NEWSLETTER

2017.12

QUARTERLY

PANAWELL & PARTNERS LLC

Wishing you peace, joy and happiness through Christmas and the coming year.

Panawell & Partners LLC

MERRY CHRISTMAS

HAPPY NEW YEAR

Chinese Public Holiday in 2018

1. **New Year's Day, Dec. 30, 2017 to Jan. 1, 2018**
2. **Spring Festival, Feb. 15 to 21, 2018**
3. **Tomb-Sweeping Day, Apr. 5 to 7, 2018**
4. **Labor Day, Apr. 29 to May 1, 2018**
5. **Dragon Boat Festival, Jun. 16 to 18, 2018**
6. **Mid-Autumn Festival, Sept. 22 to 24, 2018**
7. **National Day, Oct. 1 to 7, 2018**

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Panawell & Partners, LLC (Panawell), founded in 2003, is an IP boutique firm licensed by the State Intellectual Property Office (SIPO) and the State Administration for Industry and Commerce (SAIC) of the PRC to provide both domestic and overseas clients with full spectrum of services in all fields of intellectual property rights (IPR).

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Opinions on Deepening Reform of Examination, Evaluation and Approval System to Encourage Pharmaceutical and Medical Device Innovation Issued

On October 8, 2017, the General Office of the Central Committee of Communist Party of China and the General Office of State Council jointly issued the Opinions on Deepening Reform of Examination, Evaluation and Approval System to Encourage Pharmaceutical and Medical Device Innovation, and released their notice on implementation thereof, requiring all areas and all sectors to seriously implement the Opinions in such a way that their respective practical situations are considered.

Following are the major points of the Opinions:

(i) Accepting overseas clinical test data. Clinical test data, made available in multiple centers overseas and complying with the relevant pharmaceutical and medical instrument registration requirements, may be filed in applications for the purposes. Regarding pharmaceuticals or medical instruments in respect of which applications are filed for the first time in China to put them on the market, the registration applicants shall make it clear whether there is any clinical test data showing racial differences.

(ii) Creating a system for prior examination, evaluation and approval on pharmaceutical patents of compulsory license. Where public health is seriously at stake, applications for registration of compulsorily licensed pharmaceuticals shall be given priority for the examination, evaluation and approval thereof.

(iii) Exploring ways to create a system linking examination, evaluation and approval of pharmaceuticals and pharmaceutical patenting to protect the lawful rights and interests of patentees, reduce pharmaceutical patents infringement risks, and encourage development of generic drugs. Filing applications, pharmaceutical registration applicants shall explicate the related patents and their proprietorship, and inform the related pharmaceutical patentees within the prescribed time limit. In the event of patent right disputes, the interested parties may institute proceedings in the court, and the technical examination or evaluation of the related pharmaceuticals shall not be suspended during the court proceedings.

(iv) Carrying on pilot projects in connection with the patent term compensation system. Some new pharmaceuticals are to be selected for the pilot projects, and proper compensation for reduced patent term will be given to them for the time delayed or lost due to clinic tests and examination, evaluation and/or approval thereof.

(v) Improving and implementing the system for pharmaceutical test data protection. While filing applications, pharmaceutical registration applicants may apply for protection of their test data. The term of data protection is calculated from the date on which the pharmaceuticals are approved to be made available in the market. During the term of protection, approval shall not be

given to any applications filed by any other applicants for putting the same pharmaceuticals on the market unless the applicants have obtained the data themselves or have been given consent by the applicants approved for putting the related pharmaceuticals on the market.

These Reform Opinions, another programmatic document on the reform of the system for examination, evaluation and approval of pharmaceuticals and medical devices following the Opinions of the State Council on the System for Examination, Evaluation and Approval of Pharmaceuticals and Medical Devices issued in August 2015, is of landmark significance to innovation and development of the pharmaceutical industry.

(Source: Xinhua News Agency)

New Unfair Competition Law to Enter into Force

On November 4, 2017, the Standing Committee of National Congress voted to have passed the amended Unfair Competition Law, which is to enter into force on January 1, 2018. In response to the emerging new situations and new issues in market competition, the new Unfair Competition Law has set forth further explicit rules to regulate activities of unfair competitions, with clearer, more specific and more applicable pertinent provisions spelt out, and with foresight of issues likely to emerge in the future. The new Unfair Competition Law will meet the needs of practical development, be conducive to encouraging and protecting fair competition, and protect the lawful rights and interests of business owners and consumers. To the Unfair Competition Law, the main amendments have been made as to the following: defining unfair competition activities, adding provisions on the roles of industrial organizations to prevent and cease them, setting forth provisions prohibiting unfair competition activities to confuse sources of goods, defining objects of commercial bribery, and amplifying and improving provisions on curbing false publicity and advertising in e-commerce, to mention just a few.

