

## **Ten Typical Cases of 2016 on Juridical Protection of Intellectual Property Rights by Beijing People's Court**

In 2016, a total of 22,890 cases in the first instance involving intellectual property rights are closed by the three levels of Beijing People's Court (including 16,798 civil cases and 6,092 administrative cases), along with 4116 cases in the second instance (including 1,072 civil cases and 3,044 administrative cases). The amount of the cases accepted and those closed both achieve a new high. Based on the cases selected by the three levels of Beijing People's Court, Intellectual Property Tribunal of Beijing Higher People's Court organized special personnel to discuss and study each of the selected cases and eventually determined the “top ten cases” and “top ten creative cases” of 2016. All the cases selected are cases of which the final review has come into effect in 2016.

### **Case 1: Administrative Dispute on the Invalidation of an Invention Patent titled “Complexes or Salts Containing Nucleotide Analogs and Synthesis Method for the Same”**

Docket number of the second-instance case: (2015) Administrative (IP) Final Judgment No. 3504, by Higher People's Court

Collegiate bench: Yan JIAO, Hongyu CEN, Qinghui LIU

Plaintiff: Gilead Sciences Inc. (referred to as Gilead for short)

Defendant: Patent Reexamination Board of the SIPO (referred to as the PRB for short)

A third party: Zhenzhu TAO, Minao ZHANG, Sino Services Company

#### **[Case summary]**

Gilead owns an invention patent of which the title is “Complexes or Salts Containing Nucleotide Analogs and Synthesis Method for the Same” and the patent number is 98807435.4 (referred to as the present patent for short). Zhenzhu TAO et al. respectively filed requests for invalidation against the present patent before the PRB.

The PRB issued Decision No. 20990 on a request for invalidation of a patent right (referred to as Decision No. 20990 for short) on July 9, 2013, declaring that the whole patent right was invalid. Gilead was not satisfied with the Decision No. 20990 and instituted an administrative lawsuit before the Beijing First Intermediate People's Court. This court issued (2013) Administrative IP First Judgment No. 3496, by First Intermediate People's Court (referred to as Judgment No. 3496 for short), which revoked the Decision No. 20990 and ordered the PRB to make a decision over again. Being not satisfied with this judgment, the PRB instituted an appeal before the Beijing Higher People's Court. The Beijing Higher People's Court issued (2014) Administrative IP Final Judgment No. 2060, by the Higher People's Court (referred to as Judgment No. 2060 for short), which revoked the Judgment No. 3496 and ordered the Beijing First Intermediate People's Court to conduct retrial of this case.

After retrial, the first-instance court held the following opinion. Evidence 1" discloses bis (isopropoxycarbonyloxymethyl) PMPA (namely Bis (POC) PMPA), while claim 1 claims a fumaric acid complex or salt of bis (isopropoxycarbonyloxymethyl) PMPA. According to the disclosure of the specification of the present patent, it cannot be determined that a fumaric acid salt has an unpredictable effect of the best physical and chemical properties with respect to other free base or other salts, and it is impossible to verify that a fumaric acid salt of Bis (POC) PMPA has an effect of "good oral bioavailability". It can be seen that with respect to evidence 1", claim 1 merely solves a technical problem of converting the compound Bis (POC) PMPA into a salt form while maintaining the same activity, thereby obtaining properties such as relatively high solubility and stability generally possessed by salt-forming compounds. Evidence 2" gives a technical suggestion that a nucleotide phosphate derivative having a structure similar with the present patent reacts with an organic acid (e.g., a fumaric acid) to form a salt. Hence, it is a conventional choice made by a person skilled in the art based on a motivation generally existing in the art to react Bis (POC) PMPA with a fumaric acid to form a salt so as to obtain properties generally possessed by salt-forming compounds. Therefore, claim 1 of the present patent does

not possess inventiveness with respect to the combination of evidence 1” and evidence 2” and thus is not in compliance with Article 22.3 of the Chinese Patent Law revised in 2001 (referred to as the patent law (2001)). To sum up, the first-instance court decided to maintain the Decision No. 20990 made by the PRB. Being not satisfied with this judgment, Gilead filed an appeal, and the second-instance court maintained the original judgment.

### **[Comments]**

This case is a typical administrative dispute on the grant and determination of a patent right relating to determination of inventiveness of a patent in the chemical medicine field. This case specifies a rule as follows: to determine inventiveness of a patent in the chemical medicine field, if the present patent has a chemical structure similar with a reference document, then the present patent has inventiveness in a precondition that the present patent should have an unexpected technical effect; if it is impossible to determine any unpredictable technical effect based on the information disclosed by the specification of the present patent, and the improvement with respect to the reference document is a conventional choice that can be made by a person skilled in the art based on a motivation generally existing in the art, the present patent should be affirmed to lack an inventive step. The rule for determining inventiveness of a chemical medicine patent established by this case has demonstration significance for similar cases and has a positive guiding effect on improving the invention and creation level in the chemical medicine field. The patentee Gilead in this case is a famous international pharmaceutical company, and the present patent relates to an antiviral drug “Tenofovir” manufactured by Gilead for the treatment of hepatitis B and AIDS. According to annual reports of Gilead, sales of this drug were more than \$ 6 billion in 2010. Hence, this case received widespread attention from society and industries.

