SPC Guiding Case No. 218: Suzhou Sai [X] Electronic Technology Co., Ltd. v. Shenzhen Yu [X] Technology Co., Ltd., et al. (Infringement of Exclusive Rights in Integrated Circuit Layout Designs)

Dan Young Business Consultancy — www.danyoungcpa.com

Unofficial English translation prepared for reference only. The official Chinese text prevails.

Discussed and adopted by the Judicial Committee of the Supreme People's Court; issued on December 15, 2023.

Keywords

Civil / infringement of exclusive rights in integrated circuit layout designs / registration / object of protection / scope of protection / originality

Holding

1. The purpose of registration of an integrated circuit layout design is to determine the object of protection, rather than to disclose the design content. Disclosure of the layout design content is not a condition for obtaining the exclusive right in an integrated circuit layout design.

2. The scope of protection of the exclusive right in an integrated circuit layout design may generally be determined based on the copies or drawings of the layout design submitted at the time of application for registration. For layout design content that cannot be identified from the copies or drawings, it may be determined based on samples consistent with the copies or drawings.

3. Obtaining registration of an integrated circuit layout design does not necessarily mean that the registered layout design content is original; the right holder shall still provide a reasonable explanation or description of the originality of the layout design for which it claims rights. Where the alleged infringer cannot adduce sufficient counter-evidence to rebut the explanation or description, the relevant layout design may be found to be original.

Basic Facts

Suzhou Sai [X] Electronic Technology Co., Ltd. ("Sai [X] Company") applied on April 22, 2012, for registration of the integrated circuit layout design named "Lithium Battery Protection Chip with Single-Chip Negative Electrode Protection Integrating a Controller and a Switching Tube," which was announced on June 8, 2012, and the exclusive right in the integrated circuit layout design has remained valid to date. Shenzhen Zhun [X] Electronics Co., Ltd. ("Zhun [X] Company," which had been deregistered) reproduced and sold, without permission, chips substantially identical to the integrated circuit layout design in issue. Shenzhen Yu [X] Technology Co., Ltd. ("Yu [X] Company") issued invoices on behalf of Zhun [X] Company's sales. At the time the alleged infringing act occurred, Hu [X]huan was the sole shareholder of Zhun [X] Company, held 51% of the equity of Yu [X] Company, and simultaneously served as the legal representative of both companies. Hu [X]huan later transferred the equity of Zhun [X] Company to Huang [X]dong and Huang [X]liang. During the first-instance litigation, Huang [X]dong and Huang [X]liang deregistered Zhun [X] Company.

Sai [X] Company considered that Zhun [X] Company and Yu [X] Company jointly infringed the exclusive right in the integrated circuit layout design in issue, and that Hu [X]huan, Huang [X]dong and Huang [X]liang should bear joint and several liability for Zhun [X] Company. It therefore sued, requesting an order to cease the infringement, and that Yu [X] Company, Hu [X]huan, Huang [X]dong and Huang [X]liang jointly and severally compensate economic losses.

Judgment

On June 19, 2019, the Shenzhen Intermediate People's Court of Guangdong Province rendered Civil Judgment (2015) Shen Zhong Fa Zhi Min Chu Zi No. 1106: (1) Yu [X] Company shall compensate Sai [X] Company economic losses of RMB 500,000 within ten days from the effective date of the judgment; (2) Hu [X]huan, Huang [X]dong and Huang [X]liang shall bear joint and several liability for the above compensation amount; and (3) the remaining claims of Sai [X] Company were dismissed. After the judgment was pronounced, Yu [X] Company, Hu [X]huan, Huang [X]dong and Huang [X]liang appealed to the Supreme People's Court. On October 16, 2020, the Supreme People's Court rendered Civil Judgment (2019) Zui Gao Fa Zhi Min Zhong No. 490, dismissing the appeal and affirming the original judgment.

Reasoning

The Supreme People's Court held:

I. On whether the scope of protection of the layout design in issue may be determined by sectioning samples

1. Whether the paper copies of the copies or drawings and the samples can be used to determine the scope of protection of the layout design. At the time of registration of the layout design, the materials containing the layout design content submitted to the registration authority include: paper copies of the copies or drawings, electronic versions of the copies or drawings, and samples. Among them, the paper copies of the copies or drawings are required to be submitted; samples are submitted where the layout design has already been put into commercial exploitation; and electronic versions of the copies or drawings are submitted voluntarily, with the additional requirement that the electronic document shall contain all the information of the layout design and indicate the data format of the file. It can be seen that the paper copies of the copies or drawings are the documents that must be submitted to obtain registration. When determining the scope of protection of the layout design, this shall generally be done based on the paper copies of the copies or drawings. With the development of the semiconductor industry, layout designs can accomplish more complex designs on smaller semiconductor substrates, and their degree of integration has greatly increased. Even though Article 14 of the Detailed Rules for the Implementation of the Regulations on the Protection of Integrated Circuit Layout Designs provides that "the paper copies of the copies or drawings shall be enlarged to at least 20 times the integrated circuit produced by the layout design," there are still situations where the enlargement factor of the paper copies of the copies or drawings is insufficient to completely and clearly reflect the layout design content. In such cases, on the premise that the samples are consistent with the paper copies of the copies or drawings, the samples may be sectioned to precisely restore, through technical means, the detailed information of the layout design contained in the chip samples, extract the three-dimensional configuration information therein, and determine the details of the layout design that cannot be identified from the paper copies, so as to determine the content of the layout design.

