

Overview of Chinese Patent Litigation



Erick.Robinson@BeijingEastIP.com

Erick Robinson



Erick Robinson

U.S. patent attorney based in Shanghai: 16 years of experience in litigating patents worldwide for law firms and companies.



redhat.

McKool SMITH

ROUSE



- ❑ BA Physics/Computer Science, Pomona College
- ❑ JD, University of Texas
- ❑ MBA, Indiana University (2017)
- ❑ IAM Strategy 300, The World's Leading IP Strategists
- ❑ USPTO, Registered Patent Attorney

China Patent Blog



by Erick S. Robinson

Mobile (USA): +1 713 498 6047

WeChat: erickrobinson

Email: Erick.Robinson@BeijingEastIP.com

Erick Robinson Is An Authority On China

THE WALL STREET JOURNAL.

TECH

China's Patent-Lawsuit Profile Grows

Country becomes venue for suit filed by Canada's WiLAN against Japan's Sony



Xperia Z5 Premium smartphones, manufactured by Sony and offered by NTT DoCoMo, drew attention at an event introducing the devices in Tokyo last year.
PHOTO: KIYOSHI OTA/BLOOMBERG NEWS

By **JURO OSAWA**

5 COMMENTS

November 7, 2016

HONG KONG—When a Canadian patent-licensing firm wanted to sue Japanese electronics company **Sony Corp.**, it chose an unlikely

The Canadian company's goal is to reach a licensing deal with Sony, said **Erick Robinson**, a China-based attorney who is advising WiLAN in the Sony case. "Three or four years ago, I wouldn't have advised any foreign company to file a patent lawsuit in China," because the country lacked an effective system for enforcing intellectual-property rights, Mr. Robinson said.

Erick Robinson Is An Authority On China

LAW360

A LexisNexis® Company

Rebuttal

Why China Is A Good Place For NPEs

Share us on:    

Law360, New York (March 13, 2017, 4:40 PM EDT) -- In the Law360 guest article "**What To Expect From NPE Activity In China,**" published on March 9, Jackie Wong of Xiaomi addresses an important topic. However, his conclusion that China will see little nonpracticing entity activity over the next five years is short-sighted. I currently represent several NPEs in China, and my view is quite different. The purpose of this article is not to substantively rebut any "NPEs are evil" arguments but rather provide a different perspective on "what to expect from NPE activity in China."



Erick Robinson

Erick Robinson Is An Authority On China

The logo for IAM (Intellectual Asset Management) features the letters 'iam' in a lowercase, sans-serif font. The 'i' and 'a' are black, while the 'm' is red.

Qualcomm's licensing model will be "destroyed" if it can't win key China case, says its ex-Asian patent director

27
JUN 16

IAM today caught up with **Erick Robinson**, who until 2015 served as Qualcomm's director of patents, Asia. Based in Beijing, he is now chief patent counsel, Asia for Rouse, who explained, "...Further, this case is important to the entire Chinese patent system. Qualcomm is well known to have an extremely strong patent portfolio – the best patent portfolio in the mobile industry – and if it cannot secure a litigation win or force a settlement based on the newly improved Chinese patent enforcement system, it will be a setback for the Chinese courts and ultimately, China itself. This is because foreign companies will lose some faith in a court system that has increasingly proven itself very efficient, effective, and fair in adjudicating patent disputes in China."

THE WALL STREET JOURNAL.

TECH

Apple's Challenges in China Underlined by Patent Dispute

By EVA DOU and DAISUKE WAKABAYASHI

Updated June 17, 2016 6:55 p.m. ET

"Chinese companies are learning to take advantage of a maturing domestic patent system, laying claim to patents even if they weren't the first to develop the broader technology, **said Erick Robinson**, chief patent counsel for Asia Pacific at the Rouse China law firm. "It is still relatively rare for Chinese companies to attack and be successful against Western companies, but you're going to see more and more of this," he said."

Erick Robinson Is An Authority On China

November 20, 2015

Foreign companies must learn that trust and respect are

OPINION
Erick Robinson

China's economic and industrial transformation is occurring so rapidly that foreign companies often fail to appreciate the risks of doing business in the country. This is particularly true in the sphere of intellectual property (IP), where companies now enjoy much greater protections but have simultaneously been tripped up by competition regulators' increased scrutiny of their patent and licensing practices.

China's ability to protect patents has grown after decades of non-existence and non-enforcement. In 10 years, the number of patent litigations filed has more than quadrupled, with close to 10,000 cases submitted last year.

