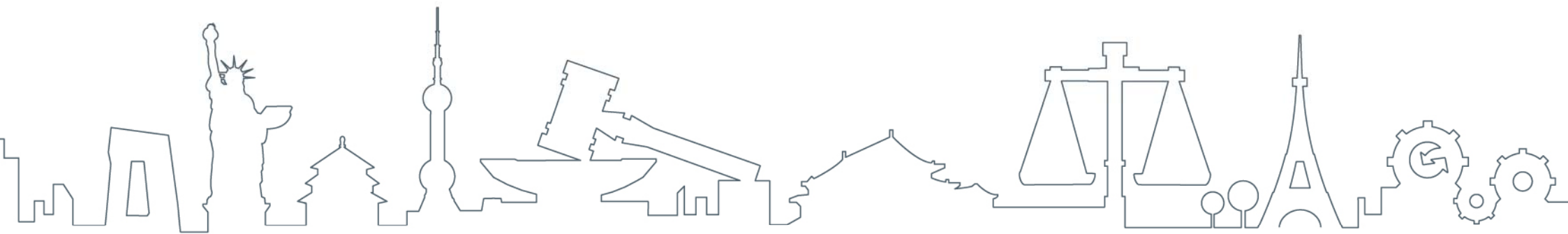


Improvements on enforcement of patent in China and some tips on prosecution

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1. Improvements on Enforcement of Patent in China
2. Tips on prosecution



- why shall we file a patent application in China?



We used to answer like this-

- Large population, large market
- Large filing number recent years
- A good weapon to strike the infringement
- ...



Improvements on Enforcement of Patent in China



IP Courts - 1

- 3 IP courts in Beijing, Shanghai, and Guangzhou
 - top three IP jurisdictions in the country
- Set up at the end of 2014
- Specialized Courts for intellectual property cases



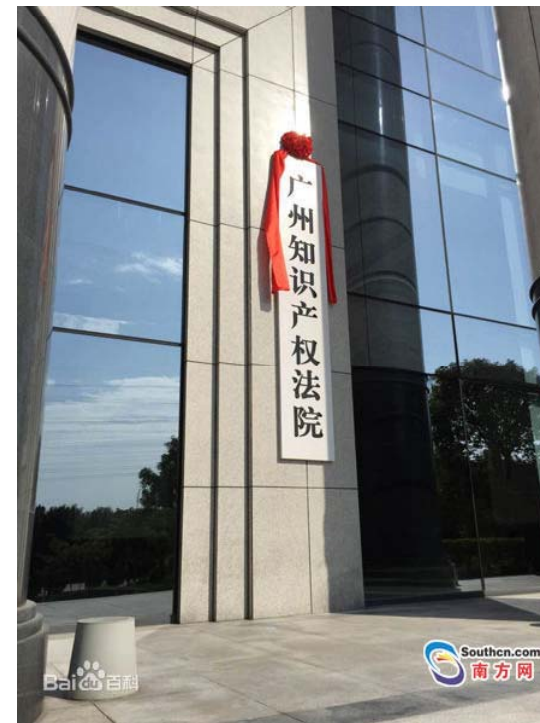
IP Courts - 2

- Beijing IP Court
 - established on November 6, 2014
 - the first IP court in China
 - more than 40 judges
 - civil and administrative cases involving complex technology
 - **administrative review cases** against decisions made by government agencies



IP Courts - 3

- Guangzhou IP Court
 - established on December 16, 2014
 - more than 30 judges
 - IP cases in Guangdong Province except for the City of Shenzhen



IP Courts - 4

- Shanghai IP Court
 - established on December 28, 2014
 - more than 12 judges



IP Courts - 5

- Cases accepted and concluded in 2015

	accepted	concluded	remarks
Beijing IP Court	nearly 9,000	more than 4,000	more than 60% cases are litigations against decisions by government agencies
Guangzhou IP Court	nearly 5,000	more than 3,000	it has jurisdiction over cases for one whole province , the biggest province for manufacturing industries
Shanghai IP Court	nearly 1,600	nearly 1,000	

IP Courts - 6

- Highlight of IP Courts - 1
 - the judges
 - excellent ones selected from the original corresponding Intermediate People's Courts
 - have rich experience in IP cases, and many of them even have technical background



IP Courts - 7



- Highlight of IP Courts - 2
 - a technical investigation section
 - to assist judges who have no technical background
 - employs experts in various technical fields as technical investigation officers
 - to provide their professional opinion regarding technique for the judge
 - to help the judge to make some investment and decision
 - the technical investigation system is in its initial stage and under construction
 - Beijing IP courts employed 15 technical investigation officers in 2015, and they have already taken part in more than 70 litigation cases

