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# AMENDMENT TO PRC (CHINA) PATENT LAW



*Date: August 2009*

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# LEGISLATION STATUS (1)

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✧ *March 2005*

- *State Intellectual Property Office (SIPO)  
Proposed guideline of research project of third  
Amendment to patent law*

✧ *August 2006*

- *SIPO Proposed Draft Amendment*

✧ *December 2006*

- *SIPO Submitted Draft 1.0 Amendment to the  
Legislative Affairs Office of the State Council*

# LEGISLATION STATUS (2)

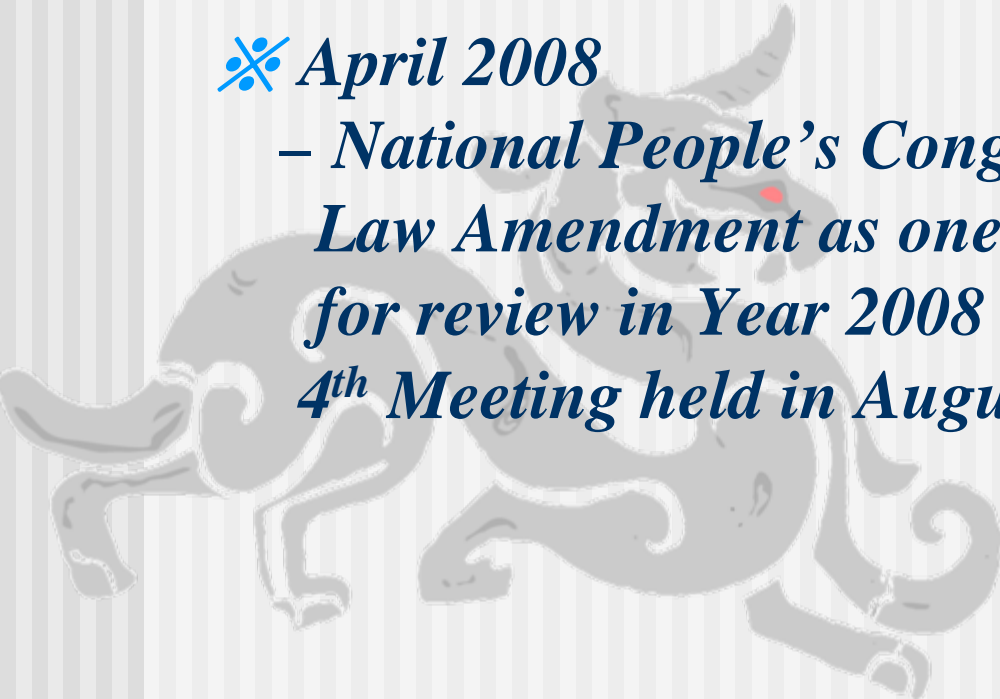
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## ❖ *February 2008*

- *SIPO Submitted Draft 2.0 Amendment to the Legislative Affair Office of the State Council*

## ❖ *April 2008*

- *National People's Congress included Patent Law Amendment as one of the amendment bills for review in Year 2008 (to be scheduled for the 4<sup>th</sup> Meeting held in August 2008)*



# LEGISLATION STATUS (3)

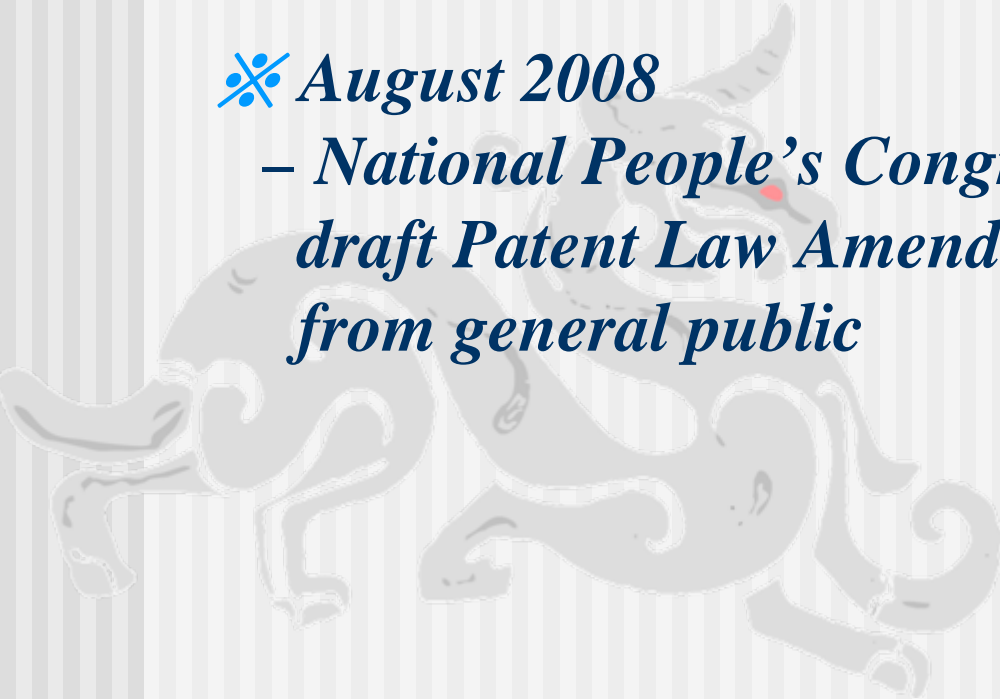
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✧ *July 2008*

– *National People's Congress discussed the draft Patent Law Amendment*

✧ *August 2008*

– *National People's Congress published the draft Patent Law Amendment to seek opinion from general public*



# LEGISLATION STATUS (4)

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*❖ December 27, 2008*

*– National People's Congress approved the amendments to the Patent Law.*

*❖ The amended Patent Law will come into effect on 1 October 2009.*

*❖ SIPO is amending the Enforcement Rules and the Patent Examination Guidelines*

*❖ Supreme Court announced Draft Judicial Interpretation on Handling of Patent Infringement Cases*