(Source: official website of SAIC)

Common PPH Request Form Adopted by 19 Offices

To facilitate applicants to submit PPH request to the Offices, the SIPO has proposed, and finished, together with all the other Offices pursuing PPH, the "Common PPH Request Form" project. Based on this project, the Offices have jointly designed one unified template for PPH request form for their reference. As of June 30, 2017, the form template had been adopted by the 19 intellectual property offices of China, EP, Sweden, Finland, Austria, Israel, Hungary, Spain, Portugal, Norway, Australia, the United States of America, Canada, Denmark, the United Kingdom, the Republic of Korea, Japan and Egypt. Up to now, the PPH request forms submitted to the above-mentioned countries or regions' related Offices share similar patterns and table items despite different languages. Thus, it has become more convenient for applicants to fill

in the form and prepare materials.

(Source: official website of SIPO)

Trademark Office to Streamline Examination Procedure to Improve Efficiency

The Chinese Trademark Office will further deepen its reform to make trademark registration more convenient, amplify the system and mechanism of trademark examination, and comprehensively improve the quality and efficiency of trademark examination, effectively respond to the rapid increase of trademark applications, and further shorten the time cycle for trademark examination. By the end of 2017, the time for the Trademark Office to notify trademark application acceptance will have been shortened from three months to two months, and that for trademark registration examination from nine months to eight months. Based on this, the Trademark Office will achieve the following goals by the end of 2018: the time for the Trademark Office to notify trademark application acceptance will have been shortened from two months to one months, and that for trademark examination from eight months to six months; the time for trademark assignment examination from six months to four months, and the time for trademark change and renewal examination from three months to two months, and the time from trademark filing to publication from three months to two months.

(Source: official website of Trademark Office)

Several Present Legal Issues Requiring Attention in Trial of IP Cases

In April 2017, the Beijing Higher Court's Intellectual Property Tribunal had developed some specific opinions to cope with some common issues in the trial of IP cases on the basis of its in-depth research.

The opinions on technical cases are as follows:

1. Issue of acceptability of time stamp on data e-files

Time stamp, electronic proof issued by time stamp services or agencies to certify or prove that a data electronic file (e-file) has been generated at a particular point of time, is a kind of electronic data evidence. It is necessary to fully realize the high demand for electronic evidence (e-evidence) in the era of internet, and to accept the basic fact that e-evidence is now gradually, widely used in our social life and judicial practice. For this reason, we should clearly see the trend of development of e-evidence in our social development, and seriously study the outstanding issues in our examination of e-evidence. Under the relevant provisions of the Civil Procedure Law, all materials that prove facts of a case may be used as evidence, and all e-evidence, including time stamp, should be treated in line with the non-discriminatory doctrine. Unless there is evidence shows that administrative permission is required for time-stamp operation or issuing business, it is improper to disqualify e-evidence, such as time stamp, for use as evidence. The evidential force of time stamp on date e-file

should be comprehensively determined according to the qualification and credibility the agency issuing the time stamp has, the manner in which the time stamp is generated, how dependable the time stamp is in terms of monitored issuing time and time keeping thereof, and what is the rate of fees charged by the issuing agency. Where time stamps issued by an issuing agency are monitored, in terms of time issuing and keeping, by the State Time Issuing Center of the China Academy of Sciences, a state statutorily authorized agency, they are generally accepted as evidence according to the evidence probability standard of the civil procedure in the absence of evidence to the contrary or reasonable opposition ground.

2. Issue of Jurisdiction over Cases Involving Computer Software Contracts

In the judicial practice, some courts believe that jurisdiction should be determined according to the substantial dispute over a case involving computer software contract. If the substantial dispute is over a technical issue, the case is under the jurisdiction of the Beijing IP Court; if it is over an issue of monetary award, it is a common contract-involved case, and the jurisdiction is to be determined according to the amount of disputed subject matter.

