Latest Developments in Adjudication of IP Cases by Beijing Higher People's Court in 2012

(Abridged Part on Patent)

The IP Tribunal of the Beijing Higher People's Court

In 2012, the Beijing Higher People's Court received 1,510 IP cases of all types, of which 1,377 were administrative cases involving grant and affirmation of the IP rights, accounting for 91.19% of all the cases accepted in the year, and 133 cases were IP-related civil cases, taking up 8.81%; of the 1,377 administrative cases involving IP right grant and affirmation accepted in the year, 353 cases were administrative case involving patent grant and affirmation, amounting to 25.64%, and 1,024 involving trademark grant and affirmation, representing 74.36%.

In 2012, the Beijing Higher People's Court closed 1,497 IP cases of all types, of which 1,342 were administrative cases involving grant and affirmation of the IP rights, accounting for 89.65% of all the cases closed in the year, and 155 cases were IP-related civil cases, taking up 10.35%; of the 1,342 administrative cases involving IP right grant and affirmation closed in the year, 379 cases were administrative case involving patent grant and affirmation, amounting to 28.24%, and 963 involving trademark grant and affirmation, representing 71.76%.

Administrative cases involving grant and affirmation of patent rights

Determination of whether conflictin g applications assigned to applicants in patent application examination procedure ruin the novelty of said patent application

Under Article 22, paragraph two, of the Patent Law as of 2001, a conflicting application refers to an application relating to the invention or utility model another entity or individual previously filed before the date of filing with the Patent Administration Department under the State Council, and was recorded in the patent application documents published after the said date of filing. In other words, in examining or assessing the novelty of an invention or utility model, a conflicting application filed by another entity or individual will ruin the novelty of said invention or utility model. The above provision of the Patent Law as of 2001 requires that the conflicting application be a prior application filed by another entity or individual. If in the patent under examination procedure or patent application in prosecution, said conflicting application is assigned to the applicant of the patent under examination or the patent application according to law, the court of appeal pointed out in a recent court decision that in case like this, said conflicting application can still ruin the novelty of the patent under examination or the patent application.

In Star Paging Company (Star) v. Patent Reexamination Board (PRB) and Li Qin[1], an administrative case of dispute over invalidation of a patent, the patent was an invention patent filed on 19 May 1994 entitled "method and device system for theft prevention in non-cash instant payment", and its grant was published on 4 October 2000. The former patent applicant and patentee was Wong Kam Fu, and latter changed into Star. On 30 April 2010, Liu Qin requested the PRB to invalidate the whole patent on the ground that said patent lacked novelty, and provided the disclosed description of the Chinese invention patent application (CN 1121676A), the filing date of which was 29 March 1994 and the applicant of which Star, and which was disclosed on 1 May 1996. The Star claimed that it was the owner of the patent and the Chinese invention patent application (CN 1121676A), so the latter did not constitute a conflicting application. The PRB argued that under Article 22, paragraph two, of the Patent Law as of 2001, the point of time on the

basis of which an application was found conflicting was the date of filing of the patent or the patent application under examination; hence whether the application was filed by another party was determined on the basis of the applicant indicated in the patent and the patent application under the examination filed on the date of filing. The applicant of the invention patent application (CN 1121676A) was Star, while the applicant indicated in the patent application filed on the date of filing was Wong Kam Fu, and the two were different applicants; hence, the Chinese invention patent application (CN 1121676A) constituted an application conflicting the present patent. Accordingly, the PRB decided to have invalidated the patent, and the trail court sustained the examination decision.

The court of appeal concluded that "any entity or individual filed previously" mentioned in Article 22, paragraph two, of the Patent Law as of 2001 meant that the application was filed by "another entity or individual", and also showed that the applicant of said applicant was not the same person as the applicant of a later filed application. Not limiting the "another entity or individual" of the conflicting application mentioned in Article 22, paragraph two, of the Patent Law to those after the date of filing was likely to render the law provision on conflicting applications existing in name only or meaningless, and caused much repeated patenting. In this case, while the patent was assigned to the applicant of the Chinese invention patent application (CN 1121676A) after the date of filing, the applicant of the Chinese invention patent application (CN 1121676A) was not the applicant or patentee of the patent on the date of filing thereof; hence the Chinese invention patent application (CN 1121676A) constituted an application conflicting the present patent.

Determination of novelty of chemical product claims shown with physical-chemical parameter

For chemical product claims shown with physical-chemical parameter, the applicant should adduce evidence to show the relationship of the derived parameter with component and content of the chemical product, and the physical-chemical parameter should not be used as an alternative expression of the chemical composition. If it is impossible to compare the product shown with said parameter with the product disclosed in a reference on the basis of the parameter, which makes it impossible to find the difference between the two products, the claims of the former is presumed lacking novelty mentioned in Article 22, paragraph two, of the Patent Law.

