



# Alternative Way to Deal with Patent Litigation in China

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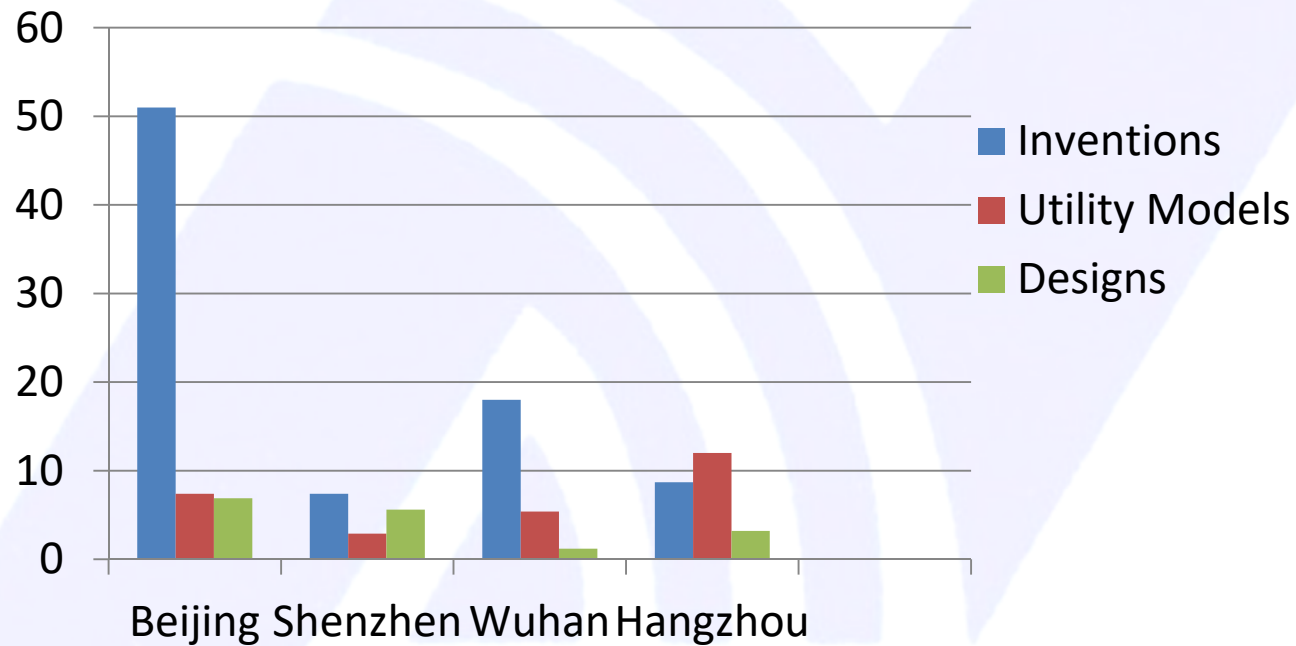
NTD Intellectual Property Attorneys  
Prepared for China PI Held in Paris

# Exciting Figures in 2016

- 404,208: Invention Patents Granted
- 903,420: Utility Models Granted
- 446,135: Designs Granted
- 12,357: Patent Infringement Cases Received by Courts
- 20,351: Patent Dispute Cases Handled by SIPO System
- 8M+150K US Dollare: High Damages Awarded by Beijing IP Court

# Discouraging Figures

RMB: 10K (1USD= 6.6 RMB)



Data Source: Statistics of Damages of the Courts in 2013-2016 in China issued by IP House

# Second Strike

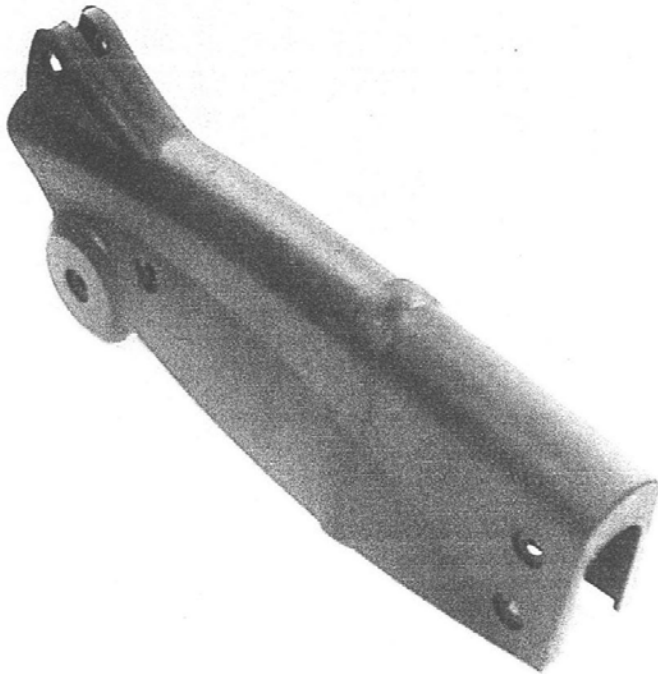
- Supreme Court's Interpretation
  - Effective on April 1, 2016
  - Article 28: Where a right holder and an infringer had an agreement on the amount of damages or the calculation method of the damages of patent infringement, the Court shall sustain the right holder's claim for determining the amount of damages based on the agreement in a patent infringement lawsuit.

