

# Application of Behaviour Preservation in International IP Parallel Litigation

— Comments on *Huawei v. Conversant*

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## Introduction

In the disputes over declarations of non-infringement and standard-essential patent (SEP) licensing between Huawei Technologies Co., Ltd., Huawei Device Co., Ltd.,

Huawei Software Technologies Co., Ltd. and Conversant Wireless Licensing S.à.r.l. (hereinafter referred to as “Conversant”), the Supreme People’s Court (hereinafter referred to as “the Supreme Court”) issued the Behaviour Preservation Ruling (hereinafter referred to as “the Ruling in

<sup>12</sup> *China Trade and Development v. Choong Yong*, 837 F.2d 33, 35-36 (2d Cir. 1987).

<sup>13</sup> 參見法國巴黎大審法院在IPCom與聯想專利糾紛案中“反禁訴令”的裁決,案號:n° 19/59311。

<sup>14</sup> 參見慕尼黑第一地區法院、慕尼黑高等地區法院就諾基亞與大陸集團(CAS)標準必要專利糾紛分別於2019年8月30日、2019年12月12日所作裁決。

<sup>15</sup> 參見全國人大常委會法制工作委員會民法室編著:《中華人民共和國民事訴訟法解讀》,中國法制出版社2012年版,第261頁。

<sup>16</sup> 法釋[2018]21號。

<sup>17</sup> 《行為保全司法解釋》第7條規定:人民法院審查行為保全申請,應當綜合考量下列因素:1.申請人的請求是否具有事實基礎和法律依據,包括請求保護的知識產權效力是否穩定;2.採取行為保全措施是否會使申請人的合法權益受到難以彌補的損害或者造成案件裁決難以執行等損害;3.不採取行為保全措施對申請人造成的損害是否超過採取行為保全措施對被申請人造成的損害;4.採取行為保全措施是否損害社會公共利益;5.其他應當考量的因素。

<sup>18</sup> 參見本文“最高法院裁決理由”部分,在此不贅。

<sup>19</sup> 同註2。

<sup>20</sup> *Microsoft Corp. v. Motorola, Inc.*, 696 F.3d 872, 881 (9<sup>th</sup> Cir. 2012).

<sup>21</sup> 裁定的原文為:“夏普株式會社及其關聯公司在本案終審判決作出之前,不得向其他國家、地區的司法機關以本案所涉全部、部分或者某一專利為權利依據,針對OPPO廣東移動通信有限公司及其關聯公司提出新的專利侵權訴訟,和/或要求新的司法禁令(包括永久禁令和臨時禁令)或類似的救濟措施,參見(2020)粵03民初689號之一民事裁定書。

<sup>22</sup> 如在唐德公司訴燦星公司、世紀亮麗公司等商標侵權及不正當競爭糾紛案中,唐德公司提供1.3億元人民幣的現金擔保,法院裁定採取行為保全措施,參見北京知識產權法院(2016)京73行保1號民事裁定書。

<sup>23</sup> 參見全國人大常委會法制工作委員會民法室編著:《中華人民共和國民事訴訟法解讀》,中國法制出版社2012年版,第262頁。

<sup>24</sup> 在華泰財產保險有限公司深圳分公司與克利伯租船公司海上貨物運輸提單糾紛案中,受訴法院責令克利伯租船公司立即向中華人民共和國香港特別行政區高等法院申請撤回HCCT28/2017號禁訴令,此案裁定書顯示法院並未要求請求人提供擔保。參見武漢海事法院(2017)鄂72行保3號民事裁定書。

<sup>25</sup> 德國法院在處理此類案件時在裁決中載明此類內容。參見慕尼黑第一地區法院2019年7月11日在*Nokia Technologies Oy v. Continental Automotive Systems INC*所作禁令,案卷編號:21 O 9333/19。

