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IP UPDATE

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Apple's Success in Beijing IP Court on Design Patent Infringement Case – The Implication of "Design Freedom"

Release Apple from Infringement Claim related to Baili's Smartphone Design Patent

The Beijing Intellectual Property (IP) Court has recently ruled in favour of Apple Computer Trading (Shanghai) Company Limited ("Apple") and overturned the administrative decision of the Beijing Intellectual Property Office (BJIPO) adjudicated that Apple's iPhone 6 infringed a design patent owned by Shenzhen Baili Marketing Services Co. ("Baili"), a Chinese smartphone manufacturer (where Baidu, a Chinese internet giant, is an investor of Baili's mother company).

The Judicial Interpretation on Several Issues concerning the Application of Law in the Trial of Patent Infringement Dispute Cases (II) ("Judicial Interpretation") published by the Supreme People's Court, which was in effect on 1st April 2016, stating that in determining whether it is easy for an ordinary consumer to notice the difference between the design of alleged infringing product and the design patent in question, the Court shall take into account the design freedom the manufacturers may have in producing the products in question (or products in similar categories). The Judicial Interpretation goes further to suggest that the Court shall consider the smaller the design freedom that the manufacturers may have, the easier for ordinary consumers to notice minor difference in the products, and vice versa. It could be seen that the Court applied the aforesaid Judicial Interpretation in deciding in Apple's favour.

Back in December 2014, Baili filed an administrative complaint before the BJIPO, claiming that Apple's iPhone 6 and iPhone 6 Plus infringed the design patent of its 100C smartphone (Patent No. ZL201430009113.9). Baili's case was accepted on 6th January 2015. Subsequently, Apple filed a request for invalidation of Baili's design patent in

question on 30th March 2015 before the Patent Reexamination Board (PRB) of the State Intellectual Property Office. In December 2015, the PRB rejected Apple's case and maintained the validity of design patent in question. Shortly thereafter, in May 2016, the BJIPO ruled that Apple's iPhone 6 and iPhone 6 Plus infringed Baili's design patent in question and ordered Apple to stop selling these models in Beijing. Apple appealed against the said decision to the Beijing IP Court and obtained stay of execution of the prohibition order pending appeal in December 2016.

On 24th March 2017, the Beijing IP Court delivered ruling of the case. The Court found that the edges of Baili's design in question (having asymmetric curvature) are distinguishable from Apple's iPhone 6's design (having symmetric curvature), and that such distinguishing feature has significant impact to the visual effect of the entire product. The Court further found that this is notable to ordinary consumers, and therefore the Court held that Apple's iPhone 6 and iPhone 6 Plus do not fall into the protection scope of Baili's design patent in question, and reversed the ruling of the BJIPO.

One of the main reasons for the ruling of the Beijing IP Court fall on the Court's conclusion that the aforesaid distinguishing feature is notable to ordinary consumers. In this case, while the aforesaid "distinguishing feature" may be considered minor, the Court still hold that the feature is notable to ordinary consumers. It should be noted that the design freedom of smart phones would have been considered small due to the limited choices of the product shapes, location of screens, etc. Therefore, the minor "distinguishing feature" was still sufficient in helping Apple to have its iPhone products distinguished from the design patent in question.

The ruling of this case indeed provides further insight in arguing for distinctiveness in design patent case, whether in prosecution or in court litigation. Design freedom may be considered and used. Brand owners may provide evidence establishing that the design freedom of the subject product may be small, and therefore minor distinguishing features shall be considered as easily notable to ordinary consumers, thus sufficient in distinguishing the design patent from prior art. On the other hand, for brand owners seeking to enforce their design patents, they may also need to consider if they may produce evidence in establishing that the design freedom in the subject product may be considered as large, and therefore subsequent designs with only minor difference shall not be notable to ordinary consumers and therefore the design shall not be regarded as distinguishable.

We shall keep track on whether design freedom may be further used in design patent related cases in the future.

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