



中国贸促会专利商标事务所
CCPIT PATENT & TRADEMARK LAW OFFICE

Dec 2021

54

Newsletter

I N T E L L E C T U A L P R O P E R T Y

Published by: CCPIT Patent and Trademark Law Office

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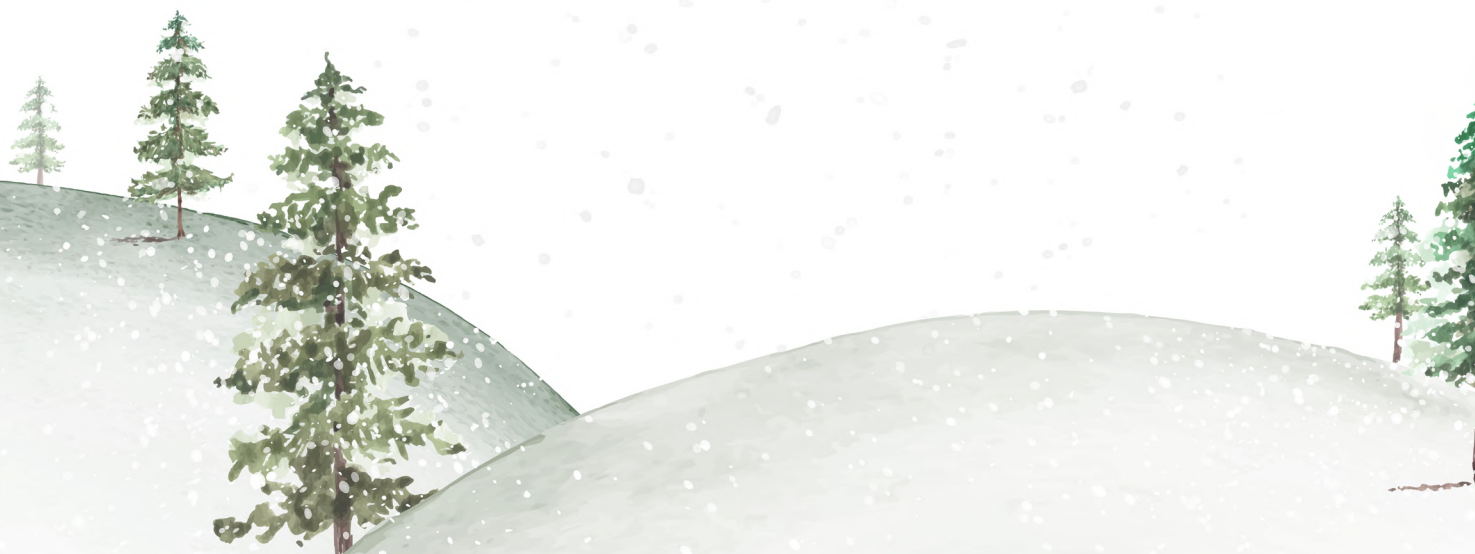
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Webinar held on Southeast Asian trademark registration and protection

Co-hosted by ICC China Intellectual Property Commission, Tilleke & Gibbins and CCPIT Patent & Trademark Law Office, the webinar focused on Southeast Asian trademark registration and protection was held on October 26th, 2021, brought together nearly a hundred of participants from industries, law firms and IP agencies at home and abroad.

Mr. Bo Li, director of domestic trademark department of CCPIT Patent & Trademark Law Office, presided over the webinar.

Mr. Zhongqi Zhou, vice president of CCPIT Patent & Trademark Law Office, and Ms. Darani Vachanavuttivong, co-managing partner of Tilleke & Gibbins, attended the webinar and addressed opening remarks. Mr. Zhou highlighted the important position of Southeast Asian in the Silk Road Economic Belt. China and ASEAN have

established a high-level economic and trade partnership with steady growth of two-way investment. China and Thailand have both ratified the Regional Comprehensive Economic Partnership Agreement (RCEP). We look forward to the implementation of the agreement to facilitate trade and investment between China and ASEAN.

Ms. Sher Hann Chua, consultant of Tilleke & Gibbins, and Mr. Yuncheng

Li, senior trademark attorney from CCPIT Patent & Trademark Law Office, presented to the webinar reporting the legal provisions and practices change related to trademark registration and protection in Thailand and other Southeast Asian countries, provided practical tips on successful protection of trademarks in the area.

During the sessions, Ms. Chua explained in detail the trademark



registration procedures, examination criteria and application strategies in Thailand through a large number of practical cases, gave clear guidance for Chinese investors to Thailand for trademark layout, discussed the impact of the New Trademark Examination Manual (Draft) and enforcement framework in Thailand. Ms.

Chua also provided professional suggestions during the Q&A session with Mr. Somboon Earterasarun, partner of Tilleke & Gibbins, and all team members. Mr. Yuncheng Li comparatively explained the differences of trademark registration pathways, and detailed the practice of the examination in Vietnam, Malaysia, Indonesia and other

Southeast Asian countries.

Founded in 1957, CCPIT Patent & Trademark Law Office has been assisting Chinese enterprises in trademark registration and enforcement overseas since 1976. In recent years, the firm attaches great importance to serving domestic industries taking advantage of its global professional network.

Our firm was honored as the Outstanding IP law firm 2021 by Asialaw Profiles

According to the Guide to the Asia-Pacific's Leading Regional and Domestic Law Firms revealed by Asialaw Profiles, our firm is recognized as the Outstanding IP law firm 2021 in China in the area of intellectual property. Asialaw Profiles provides law firm recommendations and editorial analysis of key practice areas and industry sectors across 23

jurisdictions. The rankings are based on three key criteria, namely, work evidence, client feedback and peer feedback and are divided into 4 categories: Outstanding, Highly recommended, Recommended and Notable. Being ranked as the Outstanding IP Law Firm reveals our firm's competence and professionalism in the area of intellectual property.



China issues IPR protection, application plan for 2021-2025 period

China has recently issued a major plan on IPR protection and application work for the 14th Five-Year Plan period (2021-2025), highlighting innovation, application and protection in the sector, according to IPR authorities.

The plan is a blueprint with detailed targets and measures for the country to embark on a journey to strengthen its intellectual property undertakings, the National Intellectual Property Administration (CNIPA) said.

Aside from proposing quantitative indicators, the plan clearly sets new targets for China's IPR work on protection, application, services level and international cooperation, according to Shen Changyu, head of the CNIPA.

"All these targets and indicators have been drafted to ensure the fulfillment of China's phased goals

to strengthen its power in the IPR sector," said Shen.

The key quantitative indicators for the 2021-2025 period will have been reached when the number of high-value invention patents per 10,000 people hits 12, when the number of patents granted overseas hits 90,000, and when the annual import and export volume of intellectual property royalties hits 350 billion yuan (about 54.7 billion U.S. dollars).

Another indicator will have been reached when the added value of patent-intensive industries accounts for 13 percent of GDP, and that of copyright industries 7.5 percent, according to the plan.

The plan outlines five key tasks for the upcoming five years of IPR protection work to stimulate innovation vitality, sustain the development of the real economy, benefit the people through

innovation, serve the open economy, and boost talent and the cultivation of culture.

