The Legal 500 & The In-House Lawyer
Comparative Legal Guide
China: Patent Litigation

This country-specific Q&A provides an overview of the legal framework and key issues surrounding patent litigation law in China.

This Q&A is part of the global guide to Patent Litigation.

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1. **What is the forum for the conduct of patent litigation?**

   The patentee can enforce a patent before the Beijing Intellectual Property Court, Shanghai Intellectual Property Court, Guangzhou Intellectual Property Court or one of the 20 Intellectual Property tribunals which are located in Nanjing, Suzhou, Wuhan, Chengdu, Hangzhou, Ningbo, Hefei, Fuzhou, Jinan, Qingdao, Shenzhen, Tianjin, Zhengzhou, Changsha, Xi'an, Nanchang, Lanzhou, Changchun, Wulumuqi, Haikou. Generally, the patentee would consider the capability of judges, difficulty in gathering evidence, and trial period, etc. to choose the court or tribunal.

Except for design infringement cases, all of patent cases shall be appealed with the Intellectual Property Tribunal of the Supreme Court.

2. **What is the typical timeline and form of first instance patent litigation proceedings?**

In China, the patent infringement and invalidity proceedings are bifurcated. In practice, the court would like to suspend the infringement case until the decision on the invalidity request is made. In invalidity proceedings, the claim would be construed and the court would hear the infringement case to determine the liability and damages issues based on the claim construction made in the invalidity proceedings. Generally, the decision on validity would be made within 6-8 months since the quest for invalidity is accepted. As for the infringement case, the time to make a first instance judgement depends on courts. If the litigation is heard in a court with a large backlog of cases (e.g. the Beijing Intellectual Property Court), the time even would be 2 to 2.5 years since the case is accepted.

3. **Can interim and final decisions in patent cases be appealed?**

For the patent invalidity proceedings, the CNIPA (China National Intellectual Property Administration) would make the decision on validity. If either of the parties is dissatisfied with the decision, he can bring an administrative suit before Beijing Intellectual Property Court and then appeal to the Intellectual Property Tribunal of the Supreme Court if he is dissatisfied with the first instance judgement.

For the patent infringement proceedings, the patentee can file a suit before an eligible court and then appeal to the Intellectual Property Tribunal of the Supreme Court if he is dissatisfied with the first instance judgement. Only if the

case relates to design patent, the appeal shall be filed to the upper court rather than the Intellectual Property Tribunal of the Supreme Court.

The timeframe for appeal proceedings in patent cases is generally 1 to 1.5 years. When the first instance judgment is appealed, the judgement would not take effect until the second instance judgement is rendered. If either party is dissatisfied with the second instance judgement, he can petition to the Supreme Court for retrial. Such petition would not suspend the execution of the second instance judgement unless the Supreme Court makes a decision on retrial of the case.

4. **Which acts constitute direct patent infringement?**

According to Article 11 of the China Patent Law, for the patent rights for an invention or a utility model, the direct patent infringement acts comprise, without licensing from the patentee and for manufacturing and business purposes, to manufacture, use, offer to sell, sell or import such patented products, or use the patented method and use, offer to sell, sell or import products obtained directly according to the patented method; for design patent rights, the direct patent infringement acts comprise, without licensing from the patentee and for manufacturing and business purposes, to manufacture, offer to sell, sell or import the design patented products.

5. **Do the concepts of indirect patent infringement or contributory infringement exist? If, so what are the elements of such forms of infringement?**

In China, the law does clearly define the concept of contributory infringement but not the concept of indirect patent infringement. In particular, according to Article 21 of Interpretations of the Supreme People’s Court Concerning Certain

Issues on Application of Law for Trial of Cases on Disputes over Patent Infringement (II) (hereinafter referred to as “Interpretations (II)”), in the following two situations the infringer’s act would constitute contributory infringement: 1. where a person, who is aware that the relevant products are materials, equipment, parts, intermediate etc. used specifically for implementation of the patent, provides such products to others for implementation of patent infringement for manufacturing and business purpose without approval by the patentee, and; 2. where a person, who is aware that the relevant product or method is patented, actively induces others to implement patent infringement for manufacturing and business purposes without approval of the patentee.

