

SPC Guiding Case No. 273: Zhejiang Ji [X] Holding Group Co., Ltd. and Zhejiang Ji [X] Automobile Research Institute Co., Ltd. v. Wei [X] Auto Manufacturing Wenzhou Co., Ltd. et al. (Trade Secret Infringement Dispute)

Dan Young Business Consultancy — www.danyoungcpa.com

Unofficial English translation prepared for reference only. The official Chinese text prevails.

Discussed and adopted by the Judicial Committee of the Supreme People's Court; issued on February 28, 2026.

Keywords

Civil / infringement of trade secrets / liability to cease infringement / non-monetary obligations / late performance penalty

Holding

1. Where the alleged infringer recruits talent from another enterprise, thereby forming a channel or opportunity to obtain that enterprise's trade secrets, and produces products related to those trade secrets within a time clearly shorter than the reasonable time required for independent research and development, it may be presumed that the alleged infringer has committed an act infringing the trade secrets, unless the alleged infringer adduces sufficient contrary evidence to rebut the presumption.

2. Where a people's court orders the alleged infringer to cease infringement of trade secrets, it may, on the basis of comprehensively considering the nature of the protected rights and interests, the severity of the infringing act, the likelihood of continued future infringement, and other factors, specify in accordance with the law the concrete requirements for the alleged infringer to cease the infringement, including: ceasing to use the trade secrets to manufacture, or to commission others to manufacture, the relevant products, and ceasing to sell the relevant products manufactured using the trade secrets; refraining, without authorization, from exploiting or otherwise disposing of the relevant patents applied for using the illegally obtained trade secrets, including maliciously abandoning the patent rights; destroying, under the supervision of the people's court and witnessed by the rights holder, the relevant carriers containing the trade secrets held or controlled by the infringer and relevant entities and personnel, or handing them over to the rights holder; and notifying, in the form of a public announcement or internal notice, the company's shareholders, senior management, employees who left the trade secret rights holder to work for the infringer and its affiliated companies, personnel involved in the relevant research and development work, and extending to all employees, affiliated companies, and upstream and downstream manufacturers that may have learned of the trade secrets in issue, of the requirements to cease infringement set out in the judgment, and signing with the relevant personnel or entities undertakings to keep the trade secrets in issue confidential and not to infringe.

3. Where a people's court orders the alleged infringer to cease the infringement, it may, on the basis of comprehensively considering the nature and circumstances of the infringing act and the damage that may result from late performance of the obligation to cease infringement, and other factors, simultaneously specify the late performance penalty for the alleged infringer's late performance of the obligation to cease infringement; the relevant calculation and payment standard may, as the case may be, be calculated by period such as daily or monthly, by scale such as the number of products, or as a one-time fixed amount.

Basic Facts

Nearly 40 senior management and technical personnel of Chengdu Gao [X] Automobile Industry Co., Ltd. ("Chengdu Gao [X]"), a subsidiary of Zhejiang Ji [X] Holding Group Co., Ltd. ("Ji [X] Group"), left their jobs

successively in 2016 and went to work for Wei [X] Automobile Technology Group Co., Ltd. ("Wei [X] Group") and its affiliated companies. Ji [X] Group discovered that Wei [X] Group and Wei [X] Smart Mobility Technology (Shanghai) Co., Ltd. ("Wei [X] Smart Mobility"), using some of the above departing personnel as inventors or co-inventors, applied for 12 utility model patents by making use of the new energy vehicle chassis application technology that those personnel had accessed and mastered during their work at Chengdu Gao [X], as well as the technical information contained in 12 sets of chassis component drawings and digital models (the "Trade Secrets in Issue"). Moreover, Wei [X] Group, Wei [X] Auto Manufacturing Wenzhou Co., Ltd. ("Wei [X] Wenzhou"), Wei [X] Smart Mobility, and Wei [X] New Energy Vehicle Sales (Shanghai) Co., Ltd. (the four companies hereinafter collectively the "Wei [X] Parties"), without any technical accumulation or legitimate technical source, launched within a short period the EX series electric vehicles, including the Wei [X] EX5, EX6, and E5 models (the "EX Series"), and were suspected of infringing the automobile chassis trade secrets in issue of Ji [X] Group and Zhejiang Ji [X] Automobile Research Institute Co., Ltd. (the two companies hereinafter collectively the "Ji [X] Parties"). The Ji [X] Parties brought a lawsuit in the Shanghai High People's Court, requesting an order that the Wei [X] Parties cease the infringement and compensate for their economic losses and reasonable rights-protection expenses totaling RMB 2.1 billion (currency same hereinafter).

