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QUARTERLY

# NEWSLETTER

PANAWELL INTELLECTUAL PROPERTY



Cover: Interior of office block where Panawell locates

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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.

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## Measures for Administrative Adjudication of Major Patent Infringement Disputes Released

The China National Intellectual Property Administration (CNIPA) has recently released the Measures for Administrative Adjudication of Major Patent Infringement Disputes, which came into effect on June 1, 2021.

These Measures are applicable to the CNIPA's handling of patent infringement disputes that are of significant national impact as stated in Article 70, paragraph one, of the Patent Law, namely (1) involving major public interests; (2) seriously affecting development of industry; (3) major cases involving cross-provincial administrative regions; or (4) other patent infringement disputes that may cause significant impact.

The administrative adjudication of major patent infringement dispute is invocable at request only if: (1) the requestor is the patentee or an interested party; (2) there is an identifiable requestee or respondent; (3) there is a clear cause of request and specific facts and/or reasons; and (4) the court did not docket the case of patent infringement dispute.

The Measures also provide for the proofs, jurisdiction, avoidance, evidence, investigation or inspection, testing and appraisal, technical investigators, oral hearings, case suspension, cancellation, and mediation.

After CNIPA administratively adjudicates a case, a

dissatisfied party may, within 15 days from the date of receipt of the administrative ruling, file a suit in the people's court under the Administrative Procedure Law of the People's Republic of China .

*(Source: official website of CNIPA)*

## CNIPA Answered Questions About Implementing the Revised Patent Law

The newly revised Patent Law entered into effect on June 1, 2021. The China National Intellectual Property Administration answered the relevant questions about implementing the revised Patent Law on May 27 as follows:

1. How long is the patent term of design patents filed on or before May 31, 2021?

Answer: Ten years.

Article 42.1 of the revised Patent Law extends the patent term of design patents from ten years to fifteen years, but does not make special provision on retroactivity. According to Article 93 of the Legislative Law, laws, administrative regulations, local regulations, autonomous regulations, and separate regulations and rules are not retroactive, thus the patent term for design patent applications filed before June 1, 2021 is still ten years.

2. As of June 1, 2021, can an applicant submit a design patent application for protecting partial of the product?

Answer: Yes.

Article 2.4 of the revised Patent Law clarifies that "partial" designs protection can be granted.

As of June 1, 2021, the applicant can submit a design patent application for protecting partial of the product in the form of paper or offline electronic application in accordance with Article 2.4 of the revised Patent Law. The CNIPA will examine such applications from implementation of the newly revised Implementing Regulations of Patent Law.

3. Can the applicant claim a domestic design priority for applications filed on or after June 1, 2021?

Answer: Yes.

Article 29.2 of the revised Patent Law introduces a domestic design priority system.

For the design patent applications filed on or after June 1, 2021, the applicant may make a written claim to priority of a domestic design patent application in accordance with Article 29.2 of the revised Patent Law. The CNIPA will examine these applications and the claimed prior design patent applications after implementation of the newly revised Implementing Regulations of Patent Law.

4. Can the applicant submit the certified copy of the priority document in accordance with Article 30 of the revised Patent Law for patent applications filed on or after June 1, 2021?

Answer: Yes.

The revision of the Patent Law appropriately adjusted the relevant provisions of the deadline for submitting certified copy of the priority document.

Article 30 of the revised Patent Law stipulates that if an applicant claims priority for an invention or utility model patent application, it shall make a written declaration at the time of filing, and submit the certified copy of the priority document within 16 months from the earliest priority date; if the applicant claims priority for a design patent application, it shall make a written declaration at the time of filing and submit the certified copy of the priority document within 3 months from the date of filing.

5. As of June 1, 2021, can an applicant submit a request for the grace period for non-prejudicial disclosure in accordance with Article 24.1 of the revised Patent Law?

Answer: Yes.

Where a state of emergency or extraordinary situation (such as a major epidemic) occurs in the country, some inventions need to be put into practice immediately in order to safeguard the public interest, but this kind of disclosure does not fall under the exception of non-loss of novelty in accordance with the pre-revision Patent Law; in this case, it probably leads to the risk of failure to obtain patent protection for related inventions due to loss of novelty. In order to meet the needs of the prevention and control of epidemics and other extraordinary situations, and to better protect the

inventions, Article 24 of the revised Patent Law adds an exception of non-loss of novelty, that is, where it was first disclosed for the purpose of public interest when a state of emergency or an emergency occurs in the country.

