

A close-up photograph of a traditional Chinese red door. The door is covered in a grid of small, round brass studs. Two large, ornate brass knockers, each featuring a lion's head, are mounted on the door. The text 'Chinese intellectual property War' is overlaid in white, with 'War' being significantly larger than the other words.

# Chinese intellectual property War

HAN, YuFeng



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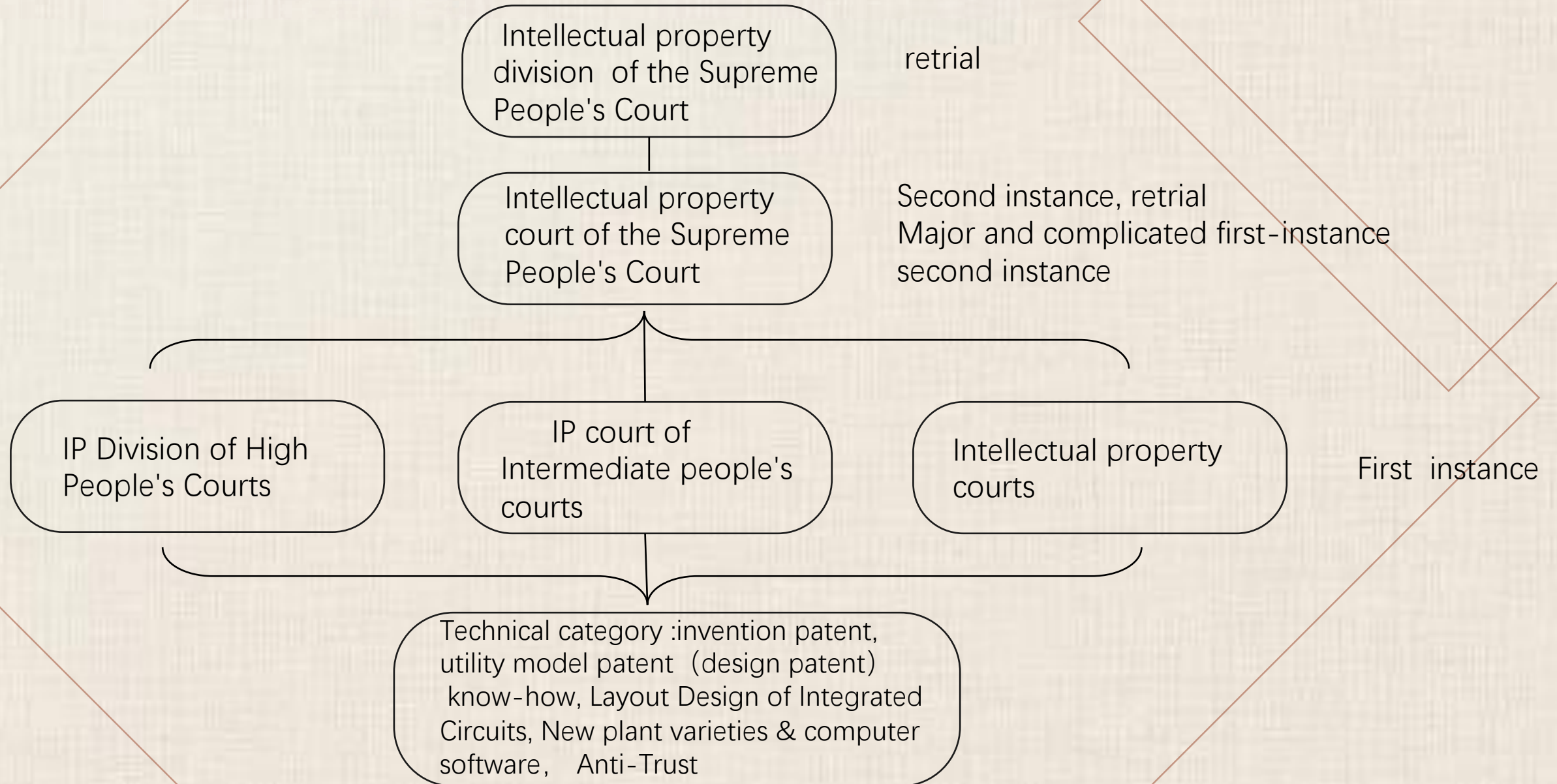
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PART ONE

# Forum-shopping over Technical Cases

# Forum-shopping over Technical Cases



# Several Provisions of Supreme People's Court on Issues Relating to Laws Applicable for Trial of Patent Dispute Cases

## Article 5

Lawsuits filed against infringement of patent right shall be tried by the People's Court at the **place of infringement** or place of residence of the Defendant.

The place of infringement shall include: the place of manufacturing, use, offering for sale, sale or importation of the alleged products which infringed upon an invention or utility model patent right; the place of implementation of use of patented method, the place of implementation of use, offering for sale, sale or importation of products derived directly pursuant to the patented method; the place of implementation of manufacturing, offer for sale, sale or importation of design patent products; the place of implementation of patent counterfeiting. The place of occurrence of infringement outcome of the aforesaid infringement acts.

# Several Provisions of Supreme People's Court on Issues Relating to Laws Applicable for Trial of Patent Dispute Cases

## Article 6

Where a plaintiff files a lawsuit only against the manufacturer of infringing products and not against the seller, the place of manufacturing and the place of sale of the infringing products are different, the People's Court at the place of manufacturing shall have jurisdiction; where the manufacturer and the seller are named as the co-defendants of the lawsuit, the People's Court at the place of sale shall have jurisdiction.

