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n° 41 WHD Case: TM | Qingdao Court awards Hermes RMB 2 million for misuse of its trademark and iconic design by a real estate developer

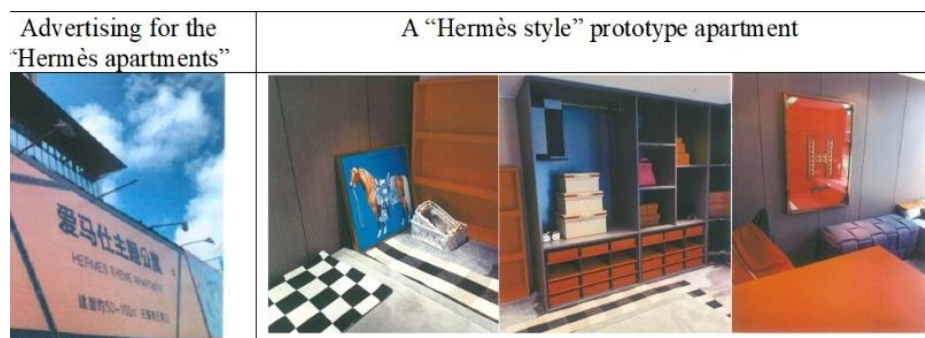
Wen Cui and Wei He, 28 November 2022, first published by [WTR](#)

Background:

Hermès is a prestigious French luxury fashion house. Since 1837, Hermès has remained faithful to its artisanal model and its humanist values. “Hermes” brand and the iconic commercial designs associated with Hermes enjoy high reputation around the world.


In China, luxury goods are frequently used as gifts with purchase in the promotion of real estate property to create a high-end image of the real estate projects. However, with competition now reaching fever pitch, some real estate developers start to step out of line and piggyback on the reputation of luxury brands to influence the buying decision of the consumers. Below is a live example, which may offer brand owners some takeaways on how to hold the free-riders accountable.

In 2020 Hermès found that a Chinese company, Shandong Hu Gang Construction Real Estate Development Co., Ltd. (‘Hu Gang Company’), developed and promoted a real estate project “Hugang Center”. Hu Gang Company named its apartments “Hermes Theme Apartment”, which blatantly used the house mark of Hermes. Hu Gang Company also used Hermes trademark in the promotional material such as posters, brochures, advertisement and extensively deployed Hermes iconic design elements such as the orange color, “H” character, horse and carriage device, as well as Hermes products as the interior decoration of the sales center and prototype apartment (as shown below).




Hermès sued Hu Gang Company before Qingdao Intermediate Court, alleging the use of Hermes’s trademark constitutes trademark infringement and the use of Hermes iconic elements and products unfair competition.

The defenses of Hu Gang Company mainly include:

- The defense for trademark infringement: The leather products (designated goods of Hermes registered trademarks) and real estate-related services are markedly different. Even if the trademarks of Hermes “ HERMÈS ” and “爱马仕” (Chinese equivalent of Hermès) have reached well-known status, the protection scope of such marks cannot be extended without limit so as to cover the real estate-related services.
- The defense for unfair competition:
 1. Once the products are sold, Hermès has no right and no control over in what way its products are used others, hence, the display of Hermès products in the sales center is legitimate.
 2. The alleged design elements, such as orange color, “H” character, horse and carriage device, are common elements in the public domain, over which no one shall have monopoly, including Hermès. Therefore, the use of these elements did not constitute unfair competition.

Trial court decision

Qingdao Intermediate Court rendered on August 28, 2022 the judgment as follows:


- The evidence adduced by Hermes sufficed to justify that its trademark “ HERMÈS ” and “爱马仕 (Chinese equivalent of Hermès)” have reached well-known status, and the use of these trademarks by the defendant in the promotion of real estate project would cause confusion among the relevant public. Therefore, trademark infringement can be established.
- Hermès iconic design elements including orange color, “H” character, horse and carriage patterns have formed one-to-one correspondence with Hermès and enjoy high reputation among the relevant public. Rather than just using one or two of the aforesaid design elements, the defendant slavishly copied all the elements, which in combination with the use of the Hermès house mark and products, which exhibits the unmistakable bad faith of the defendant and aims to create confusion among the consumers. Hence, the malicious use of these iconic elements as well as Hermès products may evoke an association with Hermès thus helps the defendant gain unfair competitive edge. Therefore, unfair competition shall be established as well.

