

Chinese Design Patent: Concept of “Normal Consumer” and Degree of Freedom of Designer :

Comments on Patent Reexamination Board et al. v. Wanfeng Corp.,
No. Mintizi 5 (Supreme People’s Court of P.R. China, 2010)

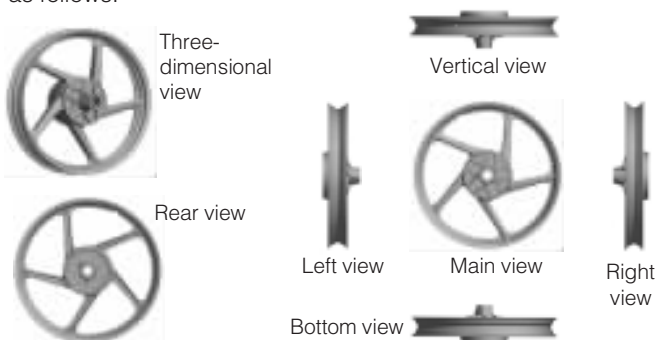
He Huaiwen

The Patent Reexamination Board et al. v. Wanfeng Corp., (Wanfeng), an administrative case of dispute over patent invalidation, is one of the model cases selected by the Supreme People’s Court in its Annual Report on IP Cases 2010. Particularly, the case touches upon two fundamental issues of the Chinese design patent regime, namely the concept of “normal consumers”, i.e., the notional person for determining whether designs are identical or similar; and the degree of freedom of the designer. This paper is intended to address the two points. Before going into any detail, a summary is first given of the relevant facts of the case and then the opinions of the courts.

I. Summary of the Case

1. Design Patent in Suit

In June 2006, Wanfeng filed a patent application for a design for motorcycle wheels (82451). The application was granted the patent (Patent No.200630110998.7) (the patent in suit) in April 2007. The patented design, as published, is as follows:



2. The Patent Reexamination Board

In 2009, Jinfei Corp. (Jinfei for short) filed two requests with the Patent Reexamination Board (PRB) for declaring the patent in suit invalid. In particular, Jinfei submitted that the patented design was part of prior design. In particular, it presented as evidence the front and back covers of the magazine *Bike* published in September 2005, arguing that the patent in suit should not be granted for not meeting the requirement of Article 23 of Chinese Patent Law as of 2000 (CPL 2000).



The patent in suit



The prior design

After hearing, PRB concluded that the patent design and the prior design both were designs for motorcycle wheels, and thus could be compared for the purpose of determining patentability of the design in suit. As the comparison showed, the two designs both comprised rim, spokes and hub. The spokes were arranged counterclockwise, and were flat and straight on both sides. The hubs had a surface with reinforcing ribs. The two designs had differences in: (1) they had different number of spokes: the patented design having five spokes, the prior design having six ones; (2) They had different surfaces for the spokes. One side of the spokes of the patented design was smooth, and the other side had concave groove; the surfaces of the spokes of the prior design was smooth with alternating concave grooves; (3) they had hub surfaces consisting of different patterns of reinforcing ribs.

ing ribs. In PRB's view, a motorcycle wheel ordinarily consisted of rim, spoke and hub. A rim was ordinarily in a circular form, and therefore, the design of spokes must produce a more significant impression than the rim. Further, the spokes of these two designs had identical shapes on both sides. Recognising that the patented design had one more spoke, a smooth, rather than grooved surface, PRB held that these differences from the prior design are immaterial, and did not affect the overall impression of the two designs on normal consumers. Noting that in ordinary course of use, part of the hub of the patented design would be hidden from view by the supporting frames, PRB decided that the pattern of the reinforcing ribs was unlikely to affect the overall impression of the design, either. Consequently, PRB held that the two designs would produce similar overall impression upon "normal consumers", and thus the design patent was invalid for not satisfying the requirement of Article 23 of CPL 2000. On 23 July 2009, PRB made Decision No. 13567, declaring the patent in suit invalid.

3. The Beijing No. 1 Intermediate People's Court

Dissatisfied with the PRB's decision, Wanfeng sued in the Beijing No1 Intermediate People's Court. The court held an opinion different from the PRB's through its own interpretation of the notional person "normal consumers" and the "degree of freedom of the designer". Specifically, the Court took the view that whether two designs are similar should be determined from the perspective of the notional person "normal consumers" of the relevant products. For intermediate products, those who pay attention to them were buyers and users of them, and should be considered as "normal consumers". The Court also noted that when considering similarity between designs, the degree of freedom of the designer should be taken into account. For the products where there is only limited degree of freedom left for the designer, the variance between designs are more likely to affect the overall visual impression they produce upon normal consumers.

