Q&A: Patent & Trademark Protection in China

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Patent Protection in China

1.1 Please give details of the major acts and directives governing patents (with reference to specific paragraphs where necessary)

Patent Law of the People's Republic of China came into force on 1 April 1985. It was amended three times in 1993, 2001 and 2009. The third amendment became effective as of 1 October 2009.

Implementing Regulation of the patent law came into force on 1 April 1985. It was amended three times in 1993, 2001 and 2010. The third amendment became effective as of 1 February 2010.

The Guidelines for Examination came into force on 1 April 1993. Since then, there have been four major amendments in 2001, 2006 and 2010. The third amendment became effective as of 1 February 2010.

1.2 Is your jurisdiction party to any international conventions on patent protection? When did it join these conventions?

China joined the Paris Convention for the Protection of Industrial Property on 19 December 1984. The Paris convention came into force in China on 19 March 1985. China joined the Patent Cooperation Treaty (PCT) on 1 October 1993 which came into force on 1 January 1994. Further to this, China joined the Agreement of World Trade Organization on Trade-related Aspects of Intellectual Property Rights (TRIPS) on 11 December 2001.

1.3 Which are the major bodies responsible for assessing patent applications and granting patents?

The Chinese Patent Office of the State Intellectual Property Office (SIPO) is responsible for assessing patent applications and granting patents.

1.4 What is the procedure for obtaining patent protection? What are the key stages of the process?

What fee is payable?

There are three types of patents in China: invention patent, utility model patent and design patent. Invention applications have to go through both preliminary examination and substantive examination before patent rights can be granted. A preliminary examination can usually be completed in a matter of four to five months if the applicants fulfil all the formality requirements. Only after this can an invention application be published, which usually occurs around 18 months from filing date. Upon request for substantive examination by the application, which can be made any time within three years from the earliest priority date, an application will enter into substantive examination procedure which can only occur after publication of an invention application. Following this, a number of office actions may be issued and responded. Once these actions have been addressed, an application is then granted or rejected. In case of rejection, applicants can appeal to the Patent Reexamination Board (PRB) and further to two more instances in courts.

The filing fee is RMB950 (US$146), the examination fee is RMB2500 (US$385) and the issue fee is RMB255 (US$39). In addition, the excess claims fee is RMB150 (US$23) per claim in excess of 10, and the excess page fee is RMB50 (US$7.7) per page in excess of 30 and RMB100 per page in excess of 300 (US$15.4). Annuities range from RMB900-8000 (US$139- 1231) depending on the year.

Utility model and design applications only need to go through a preliminary examination. However, this not a simple registration process. During a preliminary examination, claim language of utility model applications or drawings of design applications are examined closely amongst other things, including formality. Notice of amendment or office actions may be issued and responded. Similarly, a decision to grant or reject will be made. In case of rejection, applicants can appeal to PRB and also to two more instances in courts.

For utility models and designs, the filing fee is RMB500 (US$77) and the issue fee is RMB205 (US$32). There is no examination fee. In addition, the same excess claims fee as for inventions

applies to utility models. Annuities range from RMB600-2000 (US$92-308) depending on the year, for either utility models or designs.

It is to be noted that there is no procedure to revise a granted patent of any type, except that a patentee could try to partially invalidate its own patent to revise its claims. However, this practice is considered dangerous.

1.5 What are the criteria for patentability?

Article 22, the third amendment of the Chinese patent law, provides that any invention or utility model must possess novelty, inventiveness and practical applicability.

Article 23 of the third amendment of the Chinese patent law provides that any design must not belong to prior design and that no application for the same design has been filed with the SIPO before, and published after, the application date of that design. In addition, Article 23 also provides that any design must be distinctly different from existing designs or a combination of features in existing designs, and that any design should not be in conflict with the lawful rights acquired by others prior to the date of application.

Article 25 further prescribes that patent rights shall not be granted for scientific discoveries, rules and methods for intellectual activities, methods for the diagnosis or treatment of diseases, animal or plant varieties and substances obtained by means of nuclear transformation.