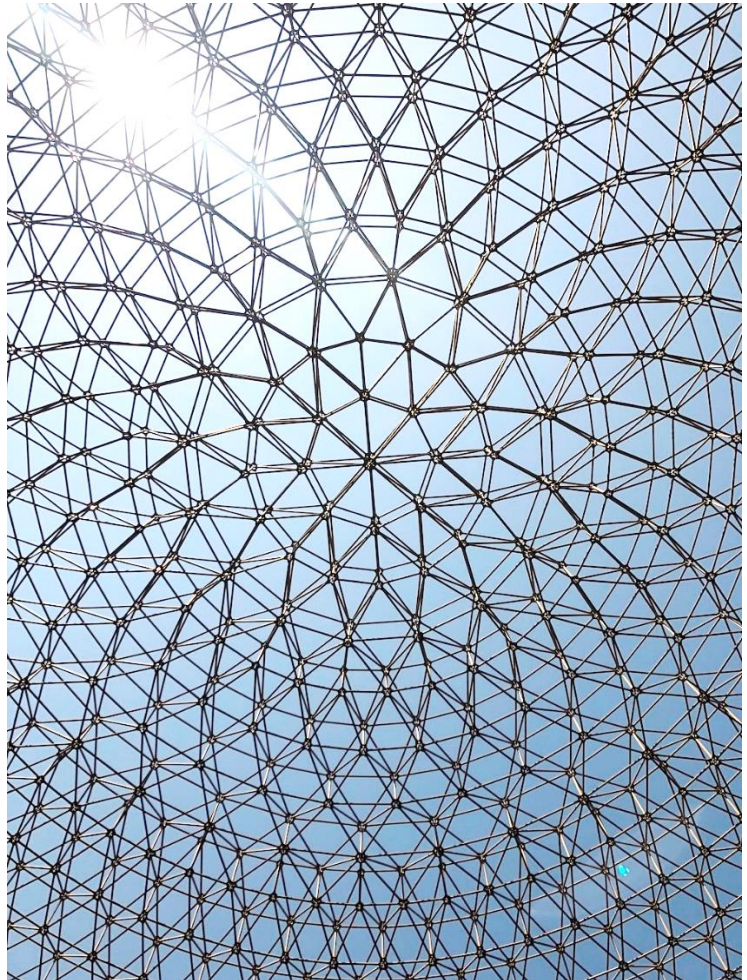
Qingdao Intermediate Court thus ordered cessation and awarded Hermès damages of RMB 2 million. The defendant later appealed before the Shandong High Court and the case is now pending for trial.

Comment

Due to its unparalleled position in the luxury world, Hermès has basically become synonymous with top-level quantity, thus it is frequently misused by players in an array of different industries for promotional purposes. It is therefore inevitable that Hermes resorts to cross-class protection in dissuading these misuses.

The court decision reaffirms that the well-known trademark recognition is the best way to obtain cross-class protection, even if the accused products/goods are markedly different from that of Hermès.





The Qingdao Court also innovatively grant protection over the iconic design elements of Hermes on unfair competition basis. This attests the increasing willingness of Chinese courts in acknowledging the significance of iconic designs, especially in dealing with bad faith infringers. 



n° 42 WHD Case: TM | LVMH successfully blocks copycat application incorporating its shield device

Ruirui Sun, 5 December 2022, first published by [WTR](#)

Based in Switzerland, LVMH SWISS MANUFACTURES SA (“LVMH SWISS”) is a wholly owned subsidiary of the LVMH Group, offering luxury watches reflecting Swiss watchmaking excellence. TAG Heuer is a watchmaking pioneer and one of the eight brands under LVMH’s Houses in the Watches & Jewelry sector.


