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Draft Judicial Interpretation on Handling of Patent Infringement Cases in China (Draft)



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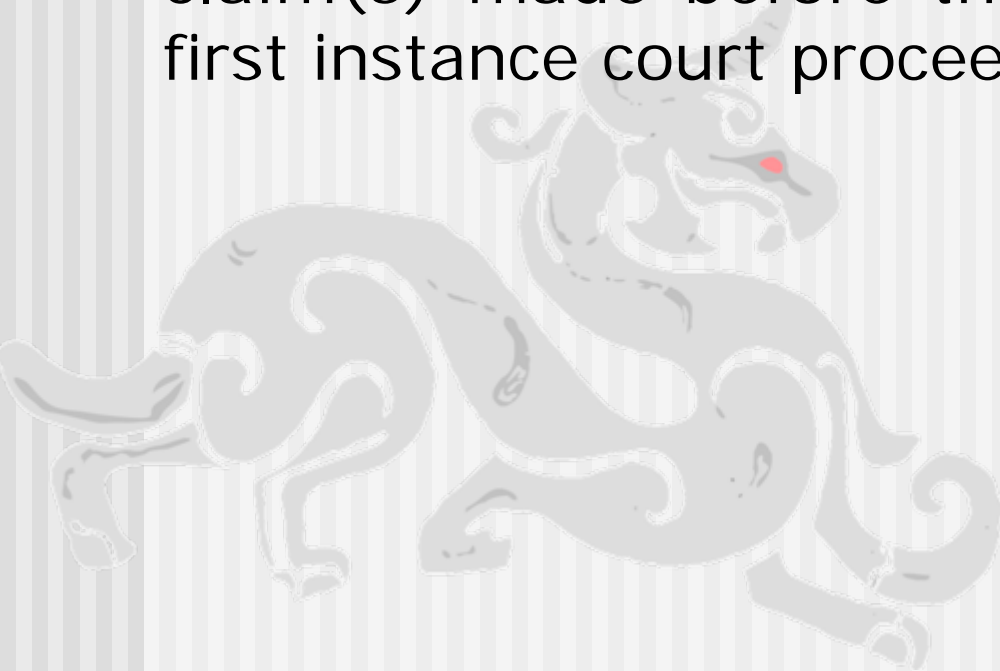
Introduction

- Beijing High Court announced “Opinion Regarding Patent Infringement Assessment Issues” in September 2001
- Supreme Court Announced “Draft Guidelines for Handling Patent Infringement Issues” in October 2003
- Supreme Court Released “Draft Judicial Interpretation on Handling of Patent Infringement Cases” in June 2009



Article 1: Scope of Patent (NI & UM) - (1)

A court shall, based on the claims asserted, verify the scope of patent right (Paragraph 1 Article 59 of Patent Law). Amendment of asserted claim(s) made before the end of debate at the first instance court proceeding is acceptable.

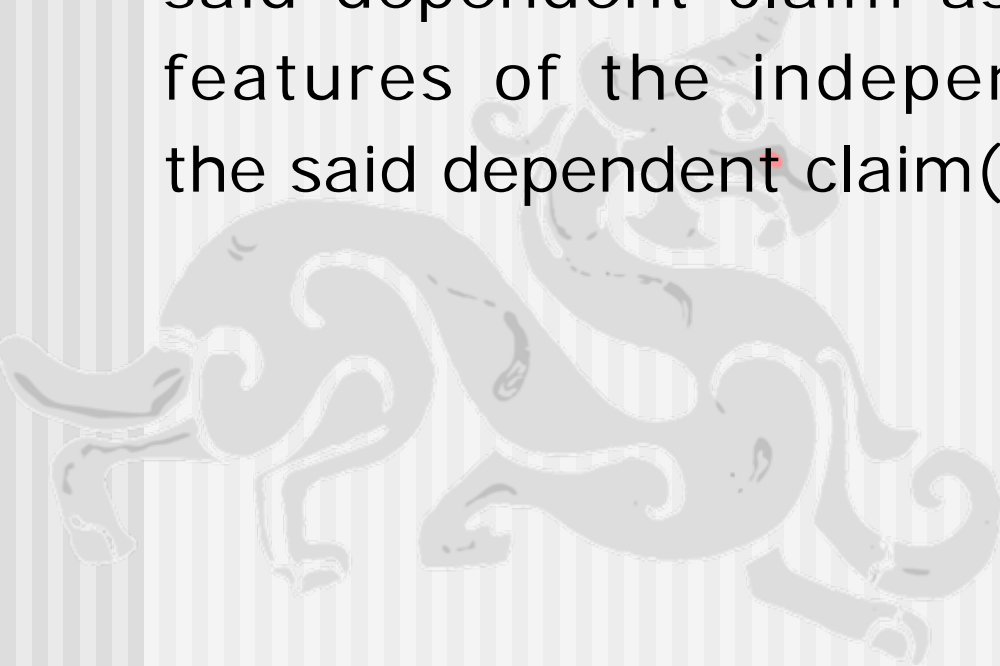


Article 1: Scope of Patent (NI & UM) - (2)

