NEWSLETTER

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QUARTERLY

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.

CNIPA Major Intellectual Property Statistics 2020

According to the Intellectual Property Statistics Update released by the China National Intellectual Property Administration (CNIPA) on January 27, 2021, All China's major annual IP statistics 2020 are presented as follows:

I. Patent

In 2020, 530,000 invention patents were granted. By the end of 2020, the number of valid invention patents had reached 3.058 million, of which that of the valid domestic (excluding Hong Kong, Macao and Taiwan) invention patents was 2.213 million, and that of the invention patents per 10,000 people amounted to 15.8.

In 2020, 2.377 million utility model patents were granted. By the end of the year, the number of the valid UM patents had reached 6.948 million.

In 2020, 732,000 design patents were granted. By the end of 2020, the number of the valid design patents had reached 2.187 million.

In 2020, the CNIPA received 72,000 PCT international patent applications, of which 67,000 were filed by domestic applicants.

Also in the year, the CNIPA received 54,700 reexamination requests, closing 48,000; and 6,200 invalidation requests, closing 7,100.

II. Trademarks

In 2020, 5.761 million trademarks were registered.

By the end of 2020, the number of the validly registered trademarks had reached 30.173 million.

In 2020, 134,000 trademark opposition applications were filed, and 149,000 were reviewed.

In 2020, the CNIPA received 7,553 applications for international registration of Madrid trademark from Chinese applicants. Also in the year, the CNIPA received 367,000 applications for review and adjudication of various trademarks, and closed 358,000.

III. Geographical Indications and Layout Designs of Integrated Circuit

In 2020, the CNIPA received 10 applications for the protection of geographical indication products, and approved 6. Besides, the CNIPA approved 1,052 enterprises for using special signs of geographical indication products, and approved registration of 765 geographical indication trademarks. By the end of 2020, a total of 2,391 geographical indication products had been approved, 9,479 enterprises approved for using special signs of geographical indication, and 6,085 geographical indication trademarks registered.

In 2020, 14,375 applications were filed for recordal of layout designs of integrated circuit in China, and 11,727 certificates issued.

It is worth noting that the major intellectual property statistics released from December 2020 did not include the number of patent applications

for invention, utility model, and design and that of the trademark applications filed in the month in China. Looking back at the statistics released up to November 2020 and compared with the statistics for the whole year of 2019, 2020 saw higher numbers of applications for the invention, utility model and design patents and for the trademark registration than those filed in the same period in 2019.

(Source: official website of CNIPA)

Supreme Court Released Judicial Interpretations on Punitive Damages for Intellectual Property Rights

Recently, the Supreme Court of PRC has released "The Interpretations of the Supreme People's Court on the Application of Punitive Damages in the Trial of Civil Cases Involving Intellectual Property Right Infringements" (hereinafter referred to as the "the Interpretations").

The Interpretations specify the scope of application of punitive damages, the elements of "malicious intention" and "serious circumstances", as well as the rules for calculating damages in civil intellectual property cases, with the aim to guide the courts at all levels to accurately apply punitive damages and punish serious IPR infringements by clarifying judgment standards. The release of the interpretations is an important measure to implement the punitive damages system, and demonstrates the determination of the top court to comprehensively strengthen the judicial protection of intellectual property rights. It is of great significance for further optimizing the legal environment of technological innovation.

The interpretations were approved at the 1831st meeting of the Trial Committee of Supreme People's Court on February 7, 2021, and came into effect on March 3, 2021.

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

CNIPA Launched a Series of International Work Sharing and Cooperation Projects on Patent Examination

To promote international cooperation and competition in intellectual property protection, and better serve China's expanding opening-up, the China National Intellectual Property Administration has, for a long time, been deeply exploring the actual needs of Chinese innovation entities to carry out overseas patent layout, continuously strengthening cooperation and exchange as well as transmission and utilization of achievements, and carrying out a series of international work sharing cooperation projects on patent examination, which effectively speeds up Chinese innovation entities' patent application and examination processes in foreign countries, and helps the innovation entities to "go global" better. At the same time, it also plays a positive role in introducing foreign advanced technologies and

improving patent protection environment for foreign patentees in China.