LVMH SWISS owns trademark registrations for “” (stylized TAG HEUER & shield device), “” (shield device in black background) and “” (shield device in white background) in Class 14, among others. A natural person Xiaohui CAI in Guangdong Province, China filed on December 15, 2020, for the registration of trademark “” No. 52166954 in Class 14 in China. After its publication on May 20, 2021, LVMH SWISS filed an opposition against the aforesaid mark before the CNIPA.

The CNIPA disapproved the registration of the opposed mark on all designated goods based on the reasoning that the goods of the opposed trademark are similar to those covered by the opponent’s prior trademarks. Considering the high reputation of the cited trademarks and the similarity between the opposed trademark and the cited prior trademarks in respect of word arrangement, design and overall visual effect, the coexistence of both parties’ marks may mislead consumers as to the origin of goods. Thus, the opposed mark and the cited marks constituted similar goods on similar goods, which violates Article 30 of the Trademark Law.

The CNIPA’s 2021 *Trademark Examination and Adjudication Guidelines* (hereinafter referred to as the Guidelines) states, in assessing similarity of combination marks, “*If the device parts of two trademarks are identical or similar, which may cause confusion among the relevant public as to the source of the goods or services, the two marks shall be deemed as similar trademarks. However, in case the devices in the trademarks are commonly used patterns on the designated goods, or mainly serves as an ornamental or background element in the whole trademark so that the device parts are of weak distinctiveness, and the overall meaning, pronunciation or appearance of the two trademarks are obviously different insofar as it is unlikely to cause confusion among consumers, the two trademarks shall not be deemed as similar trademarks.*”

In the subject case, the opposed mark incorporates the same shield device as the prior trademarks of LVMH SWISS, but the word part “英吉纳 INKINO” is markedly different from “TAG HEUER”. The opposition would not stand if the examiner found the shield device to be a pure background or decoration element of the whole mark and referred to the aforesaid rule to rebut the similarity argument. In order to make



a strong case, LVMH SWISS underlined and presented the following arguments in the opposition:

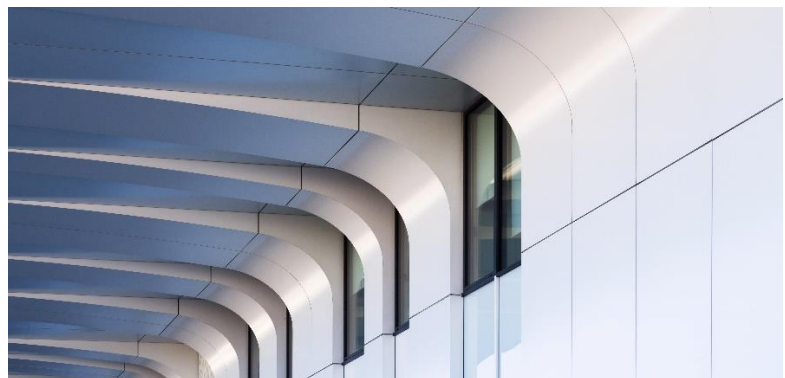
1. The shield device is an original creation and special design of LVMH SWISS. It is highly distinctive.
2. Although the shield device has been incorporated in the combination mark , the device has also been registered as a standalone mark and has been widely used by Tag Heuer on the bezel, the crowns and bracelets of many watches as well. Both the TAG HEUER combination mark and the shield device have obtained high reputation among consumers.
3. The adverse party lacks genuine intention to use the opposed trademarks since online searches reveal the applicant has been offering for sales more than 50 trademarks.

The CNIPA found our arguments tenable and finally disapproved the registration of the opposed mark.

In trademark prosecution practice, brand owners' combination trademarks of word and device have been increasingly fallen victim to trademark squatting. By separating the device of the combination trademark and incorporating a different word mark, the trademark squatter cunningly creates an inconspicuous copycat mark that may slip through the CNIPA examination, if the victimized device mark is deemed to be purely *an ornamental or background element*.