### **Case 2: Administrative Dispute on the Invalidation of a PCT Invention Patent Titled “A Method for Improving Handoffs in Cellular mobile Radio Systems”**

Docket number of the second-instance case: (2013) Administrative Final Judgment

No. 1737, by Higher People's Court

Collegiate bench: Rina SHA, Bo ZHOU, Jun TAO

Plaintiff: ERICSSON TELEFON Inc. (referred to as ERICSSON for short)

Defendant: Patent Reexamination Board of the SIPO (referred to as the PRB for short)

A third party: Huawei Technologies Co., Ltd. (referred to as Huawei for short)

### **[Case summary]**

ERICSSON is the patentee of a PCT invention patent titled “A Method for Improving Handoffs in Cellular mobile Radio Systems” (referred to as the present patent for short). On November 12, 2010, Huawei filed a request for invalidation against the present patent before the PRB. During the examination, ERICSSON amended “at least candidate target base station” in claims 1, 4 and 5 to “at least two candidate target base stations”. The PRB deemed that this amendment was not an acceptable amendment manner as stipulated by the Guidelines for Patent Examination and therefore did not accept the amended claims filed by ERICSSON. On June 2, 2011, the PRB issued Decision No. 16765 on a request for invalidation (referred to as Decision No. 16765 for short), in which it was affirmed that the present patent was not in compliance with Article 22.3 of the Chinese Patent Law and thus it is declared that the present patent was invalid. Being not satisfied with this Decision, Allison instituted an administrative lawsuit.

The court held the following opinion: the protection scope of a claim is defined by all the content recited by the claim as a whole, so the whole technical solution should be taken into consideration when determining whether an amendment to the claim complies with Rule 68.1 of the Implementing Regulations of the Chinese Patent Law. In this case, the technical solutions of claims 1, 4 and 5 of the present patent all define measuring, in “at least one candidate target base station”, signal strength parameter and direction of arrival parameter from an uplink signal transmitted by a mobile terminal to a serving radio base station. However, ERICSSON amended “at least

candidate target base station” in claims 1, 4 and 5 to “at least two candidate target base stations”. In view of writing, this amendment merely limited the number of the candidate target base stations, and it seemed like that the original protection scope of the patent was not enlarged but narrowed. However, the technical solutions of claims 1, 4 and 5 theoretically include a technical solution that the object of the invention can be realized by one candidate target base station, which obviously is different from the technical solution of realizing the object by at least two candidate target base stations. There are essential differences in nature. Moreover, in view of their expression manners, claims 1, 4 and 5 are not claims generalized by means of parallel options, and there is no equivalent technical solution that can be deleted without changing the substantive content of these claims. Therefore, the amendment to claims 1, 4 and 5 made by ERICSSON did not comply with requirements of the Implementing Regulations of the Chinese Patent Law, so it is not inappropriate for the PRB to take the issued text of the present patent as the text to be reviewed. On this basis, the court further confirmed the PRB’s affirmation that the present patent lacked inventiveness and maintained the Decision No.16765.

### **[Comments]**

In this case, the court was not confined to the application of specific legal provisions but made judgment from the overall patent laws and from the overall technical solution, and the court determined whether the amended technical solution was acceptable from the viewpoint of “disclosure for protection”, which is the core value of the patent system, so this case has positive demonstration significance. Regarding specific application of legal provisions, whether an amendment to a claim is legal should be determined not only based on the scope of the protection but also from the viewpoint of the legislative purpose of the patent laws, and it should be noted whether the substantive content of the claimed technical solution is changed. If the protection scope of the amended technical solution is narrowed but the content of the technical solution is substantively changed, the technical solution thus amended should be deemed to be a new technical solution different from that originally claimed, and such

amendment made by the patentee should not be accepted in the examination procedure of an invalidation request. The above-mentioned judgment rule established by this case also has a positive guiding effect on the future judicial practice.

**Case 3: Administrative lawsuit regarding opposition against trademark “微信”**

Case reference number of second instance trial: (2015) Higher Administrative (IP) Final No.1538

Collegial panel: Jiao Yan, Sha Rina, Zhou Bo

Plaintiff: Chuangbo Yatai Technology (Shandong) Co., Ltd. (hereafter referred to as “Chuangbo Yatai Company”)

Defendant: Trademark Review and Adjudication Board of State Administration of Industry and Commerce (hereafter referred to as “TRAB”)

Third party: Zhang Xinhe (a natural person)

**[Case summary]**

The trademark “微信” No. 8840949 (hereafter referred to as “opposed mark”) was applied for registration by Chuangbo Yatai Company on November 12, 2010, designating “message sending; telephone services; communications by telephone; communications by cellular phones, etc.” in Class 38. Zhang Xinhe filed an opposition against the registration application of this trademark within the legal period for filing opposition. The Trademark Office decided not to approve the registration of the opposed mark on March 19, 2013. Chuangbo Yatai Company was unsatisfied with the decision made by the Trademark Office and appealed to the TRAB. The TRAB made the Decision No.67139 on October 22, 2014 and held that the registration of the opposed may cause negative influence on public interest and public order in society, which constituted the circumstance prescribed in Article 10(1)(viii) of the Trademark Law. Thus, the TRAB decided not to approve the registration of the opposed mark. Chuangbo Yatai Company was unsatisfied with the decision made by the TRAB and filed an administrative lawsuit.