# MAJOR AMENDMENTS

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## *Newly Added Unpatentable Subject Matter (1)*

- *an invention of which the completion depends on genetic resources, but the acquisition or exploitation of the said generic resources violates the relevant laws and administrative regulations of the State (newly added Article 5-2)*

*The "genetic resource" refers to a material that has a genetic functional unit and is of actual or potential value. "An invention is made depending on genetic resources" refers to one made by using a genetic function of the genetic resource.*

*Where an invention is made using a genetic resource, the applicant shall so indicate in the patent application and specify the direct source and the original source of the genetic resource.*

*(Rule 26 of the Implementing Regulations)*

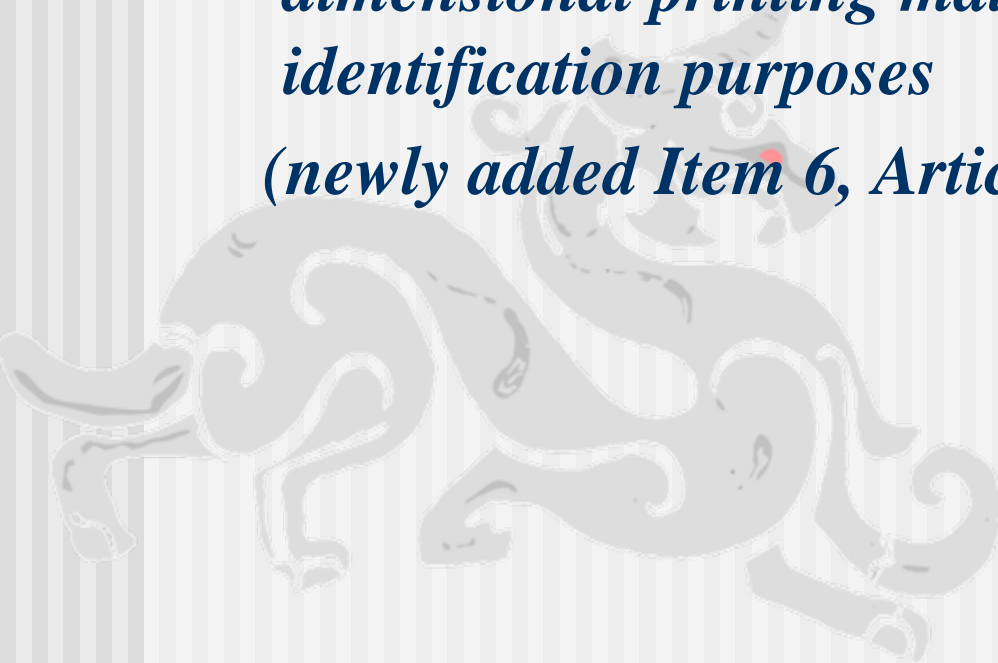
# MAJOR AMENDMENTS

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## *Newly Added Unpatentable Subject Matter (2)*

- *pattern, color, or their combination, of two dimensional printing materials, which is mainly for identification purposes*

*(newly added Item 6, Article 25-1)*



# MAJOR AMENDMENTS

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## *Co-Owned Patent Cases*

- 1. For a co-owned patent case, an agreement with respect to exploitation of patent between/among the co-owners shall govern;*
- 2. Where there is no agreement stated above, each co-owner may exploit the patent independently or grant a non-exclusive licensing to others provided that the licensee fee thus received shall be allocated between/among the co-owners;*
- 3. Except as provided in Item 2 above, exploitation of a co-owned patent case shall require consent from all co-owners. (Article 15)*

# MAJOR AMENDMENTS

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## *Dual Filing Approach (1)*

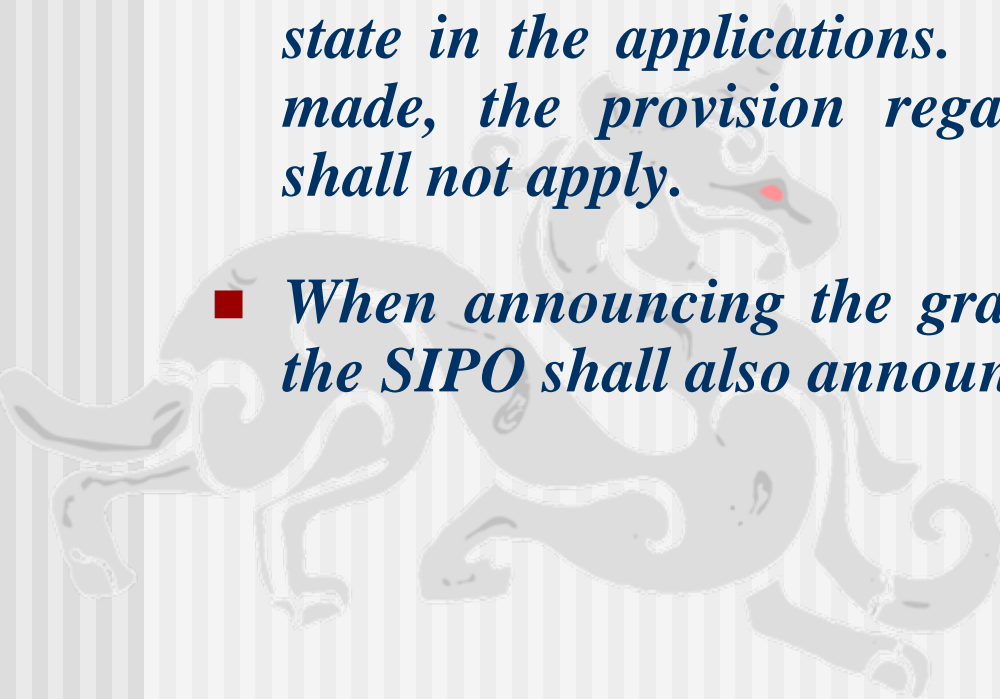
- *Add one provision stating that only one patent shall be granted to the same invention; where the same applicant files one invention application and one utility model application on the same day and the said utility model patent is granted, the invention application shall be granted if the said utility model patent has not become extinguished and the applicant has declared to give up the said utility model patent. (Article 9-1)*