By the end of 2020, CNIPA had signed Patent Prosecution Highway program agreements with 30 foreign patent offices, covering the United States, Europe, Japan, South Korea and other major overseas markets for Chinese enterprises to "go global", and Russia and Brazil of BRICS as well as 16 members under the Belt and Road Initiative Program. The global patent prosecution highway network has taken shape.

PPH is the most extensive and active international cooperation project for patent examination in the world currently, which can bring a faster examination process, a lower examination cost and a higher grant rate to Chinese enterprises' patent applications submitted to the foreign patent examination institutions.

PPH is a mechanism where a patent application with a first positive examination result from a first country can undergo accelerated examination in a second country which signed the PPH agreement. Since CNIPA first launched the bilateral PPH pilot program with the Japan Patent Office in 2011, the numbers of PPH partners and requests have increased rapidly. By the end of June 2020, there are 9,066 PPH requests submitted to foreign patent offices by Chinese applicants and 40,051 PPH requests submitted to CNIPA by foreign applicants.

Moreover, the PCT Collaborative Search and Examination (CS&E) project was jointly launched on July 1, 2018 by CNIPA, USPTO, EPO, JPO and KIPO. By the end of June 2020, CNIPA had completed 93 examinations as the main IP office and 375 as a peer IP office.

Under the PCT CSE program, one PCT International Search Report accompanied with Written Opinion is collaboratively established on one international application by different examiners of different languages from the IP5 offices, i.e. CNIPA, USPTO, EPO, JPO and KIPO, in a way of "one as main examiner and others as peer examiners", so as to provide a high-quality PCT international search report and written opinion to the applicant. The program can help the applicant learn about the existing technology in the five regions relevant to their invention and better determine the prospect of grant for the application in the regions before their investment. By now, it has successfully entered the assessment stage.

Furthermore, CNIPA-EPO international search authority pilot program was jointly launched on December 1, 2020 by CNIPA and EPO with a period of two years. A total of 2,500 applications are limited in the first calendar year under this program, and 3,000 applications in the second year.

Europe is one of the major markets for Chinese innovation entities to "go global". The program can exempt the fee for a supplementary search report by the EPO, speed up the examination process and save time for Chinese applicants aiming to develop a patent portfolio in Europe.

The CNIPA-EPO pilot project of PCT International Searching Authorities is a new type of cooperation carried out by the two offices under the PCT international patent system. During the pilot, EPO can be selected as the international searching authority for PCT international applications submitted to CNIPA as the receiving office, but only for applications filed in the language of English.

(Source : official website of CNIPA)

Interpretation of Amendments to Chapter 10 of Part II of Guidelines for Patent Examination

The newly amended Guidelines for Patent Examination (the Guidelines) came into effect on January 15, 2021. To better guide the practice of patent application and examination, the CNIPA has offered a detailed overview and interpretation of the major amendments.

I. Backdrop

In order to fully implement the important policy decisions of the Chinese government on boosting the protection of intellectual property rights, actively respond to the demands, for examination rules, imposed by the rapid developments of economy and technology, and improve the quality and efficiency of patent examination, CNIPA has been continuously improving the patent examination standards to provide innovators with a robust protection system. In 2020, CNIPA revised comprehensively the Guidelines based on its sufficient investigation into the needs of the society and summary of its experience from the examination practice.

II. Process

In May 2020, CNIPA kicked off the work on comprehensive amendment to the Guidelines. This amendment, rich in contents, proceeded in stages, with public opinions and comments solicited twice: the first release, involving the amended Chapter 10 of Part II of the Guidelines, was issued for comments from September 30 to November 15 of the year. Then, work was done to sort out, summarize, analyze and verify sound opinions and comments to be adopted to further revise and amplify the draft amendment accordingly. The finalized amendment was released upon deliberation by the CNIPA (in Announcement No. 391) on December 14, 2020, and went into effect on January 15, 2021.

III. Major Amendments

The amendments, relating to Chapter 10 of Part II of the Guidelines, have mainly clarified and improved the standards for examining supplementary test data, novelty of compounds, and inventive step of compounds and biological inventions.

(I) Relating to Supplementary Test Data (Section 3.5 in Chapter 10 of Part II)

The amendments have been made in response to

the call by domestic and foreign.

