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**CNIPA announces the implementation of
*Measures for Online Oral Trial of
Administrative Adjudication Cases***

https://www.cnipa.gov.cn/art/2023/2/24/art_74_182288.html

On February 17, 2023, the China National Intellectual Property Administration (CNIPA) issued Announcement No. 517, promulgating the Measures for Online Oral Trial of Administrative Adjudication Cases (“Measures”), which came into force on the date of promulgation.

The *Measures* determines that the CNIPA may complete the oral trial procedures of administrative adjudication cases online through the Internet. At the same time, it is also clarified that generally the cases shall still be tried offline, and online trial is for exceptional circumstances. Online oral trial has the same legal effect as offline oral trial.

Cases to which online oral trial may apply include:

- (1) administrative adjudication cases on major patent infringement disputes;
- (2) administrative adjudication cases on early resolution mechanism of drug patent disputes;
- (3) administrative adjudication cases on disputes over the exclusive right to integrated circuit layout designs;
- (4) other administrative adjudication cases for which online oral trial may be appropriate.

Detailed provisions of the Measures may be found at the following link:

Paper Original of General Power of Attorney Not Required & Deadline Can Be Extended Twice

Taking this opportunity, we would like to update you on two changes with respect to IP matters in China.

1. Paper original of General Power of Attorney is no longer required.

Previously, for a General Power of Attorney, the paper original needs to be submitted to the CNIPA, so as to complete the registration process.

Followed by a recent launch of the CNIPA's new system, the paper original of the General Power of Attorney no longer needs to be submitted. Thus, for your future cases, where a General Power of Attorney is executed, you do not need to mail its paper original to us. A color scanned copy of the General Power of Attorney will suffice.

2. Deadlines that are extendable can be extended twice

As you know, in China, for a deadline that is extendable, you can request an extension only once, i.e. either a 1-month or a 2-month extension.

The CNIPA now accepts a second request for extension. That is, for a deadline that is extendable, even though you have extended the deadline once, now you can further extend it by 1 or 2 months.

But, the official fee for requesting a second extension is much higher than that for the first one:

--- the official fee for requesting an extension for the first time is CNY300.00 per month.

--- the official fee for requesting an extension for the second time is CNY2000.00 per month.

We hope you will find the above information helpful.

CNIPA Upgrades Cooperation with Iranian Counterpart

Witnessed by both Chinese President Xi Jinping and Iranian President Ebrahim Raisi, the upgraded edition of the Memorandum of Understanding (MoU) between the CNIPA and the Intellectual Property Center of the State Organization for Registration of Deeds and Properties of the Islamic Republic of Iran was signed at the Great Hall of the People in Beijing on the afternoon of February 14. Shen Changyu, Commissioner of the CNIPA, and Ehsan Khandouzi, Iran's Minister of Economic Affairs and Finance, put their signatures on the document in representing their respective intellectual property administrations.

Since sealing the cooperative ties in 2015, the two administrations have been moving forward cooperation smoothly, harvesting fruits in visits of senior management, personnel training, BRI-related IP cooperation and other aspects. The upgraded edition of the Memorandum spans from invention patents, industrial designs, trademarks, geographical indications to layout designs of integrated circuits. The both sides will deepen cooperation on specific projects of high-level dialogue, IP strategy, legal system and policy, training and capacity building, IP review

practice, information technology and service, IP data and documentation exchange.

The conclusion of the Memorandum will further deepen and expand IP exchange and cooperation between China and Iran, boost friendly communication in economy and trade, science and technology, culture and other fields, and bring more benefits to the people of the two countries.

http://english.cnipa.gov.cn/art/2023/3/6/art_1340_182537.html

China's Computer Software Copyright Registrations Increase Dramatically

China's copyright registrations for computer software exceeded 10 million, increasing 12-fold from 2012 to 2022, according to a copyright protection conference held in southwest China's Sichuan Province on March 13, 2023.

The conference was hosted by the National Copyright Administration and the provincial government of Sichuan and focused on internet copyright protection and development.

Data released at the conference showed that, in 2021, the revenue of China's software business reached 9.5 trillion yuan (about 1.37 trillion U.S. dollars), 3.8 times that of 2012, and the growth rate of the figure has maintained at around 30 percent for many years in a row.

The two-day conference also includes a forum on software innovation and development and copyright protection activities of videos and music.

<https://en.ncac.gov.cn/copyright/contents/10361/339886.shtml>

Audi's Request to Invalidate NIO ES8 and ES6 Trademarks Rejected

Audi's request to invalidate NIO ES8 and ES6 trademarks in Europe was rejected, according

to news on Feb 24. The European Intellectual Property Office has ruled that NIO's ES8 and ES6 and Audi's S8 and S6 do not constitute a likelihood of confusion and thus rejected Audi's request. The latest development means that NIO's ES8 and ES6 trademarks will remain valid in the EU unless Audi overturns the EUIPO's ruling. A month ago, a German court ruled in favor of Audi in a lawsuit against NIO in the first instance. Under the ruling, Chinese EV maker Nio could not advertise the ES6 and ES8 in Germany and faced a fine of 250,000 euros.