# MAJOR AMENDMENTS

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## *Dual Filing Approach (2)*

- *Where an applicant files, on the same day, applications for patents for both utility model and invention to cover an identical invention-creation, the applicant shall so state in the applications. Where no such statement is made, the provision regarding dual filing approach shall not apply.*
- *When announcing the grant of a utility model patent, the SIPO shall also announce the dual filing statement.*



# MAJOR AMENDMENTS

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## *Dual Filing Approach (3)*

- *If the invention patent application is found to be patentable, the SIPO shall notify the applicant to abandon the utility model patent within a specified time limit. If the applicant agrees to abandon the utility model patent, SIPO shall allow the invention patent and announce such patent abandonment when announcing the grant of the patent for invention. If the applicant does not agree to abandon the utility model patent, SIPO shall reject the invention application. If the applicant fails to make a reply within the time limit, the invention application shall be deemed to have been withdrawn.*
- *The utility model patent is abandoned from the day of granting the invention patent is announced.*

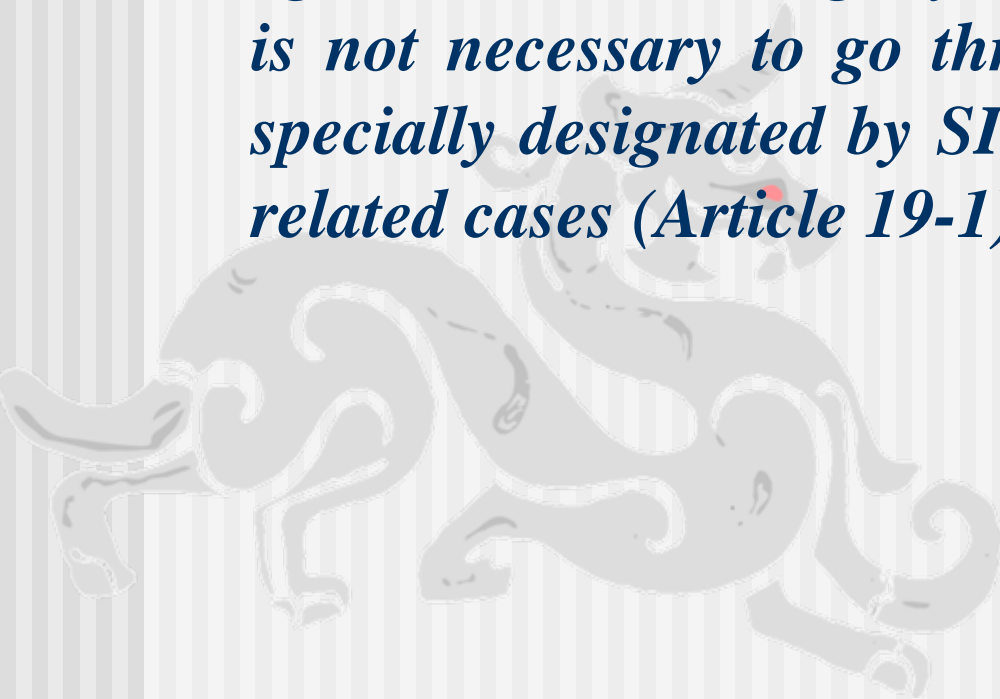
*(Rule 40 of the Implementing Regulations)*

# MAJOR AMENDMENTS

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## *Patent Agencies*

- *Foreign applicants may designate patent agencies that are legally organized in China; it is not necessary to go through patent agencies specially designated by SIPO to handle foreign-related cases (Article 19-1)*



# MAJOR AMENDMENTS

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## *Patent Filing for Inventions Originated in China- First Filing Requirement Abolished (1)*

- *Any entity or individual may choose filing the 1st patent application in China or in a foreign country for an invention originated in China and the applicant has to pass a prior secrecy examination by the Patent Administration Department of the State Council. (Article 20-1).*
- *Applicable to invention and utility model patent cases*

# MAJOR AMENDMENTS

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## *Patent Filing for Inventions Originated in China - First Filing Requirement Abolished (2)*

- *A secrecy examination request (“Request”) can be made in any of the following ways:*
    1. *where the applicant intends to first file a patent application with a foreign country or a relevant foreign organization, a Request shall be filed with the SIPO explaining the technical solutions beforehand;*
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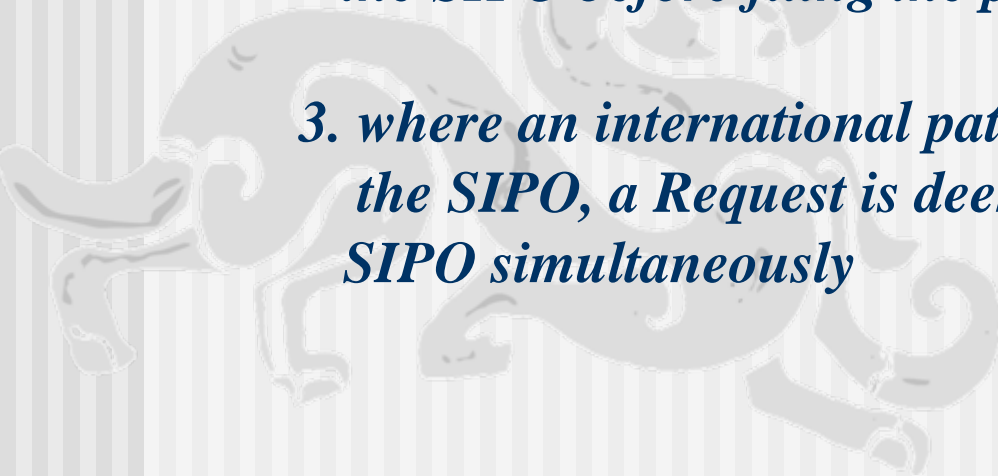
# MAJOR AMENDMENTS

