I. Determination of Scope of Protection of Patent Right for Invention and Utility Model

(I). Objects of Interpretation for Determination of Scope of Protection

1. The scope of protection of the patent right for invention or utility model is based on the contents of the claims thereof. The description and drawings may be used to interpret the claims, but the contents of the description and drawings should not be incorporated into the claims.

2. The independent claims of a patent reflects, in general terms, the technical solution of the patent for invention or utility model, records the technical features necessary for solving technical problem, and its scope of protection is more extensive than the dependent claims. For this reason, in determining the scope of protection of the patent right, interpretation should be made of the independent claims of the patent, which has the most extensive scope of protection.

3. There may be two or more independent claims in a patent. The interpretation should be made according to the litigation claim made by the right holder in the legal proceedings as arising from a patent infringement only of the scope of protection as determined in the relevant independent claims.

4. Where a right holder accuses the defendant of infringement on the basis of the dependent claims of a patent, the Court may also interpret and define the scope of protection of the dependent claims.

(II) Principles Underlying Interpretation of Determination of Scope of Protection

5. The patent right validity principle. What the
plaintiff claims protection for must be a valid patent right under the protection of the Patent Law, but not any invention-creation that has been revoked by the Chinese Patent Office (CPO), invalidated by the Patent Reexamination Board (PRB), or abandoned by the patentee.

6. The scope of protection for the patent right should be determined on the basis of the contents of the claims. The eclectic interpretation principle should be followed for the interpretation of claims made according to the description and drawings; avoid acting on the "peripheral limitation" principle, namely the scope of patent protection is exactly the same as the scope of protection verbally stated in the claims, with the description and drawings used only to clarify some confusions in the claims; and, as well, avoid adopting the "central defining" principle, namely the claims only defines the general core of the invention, and the scope of protection may be extended to what a technical expert presumes to be the scope of protection claimed by the patentee upon reading the description and drawings. The eclectic interpretation should be somewhere in between the two extreme interpretation principles, and due protection of the patentee should be combined with the legal certainty of the public and their due interests.

7. The principle for treating the technical contents in the claims of a patent as an integrated technical solution. That is, all the technical contents as stated in the technical features in the independent claims of the patent should be treated as a whole, and the technical features in the preamble portion and those in the characteristic portion should be of the same use in defining the scope of patent protection.

8. The principle for basing the interpretation of the claims of the patent right on the basis of the technical contents stated in the claims of the patent right in any interpretation of the claims, rather than on the basis of the verbal expressions or wording of the claims. The technical contents thereof should be determined with reference to and through study of the description and drawings and on the basis of the comprehensive consideration of the technical field of the invention or utility model, the art known to the public before the filing date, its technical solution, use and effect.

9. The claims of the patent should be interpreted in line with the equitable principle. Account should be taken of both the contribution which the patentee has made over the prior art, so as to duly determine the scope of the patent protection and to protect the rights and interests of the patentee, without prejudice to the public interests. The art known to the public should not be "interpreted" as the scope of protection of the patent right, nor should the patented technology as the known art.

(III). Methods for Interpretation of Determination of Scope of Protection

10. In determining the scope of protection of the patent right, the determination should be based on the text of the claims of the patent right as finally published by the State patent granting authority as determined in the legally effective reexamination decision, revocation decision, or invalidation decision.

11. The description and drawings may be used to make duly extended or narrowed interpretation of the scope of protection of the technical solution as verbally defined in the claims of the patent right, i.e. the features equivalent to the necessary technical features are interpreted as the scope of protection of the patent right, or some necessary technical features are defined on the basis of the claims and drawings of the patent.

12. Where the independent claims and description of the patent are not consistent with one another,
or mutually contradictory, the patent does not comply with the provision of Article 26, paragraph four, of the Patent Law, and the interested party should resolve the matter through the patent invalidation proceeding.

Where the interested party is reluctant to resolve the matter through the patent invalidation proceeding, the Court should act in line with the patent validity principle and the patent claims priority principle, but not “rectify” the technical contents in the claims on the basis of the disclosure of the description and drawings.

13. Where the technical features in the independent claims of the patent are confusing, interpretation may be made to clarify the confusion in combination with the dependent claims or the description and drawings.

14. If the dependent claims contain the technical features necessary to solve the technical problem which should have been recorded in the independent claims (lack of these technical features would render the technical solution in the independent claims incomplete), the patent is not in compliance with the provision of Rule 21, paragraph two, of the Implementing Regulations of the Patent Law.

Where the interested party is reluctant to go through the invalidation proceeding, the Court may define the scope of protection of the patent right in accordance with the corresponding dependent claims on the request of the interested party.

