Hernandez, Jesus

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Sent: Friday, November 04, 2011 12:15 PM
To: IP Policy
Cc: Ron D Brown
Subject: Request for Comments
Attachments: Huntsman vs Longshen.pdf

To

the United States Patent and Trademark Office, Department of Commerce

Dear Sir,

Pursuant to your Request for Comments on Intellectual Property Enforcement in China of October 17, 2011 published in the Federal Register / Vol. 76, No. 200 [Docket No. PTO-C-2011-0056], we wish to submit the attached document. The document summarizes our case along with our conclusion and recommendation for improving the system.

Yours sincerely

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Request for Comments on Intellectual Property Enforcement in China
of
United States Patent and Trademark Office, Department of Commerce

Summary of the Case:

On September 29, 2007 Huntsman sued Colva (a subsidiary of Longshen) before Intermediate People's Court in Shanghai for infringement of Huntsman's Chinese textile dyestuff patent No. ZL00106403.7 (Case: (2007)沪一中民五(知)初字 第 364 号 = (2007) Hu Yi Zhong Min Wu (Zhi) Chu Zi Di 364 Hao). Colva offers for sale and sells Colvazol Super Black LC-G and Colvazol Super Black LC-R.

In March 2008 the court appointed Shanghai Science and Technology Consulting Service Center (Service Center) to prepare an expert opinion on the technical issues underlying the case. The Service Center in turn appointed three individual experts to render the technical opinion on behalf of the Service Center. The senior expert is a former chief engineer of a local dyestuff company, whereas the two other experts are still employed by another local dyestuff company and a local dyestuff research institute. The appointment of the experts was challenged by plaintiff without success. Because the Service Center is not equipped to carry out chemical testing of defendant's products, it appointed the Shanghai Research Institute of Organic Chemistry of Chinese Academy of Science (SRIOC). SRIOC used advanced analytical techniques to analyze the defendant's dyestuff and issued their comprehensive testing report on February 5, 2010 which confirmed infringement.

The Service Center submitted the testing report to the Court, and the Court circulated copies to the parties for cross-examination. Plaintiff signed to confirm the receipt of the testing report on 10 February 2010 and submitted to the Court its cross-examination opinion on 12 March 2010. Defendant also signed to confirm the receipt of the testing report and submitted its cross-examination opinion around the similar time.

In August 2010, the Service Center informed plaintiff that the experts deem the testing report incomplete and that supplementary tests are required as result of discussion between SRIOC and the experts. However, SRIOC never confirmed that they deem supplementary tests necessary. In their written opinion dated January 10, 2011 the Service Center provided the experts' statement as to the SRIOC's testing report and the supplementary tests requested. The requested tests were described, but the expert's arguments were neither clear nor substantiated in a scientific manner. In plaintiff's view these requested tests are not intended to supplement the testing report, but seemed designed to annul it. During an oral hearing held on June 08, 2011 organized by the Service Center plaintiff was prevented by the senior expert and the Service Center from interrogating the authors of the testing report. Nevertheless, one of the authors said that their work and conclusions were correct or they would not have signed it.

Currently, plaintiff is trying to convince the court to listen to plaintiff's arguments.

Litigation before the first instance is pending since more than 4 years. During the court proceedings the judge in charge was absent for two and four months to attend IP training in Beijing, during which the proceedings were put on hold.

Conclusion:

1. An expert appointed by the court should be independent. An expert should not be employed or have been employed in the industry covered by the patent in question, since such companies normally are often competitors of the patent owner. Experts in this field only need to be familiar with advanced chemical testing. Appropriately, an appointed expert organization should have test equipment, skilled personnel who operate the equipment and experts under one roof.

2. In a normal procedure, an appraisal document (whether as the final expert report or as an interim testing report) delivered by an appraisal institution to a court represents and reflects the position and opinion of the appraisal institution (including its experts, similarly hereinafter). In other words, the appraisal institution should accept and concur with what is written in the appraisal document, or it would not have delivered the appraisal document to the court and the parties for cross-examination purposes.

An appraisal institution, following receipt of a testing report from the testing institution, should resolve on its own any doubt regarding the report through internal consultations with the testing institution before submitting the report to the court and the parties. Once the appraisal institution formally submits the report to the court and the parties, the report becomes a formal document acknowledged and accepted by the appraisal institution and the appraisal institution should not on its own accord deny and overturn the basic position and conclusion of the test report.

In such normal procedures, once a testing report enters into the cross-examination process, the appraisal institution should stand by the testing results to face the cross-examination of the parties. Any party who intends to overturn any part of the testing report not in its favor should present irrefutable counterevidence based on the principle of "the burden of proof lies on the one making the claim", rather than simply questioning the testing results formally submitted by the appraisal institution.

In this case, however, what the appraisal institution did is contrary to what should happen in a normal procedure. At a time when the appraisal institution has already submitted via the court the test report to the two parties for cross-examination and the parties have also submitted their respective cross-examination opinions to the court, the appraisal institution did not defend the testing results, provide explanations or refute the negative cross-examination opinion of the defendant; instead, it openly questioned and opposed the testing results by first proposing a supplementary test (as indicated in its letter to the court dated 24 August 2010), and then totally denying the original testing results and suggesting a new test using a new method (as indicated in its letter to the court dated 10

January 2011). The appraisal institution on the one hand submitted the test report to the court and the parties as its official work product, but on the other hand openly rejected and refused to adopt the conclusion of the test report. In other words, in the cross-examination regarding the test report, the appraisal institution, which should have been the party to answer cross-examination questions and stand by the test report, ended up being the party to ask cross-examination questions and to openly oppose and reject the test report.

The basic conclusion of the test report is in favor of the plaintiff, not the defendant, and so once the appraisal institution submitted the report via the court to the parties for cross-examination, a confrontation would certainly arise in which the plaintiff would accept the testing results and the defendant would oppose it, as has been evidenced by the cross-examination opinion of each of the two parties. Under this circumstance, the way in which the appraisal institution handled the test report is contrary to the normal procedure. The resulting paradox and role reversal will undoubtedly impact the fairness and neutrality of any subsequent test and appraisal procedures and thereby prejudice the substantive rights of the plaintiff.

The experts' open denial of the existing testing results has effectively turned them into allies and "spokespersons" for the defendant who has questioned and opposed the testing results. Further, in a normal procedure, the defendant will be required to provide solid counterevidence in order to object existing testing results, and not by simply questioning it. However, this case demonstrates that an expert may, by using his special position and role, refuse to adopt the testing results, merely by expressing doubts about it without no supporting counterevidence. As a result, the defendant, without having to provide any counterevidence on its part, can make use of the expert's opinion to simply overturn the testing report which the Service Center has formally submitted to the court as its work product.

04 November 2011