

Intellectual Property, Taiwan

Do substantial differences exist in determination of equivalent infringement?

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Patent infringement

According to the Patent Infringement Determination Guidelines and court practice, the first step in assessing patent infringement is, in principle, to breakdown the technical features of a patent claim to facilitate the following steps of comparing the claim's features with those of the product accused of infringement. The breakdown should be conducted in such a manner that any technical feature is deemed as a basic comparison unit if it realises a certain function or delivers a certain result independently. Such a breakdown process facilitates the infringement analysis under the doctrine of equivalents (the second phase) on technical features, that is not 'literally reading on' (the first phase) the accused product.

During the second-phase analysis, the so-called 'triple-identity test' is generally employed. The triple-identity test analyses the way, function and result of a technical feature not literally reading on the accused product. If the accused product substantially adopts the same approach and largely generates the same function and result as the patent claim, it should be concluded that the accused product constitutes equivalent infringement.

Another acceptable method to assess literal infringement in the second phase is the 'insubstantial difference test'. If the difference between a feature of the patent claim and the corresponding feature of the accused product is deemed insubstantial, or replacing the feature of the patent claim with the corresponding feature of the accused product is known to a person having ordinary skill in the art at the time of infringement and such replacement realises substantially the same function, it should be concluded that the accused product constitutes equivalent infringement. Both tests aim to prevent an infringer which adopts the technical measure of a patent but makes only insubstantial modifications from being exempted from infringement liability.

Decision

Generally, technical features disclosed in a patent claim relating to mechanical or electrical engineering are more suitable for breakdown into basic comparison units that realise a certain function or deliver a certain result independently. Therefore, the triple-identity test is often used in these technical fields in determining equivalent infringement under the doctrine of equivalents. However, in a recent judgment, the Supreme Court held that it is insufficient to conclude patent infringement with a general triple-identity test. Only after a thorough investigation has been conducted into the evidence and relevant arguments that the accused infringer has submitted and raised, and after a comparison has been made to ensure no substantial difference exists between the claimed invention of the asserted patent and the accused product, can a conclusion of equivalent infringement be reached.

In September 2015, the IP Court delivered Judgment 2014-Min-Zhuan-Shang-Zi-29 concerning patent infringement relating to a bicycle wheel hub. The court employed the triple-identity test and the insubstantial difference test, and both led to the same conclusion that the accused product constituted equivalent infringement under the doctrine of equivalents. On appeal, the Supreme Court rendered Judgment 2017-Tai-Shang-Zi-585 on April 24 2017, which remanded the case for the following reasons:

- There are up to four technical features of the patent claim not literally reading on the accused product. Therefore, there are indeed differences.
- Certain structural differences between the two products have resulted in different operations. In particular, with regard to the bicycle that is made using the patent technique:

"consumers have to, before operation, rotate the pedals back by foot or hand to prevent the pedals from rotating at the time of actuation. This, obviously, brings a lot of inconvenience and is troublesome to consumers."

- According to the accused infringer, the accused product was implemented from its own utility model patent M440895, which has been identified as different from the asserted patent by the Petitions and Appeals Committee of the Ministry of Economic Affairs. The patentee who brought this civil suit against the accused infringer once filed a cancellation action using the asserted patent as prior art against the accused infringer's patent M440895, but the Petitions and Appeals Committee and the IP Court which reviewed the cancellation case in the further appeal procedure both concluded that patent M440895 had an inventive step and differed from the asserted patent.

According to the Supreme Court, it is critically important to investigate evidence thoroughly when determining whether the asserted patent and the accused product employ substantially the same approach and realise substantially the same function and result. However, the IP Court concluded that both products employ substantially the same approach and realise substantially the same function and result merely because they both exploit cam wheels or a similar system. Doubts remain about whether a person with ordinary skill in the art could easily conceive the differences and come up with a replacement.

Comment

The accused infringer's product may logically still constitute patent infringement, even if the accused product is a complete implementation of his or her own patent (eg, that the accused infringer's patent is a reinvention that takes advantage of patented techniques belonging to others). Patent infringement assessment should be conducted on the basis of the technical features of the asserted patent claim and the accused product – whether the accused product is an implementation of another patent is an issue to be considered separately. However, the Supreme Court may be concerned about a potential contradiction of the facts found in the two independent cases (if the accused product is indeed implemented from another patent which has already been identified as different from the patent asserted in the civil suit). As for the technical aspects, differences in consumer operation of the bicycles are not destined to affect the result of the triple-identity test, because the operational differences might not directly result from the technical feature differences between the claim of the asserted patent and those of the accused product.

The Supreme Court decided to remand the case, requiring the IP Court to conduct a thorough investigation into the patent claim and the evidence presented by the accused infringer and to check whether the replacement can be easily completed from the perspective of a person with ordinary skill in the art in determining whether substantial differences exist.

How the IP Court deals with the remanded case and acts in response to the Supreme Court's findings will be worth observing.

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