

# Judicial Review of Patent Validity/Patentability Decisions in China

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In China, patent-related judicial review cases (also known as “administrative litigation cases”) may be divided into two major categories: cases of the court’s judicial review of decisions made by the State Intellectual Property Office (SIPO) in respect of patent applications and decisions made by the Patent Reexamination Board (PRB) in respect of reexamination and invalidation; and cases of the court’s judicial review of decisions made by the local intellectual property offices (the former patent administration bureaus) on their treatment of disputes involving the determination of the ownership of patents and patent applications and those arising from patent infringement. This article is meant to present an overview of the former patent-related administrative litigation for the judicial review of patent validity / patentability decisions: starting from briefing certain key issues of the judicial review (including such issues as jurisdiction, application of law, burden of proof, mode of trial, extent of judicial review, the court’s substantive judgement on patentability, etc.) and introducing the court’s position of certain typical or classic cases (including how the Beijing Intermediate and Higher Courts and the Supreme Court make their judgements on unpatentable subject matter, double patenting, insufficiency, support of claims in description, novelty, inventive step and priority of design patent) in an effort to help readers arrive at a comprehensive understanding of the patent-related administrative litigation in China.

## I. Main characteristics of patent-related administrative litigation procedure

### 1. Origin of patent validity/patentability administrative litigation cases and exclusive jurisdiction over the cases

The first Chinese Patent Law, entering into force in

1985, provides for the three types of patents: invention, utility model and design. The Patent Office, the predecessor of the SIPO, is responsible for receiving and examining patent applications and for granting and revoking patents; the PRB is responsible for the reexamination of rejection or refusal, and of revocation decisions made by the Patent Office, and for patent invalidation. The PRB’s decisions on the patentability of utility model and design patents (including decisions on the reexamination of patent revocation decisions and patent invalidation decisions) are final. In respect of decisions on the examination of patentability of the invention patent or patent applications (including decisions on the reexamination of patent application rejection decisions or patent revocation decisions or the patent invalidation decisions), an interested party may bring action in the court for judicial review within three months from receipt of such a decision in writing.

Besides, under the Administrative Procedure Law, an interested party who is dissatisfied with the Patent Office’s any other decision, notification or any specific administrative action in relation to a patent or patent application may directly request judicial review within fifteen days from receipt of the decision or notification, or request the judicial review after requesting administrative reconsideration.

All the above cases of judicial review involving the Patent Office and the PRB are under the exclusive jurisdiction of the Beijing No.1 Intermediate Court for the trial of first instance and under that of the Beijing Higher Court for the trial of second instance. The Beijing No.1 Intermediate Court established its Intellectual Property (IP) Tribunal a dozen years ago, dealing with cases involving IP rights, patent-related administrative litigation included.

### 2. Internal case assignment in relation to patent-related administrative litigation within the court system and limited selection of “jurisdiction” available to interested parties

In 2000, the Chinese Patent Law was amended for the second time by removing the patent revocation procedure and disabling the final effect of the administrative decisions made by the PRB. An interested party who is dissatisfied with a decision on the patentability of a utility model and design patent may also bring an action in the court for judicial review within three months from receipt of such a decision in writing. Correspondingly, the patent-related administrative cases received by the court rise so dramatically that the IP Tribunal of the Beijing No.1 Intermediate Court finds it hard to cope with them.

In view of the nature of administrative litigation, the court appoints the IP tribunal and administrative tribunal to be responsible for hearing patent-related administrative cases. The Supreme Court has given its instruction regarding the case assignment, specifying that the internal assignment be stringently in line with the relevant law provisions and account be taken of the present judicial practice in an attempt to prevent contradictory outcome from arising in IP-related administrative and civil adjudications. For patent-related civil suit accepted by the court, an administrative suit brought by an interested party out of dissatisfaction with the PRB's invalidation decision on the same patent is heard by the IP tribunal; that out of dissatisfaction with PRB's decision or any other administrative suit is heard by the administrative tribunal.<sup>1</sup>

According to the Supreme Court's opinions, the Beijing Higher Court has given four directions regarding the matter of case assignment in relation to patent-related administrative litigation: (1) a suit out of dissatisfaction with the PRB's reexamination decision or invalidation decision is under the exclusive jurisdiction of the Beijing No.1 Intermediate Court for the time being; (2) a patent-related civil suit brought by an interested party out of dissatisfaction with the PRB's invalidation decision is to be heard by the civil tribunal (specifically by the Fifth Civil Tribunal, namely, the IP tribunal); (3) where a patent-related civil case is closed, an administrative suit brought by an interested party out of dissatisfaction with the PRB's invalidation decision on the same patent is still to be heard by the civil tribunal that heard the former civil litigation; and (4) where an interested party brings an administrative litigation out of dissatisfaction with the PRB's invalidation decision, he, after the administrative case is accepted and closed, brings a civil litigation regarding the patent infringement dispute, the civil and administrative tribunals should work in coordination to prevent contradictory outcome from

arising from their hearings.<sup>2</sup>

Therefore, a plaintiff, when bringing an administrative patent litigation in the court, may state the specific circumstances of the case before the case acceptance tribunal, and petition the court to assign the case to the corresponding administrative or IP tribunal for trial.

### 3. Mode and procedure of the court trial

The laws on the basis of which the court hears patent-related administrative litigation are mainly: the Administrative Procedure Law of the People's Republic of China as of 1989, the Patent Law of the People's Republic of China as amended in 2000, the Implementing Regulations of the Patent Law of the People's Republic of China as amended in 2002, the Supreme Court's Interpretation of Several Issues Relating to the Implementation of the Administrative Procedure Law of the People's Republic of China as of 2000, the Supreme Court's Provisions Concerning Several Issues Relating to Evidence in Administrative Procedure as of 2002, and the Supreme Court's Several Provisions Concerning Application of Law to Trial of Cases of Patent Dispute as of 2001. The courts also refer to the Guidelines for Patent Examination prepared by the SIPO in hearing patent-related administrative litigation. In fact, they quite rely on the Guidelines for Patent Examination in their judicial practice.

