



Brief Analysis of Date of First Commercial Exploitation of Layout Design of Integrated Circuit

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Article

【Abstract】

This article discusses date of first commercial exploitation involved in layout-designs of integrated circuits. The date of first commercial exploitation, without substantive examination, can be announced together with the exclusive right of layout-design just after formal examination, which plays a very important role in determining the term of protection of exclusive right of layout-design; it can be seen from cases that, once the date of first commercial exploitation in the layout-design registration is announced, it is difficult for the holder of the right or the third party to change the date in subsequent procedures. It is hoped that the deficiencies and defects can be eliminated to escort the development of China's integrated circuit industry.

First, Preamble.

With the development of China's semiconductor industry, applications for registration of layout-designs of integrated circuits have grown rapidly in recent years, from 4,431 in 2018 to 20,353 in 2021¹. Correspondingly, there has also been an increase in infringement litigation and revocation proceedings involving to exclusive rights of layout-designs, which may become a new hot spot in the field of intellectual property.

The date of first commercial exploitation of a layout-design is an important part of an exclusive right of layout-design. Commercial exploitation of a layout-design refers to the act of importing, selling or otherwise providing a protected layout-design, an integrated circuit containing the layout-design or an article containing the integrated circuit for commercial purposes².

The date of first commercial exploitation of the layout-design is used to determine the term of protection of the exclusive right of layout-designs. For a layout-design that has been put into commercial use before registration, the term of protection of the exclusive right of layout-design shall be 10 years from the date when the layout-design is first put into commercial use anywhere in the world³. In addition, according to Article 17 of the Regulations on the Protection of Layout-Designs of Integrated Circuits, if a layout-design has not filed an application for registration with the intellectual property department of the State Council within 2 years from the date of its first commercial use anywhere in the world, the layout-design will never be registered by the intellectual property administrative department of the State Council.

¹ <https://www.cnipa.gov.cn/col/col61/>

² Article 2(5) of the Regulations on the Protection of Layout-Designs of Integrated Circuits

³ Article 12 of the Regulations on the Protection of Layout-Designs of Integrated Circuits

If the date of first commercial exploitation provided by the applicant in the layout-design registration is inaccurate, what are the possible impacts, and how will it be dealt with in subsequent procedures? Different situations will be analyzed and discussed below.

Second, Analysis of Impact of inaccurate date of first commercial exploitation

In the first case, if the date of the first commercial exploitation provided in a layout-design registration is earlier than the actual date of first commercial exploitation, the term of protection of the exclusive right of layout-design will end earlier. In this way, starting from the filing date of the layout-design, the protection period for the exclusive right of the layout-design to be obtained will be shortened.

In another case, if the date of first commercial exploitation provided when applying for layout-design registration is later than the actual date of first commercial exploitation, or if the date of first commercial exploitation is not provided, the term of protection of the exclusive right of the layout-design will be postponed. In this way, starting from the filing date of the layout-design, the protection period for the exclusive right of the layout-design will be extended. Such a result may be desired by some layout-design applicants.

Since the layout-design has been commercially used, its contents are disclosed to a certain extent. If a third party applies for his own layout-design based on the content disclosed by the commercial exploitation of the layout-design before the date of the first commercial exploitation registered by the holder of the right, it will be difficult for the holder of the right of the layout-design to claim that the layout-design of the third party is not original. This situation will result in loss of interests of the holder of the right of the layout-design. It should be noted that the time node for judging the originality of a

layout design is the date of its creation, not the date of first commercial exploitation or the date of filing application.

CNIPA only conducts formal examination of applications for registration of layout-designs. In the process of applying for the registration of layout-designs, if CNIPA finds that the integrated circuit samples have been put into commercial use without submitting the samples, or if the above-mentioned items are inconsistent, CNIPA will not accept the application. However, CNIPA does not conduct substantive examination on the date of first commercial exploitation in the registration of layout-designs, so even if the date of first commercial exploitation is not provided accurately, as long as the form meets the requirements, it will be announced together with the registration of layout-designs.

