

## China Monthly Antitrust & Data Protection Update

### February 2021

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## Antitrust

### Legislation

# *The Interim Measures for Managing Subsidies for Anti-Monopoly Work* is Published, Strengthening Anti-Monopoly Enforcement Incentives on Provincial Level

On 28 January 2021, Ministry of Finance and State Administration for Market Regulation (**"SAMR"**) published *the Interim Measures on the Subsidies Management for Anti-Monopoly Work* (the **"Measures"**). According to the *Measures*, subsidies for anti-monopoly work refer to the subsidies that are granted by central government via transfer payment arrangement and are specifically used to fund anti-monopoly law enforcement by the provincial administration for market regulation under the authorization of SAMR. The subsidies mainly cover the direct expense arising from such anti-monopoly law enforcement, including expenses on office, printing, conference, commissioning, traveling, training, transportation, remuneration, and the purchase of necessary law enforcement equipment. <sup>1</sup>

### China to Establish Anti-Monopoly Regulation in Non-Bank Payment Industry

On 20 January, the People's Bank of China solicited feedback for the *Regulation on Non-Bank Payment Institutions (Draft)*. The draft includes various provisions relating to anti-monopoly and fair competition. Among them, Article 55 stipulates that in cases where a non-bank payment institution's market share in the non-bank payment service market reaches one-third, the People's Bank of China may consult the anti-monopoly enforcement authority of the State Council to take measures such as interviewing the institution for early warning; Article 64 stipulates that in cases where a non-bank payment institution commits monopolistic acts, the anti-monopoly enforcement authority of the State Council, in conjunction with the People's Bank of China, shall impose penalties in accordance with the relevant laws and regulations. <sup>2</sup>

#### SPC Amends Judicial Interpretation on Anti-Monopoly Disputes

On 29 December 2020, Supreme People's Court ("SPC") published the *Decision of Supreme People's Court on Amending Eighteen Judicial Interpretations on Intellectual Property Rights, Including Interpretations of the Supreme People's Court Concerning Certain Issues on Application of Law for Trial of Cases on Disputes over Patent Infringement (II)*. The amended judicial interpretations include *Provisions of Supreme People's Court on Several Issues Relating to Laws Applicable for Trial of Civil Dispute Cases Arising from Monopolies*, which takes effect from 1 January 2021. <sup>3</sup>

<sup>&</sup>lt;sup>1</sup> <u>http://xzzf.mof.gov.cn/zcfbyjd/202101/t20210128\_3650799.htm</u>

<sup>&</sup>lt;sup>2</sup> <u>http://www.gov.cn/hudong/2021-01/21/content\_5581574.htm</u>

<sup>&</sup>lt;sup>3</sup> <u>http://www.court.gov.cn/fabu-xiangqing-282671.html</u>

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### Authorities

## State Council Collects Clues on Monopolization by Pseudo-Government Intermediary and Arbitrary Charging by Public Enterprises

On 26 January 2021, General Office of the State Council published an announcement to collect clues on monopolization by intermediaries leveraging administrative functions or administrative resources. These intermediaries include those that perform the tasks of inspection, testing, assessment, certification, appraisal, notary, etc. General Office also collects clues on issues such as compulsory charging and unreasonable charging by public enterprises in sectors such as water, electricity, gas, heating, commercial bank, transportation and logistics, and maritime port. <sup>4</sup>

### 18 Provincial People's Congresses Have Authorised Procuratorial Organs to File Public Interest Litigation Regarding Issues such as Internet Platform Monopoly

On 25 January, Zheng Xinjian, a member of the procuratorial committee of the Supreme People's Procuratorate ("**SPP**") and the director of the Fourth Procuratorial Office, said at a press conference that in recent years, the procuratorial organs have actively attempted to perform the task of public interest litigation to help promote cyberspace governance. By the end of 2020, 18 provincial people's congress standing committees had passed decisions or resolutions authorizing procuratorial organs to explore the practice of public interest litigation in areas related to Internet infringement of public interest and personal information protection. SPP has actively guided to strengthen the handling pf public interest litigation cases related to the protection of citizen's personal information, antitrust in internet platforms, and anti-unfair competition. <sup>5</sup>