Where an asserted claim is held invalid before issuance of a judgment by a first instance court, the Court shall allow the plaintiff to assert other valid claim(s). If patent invalidity is declared after issuance of the 1st instance court judgment but before the issuance of a 2nd instance judgment, and if the plaintiff asserts claim(s) not asserted in the 1st instance court proceedings, the 2nd instance court may, based on the free will of the parties concerned, proceed with mediation. If the mediation fails, the court shall advise the plaintiff to file a suit separately. As to the claim(s) already asserted, for which the 1st instance court did not issue any judgment, the 2nd instance court may, based on the free will of the parties concerned, proceed with mediation. If the mediation fails, the court shall remand the case for a re-consideration and new decision, provided that claim(s) for which a judgment was not issued shall not affect the finding of patent infringement.

Article 1: Scope of Patent (NI & UM) - (3)

Where a plaintiff asserts a dependent claim, a court shall determine the patent scope based on the additional technical features covered in the said dependent claim as well as the technical features of the independent claim on which the said dependent claim(s) depends.



Article 2: Comprehension by Persons Skilled in the Art (UI & UM)

When determining the protection scope of a patent, a court shall refer to the content of the claim(s) that is comprehended by technical persons with ordinary skills in the art after reviewing the specification and drawings. Where the content of the claim(s) as comprehended by technical persons with ordinary skills in the art is different from the literal meaning of the claim(s), the content comprehended by the technical persons with ordinary skills shall govern when determining the scope of patent protection.

The protection scope of a patent shall comply with the purpose(s) for the patented invention, and it shall not include inferior technical solution(s) having defect(s) or shortage(s) in existing technology which has been overcome by the patent concerned.

Article 3: Interpretation of Claims (NI & UM)

When determining the scope of a claim, a court may refer to the relevant disclosure in the specification, drawings, other claim(s) and the patent file history; where the specification contains a specific definition of any term/ phrase/ language used in the said claim, such specifically defined term, phrase or language shall govern. If, the meaning of the term/ phrase/ language used in the claim cannot be ascertained based on the manner stated above, interpretation of claim can be made with reference to reference books, textbooks and other public literatures, as well as the meaning normally comprehended by technical persons with ordinary skills in the same art.

Article 4: Doctrine of Equivalents (NI & UM)

The “patent protection scope” prescribed in Article 59 of the Patent Law refers to the scope of the technical features defined by claim(s). Where a plaintiff asserts that the scope of patent shall cover the scope of equivalent technical features as defined by claim(s), a court shall determine the protection scope of patent based on the “equivalent technical features”.

The so-called “equivalent technical features” refers to those, as compared with the technical features actually disclosed in the claim(s), which may achieve the same effects and perform the same functions in the same manners, and which, at the time of patent infringement, can be conceived by technical persons with ordinary skills in the same art without any inventive efforts.

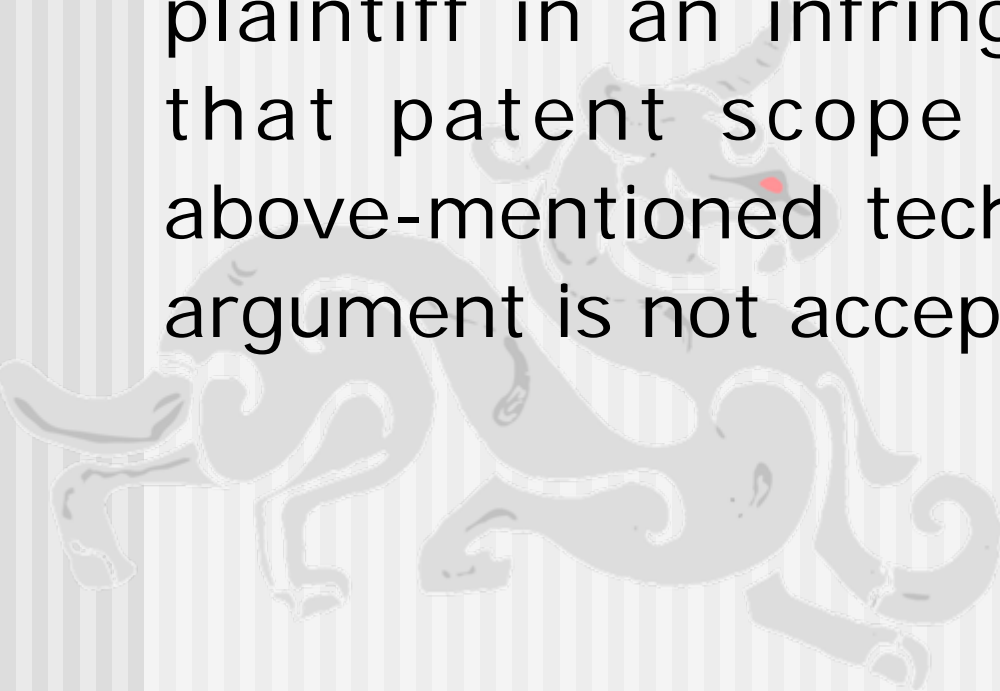
Article 5: Means-plus-function Claims (NI& UM)

Where the technical features of a claim are expressed based on specific function(s) or effect(s), a court shall determine the content of the technical features based on the concrete implementation methods disclosed in the specification and drawings as well as their equivalent implementation methods.



