

### **Patents: Find your way**

Every European company owning patents and doing business with China is strongly advised to make active use of the Chinese patent system. Treat your patent applications as one of the most valuable assets of your business in China.

### **Overview**

#### **What areas does the Chinese patent law cover?**

The Chinese patent law covers the areas of:

**Inventions patent:** is granted for innovations in the field of technology, that are new and inventive over the prior art, and that possess practical applicability.

**Utility model patent:** is granted for new technical solutions relating to the shape and/or structure of an object. In general, the level of inventiveness required for a utility model patent is not as high as for invention patents.

**Design patent:** is granted for original designs relating to the shape, pattern, colour or a combination of an object.

Patent rights commence from the date of publication in the Patent Gazette. The term varies depending on the type of patent:

**Invention:** 20 years from filing date

Utility Model: 10 years from filing date

Design: 10 years from filing date

### **Which innovations should I apply for patent protection?**

It is absolutely crucial to apply patent protection in China for each and every innovation. Even if your product invention is not launched in the China market, you should still apply for patent protection. Markets change rapidly and patent protection has to be requested before the respective product is introduced anywhere in the world.

### **Do European registered patents have legal effect in China?**

No. In order to obtain patent protection in China, the inventor or his employer has to file a Chinese patent application.

### **Application / Registration**

#### **When must I file for Patent Protection in China?**

The patent application must be filed before the innovation is disclosed to the public – for example by marketing or selling. The inventor or his/her employer has to file a Chinese patent application. The Patent Office of the Chinese State Intellectual Property Office (SIPO) receives and examines patent applications and "invalidation requests".

#### **How do I file for patent protection?**

Foreign companies not having a registered office in China must use a local patent attorney to handle the filing of a patent. The quality of the patent attorney and the quality of the application is very important for the value of the protective right. The Patent Office of the Chinese State Intellectual Property Office (SIPO) receives and examines patent applications.

Instead of directly filing a patent application in China, it is also possible to file a patent application first in a foreign country (must be a Member State of the Paris Convention, like all EU countries), and then file a second patent application in China within 12 months (6 months for

designs), claiming the priority date of the first application.

A further way to obtain patent protection in China is to file an international patent application under the Patent Cooperation Treaty (PCT), naming China as one of the designated states. A PCT application can be filed, for example with the European Patent Office or a national patent office within the EU. The applicant has to initiate the "national phase", that is, the procedure with the Chinese Patent Office, not later than 30 months from the priority date. The national Chinese patent application has to be in the Chinese language, and only the Chinese patent claims eventually determine the scope of the protection.

Using the PCT route is recommended for filing patent applications in China, since the text of the original PCT specification is accepted as the authentic text of a national Chinese patent application upon entry into the "national phase".

If there are two patent applications filed on the same innovation, the patent is granted to the one who filed its patent application first. China has a very stringent approach regarding additional subject matter and/or amendments being made to a patent during proceedings. Extending the scope of the protection beyond that of the original application may result in a patent being invalidated.

China also has strict rules on post-grant amendment of claims. Claims can only be amended by features which are already present in the dependent claims. Dependent claims should include as many useful technical features as possible to cater for possible post-grant claim amendments.

### **How long is the application / registration procedure?**

As of March 2008, the average duration for the application / registration procedure is as follows:

Invention patents 3-5 years

Utility / design patents 1 year

In order to obtain an enforceable protective right as soon as possible, it can be advisable to file a utility and invention patent in parallel, and abandon the utility model patent once the invention patent has been issued.

### **How important is the Chinese language translation in your application?**

A very careful translation of the application is of utmost importance. The national Chinese patent application has to be in the Chinese language, and only the Chinese patent claims eventually determine the scope of the protection. Translation accuracy is a major issue for patent applications filed by European companies in China. Unfortunately, it is not uncommon that a patent applicant finds out the invention as defined in a Chinese patent deviates substantially from the original patent application as a result of inaccurate translation. To avoid translation errors, especially in a patent application for an important invention, it will be prudent to seek professional confirmation of the translation of the patent specification in Chinese (for example, by reverse translation).

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## **Enforcement**

### **What are the main options for enforcement once my IP has been infringed?**

In practice, judicial enforcement is the most important option. An infringement complaint can be either filed at the place where the infringer is located, or where the infringing act (for example, sale) occurs. It is recommended to file an infringement complaint with the courts of Beijing, Shanghai or Guangzhou, because these courts have considerable experience in handling patent law cases, unlike some provincial courts. To file an infringement complaint in Beijing, Shanghai or Guangzhou it is necessary to prove infringement in these cities, for example by initiating a delivery. For this purpose, it may be advisable to use local investigation firms to approach the infringer.

Administrative enforcement by the local Intellectual Property Office (IPO) may be an option in more simple cases, for example design patent infringement at a trade fair. The IPO may also be useful to mediate patent disputes.

Technical questions related to invention and utility model patents are normally much less suitable for administrative procedures.

### **What do I need to know about judicial enforcement of my patent?**

Filing a civil patent infringement complaint requires very careful planning and preparation of the case. Deficits are likely to result in inadequate court proceedings. If a company encounters patent infringement in China and decides on judicial enforcement, the first step should be to consider engaging an experienced patent lawyer. The second step will require an in-depth analysis of the facts of the case by the patent lawyer (in particular, analysis of the infringing embodiment and review of the validity of the patent).

### **How long will judicial enforcement take?**

The average duration of first instance proceedings involving a foreign party is about two years, if the proceedings are not stayed pending the separate invalidation proceedings before the Patent Re-examination Board. Note however that a plaintiff can request the People's Court to stop infringing acts immediately to prevent losses before and during the lawsuit. This is called a "preliminary injunction".

The Civil Procedure Code requires a second-instance case to be completed within three months but the courts can extend the time limits. For foreign-related cases, there is no definite time limit for rendering a final decision.

The court fees for each instance are relatively low (1.0% of the value of the infringement, and 0.5% of the value exceeding RMB 1,000,000).

### **What damages and fines are imposed?**

Damages for patent infringement, which may include reasonable expenses spent by the patentee on investigation and prevention of infringement and appropriate lawyer fees, will be calculated by four methods:

- 1) The loss suffered by the patentee
- 2) The profits which the infringer has earned
- 3) Appropriate multiple of licensing fees
- 4) When damages cannot be calculated by the above methods, the court can award 'lump sum' damages up to RMB 500,000