

Interpretation of Amendments to Guidelines for Patent Infringement Determination (2017) issued by Beijing High People's Court

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On 20 April 2017, Beijing High People's Court officially released the Guidelines for Patent Infringement Determination (2017) (briefly known as the 2017 Guidelines). After the promulgation of the Interpretation II of the Supreme People's Court on Several Issues Concerning the Application of Law in the Trial of Dispute over Patent Infringement (briefly known as the Interpretation II)¹, the Beijing High People's Court revised the 2013 Guidelines pursuant to the contents of the Interpretation II and in compliance with the development and demands of patent adjudication practices in recent years to complete the 2017 Guidelines. The revision of the Guidelines was initiated in January 2016. Before finalizing the 2017 Guidelines, the project team has collected and systematically studied more than 150 patent-related cases domestically and abroad, and convened two expert symposiums while soliciting opinions from IP practitioners and academia. The 2017 Guidelines contain 153 provisions with 21,000 Chinese characters in length and basically under the framework of Opinions of the Beijing High People's Court on Several Issues Concerning Patent Infringement Determination (2001) (trial) (briefly known as the 2001 Opinions) and the 2013 Guidelines, that is, it consists of six parts, namely determination of protection scope of the pat-

ent for invention or utility model, determination of infringement of patent for invention or utility model, determination of protection scope of the patent for design, determination of infringement of patent for design, determination of acts of patent infringement and defense against patent infringement.

On the critical occasion of the Fourth Amendment to the China's Patent Law, the 2017 Guidelines were undergoing revision. The research group has scrutinously and timely studied the revised drafts of the Patent Law at different times in an effort to avoid touching upon those likely revised provisions in the 2017 Guidelines. The revision of the 2017 Guidelines primarily followed the guiding concepts of stepping up IP protection, determining relevant adjudication rules for new types of cases and clarifying adjudication thinking in patent infringement cases. It was the first time that the provisions in relation to hot issues in judicial practice like standard-essential patents (SEPs) and graphical user interfaces (GUIs) have been set forth in China. In the course of the revision, the Beijing High People's Court actively carried out the Supreme People's Court's IP judicial protection policies of "Judicial Dominance, Severe Protection, Classified Implementation and Coordinated Proportion-

ality”, made a better balance between strengthened IP protection, China’s national conditions and economic development, between judicial initiatives and neutral judgment, as well as between safeguard of incentives and innovation and prevention of right abuse. The promulgation of the 2017 Guidelines enhances the predictability of patent adjudication rules, provides an effective judicial practice support to the revision of the China’s Patent Law and the Supreme People’s Court’s making of new Judicial Interpretations, and creates a good judicial environment for implementation of the innovation-driven development strategy. Due to limited length, the contents revised for being compatible with the Interpretation II will not be reiterated herein. This article is mainly to explain the contents which are newly added to the 2017 Guidelines but not specified or stipulated in the judicial interpretations:

I. To further improve the rules and methods for claim construction

The protection scope of a patent for invention or utility model is delimited by patent claims, so the court must construe patent claims in determining the protection scope of the patent. Thus, claim construction is a key issue in the patent system. Once the rules for claim construction are established, they may have an impact on the operation of the patent system and realization of the purpose of the Patent Law. There is only one provision relating to claim construction set forth in the existing China’s Patent Law, namely, Article 59.1 stating that “the protection scope of the patent for invention or utility model shall be determined by the terms of the claims. The description and the drawings may be used to interpret the claims.” The principle, method and rules for claim construction shall be determined by three Judicial Interpretations² and the summary of judicial practice. The 2001 Opinions and the 2013 Guidelines have set forth the provisions relating to claim construction in judicial practice in China in a relatively comprehensive and systematic manner. Through revision in 2017, two principles of claim construction are newly added, and the general construing method and a method for construing some special technical features are further improved.

1. Fairness principle and principle of compliance with the object of an invention are newly added for claim construction

Patent claims are the basis and foundation on which a

right holder claims a patent right. In civil infringement cases, the contents defined in the claims shall be construed first. Claim construction is the process during which the court determines the exact meaning of the claims and further delimits the boundary of the protection scope. It can be said that infringement can be substantially determined by means of claim construction. Thus, in civil patent lawsuits, claim construction plays a vital role and is also the most controversial legal issue between both parties. The object of establishing the principle of claim construction is to extract some universal construing rules into a guiding principle, to restrain the court from construing the claims subjectively and arbitrarily and to guide both parties to construe the claims rationally and scientifically. The fairness principle and the principle of compliance with the object of an invention newly added through revision are established according to the demands of judicial practice.