As a countermeasure, brand owners are strongly advised to proactively register the device, which is intrinsically distinctive, as a standalone trademark and if possible, extensively use such on the designated goods, the product packaging and in various business settings.


Moreover, apart from citing Article 30 of the Law, LVMH SWISS also raised, before the CNIPA, prior right argument (Article 32) based on its copyrighted work of the fine arts over “”. Although the CNIPA dismissed the copyright claim in the subject case, it could offer an alternative if the device of a brand owner's combination mark could meet the originality requirement for copyrighted works. 



n° 33 WHD Insights: TM | Beijing High Court elaborates its position on continuation of trademark registration in Mona Lisa feud


Nan Jiang & Huimin Qin, 1 December 2022, first published by LexisNexis

On 14th June 2022, the Beijing High Court rendered the final decision in a trademark dispute administrative retrial proceeding surrounding the registration of a disputed

mark “”, featuring stylized “M & MONALISA” in class 11. The retrial court revoked the decisions of the trial court and the court of appeal, upholding the TRAB decision that partially revoked the registration of the disputed mark. The retrial decision puts an end to a decade-long trademark dispute that went through the TRAB procedure, two instances of court proceeding, a very rare procuratorial protest of the Supreme People’s Procuratorate and a retrial proceeding, exhausting almost every possible remedy available in the toolbox.

- **TRAB proceeding**


The retrial proceeding stems from a trademark dispute procedure instituted on 30th March 2012 by Guangzhou Monalisa Building Supplies Ltd. (Monalisa BS) and Guangzhou Monalisa Bath Ware Ltd. (Monalisa BW) before the Trademark Review and Adjudication Board (TRAB), challenging the registration of the disputed mark

owned by Monalisa Group Ltd. (Monalisa). Citing a prior registration of  (“Monalisa in Latin & Chinese”) owned by Monalisa BS in class 11, Monalisa BS and Monalisa BW jointly alleged that the disputed mark and the cited mark are similar trademarks registered on similar goods, which is in violation of Article 28 of the 2001 Trademark Law.



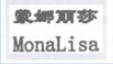
On 25th November 2013, the TRAB sided with the petitioners, revoked the registration of the disputed mark on “cooking utensils, pressure cooker (electric pressure cooker), bathroom (flush toilet), toilet” and sustained the registration on the remainder goods.

- **1st instance**

Monalisa initiated an administrative litigation before the Beijing No. 1 Intermediate Court, explicitly seeking to reverse the revocation decision in respect of “bathroom (flush toilet), toilet”. Other than arguing that the disputed mark and the cited mark are not similar, Monalisa employed a new defence strategy in the administrative suit,

introducing a prior registered trademark  featuring identical stylized “M & MONALISA” in class 19, supplementing evidence on the well-known trademark (WKTm) status of the same in “ceramic tiles” and contending that the prior mark’s reputation may be extended to the disputed mark so as not to cause confusion with the cited mark.

Particulars of Monalisa’s disputed mark and prior registered trademark, as well as the cited mark of Monalisa BS are as follows.

	Disputed mark	Prior registered mark	Cited mark
Reg. No.	No. 4356344	No. 1476867	No. 1558842
Registrant	Monalisa	Monalisa	Monalisa BS
Trademark representation			
Application Date	10 th November 2004	12 th July 1999	28 th December 1999
Registration Date	14 th July 2007	21 st November 2000	21 st April 2001
Class	11	19	11
Designated goods	Light, <i>cooking utensils</i> , <i>pressure cooker</i> (<i>electric pressure cooker</i>), <i>bathroom (flush toilet), toilet</i> , fan (air conditioning), faucet, water purifying apparatus and machine, heater	Non-metallic floor tiles, <i>ceramic tiles</i> , non-metallic wall tiles for building, mosaics for building	Steam bath facility, sauna installation, <i>bath fittings</i> , portable hammam, facial sauna (steam bath), steam generator, shower installation, gas water heater, electric water heater, shower stall