6. How is the scope of protection of patent claims construed?

Basically, the scope of protection of patent rights for an invention or a utility model shall be based on the contents of the letter of claim, and the manual and attached pictures may be used to explain the contents of the letter of claim, further provides that

According to Article 11 of the China Patent Law and Article 17 of Several Provisions of Supreme People’s Court on Issues Relating to Laws Applicable for Trial of Patent Dispute Cases, the scope of protection of patent right shall not only be based on the scope determined by the all the technical features set out in the patent claim, but also shall include the scope determined by features equivalent to the said technical features. Equivalent features shall mean features which use basically identical means to achieve basically identical functions and attain basically identical effects as the technical features set out, and which can be associated, at the time of occurrence of the infringement act, by ordinary technical personnel in the same field without making creative efforts.

In addition, Article 6 of Interpretations of the Supreme People's Court Concerning Certain Issues on Application of Law for Trial of Cases on Disputes over Patent Infringement and Article 13 of Interpretation of Patent Law (II) further provide that where the right holder includes the technical solutions in the protection scope of patent rights that have been waived by the patent applicant or the patentee in the procedure for patent licensing or invalidation announcement through the amendment to or statement of the claim or descriptions, the People's Court shall not uphold such inclusion, unless the abandonment of the technical scheme has been explicitly rejected by the CNIPA.

7. What are the key defences to patent infringement?

The key defenses to patent infringement comprise non-infringement, invalidity, prior-art, prior-right, estoppel, donation principle, exhaustion of right, Bolar exception, non-production or business purposes, temporary transit, exceeding the statute of limitations, abuse of patent right, technical deterioration.

8. What are the key grounds of patent invalidity?

The key grounds for invalidity of a patent comprise:
(1) the patent lacks of novelty and inventive step,
(2) the subject of the patent does not comply with the definition of invention, utility model or design in Article 2 of the Patent Law;
(3) a design patent is an existing design, has no obvious difference from an existing design or combination of existing design features, or conflicts with legal rights previously acquired;
(4) the same patents were repeatedly granted;
(5) the invention or utility model was completed in China, and the patentee submitted a patent application to a foreign country without first reporting to the

State Intellectual Property Office for a confidentiality review;
(6) for a design patent, the picture or photo of the product does not clearly show the design of the product sought for patent protection;
(7) the claims are unclear;
(8) the claims cannot be supported by the description;
(9) the description fails to fully disclose the technical solution sought for protection in claims;
(10) the independent claim lacks an essential technical feature;
(11) the amendments to the patent documents go beyond original disclosure;
(12) the patent is granted based on a divisional application, and the divisional application is beyond the scope of the original application;
(13) the patent is in violation of national laws, violation of social morality or nuisance of the public interest, or completion of the patent depends on genetic resources acquired or utilised in violation of laws and administrative regulations; and
(14) a patent belongs to the following items:

1. scientific discovery;
2. rules and methods of intellectual activities;
3. diagnosis and treatment methods of illnesses;
4. animal and plant varieties;
5. substances obtained through nuclear transformation method; and
6. a design which has major marking effect on the patterns or colours of graphic print products or a combination of both patterns and colours.

Patent rights may be granted to the manufacturing methods for products listed in item 4) above.

Please be noted that unity of patent is the requirements for the grant of a patent but not a available ground of invalidity.

9. **How is prior art considered in the context of an invalidity action?**

   Prior art means technologies or designs well known by publication or by use in the public domain in China or overseas prior to the filing date (priority date if there is) of the patent. When evaluating the obviousness of a patent, two or more prior arts can be combined, while evaluating novelty of a patent, only one prior art can be cited.

   For the prior art that was submitted prior to the filing date (priority date if there is) of the patent and published after the filing date, it can be referred to evaluate only novelty of the patent.

10. **Can a patentee seek to amend a patent that is in the midst of patent litigation?**

    In the patent litigation, amendments to a patent are not allowed. However, in the invalidity proceedings before the CNIPA, the patentee can amend claims generally by limited means, this is, deletion of a claim, deletion of a solution defined in a claim, further limitation to a claim, and correction of obvious errors.

    The other party in the invalidity proceedings can oppose the amendments, but the decision rests with the CNIPA. Once the amendments are accepted, the pre-amendment claims would be deemed to be non-existent.

11. **Is some form of patent term extension available?**

    In China, there is no term extension available for any form of patent

12. **How are technical matters considered in patent litigation proceedings?**

In China, the law does not clearly define “expert witness”. On the other hand, Articles 122 and 123 of Interpretations of the Supreme People’s Court on Application of the Civil Procedural Law of the People’s Republic of China (hereinafter referred to as “Interpretations of Civil Procedural Law”) provides that a litigant may apply before expiry of the duration for presentation of evidence for one to two experts to represent the litigant in court to cross-examine the appraisal opinion, or to give opinions on specialised issues involved in the facts of the lawsuit. The opinions given by the experts in court on specialised issues shall be deemed as the litigant’s statements. Experts may be questioned in court. Upon approval by the court, a litigant may question an expert in court, and the experts applied by the respective litigants may confront the relevant issues in the lawsuit. Experts shall not participate in court hearing activities other than specialised issues.