Where the seller is a branch of the manufacturer, the plaintiff files a lawsuit at the place of sale against the manufacturer of the infringing products for manufacturing and sale of infringing products, the People's Court at the place of sale shall have jurisdiction.

PART TWO

Preliminary injunction  
and permanent  
injunction  
—Act Preservation

2000

In order to fulfill the WTO commitments, according to the provisions of the TRIPS Agreement on interim measures, Article 66 of the Patent Law, Article 65 of the Trademark Law and Article 50 of the Copyright Law have all added conduct preservation Provision

Articles 100 and 101 of the Civil Procedure Law of PRC have added provisions on the conduct preservation before and during the prosecution, and extended the conduct preservation system to all civil fields.

2012

Judicial Interpretation issued :**Several Rules of the Supreme People's Court on Legal Matters Concerning the Implementation of Stopping the Patent Right Infringement Before Filing A Lawsuit and Interpretation of the Supreme People's Court Concerning the Application of Laws for Stopping Acts of Infringing upon Registered Trademark Rights and for Attachment of Evidences Before An Action Is Instituted**

2001.06/2002.01

The Provisions of the Supreme People's Court on Several Issues concerning the Application of Law in Examining Cases Involving conduct Preservation in Intellectual Property Disputes as adopted at the 1755th meeting of the Judicial Committee of the Supreme People's Court on November 26, 2018 are hereby promulgated and shall come into force on January 1,

2019.

2019




# Classification





# ELI LILLY AND COMPANY v. Jiangsu Haosen Pharmaceutical Co., Ltd. and Shanghai Pharmaceutical Industry Research Institute (2002)

→  
Case  
summary

- The plaintiff is the patentee of the patent involved, and in February 2002 informed the Haosen company that the new medicine produced infringed the plaintiff's two patent rights and required it to stop the infringement.
  - In May of the same year, the plaintiff applied to the court for pre-litigation act preservation and provided corresponding guarantees.
  - **Thus, Shanghai Second Intermediate People's Court ordered the two defendants to stop producing and selling new medicines.**
  - **In March 2006, the Shanghai Supreme People's Court issued a judgment held that the new medicine produced by the defendant did not infringe the plaintiff's two patent rights.**
- 

# ELI LILLY AND COMPANY v. Jiangsu Haosen Pharmaceutical Co., Ltd. and Shanghai Pharmaceutical Industry Research Institute (2002)

Act preservation/Injunction <sup>1</sup> → Unstable state of patent rights



Did not infringe patent involved    The patent might be partially or completely invalidated



The claims of the plaintiff are entirely or partially not supported



Guarantees + Sued separately



# Shanghai Novartis Trading Co., Ltd. v.

## Zhengda Tianqing Pharmaceutical Group Co., Ltd.(2013)

- The plaintiff(Novartis) is the ordinary licensee which has been authorised to represent the patentee in infringement lawsuit on the patent in question.
- The plaintiff claims that the the the relevant content of specification of the accused medicine that the defendant (ZhengDa) started to sell and promised to sell has constituted an infringement, and without the permission from the patentee.
- The plaintiff filed an application for the act preservation to the court. **Thus, Beijing Second Intermediate People's Court ordered the defendant to stop using relevant content of specification when producing and selling the medicine.**
- **The issue of the injunction prompted the settlement between the plaintiff and the defendant.**

→  
Case  
summary

→  
Positive effect



## Patent Law of the People's Republic of China (2008)

**Article 66** Where the patentee or stakeholder can show proof to prove that others are implementing or will be implementing an infringement of patent rights, and his/her legitimate rights and interests will suffer from **irreparable damages** if such infringement or impending infringement is not stopped promptly, the patentee or stakeholder may, prior to filing a lawsuit, apply to a People's Court to adopt measures to order that the relevant acts be stopped.

An **applicant shall provide guarantee when making an application**; where a guarantee is not provided, the application shall be rejected.

**When there is an error in the application, the applicant shall compensate the counterparty for the losses incurred due to stopping of the relevant acts.**

## Several Provisions of the Supreme People's Court for the Application of Law to Stop Infringement of Patent Right Before Instituting Legal Proceedings (2001)

### Article 11

The people's court shall examine the application for reconsideration filed by the interested party as to the following aspects:

- (1) whether or not the act which is being committed or will be committed by the party against whom an application is filed **constitutes an infringement of patent right;**
- (2) whether or not taking the relevant measure **will cause irremediable damages** to the legal rights and interests of the applicant;
- (3) the content of the information that related to the applicant's provision of **the guaranty;** and
- (4) whether or not to the order the party against whom an application is filed to **stop the relevant act would impair the public interests.**


## Several Provisions of the Supreme People's Court for the Application of Law to Stop Infringement of Patent Right Before Instituting Legal Proceedings (2001)

### Article 16

- When executing the **pre-litigation measure to stop the act of patent infringement**, the people's court may, according to the application of the interested party, **simultaneously preserve the evidence**.

### Article 17

- Where the patentee or the interested party institutes **proceedings against patent infringement**, when **simultaneously requesting for stopping the act of patent infringement in advance**, the people's court may first make the ruling on the request.




