



www.deqi-iplc.com

IN THIS ISSUE

CHINA IPR NEWS

1. Patent & trademark administrative appeals to courts will be universally addressed and trialed by the IPR Tribunal of courts. 1
2. The Supreme People's Court is about to issue a new judicial interpretation for patent civil disputes. 2
3. The number of China's IPR civil cases increases continually. 2

LAW & PRACTICE

1. A Court is reluctant to grant the pretrial injunction relief in the situation where a literal infringement is found to be absent 2



CHINA IPR NEWS

1. Patent & trademark administrative appeals to courts will be universally addressed and trialed by the IPR Tribunal of courts.

It follows from a judicial interpretation named “The Supreme People’s Court’s provisions on the dividing of trial work in respect of patent, trademark, new plant variety, layout-design of integrated circuits administrative appeals”, from July 1, 2009, all those administrative appeals will be universally addressed and trialed by the IPR Tribunal of courts. The so-called administrative appeals are, taking patent for an example, those from the reexamination or invalidity decisions of PRB.

Before this judicial interpretation taking effect, an IPR administrative appeal covered by the judicial interpretation, if the parties of which were not being involved in another pending civil lawsuits in respect of the same patent or trademark right as that concerned by the administrative appeal, would be addressed and trialed by the Administration Tribunal of courts. But if the parties were being involved in another pending civil lawsuits in respect of the same patent or trademark right, it’s the IPR Tribunal of courts responsible for the trial of those appeals. Once the judicial interpretation becomes effective, in practice, all those administrative appeals would be addressed and trialed by IPR Tribunal of the Beijing First Intermediate People’s Court, the Beijing 2nd Intermediate People’s Court, the Beijing Higher People’s Court and the Supreme People’s Court.

The issuance of this judicial interpretation corresponds to a reform move in the “National IPR Strategies Compendium” issued by the State Council on June 5, 2008, which is stated as “researching and setting up a specialized IPR tribunal within courts which is capable of addressing and trialing all the three types of, namely the civil, administrative and criminal, IPR cases”. According to Chinese Administrative Litigation Law,



the judicial review on appealable administrative decisions is normally carried out by the Administrative Tribunal of courts. And PRB or TRAB's decisions are generally deemed as administrative decisions. That's why it's the Administrative Tribunal of courts which is generally supposed to and actually also had addressed and trialed a significant part of such appeals before this judicial interpretation came into effect.

Source: www.sipo.gov.cn

2. The Supreme People's Court is about to issue a new judicial interpretation for patent civil disputes

On June 18, 2009, the Supreme People's Court issued a draft version of a new judicial interpretation named "Interpretations on the Law Applicable to the Trial of Patent Infringement Cases" to solicit opinions from the public at large.

This draft version consists of 25 articles, which relates to the determination of the protection extent of claims concerned in a patent infringement case, when and to what extent the changes of plaintiff's claim may be allowed, rules which are needed to be followed for the finding of an act of infringement, categorized infringing acts and ways to telling them apart, non-infringement defenses, determination of the amount of damages, etc..

This draft version of this judicial interpretation has attracted widespread attentions from the public especially the people of patent community. For instance, only through the website of www.chinacourt.org have more than 200 feedbacks been submitted. This judicial interpretation can be expected to be officially issued by the end of this year to keep pace with the newly amended Patent Law's coming into effect.

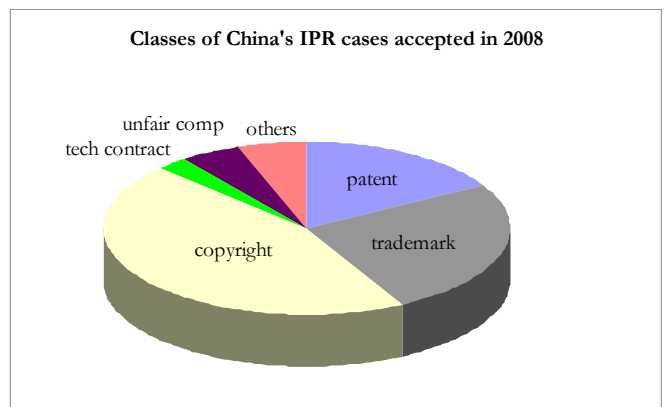
Source: www.sipo.gov.cn

3. The number of China's IPR civil cases increase continually

According to the statistic from the Supreme People's Court, the number of China's IPR civil cases continue to increase in recent years. Taking the year of 2008 for an

example, a total of 24,406 IPR cases were accepted and 23,518 IPR cases were concluded with a yearly increase of 36.52% and 35.2%, respectively. Among the cases accepted in 2008, there are 4,074 patent cases, 6,233 trademark cases and 10,951 copyright cases. The following graph shows the proportion of a given IPR case in the total cases accepted in 2008 in China.

Source: www.ipr.gov.cn



LAW & PRACTICE

A Court is reluctant to grant the pretrial injunction relief in the situation where a literal infringement is found to be absent

Guangzhou Mega-eagle Hardware vs. Huanggang Aiger Hardware

By Shaohui Du

Requester (plaintiff): Guangzhou Mega-eagle Hardware Co. Ltd. (Hereinafter called "Mega-eagle")

Respondent (defendant): Huanggang Aiger Hardware Manufacture Co. Ltd. (Hereinafter called "Aiger")

Court: Wuhan Intermediate People's Court of Hubei Province

Docket Number: (2009) WUZHIJINZI NO. 3

In May 2009, Mega-eagle requested the Wuhan Intermediate People's Court to grant a cease and desist order against Aiger to stop an ongoing infringement on



its utility model patent (ZL02226804.9) titled “A sort of water pipe” before a formal patent litigation was initiated against Aiger. Specifically, Mega-eagle requested the Court to seal up and seize Aiger’s water pipes stocked in a customs monitoring area seated in the Huangshi city, Hubei province. Mega-eagle had supplied the Court sufficient security required.

