

# Discussion on Judicial Standards for Claim Construction

— On the Occasion of Inauguration of the IP Tribunal of the Supreme Court

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## I. Issues raised

Claim construction is the first problem that must be faced in both patent grant and invalidation cases and civil patent disputes. No matter in which method or according to which rules, claim construction has substantial impact on the result of a case. As for civil patent disputes, the Supreme People's Court promulgated, in December 2009, the Interpretation on Several Issues Concerning the Application of Law in the Trial of Dispute over Patent Infringement (hereinafter referred to as "Patent Infringement Judicial Interpretation I"), in which Article 3 gives priority to intrinsic evidence for claim construction, which is in compliance with the mainstream view in the world. As for claim construction rules in patent grant and invalidation cases, there has never been a consensus reached in the IP community. On 1 June, 2018, the Supreme People's Court promulgated the Provisions (I) on Several Issues Concerning the Adjudication of Administrative Cases Involving Patent Grant and Invalidation (Draft for Comments) (hereinafter referred to as "Draft Patent Grant and Invalidation Judicial Interpretation"), in which, the first proposal<sup>1</sup> of Article 3 adopts different rules of claim construction in patent grant cases and in patent invalidation cases. In the patent grant procedure, the terms of a claim "shall generally be construed as their ordinary meaning understood by those skilled in the art". In patent invalidation procedure, the terms of a claim "can be construed according to claims, specification and drawings; where the claim recites special or unique definitions which are adequately supported in the specification and drawings, then these special or unique definitions should be used in the claim construction; the terms of a claim can also be construed based on patent prosecution file wrappers; in cases where the terms cannot be defined by the above methods, technical dictionaries, technical manuals, refer-

ence books, textbooks, national or industrial technical standards commonly used by those skilled in the art can be used to define the terms". Ostensibly, a "dichotomy" was adopted for claim construction in patent grant and invalidation cases. Claim terms in patent grant cases are construed under the Broadest Reasonable Interpretation (BRI) Standard in the U.S. patent examination, and claim terms in patent invalidation cases are interpreted under the Philips standards<sup>2</sup> in the U.S. judicial practice. After enactment of the America Invents Act (AIA) in September 2011, the U.S. introduced the *inter partes* review (IPR), which is similar to the patent invalidation proceedings in China. Since the IPR is characterized by a short trial and low cost as compared with the court procedures, and because of the BRI standard for claim construction, patents under the IPR are at a higher risk of being invalidated and the IPR is highly sought after by invalidation requestors. Nevertheless, the BRI standard has been constantly criticized by patentees. In *Cuozzo Speed Technologies, LLC v. Lee*, the Supreme Court of the United States was specifically in favor of the use of the BRI standard in administrative patent examination procedures, stating that judicial proceedings are different from the administrative patent examination procedures, and the BRI standard will be applicable in the IPR in future. The decision of the Supreme Court of the U.S. should be a good news to the United States Patent and Trademark Office (USPTO) and the USPTO should have carried on with the BRI standard. Surprisingly, on 10 October, 2018, the USPTO published a final rule changing the claim construction standard applied during the IPR, post-grant review (PGR) and covered business method (CBM) patent review as adopted by the Patent Trial and Appeal Board (PTAB), after which the USPTO's standard for claim construction is consistent with that of the federal judiciary of the United States. What were the USPTO's concerns for such an unusual act?

What are the substantial differences between the BRI standard and the Phillips standard? Which claim construction methods have been used in patent grant and invalidation proceedings and civil patent disputes in China? These are the issues to be discussed in this article.

## II. Provisions on claim construction in China and their development

Among patent-related laws and regulations in China, the only provision on claim construction<sup>3</sup> is Article 59 of the Patent Law in force, providing that “the scope of protection of the patent right for invention or utility model shall be determined by the terms of the claims, and the specification and appended drawings may be used to interpret the claims”, in the Chapter titled “Protection of Patent Right”. It is obvious that protection is given to a patent after its grant. Thus, this provision is generally interpreted in the IP circle as that claim construction is only necessary in civil infringement proceedings. In the patent substantive examination or re-examination procedure, there never appears the term “claim construction” on the grounds that examination in those procedures is mainly conducted on whether the claim is supported by the specification. In the patent invalidation proceeding, claims have been published, the Guidelines for Patent Examination do not set forth any provisions on whether the issue relating to claim construction occurs, and the approach adopted in the substantive examination procedure is still applicable to the patent invalidation procedure in practice.