The Chinese government's new specialised IP courts now provide companies with an enforcement mechanism comparable to, if not better than, those in Europe and the US.

Litigation in China also offers many advantages to patent owners, including win rates above 75 per cent (and even higher for foreign patentees), injunction rates above 95 per cent, short time to trial, scant discovery and low costs (less than one-tenth of those incurred in the US). Most importantly, because so many supply chains pass through China, a single litigation can effectively impose a global ban on sales of a disputed product.

But not all patent owners should rejoice. Along with a strengthening of the patent system has come increased enforcement of China's 2008 Anti-Monopoly Law (AML). Over the past three years, China's National Development and Reform Commission (NDRC) has beefed up staffing levels and raised its price-related investigations fourfold.

In 2013, the NDRC imposed price-fixing fines of Rmb553m on six Korean and Taiwanese LCD panel manufacturers. Last year

Erick Robinson of Rouse: "When you are a hammer everything looks like a nail"



the NDRC began investigating InterDigital, a US wireless technology company, after complaints by Chinese companies. InterDigital subsequently reached settlement agreements with Chinese complainants and, in an undertaking with the NDRC, said it would scale back the royalty rates charges.

The NDRC also probed US tech giant Qualcomm on similar grounds, earlier this year, imposing a penalty of Rmb6.1bn. Qualcomm agreed to stop some of its "patent bundling" practices and lowered royalty rates by one-third.

AML penalties and fines in China can be extreme. But in the case of Qualcomm, perhaps the worst consequence of its run-in with the NDRC was the separate antitrust inquiries that followed in South Korea, the European Union and US.

The better road is one of calm and thoughtfulness rather than agitation and hostility

There are a number of steps that companies can take to minimise the risks posed by regulatory investigations.

First, companies must have friends in China. In a country where everything is based on relationships, every company must have multiple levels of relationships with both government officials and influential Chinese industry leaders who have their ear

"China's ability to protect patents has grown after decades of non-existence and nonenforcement. In 10 years, the number of patent litigations filed has more than quadrupled, with close to 10,000 cases submitted last year. The Chinese government's new specialised IP courts now provide companies with an enforcement mechanism comparable to, if not better than, those in Europe and the US. Litigation in China also offers many advantages to patent owners, including win rates above 75 per cent (and even higher for foreign patentees), injunction rates above 95 percent, short time to trial, scant discovery and low costs (less than one-tenth of those incurred in the US). Most importantly, because so many supply chains pass through China, a single litigation can effectively impose a global ban on sales of a disputed product."

China Increasing Patent Rights As US Goes The Other Way

Share us on:

Law360, New York (October 22, 2015, 12:40 PM ET) -- Blaming

China for America's economic problems is a familiar refrain. In

particular, it is popular to accuse China of not respecting

intellectual property rights. Although this has been a legitimate

accusation in the past, over the last five years or so, the winds of

change have blown. In fact, China has emphasized patent rights

much more than the U.S., and created a competitive patent

enforcement system that rivals any in the world. Considering the

strategic importance of the Chinese business market, China is

now arguably the most effective place to enforce patents

anywhere. This article provides an overview of how the U.S. has weakened patents, and

then explains the genesis of patent rights in China and how the Chinese government has

delivered a competitive patent enforcement mechanism in a short time. China may be the

(very) new Eastern District of Texas.



Erick Robinson

Erick Robinson Is An Authority On China

RECENT PUBLICATIONS/PRESENTATIONS

- [“Why China Is A Good Place For NPEs”](#) IP Law360, March 13, 2017
- [“Non-Practicing Entities Can Help Support Innovation and Tech Companies in China”](#) Global Times (in conjunction with The People’s Daily), December 28, 2016.
- [“Defending a Patent Case in the Brave New World of Chinese Patent Litigation”](#) IAM Magazine, December 1, 2016.
- [“China: New King of the Patent Litigation Hill”](#) IP Dealmakers Forum, NYC, November 17, 2016
- [“How to Obtain Effective Evidence in China”](#) *Managing IP*, October 2016.
- [“China’s Evolution From Manufacturing To Innovation: Erick Robinson Examines How Patents And The Anti-Monopoly Law Are Changing The Rules In China And How Companies Can Protect Themselves,”](#) *Intellectual Property Magazine*, July 7, 2016.
- *Patent Enforcement in China: For Executives and In-House Counsel*, Text, To Be Published Early 2017
- [“China Patent Blog”](#), November 2015-Present ([ChinaPatentBlog.com](#)).
- [“Foreign Companies in China Must Learn That Respect Is Paramount”](#) *Financial Times*, November 20, 2015.
- [“China Increasing Patent Rights as US Goes the Other Way”](#) IP Law 360, October 22, 2015.

