

How amended regulations to China's Patent Law will impact the IP landscape

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On 21 December 2023 China's State Council promulgated the long-awaited "Decision on Amending the Implementing Regulations of the Patent Law of the People's Republic of China". The amended regulations adjust several factors, including partial design patents, national priority for designs, patent-term extensions and the open licensing regime, to align with the Fourth Amendment to the Patent Law.

On the same day, the China National Intellectual Property Administration (CNIPA) also released the 2023 Patent Examination Guidelines, which offers practitioners explicit guidance from a practical perspective. The amended regulations and new examination guidelines will enter into force on 20 January 2024.

Partial designs (Rules 30 and 31)

The amended regulations delineate the manner in which partial designs should be articulated in application documents. Specifically, applicants must document the product as a whole, indicating the portion for which protection is sought, and if necessary, specify this portion in a brief description. This practice serves a bifurcated purpose:

it broadens the eligible subject matter of designs by allowing a partial product design to be granted patent rights; and it preemptively prevents applicants from acquiring an unduly expansive scope of protection by filing for an inseparable part of an entire product.

National priority for designs (Rule 35)

Aligned with the Fourth Amendment of the Patent Law, which provides that a design application may claim national priority, the amended regulations further clarify that drawings accompanying an invention or utility model may serve as the basis for claiming priority in a subsequent design application. This is a very welcome development as it allows right holders to patent not only internal or external structural features of a product as inventions or utility models, but also exterior design features as

design patents. It will offer rights holders greater flexibility and more options in building a comprehensive and multi-dimensional patent portfolio around a given invention or creation.

Delayed examination (Rule 56)

The amended regulations specify that an applicant may file a request for deferred examination of its application. This mechanism was initially introduced in the 2019 Patent Examination Guidelines and applied to invention and design applications and could not be retracted. The amended regulations allow applicants to file delayed examination requests for inventions, designs and now utility models, and offers them the flexibility to withdraw the request if necessary.

Patent-term extensions (Rules 77 to 84)

The Fourth Amendment to the Patent Law introduces a patent-term extension regime to compensate for unreasonable delays in the grant procedure (patent-term adjustment) or the length of time needed to obtain administrative approval to market new drugs in China (patent-term extension).

The amended regulations outline the prerequisites for an extension, the circumstances of reasonable and unreasonable delay and the term extension calculation method.

Adjustment requests must be made within three months from the grant date. In a nutshell, the formula to calculate patent-term adjustment is: the grant date minus the date on which the application has been filed for four years and the examination request has been filed for three years, minus the number of days of unreasonable delay caused by the applicant minus the number of days of the reasonable delay.

The regulations also use a standardised method to calculate the compensation period (patent-term extension) for new drug patents by deducting five years from the number of days between the patent filing date and the date that the new drug receives marketing authorisation in China, which is subject to the provisions outlined in Article 42(3) of the Patent Law. Specifically, the compensation period is capped at five years, with the total validity period after the approval of the application for marketing authorisation capped at 14 years.

Likewise, the formula to calculate patent-term extensions is: the date on which the new drug receives marketing approval, minus the filing date, minus five years.

Open licensing regime (Rules 85 to 88)

The fourth amendment to the Patent Law introduced an open licensing regime to incentivise patent commercialisation. This mechanism, which attempts to present patented solutions in an open and transparent manner, is expected to provide potential implementers with wider access to patented technologies and facilitate their implementation and monetisation among SMEs.

As early as May 2022, the CNIPA released the Patent Open Licensing pilot programme. By the end of June 2023, 1,500 patentees from 22 provinces had participated in the project, with 35,000 patents screened and nearly 8,000 licences concluded. While the amended regulations are still short on details in terms of payment and management of royalties and dispute resolution among different parties, the CNIPA is expected to explore viable solutions as it implements the regime in the future.

Service inventions (Rules 92 and 93)

The amended regulations encourage patentees (employers) to share any revenues generated from the innovation with the relevant inventors or designers (employees) by incentivising them with equity, options and dividends (Rule 92). In cases where there is no agreement or provision in the patentee's bylaws expatiating on the amount of reward and remuneration for the inventor of a service invention, the statutory amount of reward for a granted patent will be no less than 4,000 yuan for an invention and no less than 1,500 yuan for a utility model or design (Rule 93).

Harmonisation with the Hague Agreement (Rules 136 to 144)

In response to the entry into force of the Hague Agreement for the International Registration of Industrial Designs in China (5 May 2022), the amended regulations include a new Chapter 12, which outlines provisions concerning filing requirements, examination procedures and priority issues for international applications for industrial designs. International design applications that designate China will be published by WIPO's International Bureau and be subject to the CNIPA's examination; the international registration date will be deemed the application date of the design in China. If no grounds for refusal are found during the examination, the CNIPA will grant an international design application and notify the International Bureau.

Dates of service of electronic documents (Rule 4)

The amended regulations specify the filing date and date of service for documents filed and served through the CNIPA's e-filing system. While the filing date of electronic documents remains unchanged as its date of entry into the system, the date of service will be the date of entry as recognised by the parties rather than 15 days after posting the hard copy.

In practical terms, electronically served documents will reach the parties' electronic systems almost immediately upon transmission, which will shorten the examination period.

New examination criteria for utility models and designs (Rule 50)

The amended regulations impose more stringent examination criteria for utility models and design applications. It is worth noting that other than novelty, the preliminary examination of inventiveness has been added to the patentability assessment for utility models. For designs, a patentable application should be "clearly distinguishable from the existing design or a combination

of features of the existing design".

This approach is part of the CNIPA's efforts to discourage the filing, granting and proliferation of low-quality patents in China.

Patent evaluation reports (Rules 62 and 63)

The newly amended rules clarify that eligible applicants for patent evaluation reports include the patentee, interested party and alleged infringer, and that the applicant may request an evaluation report while going through the registration procedure without waiting for the announcement of the granting of the utility model or design patent.

Re-examination procedure (Rule 67)

Though the amended regulations delete the provision concerning "prepositive examination" (Rule 62) – an examination procedure preceding the formal re-examination – it is still present in the 2023 Patent Examination Guidelines. However, as of 20 January 2024, re-examination requests will be heard by a different examiner to the one who issued the initial rejection decision. This approach will allow applicants to argue their case before a new examiner with a fresh set of eyes.

Additionally, the amended regulations broaden the purview of re-examination to encompass not only the rejection of an application but also the identification of "any other obvious non-compliance with relevant provisions of the Patent Law and these regulations". This modification will allow the CNIPA to exercise stronger oversight over patent re-examination procedures and elevate the overall quality of the granted patents.

Welcome developments

These revised regulations have been hotly anticipated since the promulgation of the fourth amendment to China's Patent Law. The adjustments to various CNIPA practices and harmonisation with the Hague Agreement are positive changes to the system and aim to make China more appealing to the international IP community.