Under the Administrative Procedure Law, an interested party bringing a patent-related administrative suit out of dissatisfaction with a decision made by the SIPO or PRB is the plaintiff of the case, the former patent administrative authority (the SIPO or PRB) the defendant, and the other interested party (if any) of the former procedure may act as the third party.

What the court reviews are decisions made by the involved or sued SIPO or PRB to find out problems with the procedure, check matters of law application, and discover potential problems with the fact ascertainment and errors in the conclusion of the decision in suit. The court holds court sessions during the first instance, and all the evidence presented is subject to cross-examination before court. The court's second-instance hearing may be conducted before court or in writing. The court's second-instance hearing is final, that is, the Beijing Higher Court's ruling is final, and takes effect once delivered to the interested parties concerned. An interested party who is not satisfied with the Beijing Higher Court's ruling may file his complaint with the Supreme Court. The Supreme Court does not have to deal with the appeals. So far, the Supreme Court has only accepted three patent-

related administrative litigation cases.<sup>3</sup>

During the judicial review procedure, a patent applicant or patentee is allowed to make observations concerning the matter of patentability evaluated in the involved decision, but not allowed to amend the claims and description.

#### 4. Burden of proof on the former patent administrative authority as defendant

Under the Administrative Procedure Law, the defendant is under the burden of proof regarding its specific administrative action (i.e. decision in suit), and should present all the evidence and the law provisions on the basis of which it has taken the administrative action within ten days from the date of receipt of a copy of the complaint bill. Where the defendant does not, or fails to do so, without justification at the expiry of the time limit, the involved specific administrative action will be deemed not to have been duly based.

The plaintiff or third party may furnish evidence before the court session or before the date set by the court for exchanging evidence. Where the defendant or third party makes rebuttal or presents evidence which he or it did not make during the administrative proceedings, he or it may, with the permission of the court, present corresponding supplementary evidence during the first-instance hearing. The plaintiff may present evidence to show that the involved administrative action is contrary to law. If this evidence is not tenable, the defendant is not exempted from the burden to prove the legality of its administrative action.

The court is stringent with the requirement for defendant's meeting its burden of proof. For example, in *Yodogawa Hu-Tech and Sharp v. the PRB*, after Yodogawa Hu-Tech and Sharp sued within the statutory time limit, the PRB failed to make its defence, nor did it present the evidence and law provisions on which its decision was based within the statutory defending time limit, and the Beijing No. 1 Intermediate Court ruled, accordingly, to have reversed the PRB's patent invalidation decision.<sup>4</sup>

#### 5. How often plaintiffs win patent-related administrative suit and the analysis

In hearing a patent-related administrative litigation, the court considers two major factors: (1) whether any problem exists with the procedure, law application and fact ascertainment in the decision in suit; and (2) if it does, whether it is one that has likely resulted in the erroneous conclusion drawn in the decision in suit.

In the judicial practice, the judges, who are relatively well-trained legally, are able to clearly judge whether prob-

lems exist with the procedure, law application and fact ascertainment in the decision in suit, and, in many cases, they have found problems exist, more or less, with the involved decisions. If a judge finds that a problem is not one that has resulted in erroneous conclusion in a decision in suit, the involved decision may be upheld by the court. So far, plaintiffs win in about 15% of the patent-related administrative litigation cases brought in the Beijing No. 1 Intermediate Court.

In *Allergan v. the PRB*, one may see the difficulty in reversing an administrative decision. In this case, the Allergan, the plaintiff, filed an application (No. 89109005.3) with the Chinese Patent Office for a patent for an invention entitled "aqueous ophthalmic solution and a method for the antiseptic solution". The claim of the aqueous ophthalmic solution went like this: a preserved ophthalmic formulation comprising an ophthalmically acceptable aqueous medium and, included therein, (1) stabilized chlorine dioxide in an amount to act as the sole preservative in said ophthalmically acceptable aqueous medium (2) at least one ophthalmically acceptable buffer component in an amount effective to maintain said ophthalmically acceptable aqueous medium at a pH in the range of about 6.8 to about 8, and (3) at least one ophthalmically acceptable tonicity component in an amount effective to maintain said ophthalmically acceptable aqueous medium at an osmolality substantially equivalent to that of the human eye fluid, provided that said preserved ophthalmic formulation is free of germicidally effective amount of any positive-charged, nitrogen-containing cationic polymers. The SIPO rejected the application on the ground that the claims were not supported by the description under Article 26, paragraph four of the Patent Law, and the PRB maintained the SIPO's decision. The PRB held the view that (1) the technical feature "chlorine dioxide as the sole preservative" in the claims was not stated in the description, nor could it be directly and undoubtedly derived from the description as the embodiments of the description contained sodium chloride, which was a known preservative; (2) the technical feature "positive-charged, nitrogen-containing cationic polymers" of the claims was not stated in the description, nor could it be directly and undoubtedly derived from the description. During the judicial review, the plaintiff pointed out: (1) highly concentrated sodium chloride may be used for preserving food because the environment of highly concentrated sodium chloride was not good for microorganism to survive. But, sodium chloride was not known as a preservative even in the foodstuff industry. Besides, low concentration of sodium