In Ineos Europe Ltd. (Ineos) v. PRB[2], an administrative case of dispute over rejection of an application for invention patent, Ineos field an application for a patent for the invention of polymer mixture, and the independent claim went like this: "1 A polymer mixture, said polymer mixture comprises: (a) 1-99% by weight of ethylene and α olefine copolymer of 3-10 carbon atoms, said copolymer is characterised in that: (iv) density ranges 0.905-0.940g/cm^3, (v) a melt elastic modulus G´ (G"= 500Pa) ranges 10-150Pa, and (vi) a melt flow index ranges 5-50, and (b) low density polyethylene polymer (LDPE) of 1-99% by weight the density range of 0.914-0.928g/cm^3, wherein the total sum of (a) and (b) is 100%." The State Intellectual Property Office (SIPO) rejected said independent claim of the application for lack of novelty as the cited reference 1 was the description of the invention patent (WO 0200436A2), in which a polymer mixture comprising VLDPE and LDPE was disclosed. Upon reexamination, the PRB concluded that the component of the polymer mixture disclosed in claim 1 of the patent in suit, content, the density and melt index of component (a), and the density of component (b) were all disclosed in reference 1, and only the melt elastic modulus value of VLDPE was not disclosed therein. The amount of the melt elastic modulus of VLDPE defined in claim 1 was a physical-chemical parameter, and the range thereof was rather large, while reference 1 actually disclosed several technical solutions for making ethylene, 1-hexene copolymer and mixture with LDPE in the presence of metallocene catalyst in the polymer reaction process, and the embodiments provided several examples of making VLDPE. It was insufficient to differentiate the product of claim 1 from that disclosed in reference 1 merely according to the amount of melt elastic modulus of the product so made. Besides, Ineos failed to present any evidence to show that the amount of the melt elastic modulus of VLDPE in the polymer mixture disclosed in reference 1 did not fall within the scope defined in claim 1; hence claim 1 was presumed lacking novelty relative to reference 1. The PRB, accordingly, decided to have upheld the SIPO's rejection decision, and the trial court sustained the PRB's decision in suit.

The court of appeal concluded that the present application contained chemical product claims shown with physical-chemical parameter, should be examined as a chemical product, and the "novelty presumption" rule might apply thereto. Claim 1 of the patent in suit defined three parameters: the range of density, melt elastic modulus amount and melt index range of the polymer mixture, but Ineos failed to

provide evidence to show the relations between said parameters and the components or content of said chemical product; the parameters of claim 1 of the application were merely a description of chemical product claim by using the physical-chemical parameter. Reference 1 disclosed other two parameters besides the amount of the melt elastic modulus presented in the application in suit, but the amount of the melt elastic modulus defined in claim 1 had a relatively large range, and Ineos did no have evidence to prove that the amount of the melt elastic modulus of VLDPE of the polymer mixture disclosed in reference 1 did not fall within the range defined in claim 1 of the patent in suit, nor show that the range of the amount of the melt elastic modulus naturally corresponded to the configuration of long-chain branching. Since it was impossible to compare the product shown by the physical-chemical parameters with the product disclosed in reference 1 according to the physical-chemical parameter of the amount of the melt elastic modulus presented in the application in suit, so impossible to determine the difference between the product shown by the physical-chemical parameters with the product disclosed in reference 1, the PRB's presumption that claim 1 of the application in suit lacked novelty relative to reference 1 was correct.

Determination of inventiveness of utility model patent having some technical elements deleted

To assess the inventiveness of a utility model patent is to determine whether it has any substantive feature and represents progress compared with the technology existing before the date of filing of said patent. By "substantive feature" is meant that the utility model is non-obvious relative to the prior art for a person skilled in the art; by "progress" is meant that the utility model is capable of producing useful technical effect compared with the prior art. Whether a utility model is obvious relative to the prior art for a person skilled in the art is determined mainly based on the technical problem said utility model is to resolve to see whether the prior art, as a whole, offers any technical motivation, namely whether the prior art motivates one to use the distinguishing technical features of said utility model in the closest prior art to resolve the existing technical problem. This motivation drives a person skilled in the art, faced with a relevant technical problem, to improve the closest prior art and secure the technology of the utility model patent. When said distinguishing technical feature is common knowledge, or relevant technical means the closest prior art or relevant technical means disclosed in another reference, and the technical means plays the same role in the reference as one said distinguishing technical feature plays in the claimed utility model for resolving the relevant technical problem, it is usually possible to determine the presence of the corresponding technical means. When assessing the inventiveness of a creation-invention, one should not have the "hindsight" only. If a utility model has some elements deleted compared with the prior art, but keeps all the original functions of the prior art, or produces unexpected technical effect, the utility model should be found having inventiveness.