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## *Patent Filing for Inventions Originated in China - First Filing Requirement Abolished (3)*

*2. where an applicant first files a patent application with the SIPO and plans to later file a patent application with a foreign country or a relevant foreign organization, a Request shall be filed with the SIPO before filing the patent application abroad*

*3. where an international patent application is filed with the SIPO, a Request is deemed to have been filed with the SIPO simultaneously*

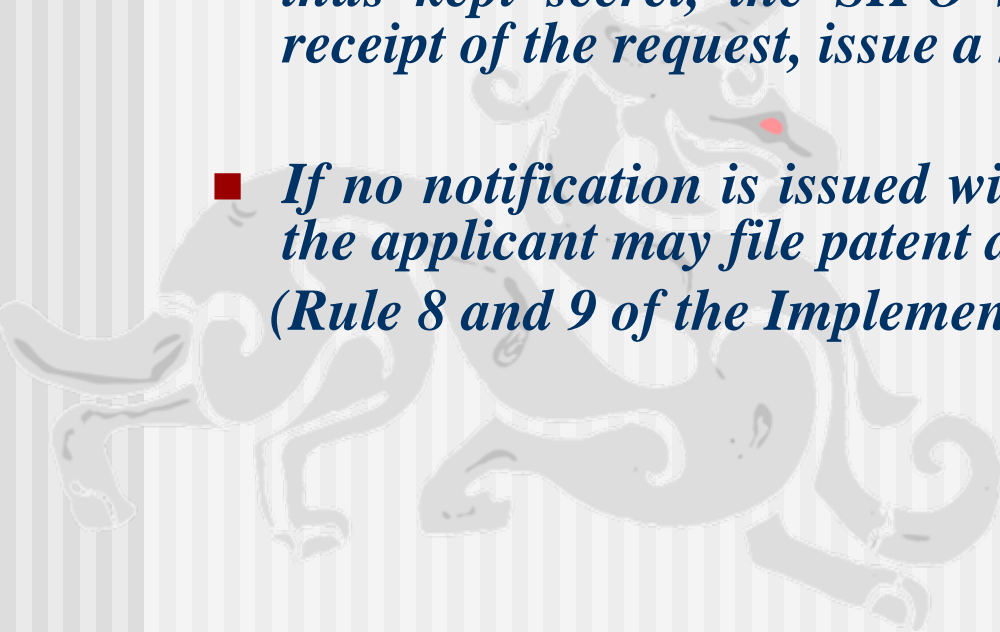


# MAJOR AMENDMENTS

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## *Patent Filing for Inventions Originated in China - First Filing Requirement Abolished (4)*

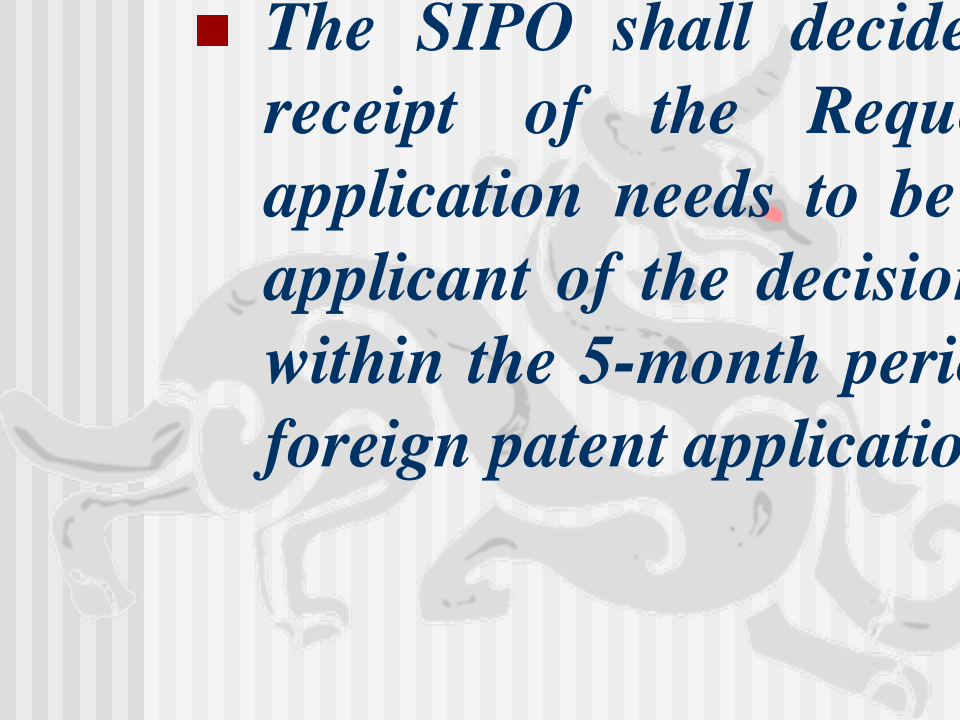
- *If the SIPO receives a secrecy examination request and considers that the invention or utility model may relate to security or other vital interests of the State and must be thus kept secret, the SIPO shall, within 3 months from receipt of the request, issue a notification to the applicant.*
- *If no notification is issued within the 3-month time period, the applicant may file patent application(s) abroad.*  
*(Rule 8 and 9 of the Implementing Regulations)*



# MAJOR AMENDMENTS

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## *Patent Filing for Inventions Originated in China - First Filing Requirement Abolished (5)*

