



LIFANG & PARTNERS

INTELLECTUAL PROPERTY AND COMMERCIAL LAWYERS

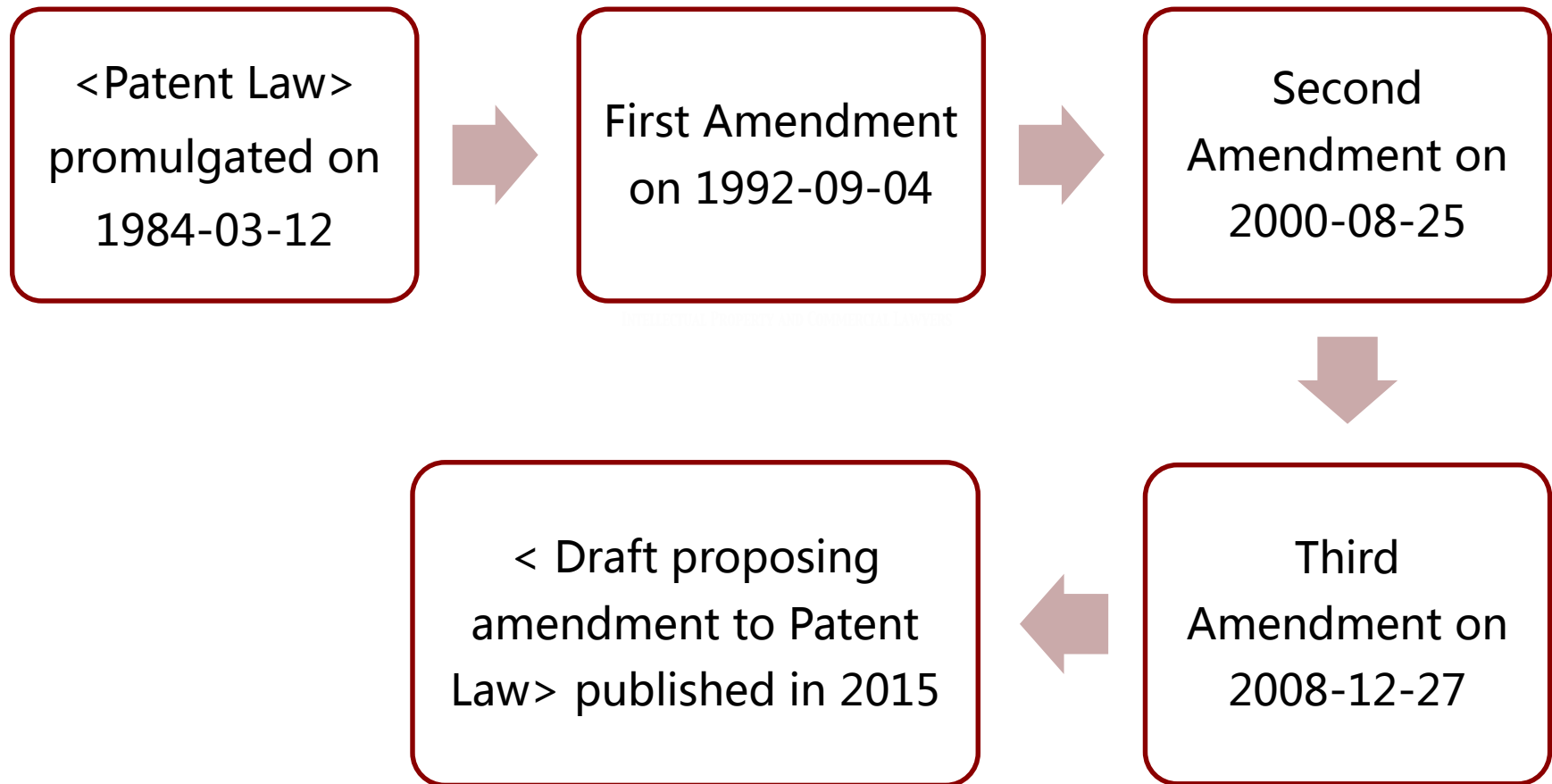
www.lifanglaw.com

Email: info@lifanglaw.com

The Influence of Recent Amendment of Patent Law on Patent Commercialization

Roy LIU
Senior Partner

Amendment of Patent Law



Proposing Fourth Amendment

Main Points

- Improving patent protection;
- Promoting the implementation and application of patent;
- Realizing the government function legislated;
- Perfecting the patent reexamination system;
- Perfecting the patent agency system.

Progress

- 2011--Put on the work agenda of State Council in 2012;
- 2012--Initiate the amendment work;
- 2013--Submit the draft of amendments to the State Council;
- 2013-2014-- State Council release the draft of the amendments for public comments;
- 2015--SIPO release the draft law for public comments.

