NEWSLETTER

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QUARTERLY

PANAWELL INTELLECTUAL PROPERTY

Cover: Interior of office block where Panawell locates

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Panawell Intellectual Property, consisting of Panawell & Parnters, LLC and Panawell & Partners Law Firm, provide full spectrum of services in all fields of intellectual property rights, such as patent, trademark, copyright, computer software, anti-unfair competition, trade secrets, custom protection, domain name, license, assignment, enforcement, administrative and civil litigation, IP consulting and management.

Foreign Investment Law to Go into Force from 2020

On March 15, 2019, Foreign Investment Law of China was approved at the Second Session of the 13th National Congress, which, upon going into force on January 1, 2020, will replace the existing three foreign investment laws, namely the Sino-Foreign Joint Venture Enterprise Law, the China-Foreign Cooperation Enterprise Law, and the Law on Wholly Foreign-Owned Enterprises, and become one of the basic laws of China.

The Foreign Investment Law clearly stipulates that the state implements the pre-entry national treatment system and negative list management system with regard to foreign investments, and cancels the administrative model of case-by-case examination and approval.

The state does not levy tax on investment by foreign investors. Under special circumstances, the state may expropriate foreign investors' investment in accordance with the law provisions as the public interest so demands. The expropriation shall be conducted in the statutory procedure and with timely and reasonable compensation delivery.

Any foreign investor's capital contribution, profits, capital gains, asset disposal revenue, intellectual property license royalties, and compensation or damages awarded according to law may be freely remitted in or out the country in CNY or in foreign currency legitimately.

The state protects the intellectual property rights of foreign investors and foreign-invested enterprises, protects the legitimate rights and interests of intellectual property rights holders and related rights holders, and encourages technical cooperation based on resource-related principles and business rules.

The conditions for technical cooperation in the foreign investment process shall be determined in equal consultation by the parties to the investment in accordance with the principle of fairness, and any administrative agency and their staff shall not use administrative means to force technology transfer.

The local governments at various levels and their relevant departments or agencies shall perform their policy commitments made to foreign investors and foreign-invested enterprises in accordance with the law and all types of contracts concluded under the law.

(Source: www.people.com.cn)

Substantially Increasing Violation Costs and Financially Ruining Counterfeiters

Mao Zhang, Commissioner of the State Market Supervision Administration of China, said at a press briefing held at the Second Session of the 13th National Congress on March 11 that it was necessary to substantially increase the costs of

illegal activities, so that counterfeiters were to be made financially ruined and publicly exposed, and would have nowhere to hide under the sun. At the same time, we must enhance corporate self-discipline, and create a social creditability system. When remarking that "the goal of creating a 'counterfeit-free world' is very difficult to achieve", Mr. Zhang said that counterfeit and shoddy products, seriously detrimental to the public interests and disruptive to the market order, should be checked and rectified. Mentioning that "in the past, there used to be a view that counterfeits are not necessarily shoddy", Mr. Zhang added that this view must be corrected. Counterfeiting is an infringement of the intellectual property rights, and shall be severely cracked down upon.

(Source: Xinhua News Agency)

Finalized Fourth Amendment to Chinese Patent Law Expected within the Year, and Infringement and Violation Costs to Be Substantially Increased

On March 11, 2019, Changyu Shen, Commissioner of China National Intellectual Property Administration, said, at a press briefing held at the Press Center for the Second Session of the 13th National Congress, that since it entered in force, the Chinese Patent Law has been amended three times. The fourth amendment, currently underway, is expected to be finalized within the year.

According to Mr. Shen. the important aspects in this round of amendment to the Patent Law are to enhance the protection of intellectual property rights, improve the punitive damages system for infringement, substantially increase the infringement and violation costs, and make infringers pay heavy prices by holding willful infringers liable for a punitive penalty maximally five times that of the damage. The current amendment to the Patent Law is of great significance to scientific and technological achievements conversion, and invention-creation promotion. It will stimulate inventors, help protect innovation results, and better promote conversion and use of innovation results.

Mr. Shen also mentioned that China had formulated a clear work plan to improve the quality and efficiency of IP examination: within five years starting from last year, the time for trademark examination would be reduced from the past 8 months to less than 4 months, the fastest level among the OECD countries; the time for the invention patent examination would be reduced, on average, by one-third of the time, and the time for examination of the high-valued patents reduced by more than half of the time common at the present in an effort to deliver the current internationally fastest examination. He also added that the CNIPA had been taking a series of measures, and had achieved remarkable results. By the end of last year, the time for trademark examination had been

reduced from 8 months to less than 6 months, and the time for examination of high-valued patents reduced by 10%. Also, the quality of examination had been steadily improved, with public satisfaction constantly heightened.