## Case of Yang Jikang's Application for Ordering Cease in Auction of Qian Zhongshu's Letter Manuscripts

- The No. 2 Higher People's Court of Beijing Municipality held that: Under the circumstance where Yang Jikang, rights holder of Qian Zhongshu's letter manuscripts involved, explicitly disagreed to the disclosure of the letter manuscripts involved, Sungari International Auction Co., Ltd. was to implement public preview and auction, which constituted infringement upon the copyright owner's right of publication. If such acts failed to be prohibited in a suitable manner, they **would cause irreparable damages to the rights holder**. In addition, the right of publication was on the basis of the copyright owner to exercise and protect other rights. **Once a work was illegally published, it would easily cause the failure to control others' duplication and issuance.**

→  
Case  
summary





## Case of Yang Jikang's Application for Ordering Cease in Auction of Qian Zhongshu's Letter Manuscripts

- the court actively and reasonably adopts the act preservation measures, and the applicable conditions of the preservation measures are established, it not only provide prompt protection for the right holders, but also prevents the abuse of litigation rights.
- Under the circumstances that the society is paying close attention to the large-scale disclosure of the manuscript of QianZhongshu, **the court fully considered the possible impact of the case on the public interest of the society and accurately issued an injunction, which effectively protected the rights of copyright owners.**

→  
Positive effect





## Beijing Birdman Art Promotion Co., Ltd v.

## HuaxiaHongyang International Culture & Art and Tang

- On May 15, 2010, Tang was to held a concert and announced on his Weibo the songs will be performed in the concert. The plaintiff enjoyed exclusive right to use of the nine works among all announced. Among all the songs planned to be sung in the concert, the plaintiff had exclusive rights to use for 13 songs.
- The plaintiff believes that the defendant's upcoming behavior will inevitably infringe on the exclusive right to use the song enjoyed by the company and cause irreparable damage to the company. Therefore, the plaintiff filed an act preservation before the prosecution and provided with a legal and effective guarantee.
- **Thus, Beijing Second Intermediate People's Court ordered the two defendants could not perform 9 songs in the concert.**



Case  
summary





## Beijing Birdman Art Promotion Co., Ltd v.

## HuaxiaHongyang International Culture & Art and Tang

- After Tang refused to execute the court ruling in the concert, the court immediately made a civil sanctions decision and made a total fine of RMB210,000 for HuaxiaHongyang and Tang.



Case  
summary

- **The plaintiff applied for a injunction on 13 songs**
- **The court made an act preservation ruled 9 of the 13 songs.**



**Whether the situation is urgent + Legal effect**



## **Copyrights Law of the People's Republic of China (2010)**

Article 51 Under the circumstances where evidence may be destroyed or is difficult to obtain evidence in the future, a copyright holder or a holder of copyright-related rights may, for the purpose of curbing infringement acts, apply to a People's Court for preservation of evidence prior to filing a lawsuit.

## **Interpretation of the Supreme People's Court on Issues Relating to Application of Law to Adjudication of Cases of Copyright Disputes (2002)**

Article 30 When taking the pre-trial measures, a People's Court shall handle the matter with reference to the provisions of the Interpretations of the Supreme People's Court on the Application of Laws Concerning the Pre-trial Injunctions to Cease Infringement on Exclusive Rights to Use Registered Trademarks and Preservation of Evidence.



# Zhejiang Tangde Film and Television Co., Ltd v.

## Shanghai Canxing Culture Communication Co., Ltd.

- On June 20th, 2016, the plaintiff applied for an act preservation before the prosecution, and requested the defendants immediately to stop the use of the words "中国好声音" , "the Voice of China", related registered trademarks and related Program name in the program promotion, selection, advertising investment, and program production of the singing competition

→  
Case  
summary

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Beijing Intellectual Property Court held that the review of an act preservation in order to stop the relevant behavior of the Respondent that mainly need to consider the following factors:

- Whether the applicant is a right holder or a stakeholder;
- Whether the applicant has the possibility to win the case;
- Whether it is urgency (the legal rights of the applicant will be irreparably damaged);
- Damage balance,
- Whether the applicant provided the corresponding guarantee.

→  
Opinion

# Trademark Law of the People's Republic of China (2013)

## Article 65

Where a trademark registrant or a stakeholder has evidence to prove that others are implementing or are going to implement infringement of its exclusive rights to use registered trademarks, and that it will suffer irreparable damage of its legitimate interests if the infringement is not stopped promptly, it may, prior to the lawsuit, apply to the People's Court pursuant to the law for an order to stop the relevant act(s) and for property preservation measures.

# Questions Concerning the Application of Law to the Pre-litigation Injunctions to Cease Infringement on Exclusive Rights to Use Registered Trademarks and Preservation of Evidence Interpretation

## Article 1


Pursuant to Articles 57 and 58 of the Trademark Law, a trademark registrant or interested party may apply to the people's court for a pre-litigation injunction to cease infringement of the exclusive right to use a registered trademark or for the preservation of evidence.

Interested parties that may apply include licensees under trademark licensing contracts and lawful successors to registered trademark property rights. Among licensees under registered trademark licensing contracts, those under exclusive licensing contract may independently apply to people's courts whereas those under sole licensing contract may only apply if the trademark registrant does not apply.