The Influence on Patent Commercialization



Patentability

License

Protection

1. Patentability– Designs

(2008) Article 23 is revised to read: "Designs for which the patent right is to be granted shall be ones which are **distinctly different from the existing designs or the combinations of the features of existing designs.**"

To raise the quality of design patent, a requirement similar to "inventiveness" in patents for inventions and utility models is added for design patent

Case Study



Design Patent Application--A Cup

The existing designs
--Cover



In 2000 Law

YES

=

+



In 2008 Law

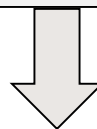
No !

The existing designs
--Cup

1. Patentability– Designs

"Designs for which a patent right is granted shall be ones which are **not in conflict with the lawful rights** acquired by others prior to the date of application."

"For the purposes of this Law, existing designs mean designs that are **known to the public both domestically and abroad** before the date of application."

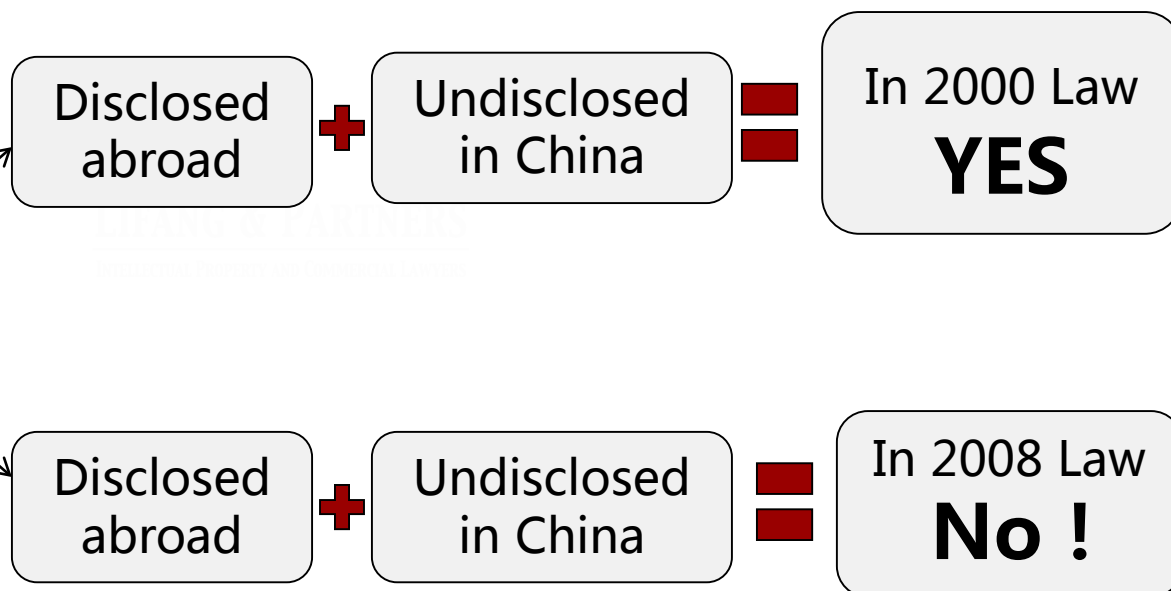


Makes an appropriate adjustment on the patentability requirements, introducing the “absolute novelty” standard, instead of the previous “combined novelty” one.

Case 2



Design Patent Application



2. Patent License

(1) Patent license by the co-owners

(2008) Article 15: "If there are agreements regarding the exercise of rights by the co-owners of the right to apply for the patent or of the patent right, the agreements shall prevail."

In the absence of agreements, the co-owners may separately exploit the patent or in an ordinary manner, permit others to exploit the said patent, the royalties received shall be distributed among the co-owners.

"Except under the circumstances specified in the preceding paragraph, exercise of the co-owned right to apply for patent or of the co-owned patent right shall be subject to the consent of all the co-owners."

It's recommended to reach an agreement upon the exercise of right when applying a patent by co-owners to avoid the unwanted dispute in the future

2. Patent License

(2) License Declaration system

2015 Article 78, added as: the license declaration system, the patentee declares to allow anyone the use of patent; the declaration shall be recorded in the Register book.

Such system is different from ordinary license since the patentee shall not refuse any license request to use the patent.