In practice, methods of treatment and diagnosis, including dosing regimens, methods of determining risk of illness, assays/tests directly leading to diagnosis, gene screening diagnosis, and methods for the prevention of diseases (including immunization) are not patentable. Animal and plant varieties are not patentable. Animals and plants as such living materials capable of developing into animals and plants, essentially biological processes, and surgical methods, are not patentable. For ethical reasons, cloning of human being, commercial use of human embryos and human embryo stem cells and their preparation are not patentable.

Moreover, software-related inventions are often rejected on the ground that they do not fall in the definition of invention as prescribed in Article 2 of the patent law, ie, they are not technical solutions.

1.6 Is it possible to patent a gene or a drug target?

A gene is patentable if it is isolated for the first time, contains a sequence that has not previously been disclosed, and has an established utility in industry.

Similarly, a drug target is patentable if the target itself is isolated for the first time and has an established utility in industry.

1.7 How long is patent protection for healthcare products?

Depending on the type of patent that protects the healthcare products, patent protection can be 20 years for invention patents, 10 years for utility model patents and 10 years for design patents. None of these terms are extendable.

1.8 Is it possible to gain patent extensions, eg to cover delays in registration, or for additional or paediatric indications?

There are no provisions in this regard. Hence, it is not possible to obtain any patent term extension or adjustment for any type of patents in any technical area.

1.9 Under what circumstances can a patent be revoked or invalidated?

According to Article 45 of the patent law, anyone could request the PRB to declare a patent is invalid after a patent is granted. It must be noted that the only authority that is supposed to determine validity is PRB, rather than a court. Article 65 of the Implementing Regulations prescribes the grounds that can be used to invalidate a patent. Specifically, these grounds are outlined as follows:

- It is not an invention, utility model or design as defined in Article 2 of the patent law;
- It is an invention or utility model that is made in China, but did not go through security examination before it was filed in a foreign country;
- It does not meet the patentability criteria prescribed in Articles 22 and 23 of the patent law mentioned above;
- The description is not clear and enabling;
- The claims are not clear;
- The drawings of a design are not clear;

• Amendment goes beyond original disclosure;
• The claims lack essential technical features;
• A divisional application goes beyond the original disclosure of the parent application;
• A patent violates laws and social ethics or harms public interests;
• The patented invention relies on genetic resources which is acquired or used in violation of law;
• The patent falls into the unpatentable subject matter prescribed in Article 25 of the patent law mentioned above;
• The patent violates the provisions related to double patenting of Article 9 of the patent law;
• It is to be noted that grounds other than these outlined above, such as fraud, inequitable conduct, cannot be used as ground for invalidation.

1.10 Please give details of the major acts and directives governing the entry of generic versions of a drug (with reference to specific paragraphs where necessary)

An application for generic entry may be filed with the Chinese Food and Drug Administration (FDA) within two years to patent expiry. However, the licence by the FDA can be granted only upon termination of the patent (Article 19, the Chinese FDA's measures on administration of drug registration).

1.11 What are the rules on data protection? Is there a "Bolar" provision allowing access to data before patent expiry?

According to the Chinese FDA's regulations, data exclusivity is given to a company who produces or sells a drug containing a new chemical entity for six years from granting a licence to it.

There is a "Bolar" provision in Chinese patent law in which manufacture, use or import of a patented drug is exempted from patent infringement. However, there is not a provision that allows access to data before patent expiry.

1.12 What is the process for enforcing patent infringement?

China's enforcement system is a two-track system. A patentee can enforce a patent through a judicial route, ie, courts, or an administrative route, ie, local IP offices.