For the present case, the Court held that motorcycle wheels were intermediate products. Those who use a motorcycle would normally not purchase wheels to assemble it. Therefore, "normal consumer" for the present case should be the buyers or users of motorcycle parts who assemble motorcycles or who maintain or repair motorcycles. They should have specialised knowledge of the appearance of motorcycle parts and may make more discriminating judgment than ordinary persons. Besides, all motorcycle wheels

consisted of rim, spoke and hub. The design is thus confined by the function of the wheel; and there was limited degree of freedom of the designer.

As with PRB, the court found that the patent design and the prior design were different in the three aspects: the number and surface of the spokes and the pattern of the reinforcing ribs on the hub. The Court, however, held that because there was limited degree of freedom of the designer of motorcycle wheels, these disparities would produce notably different overall impression upon the "normal consumers", who have more discriminating judgment to remove possible confusion. Accordingly, the court reversed the PRB's Decision No.13657.

4. The Beijing Higher People's Court

Dissatisfied with the above decision, the PRB and Jinfei appealed to the Beijing Higher People's Court. This court opined that whether two designs were identical or similar should be evaluated through the lens of the notional person "normal consumers", rather than professionals in the field. Their knowledge and cognitive capacity should be used for this purpose. Hence, whether the patented design and prior design were identical or similar should be determined from the perspective of normal consumers having ordinary knowledge of motorcycle wheels. Accordingly, the Higher People's Court supported Jinfei and the PRB's submission that normal consumers of motorcycle wheels were those who had ordinary knowledge of this sort of products, including not only assembling manufacturers, and maintaining and repair shops, but also ordinary buyers and users of motorcycles. The court reversed the judgment below on the ground that the court below confined the normal consumers to those who had specialised knowledge, that is, assembling manufacturers, and maintenance and repair shops. "This is an error in application of law."

Nevertheless, as with the court below, the Higher People's Court found that the patent in suit and the prior design were not similar. Following the same line of reasoning, the Higher Court held that the difference between the patented design and the prior design in rim, spokes and hub was sufficient to have notable impact on the overall impression produced upon normal consumers because the degree of freedom of the designer was limited. Accordingly, on 26 May 2010, the Beijing Higher People's Court made the Administrative Judgment (No. Gaoxingzhongzi 467/2010) to have rejected the appeal.

5. The Supreme People's Court

In July 2010, the PRB and Jinfei, dissatisfied with the above judgment, respectively petitioned the Supreme People's Court to review the case. The PRB submitted three points: First, "normal consumer" is a notional person, not a particular group of persons engaging in a particular profession. In a given case, if this notional person is limited to particular groups of persons, "normal consumers" stop to be a notional person defined by the Guidelines for Patent Examination (GPE); and there may be conflict between the particular sub-groups of normal consumers with regard to knowledge level and cognitive capacity. The PRB argued that the Higher People's Court erred in law by defining normal consumers with specific categories of persons, such as assembling manufacturers, maintaining and repair shops, ordinary buyers and users of motorcycles.

Second, the PRB submitted that the degree of freedom of the designer was not limited by the function of monocycle wheels in the present case. According to the judgment below, "all motorcycle wheels consist of rim, spoke and hub in order to perform their functions. Thus, there is limited degree of freedom for designers". The PRB submitted that while the function of a motorcycle wheel is dictated by a circular rim, this was not the case for the other parts of a motorcycle wheel (such as spokes and hubs). The degree of freedom of the designer was not as limited as the patented design and the prior design suggested. Variance between motorcycle wheels may exist in the shape of their spokes. So long as the spokes were so arranged as to give balanced support to the rim, they could be designed in various shapes.

Third, the patented design and the prior design produced similar overall impression upon normal consumers. Their differences were immaterial. For this submission, the PRB reiterated their grounds for Decision No.13657.