2. Whether the scope of protection may only be determined based on the content already disclosed at the time of registration. Unlike the patent law's institutional design of exchanging disclosure for protection of inventions and creations, the Regulations on the Protection of Integrated Circuit Layout Designs does not condition the protection of layout designs on the right holder's disclosure of the layout design. In the registration examination of layout designs, the National Intellectual Property Administration requires that the paper copies be enlarged to at least 20 times, and that the electronic version contain all the information of the layout design. After the registration announcement, what the public may request to inspect is the paper copies; as for the confidential information involved in the paper copies of layout designs already put into commercial exploitation, except where needed for infringement litigation or administrative handling procedures, it may not be inspected or copied; as for the electronic version, similarly, except where needed for infringement litigation or administrative handling procedures, no person may inspect or copy it. From the above provisions, it can be seen that, whether during the registration process or after the registration announcement, there is no requirement that the electronic version containing all the information of the layout design and the confidential information in the paper copies of layout designs already put into commercial

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exploitation be unconditionally disclosed to the public in full.

The Regulations on the Protection of Integrated Circuit Layout Designs adopts a special-law model for the protection of layout designs. The protection of layout designs does not adopt the patent protection rules applicable to inventions and creations, that is, it does not disclose the layout design content through registration in exchange for the exclusive right. At the same time, the protection of layout designs under the Regulations is also not entirely identical to the protection of works under the copyright law. The registration of a layout design is the process of determining the object of protection, and is a condition for obtaining the exclusive right in a layout design; it is not the process of disclosing the layout design content, nor is it the acquisition of exclusive-right protection in exchange for disclosure of the layout design.

II. On whether the layout design in issue is original

On the originality of the layout design. First, what the exclusive right in an integrated circuit layout design protects is the three-dimensional configuration of elements and interconnections in the integrated circuit, and does not extend to ideas and the like. At the functional level embodying the layout design, because it does not contain the three-dimensional configuration of elements and lines, no protection is given. Below this level, the manifestation of originality gradually increases, and protection may be given to the allocation and arrangement of elements, the interconnection among the various elements and components, the relationship of information flow, and the combined effects. Second, the protected original part shall be capable of relatively independently performing a certain electronic function. The originality of a protected layout design may be reflected in any original part of the layout design, and may also be reflected in the layout design as a whole. Any original part of a layout design shall be protected by law, regardless of whether it occupies a major part of the overall design and whether it can achieve the core performance of the overall design. If a layout design is composed of generally recognized conventional designs, its combination as a whole shall be original. At the same time, if what the right holder proposes is an original part, that part shall be capable of relatively independently performing a certain electronic function. Third, originality is the precondition for the protection of a layout design. The originality of a layout design contains two meanings: it is independently designed and completed; and it is not a conventional design generally recognized at the time of creation. In infringement litigation, when the alleged infringer raises an objection to the originality of the layout design, the people’s court shall determine the originality of the layout design based on the claims of both parties and the evidence submitted. When the exclusive right holder selects the original part of the layout design and the originality judgment is carried out around the part proposed by the right holder, it shall proceed at two levels in sequence: first, the protected layout design is a three-dimensional configuration of elements and lines made for performing a certain electronic function; otherwise it cannot be protected by the exclusive right in a layout design. Second, the three-dimensional configuration contained in the above part is not a conventional design generally recognized at the time of its creation.

When proposing the original part, the right holder may explain the original part; the right holder’s originality explanation may be a generalization or abstraction of the original part from different angles, and may not necessarily include a description of the three-dimensional configuration content. However, when judging the originality of the part designated by the right holder, the specific three-dimensional configuration of the elements and lines contained in the part designated by the right holder shall be taken as the object of judgment based on the right holder’s originality explanation.

In the process of proving the original part proposed by the right holder, it may not be taken for granted, merely because of registration and filing, that the layout design as a whole or any part thereof is original. However, the right holder’s burden of proof of originality shall not be excessively increased to require it to exhaust all means to prove the originality of the layout design. In relative terms, the alleged infringer need only provide one already-disclosed conventional layout design to rebut the original part claimed by the right holder. Therefore, the allocation of the burden of proof of originality shall fully consider the characteristics of integrated circuit layout designs, the current registration situation of integrated circuit layout designs in

China, the respective evidentiary capabilities of the parties, and other factors. Taking the original part proposed by the right holder as the basis, the right holder shall first be required to fully explain or preliminarily prove the original part it claims, and then the alleged infringer shall adduce contrary evidence on the lack of originality, and a judgment shall be made on the basis of comprehensive consideration of the above facts and evidence.

Relevant Legal Provisions

Article 4, paragraph 1, and Article 8 of the Regulations on the Protection of Integrated Circuit Layout Designs.

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