QUOTED IN MAJOR PUBLICATIONS:

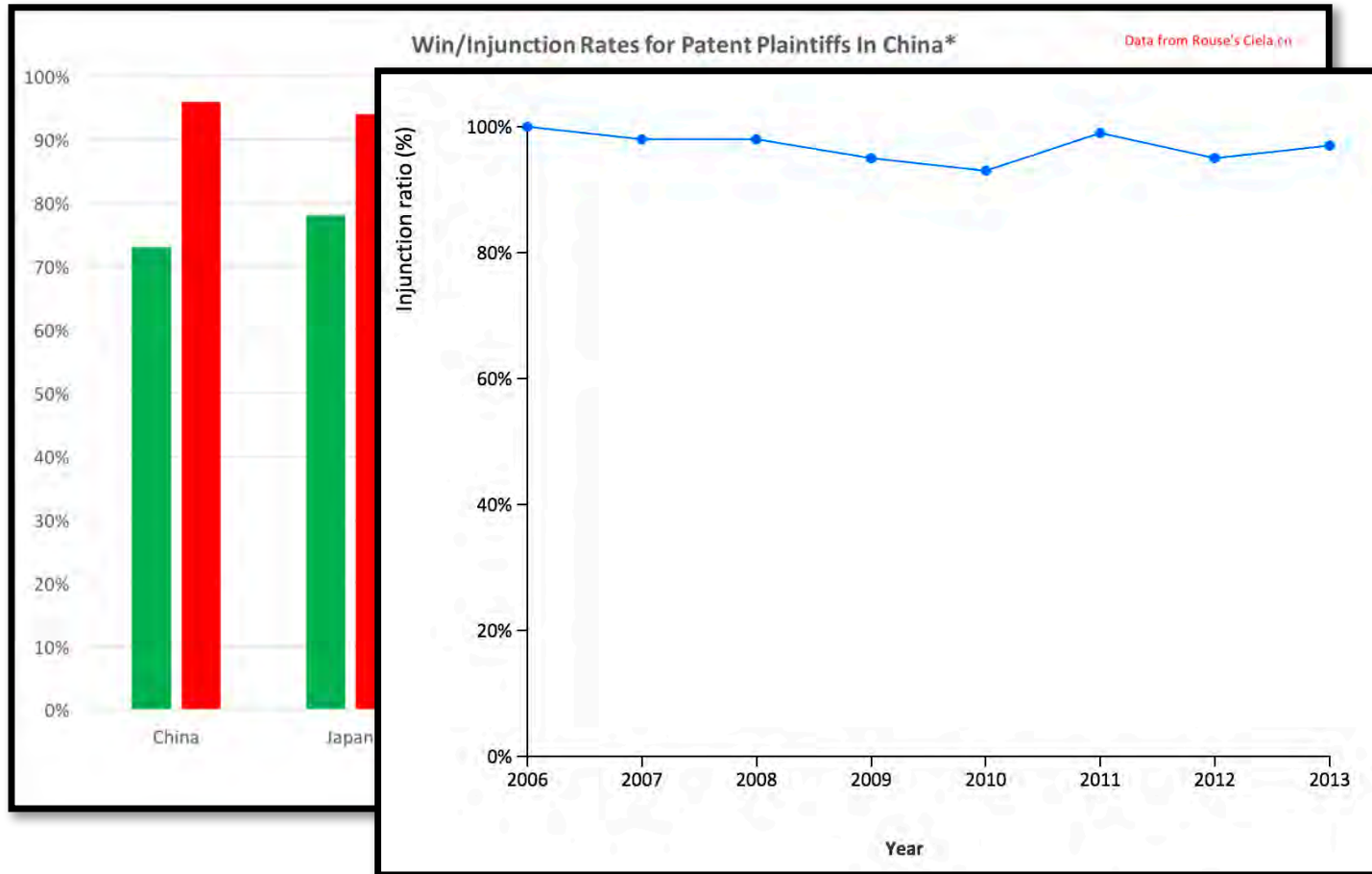
- [“China is Rising For Patent Litigation”](#) *Lexpert Magazine*, March 15, 2017.
- [“Cautious Optimism As China Mulls Introducing National IP Appeals Court”](#) *Intellectual Asset Management (IAM)*, January 23, 2017.
- [“China Smashes World Patent Record with 1M Filings in a Year”](#) *Financial Times*, November 24, 2016.
- [“At Bottom, Nowhere to Go But Up, Patent Investors Say”](#) *Bloomberg BNA*, November 18, 2016.
- [“WiLAN Must Navigate Its Local Relationships with Added Care as It Wades Deeper into the Asian Patent Market”](#) *Intellectual Asset Management (IAM)*, November 8, 2016.
- [“China’s Patent-Lawsuit Profile Grows”](#) *Wall Street Journal*, November 7, 2016.
- [“Sony Sued in China for Patent Infringement: WiLAN’s Move Threatens to Stop Japanese Group from Selling LTE Smartphones in Country”](#) *Financial Times*, November 6, 2016.
- [“NPE Assertion Comes to China as WiLAN Subsidiary Files SEP Suit Against Sony in Nanjing”](#) *Intellectual Asset Management (IAM)*, November 4, 2016.
- [“The Cheap Phone Is Dead in China”](#) *Bloomberg*, October 19, 2016.
- [“Global Patent Concerns for 2016: 10 Patent Industry Leaders Provide Their Insight”](#) *Legal IQ: Global Patent Congress 2016*, September 26, 2016.
- [“Erich Spangenberg Leads Marathon Patent Group’s ‘Transformational’ Focus On Enforcement in China,”](#) *The Patent Investor, In-Depth Patent Monetization Coverage*, Vol. 31-32, August 29, 2016.
- [“IP Litigation in China: Foreign Companies Still Face Challenges,”](#) *The American Lawyer, Asia Edition*, August 8, 2016.

