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### CHINA IPR NEWS

#### 1. The China's Plan on IPR Protection 2009 was Released

Responding to China's National IPR Strategies, The China's Plan on IPR Protection 2009 was made and released as the teamwork of a conference attended by multiple IPR related authorities of ministry level. The Plan was printed and distributed for execution on April 21, 2009.

According to the Plan, in 2009 China will newly draft 3 IPR related judicial interpretations and revise or update 23 laws, regulations, rules and administrative measures concerning trademarks, copyrights, patents and customs protection. Against IPR infringements, nationwide IPR protection campaigns will be launched and diversified measures will be taken to strengthen the day-to-day enforcement.

Since 2006, China has consecutively issued the Action Plan on IPR Protection per year, which contributes a lot to promote China's intellectual property protection and brings wide influence locally and abroad.

Source: [www.sipo.gov.cn](http://www.sipo.gov.cn)

#### 2. The Supreme People's Court issued its typical IPR cases annual report of 2008 for the first time

On April 22, 2009, for the first time the Supreme People's Court issued its IPR case report: the Supreme People's Court's IPR Cases Annual Report of 2008. The Report is compiled with summaries of rationales from 23 judgments of typical IPR cases decided by the Supreme People's Court itself.

The report includes 16 IPR civil cases and 7 IPR administrative cases, which has covered all types of IPR cases. Among the issues in those cases, some are substantive and others are procedural. By compiling and issuing typical cases in such an annual report, the Supreme People's Court hopes that the Report could play a significant role in regulating exercise of



discretion and unifying application of law and then could ultimately contribute to unified trial standards of IPR cases.

Source: www.gov.cn

**3. A commercial process patent owned by the National City Bank of New York was declared invalid by PRB**

On May 18, 2009, PRB declared a commercial process patent owned by the National City Bank of New York, titled *data managing computer system and its operating process* with a total of 28 claims(ZL96191072.0), invalid in its entirety upon the request of FADAYUAN Science and Technology Corporation in its decision No. 13362.

PRB accepted the invalidation request on December 18, 2008 and an oral hearing was held on April 20, 2009. It's reported that the invalidation request is on the grounds of lack of novelty and inventiveness and the subject matter is a pure commercial process and hence not patentable under the Patent Law. The patentee did not attend the oral hearing.

Since the decision is not available for the public yet, it's still unclear on what grounds the patent at issue was declared invalid till now. But if it's one of the grounds is that a pure commercial process is not patentable under the Patent Law of China, definitely this case would be a case influential to the applying of commercial process software for patent.

Source: www.newiplaw.com

**LAW & PRACTICE**

**Successfully Amending Patent Applications**

**Part II**

— Focus on Basic Principle of Amendment Set Forth by Article 33 of Patent Law of China

By Qi Wang, Zhengyun Luo

In the previous newsletter, we discussed understanding of Rule 51(3), and now we will proceed to another discussion, understanding of Article 33<sup>1</sup>.

With respect to Article 33, the Guidelines for Examination formulates “the scope of disclosure contained in the initial description and claims” as “the contents of the initial description and claim on their face, and the contents directly and unambiguously derivable from the contents of the initial description and claims including drawings.”

It is easy to judge what the contents of the initial description and claim on their face are, but how do we define “the contents directly and unambiguously derivable from the contents of the initial description and claims including the drawings of the description”? Here are some cases helpful to the understanding of Article 33.

Case 1

When responding to the first office action where the examiner refused claim 1 on the basis of novelty absence, the applicant incorporated claim 5 which refers to claim 1 directly into claim 1. Then the examiner issued a further office action holding that an amendment to dependent claim 2 occurred and it does not comply with Article 33 because the original claim 2 refers to original claim 1 while the current claim 2 actually refers to original claim 5 as a consequence of that incorporation, In other words, a technical scheme (current claim 2) including both the additional technical features of the original claim 2 and the original claim 5 is present, however that technical scheme can not be found in the initial description and claims.

Similarly, an amendment, which combines several separate features in the initial application into one claim

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1. Article 33 of Patent Law of China:

An applicant may amend his or its application for a patent, but the amendment to the application for a patent for invention or utility model may not go beyond the scope of the disclosure contained in the initial description and claims, and the amendment to the application for a patent for design may not go beyond the scope of the disclosure as shown in the initial drawings or photographs.



while the correlation of those features has not ever been referred to in the initial application, will be held extending beyond “the scope of disclosure contained in the initial description and claims” and will be refused.

