

Latest Developments of Patent Law in China and Best Practices in view thereof

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Contents

- The Supreme Court's Judicial Interpretation concerning patent infringement cases
 - Issued on December 28, 2009
 - Effective as of January 1, 2010
 - Binding on all courts
- Amendments to the Implementing Regulations of the Patent Law
 - Issued on January 9, 2010
 - Effective as of February 1, 2010

Judicial Interpretation

- Specifying claims to enforce
 - In patent infringement litigation, the court shall rely on the claims specified by the plaintiff when determining the protection scope of the patent in suit. The plaintiff may change its specification of the claims before the end of court debate (Art. 1)
 - Comments
 - As plaintiff
 - Choose most appropriate claims to enforce
 - Strategically delay litigation by specifying new claims at later stages
 - As defendant
 - When preparing defensive strategies, take all of the claims into consideration

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Judicial Interpretation

- Claim construction
 - Protection scope of a claim should be construed by a person skilled in the art, in light of the description, the drawings, the other claims and the prosecution history. When there are still ambiguities, prior art documents, such as dictionaries, textbooks, and common general knowledge may be relied on. (Art. 2 and Art. 3)
 - Functional feature should be construed as covering the specific embodiments contained in the description and the equivalents thereof, similar to Section 112 of the US patent law. (Art. 4)
 - Comments
 - Claim construction practice in China becomes more and more standardized and international
 - Note that, in the patent prosecution process, a functional feature is interpreted as covering all species that can perform the function. This inconsistency is obviously unfair to patentees and needs to be addressed through the mutual understanding between the court and SIPO
 - Do not rely on mean-plus-function claims too much

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Judicial Interpretation

- Dedication to the public rule
 - Patentee can not attempt to cover through the doctrine of equivalents any subject matter that it disclosed but it did not claim in its patent application, thereby avoiding SIPO examination of that subject matter (Art. 5)
 - Comments
 - Make sure to claim all subject matters disclosed
 - For pending applications, note that there are only two opportunities to file voluntary amendments – when requesting substantial examination or within three months after receipt of notice of entering substantial examination procedure
 - For pending applications, consider filing divisional applications

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Judicial Interpretation

- Prosecution history estoppel
 - Patentee can not seek to cover under the doctrine of equivalents any subject matter that it surrendered, either through amendments or arguments, for whatever reason, in order to obtain the patent during the prosecution procedure or to sustain the patent during the invalidation procedure (Art. 6)
 - It does not matter whether the amendments or the arguments were accepted by the examiner or not
 - Comments
 - Avoid amending claims as much as possible
 - Avoid using ambiguous wordings, such as “about”, “approximately”, “substantially”
 - During invalidation procedure, bear the infringing product in mind

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Judicial Interpretation

- All-limitation rule
 - Every limitation of a claim is considered material and must be met, either literally or under the doctrine of equivalents, in the accused product in order to have infringement (Art. 7)
 - Comments
 - This undoubtedly rescinds the infamous redundant designation doctrine that was developed in patent infringement litigation practice during the early stage of patent system in China.

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Judicial Interpretation

- Design patent infringement
 - If the accused product and the design patent fall into the same or adjacent category and the two designs are the same or similar, the accused product is covered by the design patent (Art. 8)
 - The category is determined based on the use of the product, which may be decided in light of the brief description of the design patent, the International Design Classifications, the functions of the product and the ways in which the product is sold and used (Art. 9)

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Judicial Interpretation

- Whether the two designs are the same or similar should be determined by an ordinary consumer based on the overall visible effects of the designs . Features that are dominated by the functions of the product, and materials that have no influences on the overall visible effect should be neglected. Portions of the product that are readily observable in its normal use condition and novel features of the design patent should be given more weight (Art. 10 and Art. 11)
- Comments
 - When describing novel features of design patent during prosecution procedure, use general wordings, such as “The novel features of the present design patent application reside in the combination of shape, pattern and color”, or, “...reside in the front view.”
 - However, specific wordings may be used to obtain something like partial protection

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Judicial Interpretation

- Patented product as component
 - In case of an invention patent or a utility model patent, incorporating a patented product, as a component, into a final product should be regarded as “use” of the patented product. Selling the final product should be regarded as “sale” of the patented product (Art. 12)
 - In case of a design patent, incorporating a patented product, as a component, into a final product and selling the latter should be regarded as “sale” of the patented product, unless the patented product only serves functional purposes (Art. 12)
 - Comments
 - Note that, use of a design patent does not constitute infringement, Therefore, only incorporating the patented product into a final product is not regarded as infringement

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Judicial Interpretation

- Product directly obtained by patented method
 - Product directly obtained by a patented method means the product obtained immediately after finishing the patented method. Subsequent processing of the product should be regarded as “use” of the product (Art. 13)

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Judicial Interpretation

- Prior art defense
 - To establish prior art defense, the accused infringer should prove each of the technical feature of the accused product allegedly covered by the patent is identical to a technical feature of a prior art solution, or the difference therebetween is insubstantial (Art. 14)

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Judicial Interpretation

- Prior user right
 - Prior user right should be based on legally obtained technology (Art. 15)
 - “Necessary preparations” means having finished the main technical documents necessary for implementing the invention, or having manufactured or purchased machines or raw materials necessary for implementing the invention (Art. 15)
 - “Original scope” should include the production scale that has already been achieved before the filing date and that achievable through full use of the existing machines or preparations (Art. 15)
 - Prior user right can be transferred only together with ownership of the company (Art. 15)

