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China's Supreme Court Clarified the Doctrine of Prosecution History Estoppel

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In China, a patent owner's statements made during prosecution or invalidation may give rise to prosecution history estoppel (or prosecution disclaimer), which precludes the patent owner from recapturing subject matter that was relinquished during prosecution or invalidation in subsequent infringement actions. To invoke the doctrine of prosecution disclaimer, such statements must constitute a clear and unmistakable surrender of claim scope.

Prior to 2016, China's standard of prosecution disclaimer was not clear in that, whether a patentee is bound by the arguments that it made before the examiner or the Board regardless of whether the examiner or the Board adopted such argument for allowance.

In 2016, the Supreme People's Court (SPC) in a judicial interpretation introduced an exception to prosecution history estoppel if a patentee's narrowing statements are expressly rejected by the examiner during prosecution or by the Patent Reexamination Board (PRB) during invalidation proceedings.

Since then, a further question arose that whether prosecution history estoppel is triggered when the PRB in its written decision makes no comment, i.e., it neither agrees nor disagrees with a patentee's arguments to distinguish prior art. Some courts regarded that under such circumstances the patentee's attempted surrender of claim scope failed as it did not maintain validity based on what he argued, and thus there will be no prosecution disclaimer. Other courts took a different view, holding that the scope of the disclaimer is measured by what a patentee said, and that the patentee's narrowing arguments constitute disavowal of claim scope in absence of the PRB's comments.

On December 22, 2017, in *Cao Guilan, etc. v. Chongqing Lifan Automobile Sales Co., Ltd.*, the Supreme People's Court (SPC) settled this debate.

Background

Patent Owner ("PO") CAO Guilan owns CN Patent No. 200710019425.7 ("the '425 Patent"), which is directed to an antenna device with a shark fin shaped housing. CAO sued Lifan in the Nanjing Intermediate Court ("trial court"), claiming that Lifan's motorcycle antennas infringed the '425 Patent.

In response, Lifan filed an invalidity petition with the PRB, challenging all claims of the '425 Patent. PO in the written response and at the oral hearing, argued that independent Claim 1 requires (a) the antenna and the antenna amplifier be connected via a connection element rather than a lead wire; (b) the antenna be set inside the antenna housing by plastic injection molding or fixed card; and (c) the claimed antennas be able to receive both AM and FM radios, the three of which distinguish Claim 1 from the prior art D1 cited in the petition.

The PRB agreed with PO's argument with respect to limitation (c), and based on which, maintained validity of Claim 1. However, the PRB did not indicate whether it agrees with PO's asserted distinction regarding limitation (a) or (b) in its written decision.

Discussion

The trial court found Lifan's products infringed the '425 Patent. Lifan appealed, arguing that it does not practice limitations (a) and (b) based on PO's disclaimer in the invalidation action. PO contended that "express rejection" should be interpreted broadly, covering both explicit rejection and implied rejection, and that she did not surrender limitations (a) and (b) because of the PRB's silence, i.e., an implied rejection of the two asserted distinctions.

The Jiangsu High Court ("appellate court") agreed with Defendant, holding that PO's statements constitute prosecution disclaimer, because (1) the term "express rejection" should be read strictly, covering only explicit rejection; and (2) the PRB's silence as to limitations (a) and (b) means there was no express rejection. Based on its claim construction, the appellate court reversed the trial court's infringement judgment.

This case ultimately went to the SPC, which interestingly, did not clarify whether the appellate court was correct in its interpretation of "express rejection". Instead, the SPC found that the appellate court erred in overlooking the fact that PO made similar narrowing statements during prosecution before the examiner. The examiner in his Office Actions ("OA") cited the same primary reference D1, considering the asserted distinction (a) and (b) of the '425 Patent common general knowledge. PO amended Claim 1 to include limitation (c) "the claimed antennas be able to receive both AM and FM radios" and finally obtained claim allowance.

The SPC explained that, as an exception to prosecution disclaimer, a rejection can be made by the PRB during invalidation or by the examiner during prosecution, either of which would result in a failure of surrender of claim scope. The SPC reasoned that prosecution history estoppel was not triggered in the present case, because PO's narrowing statements with regard to limitations (a) and (b) were expressly rejected by the examiner (it was limitation (c) that successfully overcame the OA rejection). Therefore, the SPC vacated the appellate court's non-infringement finding.

Although the *Cao Guilan* decision did not explicitly answer whether the PRB's silence indicates any kind of rejection or triggers the prosecution history estoppels, we think the SPC would not consider "implied rejection" constituting an exception to prosecution history estoppel.

Implication

In China, prosecution history estoppel is an effective tool to limit plaintiffs' patent scope in claim construction. After being sued for patent infringement, the defendant should review the prosecution files carefully and initiate invalidity attack as a counter action.

Even if the patent-in-suit can survive invalidation at the PRB, the patent holder's narrowing statements during prosecution or invalidation might constitute prosecution estoppel in the infringement proceeding and, ultimately, in support of a non-infringement judgment.

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This entry was posted on Wednesday, October 17th, 2018 at 3:41 am and is filed under [Case Law](#), [China](#), [Disclaimer](#), [Infringement](#), [Procedure](#), [Scope of protection](#)

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