Statistically, in the two years of 2015 and 2016, of all the cases of dispute over computer software contracts, including software development contracts, most of such cases closed at the grassroots courts were closed in way of withdrawal, and a small number of such cases were settled or transferred to other courts. From this, we gather that, under the provision of Article 1 (1) of the Supreme Court's Provisions on Jurisdiction of Beijing, Shanghai and Guangzhou IP Courts, first-instance computer software-related civil cases are under the jurisdiction of the IP courts; jurisdiction over cases of disputes arising from computer software development contracts should be determined according to the involved contracts as a whole, but not according to some specific articles of a disintegrated contract. The view that computer software-related civil cases are defined as involving substantial disputes over computer software is legally baseless, and cases of disputes arising from computer software development contracts are all under the jurisdiction of the IP Courts. Besides, it needs to be highlighted that the computer software refers to processor-operated program code, and is not limited to software operating in traditional computer servers or users' terminals. Software also includes those operating in terminals, such as IPADs and cell or mobile phones.

3. Issue of Claim Construction

Claim construction is one of the basic issues in cases of patent-related disputes, including cases involving patent right grant and determination, and, as well, one of the most outstanding aspects in which views are very often divided between administrative authorities and the court, and between courts at different levels. The reason for this issue to arise is that the related law provisions

are set forth rather in principle, or in ambiguous and fuzzy language. Under Article 59, paragraph one, of the Patent Law, the extent of protection for the patent right for an invention or a utility model is determined according to the content of the claims, and the description and appended drawings may be used to construe or interpret the claims. According to this provision, the description and appended drawings may be used to construe or interpret the claims. However, neither the Patent Law, nor its associated Implementing Regulations, have set forth specific rules for the construction of the claims, and, as a result, what the practice entirely relies on is to follow the same rules summarized from court trials. Worse still, in some cases, different examiners and judges construe technical features and technical terms differently. For this reason, we need to make two points clear. One, in general, specific embodiments shown in the description and appended drawings should not be used to define the technical features in the claims. In particular, lower level or specific concepts in the description should not be used to define the upper-level or generic concept; and the principle of differentiated construction of the claims should be consistently followed, that is, the different claims within the claims of a patent should have their own varied extent of protection. In other words, the extent of protection of an independent claim should be larger than that of a dependent one, and construction thereof should not lead to opposite conclusion. Two, in principle, internal evidence takes the priority, that is, in the presence of sole and definite interpretation of the technical features in the description, the technical features are construed according to the content of the description. Presence of contradictory interpretation of the technical features in the description shows a flawed patent lacking sufficient disclosure in the description. Where an invalidation requester fails to raise this as a ground for invalidation, the court should make its construction based on external evidence according to the regular understanding of a person ordinarily skilled in the art. (To be continued.)

(Source: IP Tribunal of the Beijing Higher Court)

Determination of Internet Evidence from WeChat in Patent Invalidation Cases

Ms. Li XU, Patent Attorney, Panawell & Partners

Abstract: This article will be examining determination of internet evidence stemming or originating from WeChat in case of patent invalidation on the basis of a case study in an attempt to offer a guide and reference in the examination practice and judicial practice.

WeChat, an APP developed by Tencent to provide instant communication service on smart terminals, makes it possible to rapidly communicate, online, voice messages, written messages, video sections and photographs, and provides a public platform, WeChat Moments (or friends circles) and a message-pushing function allowing friends to share contents, and users to share contents they read/encounter within their Moments.

With WeChat deeply penetrating the life of the public, its rich, easy and rapid interactive functions have made it possible for it to become an important channel for the public to communicate (receive and release) information. Internet evidence, with WeChat as its carrier, has been gradually and increasingly used in cases of patent invalidation. However, internet evidence, existing in a form of electronic data (or e-data), is characterized by easy modifiability and difficulty in leaving any trace of modification, and what is difficult and much debated on is how to ascertain or determine the accessibility and truthfulness of such evidence. Following is a study of the case, which reveals how the PRB panel determines the requester's internet evidence stemming from WeChat.

The case involves a design patent (ZL201530188804.4), entitled "bed screen (617#)", with its filing date on June 11, 2015 and date of announcement of the patent grant on November 4, 2015.

