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Q & A about the main points of the Amendment to the Implementing Regulations of the Chinese Patent Law

---On Oct. 1, 2009, the new Chinese Patent Law came into force.

---On Feb. 1, 2010, the new Implementing Regulations of the Chinese Patent Law came into force.

1. Q: Under the new Patent Law, a security clearance shall be carried out when a patent is applied abroad, and then what are further specified about this provision in the revised Implementing Regulations?

A: As provided in the Patent Law, if an invention-creation completed in China needs to be applied for a patent abroad, a request for security clearance shall be made to the patent administrative department of the State Council in advance. In order to fulfill the provision, and in consideration of the fact that more and more invention-creations are achieved through international cooperation of research and development, the revised Implementing Regulations further provides: firstly, the “ invention or utility model completed in China” as recited in the Patent Law refers to an invention or a utility model whose essential part of its technical solution is made within the boundaries of China, limiting the scope of the security clearance; secondly, a detailed examination procedure, which aims at ensuring the normal progress of the security examination, at one hand, and ensuring the applicant’s right to acquire a decision of the examination as soon as possible to enable him/her to apply for a patent abroad in time, at the other hand.

This specifically embodies in the procedure. After a request for security clearance is filed, the State Intellectual Property Office shall notify the requester, no more than four months, that a foreign patent application should be withheld for the time being, if the Office holds that national security or great State interests may be concerned. Further-on, the Office shall make a decision and notify the requester whether or not a foreign patent

filing is allowed no later than six months in case a previous notification of withholding foreign filing was issued. This is an absolute time limit. The procedure must be completed in the time limit. If no notification is made within the time limit, or no final decision is made, the requester will be allowed to apply for a patent abroad, on his or her own initiative.

The revised Implementing Regulations provide, for different situations, how the security clearance request shall be made. 1) In case one shall file a patent application in foreign countries first, he or she shall file a request for security clearance with the SIPO before he or she files the foreign patent application; 2) In case one files a patent application in China first, he or she may submit a request for security clearance at any time after filing the Chinese application, and before filing abroad; and 3) In case one files a PCT international application with Chinese SIPO, it will be deemed that a request for security clearance has been made at the same time.

In addition, Rule 65 of the Implementing Regulations provides that failure to fulfill the obligation of security clearance is a reason for declaring patent invalidation.

2. Q: What kind of patent applications will concern State secrets, and why four to six months shall be taken?

A: The revised Patent Law and its Implementing Regulations specifies “the security examination applies to patent applications for invention and utility model, and not to patent application for design”. The period of four months or maximum of six months is provided for the most time-consuming cases, i.e., even under the extreme complicated condition, a decision must be made and notified without exceeding the four or six months periods. For normal cases, the security examination shall not take such a long time.

3. Q: In accordance with the revised Implementing Regulations, what are the changes in the procedures of patent application and patent application examination, and the patent granting conditions?

A: The Patent Law makes some adjustments of the procedures of patent

application and patent application examination, and the patent granting conditions.

Accordingly, the revised Implementing Regulations adds and specifies those provisions in the Law. To name a few, adjusting the information in the Patent Application Request and the Brief Description of Design; declaring a parallel patent application if a same applicant applies for both utility model patent and invention patent in respect to a same invention-creation on a same day; according to the principle that one invention-creation can only be granted for one patent right , abandoning the acquired patent right for utility model otherwise, a patent right of invention cannot be granted where an invention patent and a utility model patent are simultaneously applied for; and permitting a plurality of similar designs in one application, under conditions that all those designs shall be similar to the basic design, and shall not be beyond ten.

4. Q: The Patent Law adopts a new provision, which provides where a patent is applied for an invention-creation made in dependence on the heritage function of genetic resources, the origin of the genetic resources shall be declared, and then what are specified about this provision in the revised Implementing Regulations?

A: In order to implement the provision in the Patent Law, the revised Implementing Regulations clearly defines the “genetic resources” as what the Convention on Biological Diversity defines, specifically, the “genetic resources” refer to materials taken from human body, animal, plant or microorganism, etc. possessing heritage functional units and having practical or potential values. Meanwhile, in consideration of the fact that some invention-creations utilize the biological resources without utilizing their heritage functions, for which the liability of declaration of the origin of the genetic resources should not be imposed, the revised Implementing Regulations defines the “invention-creation made in dependence on genetic resources” as that made by utilizing the heritage function of the genetic resources. In addition, the revised Implementing Regulations further specifies the method of declaring the genetic resources origin information. It provides if a patent is applied for the invention-creation made in dependence on genetic resources, the applicant shall declare in the application request and fill in a special form prepared by SIPO.

5. Q: In accordance with the revised Implementing Regulations, how does the patent administrative department of the State Council make a patent right appraisal report?

