WANHUIDA
INTELLECTUAL PROPERTY

PROTECT YOUR DESIGNS BETTER AND STRONGER IN CHINA

Expertise Makes It Possible

CONTENT

Wanhuida Intellectual Property

Wanhuida Intellectual Property is a leading IP service provider in China. It has two main legal entities, Wanhuida IP Agency and Wanhuida Law Firm, with offices covering major IP hubs in China.

Our professionals have broad as well as in-depth experience. Over the years, they have accumulatively litigated over thousands of IP cases in courts all over China, prosecuted tens of thousands of patent applications, and filed hundreds of thousands of trademark registrations. Many of the cases are first of its kind. They are recognized by industries, courts and administrative agencies as exemplary cases for their legal significance.

40+ IP cases reported in the Supreme People's Court ("SPC") Gazette or selected by SPC for its annual 10 or 50 exemplary cases
70+ Transactions or cases selected by industry associations or professional legal medias as "Deals of the Year" or "Exemplary Cases of the Year."
80+ Cases honored as representing "Best Practices" by the CNIPA, local administrations for market regulation, IPOs or courts.

Our Patent Services

Patent practitioners 120+ including patent attorneys 80+, lawyers 30+
Prosecution cases 6,600+ per year; Contentious cases 200+ per year

Patent Prosecution

- Patent drafting in Chinese and English
- Patent filing and tailored strategy
- Response to office actions
- Reexamination proceeding
- Search and analysis
- Portfolio management
- Translation of different languages
- Monitoring

Technical Fields & Languages

- Chemistry, materials, daily appliances
- Pharma, biotech, food technology
- Mechanics, engineering, medical devices, metallurgy
- Electrics, electronics, physics, hard/soft ware
- Telecommunication, AI, data
- Design patent
- Chinese, English, German, French, Japanese, Korean

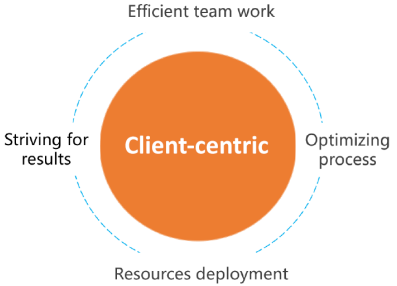
Patent Contentious Work

- Patent invalidation
- Administrative litigation
- Civil litigation of infringement
- Administrative enforcement
- Trade secrets/knowhow litigation
- Licensing disputes
- Customs recordal and actions
- Evidence collection, C&D letters

Legal Opinions

- Freedom-to-Operate (FTO)
- Patent validity analysis
- Infringement analysis
- Submit third party' s observations
- Assessment of inventive steps
- Licensing, patent related contract
- Other legal issues

Our Team & Features for Design Patents



- Team of experienced patent attorneys and lawyers
- Practical suggestions before filing design applications in accordance with the most recent local practice
- Swift response, efficient communication, holistic perspectives, and pro-active attitude
- High granting rate of design patents
- Comprehensive and innovative solutions to solve design disputes for protecting clients' interests
- A track records of landmark design cases

Protect Your Designs Better and Stronger in China

CHAPTER 1

Patent Registration for Designs

1. Legal framework

In China, exclusive rights to designs can be established by filing a design patent application under the Patent Law. After the design patent is registered before China National Intellectual Property Administration (CNIPA), no entity or individual may, without the authorization of the patentee, exploit the patent, that is, to make, offer to sell, sell or import the product incorporating the patented design.

On February 5, 2022, China became a signatory to the Hague Agreement Concerning the International Deposit of Industrial Designs in line with the Geneva Act (1999). From May 5, 2022, applicants can designate China in their applications for International design registration.

Unregistered designs cannot obtain legal protection as design patents in China. Only in exceptional circumstances, China may grant protection of a product design that was not registered in China, or the design patent was abandoned or expired, under China's Anti-unfair Competition Law or Copyright Law.

2. General information

For a design to be valid and protected under the Patent Law, it must fall within the statutory definition of a 'design' or eligible subject matter - that is, the shape or pattern or a combination thereof, or the combination of color with a shape or pattern, of the whole or part of a product which has aesthetic appeal and fit for industrial application. In principle, a patent for design does not protect the technical or functional features of a product. Two-dimensional designs which serve mainly as indicator such as logo or printing goods are excluded from patent protection. Please note that any design seeking for patent protection should not be contrary to the laws or social morality or detrimental to public interest. In applying for patents and exercising patent rights, the applicant and the patentee shall obey the principle of good faith. Abuse of patent rights to damage the public interest or the legitimate rights and interests of others should be prohibited.

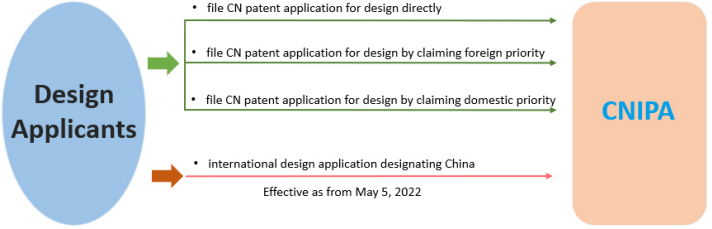
Though a design patent is granted without substantive examination, a registered design should also and in particular meet the following requirements to be valid and enforceable: 1) there is no identical prior design, 2) there is obvious difference compared to prior designs or combinations of prior design features, 3) there is no conflict with the legitimate right obtained before the date of filing by any other party. Prior design includes any design known to the public in China or abroad prior to the date of filing (referring to the priority date if any).

The duration of the design patent right shall be 15 years, counting from its filing date. This term is not extendable. For designs with filing dates prior to June 1, 2021, the term is 10 years.

3. Routes for design registration in China

As a traditional route, an applicant may obtain design protection by filing a Chinese (CN) patent application for design directly before CNIPA or filing a CN patent application for design by claiming its foreign priority via Paris Convention. From June 1, 2021, an applicant can file a CN patent application for design by claiming domestic priority on the basis of its first-filed CN application. Both the foreign and the domestic priority period is six months.

As a new route effective as from May 5, 2022, an applicant may obtain design protection by filing an international application designating China through the Hague System.



4. Various subjects for design protection

Designs are applied to a wide variety of industrial products: from packages and containers to furnishing and household goods, from lighting equipment to jewelry, and from electronic devices to textiles. Designs may also cover graphical user interfaces (GUI). A patented design protects only the appearance or aesthetic features of the whole or part of a product. In principle, a patent for design does not protect the technical or functional features of a product.