- *The SIPO shall decide, within 5 months from receipt of the Request, whether the patent application needs to be kept secret and notify the applicant of the decision. If no decision is issued within the 5-month period, the application may file foreign patent application(s) abroad.*
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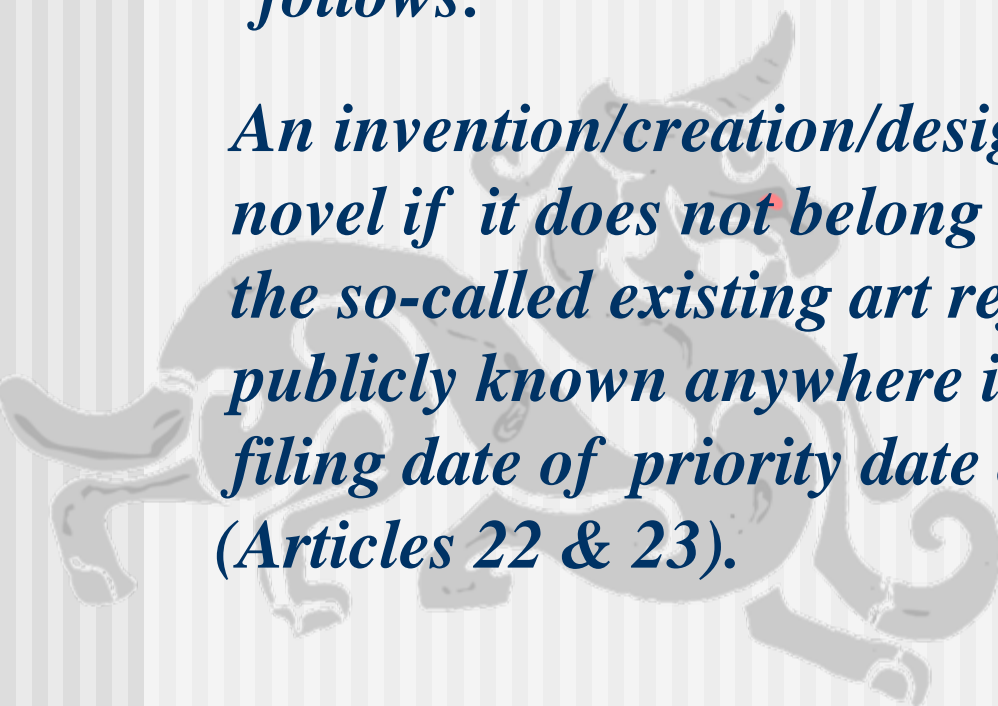
# MAJOR AMENDMENTS

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## *Novelty Requirement (1)*

- *To adopt the Absolute Novelty requirement as follows:*

*An invention/creation/design shall be deemed novel if it does not belong to existing prior art; the so-called existing art refers to prior art that is publicly known anywhere in the world before the filing date of priority date as the case may be (Articles 22 & 23).*

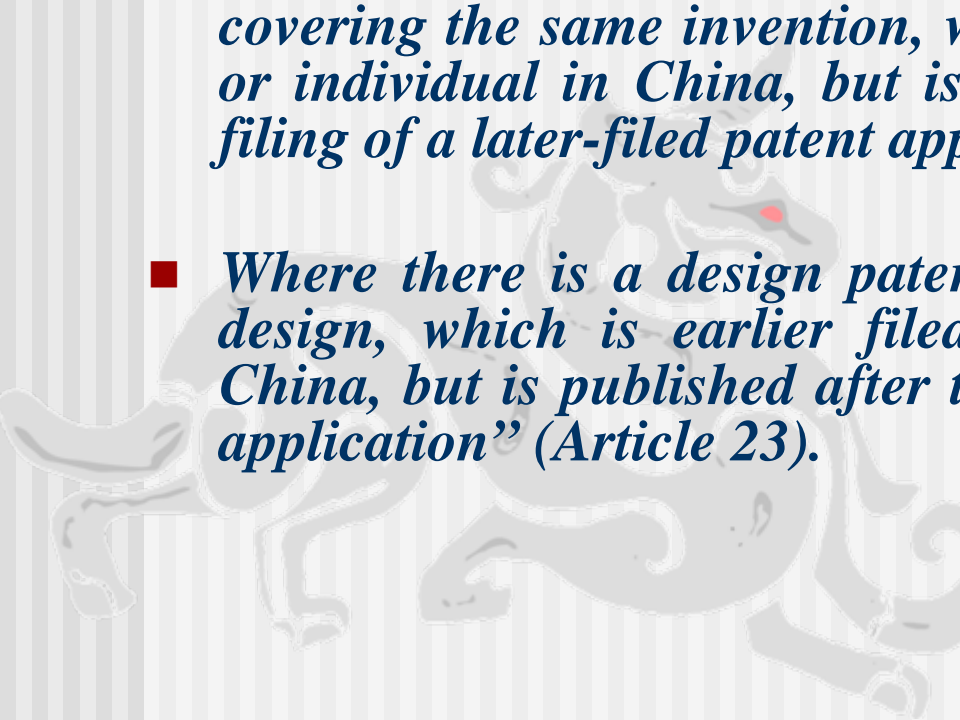


# MAJOR AMENDMENTS

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## *Novelty Requirement (2)*

### *Violation of Novelty Requirement Due to Conflicting Applications*

- *Where there is an invention or utility model patent application, covering the same invention, which is earlier filed by any entity or individual in China, but is laid open or published after the filing of a later-filed patent application” (Article 22).*
  - *Where there is a design patent application, covering the same design, which is earlier filed by any entity or individual in China, but is published after the filing of the later- filed patent application” (Article 23).*
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# MAJOR AMENDMENTS

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## *Specification Disclosure*

