Declaratory Judgment in the US. and Chinese Courts

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The U.S. is well known throughout the world as a country of lawsuits. However, it was not an easy task to bring a declaratory judgment action into the U.S. courts. A plaintiff would have to satisfy the U.S. Constitutional “Cases and Controversies” requirement before she has a standing to sue. The standard set in the U.S. Declaratory Judgment Act does not provide clear guidelines for cases like the recent MedImmune v. Genentech. Further, a plaintiff would have to overcome common law imposed “Reasonable Apprehension Test”. The recent US Supreme Court’s ruling in MedImmune case eases some pains for those plaintiffs by removing this test. Comparatively, the history of Chinese declaratory judgment is short, and the principles behind it are unsettled, and the Chinese courts are also thinking to ease her standards to entertain more declaratory judgment actions. The purpose of this article is to introduce the development of the legal concepts in both countries and represents an attempt to make a comparative study.

Facts about MedImmune v. Genentech

MedImmune manufactures Synagis, a drug used to prevent respiratory tract disease in infants and young children. In 1997, it entered into a patent license agreement with Genentech covering an existing patent and a then-pending patent application. In December 2001, the then-pending application covered by the agreement matured into the “Cabyll II” patent. Soon thereafter, Genentech delivered MedImmune a letter expressing its belief that Synagis was covered by the Cablyll II patent and its expectation of receiving royalties beginning March 1, 2002.

MedImmune did not think royalties were owing, believing that Cablyll II patent was invalid and unenforceable, and that its claims were in any event not infringed by Synagis. Nevertheless, MedImmune considered the letter to be a clear threat to enforce the Cablyll II patent, and it would terminate the 1997 license agreement and sue for patent in—
fringement if MedImmune did not make royalty payments as demanded.\textsuperscript{7} If Genentech were to prevail in a patent infringement action, MedImmune could be ordered to pay treble damages and attorney’s fees, and could be enjoined from selling Synagis, a product that accounted for more than 80 percent of its revenue from sales since 1999.\textsuperscript{8} Unwilling to risk such serious consequences, MedImmune paid the demanded royalties “under protest and with reservation of all its rights”, then sought the declaratory relief in the Federal District Court.\textsuperscript{9}

The major question is jurisdictional question.\textsuperscript{10} More specifically: does a patent licensee who is not in breach of a licensing agreement have standing to bring a declaratory judgment action to challenge the validity, enforceability and infringement of the patent?\textsuperscript{11}

The U.S. Supreme Court answered positively to the question on January 9, 2007. With 8 to 1, the Court overturned lower courts decision, along with the rules set and practiced by the lower courts for many years. Justice Scalia has summed up the rule: a plaintiff must destroy a large building, bet the farm, or (as here) risk treble damages and the loss of 80 percent of its business, before seeking a declaration of its actively contested legal rights finds no support in Article III.\textsuperscript{12}

Legal authorities and history

To understand the ruling of this case, one will have to understand the legal authorities at the time of the ruling. The legal authorities involve are complicated and involves: the U.S. Constitution Art. III “cases and controversies”, U.S. Declaratory Judgment Act, and common laws developed throughout the history of judicial decisions at various levels of the U.S. Courts.

U.S. Constitution Article III “cases and controversies”: the ultimate law

The justiciability doctrine addresses criteria for the sort of disputes federal courts can adjudicate. The constitution delegated to federal courts “the judicial power” which, under Article III, extends only to “cases and controversies”. The various justiciability doctrines generally address three questions: "standing" addresses "who” can sue, ripeness and mootness doctrine addresses “when” can you sue, and political question doctrine addresses what topic you can sue on.\textsuperscript{13} For instance, under Art. III, the following cases are non-justiciable because there is no case or controversy:

1. Cases requesting advisory opinions. The Supreme Court has construed this requirement to preclude federal courts from giving advice to other departments outside formal cases or controversies.\textsuperscript{14} In 1793 when then-President George Washington sought an advisory opinion on questions of international law, the first Court politely declined. The then-Chief Justice replied by letter that the advice sought was beyond the Court’s competence.\textsuperscript{15}