In judicial practice, the Supreme People’s Court clarified the principle on claim construction in *Ningbo Oriental Movement Factory v. Jiangyin Jinling Hardware Co., Ltd.*<sup>4</sup>: “the scope of protection of the patent right shall be determined by the terms of the claims, and the specification and drawings can be used to interpret the claims. Only when certain contents recited in the claims are unclear, the specification and drawings can be used to interpret ambiguous contents of the claims……” This opinion is called the “timing theory”, that is to say, claim construction is not necessary in all the situations, but is required “only when the contents recited in the claims are unclear”. In the “ink cartridge” case<sup>5</sup>, the Patent Re-examination Board (PRB), also following the “timing theory” in patent grant and invalidation administrative procedure, held that “the timing of claim construction should be strictly restricted. The premise of claim

construction is that the claim is not clear or lacks definite and exclusive meaning”. In regard to the “timing theory”, the Supreme People’s Court responded patiently and meticulously: “a claim, formed by words and expressions, describes and reflects the technical solutions of the invention by reciting the essential technical features for solving the technical problems, and defines the scope of protection of the claimed invention in a clear and concise manner. Any language can be understood only in a particular context. At the same time, due to the limitations of linguistic expression and due to space restrictions, it is impossible for claims to cover all the issues involved in the invention, and therefore, the specification is needed to explain the claimed invention from the perspectives of the technical field, background art, summary of invention, drawings and preferred embodiments. The Patent Law explicitly specifies the relationship between claims and the specification, providing that the specification shall disclose the claimed technical solutions sufficiently to such an extent that those skilled in the art can carry them out; and claims should be supported by the specification and define the scope of protection in a clear and concise manner. Pursuant to the statutory requirements under the Patent Law, the contents of the specification are indispensable for understanding of claims, and they are in close association with each other in the legal sense. The contents of the specification constitute the context of the claims, and the claims can only be correctly understood in conjunction with the specification. In such a sense, the specification is the mother of claims. Without referring to the specification and drawings thereof, generally speaking, it is impossible to correctly understand the claims and terms thereof merely by reading the claims.” In other words, the Supreme People’s Court does not agree that there is a specific “timing” for claim construction. No matter who and not matter in which situation, it or he when reading the claims must refer to the corresponding context provided in the specification to understand the claims. Namely, “claim construction is the process of understanding and determining the meaning of claims”. This opinion is usually referred to as “context theory”.

Article 3 of the Patent Infringement Judicial Interpretation I can be considered as an embodiment of the “context theory”, since it states that claim construction is only applicable in civil patent lawsuits. The significance of the “ink cartridge” case lies in that, in this specific case, it is the first time the Supreme People’s Court has confirmed the “con-

text theory” by clarifying that claim construction is also necessary in the patent invalidation proceedings. For easier expression, “context theory” in China is considered as an equivalent to the U.S. Philips standard.

The “Draft Patent Grant and Invalidation Judicial Interpretation” is about administrative patent cases, wherein the first proposal of Article 3 adopts the Philips standard in the patent invalidation proceedings and the BRI standard in the patent grant proceedings. The second proposal thereof simply adopts the BRI standard without distinguishing the patent grant proceedings from the patent invalidation proceedings. If the second proposal is accepted, it means that China follows different claim construction standards in civil cases and administrative cases. On the contrary, in the U.S., the claim construction standards applied in civil patent lawsuits and administrative procedures were just unified. In the following, I would like to discuss the differences and similarities between the BRI standard and the Philips standard in detail.

### III. Claim construction is the process of understanding and determining the meaning of claims

In English, there are two terms “claim construction” and “claim interpretation”, wherein the former places emphasis on the internal structure of a claim and its formation, whereas the latter puts more weight on the explanation of the claim *per se*, including the meaning of the terms used therein. Or we can say “claim construction” construes claims from a drafting perspective, whereas “claim interpretation” interprets claims for the purpose of determining the scope of protection, and the word “interpretation” also means “explanation”. Irrespective of which expression is used, they are both the process of understanding and determining the meaning of claims. In the patent examination procedure, claims are applicant’s unilaterally claiming on the protection scope of its or his invention. “Claim construction”, as a matter of fact, is the applicant’s ascertainment of the scope of protection of claims and explanation on the claims that it or he drafted. During the examination, the examiner’s own opinion on the interpretation of claims is gradually formed based on its or his understanding of the claims and in conjunction with the specification, drawings and prior art. If the examiner’s understanding of the claims is dif-