*A new provision is added as follows:*

*For an invention of which the completion depends on generic resources, the patent applicant must disclose in the specification the direct source and original source of the generic resources concerned; the applicant needs to provide an explanation if he (she) fails to comply with the above disclosure requirement (Article 26).*

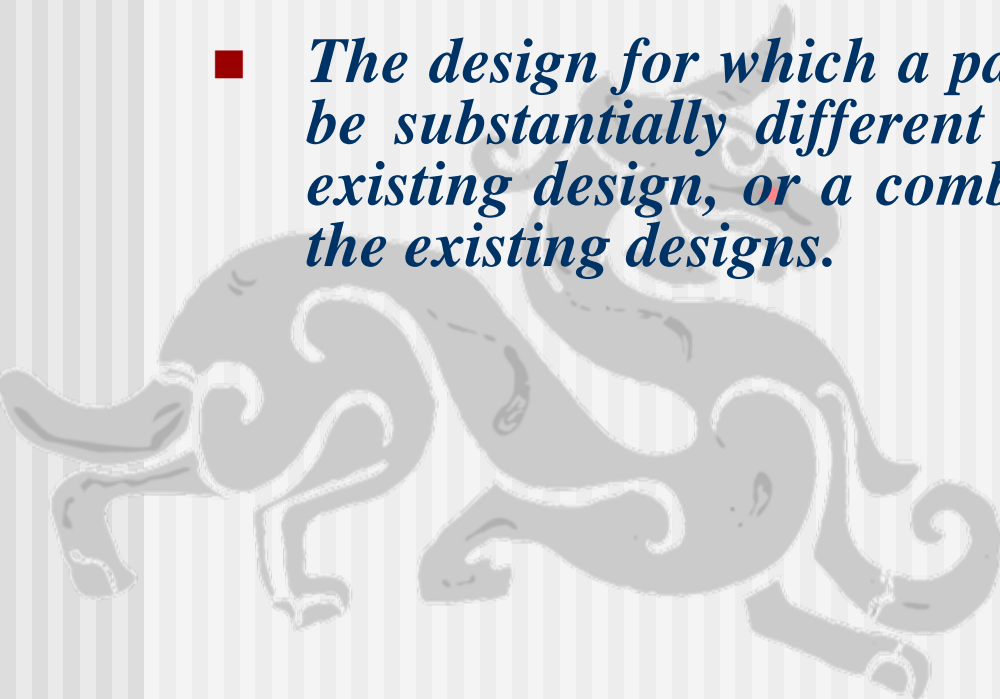
# MAJOR AMENDMENTS

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## *Design Patent Practice (1)*

### *Creativeness Requirement*

- *The design for which a patent may be granted shall be substantially different from the features of any existing design, or a combination of the features of the existing designs.*



# MAJOR AMENDMENTS

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## *Design Patent Practice (2)*

### *Brief Description & Multiple Design Application (1)*

- *An applicant must submit for his (her) design patent application the drawings/photos and a brief description (Article 27).*
- *A design patent application may cover two or more similar designs applied to the same object. A design patent application can cover two or more designs applied to products of the same classification, which are sold or used as a set (Article 31).*

# MAJOR AMENDMENTS

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## *Design Patent Practice (3)*

### *Brief Description & Multiple Design Application (2)*

- *Where multiple similar designs of a product are covered in one design application, there shall be no more than 10 similar designs contained in the application.*
- *The expression "two or more designs which are incorporated in products belonging to the same class and sold or used in sets" means that the products incorporating the designs belong to the same classification of products for designs are customarily sold or used at the same time, and the products incorporating the designs involve the same design concept.*  
*(Rule 34 of the Implementing Regulations)*

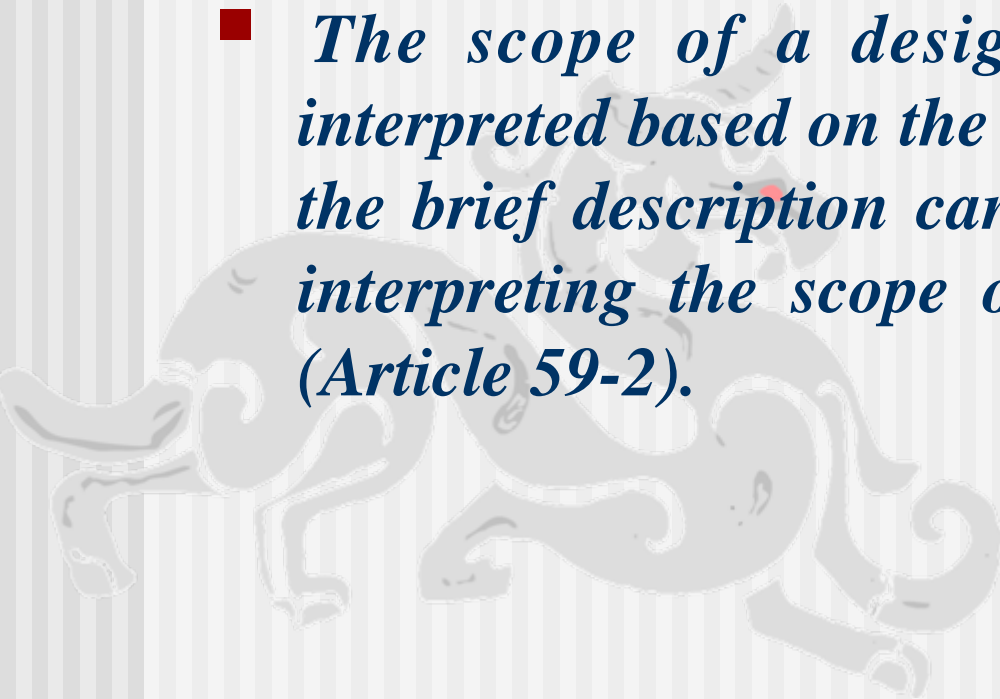
# MAJOR AMENDMENTS

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## *Design Patent Practice (4)*

