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Featured Article

Revisions of the Implementing Regulations of the Patent Law and the Patent Examination Guidelines Comments on Several Key Issues

The fourth revision of the Chinese Patent Law (Revised in 2020) came into effect on June 1, 2021. About two and a half years later, the accompanying revised Implementing Regulations of the Patent Law and the Patent Examination Guidelines were finally promulgated and came into effect on January 20, 2024. There are many revisions and new additions in the Implementing Regulations of the Patent Law and the Patent Examination Guidelines, which concern many aspects in the field of grant, validity, and protection of patent rights. It is difficult to summarize all the revisions and additions in one article. In this article, we will only focus on the following aspects: delayed patent examination, patent reexamination procedure, compensation of patent term, patent right evaluation report, examination of obvious inventiveness of utility model patent and obvious difference of design patent. With respect to the other aspects (such as the invalidation procedure of patent, partial design, etc.) that are not mentioned or discussed in detail in this article, please pay attention to other articles published or to be published by Lung Tin.

Due to space limitation, the text of relevant provisions of the Implementing Regulations of the Patent Law and the Patent Examination Guidelines will not be listed in some chapters of this article. Instead, we will only provide the numbers of relevant provisions and chapters for the reference of the readers.

Delayed Patent Examination

On the basis of the original provisions permitting a delay of one year, two years or three years for invention patent applications and design patent applications, the present revisions to the Implementing Regulations of the Patent Law and the Patent Examination Guidelines have perfected relevant provisions on Delayed examination: (1) adding a system for delayed examination of utility model patent applications, which stipulates that the delayed examination of utility model patent applications shall be submitted by the applicant when submitting the patent applications and the period of delay shall be one year from the effective date of the request for delayed examination; (2) changing the unit of the period of delayed examination of design patent applications to months, with a maximum period of delay being 36 months from the effective date of the request for delayed examination; (3) adding a procedure for withdrawing the request for delayed examination, which stipulates that the applicant may request to withdraw the request for delayed examination before the expiry of the stipulated period of delay, and where the request complies with the provisions, the delayed period will be terminated, and the patent applications will be examined in order.

In particular, considering that there is no early publication system for utility model patents similar to that for invention patents, and the term of protection of ten years is

obviously shorter than that for the invention patent and the design patent, only one year is set for the delayed examination of the design patent; the unit for the delayed examination of design is adjusted from years to months in order to facilitate the applicant to make a plan for the delayed examination according to the patent application strategy; the added withdrawal procedure increases the flexibility of the applicant's delayed examination strategy to a large extent, the applicant will no longer hesitate to request the delayed examination and to determine the term of the delayed examination, but can apply for a delayed examination as per the maximum term and withdraw the request for a delayed examination at any time according to the development and changes of the market and products, and afterwards the patent application will enter the examination procedure.

It should be noted that the time limit for voluntary amendment of an invention patent application is not extended as a result of a request for a delayed examination. The applicant still needs to within the original time limit, considers the claim layout of the present application that enters the substantive examination, and saves the possibility for the subsequent divisional application(s) (in case the present application is already a divisional application).

Based on the delayed examination procedure and various means of acceleration (patent prosecution highway,

prioritized examination, fast pre-examination, early publication), applicants can design application strategies to adapt to the needs of market competition, product iteration, or the standardization process.

Many applicants wish to keep the parent case pending for as long as possible. This can bring about the following advantages:

(1) The applicant may rewrite claims based on the actual situation of market competition, so that the protection scope of the granted claims may cover the products or solutions of its competitors;

(2) The time limit for filing divisional applications based on the parent case can be extended so that divisional applications can be filed as late as possible and the claims can be more targeted. A delayed examination can also be requested for the divisional applications in order to extend the duration of the entire patent family (further divisional applications may also be filed if the divisional applications have unity defects that have been pointed out by the examiners);

(3) Additional time will be available to await the examination results of foreign counterpart applications in order to apply the same or a similar strategy for responding to a Chinese office action in order to save cost and maintain as much consistency as possible in terms of claim scope granted among various jurisdictions;

(4) The applicant may have the opportunity

to take advantage of new patent examination policies that may be issued in the future that are more favorable to applicants, such as provisions on the protection of computer storage medium and program product and supplementary experimental data issued in recent years,

(5) Competitors have not been able to determine the scope of protection of the claims that may be granted in a parent case, increasing the difficulty and cost of the design-around attempts;

(6) Whether to continue the prosecution can be decided based on the market performance and prospects of related products and solutions, saving time and financial costs.

To achieve the goal of keeping the parent case pending for as long as possible, for an invention patent application, the applicant may request substantive examination by the three-year deadline from the application date and request a delayed examination of three years. In this way, the invention patent application can be examined as late as possible.

On the basis of the delay of examination of the parent invention patent application, a utility model patent application can be filed on the same day (subject matter of protection is limited), or a divisional application can also be filed as soon as possible with a request for early publication and a request for substantive examination being filed as soon as possible,

in order to obtain a granted patent as soon as possible.

In respect of design patents, the granted patent is easy to be copied after being granted publicly, while requesting a delay of examination to ensure the publication of the granted patent after the patented product comes onto the market is an effective way to avoid plagiarism.

As mentioned above, the delay of examination provides more flexibility for applicants to formulate a more targeted application strategy, but the disadvantage is also obvious in that the protection term of the patent will be correspondingly shortened.

The above contents involve Rule 56 of the Implementing Regulations of the Patent Law and Section 8.3 of Chapter 7 of Part 5 of the Patent Examination Guidelines.

Patent Reexamination Procedure

The patent reexamination procedure is a procedure initiated by a patent applicant who is dissatisfied with the rejection decision made during the procedures of preliminary examination and substantive examination and requests for reexamination. Rule 67 of the Implementing Regulations of the Patent Law revised this time promotes the principle of ex officio examination in the

reexamination procedure stipulated in the Patent Examination Guidelines, which used to be a department rule, to the level of laws and regulations, and enhances its legal level, reflecting the importance of ex officio examination in the reexamination procedure. It stipulates that "where, after reexamination, the Patent Administration Department under the State Council considers that the request for reexamination is not in conformity with the Patent Law and these Rules, or the patent application is in other obvious violation of the Patent Law and these Rules, it shall notify the petitioner requesting reexamination and require him to submit his observations within a specified time limit." Accordingly, examiners of the Patent Administration Department under the State Council (i.e., the CNIPA) can voluntarily point out other obvious defects not pointed out in the rejection decision in the reexamination procedure, which is helpful to improve the efficiency of examination and the quality of the granted patent, reduce the number of office actions, and avoid the possible repetition of reexamination procedures.

The following provisions are added to the revised Patent Examination Guidelines: apart from the reasons and evidence on which the rejection decision is based, where the collegial panel finds that the application is not in conformity with Rule 11 of the Implementing Regulations of the Patent Law (i.e., the good faith clause), it may review the related reason and evidence. In addition, for "defects of the

same nature as those pointed out in the rejection decision" and "other obvious substantive defects not pointed out in the rejection decision" found in the application by the collegial panel, the following cases are added to the Patent Examination Guidelines to better explain how to apply the above-mentioned provisions.

(1) The rejection decision points out that claim 1 does not possess inventiveness compared to reference document 1 and common knowledge in the art. When the additional technical features further defined in the dependent claims 2 to 6 are also common knowledge, and all claims 1 to 6 do not possess inventiveness, the collegial panel points out that claims 1 to 6 are not in conformity with the provision of Article 22, Paragraph 3 of the Patent Law on inventiveness with respect to reference document 1 and common knowledge.

(2) The rejection decision points out that a definition in the technical solution in claim 1 leads to unclear working principle, which is not in conformity with the provision of Article 26, Paragraph 4 of the Patent Law on clarity. When the root of the above problem is the lack of technical means to solve the technical problem in the description, the collegial panel points out that the application is not in conformity with the provision of Article 26, Paragraph 3 of the Patent Law on sufficient disclosure.

