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Newsletter

April 2009

CHINA IPR NEWS

1. The average examination cycle of patent invalidation proceedings will be controlled within 6 months

Sourced from news released by Patent Reexamination Board (PRB) on March 23, 2009, PRB has modified one of its internal operational manuals titled “the measures for examination cycle control” following a tentative adoption of the manual for half a year. The modification of the manual shortens the period assigned for examination but extends the answer period assigned for parties to the invalidation proceeding, sets an objective of that the average examination cycle of patent invalidation cases shall be controlled within 6 months. The cycle control aims to close cases as soon as possible to secure a timely protection for the legitimate rights and interests of patentee and the public at large.

Source: www.sipo-reexam.gov.cn

2. IP court cases experienced a tremendous soar in 2008

According to the statistics released by the Supreme People’s Court, local courts of all over China received 24,406 civil IP cases and decided 23,518 as courts of first instance in 2008, with a respective increase of 36.52% and 35.2% over that of last year. Among those civil IP cases received, there were 4,074 patent cases with a yearly increase of 0.82%, 6,233 trademark cases with a yearly increase of 61.69% and 10,951 copyright cases with a yearly increase of 50.38%. There were 1,139 foreign related civil IP cases decided by courts of first instance in 2008. There were 1,074 administrative IP cases (the vast majority of them are appeals from decisions of PRB or TRAB to Beijing 1st Intermediate People’s Court) received with a number of 1,032 cases decided. In 2008, 3,326 criminal IP cases were finally decided wherein 5,386 people were convicted guilty.

Till the end of 2008, a reform of having one tribunal



deal with all kinds of IP cases had swept 9 intermediate courts and 15 district courts. Till now, the total intermediate courts with jurisdiction over patent cases has increased to 71, district courts with general jurisdiction over IP cases has increased to 66.

Source: www.sipo.gov.cn

LAW & PRACTICE

For Design , “Identical invention-creation” under Rule 13.1¹ Shall be Construed as Covering both Identical and Similar Designs

By *Shaohui Du*

Retrial requester (Defendant-Appellee): Patent Reexamination Board (PRB)

Retrial respondent (Plaintiff-Appellant): FALMER INVESTMENTS LTD (FALMER)

Third party (Plaintiff in the invalidation proceeding): Foshan XINGDA Dyeing Machine CO. Ltd. (XINGDA)

Retrial Court: The Supreme People’s Court

File No.: 2008 XINGTIZI NO. 4, 5, 6, 7, 8

Ruling: December 12, 2008

FALMER owned six design patents titled Dyeing Machine (A, J, K, L, M, and N), for which patent No. are 02332561.5, 02333397.9, 02333398.7, 02333399.5, 02333400.2, 02333501.7. Dyeing Machine A was filed on July 19, 2002, the rest five were filed on the same day, August 6, 2002. The overall appearances of the said six designs are similar to each other, but none of them are same owing to some differences existed in the forward appearance of every the said design.

On February 18, 2005, XINGDA filed six requests with PRB to invalidate all the six design patents on the ground of violation of “one invention-creation one patent rule” which is a rule specified in Rule 13.1 of the Implementation Regulations of Patent Law. XINGDA named the five design patents of Dyeing Machine (J, K, L, M, N) as the Comparison references.

In the invalidation proceeding, FALMER had filed a statement with PRB declaring it would surrender none of the said design patents. Although PRB combined the six invalidation proceedings, it rendered decisions separately wherein Dyeing Machine A was maintained valid but the other five design patents were declared invalid.

In June 2006, FALMER appealed from the five PRB’s decisions of invalidity to Beijing 1st Intermediate People’s Court by arguing, inter alia, “identical design” within the meaning of “identical invention-creation” under Rule 13.1 shall be construed as identical designs only. But the Court finally ruled to uphold the decisions of PRB.

FALMER then appealed to Beijing Higher People’s Court on the ground, inter alia, of that the court of first instance erred in conclusions of law, arguing that neither the Patent Law nor its Implementation Regulations stipulates that those applications with relating or similar subject designs filed on the same day by the same applicant falls into the invalidation

1. Rule 13.1 of the Implementation of Patent Law provides that, for any identical invention-creation, only one patent right shall be granted.





ground of double patenting. And the rule, which is prescribed in the Guideline for Examinations as “For design, ‘identical invention-creation’ under Rule 13.1 shall be construed as covering both identical and similar designs”, lacks legislative bases in higher level of laws or regulations hence there’s no double patenting in this case.

