



New Perspective on Patent Ownership Dispute Under Recent Legislative Developments

Featured Article

Recent legislative developments in China may exert considerable influence on evidentiary issues involving patent ownership dispute/litigation. Recent legislative included the *Interpretations by the Supreme People's Court on the Application of the Civil Procedure Law of the People's Republic of China* (the "2020 Interpretations of Civil Procedure" which was first introduced in 2020) effective on January 1st, 2021, and the *Several Provisions of the Supreme People's Court on Evidence in Civil Litigation* (the "2019 Evidence Provisions" which was first introduced in 2019) effective on May 1st, 2020.

In this short article, the author looked at these recent developments and offers some new and updated perspectives on the various procedural and evidentiary issues involving disputes of patent ownership.

Besides, Paragraph 1 of Article 6 of the current Patent Law addresses the attribution of patent rights from the perspective of "completion of invention-creation": "An invention-creation, made by a person in execution of the tasks of the entity to which he belongs, or made by him mainly by using the material and technical means of the entity is a service invention-creation" "For a service intention-creation, the right to apply for a patent belongs to the entity" and "After the application is approved, the entity shall be the patentee". This approach is employed as the basis for a large number of patent ownership dispute claims by the entity. As an important element, "Service invention-creation made by a person in execution of the tasks of the entity to which he belongs" is further stipulated in Article 12 of Rules for the *Implementation of the Patent Law of the People's Republic of China*, which serves as an important basis for proof in cases of ownership disputes. This article focused on this kind of situation as an example to illuminate.

A. Burden of Proof and Risk Allocations in Patent Ownership Disputes

The phrase of "Burden of Proof/Verification (举证证明责任)" has been frequently cited in the 2020 Interpretations of Civil Procedure.¹ Consistent with its original Chinese definition, this phrase is synonymous to the common legal

notion of "burden of proof (举证责任)" and "burden of verification (证明责任)." The academic community generally suggests this "Burden of Proof" encompassing the subjective burden of proof and the objective burden of proof, where the subjective burden of proof refers to a party's behavioral obligation² to satisfy legal elements of a claim—in other

¹ *Understanding and Application of Judicial Interpretation of Civil Procedure from the Supreme People's Court*, People's Court Press, 2015, pp. 309-312. Edited by Shen Deyong

² Hu Donghai: *The law application of the principle of "who advocates, who gives evidence"*, published in LAW SCIENCE, 3rd issue, 2019

words, it is the responsibility of the parties to prove their claims, to “persuade” for a favorable judgment.³ On the other hand, the objective burden of proof is the presentation of evidences, which allocates the risk and burdens a party to bear adverse consequences if the party cannot adduce sufficient evidences to properly raise an issue.⁴

Although some commentaries construe Article 90 of the 2020 Interpretations of Civil Procedure to include both the subjective and objective burdens of proof⁵, the author believes that Paragraph 1 of Article 90⁶ falls short in this construction, rather, the objective burden of proof is stipulated in Article 91 of the 2020 Interpretations of Civil Procedure, which specifically allocates burdens of proof from the perspective of relevant legal relationships. Citing Article 1 of the Civil Code of China, one of the major legislative intents of civil law is to adjust civil relationships, through which the protection of civil rights can be achieved as a result.⁷ The adjustment of such civil relationships is also known as civil legal relationships⁸, and the end-result of such adjustment outlines legal rights and obligations⁹.

Thus, in accordance with subsection 1 of Article 91 of the 2020 Interpretations of Civil Procedure¹⁰, it is mandatory that a plaintiff involving in patent ownership litigation prove his/her patent application right or patent ownership right with relevant legal facts supported by relevant legal relationships. With respect to the disputed patent right (object), the plaintiff (subject) should demonstrate proof of his/her patent rights in a manner that

specifically addresses the various legal elements¹¹ as prescribed under relevant rules and regulations (laws for obtaining patent rights or patent application rights). In response, if the defendant simply refutes the validity of the facts offered by the plaintiff, the defendant is under no obligation to provide further proof/evidence. However, if the defendant is able to provide evidence against or contradicts facts offered by the plaintiff, the defendant should not be held liable for adverse consequence as a result of inability to prove the relevant fact at a later stage.