- [“Stronger Chinese Patent Laws Also Help U.S. Companies: Chinese Courts Are Increasingly Receptive To Patent Suits, Even When They Are Lodged By Foreign Firms,”](#) *Wall Street Journal*, July 20, 2016. Interviewed for article and provided data.
- [“Korea’s Antitrust Watchdog Hints Qualcomm Can Expect Another Near \\$1B Fine in Patent Probe,”](#) *Intellectual Asset Management (Globe Business Media Group)*, July 18, 2016.
- [“NPE Enforcement Thirst In China’s IP Courts May Be More Mirage Than Real Opportunity,”](#) *The Patent Investor, In-Depth Patent Monetization Coverage*, Vol. 26, July 11, 2016.
- [“Brexit: What Asia Makes of UK’s Vote to Leave EU,”](#) *Campaign*, July 7, 2016.
- [“China’s Innovators Set to Ratchet Up Patent Wars,”](#) *Thompson Reuters Breaking News*, June 28, 2016. See http://www.ubs.wallst.com/ubs/mkt_story.asp?docKey=1329-L4N19G00R-1
- [“Apple May Be Wise to Settle Infringement Dispute With Chinese Startup Shenzhen Baili To Ease Its Access To The Chinese Market,”](#) *The Patent Investor*, Vol. 24, June 27, 2016.
- [“Qualcomm brings enforcement action against China’s Meizu in Beijing Intellectual Property Court,”](#) *The Patent Investor, In-Depth Patent Monetization Coverage*, Vol. 24, June 27, 2016.
- [“WiLAN, Marathon and Others Closely Watch Apple’s Dispute With Chinese Startup Ahead Of Their Own Suits In China,”](#) *The Patent Investor, In-Depth Patent Monetization Coverage*, Vol. 24, June 27, 2016.
- [“Qualcomm’s Licensing Model Will Be “Destroyed” If It Can’t Win Key China Case, Says Its Ex-Asian Patent Director,”](#) *Intellectual Asset Management (Globe Business Media Group)*, June 27, 2016.
- [“Apple Should Settle Patent Dispute In China To Ease Access To Chinese Market”](#), PatentVue from EnvisionIP, June 27, 2016.
- [“Honeymoon Over as Apple Hit With Patent Challenge In China,”](#) *Australian Business Review*, June 20, 2016
- [“View From the Desk of Erick Robinson, China IP Law Expert,”](#) *Licensing Economics Review*, June 1, 2016.
- [“Apple Ordered To Stop Selling iPhone 6 in China Following Patent Dispute,”](#) *Shanghaiist*, June 18, 2016.
- [“Apple’s Challenges In China Underlined By Patent Dispute; iPhone Patent Case Adds To Increasingly Tough Environment For Western Companies,”](#) *Wall Street Journal*, June 17, 2016.
- [“Qualcomm Caught in Patent Wars in China,”](#) *New York Post*, June 24, 2016.
- [“‘Dawn Raid’ Drills May Become De Rigueur as Chinese Authorities Swoop,”](#) *Financial Times*, November 20, 2015.

