

Patent Invalidation Procedure: Limits of Judicial Power and Judicial Certainty

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When a patent invalidation requester or a patentee is dissatisfied with a decision made by the Patent Reexamination Board (the PRB) with regard to a request for invalidation of a patent, he may launch patent invalidation litigation against the PRB in the designated court. But views split as to whether patent invalidation litigation should conform to civil or administrative procedure. On the one hand, it is proposed that in patent invalidation litigation, patent invalidation decisions (hereinafter referred to as “invalidation decision”) should be reviewed according to civil procedure on the ground that administrative procedure would burden the PRB too much and there are serious problems. For example, the

same patent may be involved in circular actions.¹ On the other, it is put forward that the current IP Tribunals which hear dissatisfaction from the PRB or the Trademark Review and Adjudication Board (TRAB) should be reformed into an IP higher court, with exclusive jurisdiction over all IP-related “administrative cases”.² While this split of views was not touched upon in the Third Amendment of the Patent Law, undoubtedly, it is an issue of consequence to patent right. The above two seemingly divergent solutions, however, revolves on the limits of judicial power and judicial certainty in patent invalidation litigation and the nature of the patent invalidation decision made by the PRB. This paper first exposes the legal

nature of invalidation decision. In doing so, the special problems are revealed which may arise if patent invalidation litigation were to be reviewed according to Chinese civil procedure. Then, the central issue, i.e., the legal standards for reviewing invalidation decisions are discussed. It is argued here that the outlook for Chinese patent invalidation procedure reform should focus on enhancing the re-examination system under which invalidation decisions should be judicially reviewed in a limited and effective manner.

I. Legal nature of invalidation decision: civil declaratory judgment or administrative reexamination?

Under the current Chinese law, a PRB decision on a request for invalidation of a patent is an administrative decision. Under Articles 45 and 46 of the Patent Law, upon the date of issuance of a patent, any entity or individual who claims that the grant of the patent was not in conformity with the relevant provisions of this Law may request the PRB to declare the patent invalid. The patentee, or the person who made the request for invalidation, is not satisfied with the invalidation decision may, within three months from receipt of the decision, institute litigation in the designated people's court. The people's court should serve notice to the other party to the proceedings before the PRB, who may appear as a third party to the litigation.

From the viewpoint of jurisprudential analysis, however, quite a number of Chinese scholars argue that the patent invalidation procedure should be regarded as a quasi-judicial procedure. The patent invalidation procedure before the PRB should be a level of trial, with its decision having the effect of a civil judgment.³ The basis for this argument is that patent is a private right; and therefore, the patent invalidation procedure should operate as a civil procedure to confirm the disputed right. Consequently, the requester and the patentee are the only stakeholders in the outcome. In contrast, the PRB, an intermediary adjudicator with no interest at stake in the decision, should not be the defendant in the following invalidation litigation.⁴

True, patent is a private right. This, however, is not sufficient to define the patent invalidation decision as a civil judgment, let alone to exempt the PRB from appearing before court. What is to be resolved by a civil procedure for right confirmation is a civil dispute over attribution of the right.

Such a procedure neither directly nor necessarily deal with public interests and validity of the right. As far as a patent is concerned, disputes concerning the status of a service invention or joint ownership of a patent should be subject to civil procedure for right confirmation. On the other hand, the issue to be addressed in the patent invalidation procedure is the legality of a patent grant, namely whether the patent office should have granted the patent right or not under the Patent Law. Here, the very existence of the patent as a private property right depends on the exercise of the State power. Public interests are necessarily involved and attribution of the patent is not the main issue in dispute. the PRB, as an administrative agency, therefore, cannot avoid its responsibility for the consequence of its administration of the patent law. Consequently, a PRB decision on the validity of the patent right should be an administrative decision, not a civil one.

More importantly, while a patent is a private right, the current patent invalidation procedure nowhere manifests itself as a civil procedure for right confirmation. On the contrary, the patent invalidation procedure before the PRB is defined as a procedure for "administrative re-examination". In particular, Chapter 3 of the Guidelines for Patent Examination provides that in the invalidation procedure, in response to a request for declaring a patent invalid, the patentee thereof may request on his own initiative to narrow down the disputed claims of the patent; the PRB may accept the request and examine the claims as amended.⁵ In other words, the PRB may make substantive examination in the invalidation procedure just as the patent office did in the patent prosecution. As a result, the patent invalidation procedure is continuation of the substantive examination of the patent grant. Besides, Article 46 of the Patent Law expressly provides that the other party in the proceedings below may participate in the litigation following the patent invalidation procedure as a "third person", rather than an interested party. This confirms the conclusion that the patent invalidation procedure is an "administrative re-examination".