The aforementioned new regulations also updated rules addressing adverse consequences to a party after presentation of evidence is completed. Article 73 of the 2001 Evidence Provisions provides guidelines for situations where neither party has sufficient grounds to deny the opposing party’s evidence. Pursuant to Article 73, the People’s Court has the power to confirm/recognize evidence with greater probative force (value); it is also known as the “advantageous evidence” provision. This Article, however, is removed from the 2019 Evidence Provisions. As a result, currently the situation where both parties offer evidence on the same set of facts is regulated by Paragraph 2 of Article 108 of the 2020 Interpretations of Civil Procedure. According to Paragraph 2, after through consideration of evidence offered by both parties, if certain pertinent fact is still unverifiable, then it should be deemed that such fact does not exist or is not valid. This legislative change substantially increased the standard in which plaintiff’s evidence is probated and evaluated. Looking back to the 2001 Evidence Provisions, in terms of evidence being offered to support patent ownership, only if the defendant’s evidence is “stronger (more persuasive force)” in terms of its probative force (value) comparing to that of the plaintiff’s rebuttal, the defendant can prevail. However, with recent revision of the 2019 Evidence Provisions, it is no longer required that

3 Zhou Hongbo: *Deconstruction of Objective-subjective Burden of Proof System*, published in THE JURIST, 1st Issue, 2021

4 *Civil Evidence Law*, Law Press, 2017, p. 272, by Zhang Weiping

5 Hu Donghai: *The law application of the principle of “who advocates, who gives evidence”*, published in LAW SCIENCE, 3rd issue, 2019

6 A party concerned shall furnish evidence to prove the facts on which its own litigation requests are based or on which its refutation of the counterparty’s litigation requests is based, unless otherwise prescribed by law.

7 *Interpretations of the General Principles of the Civil Code of the People’s Republic of China*, Law Press. China, 2020 edition, p. 3, editor-in-chief Huang Wei

8 Same as previous footnote 7, p.8

9 Li Xihe: *On the Concept and Essence of Civil (Legal) Relations*, published in <Journal of East China University of Political Science and Law>, 2001 No. 1

10 A party concerned who claims that a certain legal relationship exists shall bear the burden of proof with regard to the basic facts pointing to the establishment of the legal relationship.

11 Wang Liming: *Building the General Principles System of the Civil Code with Legal Relationship as the Main Line*, published in “Law Science”, 1st Issue, 2016

recognition of the defendant's evidence must at least rest upon the court's determination that it is highly probable that such evidence exists as a factual matter.

Paragraph 2 of Article 108 of the 2020 Interpretations of Civil Procedure is inherited from the 2015 Interpretations of Civil Procedure. The deletion of "advantageous evidence" in the 2019 Evidence Provisions further clarifies paragraph 2 of Article 108, and eliminates conflicts between the regulations. Before the Evidence Regulations was revised, the aforementioned thoughts had already been reflected in the judgment. For example, as stated in the (2016) Supreme People's Court Civil Petition No. 465 ruling, "Assertive evidence needs to make the judge's inner conviction to a high degree of possibility, while counter-evidence only needs to cast certain degree of uncertainty upon the facts to be proved by the assertive evidence". Therefore it is more more specific that, after the revision of the Evidence Provisions, in situations where both plaintiff and defendant offers evidence to prove certain pertinent fact which the plaintiff try to prove first, the burden of proof standard is in a way "lowered" for the defendant. That is, the defendant may prevail so long as the evidence he/she offered is able to cast certain degree of uncertainty upon evidence offered by the plaintiff. Unlike before, as a direct consequence of the revisions, the probative force (value) of evidence offered by the defendant no longer needs to be "greater" or "stronger" than that of the evidence offered by the plaintiff.

B. Contents and Forms of Evidence in Cases of Patent Ownership Disputes

As mentioned before, Article 6 of the current Patent Law addresses/recognizes the attribution of patent rights from the perspective of "completion of invention-creation." This approach is employed as the basis for a large number of patent ownership dispute claims by the entity. Using Article 6 as a foundation of demonstration, the author will attempt to

illuminate contents and forms of evidence in light of modern patent ownership dispute.

Careful studies have shown that in situations where the plaintiff tries to prevail in a patent ownership dispute using the basis of Article 6, most efforts are generally involved in proving the following three elements: (i) there was a labor and personnel relationship between the disputed (patent) creator of the invention and the plaintiff; (ii) the disputed invention-creation is related/associated to the plaintiff's scope of employment, or the task of invention-creation was assigned by the plaintiff; and (iii) the disputed invention-creation was complete within one year of the termination of the aforementioned labor and personnel relationship. These three elements aimed to prove the disputed invention-creation was "made by a person in execution of the tasks of the entity to which he belongs".

Furthermore, with respect to proving the existence or termination of labor and personnel relationship, "standard of production" is usually satisfied if the party is able to provide "employment contract" signed by both parties, proof of resignation, social security payment records, and attendance data. Methods of proof with respect to the formation process of a patent invention-creation usually include, among other things: records of job duties in the employment contract to prove the precise scope of employment of the inventor, records of work process emails, and signed drawings to prove the inventor's daily work content. In accordance with Article 14 of the 2019 Evidence Provisions, the aforementioned work process e-mails and attendance data are classified as evidence of electronic data. Subsequent discussion will be focusing on new regulations in the context of electronic evidence.