the Huawei case” or “Huawei case”) on 28 August 2020 upon the application of Huawei Technologies Co., Ltd., ordering Conversant not to apply for enforcing the First-Instance Judgment for cessation of infringement issued by the District Court of Düsseldorf, Germany, on 27 August 2020 prior to the Supreme Court’s final judgments for the Chinese cases.<sup>1</sup> As being not satisfied with the Ruling, Conversant applied for review with the Supreme Court, which dismissed Conversant’s application on 11 September 2020.<sup>2</sup> Huawei<sup>3</sup> and Conversant have been involved in parallel litigation in China and Germany due to disputes over SEP licensing, and the Supreme Court expounded in the Ruling in the Huawei case the requirements for the application of behaviour preservation that ordered a party to suspend its application for the enforcement of a judgment issued by a foreign court. After the issuance of the Ruling in the Huawei case, two local Chinese courts granted similar preservation measures to restrain a party’s acts in extraterritorial litigation.<sup>4</sup> It is foreseeable that under the guidance of the Ruling in the Huawei case, more and more parties concerned will seek similar remedy in Chinese courts in the international intellectual property parallel litigation.

There are still issues worthy of discussion concerning the application of behaviour preservation in the international intellectual property parallel litigation. Based on an overview of the Ruling in the Huawei case, this article is going to delve into the factors considered in the application of behaviour preservation in intellectual property parallel litigation, and put forward suggestions for improving such behaviour preservation.

## I. Overview of the Ruling in the Huawei case

### 1. Basic facts

On 25 January 2018, Huawei filed three lawsuits in Nanjing Intermediate People’s Court (hereinafter referred to as “the first-instance court”) of Jiangsu Province, requesting the court to (1) declare Huawei’s manufacture, sale and offer for sale of mobile terminal products in China do not infringe Conversant’s invention patents Nos. ZL00819208.1, ZL200580038621.8 and ZL200680014086.7, and (2) determine all the SEPs, which are owned and could be legally authorized by Conversant, are claimed to be and actually essential to the 2G, 3G, 4G standards or technical specifications, and are actually exploited by Huawei, comply with

fair, reasonable and non-discriminatory licensing terms (including royalties). On 16 September 2019, the first-instance court upheld Huawei’s second claim, but dismissed the first one.<sup>5</sup> As being not satisfied with the First-Instance Judgment, Conversant appealed to the Supreme Court, wherein three lawsuits (hereinafter referred to as “Chinese lawsuits”) are being in the second instance.

On 20 April 2018, Conversant instituted a lawsuit (hereinafter referred to as “German lawsuit”) to the District Court of Düsseldorf, Germany, asserting that Huawei infringed its SEPs Nos. EP1797659, EP1173986 and EP1878177 and requesting the court to order Huawei to, among other things, cease infringement, pay damages to compensate for the infringement, and destroy and recall infringing products. The above-mentioned European patents asserted by Conversant in the German lawsuit are respectively counterparts in the same family to the three patents in the Chinese lawsuits. On 27 August 2020, the District Court of Düsseldorf issued the First-Instance Judgment, barring Huawei from selling, using, importing or owning relevant mobile terminal products in Germany. Under German law, Conversant may apply for the enforcement of this judgment with security. Huawei asserted that Conversant’s application for the enforcement, if filed, in the District Court of Düsseldorf, would cause irreparable damage to Huawei and render it difficult to enforce the final judgments in the Chinese lawsuits. Hence, Huawei filed an application for behaviour preservation with the Supreme Court to prohibit Conversant from applying for the enforcement of the cessation of infringement judgment before the Supreme Court’s final judgments are made.

### 2. Grounds in the Supreme Court’s rulings

The Supreme Court held that as for Huawei’s application for behaviour preservation prohibiting Conversant from applying for the enforcement of the German judgment before the Supreme Court’s final judgment, consideration should be given to the following five factors for a comprehensive evaluation:

(1) The impact of the enforcement of the judgment made by an extraterritorial court on litigation in China. The Supreme Court held that, first of all, from the perspective of the subject of the lawsuits, the litigants in the Chinese and German lawsuits are basically the same; second, from the perspective of the objects, although the Chinese and German lawsuits are different in terms of nature, their trial objects partially overlapped; and finally, from the perspective

of the effect, if Conversant applies for the enforcement of the German judgment and obtains the approval, it will interfere with the Chinese lawsuits, and it is very likely to render the hearing and judgments in China meaningless. In conclusion, Conversant's application for the enforcement of the cessation of infringement judgment of the District Court of Düsseldorf will have a substantial negative impact on the trial progress and the future enforcement of the judgments of the three Chinese cases.

