

Several Issues in Hearing Design Patent Cases

The Intellectual Property Tribunal of the Beijing Higher People's Court

Civil cases involving design patents

1. Concerning the role of colour on the determination of scope of protection for design patents

Colour is an important element of a design patent. It is allowable to seek protection of colour in an application for a design patent, but colour alone is generally not patentable, that is, to be accorded the patent protection, colour should be used in combination with a shape and/or pattern. Rule 28, paragraph two, of the Implementing Regulations of the patent provides: "The brief explanation of the design shall include the essential portion of the design, the colour for which protection is sought and the omission of the view of the product incorporating the design."

What impact colour has on the determination of the scope of protection of a design patent is an issue of great controversy in the judicial practice. For us, where colour is claimed in a design patent, the claimed colour should be taken as a factor for defining or limiting the scope of protection of the design patent. If in a design patent some colour is claimed and an allegedly infringing product does not use said colour, the latter should not be held infringing said patent. Therefore, colour defines the scope of protection of a design patent, and a design patent with colour added to its shape and pattern has a scope of protection narrower than one that has only its shape or pattern. It is provided in the Opinions on Several Issues Relating to Patent Infringement Adjudication (Tentative) formulated by the Beijing Higher People's Court in 2001 that "Where protection of colour is sought in a patent for design, the claimed colour should be used as one of the essential elements for determining the scope of protection for said patent right for the design. That is, in establishing infringement, the one-for-one comparison should be made of the shape, pattern, colour and the combination thereof incorporated therein with those of the allegedly infringing product." For us, this view is correct.

By the way, it is exactly because colour defines or limits the scope of protection of a design patent, an applicant should give it a careful thought before deciding to seek protection of colour. Only when it is indeed necessary to claim colour, it is stated so in the patent application. If an application is patentable without claiming colour, it is advisable not to in order to avoid over-narrowing down the claim and not to place oneself in a passive or disadvantageous position in an infringement suit. Besides, only if a party seeks to protect colour, could protection of said colour be stated in the brief explanation of the design in suit. If colour is not claimed, it is not necessary to state the claim for colour. Absence of claim for colour in the brief explanation will all be deemed not to claim colour.

2. Role of essential portion of design in decision on design patent infringement

The essential portion of a design refers to the main difference of the design applied for patent from any other prior design. Rule 28, paragraph two, of the Implementing Regulations of the Patent Law provides: "the brief explanation of the design shall include the essential portion of the design, the colour for which protection is sought and the omission of the view of the product incorporating the design." thus, the essential portion of a design is an important part of the brief explanation of the design. A design incorporated in a product, representing innovation made on the basis of existing designs, often includes both the portion of an existing design and the portion that is not identical with, nor similar to, the existing design. It is exactly the presence of the portion that is not identical with, nor similar to, the existing design that has ensured the height of creation of the design applied for patent. The essential portion of design is description of this height of creation, enabling readers to easily set the design apart from any other existing design and identify its essential portion.

In hearing a case of design patent infringement, an in-

interested party may be required to present or describe the essential portion of the design in suit, so as to identify the scope of protection of the design patent to facilitate patent infringement determination. Of course, the rightholder's description of the essential portion of the design needs to be examined by the court as to its correctness, and his undue or improper description should not be accepted. Where the rightholder submitted the essential portion of the design when he filed his application with the Patent Administration Department under the State Council, it may serve as reference in the infringement determination under the rule of estoppel or patent infringement determination, with the corresponding patent documentation used as the evidence on the essential portion of design in the infringement determination. But, it needs to be noted that since a design patent is granted only after the preliminary examination is made, the essential portion of the design an applicant described when he applied for his design patent, and often were those he personally believed to be, without going through the substantive examination; hence they do not necessarily reflect the height of creation of the design in suit relative to the prior design. In determining the scope of protection of a design patent, the essential portion of the design that all parties concerned have accepted may serve as the reference in the determination of the scope of protection thereof. But, even if the essential portion was what determined according to the Patent Office's requirements when the application for said design was filed, if the opposite party objected to the essential portion of the design, with said evidence, the essential portion of the design should not serve as the reference in the determination of the scope of protection.