#### Case 2

The subject matter of original claim 1 is “a mechanical component”. For overcoming the defect pointed out in the first office action that claim 1 lacks novelty, the applicant added a new technical feature: “the mechanical component has at least one leg”, based on the fact that the initial description contains two embodiments in which the mechanical component is described as having one leg and having two legs respectively. Then the examiner issued a second office action, pointing out that “the mechanical component has at least one leg” goes beyond the scope of the disclosure contained in the initial description and claims because “at least one leg” means there could be more than two legs and such a technical scheme is not contained in the initial description and claims.

This is a typical case of undue generalisation leading to an amendment not complying with Article 33. The generalisation of “having at least one leg” is derived from two embodiments in the description and might be supported by the description. However, it is inappropriate to make such a generalisation as amendment because just as the examiner pointed out, the technical feature of mechanical component having more than two legs is not contained in the initial description and claims hence such an amendment has gone beyond the contents in the initial description and claims.

#### Case 3

The subject matter of original claim 1 is “a workpiece transport device”. The device comprises a guide rail and the guide rail has a channel. The applicant amended claim 1 on his own initiative in accordance with Rule 51.1 and removed the technical feature “the guide rail has a channel”.

The examiner pointed out that the amendment does not comply with Article 33 because, the guide rail could be

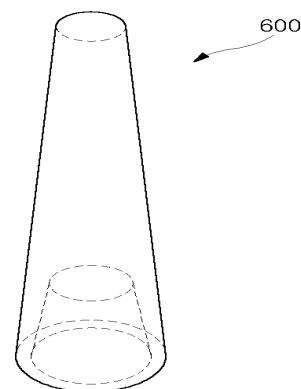
construed as one having or not having a channel if the technical feature is removed, the technical scheme of the guide rail having no channel is obviously beyond the disclosure of the initial description and claims.

#### Case 4

The subject matter of original claim 1 is “a fuse device for a battery”. The device comprises a conductive pattern which includes a weak circuit portion and other portions. In the response to the first office action, the applicant added a new dependent claim with an additional technical feature “the weak circuit portion is formed from a material same to that of other portions of the conductive pattern”.

However, the examiner pointed out in the second office action that the amendment does not comply with Article 33. The applicant argued that it is recorded in the initial description that “the weak circuit portion may be a narrow-width portion or a portion formed from material different from that of other portions of the conductive pattern”, since the conjunction “or” is usually used to link parallel contents rather than repeated contents, it can be deduced from the content behind the “or” that the “narrow-width portion” uses the same materials as other portions of the conductive pattern, so the newly added technical feature is implied by the initial description and the amendment complies with Article 33. The examiner finally accepted the argument and the amendment.

#### Case 5





The subject matter of original Claim 1 is “a secondary battery” which comprises a center pin and the additional technical feature of dependent Claim 2 is “the center pin has a body of revolution shape”. To overcome the defects of lack of novelty and inventiveness indicated in the first office action, the applicant amended dependent claim 2 as “the center pin is bulged” based on the shape of the center pin (600) demonstrated by the drawing. The examiner issued the second office action, pointing out that the corresponding expression in the description is “truncated conical” and the technical feature “bulged” is also not the thing directly and unambiguously derivable from the initial description and claims, which results in the amendment not complying with Article 33.

It is very possible that an amendment merely based on drawings would not be accepted by Chinese examiners.

## Progress in Judicial Protection of Well-known Trademark in China

By Shaohui Du, Jian Lin

In view of the current trial practice of well-known trademark related cases, the Supreme People’s Court issued a new judicial interpretation on April 23, 2009: “Interpretations of Supreme People’s Court on the application of law to civil disputes relating to protection of well-known trademark” (hereinafter referred to as “New Interpretation”). The New Interpretation has entered into effect on May 1, 2009, which brings some changes to the existing regime and signifies a new progress in judicial protection of well-known trademarks in China. Below are the major parts of the New Interpretation.

### 1. Definition of well-known trademark and nature of recognition of well-known trademark

“Well-known trademark” within the meaning of Article 13<sup>1</sup> of Trademark Law is defined as “a mark widely recognized by the *relevant* public within China” in the

New Interpretation. It provides that the recognition of well-known trademark by a court in a particular case shall only serve as finding of fact or rational of judgment rather than be present in text of the judgment. Besides, it also provides that a court also shall not recognize a trademark as well-known in its mediation decision (a quasi-judgment) when a case is eventually closed owing to a successful mediation hosted by the court. The aforementioned two provisions also mean that the recognition of well-known trademark is only binding in a particular case and can not automatically bind parties in another case.

