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## Xu Wenqing v. Patent Reexamination Board et al.

*Citation: The Supreme People's Court's Judgment No. Minsantizi 2/2005*

*Date of judgment: September 29, 2005*

### **Procedural history**

Xing Pengwan and the Jinxing Anti-corrosion Company (Jinxing) in Honggang District, Daqing City filed a request for invalidation of Xu Wenqing's patent (ZL88103519.X) for the invention of "method for anti-corrosion in inner and outer walls of steel tube bundle" respectively on March 28, 1997 and June 17, 1998. The Patent Reexamination Board (PRB) decided to have declared said patent invalid on the ground that the claims were not supported by the specification. The PRB's decision was upheld by the Beijing No.1 Intermediate People's Court of first instance, and the Beijing Higher People's Court affirmed the first-instance decision. Xu Wenqing petitioned the Supreme People's Court for retrial.

### **Issue**

1. Whether the PRB should give the interested parties appropriate chance in the invalidation proceedings, inviting them to make explanations and observations regarding the specific facts and grounds on which it had made the examination decision according to the principle of oral hearing?
2. How to judge whether the claims are supported by the specification when the claims are not literally identical with the specification?

### **Facts**

Claim 1 of the patent in suit went like this:

“1. A method for anti-corrosion in the inner and outer walls of a steel tube bundle of cooler and heat exchanger devices, namely first forming a phosphorization layer on the surfaces of the inner and outer walls of the steel tube bundle of the cooler and heat exchanger and then applying paint thereon, wherein this process is accomplished by (1) connecting the steel tube bundle, a pump, a valve group, and a solution tank of the cooler and heat exchanger into a closed cycle system by rubber tubes and iron tubes according to the technical process; and (b) bringing various treating liquids (alkaline liquor, acid liquor and phosphate liquor) used in the whole technical process for treating the surfaces of the inner and outer walls of the steel tubes of the cooler and heat exchanger into a continuous and uninterrupted cycle flow state.”.

Xing Pengwan and Jinxing, the invalidation requesters, filed a request and made observations before the oral hearing and the attorney’s statement after it, and filed with the PRB the specific grounds regarding the fact that the claims were not supported by the specification under Article 26 (4) of the Patent Law. The PRB failed to communicate the specific grounds in the attorney’s statement to Xu Wenqing.

The PRB summarized all the specific reasons as stated by the requesters regarding alleged lack of support of the claims in the specification, and made Examination Decision No.1372 on the invalidation request, to have declared said patent invalid.

Xu Wenqing, the patentee, argued that the PRB had acted in violation of the principle of oral hearing, and failed to have communicated all the specific facts and grounds to the patentee for comments before making the decision that was unfavorable to him was made. He also believed that the claims of this patent were actually supported by the specification.

The Beijing No. 1 Intermediate People’s Court supported the PRB’s decision, holding that the PRB made it clear in the Notification on Oral Hearing sent to Xu Wenqing that whether the invention patent in suit was contrary to Article 26 (4) of the Patent Law as one of the issues to be addressed in the oral hearing, and that said grounds were also debated on at the oral hearing. The technical solution of claim 1 of the invention patent in suit, not appropriate and complete, was different from the technical solution of the specification, so it was not based on, nor supported by the

specification, nor were claims 2-4, so they were contrary to Article 26 (4) of the Patent Law.

The Beijing Higher People's Court supported the first-instance court's judgment, holding that the PRB communicated the evidence and observations to both the invalidation requesters and the respondent in the course of the examination according to the law provisions, indicating in the Notification on Oral Hearing that the subject matter to be addressed in the oral hearing included whether the invention patent in suit was contrary to Article 26 (4) of the Patent Law, and Xu Wenqing also made his observations on the point in his written defense as filed in response to the oral hearing of the PRB. The content Xu Wenqing alleged unknown was exactly the matter of whether the invention patent in suit was contrary to Article 26 (4) of the Patent Law. For that reason, the Decision No.1372 made by the PRB did not contain anything that Xu Wenqing knew nothing about. The Beijing Higher People's Court accepted the conclusion made by the first-instance court and the PRB that the claims were not supported by the specification.

### **Rule of Law**

Article 26 (4) of the Patent Law (1992) *The claims shall be supported by the specification, and shall state the extent of protection for which the patent sought.*

Section 8.4, Chapter 1 of Part 4 of the Guidelines for Examination (1993) *Principle of oral hearing An interested party in the proceedings shall be given appropriate chance to make explanations and observations, especially before an examination decision that may be unfavorable to the interested party is made..*

### **Reasoning**

1. About the principle of oral hearing

The principle of oral hearing as provided for in the Guidelines for Examination is that an interested party should be given an appropriate chance to make explanations and observations regarding the specific facts and grounds, and the interested party must be given a chance to make explanations and observations especially regarding the facts and grounds on which an examination decision is to be made.

The requesters' main grounds that the patent in suit was contrary to Article 26 (4) of the Patent Law were mainly: the "closed cycle system" as defined with distinctive technical feature (a) of claim 1 was not described in the specification, so it could be closed or non-closed; the various treating liquors being in "a continuous and uninterrupted cycle flow state" as defined in distinctive technical feature (b) was not described in the specification; hence the flow of the treating liquor was not in a continuous and uninterrupted state. The observations made by Xu Wenqing, the requester for retrial, also made his observations, in the administrative proceedings for the invalidation of the patent, directed to the said grounds for the invalidation.

