



WANHUIDA  
INTELLECTUAL PROPERTY

25<sup>YEARS</sup>



2024

WANHUIDA  
Patent  
Service &  
Practice

Expertise  
Makes It Possible



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# CHAPTER 1

Overview of  
Wanhuida IP

# Wanhuida Intellectual Property

**Wanhuida Intellectual Property** is a leading IP service provider in China. It has two main legal entities, Wanhuida IP Agency and Wanhuida Law Firm, with offices covering all major IP hubs in China.

Our professionals have broad as well as in-depth experience. Over the years, they have accumulatively litigated over thousands of IP cases in courts all over China, prosecuted tens of thousands of patent applications, and filed hundreds of thousands of trademark registrations. Many of the cases are first of its kind. They are recognized by industries, courts and administrative agencies as exemplary cases for their legal significance.

<b>500+</b> Practitioners and supporting staff	<b>150+</b> Trademark Practitioners	<b>40+</b> IP cases reported in the Supreme People's Court ("SPC") Gazette or selected by SPC for its annual 10 or 50 exemplary cases <b>70+</b> Transactions or cases selected by industry associations or professional legal medias as "Deals of the Year" or "Exemplary Cases of the Year."
<b>120+</b> Patent Practitioners	<b>120+</b> Litigation Lawyers	<b>80+</b> Cases honored as representing "Best Practices" by the CNIPA, local administrations for market regulation, IPOs or courts.

# Endorsement

## The Legal 500

Tier 1 PRC firm in both "Intellectual Property Contentious" and "Intellectual Property Non-contentious",  
2012 – 2024

Legal500

## Managing Intellectual Property

Tier 1 PRC firm (domestic) in both  
"Trademark Prosecution" and  
"Trademark Contentious",  
2011 – 2023

Managing IP

## Chambers & Partners

Intellectual Property: Litigation &  
Non-litigation (PRC Firms) in China,  
Band 2, 2019 – 2024

Chambers  
AND PARTNERS

## asialaw

Outstanding firm (top tier) in  
intellectual property in China,  
2016 – 2023

a asialaw

## World Trademark Review

Gold-band PRC firm (domestic) for both  
"Prosecution and Strategy" and  
"Enforcement and Litigation",  
2011 – 2024

WTR

## Intellectual Asset Management

Silver-band PRC firm (domestic) for  
patent litigation and prosecution,  
2020 – 2023

IAM

## Asian Legal Business

China Domestic Trademarks / Copyright  
Law Firm Tier 1, Patent Law Firm Tier 2,  
2021 – 2024

ASIAN LEGAL  
BUSINESS

## China Business Law Journal

China Business Law Awards Winner in  
the category of intellectual property  
(Trademark & Patent), 2023

CHINA BUSINESS  
LAW JOURNAL

## The Patent Lawyer magazine

Top 10 Patent Firms in China,  
2022-2023

The  
Patent Lawyer



# CHAPTER 2

Wanhuida  
Patent  
Service

### Patent Filing & Prosecution

- Search, portfolio, strategy, management
- Draft applications in Chinese and English
- Provide advice/suggestion
- Draft response to office actions
- Translation
- Reexamination
- Reply inquiry, monitor cases
- Consulting

### Technical Fields & Languages

- Chemical materials, daily appliances
- Pharma, Biotech, foods
- Mechanical, Medical devices, metallurgy
- Electric/electronic, physics, hard/soft ware
- Telecommunication, AI, data
- Design patent
- Chinese, English, Germany, French
- Japanese, Korean

### Patent Contentious Work

- Patent invalidation
- Administrative litigation
- Civil litigation of infringement
- Administrative enforcement
- Trade secrets/knowhow litigation
- Licensing disputes
- Customs recordal and actions
- Evidence collection, C&D letters

### Legal Opinions

- Freedom-to-Operate (FTO)
- Patent validity analysis
- Infringement analysis
- Submit third party's observations
- Assessment of inventive steps
- Licensing, patent related contract
- Other legal issues

# People

120+ professionals, including 70+ patent attorneys and 30+ lawyers

# Case Load

5300+ prosecution cases and 200+ contentious cases per year



## Great Team Work - Best Serving Our Clients

- Extensive Experiences
- Optimized Processes
- Resources Deployment
- Striving For Results

# Clients

Including the world's leading companies (e.g. Fortune 500 companies) and SMEs, covering around 90 jurisdictions, from a cross sector of industries - chemical, biotechnology, pharmaceutical, mechanical, medical devices, electronics, software, telecommunication, internet, AI, energy, materials, equipment and manufacturing, just to name a few.







# CHAPTER 3

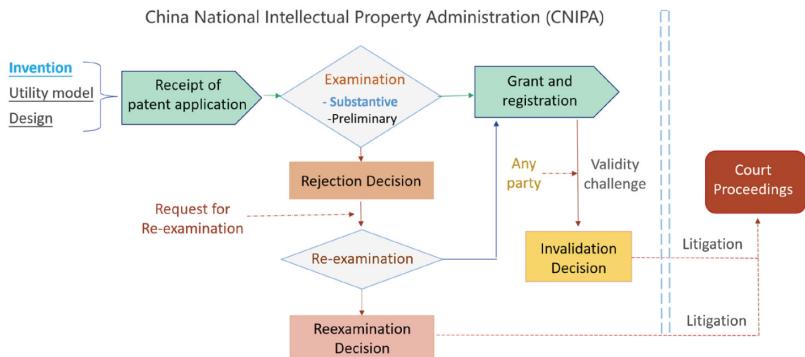
## Patent Prosecution Practice

# Patent Prosecution Landscape in China

- Technological innovations can be protected by patents for inventions and/or patents for utility models under China's Patent Law, while designs are also within the scope of patent protection. The duration of a patent for invention, utility model and design shall be 20, 10 and 15 years respectively, counting from its filing date.
- For a patent to be valid and protected under the Patent Law, it must fall within the statutory definition of eligible subject matter. Scientific discoveries, rules and methods for mental activities, methods for the diagnosis or for the treatment of diseases, animal and plant varieties, nuclear transformation method and substances obtained thereof are excluded from patent protection. No patent right can be granted for innovations contrary to the laws, social morality or detrimental to public interest, or with bad faith. Abuse of patent rights to damage the public interest or the legitimate rights and interests of others should be prohibited.