13. **Is some form of discovery/disclosure and/or court-mandated evidence seizure/protection (e.g. saisie-contrefaçon) available, either before the commencement of or during patent litigation proceedings?**

In China, there is no discovery procedure. However, according to Article 27 of *Interpretation of Patent Law (II)*, where the rights holder has provided preliminary evidence of gains derived by the infringor, if the relevant accounts books and materials relating to the patent infringement are held by the infringor, the court may order the infringor to provide the said accounts books and materials; where the infringor refuses to provide without a proper reason or provides false accounts books and materials, the court may ascertain the gains derived by the infringer from the infringement based on the assertion of the

rights holder and the evidence provided.

14. **Are there procedures available which would assist a patentee to determine infringement of a process patent?**

For a normal process patent infringement litigation, there is no special procedure to assist the patentee in determining the infringement of the process patent, unless the patent infringement dispute involves a patented invention for manufacturing method of a new product, in which situation the organisation or individual manufacturing the same product shall show proof to prove that their product manufacturing method differs from the patented method.

15. **Are there established mechanisms to protect confidential information required to be disclosed/exchanged in the course of patent litigation (e.g. confidentiality clubs)?**

According to Article 103 of *Interpretations of Civil Procedural Law*, evidence, which involves State secrets, commercial secrets, personal privacy or evidence to be kept confidential pursuant to the provisions of the law, shall not be cross-examined openly. In practice, parties of the case generally would claim that the evidence relates to trade secret and thus request the court not to hold a public hearing or public cross-examination.

16. **Is there a system of post-grant opposition proceedings? If so, how does this system interact with the patent litigation system?**

In China, there is invalidity proceedings, but no post-grant opposition proceedings.

17. **To what extent are decisions from other fora/jurisdictions relevant or influential, and if so, are there any particularly influential fora/jurisdictions?**

Whether in a situation in which the foreign decision relates to a relevant issue for which no precedent in national law exists or in a situation in which decisions exist in respect of foreign equivalents of a patent in suit, the Chinese court would not refer to the decisions from foreign fora /jurisdictions.

18. **How does a court determine whether it has jurisdiction to hear a patent action?**

The Chinese court has jurisdiction over disputes involving a Chinese patent, and has no jurisdiction over infringement or validity cases in respect of foreign patents. There is no anti-suit injunction system in China, either.

19. **What are the options for alternative dispute resolution (ADR) in patent cases? Are they commonly used? Are there any mandatory ADR provisions in patent cases?**

Other than litigation, the parties involved in the dispute can choose mediation or arbitration, but these options are not mandatory and commonly used.

20. **What are the key procedural steps that must be satisfied before a patent action can be commenced? Are there any limitation**

periods for commencing an action?

In order to commence a patent litigation, the plaintiff shall submit complaints, preliminary evidence for infringement and identity documents (such as business licence, identification of the legal representative, PoA) to the court. In addition, the plaintiff shall pay court costs for the case. The limitation periods for commencing an action shall be three years, commencing from the date on which the patentee or interested party becomes or should become aware of the infringement.

21. **Which parties have standing to bring a patent infringement action? Under which circumstances will a patent licensee have standing to bring an action?**

Any patentee or interested party may bring a patent infringement action. According to Article 1 of Several Provisions of the Supreme People's Court for the Application of Law to Stop Infringement of Patent Right Before Instituting Legal Proceedings, the interested party refers to the licensee of the licensing contract for exploitation of patent and the legal heir to the property right of the patent, etc. Among the licensees of the licensing contract for exploitation of patent, the licensee alone of an exclusive patent license contract may bring an action; the licensee of a sole exclusive patent license contract may bring an action when the patentee does not. As for the licensee of an ordinary patent license contract, the court generally would require the licensee bring an action along with the licensor.

22. **Who has standing to bring an invalidity action against a patent? Is any particular connection to the patentee or patent required?**

Anyone can bring an invalidity action against a patent, and the he would not

have to have any particular connection to the patentee or patent required.