Product

The whole product or its separable components can be protected as independent designs.

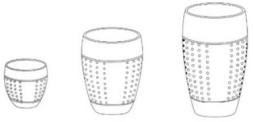
The entirety of the cup

Lid of the cup

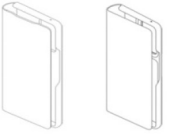
Similar designs

Inclusion of similar designs in one design application helps an applicant to obtain a broader protection scope. Each design in one application can be enforced individually. As long as the accused design is identical with or similar to one of the embodiments in the patented similar designs, it shall be deemed as infringed. Patenting similar designs will make it more difficult for others to design around. This practice can also effectively prevent conflicts between the similar designs made by the applicant for the same product; conflicts may arise if these designs are filed separately. In China, the maximum number of similar designs in one design patent application can be 10.

Fluorescent lamp



Drinking container



Mobile phone case

Products in set

Products in set comprising multiple designs, such as a sofa and tea table set or a tableware set, can be filed in one design patent application. Every design in the “products in set” should be deemed as an independent product. In this case, an accused product will be found infringing as long as it is identical with or similar to any one of the patented designs in the “product in set”.

Sofa and tea table set

Tableware set

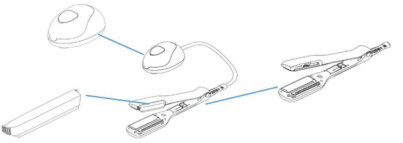
Combination product

A combination product refers to a product assembled by more than one components. For the patented design of “combination product”, an accused product will only be found infringing if it is identical with or similar to each and every component of the designs.

1) Using the components, a combination product may be assembled in a fixed way or changeable ways. For a combination product where its assembly is of only one option, e.g. electric kettle product consisting of kettle and heating base, the views showing the state of combination should be submitted for patent application.

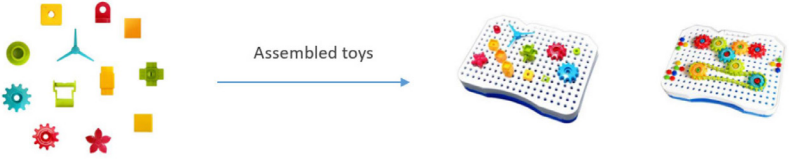
Electric kettle

2) Good filing strategies can better protect a combination product. Taking the hair straightener apparatus as an example, besides filing one design application for the entire product, filing two or three applications for its main components respectively may provide more comprehensive protection. This strategy depends on the product features and requires that the components can be disassembled from the entire product.



Hair straightener apparatus

3) For a combination product which can be assembled in more than one way, views showing each main component should be submitted. The assembly views should also be submitted as reference to illustrate the state of the various combinations.



Components

Assembly views in the state of use

4) For a combination product without the need to assemble its components, such as poker cards and pieces of chess, views showing each component should be submitted.

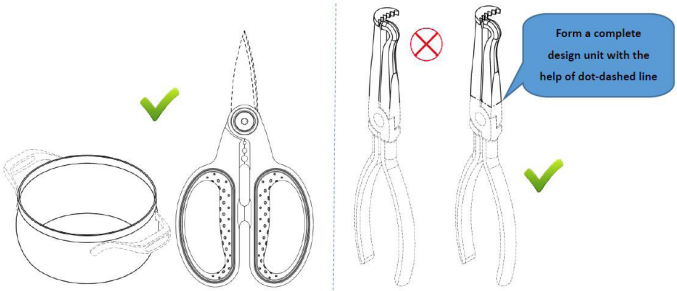
A Part of Product

Partial designs can be protected in China since June 1, 2021. A partial design focuses on improvements on one or more parts of the product, especially the parts that cannot be separated from the overall product.

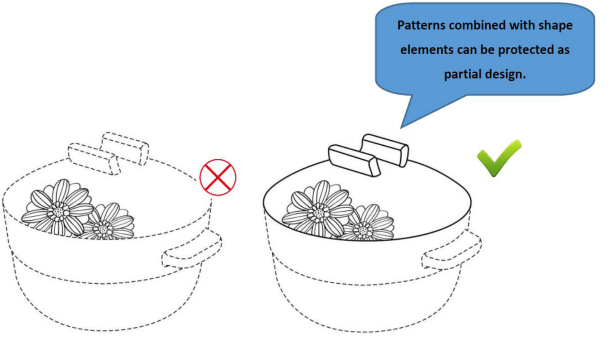
- ### Protection for Partial Design

  The parameters for granting a partial design are the same as those of a product design. The current examination practice mandates that a partial design needs to meet the following requirements in order to be protected in China:

  1) The claimed part is relatively independent and could form relatively complete design units (e.g. the body of a pot, the handle of a pair of scissors).

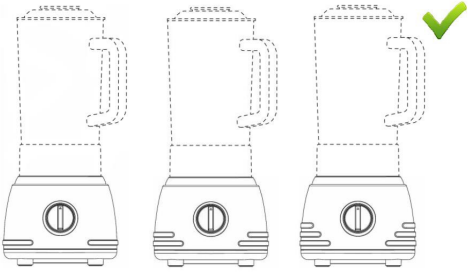


2) The claimed part cannot merely be patterns on the surface of the product or a combination of patterns and colors.

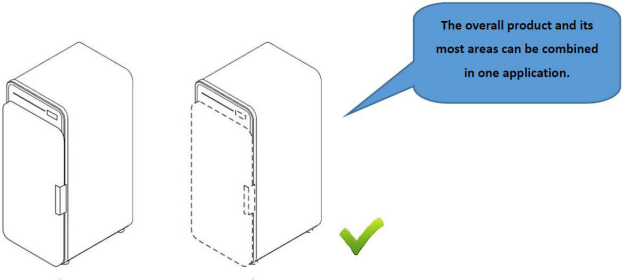


- ## Unity of Partial Designs

In general, whether multiple partial designs can be filed as one application depends on both the overall product and claimed part. Specifically, the unity requires these elements: 1) the overall product carrier should be the same product 2) the claimed part should be the same part, and 3) the claimed part should be similar, and its proportion and position relationship in the overall product should also be similar.

