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Kunming Ouguan Window Industry Co., Ltd. v. Kunming Intellectual Property Office

Citation: The Yunnan Province Higher People's Court Administrative Judgment No. Yunggaogxingzhongzi 5/2007
Date of judgment: March 5, 2007

Procedural history

Yang Yingwu filed a request for administrative handling with the Kunming Intellectual Property Office (KIPO) on the grounds that Kunming Ouguan Window Industry Co., Ltd. (Ouguan) made and marketed products with features identical with its patent (ZL99230778.3). The KIPO made a decision on handling the patent infringement dispute, finding the constitution of the infringement. Ouguan, dissatisfied with the Decision, brought an administrative suit in the Kunming Intermediate People's Court, requesting to reverse the KIPO's decision. The Decision was upheld in the first-instance judgment. Ouguan appealed to the Yunnan Province Higher People's Court.

Issue

1. Judicial review of the legality of the appraisal procedure

2. Judicial review of the legality of the administrative case docketing and documents service procedure

Facts

After accepting Yang Yingwu's request for handling the patent infringement dispute, the KIPO made the Decision (No. Kunzhichuzi 2/2006) on handling the patent infringement dispute on the basis of the evidence, such as the appraisal conclusion. According to the Decision, the product "anti-theft window sash" made by Ouguan, with the technical features covering the five essential

technical features of the claims of the patent (ZL99230778.3) for the utility model of a window sash with anti-theft strips, fell within the extent of protection of said patent, and was established as infringing the patent.

The first-instance court held that while the KIPO had acted somewhat improperly in its notification on the change of the panelists and application of law when taking said administrative action, this did not necessarily render the administrative action illegal and reversible; hence the court decided to have upheld the KIPO's decision on handling the patent infringement dispute.

Ouguan argued that KIPO made the decision mainly on the basis of the evidence of the appraisal conclusion without listening to its opinions. Besides the qualification certificates of the appraisal experts had expired, and the expert appraisal conclusion on the accused infringement involved the matter of law. Therefore, the KIPO's decision had been made on the basis of unclear facts and insufficient evidence. The procedure was also problematic in matter of putting the case on docket, service of the request, and change of the panelists.

Rule of law

Rule 60 (2) of the Supreme People's Court's of Regulations on Evidences *Inquiry of witnesses, appraisal experts, and on-site investigators shall not be conducted in language and manner that threaten, humiliate and improperly induce them.*

Rule 6 of the State Intellectual Property Office's (SIPO) Measures of Patent Administrative Enforcement *Where a request is filed with a patent administrative authority for handling a patent infringement dispute, a letter of request and a copy of the Certificate of the patent in suit shall be filed, with enough copies of the request made available to each of the respondents. Where necessary, the patent administrative authority may verify, to the SIPO, the legal status of the patent right in suit. Where a patent infringement dispute involves a utility model patent, the patent administrative authority may ask the requester to furnish a search report prepared by the SIPO.*

Rule 7 thereof *The letter of request shall present the information as follows:*
(1) name and address of the requester, name and position of the legal representative or the person

mainly responsible, and name of the attorney, and name and address of the agency if any;
(2) names and addresses of the respondents; and
(3) the matter to be handled, facts and grounds. Relevant evidence and proofs are filed in appendixes to the request. The letter of request should be duly signed or sealed by the requester.

Rule 9 *The patent administrative authority shall, within seven days from the date of putting the case on docket, mail, directly deliver, or serve in any other manner, the letter of request and the copies of the appendixes to the respondent, and require the latter to submit a statement of defense in duplicate within fifteen days from receipt thereof. The respondent's failure to do so at the expiry of the time limit does not affect the patent administrative authority's handling of the case. Where the respondent submits the statement of defense, the patent administrative authority shall, within seven days from receipt thereof, mail, directly deliver, or serve in any other manner, a copy of the statement of defense to the requester.*

Rule 10 *Where the patent administrative authority, in handling a case of a patent infringement dispute, may decide whether to hold an oral hearing according to the circumstances of the case. Where the patent administrative authority decides to do so, it shall inform the interested parties of the time and venue of the oral hearing to be held at least three days before the date of the oral hearing. Where an interested party refuses to attend the oral hearing without justification, or leaves in the middle of the oral hearing without permission, the requester is treated as having withdrawn his request, and the respondent is to be treated by default.*

Reasoning

1. The main evidence on the basis of which the KIPO made the decision in suit finding the infringing facts was the expert's appraisal conclusion. Since the qualification of the experts was illegitimate and the appraisal conclusion went beyond the scope of specialized technical appraisal by making a legal determination, such expert appraisal conclusion should not be accepted according to law. During the administrative handling proceedings, the KIPO did not listen to what the interested parties had to say about the expert appraisal conclusion, which contravened the provisions of Rule 60 (2) of the Regulations on Evidences. The expert appraisal conclusion should not be considered as evidence for determining the legality of the administrative action in suit. Accordingly,

the main evidence on the basis of which the KIPO found Ouguan infringing the patent was insufficient.

2. As the ascertained facts in the present case showed, the KIPO accepted the letter of request that was not duly signed or sealed by the requester himself, which contravened the statutory procedure under Rules 6 and 7 of the SIPO's Measures of Patent Administrative Enforcement that a letter of request duly signed and sealed by a requester should be submitted for handling a patent infringement dispute. Under Rule 9 of said Measures, the patent administrative authority should serve the letter of request and the appendixes thereto to the respondent within seven days from the date of putting the case on docket. But, in the present case, the KIPO did not serve a valid and effective letter of request to Ouguan, thus contravening the statutory procedure. In addition, the KIPO did not inform the parties concerned of the time and venue of the oral hearing three days ahead, which violated the statutory procedure as set forth in Rule 10 of the Measures.

Holding

1. The qualification of the appraisal experts for making the expert appraisal, viz., the main evidence on the basis of which the KIPO made the decision on the infringement was illegitimate, and the expert appraisal went beyond the scope of specialized technical appraisal. The determination made this way should not be adopted under the law, and the evidence was insufficient.

2. The KIPO acted in violation of the statutory procedure since it put the case on docket without receipt of a valid and effective letter of request, failed to communicate a valid and effective letter of request to Ouguan, and failed to inform the interested parties of the time and venue of the oral hearing three days before the date of the oral hearing.