In February 2015, the first instance court ruled in favor of Monalisa. The rationale behind the decision is: the prior registered mark is well-known trademark which has been endorsed by both administrative agency and courts; the prior registered mark is identical with the disputed mark, and their designated goods “tiles” and “bathroom (flush toilet), toilet” are similar due to strong association in function and usage and shared sales channel and consumer group; therefore, the reputation of the prior mark may extend to the disputed mark. On top of that, the holistic visual difference between the disputed mark and the cited mark makes them distinguishable. It therefore concluded that cited mark will not be a hinderance to the registration of the disputed mark on “bathroom (flush toilet), toilet”.

● **Appeal**

Monalisa BS, Monalisa BW and TRAB appealed before the Beijing High Court, which dismissed the appeal in June 2016.

The court of appeal found that “*bathroom (flush toilet), toilet*” of the disputed mark are not similar to “*bath fittings*” of the cited mark. It also echoed the findings of the first instance court on the dissimilarity between the disputed mark and cited mark.

Most importantly, the court of appeal found Monalisa’s new defence tenable. The court held that as to the trademarks registered by a same registrant in succession, the later registered mark is not necessarily the extension of a prior mark. However, where a prior registered trademark has acquired certain reputation through use so that the relevant public not only associate the same registrant’s later registered identical or similar marks in terms of identical or similar goods with such prior registration, but also draw the conclusion that the goods to which the two marks are attached both originate from or have certain association with the said registrant, the

reputation of the prior mark may be extended to the later trademark.

The court found that the WKTM recognition of Monalisa's prior mark on tiles corroborated the fact that the mark had gained remarkable market share and that stable correspondence had been established between the mark and Monalisa among the relevant public. In combination with the finding that "tiles" (of the prior mark) and "bathroom (flush toilet), toilet" (of the disputed mark) constitute similar goods for their association in respect of usage, production sector, sales channel and consumer group, and that the two marks share similar components and holistic visual appearance, the court concluded that the reputation of the prior mark could extend to the disputed mark and the public would identify Monalisa as the source of the "bathroom (flush toilet), toilet" products. The public would be able to distinguish the disputed mark from the cited mark and is unlikely to misconstrue or misidentify the source of origin of the goods to which the marks are attached.

- **Retrial**

Monalisa BS and Monalisa BW jointly filed for trial supervision before the Beijing Municipal Procuratorate, which referred the case to the Supreme People's Procuratorate (SPP). The SPP lodged a procuratorial protest before the Supreme People's Court, which remanded the case to the Beijing High Court for a retrial.

The retrial court reassessed the merits of the case and expounded its view in an array of matters including similarity assessment of trademarks and goods, continuation registration, among others.

The retrial court weighed in on the shared trademark components and the identical Chinese pronunciation of the disputed mark and the cited mark, factored into the reputation of the two marks, and concluded that similarity of two marks could be established. Given that the contentious goods of the disputed mark and the cited mark are sanitary ware offered for sale in the same sales area or in proximity to each other, targeting the same group of consumers and are categorized under the same subclass by the *"International Classification of Goods and Services for Filing Trademark Applications"*, the court found they constitute similar goods.

What is particularly intriguing is the retrial court's position on trademark continuation registration. First and foremost, the retrial court reiterated the independence of the exclusive rights as conferred on a single trademark registrant by different registered trademarks, clarifying that the trademarks registered by the same registrant in succession do not naturally make the later mark a continuation registration of the senior/prior one.

The retrial court went on to analyse whether a cited mark registered by the third party chronologically in between a prior registered mark and a later applied mark of the same registrant/applicant may become an obstacle for the registration of the later mark. "In between" means the registration date of the cited mark falls between the registration date of the prior mark and the application date of the later mark. The court opined that where such a cited mark that is identical with or similar to the later mark and has acquired certain reputation by means of continuous use, the later mark shall not be approved for registration, provided that the applicant of the later mark

fails to prove that its prior mark has been used or has acquired reputation through use insofar as it is unlikely to create confusion among the relevant public.

