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Rugao City Aijike Textile Machinery Co., Ltd. v. Patent Reexamination Board

Citation: The Supreme People's Court's Administrative Judgment No. Xingtizi 3/2007

Date of judgment: May 20, 2008

Procedural history

The Aijike Textile Machinery Co., Ltd (Aijike) filed a request with the Patent Reexamination Board (PRB) for invalidation of Wang Yushan's utility model patent 98248629.4 (the patent in suit). The PRB declared claims 1 - 9 of said patent invalid, and kept claim 10 thereof valid. Aijike brought an action in the Beijing No 1 Intermediate People's Court, which upheld the PRB's invalidation decision. It appealed to the Beijing Higher People's Court, which vacated the former judgment and the PRB's invalidation decision, holding the utility model patent 98248629.4 invalid. Then, the PRB requested the Supreme People's Court for retrial of the case.

Issue

1. Did the enterprise standards recordal *per se* constitute disclosure in the sense of the Patent Law?
2. Was the court empowered to directly declare a patent right invalid?

Facts

Aijike filed an invalidation request on the ground that claims 1 - 10 of the patent in suit lacked novelty and inventiveness. One piece of the evidence from Aijike was a recorded enterprise standards used for proving, together with the sales evidence, that the patent in suit had been disclosed through use to show that claims 1 -10 of said patent did not possess novelty. Meanwhile, said enterprise standards, together with another reference, were used to show that claim 1 did not possess

inventiveness.

1. The PRB declared claims 1-9 of the patent in suit invalid on the ground that they did not possess inventiveness compared with the reference, and meanwhile it held that the corporate standards of an enterprise was not publication accessible to the public. That is, it was not made readily accessible to any member of the public; hence it did not accepted the relevant evidence, and kept claim 10 valid.

The first-instance court held that the time for the recordal of said enterprise standards could not be proven; hence it was insufficient to show that the content of the standards was made readily accessible to the public prior to the date of filing of the patent in suit. It was right practice for the PRB not to have accepted the evidence.

The second-instance court held that the recordal of the enterprise standards at the prescribed time with a prescribed agency meant that the public had access to the information of the recorded enterprise standards at the time of recordal and at the relevant administrative agency. Under the Jiangsu Province Standards Supervision and Administration Measures, the enterprise standards in suit should be filed for recordal with the local competent standardization agency and the relevant administrative competent agency within thirty days from release thereof. Said enterprise standards was released on July 1, 1998; hence it was presumed that the time for the recordal was July 31, 1998 at the latest before the date of filing of the patent in suit. Accordingly, the evidence could serve as a reference on the basis for assessing the novelty of said patent.

The PRB argued in its request for retrial by the Supreme People's Court:

1. The second-instance judgment finding the enterprise standards disclosed was legally and factually baseless;
2. It went beyond the judicial power to directly hold the patent in suit invalid in the second-instance judgment.

Rule of law

Article 22 of the Patent Law *Any invention or utility model for which patent right may be granted must possess novelty, inventiveness and practical applicability.*

Novelty means that, before the date of filing, no identical invention or utility model has been publicly disclosed in publications in the country or abroad or has been publicly used or made known to the public by any other means in the country, nor has any other person filed previously with the Patent Administration Department under the State Council an application which described the identical invention or utility model and was published after the said date of filing.

Inventiveness means that, as compared with the technology existing before the date of filing, the invention has prominent substantive features and represents a notable progress and that the utility model has substantive features and represents progress.

Practical applicability means that the invention or utility model can be made or used, and can produce effective results.

Reasoning

1. Whether recordal of the enterprise standards constituted disclosure in the sense of the Patent Law.

The standards in the sense of the Standardization Law are technical requirements that need to be harmonized. The technical requirements incorporated in standards are eventually related to the relevant technical information, such as patents or technical secrets. It should not be simplistically believed that the relevant technical information incorporated in standards has been naturally disclosed or fallen into the public domain.

While the pertinent laws, administrative regulations and sectoral rules and the local regulations of the Jiangsu Province have all provided for the system for release, recordal and publication of enterprise standards, particularly enterprise products standards, they did not set forth express provisions or restrictions regarding the publicly disclosed specific information of the recorded enter

prise standards. But, this did not mean that the enterprise standards would be undoubtedly disclosed in full by the recordal agency, so that recordal thereof constitutes the disclosure in the sense of the patent.

The enterprises standards, as a set of technical requirements, constituted technical achievements made by the enterprise. It is possible, if not natural, for it to contain some technical secret of the enterprise. A government agency is obliged to keep confidential another party's technical secret it has obtained in its activities of enforcement. As for recorded enterprise standards, the recordal agency and any other enforcement agency that have access to said enterprise standards (such as an agency for resolving product quality dispute) and any testing or appraisal organization should be careful about the enterprise's technical secret possibly contained therein, and protect it under the law. Unless there are other express law provisions, they should not disclose it on their own.

Regarding the matter of administration for enterprise standards release and recordal, as it was made known through consultation with the State Standardization Commission, the release of enterprise standards, in essence, means issuance for implementation within the enterprise upon formulation thereof. Unlike issuance of the National Standards, industrial standards and local standards to the public, it is up to the enterprise whether its enterprise standards are to be released to the general public. For recorded enterprise standards, the recordal agency usually just publishes the code, number, title of the standards, and the name of the enterprise applying for the recordal, without making the specific information accessible to the public.

Upon recordal, enterprise standards are turned into standards files. Regarding the system for the administration of enterprise standards files, it is provided in Article 16 of the Measures of Standards Files Administration issued by the former State Technical Supervision Administration on October 28, 1991 that the agency for the administration of standards files shall put in place a system for the accessibility of the standards files. Standards files are normally not made accessible to outsiders. When they are needed under special circumstances, approval from competent leadership is required, and they should be returned within a time limit.

Meanwhile, as it was made known through consultation with the State Standardization Commis

sion, standards available to a member of the public for reference from a standards file administrative agency are only such standards as the National Standards, industrial standards, local standards, and international standards, not enterprise standards. Except the specific enforcement agencies, such as the court, an enterprise standards files administrative agency generally does not provide consultation service on the enterprise standards recorded therewith.

Based on the above-mentioned circumstances and analysis, this court believed that as the current law provisions and practice showed, enterprise standards recordal did not mean likelihood of publication of the specific information of the standards, nor did it mean that any member of the public would have access to the recorded standards, nor were enterprise standards disclosed in the sense of the Patent Law because of their recordal.

2. Whether the court's direct decision on the validity of the patent right in suit was legally well based.

Under the current framework of law underlying the administrative procedure, the people's court, when hearing cases of patent invalidation dispute, should observe the legality review doctrine under the law, assessing whether a patent right in suit met the substantive patent grant requirements under the Patent Law. The people's court should not directly declare a patent in suit valid or invalid. If the people's court finds that the PRB's decision is erroneous, it can only vacate the decision and remand the case back to PRB.

Holding

1. The recordal of enterprise standards *per se* did not constitute the disclosure in the sense of the Patent Law.

2. The second-instance court's direct decision on the validity of the patent right in suit was legally baseless.