AFD China
INTELLECTUAL PROPERTY LAW OFFICE

# Newsletter

**September, 2020**

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## Office Relocation Notice

It is our pleasure to announce that we are expanding our business with a new office location as of September 27, 2020.

Our new physical and mailing address is:

Golden Towers, Tower B, 21st Fl.
38 Xueqing Road, Beijing 100083, China

Our phone numbers and email addresses remain the same.

Our new office offers additional working spaces and meeting areas, and provides better access for visitors and employees, especially for subway commuters.

Then, from October 1 through October 8, 2020, our office will be closed for the National Day holiday. While September 27 and October 10, 2020 are borrowed to be business days to help reduce work backlog.

*http://afdip.com/index.php?ac=article&at=read&did=3680*

## SPC Issues Juridical Interpretations on IP Protection

In September, the Supreme People's Court (SPC) released several documents to regulate juridical practices, which are:

- Guiding Opinions on Hearing Civil Cases Involving Intellectual Property Rights of E-commerce Platforms
- Provisions on Several Issues Concerning the Application of Law in the Trial of Civil Cases Involving Trade Secret Infringement
- Provisions on Several Issues Concerning the Application of Law in the Trial of Administrative Cases Involving the Grant and Confirmation of Patent Rights (I)
- Reply on Several Issues Concerning Law Application in Disputes over Online Intellectual Property Infringement
- Interpretation on Several Issues Concerning the Specific Application of Law in Handling Criminal Cases of of Intellectual Property Infringement (III)
- Opinions on Increasing the Punishment of Intellectual Property Infringement Activities in Accordance with Law

We will review and explain these documents in the next issues.

## SAMR Solicits Comments for Two Drafted Regulations

The State Administration for Market Regulation (SAMR) released the Draft Provisions on the Protection of Trade Secrets for comment on September 4. The draft covers topics including trade secret infringement, its investigation and the relevant legal liabilities. The deadline for comments is October 18, 2020.

Together with the National Medical Products Administration, the National IP Administration (CNIPA) of SMRA released the drafted Implementation Measures for the Early Resolution Mechanism for Drug Patent Disputes (Trial) for comment on September 11, 2020. The Measures contains the operation regarding the linkage system, certifications, litigation, and market protection. The deadline for comments is October 25, 2020.

SUPPLEMENTARY ISSUE

## Ergo Chef Squashes TM Squatting Attempt of Licensee

The U.S.- based Ergo Chef had a rift with its exclusive cutlery distributor in Asia- Guangdong Xinanya Trading Company- over No.15543866 trademark "ERGO CHEF" and its figure (trademark in dispute), which was applied to be used on goods such as light, electric fryer and refrigerated cabinet. Recently, Beijing High People's Court rebuffed Xinanya's appeal in its final judgment and upheld the rejection decision of the Trademark Review and Adjudication Board (TRAB) under the then-State Administration for Industry and Commerce (SAIC).

The trademark in dispute was filed for registration by Xinanya on October 21, 2014 and designated to be used on Class 11 goods including light, electric fryer, bath fitting, refrigerated cabinet and water purification installation. After preliminary examination, the trademark in dispute was published on September 6, 2015.

On December 9, 2015, Ergo filed an opposition request to the then- SAIC's Trademark Office (TMO), alleging that as a licensee of its "ERGO CHEF" trademark, manufacturer and distributor of its products, Xinanya applied for registration of the trademark in dispute without its authorization, damaging its trade name right, which should be construed as an act of securing illegitimate benefits by free riding its popular trademark.

The TMO held that Xinanya was the Chinese distributor of Ergo's products affixed with the "ERGO CHEF" and its figure trademark. Xinanya, without any authorization, applied for registration of the trademark in dispute identical to Ergo's prior trademark. Accordingly, the TMO disapproved the registration of the trademark in dispute.

The disgruntled Xinanya then lodged a reexamination request to the TRAB on May 26, 2017, claiming that the trademark in dispute was for use on independent products based on actual business need and had gained high popularity through long- term use and promotion. In addition, in terms of the goods the trademark in dispute was designated to be used on, there was no distribution ties between it and Ergo. Xinanya requested an approval of the registration of the trademark in dispute.