(2) The necessity of behaviour preservation measures. The Supreme Court held that if Conversant files an application for the enforcement of the cessation of infringement judgment of the District Court of Düsseldorf, Huawei will either be forced to withdraw from the German market, or be forced to accept Conversant's terms to reach a settlement. In the former circumstance, Huawei's market losses and the lost business opportunities as a result of being expelled from the German market cannot be compensated by money afterwards. In the latter circumstance, under the pressure of the cessation of infringement judgment, Huawei has to accept Conversant's terms which is 18.3 times the SEP license royalty rate determined by the first-instance court, and may be deterred from obtaining legal remedies in the three Chinese cases. No matter how the rate is determined in the Chinese cases, the judgments will in fact be difficult to enforce. Since in either circumstance, the damage to be suffered by Huawei can hardly be compensated, and it is necessary to take behaviour preservation measures.

(3) A reasonable balance of interests between Huawei and Conversant. The Supreme Court held that, if Conversant's application for the enforcement of the cessation of infringement judgment of the District Court of Düsseldorf is approved, in the absence of corresponding behaviour preservation measures, Huawei will suffer irreparable damage. On the contrary, if the Supreme Court grants behaviour preservation, the suspension of the enforcement of the judgment of the District Court of Düsseldorf will not affect Conversant's other litigation rights in Germany. Meanwhile, Conversant is the right holder of the SEPs and its core interest in the German lawsuit is to obtain monetary compensation. The suspension of the enforcement of the cessation of infringement judgment of the District Court of Düsseldorf may only cause limited damage to Conversant. In comparison, the potential damage to Huawei in the absence of behaviour preservation obviously exceeds that to Conversant due to behaviour preservation, so behaviour preservation is

reasonable.

(4) Whether taking behaviour preservation measures will harm the public interest. The Supreme Court analyzed that the Chinese lawsuits and the German lawsuit mainly involve the interests of Huawei and Conversant. The object of behaviour preservation is to prohibit Conversant from applying for the enforcement of the cessation of infringement judgment of the District Court of Düsseldorf before the Supreme Court makes the final judgments, therefore no public interest will be affected.

(5) Consideration of international comity. The Supreme Court held that regarding international comity, the time sequence of case acceptance, whether the jurisdiction is appropriate, whether the impact on the extraterritorial trial and judgment is tolerable, etc. should be taken into account. In terms of the time sequence of case acceptance, the Chinese lawsuits were accepted in January 2018, whereas the German lawsuit was accepted in April 2018. The Chinese lawsuits were accepted first. To prohibit Conversant from applying for the enforcement of the judgment of the District Court of Düsseldorf before the final judgments in the Chinese cases neither affects the subsequent trial of the German lawsuit nor detracts from the validity of the German judgment, but only suspends its enforcement. The impact on the trial and judgment of the German lawsuit is within a tolerable extent.

## II. Factors considered in the application of behaviour preservation in intellectual property parallel litigation

### 1. Specialties of behaviour preservation in international intellectual property parallel litigation

In the Ruling in the Huawei case, the Supreme Court determined that the prohibition of one party from applying for the enforcement of a foreign court's judgment is in the nature of behaviour preservation, which clarified the basis for the application of law in the trial of the cases.

Before the Ruling in the Huawei case, Chinese courts have granted behaviour preservation in intellectual property litigation to stop emergent or ongoing alleged acts<sup>6</sup> of infringement, unfair competition<sup>7</sup> or breach of contract. Such behaviour preservation measures are taken against litigants in Chinese lawsuits, and the acts as the objects to be preserved are emergent or ongoing conducts accused of,

among other things, infringement or breach of contract in China. The acts preserved in international intellectual property parallel litigation, such as in the Huawei cases, are characterized by the following specialties: one is that the acts do not occur in China, but in other jurisdictions; and the other is that they are not acts alleged of, e.g., infringement of intellectual property rights or breach of contract, but legal actions carried out or to be carried out by respondents.

