



Navigating the New Patent Rules: Updated Patent Strategy for EU SMEs





China IP SME Helpdesk

ABOUT US

The Helpdesk in a nutshell

- Free initial advice to SMEs
- Geographic coverage: 4 jurisdictions of China
 - Mainland
 - Hong Kong
 - Macao
 - Taiwan

 100,000+ SMEs assisted to date



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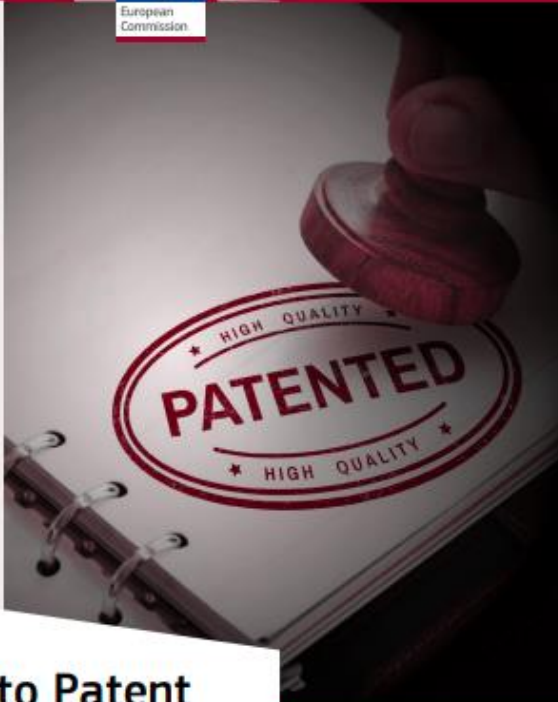
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European Commission

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
6. SME Case Study
7. Take-Away Messages
- B. Related Links



Guide to Patent Protection in China

CHINA
IP SME HELPDESK

For free, confidential, business-focused IP advice within three working days E-mail: question@china-iphelpdesk.eu



European Commission

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 counterfeiters
5. Enforcing of rights
 - Administrative actions
 - Civil Litigation
 - Criminal Prosecution
6. RELATED LINKS and Additional information



IP Factsheet: Mainland China

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INTELLECTUAL PROPERTY ADVICE FOR YOUR BUSINESS



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



Lisa Lu

IP Business Advisor

@ *China IP SME Helpdesk*

Lisa.lu@china-iprhelpdesk.eu

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 | Patent basics in China

- Patent types

1.1 Invention patents vs Utility models vs Design patents

Patent type	What to protect	Examination	Protection term
<u>Invention patents</u>	New technical solutions or process, functionality	Substantive examination, 2-6 years to register	20 years
<u>Utility models</u>	New shape or structural physical features, functionality	Formality examination, <1 year to register	10 years
<u>Design patents</u>	Aesthetic aspects of the product, non-functionality	Formality examination, <1 year to register	15 years

01

Patent basics in China

- Patent types

1.1 Invention patents vs Utility models vs Design patents

- Storage battery
 - New management system that allows the battery to work more efficiently
 - Invention patents
 - Battery structure to reduce temperature
 - Utility models
 - The unique shape of the battery
 - Design patents

01 | Patent basics in China

- Patent principles

1.2 Principles

- First-to-file
- Territorial right
- Registration
- Absolute novelty



1.3

Exemption of absolute novelty (6 months before application)

- International trade fairs sponsored or recognised by the Chinese Government
- Academic or technological conference
- Public interests
- Leakage without consent

1.4

New law and rules



Patent Law (Amended)



Implementing Regulations of the Patent Law (Amended)



Patent Examination Guidelines


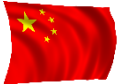
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Patent basics in China

- Comparison of IP systems in EU and China

Common:

- Patents and industrial designs can be extended internationally.
- Invention patent protection term: 20 years.

	 Europe	 Mainland
Enforcement	Might be possible to enforce <u>without</u> registration	No enforcement is possible without registration
Invention Patent	It takes shorter time to get patent registered.	It takes 2-6 years to register invention patent. Certain software can be patented.
Design	Can be protected either as an Unregistered Community design (<u>3 years</u>) or as a registered design (<u>25 years</u>)	Need to be registered as design patents to be protected (<u>15 years</u>)
Utility models	Less common in Europe	Being widely used forms of IPR for inventions in China

02

Strategy BEFORE registration

- Patentable software in China

Patentable software: solving a technical problem, using technical means and achieving a technical result

- Computer programs for industrial processes
- To improve the internal performance of computers
- Controlling, measuring or testing processes
- To process external data