Improvement on legal provisions - 1

- Amendment on Chinese Patent Law in 2008
 - some preliminary strengthening on the articles about enforcement of patent right
 - the penalty for **counterfeiting patents** largely aggravated
 - the amount of **compensation for infringement** largely increased



Improvement on legal provisions - 2

- Interpretation of several issues concerning the application of law in the trial of patent disputes in 2009
 - as a **supplement** of the patent law
 - to provide a specific guidance for trial of patent infringement cases
 - defines:
 - the protection scope of a patent right
 - judgment of patent infringement
 - non-infringement defense
 - the amount of compensation
 - ...



Improvement on legal provisions - 3

- Interpretation (II) of several issues concerning the application of law in the trial of patent in 2016
 - the main target of the Interpretation (II) is to resolve some existing problems in patent infringement cases:
 - 1. difficulty in providing evidence
 - it is always difficult for a patentee to provide evidences of infringement
 - the Interpretation (II) assigns part of the obligation of providing evidences to the **infringer**



Improvement on legal provisions - 4



- 2. long period
 - a patent infringement case accompanied with invalidation and further administrative litigation may last 5-6 years
 - the Interpretation (II) allows the court to **directly** reject the infringement litigation once the reexamination board determines the invalidation
 - unnecessary to wait the final decision of the administrative litigation
 - as a judicial remedy, the patentee is allowed to file a separate suit before IP court
 - if the two parts reach agreements on compensation for damage before or after trial, the court would accept it

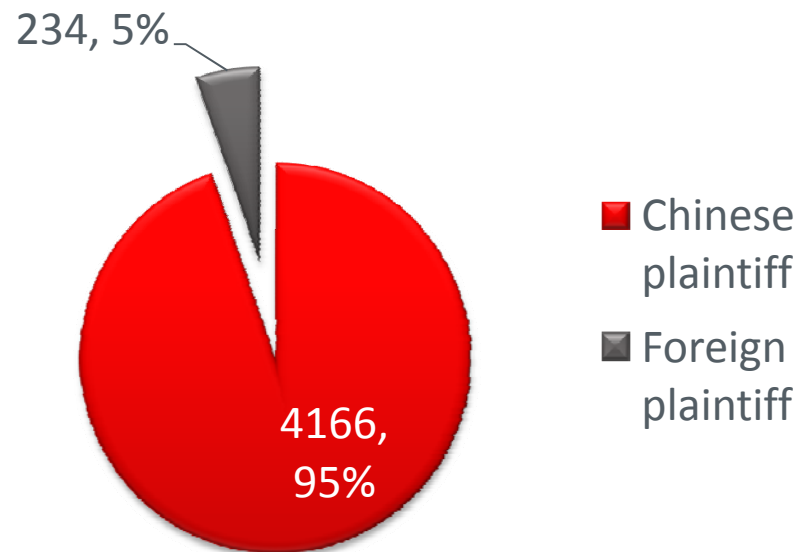
Improvement on legal provisions - 5



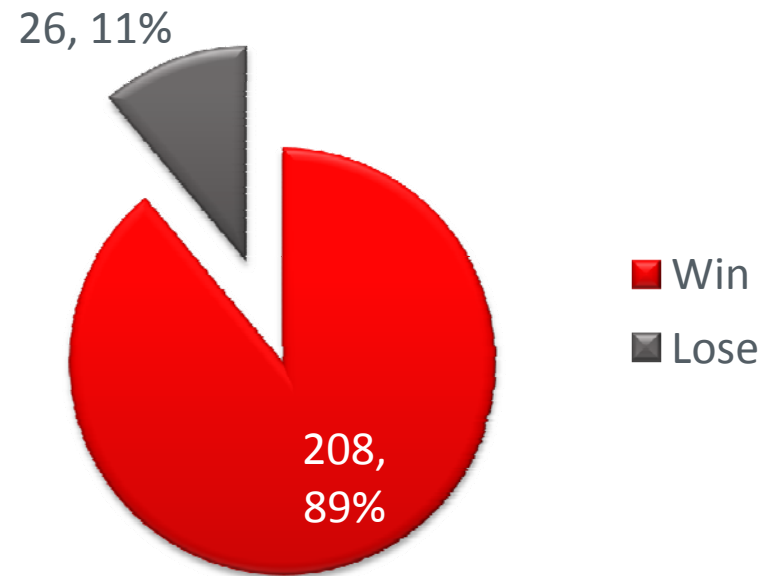
- A fourth amendment on the Chinese Patent Law
 - the SIPO issued a draft amendment of patent law for comments in 2015
 - a brand new Chapter named “**enforcement and application of patent right**” is added