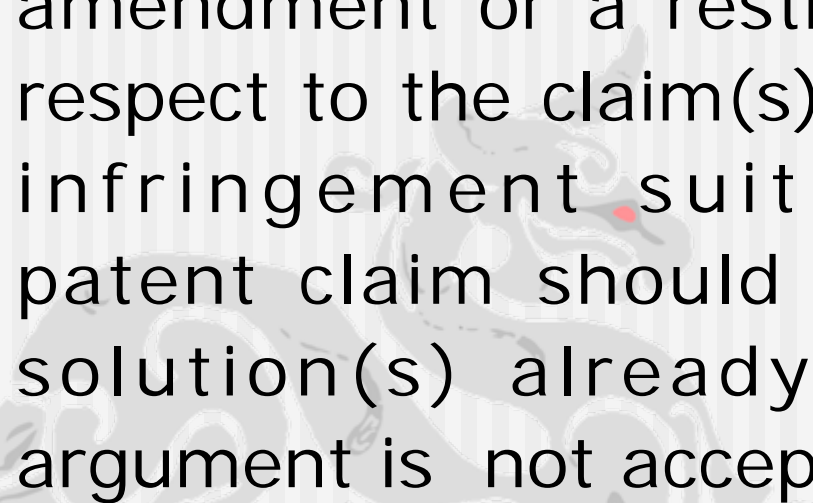
Article 6: Technical Solution Not Disclosed in Claims (NI & UM)

Where a technical solution that is disclosed in the specification or drawings, but is not disclosed in claim(s), if the plaintiff in an infringement suit argues that patent scope should cover the above-mentioned technical solution, such argument is not accepted.



Article 7: Estoppel

Where a patent applicant or a patentee, at his (her) discretion or upon request by a patent examiner, has made a restrictive amendment or a restrictive response with respect to the claim(s), if the plaintiff in an infringement suit argues that the patent claim should cover the technical solution(s) already abandoned, such argument is not accepted.



Article 8: All Elements Rule

When determining whether or not an accused technical solution falls within the scope of a patent, no technical feature disclosed in the claim(s) shall be ignored.

Where the accused technical solution contains features that are same as or equivalent to all those disclosed in the claim(s), a court shall deem that the accused technical solution falls within the scope of patent. Where, as compared with the technical features disclosed in the claim(s), an accused technical solution does not cover one or more technical features as claimed, or the accused solution contains one or more features that are not same as or equivalent to the corresponding ones claimed, a court shall deem that the accused technical solution does not fall in the patent scope.

Article 9:

Scope of Design Patent (1)

When determining the protection scope of a design patent as prescribed in Paragraph 2, Article 59 of the Patent Law, a court shall refer to designs that are same or similar to the claimed design, which are applied to products under the categories same as or similar to the product category of the design patent.

Where the product category is same or similar but the accused design is neither same as nor similar to the patented design, or where the accused design is same as or similar to the patented design but the product category is neither the same nor similar, a court shall deem that the accused design does not fall within the scope of design patent.

Article 10: Scope of Design Patent (2)

The so-called "products under the same category" prescribed in Article 9 of this Interpretation refers to products with the same functions and the so-called "products under a similar category" refers to products with similar functions.

When determining the function of product, a court may refer to international design category list and the brief description in which the product name and function are stated, and further consider factors related to the sale of product, actual use of product, etc.

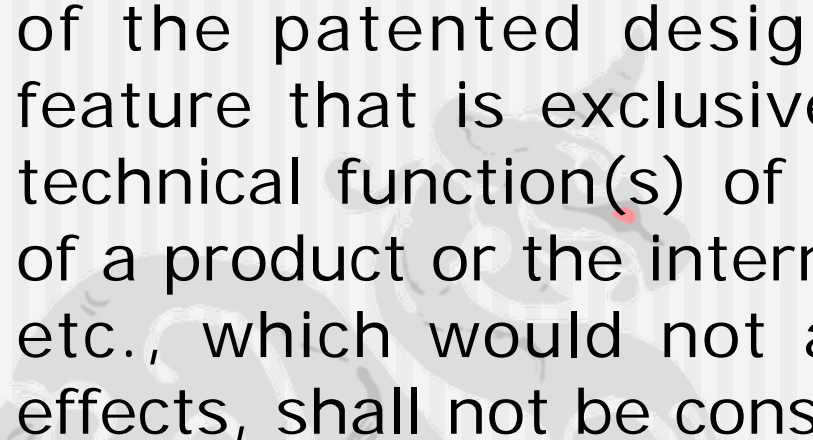
Article 11: Identicalness and Similarity of Designs (1)

When determining whether two or more designs are Identical or similar to each other, a court shall make a decision based on the knowledge level and recognition ability of the general public relevant to the new design product.

