



2022.12

QUARTERLY

NEWSLETTER

PANAWELL INTELLECTUAL PROPERTY



Despite of the coronavirus pandemic, people all over the world have resumed normal life and overcome the hard time in 2022.

With the advent of the 2023 new year, we would like to express our heartfelt thanks and warm greetings to you for your kind support to us, and wish you all a prosperous and happy New Year!

*MERRY CHRISTMAS
HAPPY NEW YEAR*



Chinese Public Holidays in 2023

1. New Year's Day, Dec. 31, 2022 to Jan. 2, 2023
2. Spring Festival, Jan. 21 to 27, 2023
3. Tomb-Sweeping Day, Apr. 5, 2023
4. Labor Day, Apr. 29 to May 3, 2023
5. Dragon Boat Festival, Jun. 22 to 24, 2023
6. Mid-Autumn Festival & National Day, Sept. 29 to Oct. 6, 2023

Panawell & Partners, LLC
December 2022



TABLE OF CONTENTS



Panawell Intellectual Property, consisting of Panawell & Partners, LLC and Panawell & Partners Law Firm, provide full spectrum of services in all fields of intellectual property rights, such as patent, trademark, copyright, computer software, anti-unfair competition, trade secrets, custom protection, domain name, license, assignment, enforcement, administrative and civil litigation, IP consulting and management.

04 INSIGHT

- Draft Amendments to Patent Examination Guidelines Released for Comments for the Third Time
- CNIPA Announces Work on Patented Products Recordal
- Supreme Court Released Typical Anti-monopoly and Anti-unfair Competition Cases
- CNIPA Released Guidelines for Estimating Open Patent License Royalties (Tentative)
- Regulations on the Protection of New Varieties of Plants Released for Comments

14 SOLUTION

- Provisions on Operational Processing and Examination of the International Design Applications in New Draft Amendments to the Patent Examination Guidelines

20 CASE

- Does Assigning Trademark to Original Right Holder after Preemptive Registration Affect Dad-Faith Hoarding Determination?

22 TIPS

- Strategy for Selecting Signs for Trademark Registration

Draft Amendments to Patent Examination Guidelines Released for Comments for the Third Time

The China National Intellectual Property Administration (CNIPA) released, again on October 31, 2022 for further comments, the adaptive amendments made to the Patent Examination Guidelines in relation to the relevant provisions of the Patent Law and the Implementing Regulations of the Patent Law on the basis of the public feedbacks and comments on the two former Draft Amendments to the Patent Examination Guidelines released respectively on November 10, 2020 and August 3, 2021.

The amendments closely relevant to the applicants or patentees are summarized below.

Part on Preliminary Examination (Part I)

1. Relating to Handling of Requests for Preparation for Publication

It is clarified that the time for preparing for the printing of patent application documents for publication is generally one month before the 18 months as stipulated in Article 34 of the Patent Law.

2. Relating to Supplementary Submission of Application Amendments by Citing Earlier Application Documents

The amendments to the system of supplementary submission of application documents by citing earlier application documents (i.e. "Incorporation

by Reference") to adapt to the Draft Amendments to the Implementing Regulations of the Patent Law are: 1) providing for the examination of documents concerning the timing of incorporation by reference, the declaration of incorporation by reference, and the submission of supplementary documents, respectively, in the two types of situations of "supplementary submission of the missing claims or description by citing the earlier application documents" and "supplementary submission of the erroneously submitted claims or descriptions, or of the contents of the missing or erroneously submitted claims and parts of the description"; and 2) specifying that restoration shall not be requested under Rule 6.2 of the Implementing Regulations of Patent Law when incorporation by reference does not apply, and if the applicant delays the relevant time limit for incorporation by reference under the circumstances of claim for priority restoration, addition or correction of priority claims, or divisional applications.

3. Relating to Amendments concerning Addition or Correction of Priority Claims

The amendments to the system of addition or correction of priority claims to adapt to the Draft Amendments to the Implementing Regulations of Patent Law are: 1) stipulating the timing for, and documents to be submitted in requesting addition or correction of priority claims, and 2) specifying that the provisions of the Draft Amendments to the Implementing Regulations of Patent Law on the

addition or correction of the priority claims shall not apply where the priority claim is restored, and the applicant cannot request restoration under Rule 6.2 of the current Implementing Regulations of Patent Law where the applicant delays the relevant time limit for the addition or correction of the priority claims.

4. Relating to Amendments on Requests for Priority Restoration

The amendments to the system of priority restoration to adapt to the Draft Amendments to the Implementing Regulations of Patent Law are: 1) adding a new section "6.2.6.2 Restoration under Rule 36 of the Implementing Regulations of the Patent Law", spelling out the rules for going through the formalities for, and examining, priority restoration; and 2) specifying that the provisions on requests for priority restoration do not apply under the circumstances of the addition or correction of priority claims, and the applicants cannot claim restoration under Rule 6.1 or 6.2 where they delay the relevant time limit for "requesting priority restoration" (including the circumstances of restoration of priority in the national phase of international applications in Section 5.2.5.1).