The fairness principle for claim construction requires that when construing the claims, full consideration shall be given to the contributions made by the patent to the prior art, the *status quo* of the prior art and the public notice function of the claims, so as to make a balance between the legitimate interests of the right holder and the reliance interests of the public and reasonably delimit the protection scope of patent claims. Macroscopically, what corresponds to the patent right is the public domain and public space. The protection scope of a patent shall match with the contributions made and the scope required by the right holder. If a technical solution that does not fall into the protection scope of the patent is included within the protection scope thereof, it will surely compress the public domain, encroach the public interest and hinder the innovation of the entire society. For those reasons, Article 2 of the 2017 Guidelines provides that when interpreting the claims, full consideration shall be given to the contributions made by the patent to the prior art so as to reasonably delimit the protection scope of the claims and protect the interests of the right holder, and also given to the public notice function of the claims and the reliance interests of the public, and the contents ineligible for protection should not be interpreted to be within the protection scope of the claims. For instance, the technical solution of a defective technique intended to be overcome by the patent and the prior art technical solutions shall not be interpreted to be within the protection scope of the claims on the grounds that the former is obviously a technical solution to be excluded by the patent and

the latter fundamentally belongs to the prior art and can be carried out by anyone.

The principle of compliance with the object of an invention is established as a rule for interpreting the protection scope of claims from the aspects of the object of an invention and the technical effect achieved thereby. The object of an invention and the technical effect achieved are very important factors to be considered in the patent system. An invention is granted the patent just because it solves the technical problem existing in the prior art and achieves a better technical effect than the prior art. Article 4 of the 2017 Guidelines reads that in the determination of the protection scope of the patent, a technical solution incapable of realizing the object and effect of the invention shall not be interpreted to be within the protection scope of the claims, that is, a technical solution which is determined by a person with ordinary skills in the art as still incapable of solving the technical problem of the patent or realizing the technical effect of the patent on the basis of the background art after reading all the contents of the description and drawings shall not be interpreted to be within the protection scope of the patent. In specific cases, the technical feature relating to “the object of an invention” is in fact added as required by the principle of compliance with the object of an invention, which will narrow down the protection scope of the patent in most cases, so the technical solution which literally falls within the protection scope of the patent but cannot realize the object of an invention in terms of a technical effect is excluded. Therefore, the principle of compliance with the object of an invention functions to delimit the boundary of the protection scope according to the object of an invention and to prevent overexpansion of the claims. What needs to be emphasized is that in the description drafted by a patent applicant, there may be multiple objects of an invention corresponding to different claims that are arranged in a progressive relationship, or the technical solutions defined in the claims can realize multiple objects of an invention. Where claims are construed under the principle of compliance with the object of an invention, the claims shall be able to realize any object of the invention or the lowest object of the invention, rather than all the objects of the invention or the highest object of the invention. If the latter prevails, it will obviously raise the level of the invention, obliterate the innovative contributions made by the inventor and impair the interests of the right holder.

2. To further improve the methods for claim construction

In addition to the methods for differentiated claim construction and for interpreting the subject matter, the revision is also made to improve the methods for interpreting usage environment features, closed - ended claims, self - coined words, and identical or different technical terms, and clarify the function of the drawings for claim construction, in such a way to substantially improve the general and special methods for claim construction.

Differentiated claim construction originates from the doctrine of claim differentiation determined in judicial cases in the U.S. The doctrine provides that if possible, for multiple claims in a patent, each claim in a patent is different in scope from all other claims. No two claims in the same patent should be interpreted to cover the same thing. Thus, for any claim, the court shall not construe it by rendering it redundant with respect to other claims.³ In the light of Article 3 of the Interpretation I of the Supreme People’s Court on Several Issues Concerning the Application of Law in the Trial of Dispute over Patent Infringement (briefly known as the Interpretation I)⁴, the court may construe a claim using relevant claim(s) in the claim set. It can thus be seen that in the normal sense, different claims with dependencies cover different protection scopes, under the circumstances of which specific technical features must be interpreted. If different claims with dependencies define the specific technical feature in a dissimilar manner, that technical feature is normally defined as a generic concept and a narrower concept, or as two different concepts. Of course, the way of claim construction is based on a common understanding and can be overturned by counter - evidence presented by the party concerned. Article 17 of the 2017 Guidelines provides that when interpreting the claims and determining the protection scope of the claims recited in the claim set, it can be presumed that the protection scope of an independent claim is different from that of its dependent claims. The protection scope of the independent claim is larger than that of its dependent claims, and the protection scope of a preceding dependent claim is larger than that of a subsequent claim dependent on the preceding one, unless a person with ordinary skills in the art could obtain a contrary interpretation of the claims according to internal evidence such as the description and drawings of the patent, and the patent examination dossiers.

The subject matter is a requisite for drafting an independent claim according to the Guidelines for Patent Examination. In a long run, there is never a consensus reached in

judicial practice as to the function of the subject matter in the determination of the protection scope. One of the views is that any contents written into the claims shall delimit the protection scope of the patent. The subject matter is an essential technical feature. When the protection scope of the claim is interpreted, the subject matter, especially the technical contents contained therein, such as the application field, usage and structure, which define the protection scope of the claims, shall be listed in the claim chart. This view is worthy of discussion.