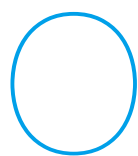
To meet the targets, the CNIPA has launched 15 specialized projects in four major sectors: IPR protection, industrial transfer, the construction of a services system, and talent cultivation.

The projects will reach diverse and key IPR protection work fields, including trade secrets, data, new plant varieties, geographical indications, trademarks, copyright, public services and education.

According to China's 15-year plan (2021-2035) on IPR development released in September, the country has ordered stricter IPR protection, a high level of public satisfaction, and a greater IPR market value by 2025. By 2035, China's IPR competitiveness will rank among the top globally. (Source: Xinhua)

The Supreme Court applied the most-significant-relationship test to justify Chinese courts' jurisdiction over SEP global licensing in Oppo v. Sharp

Xiaojun Guo



On August 19, 2021, the Intellectual Property Tribunal of the Supreme

Court of China handed down its decision in connection with the jurisdictional dispute over the global licensing of the standard-

essential patents (SEPs) in Oppo v. Sharp, rejecting the appeal instituted by Sharp and upholding the first-instance ruling ((2020) Yue 03 Min Chu No. 689 made by the Shenzhen Intermediate Court on October 16, 2020). The Supreme Court decision ((2020) Zui Gao Fa Zhi Min Xia Zhong No. 517)

affirms Chinese courts' jurisdiction to set global FRAND rates and terms and clarifies the applicable tests in deciding Chinese courts' jurisdiction over such type of cases.

1. Brief

On July 10, 2018, Sharp Corporation and its wholly-owned subsidiary ScienBizip Japan (hereinafter collectively referred to as Sharp) sent a licensing letter to Guangdong OPPO Mobile Telecommunications Co., Ltd. and Shenzhen Branch of Guangdong OPPO Mobile Telecommunications Co., Ltd. (hereinafter collectively referred to as OPPO), listing their





SEPs for 3G, 4G, WiFi and HEVC by jurisdiction and seeking for a global license. The Chinese patents represent a significant ratio within the SEP portfolio.

As one of the largest mobile phone manufacturers, OPPO's share of sales in China exceeded 70%, while its share of sales in Europe was approximately 0.20% and in Japan was less than 0.1%, as of December 31, 2019.

On February 19, 2019, OPPO and Sharp held licensing talks at OPPO's Shenzhen office. Sharp proposed a preferred overall structure of license: a five-year period, covering the 3G, 4G, WiFi and HEVC SEPs owned during the term, a global non-exclusive license with no sub-licensing rights, limited to implementation and use of the licensed standards.

In the course of the negotiation, Sharp began to file a series of patent infringement lawsuits against OPPO or its business partners in Japan, Germany, and Taiwan province of China from January 2020 onwards.

On March 25, 2020, OPPO filed a lawsuit with the Shenzhen Intermediate Court, asking the Court to: (1) rule that Sharp violated its FRAND obligations or the principle of good faith during the licensing negotiation; (2) set global licensing rates and terms for Sharp owned SEPs of 3G, 4G and WiFi and (3) order Sharp to compensate Oppo RMB 3 million for economic losses caused by violating the FRAND obligations. Sharp challenged the court's jurisdiction by filing a jurisdictional objection to the case.

In October 2020, the Shenzhen Intermediate Court ruled in favor of OPPO, confirming its jurisdiction to set global licensing rates and terms over the SEPs by taking a wide range of factors into consideration.

Sharp appealed to the Supreme Court requesting: the case be dismissed; and if the above request is not satisfied in full, that the infringement dispute in the case be dismissed, and that the dispute concerning the licensing conditions of the SEPs for 3G and 4G in China be transferred to the Guangzhou IP court, and that the Global licensing conditions of the SEPs for WiFi and the licensing conditions of the SEPs for 3G and 4G in other countries or regions than China be dismissed. The appeal requests are substantially the same as those submitted in the jurisdictional objection.

2. The decision of the Supreme Court

The case is a dispute of jurisdiction

over SEP licensing. The issues in dispute during the second trial of the case included: whether Chinese courts had jurisdiction over the case; if Chinese courts had jurisdiction over the case, whether it was appropriate for the first-instance court to exercise jurisdiction over the case; if the first-instance court had jurisdiction, whether it was appropriate for it to rule on global licensing rates and terms of the SEPs in question.

(1) Jurisdiction of Chinese courts over the case

The essence of an SEP licensing dispute is to ask the court to determine the specific licensing rates and terms to urge both parties to conclude a license agreement or to perform the license agreement. Therefore, the Supreme Court considered that such a dispute was relatively more contractual than patent infringement in nature.

Sharp is a foreign enterprise without a domicile and a representative office in China. The jurisdiction of Chinese courts over such a foreigner-related dispute depends on whether the dispute has proper connection with China. To determine whether an SEP licensing dispute is properly connected with China, the

following factors may be taken into consideration: the place where the patents in question were granted, the place where the patents are implemented, the place where the patent license agreement was signed or where the patent license agreement was negotiated, the place where the patent license agreement is performed, or the place where the property available for seizure or enforcement is located, etc. As long as one of the afore-mentioned places is within the territory of China, the case shall be deemed to have proper connection with China and Chinese courts shall have jurisdiction over it.

In this case, the SEP portfolio involves a great number of Chinese patents, the manufacturing activities of OPPO to implement the SEPs in question took place in China, and the parties had conducted negotiations on the licensing of the SEPs in question in Shenzhen, China. Therefore, Chinese courts have jurisdiction over this case, whether as the court where the patents were granted, the court where the SEPs in question were implemented, or the court where the licensing of the SEPs in question was negotiated.

(2) Jurisdiction of the Shenzhen Intermediate Court over the case

The jurisdiction of a Chinese court over the SEP licensing dispute may also be based on the above-mentioned jurisdictional connections. OPPO Shenzhen, as a wholly-owned subsidiary of OPPO and one of the subjects implementing the SEPs in question, is located in Shenzhen and implemented the SEPs in Shenzhen too. The Shenzhen Intermediate Court, as the court in the place where the SEPs in question are implemented, could exercise its jurisdiction over the case. Meanwhile, the Shenzhen Intermediate Court, as the court where the SEP license was negotiated, could also exercise its jurisdiction over the case in this connection.

(3) Jurisdiction of the Shenzhen Intermediate Court to rule on SEP global licensing rates and terms

Whether it is appropriate for the Shenzhen Intermediate Court to rule on global licensing rates and terms over the SEPs in question should be considered comprehensively based on the facts of the jurisdictional dispute and in combination with the special nature of SEP licensing disputes. In particular, the Supreme Court considered multiple factors to find the jurisdiction of the Shenzhen

Intermediate Court over the case: the scope of the parties' willingness when negotiating the SEP license (Sharp proposed a 5-year global non-exclusive license for its SEP portfolio with no sub-license rights); the countries granting the SEPs and the distribution ratio of the SEPs (most of which are Chinese patents); the main place of implementation, main place of business or source of revenue for the SEPs in question (The main place of business of OPPO, the manufacturing site and the main sales area of its smart terminals involved in the case are all in China, its share of sales in China was 71.08% as of December 31, 2019); the place of negotiation for the SEP licensing between the parties (which is in Shenzhen), and the location of the property available for seizure or enforcement (which is also in Shenzhen).