On the one hand, the relevant amendments made in the CNIPA's 2017 Decision on Amending the Guidelines for Patent Examination (the Announcement No. 74) have been moved to, and integrated in, Section 3.5.1 as a general principle for the examination of supplementary test data, and it has been further clarified that examiners shall examine the test data that an applicant submits after the filing date to meet the requirements of Article 22, paragraph 3 and Article 26, paragraph 3 of the Patent Law. On the other, Section 3.5.2 Supplementary Test Data for Drug Patent Applications has been added, with two typical cases incorporated. Case 1, involving a scenario in which the applicant provides supplementary test data to prove sufficient disclosure made in the description or specification, clarifies that said data shall also be examined during the inventive-step examination stage. That is, the principle of determining whether the technical effect proved by the supplementary test data can be obtained from the disclosure of the patent application does not differ depending on the applicable provisions. Case 2 involves an applicant's filing of test data to prove the inventive step of his application. The two cases, further clarifying the standards for examining supplementary test data for drug patent applications, illustrate how to comprehensively consider the contents disclosed in the application and the state of the art, and how to determine, as a person skilled in the art, whether the proved technical effect can be derived from the disclosure of the application or not.

(II) Relating to Other Definitions in Composition Claims (Section 4.2.3 in Chapter 10 of Part II)

The purpose of this amendment is to clarify the scenario where only one performance or use of the composition is disclosed in the description, showing whether the claims require definition with performance or use should be analyzed depending on specific circumstances.

The current Guidelines stipulate: "If only one performance or use of the composition is disclosed in the description, it should be written as performance or use defined." This amendment has changed "should" into "usually need", with the wording adaptively changed. The revised standard is more conducive to safeguarding the legitimate rights and interests of applicants.

(III) Relating to Novelty of Compounds (Section 5.1 in Chapter 10 of Part II)

The purpose of this revision is to make clear the relationship and boundary between "mentioning is disclosing" and "presumptive lack of novelty", and to clarify the relevant burden of proof.

Directing to the "mentioning is disclosing" situation involved in the first paragraph of Section 5.1 (1), this amendment only retains the content related to structural information, and requires that the structural information is to be disclosed to the extent that "a person skilled in the art believes the

claimed compound has been disclosed". The word "presumptive" is deleted for the purpose of clearly distinguishing the two situations.

Regarding the "presumptive lack of novelty" in the second and third paragraphs of Section 5.1(1), first, delete the related content, so that the "presumptive lack of novelty" situation will no longer appear as an example of "mentioning is disclosing"; second, combine the factors, such as physical and chemical parameters and preparation methods, add "effect test data", and propose that these factors should be considered comprehensively to the result that only those skilled in the art have reason to presume that the claimed compound and that in the reference are so substantially identical that the burden of proof could be switched to the applicant; third, the wording "have reasons to presume that the two are substantially identical" emphasizes that the examiner should pay attention to the reasonableness of the presumption and sufficient reasoning in the office actions; and fourth, modify the provision into "unless the applicant can provide evidence to prove that the structure is indeed different" to meet the proof requirements of this type of presumption.

(IV) Relating to Inventive Step of Compounds (Section 6.1 in Chapter 10 of Part II)

The revision is made in response to industry demands and for improving the standards for the examination of inventive step of compounds.

1. Explicating Guiding Role of Three-Step Method in Determining Inventive Step of Compounds

Section 3.2.1.1 in Chapter 4 of Part II of the Guidelines stipulates the method for identifying prominent substantive features in the determination of inventive step of inventions, that is, whether the claimed invention is obvious relative to the prior art is usually determined in the following three steps: 1) identifying the closest prior art, 2) identifying the distinguishing features of the invention and the technical problem actually solved by the invention, and 3) determining whether the claimed invention is obvious to those skilled in the art. This method is known as the three-step method.

In the first paragraph of Section 6.1, this amendment sorts out, under the three-step-method requirement, the line of reasoning in determining the inventive step of compounds with a view to guiding the examiners to understand the invention, understand the prior art, and grasp the relationship between structural modification and use and/or effect, identify the technical problem actually solved by the invention, and determine, from the perspective of those skilled in the art, the presence of suggestion that the relevant technology exists in the prior art, and then conclude on the presence of inventive step.