In Wu Zhiyong v. PRB and Zhongshan City Shengtai Metal Products Co., Ltd. (Shengtai)[3], an administrative case of dispute over invalidation of a utility model patent, Wu Zhiyong was patentee of the patent for the utility model of three-dimensional adjustable concealed hinges for furniture doors. The Shengtai requested the PRB to invalidate the patent on one of the grounds that it was contrary to Article 22, paragraphs two and three, of the Patent Law, and submitted several appendixes. The PRB concluded that claim 1 of the patent in suit differed from appendix 2 in that the latter did not clearly disclose that eccentric components 22, 28 and 55 were eccentric adjustment rivets. Since appendix 2 had disclosed the design that essentric component 22 used screw driver to rotate to achieve adjustment along concave trough 41 or 42 at the sides of arrow B, and it was easy for a person skilled in the art to contemplate that the eccentric members in appendix 2 might be the known eccentric adjustment rivets; hence claim 1 of the patent in suit lacked substantive feature compared with appendix 2, so was contrary to Article 22, paragraph three, of the Patent Law. For this reason, the other claims of the patent in suit did not have inventiveness. Accordingly, the trial court and the PRB found the patent invalid as a whole.

The court of appeal concluded that compared with appendix 2, the technical features of "deposing transverse pin 27, eye-shaped part 25, elongated opening 26 and tongue part 56" was absent in claim 1 of the patent in suit, and the absence rendered the patented structure simpler and more graceful. More importantly, with the absence of the technical features, the patent did not have fewer functions in that the patent could still function to keep the hinge stable. While in the description of appendix 2 were mentioned that "base plate 50, holding arm 20 and arm section 24 stay at transverse pin 27 through tongue part 56, elongated opening 26 or eye-shaped part 25 to ensure the stability of the hinge, and, particularly, arm section 24 moves toward direction C of

base plate 50, but what was mentioned in appendix 2 did not give a person skilled in the art the technical motivation to derive the technical solution of claim 1 of the patent in suit. The PRB erred in determining that claim 1 of the patent in suit did not possess substantive feature compared with appendix 2. Since all the other claims of the patent in suit depended on claim 1, and claim 1 had inventiveness, they also had inventiveness.

Determination on mutual relations between distinguishing technical features in assessing inventiveness of patents

The inventiveness of an invention or utility model patent should be assessed with full and correct construction of the technical solution of the patent under examination and the prior art. Erroneous determination of the technical features distinguishing the former from the latter often results in erroneous assessment of inventiveness. If the technical features distinguishing a patent under examination from the closest prior art work together or mutually coordinate, whether the prior art has any technical motivation should be determined by properly considering the mutual relations and function between the distinguishing technical features, and one should not ignore the relations and function, nor consider each technical feature in isolation to see the presence of technical motivation thereof in the prior art.

In Shenyang Haiwei Electric Equipment Co., Ltd. (Haiwei) v. PRB and Shenyang Ruifeng Electric Equipment Co., Ltd. (Ruifeng)[4], an administrative case of dispute over invalidation of patent for an invention, the patent in suit related to a multifunctional bellows expansion conservator, and the patentee was Haiwei. Ruifeng requested the PRB to declare said patent invalid. The PRB and the trial court both concluded that, by comparison, the claimed technical solution of claim 1 of the patent in suit differed from the technology disclosed in evidence 1 in that: (1) claim 1 of the patent in suit comprised oil discharge pipe, which ran through exhaust pipe, while the exhaust pipe in evidence 1 served as an oil discharge pipe for vacuum oiling and discharging oil after oil was full; (2) claim 1 of the patent in suit comprised guide means, but this relevant part was absent in evidence1; (3) at one side of the expansion core of claim 1 was deposed magnetic core sub-level gauge, while on the oil storage of evidence 1 was deposed an observation window in place of the traditional oil level gauge; and (4) the unloading device was connected to exhaust pipe in claim 1, while in evidence 1 the core protective devices and exhaust pipes were respectively connected on the upper end of the corrugated elastic core. Regarding distinguishing technical feature 1, with the technical motivation of evidence 1, a person skilled in the art could easily contemplate deposing a special section of oil discharge pipe to connect the exhaust pipe to discharge oil in the oil injection phase; distinguishing technical features (2), (3) and (4) were common technical means to a person skilled in the art to prevent jam of the two when moving from affecting the normal operation of oil storrage. Therefore, based on evidence 1 and the common technical means in the art, one might easily contemplate the technical solution of claim 1 of the patent in suit, so said claim 1 of the patent in suit lacked inventiveness, so did claims 2 and 3 for the same reason.