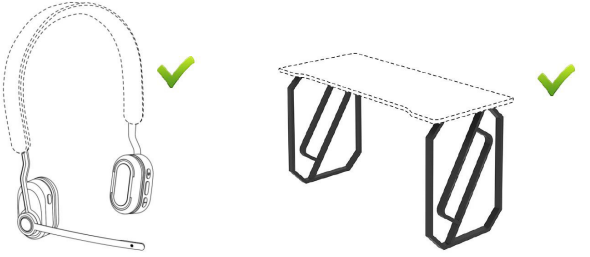


Design 1 Design 2 Design 3



Design 1 Design 2

In exceptional circumstances, for two or more parts of the same product that have no physical connection, if these parts are of design or functional relevance and can form a particular visual effect, they could be protected as one partial design in China, like the two earmuffs of a pair of headphones, the legs of a table, as depicted below.



Graphical User Interfaces (GUI)

For patent protection of GUI designs, applicants can submit applications in the form of overall product designs or partial designs. The basic requirements are the same as those for product designs, e.g., the views should clearly show the design of the product for which patent protection is sought; there should be a product name and a brief description of the design; and so forth.

1) As an overall product design including GUI, in addition to the above basic requirement, it is necessary to indicate the main purpose of the GUI and the product to which it is applied in the product name. In general, there should be keywords with "GUI" in the design name, such as "refrigerator with GUI for managing food materials". The main view of refrigerator is for reference.

Main view

2) For patent protection of dynamic GUI, the product name should have the keyword "dynamic", such as "dynamic GUI for publishing social information on mobile phones". In the design application, it is necessary to submit both the main view of the GUI and its views of the state of variation.

Main view (starting state)

View of variation state

3) If the design points are only for GUI, applicants may file patent applications in the form of partial designs. The views of partial designs included in the applications can be presented in a way of GUI with the product for which the GUI is applied, or in the situation that the GUI is applicable for any electronic devices, the views can be in a way without the product for which the GUI is applied.

- Product name of the design: Display screen panel with operating system of GUI.

Main view Reference view of use state

- Product name of the design: GUI for receiving or sending messages or for the screen protection interface used in mobile phones

Main view

- Product name of the design: Iris authentication dynamic GUI for electronic devices

Main view

View of interface variation state 1

5. Design Registration Procedure

Preliminary Examination for CN design applications

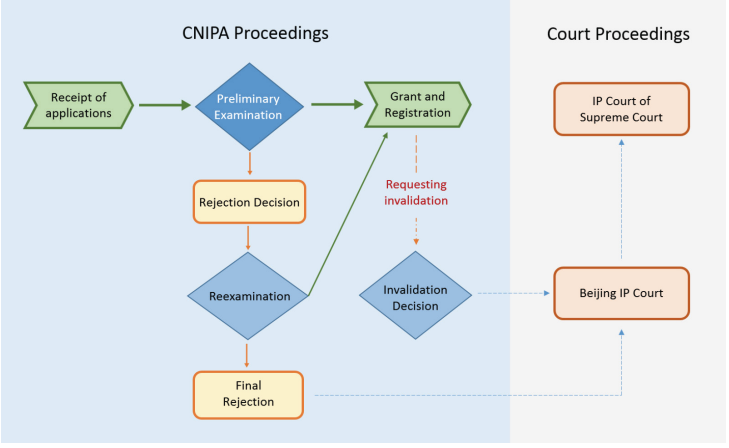
For CN design applications either by direct filing or via Paris Convention, CNIPA checks obvious substantive defects and formality defects during examination. If there is any defect, the examiner may issue an office action and the applicant can respond and make corrections. Though there is no active search for prior designs, in recent practice, the examiner checks obvious lack of patentability relying on the prior designs provided by the CNIPA internal system. If no grounds for rejection are found, the design will be granted. The average examination period is 4 to 8 months from the filing date.

If the design application is rejected, the applicant may, within three months upon receipt of the rejection decision, request reexamination with CNIPA. Amendments to the drawings or photographs are allowable but without going beyond the original disclosure during this proceeding. The average period of reexamination is around 12 months.

Further Proceedings

If the rejection is maintained by CNIPA, an administrative suit can be instituted at the Beijing IP court and further appealed to the IP Court of the Supreme Court.

A registered design patent can be challenged by any party through invalidation proceedings.



Examination for international design registration designating China via Hague Agreement

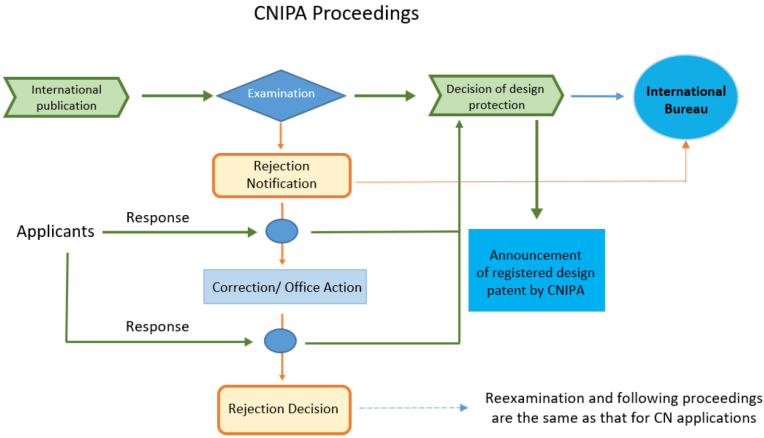
From May 5, 2022, applicants can designate China in an application for international design registration via the Hague System. After international publication of the design, CNIPA will conduct examination with respect to obvious substantive defects, such as subject matter eligibility, unity, obvious lack of patentability, and double patenting, etc. The examination standards are the same as for China design applications. If no grounds for rejection are found, CNIPA will grant protection and notify the International Bureau. At the same time, its announcement will be issued in Chinese. A registered international design from the date of its announcement has the same legal effect as a registered CN design patent.

Where there is obvious substantive defects in the international design application, the examiner shall issue a notification of rejection to the International Bureau. The applicant has opportunities to respond and make corrections, and in this situation, foreign applicants should entrust qualified Chinese IP firms to act before CNIPA.

Further Proceedings

If a final rejection is issued by CNIPA, proceedings for relief are the same as those for CN design applications.

A registered international design patent designating China after its announcement can be challenged by any party through invalidation proceedings in China.



6. Practical Issues (Q&A)

Q1: When should a design application be filed?

It is advisable to file a design patent application as soon as the design is completed and at least before its public disclosure. Though the patent law stipulates a “6 months grace period” novelty exemption for designs or inventions in certain conditions, CNIPA can be very strict in granting it in practice.