The invalidation petitioner submitted evidence 1 and 2, of which evidence 2 is a notarized document. The petitioner argued as to the following: (i) The notary certificate had disclosed the process in which the photographs of the bed screen had been made accessible in the patentee's WeChat Moments, and as the time for them to be made publically accessible is earlier than the filing date of the patent in suit, they might serve as prior art; and (ii) the notary certificate also revealed the article entitled New Arrivals at Nankang Furniture Expo, published by the WeChat public account "Qiandushun Furniture" on May 17, 2015; the article also said the Nankang Furniture Expo was held at the Nankang District Furniture Mall in Ganzhou, Jiangxi Province from May 28 to 30 of the same year; in the patentee's WeChat Moments were disclosed four photographs of the furniture of bed screen, with the attached words "to show our thanks to all our old and new customers for their support and appreciation to this Company at the Expo, this Company has decided to extend the time for discount offered at the Expo to June 6, 2015, and our old and new clients who want to place their order are advised to make the best use of time to

do so"; and as was made known in the message in the public account and WeChat Moments, the bed screen shown therein had already been put on public sale during the Expo.

The panel concluded that a WeChat user might control access to change the way photographs were sent in his Moments, so that he could allow a photograph to be accessible to some or all friends, or to himself only. It is neither possible for the contents of the notary certificate to prove whether the photographs shown in the WeChat Moments were accessible to all its friends, nor possible to determine that other members of the public who were socially related to the user had access to what was released in the Moments. According to the notary certificate, it was impossible to determine that said contents of the WeChat Moments were in a state in which non-specified members of the public could access them whenever they want to; hence, they were not “disclosed” in the meaning of the Patent Law. Tencent is a company of relatively high repute, and its operation of WeChat public accounts standardized, with relatively well-regulated administration of information release. Release is disclosure, and what is released is delectable only, not modifiable by anyone. Therefore, in the absence of evidence to the contrary, the panel confirmed the truthfulness and time of disclosure of what was disclosed by the WeChat public account "Qiandushun Furniture". Nonetheless, as for whether the furniture displayed in the WeChat Moments was put on sale at the Expo, the panel held that a furniture company making a model of furniture participated in an expo did not necessarily mean that the furniture was put on sale at the expo, and the words attached to the pertinent photographs released in the Moments did not clearly mean that said product shown in the photographs was shown at the expo. Without any other supporting evidence, it is impossible to assume, merely based on the words attached to the pertinent photographs released in the Moments, that the furniture shown in the photographs was put on public sale at the Expo, and the panel found it impossible to confirm the circumstance where the furniture shown in WeChat Moments in evidence 2 was put on public sale.

As is shown in the preceding invalidation case, following points usually need to be considered in determining internet evidence stemming from WeChat:

(i) Determination of truthfulness of internet evidence disclosed by WeChat public accounts

First of all, internet evidence, by nature, exists in a form of e-data. As such evidence is easily modifiable, without leaving any trace of it, it is normal to preserve, by notarization, articles released by a WeChat public account.

Second, as one of the large comprehensive internet service providers in China, Tencent is of relatively high renown and repute, with relatively stable and reliable system environment and relatively strict, well-regulated administration

mechanism.

Third, the WeChat public accounts, a functional module Tencent created on the basis of WeChat, allow release of information on the WeChat public platform, and individuals, government agencies and businesses all may acquire, by applying for registration, their WeChat public accounts. The public account administrators usually cannot modify released information, time of release, and recipients of cluster release. The public account subscribers and members of the general public cannot make any forms of modifications, deletion included.

With regards to the internet evidence disclosed by the WeChat public account, the panel comprehensively considered the form of existing internet evidence, Tencent's authoritativeness, qualification, and administration/operation mechanism and the internal administration/operation mechanism of the WeChat public accounts, and finally confirmed the truthfulness of the internet evidence disclosed by the WeChat public account.

(ii) Determination of accessibility of internet evidence disclosed in WeChat Moments and by WeChat public accounts

The accessibility, in the meaning of the Patent Law, means a state of public accessibility, namely, a state in which "something is accessible whenever a member of the public wants to access it", and one in which it is known whenever a member of the public wants to knows about it; it is not a state of how many people actually know about it. When determining the accessibility of internet evidence disclosed in WeChat Moments and by a WeChat public account, the panel had determined whether the internet evidence had been disclosed in the meaning of the Patent Law according to whether the public had access to it.