chloride had no a preservative function; conversely, a proper portion of salt may be required in culture to create an environment for certain microorganisms to grow when culturing the microorganism in the science of microbiology; in the instant patent application sodium chloride definitely did not act as a preservative but an ophthalmically acceptable tonicity component to effectively maintain the osmolality; (2) it was, indeed, true that “positive-charged, nitrogen-containing cationic polymers” was not literally stated in the description. However, the claims were not for the technical solutions containing “positive-charged, nitrogen-containing cationic polymers”, as it was made clear in the claims that the claimed preserved ophthalmic formulation was free of “positive-charged, nitrogen-containing cationic polymers”. For that reason, the “positive-charged, nitrogen-containing cationic polymers” was not the technical feature of the claims, instead, the wording “(being) free of positive-charged, nitrogen-containing cationic polymers” was a technical feature of the claims, which feature of the claims was fully supported by the description, including the embodiments, since any specific technical solution stated in the description contained “chlorine dioxide as the sole preservative” and was free of “positive-charged, nitrogen-containing cationic polymers”. Accordingly, while, as the plaintiff believed, the technical features of the claims were not literally stated in the description, they could be “directly and undoubtedly inferred from the description, and the claims were fully supported by the description as required in Article 26, paragraph four of the Patent Law. However, the Beijing No. 1 Intermediate Court did not give its opinion on the dispute over “whether sodium chloride was known as a preservative”, nor object to the plaintiff’s observation that all the embodiments of the description supported the claims. It held, however, that “the embodiments given in the description only reflected the preferable technical solutions of the patent application in suit, and it could not be ruled out that the embodiments not disclosed in the description also do not contain any preservative other than ‘stabilised chlorine dioxide’”, and the court further simply held that “‘the positive-charged, nitrogen-containing cationic polymers’ was not fully disclosed in, nor was it supported by, the description”. Accordingly, the court upheld the reexamination decision made by the PRB.<sup>5</sup>

#### 6. Effect of interested parties’ reconciliation in patent-related administrative litigation

Unlike in the civil procedure, in patent-related administrative litigation, the court does not hold mediation or recon-

ciliation, nor can it end a case with a written mediation paper. But a plaintiff and defendant may “reconcile” in one way or another. For example, the defendant cancels, on its own, a decision in suit, or the plaintiff withdraws his or its action. A reconciliation agreement reached between the plaintiff and a third party has no impact on the court’s review of the decision in suit. In other words, it is possible for the agreement between the plaintiff and the third party to be executed only after the decision in suit is revoked and the case is sent back to the SIPO or PRB for reexamination.

In *Ferrari v. the SIPO*, the plaintiff and defendant resolved their dispute in a way similar to “reconciliation”. The plaintiff, Ferrari filed, in Italy, a design patent application, containing five views. With said application filed earlier in Italy as the text of priority, Ferrari filed, with SIPO, an application for a patent for the design of a “toy car”, in which, in addition to the five views of the priority text (a main view, a rare view, a bird view and two three-dimensional views), a left view, a right view, and a top view were also filed as required by the SIPO. Upon examination, the SIPO agreed to patent the design. But, on the ground that the addition of the views had rendered the elements of the whole design different from those of the prior design, so the two designs were not the same designs, the design patentee was deemed not to have claimed its priority. Ferrari requested the SIPO for reconsideration, but the SIPO maintained the conclusion that the priority was not claimed, so Ferrari brought an action in the Beijing No. 1 Intermediate Court. During the judicial review by the court, the SIPO expressed its willingness to cancel the conclusion on deeming the priority not to have been claimed, and cancelled its former “Notification on Deeming the Priority Not to Have Been Claimed”, and agreed to re-new its reconsideration decision to this effect under the provision of the newly-amended Guidelines for Examination that whether the subject matter of a latter application was the same as that of a prior application or not should not be examined at the design patent registration stage, and actually made another reconsideration decision that the said latter Chinese design patent enjoyed the date of priority of the design patent application filed earlier in Italy. Correspondingly, Ferrari withdrew its administrative complaint from the court, and the case was settled in a quasi- “reconciliation”.<sup>6</sup>

However, if the defendant did not cancel the decision on its own, and only the plaintiff and the third party (the two parties in the former procedure) reached an reconciliation agreement, the reconciliation agreement did not have impact on

the court's review of the decision in suit. In *Thomson v. the PRB*, the plaintiff, Thomson, filed, with the SIPO, an application for a patent for the invention entitled "Improved Color Picture Tube Faceplate Panel". Upon the substantive examination, the SIPO granted the patent. Later, in the patent invalidation proceedings, the PRB, after examining the request filed by the third party, the invalidation requester, for the invalidation of said patent and the reference document cited, declared the patent invalid on the ground that said patent lacked inventiveness. The Beijing No. 1 Intermediate Court made the first-instance ruling to have upheld the PRB's decision. Thomson appealed to the Beijing Higher Court. During the second-instance procedure before the Beijing Higher Court, the third party, the invalidation requester, reached an amicable settlement agreement with Thomson, and stated to the court that said patent possessed inventiveness and requested to withdraw the patent invalidation request. The PRB insisted that its decision was correct and in compliance with the law, so it requested to uphold the decision and the Beijing No. 1 Intermediate Court's first-instance judgement. The Beijing Higher Court held that what was reviewed in the patent-related administrative litigation was the PRB's decision on the patent at issue, the reconciliation agreement reached between the plaintiff, the appellant, and the third party, and the third party's statement that said patent possessed inventiveness could not deny the legal effect of the decision made. Therefore, the Beijing Higher Court continued to review the case, and held that the PRB's conclusion that said patent lacked inventiveness was a right one, and finally decided to have upheld the first-instance judgement invalidating the patent right.<sup>7</sup>

## II. The extent of court's judicial supervision over the SIPO/PRB's examination and approval of patent

The court's judicial review of patent-related administrative litigation is, in essence, to exercise its supervision over the patent administrative authority's particular action, and the court's rulings that have taken effect are binding on individual case. In the judicial patent review, the court does not review whether the provisions of the Guidelines for Examination formulated by the SIPO are correct or not. When the Guidelines for Examination conflict with a higher-level law, the court tends to maintain the applicability of the Guidelines for Ex-

amination, which shows that it very much relies on the Guidelines for Examination in its judicial practice.