In view of the above, the parties in this case had the intent to agree on global licensing rates and terms over the SEPs in question and had negotiated the license therefor. The scope of the parties' willingness to negotiate constitutes the factual basis for ruling on global licensing rates and terms. Second, the SEP licensing dispute in this case is obviously more closely linked to

China. Most of the SEPs involved in the licensing negotiation are Chinese patents; China is the main place of implementation, the main place of business and the main source of revenue of the implementer of the SEPs in question; China is the place where the licensing negotiations took place; and China is also the place where the property of the patent licensee is available for seizure or enforcement. It would be more convenient not only to find out the facts of OPPO's implementation of the SEPs in question, but also to enforce a court decision, for Shenzhen Intermediate Court to rule on the global licensing rates and terms over the SEPs in question.

The Supreme Court therefore rejected the appeal of Sharp and affirmed the first-instance ruling.

3. Conclusion

(1) The most-significant-relationship test

The Supreme Court's decision can find its legal basis from Article 265 of the Civil Procedure Law of the People's Republic of China, which provides for six types of connections for exercising jurisdiction over extraterritorial

defendants: "Where an action is instituted against a defendant which has no domicile within the territory of the People's Republic of China for a contract dispute or any other property right or interest dispute, if the contract is signed or performed within the territory of the People's Republic of China, the subject matter of the action is located within the territory of the People's Republic of China, the defendant has any seizable property within the territory of the People's Republic of China, or the defendant has an representative office within the territory of the People's Republic of China, the people's court at the place where the contract is signed or performed, where the subject matter of action is located, where the seizable property is located, where the tort occurs or where the domicile of the representative office is located may have jurisdiction over the action."

So, in spite of different expressions such as "proper connection", "more closely linked to", the Supreme Court found the jurisdiction of the Shenzhen Intermediate Court basically by application of the most-significant-relationship test. This should further attribute to the contractual nature of the SEP global licensing.

Applying the most-significant-relationship test, it becomes very clear that Chinese courts have jurisdiction over the dispute and are more suitable to adjudicate the case.

Although the most-significant-relationship test should be deemed the basic test for the Supreme Court to make the decision, the willingness of both parties to enter into a global license over the SEPs and the subsequent negotiations therefor, and the application of so called forum convenience doctrine are also intensively considered by the Supreme Court.

(2) The consent of the parties to jurisdiction is not a premise

The Supreme Court has also made it clear in the decision that the consent of the parties to jurisdiction is not a premise for a particular court to excise its jurisdiction and address the rates and terms of an SEP global license. Where the parties have the willingness to enter into a global license and the case has a closer connection to Chinese courts, it is appropriate for Chinese courts to rule on the rates and terms of the global license of the SEPs in question.

In general, Oppo made an

extremely strong case and met almost all of the applicable connections under the most-significant-relationship test, though from the opinions of the Supreme Court, Chinese courts might excise jurisdiction over such dispute when only some of the connections are met in China.

Whatever, the Supreme Court clearly rejected the viewpoint that the court of any country even having a very loose connection with the SEP licensing dispute

may adjudicate such a case. This is consistent with the practice of settling international commercial disputes, and is also beneficial to avoid judicial competition to some extent and inhibit forum shopping by an SEP owner or an implementor, which may leverage a case by suing in a country with little interests to the patent portfolio. As the highest court of the second biggest market in the world, the standpoint of the Supreme Court of China on such disputes can't be ignored.



The bad faith factor in invalidation against a trademark registered over five years

By Yang Shi

In the context that China is strengthening its Intellectual Property Rights protection, the Chinese administrative and judicial authorities have been granting stronger protection to different types of intellectual property rights in specific cases. As far as trademark protection is concerned, both the China National Intellectual Property Administration (CNIPA) and the Chinese courts have made meaningful decisions in protecting well-known trademarks.

The “bad faith” factor

As is well known, to balance the legal rights and interests of the right owners and the reliance Interests of the Chinese consuming public on administrative authorities’ acts, the China Trademark Law sets

strict requirements to raise the threshold for initiating an invalidation against a registered trademark. Article 45 of the China Trademark Law provides, the owner of a well-known trademark shall not be subject to the limit of five years to request the revocation of bad faith registration. In other words, if a trademark has been in registration for more than five years, to successfully attack it, two requirements should be met, first, the prior trademark claimed for protection should be well-known before the filing date of the disputed trademark, and second, the registrant of the attacked trademark has bad faith. In practices, the bad faith factor should be considered separately to decide whether the invalidation requests to attack the trademarks registered over five years should be accepted.

The China Trademark Law doesn’t define “bad faith registration”, while judicial interpretations and guidelines have been issued to specify “bad faith registration”. According to article 25 of the Provisions of the Supreme People’s Court on Several Issues concerning the Trial of Administrative Cases concerning Trademark Right Authorization and Confirmation, when deciding “bad faith registration over a well-known trademark”, reputation of the cited trademark, reasons for registering the disputed trademark and usage of the disputed trademark should be minutely analyzed to judge the subjective intent of the registrant. Where the cited trademark is famous and there is no justifiable reason for registering the disputed trademark, the courts can infer it as “bad faith registration” in

the language of article 45.1 of the Trademark Law. In April of 2019, Beijing High People's Court issued Guidelines for the Trial of Trademark Right Granting and Verification Cases in which factors for determining "bad faith registration" also are specified. The factors include:

- (1) High degree of similarity of the disputed trademark and the prior well-known trademark;
- (2) The prior well-known trademark enjoys strong distinctiveness and high reputation;
- (3) The owners of the disputed trademark and the well-known trademark had transactions or business collaborations;
- (4) Business locations of the two sides are close;
- (5) Since registration of the disputed trademark, acts on taking advantage of good fame of the well-known trademark have been conducted;
- (6) The owner of the disputed trademark filed a good number of others' strong trademarks and etc.


The above judicial interpretations and guidelines to certain extent explain in what situations that a registered trademark will be determined as being obtained in bad faith and guide the examining authorities in deciding specific cases. Although in practices, controversies remain about determination on "bad faith", it has

been widely interpreted to take down the bad faith registrations beyond the five years' limit. In the meanwhile, with the improved legislation and practices on trademark protection, the CNIPA and the Chinese courts are more inclined to realize substantive justice in each individual case by granting protection to the alleged well-known trademarks.

Some typical cases

In the recently concluded administrative litigation Bulgari S.p.a. v. the CNIPA, CAI Qing He, Beijing High People's Court affirmed the original judgment of Beijing Intellectual Property Court, overruling the disputed decision made by the Trademark Review

and Adjudication Board (TRAB) and decided the disputed trademark

reg. No. 6085778 “  ”

should be canceled for registration. Bulgari lodged the invalidation request against the disputed trademark in 2017 when it had been in registration for more than five years by requesting for well-known trademark protection over its registered trademark Reg. No. 3811212 “ BVLGARI ” . Cai Qing He, as the registrant, submitted proofs showing his use of the attacked trademark on the services relating to the operation of his “BAO GE LI music café” (BULGARI music café in Chinese) and contended that the subject trademark had been in continuous use and obtained



certain reputation which could be distinguished from the cited trademark. He convinced the TRAB into deciding before the filing date of the disputed trademark, Bulgari's cited trademark hadn't become well-known, and since the invalidation was initiated five years after the registration of the subject trademark, Bulgari's claim for well-known trademark protection cross class hadn't been justified.




