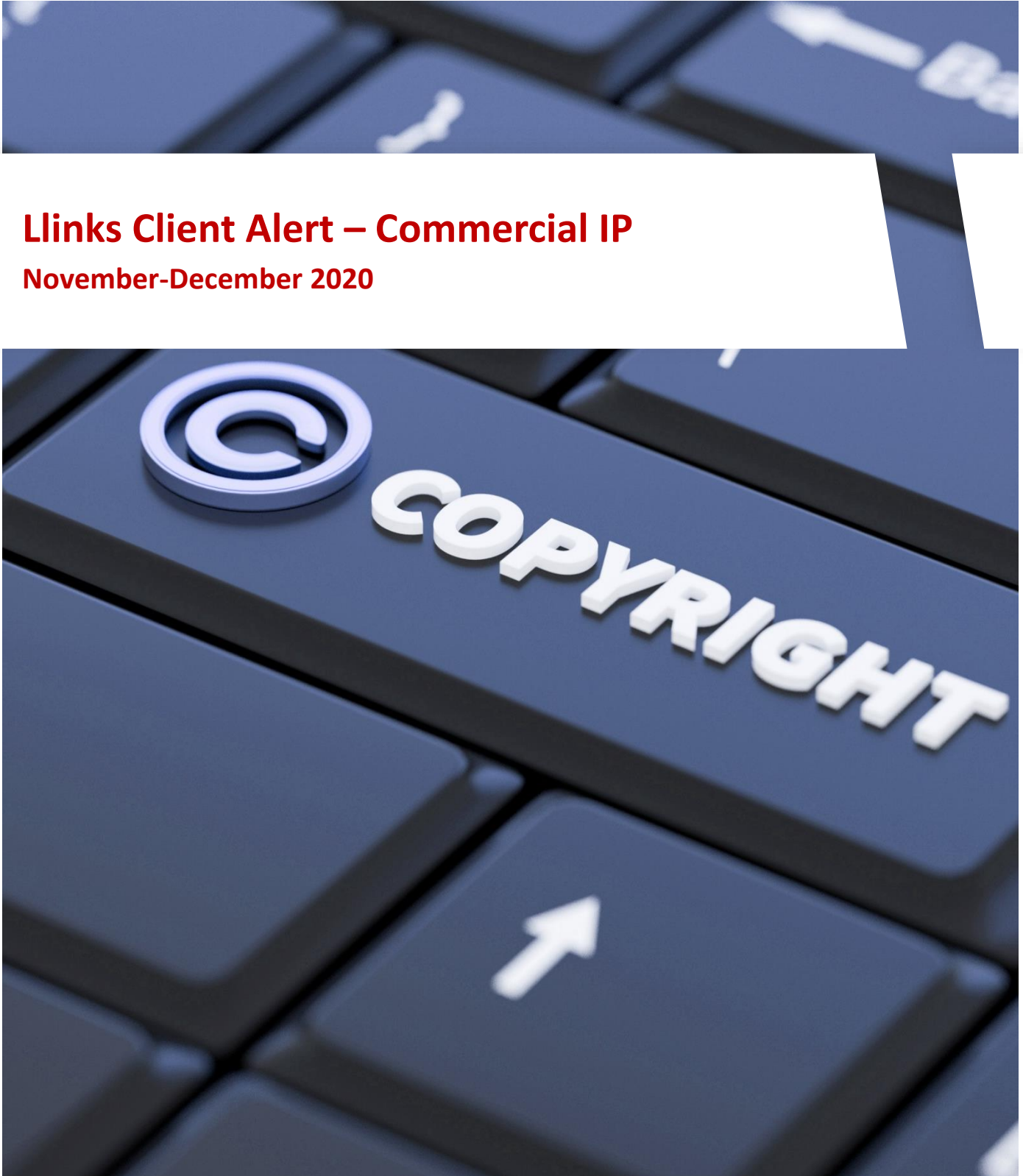




Llinks Client Alert – Commercial IP

November-December 2020

Shanghai · Beijing · Shenzhen · Hong Kong · London

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I. Legislation

1. The Supreme Court Amended 18 IP Judicial Interpretations including the Interpretation of on Several Issues Concerning the Application of Laws in the Trials of Patent Infringement Disputes (II)

On 29 December 2020, the Judicial Committee of the Supreme Court promulgated the Decision on Amending 18 IP Judicial Interpretations including the Interpretation on Several Issues Concerning the Application of Laws in the Trials of Patent Infringement Disputes (II), which came into force on 1 January 2021. The Supreme Court amended the 18 judicial interpretations on the IP-related laws on patents, trademarks, copyright, plant varieties, domain names, etc respectively to reflect the recently issued Civil Code. Since the original IP laws have been repealed by the Civil Code.