Even though a patent invalidation requester may also sue the PRB, this does not turn the patent invalidation procedure into civil declaratory judgment. Article 46 of the Patent Law only provides that the court should notify the other party to appear as a third party in the litigation, but does not require the other party to do so. Undeniably, the requester may have personal interests at stake in litigation outcome. But the patent invalidation litigation merely treats the requester as a representative of the public. The third-person system is de-

signed to facilitate the court to collect evidence and information for the purpose of public interest, and provide an opportunity for the stakeholders in the outcome of the litigation, including requesters and the public at large, to express their opinions.

Although the PRB applies some of the civil procedure rules in its examination, patent invalidation cases would not be turned into “civil disputes” for this reason. The Guidelines for Examination provides for *non bis in idem* rule, disposal by interested party rule, and distribution of burden of proof between interested parties.⁶ Sure, they are all basic civil procedure doctrines. But they may at most be taken as ways whereby the PRB exercises its administrative power, and are not sufficient to change the legal character of the patent invalidation procedure. The *non bis in idem* doctrine is also an administrative procedure rule for the purpose of maintaining legal certainty of administrative decisions. The disposal by interested party doctrine and distribution of burden of proof between interested parties only define the scope and mode of re-examination, having little to do with restricting the PRB’s fact finding power. It should be noted, however, that the rules are disputed under which the State Intellectual Property Office (SIPO) may declare a patent invalid at request only. The Patent Offices of the developed countries may do so on their own initiative under special circumstances. Anyway, the PRB invalidates patents and cancels decisions on grant rather than resolve civil disputes between individual persons. Given that legal procedures merely serve, rather than define, substantive rights, applying some of the civil procedure rules would not change the essential legal character of the patent invalidation procedure.

A simple comparative study of laws directly supports the view expressed above. It is true that the U.S. courts may directly declare a patent invalid. But this by no means dictates the conclusion that any patent invalidation procedure must be a civil procedure in nature. At best, to compare the PRB in China with US courts is tantamount to comparing an apple with a pear. However, if we compare the PRB with the Board of Patent Appeal and Interference (BPAI) of the USPTO, the patent invalidation procedure in China is very much like the US *Inter Partes* re-examination.⁷ Since 2000, the U.S. patent reform has given the third party more procedural rights. If a third-party requester is not satisfied with a decision made by the USPTO, he may bring an action with the U.S. Court of Appeal for the Federal Circuit, USPTO being the defendant. At the same time, the patentee may cross-appeal. With this in

mind, it is groundless to argue that the *Inter Partes* re-examination is a civil procedure in nature.

Further, from the perspective of balance within the entire Chinese patent system, the patent invalidation procedure should be defined as “administrative re-examination”, rather than “civil procedure for right confirmation”. For re-examination, a patent in suit cannot be presumed to be valid; and in the civil procedure for “right confirmation”, it should be presumed valid. According to the normal requirement of evidence rules, in the former case, a requester only needs to prove evidence of preponderance; in the later, a requester should present clear and convincing evidence. Even though there is no well-developed statutory evidence rules in China, whether the patent in suit is legally presumed to be valid will have a systematic impact on the way in which the PRB makes its decisions. Since a first-instance court hearing a patent infringement case is not empowered to declare a patent invalid, the patent is presumed valid. If the patent invalidation procedure is defined as a civil procedure for right confirmation in essence, and the patent in suit is presumed valid once again, a patent right is afforded with double protection under the presumption. This is likely to lead to over-protection.

Moreover, by taking the patent invalidation procedure as civil procedure for right confirmation, it is impossible to maintain a functional system for judicial review over patent granting. Should patent invalidation procedure be for patent right confirmation, the PRB would be equal to a judiciary body in the first instance. Then, the whole patent invalidation procedure would be a three-tiered review over the Patent Office’s patent granting decisions: the PRB, the Beijing No.1 Intermediate People’s Court and the Beijing Higher People’s Court. On the one hand, if each level of review is *de novo*, such repeated review would be a tremendous waste of judicial resources. On the other hand, if each review is limited with different varying deference to the decision below, then, it would be huge difficult to develop proper reviewing standards for each of them. Under the well-developed limited judicial review system in the United States, the second-level review is only limited to consider whether interpretation of law by a lower court is unconstitutional. It is just hard to think that what kind of reviewing standard should the Beijing Higher People’s Court, the third-level court of appeal, take. Consequently, it is nearly impossible to realise a three-tiered system for reviewing patent office’s patent granting.