## Qualcomm v. Four Apple Chinese companies

→  
Case  
summary

- On December 10, 2018, the Fuzhou Intermediate People's Court ruled that the application for act preservation proposed by Qualcomm Company was in compliance with the law.
  - Four Apple Chinese companies should immediately stop the infringement of Qualcomm's two patents, including imports, sales and promises to sell unauthorized products in China.
  - The court held that Apple had infringed on Qualcomm patent and issued a preliminary injunction that bars Apple from selling the iPhone 6S, the iPhone 6S Plus, the iPhone 7, the iPhone 7 Plus, the iPhone 8, the iPhone 8 Plus and the iPhone X in China.
- 





## Qualcomm v. Four Apple Chinese companies

In the written application, Qualcomm stated that if the defendant's infringements could not be promptly stopped, which may cause irreparable damage to the interests of the patentee, as follows:

- 1. The amount of subsequent infringement compensation is difficult to calculate.
- 2. If the infringement is not stopped through the act preservation at this stage, the damage of Qualcomm will be inevitably further expanded due to the new phones entering the market.
- 3. The infringement will cause irreparable damage to the competitive products of other mobile phone manufacturers that have established licensing relationships with Qualcomm in the Chinese market, which will cause irreparable damage to the commercial cooperation between Qualcomm and these partners.

↪  
Effects



## Why is Apple still selling iPhones in China?

- In the ruling, only the four accused companies need to stop selling the banned phones
- Apple prosecuted that the software or system in those phones has been updated, which means the prohibited phones are no longer infringing.
- It is the mobile phone that is clearly prohibited in the ruling, not the software or system in the banned phones.
- If Apple Inc. confirmed that the system is no longer infringing after the update, Apple should file a lawsuit to confirm non-infringement.

## Execution of the act preservation

- Infringement has happened and continues to happen
  - Opinion 1: injunction should be executed by the defendant themselves
  - Opinion 2: injunction could be executed by the court
- Infringement has not happened
  - Opinion : injunction could not be executed by the court since the infringement has not happened yet
- Refuse to execute a judgment or order → Compulsory Measures against Obstruction of Civil Procedures →  
Impose a fine or detention, etc.

# Civil Procedural Law of the People's Republic of China (Amended in 2017)

## Chapter 9 — Preservation and Prior Enforcement

### Article 100

For cases in which the action of a party to the lawsuit or any other reason causes difficulty in enforcement of a judgment or causes other harm to the litigants, a People's Court may, pursuant to an application by a counterparty litigant, rule on preservation of its property or order the counterparty to undertake certain acts or prohibit the counterparty to undertake certain acts; where the litigants do not make an application, a People's Court may rule that preservation measures be adopted where necessary.

A People's Court adopting preservation measures may order the applicant to provide guarantee, where the applicant does not provide guarantee, the People's Court shall rule that the application to be thrown out.

Upon acceptance of an application, the People's Court shall make a ruling within 48 hours under urgent circumstances; where the People's Court rules that preservation measures shall be adopted, the ruling shall be forthwith enforced.

# Civil Procedural Law of the People's Republic of China (Amended in 2017)

## Chapter 9 — Preservation and Prior Enforcement

### Article 101

In the event of urgent circumstances where the legitimate rights and interests of a stakeholder will be subject to irreparable damages if the stakeholder does not forthwith apply for preservation, the stakeholder may, prior to filing of lawsuit or application for arbitration, apply to the People's Court at the location of the properties to be preserved or the respondent's domicile or a People's Court which has jurisdiction for the case for adoption of preservation measures. The applicant shall provide guarantee, where the applicant does not provide guarantee, the People's Court shall rule that the application be thrown out.

Upon acceptance by an application, the People's Court shall make a ruling within 48 hours; where the People's Court rules that preservation measures shall be adopted, the ruling shall be forthwith enforced.

Where the applicant failed to file a lawsuit or apply for arbitration pursuant to the law within 30 days from adoption of preservation measures by the People's Court, the People's Court shall lift the preservation.



STOS@...

第一宮姑

**Provisions of the Supreme People's Court  
on Several Issues concerning the Application  
of Law in Reviewing the Injunction Cases  
involving Intellectual Property Disputes  
(Effective Date 2019.01.01)**

[READ MORE](#)

## Article 6

Any of the following circumstances where the interests of the applicant will be compromised if the injunction is not enforced forthwith shall be deemed to fall under "**the situation is urgent**" stipulated in Article 100 and Article 101 of the Civil Procedural Law:

- (1) the applicant's **trade secrets are on the verge of being disclosed illegally**;
- (2) the applicant's **personal rights** such as right to publish, privacy etc; are **on the verge of being compromised**;
- (3) the disputed intellectual property is on the verge of **being disposed illegally**;
- (4) the applicant's intellectual property **is being or is on the verge of being compromised at time-sensitive occasions such as a trade fair**;
- (5) a **time-sensitive hot show is being or is on the verge of being compromised**; or
- (6) any **other circumstance** which necessitates forthwith enforcement of injunction.

## Article 7

The People's Court shall **consider the following factors** when reviewing an application for injunction:

- (1) whether the applicant's request has factual basis 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** can be considered.



## Article 8

The People's Court shall consider the following factors when reviewing **whether the validity of the intellectual property to be protected is stable**:

- (1) the **types or attributes** of the rights involved;
- (2) whether the rights involved have been subject to **substantive examination**;
- (3) whether the rights involved are **in the invalidation or revocation procedure**, and the possibility of the said rights **being declared invalid or being revoked**;
- (4) whether the rights involved comprise **a dispute over ownership**; and
- (5) any **other factors** which may cause the rights involved to be unstable.