As for the objects of behaviour preservation, the Ruling in the Huawei case ordered Conversant to suspend its application for the enforcement of the cessation of infringement judgment of the District Court of Düsseldorf. In *OPPO v. Sharp Corporation*, the behaviour preservation banned the respondent from filing a new patent infringement lawsuit or applying for injunctive relief in other jurisdictions.<sup>8</sup>

Regarding the application of behaviour preservation in international intellectual property parallel litigation, Chinese courts can gain some enlightenment from extraterritorial judicial practice. In international parallel litigation, in the United Kingdom and the United States, a party's extraterritorial acts can be restricted by an anti-suit injunction. An "anti-suit injunction" is one type of injunctions. The High Court of Justice may by order (whether interlocutory or final) grant an injunction in all cases in which it appears to the court to be just and convenient to do so.<sup>9</sup> As for proceedings brought by a party in a foreign jurisdiction, Lord Justice Toulson in the Court of Appeal held that a party seeking "an anti-suit injunction" must generally show that proceeding before a foreign court is or would be vexatious or oppressive.<sup>10</sup> In brief, an anti-suit injunction can be granted if required by the "ends of justice", and generally speaking, an anti-suit injunction would only be granted where pursuit of proceedings in a foreign court would be vexatious or oppressive.<sup>11</sup> The US court held that it is obliged to protect its own jurisdiction, and may grant "an anti-suit injunction" when a foreign action threatens its jurisdiction.<sup>12</sup> The French court held that if proceeding in a foreign court by a party constitutes illegal interference with the other party, it has the jurisdiction to take necessary preservation or restoration measures in accordance with Article 835 of the French Code of Civil Procedure to restrict extraterritorial litigation.<sup>13</sup> If an extraterritorial action constitutes illegal interference with a German litigant, the German court may grant an injunctive relief to the other party according to the injunction claim as prescribed in Sections 1004 and 823(1) of the

German Civil Code.<sup>14</sup>

The core of the behaviour preservation system stipulated in the Civil Procedure Law of the PRC is that a court may restrain a party's act which makes it difficult to enforce the judgment or causes other damage to the other party by ordering the party to perform or to refrain from a specific act.<sup>15</sup> In view of the intent of China's behaviour preservation system and with reference to the restriction of a party's extraterritorial litigation in countries such as the U.K., the U.S., France and Germany, Chinese courts may take preservation measures to regulate a party's act if, in the intellectual property parallel litigation, the party's extraterritorial act renders it difficult to enforce a judgment made by a Chinese court or is vexatious or oppressive to a litigant in China, thereby defeating the ends of justice.

## 2. Analysis of factors considered in the application of behaviour preservation in intellectual property parallel litigation

Article 100.1 of the Civil Procedure Law of the PRC stipulates the requirement for the application of behaviour preservation, that is, the act of a party may render it difficult to enforce the judgment issued by a Chinese court, or cause other damage to the other party. The Provisions of the Supreme People's Court on Several Issues Concerning the Application of Law in Cases Involving the Review of Behaviour Preservation in Intellectual Property Disputes<sup>16</sup> (hereinafter referred to as "the Behaviour Preservation Judicial Interpretation") clarifies the rules for the application of behaviour preservation in intellectual property disputes, as well as the factors to be considered in the application of behaviour preservation (hereinafter referred to as "factors considered in the application of behaviour preservation as listed in the Judicial Interpretation").<sup>17</sup> Behaviour preservation in the international intellectual property parallel litigation has its own specialties, therefore the court shall make adjustment as appropriate to the factors considered in the application of behaviour preservation as listed in the Judicial Interpretation, which has been shown in the Ruling in the Huawei case.

In the Ruling in the Huawei case, the Supreme Court clearly pointed out the five factors that need to be considered regarding the application for the suspension of the enforcement of an extraterritorial court's judgment.<sup>18</sup> However, the first factor considered in the application of behaviour preservation as listed in the Judicial Interpretation, namely, "whether the applicant's request has a factual basis and a legal basis, including whether the validity of the claimed in-

