

Doctrines of Estoppel in Patent System in China:

Case Studies and Comments on “Aandonment of Technical Solution”
in the Judicial Interpretation of Adjudicating Patent Infringement Disputes
(Issued by the Supreme People’s Court’s for Comments)

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It appears that in the Chinese patent system, the doctrine of estoppel is “fully” applicable. In patent infringement litigation, a patentee is not allowed to deny his words on any narrowing amendments or statement that he made in the patent prosecution or patent invalidation proceedings. Further, during the patent invalidation action and patent invalidation litigation, he is also estopped with regard to his statements made in earlier infringement litigation. For the former, it is provided by Article 7 of the Judicial Interpretation of Adjudicating Patent Infringement Disputes (Issued by the Supreme People’s Court’s for Comments) (hereinafter referred to as the Judicial Interpretation for Comments) that “Where in patent prosecution or invalidation actions, an applicant or a patentee, on his own initiative or at the request of the examiner, made narrowing amendments to or statements on claims, the court hearing patent infringement on the basis

of the claims must not recognise protection for the limitations of the claim so surrendered when the patentee claims for such protection.”¹ This provision is similar to Article.43 of the Opinions on Patent Infringement Adjudication (For Trial Implementation) (hereinafter referred to as the Opinions on Patent Infringement Adjudication) issued by the Beijing Higher People’s Court in 2001,² which in turn was closely related to its own holding made in late 2000 on Guangdong Shenzhen Chuange Science & Technology Industrial Co., Ltd. et al. v. Compaq (hereinafter referred to as Compaq case).³ For the latter, the Shenzhen City Zhongxinhao Industry (ZXHI) and Trade Development Co., Ltd. v. Patent Reexamination Board (PRB) of the State Intellectual Property Office (SIPO) (hereinafter referred to as the ZXHI case) is often cited. In this case, both the Beijing No.1 Intermediate People’s Court and the Beijing Higher People’s Court held that

the patentee's statements made in the Patent Infringement Settlement proceedings before the Shenzhen Intellectual Property Office constituted admission with regard to the pending case.⁴

It seems that there is only one doctrine of estoppel in all these situations. But legally, they implicate quite different rules applicable to different fact patterns. No surprise, there are several Chinese doctrines of estoppel—if we can call them estoppel loosely. They are related to claim construction, doctrine of equivalents, admission, or decided or judged facts. Given that the Judicial Interpretation of Adjudicating Patent Infringement Disputes is issued for comments and may enter into force in the near future, it is imperative to take a close look at what the Chinese doctrines of estoppel are in practice, so as to make clear the Article 7. To this end, the paper, following the lead of Article 7, is meant to analyse the Chinese doctrines of estoppel in detail, taking special account of representative cases decided and cited. The analysis would hopefully help for future revision of Article 7.

I. Limitation on doctrine of equivalents v. rule for claim construction

As stated above, Article 7 provides that a patentee may not in infringement litigation reclaim what he gave up or surrendered during the patent prosecution and patent invalidation proceedings. As patent protection covers both literal elements of the claims and their equivalents,⁵ this provision is applicable in two different situations. As for literal infringement, if a patentee narrowed a claim in suit in the patent

prosecution, the court must construe the claim as amended. If the patentee made statements about the claims in the prosecution, be them narrowing or broadening ones, the court has to construe the claim according to the common rule for claim construction, taking account of the prosecution history, the description and the appended drawings through the lens of person having ordinary skill in the art. To this extent, Articles 7 and 3⁶ of the Judicial Interpretation for Comments overlaps.

By contrast, as for infringement by equivalents, if a patentee makes narrowing amendments to the claims during the patent prosecution, the court must decide as to whether to allow the patentee to claim protection for the equivalent features of the amended ones.⁷ If the patentee makes statements regarding the features during the patent application, and his statements are likely to materially affect the examination of the patent application and thus the granting, then, the patentee will be held to have, on its own initiative, surrendered protection for the features which are “explicitly” excluded by such statements in the prosecution history, and may not reclaim them, even though they could otherwise constitute equivalent features to be protected by virtue of doctrine of equivalents.

It should be noted, however, that this estoppel rule, as stated in Article 7, is not an affirmative defense, requiring the proponent to come forward with evidence. This is compatible with the U.S. judicial practice.⁸ Article 7 specifies that where the patent applicant or patentee reclaims protection for what he surrendered in the patent application prosecution or invalidation proceedings, “the people's court may not recog-

guage, but upon giving claims their broadest reasonable construction in light of the specification as it would be interpreted by one of ordinary skill in the art).