Statistic on recent infringement litigations - 1

Infringement litigations settled during 2013-2015



foreign plaintiff's winning rate



Statistic on recent infringement litigations - 2

- Amount of compensation
 - the case with foreign plaintiff earns a higher compensation
 - plaintiffs of the cases with compensation more than **500,000 RMB** are **all** foreign companies
 - the highest compensation up to about **4.8 million RMB**



4 infringement litigations filed by Hurom - 1

- Background
 - Hurom group (Korea) is famous for its juice extractor
 - filed a patent application of its juice extractor in 2007
 - patent granted in 2010

HUROM™
Slow Juicer



4 infringement litigations filed by Hurom - 2

- Sued 4 Chinese manufacturing companies including Haier in 2015
- Alleging their products of juice extractors infringe Hurom's patent right
- Demanded a total compensation amount of nearly **10 million RMB**

Haier

SKG

 Hauswirt

AUCMA

4 infringement litigations filed by Hurom - 3

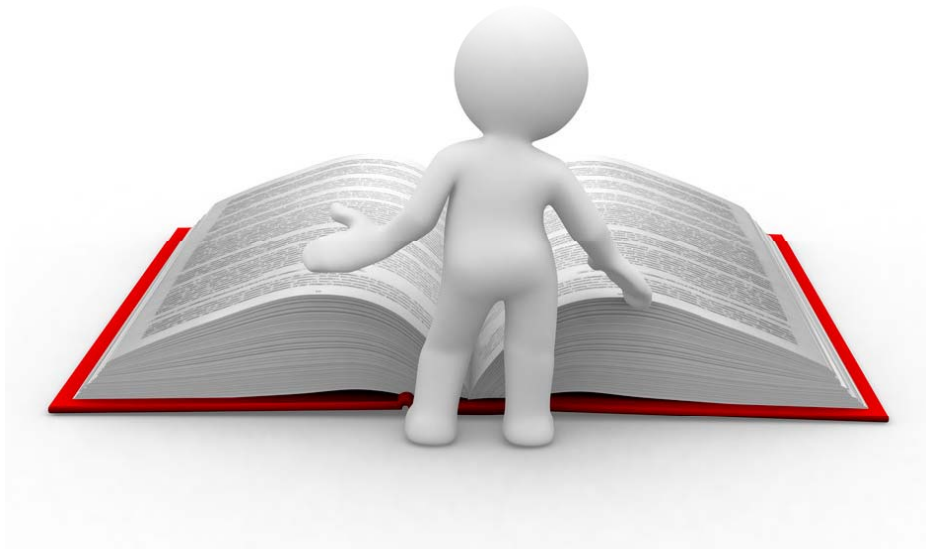


- The 4 Chinese manufacturing companies filed invalidation request to invalidate the patent
 - Failed
- In 2016, the Beijing IP court announced the decision:
 - affirming the infringement of the 4 Chinese companies
 - approving the amount of compensation demanded by Hurom

Tips on prosecution (of Invention and Utility Model Applications)

A dark grey horizontal band containing the title. Below the title, there are faint, light grey line-art icons of various scientific and industrial equipment, including beakers, flasks, and gears. A solid red horizontal bar is positioned at the bottom of this grey band.

- Some general issues for both invention and utility model patent applications



Amendments in China - 1

- Voluntary amendment
 - amendment at requesting examination or within three months from the start of the examination
 - amendment at filing of a divisional
- Passive amendment
 - amendment according to a notification of correction
 - amendment according to an office action

Amendments in China - 2

- Very strict criterion
 - the amendments shall not go beyond the **initial** claims and description
- The content of amendments
 - shall be literally described in the initial claims or description
 - can be **directly and unambiguously** derived by a person skilled in the art from the initial claims or description

Amendments in China - 3

- An example of an allowed amendment



Amendments in China - 4

- An additional restriction on passive amendment
 - the amendment must **aim to** solving the problem issued by the examiner
 - any voluntary amendment at this stage is **not** allowed
 - **except** that the amendment is only to solve some formality problems so as to smooth the prosecution



Patentability of subject matter - 1

- If a software or computer program can be protected by patent in China ?