For patent applications filed on or after June 1, 2021, if the applicant believes that there are circumstances under Article 24.1 of the revised Patent Law, he/it may submit a request for the grace period for non-prejudicial disclosure in the form of paper to CNIPA, and the CNIPA will examine such a request from the implementation of the newly revised Implementing Regulations of Patent Law.

6. Can the patentee submit a request for compensation for the patent term in accordance with Article 42.2 of the revised Patent Law for invention patents granted on or after June 1, 2021?

Answer: Yes.

Article 42.2 of the revised Patent Law stipulates that if the invention patent is granted after four years from the date of filing and also after three years from the date of filing the substantive examination request, the CNIPA shall compensate the patent term due to the unreasonable delay during the whole prosecution process from filing to grant at the applicant's request, unless the unreasonable delay is caused by the applicant.

For invention patents granted on or after June 1, 2021, the patentee may, in accordance with Article 42.2 of the revised Patent Law, submit a request

for compensation of patent term in the form of paper to CNIPA within three months from the announcement date of the grant of patent, and then pay related fees in accordance with the payment notice to be issued by the CNIPA. The CNIPA will examine those requests from the implementation of the newly revised Implementing Regulations of Patent Law.

7. As of June 1, 2021, if the application for new drug marketing is approved, can the patentee submit a request for compensation for the patent term in accordance with Article 42.3 of the revised Patent Law?

Answer: Yes.

Article 42.3 of the revised Patent Law stipulates that in order to compensate the time occupied by the review and approval for new drugs to enter the market, CNIPA shall compensate for the patent right term of the new drug-related invention patents that have been put on the market in China at the patentees' request. The compensation period shall not exceed 5 years, and the total valid patent term shall not exceed 14 years after the drug is put on the market.

As of June 1, 2021, the patentee may, in accordance with Article 42.3 of the revised Patent Law, submit a request for compensation of the patent term in the form of paper to CNIPA within three months after a drug is put on the market, and then pay related fees in accordance with the payment notice to be issued by CNIPA. The CNIPA

will examine the request after the implementation of the newly revised Implementing Regulations of Patent Law.

8. As of June 1, 2021, can a patentee voluntarily declare an open license for exploitation of his patent?

Answer: Yes.

Article 50.1 of the revised Patent Law introduces an open licensing system.

As of June 1, 2021, patentees can voluntarily declare an open license for exploitation of their patents in the form of paper in accordance with Article 50.1 of the revised Patent Law. The CNIPA will examine the declarations after the implementation of the newly revised Implementing Regulations of Patent Law.

9. As of June 1, 2021, can the alleged infringer request a patent evaluation report?

Answer: Yes.

Article 66 of the revised Patent Law expands the subjects who can request a patent evaluation report to the alleged infringer.

As of June 1, 2021, the alleged infringer can request CNIPA to issue a patent evaluation report in the form of paper in accordance with Article 66 of the revised Patent Law.

10. As of June 1, 2021, can the CNIPA examine patent applications under the principle of good faith in the procedures of preliminary examination,

substantive examination and reexamination?

Answer: Yes.

The revised Patent Law adds an article as Article 20: "Patent shall be applied for and the patent right exercised by following the principle of honesty and good faith. The patent right shall not be abused in jeopardy of the public interests or the legitimate rights and interests of others."

This revision of the Patent Law adds the principle of good faith, which provides a clear and direct legal basis for regulating patent applications at the legal level, and is also conducive to improving the quality of patents.

*(Source: official website of CNIPA)*

## Provisional Provisions on Technical Investigators' Participation in Administrative Adjudication of Patent and Integrated Circuit Layout Design Infringement Disputes

There is a strong regional demand for the establishment of a technical investigator system designed to administratively protect the intellectual property rights.

The CNIPA Office has recently released the Notice (Guozhiban Fabaozi No. 17 [2021]), promulgating the Several Provisions on Technical Investigator's Participation in Administrative Adjudication of Patent and Integrated Circuit Layout Design

Infringement Disputes (Provisional), effective from the date of promulgation on May 7, 2021.

The Provisions are designed to regulate technical investigators' participation in administrative adjudication of intellectual property infringement disputes. The CNIPA and local patent administrative departments dealing with patent or integrated circuit layout design infringement disputes may appoint technical investigators to participate in the administrative adjudication activities.

