

# Prior Art Defence Against Patent Infringement Allegation in China

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This article is intended to present an overview of the application and development of prior art defence against patent infringement allegation in China, with an analysis of some typical cases and a review of the evolution of some of the events.

Generally speaking, the functional division of the patent administrative authorities and the courts under the Chinese Patent Law as of 1984 has rendered, to an extent, the application of prior art defence against patent infringement alle-

gation typical of China. Specifically speaking, Article 3 of the Patent Law provides that the Patent Office receives and examines patent applications and grants the patent right for invention-creations satisfying the provisions of the Patent Law; Articles 48 and 49 provide that the Patent Reexamination Board (PRB) is responsible for the examination of requests for invalidation of patent rights, that is, responsible for examining the validity of the patents and making decisions on patentability; and Article 60 provides that the courts and lo-

完全相同。據此,可以認定本案被控侵權產品與被上訴人專利申請日之前的已有公知技術完全相同。

浙江高級法院還認為,被上訴人係 ZL99227847.3 號實用新型專利的專利權人,其享有的專利權應受法律保護,但該權利的保護範圍不能擴展到公知領域。被上訴人有權以製造、銷售、使用、進口等方式專有實施該專利技術,也有權將自己享有的專利技術轉讓或許可他人使用,但無權禁止他人使用該專利技術外的其他已有公知技術。本案中上訴人製造、銷售的醫用床的技術使用的是在被上訴人專利申請日之前的已有公知技術,該製造、銷售行為不構成專利侵權。故上訴人提出其“使用的是已有公知技術,不構成侵權”的上訴理由成立。<sup>7</sup>

## 五、結語

運用公知技術抗辯專利侵權指控,意義十分重大,據此可以使那些使用公知技術的被告在抗辯專利侵權指控時有更多抗辯手段:一方面可以通過專利複審委的專利無效程序否定原告專利有效性(這時專利有效性和專利侵權糾紛分別由專利複審委員會和法院審理,案件可能久拖不決);另一方面也可通過直接運用公知技術抗辯專利侵權指控,儘快擺脫訴訟的糾

纏,節約當事人的訴訟成本和司法審判資源。

公知技術抗辯專利侵權指控在司法實踐中已廣泛運用,但在立法層面的進展還十分有限,國家知識產權局在其《第三次專利法修改建議稿》中對公知技術抗辯作出原則規定,這些規定尚有待進一步細化。這從一個方面說明,在中國,公知技術抗辯的理論和實踐尚有待進一步的發展和完善。■

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<sup>1</sup> 這篇由當時的科學技術委員會(現在的科學技術部)名義發佈的文件,其目的正向其在前言中寫到的一“以中國科學技術藍皮書形式發佈《中國的知識產權制度》,旨在闡明我國政府在知識產權保護方面的基本態度、觀點和所實施的政策和措施,介紹中國在知識產權保護方面的各項法律制度”。

<sup>2</sup> 參見(2001)青知初字第103號民事判決書。

<sup>3</sup> 顧梨:“DBX-1 電腦剝線機”,刊載於1995年第二期《低壓電器》。

<sup>4</sup> 參見(2004)溫民三初字第196號民事判決書

<sup>5</sup> 參見(2005)浙民三終字第219號民事判決書。

<sup>6</sup> 參見(2005)長中民三初字第365號。

<sup>7</sup> 參見(2002)浙經二終字第7號民事判決書。

cal patent administrative authorities are responsible for handling cases of patent disputes. The Chinese Patent Law was amended twice in 1992 and 2000 respectively, but these provisions remain unchanged. Based on this functional division, the courts and the local patent administrative authorities generally do not concern themselves with the validity of the patent right when hearing patent infringement disputes, which is a practice totally different from that of the US courts. As a result, for a considerably long period of time, the courts and the local patent administrative authorities do not allow citing prior art in defence against patent infringement allegation.

## I. Cautious introduction of the prior art defence

### 1. The Supreme People's Court's reaffirmation of the functional division

As early as 1985, when the first Patent Law came into force, based on the functional division between the patent administrative authorities and the courts under the Patent Law as of 1984, the Supreme People's Court issued, on 16 February 1985, the Notice on Several Issues Relating to Patent-related Trial (No. Fa(jing)fa 3/1985, which became ineffective in 2002), in which it was specifically provided that "when a defendant makes a defence that the patent right in suit is invalid in the patent infringement procedure, the court having accepted the patent infringement suit should inform him to act under Articles 48 and 49 of the Patent Law. In this period, the court having accepted the patent infringement suit may suspend the procedure under Article 118 (4) of the Civil Procedure Law (Tentative) until the issue of the patent validity is addressed."

As a judicial interpretation, the Supreme Court's Notice has the quasi-legal force on the lower People's Courts in their trial of patent-related cases. When running into a patent validity issue in the course of handling a patent infringement dispute, the courts should guide interested parties to file a request with the PRB under Articles 48 and 49 of the Patent Law. But, probably due to the issued Notice, the courts did not allow, within long time following 1985, citing prior art against patent infringement allegation lest it would trigger the patent validity issue.