ferent from that of the applicant, the examiner will require the applicant to clarify through office actions. This is a process of repeated discussion (or bargaining). Once a consensus is reached, an application may be granted the patent right; otherwise, it will be rejected. Although the term “claim construction” does not appear in the Guidelines for Patent Examination, the communications between an examiner and an applicant during the examination, which constitute the prosecution file wrappers, will serve as the intrinsic evidence for claim construction. Notably, the process of patent examination is also the process of gradual formation of prosecution file wrappers. The examiner’s authority to construe claim terms “according to the ordinary meaning understood by those skilled in the art” is established for the sake of efficiency. If an applicant holds a different opinion, it or he has the opportunity to express it or his opinions thoroughly. The broadest reasonable interpretation of claim terms under the BRI standard is premised on reasonableness, which should be judged “from the perspectives of the technical field, background art, summary of the invention, drawings and preferred embodiments of the claimed technical solution on the basis of the description”.

In the patent invalidation proceedings or civil patent lawsuits, claims have been granted by the patent office and have been published in patent gazettes. Claims may be interpreted by different subjects. A patentee needs a clear recognition on the scope of protection of the claimed patent, and the general public is also obligated to refrain from implementing the patent without the permission of the patentee. The public, for example, judges, patent law enforcement officers, or even potential investors or licensees, is required to interpret the scope of protection of the claims. Especially, for the potential investors and licensees, they have to do so in order to estimate the possibility of designing around or business opportunity. When they are interpreting claims, the patent prosecution file wrappers have been established, and can be continuously enriched in patent invalidation proceedings or patent infringement disputes. New reference documents, and the prosecution file wrappers of divisional patents or even family patents can all be incorporated into the files wrappers for claim construction. For instance, a foreign applicant filed a patent application in its or his own country, and the scope of protection of the application has been narrowed down during the substantive examination. If a counterpart application filed in China claims the scope of protection broader than the foreign application,

the prosecution file wrappers of the foreign patent can be used to restrict the scope of protection of the counterpart application in China. For similar reasons, when patent infringement lawsuits have been filed in several countries, if the infringement is established in one country, this result may, more or less, affect the claim construction in other countries. The number of prior art documents used in claim construction may vary over time, and due to the differences in judicial practice, the methods and principles adopted in claim construction may also vary. However, it is illogical that two essentially different claim construction methods are both proper for the same claim. Under the BRI standard, patent prosecution file wrappers have not yet been formed. Even though an examiner ignores such intrinsic evidence as the specification, drawings or relevant patent applications, the applicant will make the utmost efforts to argue for its or his interests. Under the Philips standard, patent prosecution file wrappers have been formed. The opposite party will surely search among those wrappers to find something advantageous to claim construction. Thus, “estoppel” in the patent infringement judging rules originated from “file wrapper estoppel”.

#### IV. Two claim construction standards are on the way of convergence

Through the above analysis, it can be seen that the BRI standard and Philips standard are formally distinct but essentially the same. However, such a formal difference leads to unnecessary divergence of opinions in some specific cases. In *Wuxi Guowei Ceramic Electrical Appliances Co., Ltd., Jiang Guopin v. Changshu Leeshr Electrical Heating Appliances Co., Ltd. (Leeshr Co.) and Suning Cloud Business Group Co., Ltd.*, claim construction was the key issue. The patent in suit is a utility model patent No. 200920230829.5 with the title of “Heat-Conducting Aluminum Pipe for a PTC Heater and a PTC Heater”. The accused infringer, Leeshr Co., filed a request for invalidating the patent in suit, arguing that the feature in claim 2, i.e. “the heat-dissipating aluminum strips (11) are adhered to the left and right sides of the heat-conducting aluminum pipe (1) in the heating core (10)”, is clear enough and had been explicitly recited in para. 0008 of the specification. The patentee argued that the expression “left and right sides” in the aforesaid feature was a typo. According to the specification and drawings, the “left and right sides”

