

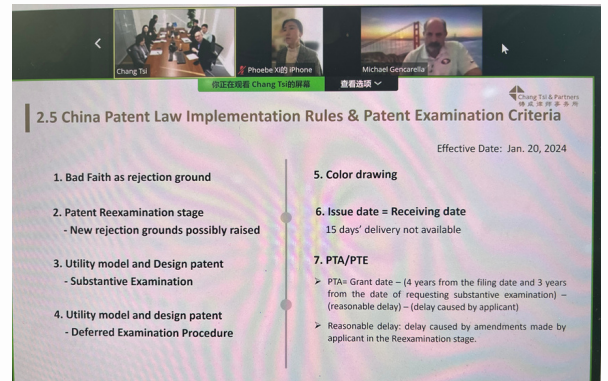
# Monthly Newsletter

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## David Liu Delivers Specialized Online Training on New Patent Laws



On January 25, 2024, just six days after the launching of the Implementation Rules of the Chinese Patent Law and Examination Guidelines, Chang Tsi & Partners conducted customized professional training for clients, comprehensively **interpreting the changes to the patent legislation that took effect on January 20**. This was aimed at helping clients better adapt to market changes and protect their rights. During the training, there was an enthusiastic discussion on the rationale, content, and impact of the changes in the examination guidelines, providing fresh insights into the clients' intellectual property protection strategies.



Chang Tsi & Partners is committed to offering high-quality, value-added legal services tailored to the actual needs of clients and consistently making legal training an integral part of our service to ensure clients stay at the forefront of legal and regulatory changes, confidently face various challenges, and have their rights effectively safeguarded.



In 2023, Chang Tsi organized over 30 patent trainings for our clients from the United States, Germany, France, Italy, Australia, Japan, South Korea, and China, with industries ranging from new energy vehicles and consumer goods to medical pharmaceuticals and high-tech industries. In 2024, Chang Tsi will continue to expand the scope and explore the content of training, looking forward to more clients joining the activities for mutual growth and success!

## Happy New Year



As the New Year unfolds, we extend our warmest wishes for a year brimming with joy, prosperity, and success to each of you.

May this new beginning bring forth new aspirations, opportunities, and achievements. Let's embrace the fresh start with optimism and hope, ready to face challenges with resilience and celebrate milestones with gratitude.

Here's to a remarkable year ahead where dreams take flight, relationships deepen, and horizons expand. Happy New Year to you and your loved ones! May 2024 be a memorable chapter filled with blessings and wonderful experiences.

## Highlighting Chinese Intellectual Property Law at Madrid's Máster en Propiedad Industrial, Intelectual, Competencia y Nuevas Tecnologías

On February 14th, Ron Tsi and Leslie Xu had the incredible opportunity to engage with students from the prestigious Máster en Propiedad Industrial, Intelectual, Competencia y Nuevas Tecnologías in Madrid, diving deep into the intricacies of Chinese Trademark Law, and exploring the latest trends and shifts shaping the landscape.



The session was an enriching journey through the complexities of protecting intellectual assets, especially trademarks, in one of the world's most dynamic legal environments. From discussing the current legal practice in China to analyzing the new trends in IP, Ron and Lesley shared insights from their extensive experience and Chang Tsi & Partners' expertise.

As the legal framework in China evolves, understanding these developments is crucial for professionals navigating the IP realm. We're proud to contribute to the global dialogue on intellectual property and look forward to fostering further international collaborations.



**Ron Tsi**

Attorney at law  
Business development manager



**Leslie Xu**

Attorney at law  
Head of Shanghai Office

## Chang Tsi Successfully Assists Johnson Controls in Pursuing a Trademark Criminal Case

Corporate Team

Recently, Dongguan Second Primary People's Court issued a first-instance criminal judgment on a case involving **YORK** and **JOHNSON CONTROLS** counterfeit temperature controllers. The court found that the two suspects in this case, who produced and/or sold counterfeit temperature controllers, were **guilty of the crimes of counterfeiting registered trademarks and selling goods with counterfeit registered trademarks respectively, and were each sentenced to four years and three years of imprisonment with fines.**

This case involves many well-known domestic and foreign brands of temperature controller products, including YORK and JOHNSON CONTROLS owned by Johnson Controls and its affiliates. As Johnson Controls' entrusted IP law firm in China, our team participated in this case throughout the criminal investigation, public prosecution and trial, successfully achieving a first-instance substantive sentence.