### 2. Bluebook No.7

The introduction of the prior art defence was initially related to the determination of the extent of protection of patent

claims, particularly to the determination of equivalents.

In the Patent Law coming into force in 1985, the provision related to the extent of protection of patent was: "the extent of protection of the patent right for invention or utility model shall be determined by the terms of the claims. The description and the appended drawings may be used to interpret the claims." As for the claim construction, the Chinese legislators always take a middle way between the pro-patentee central determinism and the pro-public peripheral determinism, which has created the condition for the application of the doctrine of equivalents in China.

The official document in which the prior art defence was first seen was the Intellectual Property System in China (No.7 Bluebook on Science and Technology in China) issued in August 1992.<sup>1</sup> In elaboration of how to apply the doctrine of equivalents to the determination of infringement in the judicial practice in the Bluebook, it is pointed out that "the application of the doctrine of equivalents should not be extended to the protection of the prior art on the date of filing of the patent in suit". In said Bluebook, the prior art defence is allowed to limit the scope of equivalents under the doctrine of equivalents to such an extent as to prevent the application of the doctrine of equivalents from extending to the protection of the prior art on the date of filing.

### 3. Li Guang v. Shougang: practicing the prior art defence against allegation of patent infringement under the doctrine of equivalents

The typical case of the kind in this period is Li Quang v. Beijing Shougang Heavy Machinery Corporation (the Shougang case for short).

The patent in suit was patent ZL 90222982.8 for the utility model entitled "Flagpole". Li Guang, the patentee, filed on 5 November 1990 his application with, and was granted the patent by, the State Intellectual Property Office (SIPO) on 21 August 1991. The allegedly infringing technology was the Shougang's flag fluttering apparatus designed and made between May and June 1993. The two apparatus, both being flagpoles for the flag to flutter without wind, comprise a hollow pole with an air outlet on one side of it, a pulley and flag ropes. Li Guang argued that Shougang infringed his patent right with its flag fluttering apparatus, and sued in the Beijing Intermediate People's Court on 8 October 1993.

During the trial of the case, Shougang submitted the description of an application filed by another person for a patent for the utility model of a blowing flagpole. The patent was numbered 85201537, and expired on 14 January 1987.

The description of the patent application disclosed a flag fluttering apparatus in the absence of wind, and the patent for the utility model of the blowing flagpole had become prior art due to the expiry of the patent.

Upon hearing the case, the Beijing Intermediate People's Court believed that Article 59, paragraph one of the Patent Law provides that "the extent of protection of the patent right for invention or utility model shall be determined by the terms of the claims." That was to say, only when a technical solution carried out by an actor was substantially equivalent to the patented technical solution was it possible to determine that the actor's act fell within the extent of protection of the patent in suit, and that the patent right had been infringed. The plaintiff's technical solution as stated in the claims, description and appended drawings was different from Shougang's flag fluttering apparatus in two aspects:

- 1) in the internal structure of the hollow pole; and
- 2) in the distribution of the air outlets on the two sides of the pole itself.

The two differences showed that the two were not substantially equivalent, and the defendant's flag fluttering apparatus did not fall within the extent of protection of the plaintiff's patent. Accordingly, the court rejected Li Guang's litigant claims.

Dissatisfied with the judgement, Li Guang appealed to the Beijing Higher People's Court. The Beijing Higher People's Court held that Li Guang's patented technical solution related to a flag fluttering apparatus comprising a hollow pole, a pulley and flag ropes, using wind source to send the wind through three air pipes to the three air chambers inside the pole and through the air outlets on one side of the pole where the flag is raised; the appellee's flagpole also comprised a hollow pole, a pulley and flag ropes. The two were substantially different in that there were three air chambers inside the pole in Li Guang's patented technical solution, while there was only one such air chamber inside the flagpole of the Shougang's technology. Besides, the one-air-outlet "flag-blowing" technology, disclosed in the utility model patent 85201537 that expired on 14 January 1987, had become a prior art. Therefore, the extent of protection of Li Guang's "flagpole" patent should not cover the one-air-outlet flag-blowing apparatus. Accordingly, the Beijing Higher People's Court supported the Intermediate People's Court's view that the technical solution used in Shougang's flag-blowing apparatus was not substantially equivalent to the appellant's patented technology, and the prior art defence

was applied to limit the scope of equivalents as claimed by Li Guang, thus making it impossible to extend the protection of the patent to the prior art on the date of filing.

## II. Development of and reflection on prior art defence

Prior art defence against patent infringement by equivalents practically does not conflict with the functional division between the patent administrative authorities and the courts under the Chinese Patent Law. But, prior art defence against literal patent infringement means that a defendant may challenge the validity of a patent in suit not through the patent invalidation proceedings before the PRB, but with a known technology that is sufficient to affect the novelty of a patent before court. The practice of prior art defence against literal patent infringement may be said to be a supplementation to, or revision of, the mode of resolving the dispute over the validity of patent as developed in the Supreme People's Court's Notice on Several Issues Relating to Patent-related Trial. Following the Shougang case were cases involving prior art defence against literal patent infringement. Correspondingly, different ways of application of the prior art defence occurred in different jurisdictions.

