



China IP SME Helpdesk

Overview of CN new patent and copyright law

Dr. Toby Mak, 31 August

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IP Factsheet: Mainland China



1. THE FACTS: Business in Mainland China for EU Companies
(Source: [DG Trade](#))



SIZE of Market:

- EU exports to Mainland China: EUR 173.5 billion
- EU imports from Mainland China: EUR 299.9 billion
- Total trade in goods: EUR 473.4 billion

> Mainland China is the EU's second largest trading partner, after the USA.
 > The EU is China's largest trading partner.

Key INDUSTRY SECTORS:

- EU exports to Mainland China are dominated by machinery and equipment, motor vehicles, aircraft, and chemicals.
- Mainland China's key export items to the EU include machinery and equipment, footwear and clothing, furniture and lamps, and toys.

Co-funded by:

European Union

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Protecting Your Trade Secrets in China

Prevention is the key to protection.



WHAT EXACTLY CAN BE A TRADE SECRET

SOMETHING THAT

1. is not publicly known
2. has commercial value
3. you took measures to keep secret

expressions of ideas

status of products or services under development

TRADE SECRETS

know-hows, manufacturing or design techniques

valuable business information, lists, cost and price information

KEEP IT SECRET, KEEP IT SAFE

It is important to remember that once trade secrets become publicly known, they can no longer be protected as trade secrets.



DON'T FORGET YOUR EMPLOYEES

Limit access and copying rights to the personnel who actually need it.

Require all employees to sign an employment agreement with strict confidentiality provisions.

Be sure to hold exit-interviews and have them return documents, materials, computers, and files.

Establish an internal management system for trade secrets. Training and clear written guidelines are essential.

DEALING WITH THIRD PARTIES

Business dealings or negotiations with third parties, potential partners, suppliers, contractors, licensees, or customers

monitor your partners, suppliers or licensees to make sure they are complying with your trade secrets protection policy

Speaker's Bio



Name | **Toby Mak**
Company | **Tee & Howe**
Email | toby.mak@teehowe.com

- Current co-chair of the AIPLA's IP Practice in China committee
- Active (self-proclaimed) member of the Asian Practice committee of the IPO
- Born and educated in Hong Kong with a PhD in chemistry
- The only Chinese patent attorney working in a Beijing Chinese patent firm from Hong Kong
- Trained under the UK system and took the UK CIPA examinations, and passed some of the papers
- Responsible for publishing articles on China IP update for the UK CIPA Journal
- Languages: Chinese (Mandarin and Cantonese), English

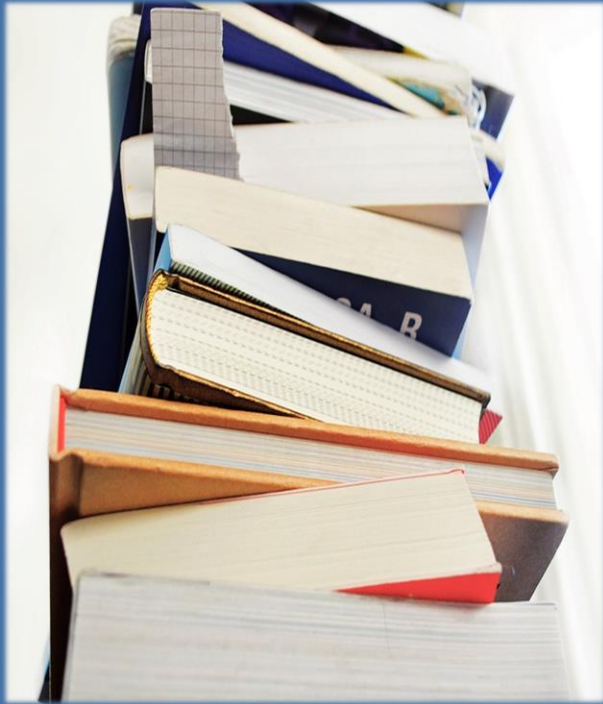


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01

Overview of CN new Patent Law Changes to the law

- CN patent system changes

- CN 4th amendments to the CN Patent Law
- Stop subsidies on patent filings
- Various changes in the CN Patent Examination Guidelines