5. Relating to Change of Inventors

In order to better regulate change of inventor, Section 6.7.2.3 specifies the timing for request for change due to omission or misfiling of inventors.

6. Relating to Examination Regarding Good Faith

Section 6.7.5 is newly added to the provisions on the principle of good faith to restrict violations of the principle of good faith in going through the legal formalities or procedures.

7. Relating to Standards for Examination of Utility Model Patent Applications of Supplementary Submission by Citing Earlier Application Documents

The first is to clarify the rules applicable for the examination of utility model patent applications by citing earlier application documents. The second is to clarify the applicable rules for supplementary submission of drawings to the description by citing earlier application documents.

8. Relating to Examination of Patent Applications Violating Law and Disrupting Public Interests under Rule 5.1 of the Implementing Regulations of Patent Law

On the basis of the 2020 Draft Amendments for Comments, the first is to add "designs containing contents of the Chinese national flag and national emblem" to section 6.1.1 as a case of obvious violations of the law, with adaptive deletion of paragraph four of section 6.1.3. The second is to add, to section 6.1.3, the contents of reference to "symbols and emblems of political parties", with section 3.1.3 similarly adjusted.

9. Relating to Circumstances Where Designs Are Not Eligible for Patenting

On the basis of the 2020 Draft Amendments for

Comments, the first is to restore the original expression in item (4) on whether a particular component is a patentable subject matter to avoid misunderstanding, and the second is to revise the phrase "relatively divisible independent area" into "relatively independent area" in item (10).

10. Relating to More Than Two Similar Designs of One Product

It is specified that the overall design of one product and any of its partial designs cannot be filed as one application.

Part on Substantive Examination (Part II)

11. Definition of Genetic Resources

The amendments to the definition of genetic resources to adapt to the Draft Amendments to the Implementing Regulations of Patent Law clarify that genetic resources include genetic resources materials and information generated from the use of such materials, and provide relevant examination examples.

12. Relating to Amendments concerning Disease Diagnosis and Treatment Methods

For an information processing method involving diagnosis implemented by devices with information processing capabilities, such as computers, it is subjective to judge whether the results obtained by the method are "intermediate results", so it is made clear that the direct purpose of an information processing method implemented by computers and other devices in all steps is not to

obtain diagnostic results or health conditions, and is not a diagnostic method.

Examination of International Applications Entering the National Phase (Part III)

13. Relating to Amendments concerning Examination-based Texts

The amendments to the system of incorporation by reference to adapt to the Draft Amendments to the Implementing Regulations of Patent Law deletes the expression that the applicant is not allowed to retain the element or part incorporated by citation by amending the filing date relative to China. Where the original international filing date is retained after the incorporation by reference is accepted in the preliminary examination stage, the element or part of the incorporation by reference needs to be verified in the substantive examination process, and if the examination shows that it does not meet the requirements, the examiner shall re-determine the filing date of the international application relative to China.

Examination of Requests for Reexamination and Invalidation (Part IV)

14. Relating to Disclosure of Examination Decisions

For the convenience of the interested parties and the public, the decisions of examination of requests for reexamination and invalidation are published on the CNIPA website in a timely manner after issuance.

15. Application of the Principle of Disposition by

Interested Parties

In the invalidation proceedings, if the patentee clearly expresses that he has waived the patent from the filing date, the patentee shall be allowed to dispose of his own patent, and waive part or all of the claims without violating the public interest and the legitimate rights and interests of others. The invalidation examination decision shall confirm the disposition of rights.

16. Relating to Subject Matter in Requests for Invalidation

Where a decision to invalidate the same patent has been made in whole or in part, a request for invalidation of a patent that is subsequently filed shall not be accepted because the patent requested for invalidation no longer exists at that time. If all or part of the earlier invalidation decision is revoked by an effective court ruling, the above-mentioned subsequent request for invalidation may be resubmitted.

17. Relating to Suspension of Invalidation Proceedings

On the basis of the 2021 Draft Amendments for Comments, the provisions have been added for interested parties to ownership disputes to make comments in the invalidation proceedings (Section 3.7, Chapter Three of Part IV,) and for notifying them of the examination status (Section 3.8, Chapter Three of Part IV).

18. Relating to Examination ex officio in the

Invalidation Proceedings

To paragraph one of Section 4.1 has been added "if necessary, the patent may be examined for other obvious violations of the relevant provisions of the Patent Law and the Implementing Regulations of Patent Law".

19. Relating to the Principles for Amending Patent Documents in the Invalidation Proceedings

It is made clear that the revision of the patent documents requested for invalidation shall address the grounds for the invalidation or the defects pointed out by the collegial panel.

20. Relating to Service in Relation to International Design Applications

After accession to the Hague Agreement, there is a problem of service of notifications of acceptance to foreign entities in the invalidation proceedings, and it is necessary to provide more diverse and feasible service methods than in the case of ordinary patents.