### 1. Zhejiang Higher People's Court judgement in *Chen Ke and Xinyu v. Shenfeng: practicing prior art defence against literal patent infringement allegation*

The patent in suit is patent ZL 91100595.1 for an invention of "process for putting colour on embroidery". Chen Ke, the patentee, filed his application with the SIPO on 27 January 1991, and his granted patent was published on 6 April 1994. The independent claim of the invention patent went as this: "a process for putting colour on embroidery, using basic lines to embroide design on cloth, wherein liquid colour is used to put colour on the basic line of the embroidery design and then dry and fix the coloured lines".

Later, the plaintiffs, Chen Ke, the patentee, and the Xinyu Handcraft Plant, the solely exclusive licensee, sued in the Hangzhou City Intermediate People's Court, arguing that the Taizhou City Jiaojiang Shenfeng Necktie Factory's (Shenfeng for short) making and marketing the neckties with coloured base lines constituted an infringement of Chen Ke's patent right and Xinyu's solely exclusive licensed right as well.

Shenfeng, the defendant, defended that its use of hand painting in part of the design for embroidery in making em-

broidery neckties, with a long history in China, was not a new technology, and the infringement allegation was not tenable.

Upon hearing the case, the Hangzhou City Intermediate People's Court held that the patent for the process for putting colour on embroidery was not a process for making a new product, but a technique for putting colour on embroidery, by which a variety of products were made, including the neckties made by Shenfeng. Shenfeng's view that Chen Ke's patent was not novel and that he used a known technology was not tenable. In the present case, Shenfeng's failure to present the specific process it used to make the neckties should be deemed to be its use of Chen Ke's patented process, and the use constituted an infringement; Shenfeng also infringed Xinyu's solely exclusive licensed right. Hence, Shenfeng was ordered to immediately cease using the process, and stop using and marketing the products obtained directly with the patented process.

Dissatisfied with the judgement, Shenfeng appealed to the Zhejiang Higher People's Court, which, upon hearing the case, believed that colouring the single coloured embroidery with the liquid colour was a traditional folk craft widely used for making embroidery by most arts and crafts factories in the regions, such as Wenzhou and Taizhou in Zhejiang Province. Besides, the process of craftsmanship was described in the magazine "Silk" in issue No. 9 in 1989. Accordingly, the Zhejiang Higher People's Court made its final judgement in the case involving the invention patent on 16 December 1997, establishing that "the appellant's use of the technology existent prior to the date of filing of the patent in suit did not constitute an infringement of the invention patent right and the appellee's grounds for requesting that the appellant be held liable for infringement were not tenable. The appellant's claim that 'it had used a prior art, and the use did not infringe the patent right in suit' was tenable and supported by the court". Accordingly, the Zhejiang Higher People's Court reversed the initial judgement, and rejected the patentee's litigant claims on the ground that use of a prior art did not constitute an infringement of the patent right.

## **2. The Beijing Higher People's Court's view: reaffirming that the prior art defence is applicable only to allegation of infringement of patent by equivalents**

With the arising of cases involving prior art defence against literal infringement, whether the prior art can be posed against allegation of literal patent infringement is understood differently in the judicial practice. To standardise and harmonise the judicial practice within the jurisdiction, the Beijing

Higher People's Court issued in 2001 the Opinions on Several Issues Relating to Patent Infringement Adjudication (Opinions for short) (For Trial Implementation) (No. Jinggaofafa 229/2001, in which provisions are set forth in Articles 100 to 103 of Part 4 as follows:

The prior art defence means that in patent infringement procedure, where the alleged infringing article (product or process) is equivalent to the patented technical solution as stated in the claims of the patent, the defendant's act does not constitute an infringement of the plaintiff's patent right if it or he makes a defence and furnishes the relevant evidence to prove that the alleged infringing article (product or process) is equivalent to a prior art.

When a defence is made on the basis of the prior art, said prior art should be an independent technical solution available before the date of filing of the patent in suit, or people ordinarily skilled in the art hold that the patent is a technical solution obtained through obvious and simple combination of the prior art.

The prior art defence only applies to patent infringement by equivalents, not to the literal patent infringement.

When the patented technical solution, the alleged infringing article (product or process) and the cited prior technical solution are obviously literal, the defendant should not make the prior art defence, but may file a request with the PRB for invalidation of the patent right in suit."

Obviously, the Beijing Higher People's Court's above view still highlights the functional division between the patent administrative authorities and the courts under the Chinese Patent Law, specifying that "the prior art defence only applies to patent infringement by equivalents, not to the literal patent patent infringement" and the prior art defence against literal patent infringement is understood as a dispute over the patent validity, leading the interested parties to file request with the PRB for invalidation of the patent in suit and to have the dispute resolved through the patent invalidation proceedings.

It is worth noting that the Beijing Higher People's Court specially explains at the beginning of the Opinions that "in the presence of discrepancies between the provisions of these Opinions and the laws, regulations and the relevant judicial interpretations issued after them, the laws, regulations and the relevant judicial interpretations shall prevail."