Speaking of this year's work, Mr. Shen remarked that they would step up their efforts to ensure that the trademark examination time, reduced to six months, would have been further reduced to five months by the end of this year. With the 10% reduction last year, the time for examination of high-valued patents would be further reduced by more than 15% in order to better meet the public needs.

(Source: Xinhua News Agency)

Annual Statistic Data on IP Rights in 2018

China National Intellectual Property Administration released the annual statistic data on intellectual property rights in 2018. The number of Chinese invention patent applications filed was 1.542 million, an increase by 11.6% of that of the year before, with the patents granted reaching 432,000, an increase by 2.9% of those granted the previous year. The number of filed utility model patent applications was 2.072 million, an increase by 22.8% of that of the year before, with the granted patents reaching 1.479 million, an increase by 52.0% of those granted the previous year. The number of design patent applications was 709,000, an increase by 12.7% of that of the year before, with the granted patents reaching 536,000, an increase by 21.1% of those granted the previous year. 55,000 international patent applications were received, an increase by 9.0% of those received the year before, of which 52,000 were from China, an increase by 9.3% of those received the year before. The Patent Reexamination Board (PRB) received 38,000 requests for reexamination, an increase by 11.0% of those received the year before, with 28,000 cases closed, an increase by 55.5% of those closed the year before. The PRB received 5,000 cases of invalidation requests, an increase by 14.7% of those received the year before, with 4,000 cases closed, an increase by 0.02% of those closed the year before.

The number of trademark registration applications in China was 7.371 million, an increase by 28.2% of that of the year before; the number of registered trademark was 5.07 million, an increase by 79.3% of that of the year before. 6,903 Madrid international trademarks applications were received, an increase by 3.9% of those received the year before. The Trademark Review and Adjudication Board (TRAB) received a total of 322,000 cases of applications for trademark review and adjudication, an increase by 53.0% of those received the year before, with 265,000 cases closed, an increase by 52.6% of those closed the year before.

12 applications for protection of products of geographical indications (including two foreign

applications) were received, and 67 geographical indication products approved; 961 trademarks of geographical indication were registered, and 223 enterprises approved for use of geographical indications on their products.

4,431 applications for registration of layout designs of integrated circuits were filed, an increase by 37.3% of those filed the year before, with 3,815 granted, an increase by 42.9% of those granted in the previous year.

The number of Chinese invention patent applications filed by foreign applicants in 2018 reached 148,000, an increase by 9.1% of that of the previous year. The number of Chinese trademark applications filed by foreign applicants in 2018 was 244,000, an increase by 16.5% of that of the year before.

(Source: IP Statistic Newsletter, Issue 1 of 2019)

IP Tribunals' Jurisdiction Determined

The Supreme Court's Provisions on Several Issues Relating to Intellectual Property Tribunal (IPT), as effective on January 1, 2019, have set forth the provisions relating to the IPT's jurisdiction over IP-related cases.

The IPT has the jurisdiction mainly over nationwide second-instance civil and administrative intellectual property rights cases of relatively high technical nature, such as cases involving patents, and, as well, over first-instance cases and cases involving adjudication supervision procedures, with the specific scope of the jurisdiction going as the following:

First, cases of appeal brought out of dissatisfaction with the judgments and rulings made in the first-instance civil cases involving design patents should not be heard by the IPT, and a relevant first-instance judgment made by an intellectual property court (IPC) or an intermediate people's court should still be appealed to the higher people's court of the region where the respective IPC or the intermediate people's court is located mainly out of the considerations that a design is not a technical solution, and less technical than an invention or a utility model patent; the lines of reasoning and standards relevant to finding infringement of the former are also significantly different from those of the latter; and letting the higher people's courts have the main jurisdiction over second-instance civil cases is conducive to maintaining the stability of their team of judges and the continuity of the adjudication.