## Article 10

For injunction involving an intellectual property or unfair competition dispute, any of the following circumstances shall be deemed to fall under "**irreparable injury**" stipulated in Article 101 of the Civil Procedural Law:

- (1) the respondent's action will compromise the applicant's goodwill, **personal rights such as right to publish, privacy etc.** and cause irreversible injury;
- (2) the **respondent's action will make it difficult to control** the infringement action and **evidently aggravate the applicant's damages;**
- (3) the respondent's infringement will cause the **applicant's relevant market share to be evidently reduced;** and
- (4) cause the applicant to suffer **any other irreparable injury.**



PART THREE

# Chinese-style discovery

# GENERAL PRINCIPLE

**Article 64 Litigants shall be responsible for providing evidence for their assertions.**

Moreover, there are more detailed regulations to explain this basic principle in the Interpretations of the Supreme People's Court on Application of the "Civil Procedural Law of the People's Republic of China".

# Two Meanings

- The 'objective' burden of proof can be referred as, when the existence of a certain fact cannot be determined (the state of truth remain unclear), when a party bears the weight of unfavourable legal judgement.
- The 'subjective' burden of proof, in a specific lawsuit, in order to avoid the risk of losing the case, the party should provide evidence to the court to prove its assertions.

# Forms of Evidences

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- Documentary evidence;
    - Material evidence;
  - Audio-visual reference materials;
- 
- Testimony of witnesses;
    - Statements of parties;
    - Expert conclusions;
  - and Records of inquests

# The duration for presentation of evidence

Article 99 A People's Court shall determine the duration for presentation of evidence during the preparatory phase for the trial. The duration for presentation of evidence may be negotiated by the litigants and shall be submitted to the People's Court for approval. The duration for presentation of evidence People's Court shall be **not less than 15 days for cases of first instance** which follows general procedures, and **not less than 10 days for cases of second instance** for which a litigant provides new evidence.

# The principle of high possibility

2001

30%

50%

40%

80%

- When a case where both parties produces conflicting evidence on the same fact but neither has sufficient points to rebut the evidence submitted by the other party, the people's court shall assess **whether or not the evidence submitted by one party is clearly more persuasive than the evidence submitted by the other party**, taking into consideration the circumstances of the case as a whole, and if so, affirm which party's evidence **has greater probative value**.



# The principle of high possibility

2015

30%

50%

40%

80%

- For evidence provided by a litigant who has the burden of proof, where the People's Court, upon examination and taking into account the relevant facts, confirms that it is **highly probable** that the facts sought to be proved exists, the People's Court shall deem that **the facts exist**.
- For evidence provided by a litigant to rebut the facts asserted by the other litigant who has the burden of proof, where the People's Court, upon examination and taking into account the relevant facts, concludes that the authenticity of **the facts sought to be proved is uncertain**, the People's Court shall deem **that the facts do not exist**.

# Problems in the field of intellectual property

The intangible nature  
Low barriers to infringe intellectual  
Property rights  
Difficult to defend the intellectual  
Property rights

Based on the general principle.  
Unreasonable distribution of burden  
of proof  
Difficult for the plaintiff to provide  
the evidence

Conflict between special burden  
of proof (the shifting of the  
burden of proof and the reverses  
the burden of proof) and general  
principles

# Examples

1. When encountering a method patent infringement case, the alleged infringement manufacturing method is in the hands of the defendant, and it is difficult for the plaintiff to obtain through normal marketing.
2. In the computer software infringement cases, the Computers which are installed with the infringed products are often obtained in the office of the defendant.
3. In addition, the plaintiff cannot provide direct evidence of their actual losses which are caused by the defendant's infringement and the evidence of gains derived by the infringer is also in the hands of the defendant.

# TRADEMARK LAW



## In 2001

the provisions of the Trademark Law are directly related to the rules of **statutory-compensation** and the exceptions from liability of the infringing sellers; while judicial practice also emphasises on the application of Several Provisions of the Supreme People's Court on Evidence for Civil Actions (2001) **and tends to reduce the burden of proof of the right holder.**