2. Criminal Law Amendment XI Released to Fight against IP Crimes

On December 26, 2020, the 24th Meeting of the Standing Committee of the 13th National People's Congress voted to pass the Amendment XI to the Criminal Law of the PRC ("**Amendment XI**"). This Amendment XI will come into effect on March 1, 2021. This Amendment XI will impose heavier criminal penalties on intellectual property crimes, raising the maximum prison terms for counterfeiting registered trademarks, copyright infringements, selling infringing replica, etc. Furthermore, the current Criminal Law provides that an infringement of trade secrets constitutes a criminal offence only if it "causes heavy losses", while under the Amendment XI, an infringement of trade secrets will constitute a criminal offence "in serious circumstances."

Links Comments:

The Amendment XI provides greater protections for trademarks, copyrights, and trade secrets. It also imposes heavier penalties on intellectual property crimes.

Firstly, the Amendment XI provides the same protection for "service trademarks" as for trademarks of commodities. Under this Amendment XI, counterfeiting registered service trademark constitutes the offence of "counterfeiting registered trademarks". This amendment resolves the dispute in the current judicial practice on whether the counterfeiting of a service trademark also constitutes a criminal offence. In the case of (2015) Jiu Fa Xing Chu No.01360, the court held that, given that "the (disputed) trademark is a service trademark rather than a trademark", "this case does not constitute a case in which the defendant, without permission from the owner of a registered trademark, uses a trademark which is identical with the registered trademark on the same kind of commodities", and thus decided that the prosecutor's accusation was unfounded. On the contrary, in the case (2018) Gan 0222 Xing Chu No.1, the court clearly stated that "the service trademark is also covered by the 'registered trademark' stipulated in Article 213 of the Criminal Law"

and “the situation in which whoever uses a service trademark which is identical with the registered trademark on the same kind of services may, if the circumstances are serious, also constitutes a crime”. The Amendment XI places the “service trademark” in the same legal status as the “commodity trademark”, further enhancing the protection of trademarks in the Criminal Law in China.

Secondly, the Amendment XI keeps the consistency of the Criminal Law with the latest Copyright Law as amended in 2020. It clarifies the scope of the crime of copyright infringement and enhances the sanctions against copyright infringements. The Amendment XI provides that transmission of a work through information networks may constitute a crime of copyright infringement, which prevents and penalizes copyright infringements in the network environment. Article 11 of the Interpretation by the Supreme People's Court and the Supreme People's Procuratorate on Several Issues of Concrete Application of Law in Handling Criminal Cases of Infringing Intellectual Property stipulates that communication of a work through information networks will be deemed as “reproduction and distribution” under the Criminal Law, while this Amendment regards “transmissions through information networks” and “reproductions and distributions” as two different acts constituting crimes of copyright infringement. Considering that the two acts are separately regulated by “the right of transmission through information network” and “the right of reproduction and distribution”, it is obviously more reasonable to regard them as different acts. In addition, the Amendment XI changes the respective terms according to the terms used in the latest Copyright Law. For example, it changes the term “motion picture, television programme or visual works” into “audio-visual works”, and adds “copyright-related rights” to the object of this crime. This Amendment XI provides for more comprehensive protection for works presented on new media and in new forms.

Thirdly, the Amendment XI makes significant changes to the provisions relating to crime of trade secret misappropriation, including, amending the threshold for criminal liabilities, expanding the scope of acts which may constitute the offence and revising the subjective element of the offense. In relation to the threshold for this crime, the Amendment XI changes from the “results-oriented approach” to the “conducts-related approach.” The threshold for this crime changes from “great losses caused thereby” to “serious circumstances”, which responds to the requirements as set out in Article 1.7 of the ECONOMIC AND TRADE AGREEMENT BETWEEN THE GOVERNMENT OF THE PRC AND THE USA (the “**Agreement**”), that is, “eliminate ... any requirement that the holder of a trade secret establish actual losses as a prerequisite to initiation of a criminal investigation for misappropriation of a trade secret”. Furthermore, the Amendment XI provides that, acquiring trade secrets through “bribery” “fraud” or “electronic intrusion”, or disclosing, using or allowing others to use trade secrets in breach of any confidentiality obligation may constitute a crime of trade secret misappropriation, which absorbs and inherits the definition of the trade secret misappropriation as set out in Article 9 of the Anti-unfair Competition Law as amended in 2019. This is also a response to the Agreement. According to Article 1.8 of the Agreement, “China’s criminal procedures and penalties shall at least encompass cases of trade secret misappropriation through theft, fraud ... electronic intrusion” in the scope of