tellectual property right is stable”, is not included in the aforementioned five factors. The behaviour preservation suspending the enforcement of an extraterritorial court’s judgment does not involve judgment on a party’s claims, such as on whether infringement establishes, in a case heard in a Chinese court, and the court does not need to make judgment on such issues as the validity of the intellectual property right in suit, so it is reasonable for the Supreme Court to exclude this factor from consideration. In view of the characteristics of the application for suspending the enforcement of an extraterritorial court’s judgment, the Supreme Court gives full play to the miscellaneous function of the fifth factor considered in the application of behaviour preservation as listed in the Judicial Interpretation, i.e., “other factors that should be considered”, and incorporated international comity in reviewing such behaviour preservation applications. In addition, the Supreme Court also conducted in-depth analysis and argumentation of other factors as listed in the Judicial Interpretation, such as the necessity of taking behaviour preservation (i.e., whether taking no behaviour preservation measures will cause irreparable damage to the applicant’s legitimate rights and interests or make the judgment of the case to be difficult to enforce), the reasonable balance of the party’s interests and whether behaviour preservation measures will impair the public interest. The Supreme Court’s explanation of the above factors clarifies the standards of application of law in cases involving such behaviour preservation. The author of this article fully endorses the Supreme Court’s Ruling, which will not be reiterated herein.

In the Ruling in the Huawei case, the Supreme Court explained “difficult to enforce the judgment” as mentioned in Article 100.1 of the Civil Procedure Law when analyzing the requirements for behaviour preservation, which is of great significance. As stated above, one of the circumstances under which a court may grant behaviour preservation is that a party’s act renders it “difficult to enforce the judgment”. The Supreme Court held that if the cessation of infringement judgment issued by the District Court of Düsseldorf is enforced as Conversant applied, Huawei may be deprived of its opportunity to seek legal remedies in the Chinese litigations. This will, on the one hand, cause irreparable damage to Huawei and, on the other hand, interfere with the trial of the three Chinese cases, render their trial and judgments meaningless, and have a substantially negative impact on the progress of the trial and the enforcement of the judg-

ments. In response to the Conversant’s application for review, the Supreme Court emphasized in its Review Ruling that the aim of the original Ruling was to suspend Conversant’s application for the enforcement of the German Judgment so as to safeguard the trial order and enforcement of the judgments of the three cases in China.<sup>19</sup> The reasoning given by the Supreme Court shows that the trial order and the enforcement of the judgment are crucial in considering whether or not to grant the behaviour preservation. Although it is not explicitly stipulated in the Civil Procedure Law of the PRC that prevention of any interference with the trial order of a case is a requirement for behaviour preservation, trial order is a prerequisite for a court to exercise of its jurisdiction, as well as make and enforce its judgment. Hence, the Supreme Court’s interpretation of “difficult to enforce the judgment” is logically reasonable and conforms to the intent of the behaviour preservation system.

### III. Suggestions on improved application of behaviour preservation in international parallel litigation

#### 1. Flexible interpretation of certain requirements for the application of behaviour preservation in international parallel litigation

In consideration of the characteristics of international intellectual property parallel litigation, some requirements for behaviour preservation stipulated in the Civil Procedure Law of the PRC should be interpreted in a flexible way.

First, the scope of “a party”. According to the aforesaid Article 100.1 of the Civil Procedure Law, it is necessary to take behaviour preservation measures only when “a party’s act or other reason may render it difficult to enforce the judgment, or cause other damage to the (other) party”. Literally interpreted, the term “party” generally refers to a party in a case accepted by the Chinese courts. In the Huawei case, Conversant is the defendant in the Chinese lawsuits and the plaintiff in the German lawsuit. As one party in the Chinese lawsuits, Conversant’s acts in Germany can be the object of behaviour preservation under China’s Civil Procedure Law. However, parties in international intellectual property parallel litigation are not exactly the same under many circumstances. For instance, in the Huawei case, the parties in the Chinese lawsuit are Huawei Technologies Co., Ltd. and its Chinese affiliates and Conversant, whereas



the parties in the German lawsuit are Conversant and its German affiliates, as well as Huawei Technologies Co., Ltd. and its German affiliates. In other words, Conversant's German affiliates are not a party in the Chinese lawsuits. Under such circumstances, can the Chinese court enjoin Conversant's German affiliates from applying for the enforcement of the German Judgment? The author opines that the reasoning given by the Supreme Court in its Ruling in the Huawei case that "the parties in the Chinese and German lawsuits are substantially the same" should be followed, that is to say, Conversant's German affiliates and Conversant should be regarded as substantially the same parties as they have the same litigation interest and goals. In regard to restricting a party from initiating extraterritorial litigation, extraterritorial courts adopt relatively flexible standards. For instance, when considering an anti-suit injunction, the U.S. court does not require the parties in the U.S. litigation and those in the extraterritorial litigation to be exactly the same, but only requires that the parties in both proceedings are functionally the same.<sup>20</sup>