– Yes



Patentability of subject matter - 2

- A software or computer program per se cannot serve as the subject matter of the claims in China
- The following form will be **rejected** in China:
 - Software for image processing, characterized in ...
 - A computer program for signal analysis, characterized in ...
 - A storage medium/device, characterized in storing a computer program...

Patentability of subject matter - 3

- Allowable claim form for protection of a software or computer program

Method claim

- A method for image processing, characterized in including the following steps:
 - Step 1...
 - Step 2...
 -

Product claim

- An apparatus for image processing, characterized in including the following devices:
 - Device A, for the processing of Step 1...
 - Device B, for the processing of Step 2...
 -

Patentability of subject matter - 4

- Tips for product claim for protection of software or computer program
 - every feature of the product claim shall **perfectly** correspond to that of the method claim
 - Otherwise, the claim will be **rejected** as lacking support from the description

Patentability of subject matter - 5

- Method for diagnosis or treatment of animals including human
 - still unpatentable in China



Patentability of subject matter - 6

- A possible amendment to an allowable form for diagnosis or treatment method:
 - Swiss-type use claim
 - Use of compound A/component A in the manufacture of a medicine/reagent/vaccine for treatment/diagnosis...
 - those claims cannot be amended into Swiss-type
 - a diagnosis method characterized in **procedure**
 - a treating method characterized in **administration**

Official fees for patent in China - 1

- some basic official fees (fixed fees)

Item	Official Fee for Invention (in RMB/USD)	Official Fee for Utility Model (in RMB/USD)
Application fee (via Paris Convention or PCT path)	900/135	500/75
Printing fee	50/7.5	-
Reexamination fee	1000/150	300/45
Patent Certificate Fee (Including Printing Fee and Stamp Tax)	255/38	205/31

Official fees for patent in China - 2

- some basic official fees (variable fees)

Item	Official Fee (in RMB/USD)
Fee for claiming priority (per priority)	80/12
Surcharge for grace period of Chinese entry of a PCT application	1000/150
Substantive examination fee (for invention only)	2500/375
Excessive fee for claims in excess of 10 (per claim)	150/22
Excessive fee for specification including drawings (and gene sequence list) in excess of 30 pages (per page) in excess of 300 pages (per page)	50/7.5 100/15

Official fees for patent in China - 3



- The fee for claiming priority
 - variable with the number of the priorities
- The surcharge for grace period
 - only occurs when using the 2-month grace period
- The excessive fee for claims and specification
 - calculated based on actual situation (claim number and page number of the specification)

Official fees for patent in China - 4

- The substantive examination fee of an invention application can be reduced for a national entry of PCT application in some cases:
 - reduced by **100%** if ISR and IPER are made by Chinese Patent Office (SIPO)
 - reduced by **50%** if ISR is made by SIPO
 - reduced by **20%** if ISR is made by European, Japanese or Swedish Patent Office

A way to lower official fee

- To cut down excessive claim fee
 - cut down the number of the claims at filing
 - further add the cut claims at the timing of the voluntary amendment
 - will not incur any further official fee
 - This way **doest not work** for Chinese entry of PCT application



Expedite prosecution of invention in China

- Patent Prosecution Highway (PPH)
 - the **only** way to expedite prosecution
- Start at 2011
- Cooperation protocol with 20 countries or regions



PPH in China

- Regular PPH
 - using the grant decision by the prior national patent office
- PCT PPH
 - using the positive opinion at the international phase of a PCT application
- **No** official fee



Requirements for PPH request

- File after the application enters the substantive examination, before the examiner issues the first office action
- The claims for which a PPH is requested:
 - perfectly **equivalent** to those allowed claims or the claims with favorable opinion in the international phase of PCT application
 - Or have a **narrower** scope
- Some minor expression differences may lead to rejection of the request
- **2** chances

Effect of PPH

- Will **not** lead to the direct granting of an application
- Accelerate the issuance of the first office action
 - Reduce 6-12 months to 3-6 months (by half)



Suggestions for PPH

- Balance the scope of the claims and the period of the prosecution
- If an amendment to narrow the scope is needed, consider whether it is worth to file a PPH request
- Consider the risk of a rejection as amendment go beyond the initial application



- Some specialized tips for utility model patent applications



Overview of utility model in China

- Eligible subject matters
 - only for **products**
 - shall include the improvement relating to the **shape** and/or **structure** of product
- Prosecution procedure
 - **no** substantive examination
 - only preliminary examination
 - low criterion for novelty and inventiveness
- Protection period
 - **10** years