### III. The Supreme People's Court's view: gradual affirmation of prior art defence against literal patent infringement

It needs to be pointed out in the early days when the Patent Law came into force, the Supreme People's Court, limited by the functional division between the patent administrative authorities and the courts under the Patent Law, was very cautious about the application of the prior art defence. However, with the changes in the judicial practice and accumulation of experience in adjudicating patent-related cases, the Supreme People's Court is more affirmative toward it.

#### 1. The Supreme People's Court's directions in specific cases: specific requirements on the application of prior art defence by courts of lower levels

In 2000, the Third Civil Tribunal of the Supreme People's Court sent a letter (No. Zhijianzi 32/2000) to the Anhui Province Higher People's Court regarding the case of dispute from patent infringement between Wang Chuan and the Hefei Jichu Trading Co., Ltd., in which the Third Civil Tribunal of the Supreme People's Court held that the problem with the case was relatively obvious, and required the Anhui Higher People's Court to fully review the case and handle it under the law. Besides, the Tribunal gave its specific instructions on the application of prior art defence, pointing out that in the first instance, no examination decision was made on the cause of the prior art defence made by Shendian Corporation, one of the accused infringers; in the second instance, the technology as disclosed in the two reference documents provided by Shendian Corporation (Shendian for short) was not compared with Shendian's technology, but with Wang Chuan's patent, and it was concluded that the two were different. The way of handling the case was undue. The court believed that "whether Shendian's technology and Wang Chuan's patent were identical or not, under the circumstance where Shendian showed the cause for the prior art defence, Shendian's technology should be compared with Wang Chuan's patent only after a decisive conclusion was drawn by comparing the former with the known and used technology. In this comparison, it should be found out whether all the relevant essential technical features of Shendian's technology were disclosed in the reference documents, and, as well, that if there were differences, whether they were substantial or not, that was, whether the substitution of the relevant technical features was obvious or not. Only after making such

comparison and concluding that the two were substantially different was it possible to deny the grounds of Shendian's defence". The court also believed that it was due for the technical comparison to be made by way of entrusting an appraisal organisation to make an appraisal or at least through consultation with experts.

#### 2. Several Provisions of the Supreme People's Court on Issues Relating to Application of Law to Adjudication of Cases of Patent Disputes: application of prior art defence in suspension of patent litigation

In 2001, the Supreme People's Court issued the Several Provisions on Issues Relating to Application of Law to Adjudication of Cases of Patent Disputes (No. Fashi 21/2001), in which Article 9 provides that "where a defendant files a request for invalidation of the patent right when making its or his defence in the case received by the people's court of dispute as arising from the infringement of the patent right for utility model or design, the people's court shall suspend the legal proceedings. However, under any one of the following circumstances, the legal proceedings may not be suspended:...(2) where the defendant's evidence is sufficient to prove that its or his used technology has been known to the public; ..."

Regarding the above provision, the Third Civil Tribunal of the Supreme People's Court explains that "the circumstance in which the legal proceedings may not be suspended as mentioned in item (2) is where the defendant's evidence is sufficient to prove that its or his used technology has been known to the public, that is what is commonly referred to as prior art defence. To be specific, in a patent infringement lawsuit, the People's Court may disregard whether a patentee's utility model or design patent is patentable or not. As long as the defendant can furnish evidence to show that the technology it or he uses is a known technology, the People's Court may directly decide that the defendant does not infringing the patent by the accepted adjudication doctrine of prior art defence."

Clearly establishing the prior art defence doctrine by way of judicial interpretation for addressing the issue of suspension of court procedure involving dispute arising from infringement of a patent right for utility model or design is regarded as an important breakthrough and improvement of the system of patent infringement procedure suspension in China.

#### 3. The Supreme People's Court's latest provisions on prior art defence: further affirmation of the prior art defence

In January 2007, the Supreme People's Court issued the Opinions on Comprehensive Enhancement of IP Adjudication to Judicially Ensure the Construction of Innovative Nation, in which "the prohibition of abuse of the IP rights" was related to. In Article 16 thereof the courts at various levels are required to draw a correct line of demarcation between the right of the holders of the IP rights and that of the public, examine and support interested parties' defense based on a prior right, right from or of prior use, known technology, estoppel, and fair use under the law; stop acts of illegal monopoly of technology and inhibition of technological progress; determine, under the law, grounds for invalid technology contracts, such as restrictive R & D, compulsory back-licensing, inhibited implementation, bundled sale, restrictive purchase, and prohibition of question on validity to maintain unfair competition in the technology market; and prevent rightholders from abuse of infringement warning and the right of litigation to amplify the system of declaratory judgement lawsuit and the system of compensation of damages for abuse of litigation."

The Supreme People's Court's above provisions and notices have established that prior art can be posed against allegation of infringement of patent by equivalents and, as well, that of literal patent infringement in an attempt to harmonise the judicial practice.

#### IV. Extensive application of prior art defence in courts across the nation

The Supreme People's Court's opinions on prior art defence against patent infringement allegation have spurred the legal practice of the prior art defence, and encouraged the courts to explore specific ways to apply prior art defence in their judicial practice.

