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Protecting Your Products Using Patents and Copyright in China

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Patent Overview

Invention Patent (very similar to US Utility Patent)

- 20 year life
- Substantive examination – interviewing helps

Utility Model Patent (no US parallel)

- 10 year life
- No substantive examination – but changing

Design Patent (similar to but not the same as US Design Patent)

- 10-year life (but will change when China joins the Hague Agreement)
- No substantive examination but formalities could be a problem – interviewing again helps

Patent Overview

By the numbers:

In **2018**, CNIPA (formerly “SIPO”) received over 4 M patent applications (2018: 3,697,845 patent applications

- Invention patent applications: About 1.54 M (2017: 1,381,594)
- Utility model patent applications: About 2.11 M (2017: 1,687,593 [about 25% increase])
- Design patent applications: About 0.43 M (2017: 628,658 [about 30% decrease])

In **2007**, SIPO received 694,153 patent applications

- Invention patent applications: 245,161
- Utility model patent applications: 181,324
- Design patent applications: 267,668

Patent Overview

Trajectory? China's National IP Strategy sets a goal of doubling the number of patent filings between 2015 and 2020

Result: By 2020, **7 million patent applications filed annually** – that is 10 times the number filed with the USPTO (but not likely to reach this number given current trajectory)

General Patent Strategy

Chinese approach:

- Utility model first, then invention, with design patent last
- Experienced Chinese applicants know that utility model and design patents are typically easier to obtain in China than elsewhere and can be granted for a broader variety of inventions

Foreign approach (particularly US):

- Invention patent first (about 9% of total), then design (about 5% of total), then utility model (about 0.4% of total)
- Even experienced US applicants aren't aware of flexibility of design patents in China and are even less familiar with utility models (but, if aware, sometimes reluctant to file them or simply refuse to file them)

Invention Patent

Invention Patent

- Substantive examination
- 20 years from earliest priority date
- Can take 2 – 3 years depending on art unit
- Interviewing cases to move things along and to improve product

Invention Patent

Invention Patent Examination

- Application is substantively examined
- Claim amendments are limited in scope to text in the original disclosure
- Examiner interviews are possible
- Translation problems
- Post-filing data submissions not possible

Utility Model Patent

Utility Model Patent

- No substantive examination
- 10 years from earliest priority date
- Similar to German “petty patent”

Utility Model Patent

Why file UM?

- Easy way to get a patent
- Relatively low cost
- Relatively prompt issuance
- Unlike Design patent, scope of protection defined by claims

Why *not* file UM?

- 10 years vs. 20 years
- Invention patent stronger than UMP (no substantive exam)

Tip: File *both* Invention Patent and Utility Model patent applications simultaneously (but ultimately can only have one)

- Once the Utility Model patent is granted, the prosecution of the Invention patent may be allowed to continue

Design Patent

Design Patent

- Relatively inexpensive
- Relatively easy to obtain
- Relatively valuable
- But narrowly interpreted and applied

Patent Law Developments – Fourth Amendment to the Patent Law

- Said by the Legislative Affairs Office of the State Council of China to support China's technology innovation initiatives
- Most significant change is more power to administrative enforcement mechanism, including issuance of injunctions and the assessment of damages, changes which are not being widely embraced
- A positive change **was** that partial designs will be patentable, this move expanding coverage for design patents from the current (and limiting) “whole design” view; latest version this has been removed – maybe in Implementing Regulations/Guidelines?
- Another positive change is the raising of the ceiling for punitive damages

Patent Developments – Utility Model Patent

Current Utility Model Examination Strategies

- Not subjected to substantive examination (not enough examiners)
- Looking for something “abnormal”
- If examiner has independent knowledge or has results (e.g. from a PCT search) can undertake substantive examination based on rule changes
- As to novelty, every incoming UMP application is subjected to “Intelligent Patent Search System” (since early 2013)
 - Claims only
 - Database comprises Chinese patents only
 - No plans to expand the data base as of now

Patent Developments – Utility Model Patent

“Notification of Rectification”

- A recent development (about the same time as SIPO transitioned to CNIPA)
- A reading of claims and specification
- Results in applicant being required to make amendments
- Adds to expense for applicant
- Said to be applied to all technologies
- Said to be applied to all applicants (domestic and foreign)
- Message?

Patent Developments – Design Patent

Hague Agreement accession – maybe next year?

- Accession would mean a 15-year life for design patents in China
- More attractive, easier to obtain via Hague Registration
- “Functional” subject matter still valid (ornamental features optional?)

Copyright Law

- Copyright Law of the People's Republic of China - entered into force June 1, 1991
- Signatory to the Berne Convention
- Copyright arises when original work is created and “in a fixed medium,”
- Regardless of the location of creation
- Registration is optional but recommended
 - Best way to secure a quick takedown of infringing material
 - Best way to engage the Customs Office to seize goods before leaving China
- While a copyright registration is presumptive evidence of ownership, the key issue of enforcement is proof

Copyright Practice

- Still the only avenue for protecting software
 - Draft Patent Law amendments do not cover
- Design patents can overlap with copyright protection in China
 - But does not *replace* design patent protection
 - Design patent protection is stronger – but is limited as to time much more narrowly than copyright
 - Best option: obtain both

Copyright Practice

- Currently, works of “applied art” (defined as “artistic works with utilitarian functions”) are eligible for copyright protection in China
- Products such as sneakers, tire treads, and even Lego bricks may be eligible for copyright protection in China as “works of applied art”
 - The Michelin case
 - The Lego case
- Inconsistent enforcement
 - One court may say “yes,” another court “no”

China Patent Strategy - Summary

1. Finding the right mix of the right mix of invention, UMP, design patents (present, future)
2. Understanding the value of each from a Chinese POV
3. Making the portfolio China-only
4. Making sure your patents are “ready to go” when needed
5. Related to 4, following up with Customs Office registration
6. Related issue: Deciding when to enforce – and when not
7. Related issue: Monitoring competitors’ patents and applications
8. Use Copyright Law in a creative manner to expand protection



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Thank you.

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