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September, 9, 2012

Commissioner Tian Lipu
State Intellectual Property Office
No. 6, Xi Tucheng Road, Haidian District, Beijing
Postcode 100088

Via email to: tiofasi@sipo.gov.cn

Re: Comments on Draft Revision of the Patent Law of the People's Republic of China (August 9, 2012)

Dear Commissioner Tian:

Intellectual Property Owners Association ("IPO") respectfully submits comments to the State Intellectual Property Office ("SIPO") on the Draft Revision of the Patent Law of the People's Republic of China ("Draft Revision") published August 9, 2012.

IPO is a trade association representing companies and individuals in all industries and fields of technology who own, or are interested in, intellectual property rights. IPO's membership includes more than 200 companies and more than 12,000 individuals who are involved in the association either through their companies or as inventor, author, law firm, or attorney members.

IPO would like to thank SIPO for the opportunity to comment on the Draft Revision and commends the attention being paid to the practical concerns regarding enforcement of patent rights and development of effective remedies under the law for infringement of those rights. By protecting investments in innovation, patent law encourages parties to innovate. Fair and efficient mechanisms for resolving disputes relating to patent rights are important parts of any effective patent regime.

The Draft Revision prescribes, in part, a greater role for the Administrative Authority for Patent Affairs ("Administrative Authority") in investigating, adjudicating liability, confiscating illegal earnings, imposing damages and fines, enjoining further activities, and confiscating or destroying products associated with patent infringement. The increased responsibilities of the Administrative Authority, as proposed, may enhance the speed and efficiency in the resolution of such infringement matters. We believe, however, there will be far less uniformity, accuracy, and predictability, as well as fewer procedural protections than those afforded through judicial review. These judicial benefits should be enjoyed by foreign as well as domestic patent rights holders and others investing in innovation within China's borders.

The comments below address proposed revisions to Articles 60, 61, and 65.

I. Article 60

IPO respectfully recommends that Article 60 not be revised as proposed. Under existing Article 60, the Administrative Authority may order the infringer to cease the infringing activity. The Draft Revision would further allow the Administrative Authority to order that damages be paid to the patent holder (i.e., sufficient to compensate for loss). We respectfully submit that the judiciary, being far more skilled and experienced than the Administrative Authority, provides the uniformity, accuracy and predictability necessary to determining the level of damages sufficient to compensate for any losses incurred by the patent holder. We also respectfully submit that the Draft Revision needs to be further amended to more clearly set forth that any monetary and equitable remedies can only be ordered by the Administrative Authority in the event that the alleged infringer does not institute legal proceedings in the People's Court in accordance with the Administrative Procedure Law of the People's Republic of China.

The Draft Revision appears to empower the Administrative Authority to act without a prior complaint being filed by the patent holder when the "market order" has been disturbed. We respectfully recommend that no action can be taken by the Administrative Authority without a prior complaint filed by the patent holder alleging infringement. In addition, to determine whether to i) enjoin the acts of infringement, ii) confiscate illegal earnings, iii) confiscate or destroy infringing products or devices specialized for implementing the acts of infringement, or iv) imposing fines, the Administrative Authority must first decide if "market order" has been disturbed. The Draft Revision, however, provides no explanation or guidance for defining or determining market order.

It is respectfully recommended that the concept of market order needs to be well understood and consistently applied, and is best determined by the more skilled and experienced judiciary. Moreover it is respectfully submitted that the imposition of fines may result in duplicative punishment, or may leave the infringer with fewer assets to compensate the patent holder, unless the imposition of fines is coordinated with an award of damages to the patent holder for the loss of income due to the infringement.

II. Article 61

The ability to investigate and to collect evidence may better inform the People's Court as to the merits of a claim for patent infringement. However, the Court should have the same opportunity to investigate and collect evidence from the patent holder as it would the infringer, particularly with regard to evidence bearing on the accused infringer's asserted defenses or the amount of any monetary damages owed to the patent holder. With appropriate protections, evidence from the accused infringer or the patent holder should be made available to the People's Court to aid the court in its examination.

IPO is concerned, however, about the breadth of the provision for collection of financial accounting information. A company's financial records and account books contain extremely sensitive information that goes far beyond what would be relevant to a particular accusation of

patent infringement. Accordingly, we recommend that this provision should be narrowed to cover only the financial information relevant to patent infringement, such as records concerning to profits related to the infringement.