It is provided in Part II, Chapter Two, Section 3.1.1 of the Guidelines for Patent Examination (2010) that “for a product claim the subject matter of which contains definition by use, the definition by use shall be taken into account in determining the protection scope of the product claim. However, the actual definitive effect of the use definition shall depend on the impact it imposes on the claimed product *per se*.”⁵ If the definition by use in the subject matter exerts no influence on the technical solution and is merely to describe the use or the method for use of the product or apparatus, it is useless in judging whether the product or apparatus possesses novelty or inventive step. The method for interpreting the subject matter is further made clear in Article 25 of the 2017 Guidelines. This Article specifies the connotation of the subject matter, namely, the subject matter is an abstract generalization of the technical solution constituted by all the technical features contained in the claim and a simple name of the technical solution of the patent. The technical solution generalized by the subject matter needs to be embodied by all the technical features of the claim. It further provides that where technical contents contained in the subject matter, such as the application field, use and structure, have an effect on the technical solution protected by the claim, such technical contents function to delimit the protection scope of the patent. Accordingly, it can be determined that the limitative function of “technical contents contained in the subject matter, such as the application field, use and structure” shall be analyzed on a case-by-case basis, rather than as the bed of Procrustes. It shall be noted that the technical contents contained in the subject matter, such as the application field, use and structure, are likely to be confused with the so-called usage environment features. For this sake, Article 24.3 of the 2017 Guidelines particularly distinguishes the usage environment features from the subject matter in the connotation of the usage environment features. In short, usage environ-

ment features, which are different from the subject matter, refer to the technical features in a claim that describe the background or conditions under which an invention or utility model can be used and that are in a connection or mating relationship with the technical solution. It can thus be seen that usage environment features usually appear in the preamble portion and characterizing portion of the non-subject-matter part.

Interpretation and infringement determination of functional features have always been one of the controversial issues in judicial practice. Article 4 of the Interpretation I (2009) merely specifies the literal meaning of functional features without touching upon the equivalent infringement issue thereof. However, Article 8 of the Interpretation II (2016) further specifies the connotation, literal infringement and equivalent infringement of the functional features, and determines that the time for judging equivalent infringement of the functional features is the occurrence of the accused act, thereby further improving the rules for interpreting and judging the functional features. Article 8 of the Interpretation II (2016) fails to distinguish literal infringement of the functional features from equivalent infringement thereof but generally adopts the same criteria for the two types of infringement. Although the conclusion drawn accordingly does not seem to be disadvantageous to a patentee, the interpretation rules and judgment logic would be improper. By reason of the foregoing, Articles 18, 19, 42 and 56 of the 2017 Guidelines respectively provide the method for interpreting the functional features, determination of literal infringement and determination of equivalent infringement, and additionally, Articles 42 and 56 stipulate, in the second paragraph, that the interpreted functional feature shall be defined as one technical feature, rather than be divided into several technical features due to the presence of a plurality of structures, components or steps in the embodiment, in such a way to avoid disputes over the embodiments of the functional features. By means of the four articles of the 2017 Guidelines, the connotation, interpretation, determination of literal infringement and determination of equivalent infringement of the functional features become clearer in logic and more feasible and practical.

Moreover, Article 26 of the 2017 Guidelines improves the rule for construing closed-ended claims, and clarifies the special requirements and mechanisms of the closed-ended claims in pharmaceutical and chemical fields by emphasizing that the compositions in a closed-ended claim in

pharmaceutical and chemical fields jointly work based on their respective characteristics and can achieve a particular technical effect without other substances, for the purpose of distinguishing the closed-ended claims in pharmaceutical and chemical fields from those in other fields. Article 28 of the 2017 Guidelines provides the rule for interpreting a self-coined word, that is, a self-coined word used by the patentee in the patent documents shall be interpreted according to the particular meaning in the description. If it fails, the self-coined word shall be understood in the relevant context of the description. If both methods fail, it means the protection scope cannot be interpreted clearly, and the court shall rule to reject the plaintiff's claims.

II. To constrain the expansion of the scope of equivalents and differentiate protection of inventions and utility models

Although an invention and a utility model are granted under different criteria, there is substantially no difference between them in terms of civil protection against infringement. In addition, a utility model can be granted in a relatively short period as it is subjected only to formality examination, which, to some extent, urges some right holders to prefer to file an application for a patent for utility model, instead of invention. Normally speaking, utility models are inferior to inventions in terms of the grant requirements and thus they should be inferior in terms of protection level. This renders the entire patent system more coordinated, and inventions and utility models jointly guarantee patent protection with their respective characteristics and strengths.