Concerns are raised that defining the patent invalidation procedure as “administrative re-examination” would render

granted patents uncertain, and possibly encourage an accused infringer to take advantage of the invalidation procedure. However, the concern is, to a large extent, groundless. The patent invalidation procedure is a fundamental legal mechanism to keep patent quality where members of the public with interests could come forward with evidence to help government to re-examine patent and correct error in patent granting. The patent re-examination procedure for patent application in prosecution is to protect the legitimate rights of patent applicants; the re-examination procedure for patent granted in the patent invalidation procedure is to protect the legitimate rights of the general public. the PRB, as an administrative agency, should apply the same standards in these two procedures in order to keep a proper balance between the right of the public and that of the patentees, and to maintain the healthy operation of the whole patent system.

Besides, as “administrative re-examination”, the patent invalidation procedure does not necessarily impair patent protection. While a patent infringement procedure is likely to be suspended pending the patent invalidation procedure, the patentee has a chance to obtain preliminary injunction. Even if this is not secured, the extended procedure would not necessarily prejudice the interests of the patentee. First, if the validity of a patent is confirmed and infringement subsequently proven, the patentee may recover added damages for infringement during the suspension in addition to permanent injunction. Second, the patent invalidation procedure allows a patentee another chance to amend the disputed claims. If the claims were too broad in view of the disclosure, this enables the patentee to save patent by amendment, instead of running the risk of losing the entire protection for his invention. These favourable rules for patent right should be enough to offset the possible adverse impact by virtue of the patent invalidation procedure, as an “administrative re-examination”, on patent protection. Should this is not the case we would only need to adjust the remedy rules. There is no warrant to shake the basic framework of the current patent system.

Even if the patent invalidation procedure so improperly prolongs infringement litigation, and substantially impinges upon patent protection that the above remedies failed to compensate, it does not require complete abolishment of the patent invalidation procedure. True, we may follow U.S. practice in the future to empower courts of first instance to declare patent invalid. Even this does not warrant removing patent invalidation procedure before the PRB entirely. It is misunderstanding that the patent invalidation procedure is weak in

Chinese patent system. It should be noted that the *Inter Partes* re-examination was of consequence in U.S. patent reform. On the one hand, the judicial procedure is costly, and on the other, professional administrative patent judges can decide cases efficiently without prejudice to justice. This applies to China, where general judges are often short of necessary technical background to hear patent cases. If they are to review validity of patents, they will often resort to technical appraisal, which is likely to substitute trial and send up litigation costs. In contrast, the PRB is an authority composed of adjudicators of professional skill. They are capable of examining requests for patent invalidation in an efficient and just manner.

II. Patent invalidation litigation case to be reviewed pursuant to civil procedure: Gap between problem and cure

Some Chinese scholars suggest that a PRB invalidation decision be litigated according to civil procedure.⁸ This suggestion is purported to address two realistic concerns: heavy litigation burden on the PRB and circular suits on the same patent. But in effect, this solution may actually make the matter worse and give rise to even thornier problems.

1. Heavy litigation burden on the PRB

It is argued that the PRB is not a party of real interest in patent invalidation litigation and thus should not be held as the defendant. The requesters and the patentees are true stakeholders. It is criticised that it is a product of immature patent legislation and absence of in-depth study of the relevant theory in China that the PRB is a defendant in patent invalidation administrative litigation. Consequently, it is maintained that the PRB should be freed from this heavy burden.⁹

Sure, there is at least some truth in this argument. Indeed, ever since the amended Patent Law as of 2001 went into force, the PRB has been sued as the defendant in more and more cases. In 2002 alone, the PRB appeared as the defendant in over 160 cases, much more than the total of the past decade.¹⁰ 2006 saw the PRB as the defendant in as many as 615 lawsuits.¹¹ Besides, the PRB sometimes took the stand in a rather passive manner.¹²

However, this position is untenable. First of all, that the PRB stands before court does not necessarily indicate any immaturity of the legal system in China. It is rather naive to

say so simply because the Chinese system is dissimilar to those in Japan, Germany and South Korea.¹³ Furthermore, such dissimilarity may not be genuine. At least in the United States, following an Inter Parte re-examination, USPTO is likely to be the defendant before the CAFC should the requestor or the patentee appeal a USPTO decision.

