

Bird & Bird

China

Patent Litigation Q&A

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China – Patent Litigation

Where can patent infringement actions be started? Is there a choice of venue?

Specialised IP Courts in Beijing, Shanghai, Guangzhou and Hainan and specialised IP tribunals established within designated local intermediate courts have jurisdiction over invention and utility model patent disputes. With respect to design patents, in addition to the above courts, low level courts, i.e. district courts specifically designated by the Supreme People's Court would also have jurisdiction over design patent disputes. Specifically, for patent infringement disputes, the above IP courts/tribunals will assume jurisdiction if it sits in (a) the place where the infringement took place or the place affected by the infringement; or (b) the domicile of the defendant.

So, a plaintiff could choose to file an infringement action in the place where the alleged infringer manufactures, uses, sells, offers for sale or imports the infringing products. Alternatively, they could choose to file in the domicile of defendant(s).

Are the judges' specialists? Do they have technical backgrounds?

Most of the judges who will hear IP cases have no technical background. However, the IP courts/tribunals can appoint technical investigation officers to assist the judge panel on adjudicating complicated technical issues.

The technical investigation officers can conduct investigations, and attend evidence preservation and assessment with respect to the technical issues of the case. In the hearing of a patent infringement case, a technical investigation officer could sit next to the judge panel and could also raise questions on technical issues to the parties attending the hearing.

How long does it take from starting proceedings to trial?

In simple cases, the aim of the Courts is to bring a case to trial within 6 to 12 months of the date the complaint was filed. For complicated cases it could take years, especially in circumstances where a defendant challenges the service or the jurisdiction issues, and/or initiates invalidation against the patent-in- suit.

Can a party be compelled to disclose documents before or during the proceedings?

Unlike most common law systems, there is no discovery system. However, a party may seek an evidence preservation order from the court by showing that the evidence to be preserved will otherwise be lost or difficult to obtain in the future.

Particularly, where documentary evidence is under the control of the counterparty, one could request the court to order the other party to produce that piece of evidence.

If the court grants the application and the other party refuses production without justified reasons, the court could draw adverse inferences.

How are arguments and evidence presented at the trial?

A Court may arrange a separate evidence exchange hearing before the substantive trial. During the evidence exchange hearing, the evidence would be cross-examined by the other side on the grounds of authenticity, relevance, and admissibility.

In the substantive trial hearing, both parties normally present their arguments and evidence through opening statements, evidence examination, debate, and closing statements.

It is also a common practice for a Court to require parties to provide post-trial closing statements within one or two weeks after the trial hearing. Through this submission the parties can address the issues raised by the Court or the other side during the trial hearing.

How long does the trial generally last and how long is it before a judgment is made available? Are judgments publicly available?

Depending on the complexity of the case, a Court may schedule more than one trial hearing for a case, and those hearings are usually listed for one day each time. It could take a court several months from the date of hearing to render a judgment.

Since 2013, China has been taking efforts to improve judicial transparency by requiring courts to publish judgments on an open-access database established by the Supreme People's Court ("SPC") but note that judgments uploaded to the SPC database are mostly judgments that have become final and binding.

Judgments that involve national secrets, trade secrets, or individual privacy normally would not be disclosed to the public, although in practice we have seen that sometimes the court would publish judgments that have the confidential or privacy information redacted.

Can a defence of patent invalidity be raised? Are infringement and validity issues heard together?

Patent invalidity can be raised as a defence (normally called the prior art defence) in patent infringement cases.

There is a bifurcated system, in which patent infringements are adjudicated by civil courts, while patent validity is heard by the Patent Re-examination and Invalidity Department of China National Intellectual Property Administration ("CNIPA").

Are infringement proceedings stayed pending resolution of validity in the national patent office (or, if relevant, the EPO) or another court?

If a defendant intends to challenge the validity of a patent and use it as a basis to support its application to stay the infringement proceedings in court, the invalidation petition must be filed before the CNIPA within the defence period. The defence period is 15 days for a domestic defendant and 30 days for a foreign defendant, calculated from the date of service of the complaint.

The court overseeing the infringement proceedings would have the discretion to decide whether to grant a stay pending the invalidation. There is a stronger presumption towards a stay in utility model and design patent cases.

Are preliminary injunctions available? If they are, can they be obtained *ex parte*? Is a bond necessary? Can a potential defendant file protective letters?

Preliminary injunctions are available and can be obtained *ex parte* in emergencies (e.g. imminent or ongoing infringement of patent rights in time-sensitive situations).

A bond is necessary for a preliminary injunction application. The value of the bond must be sufficient to cover the damages the respondent could suffer for enforcing the preliminary injunction.

There is no concept of protective letters, but the defendant can request a reconsideration from the court within 5 days of receipt of the court order granting the preliminary injunction. Protective letters cannot be filed with the Court to protect against *ex parte* injunctions.

Are final injunctions available as of right? Is a bond necessary?

Although our Patent Law does not explicitly provide permanent injunction as an available remedy as of right, it is common to see the Courts exercise discretion to grant permanent injunctions if infringement is established.

Normally permanent injunction granted by the first instance court cannot be enforced pending the appeal in the second instance court. However, a patentee could consider filing a request for a temporary injunction under such circumstances and a bond would be required for such an application.

What other remedies are usually ordered if a patentee is successful?

Damages are the most commonly available remedy for patent infringement.

Would the tribunal consider granting cross-border relief?

The tribunal would not consider granting cross-border relief.

Is there a right of appeal from a first instance judgment? How long between judgment at first instance and hearing the appeal?

A judgment may be appealed to the second instance court. The appeal must be filed within 15 days upon receipt of the first instance judgment. For foreign parties, the time limit is 30 days.

After that, it would take several months for the appeal hearing to be scheduled.

Is an appeal by way of a review or a rehearing? Can new evidence be adduced on appeal?

The appeal court could conduct a de novo review of the facts and the law of a case.

New evidence can also be introduced, provided that the new evidence is only available after the first instance proceedings, or if within the evidence adduction period the party had requested the 1st instance court to collect the evidence, but such request was not granted, the second instance court could then examine the issue again and consider that it is necessary to collect that new piece of evidence.

What is the cost of a typical infringement action to first instance judgment? If the issues of invalidity and infringement are bifurcated, what is the cost of the invalidity action? Can the winner's costs be recovered from the losing party? How much is the cost of an appeal?

The official court fee for the first and second instance proceedings would depend on the value of the claims.

The official fee charged by the CNIPA for patent invalidation proceedings is:

- Invention – €410
- Utility Model – €205
- Design – €205

Normally the losing party would be ordered to pay the court fee. It is at the discretion of the court, but the losing party may also be ordered to partially pay the other costs such as the attorney fees, etc.

The cost of an appeal is very dependent on the specific case and would be difficult to estimate generally.

Author



Yang Li

Senior Associate

+861059335688

yang.li@twobirdslawjay.com

twobirds.com

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