

Support for patentees from the Chinese Supreme Court?

Draft stipulations under discussion on appeals against the Chinese Patent Office's Patent Re-examination Board's decisions.

From time to time, a review of established specialists views is appropriate – as can be seen in the UK in the Supreme Court's recent patent decisions. In June 2018, the Chinese Supreme People's Court (CSPC) invited submission of opinions on draft "stipulations" on appeals against the Patent Re-examination Board's decisions before the Court. It is interesting to observe that the Supreme Court departs from the views of the China National Intellectual Property Administration (CNIPA, formerly SIPO) on various issues on the Chinese Patent Law. These draft stipulations were passed by the Standing member of the National People's Congress in November 2018. Further, starting from 1 January 2019, appeals against patent and utility model cases decided by the IP courts in Beijing, Shanghai and Guangzhou will be handled by the IP tribunal of the CSPC directly. This may be due to the historic low reversal rate in the CSPC of Patent Re-examination Board's decisions.

Toby Mak (Overseas Member) examines the draft stipulations This article will discuss these issues.

For readers not familiar with patent examination in China, the Patent Re-examination Board (PRB) is equivalent to the EPO's Boards of Appeal. The PRB is formed within CNIPA, and handles all first instances of requests for re-examination (against a rejection decision of a patent application), and all requests for invalidation of a granted patent. The PRB handles these two types of requests for all three types of patents in China – invention patent, utility model, and design patent.

The draft stipulations from the Chinese Supreme People's Court (the Court) at issue are directed only to appeals against the PRB's decisions. As China adopts a bifurcated system (i.e. infringement and invalidation are tried separately), strictly speaking these are not related to patent infringement directly. However, as infringement and invalidation often, if not always, come hand-in-hand, and interpretation of claims is also mentioned in the draft PCT stipulations. The stipulations could also affect issues of patent infringement in China. The draft stipulations were passed by the National People's Congress in November 2018.

Appeals against the PRB's decisions can only be filed in Beijing, as the PRB is always the defendant in such appeals. At present, only the Beijing IP Court will accept such appeals. A further appeal against the Beijing IP Court's decision used to be filed at the Beijing High Court. However, from 1 January 2019, all appeals against the Beijing IP Court's decisions on patent and utility model cases will be handled by the IP Tribunal of the CSPC directly.

For an appeal against a re-examination decision, the applicant is the plaintiff, and the PRB is the defendant. For invalidation, while the PRB is always the defendant, the plaintiff could be the patentee or the invalidation petitioner, and the remaining party could only be a third party on the defendant side. The text

below in italic are the direct translations from the draft Court stipulations (as accurately as I can). As in my previous articles, my additional comments are in square brackets

The Court stipulations are pro-patentee

There are several articles in the draft Court stipulations that, in my view, will be welcomed by patent applicant/patentee. These are discussed below.

The Court can make a determination on an incorrect PRB assertion, which has not been presented in the appeal.

This is in article 2. Specifically, this article suggested that if the Court finds that an assertion made by the PRB was apparently incorrect, even if this assertion is not included in the appeal, the Court can examine and determine this issue. [Comment: While this attracts the comment that this discretion may negate the parties' decision not to raise certain issues, it is directed only to an assertion made by the PRB that is apparently incorrect, so this is helpful to the applicant/patentee.]

More open interpretation of sufficiency.

This is in article 7, which recites if "*it could not be ascertained that the technical solution defined by the claims could solve the technical problem of the patent by limited experimentations*" then a claim would be invalid due to sufficiency. Although it is not certain whether this would allow an applicant/patentee to argue that a claim is sufficiently disclosed, if it would be possible to establish how to perform it by limited experimentation, this is more open than the view of CNIPA, which only relies on the specification. [Comment: Although supplementary experimental data can now be submitted to CNIPA, this is limited, in many cases only those already recited in the specification, to proving a technical effect obtainable by a person skilled in the art from the disclosure of the patent application. See my article published in the August 2018 issue of the *CIPA Journal*.]