The standard that "the parties are substantially the same" set by the Supreme Court in the Ruling in the Huawei case is very important for the application of behaviour preservation in the international parallel litigation. Regarding the object of behaviour preservation, the extraterritorial acts of a Chinese litigant and its affiliate can be covered by behaviour preservation granted by a Chinese court. Moreover, those who may derive benefit from behaviour preservation, in addition to the Chinese litigants, also include their affiliates in China or other jurisdiction. In *OPPO v. Sharp Corporation*, a dispute over SEP licensing, the applicants of behaviour preservation are OPPO Guangdong Mobile Communications Co., Ltd. and its Shenzhen Branch, while the respondents are Sharp Corporation and ScienBiziP Japan Co., Ltd. In its ruling granting behaviour preservation, Shenzhen Intermediate People's Court ordered that Sharp Corporation and its affiliate shall refrain from certain types of litigation actions against OPPO Guangdong Mobile Communications Co., Ltd. and its affiliate.<sup>21</sup> Incorporating affiliates of the applicant and the respondent into the scope of behaviour preservation is helpful for keeping disputes between the parties as they are, preventing the respondent from manipulating its affiliate to interfere with the lawsuit or the enforcement of a judgment in China or impair the interests of the applicant and its affiliate, thereby achieving the purpose of the behaviour preservation system.

Second, security provided by an applicant of behaviour preservation. According to Article 11.1 of the Behaviour Preservation Judicial Interpretation, "an applicant who applies for behaviour preservation shall provide security according to law". In judicial practice, when granting preservation, a court generally demands the requesting party to provide security, the amount of which in some cases can be enormous.<sup>22</sup> The author is of the opinion that in intellectual property parallel litigation, Chinese courts can flexibly decide the security for behaviour preservation for the following reasons: (1) the Civil Procedure Law of the PRC sets forth no mandatory security. Article 100.2 of the Civil Procedure Law stipulates that when granting preservation, the court may demand the applicant to provide security. Accordingly, a court "may", rather than "shall" or even "must", require security, that is, the court is empowered to make decision at its discretion.<sup>23</sup> (2) Parties in intellectual property parallel litigation are usually powerful multi-national companies. Even if they err in applying for behaviour preservation, they are capable of compensating the other party's loss. (3) In parallel litigation, the U.S. and the U.K. courts issue "anti-suit injunctions", French and German courts take preservation and injunction measures, and the maritime court of China issues maritime injunctions<sup>24</sup>, none of which require applicants to provide security.

Thus, when reviewing the preservation application in parallel litigation, the court should set security on a case-by-case basis. If all the applicants were required to furnish security with no exception, it would inevitably burden them, and become detrimental to their exercise of litigation rights and protection of substantial rights.

## 2. Enforcement of behaviour preservation in intellectual property parallel litigation

As for preservation aiming at limiting extraterritorial behaviours in parallel litigation, the restrained parties may turn to obtain, from extraterritorial judicial authorities, "anti-anti-suit injunctions", preservation or injunctions as a counter measure. To ensure the enforcement of the behaviour preservation measures, the Supreme Court explained in the Review Ruling in the Huawei case that "as an effective ruling, the behaviour preservation measure determined therein should be respected and implemented by both parties. They should correctly understand and completely comply with behaviour preservation determined in the Ruling, and should not refuse, circumvent or hinder its enforcement in any manner, especially shall not apply with any German

court for an injunction against the enforcement of the said ruling.” The Supreme Court further clarified the legal consequences of violating the original ruling, that is, the person who is in charge or directly responsible may face fines, detention, or even criminal charges if any of his conduct constitutes a crime. Such clarification is of great significance for ensuring the implementation of behaviour preservation measures.

