



Q228

National Group: China

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**Reporter within
Working Committee:**

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Questions

I. Analysis of current law and case law

Groups are invited to answer the following questions under their national laws:

1. Is there a provision in your national patent law that makes an exception to the exclusive right of a patent holder for parties who have used the invention before the filing/priority date of the patent ("prior user rights")?

Answer:

Yes. Chinese Patent Law has relevant provision on prior use right.

According to Art 69 of the Chinese Patent Law, none of the following shall be deemed as infringement of the patent right:

.....

(2) "where, before the date of filing of the application for patent, any person who has already made the identical product, used the identical process, or made necessary preparations for its making or using, continues to make or use it within the original scope only";

The above paragraph (2) of the Chinese Patent Law is the legal basis for prior use right in China, which is an exception to the exclusive right of a patent holder.

2. How frequently are prior user rights used in your country? Is there empirical data on how often prior user rights are asserted as a defense in negotiations

or court proceedings?

Answer:

Prior user rights are not quite frequently used in China because it is difficult to prove. There is no such an empirical data on how often prior user rights are asserted as a defense in negotiations or court proceedings in our country.

3. To what degree must someone claiming a prior user right have developed the embodiment which is asserted as having been used prior to the filing/priority date of the patent? Is it sufficient to have conceived of the embodiment, or must it have been reduced to practice or commercialized?

Answer:

According to the Chinese Patent Law on prior user right, one who claims prior user right must have already made the identical product, used the identical process, or made necessary preparations for its making or using before the date of filing of the application for patent, and he can continue to make or use it within the original scope only. Therefore, it is not sufficient to have conceived of the embodiment. It is irrelevant whether it has been commercialized or not.

4. Does it make a difference in your country if
 - the prior use occurred before the priority date; or
 - it occurred after the priority date, but before the filing date?

Answer:

According to Rule 11 of the Implementing Regulations of the Chinese Patent Law, except for the situation in Art. 28 and Art.42, all the filing date would refer to the priority date where a priority is claimed. Therefore, the filing date in Art. 69(2) regarding prior use right would also refer to priority date of a priority is claimed for the patent application. In this connection, only situation 1 is qualified for claiming prior use right in China.

5. Is there a territorial limitation with regard to the scope of prior user rights in your country? In other words, if a party has used the patented invention before the filing/priority date in a foreign country, can it then claim a prior user right in your country?

Answer:

The activities of prior use under Chinese Patent Law should occur in China, specifically, in mainland China. Therefore, the scope of prior user rights is only limited to Chinese territory, specifically, the mainland China under the Chinese Patent Law. Since Taiwan, Hong Kong and Macao belong to different jurisdictions of different legal systems, The scope of prior user rights could not expand to these areas.

If a party has used the patented invention before the filing/priority date in a foreign country, it can not claim a prior user right in our country.

6. Is there a provision that excludes prior user rights for those who have derived their knowledge of the invention from the patent holder and/or the inventor?

Answer:

According to Art. 15 of the Supreme Court's Interpretation on Some Issues Concerning the Application of Laws to the Trial of Patent Infringement Disputes, an accused infringer raised a prior use right defense with technology or design acquired illegally, the People's Court shall not allow. In this connection, the prior user rights may be claimed as long as the knowledge of the invention was obtained legitimately and not violate any contractual obligations.

7. Is it necessary that the prior user has acted in good faith to be granted a prior user right?

Answer:

Please refer to our answer to question 6

8. Is there a material limitation with regard to prior user rights in your country? More specifically, if someone has used an embodiment of a patented invention before the filing/priority date of the patent, can he then claim a prior user right to anything covered by the patent? In particular, is the owner of a prior user right entitled to alter/change the embodiment of the patented invention used before the filing/priority date of the patent to other embodiments that would also fall within the patent's scope of protection or is he strictly limited to the concrete use enacted or prepared before the patent's application or priority date? In the event that changes/alterations are permitted by your national law, to what degree?