Judgment

The Shanghai High People's Court rendered the civil judgment (2018) Hu Min Chu No. 102 on September 5, 2022, finding that Wei [X] Wenzhou had infringed part of the Ji [X] Parties' automobile chassis trade secrets in issue, ordering Wei [X] Wenzhou to cease using the five sets of drawings in issue until they became known to the public, and determining at its discretion that Wei [X] Wenzhou compensate the Ji [X] Parties RMB 5 million in economic losses and RMB 2 million in reasonable rights-protection expenses. After the judgment was pronounced, both the Ji [X] Parties and Wei [X] Wenzhou appealed to the Supreme People's Court. On April 25, 2024, the Supreme People's Court rendered the civil judgment (2023) Zui Gao Fa Zhi Min Zhong No. 1590: (1) The civil judgment (2018) Hu Min Chu No. 102 of the Shanghai High People's Court is revoked. (2) The Wei [X] Parties shall, from the date of service of this judgment, immediately cease disclosing, using, or allowing others to use the Ji [X] Parties' new energy vehicle chassis application technology in issue, as well as the trade secrets in the 12 sets of automobile chassis component drawings and digital models. The specific manner, content, and scope of ceasing the infringement include but are not limited to: 1. from the date of service of this judgment, unless the consent of the rights holder of the trade secrets in issue is obtained, cease disclosing, using, or allowing others to use the trade secrets in issue by any means, including ceasing to use the trade secrets in issue to manufacture, or to commission others to manufacture, automobile chassis and chassis component products, and ceasing to sell automobile chassis and chassis component products manufactured using the trade secrets in issue; the cessation of the infringement shall continue until the date on which the trade secret information in issue becomes known to the public; 2. from the date of service of this judgment, unless the consent of the rights holder of the trade secrets in issue is obtained, refrain from exploiting, licensing others to exploit, transferring, pledging, or otherwise disposing of the 12 utility model patents in issue, including refraining, before the registration of the relevant patent rights is lawfully changed, from maliciously abandoning the patent rights by means such as failing to pay patent annual fees in full on time or failing to actively respond to patent invalidation requests; 3. within 30 days of service of this judgment, under the supervision of the people's court or witnessed by the rights holder of the trade secrets in issue, destroy or hand over to the rights holder all drawings, digital models, and other technical materials containing the trade secrets in issue held or controlled by the four Wei [X] Parties and their affiliated companies, all current and former employees, and the suppliers of chassis and chassis components for the Wei [X] EX Series electric vehicles; 4. within 15 days of service of this judgment, by publishing an announcement in the People's Court Daily and simultaneously issuing internal company notices, notify the shareholders, directors, supervisors, senior management, all employees, subsidiaries, branches, other affiliated companies with investment relationships, and the suppliers of chassis and chassis

components for the Wei [X] EX Series electric vehicles of the four Wei [X] Parties of this judgment and the requirements to cease infringement set out therein, and inform the aforesaid notified parties that they shall actively cooperate in performing this judgment; 5. within 30 days of service of this judgment, specially notify, one by one in writing (including in electronic data form), all employees who left the rights holder of the trade secrets in issue and its affiliated companies, especially Chengdu Gao [X], to work for the four Wei [X] Parties and their affiliated companies, and all other personnel of the four Wei [X] Parties and their affiliated companies responsible for or participating in the research and development of the chassis and chassis components of the Wei [X] EX Series electric vehicles (including the relevant senior management), as well as the suppliers of chassis and chassis components for the Wei [X] EX Series electric vehicles, of the judgment and the requirements to cease infringement set out therein, and require the aforesaid personnel and entities to sign undertakings to keep the trade secrets confidential and not to infringe; 6. within 45 days of service of this judgment, submit the newspaper announcement, internal company notices, written notices to the relevant personnel and entities, and the undertakings signed by them as required by items 4 and 5 above to the Shanghai High People's Court, and produce copies to the Ji [X] Parties. (3) The Wei [X] Parties shall, within 30 days of service of this judgment, jointly and severally compensate the Ji [X] Parties RMB 637,596,249.6 in economic losses and RMB 5 million in reasonable expenses incurred to stop the infringement. (4) The remaining claims of the Ji [X] Parties are dismissed. (5) The appeal of Wei [X] Wenzhou is dismissed. If the monetary payment obligations are not performed within the period specified in this judgment, the debt interest for the period of late performance shall be paid at double the rate in accordance with Article 264 of the Civil Procedure Law of the People's Republic of China. If the other obligations are not performed within the period specified in this judgment, late performance penalties shall be paid in accordance with the law (where item 1 of item 2 of this judgment is refused performance, calculated at RMB 1 million per day; where item 2 of item 2 of this judgment is refused performance, a one-time payment of RMB 1 million shall be made for each patent; where any of items 3, 4, and 5 of item 2 of this judgment is not performed on time, calculated at RMB 100,000 per day respectively).