The retrial court reasoned that Monalisa's prior mark has been recognized as well-known as of 16th October 2006 yet the application date of the later (disputed) mark is 10th November 2004. That is, at the time when Monalisa filed for the disputed mark, there is no evidence to prove that its prior mark had been known by the relevant public and acquired remarkable reputation. The prior mark is registered in class 19, yet the cited mark and the disputed mark are designated to be used on goods in class 11. The reputation of a trademark registered in class 19 cannot necessarily extend to goods in class 11. Again, the evidence adduced by Monalisa failed to prove that the reputation of the prior mark in respect of tiles suffices to distinguish the disputed mark from the cited mark, when the former is used on "bathroom (flush toilet), toilet" and would not cause confusion or misidentification among the relevant public.


The retrial court therefore threw out the continuation registration argument of Monalisa.


Comments


The Beijing High Court boils down the matter to the extension of reputation rather than the continuation of the mark *per se*.

It is interesting because in 2017, the SPC has categorically denied in *Spider King Group Co., Ltd. v TRAB and USA Spider Group Limited*, trademark continuation registration (except through registration renewal), where applicants attempt to leverage prior registration in boosting the chance of registrability of a later similar trademark. But the SPC acknowledged that reputation built up on a prior registration may be extended, but this is not automatic.

It also reminds us of the civil dispute *Monalisa v Monalisa BS et al.* [(2017) Zui Gao

Fa Min Zai No. 80], where Monalisa contended that its  mark (prior mark in this case) in class 19 should be granted protection in class 11 so that Monalisa BS's

use of  mark (cited mark in this case) constitutes trademark infringement of its prior mark. The argument was dismissed by the SPC on the ground that the application date of the cited mark predates the time when the prior mark has reached well-known.

The Beijing High Court and the SPC has reached consensus in this: where a registrant's prior mark failed to stop an in-between registration of a third party in another class, the same registrant's later mark in the same class as the third party's registration may be challenged by the said in-between registration. 

n° 35 WHD Insights: PT | China's judicial landscape on infringement assessment over offering to sell a patented drug

Tiejun Tang, Yuming Wang, Jianhui Li, 13 December 2022, first published by [MIP](#)

An evolving judicial landscape

China's judicial practice over infringement assessment and damages award surrounding offering to sell a patented drug has been evolving over the last 20 years. The landscape has undergone seismic changes that the balance has been increasingly tilted in favor of the patentee.

Offering for sale used to be characterized by Chinese courts as the preparatory stage of sale rather than a standalone act. The judicial infringement assessment over offering to sell a patented drug relied heavily on the availability of the infringing drugs for over a decade. That is to say, in case there was no infringing product readily available for sale, courts were prone to find non-infringement.

In *Eli Lilly and Company v. Gan & Lee Pharmaceuticals Co., Ltd.* (December 20, 2007), the Beijing High Court held that "The act of offering to sell, which predates actual sale, aims to facilitate sale. In order to serve that purpose, not only shall the alleged infringer manifest an explicit intention to sell the infringing product, but also the said product shall be available for sale when such intention is manifested." The court therefore concluded that despite the defendant's promotion of the alleged infringing "Prandilin" insulin on its website, evidence did not suffice to prove that the promotion was designed for the purpose of selling the product and the act did not constitute offering for sale. No offering for sale, no infringement.

The case set a high bar for the finding of offering for sale and the doctrine seemed to be advocated by the Beijing courts until 2017, as this case was cited in the "*Interpretation and Application of the Beijing High Court's Patent Infringement Assessment Guideline (2017)*" as an exemplary case to underline that the availability of the infringing product is a key parameter in the finding of offering for sale. Infringers with "legal acumen" cunningly circumvented infringement liability, employing the following tactic: promoting patented drugs at fairs and exhibitions and only setting in motion manufacture upon receiving orders.