The Provisions assign the technical investigators a role of auxiliary personnel in administrative adjudication, who do not have the right to vote on the outcome of a collegiate case. As so appointed, the administrative adjudicators act to provide consultation, present technical investigation opinions or conclusions, and provide other necessary technical assistance in ascertaining technical facts in a case. The specific duties of a technical investigator include those in the following seven aspects, such as providing opinions and suggestions on the focus of technical facts and on the scope, order and methods of investigation; participating in investigation and collecting evidence; attending inquiries and oral hearings; presenting technical investigation opinions or conclusions; assisting in organizing appraisers and related technicians to put forward opinions; participating in relevant collegiate meetings as non-voting attendees; and carrying on other related work.

The Provisions make it clear that technical investigators can be selected from technical personnel in related fields in patent offices, industry associations, universities, scientific research institutes, enterprises, and institutions. The technical investigation opinions, independently produced and signed by technical investigators, will not be made public. The technical investigation opinions put forward by them shall be used as reference for the collegiate panel to determine technical facts. The collegiate panel shall be responsible for the determination of technical facts under the law.

The Provisions also specify that technical investigators' participation in the administrative adjudication shall be informed to the interested parties, and the technical investigators shall abide by the provisions on avoidance and confidentiality, and other provisions of the adjudication-related administrative laws and regulations.

The CNIPA will organize the work on recommendation of the first batch of technical investigators for administrative protection of intellectual property rights as prescribed in the Provisions, create and amplify a directory of national intellectual property technical investigators, organize and offer relevant training, and assign technical investigators in related fields to participate in administrative adjudication as needed to resolve patent and integrated circuit layout design infringement disputes.

*(Source: official website of CNIPA)*

## PPH Request Statistics of CNIPA

As of December 2020, the CNIPA had launched the Patent Prosecution Highway (PPH) pilot project with 31 national or regional intellectual property offices.

These 31 countries and regions are the United States, Germany, Russia, Denmark, Mexico, Austria, Republic of Korea, Poland, Canada, Singapore, Portugal, Spain, United Kingdom, Sweden, Israel, Hungary, Egypt, Chile, Czech Republic, Eurasian Patent Office, Malaysia, Iceland, Argentina, Japan, the IP5 Offices (including the CNIPA, EPO, JPO, KIPO and USPTO), Norway, Saudi Arabia, Finland and Brazil.

According to the PPH statistics provided by the CNIPA, from 2011 until the end of December 2020, the CNIPA had received 43,130 PPH requests, of which applicants used the JPO's work results in 18,236 cases, the USPTO's work results in 14,920 cases, the EPO's work results in 5,766 cases, the KIPO's work results in 2,685 cases, the DPMA's work results in 412 cases, and the UKIPO's work results in 235 cases.

It took an average of 2.2 months from filing a PPH request with the CNIPA to issuing the first office action, and 11.2 months to granting a patent or to closing a case in rejection, with 1.42 OA issued on the average.

According to the PPH statistics provided by the various national patent offices, PPH requests for

use of the work results of the CNIPA were filed in 10,333 cases, of which 6,629 PPH requests were filed with the US Patent and Trademark Office, 937 with the European Patent Office, 913 with the Japan Patent Office, 791 with the Korean Intellectual Property Office, 128 with the United Kingdom Intellectual Property Office, and 86 with the German Patent Office.

*(Source: official websites of CNIPA & JPO)*

## The Key IP5 Offices' Statistical Indicators of Received Patent Filings in 2020

According to the 2020 statistics of the Key IP5 Offices, namely, the China Intellectual Property Administration (CNIPA), European Patent Office (EPO), Japan Patent Office (JPO), Korea Intellectual Property Office (KIPO), and United States Patent and Trademark Office (USPTO), patent filings from China and the Republic of Korea remained on the rise despite the fact that those in the world's other major countries decreased under the impact of the COVID pandemic.

Specifically, in the year, the number of patent filings in China reached 1,497,159, rising by 6.9% compared with 2019.

Moreover, the details of the Key IP5 Patent Filings 2020 and Comparative Statistical Indicators with 2019 are shown in the following table.