3. Determination of average consumers

How to determine the average consumers in case of design patent infringement has long been a difficult issue in the practice of the court trial. We take the view that the average consumers of a product incorporating a design should: (1) have some common-sense knowledge of the design incorporated in the product identical with or similar to the product it is compared with; and (2) are able to identify the differences between the design incorporated in the product in shape, pattern and colour, without paying attention to the trivial variation in the shape, pattern and colour of the product. It has been determined that those from whose perspective judgment on the identical and similar design is made are the average consumers because a design is generated from an industrial product, and attracts attention from consumers,

and appeals to them with its difference from the other products of the same class and its own aesthetic appeal; hence only those average consumers are able to make the determination who pay attention to and have, on the basis of this, the given knowledge of and the cognitive ability to identify, the products of the class. The average consumers in the determination of design patent infringement are not merely buyers, but those who have ordinary knowledge and the cognitive ability to identify the shape, pattern and colour of a design under comparison, and have some common-sense knowledge of the design incorporated in the product identical with or similar to the product it is compared with.

While all products have their own consumer group, one product does not have the same consumer group as another. For some products, say a drug for daily use, everyone is possible to be a member of the consumer group. The consumer group of some products are specific group of people, as is the case with goods for children or the disabled. Still other products are just intermediate industrial products, the consumer group of which are more specialised. Still some other products, say road lamps, the buyers and those benefiting from the use of the same are different people. For that reason, consumers should generally be defined as those using the physical function of products identical with or similar to a product incorporating a patented design. To be specific, if a design incorporated in a product is an end product, the actual consumer or dealer of it are generally the consumers thereof; where it is an intermediate product, the actual buyers, namely the manufacturers, are generally the consumers.

4. Role of original design on similarity determination

The patent system purports to protect innovation, with the important aim of the design patent system to protect innovative designs. But a new design is not generated out of nothing; it is created more or less on the basis of an existing design or designs. As a matter of fact, the patented designs may roughly be divided into two major groups: the existing and innovative designs. The patent right protects the design as a whole combining the two. Of course, only when a whole design combining an innovative design with an existing one is obviously different from the existing design, the whole design is patentable; hence, whether a design is similar or not should be determined by the doctrine of global observation and comprehensive determination, namely to find out whether the allegedly infringing product and the patented design constitute similar design as a whole. However, in specific infringement determination, we should focus on the in-

novative design of the patentee corresponding to those of the design it is compared with or the allegedly infringing product to embody the legislative aim of the patent system to encourage innovation. When the innovative design of the patentee is identical, or substantially identical, with the corresponding parts of the design incorporated in the allegedly infringing product, and its overall visual effect is also identical or substantially identical, it should be determined that the two are identical designs, or visa versa.

5. Examination of prior art defence

Any design evolves from an existing design or designs; hence, a design usually consists of two parts: the existing design and innovative design. When the innovative design is sufficient to turn a whole design into a new design, said design is patentable; when the innovative design is not sufficient to, or the part is not innovative at all, the alleged infringer may make a prior art defence.

A design patent protects a product design different from any existing design. A patentee is entitled to the patent protection of his innovative design, and should not claim patent right for a design another party created before, particularly for a design known to the public, lying in the public domain and accessible for free use. But, since only the preliminary examination, not the substantive examination, is required for patenting designs in China, some known designs were patented. When such patentees assert their patent right against infringement, the defendant may request, under the law, to invalidate the patent rights in suit, or make a prior-art defence. When the defendant makes a prior-art defence and the allegedly infringing design is indeed a known design, it may be directly decided that the defendant has not infringed the patent right in suit to protect the right of the public to freely use known designs and to keep a balance between the interests of the patentees and the public at large. It should be noted, however, that it is undue to compare a plaintiff's patented design and the known design as the defendant claimed in hearing case of the nature.

6. Examination for procedure suspension

In design patent infringement lawsuit, where the defendant requests suspension of the court procedure, how to examine the request to decide on whether to suspend the hearing of the case or not is always a difficult issue to address in the judicial practice. While it is provided in the Supreme People's Court's Several Provisions on Issues Relating to Application of Law to Cases of Patent Dispute that where the defendant requests suspension of the procedure

in case of design patent infringement dispute, he or it should file a request for the invalidation of the plaintiff's patent right within the time limit for making his defence. But this does not mean that the defendant's request for the suspension within the time limit for making defence will be supported by the court, nor will be his or its request for the invalidation filed at the expiry of the time limit for making defence. Regarding the issue of whether to suspend the court procedure, the provisions set forth in the judicial interpretation are somewhat flexible, and the judges have much discretion at their disposal.

