



Determination of the Subjective Application of Punitive Damages for Patent Infringement

Xiaomin Hu^{1,a}, Zhide Zhou^{2,b*}

¹Law School/Intellectual Property School of Guilin University of Electronic Technology, China

²Law School/Intellectual Property School of Guilin University of Electronic Technology, Intellectual Property Research Institute of Xiamen University, China

^ahxm9836@163.com

^{b*}zzdlgy@163.com

Abstract. Article 71 of the current Patent Law of the People's Republic of China introduces a punitive damages system, which clearly stipulates that punitive damages can be imposed for serious acts of intentional infringement of patent rights, which shows that the subjective element for applying punitive damages in the field of patent infringement is "intentional". However, the current law does not clearly define "intentional", making it difficult to accurately apply the punitive damages provision in patent infringement judicial cases. The accurate determination of the subjective application requirements for punitive damages for patent infringement is a topic worthy of our in-depth discussion.

Keywords: Patent infringement; Patent punitive damages; Subjective elements; Intentionality

1 Introduction

The first paragraph of Article 71 of the Patent Law amended in 2020 adds a punitive damages clause for patent infringement, and in addition to the statutory compensation as a remedy, the right holder has the right to claim punitive damages in patent infringement cases where "intentional infringement and serious circumstances" occur. Although the Interpretation of the Supreme People's Court on the Application of Punitive Damages in the Trial of Civil Cases of Intellectual Property Infringement provides for the typology of the subjective application of "intentional", due to the lack of detailed interpretation and the complexity of practice, the subjective aspect of punitive damages for patent infringement has become a major obstacle to the application of this provision, and a more detailed and in-depth understanding of the specific determination of "intentional" is required.

2 The connotation of the subjective elements of punitive damages for patent infringement

China's current Patent Law of the People's Republic of China clarifies that the subjective element of patent punitive damages is "intentional", and the connotation of "intentional" has two different views: meaningism and conceptualism. Among them, the meaning doctrine believes that "intentional" includes direct intentional and indirect situations; Conceptualism, on the other hand, includes the subjective fault state of "overconfident fault" into the case of "intentional" application.

Although the method of attribution of tort liability that "gross negligence is equivalent to intentionality" is adopted in judicial practice, considering the core function of the punitive damages system, the understanding of the connotation of "intentional" should adopt the perspective of meaning.^[1] This choice is mainly made because patent rights are different from other civil rights, and in most cases, the patent has been publicized and the actor should have subjectively known that such a right existed. Therefore, the punitive damages system in the patent law takes "intentional" as a subjective element and excludes the case of gross negligence. Direct intent and indirect intent are subject to stricter liability because they result in worse damage than negligence and negligence.^[2] Therefore, in the case of overconfident negligence, the perpetrator should not be required to bear the same onerous liability as intentional.

At the same time, another question is whether "intentional" in punitive damages for patent infringement includes indirect intention. First of all, in practice, it is difficult to distinguish between direct intentional and indirect intention, and there is no clear demarcation between pursuing or allowing the result to occur, and in judicial practice, even if the infringed patentee can prove the existence of intentional infringement, it is difficult to prove whether the infringer "wants" or "allows" the damage result. Secondly, the degree of moral reproach or reprehensibility of the two is almost the same, and there is not much difference in the space and elasticity of the supply of punitive damages to the two. Therefore, in the context of punitive damages, indirect intent should not be excluded from "intentional".

3 Specific determination of subjective elements for punitive damages for patent infringement

In the field of patent infringement in China, the focus of the subjective factors of the infringer should be on the exploration of its own psychological state. Article 3 of China's Interpretation of the Supreme People's Court on the Application of Punitive Damages in the Trial of Civil Cases of Intellectual Property Infringement provides a theoretical basis for determining the degree of subjective fault of the defendant, but the relevant content needs to be refined to ensure the accurate application of the judicial interpretation. At this stage, the circumstances identified in judicial practice can be summarized as: repeated infringement of patent rights, infringement after receiving the infringement notice, concealment of infringement, etc.

Repeated patent infringement. If the infringer continues to infringe after being judged infringing by the court or being punished by the administrative department for infringement, or refusing to perform after the accused infringer reaches a mediation agreement with the patentee, and still ignores the right holder's patent to infringe, it is obvious that in this case, the infringer's subjective malice is obvious, and the judge can directly judge that the infringer constitutes a more reprehensible "intentional" infringement, and thus award the infringer to bear punitive damages. There is a view that repeated infringement also includes infringement of several different patent rights of the patentee,^[3] and this article takes a negative attitude towards this, holding that the scope of repeated infringement should not be too broad, and should only include the same situation that the patent involved in the later action is the same as the patent involved in the previous action,^[4] mainly because it is very professional to judge whether it is infringing intellectual property rights, especially whether it is infringing patent rights, if it is not a professional, it is difficult to judge whether infringement is constituted, and the public generally does not have the ability to determine whether infringement is constituted. Therefore, the understanding of repeated infringement should not be generalized.^[5]