From <https://www.cnipa.gov.cn/>

01

Overview of CN new Patent Law Changes to the law

- CN Patent Law (2020)

- Passed in Oct 2020, effective on 1 June 2021
- US-CN trade agreement - CN committed to **adopt many US patent practices**
- Patent term
 - **Patent term adjustment (due to CNIPA's delay, PTA)**
 - **Drug patent term extension (due to drug approval delay, PTE)**
 - Design patent term increased to 15 years (from 10 years)
- **Partial design allowed**
- Compensation for patent infringement
 - **Introduces punitive damages**
 - Increases statutory damages
 - Ease to prove infringement damages
- Empowering CNIPA to adjudicate patent infringement disputes
- Introducing open license (similar to the UK license as of right)
- Inventor remuneration could be in the form of equity, option or dividend.
- **Drug patent linkage**

01 | Overview of CN new Patent Law Changes to the law

- CN Patent Rules (*draft*)

- Restoration of priority claim allowed (16 months)
- Incorporation by referencing form priority document allowed
- Further details on PTA and PTE
- License not recorded at the CNIPA cannot confront bona fide third parties.
- Minimum filing requirements no longer specified
- CNIPA can add grounds ex officio at re-examination and invalidation
- CNIPA could adjudicate “important” patent disputes

01 | Overview of CN new Patent Law Changes to the law

- CN stops patent subsidies

- Announced by the CNIPA on 27 Jan 2021
- From **June 2021**, all subsidies for filing patent **application** should stop
- From 27 Jan 2021, all subsidies for granting of patent should be reduced, and such patent **grant subsidies** should all stop **by 2025**.
- The above subsidies to be stopped do not only include domestic filings in China, but also foreign filings.
- CNIPA stops publishing filing data since Nov 2020
- Affect foreign freedom-to-operate (more freedom)

01

Overview of CN new Patent Law Changes to the law

- CN patent exam guidelines

- Allow post filing data

Allow post filing data for demonstrating technical effects recited in the specification

- For computer-related invention

As long as there is one technical feature in a claim (e.g. a computer processor), then non-patentable subject matter objection should not be raised.

- At applicant's request

Examiner has to provide substantive publication evidence for assertion of common general knowledge (CGK).

- Delay for examination

Delay for examination of up to 3 years could be requested when filing request for examination.

02 | Overview of China's new Copyright Law

- CN Copyright Law 2020

- Passed in Nov 2020, effective on 1 June 2021
- Better definition of copyright works to encompass audio-visual works, and works on computer
- Better definition of rights of copyright, in light of the internet
- Improved definition of ownership, particularly for joint authorship, and for actors
- Broaden definition of infringement
- Compensation for copyright infringement
 - Introduces punitive damages
 - Increases statutory damages
 - Ease to prove infringement damages



China IP SME Helpdesk

Technology Transfer and IP Contracts in China

Dr. Toby Mak, 31 August

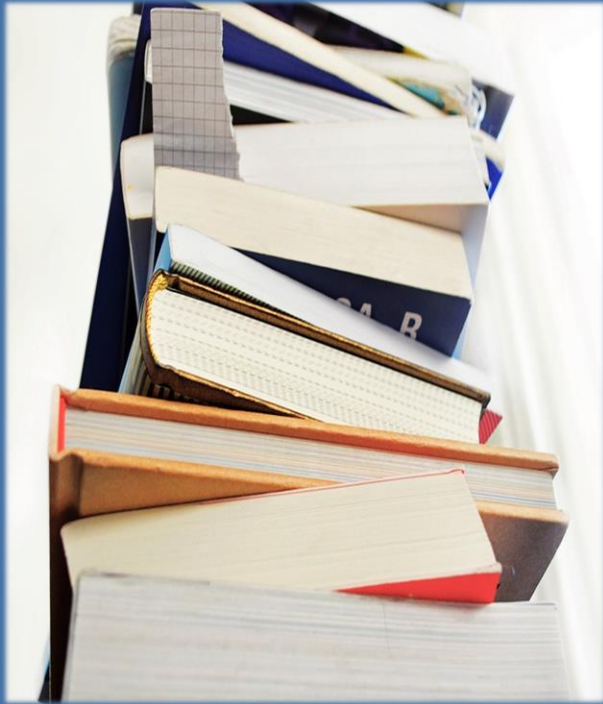


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01 | When tech transfer happens