In *Jining v. PRB* (with the third party, Mr. Shu Xuezhong), the court's ruling that has taken effect was binding on the PRB's examination, and the PRB finally implemented the Beijing Higher Court's final judgment though the PRB made its reservation on, and filed a complaint with the Supreme Court against the judgement. In said case, Shu Xuezhong filed the respective applications for a patent for a utility model and a patent for an invention entitled "a highly efficient, energy-saving double-layered reverse burning furnas", and was granted the utility model patent (No. ZL91211222.0) and the invention patent (No. ZL 92106401.2) of the same subject matter. In December 2000, the Jining Furnas Plant filed a request for invalidation of said invention patent with the PRB on the ground that the grant was a case of "double patenting", contrary to Rule 12 (1) of the Implementing Regulations of the Patent Law. Upon examination, the PRB held that the invention patent was not a case of double patenting, and made Decision No.3209 to have kept said patent valid. Dissatisfied with the Decision, Jining brought an administrative action in the Beijing No. 1 Intermediate Court, which also upheld the decision upon hearing the case.<sup>8</sup> Dissatisfied with the court's judgment, Jining appealed to the Beijing Higher Court. Upon hearing the case, the Beijing Higher Court held that Shu Xuezhong's invention and utility model patents related to the identical invention-creation, and the grant of the invention patent was a case of double patenting, so it ruled to have revoked the Beijing No. 1 Intermediate Court's first-instance administrative judgment, cancelled the PRB's invalidation decision,<sup>9</sup> and returned the case of request for invalidation to the PRB for its reexamination. In February 2003, the PRB set another panel to reexamine the invalidation request filed by the Jining Furnas Plant. The PRB held that it was established in the Beijing Higher Court's Judgment No. Gaominzhongzi 33/2002 that the grant of the patent for the invention "a highly efficient, energy-saving double-layered reverse burning furnas" was a case of double patenting, contrary to Rule 12 (1) of the Implementing Regulations of the Patent Law. Under the final judgment, the claims of the patent were contrary to Rule 12 (1) of the Implementing Regulations of the Patent Law. Accordingly, the PRB made the Invalidation Decision No. 6229 to have declared Shu Xuezhong's invention patent ZL91211222.0 invalid.

In its patent judicial review, the court does not examine whether the provisions of the SIPO's Guidelines for Examina-



tion are due or not. When the Guidelines for Examination conflict with a law of a higher level, the court tends to maintain the applicability of the Guidelines for Examination. In *Philips v. the PRB*, the court did not accept or support the plaintiff's argument that the Guidelines for Examination conflicted with the law provisions, and the higher-level law, the Patent Law, should apply, and continued to apply the Guidelines for Examination at issue to its examination of the case. The dispute between the plaintiff, Philips and the PRB focused on whether the subject matter of the claims was one precluded from patentability under Article 25 of the Patent Law. Philips filed an application (No.1998800862.9) for a patent for the invention entitled "a disc-shaped information carrier having two parts that read at different speed". The PRB held that claim 1 of the patent in suit was different from the reference (JP5-128932A) only in that "said information layer comprising (1) the first part including signal to read at the first speed and the first technical version of audio frequency; and (2) the second part including the signal to read at the second speed higher than the first speed and the second technical version different from the said first technical version recorded through the identical audio frequency." The PRB considered that the difference was one subjectively chosen, and could be arbitrarily provided for within the known possible scope; hence the PRB held that the part of claim 1 that was the contribution to the prior art was a rule or method for mental activities, and claim 1 should be deemed to be such under section 3.2, Chapter 1 of Part 2 of the Guidelines for Examination, which provides that, if an invention, as a whole, is not a rule or method for mental activities, but its contribution to the prior art was a rule or method for mental activities, the invention should be deemed to be a rule or method for mental activities. However, this provision has been amended in the Guidelines for Examination as of 2006 into that "... (1) if a claim in its whole contents contains not only matter of rule or method for mental activities but also technical features, then the claim, viewed as a whole, is not a rule or method for mental activities, and shall not be excluded from patentability under Article 25". During the Beijing Higher Court's judicial review, Philips claimed that the higher-level law, the Patent Law, should apply in the presence of conflict of the Guidelines for Examination with the law provisions. As the amendment to the Guidelines for Examination as of 2001 shows, the provision of section 3.2, Chapter 1 of Part 2 of the former Guidelines for Examination was not consistent with Article 25 of the Patent Law, and the amended Guidelines for

Examination as of 2006 presented a more appropriate interpretation of Article 25 of the Patent Law, and the amended Guidelines for Examination as of 2006 had been in force, so the present patent application should not be precluded from patentability under Article 25 of the Patent Law. The Beijing Higher Court held that when the PRB made the decision, the Guidelines for Examination as of 2006 was not in force, it was legal for it to apply section 3.2, Chapter 1 of Part 2 of the former Guidelines for Examination. Besides, the Beijing Higher Court applied the Guidelines for Examination as of 2001 to interpret Article 25 of the Patent Law, and made its final ruling to have upheld the first-instance judgment,<sup>10</sup> and maintained the PRB's decision that the claimed subject matter is an unpatentable one.

In the event involving partial priority of design patents, the court substantially supported the interpretation and application of the Guidelines for Examination as of 2001 in its hearing of the cases. In the around 20 patent administrative cases directed to the SIPO's "Notification of Deeming the Priority Not to Having Been Claimed" or similar decisions, the court did not decide to cancel any of those notifications / decisions. Rather, the SIPO later made more specific provisions in the Guidelines for Examination on its own under which the examination would no longer be made of the text of the application and its text of priority at the registration stage of the design patent application to prevent dispute over priority from arising in large number in the patent granting proceedings. Cases of the kind arise against the background that when a patent applicant files an application for a design patent in China, he may claim priority on the basis of a design patent application relating to the same subject matter he filed earlier in a foreign country. The practice in China is different from that in some foreign countries in terms of the formality requirements of the design patent application in these ways:

(1) six views of the product (main view, rare view, left view, right view, bird view, and top view) should be submitted; and

(2) these views should be shown in block, not dotted or broken, lines.