To take advantage of the local IP offices, a patentee should collect evidence and file its complaint with the local IP office. Local IP offices have a big network across China. Those on municipal or provincial levels have the power to hold hearings, carry out investigation and, if infringement is found, order the infringer to stop infringing. The local IP offices can also mediate the amount of compensation between the relevant parties, but they do not have the power to award damages. In passing-off cases only, the local IP offices can do raids, have access to accounting records, confiscate the infringing goods and tools, and impose a fine. The administrative route is usually faster and cheaper with only limited remedies available.

An infringement action can be launched in a court in the defendant's domicile or in the place where infringement occurred. To some extent it is possible for the plaintiff to choose a court; this process is known as forum shopping. Once the court accepts the case, the defendant is served. Subsequently, the defendant will reply in writing. The relevant parties will present evidence and cross examine the evidence. A trial will be held and then judgment made. Injunction and damages are available in court. However, court proceedings are usually time consuming and more expensive.

1.13 What remedies are available to the patent owner, ie the structure of potential damages, and the level of awards commonly given?

In administrative proceedings, injunction is available. Local IP offices can order infringers to stop infringing, but no damages are awarded. Under certain circumstances, the infringer will be fined but the fine goes to the government.

In courts, both injunctions and damages are available. Preliminary injunction and evidence preservation are also available. It is crucial to collect evidence to support claims for damages. Damages can be calculated according to the loss of the patentee, the illegal gain of the infringer, or with reference made to reasonable royalties. In most of the cases, the patentees are not successful in getting high amounts of damages due to lack of evidence. In this case, statutory damages may be

awarded at the discretion of the judges with an upper limit of RMB1 million (US$154,000). However, in recent years there have been a number of cases where a court has awarded rather high amount of damages to the patentees, including Chinese and foreign parties.

1.14 Which are the major cases in patent protection cases, ie the ones that are habitually cited in litigation (regardless of product sector)?

China is a civil law country and does not follow case law. Hence, decisions in specific cases are not binding and therefore not cited in litigation.

1.15 Name the most important patent protection cases within healthcare over the past 5-10 years?

The most important case is definitely Pfizer's Viagra patent validity case.

The first round of litigation started in 2001, when 13 Chinese generic companies and individuals tried to invalidate the Viagra patent with only one claim directed at a compound called Sildenafil. The grounds submitted in their invalidation requests included inventive step, claim support, sufficiency and clarity. On 5 July 2004, the PRB in its decision No. 6228, decided that the Viagra patent was invalid on the ground of insufficiency. Pfizer appealed PRB's decision and won in both the first instance and second instance courts. In both courts, the judges held that sufficient disclosure was met and overturned the PRB's decision.

According to Chinese practice, the courts are not empowered to directly rule on the validity of patents. Hence, the Viagra patent was remanded to the PRB for further examination of validity based on grounds that were not addressed in decision No. 6228 and the subsequent court proceedings, ie, inventive step and claim support.

On 31 May 2009, the PRB made its decision No. 13420 on the validity of the Viagra patent, in which the PRB decided to maintain the validity of the patent. The PRB found that the patent claim was properly supported by the specification. The patent was also held to be inventive and no appeal had been filed during the period for appealing, which has since expired, which means the Viagra patent was maintained as valid.

1.16 What are the rules on compulsory licences? How often are compulsory licences envoked to provide access to treatment?

According to Article 48 of the patent law, the SIPO may, upon application, grant a compulsory licence for exploitation of an invention patent or utility model patent:

(1) When it has been three years since the date the patent right was granted and four years since the date the patent application was submitted, if the patentee, without legitimate reasons, fails to have the patent exploited or fully exploited; or

(2) The patentee's exercise of the patent right is in accordance with law, confirmed as monopoly and its negative impact on competition needs to be eliminated or reduced.

Article 49 further prescribes that where a national emergency or any extraordinary state of affairs occurs, or public interests so require, the SIPO may grant a compulsory licence for exploitation of an invention patent or utility model patent.

In addition, Article 50 prescribes that for the benefit of public health, the SIPO may grant a compulsory licence for the manufacture of the drug for which a patent right has been obtained, and for its export to the countries or regions that conform to the provisions of the relevant international treaties to which the People's Republic of China has acceded.

