

ECUPL IP MOOT COURT PROBLEM (2026)

IN THE SUPREME PEOPLE'S COURT OF P.R.C

Nova Company & Haven Company

as PETITIONER

v.

Feiyue Company

as RESPONDENT

FACT

1. Feiyue Company was established on April 13, 2004. Its business scope includes: technology development, technology transfer, technical consulting, technical services, and technical training; and the sale of chemical products, chemical fertilizers, pesticides, and animal feeds.
2. Nova Company was established on November 15, 2005. Its business scope includes: the production and sale of food additives (amino acids and their salts, disodium succinate, guanidinoacetic acid); and the production and sale of animal feed additives (amino acids and their salts, disodium succinate, guanidinoacetic acid).
3. Haven Company was established on December 24, 2020. Its business scope includes: biotechnology research and development; and the sale of chemical products.
4. Emma Li, the legal representative of Haven Company, is the sister of the wife of John Qi, the legal representative of Nova Company. Emma Li is also the wife of Daniel Qi, a shareholder of Nova Company.
5. The “About Us” page on Haven Company’s website states: “Haven Company is a high-tech enterprise engaged in the research, development, and sale of products such as animal feed additives, food additives, and pharmaceutical raw material intermediates.” “Our main products include glycine, L-lysine hydrochloride, guanidinoacetic acid and other products.” “The company has strong technical capabilities and a highly qualified, experienced, and dedicated professional research and development team. The company is committed to technological advancement. In addition to independently developing new products, it can also develop customized products according to customer needs.”
6. Alex Zhang (“Party B”) is an employee of Feiyue Company (“Party A”). The parties signed a Confidentiality Agreement on April 28, 2019, which provides as follows:

Article 2: During the period of employment with Party A, Party B shall comply with all written or unwritten confidentiality rules and regulations designated by Party A and perform the confidentiality obligations corresponding to his or her job position. Where Party A’s confidentiality rules and regulations do not provide for a matter, or provide for it unclearly, Party B shall also exercise caution and act in good faith. Party B shall take all necessary and reasonable measures to protect the confidentiality of any technical or business confidential information belonging to Party A, or belonging to a third party but subject to a confidentiality obligation undertaken by Party A, that Party B learns or possesses during his employment.

Article 3: During his or her employment with Party A, if Party B has access to or uses Party A’s trade secrets for work purposes, he shall use such information only within the scope and to the extent specified by Party A. Party B shall not remove physical items or

documents from his or her workplace without permission. Without Party A's written consent, Party B shall not copy, communicate, or transfer materials containing Party A's trade secrets, nor disclose such trade secrets at academic conferences, product fairs, technical appraisal meetings, or other events, or through newspapers, magazines, information networks, or other media.

Article 4: Except as necessary for the performance of his or her duties, Party B shall not, without Party A's consent, disclose, publish, disseminate, teach, transfer, or otherwise make available to any third party (including other employees of Party A who, under the confidentiality rules, are not entitled to know the secret) any technical or other confidential information belonging to Party A or belonging to a third party but subject to a confidentiality obligation undertaken by Party A. Party B shall also not use such confidential information outside the performance of his or her duties.

Article 5: During his or her employment, Party B shall not use any trade secrets of a third party for which Party A has assumed a confidentiality obligation without the written permission of the owner of such trade secrets, and shall not disclose such trade secrets. Party B shall not use, without permission, any technical or other trade secrets belonging to others, nor engage in any conduct that may infringe the intellectual property rights of others. If Party B's breach of the above obligations causes Party A to face any claim by a third party, Party B shall bear all expenses incurred by Party A as a result. If Party A incurs any liability for compensation, it shall have the right to seek indemnification from Party B. Such expenses and compensation may be deducted from Party B's salary.

Article 6: When Party B is transferred from his or her original position or leaves his or her employment for work-related or other reasons, he or she shall return to Party A all documents, records, notes, data, program lists, outlines, models, floppy disks, and other forms of materials containing or relating to Party A's trade secrets to which he or she has had access. In particular, materials relating to software development, including source code, documents, and target products, shall be transferred separately. If such information is stored on media owned by Party B, Party B shall delete the information or destroy the media under Party A's supervision. Party A shall not bear any related costs.

