

OVERVIEW:

The Fourth Amendments of the Patent Law of China

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Snapshot of Development of the Patent Law of China

The Patent Law of China:

- Enacted in **1984** (Effective from 1 April 1985)
- First Amendments in **1992** (Effective from 1 January 1993)
- Second Amendments in **2000** (Effective from 1 July 2001)
- Third Amendments in **2008** (Effective from 1 October 2009)
- **Long-awaited Fourth Amendments** in **2020** (Effective from **1 June 2021**)

Highlights of the Amendments of the Patent Law

Four pillars:

- Strengthened **patent enforcement**
- Improved protection for **industrial designs**
- New provisions directed towards **pharmaceuticals**
- Measures to promote **utilization of patents**

Miscellaneous:

- **General patent term extension** for **invention** patents
- Changes to provisions regarding **employee (service) inventions**
- Provisions against **bad faith patenting activities** and **abuse** of patent rights

Four Pillars of the Amendments of the Patent Law

Strengthened patent enforcement

- Increased statutory damages awarded by courts
 - RMB 30,000 – 5 Mil (previously RMB 10,000 – 1 Mil)
- Punitive damages is introduced
 - Up to **five times** the determined damages for **willful infringement**
- Improved evidential procedure in patent infringement litigation
 - **Evidentiary burden-shifting** from plaintiff to defendant under some circumstances, especially for the court to decide damages
- Clarified and increased capacity and power of **administrative authorities**
 - CNIPA's new administrative capacity to adjudicate patent infringement disputes of national significance
 - Administrative authorities' power in **patent enforcement**
 - Questioning the involved party, examining sites and products of infringement etc.

Four Pillars of the Amendments of the Patent Law

Improved protection for industrial designs

- Patent term for designs is extended from 10 years to **15 years**
 - The extended term applies only to design applications filed on or after 1 June 2021
- **Partial design protection** is available for the first time
 - Important for offering protection for only a part of a product
 - Extremely useful for protecting the design of **graphical user interface (GUI)**
- **Domestic priority** is available for design patents
 - Making it possible for domestic applications to be adapted in view of further developments of the design of product
 - Useful for international companies having local R&D facilities in China

Four Pillars of the Amendments of the Patent Law

New provisions directed towards pharmaceuticals

- Patent term extension (PTE) for new drugs
 - To compensate the patent owner for the time consumed in obtaining market approval for the patented drug
 - PTE is up to 5 years with the proviso that the effective patent term does not go beyond 14 years after the grant of the market approval of the patented drug
- Pharmaceutical patent linkage system
 - An early solution mechanism for disputes between innovative drug companies and generic drug manufacturers
 - A dispute can be resolved through judicial or administrative procedure
 - Drug market approval may be suspended within a specified time limit pending decision of the dispute
 - NMPA and CNIPA are jointly formulating the measures of implementation

Four Pillars of the Amendments of the Patent Law

Measures to promote utilization of patents

- **Open licensing** mechanism
 - To promote technology transfer and utilization of patents
 - Upon request of the patentee, CNIPA announces open licence for patent, along with the **licensing fee** for the patent and the payment details of the royalty fee
 - A licensee-to-be can inform the patentee in written to practice the patent as per the licensing fee and the methods of payment specified in the CNIPA's announcement
 - **Annuities** of the patent can be **reduced** during open licensing period
 - An open license is a **general licence**, not a sole licence or exclusive licence
 - An open licence can be **revoked** by the patentee

Miscellaneous

- **General patent term extension for invention patents**
 - It is possible to extend patent term for invention patents due to **unreasonable delay** by the CNIPA
 - if a patent is granted more than **four years** from its filing date and **three years** from the requesting of the substantive examination
 - Applicable only to **invention** patents
- **Changes to provisions regarding employee (service) inventions**
 - Employer may **transfer** its rights in service invention to employee inventor
 - Employer is encouraged to **share** financial gains from patents with employee inventor (e.g., stocks, options, and dividends)
- **Provisions against bad faith patenting activities and abuse of patent for excluding or limiting competition**

Outlook

Implementation of the new Patent Law

- Draft [Implementing Regulations](#) of the Patent Law
- A series of amendments of [Patent Examination Guidelines](#)
- Judicial interpretation on trials of IP civil cases involving [punitive damages](#) (effective 3 March 2021)
- Draft Implementing Regulations of [Early Resolution Mechanism for Drug Patent Disputes](#) (NMPA/CNIPA, September 2020)
- Judicial interpretation on trials of [patent civil cases involving drug market approval](#) (Draft for Comments) (SPC, October 2020)
- More to come...
 - Further amendments of Patent Examination Guidelines
 - Judicial interpretations
 - Administration rules
 - Court guidelines

Takeaway Points

- China IP landscape is increasingly **pro patentee**
- **Level of Patent protection has been further increased:**
 - Patent Term Extension (**PTE**) – general and specific
 - Expansion of **patentable subject matter** – partial design, GUIs
- **Patent enforcement has been further strengthened:**
 - Increased statutory damage and punitive **damages**
 - Improved **evidential rules** in favour of plaintiff in litigation
 - Clarified and increased **power for administrative authorities**
- **Encouraging use of patents and improving patent quality**
 - **Open licensing** mechanism and Employee (service) inventions
 - Cracking-down of **bad faith patenting** and **abuse** of patent rights

Thank you!



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