The so-called "general public" refers to those who have understanding of general knowledge and who are able to distinguish the differences between/among the shapes, patterns and/or colors used in different designs but normally do not pay attention to very minor differences between/among the shapes, patterns and/or colors.

Article 12: Identicalness and Similarity of Designs (2)

When determining whether two or more designs are identical or similar to each other, a court shall refer to the overall visual effects of the designs and consider the entire design features of the patented design. However, a design feature that is exclusively used to perform the technical function(s) of a product, the materials of a product or the internal structure of a product etc., which would not affect the overall visual effects, shall not be considered.



Article 12: Identicalness and Similarity of Designs (2)

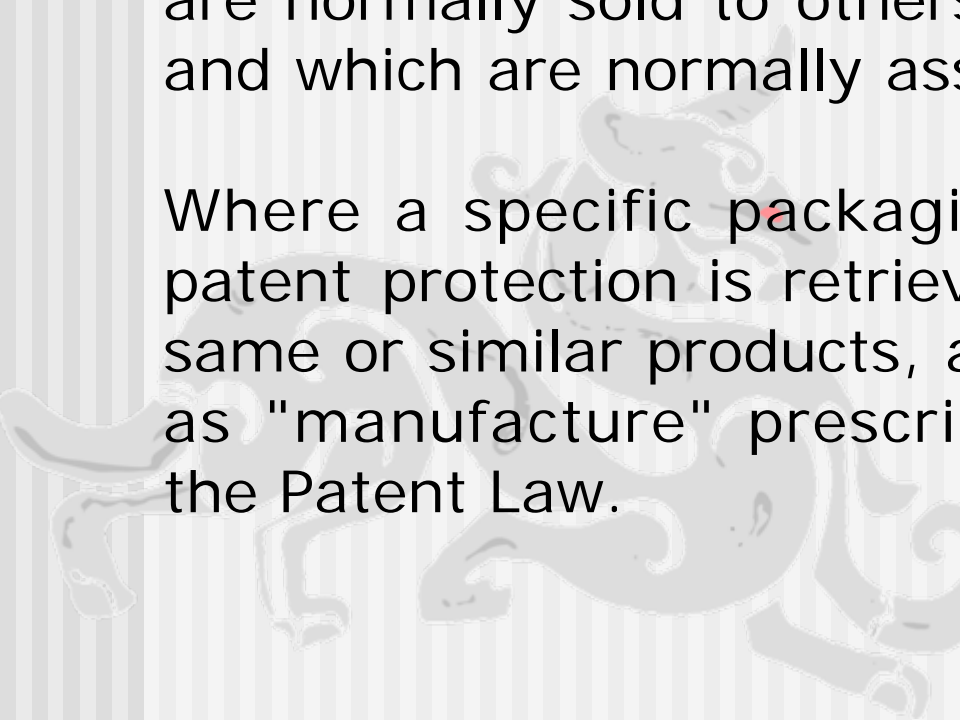
Where an accused design and a patented design may cause confusion to the relevant general public in their overall visual effects, a court shall deem that the accused design is similar to the patented design. Where an accused design that does not contain the “design feature(s)” of the patented design, it shall be deemed that the accused design and the patented design do not cause confusion to the relevant general public in their overall visual effects.

The "design feature(s)" refers to the feature(s) that, as compared with the existing designs, can create obvious visual effects to the relevant general public. A court may refer to the brief description when determining the design feature(s).

Article 13: Assembling vs. Manufacture

An act of assembling products under patent protection shall be deemed as "manufacture" prescribed in Articles 11 & 69 of the Patent Law. However, the above does not apply to products which are normally sold to others as "components of a set" and which are normally assembled by sellers or users.