¹⁶ 參見: Patent Applications Handbook § 7:6.

¹⁷ 參見: MPEP § 2659 - 2600, at: http://www.uspto.gov/web/offices/pac/mpep/documents/2600_2659.htm#sect2659

¹⁸ 37 CFR 1.983, Appeal to the United States Court of Appeals for the Federal Circuit in *inter partes* reexamination.

¹⁹ 參見: Phillips v. AWH Corp., 415 F.3d 1303, 1333 (Fed.Cir.2005) (Mayer dissenting)

²⁰ 參見: 深圳市中新浩工貿發展有限公司訴國家知識產權局專利複審委員會專利無效行政糾紛案, (2004)高行終字第 89 號(北京高級

人民法院, 2004 年 5 月)

²¹ 深圳市中新浩工貿發展有限公司訴國家知識產權局專利複審委員會專利無效行政糾紛案, (2003)年一中行初字第 00372 號(北京第一中級人民人民法院, 2003 年 11 月)。

²² 同註21。

²³ 同註21。

²⁴ 同註 20。

²⁵ Cf. Federal Rule of Evidence, Rule 801 (d).

²⁶ Cf. Id, Rule 806.

²⁷ 參見:《最高人民法院關於審理侵犯專利權糾紛案件應用法律若干問題的解釋》(徵求意見稿)第十一條和第十二條。

²⁸ 同註27。

nise such protection". Thus, if the patent prosecution files were offered as evidence for claim construction, the court, when adjudicating whether there is infringement by equivalents, must consider the files as evidence on its own imitative, even if the defendant does not argue in this direction, so as not to recognise the already surrendered coverage of the patent. Likewise, if a defendant did not argue, in the first-instance hearing, that the patentee had surrendered the features of the claim in suit during the patent prosecution, the appellate court may address this issue as a matter of law and make its own judgment. The defendant does not forgo his right even though he failed to raise the issue and to make arguments in the first-instance. What the appellate court should do is to ascertain whether the patentee has already "surrendered" the protection for the claimed features. If so, the court may not recognise protection for what the patentee has already surrendered.

II. Subjective or objective test for "surrender"

Article 7 specifies that "the court... must not recognise protection for the limitations of the claim so surrendered when the patentee claims for such protection." Then, how should the court decide what constitutes "surrender"?

Does the court have to look at the subjective intent of the patent applicant during the patent prosecution and patent invalidation proceedings in order to find "surrender"? If so, the court needs to review all the details of a particular prosecution process in order to determine the subjective intent of the applicant as existed at that moment. For this purpose, it seems not unreasonable to consider a variety of the factors, including a particular applicant's experience, whether he appointed a patent agent or prosecuted the patent on his own. Besides, when the patentee comes forward with evidence showing that he did not intend to surrender, but acted negligently, it will be difficult for the court to find that he did "surrender". As a matter of fact, it is hard and not practical to apply the subjective intent test to find "surrender".

As a result, we should turn to objective test. In fact, early U.S. case law relied on "abandonment and disclaimer" as the legal basis for applying the prosecution history estoppel.⁹ But the United States Court of Appeals for the Federal Circuit (CAFC) made it clear in 1996 that "In examining the

prosecution history in an estoppel analysis, we do not look to the subjective intent of the applicant and what the applicant subjectively believed or intended that he or she was giving up to the public. ... Rather, the standard for determining what subject matter was surrendered is objective and depends on what a competitor, reading the prosecution history, would reasonably conclude was given up by the applicant".¹⁰ In other words, the CAFC held that the legal basis for "the prosecution history estoppel" is a competitor's reasonable reliance on the prosecution history, not the patentee's subjective intent.¹¹ However, actual reliance is not required for applying the prosecution history estoppel. Rather, "reasonable reliance" is to be proved on the patent prosecution files that are published along with the grant of the patent in suit. The so-called "competitor" by no means referred to a particular real competitor, but a hypothetical one. It should be noted that the CAFC also rely on an examiner's reliance interest of the observations as the legal basis for the doctrine of estoppel.¹² Although different from the competitor reliance test, it is also an objective test. It is the reliance of an abstract examiner, but not that of a particular examiner for examining a particular patent that is the legal basis for the prosecution history estoppel. Anyway, these are objective test.

And it is the objective test that distinguishes doctrine of estoppel under the patent law. Unlike estoppel in the Contract Law and Torts, doctrine of estoppel under the patent law does not require one to show that he, as a real person, had detrimental reliance on the defendant's representation. Rather, he only has to prove that a hypothetical objective person would have reasonable reliance on representation made by the defendant; and for his interests in such reasonable reliance, the defendant is estopped in order to vindicate the plaintiff's right.

