



# Challenges Posed by UMPs: How to Manage Them

Toby Mak, Arp 2018



# About the Speaker

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Before obtaining the Chinese qualification, he was trained under the UK system and took the UK CIPA examinations, and passed some of the papers. He is frequently invited by various organizations to speak on Chinese IP, including the USPTO, the EPO, the LES, the European Chamber of Commerce, and the Canadian Embassy. He also actively publishes articles on Chinese IP in various IP journals including the UK CIPA Journal and the Intellectual Property Magazine.

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# Challenges

## UMPs owners

- Few opportunities to amend claims
- NOT examined – once granted, enforceability is in doubt
- Drafting quality and pre-filing searches could affect enforceability substantially

## Foreign 3<sup>rd</sup> parties

- Difficult to search due to language and volume
- Difficult to invalidate due to high evidence threshold
- Potential source of prior art affecting validity of other patents

# UMPs owners

## Chances to amend claims

- Within one month from filing
- When responding to office action (but restricted to responding to objections raised therein)
- During invalidation with severe limitations
- Unlikely to amend for targeting specific infringement, or due to references cited during prosecution of foreign family members

# UMPs owners

## Enforceability after grant

- Hinged on patentability evaluation report
- Issued by the SIPO at the request of the patentee
- NOT published
- Typically filed with complaints of infringement at a court
- Has to be positive in order for a court to accept the infringement complaint
- No mechanism to change the report once issued

# UMPs owners

## Drafting quality matters

- Combining the above, UMPs drafting quality influences enforceability substantially
- Once filed, it is DONE

*Ma Li v Zouping Chuangxing Environmental Protection  
Equipment Co Ltd*

- Ma Li's utility model no. ZL200720017701.1
- Feature at issue - "piston inlet pipe" was ***outside*** the valve body
- Zouping's product - "piston inlet hole" was ***inside*** the valve body
- Shandong High Court ruled that Zouping did not infringe, as piston inlet inside the valve body was mechanically more compact, simple, and convenient
- Was it necessary to mention that:
  - "Piston inlet pipe" was ***outside*** the valve body?
  - Piston inlet was a pipe?
  - Piston inlet at all?



# Foreign 3<sup>rd</sup> parties

- Freedom-to-operate difficulties due to large volume and language barrier
- Difficult to invalidate due to high evidence threshold

## Decision WX9744 *Schneider v Chint*

- Resulting in the highest recorded patent infringement compensation by the **Courts** of 330 million RMB (about 41 million Euros) → settlement 150 million RMB (about 18.5 million Euros) from Schneider to Chint
- Subject **UM** → Chint's **UM** ZL97248479.5 (**C**)

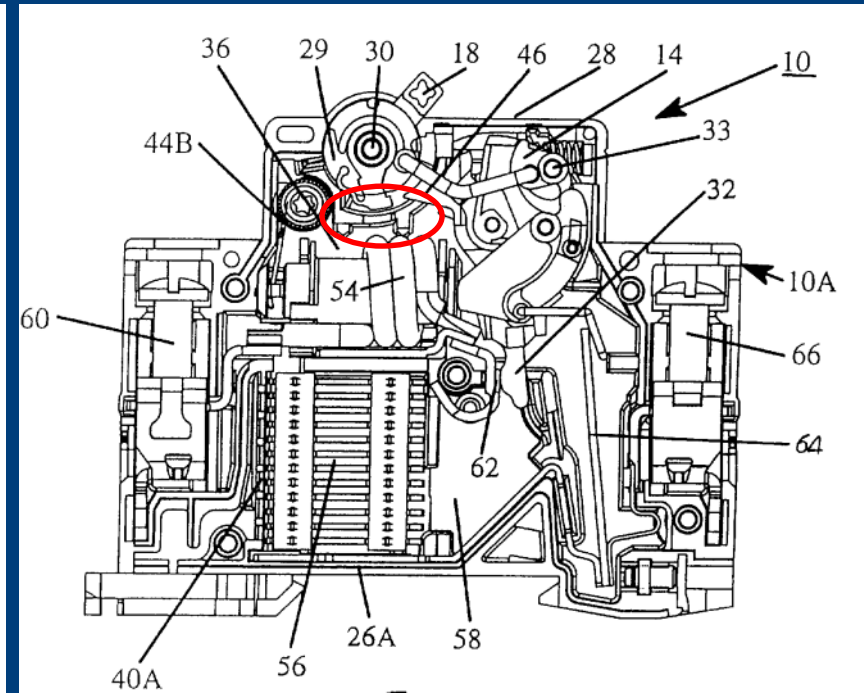
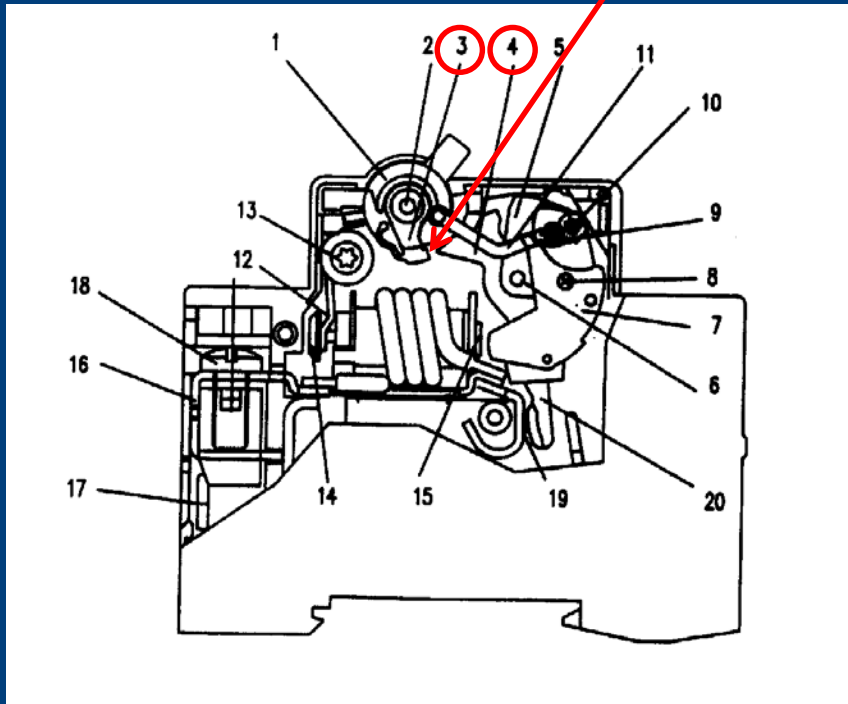
# Schneider's evidence