2. Moot cases. Cases are moot when the underlying controversies are not real or when, for some reason, the underlying issue which generated the lawsuit has been resolved or dissolved in some fashion prior to adjudication. For instance, in North Carolina v. Rice, a plaintiff claimed a state university law school had not admitted him due to his race.\textsuperscript{16} The trial court granted an injunction ordering the Plaintiff’s admission. By the time the Supreme Court heard argument Plaintiff was in his final quarter of law school and the university said it would allow him to graduate regardless the outcome of the litigation. Accordingly, the Court deemed the case moot.\textsuperscript{17}

3. Premature cases and the ripeness requirement. This deals with the timing of a lawsuit. Cases harboring a potential real controversy may not be brought before the controversy ripens into a genuine, concrete dispute with the possibility of real adverse consequences for the parties. For instance, in United Public Workers v. Mitchell, where government employees challenged the Hatch Act for limiting them participating in political activities, the Court ruled that, except for one plaintiff who had already violated the statute’s prohibition, there was no Art. III “case” or “controversy”.\textsuperscript{18} The other plaintiffs alleged only their desire to participate in specified political activities and had not yet committed any acts in violation of the statute; therefore their suit was premature.\textsuperscript{19}

Whenever the Court cannot find answer in the statutory and common laws, it always returns to the U.S. Constitution. This is what Justice Scalia did in this case. He said the issue of this case is “whether MedImmune’s voluntary royalty payments causes the dispute no longer to be a case or controversy within the meaning of Article III.”\textsuperscript{20}

Declaratory Judgment Act: useful for patent-related matters

The Declaratory Judgment Act provides for the quick and efficient resolution of disputes, particularly where a wronged party has not yet sued for relief.\textsuperscript{21} It allows parties threatened with liability to adjudicate a contested matter promptly, limiting the unnecessary accrual of damages. This
statute has found particular use with regard to patent-related matters.\(^{22}\)

The Declaratory Judgment Act provides that, “in a case of actual controversy within its jurisdiction . . . any court of the United States . . . may declare the rights and other legal relations of any interested party seeking such declaration, whether or not further relief is or could be sought.”\(^{23}\)

Supreme Court in Aetna decided the constitutionality of Declaratory Judgment Act and developed a standard but failed to address cases like the current one

The Declaratory Judgment Act was initially challenged about its compatibility with U.S. Constitution’s Article III’s case-or-controversy requirement.\(^{24}\) Finally in 1937, Supreme Court upheld its constitutionality in Aetna.\(^{25}\) Unfortunately Aetna and the cases following Aetna are not clear enough to draw the brightest of lines between those declaratory judgment actions that satisfy the case-or-controversy requirement and those that do not.\(^{26}\)

The current standard is “whether the facts alleged, under all the circumstances, show that there is a substantial controversy, between parties having adverse legal interests, of sufficient immediacy and reality to warrant the issuance of a declaratory judgment.”\(^{27}\) This standard would have been satisfied if MedImmune had taken the final step of refusing to make royalty payments under the 1997 license agreement.\(^{28}\) Unfortunately MedImmune continued in making the loyalty payment in this case, and that renders the current standard cannot be of much help.\(^{29}\)

Supreme Court in Terrace hold the court does not require plaintiff to expose himself to bring suit in cases involving Government threatened action

In the Terrace case the State threatened the plaintiff with forfeiture of his farm, fines, and penalties if he entered into a lease with an alien in violation of the State’s anti-alien land law.\(^{30}\) Given this genuine threat of enforcement, the Supreme Court did not require, as a prerequisite to testing the validity of the law in a suit for injunction, that the plaintiff bet the farm, so to speak, by taking the violative action.\(^{31}\) Because the dilemma posed by that coercion putting the challenger to the choice between abandoning his rights or risking prosecution “a dilemma that it was the very purpose of the Declaratory Judgment Act to ameliorate.”\(^{32}\)