#### Vice Chairperson of CBIRC Says Anti-Monopoly Move is not Aimed at Private Sector

On 22 January, Liang Tao, the vice-chairperson of the China Banking and Insurance Regulatory Commission ("**CBIRC**"), said at a press conference that anti-monopoly measures do not target either the private sector or specific businesses, and will not affect the normal development of relevant companies. <sup>6</sup>

#### The National Market Regulation Work Conference was Held in Beijing

On 18 January, the national market regulation work conference was held in Beijing. The conference pointed out the progress which has been made in several regards: that market regulators have strengthened measures against monopoly and unfair competition, regulated the competition order of online economy with multiple measures, handled a batch of typical cases concerning monopoly and unfair competition. Market authorities also promoted the establishment of a fair competition system,

<sup>&</sup>lt;sup>4</sup> <u>https://tousu.www.gov.cn/dc/sqlsf/index.htm</u>

<sup>&</sup>lt;sup>5</sup> <u>https://www.spp.gov.cn/spp/jqwlfzcz/xwfbh2020.shtml</u>

<sup>&</sup>lt;sup>6</sup> http://www.scio.gov.cn/xwfbh/xwbfbh/wqfbh/44687/44808/wz44810/Document/1697478/1697478.htm

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completed drafting proposed amendments to the *Anti-Monopoly Law*, issued the *Anti-Monopoly Compliance Guideline for Undertakings*, implemented the Fair Competition Review System, and published the anti-monopoly enforcement annual report for the first time.<sup>7</sup>

# SPC Proposes to Accelerate the Improvement of Applying the Anti-Monopoly Law in the Internet and Digital Economy Areas

On 15 January, SPC issued *Opinions of the Supreme People's Court on the People's Court Providing Judicial Services and Safeguard for the Construction of Hainan Free Trade Port*. SPC proposed to strengthen judicial protection of intellectual property rights, building a world-class legal environment of a free trade port. Among other things, SPC will strengthen the protection of scientific innovation, strengthen the civil and criminal judicial protection of trade secrets, cease monopolistic conduct, and accelerate the improvement of applying the anti-monopoly law in the internet and digital economy sectors. <sup>8</sup>

## The Central Political and Legal Work Conference Proposes Strengthening Judicial Work and Law Enforcement against Monopoly and Unfair Competition

On 10 January, the Central Political and Legal Work Conference was held in Beijing. In the conference, the Communist Party of China ("**CPC**") Central Committee issued the *China Construction Plan for Rule of Law (2020-2025)*. It is mentioned in the plan to create a market-oriented, law-based, and international business environment, implement a unified negative list system for market access and remove hidden entry barriers; to clear and annul any unreasonable regulations and provisions concerning the non-public sector; and to rectify any abuse of administrative power to eliminate or restrict competition. <sup>9</sup>

### SPC Proposes Strengthening Judicial Work Against Monopoly and Unfair Competition

On 10 January, SPC proposed during the national conference of presidents of high courts that Chinese courts should strengthen the judicial work against monopoly and unfair competition, conduct in-depth research on the determination of platform enterprise monopoly, administration of data collection and usage, and protection of consumer interest in the digital sector, ensure that all the resources will be utilized lawfully and equally by various market players, and create a unified, fair, and orderly market system. <sup>10</sup>

### The Chief of SAMR Specifies the Direction of Anti-Monopoly Work

On 9 January, Zhang Gong, the chief of SAMR, was interviewed by *Xinhua*. Zhang said that SAMR would focus on key task deployed by the Central Economic Working Conference such as