21. Relating to Mechanism for Early Resolution of Pharmaceutical Patent Disputes

To implement the mechanism for early resolution of pharmaceutical patent disputes, this amendments are to add Section 9 "Special Provisions for Examination of Invalidation Cases Involving Mechanism for Early Resolution of Pharmaceutical Patent Disputes" to Chapter Three of Part IV of the Patent Examination Guidelines, which contains the parts concerning the introduction, request and

supporting documents, order of examination, basis for examination, and notifications of examination status, and case closure.

22. Relating to Notification and Record of Oral Hearings

In line with the development of trial practice and use of new technological means, and with reference to the relevant judicial interpretations, the methods and means of notification and recording are adaptively adjusted, without affecting the basic procedural rights of the interested parties.

23. Relating to Proceeding of Oral Hearings

For simple invalidation cases with clear facts and issues in dispute, the procedures for oral hearings are optimized, the collegial panel makes full deliberation before oral hearings are held, and with the unanimous consent of the collegial panel, the presiding examiner may attend, and preside over, oral hearings on behalf of the collegial panel.

Relating to Patent Application and Operational Processing (Part V)

24. Relating to Form of Going through Patent Application Formalities

Regarding the validity of documents in electronic form, it is made clear that patent application documents and other documents filed in paper form, which are converted into electronic form by the CNIPA and recorded in the database of the electronic system, have the same effect as the

original documents in paper form. In addition, the conversion of applications in paper and electronic form for reexamination proceedings is specified.

25. Relating to Procedure for Accepting Supplementary Documents by Citing Earlier Applications

The procedure for accepting supplementary documents by citing an earlier application is added, and for documents of supplementary submission by citing an earlier application, if the applicant submits a declaration of incorporation by reference when filing a patent application for the first time and claims priority when filing the patent application for the first time, the Patent Office will issue a notification of supplementary filing of missing documents to the applicant, and the applicant shall submit a confirmed declaration of incorporation by reference within the time limit, and if the conditions for acceptance are met, the Patent Office shall issue a notification of acceptance, otherwise a notification of non-acceptance shall be issued. The application enters the normal examination process upon acceptance, and the compliance of the supplementary documents with the requirements for incorporation by reference will be examined and confirmed in the subsequent procedures.

26. Relating to Time of Confidentiality Examination in Relation to Outgoing or External Patent Applications

The amendments to the confidentiality examination

system according to the Draft Amendments to the Implementing Regulations of Patent Law have adaptively modified the time of confidentiality examination in Section 6.1.2, Chapter Five of Part V.

27. Relating to Determination of Date of Receipt

For notifications and decisions issued electronically, the date of receipt is set on the date of entry into the electronic system recognized by the interested parties. When the date of entry into the electronic system recognized by the interested parties does not coincide with the date of issuance of the notification and decision, unless the applicant provides evidence, the date of issuance of the notification and decision is presumed to be the date of receipt, i.e. the fifteen-day presumption mailing period is cancelled.

28. Relating to Time limit for Responding to International Design Applications

It is clarified that the time limit for an applicant for an international design application to respond to a notification of refusal is four months.

29. Relating to Calculation of Time Limit

According to the amendments on the calculation of the time limit to the Draft Amendments to the Implementing Regulations of Patent Law, the expression of the starting date of the time limit is clarified, that is, the day on which the time limit begins is not counted in the time limit, and the counting starts on the next day.

30. Relating to Handling of Suspension

The Patent Office may, on the basis of the progress and evidence of the case, follow the principles of taking the public interests into account, emphasizing good faith and combating false litigation, and decide whether to suspend the request for suspension submitted by an interested party to the ownership dispute. After the suspension procedure is completed, if the relevant patent has been declared invalid, there is no need to issue a notification of termination of the suspension procedure to the interested parties to the ownership dispute.

31. Relating to Deferred Examination

Contents have been added for requests for deferred examination of utility models. The time limit for deferred examination of a design patent application allows the applicant to choose flexibly on a monthly basis, with a maximum of 36 months from the effective date of filing the request for deferred examination. Applicants are given the opportunity to withdraw their requests for deferred examination, the examination process is further optimized, and interested parties are provide a more flexible and convenient examination mechanism.

32. Relating to Compensation for the Term of Granted Patent (Section 2, Chapter Nine of Part V)

Addition has been made of "compensation for the term of the grant patent under Article 42.2 of the Patent Law," with provisions made on the aspects of "submission of requests", "determination of time

of compensation", "examination and approval of requests for compensation of the term of granted patent", and "registration and publication".

33. Relating to Compensation for the term of pharmaceutical patents (Section 3, Chapter Nine of Part V)

Addition has been made of "compensation for the term of patents under Article 42.3 of the Patent Law", with provisions made on the aspects of "conditions for compensation", "submission of requests", "supporting materials", "scope of application", "examination of whether it falls within the scope of protection", "determination of time of compensation", "examination and approval of requests for compensation for the term of pharmaceutical patents", and "registration and publication."

34. Relating to Patent Termination (Section 4.1, Chapter Nine of Part V)

According to Article 42 of the Patent Law, the term of the design patent in Section 4.1 is adaptively modified, that is, the term of the design patent is fifteen years, with examples given of the ways of calculation of the date of termination of the term of patent regarding granted patents or pharmaceutical patents of compensated term.