To prove the validity of the patent concerned, the requester Mega-eagle had submitted the Court the letters patent, the receipt of annuity payments and corresponding publication pages in the patent gazette. To further make out his case, Mega-eagle also submitted a search report made by the SIPO to prove that the patent concerned complies with the novelty and non-obviousness requirements set by the Patent Law.

Wuhan Intermediate People’s Court found that the essential features of the claim concerned consisted of:

1. A bowl pipe seat is linked to the upper part of a smoke pipe, the bowl pipe seat connects a bowl pipe the bottom of which possesses several pinholes, the pinholes communicate with the smoke duct inside the smoke pipe;
2. A water container is linked to the under part of the smoke pipe into which the smoke duct inside the smoke pipe extends, and a cavum is sited in the linkage part of the water container and the under part of the smoke pipe;
3. A smoke hole tie-in is installed in the under part of the smoke pipe, which communicates with the cavum, the cigarette holder links with the smoke hole tie-in through a long tube. The forgoing three features were hold to have defined the scope of protection of the patent concerned.

The Court observed:

By unscrambling the claim in conjunction with the specification and the drawings, the novelty and non-obviousness of this patent are mainly represented by the technical feature of that a cavum is sited in the linkage part of the water container and the under part of the smoke pipe, precisely due to that feature water can be avoid of being directly inbreathing by the smoker even though the water container has already been filled up with water and the density of the smoke also becomes adjustable. The accused water pipe manufactured and

sold by the respondent also consist of three parts: the smoke pipe, the cigarette holder and the water container with one smoke duct inside the smoke pipe, but it’s highly disputable that whether the accused pipe also have a cavum in the linkage part of its water container and the under part of its smoke pipe. It follows that the accused pipe did not literally infringe Mega-hardware’s patent at least, and it needs a further trial to ascertain whether the accused pipe infringed the patent concerned. Accordingly, this court won’t grant such a pre-trial injunction order in light of the specific circumstances of this case.

Consequently, the Court had Mega-hardware’s request rejected.

Comments

Pretrial injunction order has been adopted by many countries in their patent systems and China is not exceptional in this regard. Under Chinese patent system, a pretrial injunction order refers to a mandatory order issued by a court to have a given act of one party ceased or restricted upon the request of the other party (usually the patentee) aiming for the deterrence of an ongoing or imminent infringement prior to the initiating of a lawsuit. Regarding the conditions for the grant of pretrial injunction order in patent civil disputes, there are four requirements¹ provided for in a judicial interpretation named “Provisions of Supreme People’s Court for the Application of Law to Pre-trial Cessation of Infringement of Patent Right”. One of the requirements is the “likelihood of success in the coming

1. According to Article 11 of that judicial interpretation, when facing an application for pretrial injunction order, a court shall examines the following four aspects: 1. Whether the act that is being committed or is about to be committed by the party against whom the application was filed infringes the patent right concerned; 2. Whether the legitimate interests of the applicant would be irreparably harmed if the measures are not taken; 3. Whether sufficient security has been supplied; 4. Whether the public interests would be impaired if the party against whom the application was filed was ordered to cease the relevant acts.

lawsuit”.

As regards patent infringement cases, the examination of “likelihood of success” by a court usually includes:

1.Examination as to the validity of the patent concerned. Validity of a utility model patent usually can be substantiated by search report with a favorable conclusion from SIPO. 2. Examination as to the likelihood of infringement. The first issue is easy to handle hence the key point of the examination of court is the second one, which usually gives rise to one question: The examination shall cease when a literal infringement is found to be impossibly present or the examination shall further proceed to the likelihood of infringement by equivalents ?

In this case, Wuhan Intermediate People’s Court held since the accused product did not literally infringe the patent concerned, and it needs a further trial to ascertain whether the accused pipe infringed the patent concerned, in such an instance it won’t grant the order. Simply put, that Court’s ruling implies that only if a literal infringement, which is easier to be identified because of its nature, can be found is it deemed suitable to grant a pretrial injunction order. There’s no doubt this position may make the judges’ work easier but it’s totally questionable as regards whether it has inappropriately

restricted the applicable room of the “likelihood of success” set up by the judicial interpretation. Actually this position may be a reflection of the opinion demonstrated in the “Supreme People’s Court Opinions Regarding How the Trial of IPR Cases Serves the Overall Situation under the Current Economical Background” which is judicial notification (a type of judicial policy, not binding as the judicial interpretation) addressed to courts of province level on May 6, 2009. Through the notification the Supreme People’s Court has demonstrated a less lenient position in granting a pretrial injunction order by calling for more careful examination to the conditions required.

Copyright © 2009 Deqi Intellectual Property Law Corporation . All Rights Reserved.

Contact us:

Tel: + 86 10 82339088

Fax: + 86 10 82331881

E-mail: mail@deqi-iplc.com

Address: 7/F, Xueyuan International Tower, No. 1 Zhichuan Road, Haidian District, Beijing, P.R.China

Postcode: 100083

Website: www.deqi-iplc.com