1. Differentiated treatment of the scope of equivalents to numerical features in patents for utility model

As for a numerical range feature, it indicates a wide protection scope. Either an invention or utility model generally shall not be protected within a different numerical feature beyond the numerical range feature, which is set forth in Article 57.1 of the 2017 Guidelines. But there is difference between invention and utility model in terms of numerical features. An invention is intended to protect improvements made to a product or a process, and numerical features can become the technical features in a claimed technical solution, so the issue of protection of equivalents of a numerical feature in the invention shall not be treated too severely, and the different numerical feature generally shall

be protected under the Doctrine of Equivalents. This is not the case for utility models. Pursuant to Article 2 of the China's Patent Law, a utility model protects the shape, structure or their combination of a product, from which we can see that numerical and numerical range features should not be technical features in the claims of a patent for utility model. Due to drafting defects, numerical and numerical range features may occur in the patents for utility model. Even though numerical and numerical range features are written into the claims of a patent for utility model due to drafting defects, numerical features shall not obtain patent protection under the Doctrine of Equivalents just like in a patent for invention. For that reason, Article 57.3 of the 2017 Guidelines provides that in respect of a claim of a utility model having a numerical feature, the allegation of the right holder that a corresponding numerical feature in an accused technical solution constitutes an equivalent feature shall not be supported, except that such a different numerical feature belongs to the technical content appearing after the filing date.

2. Rules for excluding equivalents to foreseeable alternative technical features

In judicial practice, application of the Doctrine of Equivalents is usually subject to no other regulations except the Doctrine of Estoppel and the Public Dedication Rule, under the judging method considering "means, function and effect". Application of the Doctrine of Equivalents broadens the protection scope conferred by a patent, but an overly broadened scope will impair the public interests. In recent years, there is a tendency that the Doctrine of Equivalents is increasingly abused resulting from limited regulation imposed thereon. As a matter of fact, broadened protection under the Doctrine of Equivalents shall not be supported under some circumstances. Article 60 of the 2017 Guidelines sets a limitation to the application of the Doctrine of Equivalents in respect of the technical features which do not represent inventive step in the claim of the invention, the technical features formed through amendment in the claim of the invention, or the technical features in the claim of the utility model. Under the above three circumstances, if a patent applicant or patentee clearly knows or is able to foresee the presence of the alternative technical feature at the time of applying for or amending a patent without incorporating it into the protection scope of the patent, the right holder's assertion that the alternative technical solution shall be incorporated into the protection scope of the patent due to equiv-

agency shall not be supported in the determination of patent infringement, because the broadened protection resulting from the Doctrine of Equivalents is mainly aimed to prevent an infringer from stealing the benefit of the patent by willfully making non-substantive change to the patented technical solution, so as to provide a broader protection to the patentee. Since a patent applicant or patentee has sufficient time to amend relevant technical features during the process of patent amendment for the sake of obtaining an appropriate protection scope, if the alternative technical feature is not incorporated into the protection scope of a patent no matter whether or not it, which the patent applicant or patentee clearly knows or is able to foresee, is the inventive point of the patented technical solution, it is improper to incorporate the alternative technical feature into the protection scope of the patent in patent infringement litigation. The technical features in the claim of the utility model are treated specially in order to render the utility models which are considered easily grantable subject to more stringent equivalent criteria, in such a way to control the number of applications for utility models by raising the threshold for patent protection and give incentives to applicants to apply for patents for high-quality inventions. As for the purpose of differentiation between non-inventive features and inventive features in the claims of an invention, the innovation of the patented technical solution lies in the inventive features that embody the contributions made by the patentee to the society, so the inventive features shall be given a broader scope of equivalence than the non-inventive features (which generally belong to the prior art), which meets the fairness principle for claim construction. Moreover, since inventive features are innovative, a patent applicant is facing with more uncertainties as to how to reasonably generalize and express such features in the course of patent application. The requirements for drafting inventive features may be less stringent than those for drafting non-inventive features that generally pertain to the prior art.

III. Refine the rules for judging design patent infringement and explore the rules for determining infringement of GUI designs

Judgment on identicalness and similarity between designs has always been the key and difficult issue in the de-

termination of design patent infringement. To make the judging criteria objective, the 2013 Guidelines specify the knowledge level and cognitive ability of an average consumer by introducing “description of essential features”⁶ and “evidence as prior design”⁷, but fail to provide the connotation and denotation of essential features. Additionally, Article 14 of the Interpretation II provides that when determining the knowledge level and cognitive ability of the average consumer about a design, the courts generally shall take into consideration the design space of the products, without further specifying the implementing rules. In such a case, the 2017 Guidelines further refine the rules for judging design patent infringement, in particular for judging the design space, and incorporate them into the rules for judging identicalness and similarity between designs, to thereby make the judgment more precise and scientific.