2. Patent License

Advantage of License Declaration

- Attach a label of open access to patents with information recorded in Register book, provide a connection of the supplying and requisitioning parties of patented technology

(1)

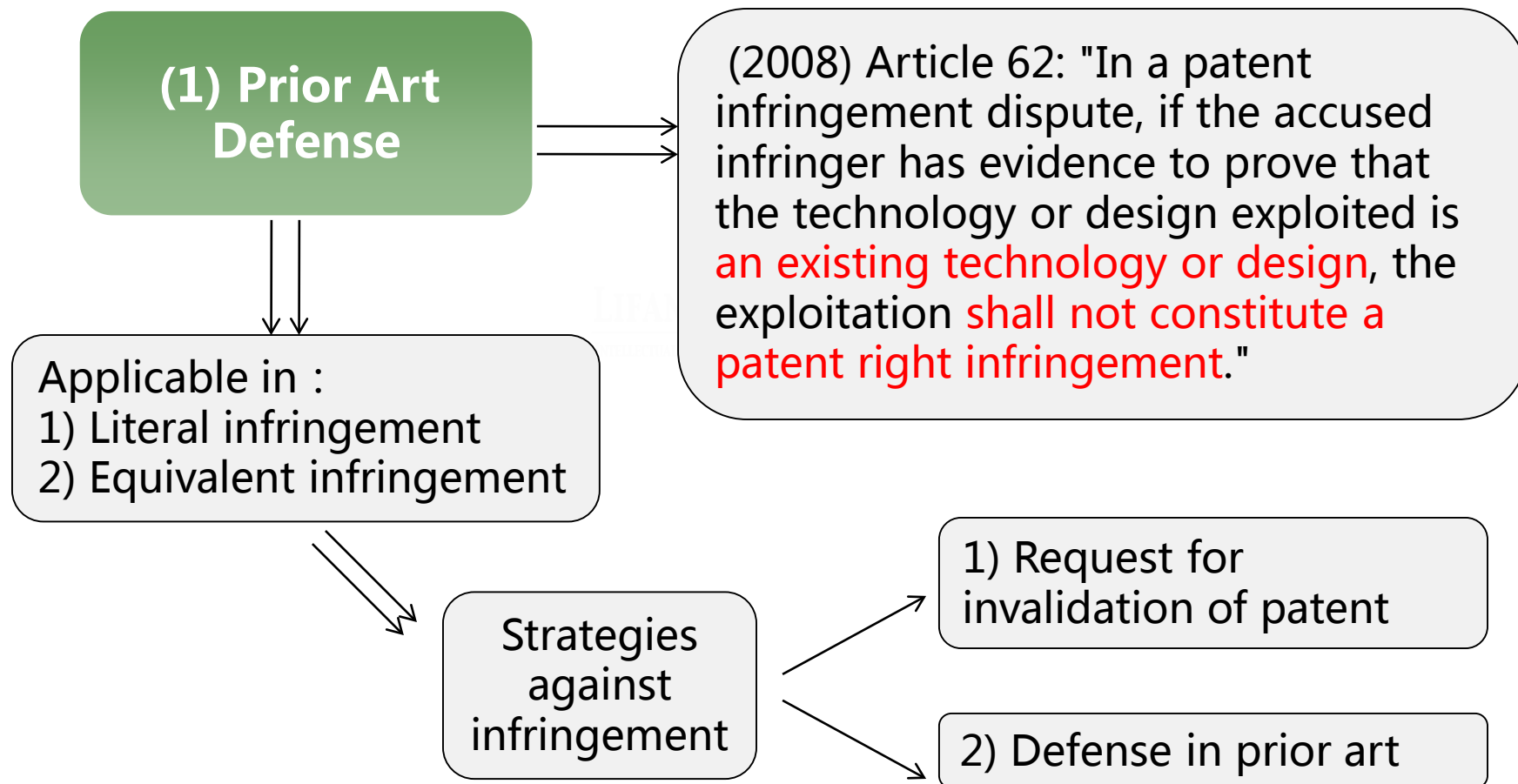
- Lower the difficulty of license negotiations and the cost, increase the will of the licensee to implement the patent, conducive to full use of patents for enterprises;