(3) The rejection decision points out that claim 1 does not possess inventiveness. When the unclarity of the protection scope

of claim 1 affects the accurate identification of the distinctive features in the inventiveness examination, the collegial panel points out that claim 1 is not in conformity with the provision of Article 26, Paragraph 4 of the Patent Law on clarity.

The above case (1) involves the issue of inventiveness. For inventiveness, the revised Patent Examination Guidelines also add the following provisions: for the evidence related to the defects pointed out in the rejection decision, the panel may appropriately adjust its use, for example, change the closest prior art or omit a certain piece of evidence on the basis of the evidence on which the rejection decision is based.

Therefore, with respect to the inventiveness issue, the most commonly raised ground for rejection, the collegial panel may, based on the inventiveness comment combining a reference document and common knowledge used for one claim in the rejection decision, add inventiveness comments based on the combination of this reference document and common knowledge for other claims (i.e., the defects of the same nature as those pointed out in the rejection decision) in the reexamination procedure. The collegial panel may also change the closest prior art within the scope of the pieces of evidence on which the rejection decision is based, or omit a piece of evidence from the evidence combination (for example, the evidence combination in the rejection decision has the problem of hint of combination).

Together with the possibility of the addition of inventiveness comments based on common knowledge, the collegial panel's flexibility in comments on the inventiveness issue of the claims in the re-examination procedure will be greatly increased. Of course, this is conducive to improving the efficiency of examination and the quality of the patent granted, but it also brings greater challenges to the reexamination petitioner and reduces the chance of filing observations by one time. It will also make the petitioner, who is not very confident about the prospect of granting, more cautious about whether to file a reexamination request after receiving a rejection decision.

The above cases (2) and (3) facilitate the collegial panel to use provisions more pertinent to the essential defects in the patent application and provisions more consistent with the logic and order of comments, so that the collegial panel can present more reasonable comments compared to the rejection decision, but at the same time, it will also reduce the chance of filing observations by one time.

In addition, in this revision to the Implementing Regulations of the Patent Law, the original Rule 62 which reads "The Patent Reexamination Board shall transfer the written request for reexamination which the Board has accepted to the original examination department of the Patent Administration Department under the State Council for examination. Where the original examination department

agrees to revoke its former decision upon the request of the requesting party for reexamination, the Patent Reexamination Board shall make a decision accordingly and notify the requesting party for reexamination" is deleted. Adaptive amendment has also been made to the Patent Examination Guidelines. The original provision that "In accordance with Rule 62 of the Implementing Regulations of the Patent Law, the Patent Reexamination Board shall transfer the written request for reexamination which has passed the formal examination (including the attached supporting documents and the revised application documents) together with the case file to the original examination department which has rejected the patent application for pre-examination. The original examination department shall issue the opinions of pre-examination and issue the office action of pre-examination. Except for special circumstances, the pre-examination shall be completed within one month upon receipt of the case file" is amended to read "the written request for reexamination (including the attached supporting documents and the revised application documents) shall be transferred to the examination department for pre-examination after passing the formal examination, and the examination department shall put forward the opinions of pre-examination."

In practice, if the petitioner for reexamination submits the request for reexamination by providing arguments

(the substance of such arguments has already been submitted in the substantive examination) only without revising the application documents according to the suggestions of the examiner who is responsible for the substantive examination, it is usually difficult for the application to pass the pre-examination of the original examination department (the original examiner is usually responsible for the pre-examination). According to the revised Implementing Regulations of the Patent Law and the Patent Examination Guidelines, the authorities carrying out pre-examination will not be limited to the original examination department, which is helpful for more objective examination of application documents, and better plays the role of pre-examination. If more cases pass the pre-examination and the rejection decisions could be thus reversed, the efficiency of the reexamination procedure will undoubtedly be improved.

The above contents involve Rule 67 of the Implementing Regulations of the Patent Law and Sections 3.3 and 4.1 of Chapter 2 of Part 4 of the Patent Examination Guidelines.

Compenstation for Patent Term

The fourth revision of the Patent Law has introduced two types of compensation for patent term, patent term adjustment applicable to all invention patents and patent term extension applicable to

invention patents for new drugs. The revised Implementing Regulations of the Patent Law and the Patent Examination Guidelines provide detailed rules for the application and examination of such two types of compensation for patent term. The patentee should note that, the two types of compensation for patent term are not automatic, and both require the patentee to actively request them.

(1) Patent Term Adjustment

The examination cycle of an invention patent application is relatively long, which may shorten the protection term of the patent right actually obtained by the patentee. If there is unreasonable delay in the examination, and such unreasonable delay is not caused by the applicant, it is unfair to burden the patentee with the shortened protection term thus caused. In this regard, Paragraph 2 of Article 42 of the Patent Law provides that where an invention patent right is granted after three years from the date of request for substantive examination of an invention patent and after four years from the date of application for an invention patent, the patentee may request compensation of patent term for any unreasonable delay in grant of the patent for invention, with the exception of any unreasonable delay caused by the applicant.

According to the revised Implementing Regulations of the Patent Law and the Patent Examination Guidelines, when requesting for compensation of patent

term, the patentee shall make the request to the CNIPA within three months as of the date of announcement of grant of patent right, and pay the relevant fees; the duration of compensation shall be calculated according to the actual days of unreasonable delay in the grant of the invention patent, which refers to the number of days in the interval between the expiration of four years from the application date of invention patent and the expiration of three years from the date of request for substantive examination of the patent and the date of announcement of grant of patent right, minus the days of reasonable delay and the days of unreasonable delay caused by the applicant, namely:

Patent term adjustment = announcement date of grant - expiration of four years from the application date of invention patent and expiration of three years from the date of request for substantive examination - days of reasonable delay - days of unreasonable delay caused by the applicant.

In particular, the "date of application for an invention patent" means the date of filing of a first filing application or an application claiming the right of priority through the Paris Convention, the date of entry into the Chinese national phase for a PCT application, and the date of filing of a divisional application for a divisional application; the "date of request for substantive examination" means the date on which an applicant makes a request for

substantive examination and pays the substantive examination fee for an invention patent application in full, and if the date of request for substantive examination of an invention patent application is earlier than the date of publication, the "three-year starting point" shall be counted from the date of publication.

In addition, "days of reasonable delay" shall include: the time used in the whole reexamination procedure if the patent is granted after the application documents are amended in the reexamination procedure; the time used in the suspension procedure initiated due to ownership disputes or the implementation of the preservation of the patent application right or the patent right; and the delay caused by other reasonable circumstances, such as administrative proceedings. While "days of unreasonable delay caused by the applicant" includes: the delay caused by the applicant's failure to respond to notices sent by the CNIPA within the specified time limit, the delay period starting from the expiration date of the time limit and ending on the date when the response is actually submitted; for applications requesting the delayed examination, the days of delay are the days of the actual delay period; if the application documents are submitted by reference and the date of first submission is allowed to be the application date, all time before the date of supplementing the application documents shall be considered as the days of delay; the delay caused by request for rights restoration, the delay

period starts from the expiration date of the original time limit and ends on the date when the approval notice on request for rights restoration agreeing to the restoration of rights is issued, unless such delay is proved to be caused by the CNIPA; for an international application which is to go through the formalities for the entry into the national phase in China within 30 months from the priority date, if there is a delay caused by the lack of requesting early processing, the delay period starts from the date of the entry into the national phase in China and ends on the date expiration of 30 months from the priority date.

In recent years, the patent reexamination proceedings and the subsequent administrative litigation proceedings can take a long time, which can take two or more years in some cases. Even if the patent is finally granted, the remaining term of protection is therefore shortened a lot. Compensation for patent term can solve such problems and reduce the applicant's worries when it faces the choice of submitting a request for patent reexamination or administrative litigation.

