



An Overview of New Trademark and Patent Regulations

Lisa Lu , 27 February 2024



China IP SME Helpdesk

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Guide


1. Introduction
2. Types of Patents and Terms of Protection
 - A. Invention Patents
 - B. Utility Models
 - C. Design Patents
3. Application/Registration Procedure in China
4. Enforcement of Patent Rights in China
5. Open license system
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- B. Related Links



Guide to Patent Protection in China


CHINA
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FACTSHEET

1. THE FACTS: Business in Mainland China for EU Companies
 - Size of Market
 - Key INDUSTRY SECTORS
2. IPR in Mainland China for SMEs: BACKGROUND
 - Intellectual Property Rights for SMEs: Why is this RELEVANT to you?
 - How does Mainland China's IP legal framework compare to INTERNATIONAL STANDARDS?
3. IP Rights in Mainland China: THE BASICS
 - A. Copyright
 - B. Patents
 - C. Trade Marks
 - D. Geographical Indications (GI)
 - E. Trade Secrets
4. Using CUSTOMS to block counterfeits
5. Enforcing of rights
 - Administrative actions
 - Civil Litigation
 - Criminal Prosecution
6. RELATED LINKS and Additional information



IP Factsheet: Mainland China

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Six EU-funded helpdesks offer free resources to your small or medium-sized business to help you manage your intellectual property.

<https://ec.europa.eu/ip-helpdesk>

Speaker's Bio



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Lisa Lu is the IP Business Advisor at China IP SME Helpdesk in Beijing, where she advises European SMEs on intellectual property rights matters. She holds a double master's degree in law from the China University of Political Science and Law and University of Hamburg. Before joining the China IP SME Helpdesk at the European Chamber, Lisa worked as a trademark attorney for the Ferrante Intellectual Property and Chang Tsi & Partners. She mainly focused on the fields of trademark prosecution, trademark enforcement, copyright protection and unfair competition. During her time working in both law firms, she dealt with a variety of clients including but not limited to automotive performance, media, entertainment, new energy, apparel, architecture design, data management, e-commerce, household products, HVAC, and fire & security. Her clients included a range of globally leading companies and small and medium-sized enterprises (SMEs). Lisa is fluent in Chinese and English.



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01 | 2023 IP Statistics

IP type	Grant numbers in 2022	Grant numbers in 2023	Year-on-year change
Invention patents	0.798 million	0.921million	↑ an increase of 15.4%
Utility model patents	2.804 million	2.09 million	↓ <u>a decline of 25.5%</u>
Design patents	0.721 million	0.638 million	↓ <u>a decline of 11.5%</u>
Trademark	6.177 million	4.383 million	↓ <u>a decline of 29%</u>

2023 Legislative Outline of the CNIPA

The Outline includes the plan to develop or complete the following laws and regulations in 2023

- A new round of amendments to the Trademark Law;
- The amendments to the Implementing Regulation of Patent Law, Implementing Regulation of Trademark Law;
- The amendment to the Guidelines of Patent Examinations;
- Introducing distinctiveness examination of designs and inventiveness examination of utility models;
- The Implementing Regulation of Copyright Law, the Regulations on the Collective Administration of Copyrights, etc.
- Anti-Unfair Competition Law and related supporting regulations;
- The intellectual property clauses in the E- Commerce Law;
- Regulations on the Protection of Commercial Secrets and Provisions on Prohibiting Abuse of Intellectual Property Rights to Exclude and Restrict Competition;
- Measures for the Protection of Intellectual Property Rights at Exhibitions.

02

Trademark Updates

- Draft of amendments to the Trademark Law (2023)



**Art.
67**

Fine for bad-faith trademark registrations.

**Art.
61**

Statement on Trademark Use:
Trademark registrants should provide evidence of the use of trademarks to the CNIPA every five years, while failing to do so after a specified period of time would result in the trademarks being cancelled.

**Art.
83**

Civil compensation provided by bad-faith trademark registrant.