##### 1. Xuesheng v. Kehui, et. al.: types of, and conditions for, prior art defence

In this case, the Qingdao Intermediate People's Court divides the prior art into three types according to their ownership attribution:

(1) the free, known technologies, referring to those in the public domain that every entity and person is entitled to use, but should not monopolise;

(2) others' patents, also known technologies if the applications therefore are disclosed before the date of filing; and

(3) others' invention patent applications under the provisional protection.

The Qingdao Intermediate People's Court holds that two conditions should be satisfied for citing a known technology in prior art defence: the existence of the known technology; and manufacture of the alleged infringing product with the known technology.

The patent in suit is the patent for the utility model of deodorising filter paper. The patentee, the Laizhou City Active Carbon Fibre Plant (later renamed Xuesheng Active Carbon Fibre Plant, Xuesheng for short) filed, on 31 December 1998 its application for the patent with, and was granted the patent 98 2 50815.8 by the SIPO on 24 December 1999. On 6 November 2001, Xuesheng sued in the Qingdao Intermediate People's Court on the ground that the Guangdong Kehui Industrial Corporation (Kehui for short) infringed its patent right. The claim of the patent in suit went like this:

"A deodorising filter paper made of paper, active carbon and photocatalyst, wherein it is made into striped plane paper and corrugated paper, with the two glued together using adhesive agent in cellular shape and with a piece of plane paper glued on the sides to form a frame around it."

The alleged infringing product is a photocatalyst and active carbon filter mesh, comprising plane paper and corrugated paper glued together in a rectangular shape with a piece of plane paper glued on the sides to form a frame around it. Kehui made its prior art defence against the infringement allegation on the ground that the technology it used was identical with a prior patented technology disclosed in a US patent.

The Qingdao Intermediate People's Court held that the defendant practiced prior art defence against the plaintiff's infringement allegation on the ground that it made the alleged infringing product with a known technology. It furnished to this court the evidence of the relevant known technology, and defended itself that the technical features of the alleged infringing product were known technology on the basis of the US patent 5,817,427, the grant of which was published on 6 October 1998, that is, prior to the date of filing of the patent in suit. Kehui argued that the technology with which the alleged infringing product was made was identical with a prior patented technology disclosed in a US patent, and the US technology was disclosed around the world after the publication of the grant thereof. The US patent was to provide an oxidation titanium paper made of nm material which was good for deodorisation and anti-aging effective. The paper contains super-fine oxidation titanium particles (whose X-ray particle diameter was no larger than 100

nm.), that is, the oxidation titanium was one of nm material, obviously different from the plaintiff's patent in the material used. What the plaintiff used in the patent was paper in normal state made of materials, such as active carbone and photocatalys, while what was in the US patent was nm material, name "super-fine oxidation titanium particles whose X-ray particle diametre was not larger than 100 nm. or super-fine oxidation titanium particles improved with metal or metal composition on the surface." Material in which the size of the composition phase or crystal particle structure are kept at 100 nm or below is known as nm material having good performance the ordinary material does not have in terms of surface effect, small size and quantum effect. The technology was known as the nm technology, also a modern high technology. Here, the materials used were substantially different. Besides, the structure described in the claims of the US patent was not exactly identical with the structure of the defendant's product; they should not be naturally taken as identical in this aspect. Accordingly, Kehui's view that its product was identical with the technical features of the US patent was not tenable.<sup>2</sup>

## 2. He Weibin v. Wenzhong Electronics: technology comparison for prior art defence

In this case, regarding the comparison of related technologies for prior art defence, the Wenzhou Intermediate People's Court held that in comparison of the related technologies in prior art defence, attention should be focused on the comparison of the evidence cited by the accused infringer as a known technology with the alleged infringing product in order to determine that the evidence from the accused infringer was sufficient to show that the technology with which its alleged infringing product was made was known, reference should be made to the extent of protection established by the claims of the patent in suit when comparing the known technology with that with which the alleged infringing product was made. The comparison of the relevant technology in prior art defence did not involve that of the known technology with the patented technology. The prior art defence's being tenable would render it unnecessary to compare the patented technology with the alleged infringing product for the purpose of establishing the infringement.

The patent in suit is the patent for utility model of digital-controlled wire stripper. He Weibin filed his application for the patent with the SIPO on 6 May 1999, and was granted the patent ZL99210833.0. The independent claim of the patent went as follows:

"A digital-controlled wire stripper, comprising a casing, control panel, mechanic control part and single-chip computer installed inside the casing, wherein on the control panel are disposed a variety of digital control buttons; at the mechanic control part are disposed the conductive wire inlaying means, cutting and stripping means and wire outlaying means; inside said casing are respectively disposed wire inlaying step motor, cutting and stripping step motor and wire outlaying step motor, these step motors are respectively electrically and mechanically connected to the wire-inlaying means, the cutting and stripping means and wire outlaying means of the mechanical control part.