Both Beijing IP Court and Beijing High Court decided that the cited trademark had become well-known among the Chinese consuming public before the filing date of the disputed trademark. The Courts further commented, high degree of similarities of the compared marks could not be explained as a coincidence and he had bad faith in registering the subject trademark and other infringing trademarks afterwards. The invalidation request could be filed despite of the five years' limitation. Being used on the services like "café; bar services", the disputed trademark would readily cause the relevant consumers' false connection with the cited mark of Bulgari and unduly utilize the good fame of the cited mark built by Bulgari in the durable operation. In this case, the Courts considered, the registrant's filing to register other marks closely similar with Bulgari's trademark further attested his bad faith.

As in the above lately decided

case, many registrants of the challenged trademarks submitted use evidence trying to persuade the examining authorities into deciding that the disputed trademarks through extensive use could be distinguished from the cited prior well-known trademarks and therefore registrations should be maintained. However, in many cases the evidence submitted by the disputed mark owners rarely helped them to obtain a favorable outcome. In contrast, the evidence collected by the holders of well-known trademarks, demonstrating the infringing usage of the disputed trademarks along with other facts such as other questionable trademarks have been filed by the registrants or the registrants have conducted unfair competition acts helped the courts in determining the registrants' bad faith.

• Use evidence of the disputed trademark shows bad faith:

In the invalidation case, Budweiser Harbin Beer Co., Ltd. lodged in 2019 an invalidation request against the disputed trademark reg. No. 3138083 “” that got registration early in 2003 by Harbin Double Star Beer Limited Company. The CNIPA found, in actual use that had been proved by Budweiser Harbin Beer, the registrant had adopted the packaging design and the trademark similar with the well-known products, and considered this should be taken

into consideration in deciding the bad faith factor. In the litigation case TCL GROUP Co., Ltd. v. the TRAB, Guangzhou Jin Chao Electric Technologies Co., Ltd., TCL filed the invalidation request five years after registration of the disputed trademark Reg. No. 3702456 “”. The TRAB decided the evidence of TCL was insufficient to prove the disputed trademark was filed in bad faith and rejected the invalidation request. Dissatisfied with the invalidation decision, TCL lodged a litigation before Beijing IP Court. The Courts of both instances overruled the TRAB's invalidation decision and ruled in favor of TCL based on the evidence collected by TCL showing the extensive malicious use of the trademark “” (the changed specimen of the disputed trademark) by the owner, finding that, the disputed trademark being used in a confusing way on the TV goods was closely similar with the prior well-known trademark, which would easily lead to the relevant consumers' false connection between TCL GROUP and the goods bearing the disputed trademark. In another influential litigation case Honda Motor Co., Ltd. v. TRAB, Jiangsu Ben Gang Investment Co., Ltd., the Courts of both instances decided registrant's bad faith of the disputed trademark Reg. No. 3087232 “” in that Jiangsu Ben Gang had been using the trademark “HAODA” alone or in a prominent way on motorbikes which had been

decided as infringement by the Chinese local administrations of industry and commerce. In direct competition with Honda Motor, Jiangsu Ben Gang should know perfectly well about the prior well-known trademark, yet intentionally changed the trademark specimen in actual use into a more similar mark to the well-known trademark “HONDA”. The registrant's bad faith therefore was obvious.

• [Filing to register other questionable trademarks shows bad faith:](#)

In the above Budweiser Harbin Beer case, the CNIPA

ascertained in the name of Harbin Double Star, there were more than 100 trademarks among which “哈啤” (Ha Beer) and “小哈啤” (Little Ha Beer) were imitations of the well-known mark “**哈啤**” (Ha Beer) owned by Budweiser Harbin Beer. Taking into the reputation of the cited prior mark then, the registrant's knowledge about the prior well-known trademark could be inferred from the fact that both sides located in Heilongjiang province. In the aforesaid Bulgari case, the registrant's questionable trademarks filed afterwards also have affected the decision of the Courts.

• [Conducting other unfair competition acts shows bad faith:](#)

In another long-lasting litigation case lodged by Hangzhou Ao Pu Electric Appliances Co., Ltd., against the TRAB, Yunnan Ao Pu Wei Ye Metal Building Materials Co., Ltd., and Zhejiang Modern New Energy Co., Ltd., the Courts of first and second instances overruled the TRAB's invalidation decision and adjudicated that, both the applicant of the disputed trademark Reg. No. 1737521 “**ao pu**” and Hangzhou Ao Pu were located in Zhejiang province with close locations, and they were providers for toiletry and bath products. It could be concluded that the applicant knew full well about the reputable prior mark “奥普” (Ao Pu). The evidence of Yunnan Ao Pu Wei Ye wasn't

cogent to prove that the disputed trademark being used could be distinguished from the prior well-known trademark among the Chinese consuming public.

Author's thoughts

To invalidate a trademark registration that was obtained more than five years ago, the right holder needs to well prepare and organize the evidence to prove, before the filing date of the concerned registration, its prior trademark had become well-known on the designated goods or services in the Chinese market. Although burden of proof on bad faith is borne by the prior mark owners, they need to show by a preponderance of the evidence. In each individual case, use evidence either submitted by the owner of the contested trademark or collected by the prior mark proprietor even after registration of the disputed trademark may become useful in attesting the alleged bad faith, if it shows the infringing use or unfair competition acts to take advantage of the reputation of the well-known trademark. To win such a case, other than the reputation evidence of the prior trademark that is requested for protection, thorough investigation into the businesses of a contested mark owner and usage of the trademark is strongly recommended and sometimes it is vital.



Pretrial injunction: a choice for IP owners to resist irreparable harms in China

By Yang Shi

Recently Shanghai Pudong District Court issued typical cases of internet-related unfair competition, including *Alipay v Jiangsu Zebra Software Technologies Inc*¹, as one of the 50 typical internet-related unfair competition cases in 2020. It is the first nationwide pretrial injunction granted in the unfair competition dispute on the app triggering strategy. In

this case, Pudong District Court decided unfair competition acts of Jiangsu Zebra by setting up the same app triggering strategy as Alipay to increase the visitor volumes, has inappropriately impeded the normal directing to Alipay app at iOS system and severely interrupted the operation of Alipay app. The Court thereby granted a pretrial injunction ordering Jiangsu Zebra to stop using the same

URLSchem as Alipay app which has effectively prevented the potential irreparable harm that the applicant Alipay would suffer during the Double 11 Shopping Festival. In recent years, more pretrial injunctions have been issued by the Chinese courts in the IP related disputes as the right owners opt to pursue a pretrial injunction in urgent situations to defend against irreparable losses and the



legislation and regulations are clearer than before for the courts to make reasonable decisions.

