Falmer Investments Ltd. v. Patent Reaxmination Board

(The case (No. Xingtizi 4/2008) was retried and judged by the Supreme People's Court on 25 December 2008)

The Falmer Investments Ltd. (Falmer) filed, on 19 July 2002, an application for a patent for the design of dyeing machine (A), and applications, on 6 August 2002, for patents for the designs of dyeing machines (J), (K), (L), (M) and (N) with the State Intellectual Property Office (the SIPO).

The overall difference of the latter five designs lay in the number of units of the square and round windows on the frontal surface of the dyeing machines, with the rest parts all remaining substantially the same.

The Patent Reeaxmination Board (the PRB) of the SIPO made its reexamination decision on the invalidation of said design patents on 12 December 2005 on the ground that they were double patenting, and contrary to Rule 13, paragraph one, of the Implementing Regulations of the Patent Law.

Falmer sued in the Beijing No.1 Intermediate People's Court on 11 April 2006.

The first-instance court held that it was provided in Section 4.5.1, Chapter 3 of Part 1 of the Guidelines for Examination that "the identical invention-creations" of design mentioned in Rule 13 of the Implementing Regulations of the Patent Law referred to two identical or similar designs. The designs in suit were similar designs; hence, they constituted double patenting, so it decided to have upheld the PRB's invalidation decision.

Dissatisfied with the court decision, Falmer appealed to the Beijing Higher People's Court.

The Higher People's Court took the view as follows: 1) Falmer applied for patents for the five similar designs incorporated in the same product on the same day, rather than filing one application for all of them because the five design applications lacked the unity of invention, and they should not be filed in one application under the provision on unity of invention of Article 31, paragraph two, of the Patent Law. But under Rule 13, paragraph one, of the Implementing Regulations of the Patent Law and the Guidelines for Examination, the PRB and the court of first instance held that Falmer's five similar design patents constituted double patenting, and declared them invalid, which was obviously unfair. 2) An applicant's invention-creations were suceptible to protection so long as they conformed to the relevant law, and did not impair the national interests, public interests or the lawful rights and interests of any other party. In practice, to broaden the scope of protection of his design patent to prevent others from imitating his designs and to meet the demands of different consumers to improve his competitiveness, an applicant often filed applications relating to two or more similar designs incorporated in one product on the same day. Such practice was not barred by the law, nor did it impair the national interests, public interests or the lawful rights and interests of any other party. It was in line with the legislative aim of the Patent Law and its Implementing Regulations to encourage invention-creation and to promote the progress and innovation of science and technology. It should be acceptable. 3) For designs, it was provided in the Guidelines for Examination that "the identical designs referred to two identical or similar designs". When different parties filed applications for two or more similar designs incorporated in one product and one party filed applications for two or more similar designs incorporated in one product one after another, there was nothing improper in the provision of the Guidelines for Examination. But, when one party filed applications for two or more similar designs incorporated in one product on the same day, said provision of the Guidelines for Examination obviously did not conform to the legislative aim of the Patent Law and its Implementing Regulations. In case like this, "the identical designs" should be only construed as identical designs, not similar ones. Accordingly, the court of second instance reversed the former judgment and the PRB's examination decision, and held the patent for the design of "dyeing machine (L)" valid.

Dissatisfied with the second-instance judgment, the PRB applied to the Supreme People's Court (SPC) for retrial of the case, arguing that 1) as far as the designs were concerned, "the identical invention-creations" mentioned in Rule 13, paragraph one, of the Implementing Regulations of the Patent Law included both the identical and similar designs, and they should not be construed as including the identical design only because of the same applicant; and 2) the second-instance judgment had directly held the patent right in suit valid, which was a case where the judicial power was exercised in replace of the administrative power. This practice would render it difficult for the PRB to enforce the judgment, and cause detriment to the interested party's litigation rights.

Upon retrial of the case, the SPC held that to prevent conflict between design patent rights, one patent right

should be granted, under Rule 13, paragraph one, of the Implementing Regulations of the Patent Law, whether the designs in suit were identical or similar or whether the applicant for the patent was the same person or not. The second-instance court's decision that Rule 13, paragraph one, of the Implementing Regulations of the Patent Law should not apply to the case where one applicant filed applications for patents for two or more designs incorporated in one product on the same day was not based on the current law. It was not undue for the PRB to have construed "the identical designs" as including two identical or similar designs under the Implementing Regulations of the Patent Law and the Guidelines for Examination in its Decision No.7860.

The SPC also took the view that under the relevant provisions of the Administrative Procedure Law, a people's court, when hearing a case of administrative dispute over the invalidity of a patent, should review the legality of the administrative decision in suit. While it may address the issue of whether the patent right in suit met the substantive requirements for the grant of the patent right or not, it was inappropriate for it to make a direct statement on the validity of the patent right in suit in the text of the judgment.

Accordingly, the SPC made another judgment that Falmer's patents applied for multiple designs on the same day constituted double patenting, and it was undue for the second-instance court to have directly held the patent in suit valid.

The relevant provisions have been amended in the recently amended Patent Law by providing in Article 31, paragraph two, of the Patent Law that "… two or more similar designs incorporated in the same product … may be filed in one application." In other words, Falmer may file one application for the patent for the multiple designs incorporated in one product when the amended Patent Law enters into force on 1 October 2009, and these designs would not be included in several patents that would otherwise be held to be double patenting.

(Xiong Yanfeng)