7. From November 20, 2018 to January 16, 2019, Nova Company conducted six batches of pilot-scale production trials for guanidinoacetic acid. The pilot-scale production trials proceeded well. In March 2019, Feiyue Company and Nova Company reached an oral agreement under which Feiyue Company would purchase guanidinoacetic acid from Nova Company. On April 1, 2019, Feixiang Company, a subsidiary of Feiyue Company, paid RMB 50,000 to Nova Company for the purchase of Nova Company's guanidinoacetic acid. The invoice described the product as "guanidinoacetic acid".
8. On June 30, 2019, Feiyue Company ("Party A") and Nova Company ("Party B") signed

a Strategic Cooperation Agreement, which provided as follows:

- (1) Within mainland China, Party A exclusively entrusted Party B with the production of guanidinoacetic acid. Party B would prepare or purchase the raw materials on its own. Party A would provide Party B with the supporting technology for the production of guanidinoacetic acid and the quality requirements for the products manufactured under the entrustment.
 - (2) During the cooperation period and for three years after the termination of the cooperation, Nova Company shall keep confidential the relevant sales data, technical information, and other confidential information, and shall not disclose such information to any person.
 - (3) The contract is valid from June 30, 2019 to June 30, 2022. The parties may, by mutual agreement, extend the term of the agreement by way of a written supplementary agreement.
9. On August 1, 2019, Feiyue Company and Nova Company signed a Processing Agreement. The Agreement added product quality requirements. All other content was identical to the corresponding content of the Strategic Cooperation Agreement signed by the parties.
 10. On October 12, 2020, the County Environmental Protection Bureau issued its ***Approval Opinion on the Environmental Impact Report for Nova Company's Annual Production of 1,200 Tons of Guanidinoacetic Acid***. The document states: "The annual production project for 1,200 tons of guanidinoacetic acid, jointly developed by Nova Company and Feiyue Company, is located in the local pharmaceutical and chemical industry base, with a total investment of RMB 12 million."
 11. In June 2021, Feiyue Company provided Nova Company with a process technology entitled ***Production of Guanidinoacetic Acid by the Cyanamide Process***, which was dated June 1, 2021.
 12. In April 2023, Feiyue Company received the final batch of guanidinoacetic acid products that it had entrusted Nova Company to produce.
 13. On November 10, 2020, Feiyue Company submitted an application to the Ministry of Agriculture and Rural Affairs of P.R.C for approval of guanidinoacetic acid as a new animal feed additive. On October 23, 2023, the Ministry of Agriculture and Rural Affairs issued the Certificate for New Animal Feed Additive Products (certificate number: ***New Feed Certificate (2023) No. 10***) to Feiyue Company.
 14. On July 26, 2025, Nova Company produced a document entitled ***Production of Guanidinoacetic Acid by the Cyanamide Process***.
 15. A comparison of the contents of Nova Company's ***Production of Guanidinoacetic Acid by the Cyanamide Process*** dated July 26, 2025 and Feiyue Company's ***Production of***

Guanidinoacetic Acid by the Cyanamide Process dated June 1, 2021 revealed the following:

- (1) Feiyue Company's technical document records seven process steps for synthesizing guanidinoacetic acid using cyanamide and glycine as the principal raw materials, namely: raw material charging and mixing, heating and condensation, cooling and crystallization, activated carbon decolorization, secondary recrystallization, filtration and washing, and drying and pulverization. The document further specifies operating parameter ranges, including reaction temperature (50°C–80°C), reaction time (2–5 hours), and molar ratio of raw materials (1:1.05–1.15).
 - (2) Nova Company's technical document records five process steps for synthesizing guanidinoacetic acid using cyanamide and glycine as the principal raw materials, namely: raw material charging and mixing, heating and condensation, cooling and crystallization, filtration and washing, and drying and pulverization. The reaction temperature, reaction time, molar ratio of raw materials, and other numerical parameters set forth in Nova Company's technical document all fall within the parameter ranges specified in Feiyue Company's technical document.
16. On March 10, 2026, Feiyue Company engaged Prime Law Firm to send Nova Company a ***Lawyer's Demand Letter Concerning the Cessation of the Production, Operation and Use of Guanidinoacetic Acid as an Animal Feed Additive***. The letter states: "It has come to our attention that your company has already produced, operated, used, promoted and sold guanidinoacetic acid as an animal feed additive to users. ... Without permission and without obtaining the New Product Certificate for guanidinoacetic acid as an animal feed additive, your company has produced, operated and used guanidinoacetic acid as an animal feed additive within the territory of China, which seriously infringes the lawful rights and interests of our client and has caused substantial economic losses to our client. ... We hereby demand that your company immediately cease all ongoing or attempted activities involving the production, operation or use of guanidinoacetic acid as an animal feed additive." The letter was dispatched on March 11, 2026, and Nova Company refused to accept it.
 17. In the "News Center" section of Haven Company's website, articles titled "***Haven Company Participates in the 2026 China Feed Industry Exhibition***" and "***Haven Company Participates in the 2026 Thailand Intensive Livestock Farming Exhibition (VIV)***", both record that the main products promoted at the exhibitions included guanidinoacetic acid. The "Products Center" page contains pictures and textual introductions of guanidinoacetic acid products.
 18. In a video dated March 1, 2026, Lucy Han and Eric Zhao, staff members of Haven Company, stated: "We used to do contract manufacturing for Feiyue Company, and the quality is the same as Feiyue Company's, except that we just don't have that certificate