<http://www.chinaipmagazine.com/en/news-show.asp?id=12728>

798,000 Invention Patents were Granted in China in 2022

A total of 798,000 invention patents were granted in 2022 and the patent review results secured an accuracy rate of 93.4%, according to news released at the CNIPA press conference on Wednesday. "In 2023, CNIPA will continue to improve the IP review quality and efficiency, reducing patent review period to 16 months within the year, and maintaining an review accuracy rate of more than 93%," said Heng Fuguang, spokesman of the administration. Heng also stated that the administration is improving the review of utility model, industrial design and international application, with an intelligent review system to be available online this year.

<http://www.chinaipmagazine.com/en/news-show.asp?id=12726>

Technicians Appointed to Advise on IP cases

A total of 115 technicians were appointed as investigators by Beijing Intellectual Property Court in February to help solve technical cases.

"Hearing technical cases has become a major part of our job," said Zhou Liting, deputy head of the court's technical investigation department.

She revealed that since the court was established in November 2014, it has solved 23,000 technical cases, of which about 20,000 have been concluded.

The cases covered many sectors involving high-tech, such as communications, medicine, biology, chemistry, materials and computers, she said, adding "Finding a better solution to the cases very much relates to the development of the involved enterprises and industries".

Considering the complexity of technology, a judicial interpretation by the Supreme People's Court (SPC), China's top court, issued at the end of 2014 allowed courts to find technical investigators to help with cases, clarifying that the appointment period ranges from one to three years.

The court set up the technical investigation department in October 2015, Zhou said, noting that 183 technicians had served the court in 3,281 cases.

Compared with the previous appointments, the number of investigators this time has increased, "and technicians focusing on pharmaceuticals and telecoms have been added in particular this time", she added.

The average age of the new technical investigators is 41 and each has been engaged in technical industries for an average of 15 years, with a significant rise of those working for colleges, hospitals and technical academies, according to her.

To guarantee the objectivity of case handling, all technical investigators, including the latest appointments, must not meet litigants involved in disputes nor provide fake technical reports.

https://english-ipraction.samr.gov.cn/NEWS/art/2023/art_2473bd56a76e4e539bf25687c93e7dc3.html

SUPPLEMENTARY ISSUE

SPC: Calculation of Infringement Profits when an Infringer is Obviously at Fault and the Infringement Directly Determines Business Opportunities

In February 2023, the SPC issued a case clarifying that where an alleged infringer is obviously at fault and the infringement of technical secrets directly determines the infringer's acquisition of business opportunities or the right holder's loss of business opportunities, when infringement profits are calculated, in principle, all profits can be regarded as infringement profits with no need to consider the contribution of the technical secrets to the infringement profits.

The plaintiff in this case obtained technical secrets through an exclusive license agreement. The technical secrets were mainly used for microbial oil and gas exploration. The defendants included one company and several individuals. The individual defendants were all former employees of the plaintiff, and one of them was the legal representative of the company defendant. In the process of preserving evidence, the court of first instance found that the documents stored in the defendants' computers were completely or basically consistent with the contents of the plaintiff's technical secrets. In May 2017, the company defendant won a bid for an oil project and eventually received a project payment of CNY 7.35 million; in the project, the company defendant used the plaintiff's technical secrets.

The plaintiff requested that the company defendant be ordered to immediately stop the infringement and compensate the plaintiff for economic losses of CNY 5.88 million and reasonable expenses of CNY 507,000, and one individual defendant bear 10% of joint and several liabilities. After trial, the court of first instance determined that the company defendant and two individual defendants constituted infringement on the plaintiff's technical secrets and ordered them to jointly compensate the plaintiff for economic losses of CNY 500,000 and reasonable expenses of CNY 250,000. Unsatisfied with the ruling, both the plaintiff and the defendants filed a petition. The plaintiff appealed for ordering the company defendant to immediately stop the infringement and compensate for economic losses of CNY 2 million and reasonable expenses of CNY 507,000, and ordering one individual defendant to bear 10% of joint and several liabilities. The defendants appealed for changing the first-instance ruling and dismissing the plaintiff's claims.