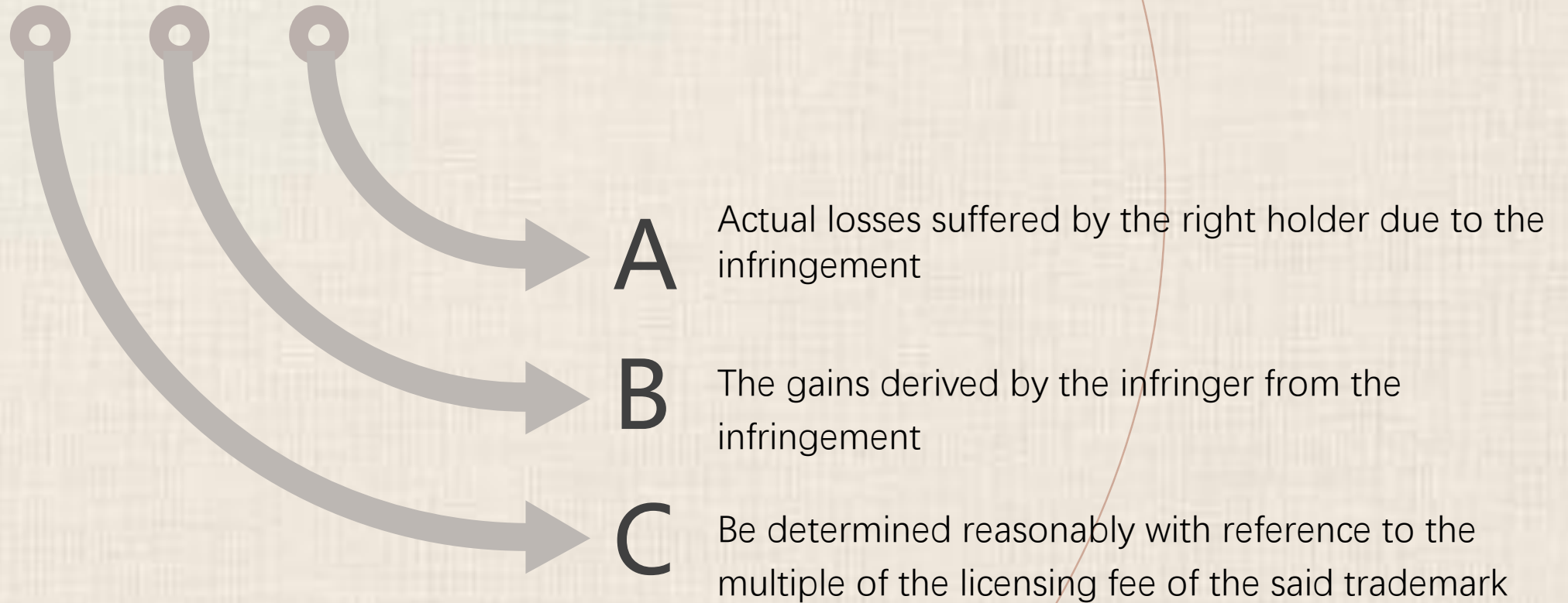
## Before 2001

the Trademark Law **did not have any provisions** which concerns about the burden of proof of trademark infringement

## In 2013

- the amount of the **compensation** can be no more than Five hundred thousand CNY and it has been **modified into no more than 3 million CNY based on the extent of the infringement.**
- **reverses the burden of proof**

# The compensation amount for infringement




# Factors need to be considered

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- Scope of infringement;
  - Duration of infringement;
  - Sales area of the defendant's business;
  - The total amount that the defendant has sold;
  - Sales methods and sources of the defendant; etc.
- Unable for the plaintiff to provide the evidence
- ↓
- imperfect information from the market;
  - incomplete information which held by the infringer
  - incomplete statistics



# Inversion of the burden of proof

- In the determination of compensation amount by the People's Court, where **the rights holder has provided the proof to its best effort**, and the account books and materials related to the infringement are held by the infringer, the **People's Court may order the infringer to provide account books and materials relating to the infringement**; where the infringer does not provide account books and materials or where the account books and materials provided are false, the People's Court may determine the compensation amount with reference to the assertion of the rights holder and the evidence provided.
- 



# PATENT LAW



# The compensation amount for infringement

2008

Article 65

## the compensation

(applied in order)

- A. the actual losses of the holder of patent rights
- B. the gains derived by the infringer from the infringement
- C. a multiple of the royalties of such patent.
- D. People's Court may determine a compensation amount ranging from RMB10,000 to RMB1 million according to the type of patent rights, the nature of infringement and the circumstances, etc.

Patent law

2016

## Article 27

- A. the rights holder has provided preliminary evidence of gains
- B. if the relevant evidence are held by the infringer
- C. the People's Court may order the infringer to provide the said accounts books and materials;
- D. the infringer refuses to provide without a proper reason or provides false accounts books and materials,
- E. ascertain the gains derived by the infringer from the infringement based on the assertion of the rights holder and the evidence provided.

Interpretations of the Supreme People's Court Concerning Certain Issues on Application of Law for Trial of Cases on Disputes over Patent Infringement (II)

DRAFT AMENDMENTS (2019)

Article 71


## the compensation (add part)

- A. For malicious infringement of patent rights, in serious cases, the compensation amount shall be determined in accordance with the aforesaid method based on one to five times of the determined amount.
- B. Compensation amount of more than RMB 100,000 but less than RMB 5 million based on the extent of the infringement.
- C. The provisions of Article 27 have written into the provisions of the Patent Law.

Patent law




# LG INNOTEK v. Nidec Corporation

- A case related to invention patent infringement dispute and patent royalties during the period of temporary protection dispute.
  - This case lasted for almost three years from 2014, during which **the plaintiff applied to initiate a variety of civil proceedings in order to ascertain the facts of the defendant's infringement** and actively provide evidence for their assertion .
  - **On March 29, 2016**, according to the application of LG INNOTEK, the Beijing Intellectual Property Court went to Nidec Corporation for preserving evidence, and **the court found that the defendant has high potential to infringe the said patent.**
- 



# LG INNOTEK v. Nidec Corporation

- At the same time, **the court ordered the defendant to provide the amount of output, the unit price and profit of four infringed products from 2013 to 2015.**
  - **Nidec Corporation did not provide evidence of the information of the profit etc.** of the alleged infringed products which the Court requested.
  - The court ruled that the **infringement damages claimed by the plaintiff shall be fully supported according to the article 27** of the Interpretations of the Supreme People's Court Concerning Certain Issues on Application of Law for Trial of Cases on Disputes over Patent Infringement (II)
  - Although the defendant appealed to the Beijing Higher People's Court, the judgment of the first instance was **fully supported by the second instance court.**
- 

# The shifting of the burden of proof

The principle of high possibility



Several Provisions of the Supreme People's Court on Evidence for Civil Actions (Revision 2008)

Article 7

Where there are no specific statutory provisions and it is not possible to determine which party is responsible for producing evidence pursuant to these Provisions or any other judicial interpretation, **the people's court may determine the burden of proof under the principles of fairness, integrity and good faith and in light of such factors as the party's ability to produce evidence.**