### *Scope of Design Patent*

- *The scope of a design patent shall be interpreted based on the drawings or photos; the brief description can be relied on when interpreting the scope of design protection (Article 59-2).*



# MAJOR AMENDMENTS

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## *Design Patent Practice (5)*

### *Patent Right Evaluation Report*

- *In an infringement dispute, the design patent owner or an interested party (exclusive licensee) must, upon request, provide a design Patent Right Evaluation report issued by SIPO (Article 61-2)*

### *Offer for Sale Covered by Patent Right*

- *Unauthorized offer for sale of a product under design patent protection shall be also deemed an infringement act (Article 11-2)*

# MAJOR AMENDMENTS

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## *Patent Right Evaluation Report*

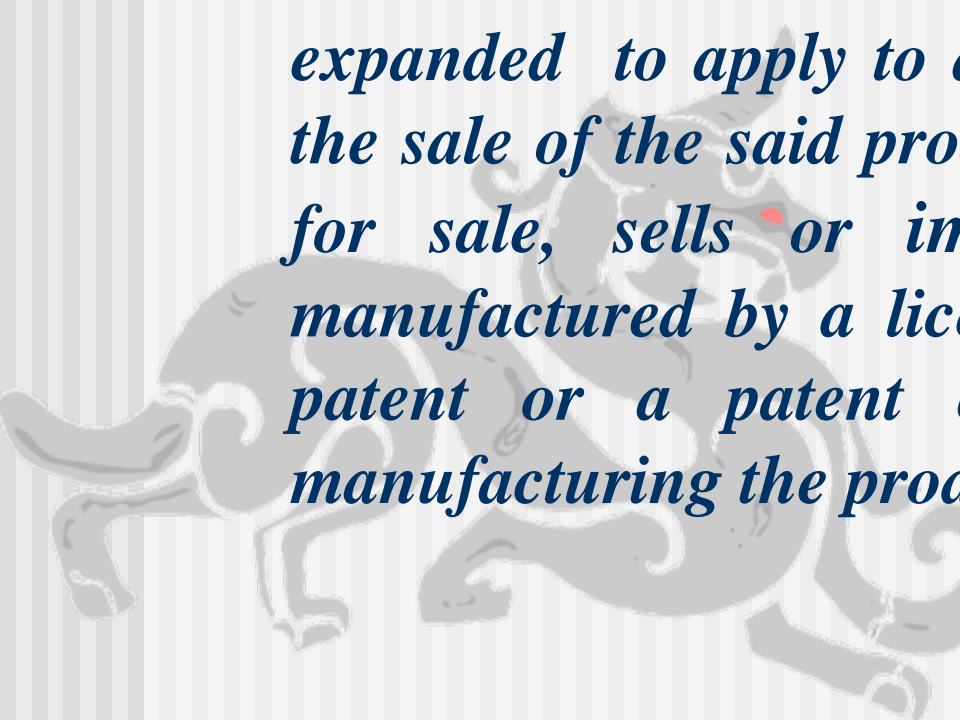
- *The SIPO shall, upon request by a patentee or an interested party, conduct searches, conduct analysis and issue a utility model patent right evaluation report or a design patent right evaluation report (Article 61-2)*
- *The SIPO shall issue a Patent Evaluation Report (“Report”) within 2 months from date of application. The SIPO will issue the Report for each patent, and any person may access to such Report (Article 53 of Enforcement Rule)*
- *The SIPO may seek opinion from the patentee or the interested party before issuing a Report (Article 53 of Enforcement Rule)*

# MAJOR AMENDMENTS

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## *Limitation to Patent Right (1)*

### *1st Sale Exhaustion*

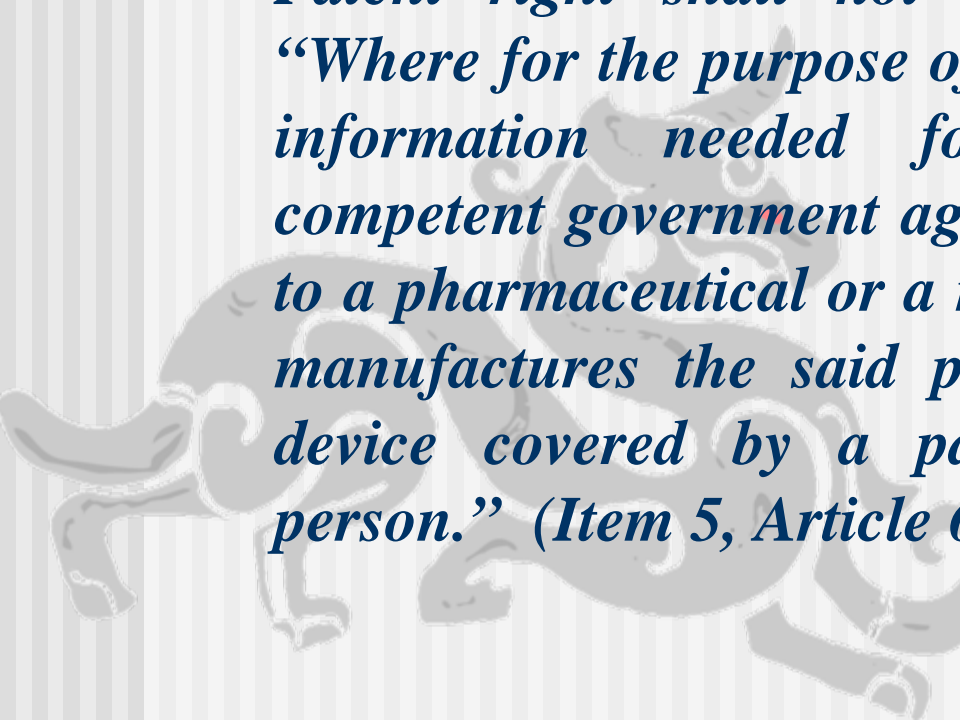
- *The 1st Sale Exhaustion Principle will be expanded to apply to a situation in which, after the sale of the said product, a person uses, offers for sale, sells or imports the said product manufactured by a licensee based on a product patent or a patent covering the process of manufacturing the product (Item 1, Article 69).*
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# MAJOR AMENDMENTS