The conditions for novelty exemption include: 1) first disclosed for the purpose of public interest when an emergency or extraordinary situation occurs in the nation, 2) first exhibited at an international exhibition sponsored or recognized by the Chinese Government, 3) first made public at a prescribed academic or technological meeting, or 4) disclosed by others without the consent of the applicant.

Q2: Is it possible to defer publication of a design application?

Yes, an applicant may defer publication of a design application by requesting CNIPA to postpone its examination for 1, 2 or 3 years at the time of filing. This procedure can be used in design filing and prosecution to align with the business strategy of the applicant.

Q3: How to prepare the views for 3D products?

1. Sufficient

For three-dimensional products, it is advisable to prepare a set of views including front view, rear view, left view, right view, top view, bottom view, and one perspective view, preferably these views are included in the first-filed design document on which the later CN application will be based for claiming priority. In some special cases, design applications with some omitted views may be accepted by CNIPA. These omitted views may be: the bottom view of a large machine, the identical or symmetrical view, and the view that is not visible or difficult to see when the product is in use.

2. Clear

Clear and even lines should be used in the drawings without dimension lines and annotation. The following examples illustrate the accepted and unaccepted line drawings.

For the photographs, it should avoid highlights, reflections, shadow, etc.

3. Accurate

The six-sided views should be consistent with each other and conform to orthographic projection rules. Especially for photograph, it should avoid shape distortions caused by perspective phenomenon (i.e.: “Something looks small in the distance and big on the contrary”).

Q4: Will color photographs limit the scope of protection?

The color photographs presented in the designs will not limit the protection scope to specific colors unless the applicant claims for color protection in the corresponding brief description of the designs. Therefore, it is generally recommended not to claim for color protection. Of course, if the colors are crucial for a product, they can be claimed in the design application. It is possible to file an application including multiple designs, e.g., a basic design using black-white photographs, and some additional designs using color photographs to claim for color protection.

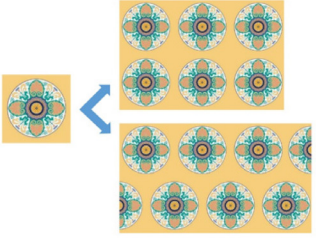
Q5: Can pure pattern be protected by design patent in China?

The law excludes designs of two-dimensional printing goods made of the patterns, the color or the combination of the two, which serve mainly as indicators, from design patent protection. CNIPA examiners tend to apply a strict examination standard on the subject matter for designs in classification 32-00, because such kind of pattern designs may be considered as pure aesthetic elements (e.g., logo, patterns) which do not belong to industrial products and thus ineligible for design patent protection.

Q6: How to prepare the views for the fabric products?

In Chinese practice, it is often necessary to prepare a front view containing more than one unit pattern in a design application, from which it can determine the continuous manner of the unit patterns.

The view including only one unit pattern is not acceptable because its continuous manner is not uniquely determined and may form various patterns, for example:



Q7: What are the advantages of registering design patents in China?

For a product to which the design of appearance contributed to its commercial values, the protection of the design should form an integral part of your business strategy. It is advisable to obtain a design patent as soon as the design is completed.

- *Exclusive rights*: for 15 years to prevent others from exploiting the design through either administrative enforcement or civil litigation. Anyone makes, sells or imports products embodying a design which is a copy (or a substantial copy) of the patented designs without permission will infringe your rights.
- *Strengthen brands*: The designs can be an important element of a company's brand.
- *Return on investments*: Protection contributes return on investments made in creating and marketing attractive and innovative products.
- *Opportunity to license or sell*: Protection provides rights that may be sold or licensed to another enterprise, which will then be a source of income for the owner of the rights.

Q8: What are the takeaways when filing a partial design application in China?

First and foremost, we would recommend that applicant use a clear and specific title to help the examiner properly classify the partial design. The title may take the form of "whole product + claimed part", "whole product + location of claimed part", or "the main body of the whole product". The purpose/usage of the said claimed part should be explained in a brief explanation.

Secondly, given the difference in terms of some requirements of partial designs in China and other jurisdictions (like the United States and Japan), applicants are strongly advised to formulate specific filing strategies if they seek territorial extension of a design application to China.

Last but not the least, the CNIPA has strict requirements for the drawings of a partial design. The lack of drawing of the whole product, the drawing of the claimed parts missing complete units or unclear protection scope of the claimed parts may result in substantive defects. Changes to the drawings to overcome the said defects are usually not accepted after the filing date and may finally lead to a rejection. Therefore, it would be advisable to consult with a local practitioner before filing a design application in China.

Protect Your Designs Better and Stronger in China

CHAPTER 2

Invalidation of Design Patents

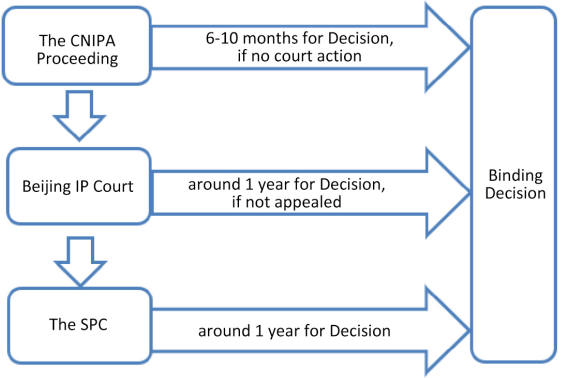
Procedure

CNIPA Proceeding and Court Litigation

To invalidate a design patent in China, the proceeding starts from China National Intellectual Property Administration (CNIPA). Any person or entity may file petition to CNIPA to declare a design patent invalid.

After CNIPA makes an invalidation decision, any interested party may file a suit within three months from the receipt of the decision at Beijing Intellectual Property Court (Beijing IP Court) contesting the CNIPA's decision.

The decision of Beijing IP Court is appealable to the IP Court of the Supreme People's Court ("the SPC"). The decision of the SPC is binding once made. Below is a flow chart of the invalidation procedure:


The CNIPA Proceeding
6-10 months for Decision, if no court action
Beijing IP Court
around 1 year for Decision, if not appealed
The SPC
around 1 year for Decision
Binding Decision

Strategy for Filing an Invalidation

The request for invalidating a design patent may serve several purposes:

- Where a patentee takes an enforcement action, the accused infringer usually will initiate the invalidation proceeding.
- Where a party conducts a Free to Operate ("FTO") analysis and finds a threatening design, it may initiate the invalidation proceeding.
- When taking action against an infringer, it is also advisable to check out if the infringer has registered similar designs and consider invalidating them.