Although an objective test, the so-called competitor's or examiner's reasonable reliance is, to a significant extent, at odds with the basic rules for claim construction. Fundamentally, a claim should be construed through the lens of "a person having ordinary skill in the art". It is not unreasonable to place the same person at the core for finding "surrender".

III. Narrowing statements made before the PRB and PRB decision

Article 7 provides for a wider scope for the doctrine of estoppel. It covers not only the prosecution history estoppel, but also narrowing amendment to and statements on the

claims in suit made by a patentee in an earlier patent invalidation action. Although the “prosecution history estoppel” is founded on solid legal basis, this is not the case for the remaining coverage of Article 7. For this purpose, the often cited Compaq case will be discussed below, and then the legal character and effect will be analysed of the narrowing statements made by a patentee during the patent invalidation and those of the decisions made by the PRB.

1. Interpreting the Compaq case

Contrary to the common understanding, the Compaq case cannot lead any support to Article 43 of the Opinions on Patent Infringement Adjudication and Article 7. In this case, the Beijing Higher People’s Court did point out: “When construing the claims of utility model, the court must take due account of the narrowing statements made by the patentee in earlier patent invalidation actions. The patentee may not repudiate the statements he made.” But the court further made clear that only when the PRB accept such narrowing statements could the statements be relied on as the basis to estoppel the patentee. In particular, the court said: “In Invalidation Decision No. 2133, the PRB relied on the description and the drawings of the patent (90204534) in suit and made the following claim construction: “replaceable” of feature (1) should mean “interchangeable” and “additional” in feature (7) means “another”. And on 29 February 2000, the patentee filed statements with the PRB, saying that because the two base grooves are identical in structure and size and thus interchangeable, claim 1 has had an inventive step. The PRB accepted this argument. Therefore, the patentee may not repudiate these statements now.” Thus, in the Compaq case, the legal basis for estopping the patentee is not what the patentee stated, but what the PRB accepted or said in its decision. This is contrary to Articles 43 and 7, as cited before, which makes estoppel on the basis of the patentee’s statements made in the invalidation actions before the PRB.

In addition, in the Compaq case, the statements as accepted by the PRB were applied to construe the claim. They did not serve as the grounds for placing limitation on the equivalent features. Thus, this case has nothing to do with Article 7. Rather, it is related to Article 3 of the Judicial Interpretation for Comments,¹³ which provides that the court can rely on prosecution files for claim construction in addition to the description, the drawings and other claims of the patent in suit. In the Compaq case, what the court said is merely that it gave deference to the PRB in respect of the claim construction made by the PRB. This is not the application of

the doctrine of estoppel in patent law, with the patentee’s statements as the basis. Rather, it was the “collateral estoppel” under the Civil Procedure Law that the court was saying. And this doctrine will be discussed later.

2. Narrowing statements made before the PRB

If a patentee may be estopped by what he said before the PRB during earlier patent invalidation actions, not insignificant legal disorder will result. Suppose a patentee made narrowing statements on feature A before the PRB in a validation action. But the PRB did not accept the statements and declared claim X invalid. Later, the patentee sued for infringement of claim Y, which had the same feature A. In this scenario, how should the court hearing the infringement litigation proceed with regard to the feature A? Should the court estoppel the patentee by taking the narrowing statements made by the patentee before the PRB, or should the court give deference to the claim construction of feature A as stated in the PRB decision? If either party to the invalidation hearing appealed the PRB decision, should the court hold the patentee to what he said, or give deference to the judgment of the Beijing No.1 Intermediate People’s Court or the Beijing Higher People’s Court on the matter already decided?

According to Article 7, the court hearing an infringement dispute should stick to the narrowing statements made by the patentee, rather than the claim construction adopted by the PRB or the reviewing courts. The legal basis for this approach looks weak. First, the authority of the public adjudicating bodies may be prejudiced. The PRB’s decisions, or judgments of the PRB’s reviewing courts, the Beijing No.1 Intermediate People’s Court or the Beijing Higher People’s Court, are all enforceable. Narrowing statement made by the patentee and the adjudicating body’s opinion are different. The PRB and the reviewing courts might not accept the patentee’s narrowing statements about the claim in suit, however narrowing. In patent invalidation actions, claim construction is a necessary step of first priority. The PRB must construe the claim in suit as required by rules of law. Where the proper claim construction will make the claim in suit declared invalid, the PRB must do so even though the patentee made very narrow statements about the claim in suit to the effect the claim can be kept valid under those narrowing statements. If the parties appeal the decision to the PRB’s reviewing court, the court must do the same. In a follow-up patent infringement litigation, if the court does not give deference to the claim construction as accepted in the PRB’s de-

cision or the judgment by its reviewing courts, but rather hold the narrowing statements made the patentee in the invalidation actions are binding, the public at large might well wonder what the authority of the decision made by these public adjudicating bodies is.