- A patent for invention should be subjected to substantive examination, while a utility model and a design only pass preliminary examination before granting a patent. The average examination period of a patent for invention is around 16-18 months from the date of substantive examination, while that of utility model and design is around 6-12 months and around 3-10 months respectively, from the date of filing the patent application.

## CN patent examination and granting process



## Our Practice

- We represent international and domestic clients and work closely with them to file their patent applications before China National Intellectual Property Administration (CNIPA). Our extensive experiences and good strategies during patent prosecution make the procedure smooth and efficient, assisting our clients to reach satisfactory granting rate with proper scope of coverage of their patents and portfolio. Especially in the event of adverse results through substantive examination for invention patents, we effectively use the reexamination proceeding by deep analysis of technical solutions and evidence to seek remedies for the interest of our clients. Our successful rate of reexamination cases before the CNIPA is much higher above the average.
- The following patent prosecution cases are selected as examples about how to obviate the objections or rejections against inventiveness for obtaining satisfied scope of granted patents for our clients.

## CASE 1: Granted broader protection scope than that in the counterpart patent

This application relates to structural members used in the areas of commercial and residential construction. The inventive conception of present application involves of attaching the first and second tensioned continuous wire member at both ends of the channel members, so that customized adjustment of length between various nominal lengths is allowable and the reinforcement plates used in the stud of prior art is omitted.

- Objections in office action

The set of claims was rejected in the 1st Office Action as lack of novelty or inventiveness in view of one prior art document, and the Examiner insisted his rejection in the 2nd Office Action.

- Arguments and Claim Amendment

Before filing a response to OA2, we initiated a telephone communication with the Examiner and carefully explained the technical solutions of the present application and the prior art, and highlighted the technical difference there between as well as the notable technical effect achieved thereby. To facilitate the granting procedure, an adaptive and less limitative amendment was introduced. The examiner finally agreed with us and granted the application with a protection scope broader than that in the counterpart patent.

Our strong arguments and the effective discussion with the Examiner help facilitating the granting procedure as well as obtaining a satisfied claim scope.

## CASE 2: Using Appropriate Approach in Explaining the Relevant Technology

This application relates to a method for the manufacture of a sole for a shoe, from particles of expanded thermoplastic polyurethane (eTPU). The application was granted after 2 office actions.

- Objections in Office Actions

Claim 1 is objected as lacking inventiveness in view of combination of two reference documents (D1 and D2). D1 discloses foams produced from eTPU particles, and D2 discloses a method for fabricating a vacuum insulation material core from polyurethane (PU).

- Amendment to claim 1

To remove the above objection, a key technical feature is incorporated into claim 1 with the explanation that the moulding of PU in D2 was markedly different from the process of fusing eTPU particles to form a product.

- Flow charts to illustrate the processing steps for examiner to understand the technology

The Examiner failed to realize the difference and insisted the objections. We assumed that the Examiner might have difficulty in apprehending the relevant technology and thus prepared some flow charts to clearly illustrate the processing steps of the subject invention and those of the reference documents. As a result, the examiner accepted our arguments in support of inventiveness of the amended claim 1.

## CASE 3: In-depth Analysis of Working Principle to Rebut the Selected Closest Prior Art

This application involves the retrospective method of internet business operation. The method includes four steps: collecting behavior data and response data, generating instruction files and data source files, respectively simulating and reproducing the real situation of the front-end and server-side when the user operates at that time, and recording video while simulating and reproducing.

- Objection against inventiveness

In the 1st Office Action, all the claims were deemed as obvious over two prior art documents (D1 and D2). Focusing on the working principle of the claimed invention, we explained in detail that D1 could not be the closest prior art and D2 disclosed substantially the same process as D1. After our submission of the response without any claim amendment, the Examiner accepted our arguments and did not question inventiveness in the 2nd Office Action.

- Objection on claim support

The Examiner further pointed out that the claims are not supported by the description. In handling the 2nd Office Action, we discussed our proposed claim amendment with the Examiner via telephone and obtained positive result. This application was then granted with a reasonable scope of claims.

## CASE 4: Selection of Solid Evidence of Papers in Support of Inventiveness

This application sought to protect an in-vitro Diagnostic reagent, which is derived from a known biomarker miR-222 in the preparation of saliva sample detection reagent for diagnosis of liver tumour. What contributes over prior art is that it is firstly proved that this biomarker can be detected in saliva sample and the related amount in saliva sample correlates with liver tumours.

- Decision of Rejection

The application was rejected for being not inventive in view of combination of three prior art documents (D1, D2, and D3). D1 disclosed that miR-222 is a biomarker for liver tumour and also that miRNAs could be packaged into exosome and secreted to the outside of the cell, D2 disclosed that signal molecular in the exosome such as miRNA could be biomarker used in invasive detection, and further D3 disclosed that miRNA could be stable in saliva.

- Our arguments in Reexamination proceeding

We organized strong arguments based on solid evidence including 7 papers in the art to prove the non-obviousness of the invention, by leveraging our comprehensive understanding of the technology and profound insight into the issue. Our argument successfully convinced the Panel of reexamination and the Decision of Rejection was revoked. It sheds a light on the patentability of such inventions by taking into account the comprehensive mechanism underlying those prior arts which seem to be simply combined and deduced.

## CASE 5: Teaching Away in the Closest Prior Art Against Rejection on Inventiveness

This application relates to a coating composition, with the feature of the amount ratio of the two components therein. The application was granted after request for reexamination.

- Decision of Rejection

The Examiner issued a Decision of Rejection to the application after substantive examination, asserting that the composition of the claims was known and the distinguishing feature of the amount ratio is easy to achieve through conventional experiments in view of the closest prior art D1. Thus it cannot contribute to the inventiveness of the claims.

- Our arguments in Reexamination proceeding

By our in-depth analysis, we believe that D1 actually teaches a dose-effect relationship contrary to this patent application. Specifically, its composition exhibits poor corrosion resistance if amount ratios fall within the scope of the claimed invention, while the corrosion resistance will improve remarkably if amount ratios fall outside the said scope. The dose-effect relationship taught by D1 would prevent those skilled in the art from adopting the specific ratio of the claimed composition, thus there would be no motivation to modify the composition of D1 to realize the goal of this application. Though the Examiner in charge of this case insisted on the rejection during interlocutory examination, the Panel of reexamination afterwards accepted our arguments and reversed the Decision of Rejection.