Thus, when an applicant applies for a design patent in China and claims its priority on the basis of the design patent application relating to the "same subject matter" he filed earlier in a foreign country, the text of the Chinese application may be different from that of the application on which the priority is based in (1) the number of views and/or (2) the views shown in block or dotted lines. Before 2004, the Patent Office

or SIPO did not deny priority according to this. But from 2004, the SIPO, while granting design patent, issued its applicant the “Notification of Deeming the Priority Not to Have been Claimed” on the ground that the text of the application differed from the priority text in (1) the number of views and/or (2) the views shown in block or dotted lines, thus rendering the related subject matter different. Some patent applicants, dissatisfied with this treatment, requested the Beijing Courts for judicial review, arguing (1) that the SIPO acted against the hearing principle for failure to give an interested party any opportunity to make explanation or observations in the proceedings before not granting the priority; (2) the SIPO made its determination with unclearly ascertained facts, since the difference between the text of the application from that of the priority application in the number of views and/or in the views shown in block or dotted lines resulted from the different formality requirements in China and some foreign countries in respect of the texts of patent applications, while the applications were not different in subject matter. The court held that under the Guidelines for Examination as of 2001, where the earlier application and the latter application claimed the same design incorporated in the same product, it may be determined that their subject matters were the same, and the latter application enjoyed the priority, however, since the two design patent applications were different in the number of views and/or in the views shown in block or dotted lines, the two design patent applications were different in subject matter, the defendant’s conclusion of denying priority was correct. The relevant procedural issues were minor flaws, which did not have any impact on the correctness of the substantive conclusion.<sup>11</sup> Correspondingly, in the patent-related administrative cases involving design patent priority, the SIPO has never been a loser. But, it is worth noting that the SIPO provides in the Guidelines for Examination as of 2006 that whether the subject matter of an earlier application and that of a later patent application are the same is not to be examined in the design patent registration proceedings. In other words, a dispute between interested parties over whether the subject matter of a design patent is the same as that of its priority text is to be substantively determined by the PRB in the patent invalidation proceedings, if any. It is believed that the PRB rarely determines that the subject matters of design patents/patent applications are different as a result of their difference in the number of views and/or in the views shown in block or dotted lines.

### III. The court’s judgment on the substantive issue of patentability

In a patent-related administrative litigation case, the court mainly examines the existence, in a disputed decision, of any problems (1) with the procedure; (2) with law application, and (3) with the fact ascertainment to find out possible errors in the conclusion of the decision, and judges whether to uphold or cancel the decision made by the patent administrative authority. In examining the fact ascertainment problem, the court would unavoidably review the determination of patentability in a decision in suit, for example, whether the patent or patent application possesses novelty or inventiveness, and, it does, in practice, cancel a decision in suit on the ground that a fact ascertainment problem exists with the decision made by the patent administrative authority.

In *RCA Thomson v. the PRB*, the court reversed the PRB’s patent invalidation decision on the ground of the PRB’s erroneous decision on “inventiveness”. The plaintiff RCA Thomson filed with the Chinese Patent Office an application for a patent for the invention “cathode-ray tube (CRT) having improved electric arc inhibitive device”, and was granted the patent. In the patent invalidation procedure, the PRB decided to declare the patent invalid on the ground that, except the feature of claim 1 “disposing the coating in an area of ‘minimum electrical activity’ along the beads of electrodes”, all the other technical features were disclosed in reference 1 (US patent No. 4567400). However, reference 1 states the content of minimising the phenomenon of coating corrosion, to those skilled in the art, coating corrosion is obviously closely related to arcing, hence, minimising the phenomenon of coating corrosion in reference 1 is actually minimising the number of times of arcing, its meaning is the same as that of “minimum electrical activity” stated in claim 1. Accordingly, the PRB held that although reference 1 did not clearly state the feature of the coating being located in an area of minimum electrical activity, it was obvious that those skilled in the art can obtain said feature from reference 1 without undue burden. For that reason, compared with reference 1, claim 1 did not possess inventiveness as provided for in Article 22, paragraph three of the Patent Law. Unlike what the PRB determined, the Beijing No. 1 Intermediate Court held that reference 1 was meant to resolve the technical problem so as to minimise the erosion of the coatings during electrical processing of the electrodes so that substantially no particles

are generated”. As the erosion of the coatings is minimised, i. e., the electrical activity of the tube is minimised, it is an object of reference 1 to obtain minimum electrical activity, the fulfilled means is irrelevant to the arrangement of an electrically conductive coating in an area of minimum electrical activity along the beads. The patent is to fulfill the object of minimising the erosion of the coating through the technical means of arranging the coating in an area of minimum electrical activity along the beads, which is irrelevant to the position of the claws of the focus electrode. Therefore reference 1 does not disclose the feature of claim 1 disposing the coating in an area of “minimum electrical activity” along the beads, reference 1 also does not disclose the existence of an area of minimum electrical activity along the beads and the technical teaching of fulfilling the object of the invention of the patent by arranging the metal coating in an area of minimum electrical activity along the beads. Accordingly, the Beijing No. 1 Intermediate Court concluded from this that the PRB’s determination that a person skilled in the art might obviously obtain the technical solution of the claim from the disclosure of the reference was not based on facts and law, and its determination based on this conclusion that claim 1 did not possess inventiveness was erroneous, so the court ruled to have revoked the PRB’s invalidation decision, and order it to examine the patent again.<sup>12</sup> During the second-instance trial, the Beijing Higher Court affirmed the correctness of the first-instance judgment that a person skilled in the art could not obviously obtain the distinguishing technical feature of claim 1 from the disclosure of reference 1 and that “since claim 1 possessed inventiveness, and dependent claims 2-5 of claim 1 should also possessed inventiveness, the PRB’s determination on the non-inventiveness of dependent claims 2-5 on the basis of the erroneous determination that claim 1 did not possess inventiveness was wrong.”<sup>13</sup>

In *Pfizer v. the PRB*, the court revoked the PRB’s patent invalidation decision on the ground of the PRB’s erroneous determination related to “insufficient disclosure”. The plaintiff Pfizer was assigned from its associated company the patent ZL 94192386.X for the invention “pyrazolopyrimidinones for the treatment of impotence”. The claim of said patent went like this:

“use of 5-[2-ethoxy-5-(4-methyl-1-piperazinylsulphonyl)-phenyl]-1-methyl-3-n-propyl-1,6-dihydro-7H-pyrazolo [4,3-d] pyrimidin-7-one or a pharmaceutically acceptable salt thereof, or a pharmaceutical composition containing either entity, for the manufacture of a medicament for the curative or pro-

phylactic treatment of erectile dysfunction in a male animal, including man”

The compound of said claim was the active ingredient of the medicament known as “Viagra”. According to the description of the patent, the patent disclosed five levels of compounds of Formula (I) in the order of preferability: (1) “the compound of Formula (I) or a pharmaceutically acceptable salt thereof, or a pharmaceutical composition containing either entity...” (the first-level compounds); (2) “a preferred group of compounds of Formula (I)” (the second-level compounds); (3) “a more preferred group of compounds of Formula (I)” (the third-level compounds); (4) “a particularly preferred group of compounds of Formula (I)” (the forth-level compounds); and (5) “especially preferred individual compounds of the present invention”, including altogether 9 compounds (the fifth-level compounds). One of the compounds specifically listed in the fifth level was exactly the compound of the claim. The description of the patent also disclosed that “One particularly preferred compound of the invention has  $IC_{50}=6.8n$  MV directed to PDE V enzyme, but it showed rather weak inhibitory activity to PED II and PDE III, with  $IC_{50}$  being respectively  $\geq 100\mu$  and  $34\mu M$ ”. During the patent invalidation proceedings, one of the focal issues was whether the description had fully disclosed the invention, especially the test data of the claimed compound. The PRB held that the description of the patent only provides the in vitro selective inhibitory activity data of one fourth-level compound to cGMP PDE V enzyme, without presenting any specific data of the 9 specific compounds included in said fifth-level compounds. For that matter, the PRB objected to Pfizer’s claim that the compound having  $IC_{50}=6.8nM$  V directed to cGMP PDEV enzyme was one of the 9 specific compounds of the fifth-level compounds as stated in the description. Accordingly, the PRB argued that the number of the first-level compounds represented in the form of a Makush general formula was huge, that is, the number of the forth-level compounds was in excess of 100. In case like this, for a person skilled in the art to select and identify, from more than a hundred compounds that had the effect of “inducing potency in man of erectile dysfunction”, the compound covered by the patent in suit according to the teaching of the description of the present patent required inventive efforts or due burden. For that reason, the patent in suit was thus invalidated by the PRB for insufficient disclosure. During the patent-related administrative litigation, the Beijing No. 1 Intermediate Court affirmed the requirement on test data of the second medical use inven-



tion, holding that the invention was focused on the medical use. Therefore, in the description of the patent for invention like this must be specified the new use, purpose of use, scope of use, mode of use, method and condition of use, and, as well, was sufficiently disclosed the effect of the product by way of test data, so as to convince those skilled in the art that the invention could achieve its object and the beneficial technical effect. Judging from the characteristics of a patent for a second medical use invention, in the description of a patent of the type should be specified the therapeutically effective amount of the medicament, and method of use, and be described, in detail, its effect of treating the second indication with the data of lab test, animal test and clinical test, to prove that the second use and the known use were obviously different. Otherwise, if according to the description, one could not be convinced that the medicament had achieved, and could achieve said technical effect as stated in the description, those skilled in the art could not reproduce said invention from the perspective of fulfilling the second use of said medicament. The court held accordingly that the PRB's standard on whether the second medical use of a medicament was sufficiently disclosed in the description of the invention patent was due, and was not an improper interpretation of Article 26, paragraph three of the Patent Law. Making its specific comments on the case, the court believed that the description of the patent in suit presented the scope of the first-level to the fifth-level compounds gradually, and those skilled in the art could naturally understand that the determination of the preferred level was closely related to the achievement of the object of the invention, so the standards should be consistent, which means the especially preferred individual compounds of the present invention, i.e. the fifth-level compounds, had the best curative effect. In the description of the patent was recorded the *in vitro* test of an especially preferred compound, and it was found that they were strongly selective inhibitors to PDE V specific for cGMP. Besides, in the description was also stated the result of *in vivo* clinical test, i.e. that an especially preferred compound induced the potency of a man suffering from erectile dysfunction. Although there were more than 100 compounds in this level, and it was not specified in the description which compound achieved said effect, it should be noted that normally, the data or test results of a specific compound in the description were derived from a compound of better effect in this level. It was thus made known that the more preferred forth-level compounds had *in vivo* and *in vitro* activities as

disclosed in the description. The 9 compounds of the fifth-level compounds, as the most preferred level presented in the description, had similar structures, and their pharmaceutical activities should be similar; hence, it was reasonable for those skilled in the art to learn that the compound of the claim of the patent in suit, as one of the 9 compounds, had the curative effect stated in description, without requiring further inventive effort. The PRB's determination made in the Decision No. 6228 that the curative effect and the fifth-level compounds and the compound of the claim were not related and that selecting and identifying the compound having the curative effect from the forth-level compounds required undue burden, was not sufficiently reasonable, so was not supported by this court. The court accordingly held that the PRB's belief based on the above determination that the patent in suit was contrary to Article 26, paragraph three of the Patent Law was erroneous, and thus reversed the decision.<sup>14</sup>

#### IV. The court's attempt to directly judge validity of patent

Like in the *RCA Thomson v. the PRB* and *Pfizer v. the PRB*, the court, out of the consideration of the division between the administrative power and judicial power on the examination of validity of patent, generally only revokes decisions made by the PRB, and orders it to conduct another examination and make another decision. But, the courts in Beijing have tried judging the validity of patents, and directly judged the validity or invalidity of patents in about 20 cases, which has drawn the attention from the relevant authorities, including the Supreme Court.