In addition, it shall be noted that where the same applicant applies for both utility model patent and invention patent for the same invention-creation on the same day, and obtains the invention patent after giving up the utility model patent, the above provisions regarding compensation for patent term shall not apply to the term of the invention patent. However, if the protection scope of the invention patent is

different from that of the utility model patent by amendment to the claims of the invention patent, compensation for patent term may be requested in respect of the invention patent.

Where the request for compensation of patent term meets the conditions for such compensation, the CNIPA shall make a decision on granting such compensation, notify the applicant of the number of days for such compensation, make registration and an announcement; where the request does not meet the conditions for compensation, the CNIPA shall give at least one opportunity to the applicant for stating their opinions and/or submitting supplementary documents. Where the request does not meet the conditions for such compensation, the CNIPA shall make a decision on not granting such compensation.

Undoubtedly, the provision of compensation for patent term is very favorable to the patentee. For a patent with long technical life and high commercial value, the extension of patent protection brought about by such compensation may bring great benefits to the patentee. For the general public, as the protection term of some invention patents will exceed 20 years, it will be more challenging for them to implement the freedom-to-operate investigation and investigate the patent infringement risks. Therefore, the general public shall pay close attention to the actual protection terms of relevant patents.

The above contents involve Rule 77, Rule 78, Rule 79 and Rule 84 of the Implementing Regulations of the Patent Law and Section 2.1 to Section 2.4 of Chapter 9 of Part 5 of the Patent Examination Guidelines.

(2) Patent Term Extension of New Drugs

The substantive examination for patent applications related to drug inventions usually takes longer than that for other technical fields, and the marketing of a drug is also subject to lengthy clinical trial and administrative review and approval procedures. Therefore, by the time a drug is officially marketed, there is not much left of its patent protection term. To ensure that the innovator drug companies can have a patent protection term long enough to obtain reasonable profits, the fourth revision of the Patent Law has also introduced the system of extending the protection term of drug patents, i.e., in order to compensate for the time taken to evaluate and approve a new drug to be marketed, the CNIPA may grant period extension for the invention patent of a new drug approved to be marketed in China upon request of the patentee. In the meantime, in order to balance the interests of innovator drug companies, generic drug companies, and the general public, with respect to the time taken to evaluate and approve a new drug, a double restriction shall be imposed, i.e., the period for extension shall not exceed five years and the total valid period of the patent right of the new drug shall not exceed 14 years after the new drug is marketed.

According to the revised Implementing Regulations of the Patent Law and the Patent Examination Guidelines, for innovative drugs and improved new drugs that comply with relevant provisions approved by the Drug Regulatory Department under the State Council to be marketed, the CNIPA may grant, upon the request of the patentee, patent term extension for the drug patents meeting certain requirements, so as to make up for the time taken to evaluate and approve the new drugs within the duration of the patent rights.

Specifically, the improved new drugs for which patent term extension may be granted are limited to the following categories as recorded in the drug registration certificate issued by the Department of Drug Supervision and Administration under the State Council: (1) drugs of known active ingredients in Category 2.1 of chemical drugs that form esters or salts of known active ingredients; (2) chemical drugs of Category 2.4, i.e. drugs for new indications containing known active ingredients; (3) biological products of Category 2.2 for prevention, i.e. vaccines which are improved from vaccine bacterial strain; (4) biological products for therapy, i.e. biological products that add new indications; (5) traditional Chinese medicine of Category 2.3, i.e. traditional Chinese medicine with added functions and indications.

The invention patents related to new drugs refers to the patents of new drug product,

preparation methods, and medical use that conform to relevant provisions. The technical solution of a new drug shall be subject to the structure, composition and contents, the production process and indications approved by the Department of Drug Supervision and Administration under the State Council; in the event that the designated claim does not contain the relevant technical solution of the new drug approved to be marketed, no term extension shall be granted. During the term of extension, the protection scope of the drug patent shall be limited to the new drugs approved to be marketed by the Department of Drug Supervision and Administration under the State Council, and shall be limited to the approved technical solution of the new drugs for their indications; within the protection scope, the patentee's rights and obligations shall be the same as those prior to the extension term. The protection scope of the product claims shall be limited to the new drug products marketed for the approved indications. The protection scope of the medical use claims shall be limited to the approved indications of the new drug products marketed for the approved indications. The protection scope of the preparation method claims shall be limited to the production processes of the new drug products marketed for the approved indications filed for record with the Department of Drug Supervision and Administration under the State Council.

The following requirements shall be met in

applying for patent term extension of drug patent: (1) the date of announcement of the patent granting for the application for extension shall be earlier than the date of approval of the drug marketing authorization application; (2) the patent right is valid at the time when the application for extension is filed; (3) no patent term extension of has been granted for the drug patent; (4) the claim for which extension of patent term of the drug patent is requested contains the relevant technical solution of the new drug approved to be marketed; (5) where a drug is subject to multiple patents, the patentee can only apply for extension of one of the patents; and (6) where a patent involves several drugs, the patentee can only apply for extension of patent term of one drug. The above provisions further restrict patent term extension of drug patent with the aim of balancing the interests of innovator manufacturers, generic drug manufacturers, and the public.

Where the patentee applies for patent term extension of drug patent, it shall file the application with the CNIPA within three months from the date when the drug is approved to be marketed in China, and pay the relevant fees. For a drug which has obtained conditional marketing authorization, a request shall be filed with the CNIPA within three months from the date when the drug is officially approved to be marketed in China, but the calculation of the extension term shall be subject to the date when the conditional marketing authorization is obtained.

When requesting for patent term extension of the drug patent, the petitioner shall also submit the following materials: (1) Where the patentee and the drug marketing authorization holder are not the same, the petitioner shall submit the written consent of the drug marketing authorization holder and other materials; (2) The relevant technical materials used for determining the scope of patent protection during the term of extension of the drug patent, for example, to request for term of extension of the patent on preparation method, the materials on drug production process approved by the Drug Regulatory Department under the State Council shall be submitted; and (3) Other supporting materials required by the CNIPA. In the request, the petitioner shall specify the drug name, drug registration classification, approved indications and the patent number for which the request for term of extension of the patent is made, specify the claims relating to the new drug for which marketing authorization is obtained, and specify, in combination with the evidentiary documents, that the specified claims include the reasons for the relevant technical solution of the new drug and the calculation basis for the extension term application, and shall specify the technical solution for protection of the drug patent right during the extension term.

After the CNIPA examines the request for patent term extension, if it finds that the request meets the conditions for extension and decides to grant it, the term for extension shall be the number of days

elapsed from the date of patent application to the date when the new drug is approved to be marketed in China, minus five years; the term for extension shall not exceed five years, and the total valid period of patent right after the application for marketing authorization of the drug is approved shall not exceed 14 years. If, upon examination, the request for patent term extension does not meet the conditions for extension, the CNIPA shall give the applicant at least one opportunity to present its/his/her opinions and/or to supplement or correct documents; if the request still fails to meet the conditions for extension, the CNIPA shall make a decision on not granting patent term extension for the drug patent.

In addition, with respect to the transition between patent term extension of a new drug patent and patent term adjustment, if the CNIPA, upon examination, deems that extension of patent term of a new drug shall be granted, and if the patentee has requested patent term adjustment but the CNIPA has not made a decision, the examiner shall wait for the decision on the request for patent term adjustment to be made before determining the time for patent term extension of the new drug; if the patentee has not requested patent term adjustment, and the period of three months from the date of announcement of patent granting has not expired, the examiner shall wait for the expiration of the time limit for requesting patent term adjustment to be made before determining the time for patent term extension of the new drug, unless the patentee has

expressly waived the request for patent term adjustment.

The contents above are involved in Rule 80 to Rule 84 of the Implementing Regulations of the Patent Law and Section 3.1 to Section 3.8, Chapter 9, Part V of the Patent Examination Guidelines.

