

## Client Alert

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# Beijing High Court Issues Guidelines For Determining Patent Infringement

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On September 4, 2013, the Beijing High People's Court issued new Guidelines for Determining Patent Infringement (the "Guidelines"). Spanning 133 articles, the Guidelines provide comprehensive and practical guidance on such topics as claim construction, infringement, and defenses.

The Beijing High People's Court promulgated Opinions on Several Issues Related to the Determination of Patent Infringement (the "Opinions") in 2001. People's courts in Beijing currently handle about 300 patent-related civil disputes every year. With the ever-increasing number of patent disputes, and the many years of experience gained by the court, the Court issued the new Guidelines, effectively replacing the Opinions, to reflect precedents and best practices accumulated by the Beijing courts.

The Guidelines provide the Court's official guidance for the resolution of patent cases before the Beijing High People's Court, the Beijing Intermediate People's Courts, and primary people's courts in Haidian and Chaoyang Districts.

Notable articles in the Guidelines include:

- Rules on the determination of equivalent features (Doctrine of Equivalents) (Articles 41-60 of the Guidelines). The test for equivalents under Chinese law corresponds to the function-way-result test under U.S. law. The Guidelines clarify the meaning of basically identical means, functions, and results, and how to assess each of them for the purpose of determining equivalent features. The Supreme People's Court ("SPC") previously had discussed the concept of "equivalent features" in its "Several Provisions of the SPC on Issues Concerning Applicable Laws to the Trial of Patent Disputes," effective July 1, 2001, but there was little available guidance on how to apply this concept.
- Clarification of determining infringement in the case of functional features (Means-plus-Function limitations) (Articles 16-17 of the Guidelines). On January 1, 2010, the SPC set forth the principle of functional features in its "Interpretation on Several Issues Concerning the Application of Law in the Trial of Patent Infringement Dispute Cases." The new Guidelines clarify the definition of functional features and identify circumstances where certain features should not be deemed functional, thus resolving an inconsistency in current judicial practice.
- Guidelines on claim construction (Articles 1-29 and 61-69 of the Guidelines). Similar to the approach taken in the United States, the Guidelines provide that the scope of patent protection should be determined at the beginning of any trial proceedings involving a patent dispute. The Guidelines further provide detailed

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methods for the judges to follow in construing patent claims with reference to the claims themselves, the specification, the prosecution history, and extrinsic evidence. The Guidelines also confirm the presumption of validity for an issued patent.

- Determination of design patent infringement (Articles 70-86 of the Guidelines). Prior to the Guidelines, there was no consistent standard for determining design infringement, and decisions were often viewed as subjective and arbitrary. The Guidelines clarify that the “comprehensive observation and holistic determination” standard requires that judges apply the knowledge level and cognitive ability of an average consumer, and further clarify the meaning of the cognitive level and cognitive ability of an average consumer.
- Clear definition of each category of infringing activity (Articles 87-110 of Guidelines). The Guidelines categorize infringing activities typically encountered in judicial practice, and incorporate “indirect infringement” into the concept of “joint infringement.” The Guidelines provide that where the exploitation of technology by the transferee in accordance with a technology transfer contract infringes the patent right of another person, the transferee shall be liable to the patentee. As between the transferor and the transferee, Article 353 of the PRC Contract Law allocates liability to the transferor.
- Defenses (Articles 111-133 of the Guidelines). The Guidelines provide further guidance on different types of defenses against patent infringement, including such frequently asserted defenses as prior use and prior art.

The Guidelines are a definitive step taken by the Beijing High People’s Court toward the unification of judicial standards in patent cases. Even though they are not binding outside of the Beijing people’s courts, the Guidelines are expected to become an important reference to judges, agents and attorneys across the country.

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