Second, cases of appeal instituted out of dissatisfaction with the judgments and rulings made in the first-instance administrative cases involving design patents are heard by the IPT mainly out of the considerations that the second-instance administrative cases involving the design patent include administrative cases involving grant and determination or confirmation of the patent rights, and those involving administrative penalties; of these cases, the former are the premise and

basis on which civil infringement cases are heard and decided; bringing these cases under the jurisdiction of the IPT is in line with the central attribute of, and the overall significance in, the entire jurisdiction in relation to IP-related cases; and for the IPT to hear administrative cases involving administrative penalties is conducive to further bringing the leading role of the judicial protection of the intellectual property rights into full play and to promoting administration consistent with the law.

Third, the IPT does not accept criminal cases mainly out of the considerations that the first-instance criminal cases involving intellectual property rights are accepted by the grass-roots courts; the related second-instance cases are heard by the intermediate courts; and the relevant cases involving applications for retrial and cases of retrial are heard by the higher courts. According to the statistics, only less than 10 such cases are heard annually by a higher court, so it is not necessary to have such cases heard by the IPT.

Fourth, the Higher Courts still have the right, under the law, to hear the first-instance invention and utility model patent civil cases involving subject matter of large amounts of money or having major significant influence in their respective jurisdiction, and the major, complicated first-instance administrative cases involving patents in their respective jurisdiction.

Fifth, the grassroots courts will no longer accept the first-instance civil and administrative cases involving patents, technical secrets, computer software, and monopoly. Under the provisions of the relevant judicial interpretations, the grassroots courts can accept cases of the kind upon approval, but cannot accept the first-instance civil and administrative cases involving new varieties of plants and layout designs of integrated circuits. Accordingly, Article 14 of the Provisions on Several Issues Relating to Intellectual Property Tribunal stipulates that the grass-roots courts that have been approved to accept the first-instance civil and administrative cases involving patents, technical secrets, computer software, and monopoly will no longer accept such relevant cases, which are under the jurisdiction of the intellectual property courts or the intermediate courts having the jurisdiction over patent cases.

The Intellectual Property Tribunal had officially commenced its operation on January 1, 2019, and the Provisions on Several Issues Relating to Intellectual Property Tribunal have been in force since that day. With the IPT in operation, the relevant regulations and provisions will be further enriched and improved. before.

(Source: People's Judiciary, Issue 7 of 2019)

Revised Patent Attorneys Regulations Took Effect

It has been 28 years since the promulgation and implementation of the Patent Attorneys Regulations (hereinafter “the Regulations”). The

revised Regulations, effective as of March 1 this year, have simplified the examination and approval of patent agencies, added the provisions relating to information disclosure by patent agencies with a view to regulating the conduct of the patent agencies and patent attorneys, enhancing supervision and industry self-discipline, and securing healthy and robust development of the patent agency industry.

By the end of 2018, there had been 42,581 qualified patent attorneys in China, of which 18,668 are practicing patent attorneys; 2,195 patent agencies, with more and more agencies capable of providing foreign-related services, and other services, such as pre-patent alert, analysis, licensing, pledging, patent-involved litigation, and mediation; and more than 1,000 agencies offering services of Patent Cooperation Treaty filings.

(Source: China Intellectual Property News)

5,000 Suspected IPR Infringers Arrested in 2018

The Supreme Procuratorate's Procuratoratorial Committee revealed that in 2018, the procuratorial organs nationwide had approved arrest of more than 5,000 people involved in criminal cases of intellectual property right infringement, instituted more than 8,000 cases of public prosecution, supervised 10 major trademark infringement cases, and supervised 22 cases in cooperation with other central government agencies.

It is revealed that since 2018, the nationwide procuratorial organs have been earnestly performing their duties and functions, achieving positive results in cracking down on IPR infringement crimes, strengthening supervision over transfer of suspected criminal cases by administrative law enforcement agencies to the court, and enhancing supervision over the public security organs filing criminal cases.

According to reports, the procuratorial organs have supervised the case filing under the law; supervised the transfer of more than 300 suspected IPR infringement cases by the administrative law enforcement agencies to the court; and supervised the public security organs to file nearly 200 cases of IPR infringement, thus having effectively solved the problems of failure to file the cases that should be filed, of failure to transfer the cases that should be transferred, and of imposing fines when other penalties should be delivered.

When talking about the work to be arranged for this year, the relevant person in charge said that in 2019, they would actively participate in regulating and standardizing the market order, enhance the criminal judicial protection of the intellectual property rights, work proactively to serve the construction under the Belt and Road Initiative and the coordinated regional development in an effort to create a law-governed environment for development.