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Judicial Interpretation

- Damages
 - When calculating the damages based on the profit of the accused infringer, the amount of the damages should be limited to the patent’s contribution to the profit. More specifically, in case of an invention patent or a utility model patent, if the accused product is a component of a final product, the amount of damages should be determined according to the value of the component per se and its contribution to the profit of the final product. In case of a design patent, if the accused product is a package, the amount of damages should be determined according to the value of the package per se and its contribution to the profit of the inside product (Art. 16)
 - Comments
 - Claim both of the component and the final product as much as possible

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Judicial Interpretation

- Shift of burden of proof
 - If a product or the technical solution of manufacturing the product has already been known to the public before the filing date of the patent application, the product is not new (Art. 17)

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Judicial Interpretation

- Declaratory judgment action
 - When the patentee sends a warning letter and the addressee or the interested party responds with a written notice urging the patentee to initiate the lawsuit, if the patentee neither lodges the lawsuit nor withdraws the warning letter within one month after receipt of the notice or two months after issuance of the notice, the addressee or the interested party may file a declaratory judgment action (Art. 18)
 - Comments
 - Don't be afraid of sending warning letters anymore

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Amendments to the IR

- Foreign filing license
 - “An invention completed in China” refers to an invention whose substantial contents are completed in China (Rule 8)
 - 4 months + 2 months (Rule 9)
 - Comments
 - In practice, for most cases, SIPO can issue notifications allowing foreign filings within two weeks after receiving CE requests. Although two weeks are not too long, it would be recommendable to file CE requests as soon as possible, for example, simultaneously with filing Chinese patent applications
 - CE is required for HK, Taiwan and Macao patent applications

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Amendments to the IR

- Genetic resources dependent inventions
 - “Generic resources” mean materials taken from human beings, animals, plants or microorganisms, containing inheritable units, and having practical or potential value (Rule 26)
 - “Generic resources dependent applications” refers to those that utilize the inheritability of the generic resources (Rule 26)
 - Violation of Art. 26.5 is a rejection ground (Rule 54)
 - Violation of Art. 26.5 is not an invalidation ground (Rule 65)
 - For PCT applications relying on genetic resources, the applicant should indicate the direct source and the original source of said genetic resources when entering the national phase in China (Rule 109)

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Amendments to the IR

- Brief description of design application
 - Brief description shall include: name of the product, use of the product, novel features of the design, and designation of a drawing which best characterizes the main features of the design (Rule 28)
 - Comments
 - If the applicant fails to submit brief description, the application will not be accepted
 - Be careful with the wordings of the novel features
 - What can be seen from the drawings should not be described in brief description

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Amendments to the IR

- Multiple design application
 - When filing a multiple design application, the applicant should indicate which is the basic design in the brief description (Rule 28)
 - The remaining designs should be similar to the basic design (Rule 35)
 - Up to 10 designs can be filed in one application (Rule 35)

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Amendments to the IR

- Double patenting
 - When an applicant files both a utility model patent and an invention patent for the same innovation on the same day, the fact that another application is simultaneously filed should be indicated in each of the two applications (Rule 41)
 - When the invention application is examined, the examiner will invite the applicant to choose whether to abandon the utility model patent or not. If not, the invention application will be rejected. If yes, the invention application will be granted and the utility model patent will be terminated on the day when the grant of the invention patent is announced (Rule 41)
 - Comments
 - File a utility model with SIPO and a PCT application on the same day? It won't do!
 - How about file a regular patent application with SIPO and then file a PCT application claiming the priority from that Chinese application?

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Amendments to the IR

- Patentability assessment report
 - SIPO should issue the report within 2 months after receiving the request (Rule 57)
 - When more than one requests are received, SIPO issues only one report, which can be referred to or copied by any person (Rule 57)

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Amendments to the IR

- Withdrawal of invalidation request
 - When the petitioner withdraws the invalidation request, the PRB should not terminate the invalidation procedure if the patent can be invalidated wholly or partly based on its findings thus far (Rule 72)
 - Comments
 - Note that, when you try to settle a dispute, PRB may not agree

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Amendments to the IR

- Compulsory license
 - “Not sufficiently exploited” means not satisfying the requirements of the domestic market (Rule 73)
 - The scope of the compulsory license under Art. 50 of the Patent Law covers patented active ingredients necessary to produce the drug and patented diagnostic tools necessary for the use of the drug (73)

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Amendments to the IR

- Reward and remuneration of inventors
 - A companies may enter into a contract with inventors for reward and remuneration (Rule 76)
 - If there is no such a contract and there exist no company's rules to that effect,
 - the company should pay, as reward, not less than RMB 3000 for an invention patent, or not less than RMB 1000 for a utility model patent or a design patent within 3 months after the date of granting the patent (Rule 77)
 - the company should pay, as remuneration, not less than 2% of the operating profit earned through exploiting an invention patent or a utility model patent, or not less than 0.2%, a design patent. If the patent is licensed to third parties, the company should pay, as remuneration, not less than 10% of the royalties to the inventors (Rule 78)
 - Comments
 - Note that Rules 76-78 are binding not only on state-owned companies but also on private companies. Therefore, it is recommendable that companies should conclude a contract with inventors as mentioned in Rule 76, or formulate rules about reward and remuneration of inventors

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Amendments to the IR

- Deadline for paying filing fee
 - Within 2 months from the filing date or within 15 days from receipt of the filing receipt, whichever expires later (Rule 95)
- Maintenance fee for invention patent applications
 - No longer payable
- Deadline for filing Chinese translations of PCT Article 19 or Article 34 amendments
 - Within 2 months after the date of entering the national phase in China (Rule 106)
- Deadline for filing voluntary amendments after a PCT entering national phase as utility model application
 - Within 2 months after the date of entering the national phase (Rule 112)

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Thank you for your attentions!

Any questions?

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