## Key IP5 Patent Filings 2020 & Comparative Statistical Indicators with 2019

Applicant's Nationality Receiving Office	China	Europe	Japan	Korea	USA	Others	Total
CNIPA	1,344,817 8.1%	40,521 -3.0%	47,862 -2.1%	16,725 4.4%	37,880 4.0%	9,354 -15.0%	1,497,159 6.9%
EPO	13,432 9.7%	81,433 -1.3%	21,841 -1.0%	9,106 9.9%	44,293 -4.1%	10,135 0.2%	180,250 -0.6%
JPO	8,406 5.8%	19,175 -6.0%	227,348 -7.3%	5,881 4.4%	22,451 -1.8%	5,211 -9.5%	288,472 -6.3%
KIPO	4,268 14.6%	11,450 -6.5%	14,014 -6.5%	180,481 5.2%	13,351 1.9%	3,195 -3.4%	226,759 3.6%
USPTO	41,494 9.7%	93,170 -1.1%	79,207 -7.6%	37,949 3.0%	279,253 -8.1%	66,102 4.9%	597,175 -3.9%
Total	1,412,417 8%	245,749 -3.1%	390,272 -6.5%	250,142 4.8%	397,228 -4.2%	93,997 -4.5%	2,789,815 2.2%

(Source: [www.fiveipoffices.org](http://www.fiveipoffices.org))

## Strategies for Filing Divisional Applications

Ms. Xia LIU, Patent Attorney, Panawell & Partners

Divisional applications, a remedy to address the unity problems or defects in patent applications, are specified in detail in China's patent system. Appropriately utilizing the divisional application system facilitates full and flexible protection of innovators' legitimate rights and interests, and strengthens applicants' protection of their intellectual property rights.

Under Article 31 of the newly revised Chinese Patent Law, an invention or utility model patent application shall be limited to one invention or utility model; two or more inventions or utility models belonging to one general inventive concept can be filed as one application.

And, under Rule 42 of the current Implementing Regulations of Patent Law (hereinafter referred to as the Implementing Regulations), where a patent application includes two or more inventions, utility models or designs, the applicant may file a divisional application with the Patent Administration Department of the State Council before the expiry of the time limit specified in Rule 54, Paragraph 1, of the Implementing Regulations; however, if the patent application has been rejected, withdrawn or deemed to be withdrawn, the divisional application shall not be filed.

In the examination practice in China, divisional applications are usually of two categories: those

filed passively and filed actively. The former refers to those filed by applicants to overcome the unity defect pointed out in office actions; and the latter those by applicants actively without receiving any office action pointing to the unity defects.

Wisely seizing opportunities to proactively divide applications will benefit applicants in many ways.

Applicants can utilize divisional applications to rectify defects arising from drafting of application documents, and protect the inventions that are described only in the specification but not presented in the claims. Where several inventions are disclosed in the specification of the original application, but only a few of them are claimed for various reasons in the claims of the original application, new claims may be drafted and divisional applications filed after the original application is filed or when the examination proceeds on the basis of the content of other inventions disclosed in the specification of the original application.

**Example 1:** The original application discloses multiple embodiments of displays with different configurations, but only one embodiment can be protected in the claims as a result of the required unity. In a case like this, the applicant can file a divisional application based on the other embodiments of the display before the original application is closed.

**Example 2:** The original application discloses an optical system and an optical sensor used in the

optical system, but only the optical system is claimed in the claims of the original application. Now, the applicant can file a divisional application based on the optical sensor used in the optical system before the original application is closed.

**Example 3:** The original application discloses a device B containing material A, and a method for manufacturing device B containing material A, but the claims of the original application only claims device B and the method for manufacturing device B. Then, the applicant can file a divisional application based on material A and the method used to manufacture material A before the original application is closed.

Besides, applicants can also use divisional applications to reasonably change or expand the scope of patent protection claimed.

**Situation 1:** The independent claims of the original application include features A, B and C. During the examination of the original application, the applicant found that feature B in the independent claim was not a necessary technical feature.

Under the provisions of Section 5.2.1.3 of Chapter 8 in Part Two of the Guidelines for Patent Examination as of 2020, actively or voluntarily deleting technical features in the independent claims would expand the scope of protection of the claims. For example, the applicant voluntarily deletes technical features from the independent claims, or voluntarily deletes a related technical term, or voluntarily deletes technical features that

limit the scope of specific application, even if the content of the voluntarily modified content does not exceed the scope of what is presented in the original specification and claims, so long as the amendment results in the expansion of the scope of the claims, such amendments will not be accepted.

In this case, the applicant cannot voluntarily delete feature B in the independent claims of the original application. Then, the applicant can draft a new independent claim and file a divisional application based on the technical solution including features A and C before the original application is closed.

**Situation 2:** The independent claim of the original application includes the feature "coil spring", and the specification of the original application states that the coil spring is only one embodiment and can be replaced with other elastic components.

