

Global Patent Prosecution

August 2020



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In April, the Supreme People's Court of China published a draft for comment for "Provisions of the Supreme People's Court on Several Issues Concerning the Trial of Administrative Cases Involving Patent Authorization and Confirmation (I)" ("Provisions"). This month's issue of the Global Patent Prosecution newsletter discusses similarities and differences between patent invalidity proceedings before the U.S. Patent and Trademark Office's (USPTO's) Patent Trial and Appeal Board (PTAB) and similar proceedings before the China National Intellectual Property Administration (CNIPA) in view of the Provisions.

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SURVEY OF PTAB AND CNIPA

PROCEEDINGS IN VIEW OF PROPOSED REGULATIONS REGARDING ADMINISTRATIVE PATENT LITIGATION IN CHINA



By: Boyuan Wang and [Dohm Chankong](#)

A. Current Guidance for Chinese Patent Authorization and Confirmation Cases

The Patent Reexamination Board (“Board”) within the CNIPA relies on Chinese Patent Law, the Implementing Regulations of the Patent Law (“Regulations”), and the Guidelines for Patent Examination (“Guidelines”) as the main legal sources for reexamination and invalidation procedures in adjudicating patent authorization and confirmation cases.

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Before publication of the Provisions, Chinese courts^[1] reviewed CNIPA patent authorization and confirmation cases based on Chinese Patent Law and the Regulations. But these two sources provide limited guidance regarding how the courts adjudicate these types of cases. The Provisions are intended to fill in these gaps. Because CNIPA patent authorization and confirmation decisions are subject to review by the courts, the Provisions could also have an indirect but still significant impact on CNIPA patent reexamination and invalidation procedures. In other words, because the courts can review CNIPA patent reexamination and invalidation decisions based on the Provisions, the effect of the Provisions can trickle down to CNIPA patent authorization and confirmation proceedings.

B. Survey of CNIPA and PTAB Invalidation Proceedings in View of the Provisions

This section discusses two issues related to patent invalidation proceedings before the PTAB and CNIPA: (1) grounds and standing; and (2) background art and prior art.

1. Grounds and Standing for Patent Invalidity Proceedings before the CNIPA and PTAB

The CNIPA patent invalidation procedures and USPTO post-grant proceedings (e.g., post-grant review (PGR) and *inter partes* review (IPR)) are mechanisms to challenge patent validity. Grounds for challenging patent validity and standing before these venues for utility and design patents are discussed below.

i. General Rules before the CNIPA and PTAB

Standing restrictions for seeking patent invalidation before the CNIPA are more lenient than before the PTAB. For example, a petitioner in a PGR or IPR cannot be the patent owner. But in China, the patent owner could initiate a patent invalidation procedure against its own utility and design patent as long as certain conditions are met.

In addition, the grounds for seeking patent invalidation before the CNIPA are listed in Rule 65 of the Regulations and are broader than the grounds for seeking PGR or IPR before the PTAB. For instance, if an inventor of a utility patent developed in China failed to request confidentiality examination before filing the patent application abroad, or if a design patent infringes another's legitimate copyright or trademark rights, such defects could be the grounds for seeking patent invalidation.

A reason for the above distinctions is seeking patent invalidation before the CNIPA is the only approach to invalidate a patent in China, while in the United States, there are approaches other than IPR or PGR to invalidate a patent.

ii. Design Patent Invalidation before the CNIPA and PTAB

Article 24 of the Provisions specifies that as long as the petitioner can prove the design patent infringes another's legitimate copyright or trademark rights, the patent owner cannot allege lack of standing based on the petitioner not being the prior right holder or an interested party. In other words, the standing requirement for bringing a suit against a design patent essentially relies on the ability to prove infringement of a copyright or trademark.

The Guidelines previously stipulated standing to seek patent invalidation on design patents that are in conflict with prior copyright or trademark rights. Under the Guidelines, the petitioner is required to prove that it is the prior right holder or the interested party. Once proven, the petitioner can file a lawsuit before the court.^[2] Article 24 of the Provisions removes this requirement.