prohibited acts. The Amendment XI also removes the subjective element of the offence that the offender “should have known” the misappropriation by a third party. It specifies that, a person acquiring, disclosing, using or allowing others to use a trade secret misappropriated by a third party is criminally liable only if he/she has the knowledge of such misappropriation. However, a person is held liable if he/she acts with “constructive knowledge” of such misappropriation according to Article 9 of the Anti-unfair Competition Law. This Amendment excludes the negligent disclosure by a third party of trade secrets to constitute a crime, which indicates the conservativeness of the criminal law.

In addition, the Amendment XI adds “the crime of economic espionage” as a new criminal offence, which provides that, “whoever steals, spies, buys, or illegally provides trade secrets to foreign institutions, organizations or personnel shall be sentenced to a fixed-term imprisonment of not more than five years, and/or fined; if in serious circumstances, the offender shall be sentenced to a fixed-term imprisonment of not less than ten years, and/or fined”. Compared with the crime of trade secret misappropriation, the crime of economic espionage: (1) constitutes a criminal offense no matter if it is in “serious circumstances” or not, in other words, whoever commits the above acts may be investigated for the crime of economic espionage; and (2) imposes a heavier punishment, without a maximum 10-year term of imprisonment, which reflects China’s determination to crack down on the export of trade secrets.

Lastly, the Amendment XI generally increases the penalties for all intellectual property crimes. Criminal detentions and public surveillances are no longer applicable to intellectual property crimes, except for the crime of counterfeiting patents. The offender will be sentenced to a fixed-term imprisonment. The terms of imprisonment are also increased. The three-year maximum prison terms are amended to five years, and the prison terms of three to seven years are amended to three to ten years. This Amendment XI reflects China’s determination to fight against intellectual property crimes and to strengthen the protection for intellectual property rights.

3. Amendment to the Copyright Law Released, Protecting the Transmissions of Works in the Internet Era and Promoting the Development of Cultural Industry

On November 11, 2020, the 23rd meeting of the Standing Committee of the 13th National People’s Congress adopted the Decision of the Standing Committee of the National People’s Congress on Amending the Copyright Law, which will come into force on June 1, 2021. This amendment has made significant changes to the Copyright Law, including changing the definition of the “works”, replacing the term “movies and works created in a similar way to filming films” by the “audiovisual works”, clarifying the scenario where the broadcasting right and information communication right are applicable, introducing punitive damages and minimum damages, regulating the collective administration of copyright, etc. With the development of science and technology, the creation of works in new forms and the network communication of works, our

society has a higher demand for the copyright protections. This amendment meets the practical needs for copyright protection and renders better protection for authors.

4. The National IP Administration revised the Patent Examination Guideline, Improving the Patent Examination System for Chemical Drugs and Biological Products

On December 11, 2020, the National Intellectual Property Office revised the Patent Examination Guideline, and the revision came into effect on January 15, 2021. This revision to the Patent Examination Guideline improves the patent examination rules for drugs, biological technologies and chemical compounds. This revised Patent Examination Guideline clarifies the disputed issues regarding supplementary experimental data, novelty and inventiveness of compounds, etc. It also responds to the new issues arisen from the development of biological technologies related to monoclonal antibodies, peptides and proteins.

For more details, please refer to: [《专利审查指南》修改解读——对生命科学发展的回应](#)

5. The Supreme Court promulgated the Provisions on Evidence in Civil Litigation involving Intellectual Property Rights

On 16 Nov., the Supreme Court promulgated the Provisions on Evidence in Civil Litigation involving Intellectual Property Rights ("Provisions"), which came into effect on November 18, 2020. Based on the general evidence rules in civil litigations and prominent problems regarding evidence submissions as well as obstructions in intellectual property litigations. The Provisions provide evidence rules in IP litigation on evidence submissions, evidence preservations, authentications, trade secret protections, etc., which solve the problem of "difficulty in adducing evidence" in intellectual property litigations.

