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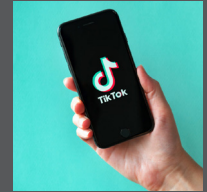
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Dear readers,

Can you believe that it's already Christmas? And we are out with the last issue of this crazy 2021.

A year that is only the beginning of a more difficult time for the 4 individuals that have been sentenced to jail after counterfeiting the famous Kiwi shoe polish: the almost 100 years old Australian company, that sells its products in 180 countries all around the world, faced a case of trademark infringement in China and won, as you can read in the first article.

Another case of infringement is discussed in the second article: a quite complicated issue of trademark infringement that implies a Geographic Certification for imported Longjing tea, a variety of pan-roasted green tea from the area of Longjing village in Hangzhou city,

Zhejiang province, considered one of the top ten most famous tea in China.

Being Longjing Tea a Geographical Indication Mark, the importer TWG has been fined 545,000 RMB for selling it without authorization.

A break with a news about the Revised Standards for Trademark Examination and Trial, and then we talk about a long-lasting war (17 years!) between China and USA on the price of Vitamin C: a case involving antitrust law that finally came to an end, when the court decided the dismissal of the lawsuit.

We close this December GossIP issue with a comment on the recent, very first case held by the Haidian People's Court of Beijing on live-streaming platform TikTok as E-commerce platform.

Many wishes for a very sweet, warm and merry Christmas and a New Year full of joy!

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## IP Law

### Not smooth as polish: the Kiwi Case



**Kiwi is an Australian brand for shoe polish cream and other related products. Launched in Australia in 1906, Kiwi is currently sold by S.C. Johnson in almost 180 countries and is probably the most famous brand of shoe polish. The notoriety of the brand arrived in China, where the Australian company faced a case of trademark infringement in detriment of his brand.**

On October 28, 2021, the Shanghai Pudong New Area People's Court issued a decision which imposed the liability of 4 Chinese individuals for trademark counterfeiting of KIWI shoe polish. Let's start from the beginning.

In June 2020, the four defendants were found producing and selling without any authorization shoe polish with the words and graphic trademark "KIWI". At a later stage, in March 2021, the Chinese Customs seized and detained 250,000 counterfeited products for a total sales amount of 230,000 RMB.

**Subsequently, the Shanghai police raided the counterfeiting locations of the defendants and seized a large amount of equipment for manufacture together with a big number of finished shoe polish products that counterfeited the "KIWI" graphic registered trademark, with a value of about 120,000 RMB.**

This said, talking about the legal ground behind the case, the defendants used the words and graphics such as "KIWI", which had already been registered with the Trademark Office of China National Intellectual Property Administration in class 3 for goods such as shoe polish, etc. by American household product company S. C. Johnson & Son, Inc.

The above-mentioned conducts are clearly forbidden by article 57 of the Trademark Law, which established that any of the following acts shall be deemed infringement of the exclusive right to use a registered trademark:

- a.** Using a trademark that is identical with a registered trademark on the same goods without the licensing of the registrant of the registered trademark.
- b.** Using a trademark that is similar to a registered trademark on the same goods, or using a trademark that is identical with or similar to the registered trademark on similar goods without the licensing of the registrant of the registered trademark, which is likely to cause confusion.

**c.** Sales of any goods that have infringed the exclusive right to use any registered trademark.

**d.** Counterfeits, or makes without authorization, representations of a registered trademark of another person, or offers for sale such representations.

As consequence, the Shanghai Pudong Court held that the usage of the mark made by Ding and the other defendants constituted a severe trademark infringement and therefore a crime of counterfeiting.

According to the Court's words, this kind of malicious "famous brand" infringement not only infringed on the legitimate rights and interests of trademark owner but also damaged the image of the country and caused serious damage to the normal market.