Second, there is a double standard problem. Suppose that the patent invalidation action involved claim X, the PRB, the Beijing No.1 Intermediate People's Court or the Beijing Higher People's Court did not accept the patentee's narrow interpretation of the feature A, and thereby declared invalid claim X having the feature A. Suppose further, the patentee later brings an infringement litigation on the basis of claim Y having the same feature A. If the court hearing the case, however, insists that the patentee must not repudiate his narrowing statements, the interpretation of the feature A which was not accepted by the PRB and its reviewing courts. As a result, the court finds no infringement on account of the narrowing statements. Obviously, here two distinct standards are applied to construe the same claim. It is unfair, and inconsistent.

The fundamental reason why like rule of the prosecution history estoppel does not apply to narrowing statements before the PRB is the distinction between patent examination and patent invalidation. Unlike the *inter parte* patent invalidation discussed later, patent examination is *ex parte*. Because there are relatively limited channel of information for examiners on the one hand, and patent applicant has abundant information about the application on the other, the inventor or anyone substantially involved in the patent prosecution are obliged to act in good faith before the USPTO. They are required to disclose all information of material effect on the examination of the application.¹⁴ To further this end, the US Patent Act allows an examiner to make the broadest reasonable construction of the claims.¹⁵ Violating this duty of disclosure may constitute inequitable conduct, rendering the patent granted unenforceable. It is presumed that the applicant make *bona fide* statements, upon which an examiner is entitled to rely for making decision. Consequently, the patentee is estopped for statements made in prosecuting patent when he bring infringement lawsuit against alleged infringers.

There is sound legal basis for imposing duty of disclosure upon patent applicants. To some extent, a patent is a contract between the state and an inventor. The former grants monopoly of a given period of time in exchange for the latter's early disclosure of new technological knowledge.

Like concluding all other contracts, the state and the inventor must undergo a negotiation process. That is patent examination, where the patent applicant, like parties in negotiating other contracts, is obliged to act in good faith.

Distinct from patent examination, patent invalidation is *inter parte*, an adversary process. It is widely believed that the adversary process itself is the engine to find fact. The opposing parties are supposed to take care of their own matter by making legal argument and coming forward with evidence in their own favour. Thus, in patent invalidation, a patentee is not obliged to disclose unfavorable information. As a result, there is no legal basis to estoppel him in later infringement litigation for the statements he made in the invalidation proceedings. It is not uncommon that later discovered fact may support his argument in the infringement lawsuit even though the argument is contrary to his statement in an earlier invalidation action, which has nothing to do with fraudulent failure to disclose as in patent prosecution. Further, unlike an examiner, the adjudicators in patent invalidation action are impartial and critical. They are not expected to rely on one party's statements to make decision, even if one could say there is some kind of good faith duty imposed on the parties. Rather, they must rely on their independent judgment, taking into account of the offered evidence and legal arguments. Further, he must not make the broadest reasonable construction of the claims, as an examiner does. When facing narrowing statements made by a patentee, he must follow the claim construction rules, rather than the words of the patentee. In short, there is no like solid legal basis for applying estoppel to narrowing statements made by the patentee before the PRB, as the legal basis for applying prosecution history estoppel to statements made by the patent applicant before patent examiners.

3. Legal effect of PRB decisions

Where the PRB made an interpretation to a given feature, such interpretation should be given deference in a later infringement litigation based on a claim having that feature to which the patent invalidation requester and the patentee are parties, unless the interpretation was reversed by PRB's review courts, that is, the Beijing No. 1 Intermediate People's Court or the Beijing Higher People's Court. And, if the PRB's interpretation is reversed, the interpretation made by the reviewing courts for that feature should be given deference.