After the layout-design is announced, if the holder of the exclusive right of layout-design finds that the registered date of first commercial exploitation is inaccurate, can he use the correction procedure stipulated in Article 22 of the Regulations on the Protection of Integrated Circuit Layout-Designs to request Corrections, it is hoped to be verified in practice.

In the procedure for revocation of a layout-design of integrated circuit, if the holder of the right or the proposer of the revocation opinion challenges the accuracy of the date of first commercial exploitation in the registration of the layout design, what position will CNIPA take? Different cases for different situations are analyzed.

Third, Treatment of the date of inaccurate first commercial exploitation in revocation proceedings

In a revocation procedure, if the holder of the right of the layout-design claims that the registered date of first commercial exploitation is inaccurate, the position taken by CNIPA is illustrated by a case below.

In the revocation procedure case involving the layout-design named "TM1635" (hereafter referred to as TM1635 layout-design), the proposer of the revocation opinion claimed that the date of first commercial exploitation of the layout-design named "TM1637" (hereafter referred to as TM1637 layout-design) was January 5, 2009, earlier than the creation date of TM1635 layout design was completed on January 22, 2009; TM1637 layout-design has been put into commercial use before the creation of TM1635 layout design. The holder of the right of TM1635 layout-design is Shenzhen Tianwei Electronics Co., Ltd., and the holder of the right of TM1637 layout-design is Ningbo Tianwei Electronics Co., Ltd.

The holder of the right of TM1635 layout design claimed that Ningbo Tianwei Electronics Co., Ltd., the establishment date of the holder of the right of TM1637 layout design was November 20, 2009, and was later than the date of first commercial exploitation of TM1637 layout design registration on January 5, 2009, the creation and commercial exploitation of the layout-design could not be realized before the company of the holder of the right was established, so the date of first commercial exploitation of TM1637 layout-design was not true.

In response to the above opinions of the holder of the right, the collegiate panel pointed out in the review decision: from the perspective of protecting the legitimate interests of the holder of the right and the public, the date of first commercial exploitation announced through the announcement procedure is for the holder of the right and the public to provide a clear expectation of the duration of legal rights. As for the date of first commercial exploitation of the exclusive right of layout-design, since it is closely related to the term of protection, the applicant shall declare and register with the intellectual property administrative department of the State Council according to the actual situation in

layout-design registration procedure. The announcement, as the basis for the holder of the right and the public to determine the time limit of their respective legal rights, shall be deemed that the layout-design has been put into commercial use on that date and is available to the public in the absence of contrary evidence and reasons⁴.

It can be seen from the above case that, regarding the date of first commercial exploitation provided by the holder of the right in the registration procedure, if the claim is made in the subsequent revocation procedure that the date of first commercial exploitation is not true, the State Intellectual Property Office adopts a relatively strict position to maintain Validity of the date of first commercial exploitation.

In the revocation procedure, if the proposer of the revocation opinion claimed that the date of the first commercial exploitation was inaccurate, which is a reason for revoking the exclusive right of a layout-design, it is concerned what kind of evidence provided by the proposer of the revocation opinion can be supported by the collegiate panel.

Among the top ten cases of patent re-examination and invalidation in the newly released 2021, an "Image Sensor CS3825C "Integrated Circuit exclusive right of layout-design Revocation Procedure Case" was included. In the revocation procedure case, in order to prove the actual date of first commercial exploitation of the layout-design, the proposer of the revocation opinion provided an original delivery note named "S8316", and the delivery note had the signature of the employee of the holder of right. At the oral hearing, a chip with the words "Simean S8316 DB110DDR" on the surface was presented, with its surface cap removed, and a microscope showing the top image of the CS3815 wafer encapsulated in it.