# Basic Cases

- Longcheng initiated three patent infringement litigations against Tongba in April of 2008
  - Design patent No. ZL02322197.6
    - Joint can be folded with one hand for baby carriage
  - Utility Model No. ZL002289334
    - Mechanism can be folded with one hand for baby carriage
  - Utility Model No. ZL012425710
    - Front wheel positioning device

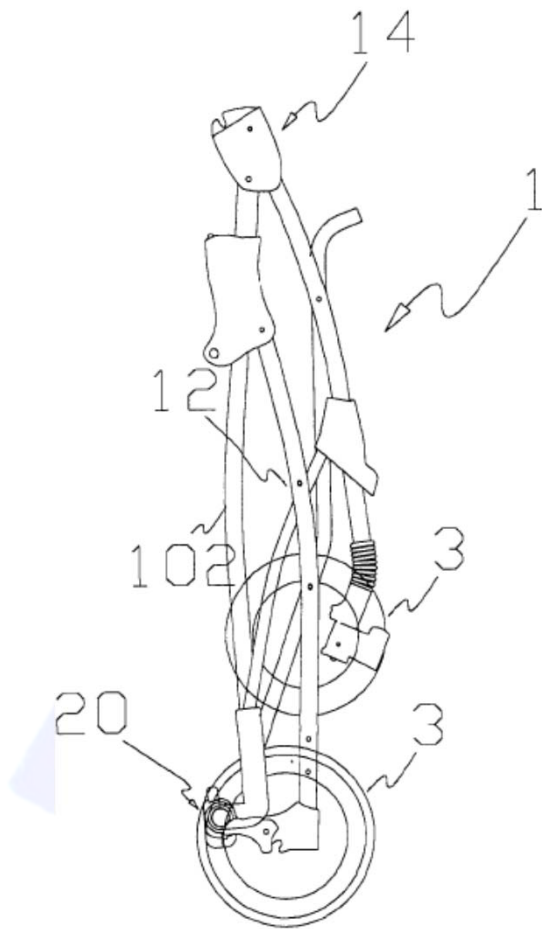


# Design Patent in Dispute



- Design patent  
No. ZL02322197.6
- Title: Joint can be  
folded with one  
hand for baby

# Utility Model in Dispute



- Utility Model No. ZL002289334
- Title: Mechanism can be folded with one hand for baby carriage





## Basic Cases (Cont'd)

- Design Cases was finalized by awarding damages of RMB 17.5K ( USD 2.3K)
- Two cases in relating to two utility models were settled by mediation confirmed by the court
  - Undertaking by Longcheng
  - RMB 60K is paid as damages for each case;
  - For any infringing act against Longcheng's design patent, Tongba voluntarily compensate for RMB 500K;
  - If any infringing act against Longcheng's any utility model patent, Tongba voluntarily compensate for RMB 1M.

# The 4th Case

- Plaintiff: Longcheng
- Defendant: Tongba
- Patent In Dispute :
  - No. ZL01242571.0
  - Front wheel positioning device

# Procedures of the 4th Case

- Plaintiff's claims: Demanding a compensation of 1M RMB according to the foresaid mediation agreement.
- Case Procedures:
  - Trial Court: the infringement was established, but did not support the plaintiff's claim for the compensation and then awarded a compensation of RMB 140K (equivalent to USD 20K).
  - Appellate Court: the trial decision was upheld

# Supreme Court Comments

- Comments of the Supreme Court:
  - The legal nature of the agreed amount on the compensation in the agreement should be recognized as a agreed calculation method in respect of the loss suffered by the right holder due to the infringement.
  - Interpretation of “any infringement act”
  - RMB 1M is a reasonable agreed amount and should be supported

Awarded by the Supreme Court

**RMB 1M**

**( USD 140K )**

# The Fifth Case

- Plaintiff: Longcheng
- Defendant: Tongba
- Patent In Dispute:
  - No. ZL01355071.3
  - Padel



Awarded by the Supreme Court

**RMB 500K**

**( USD 72K )**

# Second Strike

- Supreme Court's Interpretation
  - Effective on April 1, 2016
  - Article 28: Where a right holder and an infringer had an agreement on the amount of damages or the calculation method of the damages of patent infringement, the Court shall sustain the right holder's claim for determining the amount of damages based on the agreement in a patent infringement lawsuit.



# Newly Development from the LongCheng vs. Tongba Cases

- Arbitration Option
  - Jurisdiction
  - Model Clause: Any dispute arising from or in connecting with this Contract shall be submitted to China International Economic and Trade Arbitration Commission (CIETAC) for arbitration which shall be conducted in accordance with the CIETAC's arbitration rules in effect at the time applying for arbitration. The arbitral award is final and binding upon both parties.

# Arbitration Clause

- Party: Right Holders vs. Competitors
- Arbitration Board: China International Economic and Trade Arbitration Commission (CIETAC)
- Action triggering the Arbitration
  - If Party B conducted any action include manufacturing, using, offering for sale, or selling the product in dispute
- The Amount of Compensation:
  - Calculation on the basis the type of actions
  - Calculation on the basis of the amount of the patents
  - A Particular Amount of Damages
    - Keep in Mind of Concept of Gap Filling

# Thanks for your Attention!

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