1. Add the overall comparison principle, highlight the function of essential features and design space, and improve the “comprehensive observation and holistic determination” standard

The overall comparison principle is added to Article 66 of the 2017 Guidelines in order to accord with the “comprehensive observation and holistic determination” standard for judging identicalness and similarity between designs as provided for in Article 80. In the light of the above principle and standard, in judging the identicalness and similarity between designs, the court shall first divide the design product into different design features according to their visual effects, and each design feature shall be taken into account in the judgment. Since a product design possesses its essential features and the design features have different design space, each design feature plays a different role in the comprehensive judgment. The visual effect of essential feature is obviously higher than that of the non-essential feature. Essential features with less design space will have a greater impact on the overall visual effect. Thus, adding “overall comparison principle” may render the judging standard objective and avoid personal subjective randomness.

In regard to the ambiguity of the standard resulting from different definitions of essential features in practice, Article 67.2 of the 2017 Guidelines clarifies the connotation of the essential features, that is, essential features refer to the design features distinguishing the design from the prior design and that can produce notable visual influence on an average consumer. In practice, both parties can submit a prior design in support of the essential features of the de-

sign patent, which is aimed to guide both parties to adduce sufficient evidence. Design space, also known as a degree of design freedom, is a concept stemming from patent judicial practice in German and expressly specified in the design regulations of the EU. As stated above, the Interpretation II incorporates the concept of design space without further specifying the judging criteria or rules. With reference to international practical cases and domestic theoretical research achievements, Article 83.2 of the 2017 Guidelines sets forth the requirements for design space in detail, including the technical function of the product or its parts; the necessity of adopting the common features of this category of products; the degree of crowdedness of prior designs; and other factors that may have an impact on the design space, such as economic factors (lowered costs). Article 83.3 thereof further describes the relationship between a prior design, design space and visual effect in a clear and definite language. In the light of the above provisions, in the judgment on identicalness and similarity, the court shall determine design features, essential features and design space of each design feature, according to the characteristics of a product. Further, the court shall determine whether the accused design is identical or similar to the patented design, under the overall comparison principle by means of the “comprehensive observation and holistic determination” standard.

2. Explore the rules for determining infringement of GUI designs

According to Order No. 68 of the SIPO in 2014, the Guidelines for Patent Examination were amended to allow the GUIs to be protected by registered designs. No rules, however, are established for determining the infringement of GUI designs. The 2017 Guidelines systemically provide the rules for determining the infringement of GUI designs in Articles 73, 77.2, 86, 87 and 88.2. To be specific, different states of dynamic and static GUI designs shall be differentiated, and different factors should be taken into consideration. The rule for determining the infringement of a dynamic GUI design is relatively special as the protection scope of a dynamic GUI design shall be jointly determined by the views of the product design that can determine the dynamic change process in conjunction with a depiction of the dynamic change process by the brief description. Accordingly, the protection scope of a dynamic GUI design shall include the factor of how to determine the dynamic change process. According to the provisions relating to design pat-

ents in the China's Patent Law and judicial practice, determination of design patent infringement includes judgment on whether the patented design and the accused design are identical or similar, and whether the categories of the design and the product are identical or similar. Thus, there is no exception for determining the infringement of GUI designs. In the determination of GUI design infringement, judgment shall be made first on whether the carriers of GUI designs are identical or similar and then on whether the GUIs are identical or similar.

Generally speaking, there is no substantial difference between the judgment related to static GUI design patents and common design patents, on identicalness or similarity. It is the judgment on identicalness or similarity related to dynamic GUI designs that is very special. Since the change process of the dynamic GUI design is implied by its key frames, if the accused design lacks views of some states so that a change process consistent with the patented design cannot be reflected, it generally shall be determined that the accused design does not fall within the protection scope of the patent. Although the accused design lacks some key frames of the patented design, if a change process can still be solely determined to be consistent with that of the patented design, it shall be determined that the accused design falls within the protection scope of the patented design. Due to the importance of key frames to the patented design, if the accused design uses the partially dynamic GUI design or its key frames which belong to essential features of the GUI design, it generally shall be determined that the accused design falls within the protection scope of the patented design.

3. Standardize the connotation of a functional design and a conventional design

A functional design and a conventional design often mentioned in design cases are controversial. One of the reasons is that the connotations they infer are quite unclear. Articles 81.2 and 82.2 of the 2013 Guidelines once define the functional design and conventional design respectively. Although the definitions are formally clear, they are infeasible and can hardly be proved through evidence adduced by the party concerned. Article 85.2 of the 2017 Guidelines provides that design features determined by the function of the product refer to the design features limitedly or solely determined by the function and formed regardless of aesthetic factors. The non-selectable design features that are specified by technical standards or have to be adopted in

order to achieve mechanical mating relationships are functional design features. Article 88.3 of the 2017 Guidelines provides that a conventional design refers to the prior design, which is so familiar to an average consumer that the mention of its name would remind him of that particular design. In the field of design products, the design feature adopted by every independent product manufacturer normally belongs to a conventional design. The above definitions specify the concepts with exemplary explanation, which are highly practical.

