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## n° 17 News: Civil | China's Newly Adopted Civil Code legislates "Punitive Damages" against IP Infringement

China's first Civil Code, which was adopted at the 3rd session of the 13th National People's Congress on May 28, 2020, will become effective as of Jan 1, 2021. The Civil Code contains 7 Parts and 1,260 Articles. About 52 articles pertinent to matters of intellectual property rights and technology transfer scatter in different parts of the Code.

It is most welcome, to the IP community that Article 1185 of Chapter 2 in Part 7 introduces "Punitive Damages" against IP infringement, which reads that where an infringer intentionally infringes other's intellectual property rights, in the case of serious circumstances, the right holder is entitled to request punitive damages.

The article makes "intentional infringement" a prerequisite to award "punitive damages". In contrast, "punitive damages" against trademark infringement is to be awarded under the circumstance of "malicious infringement, in serious cases" (article 63(1) of the Trademark Law). It remains to be seen how the Supreme People's Court (SPC) will interpret this discrepancy.


According to SPC's Legislative Plan for Judicial Interpretations of 2020, which was issued on March 19, 2020, Interpretation on Several Issues Concerning the Applicable Law in the Exercise of Punitive Damages for Intellectual Property Infringement is set to be completed within the first half of 2021. 

Contributed by: Cindy Zhen



## n° 18 News: CT | China to Amend the Copyright Law for the Third Time

On 30th April 2020, China's National People's Congress (NPC) releases a draft amendment to the Copyright Law of the People's Republic of China on its official website, soliciting public opinions until 13th June 2020. The current Copyright Law was adopted in 1990 and amended in 2001 and 2010. There are some remarkable changes proposed in the 2020 draft.

- 1) Replacing the expression of “cinematographic works or works created by a process analogous to cinematography” with the concept of “audiovisual works” to expand protection over works regardless of the technology it employs.
- 2) Introducing punitive damages (quintuple damages) and increasing the ceiling of statutory damages for copyright infringement to RMB 5 million Yuan.
- 3) Advocating for the registration of copyrightable works with “the registrar certified by the National Copyright Administration”. 

Contributed by: Wenting Liu

## n° 19 News: TM | New Provisions on the Registration Procedures for the Pledge of Exclusive Right to Use Registered Trademarks Come into Effect as of 1 May

China's National Intellectual Property Administration (CNIPA) releases in late April the latest edition of the “Provisions on the Registration Procedures for the Pledge of Exclusive Right to Use Registered Trademarks”. The 2020 Provisions, which supersedes the 2009 version, explains the registration procedure the parties need to go through with the CNIPA, where a registered trademark is used as a collateral. With a total of 17 articles, the Provisions mainly address the matters below:


- 1) Filing requirements and examination criteria as to the application for pledge registration.
- 2) Circumstances where the CNIPA may refuse to grant or rescind registration.
- 3) Prerequisites for the pledgor and the pledgee to change, extend or cancel pledge registration.

The Provisions have come into force as of 1st May 2020. 

Contributed by: Wenting Liu

## n° 20 News: TM | CNIPA: Trademark Examination to be Shortened within 4 months in China

On 11 May 2020, China National Intellectual Property Administration (CNIPA) held the Trademark Examination Work Conference 2020 to review its examination work in 2019 and to set new objectives in 2020. The agency examined a total of 8.253 million trademark applications in 2019 and the average examination timeframe approximated 4.5 months. The CNIPA vows to ramp up its efforts in 2020, with the average examination timeframe projected to be shortened within 4 months.

Other initiatives the CNIPA put forward include launching e-filings of invalidation, opposition and non-use cancellation within this year, continuing efforts in containing bad-faith filings, releasing “Guideline on Examining Bad Faith Trademark Registration with No Intention of Use”, among others. 