Next, only when such litigation burden on the PRB is unreasonable can we argue against the current system. But there is no convincing showing on this point. Since 2001, patent invalidation litigation has been on a significant rise within a few years. This is within the contemplation of Patent Law amendment in 2000. Besides, since 2000, the number of invention patent applications with SIPO have been increasing dramatically (see the table on Page 6). As a result, the number of litigation filed by patent applicants against the PRB's re-examination decisions has increased correspondingly. This has also directly contributed to the rapid increase of the cases where the PRB has to appear before court, but this has nothing to do with the current system of patent invalidation litigation.

Moreover, the reason why the PRB is passive before court¹⁴ may be that the patent invalidation litigation involves trivial technical matters, not major issues of interpretation or application of the patent law. This passiveness is justifiable if the matter is well within the PRB's discretion and not worth appealing. Again, the current system for patent invalidation litigation is not the substantial cause.

It is true that by applying the civil procedure to the patent invalidation litigation, the PRB would be freed from the burden to stand or appear before court. But this will damage judicial certainty, draining the already scant administrative and judicial resources, and probably add litigation cost.

Under the current system, there is substantial judicial certainty, which is fundamental to the efficient allocation of the PRB administrative resources and the judicial resources of the reviewing courts over the PRB. Data shows that from July 2000 to December 2004, there were altogether 253 cases put on docket in the court where the PRB was sued, of which 201 cases were decided by the court. Of them, the PRB won in 171 cases and lost in 30.¹⁵ Conservatively, it can be estimated that the court upheld the PRB's decisions in more than 85% cases.¹⁶ This shows that the reviewing court has shown considerable deference for the PRB's decisions. In other words, there is considerable certainty in the patent re-examination decisions made by the PRB. Thanks to this certainty, requesters and respondents tend to accept decisions made

by the PRB, and proceed quickly toward reconciliation or settlement of any pending infringement suit. Likewise, the court may rather safely resume its hearing of infringement disputes, without suspending infringement suit further until the final outcome of the patent invalidation procedure even if there is appeal from the PRB decision. In fact, in response to Jiangsu Higher People's Court's request for advisory opinion in 2002 as to whether civil trial of patent infringement should be suspended when administrative lawsuit is brought to challenge a PRB decision on the validity of a patent in suit of infringement, the Supreme People's Court (SPC) made it clear that the civil proceeding "may proceed without further suspension." Sure, the certainty of a PRB decision is the ground for this opinion to stand on.

This certainty, however, comes from limited judicial review of administrative decisions, rather than from plenary review. Should patent invalidation litigation be reviewed according to civil procedure, the certainty of the PRB decision will evaporate, scarce administrative and judicial resources to be drained. Under Article 151 of the Civil Procedure Law, "appellate courts can review the relevant facts of an appellant's claims and the application of law." If the provision applied to the patent invalidation decision, the Beijing No.1 Intermediate People's Court, as the appellate court for the PRB, can review the PRB's decisions *de novo*, and directly declare patents invalid. On the one hand, this would further stimulate the parties to challenge patent invalidation decisions until all the legal procedures are exhausted, adding further burden to the already scarce judicial resources. On the other, it would make the PRB decisions more reversible, thus moving the front of battle of patent invalidation to the Beijing No.1 Intermediate People's Court. As a result, administrative resources of the PRB are spent with little value to sort out controversy. Now that no matter what decisions the PRB makes, the reviewing court may directly invalidate a patent. Why should we waste our time and money fruitlessly before the PRB? Put it simply, if the patent invalidation litigation is to be reviewed pursuant to civil procedure, any proceedings before the PRB are rendered meaningless and wasteful; the judicial resources of the appellate courts will be drained.