35. Relating to Patent Evaluation Reports (Sections 1, 2.1, 2.2, and 2.3, Chapter Ten of Part V)

On the basis of the 2021 Draft Amendments for Comments, provisions have been made of the types

of supporting documents that the alleged infringers should submit when requesting a patent evaluation report, with provisions that the entity or individual that receives a lawyer's letter from the patentee, or a notification of complaint from an e-commerce platform is also an accused infringer, and correspondingly with the provisions on the types of supporting documents that should be submitted.

36. Relating to Open Patent Licensing (Chapter Eleven of Part V)

The amendments made on the basis of the 2021 Draft Amendments for Comments are : 1) deleting "for obviously unreasonable royalty standards, the Patent Office has the authority to require interested parties to provide relevant supporting documents", 2) specifying the rules patentees should actively abide by when implementing an open license, and that, in the presence of the circumstance where a patent that has already been subject to an open license should not be so under Rule 86.1 of the Implementing Rules of Patent Law, the patentee shall withdraw, on his own, the open license declaration in a timely manner and simultaneously notify the licensee, and 3) specifying that open licenses should follow the principle of good faith, and that when submitting patent open license statements, commitments should be made to meet the conditions of open license statements, 4) stipulating that the patentee shall also submit a brief explanation of the basis for, and method of, calculating the royalties, which generally does not exceed 2,000 words, and also

that the patent royalties shall be based on the brief explanation and paid at the fixed royalty standards, generally not more than 20 million yuan. If it is higher than 20 million yuan, the patentee may use means other than the open license provided for in Article 50 of the Patent Law to license his patent. If paid by commission fee, the net sales commission is generally not more than 20%, and the profit commission is generally not more than 40%, 5) clarifying that, except for the transfer of the patent, if the patentee changes due to other reasons and continues to implement the open license, he shall promptly go through the relevant formalities for withdrawing and re-declaring the original open license; where the patentee no longer implements the open license after the change, it shall promptly go through the formalities for withdrawing the original open license declaration.

37. New Contents of Amendments to International Design Applications and Explanation Thereof (New Part VI)

Part VI, consisting of two chapters, on international design applications has been added. Chapter one relates to the processing of applications for international design registration, and Chapter two to the examination of international design applications.

Chapter One clarifies the route of filing applications for the international registration of designs; stipulates the date of receipt and the conditions of transmission that the Patent Office may transmit, the procedures for transmission and

non-transmission, and notification of the results of transmission; assigning the filing date and national application number to the international design applications, and stipulating the conditions for the acceptance of other documents, the procedure for acceptance, the procedure for the acceptance and publication of divisional applications, changes in bibliographic items, and restoration of rights, with special provisions made for the payment of fees.

Chapter Two sets out the scope of examination of international design applications in national proceedings, the principles of examination, the examination procedure, the validity or effect of the international publication text, and the contents and standards for examination. At the same time, further provisions are made on the time for filing divisional cases, the requirements for entrusting a patent agency, the submission of priority copies and related examinations, and the submission and examination requirements for the grace period of non-loss of novelty. No priority claim fee is charged if a priority claim has been made and accepted by the International Bureau in respect of an international design application.

(Source: official websites of CNIPA)

CNIPA Announces Work on Patented Products Recordal

To implement the work plan on cultivating patent-intensive industries, and explore and carry out the

work on patent-intensive product identification in the Outline for Building up an IP-Strong Nation (2021-2035) and the 14th Five-Year Plan for the Protection and Use of Intellectual Property in China, to boost effective conversion of patents into products and industries, and to promote high-quality economic development, the CNIPA recently announced to launch the work on patented products recordal, which is a basic work to promote the development of patent-intensive industries, and boost the work on patented product recordal and the plan for patent conversion. Patented products recordal applications are to be filed with the national patent-intensive product recordal and identification pilot platform, which, through the patented products data, will determine a unified benchmark value of patent-intensive product evaluation indicators in different fields, and identify patent-intensive products in a timely manner. The Announcement also reveals the requirements for applicants, conditions for product recordal, procedures, and other explanations.

(Source: official websites of CNIPA)

Supreme Court Released Typical Anti-Monopoly and Anti-Unfair Competition Cases

To allow typical cases to fully play a demonstration and leading role and to strengthen the judicial protection against monopoly and unfair competition, China's Supreme Court has released

10 typical anti-monopoly and 10 typical anti-unfair competition cases again this year, on the basis of the 10 such anti-monopoly and anti-unfair cases released last year.

This year's 10 typical anti-monopoly cases show the following four characteristics:

1. Stringently penalize monopolistic acts, and strive to eliminate and reduce their risks.
2. Regulate the exercise of rights and clarify the rules for anti-monopoly judicial examination of IP rights abuse.
3. Focus on hotspots in people's live and effectively ensure that people benefit from fair competition.
4. Support and supervise anti-monopoly law enforcement under the law, and promote the coordination and harmonization of the administrative law enforcement standards and judicial standards.