Regarding the first issue, the Supreme People's Court took the view that "normal consumers", the notional person for determining similar designs, as provided in section 3, Chapter 5 of Part 4 of GPE as of 2006, is a legal standard "reasonable and operable", and thus provide persuasive guidance for the courts. For this purpose, the "normal consumer" was a notional person, with the knowledge and cognitive capacity as defined by the GPE as of 2006.¹ She is not a particular person or group of persons engaging in a particular work. When it comes to a particular design, however, the knowledge level and cognitive capacity of "normal consumers" must be determined by reference to the buyers or users of a product identical with or similar to the product

characterised by the design. For motorcycle, wheels were one of the main parts visible to buyers and users. In respect of a design for motorcycle wheels, the knowledge level and cognitive capacity of the "normal consumers" should be determined by reference not only to those who assemble, or maintain and repair them, but also to those who buy and use motorcycles. In so holding, the Supreme People's Court ruled that the judgment below with regard to application of the normal consumer standard was not unreasonable.

Regarding the second issue raised by the PRB, the Court opined that the degree of freedom of the designer is the room left with a designer to create a design for a particular product. Such freedom is usually subject to constraints coming from several factors, such as the state of art, the state of technology, institutions and ideology. This freedom is closely related to the normal consumers' knowledge level and cognitive capacity. With regard to a product where there is ample degree of freedom left, designs for the product must be of a variety of forms and styles. Consequently, the normal consumer was unlikely to pay attention to immaterial details among different designs. Otherwise, the normal consumer might well give more attention to minor variance between designs.

At the same time, the Supreme People's Court noted that such degree of freedom was not absolute, but relative. Even with regard to one type of products, the degree of freedom of the designer might vary with time. With accumulation of designs, progress of technology, evolution of institutions and mentality, such freedom might increase and diminish. In given proceedings of a design patent invalidation, the degree of freedom of the designer shall be determined by reference to the "filing date".

Relying on the evidence Motorcycle Technology (Issue 8 of 2003), the Court held that "even if all motorcycle wheel consisted of rim, spoke and hub, and was subject to the constraints of the functions of a wheel, there was still much degree of freedom of the designer: the design for a spoke might have varied shapes so long as they were arranged to give balanced support to the rim." The Court thus reversed the judgment below as without sufficient evidence.

Finally, the Court ruled in favor for the PRB.

II. "Normal Consumers": a divided concept

There is tension within the concept of "normal con-

sumer” in the Supreme People’s Court’s above opinion. True, the knowledge level and cognitive capacity of that notional person should be determined by reference to the groups of buyers or users of the product which the design in question is applied to. The buyers and users along the channel of commerce, because of their intrinsic attributes, may well differ in knowledge level and cognitive capacity. For the present case, in defining the knowledge level and cognitive capacity of the normal consumers, a double standard problem must arise when a court shall not only take account of the knowledge level and cognitive capacity of those who assemble, or maintain motorcycles, but also those who buy and use motorcycles. This predicament is aptly pointed out by both the PRB and Jinfei when they petitioned against the judgment below. The Supreme People’s Court, however, did not give a positive answer to it.

For design patent regime, the coverage of “normal consumer” and their knowledge level and cognitive capacity are fundamental legal issues, but are still in hot debate in China. Before Wanfeng Motorcycle, this legal issue has already attracted much public attention in the famous “Road-Lamp” case. In 2005, when hearing this invalidation case, the PRB held that regarding a design for a road-lamp, the normal consumers were “pedestrians”. On appeal, the Beijing No. 1 Intermediate People’s Court, however, reversed this decision in a theory of “psychological attentive state”, holding as a matter of law that the normal consumers for a road-lamp design did not include “pedestrians”. In the court’s view, an industrial design drew consumers’ attention, and thus influenced their purchasing decision through the ornamental appearance of the relevant products. The patentee of a design was therefore rewarded for a superior design. Only those who were in a psychological attentive state with regard to the product characterised by the patented design would have the requisite knowledge and cognitive capacity to evaluate similarity between the patented design and prior designs. In respect of a design for a road-lamp, the persons in a psychological attentive state must be those who purchase, install or maintain road-lamps, and they should be considered as the “normal consumers”. Further, road-lamps are installed high on poles of several meters tall. Pedestrians ordinarily do not pay attention to the road-lamp with cover on the top either because road lamps are distant or because they are not readily observable. Therefore, the court held that pedestrians should not be considered as the “normal consumers”.²

On appeal, the Beijing Higher People’s Court, however, reversed the judgment below, ruling that pedestrians should be considered as the “normal consumers” in a so called “state-of-use” theory. In the Court’s view, road lamps were installed in public places for lighting pedestrians and vehicles in the street. This product would also beautify the environment. Its appearance was easily visible to pedestrians from all directions, except for its top. As a result, pedestrians had distinguishing judgment with regard to appearances among road-lamps; and thus should be considered as the normal consumers, who had ordinary knowledge of the product characterised by the design.³ In particular, the Court noted that: “Those who buy, install and maintain road-lamps must also consider the state of the use of road-lamps. In doing so, they observe the lamps through the eyes of pedestrians.”