- Incoming and outgoing
- Buying/selling products or receiving/providing services
- Merger and acquisition
- Internally within the group
- Contracted manufacturing
- Research and development (internal, external collaboration)

02 | IP contracts involved

- Employment contract
- Assignment – transferring to another party for good, *usually* forever
- License – leasing to another party
- Confidentiality agreement
- Research collaboration agreement
- Substantive (e.g. in paper form), or verbal
- Verbal contracts difficult to track and enforce

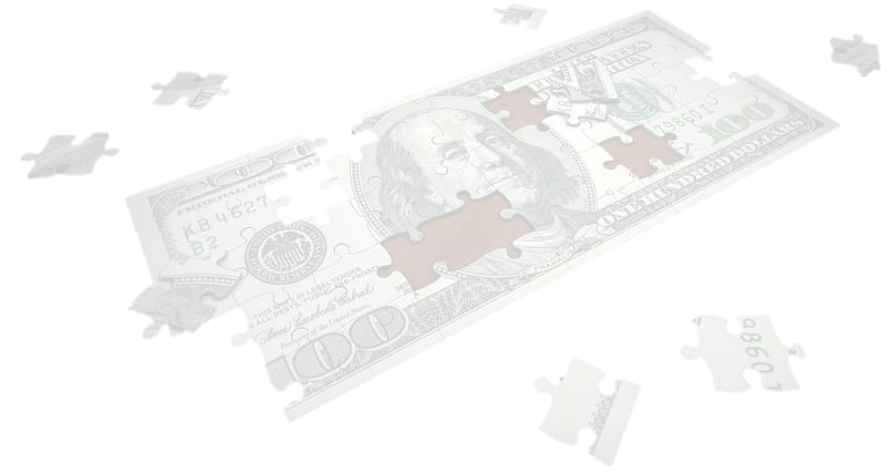
03 | Contract practice notes

- Contract terms exist to deal when things going south
- Before finalizing the terms, points to consider:
 - ✓ Duration of the contract
 - ✓ Cool down period
 - ✓ Review period
 - ✓ Relationship with the contracting parties
 - ✓ Power to negotiate/sub-contract/sub-license to another 3rd party
 - ✓ What exactly would be involved
 - ✓ Who would be doing what
 - Milestone
 - Payment
 - ✓ Dispute resolution
 - ✓ Termination

03 | Contract practice notes

- Payment

- One lump sum
- Payment based on milestone achievement
- If based on volume, stipulations on auditing
- Expenses
 - Research
 - IP prosecution and maintenance
 - Recordal of IP assignment and/or licence
 - Litigations involving IP
- Trigger to termination (late, none, or insufficient)



03 | Contract practice notes

- Termination

? *What could trigger termination*

- Duration
- Notice (with period specified)
- Breach
 - Payment (late, none, or incomplete)
 - Failure to deliver (need to define)
- Invalidation of IP
- Non-IP litigation (safety, consumer claim)
- Revocation of relevant license / permit / marketing approval
- Event
- Insolvency
- Change of control of party involved

03 | Contract practice notes

- Termination

? What could be required to done at termination

- Back assignment of IP
- Return of information and materials
- Supervised destruction of information and materials
- Public announcement
- Lump sum payment

04 | Exclusive licence

- Two types in China, frequently both translated to “exclusive licence”
- In English, exclusive licence means
 - No one, including the licensor itself, could exploit the IP, except the licensee
 - 独占许可
- Sole licence
 - The licensor and the licensee could exploit the IP
 - 排他许可
- Debates on sole is more exclusive

Questions?

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3 ^{working} *days*

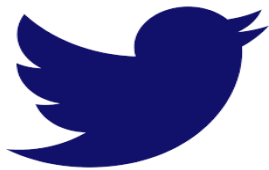
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We appreciate if you could share your comments with us.

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