Answer:

In China, the prior use right has strict limitation on its use. Of the limitation is must “made the **identical** product, used the identical process, or made necessary preparations for its making or using” . Therefore, the technical solution undertaken by the prior user must be the same or identical with that he undertaken prior to the filing/priority date. Otherwise, he may constitute patent infringement.

9. Does a prior user right in your country require the continued use (or the necessary preparations of the use) of the invention claimed by the patent at the moment in which the objection of the prior user right is asserted or is it sufficient if the invention claimed by the patent has been used before the priority/filing date of the patent but has been abandoned at a later stage?

Answer:

There is no provisions for this in our country. We understand that the purpose of the prior user right is to balance the interest of the prior user and the patentee and protect the investment prior to the filing/priority date of the patent. Therefore, we hold an opinion that it should be sufficient if the invention claimed by the patent has been used before the priority/filing date of the patent but the use when claiming the prior user right must be within the original scope.

10. Is a prior user right transferable and/or licensable in your country? If yes, under what circumstances?

Answer:

According to Art. 15 of the Supreme Court’s Interpretation on Some Issues Concerning the Application of Laws to the Trial of Patent Infringement Disputes, prior user right may not be transferred or licensed unless the technology and company or business are transferred to or succeeded by a party as a whole, then, the party may claim the prior user right.

11. Does your national law provide any exceptions or special provisions with regard to a prior user right owned by a company within a corporate group? In particular, can a prior user right be transferred or licensed to another group company?

Answer:

Our national law does not provide any exceptions or special provisions with regard to a prior user right owned by a company within a corporate group. In

China, a registered company would be deemed as an independent civil entity and then the answer to question 10 could apply. Please see answer to question 10.

12. Are there any exceptions for any specific fields of technology or types of entity with regard to prior user rights in your country?

Answer:

No.

13. The Groups are invited to explain any further requirements placed on prior user rights by their national law.

Answer:

There is a limitation on the prior user right under Chinese Patent Law that the prior user may only continue his activities within the original scope. The Chinese Patent Law does not give the definition what the original scope means. However, Article 15 of "Interpretation by the Supreme People's Court on Some Issues Concerning the Application of Laws to the Trial of Patent Infringement Disputes" provides an interpretation:

"...The original scope as prescribed in Section (2), Article 69 of the Patent Law includes the production scale before the filing date of the patent, and the production scale that could be achieved by using the then-existing manufacturing equipment or based on then-existing manufacturing preparation." This interpretation is very helpful to the judicial practice when a prior user right is involved.

II. Policy considerations and proposals for improvements to your current system

14. Should a prior user right exist in any legal system? If yes, what is the main legal justification for a prior user right?

Answer:

We hold an opinion that a prior user right should exist in all legal systems. We understand that the purpose of the prior user right is to balance the interest of the prior user and the patentee and protect the investment prior to the filing/priority date of the patent.

15. What is the perceived value of prior user rights in your country?

Answer: We understand that the purpose of the prior user right in one hand

is to balance the interest of the prior user and the patentee and protect the investment prior to the filing/priority date of the patent and in another hand is to encourage the patent filing as earliest as possible and then promulgate the technology information to the public to avoid repeat investment on the same technology.

16. Are there certain aspects that should be altered or changed with regard to the existing implementation of the prior user right in your country? In particular, are there certain measures or ways that could lead to an improvement and/or strengthening of your current system?

Answer:

The key point of prior use defense in our country is to gather enough evidence to prove what was happened in some time before. If there is no solid and convincing evidence, it is difficult to raise the prior user right defense in a patent infringement proceeding or negotiation.

To solve the problem, it is desirable to establish a measure or way to fix the evidence of prior use and to educate the public to use the measure or way to establish the prior user right. One possible way is to have the evidence of prior use notarized when the prior user starts the activity of prior use, i.e., manufacturing a product, using a certain method or having necessary preparation for the manufacturing and using. We also seek more convenient and better way to fix the evidence of prior user right in China.