Moreover, much of the information relevant to a patent infringement case, including information about development of the products, sales, or profits, is highly confidential and could harm the business of the patent holder or the alleged infringer if disclosed to others not involved in the litigation. For this reason, information collected pursuant to this provision should be subject to a protective order limiting its use and disclosure to the parties in the case for purposes of litigating the case.

In addition to the penalties currently set forth for failing to provide or for concealing or destroying evidence of alleged infringement, the People's Court should have express authority to enter judgment in favor of the party who impedes an investigation.

IPO respectfully recommends that Article 61 be revised as follows:

Article 61

Where any infringement dispute relates to a patent for invention for a process for the manufacture of a new product, any entity or individual manufacturing the identical product shall furnish proof to show that the process used in the manufacture of its or his product is different from the patented process.

Where the infringement dispute involves a patent for utility model or design, the People's Court or the administrative authority for patent affairs may ask the patentee to furnish a search report prepared by the patent administration department under the State Council after making search, analysis and evaluation of the relevant utility model or design as evidence for hearing and handling the patent dispute.

In a patent infringement lawsuit, each party may request that, the People's Court shall investigate and collect by law the evidences such as the accused infringing product, information related to the asserted patent, ~~account books~~ information concerning the profits resulting from the alleged infringement, and other information of the other party~~owned by the accused infringer according to the application of the plaintiff or the agent *ad litem* thereof~~. If the ~~accused infringer~~ other party does not provide or transfers, counterfeits, or destroys the evidences, the People's Court will take compulsory measures by law to stop the acts that obstructs the civil procedure, including by ruling against the other party on the merits of the infringement lawsuit. Where the acts constitutes a crime, the ~~accused infringer~~ other party shall be prosecuted for its criminal liability. Subject to a proper protective order, the requesting party or its litigation attorney shall be allowed to access and use the evidence collected by the People's Court for the requesting party's claim or defense.

III. Article 65

In actual practice, the benefit gained by the infringer from the unlawful use of a patented invention may often exceed the patent holder's losses. For example, a patent holder who licenses its patent to others may stand to lose royalty income due to infringement, while the infringer might stand to gain a profit even above the royalties the infringer otherwise would have paid to the patent holder. A patent holder should be allowed to elect damages based either its actual losses due to infringement or the benefits the infringer has gained by infringing, if the evidence allows such a determination.

Although monetary damages for patent infringement may be increased by up to three times for willful patent infringement, taking into account such factors as the circumstances, scale, and consequences of the infringement, the Draft Revision does not specifically define the term "willful patent infringement." This leaves Article 65 open to different interpretations by the Administrative Authority and throughout the People's Court.

IPO respectfully recommends that Article 65 be revised as follows:

Article 65

The amount of monetary damage for infringement of the patent right shall be determined on the basis of the loss actually suffered by the rightholder because of the infringement. If it is difficult to determine the actual losses, **or if the rightholder elects, the** amount may be determined on the basis of the benefits the infringer has earned because of the infringement. If it is difficult to determine **both** the rightholder's losses ~~or~~ **and** the infringer's benefits, the amount may be determined by reference to the appropriate multiple of the amount of the exploitation fee of that patent under a license. The monetary damages shall include the reasonable costs incurred for stopping the infringement.

If it is difficult to determine the losses which the rightholder has suffered, the benefits which the infringer has earned, or the fee for the exploitation of the licenses patent, **the administration authority for patent affairs or** the People's Court may award the monetary damage at the amount not less than RMB 10,000 yuan and not more than RMB 1,000,000 yuan depending on the factors, such as the type of patent right, the nature and gravity of the infringing act.

Concerning the acts of ~~willful~~ patent infringement for which it is established that the actor intended to infringe the patent, or had foreknowledge of the infringed patent and that the acts would infringe the patent, the administration authority for patent affairs or the People's Court may raise up to three times the monetary damage as prescribed in the previous two paragraphs depending on the factors, such as the specific scenario, scale and consequences of the infringing act.

IPO thanks SIPO for the opportunity to provide these comments for consideration. We invite you to contact us if you have any questions, require additional clarification or would otherwise wish to further discuss the foregoing.