This year's 10 typical anti-unfair competition cases mainly show the following three characteristics:

1. Strengthen judicial protection and safeguard fair competition in the market.
2. Respond to the social concerns and safeguard the legitimate rights and interests of the consumers.
3. Strengthen judicial protection of trade secrets and harmonize standards for the application of law.

(Source: official websites of the Supreme People's Court)

CNIPA Released Guidelines for Estimating Open Patent License Royalties (Tentative)

For the in-depth implementation of the plan to "establish and improve the patent open licensing system and operation mechanism" in the 14th Five-Year Plan for the Protection and Use of National Intellectual Property issued by the State Council, and to promote the smooth implementation and efficient operation of the patent open licensing system, guide patentees to scientifically, fairly and reasonably estimate patent open licensing royalties, and promote market-oriented pricing and licensing, the CNIPA organized the preparation of the Guidelines for Estimating Patent Open License Royalties (Tentative).

(Source: official websites of CNIPA)

Regulations on the Protection of New Varieties of Plants Released for Comments

The Regulations on the Protection of New Varieties of Plants of China have been comprehensively amended for the first time since their entry into force in 1997, and are now released for public comments. This amendment is to implement the relevant requirements of the newly amended Seed Law, helps further strengthen the protection of intellectual property in the seed industry in China, and stimulate the original innovation of the seed

industry.

This amendment has been made mainly in these seven aspects: setting forth provisions concerning the steps and methods to implement the substantive derived variety (EDV) system; expanding the scope of protection and the links of protection; extending the term of protection; improving measures for handling infringement and counterfeiting cases; clarifying the circumstances under which rights are restored; imposing heavier penalties for bad-faith acts; and establishing a professional team for the protection of new varieties of plants.

(Source: official websites of the Ministry of Agriculture and Rural Affairs)

Provisions on Operational Processing and Examination of the International Design Applications in New Draft Amendments to the Patent Examination Guidelines

Mr. Feng XU, Partner, Patent Attorney, Panawell & Partners

On October 31, 2022, the China National Intellectual Property Administration (CNIPA) released the new draft amendments to the Patent Examination Guidelines (the Draft Amendments for Comments again) and its explanations for comments from all sectors of society. The Hague Agreement Concerning the International Registration of Industrial Designs (the Hague Agreement) entered into force in China on May 5, 2022, and it is somewhat different in the operational rules concerning domestic applications. To actively respond to the new changes brought about by the entry into force and implementation of the Hague Agreement, the CNIPA, after carefully studying the relevant provisions thereof and its Common Regulations and the administrative rules and regulations, has added a new part, namely Part VI International Design Applications to the Draft for Comments again, which includes, among other things, both the operational processing and examination of applications for international registration of designs.

In short, the new Part VI covers the entire process

from filing of international applications to grant, providing a systematic reference for the national phase application of the Hague Agreement and the convergence of relevant procedures. Following is an elaboration of the specific provisions of the newly added Part VI for the domestic and foreign applicants.

Chapter 1 Operational Processing of Applications for International Design Registrations

The Draft Amendments for Comments again provides for two routes to file applications for the international registration of designs:

1. The applications for the international registration of designs can be filed directly with the International Bureau; or
2. Applicants having habitual domicile or business venue in China may file their applications for the international registration of designs with the International Bureau through the CNIPA. Where an application for the international design registration is filed through the CNIPA, other subsequent documents in the international proceedings shall be filed directly with the International Bureau.

Note: For foreign applicants, the registration process in the international proceedings has not changed significantly compared with those in place before the entry into force of the Hague Agreement in China, but the national procedures for designating China for Hague applications are completely new, as detailed in the next chapter. For Chinese applicants, the Hague System offers a

completely new route to register their designs abroad, as shown in the detailed provisions below.

For Route 2, the Patent Office transmits the applications for the international design registration to the International Bureau if they meet the following conditions:

- (1) At least one of the applicants has habitual domicile or business venue in China.
- (2) At least one of the applicants has chosen China as the applicant contracting party.
- (3) International design application documents are drafted in English.
- (4) The official forms prescribed in the Hague Agreement are used.
- (5) Application contain design drawings or photographs.
- (6) Chinese communication information on mainland China is contained.
- (7) The application documents shall not contain information that violates the law and social morality, or harms the public interest.

Where an application for the international design registration designates China, the applicant may submit a Chinese translation thereof.

If an application for international design registration meets the conditions for transmission, the transmission proceeds as follows:

- (1) Notification of transmittal of the application for

international design registration is sent to the applicant, informing the transmission number, the time limit of transmission, and list of documents.

- (2) Data such as the documents and date of receipt of the application for the international design registration are transmitted to the International Bureau.

If an application for the international design registration filed with the International Bureau through the Patent Office is received by the International Bureau within one month from the date of receipt by the Patent Office, the date of receipt by the Patent Office shall be deemed to be the date of receipt by the International Bureau, otherwise the date of actual receipt by the International Bureau shall be the date of receipt.