The holder of the right of layout design of the image sensor CS3825C claimed: The proposer of

⁴ No. JC0018 Layout Design of Integrated Circuit Revocation Procedure Review Decision

the revocation opinion cannot prove that the S8316 chip used for comparison was purchased from the holder of the right in 2014; there is no sales contract and invoice in the evidence about the sales behavior of S8316, and the delivery not is not stamped, which does not conform to normal trading habits. The holder of the right confirmed that the batch number "DB110DDR" on the S8316 chip displayed at the oral hearing by the proposer of the revocation opinion indicates that the packaging date of the chip was November 11, 201.

The collegiate panel pointed out in the No. JC0019 review decision: In the revocation examination, to judge whether an exclusive right of layout-design has been registered within 2 years from the date of first commercial exploitation, on the one hand, it is necessary to verify whether the layout-design for commercial exploitation is identical or substantially the same as the layout-design registered. On the other hand, it is necessary to verify whether the date of first commercial exploitation of the layout-design for commercial exploitation exceeds filing date of the layout-design registered for more than 2 years. Specifically in this case, to determine whether the exclusive right of layout-design is to be registered within 2 years of the date of its first commercial use, it is first necessary to verify whether the CS3815 wafer layout-design is identical or substantially the same as this layout-design; if the two are identical or if they are substantially the same, then verify whether the application date for the registration of the exclusive right of the layout design exceeds the first commercial exploitation date of the CS3815 wafer by more than 2 years. After comparison, this layout design is obviously different from the CS3815 wafer layout design, so this layout design is neither the same nor substantially the same as the CS3815 wafer layout design. Therefore, there is no evidence to show that the date of first commercial exploitation of the layout-design exceeds the date of application for registration of the exclusive right by more than 2 years⁵.

In this revocation procedure case, since the holder of the right admitted that the batch number "DB110DDR" on the S8316 chip displayed at the oral hearing indicated that the packaging date of the chip was November 11, 2014, the collegiate panel did not answer whether the S8316 chip used for comparison was purchased from the holder of the right in 2014 when the proposer of the revocation opinion only provided the original invoice.. Actually, the evidence provided by the proposer of the revocation opinion is not logically rigorous. However, if all the burden of proof is assigned to the proposer of the revocation opinion, it is very difficult for the proposer of the revocation opinion to provide proof. Under the circumstance that the proposer of the revocation opinion provides preliminary evidence, and it is easier for the holder of the right to provide the chips actually sold, whether part of the burden of proof can be borne by the holder of the right is expected to be clarified in future judicial precedents.

In the revocation procedure of a layout design, if the State Intellectual Property Office determines that the date of first commercial exploitation in the registration of the layout design is inaccurate based on evidence, it will deal with different situations as follows :

- 1、 If the application date of a layout-design is two years later than the actual date of first commercial exploitation, the exclusive right of layout-design shall be revoked in accordance with the provisions of Article 17 of the Regulations on the Protection of Layout-Designs of Integrated Circuits.

- 2、 If the application date of layout-design is within two years of the actual date of first commercial exploitation, use the correction procedure to correct the date of first commercial exploitation and publish the correction.

Fourth, Conclusion

The date of first commercial exploitation provided during the application process for layout-design registration does not go through

⁵ No. JC0019 Layout Design of Integrated Circuit Revocation Procedure Review Decision

substantive examination, but only after formal examination can be announced together with the exclusive right of layout-design, and plays a very important role in determining the term of protection of the exclusive right of layout-design.

It can be seen from the above cases that once the date of first commercial exploitation in the layout-design registration is announced, it is difficult for the holder of the right or the third party to change the date in the subsequent procedures.

At present, there are still many deficiencies in the protection of the exclusive right of layout-design of integrated circuits. There are still some deficiencies in both legal provisions and legal practices, and there are a few cases for reference. It is hoped that the deficiencies and defects can be eliminated to escort the development of China's integrated circuit industry.

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