The design patent protects designs incorporated in products. The patent right should not be granted to applications not relating to such designs. But an application for a design patent only undergoes the preliminary examination and the patent right is granted after it passes the examination, in China. This often results in the grant of the patent right protection to something that is not susceptible of the design patent. If a plaintiff's design patent is found obviously not patentable, but the granted patent right for such design is held valid and an alleged infringement held to be constituted, it is definitely detrimental to the patent system and judicial authority. Regarding this, we take the view that if the patented design on the basis of which a plaintiff asserts against an infringement and the defendant requests suspension of the court procedure on the ground that he had requested invalidation of the plaintiff's patent right, in principle, the procedure is suspended; where the defendant did not request invalidation of the plaintiff's patent right, the court may explain the matter to the interested party.

7. Determination of damages for design patent infringement

In hearing design patent infringement lawsuit, how to determine the amount of damages is one of the major and difficult issues. We believe that, first of all, when the design incorporated in an allegedly infringing product is inseparable from the product *per se*, as is the case with infringement of the design patent in a computer, the reduction of the rightholder's turnover of his patented product or the defendant's business profit may be taken as the amount of the damages for the infringement. Then, when the allegedly infringing design is the package of a product, say when calculating the amount of damages for infringement of the patent for the design of a bottle of a drink, the reduced amount of the patentee's sales profit of the product of the drink using the package or the sales profit of the drink product in the

package of the allegedly infringing design should not be the amount of the damages for the infringement. Besides, as for a design patent the rightholder did not exploit, nor did he license another party to, some take the view that since the patent is not exploited, and the allegedly infringing act did not cause any real injury to the patentee, the defendant may not be held liable for damages. For us, this is a one-sided view. The injury an infringer causes to a patentee has nothing to do with whether the patentee has exploited his patent or whether he has licensed another party to. The infringer is held legally liable because he has acted in violation of the express provisions of the law, exploiting another party's patent requires authorisation from the patentee, in addition to other statutory justifications. The infringer's unauthorised exploitation of another party's patent will inevitably grab the market away from the rightholder, and cause injury to his or its plan and expectation of the future market, and thus inflict losses to it or him. The benefits an infringer made because of his infringement may be the losses inflicted to the rightholder. When it is impossible to find out the infringer's benefits or the infringer does not make any profit, he could still be held liable for the damages. Accordingly, it should not be ruled that an infringer is not liable for damages on the grounds that the patentee did not exploit, nor did he license another party to exploit, his design patent in suit.

Administrative cases of design patent invalidation

1. Determination of the subject matter under design patent protection

The design as mentioned in the Patent Law means "any new design of the shape, the pattern or their combination, or the combination of the colour with the shape or the pattern, of a product, which creates an aesthetic appeal and is fit for industrial application". Thus, the subject matter of the design patent protection is a design incorporated in a product. Due determination of the subject matter under the design patent protection is the premise for duly hearing cases of dispute arising from design patent infringement.

First of all, the designs under the design patent protection must be those incorporated in products, i.e. a design is not patentable independent of a product. The product means an article that is industrially made, valuable and useful on its own, and independently distributable in the market. The patent system determines that not all products are under

the protection by the design patent. Products protected by the design patent must have the character of being industrially made, having their own value and independence. From the perspective of the judicial practice, what have listed below are not products susceptible to the design patent protection: (1) products of handicraft, farm produce, livestock products and natural substance that cannot be repeatedly produced; (2) non-moveable building depending on specific terrain and impossible to be appear again; (3) products with uncertain shape, pattern and/or colour for containing substances of non-fixed shape, such as gas, liquid or powder; and (4) products the shape, pattern and colour of which are identifiable only with specific tools or instrument.