<sup>&</sup>lt;sup>7</sup> <u>http://www.samr.gov.cn/xw/zj/202101/t20210118\_325310.html</u>

<sup>&</sup>lt;sup>8</sup> <u>http://www.court.gov.cn/fabu-xiangqing-284531.html</u>

<sup>&</sup>lt;sup>9</sup> http://www.chinapeace.gov.cn/chinapeace/c100007/2021-01/10/content\_12436514.shtml

<sup>&</sup>lt;sup>10</sup> <u>http://www.xinhuanet.com/legal/2021-01/11/c\_1126968393.htm</u>

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"strengthening anti-monopoly work and preventing capital from the disorderly expansion", fulfil its duty with regards to anti-monopoly and anti-unfair competition work, insist on placing equal emphasis on regulating the market and promoting innovation, on solving the outcome and the root cause of monopoly, and on enforcing and establishing rules, enhance its regulatory capacity, speed up improving competition governance, and endeavour to establish an environment featuring fair competition.<sup>11</sup>

## 5 Ministries and Commissions Jointly Issue a New Document Prohibiting Monopolization by Enterprises in Sectors such as Water, Electricity, Heating, and Gas.

On 6 January, General Office of the State Council published *Opinions on Cleaning Up and Regulating Charges in the Urban Water Supply, Electricity Supply, Gas Supply, and Heating Industry to Promote the High-quality Development of the Industries.* The document is jointly issued by National Development and Reform Commission, Ministry of Finance, Ministry of Housing and Urban-Rural Development, SAMR, and National Energy Administration, prohibiting unreasonable charges through compulsory service and bundled charges by enterprises in sectors such as water, electricity, gas, and heating.<sup>12</sup>

<sup>&</sup>lt;sup>11</sup> <u>http://www.xinhuanet.com/fortune/2021-01/09/c\_1126964124.htm</u>

<sup>&</sup>lt;sup>12</sup> http://www.gov.cn/zhengce/content/2021-01/06/content\_5577440.htm

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## **Public Enforcement**

### SAMR Publishes 5 Cases Concerning Horizontal Monopoly Agreement

On 29 January 2021, SAMR published the penalty decisions of 5 cases concerning horizontal monopoly agreement, respectively involving travel, insurance, fire protection, driver training, and second-hand car trading. Among them, 4 cases involved industry associations organizing the implementation of horizontal monopoly agreements.<sup>13</sup>

# SAMR Fines Simcere Pharmaceutical More than CNY 100 Million for Abusing Its Market Dominance

On 29 January, SAMR published a penalty decision against Simcere Pharmaceutical Group Limited (**"Simcere Pharmaceutical"**) for the abuse of its market dominance. Simcere Pharmaceutical has abused its market dominance in the batroxobin active pharmaceutical ingredient market through a refusal to deal without justifications. It was fined 2% of its annual sales in 2019, totalling CNY 100.7 million. <sup>14</sup>

## SAMR Probing China Architectural Glass and Industrial Glass Association for Allegedly Facilitating a Monopoly Agreement

On 22 January, SAMR published an announcement, stating that it has, upon receiving a tip-off, commenced a probe into China Architectural Glass and Industrial Glass Association for allegedly facilitating a monopoly agreement among glass companies.<sup>15</sup>

# AMR in Shandong Province Rectifies 2 Cases on Leveraging Administrative Power to Preclude or Restrict Market Competition

On 13 January, Shandong Provincial Administration for Marker Regulation ("AMR") published 2 cases that involve leveraging administrative power to preclude or restrict market competition, rectifying the Jining Municipal Finance Bureau's conduct concerning subsidies to bus firm and Rizhao Municipal Urban Administration Bureau's conduct of designating heat metering device provider. Both bureaus have rectified their conduct after being directed by Shandong Provincial AMR.

