the alleged infringing product or method has a corresponding technical feature which is determined as equivalent to the technical feature of the technical solution of the claim that is not present in the alleged infringing product or method. According to the judicial interpretations on patent infringement case trial issued by the Supreme People's Court, an eequivalent technical feature in an alleged infringing product or method means the feature that uses substantially identical means, realizes substantially identical function and achieves substantially identical effect as the technical feature included in the technical solution of the claim of a patent right which is not present in the alleged infringing product or method, and that an ordinary technician of the pertinent field may associate easily with this technical feature without creative work when the alleged infringement occurs. In short four requirements i.e. triple substantial identicalness plus easy association should be met.

With non-infringement defence,



the first step is to find at least one technical feature of the technical solution of a claim of a patent right that is not used by the alleged infringing product or method. The second step is to argue that at least one of the four requirements are not met, while the plaintiff argues to the contrary. If successful, one such technical feature solves the whole lawsuit.

Thirdly, file wrapper estoppel may be considered, in arguing for non-infringement on doctrine of equivalent. According to the judicial interpretations of the Supreme People's Court, where a patent right holder reclaims a technical solution, which the patent applicant or patentee has abandoned through an amendment of claims or specification or through observations in the patent prosecution or invalidation procedure, in the scope of protection of a patent in a patent right infringement dispute case, the people's court shall not support it. With this principle, if the patent right holder argues that a technical feature in the alleged infringing product or method, which differs from and corresponds to the technical feature in the technical solution of the claim of the patent and which has been abandoned during the patent prosecution or invalidation procedure, is equivalent to that particular technical feature in the technical solution of the claim of the patent, this should not be supported.

Attention should be drawn to another principle which limits the application of the file wrapper estoppel. According to the interpretations of the Supreme People's Court, where a patentee proves that any restricting modification or observations to the claims, specifications and the attached drawing that have been made by the patent applicant or patentee in the prosecution of patent or invalidation examination procedure of the patent have been explicitly negated, the people's court shall determine such modification or observations do not lead to the abandonment of the technical solution. In view of this, all of the documents in the file wrapper should be studied completely and carefully when file wrapper estoppel is to be applied.

Prior art defence

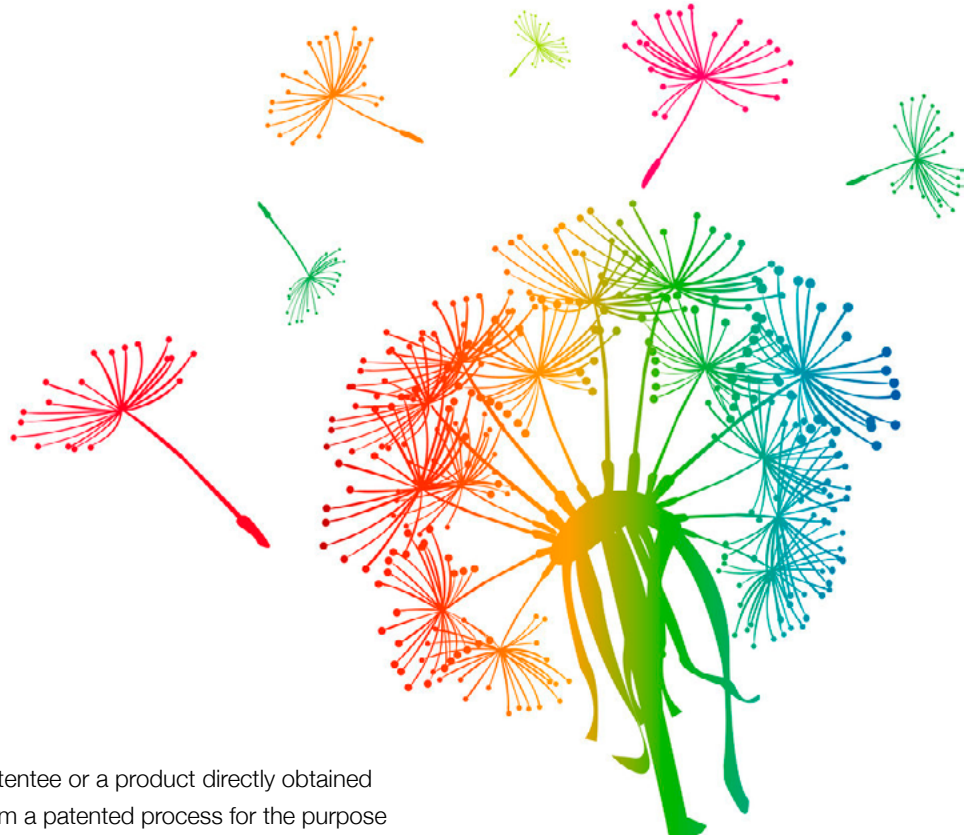
According to the Chinese Patent Law, in a dispute over patent infringement, if the accused infringer has evidence to prove that the technology or design it or he exploits is an existing technology or design, no patent infringement is constituted. According to the judicial interpretations of the Supreme People's Court, if all the technical features which are alleged to fall into the scope of protection of a claim of a patent are identical to or are not substantively different from the corresponding technical features of an existing technical solution, the people's court shall determine the technology implemented by the alleged infringer as an existing technology. It can be known that for prior art defense, the comparison is made between the alleged infringing technical solution and the technical solution in the prior art with respect to the technical solution of a claim of a patent, rather than a direct

comparison between the technical solution in the prior art and the technical solution of a claim of a patent, which is made in examination of novelty of the claim of the patent.

Prior use defence and legal source defence

Prior use defence and legal source defence are not so commonly used as the above three defences, a brief introduction is given below. For prior use defense, if the defendant has made or used a product or a process respectively, which fall in the protection scope of a patent, or has made necessary preparations for making such a product or using such a process prior to the date of application of the patent, the defendant may continue to make such product or use such a process within the original scope, which is not considered as infringement upon the patent. However, the continuing making of the product or using of the process is limited to the original scope of the defendant's making and using before the application date of the patent and no expanding of operation scale is allowed, this is apparently not the most preferable defense for the defendant.

For legal source defense, whoever uses or sells a patented product without knowing that the product was produced and sold without permission of the patentee or a product directly obtained from a patented process for the purpose of production and business operation is not required to bear the liabilities for compensation provided that it or he can prove that the product is obtained from a legal source. For this defense, the defendant should provide a complete chain of evidence to prove the products are obtained from a third party in a normal business mode and the criterion to the evidence is strict. If this defense is supported, the seller of the product should still cease to sell the product anymore, but the user may continue to use the product if the user of the alleged infringing product produces evidence to prove that it has paid the reasonable consideration of the product.



Given above is a basic introduction of some of the optional defenses that may be considered by a defendant in a patent infringement lawsuit. In practice, the situation is usually complicated, and a comprehensive study of the case is necessary to make a strategy to defend in the patent infringement lawsuit to achieve the best possible outcome. ■

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