In *Aijike v. the PRB*, the Beijing Higher Court directly established in its final judgement that the patent in suit was invalid. In said case, Wang Yushan enjoyed the patent (ZL98248629.4) for the utility model "cleaner suction pipe waste cotton interceptor". After the patent was granted, Aijike filed a request with the PRB for invalidation of said patent on the grounds that its technical solution had already been in use before the date of filing and it did not possess novelty and inventiveness. Upon examination, the PRB made Decision No. 4988 on the examination of the invalidation request to have declared claims 1-9 of the utility model patent invalid, and kept claim 10 valid. Dissatisfied with the decision, Aijike brought an administrative action in the Beijing No. 1 Intermediate Court, arguing that the technical solution as disclosed

in Figure 2 of evidence 5 was identical with claim 10 of the patent in suit, so claim 10 should also have been invalidated. Evidence 5 was the Enterprise Standard-Q/320682KC01-1998 of the “AJQ-type series of blowing and suction cleaner” issued by the Rugao City Textile Machine Manufacturing Plant on 1 July 1998 and implemented on 10 July the same year, which contained the technical parameters and attached drawings relating to the AJQ-II-type blowing and suction cleaner. Said standards had already been recorded with the Rugao City Technical Supervision Bureau. Upon hearing the case, the Beijing No. 1 Intermediate Court held that the enterprise standards had been recorded with the Rugao City Technical Supervision Bureau, but said evidence could not prove the time of recording the enterprise standards with the Rugao City Technical Supervision Bureau and therefore could not prove that said time was prior to the date of filing of the patent in suit; hence it was insufficient to show that the information of the evidence was known or available or accessible to the public before the date of filing of the patent in suit, and it was right for the PRB not to have adopted the evidence. Besides, those skilled in the art could not arrive at the technical solution of claim 10 of the patent in suit without inventive effort or undue burden with the suggestion of the relevant (acceptable) evidence of the case; hence claim 10 of said patent complied with Article 22, paragraph three of the Patent Law, and possessed inventiveness. Correspondingly, the first-instance court upheld the PRB’s Decision No. 4988 on the examination of the invalidation request.<sup>15</sup> Upon trial, the Beijing Higher Court found that the interested parties did not have any dispute over the fact that Aijike’s evidence 5, the technical solution disclosed in Figure 2 of the AJQ-II-type blowing and suction machine as stated in the enterprise standards of the AJQ-type series of blowing and suction cleaner was identical with claim 10 of the patent in suit. Their dispute focused on whether the fact of the recordal of said enterprise standards with the Rugao City Technical Supervision Bureau meant that the technical solution present therein had been disclosed and how the time of the disclosure was to be determined. Under the relevant provisions, an enterprise’s product standards should be reported to the competent standardisation administrative authority of the local government and recorded with the relevant competent administrative authority within the specified time limit. For that reason, the recordal of the enterprise standards, as the basis of delivery of products, with the specified authority within the specified time limit, *per se*, meant that the public could access the

recorded information of said enterprise standards from the relevant authority from the time when the standards were recorded. Under the Jiangsu Province Standards Supervision and Administration Measures, the enterprise standards as mentioned should be reported to the competent standardisation administrative authority of the local government and recorded with the relevant competent administrative authority within thirty days from the issuance thereof. Since said enterprise standards was issued on 1 July 1998; it was presumably recorded on 31 July 1998 the latest, and before the date of filing of the patent in suit. Therefore, evidence 5 can serve as the reference for assessing the novelty of the patent in suit. Since said evidence had already disclosed all the technical features of claim 10 of the patent in suit, the patent in suit did not possess novelty. Accordingly, the Beijing Higher Court ruled to (1) have revoked the Beijing No. 1 Intermediate Court’s Administrative Judgement No. Yizhongxingchuzi 522/2003; (2) cancelled the PRB’s Decision No. 4988 on the examination of the invalidation request; and (3) invalidated the patent ZL 98248629.4 for the utility model of the “cleaner suction pipe waste cotton interceptor”.<sup>16</sup>

## V. The Supreme Court’s concern with patent-related administrative litigation

Said *Jining v. the PRB* involved whether Mr. Su’s application for an invention patent and a utility model patent for the same invention-creation was contrary to the provision on prohibition of double patenting under Rule 12, paragraph one of the Implementing Regulations of the Patent Law; *Aijike v. the PRB* involved whether the court should directly determine a patent is valid or invalid in its judicial review. The Supreme Court held court sessions to hear respectively the two cases on 6 September 2007, and it is expected that the Supreme Court will give its judicial views in the near future.

In fact, the Supreme Court concerned itself with the judicial review of the administrative case between *Xu Wenqing and the PRB*, and gave its directives. Xu Wenqing held the patent (ZL 88103519.x) for the invention “a method for anti-corrosion on the inner and outer walls of steel pipes”. During the patent invalidation proceedings, the PRB held that the claims of the patent in suit were not based on the description in that the technical solution defined in claim 1 was not directly stated in the description, and the technical solution of the claim of the said patent was an incomplete, unduly gener-

alised technical solution. The PRB declared said patent invalid on the ground that the claims of the patent lack support from the description under Article 26, paragraph four of the Patent Law. Xu Wenqing was dissatisfied with it, and argued that the PRB acted in violation with the principle of hearing, and the technical solution presented in the claims of the patent was supported by the description, which was in compliance with Article 26, paragraph four of the Patent Law. During the first-instance hearing, the Beijing No. 1 Intermediate Court held that the PRB specified in the Notification on the Oral Hearing to Xu Wenqing as one of the issues of the oral hearing was whether the patent in suit was contrary to Article 26, paragraph four of the Patent Law, and it was debated on in the oral hearing. The invalidation requester presented the reason for the requested invalidation that said patent was contrary to Article 26, paragraph four of the Patent Law; hence, the PRB's examination did not go beyond the scope of request filed by the invalidation requester. Xu Wenqing's claim that the PRB acted in violation with the principle of hearing and the principle of disposal and request by interested party was not based on fact, so was not accepted. The technical solution presented in the claims of the patent in suit was unduly generalised, incomplete, different from the technical solution stated in the description, and was not based on, nor supported by, the description, so it was contrary to Article 26, paragraph four of the Patent Law. Accordingly, the first-instance court dismissed Xu Wenqing's litigant claim and upheld the PRB's invalidation decision. The first-instance court's judgement was supported by the Beijing Higher Court in its final judgement, which was of the same judicial view as that held by the first-instance court.<sup>17</sup>

