



NEWSLETTER

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China IP News

SIPO Adopt New Charging Standards for Administrative and Institutional Fees from July 1

The State Intellectual Property Office (SIPO) has recently released the Announcement on Implementing New Charging Standards for Administrative and Institutional Fees, with effect from July 1, 2017.

The Announcement lays down provisions on the criteria for patent fees and protection fees for integrated circuit layout design, as well as the standards for examination fees for patent agents qualifying examination. According to the Announcement, the application fee is RMB900 for innovation patent, RMB500 for utility model patent and RMB500 for design patent, and applicants must pay RMB80 for prioritized processing of a patent application.

Anti-Unfair Competition Law First Modify in 24 Years

The first modification of China's Anti-Unfair Competition Law is in its final stage. The draft amendment increases new clauses against unfair competition in the Internet sector, such as business competitors must not use technological edges to engage in activities that

might affect user choices or disrupt rivals' normal business activities.

NCAC Standardize E-work Registration Certificates

Recently, the National Copyright Administration of China (NCAC) released the Circular to Standardize Registration Certificates of E-works, saying that registration certificates issued by different registration agencies shall have the same legal effect, and electronic certificate shall have the same legal effect as paper certificate.

LIFANG News

Xi Sun of Lifang & Partners Honored as a Rising Lawyer in China 2017 by ALB

Xi Sun, a partner at Lifang & Partners, has recently been honored as a Rising Lawyer in China 2017 by Asian Legal Business (ALB) for his excellent ability in Intellectual Property and the high praise of his clients.

The award is aimed at elite lawyers who are under 40 years old or those with less than 15 years' experience in legal practice. ALB will examine their important achievements, significant transactions, public recognition, cases they have handled, clients they have served and awards they have already received.

Xi Sun is one of the youngest partners at Lifang & Partners. He has a wealth of experience in Intellectual Property litigation and can deal with all kinds of complicated disputes. So far, Xi has litigated in more than two hundred patent and other technical disputes. In particular, he has handled disputes involving:

- Chemicals;
- Pharmaceuticals;
- Medical equipment;
- Machinery;
- Communications;
- Semiconductor chips;
- Computer software;

- Integrated circuit; and
- Other products.

To date, Xi has won most of his cases and received high praise from clients.

Lifang’s 15th Anniversary Seminar “Patent Litigation Strategies in China & US “Held in Shanghai

On June 8th 2017, Lifang and LexisNexis co-held a seminar of “Patent Litigation Strategies in China & US “at SOFITEL Hotels & Resorts in Shanghai.

This is the second seminar to celebrate the fifteenth anniversary of Lifang & Partners, during which Mr. Yu Haidong, Partner of Lifang, had in-depth analysis on judgment rules and judicial practice of China patent infringement. Then Ms. Huang Yisheng who is the head of mainland intellectual property rights department from Inventec Corporation shared her views on enterprise patent strategy of management and operation. At the last, speaker from LexisNexis introduced how to use modern search and analysis tools to cope with US patent litigation.

Each year, Lifang’s professional lawyers go to different cities to exchange experiences with clients

LIFANG 's Views

The Full Coverage Principle of Patent Infringement and its Application in Judicial Practice in China

Essential Technical Features and Principle of Superfluity Establishment

The scope of patent protection refers to the technical features that a valid patent covers. In respect defining the scope of patent protection, Article 56 (1) of the *Patent Law* (2000) provides:

“The scope of invention or utility model patent protection is subject to the contents of claims, and specifications and attached figures may be used to interpret the claims.”

In addition, the Regulation of the Supreme People’s Court on Several Issues Concerning the Application of Law in the Trial of Patent Infringement Dispute Cases promulgated on June 22, 2001 gave supplementary guidance, and Article 17 (1), in particular, provides:

“The scope of invention or utility model patent protection is subject to the contents of claims, and specifications and attached figures may be used to interpret the claims’ prescribed in Article 56 (1) of the Patent Law means that scope of patent protection shall be subject to the scope determined by the essential technical features expressly described in the claims.”

The above provision reflects an important principle finding of patent infringement. The so-called Full Coverage Principle means that an allegedly infringing products falls within the protected scope of a patent, if the infringing products contain all the technical features described in the claims.

(I) Essential Technical Features

We noted that the term used in the *Regulation of the Supreme People’s Court on Several Issues Concerning the Application of Law in the Trial of Patent Infringement Dispute Cases* promulgated on June 22, 2001 is “essential technical features,” rather than “all technical features.”

“Essential technical features” refer to the indispensable technical features of an invention or utility model which solve technical issues. The sum of them is sufficient

to compose the technical solution of the invention or utility model and differentiate it from other technical solutions described in the background technology.

A claim comprises of a preamble part and characterizing part. The preamble part describes the subject name of the technical solution of the invention or utility model and the common essential technical features shared by the subject of the invention or utility model and the most similar existing technology.

The characterizing part describes the technical features that differentiate the invention or utility model from existing technology. Those features and the features described in the preamble part collectively define the protections scope that the invention or utility model is requesting.

As can be seen, technical features described in a claim are not all essential technical features. They cannot be defined as essential technical features unless they are indispensable technical features for realizing the purpose of the invention and providing the intended solutions. In light of this, the judicial interpretation promulgated on 22 June 2001 uses “essential technical features” rather than “all technical features.” This means that accused infringing products will only fall into the protection scope of the subject patent, if they possess the “essential technical features” described in the claims of the subject patent and need not to possess “all technical features.”