Here is a brief review of the case:

In August 2021, Dongguan Public Security Bureau ("Dongguan PSB") raided a den producing and selling counterfeit temperature controller products, and arrested the suspects ZHU and CHEN. The bureau seized temperature controller products of multiple brands at the scene, including over a hundred pieces bearing the "YORK" and "JOHNSON CONTROLS" trademarks. Entrusted by Johnson Controls, our team filed the formal report with Dongguan PSB on behalf of the victim. We actively assisted Dongguan PSB in verifying the seized YORK and JOHNSON CONTROLS temperature controllers, and issued the formal verification report identifying the counterfeits.

In 2022, the case was transferred to Dongguan Second People's Procuratorate. In June 2023, the procuratorate formally brought charges against the suspects to the Dongguan Second Primary People's Court.



The counterfeit temperature controllers seized during Dongguan PSB's raid action

After a public trial, the court confirmed that suspect ZHU had been producing and processing counterfeit temperature controllers of many brands, including YORK and JOHNSON CONTROLS, since 2018, and sold them through Taobao online stores. Suspect CHEN had been selling the temperature controllers involved in the case online since 2020. By the time of the arrest, suspect ZHU had produced and sold counterfeit temperature controllers worth approximately CNY 1 million (about USD 140,000), and CHEN sold counterfeit temperature controllers worth approximately CNY 300,000 (about USD 42,000). Based on the facts, the court found suspect ZHU guilty of the crime of counterfeiting registered trademarks, sentenced to four years in prison, and fined CNY 300,000 (about USD 42,000); suspect CHEN was found guilty of the crime of selling goods with counterfeit registered trademarks, sentenced to three years in prison, along with a fine of CNY 100,000 (about USD 14,000).



Johnson Controls is a global leader in diversified technology and industrial sectors. Johnson Controls and its affiliates own many well-known brands, including the globally renowned YORK in heating, ventilation, air-conditioning (HVAC) and refrigeration (HVAC&R) products and services. Johnson Controls and its affiliates have always placed a high priority on protecting their intellectual property rights. In response to counterfeit and infringement activities targeting their brands, Johnson Controls spares no effort in protecting their rights and punishing infringers through criminal, administrative, civil litigations and other channels.

**This case has a positive significance in cracking down on counterfeits, safeguarding the legitimate rights and interests of the rights holders, and improving the market environment. In the future, Chang Tsi will continue to provide high-level services and customized IP protection solutions to safeguard our clients' legitimate rights and interests in China.**

# Rights Conflict Between Design Patent and Trademark

Nancy Qu

This article mainly focuses on typical cases of rights conflict between design patents and trademarks and the strategy for the right holders when arranging a design patent portfolio in China.

## I. Typical Cases of Rights Conflict Between Design Patent and Trademark

Case 1: Bai Xiang vs. the Patent Reexamination Board of State Intellectual Property Office, Patent Invalidation Administrative Lawsuit (Invalidity Decision No. 14261). This case was one of the top 10 innovative intellectual property cases in Chinese courts in 2014, and it was included in the Supreme People's Court Gazette Case [2016 Issue No. 11 (Total Issue No. 241)].

Patent in question: Design Patent No. 00333252.7, patentee: Chen Zhaohui, titled "Food Packaging Bag," filing date: October 16, 2000, date of grant announcement: May 2, 2001, publication number: CN3184967D.

Front View:



Bai Xiang Company's Trademark under Reg. No. 1506193, application date: December 12, 1997, designated goods: "instant noodles; dried noodles; sweet bean paste; cereal products; flour; noodles; bean powder," registration date: January 14, 2001.