(Source: Xinhua News Agency)

Judge Gravel Struck First Time Ever at SPC Intellectual Property Tribunal

Since its commencement on January 1, 2019, the Intellectual Property Tribunal (IPT) of the Supreme Court (SPC) opened its first court session on March 27, with the judge hammer sounding for the first time ever, and the whole event was covered live by the China Central Television (CCTV).

Starting from 9 a.m. March 27, the IPT's first tribunal was called in session to hear the appellant case of dispute arising from an infringement of the right in the patent relating to an automobile windshield wipers connector involving the appellants, Xiamen Lucas Auto Parts Co., Ltd. and Xiamen Fuke Auto Parts Co., Ltd., and the appellees, Valeo Cleaning System Company and Chen Shaoqian, defendant in the original trial

The presiding judge is Mr. Dongchuan Luo, Vice President of the Supreme Court, President of the Intellectual Property Tribunal, and justice of second rank.

The Intellectual Property Tribunal, a permanent judicial establishment dispatched by the Supreme Court and based in Beijing, mainly hears nationwide appellant civil and administrative patent-related cases involving subject matter of relatively high technical character with an aim to further harmonize the standards for the adjudication of all IP-related cases, equally protect the lawful rights and interests of all market players in accordance with the law, enhance the judicial protection of intellectual property rights, optimize the law-governed environment for scientific and technological innovation, and accelerate the implementation of the innovation-driven development strategies.

(Source: Xinhua News Agency)

Highlights and Explanations of 2019 Draft Amendment to Patent Law

Ms. Susan Yan ZHAO, Patent Attorney, Panawell & Partners

On December 5, 2018, the State Council passed, at its executive meeting, the Draft of the Fourth Amendment to the Patent Law. After the deliberation by the Standing Committee of the 13th National Congress, the Draft was released for public comments on its website www.npc.gov.cn on January 4, 2019. The present Draft involves a total of 33 Articles with substantive amendments; and addition of a new Chapter on "Exploitation and Application of Patents", of which 18 Articles have been amended, 14 added, 1 deleted, and 4 adaptively and verbally modified or adjusted. The main contents of this Amendment to the Patent Law are briefly presented and analyzed below.

I. Increasing Damages for Infringement: Introducing Five-Time Punitive Damages for Willful Infringements and Increasing Amount of Damages Awarded at Courts' Discretion

Article 72 of the Draft stipulates that for any willful infringement with severe circumstances, an amount of damages of one to five times of the determined amount of the losses the rightsholder has suffered, the profits the infringer has earned, or the appropriate multiple of the amount of the licensing fee of that patent may be imposed, with the awardable damages having increased from RMB 10,000 to RMB 1,000,000 under the current Patent Law to RMB 100,000 to RMB 5,000,000.

The Draft has significantly increased the amount of damages for infringement in response to the tendency to further enhance the intellectual property protection in China. The punitive damages up to five times exceed the mainstream international practice of three-fold damages of the kind, which fully demonstrates China's resolve to enhance the intellectual property protection.

II. Making It Less Difficult for Rightsholders to Claim Damages: Improve Burden of Proof and Addressing Difficulty in Determining Amount of Damages

In respect of enhancing protection of the legitimate rights and interests of patentees, to Article 72 of the Draft have been added the provisions that in order to determine the amount of damages, where the rightsholders tried their best to provide evidence, but the accounting books and other materials related to the infringement are mainly controlled by the infringer, the court may order the infringer to provide such accounting books and materials relevant to the infringement; if the infringer fails to provide such evidence or if false accounting books or other false information is provided, the court may determine the amount of damages with reference to the claim made and the evidence provided by the rightsholder.

With the patent right as an intangible property right, infringement evidence, highly invisible, is very difficult to collect as relevant infringement evidence is often in the hands of the infringer. Article 72 of the Draft stipulates that government

on the legal liabilities of network service providers, including, among other things, the corresponding liability for infringement of intellectual property agencies should play the role of inter-and-post-event supervision, and, at the request of the rightsholder, actively collect evidence to ensure the delivery of the fairness, impartiality, objectivity, and comprehensiveness principles.

III. Adjusting Patent Administrative Enforcement Rules: Fine-Tuning Existing Administrative Enforcement Procedures

To Article 70 of the Draft have been added the provisions that the patent administration department under the State Council may, at the request of a patentee or an interested party, handle a patent infringement dispute of major influence throughout the country; and that the administrative authority for patent affairs of the local government, at the request of a patentee or an interested party to hear a patent infringement dispute, may combine several cases in its administrative region or jurisdiction where the same patent right is infringed. Where a patent is infringed across different regions, one may request for the infringement to be handled by the administrative authority for patent affairs of a higher-level government.