Patent Right Evaluation Report

For utility model patents and design patents which are granted upon formal examination, patent right evaluation report is an important system used to prove their patentability. The Patent Law revised in 2000 first establishes a search report system to appraise the novelty and inventiveness of utility model patents; the Patent Law revised in 2008 "upgrades" the search report to the evaluation report of patent rights, which also includes the design patent, and the scope of appraisal is also expanded to all defects not meeting the conditions for grant of patent rights under the Patent Law; however, in the Patent Law revised in 2020 (i.e. the fourth revision), the accused infringer is added to the applicant of the patent right evaluation report of patent rights in addition to the patentee and the interested party.

Based on the current revised Implementing Regulations of the Patent Law and the Patent Examination Guidelines, accused infringers including defendants in infringement litigation, respondents in administrative enforcement, recipients of lawyer letters

and respondents in e-commerce platforms may submit requests for patent right evaluation reports based on relevant supporting documents. After issuing a patent right evaluation report based on such requests, the CNIPA will not only send the report to the accused infringer as the requesting party, but also notify the patentee; if the accused infringer or the patentee believes that there is any error in the patent right evaluation report that needs to be corrected, they may request for correction within two months upon receipt of the patent right evaluation report.

However, when the patentee or interested party submits a request for patent right evaluation report, only the patentee or interested party is qualified to request for correction of the received patent right evaluation report; the accused infringer can only know that the patent right evaluation report is prepared through self-inquiry, and needs to consult or copy the patent right evaluation report at its own discretion. Therefore, taking the initiative to request for patent right evaluation report is relatively beneficial to accused infringers, who can request for correction when the evaluation report conclusion is disadvantageous to them.

In addition, the Draft newly increases the opportunity to submit a request for patent right evaluation report – the patent applicants can make the request at the time of going through patent right registration formalities, and the CNIPA will issue a patent right evaluation report within two

months upon receipt of the announcement of grant of patent right. For the request for patent right evaluation report submitted after the announcement of grant of patent right, the time limit for issuing the patent right evaluation report is still within two months from the date of the request.

In recent years' practice, in most of the civil litigations, administrative enforcement cases and e-commerce platform complaints involving utility model or design patent right, the patentee is requested to submit a patent right evaluation report at the time of case filing. Therefore, it is not common that the accused infringer requests a patent right evaluation report based on these cases. However, in the case of receipt of the attorney's letter or warning letter, the accused infringer can either bring a lawsuit to the court to confirm non-infringement, or request the CNIPA to issue a patent right evaluation report. If the patent right evaluation report has a negative opinion on the patentability, the accused infringer can request the CNIPA to declare the patent right evaluation report invalid based on the reasons and evidence stated in the patent right evaluation report. In addition, a negative patent right evaluation report can also reduce the risk of being held as intentional infringement in the infringement litigation (the patentee sends the attorney's letter or warning letter before the litigation).

The content above involves Rule 62 and Rule 63 of the Implementing Regulations of

the Patent Law, and Chapter 10, Part V of the Patent Examination Guidelines.

Examination of Obvious Inventiveness of Utility Model Patents and Examination of Obvious Distinctiveness of Design Patents

From 2019 to 2023, about 2 million to 3 million utility model patents were granted each year, and about 630,000 to 790,000 design patents were granted each year. Since the patents have not been examined as to substance before being granted, the quality of these large number of utility model patents and design patents varies from high to low, which brings a greater challenge to the freedom-to-operate investigation and patent infringement risk investigation and is not conducive to the public interest.

In this regard, on the basis of the examination on whether the utility model patent application obviously lacks novelty and the examination on whether the design patent application obviously belongs to the prior design, the present revision of the Implementing Regulations of the Patent Law and the Patent Examination Guidelines have introduced the examination on whether the utility model patent application obviously lacks inventiveness and the examination on whether the design patent application obviously lacks distinctiveness. It is required that examination on the

inventiveness of the utility model patent application shall refer to the provisions of Section 4, Chapter 6, Part 4 of the Patent Examination Guidelines (i.e., examination on the inventiveness of the utility model patent in the patent invalidation procedure), and that examination on the distinctiveness of the design patent application shall refer to the provisions of Section 6, Chapter 5, Part 4 of the Patent Examination Guidelines (i.e., examination on whether the design patent has distinctiveness in the patent invalidation procedure).

Therefore, once the CNIPA finds that a utility model patent application may have an issue of obvious lack of inventiveness and a design patent application may have an issue of obvious lack of distinctiveness, it may conduct a formal examination aiming at inventiveness or distinctiveness. Whether to conduct a comprehensive prior art or prior design search and what method to adopt for the search depend on the resources allocated for this work.

It is foreseeable that the promulgation of the abovementioned provisions will further reduce the possibility of abuse of the patent system for utility model and design, and the number of "junk patents" can be further controlled. The public can also be more targeted when carrying out searches for freedom-to-operate and investigation of patent infringement risks.

The number of patents at risk retrieved will be reduced, and the cost of searching prior art or prior designs for utility model or design patents at risk may be reduced to a certain extent.

The above contents involve Rule 50 of the Implementing Regulations of the Patent Law, and Section 11 of Chapter 2 of Part 1, Section 8 of Chapter 3 of Part 1, Section 4 of Chapter 6 of Part 4, and Section 6 of Chapter 5 of Part 4 of the Patent Examination Guidelines.

China has ranked first in the world in terms of numbers of patent applications and patent disputes for many years. Innovation entities from all over the world regard China as one of the most important countries to apply for patents and attach more and more importance to patent protection in China. They have a stronger willingness to enforce patent rights, engage in patent licensing and other transactions in China. The revision of the Implementing Regulations of the Patent Law and the Patent Examination Guidelines well complies with the purpose of the fourth revision of the Patent Law, provides a stronger guarantee for the patent protection in China and creates a better business environment for innovators from all over the world.

The "Featured article" is not equal to legal opinions.

If you need special legal opinions, please consult our professional consultants and lawyers.

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Mr. Jacob Zhang has expertise in patent prosecution, patent invalidity, patent administrative and civil litigation, patent strategy design and portfolio development, patent due diligence and freedom to operate investigation, patent analysis, intellectual property anti-counterfeiting, etc., and he is very experienced in patent cases in technical areas of computer software and hardware, internet, e-commerce, electronics, telecommunication, semiconductor, image processing, display and lighting, mechanics, automation, etc.. Since March 2007, Mr. Zhang has represented many Fortune 500 companies in over 1,000 patent prosecution and litigation cases, among which a patent invalidity case he handled was selected as the No. 1 case of the Top 10 cases of the Patent Reexamination Board of the China National Intellectual Property Administration in 2016, patent civil litigation cases and the related patent invalidity case he handled were selected by people.cn (a state-run media) as the No. 1 case of the Top 10 typical patent cases in 2018, and a litigation case that he was involved was selected by the Supreme People's Court of China as one of the Top 10 intellectual property litigation cases of Chinese courts in 2019. Mr. Zhang and his team also manage the global patent portfolios comprising thousands of patents and patent applications in various jurisdictions on behalf of their Chinese clients.

Judicial Trend

Ten Typical Cases of Serving and Guaranteeing Scientific and Technological Innovation in 2023 Released by Guangzhou Intellectual Property Court



Case 1: Infringement Case of Medical Invention Patent Involving Piecewise Calculation of Punitive Damages

[Parties]

Plaintiff: RongX Chemical Co., Ltd. (hereinafter referred to as RongX Co., Ltd.)

Defendant: Guangzhou DiX Biotechnology Co., Ltd. (hereinafter referred to as DiX Company)

[Case and Judgment]

RongX Co., Ltd. found that DiX Company manufactured, promised to sell and sold the products of "Kit for Mycobacterium Tuberculosis Complex Nucleic Acid Detection" suspected of falling within the protection scope of its invention patent right from January 2019 to September 2021 without its permission, and thus it filed a lawsuit in this case, requesting the court to apply punitive damages and order DiX Company to compensate RongX Co., Ltd. for economic losses and reasonable expenses to stop infringement totaling 28.5 million yuan.