15. A technical solution that is only stated in the description and drawings, but in the claims of the patent should not be put into the scope of protection of the patent right. That is, the scope of protection of the patent right should not be determined on the basis of the description and drawings.

1) If a technical solution is fully disclosed, specifically described or embodied in the description of the patent, but not stated in the claims, then it should be determined that the technical solution falls outside the scope of protection, and it is not permissible to put it within the scope of protection of the patent right when the claims of patent right is interpreted.

2) If the technical contents stated in the claims of the patent right is somewhat different from the description or embodiment of the description of the patent, the statements made in the claims of the patent right have the priority, and the contents of the claims should not be “rectified” on the basis of the contents as recorded in the description and drawings.

3) If the technical contents disclosed in the claims and drawings of the patent is of wide scope, but the scope of protection claimed for the patent is narrow, then, in principle, the scope of protection should be determined for the patent right according to the technical contents of the claims.

16. If there lack the technical features necessary to solve the technical problem which the invention or utility model is intended to in the independent claims and dependent claims of the patent, and the necessary technical features are disclosed only in the description and drawings, then the patent contravenes the provision of Rule 21, paragraph two, of the Implementing Regulations of the Patent Law, and the interested party should resolve the matter through the patent invalidation proceeding.

17. When indications of the drawings are cited in the claims of the patent, the technical features should not be defined by the specific structure as shown in the drawings, nor is the scope of patent protection subject to the specific examples as disclosed in the description.
18. The abstract should not be used to determine the scope of protection of the patent right, nor to interpret the claims.

19. The file of the patent application and those of the patent reexamination, revocation or invalidation may be used to prohibit the patentee from going back on his or its words at the time of interpreting the scope of protection of the patent.

20. The file of the patent application and that of the patent reexamination, revocation or invalidation may be used to correct the printing errors in the patent document. When the printing errors in the patent documents affect the determination of the scope of the patent protection, the original documents in the file of the patent prevail.

21. Any obvious writing errors in the claims or description of the patent should be correctly interpreted according to the practical circumstances.

II. Establishment of Infringement of Patent Right for Invention or Utility Model

(I). Comparison for Establishment of Infringement

22. In establishing infringement, a full comparison should be made between all the necessary technical features of the technical solution as stated in the claims of the patent and those of the alleged fringing article (product or process).

23. In establishing infringement, the patented product is generally not directly compared with the infringing article to decide on the infringement. The former may be used to help understand the relevant technical features and technical solution.

24. When the plaintiff and defendant both have their respective patent right, their patented products or the claims of the patents generally should not compared with one another to decide on the infringement.

25. As a rule, no account is taken of whether the infringing article and the patented technology are in the same area of application in comparison between the product invention or utility model to establish the patent infringement.

(II). Application of Full-coverage Principle

26. By full coverage is meant that the alleged infringing article (product or process) reproduces all the necessary technical features of said technical solution in the claims of the patent right, and the alleged infringing article (product or process) is in full correspondence and identical with all the necessary technical features in the independent claims of the patent.

27. The full-coverage principle is the entire technical features coverage principle or the literal infringement principle. That is, if the technical features of the alleged infringing article (product or process) contain all the necessary technical features of the claims of the patent right, then it falls into the scope of protection of the patent right.

28. Where said necessary technical features in the independent claims of the patent use the superordinate features, but the alleged infringing article (product or process) use the corresponding subordinate features, the alleged infringing article (product or process) falls into the scope of protection of the patent right.

29. The alleged infringing article (product or process) which uses all the necessary technical features in the claims of the patent right, and, besides, adds new technical features thereto, falls into the scope of protection of the patent right.
not the technical effect of the alleged infringing article (product or process) is identical with that of the patented technology.

30. The alleged infringing article (product or process) which contains improved technical features, as far as the prior patented technology is concerned, and has been granted the patent right is a dependent patent. Carrying out, without the authorization of the prior patentee, the dependent patent also covers the scope of protection of the prior patent right.

(III) Application of Equivalent Principle

31. In establishing patent infringement, where the alleged infringing article (product or process) does not constitute an infringement of the patent right when applying full-coverage principle, the equivalent principle should apply to the infringement establishment.

32. By the equivalent principle is meant that one or more technical features of the alleged infringing article (product or process) appear literally different as compared with the claimed technical features in the independent claims of the patent, but the two can be established as containing equivalent technical features upon analysis. This being the case, it should be established that the alleged infringing article (product or process) falls into the scope of protection of the patent right.

33. The scope of protection of the patent right also includes the scope as determined on the basis of the technical features equivalent to the necessary technical features in the claims of the patent.

34. The equivalent features are also known as equivalents. The technical features in the alleged infringing article (product or process) that simultaneously meet following two conditions are the equivalents of the corresponding technical features claimed in the patent.

