



**Council for Trade-Related Aspects of
Intellectual Property Rights**

Original: English

REQUEST FOR INFORMATION PURSUANT TO ARTICLE 63.3 OF THE TRIPS AGREEMENT

COMMUNICATION FROM THE EUROPEAN UNION TO CHINA

1. The European Union would like to note that it welcomes and appreciates China's ongoing efforts to strengthen its intellectual property rights system and its willingness to inform Members about its domestic developments. The European Union has for over ten years supported China's efforts through the IP Key project and remains committed to continue cooperating in the future to mutual benefit on further improvements.

2. In the interest of further transparency the European Union would like to request some information regarding a number of recent judicial decisions and regulations relating to patents. The European Union has noted that in four court cases decisions were taken relating to application for and enforcement of injunctions in relation to standard essential patents. Some of these decisions also contain measures relating to initiating court procedures on licence questions and royalty rates. These decisions appear to give a new interpretation to existing laws and regulations, and also have led to new regulations being proclaimed. Further detail on these measures is given below. In the annex are questions for clarification the European Union would like to ask China on these measures. This is a request pursuant to Article 63.3 of the Agreement on Trade-Related Aspects of Intellectual Property Rights ("TRIPS Agreement").

3. The European Union noted two cases in the Supreme People's Court report on 2020 landmark decisions:¹ the first case, *Conversant v Huawei*, was reported as China's first decision putting in place a so called "anti-suit injunction" and the first for setting daily fines.² The decision is stated as barring the holder of a European patent from enforcing a court decision of a Member State of the European Union relating to that patent. That decision reportedly addressed litigation relating to standard essential patents in numerous WTO Members. The decision is put forward as a model for China's approach to anti-suit injunctions and daily fines of rightholders. The European Union would like to understand better this decision and the underlying approach.

4. The European Union also noted the Supreme People's Court qualified the *Conversant v Huawei* case as a "typical case" (典型案件)³ and published "adjudication guidelines" based on the case.⁴

¹ Published on 22 April 2021. <http://www.court.gov.cn/zixun-xiangqing-297991.html#>. Consulted on 10 May 2021. 2020年中国法院10大知识产权案件和50件典型知识产权案例, 来源: 最高人民法院.

² *Conversant v Huawei* - Supreme People's Court Huawei Technologies Co., Ltd., Huawei Terminal Co., Ltd., Huawei Software Technology Co., Ltd. and Conversant Wireless Licensing Co., Ltd. on confirmation of not infringing patent rights and settling a series of disputes on standard-essential patent licensing [Supreme People's Court (2019) Supreme People's Court 732, 733, No. 734 Civil Ruling] 华为技术有限公司、华为终端有限公司、华为软件技术有限公司与康文森无线许可有限公司确认不侵害专利权及标准必要专利许可纠纷系列案 (最高人民法院 (2019) 最高法知民终732、733、734号之一民事裁定书)

³ Supreme People's Court annual report on 2020 presented the *Conversant Huawei* case as a "typical case" (典型案件). Published on 26 February 2021 on <http://www.court.gov.cn/zixun-xiangqing-298771.html#>. Consulted on 10 May 2021. 最高人民法院知识产权案件年度报告 (2020) 来源: 人民法院报

⁴ Supreme People's Court "adjudication guidelines" Published 26 February 2021 on <http://www.court.gov.cn/zixun-xiangqing-288131.html>. Consulted on 10 May 2021. 最高人民法院知识产权法庭裁判要旨 (2020).

Further clarification of the impact of that qualification and the status of these guidelines would be welcome.

5. The second landmark case the Supreme People's Court reported involved OPPO vs Sharp. The decision is reported as barring the holder of a European patent from enforcing a court decision of a Member State of the European Union relating to that patent, and forcing the patent holder to withdraw the case from before that court. This case is reported as being the first worldwide "*anti-suit injunction*" and dealing with "*anti-anti-suit injunctions*" in other jurisdictions. It is portrayed by the Supreme People's Court as of great significance in China becoming a "*guide of international intellectual property rules*." The European Union would therefore welcome further information on the reasoning and application of that decision.

6. The third case the European Union is aware of is Xiaomi v InterDigital. The website of Wuhan city government reports that on 23 September 2020 the Wuhan Intermediate People's Court ruled that InterDigital should immediately withdraw or suspend the patent license rate ruling and injunction against Xiaomi in India, and could not apply for patent license rate ruling and injunction against Xiaomi in any court in the world. In case of violation of the ruling, a fine of RMB 1 million per day will be imposed.⁵

7. The fourth case is Samsung v Ericsson before Wuhan Intermediate People's Court. Online documents from a case between Ericsson and Samsung before a US Court⁶ indicate that the Wuhan court imposed an anti-suit injunction similar to that of InterDigital on Ericsson. According to the US judgment the Wuhan court forbade Ericsson to apply to any court to rule on questions relating to licences, rates, and whether its conduct was compatible with a FRAND commitment. Ericsson was prohibited to apply for or enforce an injunction for the patents at issue in the case in Wuhan, or get another court to issue an order forcing Samsung to withdraw its application for an anti-suit injunction. Non-compliance with these requirements would expose Ericsson to serious penalties.⁷

8. It is especially important that Members and right holders can acquaint themselves with those decisions that are identified as typical, example cases. As the European Union understands the official website where Chinese judgements are published is "China judgements online." However, upon research only the Conversant v Huawei case decisions were found on that website.⁸ Therefore the European Union would like to request China to clarify if and where the decisions in the other three cases can be found and provide these.