However, over the past 26 years of Chinese patent history, not a single compulsory licence has ever been granted.

1.17 Please supply details of impending changes to the legislation governing patent protection. How are they likely to affect future litigation?
The third amendment of the patent law was just completed about two years ago. There are no major changes expected any time soon. However, according to China's patent strategy issued by the SIPO, a project analysing the feasibility of having a separate design law is being considered.

1.18 Are there any cases currently going through the courts, which are likely to have a big impact on government policy towards patent litigation, the shape and scale of future claims and industry's ability to defend them? If so, please give details.
We do not think that any ongoing case would have this kind of impact.

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Trademark protection in China

2.1 Please give details of the major acts and directives governing trademarks.
The Trademark Law of the People's Republic of China became effective as of 1 March 1983; revised for the first time on 22 February 1993, and revised for the second time on 27 October 2001.

The Regulations for the Implementation of the Trademark Law of the People's Republic of China became effective as of 15 September 2002.

2.2 Is your jurisdiction party to any international conventions on trademark protection? When did it join these conventions?
China joined the Paris Convention for the Protection of Industrial Property on 19 December 1984, which came into force in China on 19 March 1985;

The Madrid System for the International Registration of Marks on 4 July 1989, which came into force in China on 4 October 1989;

The Protocol Relating to the Madrid Agreement Concerning the International Registration of Marks on 1 September 1995, which came into force in China on 1 December 1995; and

Then joined the Agreement of World Trade Organization on Trade-related Aspects of Intellectual Property Rights (TRIPS) on 11 December 2001.

2.3 Which are the major bodies responsible for assessing trademark applications and registering trademarks?
The Chinese Trademark Office under State Administration for Industry and Commerce of People's Republic of China (CTMO) is responsible for assessing trademark applications and registering trademarks.

2.4 What is the procedure for registering trademarks? What are the key stages of the process? What fee is payable?
An official filing receipt will be available roughly one month from the filing date if the application goes through the formality check, and then substantive examination may last about nine months. If the CTMO does not object to the application or its office action is overcome, the mark will be published in the Trademark Gazette for opposition for three months. If no opposition is raised during the opposition period, the CTMO will publish the registration in the Trademark Gazette and issue the registration certificate in approximately two months.

The key stage in CTMO proceedings is the substantive examination, during which the examiner assesses trademark applications in light of both absolute grounds and relative grounds. In case of rejection, applicants can appeal to the Chinese Trademark Review and Adjudication Board (TRAB) and further to two more instances in courts.

The official fee for filing a trademark application in one class is RMB1, 000 (approximately US$154). In addition, the CTMO requires, per make per class, an additional governmental fee of RMB100 (approximately US$15.4) for each item in excess of the basic 10 of the specified goods or services.

2.5 What is the test for obtaining trademark protection?
Any trademark in respect of which an application for registration is filed shall be so distinctive as to be distinguishable, and shall not conflict with any prior right acquired by another person. Only the owner of a registered trademark enjoys exclusive right to use according to Chinese trademark law. The law does not give protection to unregistered marks unless they are recognised as well-known in certain occasions.

2.6 For how long is trademark protection given?
Protection of a registered trademark lasts for 10 years. The registered mark must be used in the form in which it is registered, as it is vulnerable to cancellation if it is not used for three consecutive years.

2.7 Is it possible to gain extensions in protection?
Registration is renewable every 10 years. A renewal application should be filed within six months prior to the expiration date, or within six months after the expiration date with a surcharge.