This conforms to the Chinese Civil Procedure Law and the rules of evidence. It is provided in both Article 75 of the Supreme People's Court Opinions on Application of the Civil

Procedure Law of P.R.C and Article 9 of the Supreme People's Court's Provisions on Rules of Evidence in Civil Procedure that one does not have to come forward with evidence in later lawsuit for the judged facts in a final judgment of a prior lawsuit to which he was a party. This rule should apply to claim construction because it is not a pure matter of law. Basically, a claim is read through the lens of a person having ordinary skill in the art on the filing date. It is a matter of fact to find such person having ordinary skill in the art on the filing date. Where a court makes claim construction, to the extent that the judgment says what the person having ordinary skill in the art knew on the filing date, the above rules should apply.

These rules are similar to the U.S. doctrine of collateral estoppel. Under the U. S. patent system, collateral estoppel applies to the *inter parte* reexamination and judicial procedure. Collateral estoppel differs from *res judicata* in that the latter refers to claim preclusion while the former refers to issue preclusion. If the following conditions are met, collateral estoppel is applicable: (1) The issues in the second suit are the same as in the first suit; (2) The issues in the first suit must have been actually litigated; (3) The issues in the first suit must have been actually decided; (4) The issues must have been necessary to the court's judgment. Thus, for collateral estoppel, it is impossible for an interested party to bring a different cause of action to litigate the same issue which has already been judged. If he is dissatisfied with the judgment on a particular issue, he could only appeal to the reviewing court, rather than resort to a collateral procedure.

Under the U.S. patent system, one can invalidate a given patent either through the civil action before a federal district court, or the *inter parte* patent examination action before the USPTO. Here, collateral estoppel applies. Where the parties had fully argued on an issue in the patent reexamination, they cannot challenge the USPTO decision arrived at through a later collateral litigation before a federal district court even if new evidence is found.¹⁶ Likewise, if a reference contain feature A, and it is necessary for the court to make the final judgment that claim X containing feature A was invalid, then, in a later *inter parte* reexamination with respect to claim Y having feature A, the USPTO will apply collateral estoppel, giving deference to the prior judgment on the feature A.¹⁷ In other words, if an interested party is not satisfied with an interpretation of the claim in suit made by a federal district court or the USPTO in *inter parte* reexamination action, he can do nothing but appeal to the CAFC, and cannot

get remedy through collateral procedures.

For China, collateral estoppel should apply to issues decided either in earlier infringement or invalidation actions. They are both *inter parte* and collateral to each other. First of all, as mentioned above, the Chinese Civil Procedure Law has put in place provisions for the legal effect of judged fact, which is quite similar to collateral estoppel. Second, a comparative study of the Sino-US patent systems gives further supports to the adoption of this rule. In fact, the Chinese patent invalidation and the US *inter parte* reexamination are similar. Thanks to the U.S. patent system reform, a third party now has more procedural rights. If he is not satisfied with a decision made by the USPTO, he may appeal to the CAFC, with the USPTO being the defendant; and the patentee may also bring cross appeal.¹⁸ Thus, what the USPTO is to a federal district court is what the PRB to a local court in China; and the USPTO to the CAFC is similar to the PRB to the Beijing No.1 Intermediate People's Court or the Beijing Higher People's Court. In conclusion, there is considerable legal basis for China to apply collateral estoppel within its patent system, even though it is a common law rule.

Collateral estoppel, however, is not a doctrine without limitations. Collateral estoppel is adopted to prevent abuse of the judicial resources and litigation harassment. However, it may prejudice legitimate procedural rights. When collateral estoppel applies to a PRB decision, both the patentee and the requester can face hard time. Claim construction is not a pure matter of law, but a matter of fact to a large extent.¹⁹ Subsequent to a patent invalidation action, the patentee may find new evidence for a broader construction of a given feature; and the requester may also find new prior art to justify narrow interpretation of the same feature. Besides, both parties may fail to argue fully in the previous invalidation proceedings. Regardless of all these possibilities, collateral estoppel prohibits the patentee and the requester from litigating the same issue already decided by the PRB or its reviewing court in a later infringement lawsuit.

Any rigid application of collateral estoppel may stifle justice. Therefore, even if collateral estoppel should apply to a given issue decided by the PRB, where justice overrides the risks of litigation harassments and abuse of judicial resources in a particular case, the court should refrain from applying collateral estoppel.

IV. Request for patent infringement settlement and patent invalidation

It is said that “full” estoppel is applicable within the Chinese patent regime. That is, the patentee is not only estopped in infringement litigation for his statements in earlier patent invalidation proceedings, but also estopped in a patent invalidation action for his statements in earlier infringement litigation. For the latter, the “ZHXI case” is often cited.

