

Latest Developments in Trial of Patent Cases before the Beijing Higher People's Court in 2009

Intellectual Property Tribunal of the Beijing Higher People's Court

In 2009, the Beijing Higher People's Court altogether received 575 IP cases, of which 162 were administrative patent cases and 60 civil patent cases; and closed 548 IP cases, of which 151 were administrative patent cases and 59 civil patent cases. Of all these patent cases heard by the Beijing Higher People's Court in the year, many patent cases were intriguing, complicated, and difficult to deal with, involving considerable matters of law. The Beijing Higher People's Court has come up with some new views and practice after hearing these cases.

Administrative cases of patent invalidation

1. Determination of whether amendment made to invention and utility model application documents go beyond the scope of original disclosure

Under Article 33 of the Patent Law, in the phase of patent application and patent invalidation proceedings, an applicant or patentee may amend his or its application or text of patent document, but the amendment made should not go beyond the scope of the disclosure contained in the initial application. From the time the Guidelines for Examination as of 2006 went into force, examiners had rejected more and more patent applications in the patent application examination proceedings on the ground that amendment made to invention or utility model application documents went beyond the scope of the original disclosure; in the patent invalidation proceedings, requesters also frequently requested invalidation of patents on the same ground. How to understand and apply Article 33 of the Patent Law is an issue that requires to be addressed urgently in practice.

Epson v. PRB is a case of patent invalidation involving the issue of amendment to application for a patent for the in-

vention of Epson's "ink cartridge" going beyond the scope of the original disclosure. In the former patent invalidation proceedings, the Patent Reexamination Board (PRB) took the view that in the original description and claims of said patent were not recited the "storage means" and "memory means", but only the "semiconductor storage means". Thus, it was not possible to directly and undoubtedly infer that the ink cartridge contained other types of storage means or memory means from the original description and claims of the patent, nor could one skilled in the art directly and undoubtedly determine the "storage means" or "memory means" from the "semiconductor storage means" recited in the original description and claims of said patent. Accordingly, the PRB declared the patent in suit invalid, and the Beijing No.1 Intermediate People's Court decided to have upheld the PRB's decision.¹

However, the Beijing Higher People's Court, in its trial of second instance, concluded that in the original disclosed text of the patent in suit were recited "semiconductor storage means" and "storage means", and one skilled in the art could undoubtedly determine, upon reading the original patent claims and description, that the patent applicant had used the "storage means" in the meaning of "semiconductor storage means" in the description, and would not construe it as "storage means", which was a generic concept; hence claims 1 and 40 conformed to Article 33 of the Patent Law. While the "memory means" of the patent in suit was derived from the amendment made during the substantive examination proceedings, the amendment differed from that of the "storage means", which was never recited in the original description and claims, but something added by the patent applicant. While the patent applicant clearly defined the "memory means" in its observations made in reply to the Office Action during the substantive examination proceed-

ings, the explanation made only in such observations could not serve as the basis on which amendment is allowed to be made. Accordingly, claims 18, 12 and 29 did not conform to Article 33 of the Patent Law, and the Beijing Higher People's Court decided to have reversed the former judgment and the PRB's decision.²

2. Determination of average consumers of design incorporated in product of road lamps

For years, identical or similar designs are generally determined from the perspective of average consumers. In the cause of the third amendment to the Patent Law, while it was argued for abandoning the average consumers standard, or for the abandonment of the standard at least in the patent invalidation proceedings, and for following the designers standard, in the Patent Law as of 2008, the standard of perspective from which to determine identical or similar designs is not clearly specified. As the relevant provisions of the Implementing Regulations of the Patent Law and the Guidelines for Examination show, identical or similar designs are still be determined from the perspective of average consumers. This is also the case in the judicial practice of determining identical or similar designs. In a specific case involving a particular design, however, views remain divided on how to determine the scope of average consumers.