Supreme Court, in its only case Altvater, holds court has jurisdiction when plaintiff’s self-avoidance of imminent injury is under private party’s coerced or threatened act

The only Supreme Court case that has the facts close to the current case is Altvater.\(^{33}\) In Altvater, the Supreme Court held that a licensee’s failure to cease its payment of royalties did not render non-justiciable a dispute over the validity of the patent.\(^{34}\) In that litigation, several patentees had sued their licensees to enforce territorial restrictions in the license.\(^{35}\) The licensees filed a counterclaim for declaratory judgment that the underlying patents were invalid, in the meantime paying “under protest” royalties required by an injunction the patentees had obtained in an earlier case.\(^{36}\) The patentees argued that “so long as licensees continue to pay royalties, there is only an academic, not a real controversy, between the parties.”\(^{37}\) The Supreme Court rejected that argument and held that the declaratory-judgment claim presented a justiciable case or controversy: “The fact that royalties were being paid did not make this a ‘difference or dispute of a hypothetical or abstract character.’”\(^{38}\) The royalties “were being paid under protest and under the compulsion of an injunction decree,” and “unless the injunction decree were modified, the only other course of action was to defy it, and to risk not only actual but treble damages in infringement suits.”\(^{39}\) The Supreme Court concluded that “the requirements of a case or controversy are met where payment of a claim is demanded as of right and where payment is made, but where the involuntary or coercive nature of the action preserves the right to recover the sums paid or to challenge the legality of the claim.”\(^{40}\)

Lower Court Gen-Probe case distinguishable

The lower Courts relied on the Gen-Probe case to reject jurisdiction of this case.\(^{41}\) The Gen-Probe Court had held that a patent licensee in good standing cannot establish an Article III case or controversy with regard to validity, enforceability, or scope of the patent because the license agreement “obliterates any reasonable apprehension” that the licensee will be sued for infringement.\(^{42}\) Supreme Court said Gen-Probe was different in that it did not mention the threat of prosecution for contempt, or any other sort of governmental sanction.\(^{43}\)

Reaffirmed the death of “license estoppel”

Before 1969, licensee estoppel, also called Lear estoppel, was “general rule” with exceptions for antitrust.\(^{44}\) The U.S. Supreme Court stated “the general rule is that the licensee under a patent license agreement may not challenge the validity of the licensed patent in a suit for royalties under the contract.”\(^{45}\) The Lear case involves an employee inventor who invented a method for improving the accuracy of gyroscope at
a low cost, and licensed the technology to his employer. But the employer said despite the grant of patent, none of the inventor’s improvements were sufficiently novel and he obtained patent by means of fraud on the Patent Office. The inventor invokes the licensing estoppel, claiming the employer was barred to challenge inventor’s patent validity. The Supreme Court reaffirmed its own rejection of this estoppel in 1969.47

Reasonable Apprehension Test Is Out

The Supreme Court further rejects the Federal Circuit’s reasonable apprehension test of imminent suit for licensees which is evolved from the original Reasonable Apprehension test.48 This test states that declaratory judgment is allowed if conduct by patentee creates reasonable apprehension of suit and present conduct by the declaratory judgment plaintiff amounts to infringing activity or demonstrates concrete steps taken with the intent to conduct such activity. 49 The Supreme Court reasons in the footnote 11 of this MedImmune case that “a licensee who pays royalties under compulsion of an injunction has no more apprehension of imminent harm than a licensee who pays royalties for fear of treble damages and an injunction fatal to his business.” 50

Effects and Aftermath in the U.S.

The significant impact will be on the nature of licensee-licensor relationships, the quantity of licensee-initiated suits, and the terms in future license agreements.51 For instance, this ruling opens doors for license practices historically rejected judicially: licensor may attempt to restrain a licensee’s right to seek a determination of the patent validity, or to terminate the license if a licensee challenges the validity of the underlying patents.52

New standard in the U.S.

