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IP UPDATE



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Philips Obtained Full Compensation for On-line Infringement of Its Razor Design Patent

Recently, the Shanghai IP Court ("court") awarded damages of RMB400,000 to the plaintiff Royal Dutch Philips Electronics Ltd. ("Philips") in a design patent infringement case.

In 2015, Philips found an on-line shop selling razors which are similar to its Chinese design patent, and the infringing products were manufactured by an electrical appliance factory located in Wenzhou. Philips then brought the case before the Shanghai IP Court claiming the on-line shop and the manufacturer had infringed its razor design patent and caused huge damages to Philips.

After trial, the court held that the infringing products and design patent in question have no substantive difference. Therefore, the infringing products fall within the scope of protection of Philips's design patent in question.

For determining the compensation to be awarded, the court had actively guided Philips to request Taobao to provide sales records of the on-line shop. From the evidence collected, the court found the total sales amount of the two infringing products through the on-line shop were up to RMB3.5 million. Having taken into consideration the other factors such as unit selling prices of the infringing products, the value of the design patent in question, the nature of infringement acts, the duration of infringement and the element of bad faith, the court finally supported the claim of damages by Philips and awarded it with a compensation of RMB400,000.

As provided under the Judicial Interpretation Applicable to Patent Dispute Cases amended in 2015, the Court shall first consider the actual loss suffered by the right owner due to the infringement in deciding the compensation to be awarded. In cases where it is difficult to ascertain the actual loss of the

right owner, the Court shall consider the profits obtained by the infringer in determining the compensation. Where it is difficult to ascertain the actual loss suffered by the right owners and the profits obtained by the infringer, the Court may take into account the relevant factors such as patent type, nature of the infringement acts, the licence fees, etc. in determining the amount of compensation within the statutory range of RMB10K-1M.

In practice, it would usually be difficult for the right owner to establish the actual loss suffered by the right owners or the profits obtained by the infringer due to infringements. It is thus not uncommon for the Court to award statutory compensation after taking into account the relevant factors.

This case indicates that the IP court in China has been more proactive in guiding right owner to collect relevant evidence for damages claim. Especially for on-line infringement cases, the right owners may apply to the court to request the ecommerce platform to provide sales records of the infringing products so as to ascertain the profits due to infringement.

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