

DeHeng Express

Intellectual Property Edition

De Heng Law

N0.137 Feb. 2005

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Preface

Intellectual Property has not been a pronoun of high-tech along with the era of Knowledge Economy coming. The impact of IP cases on society has become increasingly extensive. From living necessity to entertainment and electronic products, from daily news to information online, the "Top Ten" IP cases in 2004 concerned all aspects of social life.

DeHeng Law Offices always attaches great importance to the development of IP theories and practice in China. From common citizens to academicians, from private companies to governmental institutions, from local firms to international organizations, all have benefited from our legal services. With the practical skills of our attorneys improving year after year, DeHeng wishes to make greater contribution to IP development in China.

Case-Notes (Represented by DeHeng Lawyers)

■ Infringement Litigation By Mr. Mu Jianwei, A Famous Military Photographer

DeHeng represented Mr. Mu Jianwei, a famous military photographer, against Ministry of Posts Telephone and Telegraph, General Post Office and China Post Corporation for copyright infringement in June, 1998. Due to institutional reform in governmental institutions, the defendants was renamed China Post and China Post Corporation.

■ "Sun Wu Kong" was illegally used, DeHeng Lawyer represents Liu Xiao Ling Tong to sue "Jin Hou"

In the second half of the year 2003, Liu Xiao Ling Tong, well-known actor who played the role of Sun Wu Kong (the Monkey King) in Xi You Ji, a popular TV drama in China, found that Jin Hou Group Company illegally used his portrait right after the expiration of their contact. Therefore he brought a

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litigation in court, and added Chang Zhi Ba Yi Department Store as a co-defendant. The plaintiff sued because the portrait of "Sun Wu Kong" was illegally used in violation of the right of publicity of Liu Xiao Ling Tong and the trademark right of Liu Xiao Ling Tong Culture Company. The defendant was asked to discontinue infringement immediately, make formal apology, and pay RMB 300,000 yuan to Liu Xiao Ling Tong and Liu Xiao Ling Tong Culture Company as damages.

■ Latest progress about the first photographic work copyright infringement in China — Li Zhensheng sues Feng Jicai twice for infringement within ten years

On November 4th 1993, Mr. Li Zhensheng authorized Wang Li and Li Guifang, lawyers from DeHeng Law Offices (former China Lawyers Center), to sue Feng Jicai and Jiang Su Art Publishing Company in the Intermediate Court of Nanjing for the infringement of his photographic work copyright. The defendants published a book, "ten years of one hundred people" that included photographs taken by Li Zhensheng. This was the first photographic work copyright infringement case ever brought in China.

On December 17th 2004, a judgment was rendered by the Second Intermediate Court of Beijing in a second litigation brought by Mr. Li Zhensheng. In this case, Mr. Li sued Feng Jicai, Shi Dai Art Publishing Company and Beijing Mu Tong Zhi Chun Culture Company for infringement of his photographic work copyright. In the book "ten years of one hundred people (with pictures)", four photographs taken by Li Zhensheng were used. After several months' hearing, the court found Feng Jicai liable for infringement.

■ "Peter Rabbit" Case—the first non-infringement declaratory judgment action involving trademarks in China

On December 23rd 2004, First Intermediate People's Court of Beijing the trademark rendered a judgment in the "Peter Rabbit" dispute case. This judgment came after a one and half years' trial since the case commenced on June 10th 2003. As the first action for confirming non-infringement of trademark in China, and also concerning the conflict between public copyright and trademark use, the determination of trademark sign and contents sign of a book, the case has received a lot of attention from the legal profession and the media. The dispute originated from the "Peter Rabbit" series books published by China Social Sciences Publishing Company in April 2003, which covers 19 animal fairy tales written by the well-known English children's story writer Beatrix Potter with her illustrations for the tales. When publishing, China Social Sciences Publishing Company used the name of the writer's most well-know story "Peter Rabbit" as the name for the whole series. They put the name "Peter Rabbit Series" on the cover, spine and back of the books. In order to make it more visually appealing, they also used the "Peter Rabbit" picture on the cover, spine, back and page number. As soon as the book was published, Frederick Warne Co. LTD, an U.K. company, has complained to the State Administration of Industry and Commerce

(SAIC) . It claimed that in 2003 Frederick Warne had applied and received the grant of the trademark of "Peter Rabbit", "Peter Rabbit Picture" and other names and illustrations in the writer's writings. Therefore Frederick Warne thinks that the series publications of China Social and Sciences Publishing Company infringed its trademark right. Because this is not only a case of trademark right infringement, but also concerns the conflict between public copyright and trademark use, the attorney for China Social and Sciences Publishing Company suggested to sue Frederick Warne as defendant for a declaratory judgment from the court confirming non-infringement of the trademark. This suggestion was taken by the plaintiff China Social Sciences Publishing Company and the case accepted by the First Intermediate People's Court of Beijing.