Wanhuida Cases:

In CNIPA Invalidation Decision *No. 51356*, an individual copied Shu Uemura's Foundation Brush and registered it as a design patent. CNIPA found the patent at issue identical with the prior design and should be invalidated. A better strategy is for the true right holder to file the design before launching the product.

Photos of the Patent at Issue

Comparison Design

Coordination with Infringement Proceeding

In an infringement suit, the court may stay the proceeding, if the defendant files the request for invalidation within prescribed time limit upon notification of the complaint. The court may not stay the proceeding if: 1) the plaintiff submits the evaluation report issued by the CNIPA finding the design valid; 2) the invalidation ground by the defendant is not tenable; 3) the defendant's prior design defense is substantiated.

If not stayed, the infringement and invalidation proceedings will run in parallel. If the infringement decision is made and enforced, a post enforcement invalidation decision shall not have retroactive effect, unless the bad faith is proven.

Grounds of Invalidity

A registered design patent can be invalidated if it does not comply with the relevant provisions of the Patent Law and its Implementing Regulations. More specifically: A registered design patent should not be contrary to the laws or social morality or detrimental to public interest; The designer and the patentee shall obey the principle of good faith in applying for patents and in exercising patent rights. Abuse of patent rights to damage the public interest or the legitimate rights and interests of others should be prohibited. The other grounds for invalidating a design patent include: ineligible subject matter; lack of novelty/significant difference as compared with prior design or conflict with prior right; failure to clearly show the design of the product for which patent protection is sought; modifications going beyond the scope as indicated by the original views; two-dimensional designs which serve mainly as
indicator such as logo or printing goods, or double patenting.

In the invalidation practice in China, the registered design patents are mostly challenged by the requirements of Article 23 of the Patent Law which include: 1) no identical prior design existed, i.e., having novelty and without any conflict design application, 2) obvious difference compared to prior designs or combinations of prior design features, 3) conflict with the prior right obtained before the date of filing by any other party. The following are the relevant details.

Criteria for Judging Identicalness

Specifically, under overall observation and comprehensive judgement approach, the patented design and the comparison design shall be found as substantially identical designs if the only differences between them are:

a. Tiny changes which cannot be noticed by ordinary consumer paying normal attention;
b. Design changes on parts that cannot be easily seen or cannot be seen at all during the products' intended use;
c. Result of the whole substitution of one design element by a usual design of this product category. Usual design, as defined by the Patent Examination Guidelines ("Guideline"), is a design so familiar to a normal consumer that the mention of the product name would directly remind him/her of that particular design;
d. That the patented design is simply a repeated and continuous arrangement or an increase/decrease in the continuous number of the comparison design as a design unit following the normal arrangement of the product category. For example, repeated and continuous arrangement of the rows of the seats in cinema or an increase/decrease in the number of the rows of seats; and
e. That the patented design and the comparison design are mirror images.

Obvious Difference from Prior Design

According to Article 23.2 of the Patent Law, a patentable design shall have obvious difference from prior design or the combination of prior design features. According to the Guidelines, the following situations are deemed to have no such obvious difference:

a. The patented design has no obvious difference from the prior design of the product in identical or similar categories;
b. The patented design is transformed from the prior design with identical design features or merely tiny differences, and there is a motivation for this specific transformation in the prior design of the product of identical or similar categories;
c. The patented design is a combination of the prior design or prior design features, with the prior design identical with or having merely tiny difference from the corresponding part of the patented design, and there is a motivation for this specific combination in the prior design of the product of identical or similar categories.

There is exception for 2) and 3). If the transformation or combination somehow produces unique or unexpected visual effect for the patented design as compared to the prior design, they will be deemed as obvious difference.

Criteria for Judging Obvious Difference

Under overall observation and comprehensive judgement approach, the CNIPA or the court usually consider the following rules or factors to determine whether the patented design has obvious difference from the prior design:

a. Difference on easily noticeable part has more influence to overall visual effect. In overall observation, the design changes on parts that can be easily seen during the products' intended use have more notable influence on the overall visual effect than the design changes on parts that cannot be easily seen or cannot be seen at all;
b. Usual design has less influence to overall visual effect. If some design features of a product are proved to be usual design, then the design changes on others parts often will have more notable influence on the overall visual effect. For example, the column shape design of a tin is a usual design, so the color or pattern of the tin will have more notable influence;
c. Functional part has less influence on overall visual effect. The special shape solely confined by function of the product generally does not notably influence the overall visual effect; and
d. Tiny and partial changes has less influence on overall visual effect. If the differences are merely tiny and partial changes, they cannot have notable influence on the overall visual effect, and then the patented design and the comparison design have no obvious difference.

Wanhuida Case:

1. CNIPA's Invalidation Decision *No. 45889* illustrates what is prior design. An individual filed a design patent for a lipstick bag. However, before the filing date of the Design at Issue, the right holder uploaded some pictures and videos of related products on certain social media and made online trial sales. As the Design at Issue had been made available to public before its application date, CNIPA invalidated the Design at Issue.

Right holder is advised not to launch the product or make the product available to public before the filing date of the patent.

Photos of the Design at Issue

Comparison Design

2. CNIPA Invalidation Decision *No. 45213*: the Design at Issue is invalid on the ground that it has no obvious difference from the prior design – a product label. CNIPA first found that the Comparison Design disclosed the overall shape and pattern arrangement, as well as the design details such as patterns, words, composition, etc., reflected in the front of the label. The minor differences such as the sunflower shape, the words on the sides of the label were held by CNIPA not significantly affecting overall visual effect. CNIPA thus found the Design at Issue invalid.

Photos of the Design at Issue

Comparison Design

Conflict with Prior Right

If a patented design conflicts with prior right, the prior right holder or the interested party may petition to CNIPA to declare the design patent invalid. According to 23.3 of the *Patent Law*, a patented design shall not conflict with any other person's legitimate right obtained before the patent's filing date (or the priority date, where priority is claimed).

According to *Guidelines*, the said "legitimate right" refers to the right or interest that is valid at the patent filing date and recognized by the laws of China. It includes trademark right, copyright, right to enterprise's name (including right to trade name), portrait right and right to the special packaging and decoration of well-known goods, etc.

Trademark - The patented design shall be found in conflict with prior trademark if the patent uses the design identical with or similar to the trademark without the trademark owner's permission, and the exploitation of the patent would mislead the relevant public or produce confusion to the relevant public. CNIPA or the court shall determine the identicalness or similarity between the patented design and the prior trademark based on the corresponding infringement rules in the trademark field.