## CASE 6: Amendment to the Claims Based on EPO Examination of the Counterpart Patent

The subject patent application relates to a cutting insert having a specific structure. The technical solution of the claimed invention brings particularly high stiffness and the associated precision for the milling operation.

- Objections in Office Actions

The set of claims was objected in the 1st Office Action on the grounds of lacking inventiveness in view of two prior art documents, and the Examiner insisted his objection in the 2nd Office Action by introducing a new reference document.

- Amendment to the claims

By discussing the technical solution with the applicant, the claim amendment was made in line with the parallel EPO Examination. In response to OA2, we remained the said claim set and submitted strong arguments against the objection on inventiveness by comparing in detail the structures of the cutting insert with those disclosed in the cited three prior art documents. The examiner finally agreed with us and granted the application.

In the recent practice, the Chinese examiners tend to be willing to consider the EPO examination results as reference.

## CASE 7: Challenges from A Lot Of Cited Prior Art During Granting Procedure

This application relates to a printing assembly and a method for printing on a flexible substrate. During prosecution, the Examiner cited a total of seven prior art documents to assess its inventiveness, which is not common in the substantive examination procedure. By making great effort, this application has been granted with a reasonable scope of claims.

- Objection against inventiveness in the 1<sup>st</sup> Office Actions  
All the claims were objected as lacking inventiveness over three prior art documents (D1 to D3) and common knowledge. We disagreed with the Examiner's opinion and submitted strong arguments that none of D1 to D3 gave any suggestions on the distinguishing feature or the technical problem solved by the claimed invention. The Examiner seemed to have accepted our arguments and issued 2<sup>nd</sup> Office Action only including formal issues of the claims.
- Supplementary search in the 3<sup>rd</sup> Office Action  
However, the examiner cited another four prior art documents (D4-D7) after a further search to retain objection against the inventiveness of the claims. In this situation, we initiated a phone call with the Examiner and elaborated the claim amendment while explaining the key of the invention. Then we submitted the corresponding response in written and the application was granted.

## CASE 8: Use of Post-filing Experimental Data & Divisional application

This divisional application relates to a pharmaceutical compound used for the prophylaxis or treatment of diseases associated with GPR40, which is fatty acid receptor expressed in pancreatic beta cells that largely mediates fatty acid amplification of glucose-induced insulin secretion.

- Objections in Office Action
  - 1) Claim 1 is a Markush claim comprising many pharmaceutical compounds. Examiner cited two reference documents which disclosed the compounds with identical bone structures to challenge its novelty and inventiveness.
  - 2) Claim 1 cannot be supported by the description because only small portion of the claimed pharmaceutical compounds demonstrated their therapeutic activity.
- Submission of supplementary experimental data in response to Office Action  
Based on the fact that the substitute group R1 of the pharmaceutical compounds is different and non-obvious in view of the reference documents, we submitted supplementary data for the claimed compounds showing their therapeutic activity. The Examiner accepted the data for establishment of inventiveness, and a set of amended claims was allowed in 2021, including more than 100 specific compounds in the dependent claim.

## CASE 8 # continued

- Strategy of divisional application

During prosecuting the parent application of this divisional patent, we submitted some experimental data in 2017 in response to the objections raised by Examiner. But the data were not accepted due to the related strict requirements at that time. Thus, the parent application was granted with the narrowed definition of R1 based on those compounds having the data of their therapeutic activity in the description. We suggested our client to file a divisional application for further prosecution.

- Close attention to the changes of prosecution practice

With the revision of Patent Examination Guidelines effective as from April 1, 2017, it requires examiners to review post-filing experimental data used for the purpose of proving sufficient disclosure of the claimed inventions. Further progress from January 15, 2021 makes it possible to provide post-filing data in support of inventiveness. Though the acceptance of post-filing data tends to be loosened, it still requires that the technical effect demonstrated in such data would be obtainable by those skilled in the art from the contents disclosed in the original description.

### 3. Patent Applications in Hong Kong



#### Wanhuida Hong Kong Office:

Suite 1903, Central Plaza,  
18 Harbour Road,  
Wan Chai, Hong Kong

- We represent our clients for filing Hong Kong (HK) applications. Our team in Guangzhou Office and HK office are experienced in HK patent registration.

#### HK standard patents

- A HK standard patent can be based on a designated patent application, such as a Chinese invention application, an EP application designating UK, or an UK application.
- No substantive examination is required for a HK standard patent.
- Only two stages of registration are needed, one is a 1st stage registration after the publication of the designated patent application, and another is a 2nd stage registration after the grant and issue of the same.

#### • HK short-term patents and original grant patents

- Except for HK standard patents, there are also short-term patents and original grant patents available.

## 4. Patent Applications in Macao and Taiwan

- We cooperate with the associates in Macao and Taiwan in assisting our clients filing patent applications and have them granted smoothly and effectively.

### Macao extension applications

- A Macao extension application is based on a Chinese invention patent.
- No substantive examination is required for a Macao standard patent.
- Only a registration after the grant and issue of the corresponding Chinese patent is needed.

### Filing patent applications in Macao

- In addition to Macao extension applications, applicants can file applications directly in Macao and priorities may be claimed from applications in WTO member states. There are three types of patents including invention patents, utility models and designs.

## Taiwan applications

- In Taiwan, there are three types of patents including invention patents, utility models and designs. Patent applications in Taiwan may claim priorities from the applications in WTO member states.

## 5. Patent Applications Outside China

- Some of our domestic clients have the needs for protecting their innovations as patents globally or in targeted countries/regions. For such needs, we cooperate with foreign intellectual property firms or law firms in assisting the clients to obtain overseas patent rights. Over the years, with the help of our foreign associates, our domestic clients have obtained patent protection covering many jurisdictions.



# CHAPTER 4

Resolution  
of Patent &  
Technology  
Related Disputes

# 1. General Information

## About Right Enforcement

- Enforcement of patent right has the objectives of stopping the ongoing infringement, recovering damages to compensate for the prejudice caused by the infringing acts, and deterring future infringement. In China, the main approach for enforcing a patent against its infringement is to file civil litigations. Administrative actions sometimes could also be good option.
- The civil litigation is to file complaints against infringement before the court. This judicial approach for solving disputes in China have several advantages over other remedies, notably, it allow award of damages, and have a good deterrence effect. Furthermore, it is possible to take pre-trial enforcement measures such as court action to collect evidence and court preservation of defendant's property. Normally, two instances of court litigations makes an infringement case final. Concerning damages, as of June 1, 2021, statutory

amount has increased up to RMB 5 million, and the Law has allowed a court to grant punitive damages of 1-5 times the actual losses suffered by the patentee, or the proceeds gained by the infringer or multiples of the patent royalties, due to willful infringement.