For the purpose of enforcing the behaviour preservation order, there are still other options for an applicant as well as a court. For instance, the applicant may expressly request in its application for behaviour preservation that the requested party shall restrain from taking further legal actions, such as applying for “anti-anti-suit injunctions”, other injunctions, and the like, against the preservation granted by the Chinese courts in other jurisdictions so as to prevent potential circumvention or obstacle in the implementation of the behaviour preservation measures of the Chinese courts. Where the court rules to grant behaviour preservation, it shall clarify the above contents in the ruling to clearly inform the respondent of the specified acts that it should do or restrain from doing so as to facilitate the execution of the ruling.<sup>25</sup>

## Conclusion

The application of behaviour preservation in international intellectual property parallel litigation is aimed to regulate the extraterritorial acts of one party that may make it difficult to enforce the judgment made by Chinese courts or cause other damage to the other party. It also contributes to protecting the parties from vexation or illegal interference and protecting a court’s jurisdiction. In the Ruling in the Huawei case, the Supreme Court systematically analyzed factors in the application of behaviour preservation, which provides clear guidance for local courts. In view of the specialties of such type of behaviour preservation, there is still room for flexible interpretation on those factors and requirements. Applicants and courts may enhance the implementation of behaviour preservation measures by clarifying the type of preserved behaviours. ■

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<sup>1</sup> See the Civil Ruling No.1 of the Supreme Court’s Civil Rulings Nos. Zuigaofazhiminzhong 732/2019, 733/2019, 734/2019.

<sup>2</sup> See the Civil Ruling No.2 of the Supreme Court’s Civil Rulings Nos. Zuigaofazhiminzhong 732/2019, 733/2019, 734/2019.

<sup>3</sup> Huawei Technologies Co., Ltd. and its Chinese affiliates were involved in the Chinese lawsuits, and Huawei Technologies Co., Ltd. and its German affiliates were involved in the German lawsuit. For brevity, Huawei Technologies Co., Ltd. and its affiliates are collectively referred to as Huawei herein.

<sup>4</sup> In *Xiaomi Communication Technology Co., Ltd., et al., v. InterDigital, Inc., et al.*, a dispute over SEP licensing rate, the Wuhan Intermediate People’s Court made a ruling on 23 September 2020, ordering the respondents to immediately withdraw or suspend the interim injunction request filed against the applicants in the Delhi District Court of India. See the Civil Ruling No. E01zhiminchu 169/2020. In *OPPO Guangdong Mobile Communications Co., Ltd., et al. v. Sharp Corporation, et al.*, a dispute over SEP licensing, the Shenzhen Intermediate People’s Court made a ruling on 16 October 2020, restraining the respondents from seeking remedies in an extraterritorial jurisdiction. See the Civil Ruling No. Yue03minchu 689/2020.

<sup>5</sup> See the Civil Judgments Nos. Su01minchu 232/2018, 233/2018 and 234/2018 issued by the Nanjing Intermediate People’s Court of Jiangsu Province.

<sup>6</sup> For instance, in *Taichang Juyitang Net Co. v. Jinmen Nanmin Culture Co. and Chen Zihao*, a dispute over a service contract, the court granted the preservation order, restraining Chen Zihao from live webcasting in any platform controlled by Guangzhou Tiger Tooth Co. or any other third-party platform. See the Civil Ruling No. Hu0115minchu 85395/2017 issued by the Shanghai Pudong New Area People’s Court.

<sup>7</sup> In *Talent Co. v. Canxing Co. and Century Liliang Co.*, a dispute over trademark infringement and unfair competition, the court granted behaviour preservation, ordering Canxing Co. to stop using the logo “the Voice of China” in marketing and promotion of any singing talent show. See the Civil Ruling No. Jing73xingbao 1/2016 issued by the Beijing Intellectual Property Court. In *China Novartis Institutes for BioMedical Research v. He Feng*, a dispute over trade secret, the court ordered the respondent not to disclose, use or allow others to use the documents listed as the applicant’s trade secret documents. See the Civil Ruling No. Huyizhongminbaozi 1/2014 issued by the Shanghai No.1 Intermediate People’s Court.

<sup>8</sup> See the Civil Ruling No. Yue03minchu 689/2020 issued by the Shenzhen Intermediate People’s Court.

<sup>9</sup> Supreme Court Act 1981, s 37(1).

<sup>10</sup> *Deutsche Bank AG v Highland Crusader Offshore Partners LP*, [2009] EWCA Civ 725; [2010] 1 WLR 1023.