On June 5, 2018, the TRAB held that the trademark in dispute is identical to Ergo's prior trademark "ERGO CHEF" and its figure, and the goods on which the trademark in dispute was designated to be used are closely connected with the cutlery products on which Ergo's prior trademark was certified to be used. Therefore, the TRAB made a decision to disapprove the registration of the trademark in dispute.

Xinanya refused to buy the TRAB's decision and brought the case to Beijing IP Court, but would only experience frustration again, triggering its last-resort attempt at Beijing High People's Court.

After hearing, Beijing High held that the goods including toasters and electric cookers on which the trademark in dispute was designated to be used belong to household goods, and are similar to cutleries in sales channels, using occasion and target customers. In addition, the trademark in dispute is identical to Ergo's prior trademark which was approved to be used on cutleries. Considering that Xinanya Company was a cutlery agent for Ergo, its application of the trademark in dispute was in bad faith. The coexistence of the trademark in dispute and Ergo's prior trademark which was certified to be used on cutleries would confuse the relevant public. In this connection, the Court denied Xinanya's appeal and upheld the first-instance judgment.

*http://english.ipraction.gov.cn/article/tc/202009/323286.html*

## Balancing Disclosure Practices in China and the United States.

The patent system observes the concept "disclosure in exchange for protection". In order to obtain patent protection, an applicant must disclose the technology that is sought to be patented; on one hand to share the particular technologic knowledge with the public, and on the other hand to demonstrate that he or she is in possession of the claimed invention. As two major destination countries for patent filings, China and the United States adopt different approaches regarding patent disclosures.

**Formal requirements**

Both China and the U.S. require a patent application to describe the invention to which it pertains in a clear and full manner, so as to enable a person skilled in the relevant field of technology to carry it out[i].

In terms of composition, the specification of a US patent application should include at least the following sections in this order[ii]:

- the title of the invention;
- cross-referencing to related applications;
- the background of the invention;
- a brief summary of the invention;
- a brief description of the several views of the drawing;
- detailed description of the invention;
- claims; and
- an abstract of the disclosure.

The description of a Chinese patent application should include[iii]:

- the title of the invention;
- the technical field;
- the background of the related art;
- a summary of the invention;
- a brief description of drawings; and
- a detailed description of the invention.

Claims and abstracts are submitted as separate parts.

Although Chinese and US applications have different sections, the substance of each is broadly similar. A Chinese examiner will not normally require the sections to be reorganized where the Chinese patent application is translated from or based on a US application. For example, if the 'summary of the invention' section of a Chinese application (corresponding to the 'brief summary of the invention' section of a US application) does not mention the technical problem solved by

the invention or the advantageous effect of the invention over prior arts, a Chinese examiner will not require supplements. Alternatively, such contents may be presented in the 'detailed description of the invention' section of a Chinese application (corresponding to the same in a US application).

There is no 'cross-reference' section in the description of a Chinese patent application. Although a Chinese examiner will not ask an applicant to delete this part if his or her Chinese application is translated from a US counterpart, the content in this section does not provide the same function as in the US application. The entire contents of the referenced application are not deemed to be spontaneously incorporated into the current application. Content only recorded in a referenced application cannot be used to support further amendments or subsequent filings of a divisional application in China.

**Substantive requirements**

The specification of a U.S. application must meet three disclosure requirements[iv]:

- written description;
- enablement; and
- best mode.

China's disclosure requirements are defined by different provisions of the Chinese patent law and its regulations[v]. Article 26 of the Patent Law is the core provision, which provides that "the claims shall be supported by the description" and "the description shall set forth the invention in a manner sufficiently clear and complete so as to enable a person skilled in the relevant field of technology to carry it out", aligning with the 'written description' and 'enablement' requirements of US practice. Chinese regulations do not put forward an explicit requirement of 'best mode'. The most relevant provision in China is Rule 17 of the Implementing Regulations of the Patent Law, which provides that "the description shall include... mode of carrying out the invention: describing in detail the preferably selected mode(s) contemplated by the applicant for carrying out the invention". In view of this, an application that meets the 'best mode' requirement of US practice should also satisfy Rule 17 in China.