In *Chen Jianyue v. PRB and the third person Ningbo Liaoyuan Lighting Co., Ltd. (Liaoyuan)*, a case of invalidation of the patent for a road lamp design, the PRB defined pedestrians as the average consumers of the design incorporated in a "road lamp" product. But the Beijing No.1 Intermediate People's Court concluded that pedestrians should not be deemed to be the average consumers of the road lamp products recited in the patent in suit and the reference document, nor should identical or similar designs be determined from their perspective.³ The Beijing Higher People's Court took the view that pedestrians, capable of identifying the shape of road lamps, should be deemed to be the average consumers who have their common knowledge of the design of road lamps. Besides, those who buy, install and maintain the products would also consider the state of road lamps in use when buying, installing and maintaining them, also from the eye of the average pedestrians.⁴

The debate on from whose perspective to determine designs incorporated in road lamp products did not end upon close of the above case. In *Ningbo Liaoyuan Industry Co., Ltd. v. PRB and the third person Lu Changshun*, a case of invalidation of the patent for the design of road lamp (in the

shape of gardenia), the Beijing No.1 Intermediate People's Court again concluded that the product in which the design in suit was incorporated was a road lamp, a product of urban works, and the average consumers were those devoted to the manufacture, sale, purchase, installation and maintenance of the same, who had the common knowledge of the designs of road lamp products and who were capable of identifying the road lamp products in which different designs were incorporated.⁵ In the final judgment made in February of 2009, the Beijing Higher People's Court pointed out again that identical or similar designs should be determined on the basis of the level of knowledge and cognitive capability of the average consumers of the product of the design compared. Different products were made for different consumer groups. The case at hand involved the patented product of road lamp, which was public facility. Consumers watched and enjoyed them in use. The average consumers of the road lamp products should be defined with importance attached to the state of the products in use. The users of road lamps and those benefiting from their function included general pedestrians; they, by no means, only referred to those devoted to the manufacture, sale, purchase, installation and maintenance of the same. It was obviously undue for the former court to have defined the average consumers of road lamp products as those devoted to the manufacture, sale, purchase, installation and maintenance of the products, and the court made the correction under law.⁶

3. Determination that technical solution having different technical conception and better technical effect possesses inventiveness

Under Article 22, paragraph three, of the Patent Law, the inventiveness of an invention means that, as compared with the technology existing before the date of filing, the invention has prominent substantive features and represents notable progress. To date, in the judicial practice of assessing inventiveness, "prominent substantive features" have been attached increasing importance, and the role of "notable progress" gradually diminished. As is specified in the Guidelines for Examination, whether an invention possesses inventiveness should be examined as to whether it possess prominent substantive features, meanwhile with examination made as to whether it represents notable progress. Under the above provision, prominent substantive features and notable progress are factors of equal importance that need to be considered in assessment of inventiveness. Whether an invention represents notable progress should be assessed with ac-

count taken of whether the invention has beneficial technical effect. If an invention that provides a technical solution of different technical conception, with its technical effect substantially reaching the state of art, it is generally held to have beneficial technical effect, and it possesses inventiveness.

In *Schneider v. PRB and Chint*⁷, an administrative case of dispute over invalidation of the patent for an invention of a method and means for testing dissipation loss of the contact of switch means (the patent in suit), Chint requested the PRB to declare the patent in suit invalid on the ground that it did not possess inventiveness. The technical features that distinguish claim 1 of the patent in suit from reference 1 were: 1) claim 1 tested field current of electro-magnetic iron coil while reference 1 tested the contact voltage at the armature contact; and 2) claim 1 tested the closing time of the contact while reference 1 tested the switching-off time thereof regardless of the contact from close to switch-off or the other round, and test of its interstice was actually one of the changes in current or voltage between conductiveness/non-conductiveness of the contact. The PRB took the view that as regards distinctive technical feature 1, test of the current or voltage did not require undue burden on the part of those of ordinary skill in the art; as for distinctive technical feature 2, while the two tested the time of the opposite actions, both the patent in suit and reference 1 tested the transient of change or absence thereof in the electric signal in the switch contact, and technically inspired those of ordinary skill in the art; hence compared with reference 1 in combination with the common technical knowledge in the art, claim 1 of the patent in suit did not possess inventiveness. Thus, the first-instance court upheld the PRB's decision.