1. An overview of pretrial injunction in China

As is known to us, a pretrial injunction is a court-ordered command to do something or, more often, to not do something before a lawsuit or an arbitration is commenced. Pretrial injunction is an important mechanism established in the Chinese civil proceedings that help to stop a specified act or behavior, or command carryout of certain act or behavior in order to avoid irreparable losses that a party may suffer. It ought to be sought before court proceedings or arbitration are commenced and it is a statutorily *ex parte* procedure, different from an injunctive relief that granted during the litigation and by law the courts should inquire both the applicant and

respondent before issuing it. Only when a surety bond is provided to protect the respondent in case the grant is later determined to be in error, and certain requirements are met, the Chinese courts would grant pretrial injunctions to the applicants. After receiving an applicant's request, the court should decide whether to issue a pretrial injunction within 48 hours. The most important factor to be considered for granting a pretrial injunction is that, it is extremely urgent to stop or order certain act or behavior to protect a party from suffering irreparable harm. In such cases, due to the short term for the courts to decide pretrial injunctions, to win a pretrial injunction, good preparation on evidence collection and grounds organization are vital.

In China, before our access to WTO, there was no pretrial injunction or similar systems. To satisfy the requirements of

the International Trade-Related Aspects of Intellectual Property Rights (TRIPS) agreement when China entered in WTO, intellectual property laws revised then i.e. patent, trademark and copyright laws absorbed the pretrial injunction system. The judicial interpretations issued by the Supreme People's Court on application of pretrial injunctions in patent and trademark infringement cases provided specified criteria for the courts to decide whether to grant the injunctions. After the implementation of the China Civil Procedure Law in 2013, pretrial injunction mechanism is formally established.

The current pretrial injunction system is mainly regulated by article 101 of the China Civil Procedural Law, specific IP laws and the Provisions of the Supreme People's Court on Several Issues Concerning the Application of Law in Reviewing the Injunction Cases



Involving Intellectual Property Disputes that becomes effective on January 01, 2019. Since January 01 of 2019, scope of application of pretrial injunction is widened from the trademark, patent and copyright dispute cases to various aspects of IP disputes such as trade secret, privacy dispute cases and etc.

Under existing law and practices, the IP right owners and some licensees may apply for a pretrial injunction. Exclusive licensees may file for a pretrial injunction independently. A licensee under a sole licensing contract may file for a pretrial injunction on its own in case the rights owner does not submit such an application. A licensee under a normal non-exclusive licensing contract may file the application on its own if the right owner expressly authorizes the licensee to file the lawsuit in its name. Therefore, to evaluate whether a pretrial injunction may be pursued, it is important to ascertain in which kind of license that the interested party is engaged.

2. The major differences

between pretrial injunction and injunction during the court proceedings

The commencing times and situations where they should be applied are different. A pretrial injunction will be issued before a lawsuit or an arbitration is instituted, while the latter is issued when the litigation is ongoing.

The courts will issue a pretrial injunction if irreparable harm will be suffered by the applicant and it is urgent for the applicant to obtain a pretrial junction to prevent severer harms, whereas if due to the acts or behavior of one party or other reasons, a judgment may longer be enforceable or the opposite party would suffer other losses, the courts will issue an junction during the litigation.

The courts may decide *ex officio* to grant a junction during the court proceedings and for the situations that are not urgent, the courts may decide when to issue injunctions on different facts. However, a pretrial injunction will only be issued by the applicant's request and should be granted within 48 hours since the request is received

by the courts.

Surety bonds are necessary when filing the request to the courts for a pretrial injunction. For the junctions granted during the litigation, the courts may base on the facts of cases and decide whether to require the applicants to provide surety bonds.

3. Factors to be considered in determining whether to grant a pretrial injunction

According to current judicial practices, four factors should be considered before a pretrial injunction is applied, including 1) whether the applicant has legal and factual basis to request a pretrial injunction; 2) whether the applicant is at risk of irreparable harm; 3) whether the damages to the applicant without an injunction would outweigh the damages that the alleged infringing party would suffer if an injunction is made and 4) whether applying pretrial injunction would compromise the public interest.

- the applicant's legal and factual basis



In evaluating the first factor, the courts generally will rely on the types or natures of the IP rights that are alleged for protection, examine whether the relevant IP rights are valid, whether the IP rights have gone through substantive examination, whether the alleged rights are pending in invalidation, cancellation procedures or any possibility of revocation or cancellation of the rights exists, whether any dispute exists on ownership of the concerned rights and other facts that may affect the validity of the relevant IP rights exist. It is generally easier for the courts to judge the validity of trademark rights and copyrights, while it

would be much harder to confirm the validity of design patents, to define the scope of inventions and utility models, or to decide whether the relevant competitive interest exists and should be protected.

Besides considering whether to grant a pretrial injunction, the courts will examine preliminary proofs about the existence of infringement acts, and the burden of proof is lighter than in examining the merits of the cases that high degree probability of success should be established by the plaintiffs.

- [the risk of irreparable harm](#)

It is hard and often complicated

to decide whether there is risk of irreparable harm. In general, in the situations that, if the respondent's acts will damage the applicant's reputation, or personal rights i.e. right of publication or right to privacy and cause irreparable harm, or the respondent's acts would lead to the alleged infringement out of control and evidently aggravate the applicant's suffered harm, or the respondent's acts will cause distinct decrease of the applicant's market share in the relevant market, the courts will decide the applicant is at risk of suffering irreparable harm in case no pretrial injunction is made.

To decide whether a pretrial injunction is necessary, it is important to decide whether it is in extremely urgent need. According to the stipulations of the Provisions of the Supreme People's Court on several Issues Concerning the Application of Law in Reviewing the Injunction Cases Involving Intellectual Property Disputes, "urgent situations" may include: (1) trade secrets of the applicant are about to be illegally disclosed; (2) right of publication, right to privacy and other personal rights of the

applicant are about to be infringed; (3) disputed intellectual property rights are about to be illegally disposed of; (4) the intellectual property rights of the applicant are being or will soon be infringed on occasions with relatively higher degree of timeliness like trade fairs; (5) popular shows with relatively higher degree of timeliness are being or will soon be infringed; (6) other situations in which act preservation measures shall be taken immediately. In recent years, the Chinese courts are more positive to issue pretrial junctions in

the cases that fall within the above listed situations such as *Novartis China Biomedical Research v He feng* trade secret infringement dispute² and *Shenzhen Tencent vs. Guangzhou Netease Computer System Co., Ltd.*, etc. in relation to right to network dissemination of information infringement dispute³. In *Novartis China v He Feng* case, the court granted pretrial injunction to enjoin He Feng to disclose, use or permit others to use 879 documents (including the document names) listed by Novartis China before the court

rendered a judgment in relation to the subject case. In *Tencent v Guangzhou NetEase* case, the court decided, Tencent owns right to dissemination of information online over 623 pieces of music and argued the five respondents including Guangzhou NetEase had provided the involved musical works through “NetEase cloud music” app through mobiles and the relevant online platform which constituted infringement upon Tencent’s right. Considering the large number of the involved works of music in the network, NetEase would grab the market share by enforcing other’s rights and cause severely irreparable damages to Tencent’s right.