Sincerely,

Richard F. Phillips
President

Attachment: IPO Comments, Chinese Language Version

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2012 年 9 月 9 日

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主旨：　《中华人民共和国专利法草案修订意见》（2012 年 8 月 9 日）

田局长您好：

知识产权所有者协会 （以下简称为 “IPO”）于 2012 年 8 月 9 日谨向国家知识产权局（以下简称为“SIPO”）提交了对《中华人民共和国专利法草案修订》（以下简称为《草案修订》）的意见。

知识产权所有者协会是一家同业公会，代表各个行业内拥有知识产权或其权益的公司及个人。知识产权所有者协会的会员包括超过 200 家公司和 12000 名个人。这些会员大都通过公司或以发明家、作家、律师事务所或从业律师等身份参与本会。

知识产权所有者协会在此感谢国家知识产权局给予这次的机会，让我们能对《草案修订》提出建议。我们还同时非常欣喜地看到国家知识产权局在专利权执行和在侵犯此等权利的法律项下展开有效救济等实际问题上付出了非常大的心力。专利法可以保护各方各面对创新的投资，从而鼓励创新的发展。因此，要有效管理专利就必须建立一套公平有效的机制来解决专利权的相关争议。

《草案修订》部分规定了专利事务行政机关（以下简称为“行政机关”）在专利事宜中发挥更大的作用，包括调查、裁决责任、没收非法收入、征收罚款、禁止进一步行动，以及没收和销毁侵犯专利的产品等。这就使得行政机关在这个草案下承担更多的责任，进而提高该机关解决此等侵权的速度和效率。但我们认为，这样的规定会造成不一致性、不准确、不可预期等现象，并且与当前利用司法审核的程序相比，争议双方能获得的程序保护也会减少。而且利用司法审核程序所能获得的好处更能惠及国外以及中国境内进行创新投资的专利权持有人等。

因此以下意见就针对了第 60、61 和 65 条的提议提出。

I. 第 60 条

知识产权所有者协会谨此建议不对第 60 条进行《草案修订》中的修订。在现有第 60 条项下，行政机关可要求侵权者停止侵权行动。而《草案修订》进一步地允许行政机关命令侵权者向专利持有人支付损失赔偿金（即足以赔偿损失）。我们谨此认为，司法部门与行政机关相比在此方面更有经验与能力，可以所需的一致性、统一性、准确性和预测性来根据赔偿专利持有人遭受的损失确定赔偿金额。我们还谨此认为，《草案修订》还需要进一步进行修订，以便更明确地规定，只有当声称侵权人未根据《中国行政诉讼法》在人民法院提出法律诉讼时，才能由行政机关命令提出任何金钱或相应的救济方案。

《草案修订》中的规定似乎向行政机关授权在“市场秩序”被打乱时就可以采取行动，而无需专利持有人事先提出申诉。我们谨此建议，在声称被侵权的专利持有人未事先提出申诉时，行政机关不得采取行动。另外，《草案修订》中规定行政机关必须首先确定“市场秩序”是否被打乱后才得以决定是否 i）禁止侵权行为，ii）没收非法收入，iii）没收或销毁实施侵权行为的侵权产品或装置，或 iv）征收罚款。但《草案修订》中没有对市场秩序提供确定的解释或定义，也没有提供如何确定市场秩序是否被打乱的说明或指导。

为此，我们谨此建议应该正确地了解市场秩序的概念，并用一致性的方式予以应用，而能做到这个要求的则是较有经验和技能的法官。此外，我们谨此认为，除非征收罚款时考虑了专利持有人因被侵权而发生收入损失后所获得的赔偿裁决情况外，征收罚款反而可能导致重复处罚，或让侵权人减少可以赔偿专利持有人的资产。

II. 第 61 条

为了建立对专利侵权索赔的有效性，调查专利侵权和收集相关证据时最好知会人民法院。但法院应和侵权人一样有同等的机会可以向专利持有人进行调查和收集证据，尤其是针对被告侵权人的抗辩证据，或应向专利持有人支付的经济损失金额等方面。而被告侵权人或专利持有人的证据应在获得恰当的保护下向人民法院提供，以协助检查。