More importantly, interested parties would be put in a worse situation. First, patent infringement suits will likely be further prolonged. Since the reviewing court of first instance may review invalidation decisions *de novo*, the resultant judicial uncertainty would make it impossible for a first-instance court hearing patent infringement to resume the suspended

procedure. It could do nothing but wait for the final judgment of the higher reviewing court in order to prevent conflicting judgments. Any interested party would be more ready to challenge the PRB's patent invalidation decision. As a result, patent infringement suit will be further extended. Further, once the reviewing court becomes the major battle field, patent invalidation cases will pile up before Beijing No.1 Intermediate People's Court, resulting serious backlog and added period for patent invalidation litigation, resulting in further delay for patent infringement suit. Second, litigation cost will increase considerably. The PRB has been set up in China for the purpose of saving judicial resources and litigation cost. The PRB is a professional agency, after all, composed of members familiar with the Patent Law and relevant technologies, who are competent to deal with patent invalidation cases in a more efficient fashion than the average judges. If the reviewing court for the PRB is to take a major role in examining patent invalidation cases, it will rely heavily on technical appraisal, leading to increased litigation cost.

2. Circular suits involving same patent

Concerns echo that there is so-called circular suits involving the same patent, namely, under the current system, when the reviewing courts cancel a PRB decision, the PRB can arrive at an identical decision on the same patent but on different grounds or facts. Upon decision, the parties may sue the PRB once again, resuming a new circle of patent invalidation litigation.¹⁷ The patent for "a process of enhanced rammer at depth inside a hole" is often cited as a typical case. That case could be traced back to 1996 when the patentee instituted a patent infringement action. The court of first instance in Shanxi Province decided that there was no infringement.¹⁸ On appeal, the second-instance court, however, remanded. At the same time, the defendant filed, in 1999, a request for invalidation of the patent, and the PRB declared the whole patent invalid.¹⁹ The patentee appealed. On appeal, Beijing No.1 Intermediate People's Court cancelled the invalidation decision in 2002.²⁰ On further appeal from this judgment in the same year, the Beijing Higher People's Court upheld the judgment below, and remanded the case back to the PRB to make a new decision according to the court's opinion.²¹ On remand, the PRB once again declared the patent in suit invalid in 2003.²² Appeal ensued. The Beijing No.1 Intermediate People's Court cancelled, in 2004, this invalidation decision again. This judgment was again challenged before the Beijing Higher People's Court, who upheld the judgment, and remanded the case further to the PRB to

make still another decision. In 2005, the PRB held another hearing where the requestor and the patentee presented oral argument. By then, nine years had lapsed since the infringement action.²³

Another high-profile case cited in support of this argument is "Viagar". On 19 September 2001, Pfizer was granted a patent for this famous drug. Thereafter, 12 Chinese enterprises jointly requested the PRB to declare the patent invalid on the ground that the patent had no "inventiveness" and "novelty", and failed to sufficiently disclose. Upon hearing, the PRB declared said patent invalid on July 5, 2004, holding that the description of the Pfizer's patent had "not sufficiently disclosed the technical solution."²⁴ Dissatisfied with the PRB's decision, Pfizer brought an action in the Beijing No.1 Intermediate People's Court. On 2 June 2006, the court decided in favour to Pfizer and cancelled the invalidation decision. The court also found that the PRB failed to decide the two other grounds on which the requesters based his invalidation request. Accordingly, the court ordered the PRB to make a decision on them.²⁵ The Chinese enterprises appealed. On 7 September 2007, the Beijing Higher People's Court rejected the appeal, and upheld the judgment below.²⁶ By then, six years had gone. Obviously, the PRB could declare, again, Pfizer's patent invalid on such new grounds as "lack of inventiveness" and "novelty", and Pfizer may sue again. Likewise, if the PRB upheld the patent as valid, the Chinese enterprises might challenge it again in an administrative procedure. This opens the possibility of circular actions on the same patent.²⁷

But the label of "circular actions" as such is problematic. As a fundamental legal doctrine, an interested party cannot sue twice on the same facts or grounds. Actually, there is no possibility of circular action as such as court will simply decline to take this kind of case. In the above case involving "a process of enhanced rammer at depth inside a hole", the Beijing Higher People's Court found that the PRB had failed to perform its duty to inform the party of the right to challenge impartiality of the examiners. Accordingly, the court ordered the PRB to make new under due process.²⁸ This nowhere shows that there is any connection between patent invalidation litigated according to administrative law and the so-called circular actions. Even if patent invalidation litigation is reviewed according to civil procedure, such interference with right to an impartial adjudicator would require remanding of the case. The same apply where such procedure deviation happened in re-examination at the request of a patent appli-

cant. That several lawsuits involving the same patent may occur based on different facts or grounds is a product of rule of law. It is normal and it is unnecessary and impossible to do away with. By no means, such a symptom could be said to be peculiar to patent invalidation litigation.