Links Comments:

Firstly, the Provisions provide for the shifts of the burdens of proof in cases involving process patents for non-innovative products. According to Article 3 of the Provisions, if the right holder of an invention patent regarding the process of manufacturing non-innovative products has proved that "the products are the same", "the product manufactured by the defendant is highly likely to be manufactured by using the patented method" and "the plaintiff has made reasonable efforts", the burden of proof will be shifted to the defendant, and the people's court may require the defendant to prove that its manufacturing process is different from the patented process, which may, to some extent, reduce the burden of proof of the right holder.

Secondly, the Provisions recognize the admission of the evidence collected by the right holder in the name of an ordinary purchaser in purchasing infringing products. According to Article 7.1 of the Provisions, "the

physical objects, vouchers, or otherwise collected from the alleged infringer by or on behalf of the right holder in the name of an ordinary purchaser” are admissible as evidence to file a lawsuit against the alleged infringer. Considering potential alerts to the infringer in intellectual property infringement cases, the infringed may only collect evidence in the name of an ordinary purchaser. The Provisions extend the applications of this kind of evidence collection methodology from copyright disputes, as stipulated in the Interpretation of the Supreme People's Court on Issues Relating to Application of Law to Adjudication of Cases of Copyright Disputes, to the whole range of intellectual property cases, which lowers the burden of proof of the right holders and helps them safeguard their rights. It is worth noting that, to balance the interests of the plaintiff and the defendant, the provisions further provide that, the evidence generated from the alleged infringer’s intellectual property infringement solely for the evidence collection of the right holder cannot be taken as evidence to file a lawsuit against the alleged infringer, so as to avoid “fishing” forensics.

Thirdly, the Provisions expand the scope of application of "orders for the discovery of documentary evidence". Article 24 of the Provisions expands the scope of application from “documentary evidence” to “evidence”. In other words, in addition to documentary evidence, the court has can order the other party to submit other types of evidence such as physical evidence, electronic data and audiovisual materials under its control. This may solve the problems of "difficulty in the evidence-gathering" and "difficulty in the investigation" in the pre-existing intellectual property cases.

Lastly, the Provisions improve the evidence preservation rules for intellectual property cases. Based on the Civil Procedure Law, the Interpretations on Application of the Civil Procedure Law and the Provisions on Evidence in Civil Procedures, this Provision, in consideration of the practice in intellectual property cases, further stipulate the factors to be considered for approving evidence preservation, interim measures for evidence preservation, the consequence for hindering preservation, the liability for destroying the evidence for which the preservation measure has been applied, the participants in evidence preservation, the requirement for transcripts, the procedure for raising objections by respondents, or otherwise, so as to standardize the evidence preservation procedures as well as to make the Provision more instructive and feasible.

6. The National Standard for the Management of E-commerce Platform IP Protection Released, Providing Model Rules for the Protection of E-commerce IP Protection

On November 9, 2020, the national standard for the Management of E-commerce Platform IP Protection (“National Standard”) was promulgated jointly by the National Intellectual Property Administration, the State Administration for Market Regulation and other authorities. The National Standard will come into effect on June 1, 2021. It is comprised of seven chapters, which are the Scope, Referencing Documents, Terms and Definitions, Administration of E-commerce platform, Requirements on E-commerce Internet Information



Platforms, Organizing the IP Administration and Consistency Tests. The National Standard clarifies the responsibilities of different parties, which balances the encouragement of innovations as well as protection of the market order. The National Standard provides a suggestive standard on IP protection and administration for E-commerce companies to follow.

7. Shanghai published the Provisions on IPR Protection of Shanghai, strengthening the cooperation between different authorities and establishing the unified IP informatization service platform

On December 30, 2020, the 28th meeting of the 15th standing committee of the Shanghai People's Congress passed and promulgated the Provisions on Intellectual Properties Right Protection of Shanghai ("Shanghai Provisions"), which will come into effect on March 1, 2021. The Shanghai Provisions improve the Intellectual Property protections in Shanghai, and clarifies different authorities' responsibilities in intellectual property enforcement, including IP administration, market administration, agricultural and forestry administration. The Provisions require that different authorities work together and cooperate in the enforcement, and cooperatively establish an unified IP informatization service platform.

II. Enforcement

8. The National IP Administration Launches the "Blue Sky" Campaign against Unlawful Online IP Services

In November 2020, the National Intellectual Property Administration launched the "Blue Sky" campaign against unlawful online IP services. The National Intellectual Property Administration monitored relevant e-commerce platforms and took actions against unlawful patent agency activities on e-commerce platforms. They especially focused on monitoring the nine big intellectual property service websites. During the campaign, the relative platforms have removed more than 2500 entities and 1.6 million malicious trademark applications which were not filed for the purpose of use.