1). Compared with the corresponding claimed technical features, the technical features of the alleged infringing article use basically the same means, perform basically the same function and achieve basically the same effect; and

2). The ordinarily skilled artisans in the art of the patent can think of the technical features upon reading the claims and description of the patent without inventive labour.

35. The equivalents should be the mutual replacement of specific technical features, but not the mutual substitution of the entire technical solutions.

36. The equivalent replacement includes substitution of the distinctive technical features claimed in the patent right and that of the technical features in the preamble portion of the claims of the patent.

37. Establishment whether the technical features of the alleged infringing article (product or process) are equivalent to the technical features in the independent claims of the patent should be subject to the time when the infringing act takes place.

38. In applying the equivalent principle to the establishment of infringement, the principle is applicable to whether the specific technical features of the alleged infringing article (product or process) are equivalent to the corresponding necessary technical features as claimed in the patent, but not to whether the entire technical solution of the alleged infringing article (product or process) is equivalent to the technical solution as defined in the independent claims.

39. Equivalent infringement is established on the basis of the level of professional knowledge of the people ordinarily skilled, but not on the basis of
that of the high-level experts in the art of the patent.

40. In establishing equivalent infringement in respect of a significant edge-cutting invention patent, the determined scope of equivalent protection may be appropriately broader; in respect of a composite invention or selective invention, the scope of equivalent protection may be strictly determined.

41. Where some individual necessary technical feature in the claims of the patent is intentionally omitted, so that the resulting technical solution becomes an altered technical solution that is inferior to the patented technical solution in performance and effect, and it is obvious that this altered inferior technical solution results from the omission of the necessary technical feature, the equivalent principle should apply, and infringement of the patent right is established.

42. In establishing patent infringement, the following circumstances should not apply in establishing, according to the equivalent principle, that the alleged infringing article (product or process) falls into the scope of protection of the patent right.

1). The technical solution of the alleged infringing article is a known technology before the filing date;

2). The technical solution of the alleged infringing article is a conflicting application or a prior patent for which an application is filed; and

3). The technical features of the alleged infringing article are the technical contents which the patentee specifically preclude from the patent protection in the course of patent application, examination for patenting and maintenance of the validity of the patent right.

(IV) Application of Estoppel Principle

43. By estoppel principle is meant that, in the patent examination, revocation or invalidation proceeding, the patentee promises to limit the scope of protection claimed in the patent or partially abandon the protection by way of written statement or amendment of the patent document to ensure that the patent possesses novelty and inventiveness, and obtains the patent right as a result, but the Court should, when applying the equivalent principle in determining the scope of protection of the patent right in the legal proceedings involving patent infringement, prohibit the patentee from reincorporating the limited, removed or abandoned contents into the scope of protection under the patent right.

44. When the equivalent principle runs into conflict with the estoppel principle during the application thereof, that is, where the plaintiff claims that the equivalent principle apply to establish that the defendant infringes its or his patent right, whereas the defendant claims that the estoppel principle apply in order to establish that it or he does not infringe the patent right, the application of the estoppel principle should first apply.

45. The following conditions should be satisfied for the estoppel principle to apply:

1). The promise of limitation or abandonment by the patentee in respect of the relevant technical features must be explicitly stated, and written down in the patent file; and

2). The technical contents in respect of which the promise of limitation or abandonment of protection is made must have an essential effect on the grant of the patent right or on the maintenance of the validity of the patent right.

46. The estoppel principle should apply on the request of the defendant, and the defendant
should furnish the relevant evidence of the plaintiff’s estoppel.

(V) Application of Redundant Designation Principle

47. The redundant designation principle is one whereby, when interpreting the independent claims of the patent and determining the scope of protection of the patent right in establishing patent infringement, the obviously added technical features (i.e. redundant features) in the independent claims of the patent are deleted, the scope of protection of the patent right is determined and whether the alleged infringing article (product or process) covers the scope of protection of the patent right is established on the basis of the necessary technical features in the independent claims of the patent.

48. Whether a particular technical feature in the independent claims of the patent is an additional technical feature should be determined through a comprehensive analysis of this technical feature’s function of and effect on achieving the aim of the invention or on solving the technical problem and the statement made by the patentee to the CPO or PRB in the proceeding for patent examination and approval, revocation or invalidation examination.

49. Anything that is explicitly stated in the independent claims of the patent, but in respect of which no specification is made of the technical features as to the function or use should not be established as an additional technical feature.