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## *Limitation to Patent Right (2)*

### *Bolar Exception*

- *Patent right shall not extend to the following:  
“Where for the purpose of obtaining and submitting information needed for obtaining from the competent government agency a permit with respect to a pharmaceutical or a medical device, a 3rd party manufactures the said pharmaceutical or medical device covered by a patent granted to another person.” (Item 5, Article 69)*
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# MAJOR AMENDMENTS

## *Compulsory Licensing of Patents (1)*

### *Legal Grounds*

- 1. Where, without proper reasons, a patent (NI & UM) has not been practiced or has not been “sufficiently practiced” within 3 years from the date of the patent grant and within 4 years from the patent filing date (Item 1, Article 48);*

*The expression “not sufficiently exploited” referred to in Item 1, Article 48 of the Patent Law means the method or scale by which the patentee or licensee exploits the patent cannot meet the domestic needs.*

*(Rule 70 and 71 of the Implementing Regulations)*

# MAJOR AMENDMENTS

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## *Compulsory Licensing of Patents (2)*

### *Legal Grounds*

2. *Where the patentee has committed an act to eliminate or restrict competition as confirmed through judicial or administrative proceedings, and there is a need to grant a compulsory licensing (Item 2, Article 48);*

*Where there is a national emergency or unusual situation, or where there is a need to serve the non-commercial public use (Article 49);*

# MAJOR AMENDMENTS

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## *Compulsory Licensing of Patents (3)*

### *Legal Grounds*

- 3. For public health purposes, with respect to pharmaceuticals covered by a patent the SIPO may grant, a compulsory licensing of the said patent for manufacturing the pharmaceuticals and exporting the same to qualified countries, such as less developed country or a member that has performed the relevant procedure set forth in the WTO treaties and that has insufficient or no ability to manufacture the pharmaceuticals (Article 50);*

# MAJOR AMENDMENTS

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## *Compulsory Licensing of Patents (4)*

### *Legal Grounds*

*4. Where there is a dominated patent that reflects significant technical improvement with economic significance, of which the practice shall rely on the practice of a dominating patent, the owner of the dominated patent may apply for a compulsory licensing of the dominating patent; where the above-mentioned grant is made, the owner of the dominating patent may also seek a compulsory license of the dominated patent (Article 51).*

# MAJOR AMENDMENTS

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## *Compulsory Licensing of Patents (5)*

### *Legal Grounds*

5. *For a patent covering semiconductor technology, a compulsory licensing shall be granted only under the following conditions:*

- (1) Where there is a need for public interest; and*
- (2) Where the patentee has committed an act to eliminate or restrict competition as confirmed through judicial or administrative proceedings, and there is a need to grant a compulsory licensing (Article 52)*

# MAJOR AMENDMENTS

## *Compulsory Licensing of Patents (6)*

### *Local Market Need*

*Except for compulsory licensing granted based on the legal grounds listed in Items 2 (unfair competition ground) & 3 (public health ground) above, the grant of patent compulsory licensing shall primarily serve to supply the need in the Chinese market (Article 53).*

### *Evidence*

*When seeking a compulsory patent licensing grant based on the legal grounds listed in Items 1 (“non-working or insufficient working”) & 4 (“dominating vs. dominated patent”), the petitioner must submit evidence showing that reasonable terms have been proposed but a licensing grant cannot be obtained within a reasonable time period (Article 54).*

# MAJOR AMENDMENTS

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## *Enforcement of Patent Rights (1)*

### *Patent Right Evaluation Report*

- *For an infringement dispute related to a utility model patent or a design patent, the court or the Patent Administration Department may ask the patentee or an interested party to provide a patent right evaluation report issued by SIPO (Article 61-2)*



# MAJOR AMENDMENTS

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## *Enforcement of Patent Rights (2)*

### *Prior Technology Defense*

- *In a patent infringement dispute, an accused infringer can defend itself by producing evidence proving that the technology used by him belongs to existing technology (Article 62)*

### *Fines*

- *Fines imposed through administrative measures against patent misrepresentation violations will be increased from RMB 50,000 to RMB 200,000 (Articles 63).*

# MAJOR AMENDMENTS

## *Enforcement of Patent Rights (3)*

### *Calculation of Damage Claim*

- *Damage claim shall be first determined based on the amount of the “damage suffered”. If it is difficult to determine based on the “damage suffered”, it shall be determined by the “profit earned” due to the infringement. If either one of the above is difficult, it shall be decided based on a reasonable royalty amount. If none of the above-mentioned amounts can be decided, the court may, depending on the patent category, nature of infringement act, etc., issue a damage award ranging between RMB\_10,000 and RMB 1,000,000.*
- *The damage claim shall further include the reasonable cost paid in enforcing the patent right (Article 65).*

# MAJOR AMENDMENTS

## *Enforcement of Patent Rights (4)*

### *Pre-litigation Evidence Preservation*

- *To prevent or stop infringement acts, if the concerned evidence might be destroyed, lost or become difficult to obtain later, a patentee or an interested party may apply for evidence preservation prior to filing a suit. Where an application for evidence preservation is filed, the court shall issue a ruling within 48 hours from filing, and a ruling allowing evidence preservation shall be enforced immediately. When the court decides to adopt the above evidence preservation measure, it may ask the petitioner to place a bond; otherwise, the application shall be dismissed. If a formal suit is not filed within 15 days from the date of adoption of the above evidence preservation measure, the court shall revoke such measure (Article 67)*

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-- The End --

Thank you