Regarding the claims, there is no in *haec verba* requirement in US practice. Amendments should be supported in the specification through express, implicit, or inherent disclosure[vi]. In Chinese practice, the technical solution in each claim should be reached directly or by generalization from the contents sufficiently disclosed in the description and not go beyond the scope of the contents disclosed in the description. Allowable generalization refers to equivalents or obvious variants if people skilled in the art can reasonably predict that all the equivalents or obvious variants of the

embodiments set forth in the description have the same properties or uses[vii]. At the same time, Chinese examiners in general are more rigid than their US peers when examining the scope of amendments, which should not go beyond "the contents described in the initial description and claims, and the contents determined directly and unambiguously according to the contents described in the initial description and claims, and the drawings of the description"[viii]. Chinese examiners therefore tend to object to the entry of amendments or divisional applications based on generalized or deduced technical features or those that have no literal support in the initial description and claims. To deal with it, an applicant of a Chinese patent application needs to convey the technical features and technical solutions of the claimed invention in the initial description as much as possible. The description should not only embed various examples and adequate descriptions of the technical features and technical schemes, but also include generalized features at different levels to pre-empt the possibility of introducing further amendments and/or subsequent divisional filings. At the same time, the claims should also be drafted in such a comprehensive and multi-layer manner.

**Other drafting notes**

In addition, applicants are advised to pay attention to the following points when preparing the initial application to be filed in China and the United States:

- describing technical effects;
- necessary contents for enablement;
- features shown in drawings; and
- no cross-citation among different parts.

***Describing technical effects***

Describing technical effects is particularly important for Chinese patent applications to meet the requirement of 'sufficient disclosure' and to address inventiveness of the claimed invention.

The 'non-obviousness' standard for US patents is different from the 'inventiveness' requirement for Chinese patents. The former merely requires the differences between the claimed invention and the prior art to be such that the claimed invention as a whole would not have been obvious to a person having ordinary skill in the art to which the claimed invention pertains[ix]. The latter requires, in addition to a determination of non-obviousness, the claimed invention to produce advantageous technical effect as compared with the prior art, in ways of overcoming weakness in the prior art, providing a different technical solution to the technical problem, or representing a new trend of technical development[x]. Such distinct approaches sometimes result in different outcomes - an application that is allowable in the United States may need further limitations in order to overcome inventiveness objections in China or even be rejected in the end.

Especially in chemical or biotech inventions where the advantageous effects are often illustrated by experimental data, both the technical effects and experimental data demonstrating the technical effects should be included in the description. Additional experimental data submitted after the date of application should be examined while the technical effects evidenced by the additional experimental data must be able to be obtained by people skilled in the art from the initial disclosure of the patent application. Therefore, if there is only limited experimental data available by the time of filing and the applicant must file at that time, he or she is recommended to describe the technical effects to the extent possible in the application in order to seek an opportunity of submitting additional experimental data at a later stage.

***Necessary contents for enablement***

A Chinese application should be self-contained and understood without reference to other documents. If some content is essential in understanding or carrying out the claimed invention, it should be recorded in the application - for example, those supposed to be incorporated by reference and/or some particular known knowledge contributing to the realization of the claimed invention. Known knowledge should not be simply stated as common knowledge or prior art in the application, so as to avoid being deemed as 'applicant-admitted prior art' in US practice or bring adverse effect to the inventiveness determination in the Chinese practice.

***Features shown in drawings***

Drawings, as part of an application, do not normally include annotations except that steps may be briefly described in a flow chart. While the Chinese Patent Examination Guidelines stipulate that "contents inferred from the drawings or the dimensions with their relations measured only from the drawings without any written description cannot be taken as the contents of disclosure"[xi] and that addition of "technical features relating to the parameter of size obtained by measuring the drawings" are not allowed[xii]. It shows that if a technical feature is illustrated only in the drawings but is not described in the body of the description and cannot be deduced, it is likely to cause amendments based on such features be considered as going beyond scope and could therefore be objected to. In order to fully demonstrate the technical features and technical solutions shown in the drawings, they should be described in the description as much as possible.