In the Federal Circuit case SanDisk v. STMicroelectronics decided on March 26, 2007, the Court’s holding sets forth the following new sufficiency (but not necessary) test for the existence of declaratory judgment jurisdiction based on preliminary exchanges:
1) patentee’s assertion of patent rights
2) based on identified ongoing or planned activity of Plaintiff; and
3) Plaintiff contests the right to engage in the accused activity without a license. 53

It is interesting to see whether this new standard is workable and how it is received by the US Supreme Court.

Beginning of declaratory judgment action in China

The declaratory judgment lawsuit has developed in China for its own historical reasons. Article 62 of the Patent Law adopted in 1984 provides for five circumstances where “the patent right is not deemed to have been infringed”. One of them is “non-intentional act”, namely, “using or marketing a patented product which one does not know has been made and marketed without authorisation of the patentee” is not deemed to be an infringement of the patent right.54 Accordingly, a popular defense then in a patent infringement lawsuit was lack of intention by simply stating “I do not know”, and many defendants were thus freed from the liabilities for infringement. To guard against this defense, patentees generally sent letters of warning or lawyer’s letters. That is, upon discovering an infringement, he would first send a warning for cessation of the infringement, thus making it impossible for the defendant’s “I do not know” defense to hold water. Following this practice was the abuse of letters of warning and lawyer’s letters by which patentees merely drove the respondents out of the market, without resolving the infringement disputes through negotiation or litigation and for which the respondents were put in a totally passive position. To seek protection, they resorted to the declaratory judgment action. Limited by the provisions of the Civil Procedural Law and the Patent Law, however, some enterprises had to bring the action under “infringement of the right of reputation”.55 It is exactly for addressing this issue that the declaratory judgment action has been brought to the public view in practical cases.

The history of the declaratory judgment action in China is short, with the first suit of the nature arising in 2001 as documented in the reply made by the Third Civil Tribunal of the Supreme People’s Court on 12 July of the same year to the report by the Jiangsu Province Higher People’s Court for instruction on whether to accept the suit of declaratory judgment brought by the Jiangsu Longbao Biological Engineering Industrial Corporation (Longbao for short) against the Suzhou Langifu Health Goods Corporation (Langifu for short),56 which states:

“Under Articles 108 and 111 of the Civil Procedure Law, suits satisfying the requirement shall be accepted by the
People’s Court. In this case, the defendant Langiflu wrote to the retailers of the plaintiff’s products, telling them that the plaintiff’s product was suspected of infringement, which resulted in the retailers stopping selling the product in suit and caused damage to the plaintiff’s interest. The plaintiff had a direct interest in the case; there was a definite defendant; there were specific claim or claims, facts, and cause or causes for the suit; and the suit was within the scope of acceptance of civil actions by the People’s Court and under the jurisdiction of the People’s Court where the suit was entertained; hence the People’s Court should accept the case.” In the Reply it is also determined that the cause of action of the case is to request a “declaratory judgment”. 57

Ever since this Reply made by the Third Civil Tribunal of the Supreme People’s Court, the courts in China have accepted and adjudicated several suits of “declaratory judgment”. 58 Besides, along with the acceptance of the dispute arising from infringement of the trademark right in the “Peter Rabbit” between the China Social Sciences Press and the UK Frederick Warne & Co., Inc., the declaratory judgment action was made possible. 59

Requirements for acceptance of declaratory judgment suits

According to the Supreme People’s Court’s Reply, the requirements for accepting declaratory judgment suits are established in the provisions of Articles 108 and 111 of the Civil Procedure Law, namely that the plaintiff must have a direct interest in the case; there must be a definite defendant; there must be specific claim or claims, facts, and cause or causes for the suit; and the suit must be within the scope of acceptance for civil actions by the People’s Courts and under the jurisdiction of the People’s Court where the suit is entertained. To be specific about declaratory judgment lawsuit, the condition possibly problematic is the determination of “stakeholdership”. In its Reply No. Minsantazi 4/2001, the SPC holds that “since the Nangilfu Corporation sent a letter of warning to the retailers of the plaintiff Longbac’s products, alleging that the plaintiff’s products were infringing its patent right. The letter caused the retailers to stop selling the Plaintiff’s products, and thus caused injury to the plaintiff’s interests. For that matter, “the plaintiff is a direct stakeholder in the case.”