An international design application for which the international registration date has been fixed and which designates China in accordance with the Hague Agreement is deemed to be a design patent application filed with the Patent Office, and such international registration date shall be regarded as the filing date referred to in Article 28 of the Patent Law.

After publication of an international design application by the International Bureau, the Patent Office assigns a national application number to the international design application transmitted by the International Bureau for subsequent examination.

After the publication of an international design application by the International Bureau, the parties

to the international design application shall, when going through the relevant formalities with the Patent Office, use the Chinese to submit relevant documents that comply with the requirements, indicate the national application number, and go through the patent agency entrustment procedure under the provisions of Article 18 of the Patent Law.

After a decision to grant protection to an international design application, the Patent Office will publish the grant, and the publication consists of the bibliographic information of the patent right and a picture or photograph. The bibliographic information mainly includes, among other things, the classification number, patent number, international registration number, grant publication number (publication number), filing date, date of announcement of grant, priority information, information of the patentee, and name of the product incorporating the design. Where the contents of the published bibliographic information are already present in the published text of the international registration, they shall be consistent with them. The design patent right shall take effect in China from the date of publication. After the publication by the Patent Office, the applicant of the international design application may request the Patent Office to issue a copy of the patent register of the international design application as a proof of protection in China. The contents of a single copy of a design patent include a title page, pictures or photographs, and a brief description, wherein the pictures/photographs and brief description are the version determined by the

statement of grant of protection as published by the International Bureau.

In the event of any change in the rights of the applicant (or patentee) of an international design application, change in name and/or address, or change in the representation at the International Bureau, the interested party shall go through the relevant formalities with the International Bureau. In the event of any change in the rights of the applicant (or patentee) of an international design application, the interested party shall, in addition to going through the relevant formalities with the International Bureau, submit supporting documents to the Patent Office under the provisions of the Implementing Regulations of Patent Law, and the supporting documents shall be subject to Sections 6.7.2.2 and 6.7.2.6 of Chapter One of Part I of these Guidelines. If the supporting documents are in a foreign language, they shall be accompanied by a translation of the Chinese bibliography. If no supporting documents are submitted or the submitted supporting documents do not meet the requirements, the Patent Office shall notify the International Bureau that the change in rights has not taken effect in China.

The term of the design patent is fifteen years, calculated from the filing date. If the patentee fails to go through the renewal formalities in accordance with the provisions of the Hague Agreement after the publication of the grant of the international design application by the Patent Office, the patent right shall be terminated on the

date of expiry of 5 or 10 years from filing date in China.

Chapter II Examination of International Design Applications

By the examination of an international design application is meant the examination, by the Patent Office under the provisions of the Patent Law and its Implementing Regulations, of an international design registration which is filed by an applicant and designates China in accordance with the Geneva Text of the Hague Agreement Concerning the International Registration of Industrial Designs (the Hague Agreement). According to Rule 143 of the Implementing Regulations of Patent Law, if no ground for rejection is found upon examination of an international design application, the Patent Office shall make a decision to grant protection, and notify the International Bureau accordingly.

The scope of examination of international design applications by the Patent Offices covered in this Chapter goes as follows:

(1) Examination of obvious substantive defects, including the circumstances with the international design application where the design patent should not be granted (Article 5.1, Article 25.1.6, and Article 2.4 of the Patent Law); unity examination (Article 31.2 of the Patent Law); examination of the same invention-creation (Article 9 of the Patent Law); examination of obvious or notable lack of novelty and inventive step (Article 23.1 and 23.2 of the Patent Law); and examination of amendments

going beyond the scope of disclosure contained in the initial application documents (Article 33 of the Patent Law).

(2) Examination of other documents and related formalities, as to whether any other documents and formalities related to international design applications comply with the provisions of Articles 18 and 24 of the Patent Law, and Rule 3.1, Rule 18, Rule 33.4, Rule 34.3, Rules 139 to 141 of the Implementing Regulations of Patent Law.

Applicants are kindly reminded to particularly note that this amendment has introduced the inventive-step criterion to the examination of international design applications for the first time. Under the Chinese Patent Law, a design is required to be obviously different from any existing design or combination of existing design features. That is, it is allowable to use multiple existing designs to evaluate the inventive step of a design filed, which differs particularly from the relevant provisions of the European region.

Where the examination of an international design application does not reveal grounds for rejection, the examiner shall issue a statement to grant the patent to the International Bureau. The international design applications for which protection is granted include those that are eligible for patenting without notification of rejection to be issued to the International Bureau, and those that meet the conditions therefor after response made to a notification of rejection.

If any obvious substantive defect exists with an international design application, the examiner shall send a notification of rejection to the International Bureau, which shall contain all the grounds on which the rejection is based and the corresponding law provisions cited therein. Where the grounds for rejection involve the provisions of Article 23.1, 23.2 or Article 9 of the Patent Law, they shall also include relevant information of the prior designs related to the international design application or the same design patent application or patent in China.