9. This is a case of some urgency as shown by the fact that some Courts adopted these provisional measures *inaudita altera parte*. Therefore European Union requests China to provide its answers eight weeks after receipt of this Communication. The European Union looks forward to receiving China's reply on the questions on these measures in the annex. The European Union would welcome the opportunity to have a further exchange on this topic in the Council for TRIPS. Availing of the opportunity the Council offers for an in-depth exchange will enable a better understanding of affected WTO Members concerning these matters.

⁵ http://www.wuhan.gov.cn/sy/whyw/202103/t20210304_1642447.shtml

⁶ United States District Court for the Eastern District of Texas Marshall Division, Civil action No. 2:20-CV-00380-JRG, decision of 11 January 2021, document 45.

⁷ <https://casetext.com/case/ericsson-inc-v-samsung-elecs-co>

⁸ Last checked on 11 June 2021.

ANNEX

QUESTIONS TO CHINA ON SEVERAL MEASURES PERTAINING TO THE ENFORCEMENT OF
INTELLECTUAL PROPERTY RIGHTS

I. Text of court decisions

A) The European Union would like to ask if China could provide all decisions taken so far in the following cases. To the extent more decisions were taken pertaining to the subject matter China is requested to provide all of these. For example in OPPO v Sharp the Supreme People's Court noted there was a decision on the injunction and then it appears a follow up decision on its implementation. Press articles also reported another decision on jurisdiction.

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1 - OPPO v Sharp - Shenzhen Intermediate Court²

2 - Xiaomi v InterDigital - Wuhan Intermediate People's Court of Hubei Province³

3 - Samsung v Ericsson - Wuhan Intermediate People's Court of Hubei Province⁴

B) The European Union would also like to ask if China could clarify which decisions are published on the website "China judgements online." What are the selection criteria? Are there specific timelines foreseen for publication after adoption of a case?

II. Supreme People's Court typical case status

The Supreme People's Court in its annual report on 2020 presented the Conversant Huawei case as a "typical case" (典型案件).⁵

The Supreme People's Court IP tribunal also classified the case as a "typical technology case" in its report on the 2020 intellectual property cases in the field of technology.⁶

Could China clarify what is the status of a typical case? Are lower courts bound to follow these?

Could China clarify what is the status of a typical technology case? Is there a difference in status between a typical case and a typical technology case? What is the impact of a case being both a typical case and a typical technology case?

III. Supreme People's Court "big" case status

The Supreme People's Court in an annual report on 2020 presented ten cases as a "big" IP case (大知识产权案件).⁷ These ten cases include the SPC Conversant v Huawei case and a decision by the Shenzhen Intermediate Court in OPPO v Sharp. These "big" cases are presented next to 50 "typical case" (典型案件).

¹<https://www.chinajusticeobserver.com/a/chinese-court-rules-to-affirm-jurisdiction-to-determine-frand-terms>

² Reference: OPPO Guangdong Mobile Communications Co., Ltd., OPPO Guangdong Mobile Communications Co., Ltd. Shenzhen Branch vs. Sharp Co., Ltd., Sain Beiji Japan Co., Ltd. Standard Essential Patent Licensing Case [Shenzhen Intermediate People's Court of Guangdong Province (2020) Guangdong 03 Min chu 689 No. 1 Civil Ruling] OPPO广东移动通信有限公司、OPPO广东移动通信有限公司深圳分公司与夏普株式会社、赛恩倍吉日本株式会社标准必要专利许可纠纷案 (广东省深圳市中级人民法院 (2020) 粤03民初689号之一民事裁定书)

³ A publication on this case gave as reference (2020) E 01 Zhi Min Chu No.169.

⁴ (2020) E 01 Zhi Min Chu No. 743 (2020) 鄂01 知民初743 号

⁵ Published on 26 February 2021 on <http://www.court.gov.cn/zixun-xiangqing-298771.html#>. Consulted on 10 May 2021. 最高人民法院知识产权案件年度报告 (2020) 来源: 人民法院报

⁶ Published on 26 February 2021. <http://www.court.gov.cn/zixun-xiangqing-288071.html>. Consulted on 10 May 2021. 最高人民法院知识产权法庭2020年技术类知识产权典型案例的通报- 最高人民法院知识产权法庭庭副庭长

⁷ Published on 22 April 2021. <http://www.court.gov.cn/zixun-xiangqing-297991.html#>. Consulted on 10 May 2021. 2020年中国法院10大知识产权案件和50件典型知识产权案例, 来源: 最高人民法院.