- the principle of balancing the interest

Following the principle of balancing the interest of the interested parties, when the injury suffered by the applicant as a result of failure to enforce injunction will exceed the injury suffered by the respondent if a pretrial injunction is made, the courts will grant the injunctions to prevent the imminent damages to the applicants like in the



LangRenSha case *Shanghai Jia Mian Information and Technology v Hangzhou Netease and etc.*⁴, the court considered, the four respondents' unfair competition acts have decreased the market share of the applicant and caused derogation of its reputation, besides there's possibility that injuries would be broadened that could lead to the applicant being squeezed out from the markets. The harm is irreparable to the applicant if the respondents' acts are not enjoined. In another case *Shandong Ni Hong Wang Electronics v Zhongshan Ge Lin Man Light and Electricity Technologies*⁵ involving patent infringement dispute, the court considered if the respondent's 79020 sets of products are prohibited to be exported, it will probably affect the normal operation of the respondent. In comparison, the applicant will not suffer more losses, if no pretrial injunction is granted. The court therefore rejected the applicant's request to grant a pretrial injunction.

- public interest

The concept of public interest

is general and unclear, which is therefore not often used in judicial practices. Besides in the case that a request for pretrial injunction is filed, generally only civil rights of the interested parties are involved. Thus, this factor in most cases will not play a role in the courts' decision about whether to issue an injunction. However, in some cases where issuance of pretrial injunction would damage the public interest such as in the situations that some necessary medical procedures, or supply of medicines or appliances are obstructed, it will lead to the courts' decision not to grant an injunction.

4. Concerns on the current pretrial injunction mechanisms

In China, if a pretrial injunction is made, review application should be filed before the same court that granted it and the ruling should be made ten days from the court's receipt of the review application. It means, a pretrial injunction if opposed by any party will be reconsidered by the same court that grants the injunction. It appears the

court rarely will change its mind on reconsideration after only ten days, and therefore, it is yet effective enough to supervise the court's ruling or provide real relief to the opposing party. We believe reconsideration procedure needs more specified regulations to realize the procedural justice and to avoid damages caused by a wrong pretrial injunction.

Following the current laws and regulations, a pretrial injunction is decided *ex parte* that should be decided within 48 hours since the petition for the junction is filed by an applicant. No hearing is statutorily required before the court to issue a pretrial injunction, nor the court needs to inquire both parties. The junction becomes effective once it is granted and often affects significantly the respondent's interest. To guarantee the correctness of the injunctions, in practices, the Chinese courts usually hold hearings to give the parties full chances to present counter arguments. For example, in the influential case of "the Voice of China" trademark infringement dispute⁶, Beijing Intellectual Property Court after a hearing granted the pretrial injunction



ordering the respondents to cease using the registered trademarks and the name “the Voice of China” of the TV show. Since hearings are held in most cases, we believe hearing be stipulated in legislature as necessary procedure before issuing a pretrial injunction will better protect the parties’ interest.

To be summarized, where a monetary award cannot compensate for the wrong and when urgent needs exist, pretrial injunction before a litigation or an arbitration is a good choice for the right owners to stop infringement and prevent enlargement of damages, and it has been more frequently chosen by the right holders in China. During the past years, the Chinese legislature has

provided much clearer criteria to be followed by the courts, yet specific enough to guide the courts in making decisions. As discussed above, further revision on the related regulations are still needed. With the development of technologies and internet, in recent years internet-based companies generate high revenue through online sales, financial transaction fees, paid advertising, cloud services and a host of other business lines. In the meanwhile, more online infringing actions have been emerged that may rapidly damage the rights and cause losses of IP rights and competition interest of different online market players. We forecast more requests and grants of pretrial injunctions in IP related dispute

cases in the next few years and let us expect more legal certainty for the Chinese courts to issue the injunctions to protect the real owners of the interest.

1.(2020) Hu 0115 Xing Bao No. 1 civil decision.

2.(2014) Hu Yi Zhong Min Bao Zi No. 1 civil decision.

3.(2019) Hu 0115 Xing Bao No. 1 civil decision.

4.(2019) Shan 01 Xing Bao No. 1 civil decision.

5.(2019) Yue 73 Xing Bao No. 2 civil decision.

6.(2016) Jing 73 Xing Bao No. 1 civil decision.

The Legal 500 Country Comparative Guides: China

PATENT LITIGATION

By Chuanhong Long, Ji Liu, Xiao Jin

1. What is the forum for the conduct of patent litigation?

According to our practice, jurisdiction of patent litigation goes to the intermediate People's Court or some authorized district courts. There are 3 IP specialized IP courts in Beijing, Shanghai and Guangzhou. In these three cities, the IP courts rule the IP cases instead of the intermediate court. In addition, 20 IP tribunals were founded for IP cases. They are in Nanjing, Suzhou, Wuhan, Chengdu, Hangzhou, Ningbo, Hefei, Fuzhou, Jinan, Qingdao, Shenzhen, Tianjin, Zhengzhou, Changsha, Xi'an, Nanchang, Lanzhou, Changchun, Wulumuqi and Haikou. These courts and tribunals are provided with

technical judges or the judges having rich experiences in IP fields. Technical specialists assist the judges in the technical cases, for example, patent infringement cases. Generally, jurisdiction goes to the intermediate People's Court in or near the city where the infringement happens, including where the infringing product was made, sold, imported or offered to sell or where the patented method was used. Patentees may choose the courts/tribunals based on the place where the infringing acts occurred. It might be the same all over the world that the first choice would be a home game, for example, the patentee may choose a local court by establishing a link with

the infringement, like buying the infringing product in the city where the patentee lives or locates.

2. What is the typical timeline and form of first instance patent litigation proceedings?

When receiving a complaint from the court, a defendant may challenge the validity of patent before the China National Intellectual Property Administration (CNIPA), which means the infringement and invalidity proceedings are bifurcated in China. It would take defendants about 6 months to receive a decision on validity while the infringement case may last years. Also, the courts typically

would wait for the outcome of invalidity proceeding, especially for invention patents. Therefore, the patentee may have to face one or two invalidation petitions before the court hears the infringement case. The patentee is bounded by the Doctrine of Estoppel, which means the claim construction made in the infringement litigation is limited by his interpretation to the claims during the invalidity proceeding. In past, the issues of liability are heard and decided together with the issues of damages. Now some IP courts is exploring a new mechanism to hear them separately so that at least a part of dispute can be solved quickly and the patentee may obtain a permanent injunction earlier.

3.Can interim and final decisions in patent cases be appealed?

Yes. Both interim the final decisions are appealable. If a court makes a decision on liability only, this interim decision is appealable separately from the issues of damages. Generally, the interested party has the right to appeal if it is not satisfied with the decision, without any permission needed. In connection with patent cases, the appellate court now is the People's

Supreme Court no matter where the jurisdiction of first instance is. The first instance decision will be stayed pending if any party appeals.

4.Which acts constitute direct patent infringement?

With regard to an invention or a utility model patent, direct patent infringement includes, for production or business purpose, manufacturing, offering to sell, selling, or importing the patented products, using the patented method, or using, offering to sell, selling or importing the products that are developed directly through the use of the patented method. With regard to a design patent, any unit or individual may not, for production or business purposes, manufacture, offer to sell, sell or import the design patent products.