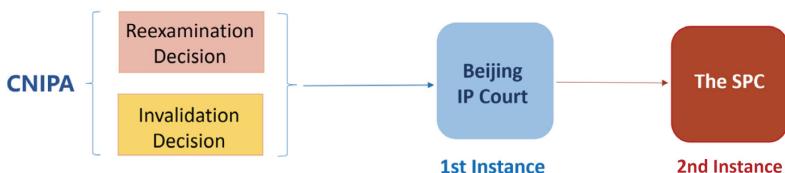
- The administrative action is to complain about the patent infringement through administrative authorities, e.g., the local Intellectual Property Offices and customs. On the request of the patentee or an interested party, the China National Intellectual Property Administration (CNIPA) may handle patent infringement disputes of significant impact nationwide. The administrative authorities have the power to make decisions to stop infringement. But damages are not available through such actions and the administrative rulings are appealable to the Court. This approach is a feature unique to China and renowned for both its time and economic efficiency.
- Enforcement of trade secret may choose civil litigation and criminal prosecutions. Criminal proceedings are often preferred if the case met the threshold of criminal charge. In general, the procedure for criminal

prosecution follows three phases: raid and post-raid investigation by the Public Security Bureau, examination and prosecution by the Procuratorate, and trial and judgment by the court.

- It's also possible to resolve patent and technology related disputes by arbitration if there is such agreement between the parties.

## About Administrative Litigation

- In China, for the patent reexamination after rejection or the invalidation against a granted patent, the proceeding starts from the CNIPA. The applicant may file a request for reexamination or any party may file request to declare a patent invalid at the CNIPA. After panel examination, the CNIPA issues reexamination decision or invalidation decision. If the interested party is not satisfied with the decision made by the CNIPA, it may file a law suit before Beijing Intellectual Property Court (Beijing IP Court). The decision of Beijing IP Court is appealable to the IP Court of Supreme People's Court ("the SPC"). The decision of the SPC is binding once made.
- Below is a flow chart of court proceedings of administrative litigation.



## 2. Our Practice in Dispute Resolution

- We are among the leading firms of patent litigation. We have litigated patent, trade secret and other technology disputes in all levels of courts up to China's Supreme People's Courts (SPC). We have experience litigating all over China and we frequently litigate in China's more developed areas, including Beijing, Shanghai, Guangdong, Shenzhen, Jiangsu, and Zhejiang. Our patent litigation service also covers validity and reexamination disputes before the CNIPA and their subsequent administrative litigations. Some of our cases involve parallel litigations in China as well as in other jurisdictions. In addition to enforcement through courts, we have done enforcement through administrative agencies, such as intellectual property offices, AMRs and customs. Our experience also extends to litigating criminal trade secret case and arbitration matters in settling patent and technology disputes.
- Obtaining evidence is the challenging part of litigation. To support our litigation

service, we have a solid team of investigators and an extensive network of investigation for gathering both physical and electronic evidence. We also work with third party experts, such as technical appraisal and electronic evidence experts to address challenging evidence issues.

- Our counseling work includes advising and representing clients in their transactional work, reviewing, drafting and negotiating licenses, conducting due diligence and investigation, and advising clients on various issues associated with a transaction. Our counseling work also covers legal opinions on freedom-to-operate, infringement, validity and patentability.
- Besides working on client matters, we are also an active participant in China's development of patent and technology laws. Since its creation, the firm has been closely associated with the legislative progress of Chinese IP laws and regulations. It continues to play an active role in the improvement of the Chinese legal and regulatory environment. We are involved in the processes for revising the IP laws, e.g. patent law, and relevant judicial interpretations through submission of our comments to draft laws and organizing platforms for discussion and communicating with authorities responsible for policy development.

### 3. Our Landmark Cases

- Over the years, we have won numerous landmark patent cases for our clients, some of which are selected by courts, CNIPA or agencies as exemplary cases. They include cases selected as “Guiding Cases of SPC on IPR Trial”, “SPC Annual Report on IPR Cases”, “Top 10 or 50 IPR Cases of the Chinese Courts” (by SPC), or “Top 10 Reexamination and Invalidation Cases of the CNIPA (or previously PRB)”. These cases have contributed to patent law development in various subjects.
- We select some of our representative cases reflecting different types and features as well as our strategies in litigation for reference.

- **Bayer Case (SPC Judgments 2022)**

**Highlight:** This case is selected as SPC Top 50 Cases in 2022. The final decision made by the SPC will further restrain the infringement act of "offering to sell" in the medical exhibitions as well as via internet.

**Summary:** Representing Bayer in initiating administrative enforcement against two Nanjing companies infringing its "Rivaroxaban" patent. We filed a request in 2019 before the local IP office complaining the accused infringers' behaviors of offering to sell "Rivaroxaban API" and "Rivaroxaban Tablets" and won the administrative case. The respondent appealed before the court of the 1st instance against the administrative decision and then the 2nd instance of the Supreme People's Court (SPC) against the lower court's decision. The courts of both instances issued judgments in favor of Bayer. The administrative decision and courts' rulings explained in detail the establishment of offering to sell in different occasions and clarified the conditions for "Bolar Exemption" as defending non-infringement.

- **Sanhome Pharma. vs. Huamei Medical technology et al (SPC Judgments 2021)**

**Highlight:** The cases are selected as SPC Top 50 Cases in 2022. The Supreme People's Court (SPC) rendered the final judgments in the parallel civil and administrative proceedings involving the medical use invention patent of a chiral drug. The cases held public hearings the day before the "World IP Day" (26 April 2021), reflecting the judicial guide of strengthening IPR protection of pharmaceuticals and encouraging innovations in pharmaceutical field.

**Summary:** Representing the patentee "Sanhome Pharmaceutical Co, Ltd." before the SPC, against the petitioners challenging the validity of Sanhome's patents in two administrative proceedings and against the infringers appealing two infringement decisions in favour of Sanhome. The patentee prevailed all cases -- the patents remain valid and the defendant is found infringing. In particular, the decisions shed light on issues, including: 1) the assessment of the technical teaching of prior art, 2) inventiveness of parameters for optical isomers and medical use inventions, 3) the scope of protection of medical use claims, 4) the prior art defence, and 5) the prior use defence.