Article 99 of the 2019 Evidence Provisions ascertains that the requirements of "documentary evidence" apply to electronic data as well. Ever since the first judicial adjudication treating email as a form of evidence in 2000¹², questions and debates revolving

12 Wang Shen: *A summary of the theoretical seminar on the first labor dispute cases using e-mail as final evidence in the country*, published in "Law Science", 2nd Issue, 2001

around acceptance of this form of evidence has always been a trendy topic in academic research. Main contention of the discussion generally revolves around whether electronic data can be used as trial/litigation evidence, the scope of electronic data, standard of review, and standard of proof. In 2012, *The Civil Procedure Law of China* recognized the status of electronic data as a form of independent evidence. Article 99 further clarifies relevant rules guiding the acceptance of electronic data in activity/process of proof, cross-examination, and certification based on the similar attributes of electronic data and (other forms) of documentary evidence¹³. Taking into consideration that validity of electronic data is less dependent on its storage medium, Article 15 provides an expensive interpretation on the “originality” of electronic data. Whereas Article 93 and 94 stipulate the method of verification on authenticity of electronic data.

Considering the context of the above regulations, and the fact that electronic data such as e-mails frequently appears in patent ownership disputes, the author advises the following to enhance and consolidate the proving power (probative force/value) of electronic data in litigations:

1. First, it is better to provide e-mail evidence that can be reciprocally corroborated. According to the authenticity judgment standard stipulated in Article 93, paragraph 5: “Whether electronic data is formed and stored in normal inter-activities”, and circumstances in which the authenticity shall be recognized provided in the third paragraph of Article 94 : “formed in normal business activities”, it can be inferred that contrasting to a single e-mail, a set of e-mail correspondences with multiple parties involved can better reflect regular business activities at a higher level of authenticity.

2. Second, also in accordance with paragraph 5 of Article 93 and paragraph 3 of Article 94, in order to reflect “normal inter-activities” and

“normal business”, sometimes it would be ideal to obtain electronic evidence from (independent) third-party port. For example, in a patent ownership dispute, to prove time of formation of a technical solution involving a disputed patent, if a party to the litigation made relevant disclosure to a(n) third-party/independent agency, it would be highly recommended to obtain this electronic version of disclosure from the said agency.

3. Third, in terms of e-mail evidence, it is better to form a contractual agreement with the e-mail service provider to reflect the fact that those e-mails can be safely transmitted and stored, to meet the authenticity judgment standard stipulated in Article 93, paragraph 3: “Whether the hardware and software environment of the computer system that the generation, storage and transmission of electronic data depend on have effective monitoring and verification means to prevent errors”

4. Fourth, the e-mail evidence should be notarized, and the notarized e-mail should best reflect the medium in which the e-mail is generated, to comply with Article 94, paragraph 4, “If the content of electronic data is notarized by a notary office, the people’s court shall confirm its authenticity, unless there is contrary evidence to overturn it”

In accordance with Article 108 of the 2020 Interpretations of Civil Procedure, fact finding should be consisted of careful examination of all other relevant corroborating facts. Not only should a party to a patent ownership dispute pay attention to the reciprocal verifications among various types of evidence, said party should also diligently cooperate in the trial process, thereby proving to the competent People’s Court that it is highly likely the alleged facts truly occurred.

C. Self-Acknowledgment and Appraisal Opinions in Patent ownership Dispute Cases

Article 3 to Article 5 of the 2019 Evidence Provisions further refined the provisions relating to self-acknowledgment, expanded the

13 *Understanding and Application of the Supreme People’s Court on New Evidence Provisions in Civil Procedures*, People’s Court Press, 2020, Edited by the First Civil Trial Chamber of the Supreme People’s Court, pp. 865-869

applicable scenarios for self-acknowledgment, and reduced a judge's obligation of explanation¹⁴. Through the above provisions, it is determined that self-acknowledgment should be considered as a breakthrough to the principle of relevant evidence judgment rules¹⁵. Not only does it improve the status of self-acknowledgment in litigation, but it also strengthened the role of self-acknowledgment in the process of ascertaining facts by a judge.

Combining the above regulations within the context of the amended Article 66 of the 2019 Evidence Regulations and Article 110 of the 2020 Interpretations of Civil Procedure, over the course of civil adjudication, it could be inferred that more emphasis is placed on the role of adversary confrontation in civil litigation. Under this trend, a more skillful standard of litigation expertise is required of both litigation attorneys/lawyers and the involving parties. Unnecessary silence of a litigating party or their agent should be carefully averted, this is to avoid the possibility that such silence be treated as a form of implicit self-acknowledge.