Next, a design protected by the design patent must be one embodying the appearance of a product, which is usually exposed and visible. That is, the outer part of the product an observer can perceive with his naked eye. For that matter, a design incorporated in a product that is normally not visible, such as, micro-sculpture or carving that is not visible at all without using some tools, and the outer shape of which is clearly discernible using some specific tool, are not patentable designs, nor are products that do not have their fixed appearance, such as substance containing gas, liquid or powder, nor are the inner design of a product. The inner and outer parts of a product are relative to each other. The part normally wrapped or hidden away by some other parts may be determined as the inner part of a product. But it should be noted that the inner part of a product in the sense of the law is different from that in the sense of physics in that the former is subject to the limitation of the observers group in addition to the limitation imposed on the inner part of products in physics while the latter is usually determined by its physical structure. Only a design legally held to be the inner part of a product is not regarded as a design.

Finally, a design protected by the design patent is required to reach a certain height of creation. The design protected under the patent is reproducible, and can be used in a large number of industrial products. Meanwhile, a design must involve human factors. Any naturally formed design is excluded from patentability. Some decorative articles contain visible natural substance, such as stone or tree leaves, but they keep their natural shape of state unchanged though incorporated in the products. While industrial products, these decorative articles should not be protected by the design patent if the primitive shape of the natural substance is their main appearance. Further, a design susceptible to the

design patent protection is required to reach a certain height of creation and remain distinct from other prior designs. To evaluate the height of creation of the design patents, there are a plurality of criteria, such as novelty, inventiveness, originality, obviousness, and the aesthetic appeal, and in the current patent has mainly been adopted the criteria of novelty. As the judicial practice shows, the designs as the following are unlikely to be patented for their low-level of creation: (1) design mainly in the shape, pattern and colour of some natural articles; (2) design of geometrical shape and pattern commonly used in the field of the products; and (3) pronunciation and meaning of words and numerals.

2. Determination of impact of improperly made drawings on design patent

Article 56, paragraph two, of the patent provides that “the extent of protection of the patent right for design shall be determined by the product incorporating the patented design as shown in the drawings or photographs”. Thus, the drawings of the design patent are important to the determination of the scope of protection of the patent right. It may be said to be the main or even the sole basis on which the scope of protection of a design patent is determined. As the judicial practice shows, the published drawings of a design patent may be contradictory for a variety of reasons. This would render it impossible to make products incorporating the design that conform to the published drawings. While Article 27 of the Patent Law provides that “Where an application for a patent for design is filed, drawings or photographs shall be submitted, and the product incorporating the design and the class to which that product belongs shall be indicated”, this provision does not serve as the statutory grounds for declaring a patent right invalid under Rule 64 of the Implementing Regulations of the Patent Law. For that matter, one would request to invalidate a design patent on the grounds that the drawings of the design patent are so contradictory that it is impossible to make products incorporating the design that conform to the published drawings, so said patent fails to meet the requirement of “fit for industrial application” under Rule 2, paragraph three, of the Implementing Regulations of the Patent Law. The Patent Reexamination Board (PRB) would also declare many design patents invalid on the same grounds.

For us, the drawings or views of a design patent may be contradictory mainly because of mistakes made by the applicants, and they should bear the legal consequence. But a design patent is granted only with the preliminary examina-

tion made in China, and there lacks the effective mechanism for communication between applicants and Patent Office as they do in the course of application for the invention patent. In this sense, the Patent Office is somewhat at fault in publishing the design patent application with conflicting drawings; hence it is not fair to an extent for a patentee to bear the consequence of the invalidation of his design patent due to the mistake in the drawings thereof. For that reason, the extent of the conflict of the drawings should be identified. If some error or mistake in the drawings renders the drawings mutually contradictory and the design devoid of industrial applicability, said design is not “one fit for industrial application”, and the patent should be invalidated; if it is not so serious as to affect the description of the essential points of a design and the average consumers determine upon reading the other drawings that the error will not render the design devoid of industrial applicability, the design patent should be kept valid.

3. Due understanding of the standards for patenting two-dimensional designs, such as bottle labels

Here the two-dimensional designs mainly refer to designs of package and trade dress of bottle labels, such as those put on the bottles of wine or liquor with patterns or words printed on. Since they are in a two-dimensional form and attached to products or packages thereof, they are known as two-dimensional designs. Since the patent went into force in China, most design patent applications related to class 09, i.e. design of package or container used for transporting or uploading/downloading goods. Since designs of the type mainly have the same function as marks to show the source of goods, they are not high in creation, and often challenged by people from the community for the confusion they have created in the functions of the Patent Law, the Trademark Law and Unfair Competition Law.