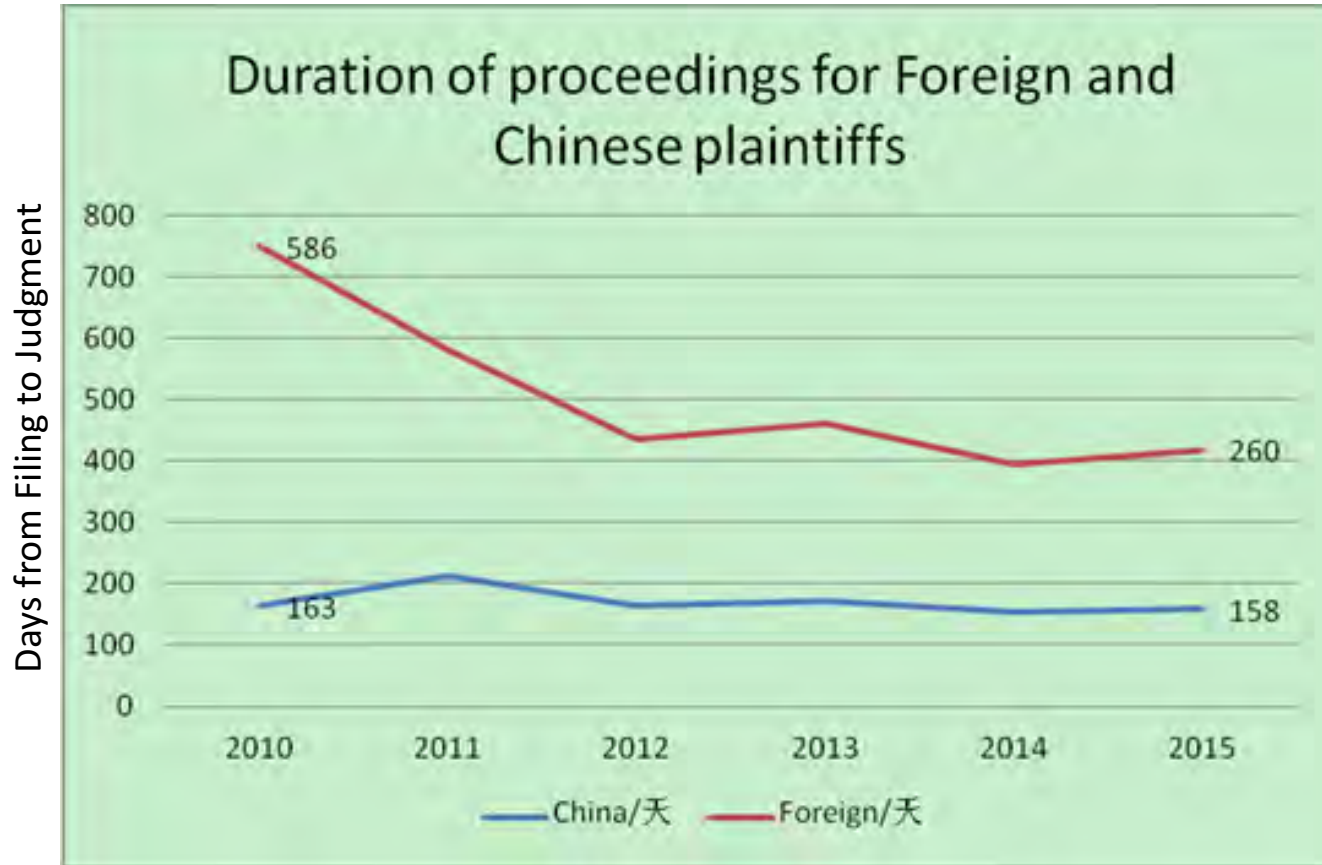
Why China?