The court held that the opposed mark “微信” was composed of two Chinese

characters and the submitted evidence was insufficient to prove that the trademark sign per se or its composing elements may cause negative influence on public interest and public order in politics, economy, culture, religion, nationality, etc. Thus, the registration of the opposed mark did not violate Article 10(1)(viii) of the Trademark Law. The TRAB also made a determination on whether the opposed mark violated Article 11(1) of the Trademark Law in the Decision No.67139. According to the principle of complete review, the court should review this point as well. Based on this, the court held the opposed mark lacked distinctiveness when used on the above mentioned services and it shall not be approved for registration. Therefore, the court corrected the mistake of the Decision No.67139 and maintained the conclusion of that decision.

#### **[Comments]**

During the examination and trial of this case, “微信” (WeChat) software of Tencent company had obtained more than 0.8 billion users. The result of this case directly affected whether users may continue to use the software with the name “微信”. Thus it obtained extensive attention from society. Moreover, this case involved the application of important provisions of the Trademark Law and guidance opinion of the Supreme Court, which had wide influence in legal and social aspects. Thus, it attracted much attention from judicial academia and practical circle and society. The second instance court restricted the object of “other unhealthy influence” to the trademark sign per se and its composing elements and followed and maintained the standard of “other unhealthy influence” made by the Supreme Court in the judgment.

#### **Case 4: Administrative lawsuit regarding dispute over trademark “上专 & device”**

Case reference number of second instance trial: (2016) Jing Administrative Final No.2985

Collegial panel: Pan Wei, Tao Jun, Fan Xue

Plaintiff: Shanghai Patent & Trademark Law Office, LLC (hereafter referred to as

“SPTL Office”)

Defendant: Trademark Review and Adjudication Board of State Administration of Industry and Commerce (hereafter referred to as “TRAB”)

**[Case summary]**

The trademark “上专 & device” No. 15244242 was applied for registration by SPTL Office on August 28, 2014, designating “technical research, technical project studies, information technology consultancy, computer software consultancy, etc.” in Class 42. The Trademark Office issued Notification of Non-acceptance of Trademark Registration Application regarding this trademark on September 12, 2014. SPTL Office was unsatisfied and filed an administrative lawsuit. During the first instance trial, the first instance court inquired 5 institutions, including Center for Studies of Intellectual Property Rights of Zhongnan University of Economics and Law, Intellectual Property Research Center of Southwest University of Political Science & Law, Institute of Intellectual Property Law and Policy of East China University of Political Science and Law, Center for Management and Research of Intangible Assets of China University of Political science and Law, and Beijing Intellectual Property Institute, about the application and interpretation of Article 19(4) of the Trademark Law and received their feedback.

The first instance court held that though Article 19(4) of the *Trademark Law* stipulated that trademark agencies may only file trademark applications on “trademark agent service”, but the law did not stipulate clearly what is “trademark agent service”. To understand this point, the relevant provision in the administrative regulations and rules should be considered. Article 84 of *Implementing Regulations of the Trademark Law* stipulated that “*trademark agent service prescribed in the Trademark Law refer to the service organizations that accept entrustment from the clients to handle the trademark application, adjudication or other trademark matters on behalf of the client*”. Based on this, Article 6(1) of *Rules of Administration of Trademark Agent Service* made more detailed provisions “*the trademark agent organization may accept clients’*

*entrust and appoint trademark agent to handle the following agent business: (1) agent service for trademark application, change, renewal, assignment, opposition, cancellation, adjudication, infringement complaints, etc.; (2) provide legal advice of trademarks and acting as legal counsel of trademarks; (3) agent service of other trademark matters*". Based on the above provisions, the trademark service organization shall register trademark on the above mentioned services only in its own name. The designated services of the disputed trademark were "technical research, technical project studies, etc." in Class 42 which are clearly not trademark agent service. The disputed trademark constituted the circumstance of non-acceptance of trademark prescribed in Article 19(4) of the *Trademark Law*. To sum up, the first instance court rejected the claims of SPTL Office. The second instance court held that in light the designated services of the disputed trademark were "technical research, technical project studies, etc." which were not agent service prescribed in Article 19(4) of the *Trademark Law*, the decision of non-acceptance by the Trademark Office and the judgment made by the first instance court were correct. Thus, the second instance court dismissed the appeal and maintained the first instance judgment.

### **[Comments]**

This case involved the interpretation and application of Article 19(4) of the *Trademark Law* revised in 2013. Since abolishing of administrative approval for establishment of trademark agent organization and for trademark agent qualification, there have been some disorder in trademark agent business which disturbed market order of trademark. To solve this problem, the revised *Trademark Law* in 2013 introduced Article 19(4) and limited the scope of service to "agent service" for which the trademark agent organization applies. However, it is disputable on whether "agent service" can be interpreted in an extensive approach in practice. In this case, a view of point was raised that unless the literal interpretation would result in significant consequence such as law frustration or serious conflict among the provisions within the legal system, the law should be interpreted literally according to its ordinary meaning. Meanwhile, in order to regulate trademark agent activities and trademark

market, the newly introduced provision of the Trademark Law should be enforced strictly, and no extensive interpretation shall be made at will to avoid the situation that the aim of legislation is unable to be achieved. This case offered guidance for handling similar cases and interpretation of the law in future.

