Featured Article

Navigating Patent Infringement in China: Practical Insights into Prior Art Defense and Prior User Rights Defense

Patent infringement disputes in China often hinge on the accused party's ability to deploy effective defenses. Among them include the prior art defense and the prior user rights defense, each offering unique ways to counter infringement claims without necessarily challenging the patent's validity. This article provides a practical overview of these two defenses and explains the legal foundations, strategic value, and limitations of each defense, highlighting how courts apply them in practice. By understanding and leveraging these defenses, companies can better navigate the complex landscape of patent enforcement in China.

I. Overview of Prior Art Defense and Prior User Rights Defense

The prior art defense is outlined in Article 67 of the Patent Law of the People's Republic of China (2020 Revision), which states that in a patent infringement dispute, if the accused infringer can prove that their technology or design is part of the prior art or prior design, it does not infringe on the

patent. Article 23, paragraph 5 of the same law defines prior art as any technology that was publicly known in China or internationally before the patent application date.

This defense applies to technologies that were made public before the patent application date, including published papers, publicly used technologies, or even technologies the accused infringer has disclosed or used. If the technology before the patent application date is identical to or has no substantial difference from the patented technology, it can be used as a defense. The dual-track system in China—where patent invalidation and infringement procedures run separately—allows for the use of the prior art defense without questioning the validity of the patent. This system enables the court to resolve infringement claims directly in civil litigation without delving into the patent's validity, making the process simpler for the parties involved.

The prior user rights defense argues that if the accused infringer was already using the technology before the patent application date, or had made preparations to use it, and continues to use it only within the original scope, no infringement has occurred. In practice, businesses often invoke both the prior use and prior art defenses together, increasing the likelihood of their claims being supported in court.

To successfully use the prior user rights defense, three conditions must be met: First, the accused must have used the same product or method, or made necessary preparations for its use before the patent application date; Second, the technology must have been independently developed or legally obtained, not originating from the patent holder; and Third, the use must be limited to the original scope and not extend beyond the initial scale or location of use.

II. Requirements for Evidence in the Prior Art Defense

According to Article 67 of the Patent Law and other provisions, the prior art defense is an independent ground for defense that the defendant can raise directly in an infringement lawsuit, without needing to initiate a patent invalidation procedure. In this process, the court requires the defendant to provide sufficient evidence to prove that their technology is either identical to or does not substantially differ from the prior art.

1.Defining the Comparison Object

The comparison logic in the prior art defense is fundamentally different from the "use/publication" standards in the patent confirmation process. In patent validity proceedings, prior art is compared with the patented technology, whereas in the prior art defense, the defendant's

technology must be compared directly to the prior art. Specifically, the defendant must prove that the technology they are using is identical to or has only non-substantial differences from the technology features in the prior art.

In practice, the court will first compare the disputed patent with the accused infringing product's technology, identifying which features fall under the patent's protection. Then, it will focus on these features to determine if they meet the criteria of being "identical or not substantially different" from the corresponding features in the prior art. When the accused infringing product contains multiple technical schemes, the comparison should be based on the claims of the patent, which will define the key features to focus on, ensuring that irrelevant features do not interfere with the defense.

2. Core Standards for Court Evaluation

2.1 High Probability Standard

In patent infringement litigation, Chinese courts use a "high probability" standard for the prior art defense. This means that if the evidence provided by the defendant makes it highly likely that the fact is true, the court will accept it unless contradicted by opposing evidence. In the case of the prior art defense, as long as the defendant can link the formation date of the prior art, feature comparisons, and any public sales or promotional activities into a complete chain of evidence, and the opposing party fails to provide effective counter-evidence, the court will typically accept and support the defense.

2.2 Separate Comparison Principle

The Supreme People's Court, in its (2020) Civil Judgment No. 1149, clarified that the prior art defense should follow the "separate comparison" principle. This means that a single prior art document should be compared to the accused infringing technology, and multiple prior art documents cannot be combined for comparison with the accused infringement. However, if the accused infringing product's technical feature matches a feature in one prior art document, and the difference is just a standard industry substitution (such as replacing screws with bolts in a mechanical device), the two are considered not substantially different. Also, features in the accused infringement that are outside the scope of the patent's protection do not need to be compared [See (2019) Supreme Court Civil Judgment No. 804].

