SPC Guiding Case No. 158: Shenzhen Weibang Technology Co., Ltd. v. Li Jianyi and Shenzhen Yuancheng Intelligent Equipment Co., Ltd. (Patent Ownership Dispute)

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Keywords

Civil / ownership of patent right / service invention-creation / related invention-creation

Holding

When determining whether an invention-creation falls within the "related invention-creations" specified in Article 12(1)(3) of the Implementing Regulations of the Patent Law — that is, invention-creations related to the employee's own duties at the original employer or to the tasks assigned by the original employer — attention should be paid to maintaining the balance of interests among the original employer, the departing employee, and the departing employee's new employer, and the determination should be made by comprehensively considering the following factors: first, the specific content of the own duties undertaken by the departing employee at the original employer or of the tasks assigned by the original employer; second, the specific circumstances of the patent in issue and its interrelationship with the employee's own duties or the tasks assigned by the original employer; third, whether the original employer carried out technical research and development activities related to the patent in issue, or whether the relevant technology has another lawful source; and fourth, whether the right holder and inventor of the patent (application) in issue can give a reasonable explanation of the research and development process or source of the patented technology.

Basic Facts

Shenzhen Weibang Technology Co., Ltd. ("Weibang Company") is a high-tech company specializing in the research and development, manufacture, sale, and after-sales service of hospital intravenous dispensing robot products and supporting equipment for dispensing centers. Between February 2010 and July 2016, multiple patents applied for by Weibang Company all related to automatic dispensing equipment and dispensing devices. Among them, Patent No. 102847473A (the "473 Patent"), applied for by Weibang Company on September 4, 2012, was mainly used for automatic preparation of injection drug solutions.

Li Jianyi joined Weibang Company's production and manufacturing department on September 24, 2012, and signed a Shenzhen Labor Contract and an Employee Confidentiality Contract with Weibang Company, agreeing that Li Jianyi would serve as director of the company's production and manufacturing department, with his main work being responsibility for the research and development of products related to "infusion dispensing robots." During his employment, Li Jianyi signed, in the name of department manager, procurement application forms of the R&D department, and signed in the review column of multiple technical drawings stamped with "controlled documents," the content of which involved "Shaw socket compound needle assembly," "peristaltic pump infusion needle," "peristaltic pump upper cover connecting plate experiment," "assembly body," "left gripper," "right gripper," "manipulator gripper 1," "manipulator gripper 2," and other design drawings related to automatic dispensing devices. In addition, work emails provided by Weibang Company showed that Li Jianyi received reports on R&D testing by work email, arranged testing work, and put forward corresponding requirements for R&D testing. It could also be seen from the email content that Li Jianyi had participated in meetings discussing R&D plans on multiple occasions.

Li Jianyi and Weibang Company terminated their labor relationship on April 17, 2013. On July 12, 2013, Li Jianyi applied to the China National Intellectual Property Administration for the invention patent entitled "Intravenous Drug Automatic Preparation Equipment and Swinging Turntable-Type Dispensing Device," Patent No. 201310293690.X (the "Patent in Issue"). Li Jianyi was the sole inventor of the Patent in Issue. The main content of the technical solution of the Patent in Issue was a dispensing device using robots to complete the process of preparing intravenous injection drugs. On February 5, 2016, Li Jianyi transferred the patent right in issue to Shenzhen Yuancheng Intelligent Equipment Co., Ltd. ("Yuancheng Company"), which he controlled. Before joining Weibang Company, Li Jianyi had no industry experience or educational qualifications related to medical devices or equipment.

On December 8, 2016, Weibang Company filed a lawsuit with the court of first instance, requesting: 1. confirmation that the invention patent right in the Patent in Issue belongs to Weibang Company; and 2. an order that Li Jianyi and Yuancheng Company jointly bear the reasonable expenses of RMB 30,000 paid by Weibang Company for protecting its rights, and jointly bear the litigation costs.