Upon hearing the case, the Beijing Higher People's Court concluded that in determining inventiveness of patents in the field of electricity, account should be taken not only of the connection of circuit, but also the working state of the circuit. Difference in technical conception and technical solution resulting from different working state generally produced an effect different from the prior art. One skilled in the art knew that the value tested at one point in reference 1 was the induction electric signal resulting from the change in the magnetic conductivity on the electromagnetic coil after cutting off the supply of field current through the electromagnetic coil; and the tested value at another point was the change in the voltage at the artificial median point of the electric line output end at the disconnection of the contacts. By contrast, the patent in suit tested the field current going

through the electromagnetic coil. Said difference showed that the two technical solutions were in a different working state. In other words, the patent in suit, resolving the technical problem of testing dissipation loss of switch means in a way quite different from reference 1, afforded a technical solution of different technical conception, and achieved a technical effect better than the prior art; hence possessed inventiveness. Therefore, the Beijing Higher People's Court reversed the former judgment and the PRB's decision.

4. Determination of PRB's non-compliance with the hearing doctrine in examination it made *ex officio*

Under the relevant provisions of the Guidelines for Examination, in the patent invalidation proceedings, the PRB normally conducts the examination in respect of the scope, ground and evidence of the request filed by an invalidation requester. It is not obliged to comprehensively examine the validity of a patent in suit. But, under some special circumstances, for example, where the ground on which a requester files his request for invalidation is obviously irrelevant to the evidence it produced, the patent contains defects that are not mentioned by the requester, and this renders it impossible to make the examination directed to the requester's ground of invalidation, or the technical means are knowledge in public domain, the PRB may make its examination *ex officio*. Under this provision, the PRB, during its examination, should observe the basic doctrine of examination made first at the request of an interested party and then *ex officio*. When making its examination *ex officio*, the PRB should not violate the hearing doctrine. In other words, the PRB, before making its decision, should give an interested party unfavourably treated in the examination decision a chance to make his or its observations on the grounds, evidence and the ascertained facts on the basis of which the examination decision has been made.

In *Zong Yanjie and Hu Haoquan v. PRB and Zhang Weiding*, an administrative case⁸ of dispute over invalidation of a patent for the invention of a intelligent warning distinguisher (the patent in suit), Zhang Weiding requested the PRB to invalidate the patent in suit on the ground that it lacked novelty and inventiveness, claiming that claim 1 of the patent in suit as affirmed by the PRB and the distinctive technical feature of the reference had been disclosed in the same reference, but without pointing out that said distinctive technical feature was common knowledge in the public domain; nor using it and any relevant evidence to evaluate the claims of the patent in suit. The PRB, made its examination *ex officio*, and

found the technical means of the patent in suit was knowledge in the public domain for one skilled in the art. Accordingly, the PRB decided to have invalidated the whole patent.

Upon hearing the case, both the Beijing Higher People's Court and Beijing No.1 Intermediate People's Court concluded that the PRB, before making its decision on the invalidation, did not give the interested party unfavourably treated in the examination decision, i.e. the patentee, a chance to make his observations on the determination of the knowledge in the public domain. With the patentee not making his observations on the determination of the knowledge in the public domain and PRB failing to present evidence to show that the technical means of the patent in suit was knowledge in the public domain, the PRB's action was contrary to the hearing doctrine in the patent invalidation examination proceedings. Accordingly, the Beijing No.1 Intermediate People's Court reversed the PRB's invalidation decision, and the Beijing Higher People's Court upheld the former judgment.