Henan Zhenglong Food Co., Ltd. (later renamed Bai Xiang Food Co., Ltd., hereinafter referred to as "Bai Xiang Company") claimed that the patent in question conflicted with its No. 1506193 trademark, and requested for invalidation of the said patent based on Article 23 of the Patent Law of P.R.C.

The Patent Reexamination Board of the State Intellectual Property Office (hereinafter referred to as "PRB"), in its Invalidity Decision No. 14261, determined that although Bai Xiang Company's No. 1506193 trademark had an earlier application date, it had not yet been registered at the filing date of the patent in question, and thus did not constitute a "prior right" as described in Article 23 of the Patent Law, and therefore did not support Bai Xiang Company's request for invalidation.

Bai Xiang Company filed an administrative lawsuit later, and the court of first instance upheld the decision of the PRB. Bai Xiang Company appealed, and the second-instance court overturned the ruling of the PRB and the judgment of the first-instance court, recognizing that the patent in question conflicted with Bai Xiang Company's prior trademark application. The PRB, dissatisfied with the second instance judgment, filed for a retrial with the Supreme People's Court, which upheld the second-instance judgment and pointed out:

(1) As long as the trademark application date is before the patent application date, and the trademark has been approved for registration and is still valid at the time of filing the request for patent invalidation, the exclusive right of the prior registered trademark can be used to oppose the later applied design patent to determine whether the design patent right conflicts with it.

(2) The standard for judging whether such a conflict exists essentially lies in examining whether the implementation of the design patent right will infringe upon the exclusive right of the registered trademark.

## II. Suggestions for Arranging Design Patent Portfolio in China

To avoid conflicts between design patents and others' prior trademark rights, it is recommended that applicants of design patents carry out the following work in a timely manner before arranging a design patent portfolio in China:

1. Conduct a rights conflict search for the design intended to be patented. If the design contains a mark, a trademark search should be conducted to determine whether there is a prior trademark application (registered later) or registration which is similar to the mark in the design in respect of the identical or similar goods.

2. Deal with the mark in the design that has a risk of rights conflict. If there is a prior trademark application or registration, it is necessary to avoid using the mark (for example, by removing or changing the mark which has a risk of rights conflict in the design) to avoid the risk of trademark infringement or the risk of the design patent being declared invalid.

3. Alternatively, to avoid increasing the time and cost of rights conflict searches and delaying the design patent application, rights holders may consider avoiding any marks in the design (including trademarks that the rights holder has not yet registered in China)



**Nancy Qu**

Partner  
Attorney at Law Patent  
Attorney

Nancy Qu specializes in the prosecution and enforcement of multiple intellectual property rights, including trademarks, patents, copyrights, trade secrets and domain names. Ms. Qu has over 15 years of experience as a litigation lawyer and patent attorney. She is experienced in the development of strategy in patent and trademark lawsuits, enforcement of effective judgments, as well as in negotiation strategy. She is specifically skilled at handling complicated and difficult IP infringement cases.

# Reduction of Official Fees for Design Registration in Hong Kong

Design Team

The Hong Kong Designs Registry recently announced a reduction in official fees relating to design registration and post-registration services. The reduction of fees is one of the measures outlined in the Chief Executive's 2023 Policy Address, aimed at promoting the development of intellectual property trading in Hong Kong.

The primary objectives of this policy are to facilitate the timely registration of designs, encourage the use of electronic filing, and drive innovation through registered designs. The revised fees will come into effect starting on March 1, 2024, and will apply to application fees paid on or after this date.

Fee reductions are applied to key services of the Designs Registry as follows.

- Application for registration of design (filing fee): 60% discount for paper filing and 70% for electronic filing.**
- Application for registration of design (advertisement fee): 60% discount.**
- Renewal of design registration: 10% to 40% discount, depending on the renewal period.**
- Other services, such as amendments of applications and documents: approximate 20% discount.**

For detailed information on the new fee structure, please refer to the Registry's table of revised official fees or contact Design team at Chang Tsi & Partners.