More open view on generalization

These are in the two articles noted below:

- Article 9, which recites "*a person skilled in the art cannot reasonably predict that all the practice modes covered by a claim can address the technical problem to be solved as recited in the specification*", then a claim is unreasonably generalized and therefore not supported by the specification.
- Article 10, which recites "*without excessive labour, a person skilled in the art, after reading the specification, can reasonably foresee and predict that all of practice modes covered by the claim can solve the technical problem intended to be solved by the patent on the application date and result in the same technical effect*", then the claim is supported.

[Comment: This is closer to the international norm. It could allow applicants/patentees to argue along the lines that all the practice modes covered by a claim could address the technical problem to be solved as recited in the specification and therefore is allowable. This is particularly directed to amendments. By contrast, any attempt of generalization during amendments would be objected to by CNIPA.]

Specific allowance of using experimental data to argue for inventiveness.

This is in article 13, which recites the patentee "*submits test data after the application date to prove that the patent application or the patent has a technical effect different from that in a prior art reference*", the Court should examine such test data. This is more specific than the current Chinese Patent Examination Guidelines, which is not clear on this issue. [Comment: Again, please see my article published in the August 2018 issue of the *CIPA Journal*.]

Information in the "Background of the Invention" section is not deemed as prior art.

This is in article 17, but includes the exclusion "*unless there is evidence proving that it has been disclosed before the application date*". [Comment: This could be good news to applicants/patentees but could have the unintended consequence of less care being put into drafting at least the "Background of the Invention" in a patent specification.]

Relevant technical field should refer to the lowest level in the international patent classification

This is recited in article 18. [Comment: This may be relevant to citation of prior art, and could prevent inclusion of documents in a too general classification for consideration of novelty and/or inventiveness. Practitioners may wish to remember this to exclude as many references as possible in such appeals.]

More leeway on technical effect

Article 19 recites: "*If the purpose of a claim is to provide an alternative solution for the prior art, the claim need not be required to provide better technical effect than the prior art*".

[Comment: This could make arguing for inventiveness more straightforward.]

More leeway on deadline to submit evidence

Article 36 recites that when the Court sets a deadline for submitting evidence, if the evidence was not submitted in good time, instead of simply rejecting late submission of the relevant evidence, the Court should order the relevant party to explain why the evidence could not be timely submitted. The Court would reject the submission of such evidence if the relevant party refused to explain, or the explanation was found to be unacceptable by the Court.

The Court stipulations that deviate from the views of CNIPA

The following have already been mentioned above:

- More open interpretation of sufficiency (article 7)
- More open view on generalization (articles 9 and 10)
- Specific allowance of using experimental data to argue for inventiveness (article 13)
- Information in the “Background of the Invention” not deemed as prior art (article 17)
- Relevant technical field should refer to the lowest level in the international patent classification (article 18)
- More leeway on technical effect (article 19)

The additional stipulations are discussed below. None of the stipulations discussed (above or below) are included in CNIPA’s Examination Guidelines, and these differ from the current practice of CNIPA.

Including false information in a patent specification could lead to invalidation of a patent

This is included in article 6, and is based on there being insufficient disclosure. Of course, it will be necessary to prove that the information in the specification is false. [Comment: Perhaps (and likely) by submission of experimental data. This article is directed only to invalidation. The reason why this article is not extended to re-examination decision (directed to rejected patent application) may be due to the consideration that it is unlikely that the PRB will submit the required experimental data as proof.]

Introduction of the concept of design space in relation to design patents

This is included in article 21. It specifies that the following factors should be considered in formulating the design space:

1. The function and use of the product.
2. The crowdedness of the existing designs.
3. Accustomed design.
4. Mandatory legal and administrative regulations.
5. Technical standards of the state and the industry.

According to this article, the design space is to be used to evaluate the knowledge and perception of the average customer. [Comment: The above, according to my limited knowledge, is borrowed from Europe, and the readers may find these familiar. Although the above are not currently recited in CNIPA Examination Guidelines (“design space” does not exist anywhere in the current Guidelines), there have been various discussions to introduce the concept of design space into the next revision of the Guidelines.]

Positional relationship of a technical element with other components may affect overall visual effect in relation to design patents

This is recited in article 22. While a technical element would have no impact on the overall visual effect of a design, the positional relationship of a technical element with other components would. [Comment: I am not sure of the line of thoughts of this and will be grateful for any comments.]

The Court stipulations that increase fairness in the PRB’s actions

Article 2 has already been mentioned above, allowing the Court to determine on incorrect PRB’s assertion not presented in the appeal. Other measures will be discussed below.