If a person skilled in the art can carry out the structural modification and obtain the claimed compound only through logical analysis, reasoning or limited experiments or tests on the basis of the prior art, the prior art is considered to have offered

technical suggestion. These requirements comply with the provisions of Chapter 4 of Part II of the Guidelines.

2. Clarified Position of Unexpected Technical Effect

The present amendment has retained the interpretation of the unexpected technical effect. In determining the inventive step of a compound, if the change in use and/or improvement of the effect is unexpected, it shows that the claimed compound is not obvious. The amendment highlights the intrinsic logical connection between unexpected technical effect and the three-step method as an auxiliary factor considered in the inventive step determination.

3. Changing Former, and Adding New, Examples of Compound Inventive Step Determination

This amendment illustrates, by way of five cases, the line of reasoning in determining the inventive step of a compound, focusing on the three-step method's logic to guide the compound inventive-step determination, and emphasizing that understanding of the relationship between structural modification and use and/or effect is a pre-condition and basis for correctly identifying suggestion from the prior art.

[Example 1] to [Example 3] have been rewritten based on the former cases in the Guidelines to make them consistent with the spirit and reasoning of the three-step method and to emphasize the presence of technical inspiration in the prior art. The new [Example 4] is in sharp contrast with [Example 3]. Both cases relate to structural modification using classical isosteric replacement, but the inventive-step conclusions of the two are exactly opposite, highlighting that grasping, in the compound inventive-step determination, the relationship between structural modifications with the use and/or effect of the invention is a prerequisite for drawing a correct examination conclusion. Among them, "about 40 times" is not the standard for identifying the promotable unexpected technical effect. Finding whether it is an unexpected technical effect requires comprehensive consideration of such factors as the specific technical field, the technical problem solved by the invention, and the state of the art. The newly added [Example 5], directing to the more common types of patent applications, involves the process of determining the inventive step of a compound of the general formula and a specific compound therein. This case purports to illustrate that if the scope of protection of the claims is different, then the structure is different relative to the closest prior art, and the use and/or effect obtained based on this structural modification is likely to be different accordingly, so a different conclusion on the inventive-step determination is drawn.

(V) Relating to Biological Material Depository Authorities (Section 9.2.1 (4) in Chapter 10 of Part II)

According to the Announcement No. 218 issued on

on December 23, 2015 by CNIPA, the Guangdong Provincial Microbial Culture Collection (GDMCC) has been entrusted as a depository authority of biological materials used in patent procedures. At the same time, the GDMCC has also become an international microorganism depository authority under the Budapest Treaty on the Deposit of Microorganisms in Patent Procedures. The Guidelines have been revised accordingly to add it to the list of international depositary authorities.

(VI) **Relating to Drafting of Claims of Monoclonal Antibodies (Section 9.3.1.7 in Chapter 10 of Part II)**

With the maturity and popularization of monoclonal antibody sequencing technology, it is now easier to obtain structural information of monoclonal antibodies. To date, monoclonal antibody claims mainly characterize monoclonal antibodies in terms of sequence structure. The amendment has been adaptively made to cope with the development of the technology, adding the structural feature definition method before the hybridoma definition method, and stipulating that the claims relating to monoclonal antibodies can be defined with structural features or with the hybridoma that produced it, with more specific and clear illustrations made with examples.

(7) Relating to Inventive Step of Inventions in Biotechnology Field (Section 9.4.2 in Chapter 10 of Part II)

The amendments made along the line have, on the one hand, explicated the line of reasoning of the three-step method in the examination of inventive step of biotechnological inventions, and, on the other, further enriched the technical subject matters to adapt to the technological development in response to the demands of the industry and for the purpose of serving innovation and development.

1. Summarizing General Line of Reasoning on Determining Inventive step of Inventions in Biotechnology Field (Section 9.4.2)

The preface summarizes the general line of reasoning on determining the inventive step of inventions in the field of biotechnology. In the process, it is necessary to identify the features distinguishing the invention from the closest prior art according to the specific definition of the various protected subject matters, then based on the achievable technical effect with the distinguishing features in the invention and the technical problem actually solved by the invention, find out whether the prior art as a whole gives the technical suggestion.