- **Staubli vs. a local producer (SPC Judgments 2017-2023)**

**Highlight:** Concerning infringement of a large production facility, it may not be feasible to collect evidence through notarization. We succeeded in applying to the court for evidence preservation and on-site inspection.

**Summary:** Representing the patentee Staubli against infringement of a local producer. Staubli owns 3 patents of automatic drawing-in machine. After conducting preliminary evidence collection for two users using the infringing product, we filed a lawsuit and applied to the court for evidence preservation and on-site inspection of the involved products. The court determined that the product in question falls within the protection scope of the three patents involved. We also verified the actual sales volume of the product involved based on the tax records retrieved from the tax authorities. In one case, we received compensation of nearly 2 million RMB, while in the other case, we received compensation of 3.15 million RMB in the first instance.

- **Csquared2 Laser Equipment. vs. Huagong Bluesky Intelligence Technology (Court Judgment 2021)**

**Highlight:** The case is selected as a typical case of Foshan IP Protection Center. Guangzhou IP Court and CNIPA coordinated in hearing the invalidation and infringement cases on the same day. In normal procedure, IP Court and CNIPA are two independent procedures for handling infringement and validity issues.

**Summary:** Successfully representing the petitioner for invalidation and the defendant (Csquared2 Laser Equipment) in an alleged patent infringement suit involving a laser equipment in Guangdong. Csquared2 was sued for patent infringement by a competitor before Guangzhou IP Court and then filed an invalidation case against the asserted patent. Guangzhou IP Court and CNIPA coordinated in hearing the invalidation and infringement cases on the same day. The judge of the infringement case attended the invalidation hearing as observer. The patent was declared invalid immediately at the end of the invalidation hearing and in the afternoon the judge of the infringement case dismissed all claim of the patentee.

- **Micro-Tech (Nanjing) vs. Pengtian (Court Judgment 2021)**

**Highlight:** This case is listed as “Top Ten IP Cases of Zhejiang Courts” by Zhejiang High Court in 2021.

**Summary:** Micro-Tech (Nanjing) is mainly engaged in R&D, manufacturing and sale of minimally invasive medical devices. In July 2020, Shanghai Customs discovered 200 disposable hemostatic clips exported by Pengtian, which were suspected of infringing Micro-Tech's patent of “a kind of hemostatic clip”. We represented Micro-Tech in taking actions before Shanghai Customs, and the products were seized by the Customs. We docketed the case at the Ningbo Intermediate Court and promptly submitted application, requesting the court to take

preservation measures. The court then took samples from the seized products for analysis and found them infringing the patent. The court ordered the defendant to stop infringements of manufacturing, selling and offering for sale the infringing products, destroy the infringement products and award damages for Micro-Tech (Nanjing).

- **MEMsensing Microsystems Case (Suzhou) Co., Ltd (Court Judgment 2021)**

**Highlight:** A series of patent invalidation and litigation cases. Our team worked closely with the client to ensure the good winning rate of the cases.

**Summary:** We represented MEMSensing Microsystems (Suzhou) Co., Ltd. in a series of patent invalidation and litigation cases involving semiconductor products. MEMSensing successfully defended a few patent infringement cases by having the patents of a major competitor invalidated and also maintained the validity of many patents of its own challenged by the same competitor. Wanhuida established a well coordinated team which is formed by experienced litigators and patent attorneys.

- **Techfields Case (SPC Judgment 2021)**

**Highlight:** Supreme People's Court (SPC) made judgment that supports the inventiveness of the prodrug patent based on our analysis.

**Summary:** Representing Techfields Pharma to defend its aspirin prodrug patent in administrative lawsuits. Techfields obtained an unfavorable Invalidation Decision made by the CNIPA. We have this Decision vacated in the follow-up court proceedings, both first and second instances. We accurately discriminated the medical formulation of the claimed invention from the prior art and clarified improvement and significance of the invention, by a thorough analysis of essence of the case. We submitted a lot of evidence in support of our analysis.

- **SEB vs. VATEN (SPC Judgment 2020)**

**Highlight:** This case is selected as the "2020 Excellent Case" of Unifab.

**Summary:** The Supreme People's Court (SPC) in the 2nd instance ruled in favor of our client SEB in its suit against VATEN's exporter. The infringing acts involved are concealed and complicated, and the infringing product models of electric fryer are numerous. The court determined that the accused seven different models of products constituted infringement and ordered the infringer to compensate more than 4 million RMB in four related lawsuits, and the customs also destroyed the infringing product seized.

- **Bayer vs. Nanjing Chia Tai Tianqing (CNIPA Decision 2020)**

**Highlight:** This case is selected as Top 10 Patent Reexamination and Invalidation Cases of CNIPA in 2021.

**Summary:** Defending successfully the validity of Bayer's patents over Rivaroxaban compounds. The petitioner tried to combine numerous references to challenge the inventiveness. The CNIPA upheld the patent's inventiveness and explained proper use of the structure-activity relationship in assessing the inventiveness of pharmaceutical compounds and rejected hindsight when applying the "three-step" or "teaching and motivation to combine" approach for the assessment of inventive steps.

- **P&G vs. SeaMild (Court Judgment and CNIPA Decision 2020)**

**Highlight:** Procter & Gamble (P&G), as the defendant, avoided the high damages claimed by the patentee in an infringement litigation.

**Summary:** Representing P&G won both invalidation and infringement cases. P&G was sued for patent infringement in Shanghai IP Court by SeaMild (patentee), which claims damages as high as 100 million RMB. The plaintiff submitted appraisal report as evidence to prove infringement, which involves test on the chemical composition of the accused product.

Against this accusation, we built on non-infringement defense in various aspects, including sufficient evidence to prevent broadening interpretation of the patent scope, and also filed an invalidation request against the patent in suit with solid evidence.

CNIPA invalidated the patent, and Beijing IP Court sustained the invalidation decision. Then, Shanghai IP Court ruled to reject the patentee's complaint.

- **Bayer vs. Acebright (Administrative Decision of Shanghai IP Office 2019)**

**Highlight:** This case is selected as CNIPA's Top 10 Exemplary Patent Administrative Enforcement Cases in 2019.

**Summary:** Successfully representing Bayer in the administrative enforcement of its patent related to the anti-tumor compound sorafenib. This case clarifies that the "offering to sell" intended for non-specific potential customers is not covered by research exemption and Bolar exemption. The Shanghai IPO granted Bayer's petition and ordered cessation of the infringement.