**The Court sentenced the 4 defendants to terms ranging from 19 months to 3 years in prison respectively and fines in varied amounts for the charge of trademark counterfeiting.**

Reading through the decisions we can learn how important the element of bad faith is becoming for the Chinese Courts as a consequence of the last amendment of the Trademark Law, which became effective on November 1, 2019.

This direction is both good and bad news for those doing business with China. The good news is that the China Trademark Law is effective when it comes to limit "bad faith" trademark filings, and statutory compensation for trademark infringement has been increased.

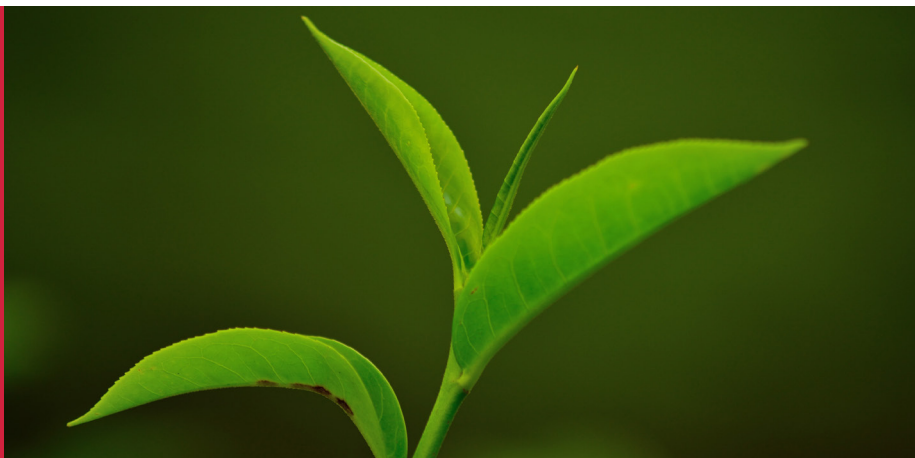
The bad news is for the squatters, seeking opportunities to make money from the registered foreign trademarks. They may be subject to severe penalties, as the present case shows us.

**Silvia Capraro**  
**HFG Law&Intellectual Property**



## IP Law

### Imported Longjing Tea infringed GI Certification Mark



Longjing Tea (龙井茶), sometimes called by its literal translated name Dragon Well Tea, is a variety of pan-roasted green tea from the area of Longjing Village in Hangzhou City, Zhejiang Province. Longjing Tea is one of the top ten most famous teas in China.

Especially, “*Longjing Tea*” is a Geographical Indication Certification Mark (“*GI Certification Mark*”) registered in China by Zhejiang Agricultural Technology Extension Center, with the registration No.5612284 covering “*tea*” (Class 30), valid from Dec. 7, 2008 to Dec. 06, 2028.

On September 19, 2021, Shanghai Pudong New Area Court held a public hearing on the case of TWG Tea (Shanghai) Co., Ltd. (“*plaintiff*”) vs Pudong New Area Intellectual Property Office / Pudong New Area Government (“*defendants*”) for administrative penalty, and ruled in court that the plaintiff's claim was dismissed [(2021) HU 0115 XING CHU No.399]. The infringement is confirmed and so is the penalty.

**Administrative Penalty: TWG was fined RMB 545,000 for selling “*Longjing Tea*” without authorization. TWG Tea (Shanghai) Co., Ltd. (“*TWG Shanghai*”) is a subsidiary of Tea brand TWG.**

In November 2019, officers from Pudong New Area Intellectual Property Office went to TWG store at Century Avenue and found 11 boxes of “*Shengxi Longjing Tea*” and 5 boxes of “*Longjing Tea*” on sales. The officers seized the above-mentioned goods on site.

Later in March 2020, the officers visited the warehouse of TWG Shanghai located at Pudong New Area and seized 1129 boxes of “*Longjing tea*” and 178 boxes of “*Shengxi Longjing tea*”.