IV. Step up IP protection and prudently strengthen crackdown on indirect infringement

A vital part of the provisions specified in the 2013 Guidelines is to incorporate indirect infringement into joint infringement for the purpose of solving indirect infringement issues in part through joint infringement.⁸ Article 21 of the Interpretation II substantially follows the same idea as the 2013 Guidelines. If the act of a direct infringer does not constitute joint infringement as it is a personal use for non-business purposes or an act not having been deemed as infringing under Article 69 of the China's Patent Law, an indirect infringer is not liable for infringement under the above provision. As batches of software-related and communication patents have been granted in China, a great number of patented technical solutions implemented by multiple sides (multiple subjects) appear and gradually enter into litigation. Since those multiple subjects need to jointly work to implement the entire technical solution defined in the claims of such a patent, it is likely that the accused infringer does not implement the patent claims completely. Therefore, the patentee cannot pursue infringement claims against an infringer in the event that the act of a direct implementer does not constitute direct infringement.

It shall be pointed out that as being increasingly important in the field of technological innovations in China, software-related and communication patents have become a significant tool for high-tech enterprises to participate in international market competition and gain competitive advantage. If we are hidebound by convention and fail to protect those granted patents properly, the interests of high-tech enterprises would be severely impaired as their patents turn into so-called "paper tigers" or exist in name only. For that

reason, Article 119 of the 2017 Guidelines sets forth appropriate provisions, in which two circumstances are differentiated: one is that where a party, clearly knowing that a certain product is a raw material, intermediate product, component or equipment specially used for implementing the technical solution of the patent in suit, without the authorization of the patentee, provides said product for production or business purposes to another party who commits an act of patent infringement, and the party's act of providing the specially used product constitutes the act of assisting another party in committing the act of patent infringement, each infringer shall be civilly liable for contributory infringement; the other is that where the another party implements a patent not for production or business purposes or the act of the another party is not deemed as infringing under the circumstances as provided for in items (3), (4), (5) of Article 69 of the China's Patent Law, the party, namely, the indirect infringer, alone shall bear civil liability. The latter is related to the circumstance where the patented technical solution is implemented by two subjects, in other words, where an indirect infringer, clearly knowing that a certain product is a raw material, intermediate product, component or equipment specially used for implementing the technical solution of the patent in suit, without the authorization of the patentee, provides said product for production or business purposes to another party who completely implemented the patented technical solution, if the another party implements the patent not for production or business purposes or the act of such another party is not deemed as infringing under the circumstances as provided for in items (3), (4), (5) of Article 69 of the China's Patent Law, the indirect infringer shall bear civil liability. The basis for that provision is analogous to Article 9.2 of the Tort Liability Law of the People's Republic of China (briefly known as the Tort Liability Law), which is related to the assumption of the tort liability of anyone who abets or assists a person without civil conduct capacity or only with limited civil conduct capacity in committing a tort.

Notably, the above provision of the 2017 Guidelines is only applicable to the circumstances where an indirect infringer implements the substantial part of the patented technical solution and a direct infringer implements the entire patented technical solution, not to other circumstances. At the time of drafting a patent, an applicant shall try to avoid such a technical solution implemented by multiple sides so as to ensure that the patent can be duly protected in subse-

quent civil remedies.

Articles 116 to 122 of the 2017 Guidelines systematically relate to different circumstances of joint patent infringement. Articles 116 and 118, respectively corresponding to Article 8 relating to joint infringement and Article 9.1 relating to abetting or aiding infringement in the Tort Liability Law, set forth general provisions for joint patent infringement, as well as abetting or aiding infringement. Article 117 is specifically provided for the entrusted making or supervised making of the product which constitutes joint patent infringement. Article 119, which makes reference to Article 21 of the Interpretation II, provides that the act of indirect infringement constitutes the act of aiding patent infringement, and an indirect infringer shall bear civil liability when the act of indirect infringer does not constitute patent infringement. Article 120 is related to the determination of the common acts of aiding patent infringement. Articles 121 and 122 are related to the determination of the common acts of abetting patent infringement. The above seven articles of the 2017 Guidelines form a complete set of rules for determining joint patent infringement.

V. Standardize the rules for examining SEPs and guide the parties concerned to resolve disputes through negotiations in good faith

Ever since *Huawei Technologies Co. Ltd. v. ZTE Corporation* and *Huawei Technologies Co., Ltd. v. InterDigital, Inc.* at Shenzhen Intermediate People's Court, the lawsuits for SEPs in the communication industry have been filed to the courts at all levels in China with a year-on-year increase in number. SEPs differ from common patents in the following two aspects: SEPs indicate the patentee's commitment to license, namely, patents with legal obligations; and SEPs are patents an implementer has to use, namely, patents with public attributes. In this sense, SEP-related disputes shall be treated in a way different from that for common disputes over patent infringement. Such disputes have always been pending for a long time due to new case types, ambiguous legal issues and lack of explicitly stated legal provisions. Article 24 of the Interpretation II first provides how to handle SEP-related disputes, which tackles a series of problems. Article 24.1 solves the problem of whether the court can grant an injunction when infringement of an SEP oc-