Before the PTAB, infringement of prior intellectual property rights, such as copyright and trademark rights, cannot serve as the basis for seeking an IPR or PGR on design patents. Rather, the basis for seeking an IPR is limited to issues raised under 35 U.S.C. §§ 102 and 103 and based on prior patents and printed publications. The grounds for seeking PGR on design patents are broader and include issues raised under 35 U.S.C. §§ 101, 102, 103 and 112.

2. Background Art and Prior Art

Background art is art described in a patent specification that oftentimes explains the patent's subject matter or the problem addressed by the patent. Prior art is art that may be used to invalidate a patent.

Both Article 13 in the Provisions and PTAB decisions do not presume that background art is necessarily prior art. However, the Provisions and PTAB guidelines diverge with regard to inventor admissions. Before the PTAB, inventor admissions could convert background art into prior art. But under the Provisions, inventor admissions are not sufficient to constitute prior art; rather, public knowledge prior to the subject patent is required.

i. Admissions before the CNIPA

Article 13 of the Provisions stipulates that "the background art contained in the specification of a patent shall not be deemed as prior art referred to in Article 22.5 of the Patent Law, unless evidence supporting it is publicly known before the

application date.” Article 13 is intended to resolve any ambiguity regarding the difference between background art and prior art in the Guidelines. Although Rule 17 of the Regulations does not equate “background art” with “prior art,” the Guidelines muddies this distinction. For instance, the Guidelines state that the essential technical features in an independent claim shall “distinguish the [technical solution of the invention] over technical solutions described in the background art.”^[3]

Although the Board has held in some cases that background art is not necessarily prior art, China is not a case law jurisdiction and these cases’ holdings are not binding in other patent examination, reexamination, and invalidation proceedings. However, since the decisions made by the CNIPA are subject to review by the courts that are governed by the Provisions, it is probable that Article 13 of the Provisions could be incorporated into the Guidelines and replace or clarify rules in the Guidelines that muddy the distinction between background art and prior art.

ii. Admissions before the PTAB

The PTAB has held that patent owner statements during prosecution could be used as evidence of an admission that a patent’s background discussion constitutes prior art.^[4] The PTAB has relied on MPEP § 2129 for support, which states that “[a] statement by an applicant in the specification or made during prosecution identifying the *work of another* as “prior art” is an admission.” (Emphasis added.) For example, in *Ex Parte Hwang*, the appellant argued to the Board that it did not make a statement that its background discussion was the “work of another.”^[5] The Board disagreed, stating that the appellant’s statements made during prosecution that its background discussion was “conventional” and that the claimed invention represented an improvement over the subject matter described in the background discussion.

The PTAB has also held that the inventor’s use of the phrase “prior art” in the specification constituted an admission that the background discussion was prior art.^[6] For example, in *Ex Parte Lee*, the appellant failed to disprove the admitted prior art was the “work of another” under MPEP § 2129. Accordingly, unlike before the CNIPA, inventor admissions could convert art background discussion into prior art before the PTAB.

[1] The patent reexamination and invalidation decisions made by Patent Reexamination Board within the CNIPA can be reviewed by the Intellectual Property Court in Beijing, the decision of which could then be appealed to the Superior Court in Beijing.

[2] Guidelines Part IV Chapter 3 § 3.2.

[3] Guidelines Part II Chapter 2 § 3.1.2.

[4] *Ex Parte Joon HWANG*, No. 2010-000720 (B.P.A.I. Sep. 26, 2012) (“[W]e must determine whether disclosures within the Specification and Appellant’s additional statements on the record can be reasonably interpreted as constituting an admission by Appellants that the BACKGROUND discussion is prior art.”)

[5] *Id.*, 6.

[6] *Ex Parte Kang-Hyun Lee*, No. 2008-3836 (B.P.A.I. Sep. 12, 2008).

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