However, the doctrine of estoppel applying to this case was not a limitation on infringement by equivalents, nor a rule for claim construction. The key issue in this case was whether the statements made by ZHXI, which filed request for the Patent Infringement Settlement with the Shenzhen IP Office, constituted admission of what he claimed so as to be accepted without further evidence. On the surface, it is a matter of rule of evidence. But it is closely related to the collateral estoppel rules. For this reason, it is discussed in details below.

In this case, Baoan (the requester) argued that the patent (No. 00300904.1) for the Design of Health Sauna Bath Device (the patent in suit) owned by ZHXI was not novel and should be declared invalid. The filing date of the patent was on 13 February 2000, the date of publication of the grant of the patent on 4 October 2000, and the product was entitled “Health Sauna Bath Device”. Baoan proved that ZHXI had made and marketed SH-A10 Health Sauna Bath Device (SH-A10) before the filing date. Baoan further came forward with evidence that ZHXI claimed in the written request in 2002 filed with the Shenzhen IP Office that the “Ding Lang” brand ZS-104 Steam Medicinal Bath Device (ZS-104) was identical with SH-A10 in design.²⁰ But to the request only the drawing of ZS-104 was attached. Drawings of SH-A10 was nowhere to be found. Nevertheless, Baoan argued that the drawings of the ZS-104 should be taken as a reference to show that the patent in suit was not novel.

The Beijing No.1 Intermediate People’s Court ruled for Baoan’s. As a first step, the court reasoned that absent sufficient evidence to the contrary, the SH-A10 made in 1999 was identical with the SH-A10 made in 2002 in design.²¹ Then the court held that what ZHXI claimed in its request filed was binding: “Absent evidence to the contrary, the facts claimed in the request can be accepted directly without proof in this later patent invalidation action.”²² In effect, the court decided that in 2002, ZS-104 was in fact identical with SH-A10. As a

result, the drawing of ZS-104 is evidence for the design of SH-A10 as of 2002, which is presumed to be identical with SH-A10 as of 1999. Consequently, the drawing of ZS-104 in the request can serve as a reference for the design patent in suit. Put it otherwise, the court accepted the argument that the SH-A10 made and marketed in China in 1999 was in fact identical with the ZS-104 in design, as shown in the request of 2002.²³ Although there is no evidence to show that ZS-104 was identical with SH-A10 as existed in 2002, the court held ZHXI to be what it claimed in the request, without requiring any evidence by Baoan.

Dissatisfied with the judgment, ZHXI appealed to the Beijing Higher People’s Court, which upheld the lower court’s judgment. In particular, the appellate court pointed out that ZHXI’ statements that the ZS-104 was identical with SH-A10 were the “factual basis” to accuse Baoan of infringement of its design patent, and this constituted “admission.”²⁴

The key issue of this case is about what constitutes admission. However, “admission” under the Chinese Civil Procedure Law and the evidence rules does not cover the situation that one party made in another action with regard to the facts or claims made by the other party in that action, but means that one expressly admits the fact or claims made by the other party in the same procedure. It is provided in Article 75 of the Supreme People’s Court Opinions on Application of the Civil Procedure Law of P.R.C that “A party does not have to come forward with evidence ... where the other party expressly admits the fact asserted.” In Article 21 of the Supreme People’s Court’s Several Provisions Relating to Issues of Reform of Ways to Hear Civil Cases, it is further provided that “where a party asserts facts or made claims without coming forward with evidence, the court must not rely on the fact as asserted or the claims so made, unless the other party expressly admits them.”

The rule for admission should not have been applied in this case. It should be noted that statements made out of the pending action of the court is hearsay, one form of evidence. As admission is defined as the party “does not have to come forward with evidence” or “without coming forward with evidence”, when the other party “admit”, in the cited case, the statements made by ZHXI in his Request for Patent Infringement Settlement with the Shenzhen IP Office, is hearsay. When Baoan presented those statements, he was presenting evidence. As a result, there was no place to apply admission.

It should be admitted, however, that in an adversary process, there is possibility that a party’s statements out of the

pending action may be accepted as evidence.²⁵ Even so, the coverage is limited matter of fact,²⁶ not applicable to matter of law. Then, are ZHXI's statements that ZS-104 was identical with SH-A10 in design a matter of fact that the court could accept without requiring evidence? Legally, "being identical in design" as claimed, actually means that ZS-104 is "identical with or similar to" SH-A10 so that ZS-104 constitutes an infringement of the design patent. For this purpose, the court must consider all the features claimed by the design patent in the light of the overall visual effect of the design in suit, through the lens of the relevant sector of the public of the product incorporating the design, namely.²⁷ Besides, no account should be taken of the "design features required for realising functions, and material and internal structures and like factors which have no impact on the overall visual effect."²⁸ Thus, "being identical in design" is, to a large extent, a matter of law, rather than a matter of fact. In effect, ZHXI's statements in its written request are nothing but a claim for design patent infringement, a matter of law which is up to the authority to decide. For such a claim for infringement, which was not decided by the competent authority, the court should not have accepted it as it was claimed.