**Case 5: Patent Infringement against the Design Patent titled “Beauty Device” of Panasonic**

Docket number of the second-instance case: (2016) Civil Final Judgment No. 245, by Beijing People’s Court

Collegiate bench: Hui Liu, Zhipu SU and Qinghui LIU

Plaintiff: Panasonic Electric Industrial Corporation (referred to as Panasonic)

Defendant: Zhuhai Jindao Electric Co. Ltd (referred to as Jindao) and Beijing Likang Fuya Commercial Co. Ltd (referred to as Likang)

**[Case summary]**

The patent involved in this case is a design patent titled “Beauty Device”, of which the publication number is CN302065954S, the patentee is Panasonic and the date of patent granting is September 5, 2012. Panasonic stated that the product “Kingdom Ion Cosmetic Steamer KD-2331” that was produced, sold and offered for sale by Jindao and sold by Likang infringed the design patent of Panasonic, and requested the follows: the two defendants cease the infringement; Jindao pays RMB 3 million as compensation for the financial loss of the plaintiff; and the two defendants together pay RMB 200,000 as compensation for reasonable costs. The compensation claim of RMB 3 million was calculated based on the amount of 18,411,347 products that was sold and was of the same product type with the infringement product; the number was retrieved and fixed on a part of e-commerce platforms via notarization and the average unit price RMB 260 of the product. The first-instance court determined that the involved act of the two defendants constituted infringement against the patent design of Panasonic, and the compensation amount of RMB 3 million claimed by Panasonic according to the sale and the average unit price of the infringement

product shown on the Internet was reasonable. Therefore, the court approved the claim of Panasonic. Both Jindao and Likang were not satisfied with the decision and filed an appeal.

The second-instance court held the following opinions: Comparing the drawings of the involved patent design respectively with the product or photos of the two accused infringement products, the involved patent design is similar to the accused infringement products in visual effect; and the infringement products fall within the protection scope of the involved patent design. Regarding the three items including the loss of the patentee, the profits obtained by the infringer and the amount of exploitation as stated by Article 65.1 of the Chinese Patent Law, both the patentee and the infringer is entitled to proof citation. The people's court should determine the possibility whether or not the amount of compensation to be proved by the parties reaches a certain extent based on comprehensive and objective review on the evidences and through logical reasoning and the experiences and rules of daily life. According to the result of the total sales multiplying the average unit price of the accused infringement product as claimed by Panasonic, even if the reasonable profit for each product is considered as the minimum, the amount of compensation is still far more than RMB 3 million. Being supported by the above evidences, the compensation amount of RMB 3 million claimed by Panasonic is highly reasonable. Though Jindao stated that except in the "Jindao Flagship Store" ran by itself, the accused infringement products sold on other websites are fake, and the sales shown on the Internet is not true. However, Jindao failed to provide corresponding evidence to prove the above statement. Therefore, the statement of Jindao is not accepted. Accordingly, the second-instance court decided to reject the appeal and maintain the original judgment.

#### **[Comments]**

In this case, the compensation amount reaches RMB 3.2 million, making the case one with the highest compensation amount for civil cases on design patent infringement in

the history of Beijing People's court. Though the involved patent is a design patent for a "beauty device", it has a great market value. The large amount of compensation gives full expression to the juridical philosophy of enhancing juridical protection for intellectual properties and fully realizing the market value of intellectual properties by infringement damage compensation. Considering the difficulty in evidence citation for patent infringement damage and the fact that most of the books of account and the documents associated with the patent infringement act are kept by the infringer, if the patentee makes his best effort to provide evidences of the profits earned by the infringer due to the infringement, for example, the patentee provides the sales of the infringement product advocated by the infringer or shown by a third-party source, which the infringer cannot provide opposite evidence to overthrow, the profits earned by the infringer due to the infringement will be determined according to the claim of the patentee and the evidence provided by the patentee. Meanwhile, in a case where there is sufficient evidence proving that the profits earned by the infringer is obviously higher than the statutory damage, though the exact calculation of the specific amount cannot be shown with fully corresponding evidence, if the patentee can provide sufficient explanation of the calculation basis of the claimed compensation amount and corresponding evidence proving the reasonability, the compensation claim of the patentee will be supported above the ceiling statutory damage. The above interpretation of the rules has reference significance for similar cases.