III. Jurisdiction

9. The Final Decision Made in NavInfo vs. Qihoo 360 on Copyright Infringement of Digital Map

On December 3, 2020, the Intellectual Property Court of Beijing made the final decision in the case NavInfo vs. Qihoo 360 and others on copyright infringement of NavInfo's digital maps.

The Intellectual Property Court of Beijing held that the disputed navigation digital map possess originality based on its selection of features, landforms and information points, as well as its selection of drawing colors, labels and drawing methods of these features and landform. Therefore, the disputed navigation digital map



constitutes a map “work”, which is protected under the Copyright Law. The court made the final decision that three defendants have been confirmed to have infringed the copyright of the plaintiff and committed unfair competition. Defendants are ordered to compensate NavInfo for 10 million RMB and to apologize in public.

IV. Court Ruling

10. DJI vs. Fimi for Dispute on Gimbal’s Design: the First Patent Lawsuit adopting the “Prejudgment + Injunction” Approach

In November 2020, in the case DJI vs. Fimi on the design patent infringement, Shenzhen Intermediate Court made the pre-judgment ruling that Fimi has infringed DJI’s design patent, while the damages are remain undecided, and the judgment regarding damages will be made separately. Furthermore, when the pre-judgment has not come into effect, Shenzhen Intermediate Court also issued an injunction requiring the defendant to cease the infringing activities immediately. This case has become China’s first patent lawsuit adopting the “Prejudgment + Injunction” approach together.

V. Foreign Trends

11. 15 Countries entered into the RCEP, enhancing the IP protections member countries

On November 15, 2020, members of the Association of Southeast Asian Nations (ASEAN) and five regional partners entered into the RCEP, which is the world largest trade deal. Chapter 11 “Intellectual Property” of the RCEP is comprised of 83 sections and two Annexes (ARTY-SPECIFIC TRANSITION PERIODS and LIST OF TECHNICAL ASSISTANCE REQUESTS). This chapter sets out the requirements on substantive and procedural protections on trademarks, copyright, geographical indications, patents, industrial designs, genetic resources, traditional knowledge and folklore. It provides for specific requirements on procedures of IP protection, including patent examination and registrations. RCEP intends to promote deeper economic integration and cooperation through the effective and adequate creation, utilization, protection and enforcement of intellectual property fights, and requesting each party to accord to the nationals of other parties treatment no less favorable than that it accords to its own nationals with regard to the protection of intellectual properties.

12. European Commission published the IP Action Plan, supporting the economic recovery

November 25, 2020, the European Commission published the IP Action Plan to help companies make full use of their inventions and creations and ensure that those innovations and creations will bring benefits to the society. In the IP Action Plan, the Commission proposed several measures which help companies uptake their intangible assets and lower the impact by the pandemic. The measures include: enhancing the tools to



prepare for the evolving digital age, supporting the researches and inventions in small and medium-sized companies, facilitating the sharing of key IP during the pandemic, fighting against counterfeiting, etc.

13. SiOnyx LLC v. Hamamatsu Photonics K.K., Hamamatsu Corporation received judgment, US court exploring the limitation of NDA (Non-disclosure Agreements) on patent ownership.

On December 1, 2020, the United States Court of Appeals for the Federal Circuit made the decision on SiOnyx LLC v. Hamamatsu Photonics K.K., Hamamatsu Corporation. In this case, Hamamatsu and SiOnyx entered into an NDA on joint development of the “black silicon” materials generated by SiOnyx. The NDA provides that the disclosing party shall claim the ownership of all patents arising from the confidential information. After the termination of the cooperation, Hamamatsu company continued using SiOnyx’s confidential information to develop photodetector device, and applied for patents in the US and several other countries. SiOnyx sued Hamamatsu for the ownership of these patents in the US and overseas. the United States Court of Appeals for the Federal Circuit, based on the stipulation of the NDA, held that all the US and overseas patents that Hamamatsu applied relating to “black silicon” materials shall belong to SiOnyx, and Hamamatsu shall transfer all the US and overseas patents to SiOnyx. This case shows US courts’ respect for parties’ autonomy of wills. The decision that the defendant must transfer patents overseas to a US company, which indicate that this decision will have an impact in other countries.

For more details, please refer to: [一份保密协议引发的惨案: 跨国技术分享的实践与风险](#)

For more information, please contact:

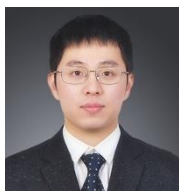


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