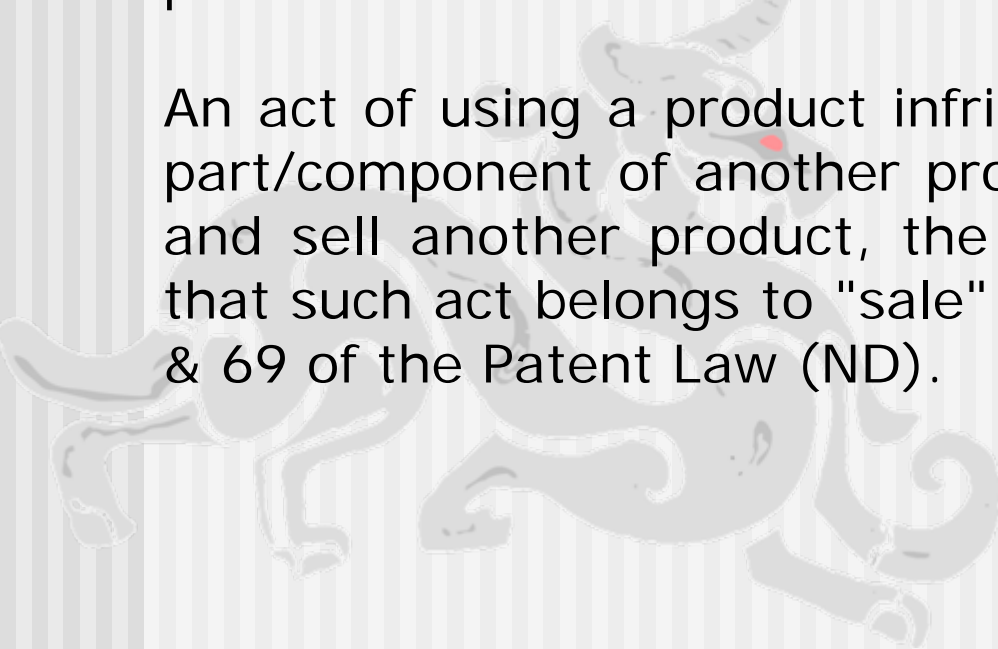
Where a specific packaging material under design patent protection is retrieved for use to package the same or similar products, a court shall deem such act as "manufacture" prescribed in Article 11 & 69 of the Patent Law.



Article 14: Manufacture Based on Parts under Protection (1)

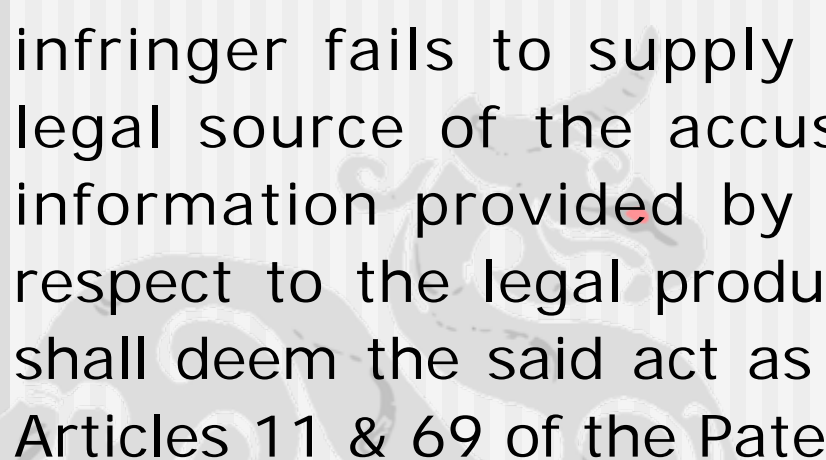
An act of using an infringing item as a part/component of another product (for purpose of manufacturing another product) shall be deemed as "use" as prescribed in Articles 11 & 69 of the Patent Law; the act of selling the other product thus produced shall be deemed as "sale" as prescribed in Articles 11 & 69 of the Patent Law (NI & UM).

An act of using a product infringing a design patent as a part/component of another product so as to manufacture and sell another product, the People's Court shall deem that such act belongs to "sale" as prescribed in Articles 11 & 69 of the Patent Law (ND).



Article 14: Manufacture Based on Parts under Protection (2)

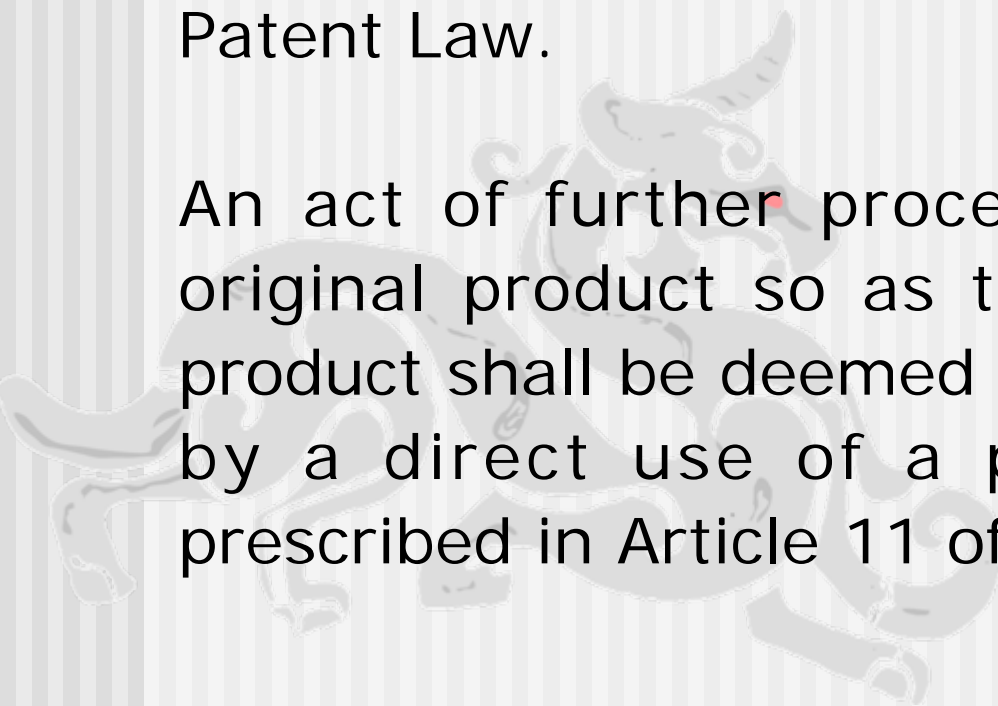
In the events as stated above and where the accused infringers have cooperation with each other, a court shall deem the said act as "manufacture" prescribed in Articles 11 & 69 of the Patent Law. Where the accused infringer fails to supply information regarding the legal source of the accused products or where the information provided by the accused infringer with respect to the legal product source is untrue, a court shall deem the said act as "manufacture" prescribed in Articles 11 & 69 of the Patent Law.