Meanwhile, this case reminds us of the possible application of the collateral estoppel to administrative decisions. As mentioned above, it is provided in Article 75 of the Supreme People's Court Opinions on Application of the Civil Procedure Law of P.R.C and Article 9 of the Supreme People's Court's Provisions on Rules of Evidence in Civil Procedure that where a matter of fact has already been decided in a final judgment, an interested party does not need to come forward with evidence to prove it in later litigation. This rule of law may apply *mutatis mutandis* to administrative decisions. Specifically, as for ZHXI's Request for Patent Infringement Settlement, if the Shenzhen City IP Office had decided that there was infringement by Baoan's and this was final, then the PRB should give deference to that decision, accepting that ZS-104 was "identical with or similar to" SH-A10. As a result, it might rule that the drawings showing ZS-104 could be a reference for declaring invalid the patent in suit.

On the other hand, if the Shenzhen City IP Office had decided that there was no infringement by Baoan's and this decision was final, then, the PRB and its reviewing courts must not use the drawings showing ZS-104 as a reference for declaring the patent in suit invalid. For the first thing, if they decide that ZHXI's statements admission, this holding is

equal to reversing the Shenzhen IP Office's decision. But they do not have the jurisdiction over Shenzhen IP Office to reverse the decision. Besides, if the Shenzhen City IP Office did not make a decision, neither the PRB, nor its reviewing courts has the power to make a decision for the IP Office that Baoan did infringe the patent in suit. Thus, the legal effect of an administrative decision on a Request for Patent Infringement Settlement in later patent invalidation procedure is a matter of whether the collateral estoppel should apply.

Conclusion

Owing to the distinction between prosecution and invalidation procedures, the prosecution history estoppel may apply to the former, and like estoppel rule may not apply to the latter. Rather, collateral estoppel should apply to the latter. As Article 7 mingles these two different rules for estoppel, it should be revised.

Drawing on the argumentation already presented, I would like to propose the following text as the recommended amendment to Article 7 for further discussion:

Article 7 Where an applicant, on his own initiative or at the request of the examiner, made narrowing amendments to, or statements on, claims, the court hearing patent infringement based on the claims must not recognise protection for the features of the claim so surrendered when the patentee claims for such protection.

Where a patentee made narrowing amendments to, or statements on claims and the Patent Reexamination Board accepted them, which became final, the court hearing patent infringement based on the claims must not recognise protection for the features of the claim so surrendered when the patentee claims for such protection.

As for "the features of the claim so surrendered", the court must make decision through the lens of a person having ordinary skill in the art. ■

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¹ For Judicial Interpretation of Adjudicating Patent Infringement Disputes (Issued by the Supreme People's Court's for Comments), see: <http://www.sipo.gov.cn/sipo2008/yw/2009/200906/P020090619548581927622.doc>

² Article 43 of the Beijing Higher People's Court's Opinions on Patent

Infringement Adjudication (For Trial Implementation) (No. Jinggaofafa 229/2001): Doctrine of estoppel means that in the patent examination, revocation or invalidation proceedings, the patentee narrowed or partially surrendered the scope of protection for claims via written statements or amendments to the patent documents to prove that the patent was novel and inventive, and on account of his statements or amendments, he was granted the patent, or he preserved the validity of the patent challenged in the revocation or invalidation proceedings. For this reason, when considering infringement by equivalents for that patent, the court must not allow the patentee to get protection for what he delimited, excluded, or surrendered.

³ Guangdong Shenzhen Cuange Science and Technology Co., Ltd. v. Compaq, as heard by the Beijing Higher People's Court in December (No. Gaozhichuzi 36/1998).

⁴ See Shenzhen City ZHXI Industry and Trade Co., Ltd. v. PRB as heard by the Beijing No.1 Intermediate People's Court in November 2003 (No. Yizhongxingchuzi 00372/2003); Shenzhen City ZHXI Industry and Trade Co., Ltd. v. PRB as heard by the Beijing Higher People's Court in May 2004 (No. Gaoxingzhongzi 89/2004).