- **SEB vs. PRB (SPC judgment 2018)**

**Highlight:** Successfully defending the validity of SEB's high value patent

**Summary:** Representing SEB, the world's leading home appliance, in defending invalidation request against its "paddle patent" for the Ac-

tifry dry fryer in China. The Supreme People's Court (SPC) supported SEB's arguments that in the assessment of inventive steps the technical features in the claims should be considered as a whole rather than in isolation. The invalidation decision made by the Patent Reexamination Board (PRB) was reversed by SPC. Given the fact that the dry fryer has excellent sales worldwide, and China was the source of infringing products, maintaining the validity of this core patent in China is essential in thwarting infringement.

- **SEB vs. Ningbo Changli Co. (Court Judgment in 2018)**

**Highlight:** This case focused on construing functional feature of the claims in infringement dispute and filled in the blanks in the provisions on the issue of functional feature.

**Summary:** Representing the patentee SEB at the 2nd instance of Zhejiang Higher Court in a patent infringement lawsuit. We successfully argued on the exception to functional feature in the claimed ironing appliance so that its defined feature of the claims should not be limited to the examples in the patent description and its equivalent. The court supported the opinion of the patentee and found the defendant infringing the patent.

- **IKEA Case (PRB Decision 2017, Court Judgment in 2017)**

**Highlight:** Strategy for the Infringement law suit and the Invalidation Proceeding.

**Summary:** Representing IKEA in responding to a patent infringement lawsuit filed by a Taiwanese patentee regarding the "lantern" patent. Our strategy includes:

- By way of the proceedings of jurisdiction objection and appeals of the infringement lawsuit to gain time for the preparation of invalidation requests against the "lantern" patent.
- In the invalidation procedure, the "lantern" patent was successfully invalidated by using the Estoppel principle. The patentee expanded the interpretation of the claims in the infringement lawsuit in order to cover the feature of IKEA's product. Such a broadened scope of the patented claims is not inventive as compared with the prior art.
- The Guangzhou Intellectual Property Court subsequently ruled to dismiss the plaintiff's claims of infringement.

- **SEB vs. YODA (SPC Judgment in 2014)**

**Highlight:** This case was selected as SPC Top 50 Exemplary IPR Cases in 2014.

**Summary:** Representing SEB in defeating a patent infringer in two instances of court proceedings, obtaining court injunction and damages. The case was selected as 50 Exemplary IPR Cases of the Supreme

People's Court (SPC) for its clarification on how to define the protection scope of functional claims.

- **Corun Energy vs. Alantum Technology (SPC Judgment in 2013)**

**Highlight:** This case was selected as SPC Top 10 IPR Cases of 2013.

**Summary:** Representing Corun Energy against Alantum Technology in a patent infringement retrial case involving a nickel processing product before the Supreme People's Court. The case was selected as SPC's Top 10 IPR Cases of 2013 for its significance in applying the doctrine of equivalents.

- **Dahe Biotechnology Case (SPC Judgment in 2013)**

**Highlight:** This case was selected as Top 10 Cases of the Patent Reexamination Board of 2013.

**Summary:** Representing Dahe Biotechnology in the retrial before the SPC, upholding the decision invalidating the patent on the production of Lysine. The case is instructive for interpreting microorganism claims defined by function. After affirmation by the Court, the original Patent Reexamination Board (PRB) decision was selected as Top Ten Typical Cases of the PRB of 2013.

- **Zhengdong Taisheng Pharm. et al vs. Hu Xiaoquan (SPC Judgment in 2012)**

**Highlight:** The case is selected by SPC Annual Report on IPR Case (2012).

**Summary:** Representing Zhengdong Taisheng Pharmaceutical Co. Ltd and Telier Marketing Planning Co., Ltd. Medicine Branch against Hu Xiaoquan in a patent infringement retrial case involving adenosine triphosphate disodium magnesium chloride freeze-dried powder for injection and its production process. The case was selected by the Annual Report of the SPC on Intellectual Property Cases for its significance in construing the “close-ended” claim of using the wording “consisting of”.

- **Simcere vs. Patent Reexamination Board and Li Ping (SPC Judgment in 2011)**

**Highlight:** This case is selected in SPC Annual Report on IPR Cases (2011).

**Summary:** Defending successfully the validity of Simcere patent on a pharmaceutical formulation comprising Amlodipine and Irbesartan in the re-adjudication proceeding before the Supreme People's Court (SPC). The case was selected in the SPC's Annual Report on IPR Cases (2011) for its significance in applying the fairness and reasonableness principles in interpreting the Guidelines for Patent Examination and in determining whether a new matter has been introduced by amendment.

- **Guangzhou New GEP vs. Taishan Xianqu  
(SPC Judgment in 2010)**

**Highlight:** The case is selected as SPC Annual Report on IPR Case (2010).

**Summary:** We represented Guangzhou New GEP in a re-adjudication proceeding for a patent infringement suit and won the case. The Supreme People's Court (SPC) supported the way we interpreted the interrelationship of the ingredients in the claimed composition. In the situation that a different understanding of the content in the claims resulted in disputes over the protection scope of the patent, the description and the accompanying drawing can be used to interpret the claims.

- **Criminal case of trade secret infringement (Court Judgment in 2022)**

**Highlight:** Criminal liabilities of the defendant. This case is selected as Hangzhou Procuratorate Exemplary Cases in 2023.

**Summary:** Representing a local company in Zhejiang, the trade secret owner, in the criminal prosecution proceeding against an employee seeking to misappropriate and patent the said trade secret. The defendant was sentenced to 4-year imprisonment and fined RMB 800,000. The courts affirmed that even if each constituent technique of the trade secret has been disclosed, the said trade secret shall be deemed as unknown to the public in its entirety, provided that the combination of the technique has yet been made public.

- **Punitive damages in dispute of trade secretes (Court Judgment in 2021)**

**Highlight:** The court awards Soundking punitive damages in trade secrets civil suit.

**Summary:** Representing trade secret owner Soundking in securing injunction, damages of RMB 3.6572 million and reasonable expenses of RMB 220,000 from four former employees and their associated company, which were engaged in misappropriation of Soundking's trade secrets. In August 2019, Soundking was alerted by its clients that Huizhou Hui Te Electronic Technology Ltd. (Hui Te) was selling similar digital sound mixers at a much lower price. It was then identified the core technology of the mixers being identical with Soundking's trade secrets. Further investigation revealed that Hui Te was controlled by a former employee who was the head of Soundking's R&D department.