50. Following factors should be taken into consideration in applying the redundant designation principle to establish the additional technical features:

1). Whether the technical feature is necessary for distinguishing the patented technical solution from the existing technical solution before the date of application for the patent, whether it is the technical feature embodying the novelty or inventiveness of the patent, namely whether the patent remains novel or inventive if this technical feature is omitted in the claims of the patent; and

2). Whether the technical feature is necessary for realizing the aim of the invention, for solving the technical problem the invention is intended to and for achieving the technical effect of the invention, namely whether the patent remain capable of realizing or basically realizing the aim of the invention or achieving the technical effect of the invention if the technical feature is omitted in the technical solution of the independent claims of the patent; and

3). There should not exist the circumstance of the patentee’s estoppel in respect of the technical feature.

51. In the alleged infringing article (product or process), there only lacks some additional technical feature in the independent claims that is not relevant to or has no effect on the solution of the technical problem the patent is intended to, nor affects the patentability, which renders the alleged infringing article (product or process) obviously inferior to the patented technology in technical effect, but obviously superior to the known technology before the date of filing, the redundant designation principle should not apply, but the equivalent principle should, to the establishment that the alleged infringing article (product or process) falls into the scope of the patent protection.

52. The Court should not apply the redundant designation principle on its own initiative, but does so at the request of the plaintiff and on the basis of the relevant evidence.

53. In respect of the claims of the patent right for utility model incorporating non-utility-model technical features, the scope of protection of the patent right should defined strictly according to the words of the claims of the patent, and the
non-utility-model technical features in the claims of the patent should not be established as the necessary technical features. That is the alleged infringing article (product or process), which lacks the non-utility-model technical features in the claims of the patent for utility model, does not constitute an infringement of the patent right.

54. As for the patent for utility model at a low level of inventiveness, the redundant designation principle generally does not apply to the establishment of the scope of patent protection.

55. In applying the redundant designation principle, account should be taken of the patentee’s liability with fault, and this be reflected in the compensation of damages.

III. Establishment of Infringement of Patent Right for Design

(I). Determination of Scope of Protection of Designs

56. The scope of protection of the patent right for design is based on the design as shown in the drawings or photographs of the patented product. The brief description of the design may be used to understand the scope of protection of the design.

57. In any infringement proceedings, the design patentee should submit the “draft” of its or his design, and indicate the part and contents of originality protected under the design; where the patentee submits to CPO the “draft” when filing the application for the patent for design, the patent file may be used as the evidence for determining the main elements of the design.

58. Where protection of colours is claimed under the patent right for design, the right holder should furnish the relevant evidence accepted by CPO to be used to determine the scope of protection of the design. The Court should, if necessary, compare the colours with those in the file kept at CPO.

59. Where protection of colours is claimed under the patent right for design, the claimed colour should be used as one of the key elements for determining the scope of protection of the patent right for the design. That is, in deciding on the infringement, the one-for-one comparison should be made of the shape, device, colour and the combination thereof incorporated therein with those of the alleged infringing product.

60. The scope of protection of the patent right for design should not be extended to any content of a design known to the public before the date of application for the patent for the design or before the date of priority.

61. Any content of design should be excluded from the scope of protection of the patent right for design that only has a function or effect, but cannot be discerned by or has no aesthetic appeal to consumers.

(II). Establishment of Infringement of Patent Right for Design

62. In establishing infringement of the patent for design, it should first be examined whether the alleged infringing product and the patented product are of the same category. Where they are not, the former does not constitute an infringement of the patent right for design.

63. Reference should be made of the classification of designs and account be taken of the objective circumstances of the sale of the goods in the examination of whether the product of the patent for design and the alleged infringing product are of the same category.

64. The pre-condition for establishing an infringement of patent for design is that the products involved are of the same category, without precluding the special circumstance in
which the designs of the similar products may also be determined as a case of infringement.

65. The establishment of infringement of patent for design, that is, determining the alleged infringing products is identical with or similar to the product of a design patent, should be based on the aesthetic and observational capability of the ordinary consumers, not on that of the persons skilled in the art of the design patent.

66. The ordinary consumers as a group of particular consumers mean the group who buy or use the products identical with or similar to, in category, the product of the design patent.

67. A comparison is made between the alleged infringing product and the design of the patented product. A general observation and comprehensive determination should be made to find out whether the two has the same aesthetic appeal. The comparison should focus on the essential design part (essential part) created by the patentee that is rich in aesthetic appeal and on the corresponding part of the alleged infringing product to see whether the defendant has plagiarized or imitated the part created by the plaintiff.

68. Where both plaintiff and defendant have obtained and exploited the patent right for the design, it may be decided that the act of exploitation of the subsequent patent right for design infringes the prior patent right for design if the two are identical or similar.

69. The equivalent principle applicable to the establishment of infringement of the patent for invention or utility model does not apply to the establishment of infringement of the patent for design.