Under current design patent system in China, following contradictions are unavoidable: on the one hand, the “normal consumers”, as a legal concept, means “one group of consumers” having the same required level of knowledge and cognitive capacity; on the other, when it comes to a specific design for a given product, the “normal consumers” usually include sub-groups of “consumers” along the commercial life of that product, and these sub-groups of persons must have different level of knowledge and cognitive capacity. The root for this tension lies in the GPE, where no unified and operable concept of “normal consumer” is provided. Specifically, Section 3, chapter 5 of Part 4 of GPE as of 2006 provides that “the normal consumer of a product to which a design applies shall have the following characteristics: (1) common knowledge of designs for products identical or similar to the given product characterised by the design under examination; and (2) certain capability to distinguish the differences in shape, pattern and color between the designs for the relevant products, but pay no attention to immaterial details.” Neither from “common knowledge”, nor from “certain capability to distinguish” may one draw an objective and consistent legal standard. Even though the Supreme People’s Court gave deference to GPE, saying in the Wanfeng Motorcycle Wheels case that GPE provide for legal guidance for determining the normal consumers, such guidance, if any, is meager.

For a way out of this predicament, it must be first made clear that the normal consumer’s knowledge level and cognitive capacity may not be based on his experience of purchasing the relevant products, but his experience of using

the products. Literally speaking, “normal consumer” is not an apt designation. The main meaning of the “normal consumer” is purchasing experience. It is the trademark and unfair competition law that concern “purchasing” decision of the relevant sector of the public. These systems are designed to prevent consumers from confusion about the origin of goods and services in the market, and prohibit taking unfair advantages of other’s competitive edge in the market. By contrast, the design patent system shall focus on “use”. In fact, one could only enjoy the ornamental value of a product design by using it. Within the design patent regime, it is the ornamental value of a new and inventive design for a product that is protected and rewarded. Therefore, the normal consumer’s knowledge level and cognitive capacity should only be assessed by reference to “use” of the relevant product. For this reason, the term “informed user” under the Council Regulation (EC) No 6/2002 of 12 December 2001 on Community Designs is a more accurate legal term.

In the judicial practice in China, there is a move to abandon the term “normal consumer”. For example, in the Beijing Higher People’s Court’s Guiding Opinions on Adjudication of Design Patent Cases (tentative), Article 16 specifies that “the normal consumers of a product incorporating a given design mean those who enjoy the physical utility of a product identical with or similar to that product”. Here, the concept of “normal consumer” is deprived of its main connotation of purchasing, coming close to the concept of “informed user”. Further, in the Road lamp case, the Beijing Higher People’s Court, as discussed above, specifically relied on the state of use of road lamps when determining the normal consumers.

This, however, does not mean that the legal concept of “informed user” is sufficient to address the predicament raised above. For example, in *Pepsi Co., Inc. (2011)*, the EU Court of Justice affirmed the General Court’s opinion that according to the nature of the design in suit, the informed users of the goods incorporating the design include 5 to 10 year-old children, or marketing managers promoting the goods.⁴ In so doing, the court did not come up with a convincing reasoning.

We must go back to the fundamentals of design patent regime in order to address the legal conflict among the different levels of knowledge and cognitive capacity of the various sub-groups of consumers comprising the normal consumers in a given case. Note in trademark regime, the “relevant sector of the public” may also comprise multiple sub-sectors

of the public. For example, the sector of the public relevant to automobiles includes wholesalers, retailers, and end users, and repair shops. This, however, does not cause trouble in application of law for the simple reason that where any sub-sector of the relevant public would get confused, it is sufficient to find likelihood of confusion and decide on infringement. By the same token, in the design patent system, where sub-groups of normal consumers are found in a given case, we need only decide which sub-group shall govern, the group having most knowledgeable, or otherwise.

This should be a decision turning on the general policy of the design patent system in China. We could gain clear clues from the third amendment to the Patent Law. In the revised law, a design for a product must not only novel, but also “notably different” from prior designs in order to be patented. In effect, design patents are to be applied with similar legal requirements as with invention patents. Further, Article 61 of this revised Law provides that courts or competent agencies, when dealing with infringement disputes, may order the patentee of a design patent to provide an evaluation report on its patentability prepared by the Patent Office. It is thus clear that the legislature mean to make it more difficult to get and enforce a design patent. As a result, when normal consumers comprise multiple sub-groups, the one with best discriminating judgment should govern.

