Brief Introduction to the content of
the third amendment of the Chinese Patent Law

The third amendment of the Chinese Patent Law was enacted on October 1, 2009. The main purpose of this amendment is to consummate patent protection, raise the bar for the grant of patent right, and increase punishment for patent infringement.

There are three kinds of patentable objects in China: inventions, utility models, and designs. The novelty standard applied in patentable objects and protection of genetic resources are introduced in this issue's newsletter.

Introduction to some of the key changes compared with the current patent law are provided as follows.

01
Replacing "Relative Novelty Standard" with "Absolute Novelty Standard"

Novelty is one of the three essential patentability (i.e. novelty, inventiveness, and practical applicability) requirements for an invention / design patent. An invention / design should be novel before the patent application is filed, namely it must possess novelty. Under the former patent law, relative novelty was the standard for all invention, utility model and design patents. Relative novelty means that, if prior to the filing date, (1) no identical invention, utility model or design have been publicly disclosed in publications worldwide; and (2) no identical invention, utility model or design have been publicly used or made known to public in the country in any other manner, a pending patent application shall possess novelty. In other words, while the pending patent application fulfills the condition (1), though it has been publicly used abroad (including Hong Kong and Macao), it still meets the novelty requirement, as long as it has not been publicly used or made known to public by other means in the country .

In the third amendment of the Chinese patent law, the "relative novelty standard" is replaced with "absolute novelty standard" . The absolute novelty means that, prior to the filing date, a pending patent application shall meet the requirement of not being publicly used or made known to public by other means in the country or abroad while it fulfills the foregoing condition (1)., Its novelty will be lost once it has been publicly disclosed in any way (including public use, advertisement, publication, oral disclosure, or the like) and anywhere around the world.

02
Enhance protection of "Genetic Resources"

According to the provisions of "Convention on Biological Diversity", genetic resources refer to genetic materials from plants, animals, microbes or any other materials with genetic function unit, and actual or potential value in use. The patent system shall facilitate the protection of genetic resources.

In countries such as USA, Japan, and Europe, patent law protect genetic resources from being stolen and copied for technology development and patent filing.

It is estimated that the input-output proportion for bio-genetic resources in China is about 1: 10. This demonstrates a serious loss of genetic resources in China due to a lack of adequate protection to these valuable genetic resources. To prevent continuous loss of genetic resources, a protection was introduced into the newly amended patent law for the first time. Article 5.2 of the amended Patent Law states that: "no patent right shall be granted to an invention-creation of which the completion depends on genetic resources, the acquisition or exploitation of said genetic resource violating the relevant laws and administrative regulations of the State."

03
"Associated Designs"

Under the former patent law and rules, one design application is limited to one design incorporated in one product. Two or more designs of a product belonging to the same class, and are sold or used in sets may be filed as one application. For any identical design, only one patent right shall be granted[1]. According to the Guidelines for Examination, identical or similar designs will be regarded as identical. In other words, "identical" not only means "the same" but also implies "similar" .

In several patent dispute design cases, numerous patents for similar designs, owned by a single patentee, were subjected to invalidation procedure. They were invalidated on the ground that these patents were double patenting. In these cases, the applicant usually applied for multiple design patents for a series of similar designs to increase the protection to the product design. These additional patents were used in preventing the design from being copied, and market competition. As a matter of fact, being "identical" means that only one design can be maintained in the patent invalidation procedure, while other similar designs are invalidated.

On the other hand, the former patent law does not protect part of a product' s design (also known as "partial design"); instead it protects the entire design. If part of the design is copied by a party, the "partial design" cannot secure a patent right and the patentee is without resort; that is because the protection to the patented design is not extended to the partial design. It can only be protected if the entire design is copied.

Next

Some disputes are caused by the foregoing situations within the industry and the relevant patentees. It is considered that the former approach does not conform to the spirit of law and could not uphold the legal rights and interests- such that not every design in a series of products with innovative idea could be protected effectively, whereby greatly reducing the competitiveness thereof.

Therefore, in the third amendment of the Chinese Patent Law, an applicant is allowed to file for more than one similar design on the same day. Further, a plurality of similar designs of a single product can be filed in one application[2].

Such an amendment gives further protection to innovative series products. However, the above permission is only applicable to those similar designs of one product filed by the same applicant, on the same day, and not for designs filed on different days.