Note: The notification of rejection here is not a final decision on rejection, but can be understood as a "first office action", and the applicant should reply regarding the rejection notification within the time limit specified therein. The reply should be submitted to the CNIPA in Chinese. For foreign applicants, when replying, it is also necessary to entrust a patent agency that complies with the provisions of Article 18 of the Patent Law, and go through the corresponding patent agency entrustment procedure.

After receiving a notification of rejection, the applicant shall, within the specified time limit, go through the patent agency entrustment procedure under the provisions of Article 18 of the Patent Law, and respond to the notification. For an international design application, the time limit for the applicant to respond to a notification of rejection is four months. Under Rule 3.1 of the Implementing Regulations of Patent Law, the applicant shall use

Chinese to submit an observation or revise the application documents when making his response. Where the revised documents involve texts, such as brief descriptions, product names, and description of views, the English version of the relevant documents shall also be submitted.

As for any new defect appearing in the response documents, if the defect can be corrected, the examiner shall conduct a comprehensive examination, and notify the applicant for correction; if it is an obvious substantive defect that cannot be corrected, the examiner shall issue an office action to the applicant.

Where the response documents submitted by the applicant in response to the notification of rejection or office action failed to correct the substantive defects pointed out therein, the examiner may make a decision on rejection.

An applicant for the international design application shall reply to a notification of rejection or handles other patent matters in compliance with the relevant provisions of Article 18.1 of the Patent Law and Rule 18 of the Implementing Regulations of Patent Law.

If the applicant has entrusted a patent agency that complies with the provisions of Article 18 of the Patent Law when filing the international design application, he, when prosecuting the application with the Patent Office, is required to go through the patent agency entrustment procedure under the provisions of Section 6.1.2, Chapter One of Part I of

these Guidelines.

Note: 1. Even if the applicant has already entrusted a patent agency that complies with the provisions of Article 18 of the Patent Law when filing the Hague application, it is still necessary for him to go through the entrustment procedure again in the national phase or procedure. 2. Regarding the form of power of attorney, since there is currently no place to fill in the number of a general power of attorney, it is only possible to submit separate power of attorney for the time being.

In the procedure of examination in connection with reexamination and invalidation requests, for international design applications, if the service of documents to a party without a domicile in mainland China, it is possible for the documents to be served by means of postal delivery, fax, e-mail, or public notice. If by public notice, the service is deemed to be done after one month from the date of public notice.

Note: According to the Hague User Manual, if a national intellectual property office issues a statement of grant of protection directly to the International Bureau, it is impossible to contact a patentee who does not have a domicile in mainland China, let alone serve the documents to him, so it is clarified in this Amendments that there are more diverse and feasible ways of service for foreign entities than in case of ordinary patents.

As shown above, the Draft Amendments to the Patent Examination Guidelines specifically for the

first time stipulate the procedures for the operational processing and examination of international design applications, in which many details and procedures are different from the current examination procedures for design applications as they are made to meet the requirements of the Hague System. We will continue to closely watch the follow-up progress of the ongoing amendments to the Draft Patent Examination Guidelines, and share relevant information with our foreign and domestic innovators all the time. According to the CNIPA release, relevant entities and people from all sectors of society can make specific comments on the revision and improvement of the Draft Amendment released for comments again before December 15, 2022. If you have any questions or specific comments, please feel free to contact us.

Author:

Mr. Feng XU

Mr. Xu received his Bachelor Degree in Thermal Energy and Power Engineering in 2006 and Master Degree in Power Machinery and Engineering in 2008 from Huazhong University of Science and Technology. Mr. Xu worked as an examiner in CNIPA from 2008 to 2015, and joined Panawell in 2017. He specializes in patent drafting, prosecution, reexamination, invalidation, administrative litigation, infringement litigation and infringement analysis in the field of mechanics.

Does Assigning Trademark to Original Right Holder after Preemptive Registration Affect Dad-Faith Hoarding Determination?

The Case in Brief

The plaintiff, a trading firm, was allowed to register the "Maviret" trademark No. 25515429 (the disputed trademark), and later, a third party company filed an application with the China National Intellectual Property Administration of the defendant's country to declare the disputed trademark invalid.

On December 10, 2019, the CNIPA found that the plaintiff had registered, in respect of various classes of goods and services, more than 50 trademarks, including those of "graboplast", "joon", "Amtrust", "翻阅 (meaning "flipping" in Chinese)", "Skytap", and "herbol" which are identical with or similar to other parties' prior trade names and logos.

The disputed trademark "Maviret" was identical with the third party's prior "MAVIRET" trademark, and the plaintiff did not submit evidence to show that the disputed trademark logo was independently created by it. As a trading firm, the plaintiff should have known about the trade name or logo in the relevant industry. Its above-mentioned registration application had exceeded the normal needs of production and operation, and it was an obvious intention to reproduce, plagiarize

and imitate the prior trademark and trade name of the other party, and such an act would not only cause the relevant sector of the public to misidentify the source of the goods, but also disrupt the normal order of trademark registration and administration, and disrupt the order of fair competition in the market.

Therefore, the registration of the disputed trademark constitutes the circumstance of "obtaining registration by other unfair means" as referred to in Article 44.1 of the Chinese Trademark Law; hence, the disputed trademark was declared invalid.