At the same time, as inventions in the field of biotechnology involve subject matters of protection of various levels, such as biological macromolecules, cells, and individual microorganisms, it is necessary, in determining the inventive step, to consider the structural differences between the invention and the prior art, the consanguinity between them, and the predictability of the technical effect.

2. Improved Standards for Determining Inventive

Step in Cases Involving Genes, Recombinant Vectors, Transformants and Monoclonal Antibodies (Section 9.4.2.1)

In the section on gene has been added the general standard for determining inventive step of structural genes, with cases of presence of inventive step given to show the ways of application of the three-step method in assessing inventive step of structural genes. Meanwhile, as the wordings of the provisions on presence of inventive step are exactly the same in the former two cases of "the amino acid sequence of a certain protein is known" and "the amino acid sequence of a certain protein is known", and the two cases are logically related, they are expressed together to make the wording simple and logically coherent.

In the section on recombinant vector has been added the cases where recombinant vectors and/or transformed vectors that are inserted and obtained from gene structure transformation possess inventive step, to show the ways of application of the three-step method in assessing the inventive step of recombinant vectors.

In the section on transformants have been added the cases where transformants obtained by structural modification of known hosts and/or inserted genes to show the ways of application of the three-step method in assessing the inventive step of transformants.

In the section on monoclonal antibodies have been added the examples showing assessment of the inventive step of monoclonal antibodies defined with structural features, highlighting the focus on structural differences in key sequence structures that determine functions and uses. At the same time, In the section of the relevant provisions have been explicated in relation to monoclonal antibodies defined with known antigens and monoclonal antibodies characterized by hybridomas, clarifying the cases of application of unexpected technical effects in the inventive-step evaluation of such inventions.

3. Supplementing Standards for Assessing Inventive Step under Specific Circumstances in Section on Polypeptide or Protein (Section 9.4.2.1)

After the section on "gene" has been added the section on "polypeptide or protein". This section has many relevant cases in the practice of examination and has its own technical characteristics. Here have been laid out the general standards for determining the inventive step of peptides or proteins, giving circumstances of presence of inventive step and showing ways of application of the three-step method in assessing the inventive step of peptides or proteins.

(Source : official website of CNIPA)

Reflections on Effective Utilization of Patent Open License System

Mr. Eric Bo LI, Patent Attorney, Panawell & Partners

In recent years, with the rapid development of science and technology and overall heightening of national awareness of innovation and intellectual property protection in China, annual patent filings and grant has been on a dramatical rise. According to the statistics, as of the end of 2019, domestic invention patents (excluding those of Hong Kong, Macao, and Taiwan) had totaled 1.862 million, and the number of invention patents per 10,000 population reached 13.3, fulfilling the targets set in the nation's 13th Five-Year Plan ahead of schedule[1].

However, the current situation in China of the conversion, exploitation and transaction of patented technologies is anything but optimistic, with lots of patents remaining dormant upon grant and the term of many terminating at the very moment of grant, with their value yet to be fully delivered, thus causing huge waste of money and time invested in the initial R&D and greatly damping the enthusiasm of patentees and scientific researchers to further invest in R&D of new patented technologies. Furthermore, the number of patent infringement disputes and lawsuits in China is continuously increasing, casting heavy burden on the limited judicial, administrative, and social resources.

To address the matter, China, by drawing upon foreign legislation and judicial practices and in response to the actual needs of the market players and innovators in the nation, has come up with the fourth Amendment to the Patent Law, which, promulgated on October 17, 2020, has incorporated three new clauses concerning the patent open licensing system in the chapter "Special License for Patent Exploitation". This marks the formal establishment of the patent open licensing system, with further enriched types and methods of patent licensing in China.

Specifically, Article 50 of the new Patent Law sets forth the procedural requirements for patentees to implement and withdraw patent open licenses, that is, where a patentee voluntarily declares in writing to the Patent Administration Department of the State Council that he is willing to license any entity or individual to exploit his patent, and specifies the methods and standards for paying for the royalties, the Patent Administration Department of the State Council shall make an announcement and implement the open license. Where an open licensing declaration is filed for a utility model or design patent, a patent right evaluation report shall be provided; if the patentee withdraws an open licensing declaration, he shall file the withdrawal in writing to be announced by the Patent Administration Department of the State Council. An announced withdrawal of an open licensing declaration will not affect the validity of the open licensing granted earlier.