Beijing Higher People’s Court reversed the decision of the court of first instance and directly entered a judgment to maintain the validity of the said five design patents. The Court held that when it comes to the application of the principle of enjoining double patenting specified by Rule 13.1, the fact that the design applications or patents in question are owned by same applicants or different applicants shall be given no consideration. When facing the situation where the similar designs applications/patents are owned by different applicants or owned by same applicant but filing dates are different, it would be proper to construe the “identical design” within the meaning of “identical invention-creation” under Rule 13.1 as covering both identical and similar designs and then applied Rule 13.1 thereto.

But it’s not proper to make such a construction in the situation where similar designs applications/patents are owned by the same applicant and their filing dates are the same. Subject to the current unity requirement, if one applicant desires to patent similar-to-each-other designs for one product, he is not permitted to file them in one application. Accordingly he has to file them in different applications, in normal practice at the same day. In this case it’s unfair for FALMER to declare his five design patents invalid based on the ground of double patenting just because he has to file those similar-to-each-other designs in separate application to avoid a unity rejection. Thus in this situation, “identical design” within the meaning of “identical invention-creation” under Rule 13.1 shall be construed as identical designs only.

PRB filed a motion with the Supreme People’s Court for the case’s retrial on two grounds, inter alia, of that the appeal court erred in application of law by, on one hand, wrongly construing the “identical design” within the meaning of “identical invention-creation” under Rule 13.1 as identical designs in a situation where similar designs applications/patents are owned by the same applicant and their filing date are the same, on the other hand confirming the “identical design” within the meaning of “same invention-creation” under Rule 13.1 shall be construed as covering both identical and similar designs in some other situations. The construction of a legal word shall remain consistent and shall not vary among different situations. What’s more, the court has no power or competence to directly maintain the validity of the patents in question in its judgments under current law, which is an occupation of a duty supposed to be within the authority of PRB.

The Supreme People’s Court held there were two issues under dispute in this case. One is whether the applications or patents which have similar subject designs and same filing date for one product and are owned by the same applicant violate the principle of enjoining double patenting specified by Rule 13.1. The other is whether the practice that a court directly rules the validity issue of patents in its judgment has any bases in the law.

In the retrial proceeding, the Supreme People’s Court reiterated that the “identical design” within the meaning of “identical invention-creation” under Rule 13.1 shall be construed as covering both identical and similar designs and Rule 13.1 is applicable notwithstanding the applicants or filing dates of design applications /patents are same or not, then concluded that Rule 13.1 is applicable to the situation where similar designs applications/patents are owned by the same applicant and their filing dates are the same. The Supreme People’s Court also pointed out that in a patent administrative litigation proceeding, although the court with jurisdiction is needed and empowered to determined whether the patent in suit meet the substantial requirements for patenting or not , it is not appropriate to directly decide its validity in the judgment because the authority of courts in administrative litigation proceedings shall be limited to reviewing the legality other than the propriety of an administrative act or order according to Chinese Administrative Litigation Law.





Comments

In this case, there is a unanimous finding about the similarity among FAILMER's six designs. The issue under dispute is whether Rule 13.1, the double patenting rule, is applicable to such a situation where similar designs applications /patents for one product with a same filing date are owned by a same applicant. We think the Supreme Court's view is appropriate because of its consistency with the legislative purpose of the current patent law. Also, apparently neither Rule 13.1 itself nor any other law excludes its applicability from such a situation.

But from the legislation angle, we agree with the opinion of Beijing Higher Court. The opinion of Beijing Higher People's Court has been written into the amendment (2008) of patent law through the introduction of a new provision according to which similar or relating designs are allowed to be filed in one application. Applicants can take advantage of this provision to meet their needs in filing similar designs and prevent the problem confronted by FALMER in this case from happening again.

Besides, under the current legal system of China, to rule on the validity issue of patents in question is within the exclusive authority of PRB and no court has the authority to directly decide the validity issue in the judgment. The Supreme People's Court stressed this once more through such a case. However, in a patent infringement litigation, the court can directly rule non-infringement based on a successful prior art defense regardless of PRB's decision regarding the validity of the patent in question, even though the accused product falls into the protection scope of the patent literally or under the doctrine of equivalent.

Successfully Amending Patent Applications Part I

— Focus on Amendment in Response to Office Action

By Qi WANG, Zhengyun LUO

We have recently received more office actions regarding patent application amendments and a growing number of applications are being rejected due to improper amendments. The regulations on amendments and the measurements followed by examiners in China are different from those in other countries, hence foreign applicants and patent attorneys may make some amendments which although acceptable to local examiners but will not be accepted by Chinese examiners.