2.8 When is a registered trademark infringed?
According to relative law, regulation, and interpretation of the Supreme People's Court, any of the following acts shall be an infringement of the exclusive right to use a registered trademark:
(1) To use a trademark that is identical with or similar to a registered trademark in respect of the identical or similar goods without the authorisation from the trademark registrant;
(2) To sell goods that he knows bear a counterfeit registered trademark;
(3) To counterfeit, or to make, without authorisation, representations of a registered trademark of another person, or to sell such representations of a registered trademark as were counterfeited, or made without
authorisation;
(4) To replace, without the consent of the trademark registrant, his or her registered trademark and market again the goods bearing the replaced trademark;
(5) To use any design which is either identical or similar to the registered trademark of another person concerning the same or similar goods, because the designation or decoration of the goods could mislead the public;
(6) To intentionally provide any other person with such facilities as storage, transportation, postal service, and concealment of his infringement of the exclusive right of another person to use a registered trademark;
(7) Using the words that are identical or similar to the registered trademark of any other person as the name of one's enterprise on identical or similar commodities so that the relevant public are liable to be misled;
(8) Copying, imitating or translating the registered well-known trademark of another person or the major part thereof is used on nonidentical or dissimilar commodities as a trademark for the purpose of misleading the general public so that the interests of the registrant of the well-known trademark may be damaged; or
(9) Registering the words or characters identical or similar to the registered trademark of another person as a domain name, and engaging in the electronic commerce of relevant commodities via the domain name so that the relevant general public are likely to be misled.

2.9 What is the process for enforcing brand or trademark infringement?
There is a dual system of administrative protection and judicial protection in respect of enforcement.

The administrative organisations for Industry and Commerce (AICs) at different levels across China can, initiatively or at the request of the trademark owner, perform the responsibilities proscribed by the law in dealing with trademark infringement. The AICs are empowered to: investigate the act of infringement and conduct a raid; order the infringer to immediately stop the infringing act; confiscate and destroy the infringing goods and tools specially used for the manufacture of the infringing goods and for counterfeiting the representations of the registered trademark; impose a fine; and/or transfer the case to the judicial authority for handling if the case is so serious as to constitute a crime. The route of administrative protection is quick and efficient. However, the AICs have no right to decide damage compensation.

Judicial protection means the court, based on the nature of infringement, through civil procedure or criminal procedure, provides the civil remedies to the trademark owner or imposes the criminal sanctions on the infringer. The biggest advantages of the judicial route are that the trademark owner can receive the damage compensation in the civil lawsuit or the affiliated civil lawsuit to a criminal case, and the court decision is a more powerful deterrent to the infringer. However, the formalities, legal documents and evidence required by the court are more complicated and stricter. The time needed for the litigation is longer and the cost of the litigation is higher.

2.10 What is/are the limitation period(s) for filing a trademark infringement claim?
The limitation for action against an infringement of the exclusive right to use a registered trademark shall be two years calculated from the date on which the trademark registrant or interested party comes to know, or has reasonable ground to know about the infringing act.

2.11 Under what circumstances can the registration of a trademark be revoked or removed?
There are three types of cancellation: cancellation of improper registration; cancellation of disputed registration; and cancellation due to improper use.

1. Cancellation of improper registration
This applies to the following two situations:
A) Where a registered trademark stands in violation of the provisions of Article 10, 11, or 12 of Chinese trademark law, or the registration was acquired by fraud or any other unfair means, the CTMO shall cancel the registered trademark in question. Any other organisation or individual may request the Chinese Trademark Review and Adjudication Board (TRAB) to make an adjudication to cancel such a registered trademark. The circumstances are concluded as follows:
• If a registered trademark is identical with or similar to the state names, national flags, national emblems, military flags, or decorations, of the People's Republic of China; or if a registered trademark is identical with the names of particular venues where the central state government organisations are located, or with the names or graphs of the symbolic buildings of the central state government organisations;
• If a registered trademark is identical with or similar to the state names, national flags, national emblems or military flags of foreign countries, except where consent has been given by the relevant country's government;
• If a registered trademark is identical with or similar to the names, flags, or emblems of international intergovernmental organisations, except where consent has been given by the relevant organization or that the use is unlikely to mislead the public;
• If a registered trademark is identical with or similar to the official signs and hallmarks indicating control and warranty, except where the use thereof is otherwise authorised;
• If a registered trademark is identical with or similar to the names or symbols of the Red Cross or the Red Crescent;
• If a registered trademark has the nature of discrimination against any nationality;
• If a registered trademark has the nature of exaggeration and fraud in advertising goods or services;