**Art.
14&21**

Forbidding repeated trademark application.

**Art.
39**

Examination of opposition:
removal of the review procedure; opposition period shortened to two months.

**Art.
59&72**

Trademark infringement related to e-commerce activities.

03

Guidelines Regarding Trademark Assignment Procedure

Assignment of the following trademarks is considered as inappropriate, and could be refused by the CNIPA:

- Ⓒ A collective trademark or certification mark to an unqualified holder.
- Ⓒ A trademark bearing GI, origin, or enterprise name to an assignee unassociated with them.
- Ⓒ A trademark which belongs to a series of trademarks under the same ownership, the separation of which would confuse the public.
- Ⓒ The application for the transfer of a trademark with a special meaning, so that its transfer may have a negative or adverse impact on the political, economic, cultural, religious, national, and other social public interests, public order or public order and morals in China.
- Ⓒ Where a trademark agency acts as a transferee in violation of the provisions of Article 87 of the Regulations for the Implementation of the Trademark Law.
- Ⓒ A trademark of an assignor who owns a relatively large number of trademarks and has previously assigned trademarks to different unrelated assignees. The assignor fails to provide any legitimate reason of assignment, evidence of use or intent to use, or upon provision, cannot prove that the evidence is valid.

03

Guidelines Regarding Trademark Assignment Procedure



New rule in the Guidelines

Assignees should conduct a trademark background check before purchase.

An assignment cannot nullify any invalidation on the grounds of bad faith.



New challenges

Purchase the malicious trademark could be risky to lose the trademark rights!



Solutions



Background search of the trademark seller before purchase.



Register trademark in China as soon as possible.



To overcome the malicious trademark, consider other actions (opposition, non-use cancellation, invalidation, etc.)



Case Study

- Assignment of a malicious trademark

The Background

An EU SME tried to use a trademark assignment to recover its rights from a trademark squatter who owned over 90 trademarks, more than half of which were copied from foreign brands. The EU SME filed a request for assignment after signing an assignment agreement with the trademark squatter.



Action taken

- (1) The CNIPA requested the evidence of use from both the assignor and the assignee.
- (2) The SME provided proof of use in a Chinese online shop. The trademark squatter has no evidence of use.
- (3) The CNIPA refused the assignment based on insufficient proof of use, and the bad faith of the assignor.



Case Study

- Assignment of a malicious trademark



Lesson learned

- Trademark assignment may not be an ideal action to overcome the malicious trademark any more.
- Before trademark assignment, the SME should run a background search to see if the seller has bad faith.
- To combat the malicious trademark, consider opposition, non-use cancellation, invalidation, etc.
- Well preserve the evidence of use of SME's brand in China.
- Register trademark in China as soon as possible.

04 | Updates on Patent Law and Rules



Patent Law (Amended)

IPR Principle of good faith

IPR Design patents: international design, protection term extension and partial design.



Implementing Regulations of the Patent Law (Amended)

IPR Deferment of examination

IPR Priority rights

IPR The inventor remuneration



Patent Examination Guidelines

IPR Patent Term Adjustment (PTA)

IPR Patent Term Extension (PTE)

IPR Open license system



04

Patent Updates

- Principle of good faith

Pros:

abnormal patent application will reduce.

Cons:

how to prove the good faith for EU SME.

Patent Art.20

The principle of good faith shall be followed when filing a patent application and exercising patent rights. The patent rights may not be abused to harm the public interests or the lawful rights and interests of others.

IRPL Art.11

Applicants for patents shall adhere to the principle of good faith. All patent applications must be based on genuine inventive activities, and no fraudulent or deceptive practices shall be tolerated.

IRPL Art.88

The patentee shall not make an open license declaration or obtain a reduction in annual patent fees during the period of implementing an open license by providing false information, concealing facts, or other such means.