Reasoning

The focus of dispute in this case was whether the Wei [X] Parties had infringed the Ji [X] Parties' trade secrets in issue, and, if infringement were established, how their civil liability should be determined.

I. Whether the Wei [X] Parties infringed the Ji [X] Parties' trade secrets in issue.

In this case, the senior management and technical personnel of Chengdu Gao [X], including its general manager, project R&D team leader, deputy general manager for technology, head of the technology department, and multiple employees specifically engaged in automobile chassis technology research and development who had accessed or mastered the trade secrets in issue, nearly 40 people in total, left their jobs successively around July 2016 and joined the Wei [X] Parties and their affiliated companies to engage in work including new energy vehicle chassis technology research and development. Wei [X] Wenzhou was established on May 9, 2016, and its first EX5 model electric vehicle began to be sold as early as September 2018, achieving mass production and sale of electric vehicles in just over two years. The Wei [X] Parties clearly had the channel and opportunity to access the Ji [X] Parties' trade secrets in issue. At the same time, the documents of the 12 utility model patents applied for by the Wei [X] Parties partially disclosed the trade secrets contained in the Ji [X] Parties' drawings and digital models in issue. A comparison of the chassis component drawings and digital models of the Wei [X] Parties' EX5 model electric vehicle with the Ji [X] Parties' 12 sets of drawings and digital models in issue shows a large amount of completely identical technical information, including technical information unique to the Ji [X] Parties, which is sufficient to prove that the Wei [X] Parties used the Ji [X] Parties' trade secrets in issue in manufacturing their electric vehicle chassis and chassis components.

Multiple employees of Chengdu Gao [X] who had accessed or mastered the trade secrets in issue left the original entity in large numbers within a relatively short period and joined the Wei [X] Parties and their

affiliated companies; the evidence in the case has already proved that the Wei [X] Parties used part of the Ji [X] Parties' completely identical technical information in issue, including technical information unique to the Ji [X] Parties; and the Wei [X] Parties produced products related to the trade secrets in issue within a time clearly shorter than the reasonable time required for independent research and development. Therefore, the burden of proof borne by the trade secret rights holder with respect to the act infringing the trade secrets may be lightened, and the Ji [X] Parties are no longer required to bear further burden of proof regarding infringement of all of the trade secrets in issue; instead, on the basis of the above facts and the laws of research and development and production experience in the automobile manufacturing field, it is directly presumed that the Wei [X] Parties actually obtained and used all of the Ji [X] Parties' trade secrets in issue. If the Wei [X] Parties wished to rebut this presumption, they should have adduced sufficient contrary evidence.

The manner in which the alleged infringer actually uses the trade secrets in issue may be either direct use, or use after modification, improvement, adjustment, or optimization on the basis of the trade secrets in issue. Whichever manner of use is involved, it constitutes an infringing act in the legal sense. In this case, the Wei [X] Parties, on the basis of factors such as product positioning, cost control, and the particularities of their own vehicle models, modified and improved part of the technology on the basis of the Ji [X] Parties' trade secrets in issue; this does not affect the determination that the relevant technologies are substantively identical as a whole, nor does it affect the characterization in law that the Wei [X] Parties' acts constitute infringement of the trade secrets. At the same time, the evidence adduced by the Wei [X] Parties was insufficient to rebut the factual presumption that they had infringed all of the trade secrets in issue. It can therefore be found that all models of the Wei [X] EX Series electric vehicles used the same chassis technology, constituting infringement of the Ji [X] Parties' trade secrets in issue.

II. What civil liability the Wei [X] Parties should bear.

In committing the acts infringing the trade secrets in issue, the four Wei [X] Parties subjectively had common infringement fault, and objectively their acts involved division of labor, coordination, and mutual cooperation, constituting joint infringement; they should therefore jointly and severally bear the civil liability of compensating for losses and ceasing the infringement in accordance with the law.