Copyright - The patented design shall be found in conflict with prior copyright if the design patent is identical with or substantially similar to the copyrighted work, the patent owner accessed or has channel to

access the copyrighted work, and the exploitation of the patent would infringe the copyright owner's legitimate right or interest.

Wanhuida Case:

Martell v. CNIPA, (2017) Jing 73 Xing Chu No. 696 is an example on how to examine the conflict between a design patent and a prior trademark. Martell filed a 3D trademark in 2009. An individual filed a bottle design patent in 2014 which looked like Martell's 3D trademark. Martell filed invalidation action against the Design at Issue, but CNIPA maintained the design on the ground that the design was not similar to Martell's 3D trademark. Martell contested the CNIPA's decision at the Beijing IP Court. The court revoked the CNIPA decision, holding that although there are some differences between the Design at Issue and Martell's 3D trademark, given the large design space on the overall shape of the bottle, the differences are tiny and would not affect overall visual effect, therefore the Design at Issue should be found similar to Martell's 3D trademark. The court further held that using the Design at Issue will mislead the relevant public into believing that the Design at Issue has specific connection to Martell's 3D trademark, thus infringed Martell's prior 3D trademark right.

Photos of the Design at Issue

Martell's 3D Trademark

Priority Issue

Priority issue is another factor for assessing the validity of a design patent though not direct grounds for invalidation. If the design patent could not enjoy the priority date, any design published between the priority date and the design filing date could be used to evaluate the validity of the design patent.

Determining whether a design could enjoy priority right depends on whether the later design is of the "same subject matter" as that of the first design. The basic rule is that later designs shall meet both of the following two conditions: (1) both of the designs are for the same products; and (2) the later design in the Chinese application is clearly shown in the first foreign application.

Priority issue arises mainly due to different requirement and practice in different countries. For instance, filing the design patents in China is usually required to produce drawings/pictures of the design from six angles of view, whilst EU has no such requirement at all. The EU priority design often has very limited views and it may not be easy to identify every feature of the corresponding Chinese design from the EU priority design. An easier way to solve the foregoing priority issue is to fully consider China's practice when filing the first design patent in other countries.

Wanhuida Case:

CNIPA's Invalidation Decision No. 35603 is an example of defending the validity of Chinese design patent when its views do not totally correspond to the views of EU priority documents and how to determine the "same subject matter" as that of the priority design.

On April 30, 2014, DECATHLON (patentee) filed with CNIPA a Chinese design patent No. ZL201530112503.9 ('503 design patent) for "diving mask" and claimed priority of EU community design dated November 6, 2013. In 2017, the patentee took legal actions against Shenzhen BAI XIONG XIN PAI Trading Co Ltd (infringer) claiming infringement of the '503 design patent. In October 2017, the infringer filed an invalidation request against '503 design patent. The key evidence was the EU community design for which the '503 design patent claimed its priority, which had three views. '503 design patent had six views:

Views of EU community design in the priority documents

Views of '503 design patent

The infringer identified altogether seven differences of the views between priority documents and the '503 design patent and held that the latter shall not enjoy its priority date. Without the priority date, the patented "diving mask" had been disclosed by advertisement before the filing date of '503 design patent, which could lead to the invalidation of the Chinese design patent.

Wanhuida team representing the patentee provided the following findings:

a. The lack of some views in the priority documents was due to different requirement of EU and China in design patent filing;

b. Some differences were due to minor defects in making drawings;
c. Some differences were caused by different angle and distance in photo taking; and
d. When filing the design patent in China the patentee deleted the trademark logo on the original design.

After oral hearing, CNIPA held that the alleged differences of the views were either non-existent or very minor and thus the '503 design patent and the EU priority design shared the same subject matter and maintained the validity of the '503 design.

In the parallel infringement litigation, Guangzhou IP Court found infringement, ordered injunction, and after considering various factors awarded discretionary damages, holding the defendants jointly liable for 600,000 RMB.

Protect Your Designs Better and Stronger in China

CHAPTER 3

Enforcement of Design Patents

When a design owner finds design infringement in China and wishes to enforce his IP rights, he needs to consider the following factors: 1) Whether or not he has a valid design patent in China, and whether or not he can enforce an unregistered design in China on other legal grounds; 2) Stability of the design patent; and 3) Infringement analysis. Generally speaking, there are three approaches for taking actions:

1. Warning letter, and complaint with platforms of E-commerce against online offers;
2. Administrative action; and
3. Civil lawsuit.

Enforcing design rights in China requires not only expertise in legal issues but also rich experiences in the field. In making the action plan, the design patentee should evaluate all factors and find a balance among them, including defense of the design patent validity, risk in infringement analysis, difficulty in evidence collection, time pressure in stopping the infringement, competency of different enforcement entities, etc. It is also of paramount importance to engage a competent IP firm to help handle such disputes.

Below is the elaboration on the above matters in two parts, namely Part A for evaluation of the case, and Part B for enforcement measures.

Part A: Evaluation of the Case

1. Stability of the design patent

If the design owner has registered design patent in China, it is advisable to firstly evaluate its stability, in particular the novelty before the enforcement action to avoid potential risk. The evluation standard has been discussed in part II.

According to public data, in design patent invalidation cases, nearly 60% of the design patents are declared invalid. Before accepting the design patent infringement complaint, the local Intellectual Property Office (IPO) responsible for administrative enforcement, the customs and the court may request the design patentee to produce official patent evaluation report, or at least novelty search report to preliminarily confirm the stability of the design patent allegedly infringed. Online platforms also demand official patent evaluation report before accepting the complaint of removing infringement links.

2. Infringement analysis

The routes for the enforcement of design patent rights are similar to those for the invention patents or utility models. In design patent infringement analysis, the court will determine the following matters:

1) To determine whether or not the design patented product and the suspect product fall into the same or similar category of product;
2) To define the protection scope of the design patent; and
3) To compare the suspect product and the design patent in the eyes of ordinary consumers based on “overall visual observation” and “comprehensive evaluation”.

In the infringement analysis the court will consider other factors such as how to define the “ordinary consumer” in the specific case, “design space” (similar to freedom of designer) for a certain product, functionality of the design, etc. The ordinary consumer is not limited to end consumers, but also includes people who have some common knowledge of the relevant industry.

When defining the protection scope of a design patent, over years of judicial practice the courts have adopted the criteria of “similarity in overall visual effect” with consideration of “design features” and “design space”. The design features make the patented design novel and obviously different from prior designs, and the design space reflects the status of prior designs.