number,” “Feiyue Company bought goods from us and sold them,” “In recent years, our cooperation with Feiyue Company has terminated; after working very hard on our own promotion, our products gradually gained market recognition, and we started making more of this product. But no matter how much we make, the method we use for our products is the same as Feiyue Company’s,” “The goods are the same as Feiyue Company’s,” and “We generally issue invoices under descriptions like glycine and amino acids,” etc.

19. Through that WeChat account, Lucy Han and Eric Zhao sold guanidinoacetic acid products to David Fang. The sales contract was signed on March 17, 2026, with a sales amount of RMB 450,000. Above the contract title are printed Haven Company’s name and logo, and below it is affixed Haven Company’s official seal.
20. On July 14, 2026, Feiyue Company organized an “Expert Appraisal Report on a Guanidinoacetic Acid Product.” The expert appraisal opinion states:
 - (1) Our appraisal is based on the ***Test Report numbered GLA7QGEX05660508*** issued by Pony Testing Group on June 8, 2026. The report records that the sample name is “GAA,” the entrusting unit is Feixiang Company, the sample arrival date is May 27, 2026, the production date or batch number is 2026.3.11, 201260311-01, the testing dates are May 27, 2026 to June 8, 2026, and the manufacturer noted is Haven Company.
 - (2) According to the test results in the report, melamine was not detected in the guanidinoacetic acid sample, and the impurity components and hygienic indicators such as arsenic and heavy metals met the national standards for feed-grade products. The review expert panel opinion states: Internationally, the processing technology, product composition and testing methodology standards for the use of guanidinoacetic acid as an animal feed additive are all more advanced than those in China, and China had long remained blank in this field. After long-term testing and exploration, Feiyue Company, through its exclusive process, stably controlled the content of melamine and other impurities harmful to animals in the product, pioneered China’s testing method for guanidinoacetic acid as an animal feed additive, filed that method with the Ministry of Agriculture in 2023, and obtained the new animal feed additive certificate issued by the Ministry of Agriculture in October 2023 (***New Feed Certificate (2023) No. 10***), thereby filling the domestic gap in the production process, product specifications and testing standards for feed-grade guanidinoacetic acid. The guanidinoacetic acid product in this test report has product specifications consistent with the product specifications for animal feed additives prescribed by the state, and meets the impurity quality-control requirements for feed-grade guanidinoacetic acid products.
21. From July 26, 2025 to June 22, 2026, Nova Company publicly promoted its production

and sale of guanidinoacetic acid through information on its web pages and its participation in exhibitions and promotional activities.

22. On September 1, 2026, Feiyue Company filed a lawsuit with the Shanghai Intellectual Property Court.

Plaintiff's Claims

1. Order Nova Company and Haven Company to immediately cease manufacturing, selling, and licensing others to sell feed-grade guanidinoacetic acid that infringes Feiyue Company's technical secret.
2. Order Nova Company and Haven Company jointly and severally compensate Feiyue Company for the economic losses caused by the infringing acts, together with reasonable expenses incurred to stop the infringement, in the total amount of RMB 12.5 million.