⁵ See Article 8 of the Judicial Interpretation of Adjudicating Patent Infringement Disputes (Issued by the Supreme People's Court's for Comments): When making decision upon whether the accused technology falls within the claim alleged to be infringed, the court must not leave out a single limitation of the claim. Where the accused technology covers literally all the limitations of the claim or their equivalents, the accused technology falls within the patent protection as alleged. Where the accused technology, when compared with the limitations of the claim alleged to be infringed, lack one or more limitations, or one of its features is not identical with or equivalent to the limitations of the claim, the accused technology falls outside the patent protection as alleged.

⁶ See Article 3 of Judicial Interpretation of Adjudicating Patent Infringement Disputes (Issued by the Supreme People's Court's for Comments): To interpret a given term in a claim, the court may refer to the written description, the drawing, other claims and the prosecution history of the patent. Where the term is defined in the written description of the patent, such definition must control. If the meaning of the term cannot be ascertained by the above approaches, the court may interpret the term by referring to reference books, textbooks and the like which are available to the public in combination with the ordinary meaning of the term as understood by a person having ordinary skill in the art.

⁷ See *Festo Corp. v. Shoketsu Kinzoku Kogyo Kabushiki Co.*, 234 F.3d 558 (Fed. Cir. 2000) (en banc), vacated and remanded, 535 U.S. 722 (2002).

⁸ Cf. *Advanced Cardiovascular Systems Inc. v. Medtronic Inc.*, 41 USPQ2d 1770, 1174, n.4 (N.D. Calif. 1996) ("Since prosecution history estoppel is only applicable where the doctrine of equivalents has been

raised as a means of constructing an infringement claim, prosecution history estoppel is not an affirmative defense. ... Accordingly, the Court strikes with prejudice [paragraphs in the accused infringer's answer pleading the estoppel]. This ruling, however, does not preclude defendant from raising prosecution history estoppel should plaintiff assert a patent infringement claim based on the doctrine of equivalents.); *Anderstat Controls v. American Standard Inc.*, 30 USPQ2d 1778, 1785 (W. D. N.Y. 1994) ("This Court rejects Plaintiff's argument that prosecution history estoppel is a discretionary doctrine").

⁹ See *Exhibit Supply Co. v. Ace Patents Corp.*, 315 U.S. 126 (1942).

¹⁰ See *Insituform Technologies, Inc. v. Cat Contracting, Inc.*, 99 F.3d 1098, 1107-08 (Fed. Cir. 1996).

¹¹ See *Haynes International, Inc. v. Jessop Steel Co.*, 8 F.3d 1573 (Fed. Cir. 1993), on reh'g, 15 F.3d 1076 (Fed. Cir. 1994); *Hoganas AB v. Dresser Industries, Inc.*, 9 F.3d 948 (Fed.Cir. 1993).

¹² Cf. *Zenith Laboratories, Inc. v. Bristol-Myers Squibb Co.*, 19 F.3d 1418, (Fed. Cir. 1994), cert. denied, 513 U.S. 995 (1994).

¹³ See supra note 6.

¹⁴ See 37 C.F.R. §1.56 (a)

¹⁵ See *In re Am. Acad. of Sci. Tech. Ctr.*, 367 F.3d 1359, 1364 (Fed. Cir. 2004) (The Patent and Trademark Office determines the scope of claims in patent applications not solely on the basis of the claim language, but upon giving claims their broadest reasonable construction in light of the specification as it would be interpreted by one of ordinary skill in the art).

¹⁶ See *Patent Applications Handbook* § 7:6.

¹⁷ See MPEP § 2659 - 2600, at: http://www.uspto.gov/web/offices/pac/mpep/documents/2600_2659.htm#sect2659

¹⁸ 37 CFR 1.983, Appeal to the United States Court of Appeals for the Federal Circuit in *inter partes* reexamination.

¹⁹ See *Phillips v. AWH Corp.*, 415 F.3d 1303, 1333 (Fed.Cir.2005) (Mayer dissenting).

²⁰ See supra note 4 (No. Gaoxingzhongzi 89/2004).

²¹ See supra note 4 (No. Yizhongxingchuzi 0372/2003).

²² See id.

²³ See id.

²⁴ See supra note 20.

²⁵ Cf. Federal Rule of Evidence, Rule 801 (d).

²⁶ Cf. Id. Rule 806.

²⁷ See Article 11 and Article 12 of Judicial Interpretation of Adjudicating Patent Infringement Disputes (Issued by the Supreme People's Court's for Comments).

²⁸ See id.