As to compensation for losses, the court of first instance found only that the Wei [X] Parties had infringed the trade secrets in five sets of automobile chassis component drawings and digital models of the Ji [X] Parties, and was unable to ascertain the Ji [X] Parties' actual losses or the Wei [X] Parties' profits from the infringement, and therefore determined at its discretion that the Wei [X] Parties compensate the Ji [X] Parties RMB 5 million in economic losses and RMB 2 million in reasonable expenses. The court of second instance, on the basis of comprehensively finding that the Wei [X] Parties had infringed the trade secrets in the 12 sets of automobile chassis component drawings and digital models of the Ji [X] Parties, determined the amount of the Wei [X] Parties' profits from the infringement through data such as the sales of the Wei [X] EX Series electric vehicles recorded in the Wei [X] Parties' prospectus, and applied to the profits arising after April 2019 a two-fold punitive damages in accordance with the law (the Anti-Unfair Competition Law, as amended and effective on April 23, 2019, provides for punitive damages). It therefore ordered the Wei [X] Parties to compensate the Ji [X] Parties RMB 637,596,249.6 in economic losses, and at its discretion supported the Ji [X] Parties' reasonable rights-protection expenses of RMB 5 million for the first and second instance.

As to ceasing the infringement, in order to ensure that the rights holder promptly realizes its lawful rights and interests, the people's court may, in light of the specific circumstances of the case, specify as far as possible the concrete manner, content, and scope of ceasing the infringement, so as to enhance the enforceability and deterrent effect of the judgment. In this case, given that the Wei [X] Parties' infringement was egregious in circumstances, enormous in scale, and serious in consequences, and that there was a possibility of continued infringement and expansion of the harmful consequences, it was necessary to adopt practical, effective, reasonable, and feasible detailed measures to ensure comprehensive and effective cessation of the Wei [X] Parties' infringing acts: on the one hand, on the basis of generally ordering the Wei [X] Parties to

immediately cease disclosing, using, or allowing others to use the Ji [X] Parties' trade secrets in issue, further specify the concrete manner, content, and scope of ceasing the infringement; on the other hand, on the basis of comprehensively considering the nature and circumstances of the infringing act and the damage that might result from breach of the obligation to cease infringement, specify by scenario the calculation and payment standard of the late performance penalty for the non-monetary obligations, so as to ensure that the Wei [X] Parties promptly and comprehensively cease the infringement, prevent further expansion of the harmful consequences, and urge the Wei [X] Parties to promptly perform the non-monetary obligations determined in the judgment.

After service of the judgment in this case, the Wei [X] Parties actively published in the People's Court Daily, on time, the announcement ordering them to cease infringing the Ji [X] Parties' trade secrets in issue, and transferred the 12 utility model patents in issue to the Ji [X] Parties. The Ji [X] Parties and the Wei [X] Parties twice destroyed the technical disclosure documents and application documents of the 12 utility model patents in issue and the chassis component drawings and digital models of the Wei [X] EX Series vehicles, and the two parties confirmed that the destruction of the relevant drawings and materials was complete. The Wei [X] Parties performed their obligation to notify their shareholders, directors, supervisors, senior management, all employees, subsidiaries, and branches through means such as enterprise WeChat, and served the effective judgment in this case, the cessation-of-infringement notices, and the undertakings to keep trade secrets confidential and not to infringe on specific personnel, the legal representatives of invested subsidiaries, and suppliers; the Ji [X] Parties confirmed that the Wei [X] Parties had fully performed their notification obligation. By mid-August 2024, the non-monetary obligations determined in the effective judgment in this case had been fully performed. The relevant monetary payment obligations were handled in a coordinated manner in the Wei [X] Parties' bankruptcy reorganization proceedings.

Relevant Legal Provisions

Paragraphs 1 and 3 of Article 22, and paragraph 1 and subparagraph 1 of paragraph 2 of Article 39, of the Anti-Unfair Competition Law of the People's Republic of China (2025 Revision) (this case applied paragraphs 1 and 3 of Article 17, and paragraph 1 and subparagraph 1 of paragraph 2 of Article 32, of the Anti-Unfair Competition Law of the People's Republic of China, 2019 Amendment).

Article 264 of the Civil Procedure Law of the People's Republic of China (2023 Amendment).

Paragraph 1 of Article 17 of the Provisions of the Supreme People's Court on Several Issues Concerning the Application of Law in the Trial of Civil Cases Involving Infringement of Trade Secrets (Fa Shi [2020] No. 7).

Article 505 of the Interpretation of the Supreme People's Court on the Application of the Civil Procedure Law of the People's Republic of China (Fa Shi [2015] No. 5, 2022 Amendment).

Disclaimer: This translation is provided for reference and informational purposes only. In the event of any discrepancy, the official Chinese text issued by the Supreme People's Court shall prevail. This translation does not constitute legal advice.