Soundking initiated a civil litigation against Hui Te et al before the Ningbo Intermediate Court. The court therefore ordered injunction and affirmed that punitive damages should apply by taking into account the malice and the severity of the infringement and set the multiple at quadruple of Soundking's economic losses.

- **Settlement on infringement dispute of OLED panel (2021)**

**Highlight:** Representing the owner of a patent featuring internal operations in circuit, we made diverse efforts to produce a preponderance of evidence for proving the accused display panel embodying the internal operations covered by the patent. Based on strategic considerations, we prompted the defendants to settle the dispute with our client after filing the complaints against the infringement before the court.

**Summary:** Entrusted by the patentee, we enforce the patented claim of which limits several operations inside the driver circuit of an OLED panel. Since it is difficult to explicitly demonstrate that the accused OLED panel adopts the patent operations inside its driver circuit, for deducing its infringement, we collected and produced diverse evidence corroborated with each other before the court, including the patent function promoted in the manual of defendant's product, the analysis of the disassembled circuit of the panel, as well as the simulation result to the panel by inputting some specific test signals, etc. This infringement dispute was settled successfully out of court.

- Patent Ownership Dispute (2019)

**Highlight:** According to the Patent Law, for any inventions made by the employees on duty, the patent right and the right for apply a patent of such invention shall belong to the employer.

**Summary:** Representing a well-known Japanese company to retrieve the ownership of a high-value patent.

Through investigation, a key staff member who had previously worked in a US laboratory for a well-known Japanese enterprise was found at a university in Shanghai. Through multiple rounds of negotiations and coordination, the staff member was able to acknowledge that a high-value patent submitted by him in the United States was actually employee's invention during his work in the Japanese company's US laboratory, and successfully arranged for the patent transfer procedures.



# CHAPTER 5

Tips of evidence  
collection for  
patent litigation  
in China

# 1. Evidence on the infringing product/ process

Obtaining evidence has long been acknowledged as one arduous task for patentees seeking to take legal actions in China. The fact that plaintiff bears greater burden of proof in judicial proceedings in China has drawn criticism from the legal community. The matter is further complicated by the lack of discovery procedure and the high bar set for admissibility of evidence.

## Notarised purchase

Courts in China have set high bar for the assessment of the authenticity of evidence. It is practically impossible for Chinese courts to rely purely on witness affidavit. Documentary evidence is the most popular and frequently adduced evidence in China.

Under most circumstances, notarisation is recommended in preservation of key evidence, given the notarisation process will lend further credence to the evidence. Therefore, patentee usually resorts to notarised purchase when gathering

evidence on the infringing product/process.

The typical procedure is to purchase the accused product (often by the patentee or its proxy) directly from the infringer (manufacturer or distributor) under the witness of notary public. The infringing products will be packed and sealed by the notary public for court inspection at a later date (usually at the hearing).

Generally speaking, if the infringing product is consumer goods, right holder could make a purchase as an anonymous consumer under the witness of notary public. Conversely, the difficulty for the notarised purchase of infringing products designed for industry use will increase significantly. The reason is simple – the infringer would want to vet the identity of the buyer, especially in an industry with a small number of players.

Patentees will have to disguise their true identities and pose as trustworthy buyers. It could take the patentee some time to build trust with the infringer before the latter lets down his guard and sells the infringing product.

Technically speaking, notarised purchase is not risk-free under procedural law. After all, the infringer could challenge the legitimacy of the evidence gathered from the notarised purchase, contending that the right holder fabricated an identity and tricked the infringer into selling the infringing product.

Fortunately, China's Supreme People's Court (SPC) affirmed the legitimacy of the approach in an exemplary case Founder v Gaoshu [(2006) Min San Ti No.1] in 2006. The principle observed in this case has been widely followed since then.

The plaintiff, Founder is the copyright owner over a set of software. The defendant, Gaoshu secretly duplicated and sold the pirated software to quite a few customers. To obtain evidence, an employee of Founder posed as a customer and approached Gaoshu, using a bogus name, to purchase the pirated software.

The employee first purchased some hardware product to gain the defendant's trust and then asked the defendant whether they provided pirated software. After receiving a positive answer, the parties signed sales contract and the defendant installed the pirated software on the buyer's computers as per his request. The transaction and software installation process were witnessed by the notary public, without divulging their true identities throughout the process.

In the ensuing litigation, the defendant argued that Founder tricked their salesperson into selling the pirated software, because their standard offer would be genuine software, it was Founder's employee specifically requested pirated software. The evidence collection approach is therefore illegal and the evidence shall not be admitted by court. The opinion of the trial court and that of the court of appeal diverged greatly on the legitimacy of the approach and the case was later petitioned to the SPC

for re-trial.

The SPC allowed the aforesaid evidence collection approach: "Despite the fact that laws have expressly stipulated offences, more often than not, due to the breadth of social life and complexity of interests at stake, laws tend to establish legal principles, rather than provide an exhaustive list of offences, so that judges may exercise discretion by weighing interest and taking into account value orientation. Therefore, regarding an act that is not expressly prohibited by laws and regulations, whether such act is detrimental to public interest shall be assessed based on its substantive fairness. The notarised approach Founder employed in evidence collection is not unjustified in terms of its objective and the acts did not harm public interest or others' legitimate interests. In addition, considering that computer software infringement is often covert and relevant evidence is difficult to gather, the approach employed by Founder is conducive to overcoming the difficulty in evidence collection, deterring potential infringers and ramping up intellectual property protection. The approach shall be deemed as legitimate and valid, and the evidence gathered shall be found admissible in ascertaining the facts of the case."

## Alternative evidence collection approaches

In case it is impossible for the plaintiff to gather evidence of his own accord, the plaintiff may seek assistance from the court. Courts may, upon the plaintiff's request, investigate and gather evidence on the

accused product/process.

To serve that purpose, plaintiff needs to produce *prima facie* evidence to substantiate the infringement, adducing evidence showing the whereabouts of the accused product or product line and submitting a written statement, elaborating on the urgency of gathering evidence and the hindrance keeping the plaintiff from obtaining evidence of his own accord. With or without a pre-litigation hearing to listen to plaintiff's grounds, court will decide whether the *prima facie* evidence merits the granting of the plaintiff's evidence collection request and to what extent the plaintiff's burden of proof is to be alleviated.