On December 10, 2019, the plaintiff and the third party jointly submitted an application for trademark assignment to CNIPA, and the CNIPA issued the Notification of Recordal of Trademark Assignment on December 24, 2019. On March 13, 2020, the assignment of the disputed trademark was publicized.

The Beijing Intellectual Property Court rendered a ruling rejecting the plaintiff's litigant claims.

Legal Analysis

The Court held that the issue at dispute in this case was whether the application for registration of the disputed trademark constitutes a circumstance of "obtaining registration by other unfair means" as referred to in Article 44.1 of the Trademark Law. This clause is concerned with the public interests and the order of trademark registration and administration, and meant to prevent trademark

hoarding for profits, without intention to use.

According to the evidence in this case, the plaintiff registered more than 50 trademarks in respect of various classes of goods, and none of the parties raise objection to this. Also, the disputed trademark is identical with the prior saliently original "MAVIRET" trademark of the third party, and the plaintiff did not submit any evidence to show that the disputed trademark logo was independently created by it, and its act is hardly justifiable.

Although the disputed trademark has now been assigned to the third party, it cannot change the bad-faith nature with which the disputed trademark was registered. Accordingly, it can be determined that the plaintiff in this case disrupted the normal order of trademark registration and administration, undermined the order of fair competition in the market, and violated the principle of good faith. The registration of the disputed trademark constitutes the circumstance of "obtaining registration by deception or other unfair means" as referred to in Article 44.1 of the Trademark Law. Therefore, this court does not support the plaintiff's claims. The fact that a request for recording assignment of the disputed trademark was filed when the decision was made does not affect the determination made in the decision or the conclusion made in the trial of the case.

Judge's Opinion

Hoarding trademarks in excess of demand for use,

or registering trademarks for the purpose of sale or transfer, will not only affect the order of trademark registration, but also hinder market players with legitimate registration needs in registering their trademarks under the law, increase the cost of trademarks registration, and harm the interests of an unspecified majority of trademark applicants. A large number of applications, in bad faith, of signs that are identical with or similar to those used earlier by others, such as the names of well-known figures, can easily lead to trademark opposition, trademark disputes and even administrative lawsuits, which will consume valuable administrative and judicial resources, cause serious waste of social resources, and harm the public interests. Even if a bad-faith trademark applicant assigns a trademark to another party, this does not justify the application for a trademark in bad faith.

(Source: official website of BIPC)

Strategy for Selecting Signs for Trademark Registration

In China, it is possible for a registrable trademark to be composed of a single element or a combination of elements, be they Chinese, English, and/or graphic elements, but single-element trademarks and combination trademarks are slightly different in terms of registrability, registration cost, flexibility of use, and the three cancellation risks, and enforceability. For this reason, applicants should make their selection according to their own needs.

From the perspective of registrability, a single-element trademark is more registrable than a combination trademark. According to the examination practice, the examiner will not only consider whether the combination trademark is similar to a prior trademark as a whole, but also determine whether the elements therein are similar to those of a prior trademark. Therefore, it is more risky for a combination mark with more constituent elements to be refused for registration.

In terms of registration cost, a combination trademark is less costly than a single-element trademark as the combination trademark contains all the elements to be used by the applicant, and the fees for the procedures from application to possible modification, renewal and assignment after registration are calculated at the cost of one trademark.

As for the flexibility of use, a single-element trademark is more flexible in use than a combination

trademark as the combination trademark, after registration, must be used in its registered graphic form, and cannot be changed, split or used in combination, while a registered single-element trademark can be used separately or in combination with multiple registered single-element trademarks.

In terms of the three cancellation risks of trademark, the risk of a combination trademark is greater than that of single-element trademark. If the constituent elements of a combination trademark change, the distinctive feature of the trademark changes. In a case involving non-use of a cancelled trademark for 3 consecutive years, the evidence of use from the applicant to show the actual use of the trademark will not be regarded as the use of the registered trademark, which is likely to cause cancellation of the registered trademark.

As for the trademark right enforceability, the role of a combination trademark is greater than that of single-element trademark. The overall distinctivity of the combination trademark is high, and if the composition, color and arrangement of the constituent elements of the allegedly infringing mark are similar to the combination trademark, which is likely to cause confusion and misidentification on the part of consumers, the combination trademark can be used as the basis for enforcing the trademark right against the infringement.

In short, how to choose a trademark sign is an extremely important step, and plays an important role in helping applicants successfully obtain trademark registration and obtain a wide range of protection.

PANAWELL & PARTNERS LLC

Addr: 1002-1005, 10th Floor, China Life Tower
16 Chao Yang Men Wai Street, Chaoyang District

Beijing 100020, China

Tel: (86 10)85253778

Fax: (86 10)85253671

Code: 100020

E-mail: mail@panawell.com

Website: www.panawell.com



Editor: Jane Wang
Lan Wang
Shute XU
Translator: Jane Wang
Yujing Zhang
Yazhi Zhao
Dan Jin
Layout: Shunshun Dong