should be “upper and lower surfaces”. In the Decision No. 24085, the PRB supported the patentee’s argument and therefore maintained the amended claim 2 (incorporating the original claim 3 into the original claim 2) valid. The PRB’s opinion on the “typo” was based on paras. 0006, 0007 and 0010 of the specification and Fig. 4. The PRB ignored that it was recited in para. 0008 of the specification that “the heat-dissipating aluminum strips are adhered to the left and right sides of the heat-conducting aluminum pipe in the heating core” without detailed analysis. Both the first and second instance courts hearing the patent infringement case accepted the PRB’s interpretation of claim 2. It can be seen that the PRB and courts all adopted the Philips standard to interpret claims based on the contents of the description. In the administrative lawsuit concerning the Decision No. 24085, the Beijing Intellectual Property Court issued the Administrative Judgment No. Jingzhixingchuzi 71/2014 to revoke the said Decision. The Beijing Intellectual Property Court found that the “left and right sides” was recited in para. 0008 of the specification, and held that the expression “left and right sides” in claim 2 shall not be considered as a “typo”. The Judgment analyzed the grammatical structure of para. 0008 of the specification, in which it was recited that “the heat-dissipating aluminum strips are adhered to the left and right sides of the heat-conducting aluminum pipe in the heating core;……In order to meet the security requirement of a split-type air conditioner installed in a small space, it is preferred to attach a row of corrugated heat-dissipating aluminum strips to the upper and lower surfaces of the heat-conducting aluminum pipe in the heating core.” The court held that it was practicable to attach the heat-dissipating aluminum strips to either the left and right sides or the upper and lower surfaces of the heat-conducting aluminum pipe in the heating core, but “to attach the heat-dissipating aluminum strips to the upper and lower surfaces of the heat-conducting aluminum pipe in the heating core” was preferred. Judging from the principles of the patent law, patent claims are technical solutions sought for protection, which can be either the preferred embodiments or general embodiments provided in the specification. Interpreting the “left and right sides” as a “typo” is actually equivalent to making an amendment to the claim. In this sense, only in the case that the specification is solely and exclusively directed to the solution of “upper and lower surfaces”, such an interpretation can be accepted; if, as in this case, two solutions exist, it should not be allowed.

Although the PRB and the Beijing Intellectual Property Court both interpreted claim 2 according to the Philips standard, they came to different conclusions in the above case. In China, many courts have jurisdictions over civil patent cases, and only the Beijing Intellectual Property Court has the jurisdiction over the first instance administrative patent cases. Different judicial authorities have been interpreting, and probably will keep interpreting a claim differently or even contradictorily. For the sake of the unification of judging standards, one feasible way is to establish an intellectual property appeal mechanism at a national level.

On 26 October, 2018, the Decision on Several Issues Concerning Litigation Procedures of Patent and Other Intellectual Property Cases was adopted at the Sixth Session of the Standing Committee of the 13th National People's Congress. According to the Decision, as of 1 January, 2019, the Supreme People's Court has the sole jurisdiction over appeals against the first instance judgments or rulings of civil and administrative intellectual property cases involving specialized technical issues, such as cases involving invention patent, utility model patent, new variety of plants, layout design of integrated circuit, technical secret, computer software, and monopoly. That is to say, no matter which court is the first-instance court for handling a patent case, the appeal will be heard by the intellectual property tribunal responsible for trying the second-instance cases under the Supreme People's Court. The Intellectual Property Court of the Supreme People's Court was unveiled in Beijing on 1 January, 2019. Under the new appeal mechanism, it is urgent to further clarify the standard for claim construction and to unify the judicial practices. It is foreseeable that the BRI standard will possibly be incorporated into the Philips standard, and eventually merge into the latter, which can be taught by the USPTO's move to fully implement the Philips standard in the IPR. ■

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<sup>1</sup> The second proposal of Article 3 of the Draft Patent Grant and Invalidation Judicial Interpretation does not separate patent grant procedures from invalidation proceedings, stating that "the terms of a claim shall generally be construed by the ordinary meaning understood by those skilled in the art. Where the claim recites self-coined definitions which are clearly defined or explained in the specification and drawings, these self-coined definitions should be understood accordingly in the

claim construction."

<sup>2</sup> The Philips standard essentially means that in the process of claim construction, the actual meaning of the claim should be understood on the basis of the claims, specification and patent prosecution file wrappers.

<sup>3</sup> Hereto, the China's Patent Law has been amended four times, namely, in 1984, 1992, 2000 and 2008. However, the provisions on claim construction have substantially remained the same. The only amendment is made to the numbering of the article concerning claim construction: it was amended to Article 56 in 2000 and it was Article 59 in the other versions of the China's Patent Law.

<sup>4</sup> See the Civil Judgment No. Minsantizi 1/2001.

<sup>5</sup> See the Administrative Ruling No. Zhixingzi 53-1/2010 (*Seiko Epson Corporation v. the PRB, Zheng Yali, Foshan Kaideli Office Supplies Co., Ltd. and Shenzhen Yicai Industry Development Co., Ltd.*).