Besides, the key design points recorded in the brief description of the design patent, the patentee’s response in the invalidation proceedings and the related litigation proceedings, the sample or model submitted in the patent prosecution proceeding can also be used to interpret the protection scope of the design. If the design document does not specify

the key design points, the patentee may submit evidence later to prove the design's distinctive features and the content.

The physical item of the patented product for design shall not be used to determine the protection scope, but it may be used for comparison if it is completely consistent with the design product shown in the drawings or photographs of the design document, which can help the parties clearly understand the drawings or photographs.

For the comparison of the suspect product and the design patent, overall observation with comprehensive evaluation is the general rule to determine the identicalness and the similarity. As a design patent does not protect the technical or functional features of a product, the SPC has discussed the functional features of a design in several re-trial cases. For example, the SPC opined in the re-trial *Zhang Dijun v. PRB & Cixi Xiong Long (court file No. [2012] Xing Ti Zi 14)* that:

> *The significance of distinguishing the different types of design features: different types of design features have different effects on the overall visual effects of the product design. The functional design features usually have no significant effect on the overall visual effect of the design; the decorative features generally have an impact on the overall visual effect of the design; the visual effect of design features combining both functional and decorative features shall be evaluated by the strength of its decorative function. The stronger the decorative strength, the more effect it will impose on the overall visual effect, and vice versa.*

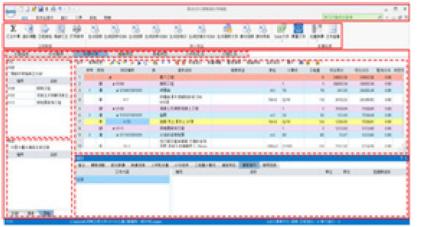
Wanhuida Case:
Epoint v. He'nan AMR & Glodon (2021)

File No. (2021) Zui Gao Fa Zhi Xing Zhong No. 78 & 79

In the appeal against the infringement decision, we persuaded the SPC to find non-infringement based on estoppel because the patentee had asserted the "three segments" overall layout of the GUI design for the infringement judgment, while in the invalidation action, to maintain its validity in comparison with prior design, it asserted the distinguishing design features on the specific layout and designs of the three segments. This case highlights the importance of alignment between infringement claim and response to invalidation action.

The following is the comparison of the '890 interface with Epoint's:

'890 GUI



Edpoint's

3. When the design owner has no registered design patent in China, how to protect them on other legal grounds

Having registered design patents is the best way to protect the relevant design products against infringers in China. In case the design owner fails to register the design in China, he may still enjoy some form of protection under the unfair competition law or copyright law in some very special cases. In the Supreme People's Court's (SPC) retrial case "Shanghai CHEN GUANG v. Ningbo WEI YA DA" (court file No. [2010] Min Ti Zi 16), the SPC grants protection to the shape of CHEN GUANG's ballpoint pen even after CHEN GUANG abandoned the relative design patent by failing to pay the annuity fee. But the burden of proof is very heavy on the side of the design owner.

Some design owners have succeeded in seeking protection of unregistered design by claiming "works of applied art" or "works of fine art". In 2021, the SPC issued Guideline Case No. 157 in a furniture design infringement case, in which the SPC holds that, as long as the product design meets the requirements of originality, reproducibility and certain level of artistic or aesthetic value, it is entitled to copyright protection as "work of applied art" under the category of "work of fine art." In such work of applied art, the practicality and artistry should be separable. While in practice, it is rather subjective as to whether or not the practicality and artistry can be separated.

Part B: Enforcement measures

1. Warning letter and complaint against online offers of infringement goods

The most convenient way is to send a warning letter to the alleged infringer, especially when the infringement is only at the early stage, for example, only offer for sale. In China, the infringer, after receiving the warning letter, may silently stop the infringement, but will not respond formally to the right owner. In practice, a trader is more prone to stop the alleged infringement than the producer. The producer, after receiving the warning letter, may double check if his product has really fallen into the protection scope of the design.

If the risk is high, he may file invalidation request against it. Or he will continue the infringement, only that he will be more cautious and evasive. It is advisable for the patentee to collect sufficient evidence of infringement before sending a warning letter to a producer of the infringement product. There is a risk that a warning letter (or other kinds of warning) without further legal actions may give the alleged infringer an opportunity to file a civil lawsuit for declaratory judgment of non-infringement. The design registrant will then find himself drawn into a lawsuit that he has not really prepared for.

2. Administrative action

The design patentee may consider taking one of the following administrative actions. He can still go to court (or have to) if such administrative actions cannot satisfactorily solve the infringement problem.

IPO action (local Intellectual Property Office)

According to official data, among the IPO actions, around three quarters of the disputes involved design patent infringement. The design patentee may consider IPO action when:

1) The infringement is obvious (preferably carbon copy);
2) The primary aim is to quickly stop infringement. The IPO is expected to wind up the case within three months for an ordinary case, and it may only extend the deadline by one month in complicated cases. Besides, the CNIPA has established dozens of "IPR Rapid Protection Centers" in some regions where design patent disputes arise frequently to facilitate quick administrative processing of patent disputes.
3) The IPO may help in evidence collection. Local IPOs may go to the alleged infringer's facilities to conduct on-site inspection, draw samples of the accused infringement products for infringement analysis, and even check the stock of alleged infringement products and review the business records, as well as interview the alleged

infringer. Such officially obtained evidence has very strong probative force. If the patentee cannot reach settlement with the defendant in the ensuing procedure, the patentee may simply withdraw the petition from the IPO and go to court with the evidence obtained by the IPO.

However, the IPO has no power to award damages but only to mediate on this aspect, and the IPO decision is appealable to the Court, which can prolong the whole procedure.

Customs protection

If the design infringement products are for export, the design patentee may record the relevant design patent with China Customs, and provide clues of infringement to the local customs for interception, then go to court to solve the dispute.

Enforcement in trade fairs

Unlike technical patents, it is easy and quick to identify infringement of design patent on-site during trade fairs or exhibitions. The design patentee may file complaint with local IPO or with the fair organizer to have the copies quickly removed. He may also organize on-site notarization, and take follow up actions against the exhibitor and/or the supplier by citing the IPO raid proof and the on-site notarization.

Wanhuida Case: LPG v. Guangzhou YI KANG (2020)

File No. Jing Zhi Zhi Zi (2019) 1347-47

In this case, the patentee quickly stopped the infringement through administrative enforcement of design patent in and after trade fair. On June 4, 2019, LPG found Guangzhou YI KANG Medical Equipment Co Ltd ("YI KANG") attended a trade fair in Beijing, displaying a body balance device very similar to LPG's Chinese design patent CN 201530003419.8. Wanhuida represented LPG in filing complaint with the Beijing Intellectual Property Office (IPO) the same day based on the design patent.