In March 2005, the Supreme Court made the Administrative Ruling No. Minsanjianzi 20-1/2001, deciding to review the case. The Supreme Court held that "giving due opportunity to an interested party to make explanation and observations under the Guidelines for Examination, i.e. the principle of hearing, was to give an interested party an opportunity to make explanation and observations concerning specific facts and reasons, particularly concerning the facts and grounds on the basis of which an examination decision was made. An interested party must be given the opportunity to make explanation and observations." No evidence showed that Xu Wenqing was given such due opportunity to make explanation and observations concerning specific facts and reasons before the PRB made Decision No. 1372 against Xu Wenqing, which was not in compliance with the procedure under

the Guidelines for Examination, and an circumstance of "undue procedure" under Article 54 (2.3) of the Administrative Procedure Law of the People's Republic of China. During the invalidation proceedings, the PRB should have given the retrial requester, Xu Wenqing, the due opportunity to make explanation and observations, and if it had done so, the hearing principle under the Guidelines for Examination may be deemed to have been observed. It was not convincing that the PRB merely took the requester's unclarified invalidation ground that the patent in suit was contrary to Article 26, paragraph four of the Patent Law and informed, in the Oral Hearing Notification, the interested party that the matter that was contrary to Article 26, paragraph four of the Patent Law was covered in the oral hearing so as to give the interested party an opportunity to make explanation and observations in compliance with the hearing principle under the Guidelines for Examination.

Regarding whether the claim of the patent in suit was supported by the description, the Supreme Court held that under the Guidelines for Examination, whether a claim was based on the description should be judged mainly with account taken of whether the technical solution claimed in each claim was one that could be directly obtained or generalised from the disclosure contained in the description by those skilled in the art and whether what had been claimed went beyond the disclosure of the description. The key in judging whether claim 1 was supported by the description was to see whether the relevant technical features could be obtained or generalised from the disclosure contained in the description. The Supreme Court was of the view that the relevant technical features, whether they were something directly described in the description, something directly obtainable by those skilled in the art from the disclosure contained in the description, or something that could be generalised by those skilled in the art according to the disclosure contained in the description, had exactly supported the technical solution claimed in claim 1 without going beyond the disclosure contained in the description; hence claim 1 was supported by the description. Accordingly, the Supreme Court held that the PRB had made the decision "with insufficient evidence and application of wrong law and regulations, and fell in the circumstance provided for in Article 54 (2. 1 and 2.3) of the Administrative Procedure Law of the People's Republic of China". The Supreme Court ruled to have reversed the Beijing Higher Court's Administrative Judgement No. Gaozhizhongzi 72/2000, and cancelled the PRB's Invalidation Decision No.

1372.<sup>18</sup>

It is worth noting that the Supreme Court's concern has made it possible for the major causes of dispute under the administrative examination and judicial review of patent validity/patentability to be gradually harmonised and consistent. ■

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<sup>1</sup> See the Supreme Court's Reply No. 117/2002 on the Issue of Division of Function Relating to Patent and Trademark Cases after the Amendment of the Patent Law and the Trademark Law.

<sup>2</sup> See the Beijing Higher Court's Opinions on Implementation of the Supreme Court's Reply on the Issue of Division of Function Relating to Patent and Trademark Cases after the Amendment of the Patent Law and the Trademark Law and on Administrative Cases Involving Foreign Trade (Tentative) No. Gaofafa 195/2002.

<sup>3</sup> That is the Supreme Court's Administrative Judgement No. Minsantizi 2/2005 issued on 29 September 2005, in which the Supreme Court presented its judicial opinions on the PRB's invalidation decision relating to a patent, and the two patent-related administrative litigations involving dispute over patentability heard on 6 September 2007.

<sup>4</sup> See the Beijing No. 1 Intermediate Court's Administrative Judgement No. Yizhongxingchuzi 125/2006.

<sup>5</sup> See the Beijing No. 1 Intermediate Court's Administrative Judgement

No. Yizhongxingchuzi 30/2001.

<sup>6</sup> See the Beijing No. 1 Intermediate Court's Administrative Judgement No. Yizhongxingchuzi 524/2007.

<sup>7</sup> See the Beijing Higher Court's Administrative Judgement No. Gaoxingzhongzi 183/2006.

<sup>8</sup> See the Beijing No. 1 Intermediate Court's Administrative Judgement No. Yizhongzhichuzi 195/2001.

<sup>9</sup> See the Beijing Higher Court's Administrative Judgement No. Gaominzhongzi 33/2002.

<sup>10</sup> See the Beijing Higher Court's Administrative Judgement No. Gaominzhongzi 522/2006.

<sup>11</sup> See the Beijing No. 1 Intermediate Court's Administrative Judgement No. Yizhongxingchuzi 660/2005.

<sup>12</sup> See the Beijing No. 1 Intermediate Court's Administrative Judgement No. Yizhongxingchuzi 358/2005.

<sup>13</sup> See the Beijing Higher Court's Administrative Judgement No. Gaoxingzhongzi 392/2005.

<sup>14</sup> See the Beijing No. 1 Intermediate Court's Administrative Judgement No. Yizhongxingchuzi 884/2004.

<sup>15</sup> See the Beijing No. 1 Intermediate Court's Administrative Judgement No. Yizhongxingchuzi 522/2003.

<sup>16</sup> See the Beijing Higher Court's Administrative Judgement No. Gaoxingzhongzi 95/2004.

<sup>17</sup> See the Beijing Higher Court's Administrative Judgement No. Gaozhizhongzi 72/2000.

<sup>18</sup> See the Supreme Court's Administrative Judgement No. Minsantizi 2/2005.