Fortunately, there was dissenting opinions. In *BASF SE v. Hailir Pharmaceutical Group Co., Ltd. et al.* (September 22, 2015), the Shanghai No. 1 Intermediate Court took a different stance from the Beijing courts, finding that "The act of offering to sell is a standalone patent exploitation act, which does not necessarily hinge on the simultaneous existence of manufacture or sale. In the meantime, the manifestation of intention to sell is not necessarily based on the premise of the physical existence of the accused infringing product."

This is a positive step forward in assessing infringement of the act of offering for sale. Nevertheless, patentees still face another hurdle in obtaining monetary damages

associated with offering for sale as courts have yet recognized the harm caused by the offering to sell act. No harm, no damages. In *BASF SE v. Shandong Binnong Technology Co., Ltd.* (June 30, 2016), despite the finding of offering for sale, the Shanghai Intellectual Property Court denied the patentee's request for damages, only awarded BASF reasonable expenses incurred for stopping the infringement. The rationale behind this is: "As to the amount of damages, given that the defendant's offering to sell act did not result in the decrease of the market share of the plaintiff's patented products and thus cause no actual losses to the plaintiff, the court found the plaintiff's request for damages is without merit". The reasoning was affirmed by the Supreme People's Court (SPC) in *Beijing HuaJieSheng Electromechanic Equipment Ltd. v. Shenzhen DingSheng Gate Control Technology Ltd.* (December 31, 2018), where the retrial petitioner's request for damages was also overruled.

Three years later, the SPC seemed to have a change of mind. It expatiates in *Shenzhen Kean Silicone Product Co., Ltd. v. Dongguan Yatian Silicone Product Co., Ltd. et al.* (May 10, 2021) that "The existence of the act of offering to sell will cause reasonably foreseeable damage to the patentee, like price erosion of the patented product, decrease or delay of business opportunities. Where there is a wrong there is a remedy. Unless otherwise specifically provided by laws, the remedy should include at least two most fundamental forms of tort liability, namely cessation of infringement and indemnification for losses, rather than only one of them." That is to say, patentees may request the indemnification of damages, apart from cessation of infringement, in cases of infringement surrounding offering to sell act.

In 2022, the SPC uses two decisions in *Nanjing Hencer Pharmaceutical Co., Ltd. v. Nanjing IP Office* and *Nanjing Lifenergy R&D Co., Ltd. v. Nanjing IP Office* (June 22, 2022) to clarify several key issues, including whether offering for sale hinges on the availability of the patented drug, whether a disclaimer from the accused infringer helps exempting the infringement liability, and whether Bolar exemption applies to the act of offering for sale.

Facts

Bayer Intellectual Property GmbH ("Bayer") owns the invention patent relating to the blockbuster anticoagulant drug rivaroxaban. On November 29, 2019, Bayer filed a complaint with the Nanjing Intellectual Property Office ("IP Office"), alleging that Nanjing Hencer Pharmaceutical Co., Ltd. and its subsidiary Nanjing Lifenergy R&D Co., Ltd. (collectively referred to as "alleged infringers") had infringed its patent by offering to sell the rivaroxaban products. Bayer contended that the alleged infringers were engaged in offering to sell the patented drug by promoting rivaroxaban tablets and rivaroxaban APIs at the 18th Chemical Pharmaceutical Ingredient China Exhibition ("CPhI") and on their websites by ways of displaying the packaging bottle and box with clear product specification, registered trademarks and manufacturer information. Bayer requested cessation of the infringement.

Bayer's allegation met the following rebuttals:

1. The accused did not manifest a substantive intention to sell. Without acquiring a registration license for rivaroxaban, the accused is not allowed to manufacture and/or sell the drugs. Moreover, the accused had explicitly included a disclaimer

in the CPhI promotion material, which read "*Patented products (are) available for research & development use as permitted under CFR35 sec.271 (e)(1)*". Therefore, the alleged acts did not constitute offering for sale.