On 27 December 2004, He Weibin sued the Ruian City Wenzhong Electronic Equipment Co., Ltd. (Wenzhong for short) in the Wenzhou Intermediate People's Court on the ground that the computer wire-stripper made and marketed by Wenzhong infringed its patent right, and applied to the court for evidence preservation. The court conducted the requested evidence preservation at the Wenzhou office located at 1 Guangchangzhong Road, Dangxia Township, Ruian City on 31 December 2004, and obtained several products of the allegedly infringing computer wire stripper. Wenzhou made its prior art defence against the patent infringement allegation by citing the technologies, including Gu Li's solution.<sup>3</sup>

In the present case, the Wenzhou Intermediate People's Court held that He Weibin owned a utility model patent, so the comparison mainly involved the shape, structure or their combination of the product. Besides, He Weibin clearly claimed in the procedure that the extent of protection was based on independent claim 1 of the patent in suit. Therefore, when making the comparison, the determination was made as to whether the structural arrangement and components of the alleged infringing product that corresponded to said claim 1 were the prior art or not. Out of this consideration, the court summarised five features out of the technical features (the accused technology) of the alleged infringing product: a computer wire stripper; it comprises a casing, control panel, mechanic control part and single-chip computer installed inside the casing; on the control panel are disposed a variety of digital control buttons; a pair of rolling wheels were respectively disposed on the left and right of the mechanic control part, with the left rolling wheel for inlaying wire and the right rolling wheel for outlaying the wire; scissors were disposed in the middle for stripping conductive wire; three step motors were inside the casing respectively con-

nected to the wire inlaying rolling wheel of the mechanic control part, wire cutting and stripping scissors and wire outlaying rolling wheel of the mechanic control part. The court compared these features with Gu Li's solution, and determined that all the features of the accused technology were available in Gu Li's solution, so they were known technologies<sup>4</sup>.

Dissatisfied with the judgment, He Weibin appealed to the Zhejiang Higher People's Court. The Zhejiang Higher People's Court, based on the appellant's claims and grounds and the appellee's defence, first determined that in the prior art defence, if the accused infringer made his prior art defence, the accused technology should be first compared with the known technology. The Zhejiang Higher People's Court also held that where it was determined that the two were substantially different and where the accused infringer's prior art defence was denied, then it was necessary to compare the accused technology with the patented technology.

To be specific, the Zhejiang Higher People's Court held that where Wenzhong made its prior art defence and when its technology was compared with Gu Li's solution, the comparison should be made to find out whether the technology of the alleged infringing product was disclosed in the reference document, and where the relevant technical features of the two were somewhat different, comparison should also be made, so as to see whether the technical features of the alleged infringing product were closer to the patented technology or the known technology.

As described in the initial judgment, "Gu Li's solution" was entitled "computer wire stripper". In the judgment an overview of the machine was given, its function, operational principle and major parameters were presented, and two block views showing the principal program of the control system and control loopback were attached. He Weibin argued that Gu Li's solution was different from the alleged infringing product and the patented technology in these aspects:

1) the "tactile panel" of the former was an input mode different from the "digital control buttons" of the latter two technologies, and they were not replaceable;

2) the step motors and press wheels of the former ran synchronically while the latter two ran step by step; and

3) the single-chip computer of the former controlled the memory while the latter two technologies directly controlled the step motors.

Upon examination, the court held that claim 1 of the patent in suit disclosed a technical solution of digital controlled wire stripper, specifically comprising the structural features of digital controlled part and the mechanical control part, and the mode of corresponding connections. In He Weibin's comparison, except the difference of the two in item 1 control panel, the technical features mentioned in items 2 and 3 were not disclosed or defined in the claims. Therefore, He Weibin's claimed that the latter two technologies that were not disclosed in the patent were different, and the claim was not tenable. He believed that the input mode used in the control panel of the accused technology was the "digital controlled buttons" that were the same as the patent, and that Gu Li's solution disclosed the "tactile panel". In this regard, the court believed that according to the technical features, the tactile key used in the alleged infringing product made by the appellee should be referred to as thin film keys, which an operator had to press vertically when inputting data and parameters in the computer by pressing the keys. Upon his release, the keys returned to their normal position with a run. The touch panel highlighted the operator's touch without run. As for the "digital controlled buttons" used in the patented technology, though it was not a standard term, it was literally meant that the specification of the required conductive wire to process the conductive wire was input sequentially in decimal number with the digital controlled button. For that matter, as the comparison of the three showed, the technical features of the alleged infringing product were closer to the "digital controlled buttons" of the patented technology. Besides, when the accused infringer made his prior art defence, the court examined whether the technical solution of the alleged infringing product was from the known technology or not, and Gu Li's solution disclosed a touch panel, without disclosing the specific technical features of the digital controlled buttons; hence the way the alleged thin film keys used in the alleged infringing product for digital control were not disclosed in the known technology. Accordingly, the court held that the technical features of the alleged infringing product were not from the known technology, and Weizhong's prior art defence was not tenable.<sup>5</sup>

### 3. Declaratory judgement suit between Xiangbei Weierman and Guangzhou Weierman: mode of technology comparison for prior art defence

In this case, for comparison of the relevant technologies for prior art defence, the Changsha City Intermediate People's Court in Hunan Province first compared the alleged in-



fringing product with the patented technology, and, after it was determined that the alleged infringing product fell within the extent of protection of the patent, compared the known technology cited by the accused infringer with the alleged infringing product so as to determine whether the technology used by the accused infringer for making the alleged infringing product was a known technology or not.