In *Henglian v Changyi* [(2013) Min Shen Zi No. 309], the patent at issue concerns a type of paper manufacturing process, for which the plaintiff is unable to produce notarised evidence. Plaintiff thus requested the court to gather evidence. To make a strong case, the plaintiff produced a video record of the defendant's product line as preliminary evidence and the request was granted. When the judges went to the defendant's factory to preserve evidence, they were deliberately led by the defendant to the wrong product line. The trial court ordered the defendant to disclose the manufacturing process, but to no avail. The court thus found infringement based on the plaintiff's preliminary evidence.

The lower court's decision was upheld by the SPC, affirming that courts may shift the burden of proof to the defendant, provided that the plaintiff has proved the accused product is identical with that produced

by the process patent at issue, and the plaintiff has made every effort to gather evidence, based on common sense and life experience, judges may conclude it is highly likely that infringement can be established. In practice, courts may also designate other parties to gather evidence. By issuing court order, courts may authorise lawyers to gather evidence by asking the parties to hand over evidence in their possession. Such court order rarely applies when the plaintiff needs to collect the infringing product/process from recalcitrant infringer. Nevertheless, the approach is being widely used in the scenarios where the evidence is controlled by government agencies or the third-party companies (like e-commerce platforms).

## 2. Evidence on the calculation of damages

### Parameters in determination of damages

In China, damages may be calculated by the following methods: i) actual losses incurred to the right holder; ii) illegal proceeds acquired by the infringer; or iii) reasonable multiple of patent royalties.

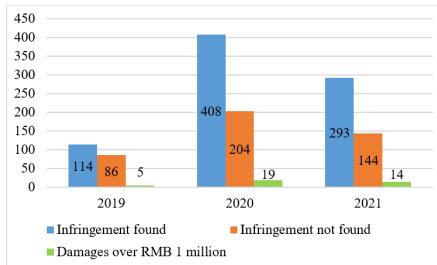
Where it is difficult to ascertain damages by the aforesaid three approaches, court may resort to statutory damages and determine at its discretion the amount of damages ranging from RMB30,000 to RMB5 million.

In practice, right holders often opt to calculate the illegal proceeds acquired by the infringer, or statutory damages substantiated by proof of infringer's illegal proceeds, which is calculated based on the below formula:

Turnover of the infringing product × Operational profit margin of the infringing product × Patent contribution rate to the profit

The question is – without discovery procedure, how could right holder find evidence of infringer's profit? In practice, right holders may find sales price of the infringing products, bits and pieces of sales figures through public channel and maybe the average profit of the infringer if they get lucky, but not a chance when it comes to the infringer's profit margin of the specific infringing product nor the patent contribution rate to the profit. The most direct evidence – the infringer's transaction record of the infringing product- is usually under the infringer's control and out of the reach of the patentee.

Below diagram shows the outcome and number of cases with damages over RMB 1 million (inclusive) of all the published patent civil decisions (available at <https://www.iphouse.cn/>) made by the Intellectual Property Court of the Supreme People's Court (the SPC IP Court), the sole appellate court for patent infringement litigation since 2019. Of all the cases where infringement could be established, those with over one million damages accounts for 4.4% in 2019. The percentage rises slightly to 4.7% in 2020 and 4.8% in 2021, which means securing high damages has yet become less onerous in China:



## High damages

The fourth amendment of China's Patent Law, which comes into effect as of June 1 2021, incorporates into law (Article 71.4) the possibility of shifting burden of proof to the defendant, mandating that the defendant is to produce the account books related to the accused product, if the patentee has made best efforts to adduce evidence whilst the financial books or materials related to the infringement are controlled by the infringer.

Noncompliance may result in the court's award of damages by reference to the claims and the evidence provided by the patentee. The case below is a live example of the application of Article 71.4.

In *Synthes GmbH v Double Medical* [(2021) Zui Gao Fa Zhi Min Zhong No. 148] the SPC IP Court awarded the plaintiff RMB 20 million (\$3.2 million) by admitting the plaintiff's evidence and shifting burden of proof to the defendant.

The plaintiff Synthes owns a patent concerning a medical device for the treatment of femoral fractures. The defendant Double Medical, which is a listed medical device company, was sued by Synthes for patent infringement. Synthes sought damages of RMB 20 million. The court of first instance only awarded damages of RMB 1 million. Both parties appealed to the SPC IP Court.

To prove defendants' illegal profit, Synthes collected preliminary evidence about the defendant's turnover of the accused product, including defendant's online sales figure of the accused product for about 42 days and defendant's revenue as disclosed by its financial report, based on which Synthes deduced that the turnover of the accused product reached RMB 39.74 million.

Though the defendant also published its overall operational profit margin (53%) in the financial report, this rate does not specifically correspond to the accused product. Given that Synthes had fulfilled its burden of proof, the court ordered the defendant to produce the account books of the accused products. The defendant, in defiance of the court order, merely produced photocopies of partial sales data and several invoices, alleging that the original documentary proof were no longer available. The defendant also argued the calculation method adopted by Synthes is flawed: the turnover and operational profit of the accused product is not accurate, the patent contribution rate is not considered, among others. The court opined that there is no just cause warranting the defendant's refusal to disclose its account books. As a listed medical device manufacturer, the defendant is obliged to keep an elaborate dossier on the production and sales record of the accused products and should be capable of accurately calculating the sales and profit margin based on its account books.

The court acknowledged that the plaintiff's evidence might not be accurate, but also concluded that based on the prospectus, annual

reports and the narratives published on the defendant's website, which are available to the public, it would be safe to deduce that the defendant's illegal profit has exceeded RMB 20 million. The court therefore found the preliminary evidence produced by the plaintiff admissible and awarded damages of RMB 20 million.

Due to the lack of discovery, obtaining evidence will remain a challenge in China. As the nation's judiciary is growing increasingly pro-right holder, patentees are encouraged to fulfill their burden of proof by leaving no stone unturned in their search for physical and electronic evidence surrounding the business operation and financial performance of the infringer. With the implementation of China's new Patent Law, we expect to see a trickle-down effect in the alleviation of plaintiff's burden of proof and the award of significant damages in the long run.





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