Guangzhou Intellectual Property Court held that the patent involved was an improvement of LAMP (loop-mediated isothermal amplification) method, and the alleged technical solutions fell within the protection scope of the patent involved. DiX Company intentionally infringed and the circumstances were serious, so RongX Co., Ltd.'s claim that punitive damages should be applied in this case was partially supported. For the determination of compensation amount, the particularity of pharmaceutical products and markets should be fully considered, and the calculation base of damage compensation in this case should be reasonably determined with reference to the profit rate of the same industry and the profit rate determined by the audit report. On this basis, since the alleged infringement lasted from before to after the implementation of the Civil Code, the "piecewise calculation" method was determined according to law in this case. For the infringement before the implementation of the Civil Code, the Patent Law revised in 2008 was applied to determine the compensation amount, and for the infringement after the implementation of the Civil Code, punitive damages were applied to calculate the compensation amount finely. In the first instance of this case, it was finally ruled that DiX Company compensated RongX Co., Ltd. for economic losses of more than 2.2 million yuan and reasonable expenses for safeguarding rights of 150,000 yuan.

After the judgment of the first instance of the case was pronounced, DiX Company filed an appeal, which is currently at the stage of trial of the second instance.

[Typical Significance]

This case is a major medical and biological case involving Japanese enterprises, with high object of litigation and great social influence. This case is a typical case of applying punitive damages to patent infringement spanning the implementation date of the Civil Code. It has three meanings as follows. Firstly, exceptions of retroactivity in the application of the Civil Code stipulated in Several Provisions of the Supreme People's Court on the Time Effectiveness of the Application of the Civil Code of the People's Republic of China are clarified. This case holds that "favorable retroactivity" is not only to protect the legitimate rights and interests of one party, but should be limited to the situation that is more beneficial to all parties or at least more beneficial to one party without damaging the rights and interests of other parties. Secondly, the rules of evidence are fully used to calculate the compensation in this case. Both parties are actively guided to provide evidence, the evidence of calculating compensation is comprehensively and objectively reviewed, and the operating profit rate and the contribution of the patent involved are finally determined, which has good demonstration significance for pharmaceutical product cases. Thirdly, punitive damages should be accurately applied through the method of "piecewise calculation". The infringement in this case spans before and after the implementation of the Civil Code. For the infringement before the implementation of the Civil Code, the Patent Law revised in 2008 is applied to determine the compensation amount according to the principle of "non-retroactivity of the law"; and for the infringement after the implementation of the Civil Code, punitive damages shall be applied according to the Civil Code.

Case 2: Infringement Case of Invention Patent of LCD Circuit Board

[Parties]

Plaintiff: Guangzhou JingX Electronic Technology Co., Ltd. (hereinafter referred to as JingX Company)

Defendants: Guangzhou ShiX Technology Co., Ltd. (hereinafter referred to as Guangzhou ShiX Company) and Shenzhen ShiX Optoelectronic Technology Co., Ltd. (hereinafter referred to as Shenzhen ShiX Company)

[Case and Judgment]

JingX Company is the patentee of the invention titled "Mini-LVDS Channel Multiplexing Interface and Channel Signal Time-sharing Multiplexing Method Thereof". Guangzhou ShiX Company sold logic boards marked with Shenzhen ShiX Company's trademark and model "LK600D3HA27" in its business premises, and Shenzhen ShiX Company sold its logic boards "LK600D3HA27" to Guangzhou ShiX Company and outsiders and other enterprises. Thus, JingX Company requested the People's Court to order Guangzhou ShiX Company and Shenzhen ShiX Company to stop infringement, Guangzhou ShiX Company to compensate 500,000 yuan for economic losses, Shenzhen ShiX Company to compensate 10 million yuan for economic losses, and Guangzhou ShiX Company and Shenzhen ShiX Company to jointly compensate its reasonable expenses for rights protection of 100,000 yuan.

After trial, Guangzhou Intellectual Property Court held that according to the technical comparison and judicial expertise conclusion, it could be concluded that the technical solutions adopted by the alleged logic board products fell within the protection scope of the patent involved. According to JingX Company's application and documented evidence, it was determined that Shenzhen ShiX Company compensated 2 million yuan and Guangzhou ShiX Company compensated 200,000 yuan according to law.

After the judgment of the first instance of the case was pronounced, Shenzhen ShiX Company filed an appeal, which is currently at the stage of trial of the second instance.

[Typical Significance]

This case is a typical case involving invention patents in the field of flat panel display. All parties are well-known enterprises in the industry, and the case is highly concerned by the society. The patented technical solutions involved are mainly used for video data transmission between the timing control module of LCD panel and the column drive circuit, which has high technical value and great contribution to the finished product. In the trial process, this case follows the basic ideas of clarifying the scope of protection, defining the boundary of rights protection, introducing professional forces to accurately carry out infringement comparison, and comprehensively considering discretionary circumstances to determine the amount of compensation, so as to properly conduct the trial according to law. Firstly, the protection scope of claims is accurately defined. The invention patent involved includes many claims, and technical features thereof involve both products and methods. The court guided the parties to accurately claim their claims on the basis of sorting out the infringement evidence, in order to lay a good foundation for subsequent infringement comparison. Secondly, professional forces are introduced for infringement comparison. In view of the strong professionalism of the invention

patent involved, the court started the appraisal procedure in time, organized the parties to cross-examine the appraisal opinions, and the technical investigators conducted multi-angle argumentation, and finally came to the conclusion that the alleged products involved had the technical features of claims of the patent involved. Thirdly, statutory compensation is correctly applied and the punishment for infringement is increased. The infringement in this case occurred before the implementation of the new Patent Law. When the evidence provided by the parties was not enough to accurately determine the losses suffered by the obligee or the infringing income of the infringer, the court did not apply the statutory compensation mechanically, but considered that the evidence in this case showed that the amount of infringing income of the infringer exceeded the maximum amount of statutory compensation, which had high probability, so that the compensation amount was determined above the statutory compensation amount. This case reflects the judicial orientation of protecting the legitimate rights and interests of patentees according to law, and highlights the protection of high-quality scientific and technological achievements.

Case 3: Infringement Case of Invention Patent Involving "China Patent Gold Award"

[Parties]

Plaintiffs: JingX Network System Co., Ltd. and JingX Communication Technology (Guangzhou) Co., Ltd. (hereinafter collectively referred to as JingX Company)

Defendant: Guangdong HuiX Communication Technology Co., Ltd. (hereinafter referred to as HuiX Company)

[Case and Judgment]

JingX Company is the owner of the invention patent named "Cavity Type Phase Shifter". The patent involved was awarded the "China Patent Gold Award" because it improved the prior art of "phase shifter" (microwave device) and contributed to the development of technology. JingX Company sued HuiX Company based on the reasons that the electrically adjusted antenna products manufactured and sold by HuiX Company infringed the patent involved, requesting HuiX Company to stop the infringement and compensate for the losses totaling 40 million yuan. According to the request of the parties and the need of trial, the court ordered JingX Company to retrieve and submit the annual report published by HuiX Company in the past three years after listing, and

ordered HuiX Company to submit financial books related to the alleged products. JingX Company submitted the relevant annual report, while HuiX Company refused to submit the relevant financial books.

After trial, Guangzhou Intellectual Property Court held that the technical solutions implemented by HuiX Company in the core components of the alleged products fell within the protection scope of the patent involved of JingX Company, and its prior art defense could not be established. Thus, HuiX Company should bear the responsibility of stopping infringement and compensating for losses according to law. In terms of the amount of compensation, the court held that JingX Company had fully proved the possible benefits of HuiX Company due to infringement, and that the failure of HuiX Company to submit the financial books according to the court's order without justifiable reasons constituted an obstacle to proof. As a result, according to the actual situation of the case, the court sentenced HuiX Company to stop infringement and fully supported the compensation request of JingX Company of 40 million yuan.