Source of the pictures

Through further investigation, the officers also founded TWG Shanghai imported tea from Singapore three times from July 2018 to July 2019, and commissioned a certain trading company located in Shanghai to deal with the relevant import procedures. As required by TWG Shanghai, the trading company produced the Chinese labels and distinctively demonstrated Chinese characters “*Longjing Tea* (龙井茶)” and “*Shengxi Longjing Tea* (盛玺龙井茶)”, as well as attached them to the tea packaging of 2496 boxes, which was then transferred to the warehouse and sold by TWG Shanghai.



As above stated, “*Longjing Tea*” is a GI Certification Mark, which has its usage rules and represents a specific place of origin and quality.

According to Article 4 of Implementing Regulations of Chinese Trademark Law, “*Where a Geographical Indication is registered as a certification mark, the natural person, legal person or other organization whose commodities meet the conditions for use of the said geographical indicator may request authorization to use the certification mark, and the organization that controls the certification mark in question shall consent*”.

According to Zhejiang Agricultural Technology Promotion Center which is the right holder of “*Longjing Tea*” GI Certification Mark, TWG Shanghai did not obtain the authorization from them to use “*Longjing Tea*” GI Certification Mark.

Such trademark use behavior by TWG Shanghai has constituted trademark infringement against “*Longjing Tea*” GI Certification Mark.

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On November 2, 2020, Pudong New Area Intellectual Property Office issued an administrative penalty against TWG Shanghai, ordering the same to immediately stop the infringement against “Longjing Tea” GI Certification Mark, confiscated a total of 1,422 boxes of its unsold tea in question and imposed a fine of RMB 545,000.

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TWG Shanghai was not satisfied and applied for the administrative reconsideration, while it was not supported by the Pudong New Area Government. The company appealed and filed the administrative lawsuit before Shanghai Pudong New Area Court accordingly.

### **Court: TWG Shanghai constituted Trademark Infringement against GI Certification Mark**


After examination, Shanghai Pudong New Area Court dismissed the request from TWG Shanghai and maintained the previous administrative penalty issued by Pudong New Area Intellectual Property Office. The key issues in the Court are summarized as below:

 Firstly, the Court confirmed Longjing Tea has high reputation in China and its specific quality is mainly determined by the natural factors, harvesting conditions and production process of its producing areas.


 The plaintiff TWG Shanghai attached the Chinese label to the imported tea box, and indicated the product name as “Shengxi Longjing Tea ( 盛熙龙井茶 )” and “Longjing Tea ( 龙井茶 )” on such package. This kind of using behavior constituted trademark use.

 The plaintiff did not obtain the authorization from the right owner of “Longjing Tea”, and cannot prove that the tea involved in the case was derived from the area where Longjing Tea was grown and had corresponding specific qualities based on the existing evidence.

Therefore, according to Article 57 of Trademark Law, (which states that “Using a trademark that is similar to a registered trademark on the same goods, or using a trademark that is identical with or similar to a registered trademark on similar goods, which may be easily confusing, without the licensing of the trademark registrant”), the plaintiff’s behavior constitutes an infringement of the exclusive right to use a registered trademark.

 The plaintiff deems the label was attached before its entry to the Free Trade Zone which enjoy special position, thus it cannot be directly governed under Chinese Trademark Law. The Court deem due to the particularity of Customs policies in the Free Trade Zone, the procedures for entering are indeed more convenient.

However, trademark infringements generated in the Free Trade Zone cannot be ruled out from the application of Chinese Law. Moreover, the goods involved in the case have entered and been sold in China, which still need to be regulated under Chinese Law as well.

 In addition, the Court deem the plaintiff’s illegal act does not constitute a condition for lightening, mitigating or exempting administrative penalty.

According to Article 60 of Trademark Law,

*“Where the foresaid infringement is confirmed, the administrative department for industry and commerce shall order the infringer to cease such infringement, confiscate and destroy the infringing goods and tools used in producing such goods or forging logos of the registered trademark.*

*In the event of illegal business revenue of over RMB 50,000, a fine up to five times of the revenue may be imposed; in the event of no illegal business revenue or illegal business revenue of less than RMB 50,000, a fine up to RMB 250,000 may be imposed”.*

Pudong New Area Intellectual Property Office made a penalty decision of confiscating the infringing products and imposing twice of the illegal business amount, which is in compliance with the law.