According to the judicial practice in China, a stakeholder’s being warned of infringement and the rightholder’s failure to initiate the dispute resolution procedure under the law within reasonable time limit are important conditions for the court to put a case of declaratory judgment on docket for adjudication. At a forum attended by all the Chinese courts on the adjudication of IP cases held in November 2005, Cao Jianming, Vice-President of the SPC, pointed out that “the basic conditions for bringing a declaratory judgment action are that the stakeholder is warned of infringement and the rightholder fails to initiate the procedure under the law within the reasonable time limit to request the competent authorities for treating the matter. The reasonable time limit, depending on the specific circumstances of a case, should normally be no less than three months. Where for a case of dispute over the same legal matter or fact that has been, or is being, dealt with by a court having the jurisdiction under the law, an interested party brings a declaratory judgment action, this case should not be repeatedly accepted.”

Practice of the People’s Court in China and the problems

In practice, the People’s Courts in China strictly limits the scope of acceptance of suits for declaratory judgment to the circumstance where a rightholder has sent a warning of infringement and does not sue after that and the warning has affected the respondent’s market interest.

When a person conducting an activity requests a relevant rightholder to determine that he does not infringe the latter’s right to make it clear whether his imminent or conducted activity infringes the latter’s right for reducing economic losses or legal risk and the latter does not make the determination, may he bring an action of declaratory judgment against the rightholder in the court? It would not be supported as shown by the SPC view presented at the forum on the adjudication of IP cases for the reason that the courts are concerned about potential abuse of the declaratory judgment system when the infringer or infringer-want-to-be would take initiative to attach patent validity first because the standard provided there is hard to measure.

Along with the acceptance of the declaratory judgment action in China, practical problems have been constantly emerging, the most important being the determination of the nature thereof.

According to what the SPC stated in the Notice on the Granted Jurisdiction over Case of Patent Dispute between Honda and the Shijiazhuang Shuanghuan Auto Co., Ltd.
the Beijing Shuyang Hengxing Economy and Trade Co., Ltd. (the Notice for short),\(^6\) the declaratory judgment action is one of infringement dispute under the territorial jurisdiction under Article 29 of the Civil Procedure Law. According to the conventional civil law doctrine, the declaratory judgment action, by nature, should be a lawsuit for determination. The different nature of the lawsuit has especially great impact on the determination of the party jurisdiction. If it is a determination suit, the territorial jurisdiction should rest with the people’s court of the place where the defendant is domiciled; if it is one of “infringement dispute”, the territorial jurisdiction may be with the court of the place where the infringement takes place. According to the judicial practice in China, however, the “place where the infringement takes place” turns to be so increasingly broadened that the place where the plaintiff is domiciled may also be interpreted as the place where the infringement takes place, which would objectively renders the “declaratory judgment” action into a means for interested parties to contest forum.

In the judicial practice, to counter forum shopping, the other party, as the defendant of the “declaratory judgment” action, often institutes an independent infringement action. As a result, there will be lawsuits in different places involving disputes over the same facts and with different judicial outcomes. To address the issue, it is clearly pointed out in the above Notice that a declaratory judgment action and a patent infringement action that involve the same facts are independent lawsuits brought by the two interested parties in different periods to protect their own rights and interests under the Civil Procedure Law. The action brought by one party for declaratory judgment will not be integrated in a patent infringement action brought by the other party. However, to prevent cases involving the same facts from being heard or adjudicated by different courts, the people’s court should transfer the venue under the law, so that these cases are to be heard together by one court.

It is thus shown that the legal nature of the declaratory judgment action needs to be further looked into.