但知识产权所有者协会对此条款下收集财务信息的规定范围表示担忧。公司的财务记录和账目包含极为敏感的信息，远远超过专利侵权指控的范围。因此，我们建议此条款缩小此等规定的范围，仅包含专利侵权相关的财务信息，例如与侵权相关收益的记录。

此外，与专利侵权案相关的很多信息，包括产品开发、销售、利润的信息是高度机密信息。若在诉讼中披露给非相关方，可能会损害专利持有人或声称侵权人的业务。为此，根据本条款收集的信息应受保护命令的保护，限制其使用，并仅限披露于诉讼的相关方。

除当前因未能提供或隐瞒或销毁声称侵权证据进行处罚外，人民法院应该还拥有可以在任一方因阻碍调查而得以做出对另一方有利判决的明确权利。

知识产权所有者协会谨此建议对第 61 条修订如下：

第 61 条

当侵权争议与新产品制造流程的发明专利相关时，制造同一产品的实体或个人应提供证据，证明制造该产品的流程与专利流程不同。

当侵权争议与实用新型或设计专利相关时，人民法院或专利事务行政机关可要求专利所有人在搜索、分析和评估相关实用新型或设计后，提供由国务院下属的专利管理部门准备的搜索报告，作为专利诉讼审讯和处理的证据。

在专利侵权诉讼中，各方可请求人民法院依法调查和收集证据，例如指控的侵权产品、与主张专利相关的信息、~~账目~~、因侵权产生的利润信息、~~另外还可以根据原告或诉讼代理人的申请，由人民法院依法调查并收集被指控侵权人拥有的*属于另*一方~~的其他信息。若~~被告侵权人~~其他方未提供或转让、伪造或销毁证据，人民法院将依法采取强制措施，停止任何阻碍民事法律流程的行动，包括在侵权诉讼对上述的其他方做出不利的判决。当上述的行为构成犯罪时，~~被告侵权人~~其他方将被追究刑事责任。在必须取得恰当的保护命令前提下，请求方或其诉讼律师可以获取和使用人民法院因请求方主张或抗辩而收集的证据。

III. 第 65 条

在实际应用中，侵权者因非法使用专利发明获得的收益经常超过对专利持有人造成的损失。例如，可能会将专利授权给他人专利人会因被侵权而损失来自授权的收入。但，侵权人的收益可能会远高于原本应支付给专利持有人的授权金额。专利持有人应能根据在被侵权时所产生的实际损失，或侵权人通过侵权获得的收益等两者间选择损失赔偿金。

尽管《草案修订》中规定在考虑了侵权情况、规模、结果后，可对蓄意侵权的专利侵权经济赔偿金增加到三倍，但《草案修订》并未对“蓄意专利侵权”做出具体规定。这就使得行政机关和人民法院可对第 65 条给出不同解释。

知识产权所有者协会谨此建议对第 65 条修订如下。

第 65 条

专利侵权的经济赔偿金金额应根据权利人因侵权实际遭受的损失而定。若难以确定实

际损失**或权利人决定要根据侵权人因侵权赚得的收益来获得赔偿，**此时，赔偿金额就可是侵权人因侵权赚得收益的金额。若**权利人损失**或侵权人收益**都**难以确定时，赔偿金额则可参考授权的专利开发费以相应的倍数计算。经济赔偿金应包含停止侵权行为时所产生的合理成本。

若难以确定权利人的损失或侵权人的收益或专利授权的开发费时，赔偿金额则可由**专利行政机构或**人民法院裁决。裁决的金额不得不低于 1 万人民币，并不得超过 100 万人民币。裁决时必须考量专利权类型、侵权行为的性质和严重性等因素。

关于蓄意侵犯专利的情况中，当确定了侵权人侵犯专利权的事实或侵权人事先知晓侵权的专利并知晓此等行为会侵犯专利的行为确立时，专利管理行政机构或人民法院可将上面两个章节中规定的经济赔偿金提高至三倍，具体取决于侵权行为的具体情况、规模和后果。

知识产权所有者协会再次感谢国家知识产权局给予此次机会。谨此希望能提供这些意见供您参考。若您有任何疑问，或需要进一步说明，或希望进一步讨论上述内容，请随时联系我们。

谢谢

Richard F. Phillips
总裁

附件：知识产权所有者协会意见，中文版