Furthermore, it is even more difficult to attach the label of circular actions to the “Viagra case”. First of all, the PRB failed to make a decision on the issues in dispute. Whether invalidation litigation is to be reviewed according to civil or administrative procedure, the reviewing court will do just the same, namely, correct material procedural errors and remand, rather than substitute its own judgement. Moreover, be mindful that patent right is not absolute. At the very least, newly discovered prior art should be admissible to declare a patent invalid even where the same patent was involved in patent invalidation litigation and its validity was affirmed. Otherwise, what was granted is not a patent right, but an illegal monopoly. Therefore, new action launched on the basis of new evidence or new grounds is in no way a circular action even if the same patent is concerned.

The last, but not the least, if the aforementioned concerns about circular actions and litigation burden on the PRB may justify reforming patent the invalidation litigation procedure into a civil procedure, it is hard to reconciled with patent re-examination in patent prosecution. Both patent invalidation procedure and reexamination of patent applications deal with validity. If circular actions and litigation burden are the real concerns, they also apply to patent re-examination of patent applications. However, at least up to now, no one has ever suggested that patent reexamination decisions in response to patent applicant's request be reviewed according to civil procedure. On the other hand, if patent invalidation cases were reviewed according to civil procedure and patent re-examination cases were reviewed according to administrative procedure, an anomaly ensues. Decision of the same authority made under the same rules of the same law (patentability requirements of a patent) on whether to grant a patent will be judicially treated in a diametrically different fashion under different legal procedures.

III. Patent invalidation litigation case to be reviewed pursuant to administrative procedure: limited but effective judicial review

To date, patent invalidation cases could be reviewed either by the administrative or IP court of tribunal subject to

condition precedent. This potentially threatens certainty of law application. Under the current judicial system, where the defendant of an infringement suit files a request for invalidation of the patent pending that lawsuit, the IP Tribunal of the Beijing No.1 Intermediate People's Court have appellate jurisdiction over appeal from the invalidation decision. The IP tribunal of the Beijing Higher People's Court hears any appeal from IP Tribunal of the Beijing No.1 Intermediate People's Court. Absent such a prior civil dispute, the Administrative Tribunal of the Beijing No.1 Intermediate People's Court take jurisdiction over appeal from the PRB invalidation decision and the Administrative Tribunal of the Beijing Higher People's Court hears appeals, if any, from the corresponding tribunal below.²⁹ While the administrative and IP tribunals both hear patent invalidation cases under administrative procedure law, they do it in a considerably different manner. The IP tribunal focuses its review on the “reasonableness” with regard to challenged points. Where the points are not raised, the tribunal will not pay any attention on them. In contrast, the administrative tribunal focus its review on the “legality” of the specific administrative act taken by the PRB. But whether or not there was an infringement lawsuit precedent to a validation request filed, the PRB must examine the request under the same law and the same legal standard. And any invalidation decision, if appealed, should be subject to the same standard of judicial review. By treating the existence of precedent infringement, a formal factor, as a determinative factor for determining jurisdiction, the current system potentially threaten legal certainty: Similar decisions by the PRB would not be treated similarly. A typical situation where one servant must serve two masters.

Therefore, one of the keys to addressing the issues surrounding the patent invalidation procedure is to unify judicial standards for reviewing the PRB invalidation standard. Since an invalidation decision should be reviewed according to the administrative procedure law, court must do a limited review of decisions made by a competent agency, that is, the reviewing court must show deference to the PRB. The court may be more proficient, and should be more authoritative in dispose of legal issues in reviewing patent invalidation decisions. There, de novo review is appropriate. But the courts are at best no more knowledgeable about technology. There is no convincing evidence to show that the court is in a more advantageous position to decide on technological matters. Where the appeal from the PRB patent invalidation decision is fact intensive and sensitive, the PRB deserve deference. Ab-

sent clear errors are proven, the court should not disturb the decision.