Civil patent cases

5. Determination that allegedly infringing product having no function of the plaintiff's functional technical feature does not constitute an infringement

Under the Patent Law, the claims should be supported by the description and should state the extent of the patent protection asked for. A product claim is generally described with structural feature(s), and a technical solution is not described with a functional or effect feature as much as possible. Besides, the feature portion should not purely describe function. Only if it is impossible for a technical feature to be defined with a structural feature, or the definition of a technical feature with a structural feature is not as good as that with a functional or effect feature, and said function or effect can be directly and positively confirmed through experiment or operation specified in the description or by way of means commonly used in the art, is the definition with function or effect feature allowable mainly for the reason that it is possible for a different technical solution to perform the same function or achieve the same effect and a technical solution defined with a function or effect feature is unlikely to be the only one of its kind. It needs to be noted, however, it is possible for a technical feature defined with a function or effect feature to unexpectedly restrict the patentee. That is, only when an allegedly infringing product has such a function or effect is it necessary to determine whether the specific technical solu-

tion that performs the function falls within the extent of the patent protection. An allegedly infringing product that does not perform the function or achieves the effect recited in the functional technical feature of the plaintiff's patent does not constitute an infringement.

In (Austria) Schukra-Geratebau AG v. the Beijing Sanjiang Brilliane Auto Sale Co., Ltd., a patent infringement case involving a patent for a seat having a back adjusting means⁹. Claim 1 of said patent had four essential technical features; technical feature 3 thereof read "said seat back has an additional hip support connecting to said flexible bow-shaped member, said hip support comprising components (16, 23, 28). The allegedly infringing structure of waist support was a whole structure, flat and straight in the middle, with four inwardly slant flat, straight belts respectively on the two sides aligned with the seats. The allegedly infringing structure of waist support was entirely plastic cast, with imbedded reinforcing rods and supporting boards used; the lower part of the waist support was connected to the bottom of the framework with adjustable angle, and the waist support was in the shape of upside down trapezium. The Beijing No.1 Intermediate People's Court took the view that the essential technical feature of claim 1 of the plaintiff's patent defined a hip support connecting to said flexible bow-shaped member; said "hip support" was an expression used to draft the claim defined with a functional feature, and it should be construed in combination with the description of said patent, in which it was said that "when the bend of the seat back is adjusted to its maximum, human hip is not supported, thus rendering it uncomfortable for one to sit on the seat for a long time. The patent was intended to improve, in a way, said type of adjustable seat back to ensure that the human back, especially the hip, is properly supported by use of the bend area of the said seat back." For that reason, said hip support was a technical feature functionally defined, that is, it was used to support the hip. This was exactly the technical feature making the patent in suit distinct from the prior art, and it was exactly where the object of the invention of the patent in suit lied. Hence, presence of the "hip supporting function" was the primary issue to be addressed in establishing infringement. The allegedly infringing product was referred to as "waist support", which was of some distance from the seat when put in place, and extended to the hip. Besides, the lower part of the waist support in suit was in upside down trapezium, and between the two sides of the lower part of the waist and the legs was the human hip. Even if the allegedly

infringing waist support was used, it did not function to support the hip; it did not have the hip-supporting function. It was substantially different from the hip support of the patent in suit, and it did not have the essential technical feature 3 of claim 1 of the patent in suit. The court, accordingly, rejected the patentee's claim, and the Beijing Higher People's Court upheld the judgment.

6. Determination that a partially invalidated patent having no impact on infringement establishment generally has no impact on the fixed amount of damages

After a court finds infringement in a patent infringement litigation, if the plaintiff's patent is partially invalidated, whether the partial invalidation has impact on the amount of damages as fixed by the former court should be determined depending on the factors, such as whether it has impact on the infringement establishment and how the amount of damages is determined. As a rule, if infringement is found after a plaintiff's patent is partially invalidated, it is generally not sufficient to change the determined amount of damages, especially when the former court fixes the amount of damages by taking account of the circumstances and it is not undue to do so; the later court would better not change the amount of damages determined by the former court.