- Schneider relied on 3 sets of evidences at the oral hearing as below:
  1. CN1186320A, which belongs to Schneider (**S**), against the novelty of **C**;
  2. evidences on advertisements; and
  3. evidences on import and sales in China.

# Evidence 1. - CN1186320A (**S**)

- **S** is a novelty-only document published after the filing date of **C**, but carries an earlier priority date
- **C** - swing arm 3 engages head 4 to regulate the moving speed of the handle
- **S** - concerns the provision of a shield 48 to prevent escape of ionized gas

# Evidence 1. - CN1186320A (S)



*Circuit breakers of Chint's **UM**  
ZL97248479.5 (**C**, left) and Schneider's  
CN1186320A (**S**, right)*

# Evidence 1. - CN1186320A (**S**)

- Schneider tried to rely on the figures of **S** and stated that the component 30 could engage with head 4 - not accepted by the **Board**.
- The distinguishing feature in **C**, which was claimed to be included in product sold and imported by Schneider prior to the filing date of **C**, is not included in **S**.
- Schneider failed to find prior art disclosed the distinguishing feature in **C**

# Evidence 2. - advertisements

These include:

- a) advertising figures bearing a time stamp of “26/11/96 16:54”
- b) statement from publisher of advertising figures testifying the publication date and item no. of the figure
- c) order confirmation receipts from publisher reciting volume, item no., and price

# Evidence 2. - advertisements

- a) advertising figures bearing a time stamp of “26/11/96 16:54”

The **Board** considered that

- It is abnormal to specify the time stamp to “26/11/96 16:54” as publication date
- Font of the time stamp is different from the rest of the advertisement



# Evidence 2. - advertisements

- b) statement from publisher of advertising figures testifying the publication date and item no. of the figure
- Inconsistencies in model numbers

# Evidence 2. - advertisements

- c) order confirmation receipts from publisher reciting volume, item no., and price
  - One set of numbers on the order confirmation receipt was modified by hand

## Evidence 3. – import and sales into China

These include:

- a) witness statement
- b) various documents on import
- c) various documents on sales including sales contracts

## Evidence 3. – import and sales into China

### a) Witness statement

- Notarization of the witness statement is limited to the authenticity of the company stamp and the signature of the witness, and the correspondence with the original statement, but **not** to the factuality of the contents of the statement

## Evidence 3. – import and sales into China

### b) Various documents on import

- Inconsistencies in model nos., and do not have proper authentication (like company stamp).
- No document from the Chinese Customs showing that import had occurred

## Evidence 3. – import and sales into China

- c) Various documents on sales including sales contracts
- Inconsistencies in model nos.
  - Additional material list and table attached to the sales contract that were not recited in anywhere of the sales contract.

## Evidence at invalidation proceedings in practice

- If **prior-use evidence** is to be relied on, the following may be required:
  - Detail record keeping mechanisms with high level of consistency
  - Periodic invitation of notary to the operation site for notarizing records of activities
- On-site investigations records and notarization of evidences are usually inappropriate for prior-use evidence at invalidation proceedings, as the relevant activities (i.e. prior-use) occurred, in most cases, many years before the filing of the invalidation petition.

## Foreign 3<sup>rd</sup> parties

- Potential source of prior art affecting validity of other patents
- Züblin International GmbH's Chinese patent ZL200810128170.2 "Sound insulation wall, in particular for a high-speed track" was invalidated by CN utility model no. CN2654675Y and CN2515236Y
- Because of this, Züblin lost 5 millions of license fees in China



# Take Away Message

- Drafting quality matters even more in utility model
- Very few chances to amend utility model after filing
- Scope of a claim is interpreted in the exact same way as for Chinese invention patent
- FTO difficulties due to volume and language
- Difficulties in invalidation due to high evidence threshold
- Could be a treasure box of prior art references

# Questions & Answers

Any Questions?