<sup>&</sup>lt;sup>13</sup> <u>http://www.samr.gov.cn/fldj/tzgg/xzcf/</u>

<sup>&</sup>lt;sup>14</sup> <u>http://www.samr.gov.cn/fldj/tzgg/xzcf/202101/t20210129\_325644.html</u>

<sup>&</sup>lt;sup>15</sup> <u>http://www.samr.gov.cn/fldj/sjdt/gzdt/202101/t20210122\_325448.html</u>

<sup>&</sup>lt;sup>16</sup> <u>http://www.samr.gov.cn/fldj/tzgg/qlpc/</u>

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### Sichuan Provincial Cement Association and 5 Companies are Fined More than CNY 59.81 Million for Implementing Monopoly, while 1 Company is Exempted

On 7 January, Sichuan Provincial AMR published penalty decisions concerning monopoly agreement by undertakings in the cement industry on its website. Sichuan Provincial Cement Association was fined of CNY 500,000 for organizing monopolistic conduct; 5 cement companies were confiscated in illicit gains and fined 1% to 2% of their annual sales in 2016, totalling more than CNY 59.31 million; one company was exempted from the administrative penalty because it voluntarily reported the circumstances regarding the monopoly agreement and offered important evidence. <sup>17</sup>

<sup>&</sup>lt;sup>17</sup> <u>http://scjgj.sc.gov.cn/scjgj/xxcf/zfxxgk\_listlist.shtml</u>

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## **Merger Control**

### Huafa Property and Jones Lang LaSalle Property are Fined CNY 700,000 for Gun-jumping

On 29 January 2021, SAMR published a penalty decision against Zhuhai Huafa Property Management Services ("**Huafa Property**") and Beijing Jones Lang LaSalle Property Management Services ("**Jone Lang LaSalle Property**") for establishing a joint venture without notifying the antitrust regulator, fining each company CNY 350,000.<sup>18</sup>

### Xinjiang Xuefeng Investment Holding is Fined CNY 300,000 for Gun-jumping

On 28 January, SAMR published a penalty decision against Xinjiang Xuefeng Investment Holding for its acquisition of 39.5% shares in Yuxiang Huyang Chemical without notifying the regulator. Xinjiang Xuefeng was fined CNY 300,000.<sup>19</sup>

### SAMR Publishes a Conditional Clearance Decision Regarding Cisco's Acquisition of Acacia Communication

On 19 January, SAMR published on its website a conditional clearance decision regarding Cisco's acquisition of shares in Acacia Communication. The deal was filed on 22 October 2019. Due to the expiry of review period, the parties withdrew the case and applied twice, and finally obtained a conditional clearance decision on 14 January 2021 (450 days in total). The conditions include that both parties as well as the entity post the transaction shall continue to supply digital signal processors to Chinese customers in accordance with the principle of fairness, reasonableness, and non-discrimination. <sup>20</sup>

<sup>&</sup>lt;sup>18</sup> <u>http://www.samr.gov.cn/fldj/tzgg/xzcf/202101/t20210129\_325631.html</u>

<sup>&</sup>lt;sup>19</sup> <u>http://www.samr.gov.cn/fldj/tzgg/xzcf/202101/t20210128\_325588.html</u>

<sup>&</sup>lt;sup>20</sup> http://www.samr.gov.cn/fldj/tzgg/ftjpz/202101/t20210119\_325338.html

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### **Courts Litigation**

### Haikou Intermediate People's Court in Hainan Province Hears an Anti-Monopoly Dispute between 2 Drug Producers

On 18 January 2021, Haikou Intermediate People's Court in Hainan Province combined and heard the anti-monopoly dispute between Hainan Eshun Pharmaceutical (Plaintiff), Hubei Hope Pharmaceutical (Defendant 1), Shandong Wanji Pharmaceutical (Defendant 2), Guangxi Lianhua Pharmaceutical (Defendant 3), and Shanxi Jingcheng Pharmaceutical (Defendant 4). During the trial, the plaintiff accused the defendants of breaching the *Price Controlling Protocol* by underselling relevant products online without permission and asked the defendants to pay the fine and liquidated damages. The defendants argued that since the protocol contains Resale Price Maintenance clauses with punitive measures such as fine and stopping supply, it violates Article 14 of the Anti-Monopoly Law. In addition, Defendant 1 also mentioned during the trial that it had reported the plaintiff's alleged monopolistic conduct to Hainan AMR before.<sup>21</sup>