During the examination, the applicant hopes to amend the feature "coil spring" in the independent claim into "elastic components" to obtain a greater scope of the claimed protection. However, under the above-mentioned provisions of the Guidelines for Patent Examination, such amendments are an active change of the technical features in the independent claims, leading to an expansion of the scope of protection claimed. Even if the content of the amendment does not exceed the scope of the original specification and claims, it cannot be regarded as a rectification of the defects pointed out in the OA, because this rectification or amendment expands the scope of protection as claimed, and is therefore not accepted.

In this case, the applicant can draft independent claims and file a divisional application based on the technical solution featuring "elastic components" before the original application is closed.

When preparing a divisional application, an applicant usually needs to pay attention to the following matters:

#### 1. Time limit for filing divisional applications

Under Rule 42, paragraph one, of the Implementing Regulations, so long as the patent application is "pending", the applicant is allowed to file a divisional application.

The "none-pending" status means that the patent application has been allowed, rejected, or withdrawn. Specifically, the applicant needs to file a divisional application within two months from the date of receipt of the notice of allowance, or within three months from the date of receipt of the rejection decision/re-examination decision, or within two months from the date of receipt of the notice of withdrawal. It is worth noting that if the applicant submits a reexamination request after receiving a rejection decision so that the original application enters the reexamination procedure, the applicant can file a divisional application during the reexamination procedure. In addition, if the applicant is not satisfied with the reexamination decision and files an administrative lawsuit, the applicant is also allowed to file a divisional application during the administrative lawsuit.

If, after a divisional is filed, the applicant wishes to

file a divisional application again for the divisional application, the time to file the further divisional application still needs to meet the time limit for filing the divisional application discussed above, which is calculated according to the initial parent application. It is worth noting that where the examiner issues a Notification to Make Divisional, or an Office Action raising unity objection, even if the time limit for filing a divisional application for the initial parent application has expired, the applicant will be still allowed to file a further divisional application when the current divisional application is pending.

#### 2. Type of divisional applications

Under Rule 42 of the Implementing Regulations, a divisional application shall not change the type of the original application. That is, if the original application is an invention application, the divisional application should also be an invention application; if the original application is a utility model application, the divisional application should also be a utility model application.

#### 3. Content of divisional application

Under Rule 43 of the Implementing Regulations, a divisional application shall not exceed the scope disclosed in the parent application. Therefore, when drafting the claims of a divisional application, the applicant should note that the features defined in the claims must be clearly stated in the original application documents, or can be directly and unambiguously derived from the initial disclosure

of the parent application documents.

For the content of the claims and specification of the divisional application, see the relevant provisions of Section 3.2 of Chapter 6 in Part Two of the Guidelines for Patent Examination as of 2020:

The claims of the original application after the division and the divisional application shall separately claim different inventions; and it is allowable for their specifications to fall into different circumstances. For example, before division, an original application had two inventions A and B; if the claims of the original application, after division, claim A, the specification can still be A and B, or only A; if the claims of the divisional application claim B, the specification can still be A and B, or only B.

When preparing the claims for a divisional application, the applicant should include the subject matter he seeks to protect in the claims. If the applicant claims subject A in the claims of a divisional application, and later changes it into subject matter B in order to overcome the novelty/inventiveness defects pointed out by the examiner, the revised subject matter B will be deemed to be lacking unity with the originally claimed subject matter, so will not be acceptable.

As a case in point, in a divisional application for a new bicycle handlebar, the specification describes not only the new handlebar, but also other components such as the bicycle seat, however, the applicant only claims the new handlebar in the

divisional application. Through substantive examination, the new-style handlebar of the claims is found to fail to possess inventiveness. In this case, if the applicant makes a voluntary amendment to limit the claim to the bicycle seat, the examiner will not accept it for lack of unity between the revised subject matter and the subject matter originally claimed.

In practice, when a divisional application is filed, the specification is usually not substantively revised, but the claims are revised to differ from the parent application.

Filing a divisional application at appropriate time according to specific needs is an important method in the patent application strategy. The appropriate use of the divisional application system will enhance the applicant's patent protection and market response capabilities, and increase the market value of their patent applications.

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Ms. Liu received her degree of Bachelor of Science in Optics from Jilin University in 2003 and her degree of Master of Science in Optics from the Institute of Physics, Chinese Academy of Sciences in 2008. Ms. Liu joined Panawell in 2013, and she specializes in patent search, drafting, prosecution, reexamination and counseling in the fields of physics electronics, communication, electric circuit, vehicle, computer, medical treatment and etc.