# The shifting of the burden of proof

Notice of the Supreme People's Court on Issuing the Opinions on Issues concerning Maximizing the Role of Intellectual Property Right Trials in Boosting the Great Development and Great Prosperity of Socialist Culture and Promoting the Independent and Coordinated Development of Economy(2011)

The patentee can prove that the alleged infringers have manufactured identical products but are unable to prove after reasonable efforts that the alleged infringers have used the patented method, if it may be determined that the identical products are highly likely produced in the patented method on the basis of the specific circumstances of the cases and in light of known facts and common sense, the patentee may no longer be required to provide further evidence in accordance with the relevant judicial interpretations on civil evidence; under the circumstances, the alleged infringers shall be required to provide evidence that their methods for producing the products are different from the patented method. In light of the difficulties in proving infringement of patented methods, evidence preservation measures shall be adopted in accordance with law to appropriately reduce the burden of proof on the method patentees. Attention shall be paid to protecting the interests of respondents to prevent a party from abusing the evidence preservation rule to illegally obtain trade secrets of others.

# ZHAO, LIANGXIN v. Cultural Heritage Research institution

- A case related to invention patent infringement dispute and **the plaintiff's patented method uses screen painting technology but the defendant claims that all methods they have used is hand-painted not screen-painted.**

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- The plaintiff applied to the court to Technically identify whether the method that the defendant had used was hand-painted or screen-printed. **Although the result of the technical identification shows that the defendant use the same methods of the said patent, the plaintiff could not prove that the defendant use the same method as claim 1 in the patent.**

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- The court ruled that although the plaintiff did not provide evidence according to the steps of the Cultural Heritage Research institution had used are the same as those of the patent claim 1, **the patentee has tried his best to prove it within the scope of his ability to his claims. Considering the defendant has a greater possibility of using the same method as the patents. At this time, the burden of proof should be transferred** to the Cultural Heritage Research institution.



The principle of high possibility



Article7

the people's court may determine the burden of proof under the principles of fairness, integrity and good faith





Ashland Licensing and Intellectual Property LLC, Beijing Tianshi Special Chemical Technology Co., Ltd. v.

Beijing Response-Chem Specialty Chemical Technology Co., Ltd., Suzhou Ruipu Industrial Additives Co., Ltd. and Wei Xingguang

- A case related to invention patent infringement dispute and The plaintiff Ashland Company is the patentee of the invention patent and TIANSHI Company is the licensee of the patent in mainland China. Wei Xingguang once served as an executive at TIANSHI Company, and later resigned as a shareholder and director of the Response-Chem company and RUIPU company.

- **Since the main technicians and Wei Xingguang are from TIANSHI Company, they have the opportunity to get in touch with the complete production process of the patented method involved. And the patented product is an industrial chemical with a specific customer based, the right holder cannot purchase it from the market.**



The principle of high possibility



- **Therefore, the court appropriately transferred the burden of proof to the accused infringer.** Although RUIPU claims that the method they used is different from the patented involved, it refuses to provide evidence to support it. Therefore, the court presumed that the defendant used the said patented method.



Article7  
the people's court may determine the burden of proof under the principles of fairness, integrity and good faith



# Shanghai Hengyi Glass Technology Co., Ltd. v.

## Chengdu Xinhefeng Special Glass Co., Ltd.

- In the case, Hengyi Company failed to cite any relevant evidence about the implementation of its patented method by Xinhefeng Company. In combination with the specific circumstances of this case, **it is difficult to draw the possibility that the alleged infringing product is manufactured through the patented method involved**
- Therefore, this case is not suitable for applying the shifting of burden of proof, and the alleged infringer Xinhefeng Company provides evidence that its manufacturing method is different from the patented method.
- In accordance with the principle of distribution of burden of proof in general patent infringement disputes, the court of first instance required Hengyi to prove that the method implemented by Xinhefeng Company fell within the scope of protection of the patented method involved.

**General principle : Article 64 Litigants shall be responsible for providing evidence for their assertions.**

The principle of high possibility + Article 7 the people's court may determine the burden of proof under the principles of fairness, integrity and good faith

# Inversion the burden of proof

Article 61 of Patent Law of the People's Republic of China (Revised)

Where a patent infringement dispute involves a patented invention for manufacturing method of a new product, organisations or individuals manufacturing the same product shall show proof to prove that their product manufacturing method differs from the patented method.

Article 4 of Several Provisions of the Supreme People's Court on Evidence for Civil Actions (Revision 2008)

The burden of proof in any infringement proceedings shall be determined under the following rules:

1. in an action for infringement of a patent for the manufacturing process of a new product, the entity or individual that produces the same product is responsible for producing evidence proving that their own manufacturing process is different from that of the patent holder.



# ELI LILLY AND COMPANY v. Jiangsu Haosen Pharmaceutical Co., Ltd.

(2009)



- The court held that
- according to the provisions of the Patent Law, there is a condition that the accused infringer bears burden of proof of did not use the patented method to manufacture the new product, that is, the patentee should
  - a. Firstly, the plaintiff need to prove the product produced by the alleged infringement method and the product produced by the patented method involves the same product;**
  - b. It should also be demonstrated that the product directly obtained a new product under the patented method.**

# Allow full play to the function of intellectual property trial

Tao Kaiyuan, Vice President of the Supreme People's Court of PRC

We must strongly improve the ability of examination & Judgment of evidence and identification of objective facts, correctly and reasonably distribute the burden of proof, avoid the mechanical application of the principle of " Litigants shall be responsible for providing evidence for their assertions" and ensure the accuracy of the identification of facts.