Defendant's Defenses

Nova Company's defense:

1. Nova Company was lawfully established on November 15, 2005 and has independently researched, developed, manufactured, and sold guanidinoacetic acid products since its establishment. Between November 20, 2018 and January 16, 2019, Nova Company independently completed six pilot-scale production trials with satisfactory results. This occurred well before Feiyue Company provided the technical document ***Production of Guanidinoacetic Acid by the Cyanamide Process*** in June 2021, thereby demonstrating that Nova Company independently developed its guanidinoacetic acid production process and did not infringe Feiyue Company's technical secret.
2. ***The Production of Guanidinoacetic Acid by the Cyanamide Process*** provided by Feiyue Company on June 1, 2021 differs substantially from the ***Production of Guanidinoacetic Acid by the Cyanamide Process*** produced by Nova Company on July 26, 2025 with respect to process steps and specific operating parameters. Accordingly, Feiyue Company's claim of technical-secret infringement is unfounded.
3. There is no relationship whatsoever between Nova Company and Haven Company. Feiyue Company's claim that Nova Company infringed its trade secrets and its claim for damages lack a factual and legal basis, and Feiyue Company's claims should be dismissed.

Haven Company's defense:

1. Haven Company is a trading company lawfully established on December 24, 2020. It does not engage in manufacturing activities and is primarily responsible for sales. The products it sells are purchased from third-party companies. Any promotional activities conducted by Haven Company during the sales process fall within its ordinary business scope and constitute normal commercial conduct.
2. There is no relationship whatsoever between Haven Company and Nova Company. Feiyue Company's claim that Haven Company infringed its technical secrets and its claim for damages lack a factual and legal basis, and Feiyue Company's claims should be dismissed.

Trial Court Decision

The Shanghai Intellectual Property Court ruled as follows:

1. The contents recorded in the ***Production of Guanidinoacetic Acid by the Cyanamide Process*** provided by Feiyue Company to Nova Company constitute a trade secret.
 - (1) First, in this case, based on the evidence adduced by Feiyue Company, in both the Strategic Cooperation Agreement and the Processing Agreement signed with Nova Company, it was agreed that Feiyue Company would provide Nova Company with the supporting technology for producing guanidinoacetic acid and the quality requirements for the entrusted processing products. In the course of performing the two agreements, what Feiyue Company provided to Nova Company was the ***Production of Guanidinoacetic Acid by the Cyanamide Process***. The evidence in this case cannot establish that this technology for producing guanidinoacetic acid has become known to the public. Moreover, because Feiyue Company entered into confidentiality agreements with its employees and set confidentiality clauses in the two agreements with Nova Company, this technology was not readily accessible to relevant persons in the field through proper means.
 - (2) Second, through the technical information recorded in the ***Production of Guanidinoacetic Acid by the Cyanamide Process*** provided to Nova Company and by entrusting Nova Company to put it into production, the products were able to enter the market, which has practical commercial value for Feiyue Company. This trade secret also enables Feiyue Company to maintain a position of competitive advantage in the animal feed additive field.
 - (3) Third, Feiyue Company adopted confidentiality measures with respect to the ***Production of Guanidinoacetic Acid by the Cyanamide Process*** provided to Nova Company. Based on the evidence adduced by Feiyue Company, as a technology enterprise, in its business operations it clearly set forth, by entering into confidentiality agreements with its employees, terms relating to trade secrets, technical information, business information and the like, confidentiality obligations, post-employment confidentiality obligations, and liability for breach, which constitutes the adoption of confidentiality measures with respect to the relevant technical information involved in its business operations. Based on the foregoing facts, it is sufficiently established that the contents recorded in the ***Production of Guanidinoacetic Acid by the Cyanamide Process*** provided by Feiyue Company to Nova Company satisfy the statutory conditions for a trade secret under the ***Anti-Unfair Competition Law of the People's Republic of China (Revised in 2025, hereinafter "Anti-Unfair Competition Law")***.
2. Nova Company and Haven Company have infringed Feiyue Company's trade secret at issue in this case. The **Anti-Unfair Competition Law** and the relevant judicial