This may not be the only correct answer. But we can at least say that *Wanfeng Motorcycle Wheel* case provided such a good opportunity for the Supreme People’s Court to clear the clouds surrounding the concept of normal consumers. The Court simply missed it.

III. Degree of freedom of the designer: an amorphous concept

While the Supreme People’s Court was over-cautious in dealing with “normal consumers”, it seems rather pro-active on the legal issue of degree of freedom of designer. It made a judgment too broad. Specifically, according to the Court, the degree of freedom of designer is usually subject to constraints coming from several factors, such as the state of art, the state of technology, institutions and mentalities.” Furthermore, the Court noted that “the degree of freedom of the designer might vary with time. With accumulation of designs, progress of technology, evolution of institutions and mentality, such freedom may increase or diminish.”

With all these qualifications, “the degree of freedom of

the designer” must be elusive, and even amorphous. With all these broadly defined factors shaping the degree of freedom of the designer, how can one prove the freedom? With each of these factors not giving weight, which one should govern? Arguably, the above opinion on the degree of freedom of the designer may not convey a clear concept to a reasonable person at all.

More importantly, there is no possibility for the two factors of prior design and mentality to live comfortably with the factor of functional constraints within the concept of “the degree of freedom of the designer.” Prior design, as with prior art, serves as the baseline for measuring novelty and inventiveness of design patent under Article 23 CLP 2008. The factor of mentality, being reasonably interpreted, connotes the same idea as market expectation for the design for a particular sort of products, and thus in many instances, coincides with “ordinary design” for the purpose of assessing patentability of a design patent. Only when a design does not fall within prior design and ordinary design could it be granted a patent. In contrast, functional constraints have a distinct role in design patent regime. It is the ornamental aspects of a product that may be protected by a design patent. Features of a design dictates by the function of the product are outside such protection. It is basic that functional constraints may not enter into consideration when one is assessing novelty or inventiveness. Where a designer makes a break-through in functional constraints, he becomes an inventor, and may only protect such break-through via invention patent or utility model patent. Therefore, the factors of prior design and mentality, on the one hand, and the factor of functional constraints, on the other, are distinct in essence.

Then, how should we approach “the degree of freedom of the designer”? In *Pepsi Co., Inc. (2011)*, the European Union Court of Justice encountered the same problem, and gave a reasonable answer. Under the Council Regulation (EC) No 6/2002 of 12 December 2001 on Community Designs, in assessing individual character and scope of protection, the degree of freedom of the designer in developing the design shall be taken into consideration. Therefore, the Court of Justice concluded that the constraints on creative freedom to be taken into consideration are exclusively those constraints which are dictated by the need for the goods to fulfill a certain function. In the court's view, because the rules on designs are basically intended to reward the developers of innovative goods, it is totally at odds with that aim to accept that mere market expectation can justify compulsory stan-

dardisation, certain features of a design being considered mandatory. ■

The author: IP law faculty member of the Guanghua Law School of Zhejiang University, email: zjuhwh@gmail.com

¹ Section 3, Chapter 5 of Part 4 of the Guidelines for Patent Examination as of 2006: “the determination of identity or similarity of designs shall be made according to the knowledge and cognitive capability of a normal consumer of the product incorporating the design being examined. Different kinds of design patent products have different consumers. A normal consumer of a certain kind of product incorporating a design shall have the following characteristics: (1) common knowledge of the designs incorporated in the same or similar products as that incorporating the design being examined. For example, a normal consumer of cars shall know about the cars on the market and have general information of cars available from the frequently shown advertisement in the media; and (2) certain capability of distinguishing the differences in shape, pattern and color between design patent products, but without notice to the minor differences in shape, pattern or color of products.”

Section 5.1, Chapter 5 of Part 5 of the Guidelines for Patent Examination as of 2006 provides: “the judgment of identity or similarity shall be based on the perspective of a normal consumer instead of the perspective of a professional designer or expert”.

² See the Beijing No.1 Intermediate People's Court's Administrative Judgment No. Yizhongxingchuzi 455/2005.

³ See the Beijing Higher People's Court's Administrative Judgment No. Gaoxingzhongzi 442/2005.

⁴ Case C-281/10 P (Court of Justice, 12 May 2011).