Could China clarify what is the status of a "big" case? Is it different from a "typical" case? As *Conversant v Huawei* is also classified as a "typical" case does that change the status? Are lower courts bound to follow these "big" cases?

Why did the SPC choose these cases as "big" or "typical" cases?

IV. Supreme People's Court IP Tribunal adjudication guidelines

Based on the typical case of *Conversant Huawei* the Supreme People's Court IP Tribunal published adjudication guidelines for deciding on an anti suit injunction and daily penalties.⁸

Could China clarify what is the status of these adjudication guidelines? Are lower courts bound to follow these?

V. Guidance on act preservation measures - status

The Supreme People's Court has adopted Provisions on Act Preservation Measures in intellectual property disputes which have been applied in the two decisions by the Wuhan court on anti-suit injunctions.⁹

Could China clarify what is the status of these Provisions? Are lower courts bound to follow these?

How do these Provisions relate to the adjudication guidelines mentioned above? Is there a hierarchy between these norms?

VI. China civil procedure law

The anti-suit injunctions are described as "act preservation measures" under article 100 of the China civil procedure law, and the European Union understands they are provisional measures in terms of Article 44 TRIPS.¹⁰

Could China clarify what is the status of these "act preservation measures"? For example the time during which these can remain in place? If we understand correctly they will be in place for the duration of the case. If there is an appeal would they remain in place?

VII. Jurisdiction

The Supreme People's Court report on *OPPO v Sharp* noted *OPPO* requested the Shenzhen intermediate court to set a worldwide licence rate for *Sharp's* standard essential patents.

Could China clarify what the Shenzhen court gave as a legal basis for it to have jurisdiction to set worldwide licence rates?

⁸ Published on 26 February 2021 on <http://www.court.gov.cn/zixun-xiangqing-288131.html>. Consulted on 10 May 2021. 最高人民法院知识产权法庭裁判要旨（2020）.

⁹ Provisions of the Supreme People's Court on Several Issues Concerning the Application of Law in the Review of Act Preservation in Intellectual Property Disputes (approved by the 1755th conference of the judicial committee of the Supreme People's Court on 26 November 2018, to be enacted from January 1, 2019) Fa Shi [2018] No. 21. Published on 13 December 2018 on <http://www.court.gov.cn/zixun-xiangqing-135341.html>. Consulted on 10 May 2021. 《最高人民法院关于审查知识产权纠纷行为保全案件适用法律若干问题的规定》已于2018年11月26日由最高人民法院审判委员会第1755次会议通过，现予公布，自2019年1月1日起施行，法释（2018）21号。来源：最高人民法院网。

¹⁰ Civil Procedure Law of the People's Republic of China (from 1991 as last revised in 2017). Translation from the China International Commercial Court (CICC) website, the court established by the Supreme People's Court of China to adjudicate international commercial cases. <http://cicc.court.gov.cn/html/1/219/199/200/644.html>. Consulted on 10 May 2021. 中华人民共和国民事诉讼法（1991年4月9日第七届全国人民代表大会第四次会议通过 根据2007年10月28日第十届全国人民代表大会常务委员会第三十次会议《关于修改〈中华人民共和国民事诉讼法〉的决定》第一次修正 根据2012年8月31日第十一届全国人民代表大会常务委员会第二十八次会议《关于修改〈中华人民共和国民事诉讼法〉的决定》第二次修正 根据2017年6月27日第十二届全国人民代表大会常务委员会第二十八次会议《关于修改〈中华人民共和国民事诉讼法〉和〈中华人民共和国行政诉讼法〉的决定》第三次修正）

VIII. Scope of anti-suit injunctions

A) The Supreme People's Court reported that both in the case of *Conversant v Huawei* and in *OPPO v Sharp* the anti-suit injunction blocked enforcement of an injunction in the European Union based on a patent issued by a Member State of the European Union.

Could China clarify for both of these cases what was the legal basis for the courts to block enforcement of an injunction in the European Union based on a patent issued by a Member States of the European?

B) There is a note on the Wuhan government website describing an anti-suit injunction Xiaomi obtained prohibited InterDigital from applying for an injunction in any court worldwide or to request any court worldwide to decide on questions relating to the licence or royalty rates for its standard essential patents.

Could China clarify what was the legal basis for the Wuhan Intermediate Court to put in place a worldwide prohibition for applying for an injunction and for seizing a court to decide on questions relating to the licence for standard essential patents, including royalty rates?