2. Even if the acts did constitute offering for sale, they should be exempted from patent infringement liability as the acts fall under the scope of Bolar exemption as stipulated in Article 69.5 of the 2008 Patent Law. The accused infringers argued that Bolar exemption *implicitly* includes the acts of "sale" and "*offering for sale*". The target audience of the accused is the pharmaceuticals that are about to apply for the registration of the generic version of rivaroxaban, thus the alleged acts constituted offering for sale "aiming to provide the information required for regulatory examination and approval" for others.

On May 25, 2020, the Nanjing IP Office made administrative decisions in favor of Bayer, finding that the alleged acts constituted offering for sale and ordered cessation. The alleged infringers filed administrative lawsuits, challenging the decisions of the Nanjing IP Office before the Nanjing Intermediate Court, which sided with the Nanjing IP Office. The alleged infringers appealed to the SPC IP Court.

The court of appeal dismissed the appeals based on the reasoning below:

1. Offering to sell is a statutory and independent act of infringement. The assessment over whether the tortfeasor is to bear civil liability associated with offering to sell act is not based on the premise of the actual occurrence of sales activity. Where a sale agreement is reached, the act no longer falls under the category of offering for sale. It is indeed sale. The act of offering to sell may postpone the purchase of patented products made by unspecified buyers from the patentee and would consequently undermine the legitimate rights and interests of the patentee.
2. In essence, offering to sell is a unilateral manifestation of the seller's intention, which does not hinge on the availability for sale of the infringing product. Offering for sale may be established as long as the intention to sell is clearly manifested. The absence of contractual terms like price, supply of goods, and product batch number, has no bearing on the determination of offering for sale. Offering to sell may aim at specified or unspecified targets, and it may appear in the form of an offer or an invitation for offer. The alleged infringers have manifested explicit intention to sell the products, which constituted offering for sale.
3. The acts of the alleged infringers like indicating the original drug manufacturer and the original drug as well as the inclusion of disclaimer serve the purpose of facilitating the potential buyer's purchase of the infringing product and have no bearing on the determination of offering for sale.
4. Bolar exemption may serve as a non-infringement defence in either of the two scenarios: where an entity is applying for regulatory examination and approval on its own account or for the purpose of facilitating the application for regulatory examination and approval of another entity. In the second scenario, Bolar exemption does not apply unless the accused is assisting another entity

that does exist in reality, in acquiring the said regulatory approval. The accused, in this case, targeted unspecified audience, rather than a specific entity that was about to apply for the registration of the generic version of rivaroxaban products. Bolar exemption thus is not applicable to the alleged infringers.

5. Bolar exemption does not exempt the infringement liability of "offering to sell". Although the alleged infringers attempted to justify their act, arguing that promotion enabled them to reach out to potential generic drug makers, the Court found the argument inconsistent with the express provisions of law and ruled that the act would unreasonably squeeze the legitimate interests of the patentee.

Comments

The SPC's aforesaid decisions are expected to help establish a stable jurisprudence in terms of infringement assessment surrounding offering to sell patented drugs.

For starters, the SPC significantly lowers the threshold for assessing the act of offering for sale, affirming the below principles:

1. The finding of offering for sale is not based on the actual occurrence of sales activity;
2. The unavailability of the products being offered for sale, the absence of contractual terms and the inclusion of disclaimer has no bearing on the finding of offering for sale; and
3. Offering for sale may be established as long as the intention to sell is clearly manifested.

Secondly, it reiterates that Bolar exemption should be interpreted literally so that the entities eligible to invoke the clause are either 1) "an entity manufactures, uses, or imports a patented medicine or a patented medical apparatus" for the purpose of providing information needed for regulatory examination and approval *on its own account* or 2) "another entity that manufactures, imports the patented medicine or the patented medical apparatus *specifically* for the aforesaid entity". In other words, in the context where an entity is assisting another in the process of seeking regulatory approval for patented drug or medical apparatus, the latter shall be a specific entity, rather than a pool of unspecified audience. The SPC makes it clear that the Bolar exemption shall not be broadly interpreted insofar as to cover the entity that offers for sale and appeals to unspecified targets. 