## SPC Dismisses Jurisdiction Challenge Proposed by Luoyang Municipal Urban Administration in an Administrative Monopoly Case

On 8 January, a ruling from SPC was published on *China Judgement Online*, which dismissed the jurisdiction challenge proposed by Luoyang Municipal Urban Administration in an administrative monopoly dispute case with Hangzhou Qingqi Technology. <sup>22</sup>

### Ningbo Intermediate Court Rules in Favour of Mlily in a Monopoly Agreement Case against 4 Domestic TDI Producers

On 28 December 2020, Ningbo Intermediate People's Court in Zhejiang Province rendered the firstinstance judgment over a monopoly agreement case brought by Mlily Healthcare Co., Ltd against 4 domestic toluene diisocyanate ("**TDI**") producers (Gansu Yinguang Juyin Chemical, Fujian Fuhua Industry & Trade, Cangzhou Dahua, and Yantai Juli Fine Chemical). The court confirmed that 4 defendants have reached and implemented a horizontal monopoly agreement and ordered the defendants to compensate for the economic loss of Mlily Healthcare Co., Ltd. Plaintiff's other claims were dismissed.<sup>23</sup>

<sup>&</sup>lt;sup>21</sup> <u>http://tingshen.court.gov.cn/live/17121586</u>

 $<sup>^{22}\ \</sup>underline{https://wenshu.court.gov.cn/website/wenshu/181107ANFZ0BXSK4/index.html?docId=d973531c9f1b4fe080daacaa00d1699ff}$ 

<sup>&</sup>lt;sup>23</sup> <u>https://xueqiu.com/1843084610/167242951</u>

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## Academia

## Fair Competition Review System – Basic Principles and Practice in China edited by Professor Sun Jin is published

Recently, *Fair Competition Review System – Basic Principles and Practice in China*, edited by Sun Jin, professor from Wuhan University Law School, was published by Economic Science and Society Press. The book provides a detailed introduction and in-depth research on five aspects of the fair competition review system: ontology, extraterritoriality, operation, practice, and evolution. It contains a detailed interpretation of China's fair competition review system, useful references to foreign practices in implementing competition review and evaluation, positive suggestions for further improving the construction of China's fair competition review system, as well as case studies. It is of great practical and research value to fully implement, and comprehensively promote and optimize China's fair competition review system. <sup>24</sup>

<sup>&</sup>lt;sup>24</sup> <u>https://mp.weixin.qq.com/s/DwGL6BvsSKk4Y1LnG0i3OQ</u>

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## **Dentons Team**

### Dentons Ranked in GCR's "Global Elite Ranking 2021"

In December 2020, *Global Competition Review* (**"GCR"**) published its GCR 100 ranking in Competition Law of 2021. Dentons is on the list again, being ranked among the top 25 "Global Elite" as well as the top 5 law firms in GCR 100 Rankings: Cartels. <sup>25</sup>

<sup>&</sup>lt;sup>25</sup> <u>https://law.weread.app/posts/NGY0OTRiNGI0YzRjNDM0Mw==</u>

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## **Data Protection**

### Legislation

### **CBIRC Issues** Data Security Management Measures (Trial Version)

On 15 January 2021, the China Banking and Insurance Regulatory Commission ("**CBIRC**") issued the *CBIRC Data Security Management Measures (Trial Version)* ("**Measures**"). According to the *Measures*, regulatory data refers to various types of information such as numbers, indicators, and spreadsheet texts that are regularly collected, recorded, generated and stored by the regulatory information system in accordance with the law, or identified by various business departments of the CBRC in the course of performing its supervisory duties. <sup>26</sup>