(II)The Principle of Superfluity

The “principle of superfluity” can be distilled to the following: The non-essential technical features described a patent are omitted when interpreting the scope of patent protection. Only essential technical features of the patent are used to define the scope of protection.

The “principle of superfluity” was developed and used over the court of several cases. The most influential of these cases is the case of Zhou Lin v. Beijing Ao Mei Guang Joint Mechanical and Electrical Development Co., Ltd. and Beijing Hua Ao Electronic Medical Instruments Co., Ltd. The Plaintiff and Patentee sued the Defendants for patent infringement. The patent in question was for “A Device for Medical Treatment by Body Spectrum Matching Effect Field and the Production Method.” The independent claims of the patent obtained by the Plaintiff included seven technical features, as follows:

1. Effect field generator body;
2. A transducing layer on the body;
3. A transducing control circuit;
4. A mechanical supporting and protecting system for a heating component;
5. Mechanical parts;
6. A simulated human-body spectrum generating layer on the transducing layer, made of the 14 ingredients and contents of mischmetals, e.g. metallic oxide, chromium metal, lanthanum oxide, etc.;
7. A stereo sound system and a music current based acupoint stimulator as well as their control circuits.

The Court held that technical features 1. to 6. determined the patent protection scope of the spectrum therapeutic instrument. Although included in the independent claim, technical feature 7. did not have any essential functions from the perspective of the patent's overall technical solution, considering the description in the patent specification.

It was apparently due to the plaintiff's misunderstanding and lack of experience in drafting patent application documents, that technical feature 7. was considered to be an additional feature.

"Additional technical features" refer to redundant technical features which are not considered when the court decides whether the accused infringing products fall into the protection scope of the subject patent. If a product covers an "essential technical feature" as described in the claims of the subject of a patent, it will be an infringement product under the "Full Coverage Principle," regardless of whether it covers "all technical features."

As the "principle of superfluity" virtually extends the scope of patent protection, the balance between the interests of the patent owner and the interests of the public obviously tilts towards the patent owner, and the confidence of the public on the patent publication system is challenged, and its application in judicial practice arouses extensive controversy in the sectors of both theory and practice.

The Supreme People's Court has expressly confirmed for the first time that the "principle of superfluity" is, not applicable to a finding of patent infringement during the arraignment of the dispute on patent infringement in the case of Dalian Renda New Wall Building Materials Plant v. Dalian Xinyi Building Materials Co., Ltd. In the present case, the Supreme People's Court held that any technical feature that the patent owner writes into an independent claim is an essential technical feature and should be included in the technical features.

The Supreme People's Court holds an attitude of "not advising imprudent application of superfluity." Accordingly, the Court is only suggested caution towards the application of the principle, rather than its complete abandonment.

Shortly after verdict of the case, some studies revealed that the attitude of the Supreme People's Court towards the "principle of superfluity" is unclear. Particularly, the above ruling states that *"any technical feature that the patent owner writes into an independent claim is an essential technical feature."* It also states that essential technical features and non-essential technical features shall be identified first in terms of application of the rules of infringement determination, so as to determine that "all essential technical features of the patent in the present case are:...", otherwise, the "principle of superfluity establishment" and the ongoing identification of essential technical features in the proceedings of the present case will lead to self-contradiction.

Modification of the judicial interpretation of the Supreme People's Court is an effective approach to avoid confusion in practice and unify people's knowledge of the "principle of superfluity" and essential technical features. Thereafter, the attitude of the Supreme People's Court against the application of the "principle of superfluity" will hopefully become clearer in due course.

In the arraignment of a utility-model patent dispute, in which Zhang Jianhua accused Shenyang Zhilian Highrise Heating Technology Co., Ltd. and Shenyang Gaolian Highrise Heating Network Technology Co., Ltd. of infringement, the Supreme People's Court held that the technical features of the alleged infringing technical solution, should be compared with all technical features described in the claim, when determining whether the alleged infringing technical solution falls into the

scope of patent protection. Where an alleged infringing technical solution is described in a patent claim, but lacks or differs in one or more features, the People's Court should determine that the alleged infringing technical solution does not fall into the scope of patent protection.

In the meanwhile, the Supreme People's Court's attitude against the application of the "principle of superfluity" is also reflected in the judicial interpretation that it subsequently promulgated or amended. Article 7 (1) in the *Interpretation of the Supreme People's Court on Several Issues Concerning the Application of Law in the Trial of Patent Infringement Dispute Cases* promulgated on December 28, 2009 provides:

"The Supreme People's Court should examine all technical features described in the patent owner's claim before deciding whether the alleged infringing technical solution falls into the scope of patent protection."

Meanwhile, in order to respond to critics from the profession and academia, the term "essential technical features" used in the *Regulation of the Supreme People's Court on Several Issues Concerning the Application of Law in the Trial of Patent Infringement Dispute Cases* amended and promulgated on January 29, 2015 is expressly replaced by "all technical features." Therefore, the technical features that the "Full Coverage Principle" compares with should refer to "all technical features" described in the claim, thus it's unnecessary to identify "essential" and "non-essential" technical features, regardless of whether actually they are essential technical features or non-essential technical features. Accordingly, the "principle of superfluity" should be completely rejected.

----- By YU Haidong, IP Dept. of Lifang & Partners

IMPORTANT INFORMATION

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