### 2. Instances in which recognition of well-known trademark may be made by a court

The New Interpretation has an exhaustive list of three instances in which recognition of well-known trademark may be made by a court.

- Trademark infringement litigation initiated on the ground of a violation of Article 13.
- Trademark infringement or unfair competition litigation wherein a company name is allegedly identical or similar to the plaintiff’s well-known trademark.
- A defendant contends or counterclaims that a registered trademark, on which the defendant is accused of an infringement, is a reproduction or an imitation or a translation of the defendant’s own prior unregistered well-known trademark.

Meanwhile, the New Interpretation provides that in the following two instances a court shall not make such a recognition:

- when the finding of a trademark well-known is not an element essential for the establishment of act of trademark infringement or unfair competition.

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#### 1. Article 13 of Trademark Law of China :

A trademark which is applied for registration in identical or similar goods shall not be registered or shall be prohibited from using, if it is a reproduction, an imitation or a translation, liable to create confusion, of a well-known mark which is not registered in China.

A trademark which is applied for use in unidentical or dissimilar goods shall not be registered or shall be prohibited from using if it is a reproduction, an imitation or a translation, misleading the public, of a well-known mark which is registered in China, provided that the interests of the owner of the well-known mark are likely to be damaged by such use.



- The accused act of trademark infringement or unfair competition fails to be established owing to lack of any of other statutory elements (than the trademark being found well-known).

### 3. Burden of proof and some special rules

The burden of proof relating to the recognition of well-known trademark rests on the party requesting well-known status. The court can make its own determination of trademark status based upon the review of the evidence.

In the case of that a trademark had been recognized before as well-known trademark by courts or empowered administrative authorities, the burden of proof on the party requesting well-known status won't be relieved once the opposing party objects to that status anew. Self-admission rule applicable to average civil procedures is not applicable here. In other words, the court can make its own conclusion based on evidence rather than have to take the opposing party's admission of that a trademark is well-known.

For those trademarks which are widely recognized by the *general* public within China, such as those instantly recognizable famous trademarks, it's easier to establish their fame. Because in such situations the court may take judicial notice of their fame if there's no objection raised by the opposing party, or only some basic evidence needs to be furnished to prove the fame if the opposing party raises an objection.

### 4. Interpretation of “misleading the public” and “likely to be damaged” within Paragraph 2, Article 13

Paragraph 2, Article 13 of Trademark Law affords registered well-known trademarks the protection on dissimilar goods or services. Aiming to offer a clearer standard for when such a protection can be afforded, the New Interpretation interprets the “misleading the public” and “likely to be damaged” within Paragraph 2, Article 13 as sufficient facts in support of that the “relevant public forms an association between the accused trademark and the well-known mark, which leads to diminished distinctiveness of the well-known

trademark or disparages the reputation of the well-known mark or takes unfair advantage of the reputation of the well-known mark”.

### 5. Case by case determination of protection for Well-known trademarks on dissimilar goods and services

The New Interpretation provides that when addressing plaintiff's request for enjoining the use of a trademark or trade name, which is identical or similar to plaintiff's well-known trademark, in relation to dissimilar goods or services, the court shall, on a case by case basis, consider the following factors:

- Degree of distinctiveness of the well-known trademark;
- Degree of recognition of the well-known trademark among the relevant public toward the goods or services in connection with which the accused trademark is used;
- Degree of relevance between the goods or services bearing the well-known trademark and the goods or services bearing the accused trademark or trade name;
- Other relevant factors.

### 6. Exceptions to protection of well-known Trademark in the event of that the accused mark is a registered trademark

In the event that the plaintiff owning a well-known trademark sues to enjoin the use of a registered Trademark which uses marks identical or similar to that well-known trademark, the court will reject the claim if

- The plaintiff has not initiated the lawsuit within five years after the registration date of the accused infringer's trademark. Under situations where bad faith is found, the plaintiff shall not be bound by that five years of prescription term;
- Or the defendant applied for the trademark registration when the plaintiff's trademark was not yet well-known.

### Comments

The enactment of the New Interpretation is triggered by a notorious practice that a very small

portion of local companies forged cases to seek for their brands status of well-known trademark and then use that status as a tool to facilitate the advertisement and promotion of their brands. However the New Interpretation does bring some substantive changes to the existing well-known trademark regime of China. For instance, the New Interpretation has clarified the situation in which Chinese courts can grant “well-known” status and the situation they can not and also set a clearer standard for when the party can claim a protection for its well-known trademark on dissimilar goods or services. It remains to be seen how those changes will be interpreted and implemented in judicial practice.

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