curs, that is, it denies implied licensing of an explicitly disclosed SEP and determines where a right holder explicitly discloses an SEP and the accused infringer implements the SEP, the right holder can request the court to grant an injunction against the patent implementer. The Civil Law clearly defines the judging standards for the term "explicitly disclose". Under current SEP-related practice, it shall mean that an SEP holder directly and explicitly discloses information on the SEP in written form or webpage to such an extent that a standard implementer after reading can know the basic information on the SEP. To the contrary, if a patented technology is not relevant to recommended national, industrial or local standards, or fails to explicitly disclose information thereof, it shall not be deemed as an SEP, that is to say, Article 24.1 is not applicable to this situation. Article 24.1 implies that an SEP holder, who fulfills its or his committed obligations in the negotiations on patent licensing conditions, can defend against the standard implementer's claim for not granting an injunction. Article 24.2 specifies the conditions for not granting an injunction by a court, that is, in the negotiations on patent implementing conditions, both the following conditions shall be met: a patentee is obviously at fault and a standard implementer (an accused infringer) is not obviously at fault. Article 24.2 implicitly encourages both parties concerned to resolve their disputes through negotiations on patent licensing conditions. In other words, if a patentee sues a standard implementer for infringing its or his right to an SEP without conducting negotiations on patent licensing conditions, the court may rule to dismiss the appeal or, after acceptance of the case, suspend the lawsuit and order both parties to conduct negotiations. If both parties fail to reach an agreement on licensing conditions through negotiations, the court may resume the case trial at the request of any party concerned. Article 24.3 is related to the factors to be considered by the court when determining specific licensing conditions. It provides the factors to be considered by the court when determining licensing conditions under the FRAND principle after both parties cannot agree on the licensing conditions through negotiations, that is, the court determines appropriate licensing conditions in the spirit of FRAND principle to its knowledge. It is also a direct legal basis on which a court has jurisdiction over such disputes over licensing conditions. Since judicial adjudication is a final solution to resolve the disputes between both parties, that provision also guides both parties to raise awareness of evidence collection to attain a result to their

advantage as much as possible. Meanwhile, that provision is also valuable in determining the SEP licensing conditions in the relevant disputes. The following issues remain unsolved by Article 24 of the Interpretation II: 1. the standards are only related to recommended national, industrial or local standards in China, instead of standards formulated by international standardization organizations or other standard-setting organizations, and compulsory standards in China; 2. how to deal with the case where a right holder fails to explicitly disclose an SEP; 3. How to determine a fault; and 4. how to deal with the case where both parties are at fault or not at fault, and whether injunction can be granted. All those issues are tough issues that must be faced in trial and are urgent to be solved. As a matter of fact, in consideration of rapid development of technologies in the communication field and huge number of patents, the trial period for SEP-related disputes should not be too long; otherwise, the interests of right holders may be greatly affected. With reference to domestic and international cases, the 2017 Guidelines present, in Articles 149 to 153, the concept of SEPs, international standards and other standards that are not applied in China, judgment on “explicitly disclose”, the principle for determination of fault and specific circumstances, and whether to grant an injunction when both parties are at fault or not at fault, which provides a set of relatively scientific and reasonable adjudication rules.

1. Several basic prerequisites for SEP adjudication rules in the 2017 Guidelines

As stated above, some legal issues in SEP-related disputes are ambiguous and quite controversial, so adjudication rules must be established after relevant legal issues are clarified. First of all, the legal nature of a licensing commitment made by a right holder must be determined. A licensing commitment refers to an irrevocable commitment voluntarily made by a patentee according to particular IP policies (or regulations) of a standard-setting organization so as to license a patent incorporated into standards to a patent implementer under certain licensing conditions. There are three views on the legal nature of the commitment, namely, the unilateral legal act, the contact offer and the contract for the benefit of third parties. The first view is adopted in the 2017 Guidelines, which indicates that the commitment is a unilateral legal act. The reason is that although the commitment made by the right holder is made according to the policies of a standard-setting organization, the commitment is directed to all implementers, and a dis-

posal of a patent right by a right holder imposed with obligations, just like a reward-based advertising. The commitment shall be considered as a unilateral legal act. Hence, the licensing commitment made by the right holder does not constitute an offer, and the implementation of an SEP by an implementer shall not be regarded as a commitment, i.e., the establishment of a licensing contract. The right holder can still request the court to grant an injunction against the implementer on the ground of implementation of its SEP without authorization. Since the SEP holder imposes an obligation on its patent and the SEP after being incorporated into technical standards turns into a patent with public interest attributes, for the purpose of stimulating technological conversion and application, boosting technological progress and protecting transaction security, the principle of not granting an injunction should be followed and the grant of injunction would be an exception. No injunction shall be granted as long as an implementer is not at fault. The fault of the right holder and implementer shall be determined under the principle of the balance of interests. Fair and reasonable determination for the sake of balancing the interests of both parties can ensure that both parties participate in the negotiations actively and in good faith. It shall be noted that the grant of injunction shall not be the goal of the right holder, but a tool to urge the implementer to negotiate in good faith.