In (Japanese) Spring Co., Ltd. (Spring) v. Guangzhou Meishi Jingying Screen Co., Ltd. (Meishi Jingying), et al.¹⁰, a case involving infringement of a patent for the utility model of a portable screen device. Said patent had in it 32 claims, and the patentee, Spring, clearly claimed, in the hearing of first instance, the technical solution of claim 5 referring to claim 3 and that of claim 12 referring to claim 11 referring to claim 7. Upon hearing the case, the court of first instance decided that the allegedly infringing product made and marketed by Meishi Jingying and the Renhe Century Corporation infringed the technical solutions the plaintiff claimed in claims 5 and 12, and held them civilly liable. Meanwhile, Meishi Jingying should pay Spring RMB 120,000 yuan for the damages and for the reasonable expenses. In the appeal, the PRB made the Decisions (Nos. 12239 and 12240) on the Examination of Invalidation Requests in respect of the request filed respectively by Shao Zefeng and Meishi Jingying to invalidate the patent in suit to have kept the patent in suit valid on the basis of the replacement sheets of the claims filed by Spring. In said replacement sheets of the claims, the former claims 1-6 were deleted and the remaining claims renumbered. The amended claims kept the referential relation of the former claims of the patent in suit in that the amended

claims 1-6 corresponded to former claims 7-12. The Meishi Jingying argued that since the former claims 1-6 did not exist from the very beginning, it did not infringe former claim 5. Even if infringement was found, the amount of damages as fixed by the former court should therefore be reduced.

The Beijing Higher People's Court concluded that Spring amended the claims on its own initiative in the phase of invalidation examination of the patent in suit, and deleted former claims 1-6, which should be deemed not to have existed from the very beginning; hence its claim that the allegedly infringing product infringed the former claim 5 was factually baseless. During the hearing of first instance, Spring clearly claimed that its right was based on the technical solution of claim 12 that referred to former claim 11 and directly depended on former claim 7. For that matter, said technical solution should contain all the technical features of claim 7, the additional technical features of former claims 11 and 12. The allegedly infringing product, which contained all the technical features, and fell within the extent of protection, of former claim 12 of the patent in suit, constituted an infringement. Spring clearly claimed the damages at the statutory amount, and the former court determined the amount of damages by taking account of the factors, such as the class of patent in suit and the nature and circumstance of Meishi Jingying's infringement. While Spring surrendered, on its own initiative, former claims 1 to 6 during the patent invalidation proceedings, the allegedly infringing product was one infringing the patent in suit, and the amount of damages should not vary because of the different number of claims of the patent the allegedly infringing product had infringed. Accordingly, the amount of damages the former court determined was not undue, and the court of appeal rejected the appeal, and maintained the former judgment.

7. Determination of evidence showing use and disclosure of prior art.

Prior art defence is an issue often encountered in civil litigation of patent infringement. In Article 62 of the Patent Law as of 2008 has set forth express provision for the prior art defence in the form of law for the first time. Under this provision, where in patent infringement dispute, an alleged infringer has evidence to show that his technology or design it uses is a prior technology or design, this exploitation does not constitute patent infringement. In practice, evidence from a defendant that is published in the patent documentation and periodicals is relatively easy to ascertain and a plaintiff generally does not raise objection to it. But, where the prior

art is used and disclosed, especially when the prior art relates to parts of a product, and said parts are easy to be taken away from the product, the time of use and disclosure of the product as a whole the defendant proves is not equivalent to the time of use and disclosure of the parts.

In Tianjin Changrong Printing Equipment Co., Ltd. (Changrong) v. Beijing Shengli Weiye Printing Machinery Co., Ltd. (Shengli Weiye),¹¹ a case involving infringement of a patent for the utility model of a kind of compensation mechanism of cylinder die press automatic die-cutting and foil-stamping machine, the patentee, Changrong, claimed that such a compensation mechanism of the Type SL-920MT Automatic cylinder die press and die-cutting, stamping machine made by Shengli Weiye fell within the extent of protection of the patent in suit. Shengli Weiye made prior art defence, arguing that the Yutian Printing Machine Plant (Yutian), which was not a party to the present case, used, in 1997, the technical solution of the compensation mechanism of die-cutting machine identical with the patented technology. To support its argument, Shengli Weiye presented the evidence, such as the relevant technical drawings and photographs of the MY1020A Automatic die-cutting indentation machine Yutian made in June 2000.