The IPO officers went to the trade fair to serve the complaint, inspected the infringing product, and took videos and photos as official evidence, then arranged oral hearing. YI KANG filed an invalidation request against the subject design patent and applied to stay the enforcement procedure. LPG submitted the novelty search report to prove the novelty of the subject design, and persuaded Beijing IPO to proceed with the procedure.

After oral hearing, on October 8, 2019, Beijing IPO issued the administrative decision, which ordered YI KANG to immediately stop infringement, to destroy the stock of the infringing product as well as the equipment and tools specifically for manufacturing the infringing product, and to refrain from selling the unsold infringing product. On February 14, 2020, the CNIPA issued the decision to maintain the validity of the subject patent also in favor of LPG.

The following is comparison of the design patent and the patented product with YI KANG's copy:

Three-dimensional view of the subject design

LPG's patented product

Accused infringing product

3. Civil lawsuit

In comparison with infringement lawsuit on technical patents, a lawsuit on design patent infringement has some special features.

Requirement on evidence of infringement

In design patent infringement, if the design patentee wishes to take quick action, it may simply organize website notarization of the infringer's offer for sale of the product, or organize on-site notarization of the defendant's offer of the product in the trade fair or exhibition, and go to court based on the defendant's "offer for sale", so far as the photos of the product can clearly indicate the views of the product.

Interim injunction ("act preservation")

In China, the courts are very cautious in granting interim injunction (including preliminary injunction) in patent infringement cases, especially the design patents may not be stable without substantive examination. Nevertheless, China's courts do not categorically refuse to issue preliminary injunction in design patent infringement disputes. Instead, the first preliminary injunction issued by Guangzhou IP Court was for a design patent infringement dispute in Christian Laboutin v. Guangzhou Wentan & Guangzhou Benefit (court file No. [2016] Yue 73 Xing Bao Nos. 1, 2&3) for the plaintiff's lipstick design patents.

Based on judicial practice, in 2018, the SPC issued Judicial Interpretation 2018/21 on "act preservation" in adjudicating IPR disputes. Article 7 lists the following factors for the judge to consider whether or not to grant preliminary injunction:

1) Whether or not the application has factual and legal basis, including whether or not the IPR to be protected is stable;
2) If no act preservation is taken, whether or not the applicant's legitimate interests will be irreparably injured, or it will be difficult to enforce the ruling in the future;
3) If no act preservation is taken, whether or not the applicant's loss will exceed the loss if action preservation is taken;
4) Whether or not the act preservation will harm public interest; and
5) Other factors to be considered.

Jurisdiction

With the centralized processing of patent disputes in China by establishing IP courts and IP tribunals for patent disputes, the court procedure has slowed down significantly in some regions, especially in the four IP courts of Beijing, Shanghai, Guangzhou and Hainan.

On April 20, 2022, the SPC issued a Judicial Interpretation giving a greenlight to allow intermediate courts and some eligible basic level courts to adjudicate civil and administrative disputes over the ownership or infringement of design patents. Besides, some IP tribunals process the disputes much more quickly than others. Because several courts may have jurisdiction over the dispute thus providing the opportunity of "forum shopping", the design patentee may evaluate the situation before deciding which court to go.

Damages

The key to obtain damages is evidence. If the patentee can collect qualified evidence to prove his loss or the infringer's illegal gains due to the infringement, the courts will be happy to support the plaintiff's claim on damages, as proven in some exemplary cases. The problem is that in China it is very difficult for the plaintiff to collect such evidence all by itself, and China does not have a full-fledged discovery procedure like the American law. To address the problem, China's courts encourage the plaintiffs to make best use of the evidence rules, and to shift the burden

of proof to the defendant in some circumstances such as “obstruction of evidence”.

China’s latest amendment of the Patent Law has increased statutory damages to the range of thirty thousand to five million RMB, and provided punitive damages in case of the infringer’s intentional infringement. The SPC has published some exemplary cases awarding punitive damages.

In practice, the judges encourage mediation and settlement to quickly wind up disputes. In the mediation, the plaintiff may demand that the defendant undertake to pay “punitive damages” in case of repeat infringement as prerequisite of settlement. The validity of such undertaking is now broadly accepted by China’s courts, after the SPC confirmed the validity of the undertaking in the Longcheng v. Tongba retrial case (court file No. [2013] Min Ti Zi 116), in which the court supported the patentee’s claim of one million RMB as punitive damages in repeat infringement as undertaken by the defendant in a previous settlement.

Wanhuida Case: KARCHER v. FARILY

File No. (2021) Su 05 Min Chu No. 1908

In 2015, KARCHER patented a design No. CN201530372572.8 for its floor cleaner in China. In 2019, KARCHER discovered that FARILY, a local competitor in Jiangsu Province was offering for sale a floor cleaner that is visually similar to KARCHER's design patent. After KARCHER sent FARILY a cease & desist letter, the latter promised to stop the patent infringement. But KARCHER later found that FARILY was still offering for sale the same product ("copy"). After notarized purchase of samples, KARCHER reviewed its patent portfolio, and confirmed that the copy not only infringed its design patent but also three other invention patents. After evaluating the stability of the patents involved, in September 2021, KARCHER filed four civil lawsuits against FARILY with the Suzhou Intermediate Court, asserting the aforesaid design patent and invention patents.

FARILY's associated company immediately responded with an invalidation attack against the four patents but failed in all the invalidation proceedings. KARCHER's four patents remain valid. In July 2022, the Suzhou Intermediate Court ruled in favor of KARCHER, ordered cessation of patent infringement and damages totaling RMB 2.27 million (inclusive of RMB 0.36 million awarded for design infringement) in light of the defendant's continuous patent infringement after receiving KARCHER's cease & desist letter.

Wanhuida team representing the patentee KARCHER won all the infringement and invalidation cases.

Left: the product of the patented design Right: the infringing product

WANHUIDA
INTELLECTUAL PROPERTY

Beijing · Shanghai · Guangzhou · Shenzhen
Chongqing · Tianjin · Suzhou · Hangzhou

A : Yiyuan Office Building, Friendship Hotel
1 Zhongguancun Street South
Haidian District, Beijing 100873

T : 86-10-6892 1000 E : whd@wanhuida.com

Wanhuida

www.wanhuida.com