#### **Case 6: Unfair Competition Dispute on Maimai Illegally Capturing Weibo User Information**

Docket number of the second-instance case: (2016) No. 73 Civil Final Judgment No. 588, by Beijing People's Court

Collegiate bench: Lingling ZHANG, Gang FENG, Jie YANG

Plaintiff: Beijing Micro Dream Networking Technology Co., Ltd (referred to as Micro Dream)

Defendant: Beijing Taou Technology Co., Ltd (referred to as Taou Technology) and Beijing Taou Science-Technology Development Co., Ltd (referred to as Taou

**[Case Summary]**

Sina Weibo ran by Micro Dream is not only a social media network platform, but an open platform for providing an interface to third-party app software. Maimai software ran by the two defendants is a mobile networking social tie app software. Maimai cooperated with Sina Weibo when it was started. Therefore, the users can register accounts and login Maimai software via Sina Weibo account and personal cell number. A user needs to upload personal phone contacts to Maimai at the registration. According to the cooperation between Maimai and Micro Dream, Maimai could obtain the ID avatar, nickname, relationships, label and gender information of Sina Weibo users. Later, Micro Dream found that in the first connections of Maimai users, a large number of non-Maimai users were directly shown with their ID avatar, nickname, employment, education and other information. Then the two parties ceased their cooperation. However, the Sina Weibo user information of the non-Maimai users was not deleted in a reasonable period. Therefore, Micro Dream filed this appeal and claimed that the two defendants have the following four act of unfair competition: 1. illegally capturing and using information of Sina Weibo users, including the employment and education information, etc.; 2. illegally acquiring and using the corresponding relations between phone contacts of registered Maimai users and Sina Weibo users; 3. imitating the V-authentication system and the presentation manner of Sina Weibo; 4. making remarks that defames Micro Dream. Thus, Micro Dream claimed for ceasing the unfair competition, eliminating the influence and a compensation amount of RMB 10 million for the financial loss suffered by Micro Dream. The two defendants denied the above acts of unfair competition. They stated that during their cooperation with Micro Dream, the users need to upload personal phone contacts to register on Maimai via phone number or Sina Weibo account. The first connections of a Maimai account come from the phone contacts and Sina Weibo friends of the Maimai user; and the second connections are phone contacts and Sina Weibo friends of the first connections. If a person stores the phone number of a

Maimai user, he will be shown as the first connection of the Maimai user; that is, the first connections are not necessarily Maimai users.

The court held the following opinions: through Maimai software, the two defendants require users to upload phone contacts when registering a Maimai account so as to illegally acquire the corresponding relations between the contacts and the associated Sina Weibo users. The above contacts are not registered as Maimai users. But their personal information and their Sina Weibo user information including the employment and education information are shown as the first connections of Maimai users. Moreover, after the cooperation between the two parties was ceased, the two defendants did not immediately delete the Sina Weibo user information including avatar, name (nickname), employment, education, personnel label, etc. acquired from Micro Dream, but continued to use the above information. Such behavior of the two defendants harms information safety of Sina Weibo platform users and damages the legal competition interest of Micro Dream, which constitutes unfair competition against Micro Dream. Meanwhile, the remarks made by the two defendants on the Internet constitute commercial defaming against Micro Dream. However, the claim of Micro Dream that the two defendants intimidated the V-authentication system and the presentation manner of Sina Weibo and thus conducted unfair competition is not held. On this basis, the court made the judgment that the two defendants cease the unfair competition, eliminate the influence and pay RMB 2 million as compensation for the financial loss suffered by Micro Dream and another 200,000 and some to cover reasonable costs.

### **[Comments]**

In this era of big data, whether or not user information is legally used and whether or not user information protection is given great importance are important factors to determine the legitimacy of the acts of an operator, and are significant contents of anti-unfair competition law for the legislative purpose of protecting the lawful rights and interests of the consumers. This case is the first case of unfair competition

dispute between social network platforms, and will be a typical case for consumer rights protection in determining the legitimacy of the acts of an operator. Therefore, this case received a broad attention from various fields of the society. This case provides the following guidance for protecting network user information in the era of big data: appropriate protection for user information is an important realization of the personal lawful rights and interests of the consumers. The users are entitled to providing personal information or not doing so with their free will being sufficiently expressed. The users are also entitled to fully understanding of how and where their personal information is used by others, and rejecting the unreasonable use of the user information. Meanwhile, user information is important management resources of Internet operators. How to display the user information is an important aspect of the operation. Protecting various user information on the social network platforms not only is necessary for the operators to run normal operations, maintain and increase user activity and keep an advantage in competitions, but shows respect to and provides a guarantee for the rights and interests of the users. During cooperation with social media network platforms, the operators should not only acquire lawful access to user information on the social network platforms, but also appropriately protect and use the user information.

#### **Case 7: Pre-litigation act preservation in the case of “the Voice of China”**

Act Preservation Decision No.: (2016) Jing 73 Administrative No.1

Collegial panel: Du Changhui, Chen Yong, Zhang Xiaoli

Applicant: Zhejiang Talent Television and Film Co., Ltd. (hereafter referred to as “Zhejiang Talent Company”)

Respondent: Shanghai Paul Edward Culture Communication Co., Ltd. (hereafter referred to as “Shanghai Paul Edward Company”), Century Liliang (Beijing) International Culture Communication Co., Ltd. (hereafter referred to as “Century Liliang Company”), Mengxiang Qiangyin Culture Communication Co., Ltd. (hereafter referred to as “Mengxiang Qiangyin Company”)

