STRATEGIC CONSIDERATION OF PATENT PROTECTION IN CHINA

USPTO CHINA IP ROAD SHOW

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Major Concerns & Considerations

- Why patenting in China?
- How to proceed with patenting?
- Applicable Rules & Practical tips
- Why utility model patents?
- Issues for patent drafting and prosecution, for computer-related, and pharmaceutical or chemical inventions, in China
Why patenting in China?

- **Big Market**: 3,697,845 filed in 2017; 1,381,594 inventions (9.8% foreign), 1,687,593 utility models (0.46% F), 628,658 designs (2.83% foreign)

- **Stages**: 1. counterfeit; 2. imitation; 3. improvement; 4. innovation

- **Situations**: foreign parties A; Chinese parties B; Chinese Research C; WFOE-D; JV-E
Patent issues among the followings

[Worldwide patenting considerations]

**Foreign (parent) company (A)**

Chinese Co. (B)    Chinese R&D (C)

**WFOE (D) or JV (E)**
(Registered as Chinese entities)

[International market vs. Chinese market]
Scenario and cases study 1 & 2

- **Scenario 1**: Foreign Party A, not thought patent in China; Chinese Party B got patent
  - Case: Dyson's bladeless fan got copied and patented (utility model) by a Chinese B before Dyson entered China. Fortunately, Dyson had a PCT application designating China and claimed the earlier priority.

- **Scenario 2**: (OEM) Foreign Party A had US patent, or a design, and gave Chinese Party B for prototype/supplier, but B improved it and got Chinese patent! Hockey bag case; trampoline case; utility knife case
Scenario and case study 3, 4, & 5

- **Scenario 3**: Foreign Party A engaged a Chinese R&D C to get a project done without clear clause of “ownership,” & C got patent.

- **Scenario 4**: Foreign Party A had improved formula in its own WFOE D without patent, while a key staff left with it to another entity.

- **Scenario 5**: Foreign Party A had JV E, and someone else got their earlier designs patented in China even before A’s US filing.

Any lesson? Patenting in China!
How to proceed with patenting?

- First to file in China? Just need “foreign filing license” for inventions substantially completed in China, “secrecy examination”
- Paris Convention: within 12 months from priority date; maybe US provisional filing
- National phase of PCT application: 30 m. or within extra 2 m. from the earliest priority
- PCT filing at China Receiving Office may be in English, with an address in China
- **Double filing** of invention & utility model on the same day—quick patent protection
Applicable Rules & Regulations

- Art. 8: For an invention made jointly by parties (entities/individuals) or by a party entrusted by another, right to apply for patent belongs to the party/parties jointly who made the invention, unless there is an agreement to contrary (unofficial translation)

- Art. 10: An assignment of patent application/patent shall be in writing, and effective upon approval; and an assignment of patent application/patent from a Chinese entity/individual to a foreigner shall be subject to relevant regulations, i.e., technology import & export regulations (unofficial translation + note)

- Art. 16: An entity being granted patent shall award inventors of “service” invention, & remunerate them upon exploitation (or license) of the patent
Practical Tips—patenting in China

- Divisional: can be filed voluntarily at any time before termination (granted/rejected) of the parent application; & any further divisional can be filed only if a unity objection is raised by the examiner.

- China adopted “absolute novelty” in 2009; limited “lost novelty exceptions” –6 months for disclosure at Chinese government organized shows or recognized international conferences, or unauthorized disclosure.

- Expedite? Early publication & exam request.
Why Utility Model Patent?

- Quick: granted in 6-9 months from filing, without substantive patentability exam, but formality examination only
- Valid until declared “invalid” and limit to 2 references due to lower inventive-step
- Limited claims for structural features – elements plus connections, & any functional phrases to be used as “adjective”
- Double filing vs. double patenting (Art. 9) for same subject matter, & abandonment of utility model upon allowance of invention
Issues for Drafting & Prosecution 1

- Enabling disclosure: sufficient support—literary & substantive enough embodiments to support broad claims; & examples for chemical/pharmaceutical inventions, i.e., qualitative & quantitative data, post filing data or affidavit [2017]

- 3T: Technical problem, Technical Solution, and Technical effect
Issues for Drafting & Prosecution 2

- Computer related invention: still 3T!
- Claims: functional features must be found in description or equivalent on the basis of original disclosure
- Patentability exam first to identify “distinctive/inventive” feature(s), & if such feature(s) still non-technical, then, it is still non-patentable subject
- Computer readable medium with flow-chart steps, [2017 Exam Guide]
Trade Secret Protection in China?
Anti-Unfair Competition Law 2018

- Article 9: Trade Secret refers to any technology or business information which is unknown to the public and can benefit to the owner, and is safe-guarded through protective measure by the owner.

- Elements: (1) obtained via unfair means - stealing, luring, intimidating; (2) disclosing, using, allowing others to use; (3) violating promises no to disclose, use, & allow others to use; (4) 3\textsuperscript{rd} party knows or should know the violation, still acquire, use, or disclose.
THANK YOU!

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