Judgment

On June 8, 2018, the Shenzhen Intermediate People's Court of Guangdong Province rendered the civil judgment (2016) Yue 03 Min Chu No. 2829: 1. confirming that Weibang Company is the patentee of the Patent in Issue; and 2. ordering Li Jianyi and Yuancheng Company to jointly pay Weibang Company reasonable expenses of RMB 30,000. After the first-instance judgment was pronounced, Li Jianyi and Yuancheng Company appealed to the Guangdong Provincial Higher People's Court. On January 28, 2019, the Guangdong Provincial Higher People's Court rendered the civil judgment (2018) Yue Min Zhong No. 2262, dismissing the appeal and affirming the original judgment. Li Jianyi and Yuancheng Company then applied to the Supreme People's Court for retrial. On December 30, 2019, the Supreme People's Court rendered the civil ruling (2019) Zui Gao Fa Min Shen No. 6342, rejecting the retrial applications of Li Jianyi and Yuancheng Company.

Reasoning

The Supreme People's Court held that the focus of dispute in this case was whether the Patent in Issue was a service invention-creation made by Li Jianyi during his employment at Weibang Company.

Article 6 of the Patent Law provides: "An invention-creation completed in the course of performing the tasks of the entity or mainly by using the material and technical conditions of the entity is a service invention-creation. The right to apply for a patent for a service invention-creation belongs to the entity." Article 12(1)(3) of the Implementing Regulations of the Patent Law further provides: "An invention-creation made within one year after retirement, transfer from the original entity, or termination of the labor or personnel relationship, which is related to the employee's own duties at the original entity or to the tasks assigned by the original entity, is a service invention-creation."

An invention-creation is complex intellectual labor that cannot be separated from the investment or support of necessary resources such as funds, technology, and R&D personnel, and carries corresponding risks. In determining service invention-creations involving departing employees, the legitimate rights of the original employer over scientific and technological achievements that are indeed service invention-creations should be protected, and innovation-driven development should be encouraged and supported; at the same time, the "related invention-creations" specified in Article 12(1)(3) of the Implementing Regulations of the Patent Law should not be interpreted too broadly, so as not to improperly restrict the normal mobility of R&D personnel or restrict R&D personnel from lawfully participating in or carrying out new technical R&D activities at a new entity in the absence of explicit legal provisions or contractual agreements such as non-competition agreements. Therefore, when determining whether the invention-creation in issue falls within the "related invention-creations" specified in Article 12(1)(3) of the Implementing Regulations of the Patent Law, attention should be paid to maintaining the balance of interests among the original employer, the departing employee,

and the departing employee's new employer, and the following factors should be comprehensively considered: first, the specific content of the own duties undertaken by the departing employee at the original employer or of the tasks assigned by the original employer, including job responsibilities and authority, and the technical information related to the patent in issue that the employee was able to access, control, and obtain; second, the specific circumstances of the patent in issue, including its technical field, the technical problem it solves, its invention purpose and technical effect, the scope of protection defined by its claims, and the "substantive features" of the patent in issue relative to the prior art, as well as the interrelationship between the patent in issue and the employee's own duties or the tasks assigned by the original employer; third, whether the original employer carried out technical R&D activities related to the patent in issue, or whether it had a lawful source for the relevant technology; and fourth, whether the right holder and inventor of the patent (application) in issue can give a reasonable explanation of the R&D process or technical source of the patent in issue, with relevant factors including the complexity of the technical solution of the patent in issue, the R&D investment required, and whether the right holder and inventor possessed the corresponding knowledge, experience, skills, or material and technical conditions, and whether there is evidence proving that they carried out the relevant R&D activities.