For us, it is somewhat problematic to patent designs of pure bottle label since most of these designs *per se* are not independent products and, they, in essence, do not meet the requirements for design patent grant. Not an independent product, a bottle label has to be attached to a product, or its existence is meaningless. For example, a bottle label detached from a wine bottle cannot show its use. In the real world, no one would buy a piece of isolated bottle label. The newly emerging mobile phone sticking film, with colour, words or pattern printed on, are better to be protected by the copyright, not the design patent. Since most bottle labels cannot enter the market as independent products, the prac-

tice of patenting them has actually made the protection, under the design patent system, of the aesthetic appeal of products an empty aim. Even if considered together with a wine bottle, the bottle label is merely part of the bottle, and its design only a small part of the design of the bottle. Identification of the aesthetic appeal of the design of a bottle involves consideration of all factors, such as the size, shape and colour of the bottle. Whether it reduces or adds the aesthetic appeal, or account is taken of the effect on the aesthetic appeal of the bottle as a part thereof, the bottle label has a very limited role to play. While a consumer, when choosing goods of wine or liquor, many make different choices depending on the aesthetic appeal of the design of a bottle label. But, even if a bottle label has little effect on the design of a wine bottle, consumers would pay much attention to it. The attention shows the role of the bottle label as an indication. Therefore, the standards for patenting two-dimensional designs, such as bottle label, should be strictly applied. It is better not patent indicative two-dimensional designs. For such design patents are likely to be invalidated later on.

We have specially noted that this view has been incorporated in the Third Amendment to the Patent Law as of December 2008, in which Article 25 provides that “no patent right shall be granted to designs of pattern, colour or their combination of two-dimensional printing matters that mainly have an indicative function”.

4. Due understanding of the basis for and factors of reference in determination of similar products incorporating designs

The design as mentioned in the Patent Law means new design fit for industrial application; hence a design and the product incorporating it are closely related. Whether designs are identical and similar depends on whether the products incorporating them are identical or similar. By the similar product incorporating a design is meant that the products are similar in use, and the use of a product mainly determines its class, the international classification symbol and name of the product all being factors for reference. For example, in the case involving the design of an electric mixer. The patentee applied the design patent relating to the product in class 31, electric mixer (used in kitchen). The reference design was a patent for the design of the goods processor in class 7 of hand devices and tools for preparing food or drinks. For us, while their classification symbols were different, it might be determined, according to the knowl-

edge common to the consumers, that a “food processor was used to prepare food, so was an electric mixer of the design patent, they were products of the same class.

5. Determination of sufficient disclosure of prior designs in part of the drawings only

The design patent protects designs incorporated in products, and the drawings or photographs submitted when one files an application for the design patent should clearly show the subject matter claimed in the design incorporated in the product. When comparing drawings of a product first disclosing or using a design with a later design patent, one should consider whether the former had fully disclosed the latter patented design. Only if the former does so can they be compared with each other, without the need for requiring that the prior design has as many drawings as, and from the same perspective as, those of the latter design patent. What are compared between the prior design and the latter design patent are the designs as shown in the drawings or photographs, not their drawings or views. As long as the drawings of the prior design sufficiently shows the design in the products, it may serve as the basis of determining whether the two are identical or similar. For example, in the case of dispute over the patent for the design of “separate nightstools” (J 204 type), while the reference is only a three-dimensional view, the court held, upon hearing the case, that the nightstools were a symmetric product, the view of the reference was taken from the frontal, left and upper perspective, so it showed the product from these angles; hence it showed the actual design of the nightstools product and the parts catching the attention from consumers. Absence of the right or other views would not affect the use of them as the reference, so they could serve as the basis to determine the identity and similarity of the two designs. ■

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¹ For *Senyan v. PRB, et al.*, see the Beijing No. 1 Intermediate People's Court's Administrative Judgment No. Yizhongxingchuzi 143/2002 and the Beijing Higher People's Court's Criminal Judgment No. Gaoxingzhongzi 60/2004.

² For *Zhongshan City Yili Sanitary Equipment Co., Ltd. v PRB et al.*, see the Beijing No. 1 Intermediate People's Court's Administrative Judgment No. Yizhongxingchuzi 426/2003 and the Beijing Higher People's Court's Criminal Judgment No. Gaoxingzhongzi 263/2004.