### **Be careful for the possible Trademark Infringement over GI Certification Mark**

Generally speaking, the judgment of trademark infringement against GI Certification Mark could obey the same standard of ordinary trademark as stipulated in Article 57 of Trademark Law.

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**However, the judgement of “confusion” shall have a certain difference due to the different identification function. In the case of ordinary trademark infringement, the “confusion” refers to the provider of goods or services, while in the case of GI Certification Marks, the “confusion” refers to the producing area of goods and related quality characteristics.**

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The above-mentioned case serves as a warning to the companies. When importing the goods and making corresponding Chinese labels, it is better to make a trademark clearance to analyze the possible risks.

At the same time, for GI Certification Mark owner, it is feasible and favorable to clean up the infringement activities in the market through possible actions, such as administrative complaints, civil litigation etc.

Ariel Huang  
HFG Law&Intellectual Property

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## IP Law

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### Revised Standards for Trademark Examination and Trial



On November 22, 2021, the China National Intellectual Property Administration (CNIPA) has published a revised Standards for Trademark Examination and Trial (the Standards). This updated version will come into force on January 1, 2022, and the earlier Standards for Trademark Examination and Trial (the earlier Standards) will be repealed then.

The updated Standards aims to assure the consistent application of Laws and consistent implementation of Standards in all stages of trademark examinations and trials.

Like the earlier version, the Standards are divided into two sections but with a clearer structure than the earlier version. The first section is on procedural and formality examination standards. The second section is on the factors for determining the registrability of a trademark, such as the comparison of similarity between an applied trademark and prior trademarks.

Below we are going to introduce you to some major changes in the Revised Standards.

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**First, the Standards has clarified the requirements regarding the examination of procedural and formality. For example, the Standards has included the formality examination criteria for words and device trademarks.**

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The earlier Standards only include the formality examination standards for 3D trademarks, colour trademarks, sound trademarks, while relevant standards for words and device trademarks could be found separately on the clarification page form of trademark application and the Regulation on the Implementation of the Trademark Law etc. After the revise of the Standards, all formality examination criteria are codified in one document.

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**Second, the Standards has made several clarifications based on the latest achievements of trademark protection. For example, the Standards stipulates the examination standards of bad faith trademarks applications without the purpose of using.**

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The CNIPA has specified that the basic information of the trademark applicant, the overall application situation of the applicants, the component of the trademarks, and the behaviour of the applicants, the evidence submitted by the

interested party and others should be considered when determining if the trademark applicant has the purpose of using the trademark.

Thus, trademark applicants and practitioners can have clear standards to use when combating bad faith applications and protecting their trademarks.

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**Third, the Standards have cited many typical cases in detail which are very handy to be used in trademark cases. Those typical cases include the information of the disputed trademark and key points considered by the examiners during the examination, such as a summary of submitted evidence, the designated goods and/or service of the disputed trademark, etc.**

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Trademark attorneys and trademark owners would find these cases very useful because the typical cases can be used use as a reference in similar cases.

In sum, the major revision of the Standards is about the consistent implementation of Laws and standards, which should have a positive impact in future practices.

**Summer Xia**  
HFG Law&Intellectual Property



## Antitrust Law

### China and US end a 17 years fight over Vitamin C



As one of the most popular dietary supplements in people's life, Vitamin C is able to promote absorption and do good to our health. What you may not know is that a war of Vitamin C had already lasted for 17 years and finally came to an end in August.

