

## China's Supreme People's Court Upholds 201.54 Million RMB Trade Secret Verdict

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In what is believed to be the largest Chinese trade secret misappropriation verdict ever, China's Supreme People's Court affirmed a ruling in favor of Sennics Chemical Technology Co., Ltd. (<http://www.sennics.com>) for 201.54 Million RMB against Chen XX and Yuncheng Jinteng Chemical Technology Co., Ltd. (?????????????).

The "Nitrobenzene Synthesis of RT Base Technology" and the "Utilization of RT Base to Produce Rubber Antiaging Agent 4020 Process" were first developed by Shandong Sennics Chemical Co., Ltd. Later, Shandong Sennics transferred all the technology to Sennics, and Sennics continued to optimize and improve it. From 2007 to 2012, Chen XX, together with Xiangyu Company and other entities under his actual control, stole the trade secrets involved in the Sennics Company and used the trade secrets involved in the case to build a new production line. Chen and Xiangyu Company were criminally convicted. After the conviction, Chen and Xiangyu Company did not stop the infringement, and Xiangyu Company continued to produce infringing products using the production lines involved in the case. In 2017, Chen established another company, Jinteng Company. Jinteng Company and its Linyi branch continued to use the production line involved in the case and the trade secrets involved in the case to produce infringing products in the factory of Xiangyu Company. Chen and Jinteng Company therefore were jointly infringing.

According to an appraisal report, the market value of Sennics' trade secrets on April 21, 2012 using the income method was 201.54 million RMB. According to the evidence provided by Sennics, Xiangyu's business revenue exceeded 2.7 billion RMB over four years, and the average annual sales revenue exceeded 680 million RMB. Considering that the infringement occurred for more than eight years, the court held that the profits earned by Chen and Jinteng from using the trade secrets involved in the case to manufacture and sell infringing products clearly exceeded the 201.54 million RMB claimed by Sennics.

Therefore, the SPC upheld the award of 201.54 million RMB.

The case is ?2022???????816? decided December 27, 2023 and published January 17, 2024. The full text of the decision is available here: [?2022??????? 816 ?](#) (Chinese only).

National Law Review, Volume XIV, Number 28

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