IRPL Art.100

If an applicant or a patentee violates the provisions of Article 11 or Article 88 of IRPL, the department responsible for patent enforcement ... may impose a fine of up to RMB 100,000.

04 | Patent Updates

- Design patents

IPR Accession to the Hague system
(international design)

Why international design?

- Filing one international application in one language, English, French or Spanish, to registered in more than 90 countries
- Pay one set of fees in a single currency (Swiss francs)
- Renew and manage your registration directly through WIPO

IPR Design patent extension
to 15 years

IPR Partial designs:
a combination of dotted and
solid lines for drawings

04 | Patent Updates

- Deferment of examination

Guide lines

Guidelines Part 5 Article 8.3:

Deferment of examination applies to invention patent, utility models and industrial design. The application of deferment should be requested when filing the patent applications, or substantive examination for invention patents.

Pros

Flexibility for developments of claims; applicable for all patents.

Cons

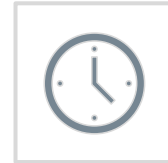
Restrict the filing time point.

04 | Patent Updates

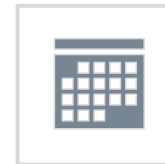
- Priority rights



Applicants can claim domestic priority for a design from an invention or utility model application; invention patent applications can claim domestic priority from a utility model and vice versa.



Restoration of priority rights within 2 months after the expiry date for a national invention patent / utility model.



Addition or correction of priority to be within 16 months from the priority date, or 4 months from the filing date.

04

Patent Updates

- Inventor remuneration



IRPL Article 93 & 94:

Inventor remuneration can include equity, options, dividends, etc.

- Without an agreement, the minimum inventor reward (given to the inventor within 3 months from grant) is raised to 4,000 RMB for an invention patent and 1,500 RMB for a design and utility model.
- Without an agreement, reasonable inventor remuneration and awards are to be given to the inventor according to the Promoting Transformation of Scientific and Technological Achievements Law, which could be considerable for the company:
 - 50% of net income from assignment or license of patent as rewards.
 - For independent or collaborative implementation of patent, a 5% of business profits for 3-5 years as rewards.

Recommendation:

proactively negotiate with the employee inventors and include the inventor remuneration in the employee agreement, to avoid possible disputes.

04

Patent Updates

- Patent Term Adjustment (PTA)

PTA must be requested
within 3 months

from grant of

invention patent,

and it is calculated

as follows:

A

The number of days

From the expiry date of 3 years from the date of requesting substantive examination (and after the expiration of 4 years from the filing date) to the date of the publication of the grant of the patent right.

B

Minus the number of days of reasonable delay from:

- Re-examination (due to rejection of an application)
- Ownership dispute, preservation measures during the litigation

C

Minus the number of days of unreasonable delay from the applicant:

- Failure to respond to a Notice (e.g., office action) within the prescribed time limit.
- Deferment of examination has been requested;
- Incorporation by reference has been invoked;
- Other unreasonable delays by the applicant.

04 | Patent Updates

- Other changes



IPR *Patent Term Extension (PTE)*

IPR *Open license system*

IPR *Acceptance of electronic communications and records*

IPR *Elimination of the 15-day mailing delay*

IPR *Patent evaluation reports*

IPR *Preliminary inventiveness examination of utility models*

IPR *Pharmaceutical Patent Linkage system*

IPR *Increased the statutory damages: 5 million RMB (around 640,000 EUR)*

IPR *Punitive damages: 5 times the estimated damages*

05 | Take-away Messages



- ✓ Study the IP laws and regulations that apply to your industry.
- ✓ Conduct background search to make sure not to purchase the malicious trademark.
- ✓ Well preserve the evidence of use of your trademark in China.



- ✓ International design is available in China.
- ✓ Proactively negotiate with the employee inventors and include the inventor remuneration in the employee agreement.
- ✓ Consult the IP lawyers and experts in China.



- ✓ Contact the China IP SME Helpdesk ***question@china-iprhelpdesk.eu***

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Questions?

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