According to the general provisions of the Civil Procedure Law and the special needs of intellectual property rights cases, we should aim at improving the procedures of litigation and burden of proof principles, effectively reducing the burden of proof of intellectual property rights holders. It should pay attention to improve the ability of facts identification, correctly use common sense experience, properly apply the standard of high possibly principle , and appropriately transfer the burden of proof as well.

PART FOUR

# New IP Court of China Supreme Court

# Regulation of the Supreme People's Court on Several Issues Concerning Intellectual Property Court

Since the latest regulations announced by the Supreme People's Court on December 28, 2018, the Supreme People's Court established an intellectual property court to uniformly examine the specific appeals throughout the country, such as patents with strong technical expertise. According to different object of the litigation, different type of the case, domicile of the parties, and other factors, the higher people's courts, the intellectual property courts, and the intermediate people's courts may all be the first-instance court or the second-instance court of the case. And we will introduce the New jurisdictional rules when the higher people's courts, intermediate people's courts and intellectual property courts are the first or second instance courts.

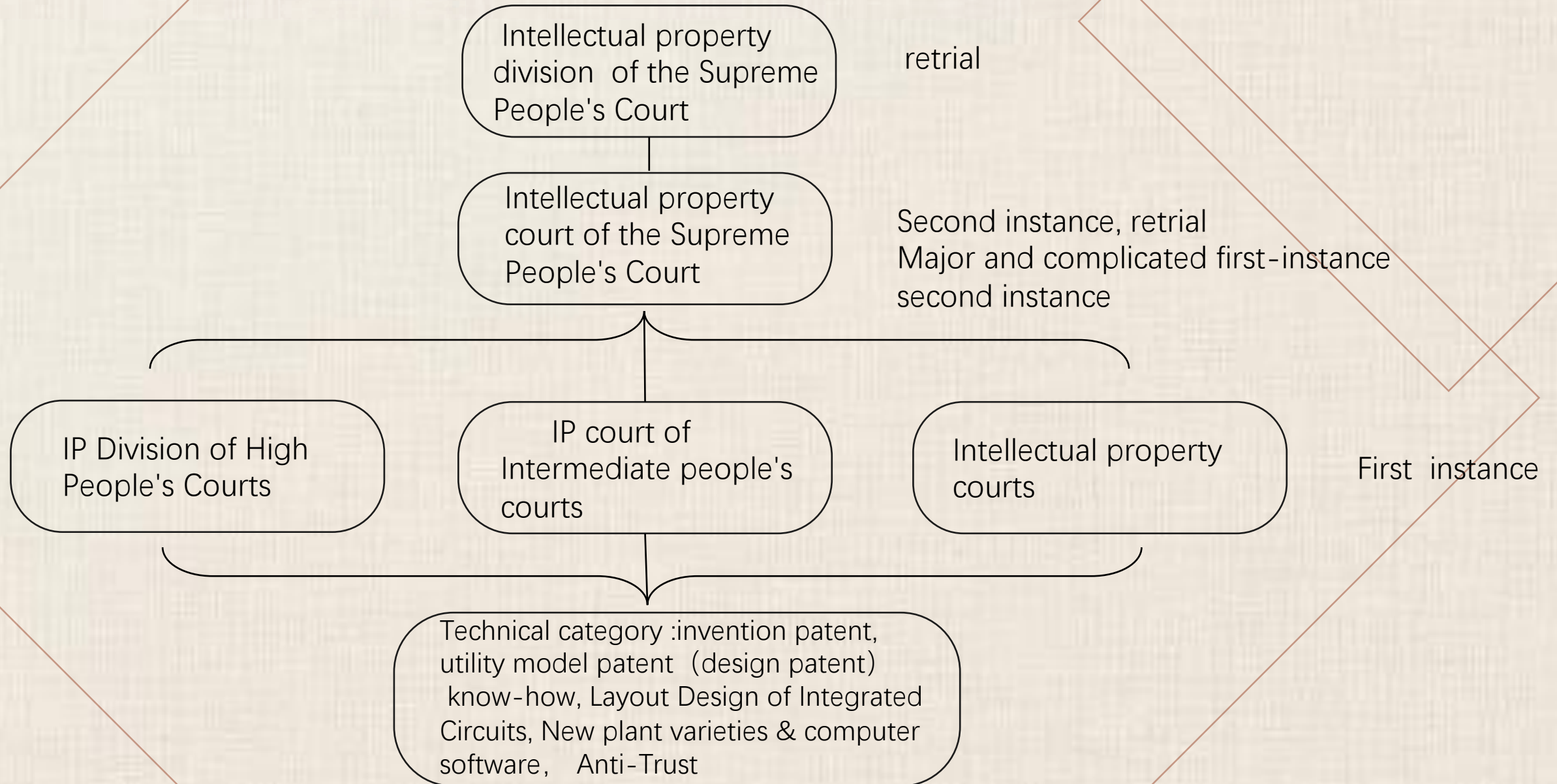
# Regulation of the Supreme People's Court on Several Issues Concerning Intellectual Property Court

Article 1 The Supreme People's Court establishes the Intellectual Property Court to take charge of hearing of appellate cases of patent and other intellectual property requiring specialty.

The Intellectual Property Court is a standing judicial body established by the Supreme People's Court, which is based in Beijing.

The judgments, rulings, mediation documents and decisions rendered by the Intellectual Property Court are the judgments, rulings, mediation documents and decisions of the Supreme People's Court.

# Forum-shopping over Technical Cases





# The End

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