The Beijing No.2 Intermediate People's Court took the view that while Shengli Weiye argued that the technology used in said compensation mechanism of the Type SL-920MT Automatic cylinder die press and die-cutting, stamping machine made by it was prior art, its evidence could not conclusively prove the fact that the Yutian used, in 1997, the technical solution of the compensation mechanism of die-cutting machine identical with the patented technology in suit and the automatic cylinder die press and die-cutting, stamping machine shown in the photographs was the one made and marketed by Yutian in June 2000; hence Shengli Weiye's prior art defence did not stand. The Beijing Higher People's Court concluded that Shengli Weiye's evidence was only related to said compensation mechanism of the TYM 720 Type automatic foil-stamping die-cutting machine and MY 920A Automatic cylinder die press and die-cutting, stamping machine, which was one part of the whole mechanic equipment, and the evidence available in the present case could not prove that said compensation mechanism was the original state of the machine to be delivered from the plant. While Shengli Weiye also presented the evidence, such as technical drawings, photographs of the products, proofs/certificates, witness testimony and invoices, the evi-

dence and proofs could not testify the fact that Yutian used, in 1997, the technical solution of the compensation mechanism of die-cutter machine identical with the patented technology in suit, and the cylinder die press and die-cutting, stamping machine shown in the photographs was made and marketed by Yutian in June 2000. Accordingly, the evidence available in the present case could not prove that there had existed a publicly used technical solution identical with the allegedly infringing product before the date of filing of the patent in suit. ■

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¹ See the Beijing No.1 Intermediate People's Court's Administrative Judgment No. Yizhongxingchuzi 1030/2008.

² See the Beijing Higher People's Court's Administrative Judgment No. Gaoxingzhongzi 327/2009; for the facts of the case, see Jiao Yan, Understanding of Issue of Amendments Going beyond Scope of Original Application Disclosure and Claims and Application of Article 33 of the Patent Law: Probing into the legal issue involved in the administrative litigation involving invalidation of Epson's ink cartridge patent published in the China Patents & Trademarks, 2010, Issue 2, P.71.

³ See the Beijing No.1 Intermediate People's Court's Administrative Judgment No. Yizhongxingchuzi 455/2005.

⁴ See the Beijing Higher People's Court's Administrative Judgment No. Gaoxingzhongzi 442/2005.

⁵ See the Beijing No.1 Intermediate People's Court's Administrative Judgment No. Yizhongxingchuzi 435/2008.

⁶ See the Beijing Higher People's Court's Administrative Judgment No. Gaoxingzhongzi 684/2008.

⁷ See the Beijing Higher People's Court's Administrative Judgment No. Gaoxingzhongzi 225/2009 and the Beijing No.1 Intermediate People's Court's Administrative Judgment No. Yizhongxingchuzi 1156/2008.

⁸ See the Beijing Higher People's Court's Administrative Judgment No. Gaoxingzhongzi 652/2009 and the Beijing No.1 Intermediate People's Court's Administrative Judgment No. Yizhongxingchuzi 1057/2008.

⁹ See the Beijing No.1 Intermediate People's Court's Civil Judgment No. Yizhongminchuzi 2530/2008 and the Beijing Higher People's Court's Civil Judgment No. Gaominzhongzi 2224/2009.

¹⁰ See the Beijing No.1 Intermediate People's Court Civil Judgment No. Yizhongminchuzi 12795/2006 and the Beijing Higher People's Court's Civil Judgment No. Gaominzhongzi 941/2008.

¹¹ See the Beijing Higher People's Court's Civil Judgment No. Gaominzhongzi 3784/2009 and the Beijing No.2 Intermediate People's Court's Civil Judgment No. Erzhongminchuzi 1223/2009.