5.Do the concepts of indirect patent infringement or contributory infringement exist? If, so what are the elements of such forms of infringement?

Yes. If someone knows that the relevant product is a material, equipment, component, intermediate, etc., specially used for implementation of a

patent, commercially exploiting that product will be deemed as indirect patent infringement. The key elements here are "specially used for". The plaintiff must prove that the product has no other reasonable use but specially used for implementation of the patent. In other words, the accused infringer knows or should have known that the product made is an essential part of a patented solution and the product will be a part of infringement to the patent.

6.How is the scope of protection of patent claims construed?

Like many other countries, the protection scope of a patent claim is determined based on the claim language with reference to the description and drawings in a perspective of one skilled person in the art. The court will determine the meaning of a specific claim term based on the content of description, claims, drawings and prosecution history, i.e., the meaning of the term will be determined within the patent. The scope of the term is also bounded by the explanation made to the examiner during prosecution. If the meaning of the term cannot be determined within the patent, the term will be defined according

to external evidences, such as a textbook, a dictionary and the understanding of a skilled person in the art. Doctrine of equivalents steps in when two features are not literally identical. Two features are deemed as equivalents if they are substantially similar measures with substantially similar functions and substantially similar effects and can be replaced by the skilled person in the art without creativity.

7. What are the key defences to patent infringement?

There are various defences to patent infringement, mainly including non-infringement defence, prior art defence, legitimate source defence, prior use defence. We believe the non-infringement defence and prior art defence are most common in our practice.

8. What are the key grounds of patent invalidity?

Almost all the grounds for valid grant of a patent could also be available grounds of invalidity upon which the patent may be revoked, mainly including novelty, inventive steps, enablement, new matter issue, sufficient support of the description to the claims



and clearness. In practice, we believe the key grounds most of petitioners rely upon are novelty and inventiveness, i.e., those grounds based on one or more prior art references.

9. How is prior art considered in the context of an invalidity action?

The prior art means the technologies known to the public both domestically and abroad before the date of application. The words “known to the public” do not require the public actually know or get access to the technologies but refers to the availability to access the prior art. For example, even if no one actually knows or reads a book in a remote library, this book may constitute a valid prior art reference if this book is open for the public in that library. A prior art reference can be used

for assessing novelty if it discloses each and every claim element of a single claim, belongs to a same technical field, proposes a same technical problem and achieves a same technical effect with the patent. Various embodiments of one reference or various references can be combined for assessing obviousness to see if these embodiments or references in combination have disclosed the patented solution. In the invalidity proceeding, typically the problem to be solved, the technical solution adopted and the technical effect achieved will be taken in to account in determining whether these prior art references can be combined or not.

10. Can a patentee seek to amend a patent that is in the midst of patent litigation?



No.

11. Is some form of patent term extension available?

Yes. The court will firstly determine the meaning of a specific term based on the content of description, claims, drawings and prosecution history, i.e., the meaning of the term will be determined within the patent. If the meaning cannot be determined within the patent, the term will be defined according to external evidences, such as textbook, dictionary and the understanding of a skilled person in the art. As mentioned previously, the patent term extensions can be challenged or bounded by the prosecution

history estoppel. Any remarks, explanations and definitions made during prosecution, or even during the prosecution of its family patents, can be used to delimit the protection scope of the term. Expert witness is another common measure in challenging or narrowing the protection scope of specific terms.

12. How are technical matters considered in patent litigation proceedings?

As mentioned, when reviewing technical cases, the court typically appoints technical experts to assist the court in understanding the technical factors in the case. A report will be made to the judge

and explain the technologies internal to the court. Of course, each party may have their own technical experts to illustrate to the court the technical issues. The experts can be cross-examined and must answer the questions from the court, for example, from the technical expert of the court.

13. Is some form of discovery/ disclosure and/or court-mandated evidence seizure/protection (e.g. saisie-contrefaçon) available, either before the commencement of or during patent litigation proceedings?

Yes. Although we don't have discovery/disclosure, but we do have something similar. When

one party has proved that certain evidences are under the control of the other party, and it is very hard to access the evidences without the court's intervention, it can request a court order with which the opposing party must disclose the evidences or bear any disadvantages if refuses to disclose. The court order may relate to both infringements and damages, like what exactly the technical solution is, the account book and so on. Also, the patentee may request evidence preservation either before the commencement of or during patent litigation proceedings so that the court may secure the evidence to ascertain the fact. Although the court order is becoming popular in patent litigations, each party must bear their own burden of proof first and must not rely on the court order to replace the duty of proof. The court order is available only for those evidences very hard or nearly impossible to access.

[14.Are there procedures available which would assist a patentee to determine infringement of a process patent?](#)

Yes. If a dispute involves an invention patent for the method of

manufacturing a new product, the unit or individual manufacturing the same product should provide evidence to show the manufacturing method of their own product is different from the patented method. Of course, it happens after the patentee has proved that the involved product is a new product thanks to the patent. Similar to the answer to question 13, the court order could be another way to assist the patentee in determining infringement. For example, for a computer program, when the patentee has made every effort to show the court that the appearance of the working program is very similar to the process recited in the patent and so does the working result, but the program is not accessible because it is stored in the server of the defendant, the plaintiff may request a court order and try to force the defendant to disclose the program. The court will decide whether to issue the order. But the court typically considers current evidences, accessibility of the evidences and the burden of proof in the case.

[15.Are there established mechanisms to protect](#)

[confidential information required to be disclosed/exchanged in the course of patent litigation \(e.g. confidentiality clubs\)?](#)

Yes. Typically, each party may require that only the attorneys of the opposing party can access the confidential information in the course of patent litigation, while the attorneys are bounded by the lawyers guidelines. Confidentiality agreement is also a common mechanism to make sure that the confidential information of one party is limited within an authorized scope.

[16.Is there a system of post-grant opposition proceedings? If so, how does this system interact with the patent litigation system?](#)

Yes. Our laws provide that the court may or may not stay the infringement litigation because of the patent invalidity proceedings before the CNIPA. In practice, the court typically waits for the outcome of invalidity proceedings not only because the outcome will greatly influence the litigation, but also because now the invalidity proceedings go really fast, typically no more than 6 months. The court need one or more years

to hear the litigation case, but well before that the patent may have already undergone several rounds of invalidity proceedings. On the other hand, the court may continue the infringement case when the patent was proved to be reliable and stable, for example, survived from two or three times of challenges.

17.To what extent are decisions from other fora/jurisdictions relevant or influential, and if so, are there any particularly influential fora/jurisdictions?

We think our courts typically make decisions based on our local practice. The judges might be interested in new theories, practices and interpretation of laws in foreign countries, but only for their references when they make the decisions.

18.How does a court determine whether it has jurisdiction to hear a patent action?

Our laws are clear that only several courts may hear patent actions, intermediate courts and some authorized district courts. Those courts typically

have good experiences in handling complicated patent litigations. If the court finds it has no jurisdiction, it will inform the parties of the courts having the jurisdiction.