Article 15: Products Directly Obtained from Patented Methods

An original product manufactured by a patented method shall be deemed as "product manufactured by a direct use of a patented method" as prescribed in Articles 11 & 69 of the Patent Law.

An act of further processing or disposing an original product so as to obtain a subsequent product shall be deemed "product manufactured by a direct use of a patented method" as prescribed in Article 11 of the Patent Law.



Article 16: Contributory Infringement (Ni & UM)

Where a party who knows that the concerned product can only be used as a raw material, an interim-product, a part/component, equipment etc. in practicing the patent and who still supplies the said product to a 3rd party for purposes of committing patent infringement, a court shall accept the civil liability claim made by the plaintiff against the above-mentioned doer and the 3rd party. Where the 3rd party's practice is not for purposes of production or business operation, a court shall accept the civil liability claim against the above-mentioned party.

Article 17: Prior Technology Defense (NI & UM)

Where an accused infringer in a patent infringement case raises prior technology defense, if the accused technology is argued to contain all the technical features of the patent claims and if such accused technology is same as or equivalent to the technical features of existing technology, a court shall accept the accused infringer's defense provided that it has submitted evidence proving that the technology used thereby belongs to existing technology.

Where an accused infringer raises a non-infringement defense based on a conflicting patent application that has been published, a court may refer to the standard as stated in the preceding paragraph.

Article 18: Prior Technology Defense (ND)

Where, in a design patent infringement case, the accused infringer raises prior technology defense and where the patented design in dispute is same as or similar to one design applied to an existing product, a court shall, pursuant to Article 62 of the Patent Law, accept the accused infringer's defense provided that it has submitted evidence proving that the technology used thereby belongs to existing technology.

Where an accused infringer raises a non-infringement defense based on a conflicting patent application that has been published, a court shall refer to the standards stated in the preceding paragraph.

Article 19: Other Exceptions (1)

Where an accused infringer raises a defense of prior user right or a defense based on technology or design(s) illegally obtained, a court shall not accept such defense.

In any of the following events, a court shall deem that "the manufacture is done or the necessary preparation is done" as prescribed in Subparagraph 2, Article 69 of the Patent Law:

- (1) where the major technical drawings or workmanship files needed for practicing the invention or creation are completed; and
- (2) where the main equipments or tools needed for practicing the invention or creation are produced or purchased;

Article 19: Other Exceptions (2)

The so-called "original scale" prescribed in Subparagraph 2, Article 69 of the Patent Law includes the manufacture scale already existing, as well as the scale achievable based on the existing manufacturing equipment(s) or based on the original production plan(s), at the time of patent filing.

Where a party claiming prior user right, after patent filing, assigns to another party or allows another party to use the already practiced technology or design, for which the necessary preparation is done, and where the party argues that the such assigned or allowed practice falls within the original scope of practice, a court shall not accept such allegation. However, the above does not apply provided that the concerned technology or design has been transferred or inherited together with the original business enterprise.

Article 20: Technology Standard and Patent Right (1)

Where, with consent from a patent owner, a patent concerned has been included into standard(s) announced by the state, business industry or district standard formulating organization, and where the standard does not disclose the patent, a court may deem that the patentee has agreed to others' practice of the patent at the time when they implement the standard concerned. The above does not apply provided that the patent concerned must be practiced only in the format of implementation of standard. Where the patentee asks persons implementing the standard to pay license fees, a court shall reasonably determine the amount of license fees based on the inventiveness level of the patent, its function in the standard, the technical field to which the standard pertains, the nature of the standard, the implementation scope of the standard. The above does not apply if the patent owner agrees to give up the licensee fees.