The infringer still commits the infringement after receiving the infringement notice. A notice of patent infringement can prove that the infringer knows that his act is an infringement,^[6] and in practice, the infringement notice is mostly a written or electronic notice such as a warning letter or a lawyer's letter. After receiving the infringement notice from the right holder, if the infringer clearly knows the existence of the patent right and clearly knows the inevitability of infringing the patent right of others, and still commits the infringement, it can of course be judged that it constitutes intentional infringement. The issue worth discussing and exploring here is the relationship between the patentee's warning letter or attorney's letter, that is, the appropriateness of the content of the infringement notice and the determination of "intentionality". In the case of sending an infringement warning letter or a lawyer's letter to the infringer, the appropriateness and completeness of the letter is the key to determining whether the infringing subject is "intentional" infringing.^[7] Due to the large number of patent rights granted and the professionalism of patent rights, the infringer must not be placed on an excessive duty of care. However, when the potential infringer receives a qualified warning letter or lawyer's letter from the patentee, that is, a notice of infringement, it has a special duty of care to actively review its conduct. After receiving the notice, the potential infringer must examine whether its acts or products infringe the valid patent of the right holder according to the content of the notice, at which time it can be said that it has the obligation to actively investigate, if it does not perform the obligation or continues to carry out the infringement after examination constitutes infringement, the patentee can claim in the litigation that the infringer "knowingly" infringes" the effective patent right of others and still commits the infringement. Pursuing or allowing the damaging result to occur and thus constituting an "intentional" infringement.

Concealment of infringement. First of all, concealing infringement is manifested on the one hand by the perpetrator covering up his infringing act when infringing. Due to the concealment of patent infringement, the infringement itself is not easy to

be discovered by the right holder, if measures are taken to cover up the infringement when the infringement is committed, the probability of the patentee discovering the infringement is greatly reduced, which obviously proves that the infringer knows that its act infringes the patentee's valid patent, and has the subjective mentality of evading the patentee's pursuit, which is "intentional" infringement. Second, concealment of infringement is manifested in the fact that the infringer conceals evidence of infringement in litigation. This article holds that the infringer has the obligation to truthfully state its infringing act and the result of the damage in the lawsuit, and in practice, the court also takes the alleged infringer's conduct in the litigation as one of the bases for awarding damages, and its deliberate concealment or false statement does not conform to the principle of honesty in litigation, and to a certain extent, it can be understood as an attempt to evade responsibility or not correct the mistake, from which it can be presumed that the infringer has "intention" to infringe.

4 The burden of proof for subjective elements of punitive damages for patent infringement

In patent infringement, the principle of fault liability is generally adopted to bear the liability for compensation, that is, the infringer is at fault for the occurrence of the infringement, and the occurrence of the damage result caused by its fault is a causal relationship between the two, which is also the constituent element of infringement that requires the right holder to provide evidence as the plaintiff. The principle of attribution determines the allocation of the burden of proof, and under the principle of fault liability, "who claims, who provides evidence", means that the patentee's claim for punitive damages must provide evidence to prove that the infringer has subjective "intention", which is detrimental to the patentee, the patentee must disclose its patent, coupled with the concealment of patent infringement, the patentee is not only difficult to control the infringement, but also difficult to prove the subjective fault of the infringer. In judicial practice, there is a situation that "the right holder's burden of proof is too heavy and the right to prove is thin",^[8] and the comprehensive application of the principle of fault liability is to think too much for the sake of unauthorized users and too little for the interests of right holders.^[9]

Academics and even judicial circles believe that the application of the principle of fault liability should be adjusted, amended and supplemented. It is mainly divided into two views: one is to supplement the no-fault liability, and the other is to supplement the presumption of fault. Focusing on the current legislation and judiciary in our country, the second view is adopted in the field of intellectual property, which is supplemented by the presumption of fault.^[10] In patent infringement litigation, it is much more difficult for the right holder to prove that the infringer has subjective intent than for the infringer to prove that he does not have the intention to infringe, and the evidence of infringement is often in the hands of the infringer, so when the right holder cannot provide evidence or exhausts all methods but still cannot fully provide evidence, it is reasonable and more conducive to patent protection to apply the principle of presumption of fault to reverse the burden of proof to the infringer.

According to the provisions of China's civil law, the assumption of liability for damages caused by special infringement generally adopts the method of assuming that there is no statutory exemption and the infringer cannot adduce evidence, and the application of fault presumption in the field of patent infringement, especially in patent infringement punitive damages, should also follow this point, and the scope of the presumption of fault should be limited, which should be applied in accordance with statutory principles and applied to the special circumstances of patent infringement. For example, according to the Patent Law, the burden of proof is reversed in a patent dispute over a new product manufacturing method invention, and the alleged infringer bears the burden of proof that it is not infringing. Therefore, when the patentee claims punitive damages due to the infringer's intentional infringement of its method invention patent, the burden of proof may be reversed, and the infringer can prove that it does not have the intention to infringe or that there is a statutory exemption from liability.

5 Conclusion

Combined with China's national conditions, it can be determined that the factors that have more practical value and reference significance in the current field of patent infringement in China are as follows: First, focus on considering whether the infringer has conducted an investigation into the patent right after learning of the existence of the patent right in question, including but not limited to the scope of protection of the patent right, whether the patent right may be invalidated, whether his own behavior constitutes infringement, etc.; second, whether the infringer remedy the possibility of infringement after becoming aware of the possibility of infringement; Third, whether the infringer tried to conceal the infringement after the infringement occurred. For different types of patent infringement cases, we should be carefully determined based on the facts and evidence of the whole case under the condition of a systematic understanding of the existing legal provisions.

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