## Central Bank Issues New Regulation Regarding Credit Reporting and Prohibits Excessive Collection of Private Information

On 11 January, the People's Bank of China ("**Central Bank**") issued *Credit Report Management Measures (Draft for Public Consultation)* ("**Measures**"). The *Measures* contains 7 chapters and 46 articles, providing rules for the scope, collection, collation, preservation, processing, provision, use, security, cross-border flow of credit information and business regulation. The *Measures* also clearly defines credit information and emphasising the need to strengthen the protection of the rights and interests of individuals and corporate information subjects and safeguard information security. <sup>27</sup>

### CAC Publicly Solicits Opinion on Administrative Measures on Internet-based Information Services (Draft Amendment for Public Consultation)

On 8 January, the Cyberspace Administration of China ("CAC") published *Administrative Measures on Internet-based Information Services (Draft for Public Consultation)*, which is publicly soliciting opinion from the general public. The draft amendment is drafted jointly by CAC, the Ministry of Industry and Information Technology ("**MIIT**"), and the Ministry of Public Security. It contains 6 Chapters and 54 Articles. Among them, Article 5 specifies relevant duties of the cyberspace administration, telecommunications administration, public security authority, national security authority and so on. The deadline for public consultation is 7 February 2021.<sup>28</sup>

### **CBIRC Issues** Regulatory Measures for Informatization Work of Insurance Intermediaries

On 5 January, the CBIRC issued *Regulatory Measures for Informatization Work of Insurance Intermediaries* ("**Regulatory Measures**"). The *Regulatory Measures* contains 6 Chapter and 36 Articles and sets out comprehensive requirements for the informatization work of insurance

<sup>&</sup>lt;sup>26</sup> <u>https://www.financialnews.com.cn/jg/zc/202101/t20210115\_209881.html</u>

<sup>&</sup>lt;sup>27</sup> https://baijiahao.baidu.com/s?id=1688641763110677684&wfr=spider&for=pc

<sup>&</sup>lt;sup>28</sup> <u>http://www.cac.gov.cn/2021-01/08/c\_1611676476075132.htm</u>

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intermediaries, including that insurance intermediaries shall not disclose data to affiliated enterprises. 29

<sup>&</sup>lt;sup>29</sup> <u>http://www.gov.cn/xinwen/2021-01/13/content\_5579629.htm</u>

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### **Enforcement Cases**

### MIIT Reports a List of 157 Apps Infringing Users' Rights and Interests and Considers That Management Responsibility of Certain App Stores Are Not Duly Fulfilled

On 22 January 2021, the MIIT reported the first batch of 157 Apps in 2021 that violated users' interest and had not yet completed rectification. Problems involved included deceiving and misleading users to download apps, collecting and using personal information in violation of the law, and forcibly, frequently and excessively requesting permissions from users. The report required that these apps should complete the rectification and implementation work by 29 January. In addition, the report pointed out that the implementation of the management responsibility of a number of app stores was not in place, and the MIIT has urged the relevant platforms to strictly implement the *Interim Provisions for the Administration of Pre-installation and Distribution of Mobile Applications on Smart Device* and enforce the main responsibility of enterprises. The MIIT will take actions, in accordance with the law, against the relevant enterprises that have outstanding problem and do not follow orders or complete rectifications. <sup>30</sup>

#### Agricultural Bank of China Fined CNY 4.2 Million by CBIRC for Risks such as Data Breach

On 19 January, the CBRC imposed a fine of CNY 4.2 million on Agricultural Bank of China in accordance with Article 21 and Article 46(5) of the *Law of the People's Republic of China on Banking Regulation* and the relevant rules on prudential operation for having potential security risk and data breach risk in the information system . <sup>31</sup>