This review standard is basic to legal uniformity and certainty, and to keep many existing problems under control. With such legal certainty, any attempt to challenge the PRB decision before court comes with heavy burden of proof and persuasion. When a requester for patent invalidation and the patentee involved have sufficient expectation of possible judgment, they will tend to live with the patent invalidation decision or settle any pending infringement disputes between them, or appeal worthwhile cases. Patent invalidation litigation would be kept within a relative small ratio. As a result, the PRB does not have to appear before court more often than necessary and fewer cases will be remanded. And the PRB's authority will be consolidated, which is good to improve the efficiency of the patent invalidation procedure. Then, since the court's power of judicial review is limited to interpretation of the patent law, the major issues of application of the law and clear errors in fact finding, the PRB should be more active and motivated to participate in litigation. Furthermore, as the court judgment is likely to change the legal ground for the PRB to deal with a class of cases, with ramification for patent office's day-to-day practice, it is unlikely that the PRB would be indifferent when appearing before court.³⁰ Then, why should we care about whether or not the other party to the patent invalidation proceedings is willing to appear in the litigation challenging an invalidation decision as a third person.³¹ Thirdly, the court will be unlikely to be thrown into the difficult situation where they have to rely on technical appraisal.³² A technical appraisal usually concerns details of findings of facts. Where patent invalidation litigation involves a technical problem which could not be sorted out on the basis of evidence offered by the requester and the patentee and technical appraisal is required, the most plausible answer is that the findings of fact by the PRB does not constitute a "clear error". Consequently, the best choice for the court is to show deference rather than make its own facts finding by technical appraisal. In any event, an appellate adjudicating body should not repeat fact finding absent evidence of abuse of discretion below.

This limited judicial review standard should be embraced as fundamental to the Chinese patent invalidation procedure: a powerful patent re-examination system with limited but effective judicial review. Under *de novo* review, the PRB is presumed to be untrustworthy. As a result, efforts and resources are directed at establishing one or more powerful

and trustworthy tribunals or courts to supervise the PRB. In contrast, under the limited review, efforts and resources are directed to improving the PRB's professional quality and enhance the current systems in order to build the PRB into an authoritative agency. Furthermore, while *de novo* review aims to correct every possible error made by the PRB limited judicial review emphasises judicial certainty and efficient use of judicial resources. The reviewing courts are required to focus on cases of importance, and devoted to bettering the patent law and policy.

Concluding Remarks

Under the current civil procedure system and institutional structure, while the proposal that patent invalidation litigation should be conducted according to the civil procedure may free the PRB from the duty to appear before court, it at the same time turns the PRB into a court of first instance in nature, whose decisions would be subject to *de novo* review by the two tiers of the courts of appeal. As a consequence, the PRB decisions would be susceptible to frequent challenges, and its reviewing court of first instance would replace it as the main battlefield of patent invalidation. Any proceedings before the PRB would be rendered formal and the PRB would be put on the sideline. Not only would the administrative and judicial resources be drained, but also legal certainty damaged.

The way out is in the other direction. The key is to unifying the judicial review standards, reducing possible inconsistencies and uncertainty arising from the current system where two judicial bodies at the same level, IP and administrative tribunals, can review decisions made by an agency. The essence of this approach is to maintain a limited but effective judicial review over the PRB decisions. In a long run, however, institution reform is inevitable. Anyway, the fundamental is to build an effective patent re-examination system with limited but effective judicial review, where the courts restrain themselves as well as the administrative body. ■

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¹ See Cheng Yongshun, Amending the Patent Law to Realise the Legislative Aim: Comments on the Draft Amendment to the Patent Law from the Perspective of Patent Right Protection, the China Patents & Trademarks, 2009, issue one, Pp.11-15; He Lunjian, Jurisprudential Analysis of Nature of Patent Invalidation Procedure, the Intellectual Property, 2006,

issue 4; and Dr. Jiang Zhipei's opinion based on his own experience and practical cases, and his recommendation to the Standing Committee of the National People's Congress regarding Patent Law amendment, at <http://www.chinaiprlaw.cn/file/2008090213585.html>.

² See Zhang Yuduan and Han Xiucheng, Reform of the IP Judicial System in China at <http://www.chinaiprlaw.cn/file/200605217934.html>

In the Reform of the IP Judicial System in China, it is recommended that an IP Higher Court should be set up in due course. It proposed three steps towards this end. First, "administrative IP cases (including trademark and patent cases) are all to be reviewed by the IP tribunal", and the PRB is exempted from being the defendant in the administrative patent invalidation litigation. The IP tribunal takes exclusive jurisdiction to hear cases involving administrative IP cases, especially patent invalidation decision, learning from Germany, Japan and South Korea. Thirdly, the IP tribunal's capacity is strengthened and then reformed into the IP higher court with exclusive jurisdiction over administrative IP litigation.

But it is unclear whether the IP tribunal will, in the first step, review the PRB decisions according to civil or administrative procedure. But it can be inferred that in the first step of the proposed reform, the IP tribunal is required to review patent invalidation decisions according to administrative procedure.