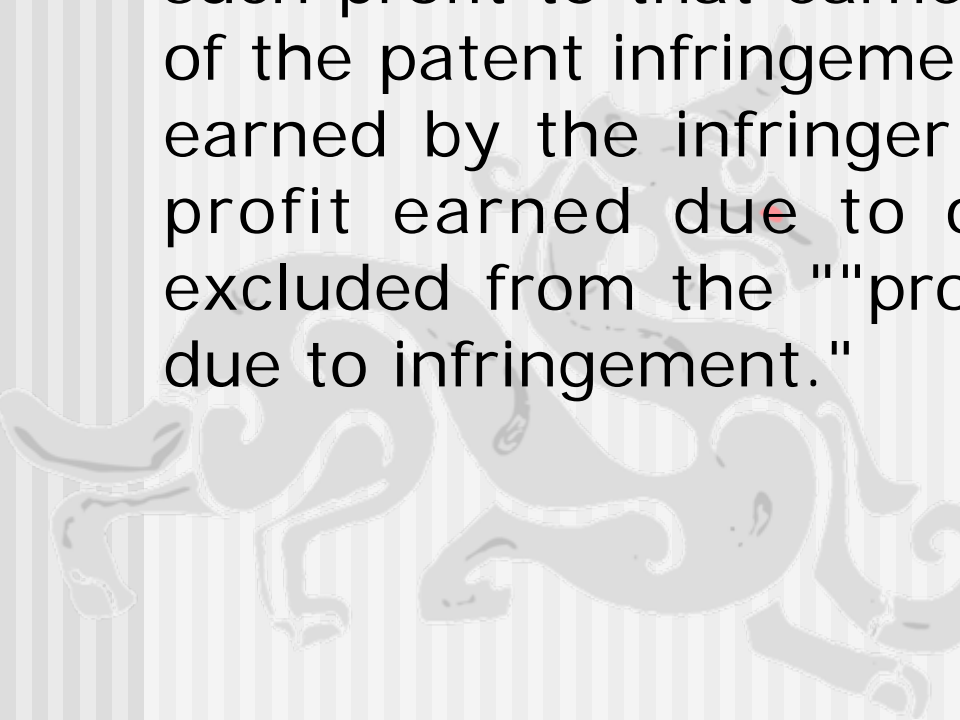
Article 20: Technology Standard and Patent Right (2)

Where the standard discloses the patent concerned and its license terms and where other parties do not practice the patent based on the disclosed terms and the parties concerned alleges that the practice shall follow the disclosed license terms, a court shall accept such allegation. Where the disclosed license terms are obviously unreasonable and the parties concerned this make a claim, a court may make appropriate adjustment. Where no license term is disclosed or the disclosed licensed terms are not precise, the parties concerned may resolve it by negotiation; if the negotiation is unsuccessful, they may ask a court to make a decision.

If there is any law or administrative regulation that provides other provisions related to patent practice due to implementation of the standard, such law or regulation shall govern.

Article 21: Damage Claim (1)

When determining the "profit earned by an infringer due to infringement", a court shall follow Paragraph 1, Article 65 of the Patent Law and limit such profit to that earned by the infringer because of the patent infringement itself. Where interest is earned by the infringer for other reason(s), such profit earned due to other reason(s) shall be excluded from the "'profit earned by an infringer due to infringement."

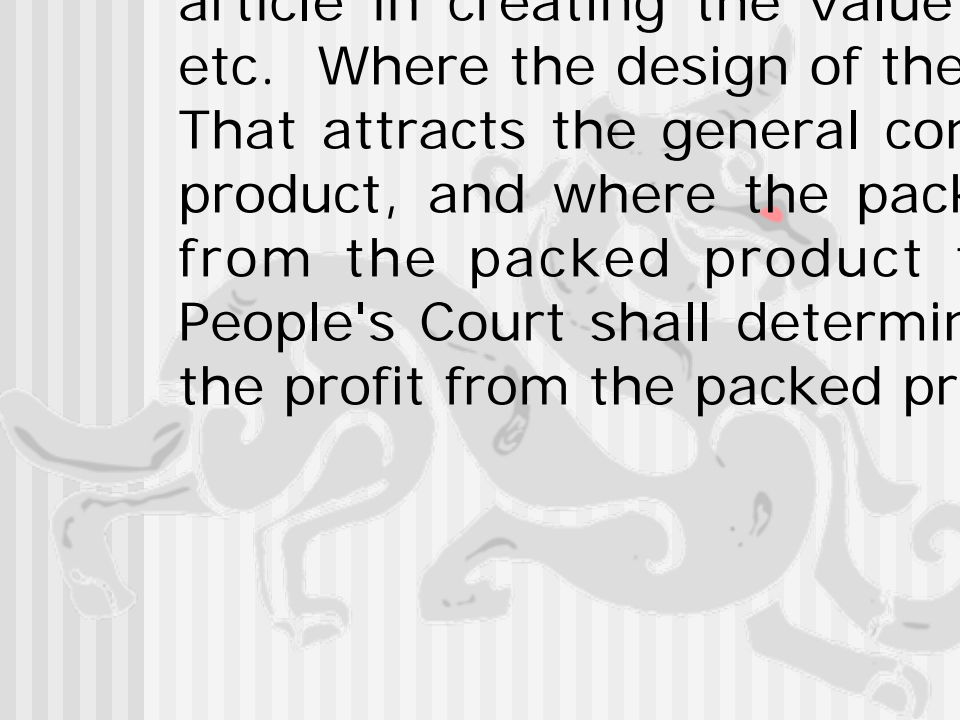


Article 21: Damage Claim (2)