However, in the Invalidation Decision made by the PRB was found the following grounds for the invalidation: "...in claim 1 was stated 'bringing various treating liquids (alkaline liquor, acid liquor and Phosphate Liquor) into a continuous and uninterrupted cycle flow state', which showed that the order of the working procedure was: alkaline washing, acid washing and phosphatizing", but the order of the working procedure of the method of anti-corrosion for the inner walls of the tube bundle as described in the specification was: acid washing, neutralizing (alkaline washing); and phosphatizing. The method for anti-corrosion in the inner walls of the tube bundle as stated in the specification included a grit blasting working procedure, but the anti-corrosion method as defined in claim 1 did not contain a grit blasting process. The method for anti-corrosion in the inner or outer wall of the tube as stated in the specification had a drying working procedure, but the method of anti-corrosion for the inner and outer walls of the tube as defined in claim 1 did not have such a procedure". The grounds for invalidation were actually generated by summarizing the Attorney's Statement (post-hearing observations) as filed with the PRB by Xing Wanpeng, a third party in the former proceedings, after the oral hearing. However, the PRB failed to communicate said Statement to Xu Wenqing, the retrial requester.

The Guidelines for Examination are a set of administrative rules formulated by the State Intellectual Property Office (SIPO) under the Patent Law and the Implementing Regulations of the Patent Law, which have set forth the operational specifications underlying patent grant and patent invalidation reexamination and binding on the PRB. In the invalidation proceedings, the PRB should give Xu Wenqing an appropriate chance to make explanations or observations regarding the spe-

cific facts and grounds. Only in doing so could it be held that the principle of oral hearing as provided for in the Guidelines for Examination was followed. It was not convincing for one to believe that the interested party was given an appropriate chance to make explanations and observations and the principle of oral hearing as provided for in the Guidelines for Examination was observed only based on that a requester would present his grounds for invalidation that the patent in suit was contrary to Article 26 (4) of the Patent Law, and the PRB had informed the interested party in the Notification on Oral Hearing that the oral hearing would cover the matter that the patent in suit was contrary to Article 26 (4) of the Patent Law. Since the PRB does not have any evidence to show that it had given Xu Wenqing an appropriate chance to make his explanations and observations regarding the facts and grounds on which the Decision No.1372, unfavorable to Xu Wenqing, had been made before the PRB made said Decision, the PRB had acted in violation of the principle of oral hearing as provided for in the Guidelines for Examination.

## 2. About the issue of whether the claim was based on the specification

Under the Guidelines for Examination (1993), the provision that “the claims shall be based on the specification” means that the claims must be supported by the specification. In other words, the technical solution claimed in each claim should be sufficiently disclosed in the specification. That is, the extent of the claim should not go beyond the scope of the disclosure contained in the specification. The claims should be supported by the specification both literally and substantively. Whether the claims are based on the specification should be determined by considering whether the claimed technical solution of each claim could be directly derived or acquired by way of generalization by a person skilled in the relevant field of technology from the disclosure contained in the specification and whether the scope of claims go beyond the content disclosed by the specification.

The patent in suit consisted of four claims, wherein the technical solution claimed in claim 1 was a combination of three technical features, namely:

(1) first forming a phosphorization layer on the surfaces of the inner and outer walls of the steel tube bundle of the cooler and heat exchanger, and then applying paint thereon, viz. the technical

feature common to the prior art;

(2) connecting the steel tube bundle, a pump, a valve group and a solution tank of the cooler and heat exchanger into a closed cycle system by rubber tubes and iron tubes according to the technical process, viz. feature (a); and

(3) bringing various treating liquids (alkaline liquor, acid liquor and Phosphate Liquor) used in the whole technical process for treating the surfaces of the inner and outer walls of the metal tubes of the cooler and heat exchanger into a continuous and uninterrupted cycle flow state, viz. feature (b).

Based on the specification, technical feature (1) was directly described in para.4 of the specification. Therefore, technical feature (1) could be directly derived by a person skilled in the relevant field of technology from the disclosure contained in the specification. Technical features (a) and (b) were not directly described in the specification, but could be acquired by way of generalization by a person skilled in the relevant field of technology from the disclosure contained in the specification. Specifically, technical feature (a) could be acquired by way of generalization of paragraphs 4, 6 and 7 of the specification and the appended drawings. Technical feature (b) could be acquired by way of generalization of the treating process of the inner and outer walls as stated in paragraph 7 of the specification. Thus, it could be seen that technical feature (1) of claim 1 of this invention had already been directly described in the specification, and technical features (a) and (b) could be acquired by generalization by a person skilled in the relevant field of technology from the disclosure contained in the specification. These three technical features together disclosed the technical solution claimed in claim 1, and did not go beyond the scope of the disclosure contained in the specification. Therefore, claim 1 was supported by the specification. The technical solutions as defined in claims 2-4 could also be acquired by way of generalization from the specification, so they were supported by the specification. After comprehensively considering the views of all the parties concerned on the disputed matter, it could be concluded that the claims of the patent of the case were supported by the specification, so conformed to Article 26 (4) of the Patent Law.

***Holding***

1. Before making a decision unfavorable to the patentee, the PRB failed to give the patentee an appropriate chance to make explanations and observations as to the facts and grounds on the basis of which said decision was made, and the PRB had violated the principle of hearing.