70. Whether or not the design of a patented product is identical with or similar to the design of an alleged infringing product, a comparison should be made between the two:

1). If the two are identical in shape, device, colour or any other essential part, the two designs should be deemed identical;

2). If the essential parts (portions) are identical or similar, but the non-essential part is different, the two designs should be deemed similar; or

3). If the essential parts (portions) of the two are not identical or similar, the two designs should be deemed not identical or similar.

71. The size, material, internal structure and performance of the design of the patented product and the alleged infringing product should not be the basis for establishing whether the two are identical or similar.

72. In respect of a design claiming protection of its colour, it should be first determined whether the shape of the design is known to the public. If yes, the determination should be made as to its device and colour only; if the shape, device and colour are all of novel design, the determination should be made as to the combination of the shape, device and colour.

IV Establishment of Other Acts of Infringement of Patent Right

(I). Indirect Infringement

73. By indirect infringement is meant that the act of the actor does not constitute a direct infringement of another person’s patent right, but it or he intentionally induce, aid and abet others to exploit another person’s patent, thus resulting in an act of direct infringement. The actor has the subjective intention to induce or aid and abet others to infringe another person’s patent right,
and objectively create the necessary conditions for another person’s act of direct infringement to take place.

74. The objects of the indirect infringement are not articles in general use, but those used for special purpose by which is meant the key part used only to exploit another person’s product or the intermediate product of a process patent. It constitutes a part of the exploitation of another person’s patented technology (product or process) without use for any other purposes.

75. As far as a product patent is concerned, indirect infringement is to provide, sell or import the raw material or spare parts for the manufacture of the patent product; as regards a process patent, indirect infringement means providing, selling or importing the material, apparatus or specialised equipment used for the patent process.

76. The indirect infringer has the intention to induce or aid and abet others to directly infringe another person’s patent right.

77. The actor, knowing that another person prepares to exploit an act of infringement of the patent right, but creating the condition for the infringement, commits indirect infringement.

78. Indirect infringement, in general, presupposes the emergence of direct infringement, without which there exists no indirect infringement.

79. Where the following circumstances arise in which an act of direct infringement is not investigated and handled, or is not deemed an infringement of the patent right, the indirect infringer may be directly investigated and handled for its or his liability for the infringement:

1). The act deemed to be an act of infringement of the patent right under Article 63 of the Patent Law; and

2). The act is a personal act to manufacture or use the patented product or use the patented process for non-profit purposes.

80. Where an act of direct infringement as established under the Chinese law takes place or is likely to take place overseas, the actor of the indirect infringement may be investigated and handled for its or his liability for the infringement.

(II). Counterfeiting Patent

81. Counterfeiting the patent of another person means an act to use the representations of the patent of the patentee without the authorization thereof, including:

1). Indicating another person’s patent number on the products it or he manufactures or sells or on the packages thereof.;

2). Using, in advertisements or other promotional material, another person’s patent number and making people misidentify the involved technology as another person’s patented technology;

3). Using another person’s patent number in contract and making people misidentify the technology concerned in the contract as another person’s patented technology; and

4). Forging or mutilating another person’s patent certificate, patent documents or patent application documents.

82. Acts of counterfeiting patent should, meanwhile, fall under the provisions as the following:

1). There must be committed an act of counterfeiting, namely, somehow indicating, without the authorization of the patentee, that its or his products are the patented products of
another person for which legal protection had been obtained, or the patented technology of another person for which legal protection had been obtained, thus misleading the public;

2) What is counterfeited must be the patent which another person has obtained and which is in actual existence; and

3) The act of counterfeiting another person’s patent must be an intentional act.

83. The object of infringement by virtue of an act of counterfeiting another person’s patent is the patentee’s right in the patent representation; hence, whether its or his patented technology is exploited is taken as the element. That is, the alleged infringing article (product or process) may not necessarily have exploited another person’s patented technology, the counterfeiting product may not be identical with the patented product, nor may the process with the patented process.

84. The technology exploited pursuant to a patent licensing contract is not consistent with the licensor’s patent in technical contents, but the patentee’s patent number is indicated on the packages of the products. The act is one that is executed without the authorization of the patentee and that counterfeits another person’s patent.

85. After the patent administrative department imposes the administrative sanction on an act of counterfeiting another person’s patent, the patentee remains entitled to instituting legal proceedings and to requesting the patent counterfeiter to bear civil liabilities for the infringement.

86. With regard to any act of counterfeiting another person’s patent, the People’s Court may, besides ordering the infringer to bear civil liabilities according to law, impose administrative sanction on the patent counterfeiter according to law.