## A Closer Look at the Changes to China's Design Patent System

Mr. Feng XU, Patent Attorney, Panawell & Partners

China's legislature, the Standing Committee of National Congress, passed the fourth amendment to the Patent Law of the People's Republic of China on October 17 2020. The amended Patent Law (hereinafter referred to as the new Patent Law) came into force on June 1 2021.

Different from Europe, Japan and other countries and regions adopting separate legislation on design, China has incorporated design within the framework of the patent law from the beginning. In this amendment, the new Patent Law has been substantially adapted to the existing design protection system.

To help domestic and foreign innovators and other industry professionals better understand the changes, this article presents a detailed overview of the latest developments in China's design system in four aspects.

### Wider Protection of Designs

The previous Patent Law stipulated that a part of a design (or "a partial design") was not eligible for the design protection. For this reason, dotted lines are, in practice, generally not allowed in a hexagonal or three-dimensional view of a design, which is significantly different from the practice widely adopted in countries and regions like Europe, Japan, and the US. Therefore, it is often

required that dotted lines in Chinese design applications claiming priority to these prior extraterritorial applications be traced or turned into solid lines. However, changes of the kind in design elements often cause disputes as to whether a prior extraterritorial application and its subsequent Chinese design application relate to the same subject matter, and this, in turn, affects the latter Chinese design application in its entitlement to the priority and in the determination of its actual filing date. Moreover, mere protection of the overall design incorporated in a product makes it impossible to effectively prevent competitors from imitating only the important elements of a design, and, thus weakens the force of the design protection system.

Article 2 of the new Patent Law stipulates that "a design means any new design of the overall or partial shape, the pattern, or their combination, or the combination of the color with shape or pattern, of a product, which creates an aesthetic feeling and is fit for industrial application". The amendment makes partial designs officially patentable in China.

After the new Patent Law came into force, domestic and foreign applicants are allowed to apply for the design patent protection for innovations made to parts of their products. In practice, they can show the unclaimed parts in dotted lines (or in other ways), and show the claimed ones in solid lines in the drawings of a design, so as to keep the practice consistent with

that in other countries like Europe, Japan, and USA.

This, on the one hand, will reduce the schema or formal requirements on extraterritorial prior design applications landing in China; and, on the other, eliminate the potential adverse effects caused by the institutional differences between China and the other major countries and regions in the patentable subject matter of the design patent. Furthermore, protection of partial designs incorporated in products will also boost the protection available under the design system and stimulate design innovations.

It should be pointed out that introduction of the partial design system will also possibly make parts of designs lacking novelty or inventiveness considered patentable, and may result in abuse. Consequently, it is necessary to work out, at a later stage, associated measures and institutional arrangements with respect to the ways in which parts of designs are examined, their patent rights confirmed, and the scope of protection of such patents reasonably determined. Moreover, it is conceivable that the scope of protection of a part of a design will be interpreted in the implementing regulations of the Patent Law or the relevant judicial interpretation to be issued by the Supreme Court, and the related provisions concerning the patent examination and grant will be clarified in the Patent Examination Guidelines.

### **Longer Term of Design Patents**

The previous Patent Law stipulated that the term of

the design patent was 10 years at most, counted from the date of filing, a term that is significantly shorter than the maximum term of 25 years for the design patents in Europe and Japan. It also fails to meet the requirements of the Hague Agreement Concerning the International Registration of Industrial Designs.

Besides, in respect of many products, it is increasingly common to determine the basic design, consolidate the brand image and inherit it on new products (e.g. family front for the same car brand in different models). So, the scenario is widespread where the protection of a patented design covers, or is inherited in, the design of a next-generation product and its next-next-generation. Therefore, from the perspective of the industry, there also exists a practical need for a lengthened term of the design patents.

Article 42 of the new Patent Law stipulates that "the term of the patent for design shall be fifteen years, counted from the date of filing". This amendment, on the one hand, facilitates international cooperation and coordination, and better prepares China to access to the Hague Agreement in the future, and, on the other, represents a positive response to the industry's call for lengthening the term of the design patent.

After the new Patent Law came into force, domestic and foreign innovators, in the automotive and home appliance industries, for example, can utilize the longer term of design patents to protect their unique product designs and to strengthen

their brand reputation. To this end, they need to consider the policy dividends brought by the longer term of the design patent when developing their strategies for patenting their new product designs and for protecting brand from counterfeiting products.