### **[Case summary]**

“The Voice of...” was a reality talent show focused on singing contest developed by the Dutch company Talpa. With authorization, Shanghai Paul Edward Company produced and broadcasted “the Voice of China” show seasons 1 to 4 from 2012 to 2015. But Zhejiang Talent Company obtained exclusive license from Talpa to use the related intellectual proprieties of “the Voice of China” and develop the TV show in the manner of distribution, marketing, release of advertisement, publicity, etc. in mainland China during January 28, 2016 to January 28, 2020. Zhejiang Talent Company considered the use of “the Voice of China” and the related signs to advertise, promote and produce the season 5 of TV show by Shanghai Paul Edward Company, and Century Liliang Company’s assistance to Shanghai Paul Edward Company in organizing and hosting audition in campus all over the country constitute infringement against its right to the unregistered well-known trademark and peculiar name “the Voice of China” of famous service. Moreover, since “the Voice of China2016” would be produced in June and broadcasted in July, once the alleged infringing TV show was produced and broadcasted, it would cause irreparable damage to the right owner. Thus, Zhejiang Talent Company requested Shanghai Paul Edward Company and Century Liliang Company to immediately stop infringing act. Upon receiving the act preservation request from Zhejiang Talent Company, the court held a hearing immediately and made the *Decision of Pre-Litigation Act Preservation* in which it decided: 1. Shanghai Paul Edward Company shall immediately stop using “中国好声音” and “the Voice of China” and the registered trademarks IR 1098388 and IR 1089326 in the publicity, promotion, audition, advertisement for investment, and production of the signing contest show; 2. Century Liliang Company shall immediately stop using “中国好声音” and “the Voice of China” in the publicity, promotion, audition, and advertisement for investment. Unsatisfied with the decision, Shanghai Paul Edward Company and Century Liliang Company filed a review and requested to cancel the decision or cancel the preservation measure of ordering them to stop using “中国好声音” and “the Voice of China”.

The court held a public hearing for the review request. After hearing, the collegial panel considered the case was complex and submitted it to the judicial committee for discussion and making a decision. The judicial committee examined and discussed the review applicant's claims, the respondent's opinion and relevant evidential materials, and finally decided to reject the review request of Shanghai Paul Edward Company and Century Liliang Company on July 4, 2016. On July 6, 2016, Zhejiang Satellite TV addressed a letter to the court and expressed that they would change the name of the show to "New Singing of China" in order to comply with and maintain judicial authority. So far the review decision had been enforced and this case had given a socially benign result.

#### **[Comments]**

This case was a pre-litigation act preservation case which attracted much attention from society and it was also a typical case reflected reinforced protection to intellectual property. During the trial, the court organized a hearing for the involved parties, listened to the respondent's opinion and ensured the parties' rights in litigation. Timely preservation measure effectively prevented the right owner from being subjected to irreparable damage, which gave a full play of relief function of pre-litigation act preservation. The decision of this case made clearly that whether to take pre-litigation act preservation measure was mainly based on consideration of the following factors in the trademark infringement and unfair competition dispute cases: whether the applicant is the right owner or an interested party; the possibility of winning by the applicant; the urgency of the case, and whether failing of taking immediate act would cause irreparable damage to the applicant's legitimate right and interest; and whether the applicant offers guarantee. In addition, this case also involved issues, such as the scope of examination, competence of the court, nature of pre-litigation act preservation, amount and form of guarantee, etc., which could be guidance to the trial of similar cases in future.

**Case 8: Adaption right and Unfair Competition Dispute on Martial-art Novels of Ruian WEN**

Docket number of the first-instance case: (2015) Civil (IP) Initial Judgment No. 32202, by Haidian District People's Court

Collegiate bench: Liping CAO, Wei YUAN and Mingquan LIANG

Plaintiff: Ruian WEN

Defendant: Beijing Playcrab Technology Co., Ltd (referred to as Playcrab)

**[Case Summary]**

Ruian WEN is the author of the series of martial-art novels "The Four" that is equally famous with the works of a handful of famous martial-art novelists. The novel series have the following soul characters throughout the works: "Zhengwo ZHUGE", "Loveless", "Iron Hand", "Chaser" and "Cold Blood". In October, 2012, the online phone card game named "The Master" developed by Playcrab went online. WEN stated the following opinion: Playcrab took the chance of the releasing of the movie "The Four: Final Battle" adapted from works of Ruian WEN in August, 2014 and adapted characters in the works of Ruian WEN including "Zhengwo ZHUGE", "Loveless", "Iron Hand", "Chaser" and "Cold Blood" into characters in the game without content of Ruian WEN, using the work of Ruian WEN as a stunt to advertise the game, thus infringes the adaption right of Ruian WEN; meanwhile, four of the above characters are marked as "the four", which is a behavior of unauthorized use of the special name "the four" that is the title of Ruian WEN's famous work. Therefore, Ruian WEN claims that Playcrab ceases the infringement behavior, apologizes, eliminate the influence and pay a sum of RMB 5 million as compensation and reasonable costs.