Furthermore, in a patent ownership dispute case, if the court recognizes the disputed inventor on record as a party of the dispute, or if the patent owner and the inventor of the disputed patent is the same person, The People's Court, pursuant to Article 110 of the 2020 Interpretations of Civil Procedure, can demand the party to appear in court on their own behalf, and inquire him/her about the patented technical content involved. If the said party is unable to refresh his/her memory on the technical content, or if multiple parties involving in the dispute offer logically conflicting statements, and there exists no other

14 In the 2019 Evidence Provisions, the scope of self-acknowledgment has been expanded: in Article 3, the reason for the recognition of the other party extends from "the other party's statement" to "facts unfavorable to oneself", thus, the scope of recognition can include statements by witnesses and appraisers, and is not limited to a form of "statement"; the expansion of the recognition scenario, which further includes the "evidence exchange, inquiry, and investigation" scenario, and in Article 5, the provision on whether self-confidence will lead to the recognition of the other party's litigation requests is deleted. In Article 4, the amendments to the provisions of the judge's explanation obligations are aimed at the implied self-acknowledgement of the parties. In the 2001 <Evidence Provisions>, the implied self-acknowledgement can only be identified after "fully explained" made by the judges. In the 2019 <Evidence Provisions>, the word "sufficient" was deleted. As a result, the position of the judges is more neutral.

15 Zhang Weiping: *Understanding "the principle of Civil Evidence-Based Adjudication"*, Published in "Journal of Comparative Law" 2nd Issue, 2021

convincing evidence to corroborate the truthfulness of the said evidence, the said party bears all adverse consequences associated with the content in dispute.

With respect to the issue of appraisal, language of Article 30 of the 2019 Evidence Provisions is only recently incorporated. The Article specifically stipulates that the process of appraisal shall be activated upon application/request after all necessary explanations are presented, or upon discretion by the court. Before the implementation of Article 30, the court had similar practices addressing conditions regulated in the first paragraph. For instance, in the dispute between Huang Shenghui and Nanjing Jinzhongjian Curtain Wall Decoration Co., Ltd., plaintiff calls into question the authenticity of an evidence in the form of electronic data, which was presented by the defendant. Addressing plaintiff's question, the court affirmed that application/request of appraisal can be requested by the plaintiff. The plaintiff, however, subsequently submitted no application of appraisal, nor provided any additional evidence to prove the contrary. As a result, the court later affirmed the authenticity of the evidence offered by the defendant.

Furthermore, official "appraisal opinion" as ordered by court is considered as a type of statutory evidence and can be legally accepted by the court. However, appraisal results submitted by the parties without permission of the court can only be deemed as "documentary evidence" material. These documentary evidence should not be considered as "appraisal opinions" in the legal sense. Thus, in a patent ownership dispute case, a party who tries to offer electronic evidence only needs to submit the said evidence as a preliminary evidence. That is to say, while submitting an electronic evidence, a party is not required to submit appraisal results of the said evidence. This way unnecessary expenses of unofficial appraisal can be avoided¹⁷.

16 (2016) Su 01 Civil Final 222

17 *Supra* footnote 13, p. 314

In addition, the newly added Article 30 of the 2019 Evidence Provisions intends to address chaotic appraisal situations such as “appraisal on behalf of trial” and “not allowing parties to question appraisal opinions.”¹⁸ Also, since (third-party/independent) appraisal involved in patent ownership dispute is not considered as one of the “four categories” of judicial appraisal, it is difficult to monitor the quality of appraisal conducted by various appraisal institutions, some of which are considered as less qualified in the field. Thus, in the litigation process of patent ownership dispute, a party may challenge appraisal opinions on the basis of procedural and content qualifications, and even request the appraiser to appear in court.

¹⁸ *Supra* footnote 13, p. 311

Summary

In conclusion, along with the recent legislative developments, within the context of patent litigation, more attention should be directed to the understanding of certification standard of evidence and trial procedures. In addition, these new regulations should be employed as a criterion to standardize evidence preparation and all relevant activities in a litigation procedure. The purpose of which is to obtain favorable litigation outcomes by making better organization of evidence, proof, and presentation.

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Ms. Duan was graduated from Shandong University and East China University of Political Science and Law, holding a master of engineering and a master of law. Moreover, she is qualified as both a lawyer and a patent attorney, and has unique advantages in the crossing field combining technology and law. Ms. Duan has a wide range of practice areas, including patent prosecution, analysis, evaluation and consulting, as well as intellectual property litigation. Her clients include not only fully-fledged enterprises such as IPSIDE, Alibaba, Spreadtrum Communications, SMIC, Tomorrow Advancing Life, Schaeffler and Ctrip, but also start-ups or developing enterprises. Thus she has a solid understanding of the demands of enterprises at different stages of development.



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