**Different standards of declaratory judgment action in China and in the U.S.**

In China, the justiciability of the Chinese Constitution has been an issue that remains unaddressed for a long time. Unlike its counterpart in the U.S., where the U.S. Courts will look at the U.S. Constitution for fundamental source of authority when none were obvious in the statutory or common laws. The Chinese Constitution is generally viewed as the supreme rule of laws, foundations for other laws, and non-justiciable due to its abstract administrative nature,\(^6\) or its indirect legal binding effect,\(^6\) hence, the Constitution is not legal authority applicable directly in cases before the Chinese courts. However, this is an area of extensive studies\(^6\) where it is now a consensus among the majority of scholars that the Chinese Constitution should be justiciable. Besides, there are indeed cases in which the People’s Supreme Court quoted the Chinese Constitution in her rulings.\(^6\) Those rulings inspired heated debate which should hopefully leads to the solution to the Chinese Constitution’s justiciability in the future. For now, most Chinese Courts apply the ordinary legislations that implement and embody the Constitutional provisions,\(^6\) such as the Patent Law and Civil Law as discussed here.

The US Supreme Court’s ruling in MedImmune covers cases involving parties that have entered into a licensing agreement. To accept a case, the Chinese courts require the presence of impact on the respondent’s market interest, regardless of whether a licensing agreement is present or not. For that matter, the two sets of standards are different. In the U.S., a case involving an activity having impact on a respondent’s market interest is already a tort case, therefore regardless of whether Plaintiff requests Declarative Judgment or not, the case will be accepted by the U.S. court. In this regard, the Chinese standards are relatively more stringent. The new U.S. standards also take account of the patentee. For example, it requires the patentee’s assertion of patent right. By contrast, the Chinese courts will normally entertain a declaratory judgment case where the two parties do not have a licensing agreement and the patentee fails to make a reply or response within a reasonable time limit, and if the case satisfies other requirements provided in the Civil Procedure Law. Under the same situation, it is quite likely for a U.S. court to regard it as a case for seeking consultation from the court and, consequently, reject its jurisdiction. In this aspect, the Chinese provision seems less stringent than the U.S. standard.

In the above-discussed MedImmune case, MedImmune is the licensee of the patent owned by the Genentech. Genentech notifies MedImmune to pay the royalties. But MedImmune brings the suit of declaratory judgment in the court after payment of the royalties. Acceptance of the suit by the court in China would depend on whether Genentech’s
notification would be accepted as a letter of infringement warning, which is quite unlikely as shown in the practice of the courts in China. Thus, the Chinese court would possibly not accept the case. Further, the MedImmune case is not one of the circumstance where a product manufacturer requests a patentee to determine that its activity does not infringe the patent right in suit and the latter fails to reply within the reasonable time limit. Consequently, the case won’t meet the provision of Article 62 of the Supreme People’s Court’s Provisions on Several Issues Relating to Trial of Case of Dispute Arising from Patent Infringement (under discussion).

As for the issues of venue shopping and multiple lawsuits involving same claims or same parties in China, the U.S. Federal Venue Statutes and Res Judicata, Collateral Estoppel and related preclusion doctrines developed from the common law offer good solutions in the US courts. Due to the complexity of those issues and its generosity to cases other than IP cases, it is better for the topic to be addressed in separate papers.

Anyway, in both China and U.S., the standards for acceptance of the declaratory judgment suits are under constant exploration. Early this year, the US Supreme Court rejected the Federal Circuits’ old standard, and the latter came up with the new standard in March. Chinese courts are also experiencing difficulties in addressing some issues relating to the standard. The Supreme People’s Court’s Provisions on Several Issues Relating to Trial of Case of Dispute Arising from Patent Infringement (under discussion) represent an attempt to address them and are yet to be put into application. Perhaps, the change in the standard of the U.S. is an inspiration for China to draw on.