After the judgment of the first instance of the case was pronounced, HuiX Company filed an appeal, and the Supreme People's Court upheld the judgment in the second instance.

[Typical Significance]

Communication technology is the key field of science and technology in China in recent years, and base station antenna is the core component that must be used in modern cellular mobile communication, and its performance can affect the quality of overall network coverage. The patent involved has high technical content and great economic benefits, which should be protected emphatically. In this case, under the condition that HuiX Company refused to submit relevant financial books and other evidence without explanation, based on the annual report in the past three years of the listed company, the court comprehensively evaluated the duration and sales income of the infringement involved, the average profit rate of the products involved, the contribution rate of patented technology to the product price, and the reasonable expenditure of the obligee's rights protection, and fully supported the obligee's claim for compensation according to the law. This case is the first case in which Guangzhou Intellectual Property Court has fully supported the obligee's claim for compensation according to the Several Provisions of the Supreme People's Court on Evidence in Civil Procedures Involving Intellectual Property Rights since the Provisions was officially implemented, which highlights the judicial policy of strengthening intellectual property protection and creates a good legal environment for technological innovation in this industry.

Case 4: The First New Plant Variety Case of "Anthurium"

[Parties]

Plaintiffs: Dutch AnX Company and Kunming AnX Flower Horticulture Co., Ltd. (hereinafter collectively referred to as AnX Company)

Defendant: Guangzhou Panyu KeX Agricultural Science and Technology Development Co., Ltd. (hereinafter referred to as KeX Company)

[Case and Judgment]

AnX Company is the world's No.1 Anthurium breeder and the variety rights owner of the new plant variety of "Anthura Ollier" Anthurium. AnX Company purchased the alleged infringing Anthurium "Terensa" from Ke Company, and entrusted Kunming Institute of Botany, Chinese Academy of Sciences to carry out genetic testing. AnX Company also entrusted the New Plant Variety Testing (Shanghai) Sub-center of the Ministry of Agriculture and Rural Affairs to conduct field observation and test on the alleged infringing object and its authorized variety before suing, but there was no result because it did not meet the test requirements. Thus, AnX Company claimed that KeX Company produced, propagated and sold "Terensa" plants without authorization, infringing on its new plant variety right of "Anthura Ollier", and requested to order KeX Company to stop infringement and compensate for economic losses.

After trial, Guangzhou Intellectual Property Court held that the genetic test report of Kunming Institute was not an expert opinion, but could be examined with reference to the expert opinion. Due to the defects in the materials submitted for inspection, test methods and procedure standardization, the test report was not accepted. Because there was no national standard or industry standard for molecular marker identification issued by the Ministry of Agriculture in the genetic testing of Anthurium variety, and Ke Company explicitly opposed the identity judgment by genetic testing and identification, the identity judgment should be made by field observation in this case. AnX Company, as the proving party of the dispute focus in this case and the applicant for appraisal, had the responsibility to submit qualified appraisal materials within a reasonable period of time. Considering that the time required to obtain qualified identification materials through tissue culture, tillering, lateral buds and other propagation methods was far beyond the reasonable time limit, the examination materials obtained by propagation had certain variation risks, and AnX Company had some faults, such as not taking remedial measures in time in the case of knowing that the alleged infringing object did not meet the appraisal conditions, the court disagreed with AnX Company's claim that

the alleged infringing object should be identified after propagation. Because AnX Company could not prove that the alleged infringing object had the same features and characteristics as its authorized variety, its infringement claim could not be established, and the court finally rejected all the claims of AnX Company.

After the judgment of the first instance of the case was pronounced, Dutch AnX Company filed an appeal and withdrew its appeal. This case has now come into effect.

[Typical Significance]

This case is one of the first infringement disputes over new plant variety of "Anthurium" in China. Because the national or industry standards have not been established for the genetic testing of Anthurium varieties, and the focus of infringement litigation of new plant variety generally lies in identity identification and judgment, the judgment rules of this case have important reference value for similar cases. Firstly, it is clear that the genetic test report unilaterally entrusted by one party is not an expert opinion, but it can be identified with reference to the review rules of the expert opinion. Secondly, it is clear that if the alleged infringing object does not meet the conditions of field observation and identification, whether the party is allowed to propagate through tissue culture and other means before identification should be comprehensively judged by considering the burden of proof of both parties, the feasibility of propagation technology and whether the party is at fault.

Case 5: Dispute Case of Data Rights Protection for "Tik Tok Manager"

[Parties]

Plaintiff: Beijing WeiX Vision Technology Co., Ltd. (hereinafter referred to as WeiX Company)

Defendant: Guangzhou ZeX Communication Technology Co., Ltd. (hereinafter referred to as ZeX Company)

[Case and Judgment]

Tik Tok APP operated by WeiX Company is short video sharing software, and its video distribution mechanism is a complex algorithm program designed based on several indicators such as broadcast rate, number of comments, number of praises and number

of shares. WeiX Company claimed that ZeX Company promoted, developed and operated a series of large-scale and automatic batch marketing functions specifically for Tik Tok APP by developing group control software of "Tik Tok Manager", which was an act of improperly using the market achievements of Tik Tok ecosystem built by WeiX Company to seek business opportunities and gain competitive advantage, which constituted unfair competition, and thus it requested to order ZeX Company to compensate WeiX Company for economic losses of 15 million yuan and reasonable rights protection expenses of 55,000 yuan.

After trial, Guangzhou Intellectual Property Court held that the "account-raising" function of the "Tik Tok Manager" software of ZeX Company actually used the system's own technical means to create data such as fake and invalid attention, praise and comments, which violated the provisions of Item 4, Paragraph 2, Article 12 of the Anti-Unfair Competition Law and constituted unfair competition. The collection function and traffic interception function claimed by the "Tik Tok Manager" software were essentially the capture and use of relevant public data on the Tik Tok platform, which could encourage market operators including WeiX Company to carry out technological innovation around the Tik Tok platform, provide consumers with a more convenient use experience, and thus it did not cause obvious imbalance among the interests of operators, consumers and the public, and did not constitute unfair competition. To sum up, the court comprehensively considered the operating income of the group control software involved and the contribution rate of fake traffic engagement function to the profit of the group control software involved, and determined that ZeX Company should compensate WeiX Company for economic losses of 1 million yuan and reasonable rights protection expenses of 55,000 yuan as appropriate.

After the judgment of the first instance of the case was pronounced, both WeiX Company and ZeX Company appealed, and the Guangdong Higher People's Court upheld the judgment in the second instance.

[Typical Significance]

Data rights protection is one of the hot research fields in recent years. In this case, whether the fake traffic engagement and crawling of data on Tik Tok APP constitutes unfair competition is examined and determined. The courts of the first instance and the second instance paid close attention to the essential characteristics of the software involved, and carefully determined the different alleged infringements committed by ZeX Company from the perspectives of competitors' interests, consumers' rights and social public interests. The judgment of this case has a good demonstration effect on how to judge acts such as fake traffic engagement and data crawling. While severely cracking down on unfair competition on the Internet, maintaining fair and orderly

competition order in the Internet field, and delineating boundaries for the competition behavior of market entities, it encourages market competitors to properly use data resources for technological innovation, and properly handle the relationship between technological innovation and competition order maintenance and the relationship between protection of competitors' interests and improvement of consumer welfare, so as to demonstrate the efforts and explorations made by Guangzhou Intellectual Property Court in serving and guaranteeing the high-quality development of related industries such as the Internet.