Combined with the relevant facts found by the courts of first and second instance and the relevant evidence submitted by the retrial applicants, and focusing on the four factors above, the focus of dispute in this case was determined as follows:

First, regarding the specific content of the own duties or assigned tasks undertaken by Li Jianyi during his employment at Weibang Company. First, during his employment at Weibang Company, Li Jianyi served as production and manufacturing director and was directly engaged in work such as the R&D management of dispensing equipment and dispensing devices. In his retrial application, he also acknowledged that he had engaged in "R&D management work." Second, during his employment at Weibang Company, Li Jianyi signed, in the name of department manager, procurement application forms of the R&D department, and signed in the review column of multiple technical drawings that were closely related to the patented technology and stamped with "controlled documents." Third, Li Jianyi participated on multiple occasions in Weibang Company's internal meetings and discussions related to the technical R&D of automatic drug dispensing equipment and dispensing devices, and also received reports on R&D testing by email, arranged testing work, and put forward corresponding requirements for R&D testing. In summary, based on the own duties or assigned tasks undertaken by Li Jianyi during his employment at Weibang Company, he was able to directly access, control, and obtain technical information within Weibang Company that was closely related to the technical R&D of automatic drug dispensing equipment and dispensing devices, and such information was not ordinary knowledge, experience, or skill in the field. Therefore, the own duties or assigned tasks undertaken by Li Jianyi at Weibang Company were closely related to the patented technology in issue. The Supreme People's Court did not support Li Jianyi's retrial grounds that he had merely carried out R&D management without participating in Weibang Company's R&D work concerning intravenous dispensing devices, and that Weibang Company's relevant evidence was not truly necessary documents involving R&D.

Second, regarding the specific circumstances of the Patent in Issue and its interrelationship with Li Jianyi's own duties or assigned tasks. First, the Patent in Issue involved "intravenous drug automatic preparation equipment and a swinging turntable-type dispensing device," and the technical problems it addressed were: "1. The labor intensity of the pharmacist's hands is very high, and work can only be carried out for a short time; 2. Because different pharmacists have different skills and the dispensing location cannot be forcibly fixed, the stability of the prepared drugs cannot be guaranteed; 3. Chemotherapy drugs are highly harmful to the health of pharmacists." The technical effect achieved was: "The present invention uses robots to complete the entire preparation process of intravenous injection drugs, and uses mechatronic integration to control the accurate dosage of prepared drugs, thereby improving the quality of drug preparation; medical personnel only need to load the pre-prepared drug bottles into the turntable working plate and the mother

liquid rack, and finally remove the prepared mother liquid bottles, greatly reducing the labor intensity of the hands of medical personnel; for drug preparation harmful to the human body (such as chemotherapy drugs), since pharmacists do not need to directly contact the drug bottles and use isolation tools to clamp and remove the drug bottles, the health damage of chemotherapy liquid to the human body can be greatly reduced." Claim 1 of the Patent in Issue as authorized and published mainly includes components such as a base, a turntable worktable, several drug bottle clamps for fixing drug bottles, a fixture base, a turntable base, a turntable transmission mechanism and a turntable motor, a backlight source and a vision sensor respectively disposed on both sides of the turntable worktable near the rear side, a robot, a clamp body, an infusion pump, an infusion tube, a needle fixture base, a needle clamp head, a front-rear swinging plate, and a lifting mechanism. Second, the 473 Patent applied for by Weibang Company on September 4, 2012 was entitled "Dispensing Method of an Automated Dispensing System and Automated Dispensing System," and the technical problem it addressed was: "The manner of preparing drugs in hospitals is all through manual operation by medical personnel ... During operation, the work intensity of medical personnel is high, and some drugs are toxic, posing a great threat to the safety of medical personnel." Its invention purpose was: "to overcome the shortcomings of the above prior art and provide a dispensing method of an automated dispensing system and an automated dispensing system, which can realize automatic dispensing, so that medical personnel do not need to manually prepare drug solutions, greatly reducing the labor intensity of medical personnel and helping to protect the health and safety of medical personnel." The technical effect achieved was: "to provide a dispensing method of an automated dispensing system and an automated dispensing system, which can quickly complete the preparation of multiple groups of drug solutions, improve dispensing efficiency, greatly reduce the labor intensity of medical personnel, and help protect the health and safety of medical personnel." The description of the 473 Patent also disclosed the specific structures and drawings of components such as a "drug solution input shaking device," a "clamp component," an "infusion hose loading, transferring, and drug solution dispensing device," an "ampoule breaking device for breaking ampoules," a "mother liquid bottle clamping device," a "mother liquid bottle," and an "input turntable capable of accommodating multiple drug bottles at one time." Comparing the Patent in Issue with Weibang Company's 473 Patent, the technical problems solved, invention purposes, and technical effects of the two were basically consistent, and the technical solutions of the two were highly related. The court of second instance, combining the examination opinions and cited patent search of the Patent in Issue, found that the 473 Patent was a document that could independently affect the novelty or inventiveness of the claims of the Patent in Issue, which was not improper. Third, among the drawings provided by Weibang Company related to Li Jianyi's own duties, there were components closely related to the Patent in Issue such as "input module new cover," "Shaw socket compound needle assembly," "peristaltic pump infusion needle," "peristaltic pump upper cover connecting plate experiment," "assembly body," "left gripper," "right gripper," "manipulator gripper 1," and "manipulator gripper 2," all of which were stamped with the "controlled document" seal, and Li Jianyi's signature appeared in the "review" column. Fourth, in the email exchanges between Li Jianyi and relevant staff of Weibang Company, the content discussed directly involved R&D activities closely related to the technical solution of the Patent in Issue, such as turntable gripping claws, mother liquid feeding plans, and ampoule breaking tests. In summary, the Patent in Issue was closely related to the own duties or assigned tasks undertaken by Li Jianyi at Weibang Company.