interpretations provide that business operators may not, in violation of a confidentiality obligation or the right holder's requirements concerning the confidentiality of its trade secrets, disclose, use, or permit others to use the trade secrets in their possession. In this case, Nova Company, having accepted Feiyue Company's entrustment, used the *Production of Guanidinoacetic Acid by the Cyanamide Process* technology provided by Feiyue Company to produce guanidinoacetic acid products for it, and thereby directly came into contact with Feiyue Company's trade secret at issue in this case. Compared with Feiyue Company's Production of Guanidinoacetic Acid by the Cyanamide Process in 2021 and Nova Company's document of the same title dated 26 July 2025, the parameters of Nova Company's document, consisting of temperature, time, raw-material molar ratio and the like, all fall within the corresponding ranges set forth in Feiyue Company's document; in terms of process steps, Nova Company's document omits two steps contained in Feiyue Company's document, with the remaining content being essentially identical. Nova Company's document is in substance covered by Feiyue Company's document, and the two documents are substantially identical. Nova Company, in breach of the agreements, brought guanidinoacetic acid products with technical parameters identical to Feiyue Company's to exhibitions. Haven Company sold guanidinoacetic acid products with technical parameters identical to Feiyue Company's and brought such products to exhibitions, and in its promotional and sales activities claimed that it used the same technology as Feiyue Company to produce guanidinoacetic acid products. The acts of Nova Company and Haven Company both constitute use and disclosure of Feiyue Company's trade secret at issue in this case, and constitute infringement of that trade secret. They shall bear civil liability under the law, including cessation of the infringement and compensation for economic losses and reasonable expenses. Feiyue Company's claim that Nova Company and Haven Company immediately cease manufacturing, selling, and licensing others to sell feed-grade guanidinoacetic acid that infringes Feiyue Company's trade secret, and jointly and severally compensate Feiyue Company for its economic losses and the reasonable expenses it paid to stop the infringement, is in conformity with the law. Except for the amount of compensation, which must be determined at the court's discretion in accordance with law, the court supports all such claims.

3. Haven Company's defense that the guanidinoacetic acid products it sold were purchased from other companies lacks a factual basis and is inconsistent with the facts, and the court does not accept its grounds of defense.
4. As to the determination of the amount of compensation, the **Anti-Unfair Competition Law** and the relevant judicial interpretations provide that the amount of compensation for an operator harmed by an act of unfair competition shall be determined based on the actual losses it suffered as a result of the infringement or the profits the infringer gained from the infringement. Where an operator intentionally commits an act of infringing

trade secrets and the circumstances are serious, the amount of compensation may be determined at one to five times the amount determined by the foregoing methods. The amount of compensation shall also include the reasonable expenses paid by the operator to stop the infringing act. Where an operator violates the provisions of *Articles 7 and 10* of the **Competition Law** and the actual losses suffered by the right holder as a result of the infringement, or the profits gained by the infringer from the infringement, are difficult to determine, the people's court shall, based on the circumstances of the infringing act, order the infringer to compensate the right holder in an amount not exceeding RMB 5,000,000. In this case, Feiyue Company did not adduce evidence to establish the actual losses it suffered as a result of Nova Company and Haven Company's infringement of its trade secret, nor did it adduce evidence to establish the profits Nova Company and Haven Company gained from the infringement. The court, in accordance with the law and taking into account the industry position and commercial value of Feiyue Company's trade secret at issue in this case, the nature and scale of Nova Company and Haven Company's operations, and the nature, circumstances and degree of gravity of the infringing acts, determined at its discretion that the amount of compensation and reasonable expenses in this case totals RMB 500,000, to be paid jointly and severally by Nova Company and Haven Company.

5. In summary, in accordance with *Article 22* of the **Anti-Unfair Competition Law** and *Article 179, Paragraph 1, Items 1 and 8, and Paragraphs 2 and 3* of the **Civil Code of the People's Republic of China**, the court rules as follows:
 - (1) First, Nova Company and Haven Company shall immediately cease manufacturing and selling feed-grade guanidinoacetic acid products that infringe Feiyue Company's trade secret;
 - (2) Second, Nova Company and Haven Company shall, within ten days from the date on which the judgment of first instance takes effect, jointly compensate Feiyue Company for its economic losses and reasonable expenses in a total amount of RMB 500,000;
 - (3) Third, all other claims of Feiyue Company are dismissed. If Nova Company and Haven Company fail to perform their monetary payment obligations within the period specified in the judgment, they shall, in accordance with *Article 253* of the **Civil Procedure Law of the People's Republic of China**, pay double interest on the amount in arrears for the period of delayed performance.

The Appeal

Nova Company and Haven Company filed an appeal with the Supreme People's Court of P.R.C, requesting a reversal of the judgment of first instance and a ruling that they did not constitute trade secret infringement.