<sup>11</sup> “Vexation or oppression” is a justified reason for a party to apply for “an anti-suit injunction”. As said by Lord Justice Toulson, it is too narrow to say that such an injunction may be granted only on grounds of vexation or oppression. *Deutsche Bank AG v Highland Crusader Off-shore Partners LP*, [2009] EWCA Civ 725; [2010] 1 WLR 1023.

<sup>12</sup> *China Trade and Development v. Choong Yong*, 837 F.2d 33, 35-36 (2d Cir. 1987).

<sup>13</sup> See the ruling issued by Tribunal de grande instance of France in *IP-Com v. Lenovo* (Case No. RG 19/59311).

<sup>14</sup> See the rulings respectively made by the Munich Regional Court I and the Munich Higher Regional Court on 30 August 2019 and 12 December 2019 in *Nokia Technologies Oy v. Continental Automotive Systems Inc.*, an SEP dispute.

<sup>15</sup> The Civil Law Office of the Legislative Affairs Commission of the Standing Committee of the National People’s Congress. *The Interpretation of the Civil Procedure Law of the PRC* (2012 edition, p. 261). China Legal Publishing House.

<sup>16</sup> No. Fa Shi 21/2018.

<sup>17</sup> The people’s court shall take the following factors into consideration in reviewing the application for behaviour preservation:

(1) whether the applicant’s request has a factual basis and a legal basis, including whether the validity of the claimed intellectual property right is stable;

(2) whether taking no behaviour preservation measures will cause irreparable damage to the applicant’s legitimate rights and interests or cause the judgment of the case to be difficult to enforce;

(3) whether the damage caused to the applicant by not taking behaviour preservation measures exceeds the damage caused to the respondent by taking the behaviour preservation measures;

(4) whether taking behaviour preservation measures harms the public interest;

(5) other factors that should be considered.

<sup>18</sup> See the subtitle 2, part I “Grounds in the Supreme Court’s ruling”.

<sup>19</sup> See supra note 2.

<sup>20</sup> *Microsoft Corp. v. Motorola, Inc.*, 696 F.3d 872, 881 (9th Cir. 2012).

<sup>21</sup> The Ruling states that “before the final judgement in this case, Sharp and its affiliates should not file, with a judicial authority in other countries or jurisdictions, a new patent infringement lawsuit and/or seek a new judicial injunction (including a permanent injunction and an interim injunction) against OPPO Guangdong Mobile Communications Co., Ltd. and its affiliate based on the patents in suit as a whole or in part or one of them”. See the Civil Ruling No. Yue03minchu 689/2020.

<sup>22</sup> For instance, in *Talent Co. v. Canxing Co. and Century Liliang Co.*, a dispute over trademark infringement and unfair competition, the Talent Co. provided the monetary security of RMB 0.13 billion. See the

Civil Ruling No. Jing73xingbao 1/2016 issued by the Beijing Intellectual Property Court.

<sup>23</sup> See supra note 15, p.262.

<sup>24</sup> In *Huatai Property Insurance Co., Ltd., Shenzhen Branch v. Clipper Boat Charter Co.*, a dispute over a marine bill of lading, the court ordered Clipper Boat Charter Co. to immediately withdraw the anti-suit injunction No. HCCT28/2017 issued by the High Court of the HK Special Administration Region of the PRC. The Ruling in this case showed that the court does not require the applicant to provide any security. See the Civil Ruling No. E72hangbao 3/2017 issued by the Wuhan Maritime Court.

<sup>25</sup> The German courts dealing with such cases have included such elements in their decisions. See the injunction issued by the Munich Regional Court I on 11 July 2019 in *Nokia Technologies Oy v. Continental Automotive Systems Inc.* (Case No.: 21O9333/19).

## China Plans to Set Up 20 More IPR Centers This Year

China plans to set up 20 more centers nationwide this year to offer quicker services and reduce duration and cost of intellectual property rights (IPR) protection, according to the country’s IPR watchdog.

The plan to establish the centers is part of China’s continuous efforts to strengthen IPR protection, said the China National Intellectual Property Administration. So far, the country has established more than 60 IPR protection centers and fast IPR service centers, providing easy, efficient and low-cost assistance to market entities.

The administration sets up IPR protection centers to address difficulties in obtaining evidence and reduce processing time and costs involved in IPR disputes, while the fast IPR service centers are aimed at providing county-level industry clusters quick IPR review, verification and protection.

Source: Xinhua