And Article 51 of the new Patent Law stipulates the

procedural requirements for the licensee to be granted the patent open license and the patent annuity reduction and exemption policy. That is, if any entity or individual intends to exploit an openly licensed patent, it or he shall notify in writing the patentee and will obtain the patent license after paying the royalties according to the announced payment method and standard; under an open license, the patentee will be granted a corresponding reduction or exemption of his patent annuity; and the patentee offering an open license may grant a general license after negotiating with the licensee on the royalties, but shall not license the patent exclusively.

Article 52 of the new Patent Law provides for a mechanism for resolving patent open license disputes. That is, if the parties run into dispute over the execution of an open license, they shall resolve it through negotiation; if they are unwilling to negotiate or fail in the negotiation, they may request the Patent Administration Department of the State Council to mediate, or file a lawsuit in the court.

In general, the established patent open licensing system shows full respect for the independent will of both the licensor and the licensee, and such a license is different from the compulsory patent license. Moreover, the system also more clearly regulates the rights and obligations of the licensors and the licensees, which helps to ensure safe transaction and efficient execution of patent licenses. The system, now put in place to provide an open patent licensing platform for enterprises, institutions and the general public to disseminate patent information and streamline the patent licensing procedures, will play a vital role in boosting the development and utilization of patented technologies in China in the future, in delivering the industrial value of patented technologies, and in promoting scientific and technological progress. As a result, many enterprises, institutions, and research organizations have developed their keen interest in the patent open licensing system and are eager to try utilizing it in an effort to make good use of it to seek new impetus for their future developments.

However, successful use of any legal system requires comprehensive consideration and planning of the specific methods for the purpose in advance, and reasonable designing in view of objective conditions, to maximize its strengths and avoid weaknesses for the best value of it. As for how to effectively utilize the patent open licensing system, maximize its role in promoting technological progress, and avoid the risks that may arise in the process of implementation, it is necessary to weigh upon the system from the following aspects:

First of all, the patent system is essentially a legal tool for patentees to maintain their dominant position in market competition through their technological advantages. Excluding and restricting competitors is the most direct purpose of patent rights, which is a decisive factor that a

considerable number of patentees are not interested in licensing others their core patents obtained through tremendous investment and creative efforts, as the economic benefits brought by the dominant position in the market place are far more than those sought from patent licensing. As a result, the number of valuable patents actually put on the patent open licensing platform is limited. In fact, some patents that are available on platform lack the necessary competitive edge or advantage technically or commercially as they are often secondary patents that the patentees offer to tap the residual value of their low-valued intangible assets or to reduce the cost of maintaining their intellectual property portfolio. That is why patents offered for open licensing are not many in other countries that have adopted the patent open licensing system for many years[2].

It is true that some patentees with limited funds or R&D capabilities would like to put some patented technologies with potential market value and development prospects onto the patent open licensing platform in order to realize the value of their patented technologies or to seek further development funds. But many of these patented technologies are often still in their early stage of development, with their expected future success greatly uncertain and the exploitation of them potentially risky.

Therefore, investors who are trying to find valuable patented technologies on the patent open licensing platform need to fully evaluate the technological and market value of target patents provided on the platform before arriving at a patent license, and must not make a rash decision by blindly relying solely on the disclosure made in the patent documents. What's more, it is also necessary for them to investigate whether there are other patented technologies related to the patented technologies and whether they are replaceable by any existing technologies. As the saying goes, to find out a better patented technology, one still needs to shop around and made comparisons. Comprehensive evaluation of patent value is an indispensable part of the work to be done before concluding a patent license.

Second, as for the legal status of patents, a granted patent is of somewhat uncertain stability as is shown by the considerable number of invention patents declared invalid each year. As for the utility model and design patents, the proportion of invalidated patents is naturally even higher. While Article 50 of the new Patent Law stipulates that if an open license declaration is filed for a utility model or design patent, a patent right evaluation report should be provided, but this is not enough to completely rule out the risk of invalidation of the patent. Once a patent on which a technology that has entered the implementation stage relied on is invalidated, the loss to the licensee in terms of financial and time costs is often irreparable.