2. Specific rules

Article 149.1 of the 2017 Guidelines, which is based on Article 24 of the Interpretation II, provides that where an SEP is a standard set by the International Standardization Organization or other standard-setting organizations and the patentee explicitly discloses the SEP and makes a fair, reasonable, and non-discriminatory licensing commitment according to the policies of the standard-setting organization, the SEP shall also be dealt with according to Article 24 of the Interpretation II, that is, internal and external standards shall be consistent. Article 149.2 actually weakens the compulsory requirement for explicit disclosure, and just provides that the requirement of the standard-setting organization for explicit disclosure shall be met, that is, if the licensing policies of the standard-setting organization require explicit disclosure, the SEP holder shall explicitly disclose the SEP under industry practices; and if explicit disclosure is not required, the SEP holder does not need to explicitly disclose the SEP. This can not only solve the practical predicament that different standard-setting organiza-

tions set dissimilar requirements for explicit disclosure, but also ensure that the relevant provision in the 2017 Guidelines does not go against Article 24 of the Interpretation II, and meanwhile the issue of whether to explicitly disclose an SEP can be securely evaded to promote the implementation of technologies as soon as possible and improve the welfare of the public. Article 149.3 defines the SEP as a patent that must be used for implementing a technical standard, which is a mainstream viewpoint prevailing among practitioners. Article 150 sets forth the principle of good faith required for both parties during SEP license negotiations. This provision, stemming from Article 7 relating to the principle of good faith in the General Principles of the Civil Law, is an advisory norm and a fault-determining principle. The positive significance of Article 150 is to encourage both parties to negotiate in good faith and put forward their licensing conditions sincerely before reaching a licensing agreement. Meanwhile, in the determination of fault during litigation, the principle of good faith is also a judging criterion. The court shall judge whether any party is at fault by considering whether both parties negotiate in good faith or put forward licensing conditions in good faith. Article 151 provides that the right holder shall bear the burden of proof in support of the licensing obligations on the fair, reasonable and non-discriminatory terms and enumerate specific forms of evidence, which means that the court shall ascertain whether the patent in suit is endowed with licensing obligations on FRAND terms before deciding whether to proceed with a trial in the light of the special rule for injunction. Article 152.1 provides that where neither of both parties is apparently at fault, if the accused infringer fulfills the minimum delivery principle, the court generally should not support the right holder's claim for injunction. According to this Article, where both parties participate in the negotiations in good faith and credibly but can hardly reach a licensing agreement as both parties believe their own licensing conditions are in compliance with the FRAND principle, if a right holder asks for an injunction in the lawsuit, the court generally should not support the right holder's claim for injunction insofar as the accused infringer provides to the court the royalties that comply with the FRAND principle in its or his view, which is also important evidence proving the good faith of the accused infringer in the negotiations. Viewed from judicial practices all over the world, such a situation sometimes happens though not very often and shall be stipulated. Article 153.1 provides that where both parties are

apparently at fault, the condition for the grant of an injunction is that the accused infringer undertakes the primary liability for interruption of negotiations. The circumstances where the right holder or the accused infringer is found faulty are respectively listed in Articles 152.2 and 153.2, which are equal counterparts involving judgments on faults in negotiation procedure and faults in substantive requirements. The circumstances mentioned therein substantially cover all possible circumstances that may terminate negotiations. ■

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¹ The Judicial Interpretation was issued on 21 March, 2016 and took into effect on 1 April, 2016.

² The other two Judicial Interpretations are Several Provisions of the Supreme People's Court on Issues Concerning the Application of Law in the Trial of Patent Dispute (No. Fashi 4/2015) and the Interpretation of the Supreme People's Court on Several Issues Concerning the Application of Law in the Trial of Dispute over Patent Infringement (No. Fashi 21/2009).

³ Zhang Xiaodu (January, 2014). Legal issues in patent litigation and judicial practice (1st ed., p.35). The Law Press.

⁴ The Judicial Interpretation was issued on 28 December, 2009 and took into effect on 1 January, 2010.

⁵ See the Guidelines for Patent Examination (first printed in January 2010, p. 142). The Intellectual Property Publishing House.

⁶ See Article 62 of the Guidelines for Patent Infringement Determination 2013 of Beijing High People's Court.

⁷ See Article 63 of the Guidelines for Patent Infringement Determination 2013 of Beijing High People's Court.

⁸ Chen Jinchuan and Jiao Yan (2014). Elaboration on Beijing High People's Court's Guidelines for Patent Infringement Determination. *China Patents & Trademarks*, 1, 7-8.