The court of appeal concluded that the inventiveness of a patent should be assessed by fully and correctly construing the technical solutions of the patent in suit and the prior art. If the distinguishing technical features worked together, they should not be analysed in isolation in relation to their function and the possible technical motivation in the prior art, but be comprehensively examined to find the technical motivation. As for distinguishing technical feature (1), the PRB determined in its invalidation decision that deposing oil discharge pipe in claim 1 of the patent in suit was to close the vent value and finalise oiling when stable oil flowed out through oil discharge pipe in the exhaust pipe and unloading device in the oil injection phase; but evidence 1 gave the relevant technical motivation: "in the oil injection phase, the exhaust pipe remains vacuum during injection until oil flows out from said pipe." In other words, the exhaust pipe in evidence also functioned to discharge oil, and with the technical motivation of evidence 1, it was easy for a person skilled in the art to contemplate specially deposing a section of oil discharge pipe to connect with the exhaust pipe to fulfill the function of discharging oil during oil injection. But it was not mentioned at all in the description, appended drawings and claims of the patent in suit that "to close the vent value and finalise oiling when stable oil flowed out through oil discharge pipe in the exhaust pipe and unloading device". In fact, the precondition of "closing the vent value" was "when stable oil flowed out through oil discharge pipe in the exhaust pipe", not "when stable oil flowed out through oil discharge pipe in the exhaust pipe and unloading device". In the patent in suit, during oil injection, the unloading device generally did not open, and it automatically discharged oil only when "the pressure transformer injects oil or does not work properly, and oil level exceeds the upper limit of the oil storage" be-

cause during normal oil injection, oil level would not exceed the upper limit of the oil storage. For this reason, during normal oil injection, it was impossible to take as the benchmark for the patent in suit to close the vent value when stable oil flowed out through oil discharge pipe and unloading device as determined by the PRB, but when "stable oil flowed out through oil discharge pipe" should be taken as the benchmark for making the determination in evidence 1. With the same benchmark of closing the vent value, based on evidence 1, a person skilled in the art would not be motivated whatsoever to "deposing a special section of oil discharge pipe to connect the exhaust pipe to discharge oil to fulfill the function of discharging oil in the oil injection phase". The oil discharge pipe in claim 1 of the patent in suit functioned, actually, to discharge the oil discharged from the unloading device in a fixed direction. Hence, the PRB and the trial court erred in understanding the function of the oil discharge pipe of the patent in suit, so did they in determining distinguishing technical feature (1). As for distinguishing technical feature (4), the PRB concluded that while in evidence 1 the core protective device was not connected to exhaust pipe, connecting them if needed actually was technical means commonly used in the art. Obviously, the PRB failed to specifically explain due to what need a person skilled in the art was motivated to connect the two. Technically, it was easy to connect them, but evidence 1 and other prior art did not offer any technical motivation; a person skilled in the art would not, on his own initiative, connect the two to improve the technical solution of evidence 1. As distinguishing technical features (1) and (4) in combination showed, the exhaust pipe and the oil discharge pipe were connected, so were the unloading device and exhaust pipe connected. The technical feature of "their connection" showed that the exhaust pipe was not directly connected to oil discharge pipe, but fluid connection was possible between them. It was possible to determine, on the basis of the description and appended drawings of the patent in suit, that "the unloading device and exhaust pipe were connected" meant the connection of the unloading device and the exhaust pipe, not one between the oil discharge pipe and unloading device so that oil discharge pipe was indirectly "connected to exhaust pipe by its connection with exhaust pipe through upper adjustment plate. Due to this connection, oil discharge pipe did not discharge oil when the unloading device was not activated; when the oil level exceeded the upper limit of the oil storage, the unloading device began to discharge oid, then oil was discharged in a fixed direction through the oil discharge pipe, and would not stay in the oil storage. As the core protective device was not connected to the oil discharge pipe in evidence 1, oil discharged from it was likely to flow in the oil storage, and contaminated the parts therein. Meanwhile, since the unloading device and exhaust pipe were connected in the patent in suit, and the exhaust pipe was also connected to the expansion core having no unloading device, when the cores on the left and right sides reached the upper oil limit at the same time, oil of the right-side core, through the connection between the exhaust pipe and unloading device, ran into the unloading device for quick discharge. Let's look back at evidence 1. Oil of the right-side core must enter the left core through exhaust pipe 6 or oil discharge pipe 3 to discharge oil through the core protective device on the left core, which was a slow response compared with the patent. Besides, a lot of oil was stored in the left core, which increased the resistance against oil of the right core flowing leftward and added load to exhaust pipe 6 and oil discharge pipe 3, easily causing mulfunctions, such as crack of the pipes. Obviously, distinguishing technical features (1) and (4) should not be viewed in isolation as the two were closely related and functioned together. The prior art did not disclose distinguishing technical features (1) and (4), nor give any technical motivation; the two rendered the patent in suit substantially different from evidence 1, so the patent represented notable progress in terms of safety and durability.

Determination of presence of description support for claims

The claims should be based on the description, and may reasonably summerise the embodiments or examples of the description. If the claims contain summery of numerical ranges, the description should normally offer embodiments of the two end-point values and the intermediate value. The summary of the numerical ranges in the claims may possibly exceed the scope of disclosure in the description, then the claims are contrary to Article 26, paragraph four, of the Patent Law.