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2 Id. at 767.
3 Id. at 767-68.
4 Id. at 768.
5 Id.
6 Id.
7 Id. at 770.
8 Id. at 767.
9 Id. at 775.
11 Id. at 64.
14 Id.
16 Id.
17 MedImmune, 127 S.Ct. at 775.
19 MedImmune, 127 S.Ct. at 771 (Quoting , 28 U. S. C. §2201(a)).
20 Id.
21 Id.
22 Id.
23 Id. (quoting Maryland Casualty Co. v. Pacific Coal & Oil Co., 312 U. S. 270, 273 (1941)).
24 Id. at 771-72.
25 Id.
26 Id. (Quoting Terrace v. Thompson, 263 U. S. 197 (1923)).
27 Id. (Quoting Terrace, 263 U.S. at 216).
28 Id. (Quoting Abbott Laboratories v. Gardner, 387 U. S. 136, 152 (1967)).
29 Id. at 773.
30 Id.
31 Id.
32 Id.
33 Id. (Quoting Altvater, 319 U. S. at 364).
34 Id.
35 Id. (Quoting Altvater, 319 U. S. at 365).
36 Id. at 768.
38 MedImmune, 127 S.Ct. at 768.
42 Id.
43 MedImmune, 127 S.Ct. at 774.
44 Id. n.11.
45 Id.
47 Id.
48 Sandisk v. STMicroelectronics, 05-1300 (Fed. Cir. 2007)
49 This provision has been revised in the Patent Law as of 2001 in such a way that it is no longer a circumstance of not being deemed to be an infringement, but changed into a ground for defense against liability for damages.
For the Reply (No. Minsantazi 4/2001) made by the Third Civil Tribunal of the Supreme People’s Court to the Report by the Jiangsu Higher People’s Court for instruction on the suit of declaratory judgment between the Jiangsu Longbao Biological Engineering Industrial Corporation and the Suzhou Langifu Health Goods Corporation, see http://www.chinaprlaw.cn/file/20020719736.html.


Judgement No. Yizhongminzhichi 6356/2003, the declaratory judgment lawsuit between the Jinhua City Ham Co., Ltd. and the Zhejiang Foodstuff Co., Ltd. (Judgement No.Hangminsanzhi 391/2004) was also accepted.


Protect Citizen’s Constitutional Rights by Enforcing Constitution in Full Scale, Report of Legal Study Conference in Zhejiang in Memo-

IP Legislation in China in 2007

In April 2007, the China National Working Group for IPR Protection launched the Action Plan on IPR Protection 2007 to outline the substantive IP measures that China will take in 2007. According to the Action Plan, China will, in 2007, draft, formulate or revise 14 laws, regulations, rules and administrative measures in relation to trademark, copyright, patent and Customs protection as well as seven judicial interpretations and guidelines, including the drafting of the following:

- Measures on IPR Protection regarding Foreign Trade;
- Opinion of the Supreme People’s Court on Strengthening IPR Trials to Accord Judicial Protection for the Construction of an Innovative Nation;
- Measures on Remuneration of Textbooks Licensing;
- the revision or preparation for revision of:
  - Trademark Law;
  - Unfair Competition Law;
  - Provisions for the Establishment and Protection of Well-known Marks;
  - Measures on Voluntary Registration of Works;
  - Copyright Law;
  - Patent Law;
  - Management of Patent Agencies;
  - Customs Rules Concerning the Implementation of Customs Protection of Intellectual Property Rights;
- and preparation for the drafting of:
  - Interpretations on court establishment of well-known marks, conflicts between trade names and trademarks, and cases involving MTV copyright;
  - Guidelines for handling patent infringement cases and application of law;
  - Interpretations on the scope, guidelines, procedures, methods in handling administrative IP cases.

The following three Court interpretations, as set in the Plan, have already been formulated:

- Supreme People’s Court’s Interpretation of Several Issues Concerning the Application of Law in Cases of Dispute Arising from Infringement of the Right of New Variety of Plants;
- Supreme People’s Court’s Interpretation of Several Issues Concerning the Trial of Civil Cases of Unfair Competition;
- Supplement to the Interpretation by the Supreme People’s Court and the Supreme People’s Procuratorate of Several Issues Relating to Specific Application of Law to the Treatment of Criminal Cases of Intellectual Property Infringe-

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