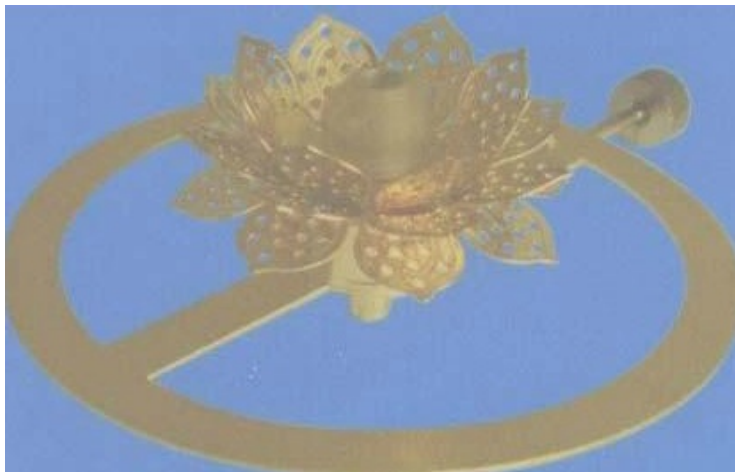
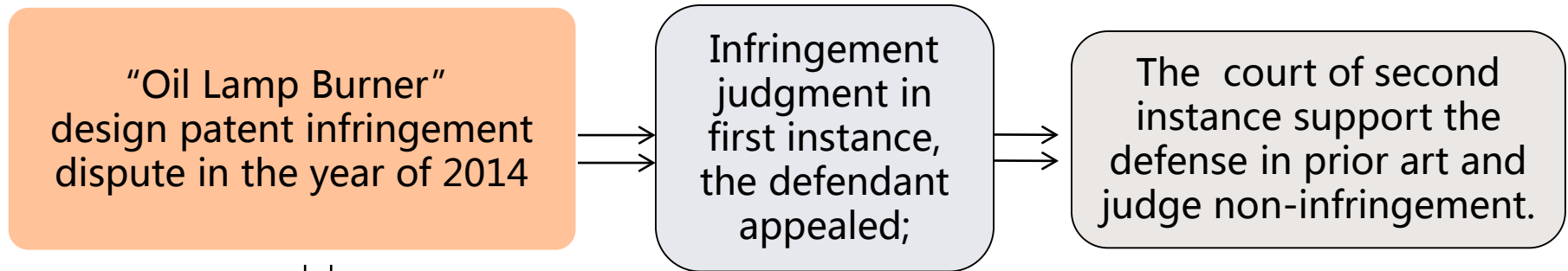
(2)

- Build a platform for patent promotion and application for patentee and public, effectively reduce the legal risks related to the patent status.

(3)

3. Patent Protection





Picture of related burner

Disclosed features on the Internet:

Lamp burner, in lotus shape,

Lotus formed by multiple petals,

⇒ Hollow design on petals,

Fixed to the hollow circular base,

Right side of circular base is connected

to wick adjuster.

3. Patent Protection

(2) Offer to sell liability

(2008) Article 70, which reads: "Where any person, for the purpose of production and business operation, uses, **offers to sell or sells** a patent-infringing product without knowing that such product is produced and sold without permission of the patentee, he **shall not be liable for compensation provided that the legitimate source of the product can be proved.**"

3. Patent Protection

(3) Parallel Import

(2008)Article 69, "After a patented product or a product directly obtained by using the patented method is sold by the patentee or sold by any unit or individual with the permission of the patentee, any other person uses, offers to sell, sells or imports that product; "

(including parallel import)

The patented product or product obtained directly by patented process

Put on a foreign market by **the patentee or licensee**

Import the product and put it on the Chinese market, **shall not deemed as infringement**

3. Patent Protection

(4) Define the burden of proof on damage

(2015) Article 61, the patentee has **tried hard to proof**, but the related account book and materials are controlled by infringers

The court might order the infringers to provide the related account book and materials

In case the infringers refuse to provide without justified reason, the court might award damage **upon the claim of patentee** and the evidence provided

3. Patent Protection

(5) Compensation damage

In 2000 Law : The amount of compensation patent right shall be assessed on the basis of the actual losses suffered by the right holder, the profits the infringer has earned and the exploitation fee of that patent under a license

(2008)
Article 65
revised as:

1) include the **cost of the right holder incurred for stopping infringing act** to the calculation of damage

2) define damage standard : not less **than RMB 10,000** and not more than **RMB 1,000,000**

(2015)
Article 65
added as:

For willful patent infringement, raise the damages to a maximum of three times of the damages.

3. Patent Protection

**(6)
Administrative
Enforcement**

2015 Article 60(3): Once the administrative authority has determined that the infringement is established

Shall order infringement to be ceased

To seize unlawful gains, and seize or destroy infringing products or specific equipment used for infringement,

Repeated infringement and infringement by multiple parties which disturb market order

Administrative authority has the power to investigate

3. Patent Protection

(7) Effectiveness of Mediation Agreement

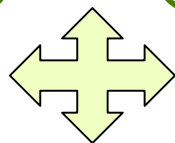
2015 Article 60, the people's court shall affirm the administrative mediation agreement in accordance with the law.



One party fails to perform the agreement



Other party might apply to the court for compulsory enforcement



Provide procedure law basis for mediation, and shorten the period of patent dispute resolution.

**Emphasis on the
commercialization of patent
makes an enterprise in an
invincible position in the
market competition.**

Thanks!

INTERNATIONAL BUSINESS AND FINANCIAL LAW

Roy LIU
Lifang & Partner
royliu@lifanglaw.com