23. Are interim injunctions available in patent litigation proceedings?

Yes, interim injunctions are available in patent litigation proceedings. Under the law, the court shall consider the following factors when reviewing an application for an interim injunction:

1. whether the applicant's request has factual and legal basis, including whether the validity of the intellectual property to be protected is stable;
2. whether the failure to enforce injunction will cause the legitimate rights and interests of the applicant to suffer irreparable injury or will cause difficulty in enforcement of the ruling;
3. whether the injury suffered by the applicant as a result of the failure to enforce injunction will exceed the injury suffered by the respondent as a result of enforcement of injunction;
4. whether the enforcement of injunction will compromise public interest; and
5. any other factors to be considered.

The court shall, prior to granting an injunction, question the applicant and the respondent, except when the situation is urgent or the inquiry may affect enforcement of the injunction. Therefore, basically, preliminary injunctions are available on an *inter parte* basis. In addition, the court would require a cross-undertaking in respect of damages before granting an interim injunction.

24. What final remedies, both monetary and non-monetary, are available for patent infringement? Of these, which are most commonly sought and which are typically ordered?

In China, the most commonly sought final remedies available for patent

infringement are damages and permanent injunction. Other than those, the right owner can seek for other civil relief such as elimination of ill effects, destruction of special mould, administrative relief such as ordering to correct, fines, and criminal relief where the infringer counterfeits others' patents and the circumstances are serious.

25. **On what basis are damages for patent infringement calculated? Is it possible to obtain additional or exemplary damages?**

According to Article of the China Patent Law (CPL), the damages for infringement of patent rights shall be determined according to the actual losses suffered by the holder of patent rights due to the infringement; where it is difficult to determine the actual losses, the damages shall be determined according to the gains derived by the infringer from the infringement. Where it is difficult to determine the losses of the holder of patent rights or the gains derived by the infringer, the damages shall be determined reasonably according to a multiple of the royalties of such patent. The damages shall also include the reasonable expenses incurred by the holder of patent rights in the course of stopping the infringement. Where it is difficult to determine the losses of the holder of patent rights, the gains derived by the infringer and the royalties of the patent, a court may determine damages ranging from RMB10,000 to RMB1 million according to the type of patent rights, the nature of infringement and the circumstances, etc.

26. **How readily are final injunctions granted in patent litigation proceedings?**

For patent litigations, the court judgments would mostly enforce a final injunction along with an award of damages. However, the court may, based on the consideration for national interests and public interest, opt not to rule that

the respondent stop the infringement, and instead order the respondent to pay the corresponding reasonable expenses. As for the account of the expense, there is no clear legal provisions and it is judge's discretion.

27. **Are there provisions for obtaining declaratory relief, and if so, what are the legal and procedural requirements for obtaining such relief?**

An interested party may initiate a lawsuit to request the court to declare it does not infringe the rights conferred by the patent, only if the following conditions are satisfied: first, the right holder issued a warning of infringement to the party; second, the warned party or its interested party filed a written reminder (pre-procedure); third, the right holder did not withdraw the warning within a reasonable period of time, and did not file a lawsuit.

28. **What are the costs typically incurred by each party to patent litigation proceedings at first instance? What are the typical costs of an appeal at each appellate level?**

The typical costs of proceedings to first instance judgment on infringement/validity comprise court fees, investigation and evidence collection fees (e.g. notary fees, document copy fee), attorney fees. For the appeal, the typical costs comprise court fees, attorney fees and sometimes investigation and evidence collection fees. For the retrial phase, which is not an appellate level but a trial supervision procedure, no court fees would be charged.

29. **Can the successful party to a patent litigation action recover its**

costs?

For infringement litigations, the court fees, a reasonable part of the investigation and evidence collection fees and attorney fees are recoverable from the losing party; for validity cases, only the court fees are recoverable from the losing party.

If parties make a settlement on the potential costs liability of the opposing party, the court would support it. There is no procedural mechanism either enabling or requiring security for costs.

30. **What are the biggest patent litigation growth areas in your jurisdiction in terms of industry sector?**

Growth of patent disputes in the field of communications and daily family life grow are biggest in China.

31. **What do you predict will be the most contentious patent litigation issues in your jurisdiction over the next twelve months?**

I predict increase in damages and distribution of burden of proof would be the most contentious patent litigation issues in China over the next twelve months.

32. **Which aspects of patent litigation, either substantive or procedural, are most in need of reform in your jurisdiction?**

The following aspects of patent litigation are most in need of reform in China:

increase in damages, distribution of burden of proof and trial period.

33. **What are the biggest challenges and opportunities confronting the international patent system?**

Today, emerging new technologies will have a major impact on the existing intellectual property landscape, so intellectual property administration, policy and governance will face major challenges. But the challenge is also an opportunity. Therefore, although national technological capabilities vary widely across the globe, these challenges will also provide important opportunities for the development of national IP systems.