The patent in suit was a patent ZL97108942.6 for the invention of “antibeta-lactamase antiseptis composition”. The Guangzhou Weierman Company (GW) filed on 11 June 1997 an application with, and was granted the patent on 2 September 2000 by, the SIPO. The essential technical feature of the patent was that a antibeta-lactamase antiseptis composition, wherein it comprised sulbactam and piperacillin or cefotaxime, and the composition was made by mixing the sulbactam and piperacillin or cefotaxime at a ratio of 0.5~2 : 0.5~2.

The accused technologies were Xiangbei Weierman (XW)’s new drugs submitted for approval “injections of piperacillin sodium and sulbactam sodium (2:1)” and “injections of cefotaxime sodium and sulbactam sodium (2:1)”. XW received the lawyer’s letter from GW on 29 July 2005, claiming that XW’s two drugs of piperacillin sodium and sulbactam sodium fell within the extent of protection of the claims of the invention patent ZL97108942.6 and infringed its invention patent right, and hence requesting XW to stop its activity to apply for the regulatory approval. XW argued that a known technology was used in its manufacture of the injections of piperacillin sodium and sulbactam sodium submitted for approval, and the two drugs did not infringe GW’s invention patent right. Accordingly XW sued in the Changsha Intermediate People’s Court on 24 August 2005 for a declaratory judgment that the injections of piperacillin sodium and sulbactam sodium it made, used, offered for sale, sold in China and imported by XW did not constitute an infringement of the invention patent ZL 97108942.6.

The Changsha Intermediate People’s Court made the following comparisons in resolving the patent infringement dispute between the interested parties:

1) Comparison of the product with the patent in suit. In the hearing before court, XW affirmed that the new drugs applied for approval “injections of piperacillin sodium (2:1)” and “injections of sulbactam sodium (2:1)” were identical with GW’s patent ZL 97108942.6.

Regarding this, the court held that it may be determined that the technology in suit for making the alleged in-

fringing product was identical with the technology of the patent ZL 97108942.6.

2) Comparison of the invention patent with the known technology:

Regarding this, the court held that an invention patent should possess novelty, inventiveness and practical applicability. A prior art defence was made against the novelty of a patent. According to the law provisions, a patented technology should not be a technology identical with one that had been publicly disclosed in publications in the country or abroad, or had been publicly used or made known to the public by any other means in the country before the date of filing of the patent, nor one for which another person had filed an application for a patent with the patent administrative authorities under the State Council and that had been documented in published patent application documents. In the present case, the novelty of the patent ZL 97108942.6 should be determined primarily on the basis of the essential technical features of the patent. As shown in the claims, the patent claim included two parts:

1) the mixture included the components of piperacillin sodium or sulbactam sodium; and

2) said components were mixed at a given ratio to make a new composition.

Therefore, the novelty of the patent did not lie in the difference of the sulbactam and piperacillin per se used as components from others, but in the ratio they were mixed together to make a new single composition. Using two ready-made drugs and a composition were two different concepts. Only when the single composition technology was disclosed in the above way was it possible for the prior art defence to be tenable. In the present case, the XW also admitted that the evidence it presented was related to a solution of treatment using drugs together, not a single composite drug; hence it failed to show that the same single composition technology was disclosed before the date of filing of the GW’s patent; hence the prior art defence was not tenable.<sup>6</sup>

**4. Huaweimei v. Zhenxing Medical Treatment Products Plant (ZMTP): way of technical comparison for prior art defence**

In this case, upon comparing the alleged infringing product with the known technology, the Zhejiang Higher People’s Court discovered that the relevant technical features of the two were exactly identical and determined that the alleged infringing product did not fall within the extent of protection of the patent in suit.

The patent in suit was a patent for the utility model of a mechanical raising mechanism of the bed for medical use. The appellee the Shaoxing Huaweimei Associated Medical Products Co., Ltd. (Huaweimei) filed, on 14 July 1999, an application with, and was granted the patent 99227847.3 by, the SIPO on 4 May 2000. The independent claim of the patent was a mechanical raising mechanism of the bed for medical use, wherein a crank link was connected to the bed or the bed board, a casing pipe connected to the lead screw, and the rocker handle shaft and rocker handle, and said lead screw was connected to the rocker handle shaft with a universal joint.

The accused technology was a bed for medical use made and marketed by ZMTP. The main technical feature of the raising mechanism of the bed was that it also comprised a crank link, casing pipe, lead screw, rocker handle shaft, rocker handle and universal joint, with the crank link connected to the bed board, the casing pipe connected to the lead screw, and the lead screw was connected to the rocker handle shaft with a universal joint. From the first half of 2001, ZMTP began to make and marketed the raising mechanism of said bed. On 30 October 2001, the appellee Huaweimei sued in the Hangzhou Intermediate People's Court, requesting the court to order the appellant to immediately cease its act of patent right infringement.