• If a registered trademark is detrimental to socialist morals or customs, or having other unhealthy influences;
• If a registered trademark consists exclusively of generic names, designs or models of the goods in respect of which the trademark is used;
• If a registered trademark consists exclusively of signs or indications that have direct reference to the quality, main raw material, function, intended purpose, weight, quantity, or other characteristics of goods or services;
• If a registered trademark is devoid of any distinctive character;
• If a registered three-dimensional trademark consists exclusively of the shape which results from the nature of the goods themselves, the shape which is necessary to obtain a technical result, or the shape which gives substantial value to the goods; or
• If a registration was acquired by fraud or any other unfair means, eg, an applicant registering a trademark by submitting false materials which the CTMO was not aware of.
B) Where a registered trademark stands in violation of the provisions of Articles 13, 15, 16 and 31 of Chinese trademark law, the owner of a mark or any interested party may, within five years from the date of registration, request the TRAB to make an adjudication to cancel the registration. Where a registration was obtained in bad faith, the owner of a well-known trademark shall not be bound by the fiveyear limitation. The circumstances are concluded as follows:
• If, in identical or similar goods, a registered trademark is a reproduction, an imitation, or a translation, of another party's well-known mark that is not registered in China and it is liable to create confusion. If, in nonidentical or dissimilar goods, a registered trademark is a reproduction, an imitation or a translation, of a wellknown mark which is registered in China, misleads the public, and the interests of the registrant of the wellknown mark are likely to be damaged by such use;
• If the agent or representative of a person who is the owner of a registered trademark applies, without such owner's authorisation, for the registration of the mark in his own name;
• If a registered trademark contains or consists of a geographical indication with respect to goods not originating in the place indicated, misleading the public as to the true place of origin; or
• If a registered trademark infringes upon another party's existing prior rights. Or if the trademark, registered in an unfair means, is a mark that is already in use by another party and has certain influence.

2. Cancellation of a disputed registration
Article 41 of Chinese trademark law provides that a prior registrant disputing a registered trademark may, within five years from the date of the approval of the trademark registration, apply to the TRAB for adjudication. Namely, if a trademark registrant who applied to register the mark believes that another party's trademark filed at a later date is either identical with or similar to its trademark in respect of identical or similar goods, it may request for such a cancellation before the TRAB within five years from the date of registration of another party's mark.
3. Cancellation due to improper use

Any person may apply to the CTMO to cancel a registered trademark if the use of the registered trademark has ceased for three consecutive years. The burden of proof in a non-use cancellation action is on the registrant.

2.12 What remedies are available to the brand owner?
In administrative proceedings, the trademark owner cannot get damage compensation unless the infringer volunteers to pay compensation.

In judicial proceedings, according to Article 56 of Chinese trademark law, the amount of damages shall be the profit that the infringer has earned during the period of the infringement, or from the injury that the infringed has suffered from the infringement, including the appropriate expenses of the infringed for stopping the infringement. Where it is difficult to determine the profit that the infringer has

earned, the People's Court shall impose an amount of damages of no more than RMB500, 000 according to the circumstances of the infringement.

2.13 Please supply details of impending changes to the legislation governing trademarks. How are they likely to affect future litigation?

Since 2003, the third amendment has been under discussion. It is not worthwhile mentioning the specific changes now because they are far from being determined and we estimate it may still take years for the legislature to finally enact the bill.

The amendment was rarely made on litigation issues. According to the proposed amendment, the upper limit of an imposed amount of damages is raised from RMB500,000 to RMB1,000,000 when the court finds it is difficult to determine the profit that the infringer has earned because of the infringement, or the injury that the infringed has suffered.

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