19.What are the options for alternative dispute resolution (ADR) in patent cases? Are they commonly used? Are there any mandatory ADR provisions in patent cases?

The patent dispute can also be heard by local administrative offices of patent. But this administrative mechanism is relatively not common because it cannot award any damages to the patent rights holder. Of course, it is not mandatory. The patent owner may choose the court or the administrative branch.

20.What are the key procedural steps that must be satisfied before a patent action can be commenced? Are there any limitation periods for commencing an action?

The plaintiff must provide the court accurate name and address of the defendant as well as a valid patent.

The time limit for commencing the action is within three years from the time when the patentee knew or should have known the infringement. Of course, our advice is to well prepare any evidence you need before filing the action.

21.Which parties have standing to bring a patent infringement action? Under which circumstances will a patent licensee have standing to bring an action?

The patentee, of course, the sole patent licensee and the exclusive patent licensee can launch the patent infringement action. A patent licensee under a general license can bring the action along with the patentee or acquire the right to sue based on the license agreement.

22.Who has standing to bring an invalidity action against a patent? Is any particular connection to the patentee or patent required?

In our country, anyone, including the patentee itself, can bring an invalidity action.

23.Are interim injunctions available in patent litigation proceedings?

Yes. Preliminary injunctions are available in our practice. The key factors considered by a court to grant the preliminary injunctions include whether the damages are irreparable if the injunction is not granted, and whether the patentee is likely to win. Another factor the court typically considers is whether the injunction will conflict the public interest. Upon the plaintiff's request, the court must make a decision within 48 hours whether to grant the preliminary injunction. The court may have another 48 hours if the case and facts are very complicated. The decision can be made on an ex parte basis. The court will require a guarantee from the petitioner in respect of potential damages if the injunction eventually is proved on an invalid or wrong basis. Without such guarantees, no injunction will be granted. On the other hand, the opposing party may request the court to re-consider the decision of issuing the interim injunction. However, the injunction continues to work when the court reviews the decision.

[24.What final remedies, both monetary and non-monetary, are](#)

[available for patent infringement?](#)

Of these, which are most commonly sought and which are typically ordered? The patentee may receive monetary and non-monetary remedies if the infringement is confirmed by the court. The non-monetary remedies include stopping infringement, like selling, importing or offering to sell.

[25.On what basis are damages for patent infringement calculated? Is it possible to obtain additional or exemplary damages?](#)

The damages are determined based on the actual losses caused by the infringement. The patentee may show the court that the reduction of sales due to infringement and calculate the profit he should have gained. If the actual losses cannot be determined, the damages may be calculated based on the benefits acquired by the infringer through infringement. The evidences may include the sale numbers of the infringing product and the profit from the sales. If the benefits are difficult to be determined, the court may decide the damages within the range from RMB



30,000 to RMB 5,000,000 based on the factors such as the type of patent right, nature of the infringement, and seriousness of the case. Exemplary damages are introduced in the Patent Law. The patent rights holder may have a chance to receive up to 5 times damages if the infringement is willful and the circumstance of the infringement is serious.

[26.How readily are final injunctions granted in patent litigation proceedings?](#)

Almost in every patent litigation the judge will grant final injunctions in the decision so that the infringer must cease the infringement. However, in some cases the judge may not grant the injunction because of public interest. For

example, if a dam infringes a patent, the judge probably will not issue a final injunction by bombing out the dam. In such a case, the owner of the dam must pay reasonable royalties as a price of continuous use of the patented technology. Of course, proportionality of injunctive relief is a factor that must be considered by the court when issuing injunctions. Typically, the injunctive relief confines to cease the infringement, like destroying the special mould used to manufacture the infringing products or the inventory of the infringing products. At least we have not observed any recall of infringing products sold to the common customers. The final injunction is a part of the sentence in China. Therefore, the injunction continuously exists unless the court's decisions is reversed or the patent is invalidated.

27. Are there provisions for obtaining declaratory relief, and if so, what are the legal and procedural requirements for obtaining such relief?

Yes. An interested party may file a lawsuit to obtain declaratory relief. Three factors are required for



obtaining such a relief – a warning letter received from the patentee, a written letter to the patentee to urge a further action and no action taken within one month from the written letter received by the patentee or within two months from sending the written letter.

28. What are the costs typically incurred by each party to patent litigation proceedings at first instance? What are the typical costs of an appeal at each appellate level?

Typically, the cost incurred by each party to patent litigation proceedings at first instance is about RMB 300,000 to RMB 1,000,000, including attorney fee

and other costs for the litigation. For second instance, the typical cost is bit lower, about RMB 300,000 to RMB 800,000.

29. Can the successful party to a patent litigation action recover its costs?

Yes. If the infringement is established before the court, the plaintiff may recover reasonable costs for stopping the infringement, including the attorney fee spent for the litigation.

30. What are the biggest patent litigation growth areas in your jurisdiction in terms of industry sector?

We believe consumer electronics is the biggest patent litigation growth area in our jurisdiction. Semiconductor device is attracting more and more attention and we believe it could be another hot spot of patent litigation in near future.

[31.What do you predict will be the most contentious patent litigation issues in your jurisdiction over the next twelve months?](#)

We think the willful infringement and the punitive damages in connection therewith will be the most contentious patent litigation issues over the next twelve months. Although a punitive damages system has been introduced in the Patent Law, how to define the boundary of willful and normal infringement are new and contentious to both the judges and IP practitioners. The punitive damages may encourage non-practice entities to file more lawsuits in China as the patent litigation become profitable due to the punitive damages. We don't believe this is what our country wants, but it might be inevitable as the punitive damages come to us. Therefore, we may foresee a lot of debates and controversies

in the practice when the punitive damages is applied in the practice.

[32.Which aspects of patent litigation, either substantive or procedural, are most in need of reform in your jurisdiction?](#)

We believe that evidence mechanism in patent litigation might be most in need of reform. As mentioned in our answer to question 13, an interested party may request a court order to collect evidence. However, the court order is limited to those evidences that are very hard or nearly impossible to access by the opposing party, which means each party must collect most of evidences by itself. Generally speaking, evidence collection and preservation are huge challenges in patent litigation, especially for those complicated technologies. Although our court and legislature have made a lot of efforts in this field, we still look forward to seeing more reforms in this area.

[33.What are the biggest challenges and opportunities confronting the international patent system?](#)

The biggest challenges we believe

are languages. In recent years, the number of patent applications rose rapidly in China. Those Chinese patents bring enormous challenges to the examiners in other countries since Chinese is not very easy to learn and understand, which lead to difficulties in patent searching and examination in the world-wide patent system. Of course, China is facing the same problem in well understanding the patent technologies in other languages. So we believe languages are the biggest challenges confronting the international patent system. On the other hand, the artificial intelligence technology provide us more opportunities and convenience than before. We can see more and more AI translation tools appearing in our daily work and more foreign clients begin to use it in the IP field. Sometimes, an AI translation of a Chinese patent, although not perfect, does provide a basic meaning in other language, for example, English, so that our client may rapidly know what is happening without waiting for a formal translation. Of course, there is a lot of room for AI translation in accuracy, especially for a legal document.

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