- **High win rate (75% - 95%)**
- Foreign plaintiffs win more than Chinese plaintiffs (but must do their homework)
- **Virtually guaranteed injunctions (99%)**
- **Short time from filing to trial/judgment (6-14 months)**
- Sparse discovery = **Low cost**
- **Validity challenges are often not complete until after judgment (and injunction)**
- **Dominant Chinese market** for sales (largest worldwide for many electronics) and manufacturing (largest worldwide)
- Specialized IP Courts and judges that take pride in their skill and fairness (**no discrimination against NPEs**)
- Although a civil law system, judges seek out and respect prior decisions
- Government has demanded that the courts be fair and create a strong enforcement system
- Forum shopping available (a Best Buy in Longview...)
- Pre-trial asset freeze available – freezing bank accounts, inventory a useful negotiating tactic
- System for blocking goods due for export at Customs is well developed

Injunctions are Virtually Guaranteed



Length of Cases Continues to Shrink, Especially for Foreign Patentees



Data from CIELA.CN (Invention Patents Only)

China Welcomes Foreign Plaintiffs

The screenshot shows the IAM website interface. At the top, the user is logged in as Erick Robinson, with a 'Logout' button and social media icons. A search bar and a 'Click to see our best subscription offers' button are also visible. The main navigation menu includes Home, Magazine, Blog, Market intelligence, and Top patent professionals. Below the navigation, the article title is 'The Beijing IP court gave foreign IP plaintiffs a perfect 65-0 win rate in 2015, reports one of its judges', dated 04 JUL 16. A 'Back to Blogs' button is on the left, and 'Previous' and 'Next' buttons are on the right. The article text states: 'Foreign plaintiffs notched a 100% win rate in civil cases heard by the Beijing IP Court last year, according to a judge who has been on its roster since it was established in 2014. The revelation came in a speech delivered in early June by Gang Feng which updated observers on its activities (a transcript and figures in both English and Chinese are available here)'. A photo of Jacob Schindler is shown next to the text.

<http://www.iam-media.com/blog/Detail.aspx?g=8dc59dc8-6405-4b86-b241-27e89afc6089>

CORPORATE COUNSEL

One study that suggests foreign companies are now better able to protect their intellectual property was done by the London-based law firm Rouse. In analyzing 346 first-instance patent infringement cases initiated by foreign plaintiffs between 2006 and 2014, the firm, which runs the Beijing-based intellectual properties litigation database CIEA, found an 82 percent win rate (282 cases).

In a separate study, Beijing-based Kangxin Intellectual Property Agency Co. Ltd., an affiliate of law firm Kangxin Partners, found an 89 percent win rate in 114 first-instance patent cases initiated by foreign plaintiffs (102 cases won) between 2013 and 2015.

<http://www.corpcounsel.com/id=1202764600143/IP-Litigation-in-China-Foreign-Companies-Still-Face-Challenges?mcode=0&curindex=0&curpage=ALL>

Qualcomm Is Using China For Enforcement



“We’re asking the court to assist us and get them in compliance,” said Don Rosenberg, Qualcomm’s general counsel in a telephone interview. “China is really making a concerted effort, including having the special IP courts, to enforce intellectual property rights and to value intellectual property rights. We’re putting our faith in the court system there and we wouldn’t do that if we didn’t think we were in capable hands.”

<http://www.bloomberg.com/news/articles/2016-06-24/qualcomm-to-test-strength-of-china-agreement-with-patent-suit>

Apple Understands the Danger of China As A Patent Venue

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN FRANCISCO DIVISION

APPLE INC.,
Petitioner,
vs.
BYD PRECISION MANUFACTURING CO.,
LTD. and BYD COMPANY LIMITED,
Respondents.

Case No. 3:15-cv-04985

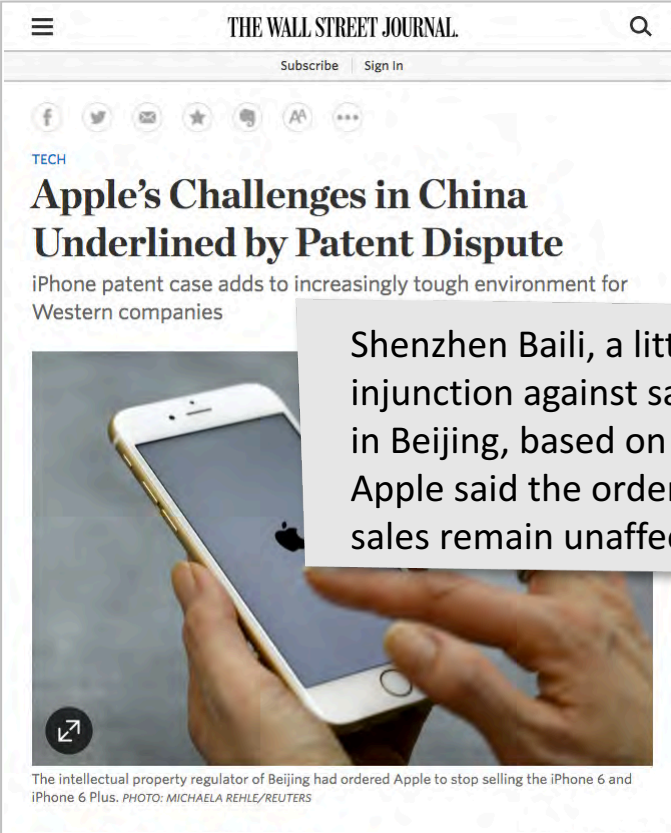
**PETITION FOR ORDER COMPELLING
ARBITRATION AND FOR INJUNCTIVE
RELIEF PENDING ARBITRATION**