In Pingxiang City Xinan Industry Co., Ltd. (Xinan) v. PRB and Lai Yongfa[5], an administrative case of dispute over invalidation of the patent for an invention, claim 1 of said patent went like this: "a light green or environmentally friendly ceramic filler, characterised in that: the light green ceramic filler component comprises clay, fly ash; the weight percentage of its components is: 50-85% clay, 15-50% fly ash; the weight percentage of the chemical composition of said light green

ceramic filler is: 65-90% silica, 6-12% aluminum trioxide, ≦ 2% iron trioxide, ≦ 21% magnecia, ≦ 0.1% sodium oxide, ≦ 2.5% calcium oxide, ≦ 1.8% potassium oxide, ≦ 0.33%. titania" The invalidation requester, Xinan alleged that the summary of the numerical range of silica in claim 1 was unreasonable, and not supported by the description. The PRB and the trial court both concluded that the patent in suit complied with Article 26, paragraph four, of the Patent Law, and did not support the invalidation requester's allegation.

The court of appeal concluded that the evidence from Xiuan showed that the highest content of silica of clay raw material in all parts of China was only 79.9%, and if that of the ceramatic filler reached as high as 90%, the silica content of fly ash whose content was lower than 50% was sure to exceed 90%, which did not confirm to the normal knowledge of a person skilled in the art, so a person skilled in the art had reason to be doubtful about the presence of support for claim 1 in the description of the patent in suit. While the description of the patent in suit gave the two end-point values of 69.60% and 80.3% of silica and the intermediate value of 70.1%, the part of claim 1 in which the silica content of 69-90% exceeded 81-90% was not supported by the description; the summary obviously exceeded the scope of disclosure of the description, and was contrary to Article 26, paragraph four, of the Patent Law.

Determination of lack essential technical feature in independent claim

An independent claim should reflect, as a whole, the technical solution of an invention or utility model, and outlines the essential technical features resolving a technical problem. If the independent claim of an issued patent lacks essential technical features resolving the technical problem, the patent should be declared invalid. Lack of essential technical feature in an independent claim should be determined by comprehensively considering the technical solution of the patent, the technical problem the patented technology is to resolve and the technical effect the patent achieves.

In Shenzhen City Julong Kejiao Hi-tech Co., Ltd. (Julong) v. PRB and Shanghai Huashi Jingcheng Hi-tech Development Co., Ltd. (Jingcheng)[6], an administrative case of dispute over a patent for invention, the patentee of said patent was Julong, and the invention patent related to a computer assisted positioning projection method and interaction presentation system using the same. Jingcheng requested the PRB to invalidate said patent on the ground that claims 1 and 8 of the patent in suit were contrary to Rule 21, paragraph two, of the Implementing Regulations of the Patent Law. The PRB and the trial court both concluded that the technical problem the patent in suit was to resolve was to provide a computer assisted positioning projection method, which was capable of rectifying trapezoidal, pincushion and nonlinear distortion of the interaction projection presentation images. But to resolve the nonlinear distortion, the dots on the computer screen and the projection dots should be in a multiple function correspondence, or, at least, be a quadratic function. In other words, to constitute a quadratic function, there would be 6 parameters. According to the principle to determine the number of computer screen positioning dots "n" based on the number of function parameters, the value of "n" should be 6; hence, as for the technical solution outlined in the claims of the patent in suit, constitution of multiple functions required that the value of "n" was ≥6. But claim 1 failed to define the number of "n" of a certain positioning projection dot, that is, the technical solution outlined in claim 1 could not resolve the relevant technical problem, and lacked essential technical feature.

The court of appeal concluded that whether an independent claim lacked essential technical feature should be determined by comprehensively considering the technical solution of the patent, the technical problem the patented technology was to resolve and the technical effect the patent achieved. Claim 1 of the patent in suit was to resolve the problem of rectifying trapezoidal, pincushion and nonlinear distortion of the interaction projection presentation images, respectively selecting the positioning dots and corresponding projection dots on the computer screen and interaction projection presentation screen, calculating, according to the coordinate value of the dots, the parameters of the function p (x', y')=F(p(x,y)), and converting, according to the function, the random operation dots on the interaction projection presentation screen into computer screen coordinate to position the operation dots on the interation projection presentation screen. The object of invention of claim 1 of the patent in suit was not to find the way to select and check function, but to provide a method to solve function parameters, use the function parameters to convert coordinates, and thus to position random dots. The method had three steps. In this regard, claim 1 was clear and complete, and did not lack essential technical feature. The functions used in claim 1 of the patent in suit could be linear, or quadratic function. To a person skilled in the art, to resolve the problem of rectifying trapezoidal, pincushion and nonlinear distortion of the inter-

action projection presentation images it was necessary to use specific polynomial according to the specific type of distortion. Each polynomial had a general form, followed with several determined parameters, the number of parameters was determined according to the specific problem to be resolved and the compute screen positioning dot number "n" was decided. If one was to resolve nonlinear distortion, the dots on the computer screen and the projection dots should be in a multiple function correspondence, or, at least, be a quadratic function; but for linear distortion, it was in linear function relation. Resolving linear distortion with linear function, one would naturally select 2-3 dots, and then the value of "n" was 2 or 3. One would naturally select 4-6 dots, and then the number of the function parameter, namely the value of "n" was 4, 5 or 6. Therefore, claim 1 did not need to define the number of the function parameter, nor the value of "n" be ⩾ 6; hence claim 1 did not lack essential technical feature.