### MIIT Removes 12 Apps That Infringes Users' Rights and Interests

On 19 January, the MIIT removed 12 apps that infringed on users' rights and interests and had not completed the rectification, including well-known apps such as Tao Juan Ba and Yi Guan. Most of the apps that were removed for having the problem of "illegal collection of personal information". <sup>32</sup>

#### Medical Staff Detained for Sharing Patient's Medical Record in WeChat Group

On 15 January, the Public Security Bureau of Baishui County, Shaanxi Province, imposed administrative detention of nine days and a fine of CNY 500 on an employee of Baishui County Hospital, in accordance with Article 42(6) of the *Law of the People's Republic of China on Administrative Penalties for Public Security*. Previously, the employee had posted a photo of the patient's medical records in his family group chat, causing the photo to be widely disseminated on social media platforms. <sup>33</sup>

<sup>&</sup>lt;sup>30</sup> <u>http://www.gov.cn/xinwen/2021-01/23/content\_5582195.htm</u>

<sup>&</sup>lt;sup>31</sup> <u>http://www.cbirc.gov.cn/cn/view/pages/ItemDetail.html?docId=963387&itemId=4113</u>

<sup>&</sup>lt;sup>32</sup> https://www.miit.gov.cn/jgsj/xgj/fwjd/art/2021/art\_8de59661ae0f46518ad5a9fcf6399d0a.html

<sup>&</sup>lt;sup>33</sup> <u>https://mp.weixin.qq.com/s/IM2tIQOO8tRJ304XhqEfkg</u>

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# MIIT Cybersecurity Administration Bureau Publishes Result of 2020 "Double Random One Publicity" Inspection

On 5 January, the MIIT Cybersecurity Administration Bureau announced the results of its 2020 random inspection on the cybersecurity protection work of some telecommunications and Internet enterprises and domain name agencies, the implementation of network and information security responsibilities, the implementation of data security protection responsibilities and management measures, and the registration of identity information of telephone users. A total of 49 telecommunication and Internet enterprises and domain name agencies were found to be breaking the rules to varying degrees. <sup>34</sup>

### Beijing Police Says an Employee of an Aviation Security Company was Detained for Leaking Covid-19 Patient's Privacy

On 4 January, Beijing Public Security Bureau reported a typical case concerning infringement of citizen's privacy. An employee of an aviation security company was detained for spreading the epidemiology survey report of a Covid-19 patient, causing leakage of the patient's family members and co-workers.<sup>35</sup>

<sup>&</sup>lt;sup>34</sup> <u>https://www.miit.gov.cn/jgsj/waj/xyaqgl/art/2021/art\_126d93c97aa74505b4d712031b477042.html</u>

 $<sup>^{35}\ \</sup>underline{https://m.21jingji.com/article/20210104/herald/f9fe1990d8f0542bfdf579c0b2e4a349.html}$ 

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## **Courts Litigation**

### iQIYI Wins First-Instance Trial of Privacy Infringement Case

On 25 January 2021, the People's Court of Qingpu District, Shanghai, held a hearing on the case of Wu Shengwei v. iQIYI and Beijing Rongtai Law Firm for the dispute over privacy and personal information protection. The court held that the defendant, iQIYI, submitted the plaintiff's movie viewing records and other records to the court for legitimate and lawful purposes in order to prove its claims, and that displaying them in a non-public pre-trial meeting did not result in improper disclosure of the plaintiff's personal information. Therefore, the plaintiff's claim was dismissed. <sup>36</sup>

### Tianjin No.1 Intermediate People's Court Invalidates Contract Concerning Products that Illegally Collect Personal Information and Confiscates Relevant Illicit Gains

On 21 January, the Tianjin No.1 Intermediate People's Court held a press conference to release a typical case of promoting the protection of citizens' personal information through civil penalties for illegal business practices. In this case, the Tianjin technology company developed and sold an electronic product called Tanzhen Hezi for collecting personal information of mobile phone users. The parties brought up a contract dispute over the sale of the product to the court. The court held that the parties' sale and purchase of products that illegally collect personal information of unspecified persons violated the mandatory provisions of the law and resulted in damage to the public interest. The court ruled the contract concerned void and seized the tech company's property obtained from selling such products. <sup>37</sup>