87. In respect of any person directly responsible for counterfeiting a patent who falls under any of the following provisions, the right holder should be told to directly institute private civil proceedings, and the counterfeiter may also be transferred to the public security authority for prosecution for its or his criminal liabilities:

1) The amount of the illicit income exceeds RMB 100,000 yuan;

2) The amount of direct economic damages to the patentee exceeds RMB 500,000 yuan;

3) The counterfeiter who has been imposed the administration sanction twice for counterfeiting patent has carried out the act of counterfeiting, once again, another person’s patent; or

4) There has been caused ill effect.

V. Counterclaim to Patent Infringement

(I). Counterclaim based on Abuse of Patent Right

88. The defendant, making its or his counterclaim on the ground that the duration of protection of the plaintiff’s patent right has expired, the patent right has been abandoned by the right holder, revoked by CPO, or invalidated by PRB, should furnish the relevant evidence.

89. Where the defendant contends that the plaintiff’s patent right should be invalidated for failure to meet the patentability requirements or for failure to complying with other laws or regulations, its or his request for invalidation should be filed with PRB.

90. The defendant, instituting the infringement proceedings on the grounds that the plaintiff has acquired the patent right in bad faith and abused
the patent right, should furnish the relevant evidence.

Acquisition of the patent right in bad faith means the acquisition of the patent right for an invention-creation that one clearly knows it should not obtain the patent protection through intentional circumvention of the law or by any other unfair means for the purpose of obtaining unlawful interests or of prohibiting other people’s lawful act of exploitation.

91. Where the defendant proves that it or he has also acquired the valid patent right for an invention or utility model identical with that of the plaintiff, the Court, when it may establish, upon hearing, that the two patents are identical in technical contents, should make its decision according to the principle for the protection of the prior right.

(II). Counterclaim Based on Non-infringement

92. The alleged infringing article (product or process) which lacks the necessary technical features in the claims of the plaintiff’s patent right for invention or utility model does not constitute an infringement of the patent right.

93. The alleged infringing article (product or process) having one or more technical features that are substantively distinct as compared with the corresponding technical features in the claims of the plaintiff’s patent right does not constitute an infringement of the patent right.

Here, being substantively distinct means:

1). The technical feature or features constitute the distinctive technical features(s) of a new technical solution; or

2). The technical feature or features make the technical features used in the alleged infringing article (product or process) obviously superior to the corresponding technical features in the independent claims of the plaintiff’s patent right in function or in effect, and the ordinarily skilled artisans in the same art hold that this distinction is a substantive improvement and that it is not obvious.

94. A person’s act of manufacture or use for non-profit purposes does not constitute an infringement of the patent right. But any entity that manufactures or uses another person’s patented product without the authorization thereof should not make its counterclaim on the basis of “for non-profit purposes”, and should be held liable for the infringement.

(III). Counterclaim Based on Not Being Deemed an Infringement

95. Exhaustion of the patent right. After a patented product is sold which is manufactured by or with the authorization of the patentee, the act of using or reselling the product is not deemed an infringement of the patent right, including:

1). After a part of the patented product is sold which is manufactured by or with the authorization of the patentee, the act of using or reselling the part should be deemed to have received the implied consent of the patentee; and

2). After the equipment is sold which is manufactured by the patentee of the patent for the manufacture process or which another person is allowed to manufacture to be used for the exploitation of its or his patented process, it is an act to use the equipment to exploit the patent for the manufacture process.

96. Right of prior use. Acts, before the date of application for the patent, of having manufactured an identical product, used an identical process, or made the necessary preparation for the
manufacture or use, and of continuing to manufacture or use within the original scope, are not deemed infringements of the patent right. The conditions for enjoying the right of prior use are:

1). Making the necessary preparation for the manufacture or use. The necessary preparation means having accomplished the design of the product drawings and the document of work process, prepared the specialised equipment and moulds or finalized the trial manufacture of the prototype and other preparatory work;

2). Continuing to manufacture or use within the original scope. The original scope refers to the actual production output or the scope of production capacity of the specialised production equipment prepared before the date of application for the patent. The act of exceeding the original scope of manufacture or use constitutes an infringement of the patent right;

3). The prior process for the manufacture of the products or for use should be independently developed by the holder of the prior right or acquired thereby by lawful means, but not plagiarized, stolen or obtained from the patentee by other unfair means before the date of application for the patent; and

4). The holder of the prior right cannot transfer its or his prior technology, unless it is transferred together with the enterprise it or he belongs to. The act to sell the products manufactured according to the prior right is not deemed an infringement of the patent right, either.

97. Temporarily passing through the border. The act for any foreign means of transport which temporarily passed through the territory, territorial waters or territorial airspace of China to use the patent concerned, in accordance with any agreement concluded between the country to which the foreign means of transport belongs and China, or in accordance with any international treaty to which both countries are party, or on the basis of the principle of reciprocity, for its own needs in its devices and installations is not deemed an infringement of the patent right. The exception to this, however, is the act in which a means of transport is used to “transport” the patented product, i.e. the act of transferring them from one means of transport to another.