³ See supra note 1, He Lunjian, Jurisprudential Analysis of Nature of Patent Invalidation Procedure (recommending that the patent invalidation procedure be deemed as equivalent to a court of first instance and the PRB decisions be equivalent to judgments).

⁴ See supra note 1.

⁵ Chapter 3 of Part 4 of the Guidelines for Examination, Examination of request for invalidation, Section 2.2 Principles of the disposal by the party concerned.

⁶ Chapter 3 of Part 4 of the Guidelines for Examination.

⁷ 37 CFR 1.983 Appeal to the United States Court of Appeals for the Federal Circuit in inter partes re-examination.

⁸ See supra note 1.

⁹ Zhang Xianyong and Yan Wenfeng, Litigant Position of the PRB: Whether the PRB Should Be Defendant in the Patent Invalidation Litigation", the Intellectual Property, 2005, issue 5.

¹⁰ Li Gang, That the PRB was involved in 200 cases as defendant shows the inadequacy of the Patent Law, the Beijign Youth Daily published on 19 July 2003.

¹¹ See supra note 1, Cheng Yongshun, Amending the Patent Law to Realise the Legislative Aim: Comments on the Draft Amendment to the Patent Law from the Perspective of Patent Right Protection, the China Patents & Trademarks, 2009, issue one, Pp.11-15.

¹² See supra note 11, P.4 (the PRB is not quite proactive as a defendant in patent invalidation litigation, and those who are deeply concerned are the interested parties).

¹³ See He Lunjian, Comparative Study of the Patent Invalidation System within China and Abroad, the Electronics Intellectual Property, 2007, is-

sue 2.

¹⁴ See supra note 12.

¹⁵ See Zhao Jiaxiang, Examination of Design Patent and Its Role in the Market and Economic Competition, at <http://www.cniplaw.net/infoview.asp?infosid=176>.

¹⁶ See supra note 15.

¹⁷ See supra note 9.

¹⁸ Cases of patent invalidation dispute, such as Shi Bingwen v. Shaanxi Longhai Engineering Construction Corporation (the Shaanxi Province Xian City Intermediate People's Court's Judgment No. Xijingchuzi 207/1996) (holding that the defendant's construction process was found to be a technology made known in the Foundation Manual).

¹⁹ the PRB Decision No. WX 3415/2001.

²⁰ Administrative Judgment No. Yizhongzhichuzi 290/2001 (The Beijing No.1 Intermediate People's Court).

²¹ Civil Judgment No. Gaominzhongzi 587/2002 (The Beijing Higher People's Court's).

²² the PRB Decision No. WX5475/2003.

²³ See supra note 1, Dr. Jiang Zhipei's opinion based on his own experience and practical cases, and his recommendation to the Standing Committee of the National People's Congress regarding Patent Law amendment, at <http://www.chinaiprlaw.cn/file/2008090213585.html>.

²⁴ the PRB Decision No. 6228.

²⁵ Pfizer v. PRB, Administrative Judgment No. Yizhongchuzi 884/2004 (Beijing No.1 Intermediate People's Court's).

²⁶ Tianjin City Lianxian Drug Industry Co., Ltd. v. Pfizer, Administrative Judgment No. Gaoxingzhongzi 519/2006 (Beijing Higher People's Court's).

²⁷ Who Owns the Right of Final Judgment on Patents, 2008, at <http://www.chinaiprlaw.cn/file/2008100713702.html>

²⁸ Beijing Higher People's Court's Civil Judgment No. Gaominzhongzi 587/2002.

²⁹ In its Directions on the Issues of Division of Labour in Relation to Patent and Trademark Cases after Amendment of the Patent Law and Trademark Law issued in May 2002, the SPC provide that: "Pending civil litigation involving patent and trademark, where a party dissatisfied with the PRB decision on a invalidation request for the same patent or the Trademark Review and Adjudication Board's (TRAB) adjudication for the same trademark institutes an administrative suit against the PRB or TRAB, the IP tribunal shall have jurisdiction; for other administrative lawsuits against the PRB and TRAB, the administrative tribunal shall have jurisdiction."

³⁰ See supra note 12.

³¹ See supra note 11, P.5 (Difficulty to implement the mandatory provision for a third person to participate in litigation).

³² See supra note 11, P.4 (patent invalidation cases reviewed according to administrative procedure stuck in technical appraisal).