This provision, giving the national patent administrative department the jurisdiction to deal with patent infringement disputes, is also in line with the efficiency and convenience principles the hitherto non-existent administration delivered by the administrative agencies at this level with a view to achieving efficient administration by the administrative agencies, resolving disputed among interested parties in a better and more convenient manner, and promoting the harmonious development of intellectual property rights.

IV. Clearly Providing for Network Service Providers' Joint Infringement Liability: Rightsholders' Infringement Notice Shall Be Based on Effective Judicial or Administrative Documents to Hold Network Service Providers Jointly and Severally Liable

To Article 71 of the Draft have been added the provisions that a patentee or an interested party may notify a network service provider to remove, shield or block or disconnect links to infringing products, or take other necessary measures according to a judgment, ruling, mediation decision issued by the court, or an injunction decision issued by the administrative authority for patent affairs. If the network service provider fails to take necessary measures in time after receipt of the notification, it should be held jointly and severally liable.

Along with the development of e-commerce in China, there have been more and more infringements occurred in the e-commerce market

in recent years. Although the Article 36 of the Tort Liability Law has set forth the provisions on the legal liabilities of network service providers, including, among other things, the corresponding liability for infringement of intellectual property rights, it is not specific and detailed enough in relation to patent infringement. In this regard, the Draft, with more clear law provisions added, clarifies the rights and obligations of e-commerce platforms, rightsholders, and business operators on e-commerce platforms in an effort to promote the development of e-commerce more quickly and healthily, and to effectively curb infringements on the Internet.

V. Establishing Open Licensing System: Patentees Declare Their Open Licenses in Writing, and Licensees Obtain License via Written Notification and Payment of Royalties

To Articles 50-52 of the Draft have been added the new supplementary provisions that it is required for a patentee to declare, in writing, to the patent administration department under the State Council to deliver an open license, and specify the payment methods and rates of the license fee or royalties, and the open license is effective upon publication thereof by the patent administration department under the State Council. The patentee may withdraw his or its open license, nevertheless, such withdrawal does not affect the effectiveness of the open license granted earlier. Any entity or individual may obtain an open license by way of notifying the patentee in writing, and paying the license fee or royalties in accordance with the published license fee payment method and rates. Within the time of an open license, the patentee should not grant an exclusive or solely exclusive patent license.

The proposed introduction of the open license system in the Draft is one of the biggest highlights of the ongoing amendment. Specifically, it is made possible to intensify use and protection of the patents through autonomy of will, patentees' participation, and involvement of the third-party administrative agencies. The widespread promotion of the open licensing system will be of great help in promoting the monetization of intellectual property rights and in increasing the market value of intellectual property rights.

VI. Defining Boundary between Inventors and Patentees of Service Inventions: Patentees Are entitled to Dispose of Their Rights, and Patentees and Inventors Are Encouraged to Reasonably Share Benefits from Innovations

With the aim to address the low patent conversion rate and the asymmetry of the patent supply and demand information, the Draft clearly provides for the entities' right to dispose of service inventions. To the Article 6 of the Draft have been added the

provisions that an entity is entitled to dispose, under the law, of the right to apply for a patent for, and the patent right in, a service invention-creation, implement property rights incentives in the form of equity, options, dividends, and the like allowing inventors or designers to reasonably share benefits brought by innovation, and promoting exploitation and application of the relevant inventions-creations.

This Provision clearly sets forth the entities' right to dispose of service inventions, which shows that China attaches great importance to the protection of innovation entities or subjects. In addition, to protect the enthusiasm and legitimate rights and interests of inventors and designers, further mobilize the enthusiasm of the inventors, and promote the exploitation and application of invention patents, a legal guarantee system has been put in place with a view to effectively stimulating China's innovative capability of making proprietary invention patents.

VII. Extending Term of Some Patents: Term of Design Patent Is Extended to Fifteen Years, and Innovative Drug Invention Patents Extended up to Additional Five Years

With the aim to accommodate the need for China's accession to the Hague Agreement on the Protection of Designs, Article 43 of the Draft extends the term of the design patent from ten years under the current Patent Law to fifteen years. Article 31 of the Draft sets forth relatively low requirements on the time limit for patent applicants to submit copies of the first-filed patent application documents. And Article 30 of the Draft creates the domestic priority system in relation to the design patent applications wherein an applicant who files an application for a patent relating to the same subject matter within six months from the date of filing the first domestic patent application may enjoy the priority right.