## Shua Bao Ordered to Pay a Compensation of CNY 5 Million for Illegally Scraping Videos on TikTok

On 16 January, according to a report by Beijing Haidian Court, Shua Bao, a mobile app, constituted unfair competition by scraping videos and comments from TikTok and offering them to the public. The court ordered a compensation of CNY 5 million. <sup>38</sup>

# Online Loan Company Fined CNY 3.2 Million for Infringing Personal Information, Responsible Staff Convicted

On 12 January, *China Judgement Online* published a first-instance judgment on the crime of infringing citizens' personal information committed by Beijing Zhijie Internet Technology Co, Ltd (**"Zhijie Company"**), Xian Junjiang, and others. The accused, Xian Junjiang, deceived victims into registration with the knowledge that Zhijie Company did not have the loan license. He then collected and sold the victims' information, with a sales amount of approximately CNY 3.17 million. Zhijie

 $<sup>^{36}\ \</sup>underline{https://m.21jingji.com/article/20210129/herald/231bade67cb45689b0d2673a6df1abe1.html}$ 

<sup>&</sup>lt;sup>37</sup> <u>https://www.sohu.com/a/446078528\_362042</u>

<sup>&</sup>lt;sup>38</sup> <u>http://bjhdfy.chinacourt.gov.cn/article/detail/2021/01/id/5718184.shtml</u>

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Company, as an entity, was convicted of infringing citizens' personal information and was fined 3.2 million, while other responsible staff were sentenced to jail with fines. <sup>39</sup>

### Judgment Delivered for First Public Interest Litigation on Infringement of Citizens' Personal Information under Civil Code

On 8 January, the first public interest litigation on infringement of citizens' personal information after the Civil Code came into effect was heard. The judgment was delivered after the trial. The litigation was brought by the People's Procuratorate of Xiacheng District, Hangzhou, Zhejiang Province, and was heard publicly via the Internet Court of Hangzhou. The court ordered the defendant to pay a compensation for damage of CNY 34,000 based on the profit gained and to make a public apology on a provincial media. <sup>40</sup>

### Sfansclub Ordered to Pay Weibo CNY 10 Million for Scraping and Using Data Improperly

Recently, Haidian District Court of Beijing rendered a judgment on the unfair competition dispute between Weibo (Plaintiff) and Sfansclub (Defendant). Previously, Weibo has filed a lawsuit against Sfansclub for scraping and showing Weibo's data. The court ordered Sfansclub to stop its improper conduct immediately, to publish an announcement on its official website, Weibo account and the cover page of its App's main menu continuously for 15 days to eliminate the negative impact, as well as to pay Weibo a compensation for damage of CNY 10 million and other reasonable expense of around CNY 200,000. <sup>41</sup>

 $<sup>^{39} \ \</sup>underline{https://wenshu.court.gov.cn/website/wenshu/181107ANFZ0BXSK4/index.html?docId=2a2d692d898745fd81ebacae01109aea} \ \underline{https://wenshu.court.gov.cn/website/wenshu/181107ANFZ0BXSK4/index.html?docId=2a2d692d898745fd81ebacae01109aea} \ \underline{https://wenshu/181107ANFZ0BXSK4/index.html?docId=2a2d692d898745fd81ebacae01109aea} \ \underline{https://wenshu/181107ANFZ0BXSK4/index.html?do$ 

<sup>&</sup>lt;sup>40</sup> <u>https://www.jiemian.com/article/5520674.html</u>

<sup>&</sup>lt;sup>41</sup> <u>https://finance.sina.com.cn/tech/2021-01-04/doc-iiznezxt0482843.shtml</u>

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