Contributed by: Ye Cai

## n° 9 WHD Case: TM | Counterfeiters Are Coming Back, and We Never Stopped Fighting

On May 8, 2020, the US Golf Manufacturers Anti-Counterfeiting Working Group assisted Chinese police in a massive coordinated raid operation in 3 provinces. Over 100 police officers divided into 10 squads and raided 10 locations in 4 cities simultaneously. Over 150,000 pieces of counterfeit products, including finished clubs, club heads, shafts, grips, bags, etc., are seized, and 15 individuals were arrested. The raided locations, including club head manufacturer, shaft and grip supplier, assembling workshop, shipping center, online chatting rooms, are all related to a very comprehensive online seller of counterfeit golf products. This online group was discovered through an earlier raid against a high-profile online seller, who was convicted and jailed for 4 years and 3 months last year. 

Contributed by: Jason Yao




## n° 10 WHD Case: TM | “ROMANÉE-CONTI” registered as trademark in China

On April 24, 2020, the China National Intellectual Property Administration (CNIPA) grants the application for registration of a combination trademark (see below image) filed by SOCIETE CIVILE DU DOMAINE DE LA ROMANEE-CONTI (applicant).

The CNIPA finds that, the applicant, which is situated in the region protected by geographical indication (GI) “ROMANÉE-CONTI”, is the only entity accredited by the Institut national de l'origine et de la qualité (INAO), French government bureau regulating French agricultural products with Protected Designations of Origin, to use such GI.

The CNIPA concludes that the use of the applicant’s combination mark containing GI element would neither cause misidentification in respect of product features like quality and place of origin among the public nor lead to any unhealthy influence, and therefore grants its registration.

Registration of ROMANÉE-CONTI as a trademark in China will be conducive to its future fight against copycats.


In the Beijing case, during fact-finding process the infringer admitted it has offered to sell and sold infringing product. In view of this, the Beijing IP Office mediated a settlement between the two parties. The infringer guaranteed to stop infringement, and made a compensation. The flexible and rapid settlement of this case protects the legitimate rights and interests of the right holder. 

Contributed by: Xiangrong Wu



## n° 16 Case: TM | The SPC denies trademark infringement in a bad faith lawsuit against Michael Kors

On March 30, 2020, the Supreme People’s Court issued a retrial decision, confirming previous judgments rendered by Hangzhou Intermediate Court and Zhejiang High Court, which had dismissed an infringement claim initiated by a Chinese registered trademark owner against the world-famous brand Michael Kors. The courts, however, took the precaution to explain that, when the prior (or senior) trademark has a low reputation and the later (or junior) trademark is well known, there is a risk of “reverse confusion” to the effect that the “senior” trademark might be deprived of the ability to expand because the consumers may be misled to believe that its products carry the well-known brand. In such a situation, the courts consider that protection should still be granted to the owner of the “senior”, registered yet unknown to the public, trademark.

In this case, however, the decisions were rendered against the owner of the “senior” registered trademark. The first and second instance courts and finally the Supreme People Court, found that the case had been filed in bad faith, and dismissed the claim. More details about the case will follow. 

Contributed by: Zhigang Zhu



## n° 17 Case: TM | SPC: Transformed use of a registered trademark untenable in Defense of Legitimate Use

On December 17, 2019, China Supreme People’s Court (SPC) maintained the first instance judgment made by Fujian High Court, ruling in favor of Reebok in a trademark and copyright infringement lawsuit against Jinjiang Raysun Sports Products Co., Ltd. The SPC affirmed trademark infringement and infringement over copyrighted fine art, ordered cessation and awarded damages of RMB 3,000,000.

Raysun asserted legitimate use, arguing that it has been licensed to use the litigious registered trademarks and it has copyrighted the litigious fine art. The argument was dismissed by both courts, considering that Raysun had transformed the registered trademarks in actual use, making it visually similar to Reebok’s cited mark and that Reebok’s cited fine art predates the litigious fine art of Raysun. The SPC therefore rebutted Raysun’s defense of legitimate use and concluded that it could not be exempted from infringement liabilities. **W**

Contributed by: Huan Xia

		
<p>Reebok trademarks &amp; fine art</p>	<p>Mark actually used by Raysun</p>	<p>Trademarks &amp; fine art held by Raysun or its affiliate</p>