Upon hearing the case, the Hangzhou Intermediate People's Court held that the technical solution used in the raising mechanism of the bed for medical use made and marketed by ZMTP had all the essential technical features of claim 1 of the Huaweimei's patent 99227847.3, and it fell within the extent of protection of said patent, so constituted an infringement.

Dissatisfied with the judgment, the appellant appealed to the Zhejiang Higher People's Court, arguing that the appellant had used a technology made known in the pictures of advertisement by Paramount, a Japanese company making beds for medical use and in utility model patent ZL99225739.7. The appellee Huaweimei defended before court that the evidence the appellant used to show what it used was a known technology had been rejected by the PRB in the patent invalidation proceedings; hence the appellee's patent remained novel.

Upon hearing the case, the Zhejiang Higher People's Court held that the evidence the appellant presented to prove what it used was of a known technology was: 1) the documents of the utility model patent ZL 99225738.7; and 2)

the patients' beds the Changzheng Hospital used, before the date of filing of the appellee's patent, with identical technical features as those of the patent in suit.

The appellant in the present case also made and marketed a bed for medical use, and the main technical feature of the raising mechanism was that it also comprised a crank link, casing pipe, lead screw, rocker handle shaft, rocker handle and universal joint, with the crank link connected to the bed board, the casing pipe connected to the lead screw, and the lead screw connected to the rocker handle shaft with a universal joint. The patent ZL 99225738.7 the appellant cited as evidence of a known technology was a patent for a utility model of "safety structure of rocker shaft of a patient's bed", wherein it comprises a rocker shaft, universal joint, stretching screw arbor, transmission crew arbor, backup plate and spring. It did not have the crank link as used in the alleged infringing product, nor was it possible to infer from the documents of the reference patent that said device was definitely connected to the bed or the bed board through the crank link, and the two were not identical or equivalent; hence it could not be shown that the technical features of the alleged infringing product were those of the technology disclosed in the reference patent documents.

As for the technical features of mechanical raising patient's beds used by the Changzheng Hospital in September 1997 made by Paramount with another company, the mechanical raising mechanism was also used, which comprised a crank link, casing pipe, lead screw, rocker handle shaft, rocker handle and universal joint, with the crank link connected to the bed board, the casing pipe connected to the lead screw, and the lead screw connected to the rocker handle shaft with a universal joint. The technical features of the patient's bed made and marketed by the appellant were exactly identical with those of the said bed; hence, it was possible to determine that the alleged infringing product was exactly identical with the technology known before the date of filing of the appellee's patent.

The Zhejiang Higher People's Court held that the appellee was the patentee of the utility model patent ZL 99227847.3, and the patent right it enjoyed should be protected under the law, but the extent of protection of said patent should not be extended to such an extent as to cover any technology in the public domain. The appellee was entitled to exploit the patented technology in way of manufacture, sale, use or importation, or to assign or license its own patented technology to another person. But it had no right to

prohibit another person from using a known technology other than the patent technology. In the present case, the technology the appellant used to make and market the patient's bed was a technology known before the date of filing of the appellee's patent, and the act of making and marketing it did not constitute an infringement of the patent in suit. Accordingly, the appellant's claim that "it has used a known technology, and the use does not constitute an infringement" was tantle.<sup>6</sup>

## V. Conclusion

Practicing prior art defence against patent infringement allegation is of great significance in that one more alternative means is made available to a defendant using a prior art to defend himself against patent infringement allegation. He may, on the one hand, deny the validity of a plaintiff's patent through the patent invalidation proceedings before the PRB (in this case, the issue of patent validity and the patent infringement dispute are to be handled respectively by the PRB and the people's courts, which would prolong the hearing of the case), and, on the other, directly practice prior art defence against the patent infringement allegation to quickly avoid being entangled in lawsuits and save the resources of the interest parties and the courts for judicial trial.

The prior art defence has been widely practiced in the judicial practice, with little approach made in the legislation.

Recently, the SIPO has drafted the provisions on the principle of prior art defence in the draft third amendment to the Patent Law, and the implementing regulations have to be worked out once the amendment is approved by the Congress. This shows that more work needs to be done to further develop and improve the theory on prior art defence in China. ■

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<sup>1</sup> This document was issued in the name of the Commission of Science and Technology (the predecessor of the Ministry of Science and Technology, in the Preface of which it is stated that the aim of issuing the document of Intellectual Property System in China in the form of a bluebook on the intellectual property system in China was to reiterate the Chinese Government's fundamental attitudes towards, views and policy on, and measures for, the protection of the intellectual property rights, and an account is given of the various legal systems for the protection of intellectual property rights in China.

<sup>2</sup> See Civil Judgement No. Qingzhichuzi 103/2001.

<sup>3</sup> Gu Li, DBX-1 Computer Wire Stripper as published in the Low Pressure Electric Appliances, 1995, issue 2.

<sup>4</sup> See Civil Judgement No Wenminsanchuzi 196/2004

<sup>5</sup> See Civil Judgement Zheminsanzhongzi 219/2005.

<sup>6</sup> See Civil Judgement Changzhongminsanchuzi 365/2005.

<sup>7</sup> See Civil Judgement Zhejingzhongzi 7/2002.

## 2006 年國內企業專利申請前十名

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