

# Recent Developments in Chinese Intellectual Property

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Practice Area: Patents & Intellectual Property

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## **Beijing High People's Court rejects Volkswagen's Trademark Application Despite Coexistence Agreement**

In August, 2021 the Beijing High People's Court maintained a decision made by the Chinese National Intellectual Property Administration (CNIPA) rejecting an application by Volkswagen (VW) for the trademark TAYRON, an expression associated with a line of VW's compact SUVs. The decision was upheld on the grounds of (1) similarity of goods and (2) similarity of marks with respect to the existing trademark TYRON, owned by Tyron Runflat Limited, a military and civilian armored-vehicle company. This decision was issued despite the expiration of the TYRON trademark and a letter of consent allegedly provided by a representative of Tyron Runflat Limited.

A closer examination of the High People's Court's reasoning may lend some insights into effective trademark prosecution in the CNIPA.

First, the CNIPA employs a strict trademark classification system for goods according to their function, manufacture, designated consumer, and other considerations. In the VW decision, the trademark application for vehicles, buses, motorcycles, and other automobiles were rejected for their immediacy to Tyron's products. However, the trademark associated with tangential goods, such as cable cars, trolleys, etc., was granted. Accordingly, potential trademark applicants may benefit by closely studying the CNIPA's classification standards and by demonstrating distinction against existing trademarks in their respective categories of goods.

Second, where words and phrases are concerned, international applicants should keep in mind the level of familiarity the average Chinese consumer and administrator possesses with respect to the language in question. In VW's case, the court ruled that the relevant consumer may confuse TAYRON and TYRON, especially in light of their product similarity. While a letter may seem distinctive to English and Latin language natives, it may impart less significance for Chinese audiences. Trademark applicants should keep this frame of reference in mind and expect more stringent standards for differentiation.

Finally, the court's stance on letters of consent by existing trademark owners has been ambiguous in recent years. While such letters are certainly beneficial with regard to swaying CNIPA examiners, they are not sufficient to overcome formal trademark requirements, as evidenced by VW's rejection.

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**Supreme People's Court Increases Infringement Damages in Favor of Siemens PLM**

Earlier this year, the Intellectual Property Court (IPC) of the Supreme People's Court (SPC) ordered Wolfer Metal Forming (GZ) Co. Ltd. to pay 2.7 million RMB in compensation to Siemens PLM for infringement and unlawful use of Siemens' NX software, a product line used for design, simulation, and manufacturing applications. The SPC affirmed a ruling issued by the Guangzhou Intellectual Property Court in 2020, but increased the remittance from 600 thousand RMB to 2.7 million RMB.

While the ruling may appear cut-and-dry in view of the facts, the reasoning behind the SPC's escalation in punishment may warrant additional examination.

Prior to an investigation performed in 2020, the Guangzhou Court issued a preservation order to Wolfer, instructing the defendant against alteration or destruction of relevant evidence. When the Court's officers visited Wolfer's design offices, they discovered 9 out of 26 computers installed with allegedly copyrighted software. Subsequently, representatives at Wolfer cut-off power to the facility and refused to restart their computers, an action which significantly harmed their standing in the eyes of the SPC.

In their defense, Wolfer has argued that Siemens failed to provide source codes for its software as proof of infringement. They further claimed that their commercial design molds were created by contractors or clients, and that the software found on their machines were used for private educational purposes only. Indeed, the appeal to the SPC was made by both Wolfer and Siemens, the former denying infringement and the latter unsatisfied with the level of compensation accorded.

The key takeaway here lies not in the finding of guilt, but rather the Court's consideration of the infringer's behavior in leveling compensation. More specifically, the SPC has stated that heavier penalties may befall those interfering with court orders, such as the order for evidence preservation, with the explicit intent of promoting integrity and proper behavior during litigation.

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### **Supreme People's Court Issues Guidance on Patent Scope of Protection in View of Specification**

An administrative patent dispute involving Apple Shanghai, Apple Beijing, inventors Ren Xiaoping and Sun Jie, and the CNIPA has resulted in new guidance from the SPC regarding the scope of protection offered by the claims of a patent in view of its specification.

Apple first applied to the CNIPA for an invalidation of the patent in question, which is owned by Ren and Sun and directed toward lithium ion batteries, citing a lack of support for claims 1-12 and 14. More specifically, Apple alleged that the claims, which require two or more, different numerical ranges, could not be supported by the description and drawings. An excerpt of the claims from a child US application (Pub. No. 2010/0253292) is provided below:

1. A secondary lithium ion cell or battery, characterized in that the single secondary lithium ion cell has a charge cut-off voltage of greater than 4.2V but less than 5.8 V, and the ratio of positive electrode material to negative electrode material of Oct. 7, 2010 the single cell is from 1:1.0 to 1:2.5, as calculated by the theoretic capacity with the charge cut-off voltage set at 4.2V.

In the above claim, a first range pertains to a charge cut-off voltage and a second range pertains to a ratio of positive and negative electrode material. Additional dependent claims further limit the charge cut-off voltage and define numerical ranges for additional operating variables. Meanwhile, the specification discloses a number of exemplary lithium ion cells, each having specific values or ranges of values for the aforementioned.

The CNIPA ruled in favor of the inventors and maintained the validity of the patent, a decision maintained after a final appeal to the SPC, which determined that the claims in question were fully substantiated. Furthermore, the SPC gave guidance for patent claims involving multiple numeric ranges, where the combinations therein may or may not be explicitly disclosed by the description of the patent.

Specifically, the SPC deemed that such claims are supported if the relationship between the two or more ranges can be determined from the specification, such that one of ordinary skill in the art can determine the scope of patent protection. In other words, a claimed configuration involving multiple numeric ranges may be properly supported as long as one of ordinary skill would reasonably interpret such a configuration from the specification, provided that the description has a well-defined scope.

While it's always preferable to disclose all possible configurations, the guidance issued by the SPC may assuage the fears of those inventors and inventions requiring the disclosure of a plurality of variables, especially where a description of all possible configurations may be extremely difficult, if not impossible.

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