98. Use for the purpose of scientific research and experimentation. Any act of using the patent concerned solely for the purpose of scientific research and experimentation is not deemed an infringement of the patent right. In this regard, a distinction should be made between the experimentation on the patented product and use of the patented product in experimentation.

1). The use of the patent concerned solely for the purpose of scientific research and experimentation should include the act of manufacturing the patented product solely for the purpose of scientific research and experimentation;

2). The use solely for the purpose of scientific research and experimentation is for the purpose of studying, testing or improving another person’s patented technology and the result of this use is the making of a new technology achievement on the basis of the existing patented technology; and

3). The manufacture with or use of another person’s patented technology in the course of scientific research and experimentation which is not for the purpose of research or improvement of another person’s patented technology, with the result being not directly related to the patented technology, constitutes an infringement of the patent right.

99. Non-intentional act. The act, for the purpose of production and business purposes, of using or
selling a patented product or a product that was directly obtained by using a patented process, without knowing that it was made and sold without the authorization of the patentee, is an act of infringement of the patent right.

However, the user or seller who can prove that he obtains the product from a legitimate source is not liable for compensation, but should bear the legal liability to stop the infringing act. The “legitimate source” means that the user or seller made the purchase through legitimate supplying channel, under a normal trade contract and at a reasonable price.

(IV). Counterclaim Based on Prior Art

100. Counterclaim based on prior art means that in patent infringement proceedings, where the alleged infringing article (product or process) is equivalent to the patented technical solution in the claims of the patent, the defendant’s act does not constitute an infringement of the plaintiff’s patent right if it or he makes a defense and furnish the relevant evidence to prove that the alleged infringing article (product or process) is equivalent to an prior art.

101. When the counterclaim is made on the basis of the prior art, the prior art should be an independent technical feature available before the date of application for the patent, or people ordinarily skilled in the art hold that the patent is a technical feature obtained through obvious and simple combination of the prior art.

102. The counterclaim based on the prior art only applies to equivalent patent infringement, not to the identical patent infringement.

103. When the patented technical solution, the alleged infringing article (product or process) and the cited prior technical solution are obviously identical, the defendant should not make the counterclaim on the basis of the prior art, but may file a request with PRB for invalidation of the patent right.

(V). Counterclaim Based on Contract

104. By counterclaim based on contract is meant that the defendant of the patent infringement proceedings makes its or his counterclaim on the ground that the technology it or he exploited is legitimately obtained from a third person by virtue of a technology transfer contract. This ground for the counterclaim is not a ground for defending against the infringement of the patent right, but one for making counterclaim against the liability for the infringement.

105. Where the transferee of the technology transfer contract exploits the transferred technology according to what is agreed upon in the contract and infringes another person’s patent right, the transferor and transferee of the contract commit joint and several infringement. When the two parties to the contract are the co-defendants in the patent infringement proceedings, except that they agreed otherwise in the contract, the transferor should first bear the infringement liabilities when establishing the liabilities, and the transferee bear the ordinary joint and several liabilities.

106. Where the defendant in making the counterclaim based on the contract in the patent infringement proceedings requests for adding the transferor of the contract as co-defendant, if the plaintiff agrees on the addition, the transferor of the contract should be added as a co-defendant in the proceedings as; if the plaintiff insists on its or his disagreement on the addition, the contractual dispute may be separately settled through contract proceedings or arbitration after the contract transferee bears the liabilities for the infringement.

(VI). Counterclaim Based on Prescription for Instituting Legal Proceedings
107. Prescription for instituting legal proceedings concerning the infringement of patent right is two years counting from the date on which the patentee or any interested party obtains or should have obtained the knowledge of the infringing act. The defendant may make a counterclaim on the ground that the patentee’s action exceeds the prescription for instituting legal proceedings.

108. Where the defendant makes counterclaim on the ground that the act of patent infringement that has been carrying out has exceeds the prescription for instituting legal proceedings, the Court may order the alleged infringer to stop the infringement at the request of the plaintiff, but the amount of damages caused by the infringement should be counted from the two years starting from the date on which the plaintiff institutes the legal proceedings in the People’s Court.

109. Where it has been two years since the date on which the infringer ended its or his execution of the infringing act, the patentee will lose its or his right to win the case.

VI. Understanding of Relevant Concepts

110. The eclectic principle, also known as the subject matter restriction principle, whereby the scope of protection of the patent right is determined according to the claims, and the description and drawings may be used to interpret the claims.

111. The peripheral defining principle, whereby the scope of protection of the patent right is limited to the object of the purely verbal description in the claims, and the verbal statements of the claims are the maximum scope of protection of the patent right.