2.3 Defining "Public Knowledge"

The term "public" in the Patent Law refers to an unspecified group of people, excluding those with confidentiality or special obligations. The prior art must be in a state where the public could easily access it. For instance, a product is typically considered public knowledge once it enters the market, but during transportation or

warehousing, when the product is not available for public access or observation, employees involved in logistics are not considered part of the public. As such, the technology cannot be considered publicly disclosed at this stage [See Supreme People's Court (2020) Civil Judgment No. 1568].

Additionally, if the prior art claimed by the accused infringer was disclosed by them or a third party they authorized in violation of an explicit or implied confidentiality obligation, the court will generally not accept the defense based on that technology [See Supreme People's Court (2020) Civil Judgment No. 1568].

III. Evidence Requirements for the Prior User Rights Defense and Preparation for Enterprise Management

According to Article 75, Item 2 of the Patent Law, if the accused infringer had already manufactured the same product, used the same method, or made necessary preparations before the patent application date and continues using it only within the original scope, it does not constitute infringement. This is the prior user rights defense. In litigation, the defendant must focus on providing evidence in three key areas to create a convincing proof chain for the defense.

1. Implementation or Preparation Before the Patent Application Date

The defendant can provide evidence such as technical drawings, process documents, or the purchase of necessary equipment or materials, proving that preparations were made for the technology before the patent application date. However, if the defendant only purchased materials but did not use them for manufacturing preparations, the court may not support this claim [See (2022) Supreme Court Civil Judgment No. 1024].

Chinese courts do not require overly strict proof standards for this, and will assess the evidence in light of other supporting documents. For example, in (2021) Supreme Court Civil Judgment No. 508, the Supreme Court stated that technical drawings, process documents, and inspection reports created during the research and development process are valid evidence, even if made by the accused infringer alone, as long as they align with the general norms of product development.

The following evidence can be used: research drawings, process documents, testing reports, technical specifications, development records, material purchase contracts and invoices, and related correspondence. These should fully reflect the technical plan for the product, allowing for detailed comparison during litigation.

2. Comparing the Prior Implementation or Preparation with the Accused Infringing Technology

The defendant should compare the prior technology documents with the accused infringing product to show that the prior documents contain all the technical features of the accused product. If the prior documents only contain sketches or conceptual designs, without providing complete technical features, the court will generally not accept such evidence [See (2021) Supreme Court Civil Judgment No. 1870].

3. Continued Use Within the Original Scope After the Patent Application Date

The defendant needs to prove that the production scale before the patent application date and the available equipment or production preparations were sufficient to maintain that scale. The defendant must also prove that they continued to operate within the original scale after the patent application date.

The Supreme Court, in (2021) Supreme Court Civil Judgment No. 508, stated that if the defendant has made sufficient efforts to prove the reasonableness of the "original scope," and the patent holder fails to counter this evidence, the court will accept that the defendant has not exceeded the original scope [See (2021) Supreme Court Civil Judgment No. 508].

Evidence for the "original scope" can include: audit reports, order review forms, inventory value lists, mold acceptance forms, factory area proofs, material and finished product records, production workshop valuations, main business income, and R&D cost documents.

IV. Conclusion

Both the prior art and prior user rights defenses are key components of patent risk defense strategies for businesses. Companies should focus on four main points in practice: 1) Correctly determining the patent application date to structure prior art evidence; 2) Building a comprehensive evidence system, regularly storing R&D records, production data, and sales receipts; 3) Flexibly applying the appropriate defense strategy based on technology disclosure status and implementation time; 4) Managing risks proactively by conducting patent alerts before product launch, investigating potential infringement risks, collecting prior art evidence in advance, and building a defense strategy to shift from passive defense to proactive management.

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