Accordingly, if BYD is not prevented immediately, and pending a final determination in the arbitration, from continuing the Chinese Patent Litigation, Apple and Apple's supply chain may suffer serious disruption. Such disruption will irreparably harm Apple, Apple's reputation and goodwill, and the millions of consumers and businesses who demand Apple's high-end innovative products.



China Is Granting Injunctions



THE WALL STREET JOURNAL

Subscribe | Sign In

TECH

Apple's Challenges in China Underlined by Patent Dispute

iPhone patent case adds to increasingly tough environment for Western companies



The intellectual property regulator of Beijing had ordered Apple to stop selling the iPhone 6 and iPhone 6 Plus. PHOTO: MICHAELA REHLE/REUTERS



Shenzhen Baili, a little-known startup, won a surprise injunction against sales of Apple's iPhone 6 and iPhone 6 Plus in Beijing, based on a patent covering smartphone design. Apple said the order had been stayed pending appeal and sales remain unaffected.

<http://www.wsj.com/articles/beijing-regulator-orders-apple-to-stop-sales-of-two-iphone-models-1466166711>

Apple Understands the Danger of Chinese Patent Litigation

- In June, **Apple also lost a patent litigation in Beijing** to a nearly bankrupt Shenzhen-based company, Baili.
- The patent in suit was a **design** patent.
- Apple has **appealed** and the injunction has been stayed pending appeal because Baili did not apply for a preliminary injunction.
- Both parties are waiting for the appellate court in Beijing to adjudicate the infringement issue.
- If the court holds for Baili, then an injunction can be immediately instituted on the infringing products with **no bond needed**. This is true even if the validity issue has not yet been addressed. If the patent(s) is/are later ruled invalid, then Baili can no longer enforce the patent(s) but they need not reimburse Apple for any harm in the interim.
- If the court invalidates the patent(s) before or at the same time as addressing infringement then no injunction can be issued. If the court invalidates the patent(s) before or at the same time as addressing infringement then no injunction can be issued.
- Drawings from patent:



Damages Are Increasing

The Beijing IP Court last week (8 Dec 2016) awarded damages of 50,000,000 RMB (\$7.2M USD) in a patent case. This included 49 million RMB in civil compensation plus 1 million RMB in legal fees. This is one of the first instances of a court awarding legal fees to a prevailing party based on the time spent on the matter.

This is one of the first cases after the new burden-shifting rules for damages. Thus, damages were not limited to statutory damages. This is the beginning of a new phase in patent damages in China.