A: The Patent Law modifies the research report system of patent right of utility model as the appraisal report system of patent rights of utility model and design, and specifies that the patentee or interested parties can require the patent administrative department of the State Council to make a patent right appraisal report, which can be used as the evidence for trying and deciding patent infringement disputes before courts. For the parties' convenience to acquire the patent right appraisal report, the revised Implementing Regulations specifies the form of the patent right appraisal report requested by the parties, and the time limit for the patent administrative department of the State Council to make the report. To require a patent right appraisal report, the petitioner shall file a request, in which the patent number shall be indicated. The administrative department of the State Council shall make the report within two months upon receiving the request.

6. Q: What are specified in the revised Implementing Regulations about the patent compulsory license system?

A: In accordance with the provisions of the TRIPS of the WTO and relevant documents, the Patent Law adds new types of compulsory licenses and defines the applicable scope of those compulsory licenses. In order to perform related provisions of the Patent Law, the revised Implementing Regulations defines the insufficient implementing a patent, because of which a compulsory license may be granted, as a situation under which the patent implementation manner or scale by the patentee or the licensee cannot meet the domestic demand of that patented products or patented method. In order to make the compulsory license system adapt to the requirement of dealing with public health crisis, the revised Implementing Regulations defines, according to the TRIPS and Public Health Manifesto of the WTO, the patented drugs as any patented products in the medical field for solving the problems of public health,

or the product directly acquired from the patented processes, including patented active ingredients for manufacturing the product and diagnostic aids required in the usage of the product. In view of the fact that the TRIPS and Public Health Manifesto have made detailed and complete conditions and procedures for implementing the patent compulsory license of drugs, in order to make the implementation of patent compulsory license of drugs in China meet those international treaties, the revised Implementing Regulations specifies that where the patent administration department of the State Council grants a compulsory license according to Article 55 of the Patent Law, its grant shall also meet the provisions about giving compulsory license to solve the problem of public health as specified in related international treaties concluded or joined by China, except the articles of those treaties reserved by China.

7. Q: What are specified in the revised Implementing Regulations about the activities of patent counterfeiting and the legal liabilities?

A: The Patent Law merges the act of passing off the other's patent and the act of counterfeiting non-patented products and methods as patented product and patented method and generally refers to as the act of patent counterfeiting. The Law specifies the administrative liabilities of counterfeiting acts. Under the Law, the revised Implementing Regulations elaborates what acts constitute the act of patent counterfeiting, namely, marking a patent identifier on the non-patented product or its package, using the patent identifier of others without permission, forging or altering patent documents to confuse the public into believing a non-patented technology or design as patented technology or design. The revised Implementing Regulations also specifies that if an entity or individual sells a patent-counterfeiting product without knowing the fact and can prove the legitimate source of the product, the patent administration department shall order the entity or individual to stop the sale, but the penalty is relieved.

8. Q: what are specified about the reward and remuneration system for service invention?

A: The reward and remuneration system for service invention is improved, mainly

embodied in three aspects:

Firstly, the applicable scope of the units to pay the reward and remuneration is extended from state-owned enterprises to all organizations, including all types of enterprises.

Secondly, the Regulations leaves rooms and liberty for the patent-granted entity, and service inventor or designer to reach an agreement with respect to the reward and remuneration for the service invention and design. It provides the manner and amount of the reward and remuneration for the service invention-creation can be decided either by an agreement between the entity and the inventor or the designer, or by the entity's rules and regulations. If there is neither an agreement, nor rules and regulations of the enterprise, the mandatory standard specified in the Implementing Regulations shall be applied.

Thirdly, in consideration of the development of economy and society, the amount of the reward and remuneration for the service inventor and designer is raised, namely , the reward for an invention patent from RMB 2,000 Yuan to RMB 3,000 Yuan; reward for a utility model patent and a design patent from RMB 500 Yuan to RMB 1,000 Yuan; the calculation basis of remuneration changes from 2% after-tax or 0.2% after-tax into 2% pre-tax or 0.2% pre-tax.

9. Q: What are specified about the priority?

A: More grace to applicants to enjoy. The revised Implementing Regulations specifies that if one or two of the priority information of the filing date, the application number and the name of the acceptance organ miss or are mistakenly indicated, amendment is allowed and the enjoyment of priority will not be affected. The revised Implementing Regulations additionally specifies that in case the design patent applicant claims a foreign priority, and the preceding application does not include a brief description of the design, as long as a brief description of the design contained in the subsequent application does not exceed the disclosure of the pictures or photos of the preceding application, the enjoyment of priority will not be affected.

10. Q: What else are specified in the revised Implementing Regulations about promoting the development of patent undertakings?

A: In order to inspire innovation and promote the development of patent undertakings, the revised Implementing Regulations specifies remissions of related fee items. In order to relieve the applicants' burden, the revised Implementing Regulations cancels the fee for requesting suspension of procedures, the fee for requesting compulsory license, the fee for requesting a ruling on exploitation fee of a compulsory license, and the fee for maintaining an application.

These answers are made with reference to the explanations of the Implementing Regulations by Mr. Yin Xintian, the director of the Department of Treaty and Law of the State Intellectual Property Office.

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