04

Other key changes in relation to design

(1) A new restriction was imposed on design patent. According to Article 25.6 of the new Patent Law, "two-dimensional designs of patterns, colors or their combination, mainly for the purpose of indication" is no longer patentable.

(2) A "Brief description" of a design is now a required document for filing a design application. The document explains the product design in drawings or photos (Article 27.1 and 59.1 of the amended patent law). Neither the former patent law nor the latest patent law has any prescription on "partial design" and thus, to a certain extent, such a "brief description" defines the "partial design" .

(3) The bar for granting a design patent is raised. It states that any design to be patented should bear no resemblance to or include combined features of prior design (Article 23.2 of the amended patent law). That is to say, the design to be patented has to be unique.

(4) In the case of patent disputes in designs, the court or the government organization in charge of patent matters may request the applicant to provide a report of patent assessment issued by the relevant department (Article 61.2 of the amended patent law).

(5) "Offer to sell" (e.g. advertising, displaying in shop windows, etc.) is introduced for protection of design patents, which means that any offer to sell without the permission of the patentee should be deemed as infringing (Article 11.2 of the amended patent law).

As explained in this issue' s newsletter, the newly updated changes related to design patent have been made in the third amendment of the Chinese Patent Law in order to raise the bar for the grant of design patents and provide more effective protection thereto.

1. Rule 13.1 of the former Implementing Regulations of the Patent Law
2. Article 31.2 of the present Patent Law

05

Adding new restrictions to patent rights are "Bolar Exemption" and "Parallel Importation"

"Bolar Exemption" originated from a US patent infringement case in 1984 which involved Bolar Pharmaceutical Co. Prior to the patent expiration, Bolar obtained a few patented drugs from other parties to perform tests and experiments to gather data required for FDA approval. Sometime after, the court finally stated that Bolar' s action was commercial and constituted patent infringement. The decision was strongly opposed by many generic drug developers, who appealed actively to Congress. This resulted in the enactment of the "Hatch-Waxman Act" . The new act allows pharmaceutical professionals to conduct clinical tests and gather data before patent expiration, without being regarded as patent infringing. Since then, this infringement exemption came to be known as "Bolar exemption" .

The "Bolar Exemption" has been adapted in the United States, Europe and Japan for many years, where it is broadly applied. The third amendment of the Chinese Patent Law has introduced "Bolar exemption" as an exemption of infringement for the first time. According to Article 69.6 of the new patent law, any entity or individual who produces, uses or imports a patented pharmaceutical or a patented medical device for the purposes of providing the information needed for an administrative approval should not be deemed as infringing. This is an advantage to pharmaceutical companies, but to a certain extent, unfair to patent owners; for their patent duration is shortened while the patented products undergo lengthy examinations and approval processes by the inspection office, prior to being mass-marketed. Unlike Europe, the United States, and Japan, pharmaceutical patents do not offer extended protection in China.

In addition, "parallel importation" introduced in the new Patent Law will be, for the first time, regarded as an exemption of infringement. Such a restriction, effective on patent right owners, is mainly based on the principle of the exhaustion of patent right. The right of the patent owners can only be implemented once their patented products are launched and sold. To re-sell, use, or import patented products, which was legally sold by previous parties, is deemed legal in China. According to Article 69.2 of the new Patent Law, it shall not be deemed as an infringement of the patent right if any parties use, offer to sell, sell or import a patented product, after the sale of the patented product was made or imported by the patentee or with the authorization of the patentee, or of the product that was directly obtained through the patented process.

Apart from the provisions of the Copyright Ordinance of Hong Kong, there is no other provision that is related to the parallel importation of other intellectual property rights, such as patent, trademark, or the like. In other words, there is no restriction on the parallel importation of patented products in Hong Kong.

06

Enhancing punishment for infringement of a patent right

Under the new Patent Law, the highest possible penalty fee has increased from triple to quadruple of its illegal gain (Article 63.1 of the new Patent Law), and legal reimbursement, from a patent infringement, have increased from RMB 500,000 to RMB 1,000,000 (Article 65.2 of the new Patent Law). In addition, a reasonable cost incurred for stopping an infringement by a patentee is included in the damages (Article 65.1 of the new Patent Law).

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