Case 6: Compensation Related to Damages Resulting from an Erroneous Application for Customs Intellectual Property Protection Measures

[Parties]

Plaintiffs: Huaiji LiX Technology Co., Ltd. (hereinafter referred to as LiX Company) and Foshan Shunde MingX Import and Export Co., Ltd. (hereinafter referred to as MingX Company)

Defendant: Foshan WanX Electromechanical Co., Ltd. (hereinafter referred to as WanX Company)

[Case and Judgment]

LiX Company manufactured and exported the fan motor involved, and MingX Company was responsible for the export, customs declaration and sales contracts with overseas customers of the products involved. In May and June 2021, WanX Company applied to Guangzhou Customs twice for seizure of the above products involved, and filed an infringement lawsuit against the products involved for infringing its invention patent of "Split Motor Electronics and Motor". After the first and second instance procedures of the infringement dispute case, the court made an effective judgment to determine that the products involved did not fall within the protection scope of the patent involved. LiX Company and MingX Company believed that the alleged infringing products did not constitute infringement, and WanX Company made a mistake in applying for customs intellectual property protection measures and should compensate the economic losses and reasonable rights protection expenses of 5 million yuan in total.

After hearing, the Guangzhou Intellectual Property Court considered that the criteria for determining the errors in the application for customs intellectual property protection measures could be determined with reference to the criteria for determining the errors in the application for preservation of intellectual property acts. After examination, there were errors in the application for customs intellectual property protection measures by WanX Company. As for the amount of compensation, what the applicant who wrongly applies for the customs intellectual property protection measures needed to compensate for was the actual loss caused by the customs intellectual property protection measures, and the occurrence of the loss should have a direct causal relationship with the application behavior, and ultimately ordered WanX Company to compensate MingX Company and LiX Company for more than 240,000 yuan of economic losses.

After the judgment of the first instance of the case was pronounced, MingX Company, LiX Company and WanX Company all filed appeals, which are currently at the stage of trial of the second instance.

[Typical Significance]

This case is due to a dispute over liability for damage arising from the application for customs intellectual property protection measures. Such cases involve constituent elements of errors in the application of customs intellectual property protection measures, the confirmation of litigation subject qualification and the identification standard of loss scope and other issues, which have not been clearly stipulated in China's civil law and judicial interpretations, and there is no unified understanding in judicial practice. This case starts from the nature of customs intellectual property protection measures, comprehensively analyzes its relationship with intellectual property act preservation measures, and on the basis of determining that the two are essentially similar and related, draws the conclusion that customs intellectual property protection measures can apply *mutatis mutandis* to the relevant provisions of the intellectual property act preservation system, and determines the constituent elements of errors in the application of customs intellectual property protection measures and the scope of damage compensation.

The judgment of this case returns to the fundamental purpose and attributes of the customs protection measures for intellectual property rights, reasonably balances the legitimate rights and interests of the intellectual property owners and the public, makes an in-depth analysis of the identification of errors in the application for customs protection measures for intellectual property rights, the constituent elements, the application of law and the determination of the scope of damage, and clarifies the identification rules and judgment ideas for such disputes. It is of great significance to promote the overall resolution of such disputes, establish unified and coordinated

judgment ideas and applicable rules of law, and respond to the judicial expectations of relevant industries and the public.

Case 7: Case of Invalid Contract of Maliciously Colluding to Apply for State Science and Technology Funds

[Parties]

Plaintiff: HuoX IOT Co., Ltd. (hereinafter referred to as HuoX Company)

Defendant: A Guangzhou Research Institute

[Case and Judgment]

On August 2, 2017, HuoX Company and a Guangzhou Research Institute signed a Cooperation Agreement on the Research of IoT Positioning Technology Based on Low-Power WAN, and then both parties could not continue to perform the contract project because the Guangzhou Research Institute refused to pay 250,000 yuan in accordance with the agreement. Therefore, HuoX Company requested the court to order the Guangzhou Research Institute to continue to perform the contract involved, and claimed that if the contract involved could not continue to be performed, the Guangzhou Research Institute should compensate its economic loss of 500,000 yuan. The Guangzhou Research Institute argued that it had fulfilled its contractual obligations in accordance with the contract and that the contract could no longer be performed.

After hearing, the Guangzhou Intellectual Property Court held that the cooperation agreement involved was a malicious collusion between the Guangzhou Research Institute and HuoX Company, which signed the agreement without investing funds in the project involved, with the intention of declaring the state's scientific and technological funds and intending to use part of the scientific and technological funds to purchase the products of HuoX Company, which violated the relevant provisions of the state on the use and management of scientific and technological funds and damaged the interests of the state. According to the provisions of Item 2 of Article 52 of the Contract Law of the People's Republic of China, the Guangzhou Intellectual Property Court determined that the cooperation agreement involved was invalid and decided to reject all the claims of HuoX Company.

After the judgment of the first instance of the case was pronounced, HuoX Company filed an appeal, and the Supreme People's Court upheld the judgment of the case in the second instance.

[Typical Significance]

This case involves international cooperation projects invested in by the state in science and technology funds. In this case, when neither of the parties raised any objection to the validity of the contract, the Guangzhou Intellectual Property Court took the initiative to examine the validity of the contract and determined that the contract involved was an invalid contract due to malicious collusion between the two parties, which damaged the interests of the state. "Malicious collusion" refers to a civil juristic act committed by an actor and a counterpart in collusion with each other for personal gain that damages the legitimate rights and interests of the state, the collective or a third party. The case points out that the determination of whether a contract is a malicious collusion contract requires consideration of the following factors: firstly, subjectively, both parties collude with each other for the purpose of satisfying private interests to the detriment of the lawful rights and interests of the state, the collective or a third party; secondly, objectively, it is manifested in the implementation of certain behaviors to realize illegal interests.

After the judgment of this case was made, the Guangzhou Intellectual Property Court issued judicial suggestions in a timely manner, put forward targeted suggestions to relevant units to strengthen the management of national science and technology funds, help relevant units to prevent legal risks, and avoid damage to national interests. This case fully demonstrates the duty and mission of Guangzhou Intellectual Property Court to assume and escort innovation.

Case 8: Infringement Case of "Rocking Chair" Invention Patent Involving a Dutch Enterprise

[Parties]

Plaintiff: QiaoX (China) Co., Ltd. (hereinafter referred to as QiaoX Company)

Defendants: Foshan XiongX Technology Co., Ltd. (hereinafter referred to as XiongX Company) and KeX Maternal and Infant Products Co., Ltd. (hereinafter referred to as KeX Company)

[Case and Judgment]

A Dutch enterprise enjoys the patent rights for the invention titled "Rocking Chair" and authorized it to QiaoX Company for use. QiaoX Company claimed that the baby rocking chairs manufactured, sold or promised to be sold by XiongX Company and KeX Company infringed upon its patent rights, and sues the court to order XiongX Company and KeX Company to stop the infringement, compensate for economic losses and reasonable expenses for safeguarding rights of 44 million yuan, and KeX Company shall be jointly and severally liable for 24 million yuan.

After hearing, the Guangzhou Intellectual Property Court held that the alleged infringing products fell within the protection scope of the patent involved after comparison, XiongX Company manufactured, sold and promised to sell the alleged products, and the alleged products sold and promised to be sold by KeX Company were also entrusted to XiongX Company for joint manufacturing. Both XiongX Company and KeX Company constituted infringement, and should bear civil liability for stopping infringement and compensating for losses. The court determined that XiongX Company should compensate QiaoX Company for economic losses of 10 million yuan (including reasonable expenses for safeguarding rights), and KeX Company was jointly and severally liable for 3 million yuan. In addition, KeX Company should compensate QiaoX Company for its economic losses (including reasonable expenses for safeguarding rights) of 5 million yuan for its act of selling and promising to sell the alleged products.

After the judgment of the first instance of the case was pronounced, QiaoX Company, XiongX Company and KeX Company all filed appeals, which are currently at the stage of trial of the second instance.