Not allowing the PRB to omit comments on fact and reason in petition

Article 30 states that when “the omission of fact and reason presented by a petitioner that have substantively affected the rights of the petitioner”, the Court should support a claim that this is violation of legal procedure, i.e. this could reverse the PRB’s decision. [Comment: As reported in my articles published in the May 2011 and February 2018 issues of the



CIPA Journal, once a deciding point is found, a Chinese Court or authority, including the PRB, typically would not comment on the remaining points. This article could force the PRB to comment on all points raised by a petitioner in a request for re-examination, or invalidation petition.]

Not allowing the PRB to reject an application or invalidate a patent unless ex officio otherwise allowed by the law

This is in article 31. However, it should be noted that CNIPA's Examination Guidelines already have specific provisions on when such ex officio rejection or invalidation is allowed. [Comment: On the other hand, it remains a question whether this could empower the Court to challenge ex officio rejection or invalidation specified in the Guidelines, as to whether they are allowed by the law.]

The Court stipulations that provide a more efficient system

The following articles include measures to provide a more efficient patent re-examination/invalidation system.

What a patentee says during infringement proceedings would be considered at invalidation

This is in article 4. [Comment: This appears to be a reasonable measure, as a patentee should not be allowed to cherry-pick conflicting arguments benefiting the patentee's position in different legal proceedings.]

The Court can ask for details of experiments

This is in article 14, allowing the Court to ask for details of experiments for the data submitted. The details include the following according to this article:

- raw materials and their sources;
- experimental procedures, conditions or parameters; and
- personnel and site of the experiment.

[Comment: Article 4 allows experimental data obtained by the relevant party to be considered more easily by a Chinese court. Readers may remember the high evidence threshold in China from my previous reports. In general, before this article, it has been difficult for experimental data obtained by the relevant party to be considered by a Chinese court, particularly after the authenticity of such data is challenged by the opposing party, which is a norm at litigation in China. Article 4 at least allows a court to review the experimental details to determine whether the data could be considered, which is a big step forward.]

The Court can directly dismiss the PRB's decision, including partial invalidation

This is included in articles 32 and 33. [Comment: Before these articles were introduced, the Court was not allowed to dismiss the PRB's decision directly, but could only order the PRB to

make a new decision. This resulted in the possibility of an endless loop of re-examination/invalidation proceedings, as reported in my articles published in the April and May 2011 issue of the *CIPA Journal*. Specifically, in the case of *Duoning v Jietao*, a single invalidation petition at the PRB resulted in four appeal proceedings at the Court, resulting from three new PRB decisions on the same case. It appears that the Court wishes to solve this long-standing problem in the Chinese patent system.]

Conclusions

I believe the motivation of these draft Court stipulations has resulted from the low reversal rate of the PRB's decisions. According to data kindly provided by Darts-IP:

- the reversal rate of the PRB's invalidation decisions increased every year from 2014 to 2017, from about 10% to 15%; and
- the reversal rate of the PRB's re-examination decisions increased every year from 2014 to 2017, from about 7% to 10%.

Nevertheless, the reversal rate of any PRB's decisions at present is not high, if not very low.

Tension between CNIPA and the Court

This relates to post-grant amendments, and was reported in my article published in the August 2017 issue of the *CIPA Journal*. Specifically, a 2011 decision of the Court stated that it is unfair to the patentee to reject forms of amendments not in accordance with those prescribed in the Guidelines, if such amendments fulfill the requirements in the Chinese Patent Law (supported by the original disclosure and does not broaden the scope of protection). This decision further recites that while in usual cases the forms of amendments are limited to those recited in the Guidelines, other forms of amendments are not absolutely excluded. However, CNIPA changed its Examination Guidelines in 2017, and these still failed to address the issues stated in the above Court's 2011 decision.

The Court stipulations try to provide a better balance to the current system, which, according to the statistics in the past four years, apparently favours the PRB. Further, these draft Court stipulations could bring the Chinese patent re-examination/invalidation system closer to the international norm. Therefore, I welcome these stipulations.

The handling of appeals of the IP Court's decisions on patent and utility model cases means that the Supreme Court could have more direct influence on PRB decisions. □

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