The court held the following opinions: Ruian WEN is entitled to the copyright of the novel series "The Four" he wrote. In the novel series, "Zhengwo ZHUGE", "Loveless", "Iron Hand", "Chaser" and "Cold Blood" are soul characters throughout the work. These five characters are components of Ruian WEN's novels with high originality

and are important expression of original characters. Ruian WEN's copyright should be shown by the copyright over the original expression components. Referring to the introduction on the information of the five characters in the game "The Master", including their identities, their martial arts and the personalities, and referring to the time in the game when the five characters show up, it can be determined that the five characters of the game "The Master", namely "Loveless the Lawman", "Iron Hand the Lawman", "Chaser the Lawman", "Cold Blood the Lawman" and "Mr. ZHUGE" are respectively adapted from the characters "Loveless", "Iron Hand", "Chaser", "Cold Blood" and "Zhengwo ZHUGE" created by Ruian WEN. The game "The Master" developed and ran by Playcrab presents the image of the characters "Loveless", "Iron Hand", "Chaser", "Cold Blood" and "Zhengwo ZHUGE" of Ruian WEN's work with the interface information in the game and features, written introduction and interrelation of the card figures. Therefore, the game "The Master" expresses the original martial-art characters of Ruian WEN's work in the form of online card game. The behavior of Playcrab is adaption of the original characters in Ruian WEN's work for the purpose of commercial operations of a game without the consent of Ruian WEN. Playcrab infringes the adaption right of Ruian WEN on his works. Playcrab merely marks four of the involved card characters as "The Four" in the game "The Mater" and does not display with significant typeface, which does not mislead the users to mistaken the game as the novel "The Four". Therefore, the claim of Ruian WEN that Playcrab is involved in counterfeiting behavior is not supported by the court. Accordingly, the court decided that Playcrab pays RMB 800,000 to Ruian WEN as compensation for the financial loss suffered and reasonable costs, and eliminate the influence. Both interested parties did not file an appeal. The first-instant judgment comes into force.

### **[Comments]**

This case involves determination of infringement of an online game against adaption right of a novel. As the complexity of online games grows, disputes on infringement of online games are not restricted among the obligee of online games and increases between the obligee of online games and the obligee of other works such as novel,

comic and animation and movie. The significant problem of adaption right determination hence arises. The typical significance of this case is to clarify that the term “modify the original work” does not mean to modify the whole of the original work; the behavior of modifying the expression of the originality that indicates the creative thoughts of the author is also adaption to the original work and falls within the scope of adaption right. The online game shows on its interface with pictures and texts the features including life experience, personality, appearance, martial art and personal relations of the characters that can sufficiently restore the characters in the novel. Therefore, it is adaption to the expression of the original characters of the novel. The developers and operators of the game adapted the expression of the original characters of the novel without authorization and used the adaption for commercial operation. Therefore, it should be determined that they infringe the adaption right of the copyright owner of the novel.

**Case 9: Dispute on Copyright of Musical Works of the TV Play “A Journey to the West (1986 version)”**

Docket number of the first-instance case: (2016) Civil Initial Judgment No. 1812, by Beijing People’s Court

Collegiate bench: Zhenchun YI, Yanru ZHAO and Dehu DONG

Plaintiff: Jingqing XU

Defendant: Linekong (Beijing) Technology Co., LTD (referred to as Linekong)

**[Case Summary]**

Jingqing XU is the author of the musical works in TV Play “A Journey to the West (1986 version)”, including the pieces of “Overture of the Journey to the West” (also known as “Prelude of the Journey to the West” or “Rapid Sounds in the Cloud Palace”) and “Piggy Carrying the Bride”. In early December 2015, Jingqing XU found that Linekong uses the two pieces of his musical works “Overture of the Journey to the West” and “Piggy Carrying the Bride” without attribution in an online game “New Journey to the West” ran by Linekong. In Jingqing XU’s opinion, Linekong uses the

two musical works “Overture of the Journey to the West” and “Piggy Carrying the Bride” without authorization or attribution in the background music of the game “New Journey to the West” produced and released by Linekong; the infringement music is used throughout the game. Such behavior of Linekong infringes Jingqing XU’s right of authorship, adaptation right and information network transmission right. Therefore, Jingqing XU sued Linekong and claimed ceasing the infringement, apology of Linekong and a compensation of RMB 1.6 million for the financial losses suffered by Jingqing XU and reasonable litigation costs.

The court held the following opinion: Linekong goes beyond the authorized term and uses the musical works involved in this case in the online game “New Journey to the West” it runs without attribution, infringing the authorship and the information network transmission right of Jingqing XU. The involved game background music uses the involved musical works and deviates from the original piece. However, whether or not the act of Linekong reaches the degree of modifying the original music to form a new piece of work cannot be determined. Therefore, the court did not determine the infringement against the adaptation right. Linekong should undertake the civil liability to eliminate the influence and make compensation for the losses suffered by Jingqing XU. Regarding the amount of the compensation, Jingqing XU claimed that the financial losses should be calculated as the actual losses, i.e., the reasonable fees for the permitted use. Jingqing XU also provided the letter of authorization for authorizing other parties to use one of the involved musical works as the basis of the calculation and claimed a compensation of RMB 1.6 million. Linekong defended that it had been authorized by the Music Copyright Society of China, the amount for the authorization being far lower than that claimed by Jingqing XU, that the infringement is caused by negligence, and that the involved game has been in the red for years, and provided evidences to state that the amount claimed by Jingqing XU is excessively large. Since according to the evidence provided by Linekong, it would be very difficult to determine the actual losses of the obligee and the illegal profits earned by the infringer due to the infringement, the amount of compensation in this case should be determined by

applying the regulation for the cases where the applicable statutory damage is below RMB 500,000. Accordingly, the court decided that Linekong pays RMB 160,000 to Jingqing XU as compensation for the loss suffered and RMB 15488.7 as reasonable litigation costs. Both parties did not file an appeal. The first-instance judgment comes into force.

