

China Insight



## PRC Supreme People's Court Published an Interpretation regarding Patent Disputes

Dear Sir or Madam,

Please find below our update on the latest developments in intellectual property protection in China.

Kind regards,  
**CMS, China**

To facilitate the implementation of the *PRC Patent Law*, back in 2001 the PRC Supreme People's Court ("SPC") issued the *Several Provisions on Issues concerning the Application of Law in the Trial of Patent Dispute Cases* ("Trial Provisions"). The *PRC Patent Law* was amended in 2008 while the relevant provisions of the Trial Provisions have not been duly updated and some provisions have become incompatible with the *PRC Patent Law*.

On 29 January 2015, the SPC finally updated the Trial Provisions by publishing the *Decision on Revising the Trial Provisions* ("2015 Amendment"). The 2015 Amendment took effect on 1 February 2015. We summarize below some major changes brought about by the 2015 Amendment.

### 1. Protection of patent rights is strengthened

The Trial Provisions stipulate that in case of patent infringement, a lawsuit shall be filed with the court at the place where the infringing act took place or at the place of domicile of the defendant. Already since 2001 the *PRC Patent Law* prohibits the offer for sale of products infringing invention patents and utility models (excluding design patents). In 2008 the *PRC Patent Law* further provided that the offer for sale of products infringing design patents is also prohibited. However, corresponding clauses in respect of the places of infringement of design patents were missing in the Trial Provisions. The 2015 Amendment makes it clear that the place where the infringing act takes place also includes the place where products infringing design patents are offered for sale.

As a result, also in case of design patents, the plaintiff can now choose to file a lawsuit at the court at the place where the products infringing the design patent are offered for sale. Such change will greatly improve the protection of design patent rights in the e-commerce field. On large e-commerce platforms such as Taobao, normally the place where the products will be sent out is shown on the website. In case the owner of the design patent discovers that the products infringing its design patents are offered for sale, despite of zero trade volume, the owner can now file a lawsuit at the court located at the place indicated on Taobao.

### 2. Lower threshold for case filing at courts

According to the Trial Provisions, where the plaintiff files a lawsuit against other parties for infringement of a utility model or design patent, the plaintiff shall provide a search report or patent evaluation report (collectively "Report") issued by the Patent Administration Department under the State Council. In practice, many courts infer from this that the submission of the aforesaid Report shall be a prerequisite for case acceptance.

The 2015 Amendment releases the plaintiff from such requirement. According to the 2015 Amendment, the plaintiff may submit the Report. Thus, the submission of the Report is clearly abolished as a prerequisite for case acceptance. However, please note that the court may still require the plaintiff to submit the Report according to the needs of the trial of a specific case. If so requested by the court, if the plaintiff refuses to provide the above Report without any just cause, the court may rule to discontinue the lawsuit or order the plaintiff to bear the potential adverse consequences.

### 3. Adjusted compensation to the plaintiff

According to the *PRC Patent Law*, when a court determines the amount of compensation to the plaintiff for patent infringement, if it is difficult to determine the losses suffered by the patentee or the profits obtained by the infringer, the court may determine the amount of the damages based on a multiple of the patent license fees. If the latter is also difficult to calculate, the court may at its discretion award statutory damages. The amount of statutory damages is RMB 10,000 to RMB 1,000,000.

The Trial Provisions failed to reflect the above new criteria concerning the compensation amount. The 2015 Amendment now brought the Trial Provisions in line with the *PRC Patent Law*. More importantly, the 2015 Amendment distinguishes between reimbursements for costs incurred to stop the patent infringement and compensation. Reasonable reimbursements incurred by the plaintiff in investigating and stopping the infringement shall be reimbursed to the plaintiff separately. As a result, the total compensatory damages imposed on the infringer may go above and beyond the upper limit of RMB 1,000,000.

The 2015 Amendment streamlines the Trial Provisions with the *PRC Patent Law* and clarifies certain questions which often occurred in practice. However, it failed to make a breakthrough on the upper limit of damages imposed on the infringers, i.e. RMB 1,000,000, which is rather low. The State Intellectual Property Office is in the process of amending the *PRC Patent Law* and it has issued in April 2015 an amended draft to collect public opinions. It remains to be seen what new changes will be brought by the amended *PRC Patent Law* in the near future.

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In case you have questions or for further information, please contact the authors of this newsletter:



**Emily Xu, LL.M.**

Associate

CMS, China

T +86 21 6289 6363

E [emily.xu@cmslegal.cn](mailto:emily.xu@cmslegal.cn)