In 2005, Animal Science Products, Inc. and The Ranis Company Inc. brought a class action against four Chinese Vitamin C exporting companies, Hebei Welcome Pharmaceutical Co., Ltd. ("Welcome"), Jiangsu Jiangshan Pharmaceutical Co., Ltd. ("Jiangshan"), Northeast Pharmaceutical Co., Ltd. ("Northeast"), Weisheng Pharmaceutical Co., Ltd. ("Weisheng") claiming that they have conspired to inflate prices and restrict supply, which constitute a violation of anti-monopoly law in US (Sherman Act and Clayton Act).

North China Pharmaceutical Group Corporation (NCPG), the parent company of "Welcome", was later added as co-defendant.

#### A litigation lasting for 17 years

The case was firstly trialed in District Court for the Southern District of New York in 2013, where the jury imposed a damage compensation against Welcome and NCPG for around 147.8 million USD. Jiangshan settled the claims against it for 10.5 million USD after the motion for summary judgment was denied in 2011, Weisheng and Northeast settled for 22.5 million USD and 0.5 million USD on the eve of jury's deliberation. The case went on against the other co-defendants.

In 2016, US Court of Appeals for the Second Circuit reversed the district court's holding, holding that the district court was bound to defer to the facially reasonable explanation of Chinese law submitted by the Ministry of Commerce of the People's Republic of China, where it is explained that Chinese law requires the defendants to undertake the anticompetitive conduct at issue.

The Supreme Court reversed 2<sup>nd</sup> Circuit's holding in 2018, holding that 2<sup>nd</sup> Circuit afforded too much deference to the Ministry's submissions, and remanded to carefully consider but not conclusively defer to the Ministry's views.

In August, the 2<sup>nd</sup> Circuit finally made rulings that they will reverse the District Court's holding and remand with instructions to dismiss the complaint.

#### Parties agreed the anticompetitive conduct occurred

Different from most antitrust cases, the parties in this case generally agreed that the complaints conducts did occur with argument that Chinese law required them to do so.

In 1996, Chinese companies (specifically the Defendants at issue) started a price war against each other, and therefore occupied bigger global market of Vitamin C. In order to regulate the export of Vitamin C, PRC Ministry of Foreign Trade and Economic Cooperation and State Drug Administration announced the Notice Relating to Strengthening the Administration of Vitamin C Production and Export, where it is stated that the price of Vitamin C shall be strictly controlled.

Beginning in 2000, another price war flattened Chinese Vitamin C export prices, and by 2001, the defendants succeeded in capturing about 60% of the global market for Vitamin C.

In December 2001, after China entered into WTO, China represented to the WTO that, beginning in January 2002, it "gave up export administration of ... vitamin C".

Therefore, in 2002 China adopted a PVC (Price Verification Chop) regime for manage the price of Vitamin C, where the price would be reviewed by each import and export chamber rather than Customs.

In 2003, the Chamber published a notice informing members that "industry agreed export prices [for Vitamin C] ... have been revised" and that the "agreed prices are the minimum prices."<sup>11</sup>

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PRC Ministry of Commerce also submitted 4 statements with the Court as amicus curiae. Such statements stated that the alleged fixed price limited export behavior of Chinese companies was required by the Chinese government that time in order to maintain the normal market order, which was a kind of special management and control method during the process of economic system transformation of China.



### The Court's Holding

After also analyzing other elements (Nationality of the Parties and Site of the Anticompetitive Conduct, Effectiveness of Enforcement and Alternative Remedies, Foreseeable Harms to American Commerce, Reciprocity, Possible Effect upon Foreign Relations) as instructed by SCOTUS and based on above facts and analysis, the Court finally reached the conclusion that a true conflict between US law and PRC law exists, and therefore Principle of International Comity applies, where dismissal of the lawsuit is mandated.



Comments stated that this case is helpful for MNEs to better analysis its risk in potential antitrust litigations filed in US, analyzing whether there are exempts that would bar the plaintiffs for proceeding a time-consuming and costing litigation, which would severely obstruct its business development.

**Peggy Tong and Fredrick Xie**  
**HFG Law&Intellectual Property**

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[1] The abovementioned regulations are no longer valid since 2010.