During the second instance, the SPC determined that the defendants violated confidentiality agreements and infringed on the plaintiff's technical secrets, and also recalculated the amount of compensation. The SPC held that this case was caused by former employees forming a new company and infringing on the technical secrets of their former employer, and the company defendant had obvious subjective malice in using the plaintiff's technical secrets in their actual operation; furthermore, the field of application of the technical information involved in this case was oil and gas microbial exploration, not an ordinary commercial field with sufficient market competition, and thus it can be presumed that the company defendant improperly seized the trading opportunity that should have belonged to the plaintiff; under such circumstance, whether the company defendant maliciously offered a low price in the bidding, whether it also used other proprietary technologies in the project, and how much the plaintiff's technical secrets contributed to the project would not affect the calculation of the amount of compensation. According to the available evidence in this case, the plaintiff's loss had exceeded its claimed amount of CNY 2 million, based on the calculation: the plaintiff's final quotation of CNY 7.75 million for the project × the plaintiff's average operating profit margin of 43.85% in two sea area projects; even if calculated by the actual payment of CNY 7.35 million received by the company defendant in the project × the company defendant's operating profit margin of 27.91%, the company defendant's

actual profit also exceeded CNY 2 million yuan. Therefore, the SPC ultimately upheld all the requests of the plaintiff.

Details of the case may be found at the following link:

<https://ipc.court.gov.cn/zh-cn/news/view-2162.html>

SPC: Application of Punitive Damages against Selling Infringing Goods Again after Infringement Settlement

In February 2023, the SPC issued a case determining that the infringer (appellee) sold the same infringing product again after a settlement with the patentee (appellant), subjectively having the intention of infringement, and the circumstances of infringement were serious, which met the applicable conditions for punitive damages for intellectual property infringement, and the punitive damages were determined by using the amount of compensation agreed in the previous Settlement Agreement between the two parties as the basis for calculation.

The appellant is the patentee of the invention patent No. 01125315.0, entitled "reverse ground planer" (hereinafter referred to as the Patent). Before this case, the appellant had filed a lawsuit with the court of first instance (hereinafter referred to as the "previous case") for the appellee's sale of the same infringing product, and in that case the two parties reached a settlement agreement on May 13, 2021, in which the appellee promised to stop the infringement and compensated the appellant for economic losses and reasonable expenses totaling CNY 30,000; then the appellant requested to withdraw the lawsuit and the court approved the withdrawal of the lawsuit on June 11, 2021. After the previous case was withdrawn, the appellant proved through notarization and evidence collection that the appellee sold the infringing products again on July 1, 2021, so the appellant filed a lawsuit again. In this case, the appellant claimed that the appellee constituted repeated infringement, had the intention of infringement and the circumstances were serious, and thus requested punitive damages.

After hearing, the court of first instance held that the infringing product fell within the scope of protection of the Patent, but although the appellee had the intention of infringement, it did not reach the seriousness of the circumstances and thus did not meet the conditions for applying punitive damages, so the statutory damages were applied to determine the amount of compensation, that is, CNY 8,000 for economic losses and CNY 2,000 for reasonable expenses for rights protection, a total of CNY 10,000. Dissatisfied with the first-instance judgement, the appellant appealed to the SPC, claiming that the amount of damages awarded in the first instance was too low and that punitive damages should be imposed on the appellee, and requesting that the awarded total amount of economic losses and reasonable expenses should be changed to CNY 10, 000 or the case should be remanded for a new trial.

After hearing, the SPC held that when determining whether punitive damages should be imposed on the appellee, the court should examine whether the appellee had subjective intention of infringement and whether circumstances of the infringement were serious. After experiencing the previous case, the appellee knew that the appellant was the right holder of the Patent, and also knew that its sale of the infringing product infringed the Patent, but after making a commitment to stop the infringement and paying compensation in the previous case, it still sold the infringing product again, and thus the appellee had the intention of infringement and constituted repeated infringement, which falls under "other circumstances that can be determined as serious" as stipulated in Article 4 of the *Interpretation of the Supreme People's Court on the Application of Punitive Damages in the Trial of Civil Cases Involving Intellectual Property Infringement*, and thus

should bear punitive damages. Regarding the amount of compensation, neither of the parties provided evidence to prove the actual losses caused by the infringement, or the infringement profits, or the patent royalties that can be used for reference, etc. Considering that the appellee committed infringement again within less than two months after reaching the Settlement Agreement in the previous case, the duration of the infringement was short, the infringement profits were limited, and the Patent expired on August 10, 2021, etc., the SPC used the amount of compensation agreed in the Settlement Agreement of the previous case as the basis for calculation and determined that the appellee shall bear liability for punitive damages. To sum up, the SPC amended the first-instance judgment and ordered the appellee to compensate the appellant for economic losses and reasonable expenses incurred for stopping the infringement, totaling CNY 60,000.

This case has certain reference significance on how to apply punitive damages in intellectual property cases. The SPC's ruling demonstrates the people's courts' judicial inclination to severely punish intentional repeated infringement, helps promote the core socialist values of integrity and rule of law, and also helps to stimulate social innovation through strict protection of intellectual property rights.

Details of the case may be found at the following link:

<https://ipc.court.gov.cn/zh-cn/news/view-2175.html>