### **Domestic Priority System Put in Place**

The previous Patent Law has set forth a domestic priority system for invention and utility model patent applications, which gives domestic applicants the right to file multiple invention and utility model patent applications together or to switch types of the applications. In practice, under the law provisions allowing similar designs to be filed together, an applicant can file a combined application for similar designs in China by claiming foreign priority after filing a design application abroad for the first time. However, since domestic priority was not applicable to design patent applications, an applicant who filed a design patent in China and then filed a design similar to it cannot claim domestic priority and combine the cases on that basis. In addition, after incorporating parts of a design into the claimed subject matter, many applicants are expected to demand conversion between an overall design and some part of it. Lack of a domestic design priority system would render it difficult for domestic applications to achieve the conversion between an overall design and a part of it, something that is otherwise achievable based on the foreign priority, and the lack results in unequal rights available to the

domestic and foreign applicants.

For this reason, Article 29 of the new Patent Law stipulates that where – within six months from the date on which any applicant filed an application for a patent for a design for the first time in China – he or it files with the patent administration department under the State Council for an application of a patent for the same subject matter, he or it may enjoy the right of priority.

On the one hand, the amendment entitles domestic applicants to the equal rights now available only to foreign applicants, that is, with the help of the domestic priority system, allowing applicants to file a combination application for similar designs and change the subject matter claimed.

On the other, if China joins the Hague Agreement in the future, the established domestic priority system will leave a certain policy space. It would allow domestic applicants to submit Hague international applications and designate China, so that the same application will not be treated differently in connection with the domestic priority to which their entitlement now very much depends on the channels or route of application.

After the new Patent Law came into force, foreign applicants need pay attention to the newly introduced benchmarks for determining the domestic priority of designs and the filing strategy adopted by Chinese applicants. This is required to seek their domestic priority as this will certainly affect and change foreign applicants' way as to



patent clearance and invalidation of patented designs in China. It is expected that the benchmarks for determining domestic priority will be specified and clarified in the Patent Examination Guidelines in the near future.

### **Patent Evaluation Report System Improved**

Since design patents are not subject to the substantive examination, the current Patent Law provides that where any patent infringement dispute involves a patent for design, the court or the administrative authority for patent affairs may ask the patentee or any other interested party to furnish an evaluation report on the patent, and use it as evidence in the patent infringement dispute proceedings. In the past practice, since only patentees or interested parties (e.g. licensees) were supposed to furnish a design patent evaluation reports, and it was not quite compulsory for them to do so, cases often arise where right holders would abuse their design patents to hamper the normal production and operation of their competitors by means of litigation, administrative or e-commerce platform complaint.

Article 66 of the new Patent Law stipulates that "the patentee, interested party or alleged infringer may also take the initiative to furnish a patent evaluation report". With this amendment, alleged infringers are included in the list of those who can order a design patent evaluation report from the CNIPA, thus making the patent evaluation report system procedurally more adequate and impartial, and making more channels or routes accessible to

alleged infringers to confront patentees. The revised law provision will not only make design dispute resolution more efficient, but also reduce incidents of unnecessary design disputes.

It is currently unclear as to how the new Patent Law will address certain issues in specific operations, for instance, whether the design patent evaluation report can be issued only once, how a design patent evaluation report is issued if multiple parties request the CNIPA to issue one at the same time or successively, and how references from interested parties are to be dealt with. These specific stipulations are also expected to be spelt out in the Patent Examination Guidelines revision.

To conclude, the amendment to the Patent Law, with highlights on the design patent system, has further harmonized the system with international standards. Close attention will be paid to the progress of patent rules amendments, e.g. the supporting measures and systemic arrangements associated with the partial designs, and further analysis will be shared with domestic and foreign innovators and other industry professionals.

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## Common "Fancy" Acts of Trademark Squatting

In recent years, acts of filing applications for trademark registration in bad faith for the purpose of clinging to the goodwill of others' trademarks have been constantly on the rise. Applicants for these trademarks have achieved the purpose of evading examination and obtaining registration through these "fancy" acts of application by splitting and combining others' trademarks. Although the amendment to and implementation of the new trademark law have more heavily cracked down on such acts, acts of malicious trademark squatting have been regarded by some as a low-cost and high-yield "investment"; hence these "fancy" acts of trademark squatting have been repeatedly emerging and difficult to stop. The common forms of these acts of application in bad faith include, among other things, the following:

1. Applying for a large number of registered trademarks in respect of multiple classes of goods or services not for the purpose of use, but to seize public resources;
2. Preemptively applying for registration of the names and logos of others' trade names, trademarks, etc., that are made known in business activities, such as cooperation exchanges or negotiations, cooperation, sales or services, etc., in respect of the same, similar or different classes of goods/services;
3. Preemptively applying for registration of foreign well-known trademarks, trade names or translations

thereof, and domain names that others have not yet applied for registration or not registered in China in respect of one or more classes of goods/services;