Where an accused infringing product is a part/component of another product, a court shall reasonably determine the damage award based on the concerned factors, such as the value of the said part/component, the function of such part/component in the profit creation of the final product, etc. If the said part/component is a key part/component that may achieve the technical function(s) or effects of the final product and if the value of the final product is mainly created by the said part/component, a court may determine the damage award based on the profit of the final product.

Article 21: Damage Claim (3)

Where the product involved in a design patent infringement case is a packing article, a court shall determine a reasonable damage award based on the factors such as the value of the said packaging article itself, the function of the packaging article in creating the value of the product packed thereby, etc. Where the design of the packing article is a major factor That attracts the general consumers to purchase the packed product, and where the packing article cannot be separated from the packed product thereby when being sold, the People's Court shall determine the damage awards based on the profit from the packed product.



Article 22: Provisional Protection

When handling a dispute related to the license fee that is payable based on the provisional protection of an invention patent as prescribed in Article 13 of the Patent Law, a court may refer to law provisions applicable to patent infringement disputes.

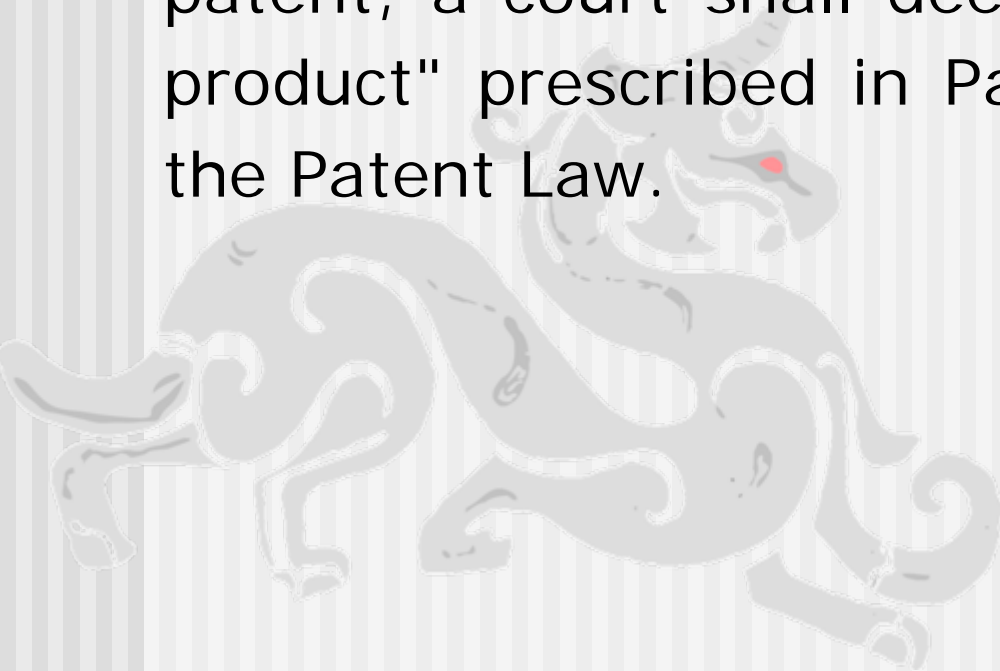
When determining whether an accused infringer has practiced the invention during the period for provisional protection, if the protection scope of claim(s) on record at the time when the invention patent application concerned is laid open is different from the scope of claim(s) granted and published, a court shall take the claim(s) of which the scope is narrower.

Article 23: Warning Notice and Suit For Confirming Non-infringement

After a plaintiff issues to another party a warning notice concerning patent infringement, if the recipient or an interested party requests the plaintiff in writing to enforce the patent right, but the plaintiff neither withdraws the warning notice nor files a formal suit within one month as of the date of receiving the request, and if the party receiving the warning notice or an interested party files a suit to confirm non-infringement, a court shall accept such a suit.

Article 24: Reversal of Burden of Proof: New Product

Where a product or the technical solution used in a product is not publicly known anywhere in the world prior to the filing date of the concerned patent, a court shall deem such product as "new product" prescribed in Paragraph 1, Article 61 of the Patent Law.



Article 25: Transitional Clause

For an act of patent infringement occurs prior to 1 October 2009, the Patent Law prior to amendment shall govern. For an act of patent infringement occurs after 1 October 2009, the amended Patent Law shall govern.