***No cross-citation among different parts***

The description and claims of a Chinese application are separate documents. They should not reference each other. Expressions such as 'as disclosed in the description' or 'with reference to the drawings' should be avoid in the claims, and 'according to the preamble of the claim' should not appear in the description.

To meet the requirement that "the claims shall be supported by the description", applicants should consider recording all claims in the Chinese application under the subtitle ‘summary of the invention’ (corresponding to the ‘summary of the invention’ section of a US application) or at the end of the description.

**Grace period for disclosure**

In addition to disclosure by a patent application, China and the United States have distinct requirements regarding acceptable prior disclosures. Applicants must pay attention to these differences when making the filing plan as they may affect the patentability of applications.

China grants a grace period without loss of novelty for disclosures of the claimed invention made within six months prior to the date of application (the earliest priority date will prevail if any)[xiii], if the claimed invention is:

- first exhibited at an international exhibition sponsored or recognized by the Chinese government;
- first made public at a prescribed academic or technological meeting; or
- disclosed by any person without the consent of the applicant.

In US practice[xiv], the grace period is referred to as ‘exceptions to novelty’ and covers disclosures made one year or less before the effective filing date of the claimed invention, if:

- the disclosure was made by the inventor or joint inventor or by another who obtained the subject matter disclosed directly or indirectly from the inventor or a joint inventor; or
- the subject matter disclosed had, before such disclosure, been publicly disclosed by the inventor or a joint inventor or another who obtained the subject matter disclosed directly or indirectly from the inventor or a joint inventor.

The United States also accepts disclosures appearing in applications and patents, if:

- the subject matter disclosed was obtained directly or indirectly from the inventor or a joint inventor;
- the subject matter disclosed had, before such subject matter was effectively filed, been publicly disclosed by the inventor or a joint inventor or another who obtained the subject matter disclosed directly or indirectly from the inventor or a joint inventor; or
- the subject matter disclosed and the claimed invention, not later than the effective filing date of the claimed invention, were owned by the same person or subject to an obligation of assignment to the same person.

If a prior disclosure is not avoidable, applicant should try to follow the Chinese rules, as China's grace period is shorter, the permissibility is stricter and the requirements are higher. In addition,

the applicant's own prior patent application on the same subject matter can destroy the novelty of his or her subsequent application.

**Comment**

Both China and the United States are big patent filing countries and major destinations for patent protection. It has increasingly become a standard option for applicants to seek patent protection of a product or technology in both China and the United States. Therefore, when planning patent strategies, one should consider balancing the practice in China and the United States regarding disclosure in order to obtain effective patent protection.

*This article was first published on IAM-media at https://www.iam-media.com/law-policy/balancing-disclosure-practices-in-china-and-the-united-states.*

[i] Article 26 of the Patent Law, 35 U.S. Code § 112 (a)
[ii] 37 CFR 1.77
[iii] Rule 17 of the Implementing Regulations of the Patent Law
[iv] MPEP § 2161
[v] Articles 26.3, 26.4, 29, and 33 of the Patent Law and Rules 20.2, 42, 43.1, and 51.3 of the Implementing Regulations of the Patent Law
[vi] MPEP § 2163
[vii] Section 3.2.1, Chapter 2, Part II of the Patent Examination Guideline
[viii] Section 5.2.1.1, Chapter 8, Part II of the Patent Examination Guidelines
[ix] 35 U.S. Code § 103
[x] Section 2, Chapter 4, Part II of the Patent Examination Guidelines
[xi] Section 2.3, Chapter 3, Part II of the Patent Examination Guidelines
[xii] Section 5.2.3.1, Chapter 8, Part II of the Patent Examination Guidelines
[xiii] Article 24 of the Patent Law
[xiv] 35 U.S. Code § 102(b)