## Tech Law

### TikTok's livestreaming sales recognized as e-commerce



Recently the Haidian People's Court of Beijing issued the very first case on the livestreaming platform as E-commerce platform under the scene of livestreaming sales. Let's see what the Court says!

#### Is TikTok an E-commerce platform?

The defendant Company A has carried an internet marketing campaign through the function "Merchandise Window" developed by TikTok. The user makes orders directly by clicking on the "Merchandise Window" and enjoys the shopping by clicking the shopping cart on TikTok while watching the livestreaming sales.

Based on this fact, the Court held that TikTok, also part of the litigation as the defendant B, has provided Company A with services such as deal making and information post, and provided a platform for Company A to launch transactions with third parties.

In addition, according to the Administrative Measures for Livestreaming Marketing (for Trial Implementation), the platforms that provide livestreaming services in livestreaming marketing, including internet livestreaming service platforms, internet audio and video service platforms, e-commerce platforms, etc., can be called livestreaming marketing platforms. Therefore, TikTok is also a livestreaming marketing platform.

#### What is reasonable duty of care of E-commerce platform?






According to the E-commerce law, an intellectual property right owner believes that its intellectual property right has been infringed, the right owner shall notify the operator of the e-commerce platform to take necessary measures such as deletion, lock, termination of transactions and services to prevent the infringement by submitting preliminary evidence of infringement.

If the necessary measures are not taken in time, the operator of the e-commerce platform will bear joint and several liability with the operators on the E-commerce platform. It means that the operator of the e-commerce platform must take necessary measures to prove that it has fulfilled its reasonable obligations for exemption, otherwise it will face the risk of joint liability.

In practice, the boundary of reasonable obligation of E-commerce livestreaming sales has always been an important factor to determine whether the operator of the e-commerce platform shall bear the joint liability for infringement.

The Court held that due to the particularity of E-commerce activities, it is not appropriate to adopt too strict pre-examine standards.

Instead, it should make a comprehensive judgment on

-  whether the operator of E-commerce platform has established an pre-access mechanism for livestreaming sales,
-  whether the livestreaming marketing management norms or platform conventions have been specified and made public,
-  whether the examination of qualification and goods of operators in livestreaming has been carried out,
-  whether the intellectual property protection rules have been established, and
-  whether a complaint reporting mechanism has been established.

In this case, TikTok has formulated and publicized the user service agreement, privacy policies and intellectual property infringement notification acceptance processes, which clearly stipulates in its user service agreement that if anyone infringes intellectual property of any third party in the use of TikTok, the TikTok operator has the right to remove the suspected infringing content after receiving the preliminary evidence of infringement submitted by the complainants, including identification materials, ownership certificate, basic materials constituting infringement (i.e. effective judicial judgment, patent infringement comparison report, etc.), and links of suspected infringing goods names, etc.

*Continue reading*



At the end, the Court held that the TikTok operator has made reasonable duty of care, take the measures to remove the goods off the shelves and should not bear joint liabilities.

In conclusion, even if the Court clears that it is not appropriate to adopt too strict pre-examine standards for E-commerce platform, (which means that the pre-examine burden of E-commerce platform to the operators on the platform will be reduced from perspective of the Court), however, a kind remind is that it is better for all E-commerce platforms still take more stricter responsibilities for the pre-examination of goods or services sold or provided in the livestreaming activities.

**Karen Wang**  
**HFG Law&Intellectual Property**



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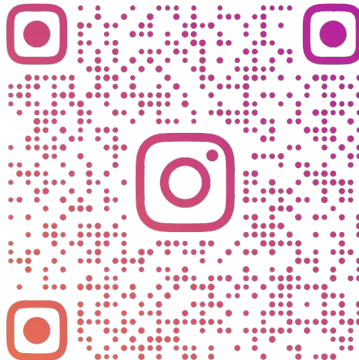
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