Proposals for harmonization

Groups are invited to put forward proposals for the adoption of harmonized rules in relation to prior user rights. More specifically, the Groups are invited to answer the following questions:

17. Is harmonization of “prior user rights” desirable?

Answer: Our answer to this question is affirmative.

18. What should be the standard definition of “use” in relation to prior user rights? Must the use be commercial?

Answer:

According to Chinese Patent Law, the “use” of prior user right has two meanings:

1. made the identical product, or used the identical process
2. or made necessary preparation for the making or using.

As to the “necessary preparation”, the following may be deemed as “necessary preparation according to the Supreme Court’s interpretations:

(1) Main technical drawings or process documents necessary for exploiting the invention have been made ready;

(2) Main equipments or raw materials necessary for exploiting the invention have been manufactured or purchased.

As to whether the use be commercial, we hold our opinion that it is not necessary to limit the use to commercial. However, since non-commercial use would not constitute patent infringement (it is not deemed as infringement under Art. 11 of the Chinese Patent Law), therefore, there is no doubt that the party who claims prior use must aim at commercial use.

19. What should be the definition of “date” (or “critical date”) for prior user rights? (*i.e.* when must the invention have been used to establish a prior user right?)

Answer: We believe it is fair that the critical date for prior user right is the filing date or priority date if priority is claimed in our jurisdiction. The prior user right may only be established the manufacturing or using occurred prior to the critical date.

20. Should a prior user right persist in the event that the use and/or preparation for use of the invention has already been abandoned at the time of the patent application/priority date or should the prior user right lapse upon the termination of the use and/or preparation of use?

Answer: Since the major purpose of prior user right is to protect the earlier investment, then the prior user should enjoy the prior user right as long as he started to use or made necessary preparation before the filing/priority date of the patent no matter if he has abandoned the use or preparation.

21. What should be the territorial scope of a prior user right? In particular, if a party has used the patented invention before the decisive date in a foreign country, should it then be entitled to claim a prior user right?

Answer:

We agree that territorial scope of a prior user right should be limited to the

territorial of a nation where the patent is granted. In particular, if a party has used the patented invention before the decisive date in a foreign country, it shouldn't be entitled to claim a prior user right.

22. Should there be a provision that excludes prior user rights for those who have derived their knowledge of the invention from the patent holder and/or the inventor? If yes, should it be necessary that the prior user has acted in good faith to be granted a prior user right?

Answer: We agree that there should be a provision that excludes prior user rights for those who have derived their knowledge of the invention from the patent holder and/or the inventor illegally or violate any contractual obligations. If the prior user has acted legitimately and without violate any contractual obligations, then he should be granted the prior user right.

23. Should there be material limitation with regard to prior use rights? In particular, if someone has used an embodiment of a patented invention before the filing/priority date of the patent, should he then be entitled to claim a prior user right to anything covered by the patent?

Answer:

We believe there should be material limitation with regard to prior use rights. In particular, if someone has used an embodiment of a patented invention before the filing/priority date of the patent, he then would not be entitled to claim a prior user right to anything covered by the patent except for the particular embodiment he has used.

24. Should a prior user right be transferable and/ or licensable?

Answer: We hold that a prior user right shouldn't be transferable and/ or licensable separately unless it is transferred or succeeded together with the original business. Otherwise, it would bring significant harm to the exclusive right of the patent holder.

25. Should there be any exceptions for any specific fields of technology or types of entity with regard to prior user rights?

Answer: We do not see any reasons or needs to limit the fields of technology or types of entity with regard to prior user rights.

26. The Groups are also invited to present all other suggestions which may appear in the context of the possible international harmonization of "prior user rights".

Answer:

We believe that the following issues should be harmonized with regard to the prior user right:

1. The critical date for a prior user right.
- 2 . The difinition of USE.
3. Whether the source of knowlege of the invention obtained by the prior user is critical to establish a prior user right.
4. Whether the use should be limited to the original scope. If yes, how to define the original scope.