Besides, to Article 42 of the Draft have also been added the provisions that in order to compensate for the time taken for review and approval for marketing an innovative drug, the State Council may decide to extend the term of the patent for the invention relating to the innovative drug that is simultaneously applied for marketing in China and abroad. The extended term should not exceed five years, and the total term of the patent right in the innovative drug after being put into market should not exceed fourteen years.

Regarding the extension of the term of design patent, on the one hand, compared with major countries and regions issuing the design patent, the current term of a design in China is relatively the shortest, as it is fifteen or twenty-five years in other countries. On the other hand, some products incorporating high-level designs have a relatively longer life cycle; and some other classic designs need to have a longer term of protection to enable the public to retain the image of the product for a

longer period of time, which helps the brand, its image and design continue. To this end, the term has been adjusted in response to the needs of the public.

The direct reason for the extension of the term of innovative drugs is to compensate for the time taken for the review and approval for the same to be marketed. The condition for a drug invention patent to be granted the extended term is that the relevant innovative drug has been "simultaneously applied for marketing in China and abroad". The compensatory extension of the term of patents for innovative drugs is likely to attract more innovative drug patentees to apply for marketing their innovative drugs in China, which is obviously beneficial to improve the people's health in China.

Author: Ms. Susan Yan ZHAO, Patent Attorney

Ms. Zhao received her degree of Bachelor of Science in chemistry department from Hebei Normal University, and received her degree of Master of Science in physical chemistry from Xiamen University. After graduation, she had worked as a Patent Engineer for two years before joining Panawell in 2009. Ms. Zhao specializes in patent application drafting, prosecution, reexamination and invalidation procedures in the fields of chemistry, medical science and biology.

How to Calculate Patent Infringement Compensation and Statute of Limitations

According to Article 68 of current Patent Law, the statute of limitations for infringement of patent is two years, counting from the date on which the patentee or interested party knows or should have known the infringement. For the use of the invention without payment of appropriate royalty, after the publication of the invention patent application and before the grant of the patent, the patentee shall require the payment of such fees within the statute of limitations of two years, counting from the date when the patentee knows or should have known such use. However, if such use is known or should have been known by the patentee before the date of grant of the patent, such statute of limitations should be counted from the date of grant of the patent. At the same time, under the provisions of Article 23 of the Supreme Court's Several Issues Concerning the Application of Laws in the Trial of Patent Dispute Cases (2015 Amendment), if the right holder prosecutes after the two-year limitations, and the infringement continues at the time of prosecution, the court shall decide the defendant to stop the infringement during the validity period of the patent, and the amount of the damages shall be calculated within two years before the prosecution.

It can be seen from the above-mentioned laws and judicial interpretations that in patent infringement cases, the amount of damages that the right holder may claim is closely related to whether the lawsuit is filed within the statute of limitations. Below, we will discuss the scope of the infringement damages the right holder may claim in various situations. In view of the fact that the Patent Law (Amendment Draft), which was openly solicited for comment from January 4, 2019 to February 3, 2019, amended the statute of limitations to "three years", the discussion herein will be on the three-year basis.

I. Where the right holder files a lawsuit within the limitation period, regardless of whether the infringement involved in the case is still ongoing, then for an invention patent, the right holder may claim the appropriate royalty of invention from the publication of the invention patent application to the grant of the invention patent and the damages caused by all the infringement activities during the term of protection after the grant; for an utility model or design patent, the right holder may claim damages caused to the right holder by all the infringement activities during the term of protection after the patent is granted.

II. Where the right holder files a lawsuit after the statute of limitations, if the infringement has ceased at the filing of lawsuit, then for invention patent, the right holder shall not be able to obtain the court's support for the appropriate royalty of the invention from the publication of application to the grant of patent, as well as the claim for compensation for the infringement activities; for utility model or design patent, the claim for infringement will not be supported by the court.

If the infringement continues at the filing of lawsuit,

Then for invention patent, the right holder's claim for the use of the invention from publication to grant of the patent will not be supported by the court, and the damages claimed against the infringement after grant can only be supported for the loss caused to the right holder by the infringement during the three-year period backwards from the date of filing the lawsuit; for utility model or design patent, the damages claimed against the infringement after grant of the patent can only be supported for the loss caused to the right holder by the infringement during the three-year period before the filing of lawsuit.