Note:
consult with
a patent attorney
in China

Strategy BEFORE registration

- Considerations when protecting international design in China

- The requirements for design filings differs from country to country.
- It is common to receive office actions/ refusals from the CNIPA in the international filings. The common refusal grounds are:
 - Lack of brief description: A brief description is mandatory, to state whether the characteristic features lie in shape, pattern, colour, or the combination
 - Lack of unity of design: one application contains up to 10 designs (*vs. 100 designs*) for the same product; divisional of application is a solution
 - Lack of sufficient views: for a three-dimensional design, to submit six orthographic views at the time of filing internationally

02

Strategy BEFORE registration

- Considerations when protecting international design in China

- Enforcement
 - The CNIPA will not issue the design registration certificate in Chinese after the grant of protection (similar with Madrid trademark system)
 - Duplicate Certificate of Patent Registration: apply with the CNIPA, official fees of RMB 30 (*approx. € 4*).
 - Patent evaluation report: useful in e-commerce platform; apply with the CNIPA, official fees of RMB 2,400 (*approx. € 310*)

02

Strategy BEFORE registration

- Extension of the exemption of novelty



New rules:

If a technology was firstly presented at the academic or technical conference organised and convened by international organisations, who are recognized by the relevant departments of the State Council



It would still qualify for patenting within 6 months



What does it mean:

Further including 3GPP (*3rd Generation Partnership Project*), ETSI (*European Telecommunications Standards Institute*), IEEE (*Institute of Electrical and Electronics Engineers*)



Favourable for SEPs

03

Strategy AFTER registration

- Inventor employee remuneration



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

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.

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Strategy AFTER registration

- Open license and annuity fees

- Open license system: voluntarily license and reduction of annul fees
- Applicable patents: ALL three patents (published, granted and valid); patent evaluation report for utility models and design patents
- How: submit patent open licensing declaration with the CNIPA, online patent management system or IP agent; published on China Patent Publication and Announcement System
- Fees: flat fixed fee – no more than RMB 20 million;
royalty – no more than 20% of net sales or 40% of profit
- Annuity fee reduction: by 15%
- Fine for bad faith application: RMB 100,000

03

Strategy AFTER registration

- Patent evaluation report and e-commerce



Patent evaluation report (PER)

Utility models and design patents;
key factor in e-commerce platform



New patent rules:

- Patentee and accused infringer can apply for PER, request corrections to the PER.
- The accused infringer: the defendant in procedures at courts, the receipt of a warning letter, the respondent of an infringement complaint filed with an e-commerce platform, etc.



Suggestions for EU SMEs

- As right holders: Goal → POSITIVE result!
Request a PER of your patent before actions.
- As accused infringers: Goal → NEGATIVE result!
Request PER of other's patent, and potentially request correction.



Case Study

- Patent evaluation report and e-commerce platforms

The Background

Company type: A Belgian company in the medical device industry.

Invention: Patented new ecological dental instrument as design patent in China.

Challenges: infringing products on a major Chinese e-commerce platform.



Action taken

- The SME contacted the e-commerce platform.
- The patent registration certificate alone would not suffice, and a [patent evaluation report](#) would be required.
- It took the SME 2.5 months to obtain the patent evaluation report.
- The e-commerce platform accepted the complaint and removed the infringing link.



Case Study

- Patent evaluation report and e-commerce platforms



Lesson learnt

- Protect your IP before entering the China market.
- Get familiar with the notice and take-down procedure in different E-commerce platforms, and monitor the platforms regularly.
- Different from the EU, industrial design is protected by patents in China, meaning that without registration in China, there is no full protection.
- After the grant of an industrial design patent, one should apply for a patent evaluation report as soon as possible, which is often required in enforcement proceedings such as removing infringing links from the e-commerce platforms.

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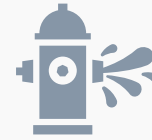
Strategy AFTER registration

- A new ground to invalidate bad faith patents

New ground for invalidation

- principle of bad faith

- Unnecessarily restricted patents, e.g., “listing massive amounts of detailed but unnecessary technical features that do not improve the invention”.
- Fabricated or plagiarised inventions, e.g., patents “altering technical solutions of prior arts, exaggerating its technical effects which cannot be realised”.



Risk: being challenged by third parties via invalidation



Recommendations:

PROACTIVELY PREPARE!

Preserving relevant documentation and records showing the creation and development proceedings

04 | Take-away Messages



- ✓ IP laws and rules developed greatly in China, keep yourself updated.
- ✓ There are three types of patents in China, carefully scan your technology and choose to register the suitable ones.



- ✓ International design is available in China, yet the requirements in China is different from other countries.
- ✓ After patent is registered, proactively take actions and avoid compliance risks.
- ✓ Consult the IP lawyers and experts in China.



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

Stay connected!



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Questions?

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EVENT FEEDBACK FORM



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