Therefore, potential patent licensees also need to examine the legal status of target patents provided

on the patent open licensing platform, and, if necessary, search and analyze the related existing technologies to evaluate the stability of the patent. In addition, the patent license should spell out the clauses on liability fixation and compensation in case of invalidation of the licensed patent to avoid possible risks.

Third, while a patent is vital to the development and exploitation of a technology, whether the technology can be exploited smoothly and effectively depends on many factors in addition to the technical disclosure made in the patent documents. For example, many patentees keep some technical details as technical secrets and choose not to disclose them in the patent documents, but the technical secrets are essential for effective exploitation of the technology, or key factor for utilizing it to the best effect. Therefore, it is necessary to stipulate in the patent license agreement that the patentee shall provide relevant technical details or offer necessary personnel training when reaching a patent license.

In addition, the development of a technology often generates multiple patents, which forms a patent pool or planned spread-out of patents to protect the technology. In this case, a potential patent licensee must also search for the complete set of the licensor's patent filings relating to the technology involved in the openly licensed patent, and examine whether other related patents have also been made available on the open licensing platform. If the exploitation of an open-licensed patent still depends on the licensor's license of another patent, then the latter should be included or covered in the open-licensing agreement to ensure that there will be no patent barrier in the future exploitation of the technology.

Besides, a patented technology may also produce new innovative technical solutions in the process of exploitation under an open license, and it is also possible for these technical solutions to become new patents. Then, the ownership of the new patents will be related to the vital interests of both the patent licensor and the licensee, and a prior agreement on the matter will also help avoid future disputes.

Fourth, a patent open license is essentially a general license[3], which, as is shown in the preceding law provisions, rules out the possibility of granting any exclusive license in connection with a patent openly licensed. Therefore, a licensee who has obtained a patent under an open license may have to face the lawful competition of the licensor or other licensees in the same field of the patented technology when exploiting the patent. In other words, the patent will be made greatly less exclusive and its market competitiveness more restricted. This is exactly what the licensee needs to note and consider. On top of this, the royalties of the open patent license should also fall within a reasonable range in view of the above-mentioned circumstances.

To conclude, the patent open licensing system will play a positive role in addressing the difficulty in

conversion of patents in China at this stage, in giving full play to its important functions, such as promoting the exchange of patent information, ensuring safe patent licensing transactions and saving social resources, and in helping deliver the important goals of accelerating the construction of an innovative nation and boosting intellectual property creation, protection and utilization.

To further improve the patent open licensing system in China, practitioners in the related fields of administration, law, technology and marketing need to conduct in-depth research, and work in collaboration in the area to explore and establish a set of effective models of practice in relation to patent open licensing truly suitable for the direction along which the intellectual property system will develop in China.

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Mr. Li is a member of the All-China Patent Attorneys Association (ACPAA). He received his M.S. in Pharmaceutical Chemistry in 2002 from Shenyang Pharmaceutical University, and then received his degree of Maser of Laws in civil and commercial law from the China University of Political Science and Law. Mr. Li worked at the Patent Examination Cooperation Center of CNIPA as an examiner, and worked with Beijing No.1 Intermediate People's Court as a juror. He started his career in 2007 as a patent attorney and partner in some patent agencies and now in Panawell. His practices include patent drafting, prosecution, reexamination, invalidation, administrative litigation, infringement litigation, infringement analysis, patent strategy making and consultation in the fields of pharmaceutics, biotechnology, chemistry and materials.