[Typical Significance]

This case is a typical case of equal protection of the interests of domestic and foreign rights holders. The trial of this case focuses on how to determine the amount of compensation. In practice, the key problem of infringement damages is that the evidence of infringement losses or profits is difficult to grasp. Therefore, it is particularly important to make full use of the evidence disclosure system and the obstruction of proof system to the determination of the amount of compensation. In this case, QiaoX Company claims to calculate the amount of compensation according to the infringement profits, and applies for ordering XiongX Company and KeX Company to submit relevant financial information on the alleged products. Upon examination, the financial information submitted by XiongX Company and KeX Company is incomplete, and the infringement profits cannot be determined accordingly, but the corresponding information can be used as a reference for determining the amount of compensation,

and the existing evidence shows that the profits of XiongX Company and KeX Company both exceed the upper limit of the legal compensation amount. Thus, on the basis of the existing facts and data, the court uses its discretion to determine and calculate the compensation according to the circumstances of the case, and takes the fact that XiongX Company and KeX Company have not submitted complete financial information as the infringement circumstances to be taken into account when determining the amount of compensation. By comprehensively considering the nature, duration, and scale of the infringement committed by XiongX Company and KeX Company, rights protection expenses, and the exist of the related cases, the court determined the amount of compensation of 15 million yuan as appropriate, thereby fully reflecting the protection of the inventor and the severe crackdown on source infringers.

Case 9: Infringement Case of Technical Secrets of Source Code of "HuiX Gong"

[Parties]

Plaintiffs: Guangzhou GuoX Intelligent Information Technology Co., Ltd. (hereinafter referred to as GuoX Company), Guangzhou ShengX Information Service Co., Ltd. (hereinafter referred to as ShengX Information Service Company), and Guangzhou ShengX Information Co., Ltd. (hereinafter referred to as ShengX Information Company)

Defendants: Guangzhou YiX Network Technology Co., Ltd. (hereinafter referred to as YiX Company) and LiX

[Case and Judgment]

GuoX Company, ShengX Information Service Company and ShengX Information Company are the copyright owners of the "HuiX Gong" software involved, and they claim that the customized source code and related documents of the software are their technical secrets. GuoX Company, ShengX Information Service Company and ShengX Information Company believed that YiX Company and LiX stole, disclosed and used the above technical secrets to apply for the copyright of "LeX Gong" computer software, and uploaded it to the Internet platform for users to download, which constituted an act of unfair competition infringing on the technical secrets. As a result, a lawsuit in this case was brought, requesting that YiX Company and LiX should be ordered to stop the infringement and jointly and severally compensate GuoX Company, ShengX

Information Service Company and ShengX Information Company for more than 20 million yuan.

After hearing, Guangzhou Intellectual Property Court held that the customized source code in the mobile phone client "HuiX Gong", background management system and system interface source code claimed by GuoX Company, ShengX Information Service Company and ShengX Information Company in this case met the three requirements of secrecy, value and confidentiality, and the above technical information should be recognized as technical secrets. LiX and YiX Company jointly committed the act of obtaining, disclosing and using the technical secrets involved by improper means, and should bear civil liability for stopping infringement and compensating for losses according to law. After comprehensive consideration the factors including the type, popularity and popularization of the software involved, the proportion of technical secrets involved in the overall research and development cost of the software, the customized source code being also protected by the copyright law, the circumstances and consequences of infringement, and the profits from infringement, the Guangzhou Intellectual Property Court ruled that YiX Company and LiX were prohibited from disclosing, using or allowing others to use the technical secrets involved until the technical secrets were known to the public; and GuoX Company, ShengX Information Service Company and ShengX Information Company should be compensated for economic losses of 400,000 yuan and reasonable expenses for safeguarding rights of 300,000 yuan.

After the judgment of the first instance of the case was pronounced, YiX Company and LiX filed an appeal, which is currently at the stage of trial of the second instance.

[Typical Significance]

This case involves the reasonable definition of the scope of protection when the source code of computer software is protected as technical secrets and the consideration factors of compensation for compound objects, which belongs to a new type dispute case of technical secrets. This case has conducted beneficial explorations on the following issues. The first aspect involves the scope of protection of rights. It is emphasized that the source code of computer software protected as technical secrets shall be the customized source code after excluding open source code and third-party code. The second aspect involves the liability of stopping infringement. It is emphasized that if the technical secrets that have been actually obtained but have not been disclosed are still at the risk of continued disclosure and use, it is necessary to prohibit the infringer from further dissemination and use. The third aspect involves the consideration of compensation for compound objects. According to the fact that the plaintiffs in this case enjoy the rights and interests of both the customized source code constituting the

technical secrets and the copyright of the computer software as a whole, including the technical secrets involved, the amount of compensation shall be determined comprehensively by taking into account factors such as the type and popularity of the software involved, the proportion of the technical secrets involved in the overall research and development cost of the software, the infringement circumstances and the infringement profits. The results of the case not only protect the legitimate rights and interests of the obligee, but also take into account the public interests, which is of reference and exemplary significance for the solution of such problems.

Case 10: Case of Technical Difficulties Actively Solved by Technical Investigator

[Parties]

Plaintiff: WangX

Defendants: Shantou HuaX E-Commerce Co., Ltd. (hereinafter referred to as HuaX Company) and PanX

[Case and Judgment]

WangX claimed that HuaX Company and outsiders sold a large number of products named "assault pistols" in their respective Tmall flagship stores, and the above-mentioned products were produced by PanX, infringing upon WangX's utility model patent right of "Identification and Control Circuit of Joinable Toy". WangX filed a lawsuit in this case, requesting HuaX Company and PanX to stop the infringement, and jointly and severally compensate WangX for his economic losses and reasonable expenses for safeguarding rights of 1 million yuan.

There are four parallel technical solutions in claim 1 of the patent involved. During the trial, on the basis of full understanding of the patent involved and the alleged products, the technical investigator found that the alleged product did not fall into the parallel technical solution A of claim 1 of the patent involved claimed by WangX, but fell into the parallel technical solution C of claim 1 of the patent involved, so he proposed to the collegial panel to exercise the right of judicial interpretation in a timely manner, and the parties concerned further improved and clarified the scope of the patent rights claimed to protect. After hearing, the collegial panel adopted the technical investigation opinions of the technical investigator, and ordered HuaX Company and PanX to stop the

infringement, HuaX Company to compensate WangX for economic losses and reasonable expenses for safeguarding rights totaling 50,000 yuan, and PanX to compensate WangX for economic losses and reasonable expenses for safeguarding rights totaling 300,000 yuan.

After the judgment of the first instance of the case was pronounced, WangX, HuaX Company and PanX appealed, and the Supreme People's Court upheld the judgment of the case in the second instance.

[Typical Significance]

The patent involved includes several parallel technical solutions, and the parties concerned only put forward comparative opinions on technical solution A, and did not compare the remaining technical solutions. The technical investigator of the case did not simply stick to the facts disputed by both parties for determination. On the basis of fully understanding the technical solutions of the patent involved, the technical investigator found out the key technical features, demonstrated whether the alleged products fell into the parallel technical solution A of claim 1 of the patent involved, and at the same time compared the remaining parallel technical solutions in detail to clarify that the alleged products fell into the parallel technical solution C of claim 1 of the patent involved, and then made suggestions to the collegial panel for timely interpretation. Upon interpretation, the parties concerned further clarify the technical solutions for protection. At the same time, based on the existing equipment and technology of the technical investigation laboratory of Guangzhou Intellectual Property Court and in combination with the professional ability of the technical investigator, the collegial panel held that technical facts could be ascertained without judicial expertise, and refused the WangX's application for judicial expertise. The technical investigator gives full play to the active judicial role, assists the collegial panel in quickly and accurately ascertaining technical facts, avoids unnecessary litigation and lengthy judicial expertise procedures, and improves the efficiency of the trial of cases.



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