III. Provided that an applicant files an invention patent application and a utility model patent application on the same day for the same subject matter, the UM patent may be abandoned (at the time the invention patent is to be granted) to avoid double patenting, the situation will be made more complicated by the fact that the patent right over the subject matter has once been abandoned while the infringement of an alleged infringer is often a continuous act.

1. Where the right holder files an infringement lawsuit based on a UM patent during the statute limitation period, a) given that the invention application is still pending and the infringement does not last until the date of grant of the invention patent, the right holder may only claim, based on the UM patent, the damages for the loss caused by all infringements during the term of protection after grant of the UM patent.

b) Given that the invention patent is still pending at the filing of lawsuit, but the infringement continues when the invention patent is granted, then since the UM patent shall be terminated due to the waiver after the invention patent is granted, and the right holder may initiate another patent infringement lawsuit based on the invention patent, and claim for the appropriate royalty from publication of the invention application to grant of the invention patent, and damages for the loss caused to the right holder by all the infringement activities during the term of protection after the grant of invention patent. However, it should be noticed that the patent infringement lawsuit filed on the basis of the invention patent is based on another right, so there is still an issue of calculating the statute of limitations, and at this time the case is still against the continuous infringement of the same accused infringer. Therefore, it is believed that the infringement after grant of the invention patent at this time should be determined that the right holder has already learned the infringement when the invention patent is granted, that is, the statute litigation of the case should be calculated from the grant of the invention patent.

c) Given that the invention patent is granted at the filing of lawsuit, the right holder may choose to file a patent infringement lawsuit based on the invention patent at the same time. By doing so, both lawsuits will be filed within the statute of limitations. Therefore, the right holder may simultaneously claim the damages for the loss caused to the right holder by all the infringements in the post-grant protection

period of the UM patent, and the appropriate royalty of the invention from publication of invention application to grant of invention patent, and the damages for the loss caused to the right holder by the infringement activities after the grant of the invention patent.

2. Where the time exceeds the statute limitations for the infringement lawsuit based on the UM patent and the count of the statute limitations starts before the invention patent is granted, a) given that the infringement involved has ceased at the filing of lawsuit: (i) assuming the infringement has been ceased at the grant of invention patent, the right holder cannot obtain the court's support for the infringement claim based on the UM patent, but if it is still within 3 years from grant of the invention patent and the infringement continues after publication of the invention application, the right holder may still file a lawsuit based on the invention patent to claim the appropriate royalty from publication of the application to grant of the patent.

(ii) Assuming the infringement continues at the grant of the invention patent, if it is still within the 3 years from the date of grant, the right holder may file a lawsuit based on the invention patent and claim appropriate royalty from publication of the application to grant of the patent, and the damages for the loss caused to the right holder by all the infringement activities during the term of protection after the invention patent is granted . If the three-year term from the date of has passed, the claim for appropriate royalty from the publication of the invention application to the grant of the invention patent, as well as the compensation claims for the infringement based on the utility model patent and invention patent will not be supported by the court.

b) Given that the infringement is still ongoing at the filing of lawsuit: (i) assuming it is still within 3 years from the date of the grant of the invention patent, the right holder may choose to file a lawsuit based on the invention patent and claim the appropriate royalty for the use of the invention from publication of the invention application to grant of the patent, and the damages for the loss caused to the right holder by all the infringement activities during the term of protection after the invention patent is granted.

(ii) Assuming the 3-year term from the grant of the invention patent has expired, the right holder may only claim the damages for the loss caused to the right holder by the infringement of the invention patent calculated within the 3 years before the date of prosecution.

3. Where the time exceeds the statute limitations for the infringement lawsuit based on the UM patent and the count of the statute limitations starts from or after the invention patent is granted, a) given that the infringement involved has ceased at the time of the prosecution, the claim for appropriate royalty for the use of the invention as well as the claims for compensation for infringement will not be supported by the court.

b) Given that the infringement involved is still

ongoing at the filing of lawsuit, the right holder may only claim the damages for the loss caused to the right holder by the infringement of the invention patent calculated within 3 years before the date of prosecution.

How to Record and Change Inventor Info for Chinese Patent Applications

At the filing of a Chinese patent application, inventors' names and citizenship of the first inventor shall be recorded on the Request Form. If the citizenship of first inventor is China mainland, his citizenship identification card number shall be also recorded. As for a Chinese inventor who has resided abroad for such long time that his ID card already lapsed, his passport number can be recorded instead of the ID number, with a scanned copy of his valid passport to be submitted to CNIPA.