This essay will explain what applicants should pay special attention to when amending a Chinese patent application with reference to actual cases in order to help foreign applicants and patent attorneys to make amendments and answer office actions efficiently.

According to Article 33 of the Chinese Patent Law, an applicant may amend his application but the amendment shall not go beyond the scope of the disclosure contained in the initial description and claims. This is a substantial regulation on the content of amendment.

With respect to the time and manner for making an amendment, there are two related rules in the Implementing Regulations of the Chinese Patent Law: Rule 51.1 stipulates that when a request for substantive examination is made or within three months after receipt of the notification of entering the substantive examination stage, the applicant may amend the application on his own initiative; and Rule 51.3 stipulates that the applicant may amend the application after receiving an office action, but the amendment shall be made as required by the office action – in other words only on the





defects pointed out in that action.

It might appear that the applicant has only two chances to amend the application on his own initiative: one at a particular point in time and the other within a time frame of three months. This represents a big difference to other countries where the applicant has numerous chances to amend the application on his own initiative.

With respect to the amendment in response to an office action, the amendment should not go beyond the scope of the disclosure contained in the initial description and claims and should also be limited to the requirements of the office action. The limit is not fixed but correlates with the specific opinions in the office action or examination measurements followed by the specific examiner. In practice, it is hard to handle.

In this newsletter, we will discuss understanding of Rule 51.3. According to this Rule, the amendment made by an applicant in response to an office action should only overcome the defects pointed out by the examiner in the office action. If, however, an applicant wants to overcome a defect found by himself in the response to an office action, will Chinese examiners accept such an amendment? We present a number of cases for reference that will provide a better understanding the rules followed by Chinese examiners.

Case 1

When responding to an office action, the applicant found that Claim 3 of the application falsely refers to Claim 1 and amended, on his own initiative, Claim 3 to refer to Claim 2.

Case 2

Amendments to obvious mistakes such as different terms being used to describe the same technical features or the reference signs in the attached figures being different from those given in the description.

The Chinese Guidelines for Examination points out that an amendment made on the applicant's own initiative in response to an office action usually shall not be accepted if the amendment addresses a defect not pointed out in the office action. However, if the amendment complies with Article 33, the amendment may be deemed to be agreed by the examiner, which is equivalent to the amendment being made according to the requirements of the office action. Application documents amended in this way may be acceptable, provided that the defects in the initial application documents are eliminated and there is the prospect the application will be granted a patent right.

By doing so, it is beneficial to economise the examination procedure. In cases similar to Case 1 or 2, when the amendment is made to overcome existing defects, as long as the amendment complies with Article 33 and helps to save the examination procedure, the examiner usually will accept it even those defects are not pointed out by him.

However, sometimes an applicant may wish to amend not only formal issues or obvious mistakes but also substantive issues when responding to an office action. According to the Guidelines for Examination, an amendment addressing a defect not pointed out shall not be accepted even if it complies with Article 33, if the amendment does not economise the examination procedure. Such an amendment may include: removing or changing a technical feature in an independent claim to broaden the protection scope of the claim; changing a claim in a way that the subject matter of the initial claim; and adding a new claim to protect a technical scheme that never appears in the initial claim.

Case 3

The subject matter of the original claim is "a cap assembly for a secondary battery" and the applicant changes "secondary battery" into "battery" on his own initiative when responding to an office action.

As discussed above, such amendment to broaden the protection scope usually will be unacceptable to Chinese examiners.



Case 4

The subject matter of the original claim is “a cap assembly for a secondary battery” and the applicant adds another independent claim when responding to an office action to claim “a battery casing” thus defining a technical scheme that did not appear in the initial claim.

Chinese examiners usually will not accept such additional independent claim, even when the related technical scheme is included in the initial description. However, Case 5 provides an exception.

Case 5

The subject matter of the original Claim 1 is “a cap assembly for a secondary battery” and the applicant adds another independent claim when responding to an office action to claim “a secondary battery comprising the cap assembly of claim 1”.

As long as the technical scheme of the secondary battery comprising the cap assembly is included in the initial description and there is the prospect the application may be granted a patent right, an examiner will usually accept the new claim since no extra patent search is needed and the examination period will not be prolonged.

It can be seen that fewer chances are provided for applicants to make amendments on their own initiative in China and more restrictions are applied to amendments made on applicants' own initiatives in their response to office actions. We hope that foreign applicants and patent attorneys take note of such differences.

In the above understanding of Rule 51.3 is discussed, and we will continue to discuss understanding of Article 33 in the next issue of our newsletter.

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