Cases involving administrative litigation procedure

Determination to examine appellant grounds that were not filed in the appellate petition, but presented at the hearing of the appeal before court

In patent administrative litigation, an interested party usually appeals to request to reverse a former court decision and sustain or reverse an administrative decision in suit, and often files the grounds of appeal along with the appellate petition. When an appellant found the ground of appeal not sufficient, he often presents new ground during the appeal, especially, at the court hearing. Different practice has long existed regarding whether such ground should be examined or not. For some, such grounds, which are not presented in the time for appeal, should not be examined; for others, while grounds of appeal are added, the appellant's appellate petition remains unchanged; hence the grounds should be examined. The court of appeal accepted the later practice in a recent decision.

In Wu Zhiyong v. PRB and Zhongshan City Shengtai Metal Products Co., Ltd. (Shengtai)[7], an administrative case of dispute over invalidation of a patent for a utility model, Wu Zhiyong was the patentee of the patent for the utility model of three-dimensional adjustable concealed hinges for furniture doors. There were four claims in the patent, and claim 1 was independent claim, with all other claims depending on it. Shengtai requested the PRB to invalidate said patent on the grounds that the patent in suit lacked inventiveness. The PRB, upon examination, decided to have declared all the four claims invalid. The trial court sustained the decision. Dissatisfied with the court decision, Wu Zhiyong appealed, requesting to reverse the former court decision and the administrative decision in suit. Wu Zhiyong presented these grounds in the appellate petition that claim 3 of the patent in suit possessed inventiveness. During the court hearing of appeal, Wu Zhiyong presented more grounds to show that claims 1, 2 and 4 possessed inventiveness. Shengtai argued that after the trial court sustained the PRB's determination that claims 1, 2 and 4 of the patent in suit were declared invalid, Wu Zhiyong failed to appeal within the statutory time regarding the matter; hence, the part of the trial court's determination on the validity of claims 1, 2 and 4 of the patent in suit had taken effect, and WuZhiyong's additional grounds of appeal should not be considered. The PRB did not raise objection to it, nor make any defence.

The court of appeal concluded that the people's court, hearing a patent case, should review the legality of a specific patent action. Article 67, paragraph one, of the Supreme People's Court's Interpretation of Several Issues Relation to the Implementation of the Patent Procedure Law of the People's Republic of China provides: "when hearing a case of appeal, the court of appeal shall fully review the trial court's judgment and the specific patent action in suit." Wu Zhiyong appealed, within the statutory time of appeal, only in respect of the trial court's determination on the validity of claim 3 of the patent in suit, and, based on it, petitioned this court to reverse a former court decision and the administrative decision in suit, but Wu added ground of appeal during the hearing of the appeal that the other claims of the patent should also be kept valid. While this practice was somewhat improper, based on the provisions of the above law and judicial interpretation and given that all the parties to the case fully argued about the said ground of appeal, the court examined the ground of appeal Wu Zhiyong added during the court hearing of appeal.

Determination on whether patent application possesses inventiveness does not involve "obvious substantive defect"

In proceedings of patent application rejection reexamination, the PRB should usually review the grounds and/or evidence on the basis of which the rejection decision was made, and, meanwhile，may examine, *ex officio*, the "obvious substantive defect" not mentioned in the rejection decision. But we should see that broadened scope of examina-

tion by the PRB is likely to cause an applicant to lose the opportunity to amend the text of the application and rectify the defects therein, which is detrimental to the legitimate rights of the applicant. To improve the efficiency of examination and safeguard the legitimate rights of applicants, the scope of "obvious substantive defect" should be strictly limited. To date, the Guidelines for Patent Examination do not make clear what an "obvious substantive defect" really is, and the provisions on "obvious substantive defect" are sometimes abused in the examination practice. The court of appeal pointed out in a recent precedent that whether a patent application possesses inventiveness is not "obvious substantive defect"; if the SIPO does not examine a patent application as to its inventiveness, the PRB should not reject the application on ground that said patent application lacks inventiveness.

In Yingchuangdegusai Co., Ltd. (Yingchuangdegusai) v. PRB[8], a case of dispute over reexamination of rejection of an invention patent application, the application in suit was one filed by Yingchuangdegusai for a patent for the invention of precipitated silica of modified surface, and the SIPO decided to have rejected the application on the ground that claims 1-31 of said application was contrary to Article 33 of the Patent Law. Yingchuangdegusai requested the PRB for reexamination, and amended the claims. The PRB concluded that while the defects pointed out in the rejection decision were rectified, the amended claims did not possess inventiveness, and decided to have sustained the SIPO's rejection decision. The trial court concluded that the "obvious substantive defect" did not include inventiveness provision, and the PRB's examination made on its own when examining the legality of the rejection decision as whether the application possessed inventiveness was not based on law, so the court revoked the decision in suit.