This is an exploration for judicial remedy by claimed infringer. In China, when an IP owner thinks that someone infringes his/her right, he/she has several ways to protect the right, such as complaining to the local intellectual office seeking penalties, going to court, and asking for judgment ordering defendants to discontinue infringement, extend a formal apology, and pay damages; seeking for injunction before trial, and preservation of evidence before litigation etc. Meanwhile, IP owners may also ask defendants to cease and desist infringement by sending warning notices and attorney letters. In comparison, the accused infringer on the other side usually can only passively make non-infringement defense when he/she is sued to the court, or raise defenses after the intellectual property offices make their decisions. If an IP owner abuses his/her right, then the legal right of the defendant may be seriously damaged. The aim of the "declaratory judgment action for confirming the non-infringement" is to give sufficient relief to the accused infringer. Because no "Action for confirming the non-infringement" is explicitly provided under any Chinese law, and it is also rarely used in practice, the "Peter Rabbit" Case could be regarded as a creative exploration in the practice. The lawyers' litigation strategy, and the trial proceedings and the judgment themselves are all brand-new experiments.

In regards to the issue whether the court can accept the "Action for confirming the non-infringement" and what kind of jurisdiction should be exercised, the First Intermediate Court of Beijing and the Beijing High Court ruled on the objection to jurisdiction raised by Frederick Warne that so long as the requirements for proceeding in Article 108 of Civil Procedure Law are met, the court could accept the case; "Action for confirming the non-infringement" is essentially a problem about IP infringement, so the rule of jurisdiction for IP disputes is applied to such cases. Another point which attracts the attention of the legal profession is repeated adjudication through the administrative law procedure and civil law procedure. After the acceptance of the case by the court, the Western District branch of the Beijing Administration of Industry and Commerce made a decision to punish China Social and Sciences Publishing Company. Then the company had to complain through the administrative reconsideration procedure and administrative litigation. As a result, the same dispute entered into two separate trial procedure before different courts. On December 23rd 2004, the fifth civil division of the First Intermediate Court of Beijing entered a judgment in the "Action for confirming the non-infringement" and on December 17th 2004, the administrative division of the First Intermediate Court of Beijing entered the judgment for "administrative litigation for the objection of the administrative punishment". These two different courts made different decisions about the same dispute regarding the use of "Peter Rabbit" remark and "Peter Rabbit" paintings, and the applied facts and laws are far different from each other.

In regards to the conflict between administrative and civil judgments by Beijing First Intermediate Court, Ms. Ni Xiao Hong from DeHeng Law Offices has already accepted the consignment by China Social and Sciences Publishing Company, to act as its attorney in the appeal and second instance proceeding.

(About the IP issues concerned in this case and the study of the "Action for confirming the non-infringement", please visit www.DeHengLaw.com to find the article by the lawyer under the subtitle of DeHeng IP Forum)

New Law

■ Interpretation of the Supreme People's Court and the Supreme People's Procuratorate Concerning Certain Issues on the Specific Application of Law for Handling Criminal Cases of Infringement upon Intellectual Property Rights

The Interpretation of the Supreme People's Court and the Supreme People's Procuratorate Concerning Some Issues on the Specific Application of Law for Handling Criminal Cases of Infringement upon Intellectual Property Rights became effective on December 22nd 2004. It includes 17 articles and clarifies 7 crimes which are governed by the Criminal Law concerning infringement of Intellectual Property Right. These 7 crimes are: the crime of counterfeiting registered trademark, the crime of selling merchandise under a counterfeited registered trademark, the crime of illegally making or selling illegally made marks of other's registered trademark, the crime of counterfeiting other's patent, the crime of infringing upon copyright, the crime of infringing trade secret, and the crime of selling infringing copies. The interpretation lowers the threshold for the criminal punishment on four crimes such as the crime of counterfeiting registered trademark. Compared to the former interpretation. Furthermore, rules about 4 crimes out of the 7 concerning the infringement of IP right and governed by criminal law have been greatly changed. The new interpretation provides that the threshold for the crime of counterfeiting registered trademark, the crime of selling merchandise under a counterfeited registered trademark, the crime of illegally making or selling illegally made marks of other's registered trademark, and the crime of infringing upon copyright is "illegal turnover above RMB50,000," or "illegal income above RMB 30,000." The former standards were illegal turnover more than 100,000 and 200,000. The interpretation also provides that the standard applicable to legal entity should be three times of individuals, instead of the former 5 times.

(If you would like to know more about this Judicial Interpretation, or if you are interested in any of our practice areas, please contact the IP department at DeHeng Law Offices.)

FOR MORE INFORMATION ABOUT THIS PUBLICATION, OR ANY DEHENG MARKETING INFORMATION, PLEASE CONTACT R&D DEPARTMENT AT DeHeng@dhl.com.cn