Third, Weibang Company's technical R&D in the field of automatic intravenous drug preparation equipment was continuous. Weibang Company was established in 2002, and its business scope included the R&D, manufacture, sale, and after-sales service of hospital intravenous dispensing robot products and supporting equipment for dispensing centers. Between February 2010 and July 2016, it successively applied for more than 60 patents involving medical equipment, methods, and systems, of which 44 patents were applied for before Li Jianyi joined Weibang Company, and many of the patents involved automatic dispensing devices. Therefore, the Supreme People's Court did not support Li Jianyi's retrial ground that Weibang Company had already completed the R&D of intravenous dispensing devices before his employment and that the Patent in Issue was not a service invention-creation.

Finally, regarding whether Li Jianyi and Yuancheng Company could give a reasonable explanation of the R&D process or technical source of the Patent in Issue. According to the description of the Patent in Issue, the Patent in Issue involved "intravenous drug automatic preparation equipment and a swinging turntable-type dispensing device," with 13 pages of drawings and approximately 60 components, and the technical solution was complex and difficult to develop. Li Jianyi, as the sole inventor of the Patent in Issue, individually applied for the Patent in Issue in his own name less than three months after leaving Weibang Company, and could not give a reasonable explanation of the technical R&D process or technical source, which was inconsistent with common sense. Moreover, according to the finding of the court of second instance and the printed patent search web pages and self-prepared patent status summary submitted by Li Jianyi in the first instance, Li Jianyi, as inventor, applied at the earliest on July 12, 2013 for the Patent in Issue and for Utility Model Patent No. 201320416724.5, "Intravenous Drug Automatic Preparation Equipment and Dispensing Device Using a Vision Sensor"; before that time, the evidence in this case could not prove that Li Jianyi possessed the knowledge level and ability to independently develop the technical solution of the Patent in Issue.

In summary, comprehensively considering the relevant facts of this case and the relevant evidence submitted by Li Jianyi and Yuancheng Company in the retrial, it was not improper for the courts of first and second instance to find that the Patent in Issue was a service invention-creation made by Li Jianyi during his employment at Weibang Company. None of the retrial grounds raised by Li Jianyi and Yuancheng Company could be established.

Relevant Legal Provisions

Article 6 of the Patent Law of the People's Republic of China.

Article 12 of the Implementing Regulations of the Patent Law of the People's Republic of China.

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