112. The central defining principle, whereby the scope of protection of the patent right may not be confined to the verbal statements of the claims, but centered on the claims, and the scope of protection may be extended to the scope that the people skilled in the art think may cover upon careful study of the description and drawings.

113. The manufacture of the product means the realization of said technical features of the product in the claims of the patent right, which may include:

1). The quantity and quality of the product and the process for the manufacture thereof do not affect the determination of the act of manufacture;

2). The manufacture by entrusting another person with the manufacture or indicating “manufacture under the supervision” on the product is deemed participation in the manufacture;

3). Act to assemble the parts into the patented product is manufacture; and

4). Act to repair, by way of replacement, the parts of the patented product, or to repair the patented product that has passed the operation life thereof is an act of manufacture.

114. The use of the product means application of the technical function of the technical solution of the product in the claims of the patent.

115. The use of the process means the act of realizing each and every step of the technical solution of said patented process in the claims of the patent. Except the process for the manufacture of new product, the result of using the process does not affect the determination of its nature.

116. The sale of the product means the transfer, from the seller to the buyer with payment of fees, of the ownership of the product manufactured according to said technical solution in the claims of the patent right. Any act to create the conditions (e.g. warehousing) for the sale is deemed sale.
117. The offering for sale means the expression of the will to sell the product by way of advertisement and display in shop windows or at exhibition.

118. The importation of the product means the transport, passing in space through the border from overseas into the territory of China, of the product manufactured according to said technical solution in the claims of the patent right or manufactured directly by the patented process.

119. The extension from process to product means that, after the patent right for invention of process for the manufacture of a product is granted, any entity or individual should, without the authorization of the patentee, not use, sell or import the product directly obtained by the patented process for the production or business purposes, besides not using the patented process for the production or business purposes.

120. The double patenting means that the patent right is separately applied for and granted for two or more invention-creations the subject matters of which are identical and the technical features of which in the claims are basically identical.

121. The dependent patent, also known as the improvement patent, means that the technical solution of a patented technology incorporates a former valid patent, namely the necessary technical features of the basic patent, and the exploitation thereof will inevitably fall into the scope of protection or cover the technical features of the former patent, and inevitably depends on the exploitation of the former patented technology.

The forms of the dependent patent are namely: (1) addition of new technical features to those of the former patent for product; (2) discovery of a new use not discovered before on the basis of the technical features of the former patent for product; and (3) discovery of a new use not discovered before on the basis of the technical solution of the former patent for product process.

122. New product. The new product provided for in Article 57, paragraph two, of the Patent Law means a product that is manufactured for the first time in the country and which is obviously distinct in composition, structure or quality, performance or function as compared with the existing product of the same category before the date of application for the patent.

It is up to the plaintiff to furnish evidence as to whether it is a new product.

123. The ordinarily skilled artisans in the art means the skilled people having, before the date on which the infringement takes place, the generally known knowledge in the art, being able to acquire the general knowledge known in the art and having the means and capability to do the work of normal experimentation and analysis.

124. The prior art means the technology which has been publicly disclosed in publications in the country or abroad or has been publicly used or made known to the public by any other means in the country, i.e. the prior art.

125. The necessary technical feature means a technical component or combination thereof, in the technical solution, which is capable of independently generating the technical effect in solving the technical problem the invention or utility model is intended to. For example, the technical features of the product patent comprises the parts of the product and the correlation between the parts, the technical features of the process patent comprise steps, the interrelations and conditions of the steps.

126. The additional technical feature means the technical feature relevant to the technology of the
invention or utility model, further limiting the citation of the technical features of the technical solution, or of the technical features that are newly added.

127. The edge-cutting invention means a brand new, technically unprecedented technical solution that opens a new epoch in a period of development of the science and technology of the humanity.

128. The redundant designation means that the patentee writes down in the independent claims something that are obviously not the necessary technical features for solving the technical problem of the invention or utility model for lack of experience in exploiting the patented technology when drafting the documents of the application for the patent for the edge-cutting invention or for the significant improvement patent, and the technical features are not the conditions necessary for rendering the independent claims novel or inventive. Thus, these non-necessary technical features become redundant restrictions on the scope of protection for the independent claims. For the redundant designation may greatly narrow down that scope of protection of the patent right, or even put the patent right outside protection.

129. The non-utility model technical features mean the technical features, such as use, manufacture process, method of use or material components (composition or portion) stated in the independent claims of the patent for utility model that are not the technical features comprising the technical solution of the shape, structure or combination thereof of the product of the patent for utility model.

Disclaimer:
The English version is for reference only. In the event of and conflict or discrepancy between the Chinese and English versions, the Chinese version shall prevail and be treated as the correct version.