The names of inventors of Chinese patent applications shall be recorded in Chinese characters as follows:

- Where the citizenship of inventor is China mainland, his actual Chinese name, i.e. the name shown on his ID card or passport, shall be recorded. In respect of Chinese national phase applications, if an inventor is a Chinese citizen, especially if he is recorded as also an applicant for any designated state with the citizenship marked as "CN" on the international publication document, his Chinese name shall be recorded at the filing of Chinese application, and his English name on the international publication should have been expressed in the way of Chinese pinyin. In case the inventor's name on the international publication is not expressed as pinyin (e.g. as "LI, David"), a request shall be made to correct the inventor's English name to pinyin (e.g. to "LI, Dawei") either before the CNIPA after entry into Chinese national phase (together with a declaration signed by the inventor), or preferably before the International Bureau within the 30-month entry deadline.

- Where the citizenship of inventor is other than China mainland, his family name shall be translated to Chinese characters by pronunciation, while his given name can be either translated to Chinese characters by pronunciation, or recorded as acronym. Moreover, if the inventor is a citizen of a country/region having tradition of using characters, such as Japan, Korea, Hong Kong, Macao and Taiwan, the inventor's name shall be preferably recorded in corresponding characters.

If an inventor's name is recorded incorrectly at the filing of Chinese application, a request for correcting his name can be made, together with a declaration signed by this inventor and a copy of his identification document like passport.

However, in respect of the request to add or remove an inventor, the examination practice of CNIPA has changed since this year: in addition to the declarations respectively signed by the applicant, actual and wrongly recorded inventors as before, the requestor shall also submit the following:

(1) the evidence that all inventors after change have made creative contributions to the substantive features of the patent application,

(2) a copy of identification documents of all inventors, and

(3) written commitment that "the inventors confirmed in the request are all persons who make creative contributions to the substantive features of said invention-creation, the documents accompanied with this request are true and legitimate in accordance with the related laws and rules in China; in case any inconsistency occurs, the requester would be responsible for all legal liabilities, and for any consequence involved".

At present, CNIPA's examination on request for add or remove any inventor is very strict, and typically such change of inventors will be allowed only once in respect of one patent application.

Ms. Dan Jin Joined Panawell and Become Its Partner

Ms. Dan Jin joined the Panawell at the end of 2018, and has become a partner of the Firm since then.

Ms. Jin was graduated, with a bachelor's degree, from the Department of Electrical Engineering of Tsinghua University in 1996, and from the School of Electronic Engineering of Inha University, Korea with a master's degree in communications in 2001.

Ms. Jin worked on software development for the Beijing Lenovo System Integration Co., Ltd. from 1996 to 1999. From 2001 to 2005, she worked as a system engineer for a Japanese firm, Cybercom Co., Ltd. From 2005 to 2008, she worked for an international patent firm in Tokyo, engaged in drafting patent applications. From 2008 to 2015, she worked for an intellectual property agency in Beijing as its Japanese Department manager, and served as its representative in Tokyo. In 2015, she established the Japan Jinlian Licensing Business Co., Ltd. Ms. Jin has nearly 15 years of experience in domestic and foreign patent business in the field of electrical engineering, and special expertise in patent prosecution in such fields as communication, network technology, computer technology, digital and multimedia technology, and automatic control. She is proficient in Korean, Chinese, Japanese, and English. As she has been working and living in Japan for many years, she is very familiar with the Japanese culture and work style, and capable of effectively communicating with Japanese clients, and accurately understanding and accommodating the clients' needs and demands.

Mr. Feng Xu Promoted Panawell Partner

Upon recommendation by Panawell's managerial committee, Mr. Feng Xu reported his work in February 2019, and all partners, after reviewing and evaluating his performance, unanimously approved his partnership. From March 1, Mr. Xu has been a partner of the Firm.

Mr. Xu, graduated from Huazhong University of Science and Technology with bachelor's degree in engineering in 2006 and master's degree in mechanics engineering in 2008, worked as an examiner of CNIPA from 2008 to 2015, and as a patent attorney and lawyer in Beijing Shuhua Law Firm from 2015 to 2017. He joined Panawell in 2017.

Back Cover: Exterior of office block where Panawell locates

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