New tendency in examination of UM

- the criterion of novelty/inventiveness is raised
 - Conduct more **search**
 - Issue more office actions for the reasons of **lacking novelty/inventiveness**

Strategy for quicker&longer patent protection - 1



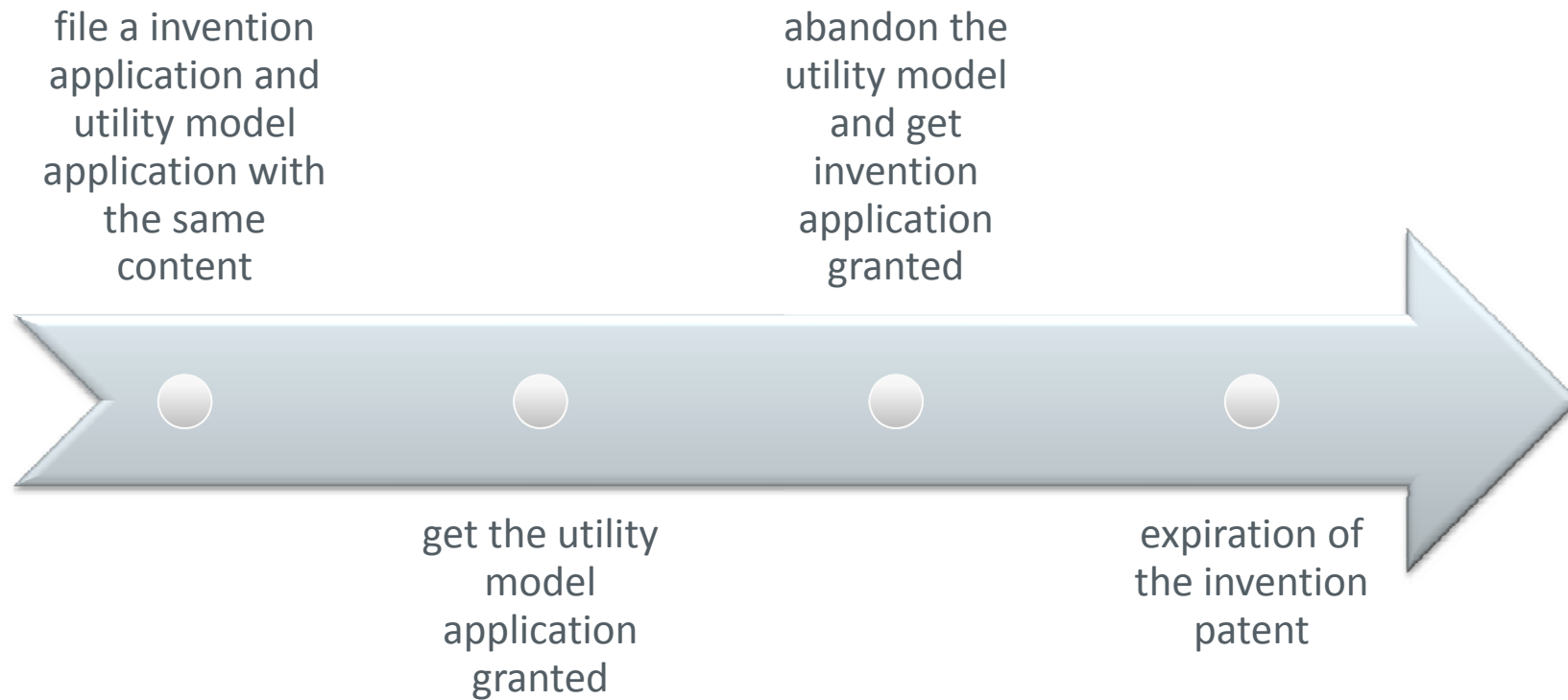
- Yes!
- file an invention application and a utility model application
 - with the **same content**
 - at the **same day**

Strategy for quicker&longer patent protection - 2



- Article 9 of Patent Law
 - For any identical creation, only one patent right shall be granted. Where an applicant files on the **same** day applications for both patent for utility model and patent for invention relating to **the identical creation**, and the applicant declares to **abandon** the patent for utility model which has been granted and does not terminate, the patent for invention may be **granted**.


Strategy for quicker & longer patent protection - 2



Thanks for listening!



- Any question?



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A professional headshot of Frederer Shen, a man with short dark hair and glasses, wearing a dark suit, white shirt, and dark tie. The photo is set against a light gray background.



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