The court of appeal concluded that the PRB should normally examine, during its reexamination, the grounds and evidence on the basis of which a rejection decision had been made. Where a rejection decision was contrary to the relevant provisions of the Patent Law and its associated Implementing Regulations or the PRB found an amended patent application having rectified the defects pointed out in a rejection decision, the PRB should reverse the former rejection decision. However, if an amended patent application contained "obvious substantive defect", the PRB could, with the patent applicant being notified and given an opportunity to make observations, made its reexamination decision to sustain the rejection decision in suit by going beyond the grounds and evidence on the basis of which a rejection decision had been made. Since the reexamination procedure was one initiated out of a patent applicant's dissatisfaction with a rejection decision, and meanwhile, when filing a patent application, the Patent Administrative Department under the State Council preliminarily and substantively examined the invention patent application; during the two examination phases, the application might be rejected as it was found contrary to the relevant provisions of law and regulations, and the patent applicant could apply for reexamination out of dissatisfaction with a rejection decision. For this reason, the specific scope of application of the "examination of obvious substantive defect" would inevitably cause different consequences due to the difference of examination of a rejection decision in scope. The preliminary examination of an invention patent application was made mainly for the reason that the substantive examination of such an application took considerable time, and publication of the invention patent after the substantive examination ended was likely to cause repeated R&D in the same field and on the same technical problem, increase the probability of investment and patent filings, which was not conducive to the development of the overall economy, and made it impossible for the patent system to work effectively. For this reason, it was necessary to publish an invention patent application before an invention patent was granted thereto. For this reason, the preliminary examination of an invention patent application was an examination made as to whether it complied, in form, with the Patent Law and the Implementing Regulations of the Patent Law, the form of all the other documents filed with the invention patent application, and whether the obligations to pay for the relevant fees were met. In principle, the examination did not involve substantive matters. Besides, the substantive examination of an invention patent application was an examination of the application made in a deeper and more comprehensive manner based on the preliminary examination. Especially, the examination involved searching into prior art in relation to the claimed invention, assessing the novelty, inventiveness and practical applicability of the claimed invention, and finally deciding on its patentability. Of course, the examination inevitably touched upon the subject matter of the preliminary examination. It was based on difference in the preliminary and substantive examination in terms of scope, manner and subject matter of examination, the corresponding reexamination proceedings vary. As such differ-

ences exist, the involved scope of "examination of obvious substantive defect" was naturally different. Rule 53 of the Implementing Regulations of the Patent Law provided for the circumstances of rejection of invention patent applications, but the PRB should not define the scope of "examination of obvious substantive defect" as it wished simply according to said provision in the reexamination proceedings. Rather, the PRB should act according to the particular circumstances of a case to prevent lost level of adjudication, follow the principle of acting at the request of interested parties, make, as exception, examination *ex officio*, and be strict with the application of "examination of obvious substantive defect", so as to safeguard the legitimate rights and interests of patent applicants, and keep the basic character of the reexamination proceedings intact. In the case, the PRB clearly said that the amended claims of the patent application in suit made in the reexamination proceedings by Yingchuangdegusai complied with the relevant provisions of Article 33 of the Patent Law and Rule 60, paragraph one, of the Implementing Regulations of the Patent Law, and had rectified the defects pointed out in the rejection decision, but found that the amended claim 1 did not possess inventiveness and being one of the obvious substantive defect, so decided to have sustained the rejection decision. While it was provided in section 2.4, Chapter 1 of Part Four of the Guidelines for Patent Examination that the PRB may examine, *ex officio*, a case under its examination, not subject to the grounds and evidence presented by an interested party, this did not mean that the PRB's scope of examination *ex officio* was not subject to any limitation. The rejection decision in suit was made in direction to the patent application's being contrary to Article 33 of the Patent Law and Rule 60, paragraph one, of the Implementing Regulations of the Patent Law. Yingchuangdegusai, after requesting reexamination, amended the claims of the patent application in suit with regard to the defects pointed out in the rejection decision. The PRB commented, in its reexamination decision, on the inventiveness under Article 22, paragraph three, of the Patent Law, and the ground was not one the PRB had to deal with when examining the rejection decision in suit. Therefore, that the PRB directly introduced the inventiveness issue in the case fell outside the scope of "obvious substantive defects".

Determination as to whether distinguishing technical features not affirmed by the PRB can render patent under examination possessing inventiveness fall outside the scope of judicial review

Under the Chinese Administrative Procedure Law, the subject matter of judicial review of an administrative patent action is the legality of a specific administrative action, and the court should not make examination excessive of the scope of the specific administrative action. In an administrative case of dispute over invalidation of a patent, the court should not directly review a technical feature the PRB did not correctly determine or did not evaluate as to whether the distinguishing technical feature is sufficient to render the patent under examination possessing inventiveness.