### **[Comments]**

This case is a typical one where an online game infringes the copyright of famous musical works. The dispute mainly focuses on the application of damage and the determination of the compensation amount. The obligee claims to determine the actual losses according to the reasonable royalties for the two involved musical works and provides the amount of the royalty for one of the involved musical works as evidence to claim an amount of RMB 1.6 as compensation for his financial losses. The defendant, on the other hand, defends that it has been authorized and the fee for the authorization is far less than the amount claimed by the plaintiff, that the infringement is caused by subjective negligence, and that the involved game has been in the red for years, and provided evidences. When the interested parties both provide certain evidences, the court provides sufficient explanation on how to appropriately determine the amount of compensation; that is, though the obligee paid the royalty for one of the involved musical works, the royalty does not prove that the other involved musical work is of equivalent commercial value; as the existing evidence cannot prove the actual losses suffered by the obligee and the illegal profits earned by the infringer due to the infringement, statutory damage should be applied in a combination with factors including notability and commercial value of the involved musical works, the extent of the subjective fault of the defendant, the role played by the involved musical works in the involved game, the influence of the involved game, the method of use of the involved musical works by the defendant and the continuous period of the infringement, so as to determine the specific amount of compensation. On this basis, the amount of compensation determined in this case is far more than the normal compensation levels for works of the same type.

**Case 10: Crime of selling commodities bearing counterfeit registered trademarks committed by Zong Fang (natural person), etc.**

Case reference number of first instance trial: (2015) Hai Criminal First No.1771

Collegial panel: Qin Bo, Wang Xiuhua, Wang Lu

Public prosecution service: People's Procuratorate of Haidian District Beijing

Defendant (legal person): Beijing Yingzhao Yefang Technology Co., Ltd. (hereafter referred to as "Yingzhao Yefang Company")

Defendant (natural person): Zong Fang, Wu Haiyin, Yang Chao

**[Case summary]**

Without authorization from Cisco Systems (China) Networking Technology Co., Ltd., the legal representative Zong Fang of Yingzhao Yefang Company hired the defendants Wu Hai, etc. as sales people and sold 55 CISCO switches which were upgraded from low-end models (among them, 26 were with model number WS-C2960-24TC-L and 29 with model number WS-C2960-48TC-L) to the defendant Yang Chao at a price of 148,850 yuan in October 2014. It was found through investigation that all the above switches were counterfeits bearing CISCO trademark. On October 14, 2014, Zong Fang and Wu Haiyin were captured by the public security bureau and 112 switches bearing CISCO trademark of various model numbers were found at the site. It was found through investigation that these switches were counterfeits with CISCO trademark, which was worth 580,482.43 yuan upon appraisal. In October 2014, Yang Chao sold out the switches purchased from Yingzhao Yefang Company, 4 optical interface boards and some wireless controllers, etc. at a price of 239,100 yuan. It was found through investigation that all the above equipment was counterfeits bearing CISCO trademark. On October 14, 2014, Yang Chao was captured by the public security bureau and 9 switches bearing CISCO trademark of two model numbers were found at the site. It was found through investigation that all the above switches were counterfeits with CISCO trademark.

The court made the judgment: 1. Yingzhao Yefang Company committed crime of

selling commodities bearing counterfeit registered trademarks and was also sentenced a fine of 320,000 yuan; 2. Zong Fang committed crime of selling commodities bearing counterfeit registered trademarks and was sentenced to three years in prison and a fine of 80,000 yuan; 3. Wu Haiyin committed crime of selling commodities bearing counterfeit registered trademark and was sentenced to three years in prison and a fine of 70,000 yuan; 4. Yang Chao committed crime of selling commodities bearing counterfeit registered trademarks and was sentenced to two years in prison and a fine of 12,000 yuan; 5. The captured infringing products, tools for criminal purpose, and illegal products shall be confiscated in accordance with the law.

**[Comments]**

This was a criminal case related to intellectual property right and involved selling of upgraded low-end products bearing the same trademark. The upgraded low-end electronic products shall be considered reproduced products if they are changed in nature substantially in terms of product structure, key parts, and main performance. If they use the same trademark and package, they could be deemed infringing products with counterfeit registered trademark. The captured products, even if they were not included in the amount of criminal charges, if there is proof of illegal products, may be sentenced to confiscation. This case gave a full play of effect of criminal justice of intellectual property right against crime of selling commodities bearing counterfeit registered trademarks, which provided an idea for the similar cases in future.

Date: 20.4.2017

Source: Beijing Higher People's Court