4. Preemptively applying for registration of well-known or non-famous trademarks, which others have already applied for registration or registered under one or more classes of goods/services, in respect of another class or other classes of goods/services;
5. Preemptively applying for registration in respect of one or more classes of goods/services in other languages of word marks that others have already applied for registration or registered in China in respect of a class or some classes of goods/services;
6. Preemptively applying for registration in respect of one or more classes of goods/services after combining famous or well-known trademarks that others have registered in China; and
7. Applying for registration of the names of product lines of others' well-known products in respect of the same or similar goods/services.

The above manifestations cannot exhaust all acts of application in bad faith. The true right holders shall pay more attention to these "alternative" malicious acts in their trademark watch or monitoring. Once such acts are discovered, they should promptly raise oppositions or file complaints with the CNIPA to prohibit these malicious application acts of free riding with or clinging to well-known brands from disrupting the normal order of trademark registration administration, and at the same time, damaging the good reputation of their trademarks.

## Panawell Marking Its 18th Anniversary

How time flies! Panawell & Partners LLC (Panawell) is celebrating the 18th anniversary of its establishment on July 25, 2021.

On July 25, 2003, Panawell & Partners LLC was jointly founded in Beijing by Ms. Fenghua Wang and Ms. Cunxiu Gao, who previously worked for the patent management department of the Chinese Academy of Sciences, with years of patent practice and rich management experience. In the very first year, Panawell drafted and filed more than 300 patent applications. In the early days, the Firm mainly served the Institutes of the Chinese Academy of Sciences, Peking University, Tsinghua University and other national first-class scientific research institutions in filing patent applications for their research projects.

In 2007, when China, in a critical period of reform and development, developed the national intellectual property implementation strategy to boost the IP innovation and application, it is imperative to strengthen the protection of intellectual property rights. Facing the national strategic needs and to seize the opportunity to achieve even greater growth, Panawell ushered in the second-generation partners, who, well trained in European and American IP law firms and having worked in large renowned domestic IP agencies and the examination departments of the China National Intellectual Property Administration, have rich experience from years of practice in the IP

laws. In the past, Panawell had developed its capacity of providing a full range of IP services to its steadily increasing foreign and domestic clients in increasingly wider areas of patent and trademark application, copyright registration, and IP right enforcement.

In January 2015, Panawell formally established the Panawell Law Firm to have further expanded the scope of its IP-related service provision to such an extent as to cover licensing, due-diligence investigation/inspection, trade secrets protection, domain name arbitration, and litigation. In August 2019, Panawell also set up a oversea branch in Tokyo and a domestic branch in Chengdu (provincial capital city of Sichuan) to meet the needs of the business development. The established branches have further extended the corporate service coverage, making its convenient and timely services available and accessible to clients domiciled away from Beijing.

Faced with the global Covid-19 pandemic in 2020, the Panawell staff worked together strenuously and persistently at their posts, overcoming all difficulties, and performing their duties to the clients' greatest satisfaction. As a result, the Firm did not stop working for just a single day throughout the pandemic in the year, and its business continued to grow steadily, serving its domestic and foreign clients and filing more than 1,000 patent and trademark applications for them in this extraordinary year alone.

To date, Panawell has grown from 6 employees at

the outset of its incorporation to the present over 60 employees, of whom nearly 30 have their master and doctoral degrees and among whom more than 30 are patent and trademark attorneys, and over 10 attorneys-at-law.

Looking back on the past, the two founders have laid a solid foundation, and the second-generation partners have further expanded the areas of IP-related service provision, and all its staffs are fully committed to providing quality and professional IP-related legal services to the clients, with their excellent performance widely recognized and praised in the IP industry. Looking forward to the future, we are fully confident and determined to move forward, persistently upholding our corporate ethos of clients first and first-class service provision, and striving to provide our clients with even better services for the protection of their inventions and innovations.



Panawell's two founders, Ms. Fenghua Wang and Ms. Cunxiu Gao



Staff gathering in 2008



Staff on the IP Promotion Day sponsored by Beijing Municipal Intellectual Property Office



Outing in the Wulin Mountain in 2011



Panawell Annual Carnival in 2016



Touring Luoyang in 2019



The Huangshan Mountain Tour in 2016



A Corporate Afternoon Tea Party in 2021



The Journey to the Picturesque Guilin in 2018



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