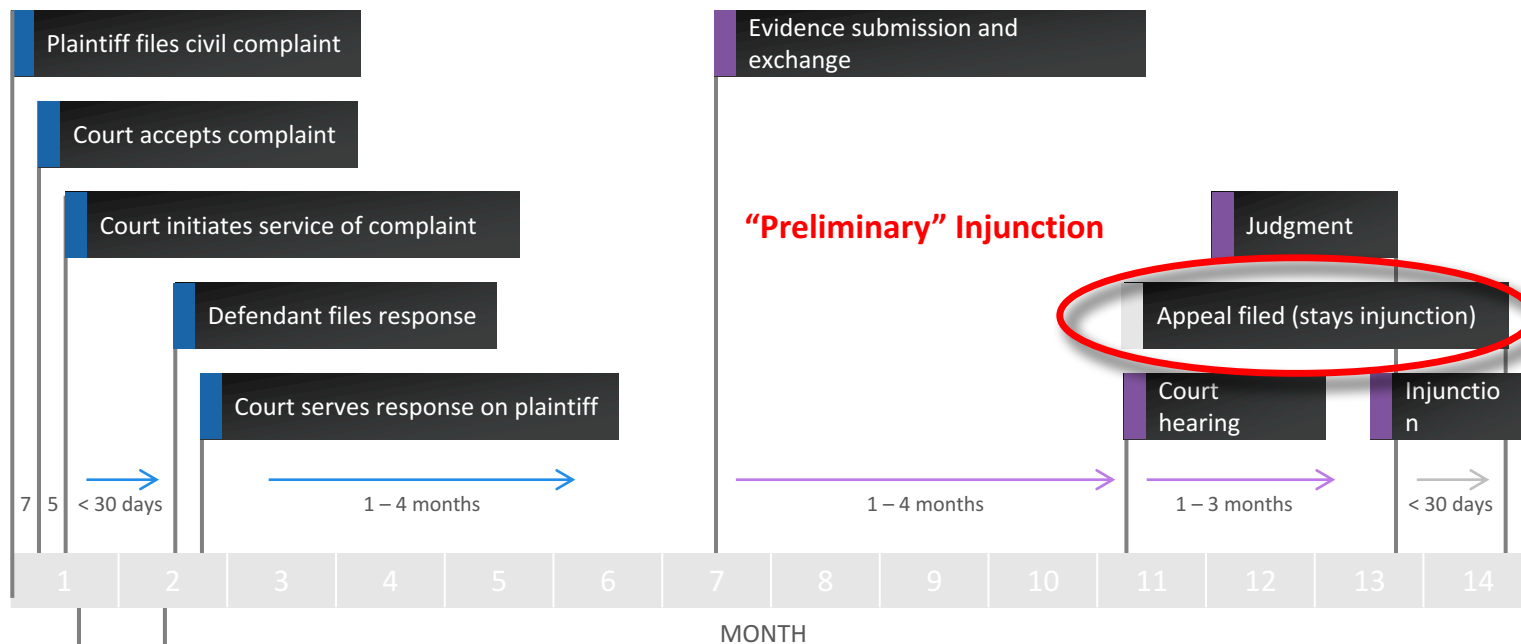
- **Chinese v. Chinese**
- **Relatively small case**
- **Technology related to USB security**
- **Largest damages by that court**
- **One of first cases after damages burden-shifting rule**



Chen Jinchuan, deputy director of the court, said they have been enhancing IP protection by greatly increasing compensation from rights violators, especially those committing bad faith and repetitive violations, so that the cost of IP infringement will no longer be low. **"The market is the best frame of reference to determine the value of IPs,"** he said.

<http://www.ebeijing.gov.cn/BeijingInformation/BeijingNewsUpdate/t1461670.htm>

Litigation Timeline



Defendant files invalidity action at Patent review board (patent litigation rarely stayed) (pendency 1 - 2.5 years)

Defendant can file challenge to jurisdiction (to be decided within 45 days by statute)

Filing to judgment in just over a year

(Appeal is additional 6-12 months)

Litigation Timeline



Filing to judgment in just over a year

(Appeal is additional 6-12 months)

Bond Calculation for Preliminary Injunction

- The amount of bond required is generally **inconsistent across courts and judges**, and no statistics are available.
- Only consistency is that the amount is **much less than the amounts required in Germany**.
- According to the Supreme People's Court's judicial interpretation, the applicant shall provide a guarantee equivalent to the preservation amount, and the court will decide the amount based on the **specific circumstances of the lawsuit**.
- The local courts generally use the same standards, and the applicant must provide **bond equal to the amount of damages claimed**.
- According to Beijing higher court's provisions, where the applicant cannot provide the bond equal to the amount claimed, if the parties' rights and responsibilities are clear and irreparable damage will occur, **the court may require 20% of the amount claimed**.

Bond Calculation for Preliminary Injunction

	Beijing	Shanghai	Jiangsu	Zhejiang (Shaoxing)
Principle	Equivalent to the preservation amount	Equivalent to the preservation amount, or no less than the damage that could happen due to wrong preservation.	Equivalent to the damage that could happen due to wrong preservation.	The guarantee should be 20% the preservation amount
Exception: For applicants unable to provide an equal amount of guarantee	<p>If the case meets both conditions,</p> <ol style="list-style-type: none"> rights and obligations of the case is clear If not preserve in time might cause irreparable damage <p>Then the guarantee should be no less than 20% the preservation amount</p>	<p>Reference for the determine of guarantee when unable to identify the damage:</p> <p>20% when the preservation amount is below RMB 10 million; 10% when the preservation amount is between RMB 10million to 100 million; 5% when the preservation amount is above RMB 100 million.</p>		