Tips on CNIPA's Patent Official Fees

Different from many counties, the official fees of Chinese patent applications are generally determined by the initial application documents. Examples are as follows:

1. Additional Charge of Patent Application Filing

The additional charges of Chinese invention and utility model patent applications are one-time paid at the filing of applications. Where the number of total pages of Chinese description and drawings exceeds 30, the applicant shall pay the additional fee for excessive specification, i.e. CNY 50 per page from the 31st and CNY 100 per page from the 301st. Where the number of claims exceeds 10, the applicant shall pay the additional fee for excessive claims, i.e. CNY 150 per claim from the 11th. After filing of the application, no matter whether the pages of specification or the number of claims changes because of any amendment requested by the examiner or voluntarily made by the applicant, no additional fee will become chargeable or refundable. It shall be noted that, with regard to the Chinese national phase applications derived from PCT international applications, the additional application charges are determined by the Chinese translation of initial international application documents, which is to say, even if the pages of Chinese specification or the number of claims increases/reduces because of any PCT Article 19, 34 or 28/41 amendment made at the national phase entry, the additional charges for excessive specification and claims will be still calculated by the Chinese translation of initial international application documents.

2. Substantive Examination Fee for Invention Patent Application

The official fee for requesting substantive examination of a Chinese invention patent application is generally CNY 2500; but in respect of a Chinese national phase application where the international search is conducted by the European, Japanese or Sweden Patent Office, its substantive examination fee is only CNY 2000. The amount of substantive examination fee has nothing to do with the pages of specification or number of claims.

3. Translation Correction Fee

The application documents of Chinese national phase of a PCT international application shall be a complete and accurate Chinese translation of the initially-filed international application documents. In case of any translation error, the applicant shall file a request to correct the translation and pay a translation correction fee before allowance of the application. If the request for correcting translation is filed before issue of Notification of Passing Preliminary Examination, the translation correction fee will be CNY 300; while if the request for correcting translation is filed after the application passes preliminary application, the translation correction fee will be CNY 1200.

4. Design Application Fee

The filing fee for a Chinese design patent application

is CNY 500. Even if the design application consists of more than one designs of products of the same kind that are sold or used in sets, or more than one similar designs of one and the same product, the official filing fee will not increase.

5. Annuity

The applicant needs to pay annuities for a Chinese patent only after the grant of patent right, and specifically, the first time to pay annuity for a patent is within two months from receipt of the Notice of Allowance. After grant, the applicant shall pay the annuity every year before the application date. The surcharge will not apply where the annuity is paid within one month from the application date, but will apply where it is more than one month overdue. The amount of annuity has nothing to do with the pages of specification or number of claims.

Panawell Obtained Overall Victory in Declaring Invalidation of One Utility Model Patent and Subsequent Administrative Litigation

Recently, the Intellectual Property Tribunal of the Supreme People's Court of China released the "Abbreviature of Adjudication (2020) of the Intellectual Property Tribunal of the Supreme People's Court of China". The Intellectual Property Tribunal of Supreme Court selected 55 typical cases from 2,787 technical intellectual property cases concluded in 2020 and refined into 46 judicial rules, which reflects the judicial theory, trial ideas and judgment methods of the Intellectual Property Tribunal of the Supreme Court on handling difficult, complex and new types of cases in the field of technical intellectual property trials, and has great guiding significance. The case represented by intellectual property lawyers and patent attorneys Bo WANG and Feng XU of Panawell was selected as Case No. 23 — (2020) ZuiGaoFaZhiXingZhong No. 183, administrative dispute over the invalidation of a utility model patent between the appellant SHENZHEN DAJIANG LINGMOU TECHNOLOGY, CO., LTD. and the appellee THE CHINA NATIONAL INTELLECTUAL PROPERTY ADMINISTRATION, and the third party of the original trial Wenwen DU.

In the case of invalidation of the utility model patent, on behalf of the petitioner Wenwen DU, Panawell successfully requested the CNIPA to make a decision on partial invalidation of the patent right. In the subsequent patent administrative litigation stage initiated by the patentee, Beijing Intellectual Property Court and the Intellectual Property Tribunal of Supreme Court both upheld the invalidation decision made by the CNIPA.

The Court held that the typical significance of this case mainly lies in that the inventive step of the technical solution of the patent can be derived from "problem solving" and also can be from "problem raising" under certain circumstances. After synthesizing the whole case, the court held that the evidence was insufficient to support the patentee's claims that this patent solves technical problems not noticed in the prior art; and approved the views of the petitioner that it is a conventional innovative way to use publicly known technology to improve similar objects in the same way, which is not enough to bring inventive step.

So far, on behalf of the client, Panawell has won the overall victory in the administrative litigation stage.

Back Cover: Exterior of office block where Panawell locates

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