In Tianjin Tractor Manufacturing Co., Ltd. (Tianjin Tractor) v. PRB and Xuzhou Kaier Machinery Co., Ltd. (Kaier)[9], an administrative case of dispute over invalidation of an invention patent, Kaier was the patentee of the invention patent (200610096680.7) for a high-power wheeled tractor. The Tianjin Tractor requested the PRB to invalidate said patent for lack of inventiveness. The PRB concluded that the references did not disclose the following technical features of claim 1 of the patent in suit, namely, "intermediate tank (6) is fixed on the surface of the central upper end of frame (1); the power separation shaft of the power separation box of said engine (2) is connected to the power input terminal of the intermediate tank (6) through the transmission shaft (5), the power output terminal of the intermediate tank (6) is connected to the power input terminal of end transmission box (8) through the transmission shaft (11), power output shaft (9) is fixedly mounted on the end transmission box (8)". The presence of the said distinguishing technical features made it possible for the technical solution defined in the patent in suit to function to divide two routes of power output from the power separation box, achieving the technical effect of facilitating the tractor to extend its scope of application, and kept the patent valid. In the patent litigation, the PRB erred in the determination to affirm or accept the technical content of the said distinguishing technical feature presented in the decision in suit as said distinguishing technical feature actually referred to the power output of the power separation box of the engine (namely PTO), but the erroneous determination did not have impact on the examination conclusion. The trial court concluded that since the reference did not disclose the connection between the power-division shaft of the power separation box of the engine (namely PTO) and transmission shaft, intermediate box and the end transmission box of claim 1, and no evidence showed that said distinguishing technical feature was a common technical means or common knowledge of a person skilled in the art, the PRB's ex-

amination conclusion was correct, and the court sustained the decision in suit.

The court of appeal concluded that under the Chinese Administrative Procedure Law, the subject matter of judicial review of an administrative action is the legality of the particular administrative action, and the court should not make examination excessive of the scope of particular administrative action. In an administrative case of dispute over invalidation of an invention patent, the court should not directly review and evaluate any technical feature the PRB failed to have determined and failed to have evaluated. In this case, the PRB erred in construing the technical content of the said distinguishing technical feature, which probably had impact on the conclusion on the inventiveness of the patent in suit. Where the PRB failed to have correctly construed and assessed the technical feature of power output from the power separation box of the engine (namely PTO) defined by claim 1 of the patent in suit, it was improper for the people's court to have directly evaluated, for the PRB, the technical feature, and concluded that the patent in suit did not possess inventiveness. While it was pointed out, in the trial decision, that the PRB's error in ascertaining the fact, it was undue to conclude that the error had no impact on the determination conclusion, and sustain the patent decision in suit. ■

Written by Liu Xiaojun, Judge of the Beijing Higher People's Court

[1] See the Beijing Higher People's Court's Administrative Judgment No. Gaoxingzhongzi 674/2012 and the Beijing No.1 Intermediate People's Court's Administrative Judgment No. Yizhongzhixingchuzi 1922/2011.

[2] See the Beijing Higher People's Court's Administrative Judgment No. Gaoxingzhongzi 1771/2012 and the Beijing No.1 Intermediate People's Court's Administrative Judgment No. Yizhongzhixingchuzi 2874/2011.

[3] See the Beijing Higher People's Court's Administrative Judgment No. Gaoxingzhongzi 460/2011 and the Beijing No.1 Intermediate People's Court's Administrative Judgment No. Yizhongzhixingchuzi 2857/2010.

[4] See the Beijing Higher People's Court's Administrative Judgment No. Gaoxingzhongzi 1204/2012 and the Beijing No.1 Intermediate People's Court's Administrative Judgment No. Yizhongzhixingchuzi 1339/2011.

[5] See the Beijing Higher People's Court's Administrative Judgment No. Gaoxingzhongzi 607/2011 and the Beijing No.1 Intermediate People's Court's Administrative Judgment No. Yizhongzhixingchuzi 2386/2010.

[6] See the Beijing Higher People's Court's Administrative Judgment No. Gaoxingzhongzi 1722/2011 and the Beijing No.1 Intermediate People's Court's Administrative Judgment No. Yizhongzhixingchuzi 349/2011.

[7] Supra note 3.

[8] See the Beijing Higher People's Court's Administrative Judgment No. Gaoxingzhongzi 1486/2012 and the Beijing No.1 Intermediate People's Court's Administrative Judgment No. Yizhongzhixingchuzi 2876/2011.

[9] See the Beijing Higher People's Court's Administrative Judgment No. Gaoxingzhongzi 1122/2012 and the Beijing No.1 Intermediate People's Court's Administrative Judgment No. Yizhongzhixingchuzi 1072/2012.