Specifically, the WeChat Moments is another functional module Tencent created on the basis of WeChat. Related information released by a WeChat user in the Moments is accessible to authorized WeChat friends. That is, his released information is not publically accessible to all WeChat users, so this is not the state in which "something is accessible whenever a member of the public wants to access it"; hence it is determined that the contents in the WeChat Moments was not publicly accessible.

An article on the WeChat public platform is released or distributed by a public account. Anyone who logs on the WeChat public platform and searches for the title of a public account will enter the public account and search and read the messages released before to make the contents publicly accessible; hence, that releasing an article by a WeChat public account constitutes disclosure in the meaning of the Patent Law. Also, the article is disclosed upon release, and the time of release is the time of disclosure thereof.

Following are what can be learned from this invalidation case:

(i) It is possible to determine the truthfulness and accessibility of information officially released by a WeChat public account; and the time of release is the time of disclosure thereof.

(ii) Release of information in WeChat Moments does not constitute disclosure in the meaning of the Patent Law.

(iii) While a business participates in an expo or exhibition with a purpose to advertise, sell, or offer to sell its products, if the association of information released in WeChat Moments with the products on display at the expo is not beyond any doubt, this circumstance render it insufficient to determine that the information released in WeChat Moments is accessible to all members of the public.

(iv) When one collects evidence, efforts should be made to collect internet evidence stemming from WeChat to collect evidence from a wider range of sources.

(v) When advertising their products on WeChat, enterprises should be more aware of IP protection, reasonably arrange for the contents to be released on the WeChat platform, and the time of release in order to stay away from any potential risks.

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Author's Profile :

Ms. Xu graduated from Tongji Medical University in 1996 with a bachelor degree, and after graduation, she stayed in the university as a teacher for 3 years. Ms. Xu graduated from Peking Union Medical College in 2002 with a master degree. From August 2002 to April 2017, Ms. Xu worked in the Beijing Center for Patent Examination and Collaboration of State Intellectual Property Office as a patent examiner of the examination department of medical and biological inventions. From 2010 to April 2017, she served as an adjunct examiner for Patent Reexamination Board. In May 2017, Ms. Xu joined Panawell & Partners.

How to Deal with the Invention and Utility Model Patent Applications Filed for the Same Subject Matter?

If the applicant files both an invention patent application and utility model patent application for the same subject matter with SIPO, the invention application and UM application shall be filed on the same day, and relevant note shall be made on the Request Forms of invention application and UM application to declare that the applicant files both invention and utility model patent applications for the same subject matter on the same day.

In this situation, the UM application will be typically granted patent right in about 6 to 10 months, and the applicant can obtain UM patent right first. Afterwards, when the invention patent application is to be allowed, if the Examiner deems the claims to be allowed have the same protection scope with the granted UM claims substantively, the Examiner will require the applicant to declare abandonment of the UM patent so as to grant invention patent right.

It shall be noted that such declaration of abandonment of UM patent will enter into effect from the grant announcement date of the invention patent. That is to say, even after filing of the declaration of abandonment of UM patent, the applicant shall also pay attention to annuity payment of the UM patent, such that the UM patent will be kept valid until the grant announcement date of invention patent.

When to Pay for Unity Restoration Fee?

With regard to a PCT international application entering the Chinese national phase as an invention or utility model patent application, if the international searching authority/international preliminary examination authority deems the international application lacks unity during the international phase and the applicant fails to pay the corresponding additional international search/preliminary examination fee, after entry into Chinese national phase, the Examiner of SIPO who agrees with the opinion of ISA/IPEA on unity will issue a Notification to Pay Unity Restoration Fee, and the official unity restoration fee is CNY 900.

After receipt of the Notification to Pay Unity Restoration Fee, the applicant may pay the fee, delete the contents lacking unity in accordance with the future office action issued by the Examiner, and consider filing a divisional application for the deleted contents. And if the applicant chooses not to pay the fee, he will also need to delete the contents lacking unity, and shall not file further divisional application for the deleted contents.

Panawell Won for Zhishen Tech in Patent Invalidation Case Against DJI

On November 9, 2017, the SIPO's Patent Reexamination Board (PRB) made Invalidation Request Examination Decision No. 33786, declaring DJI's cradle head design patent (201430207007.1) invalid. Panawell's partners, Mr. Daniel Qiang HU and Alex Bo WANG, acted as the invalidation petitioners representing Zhishen Tech.

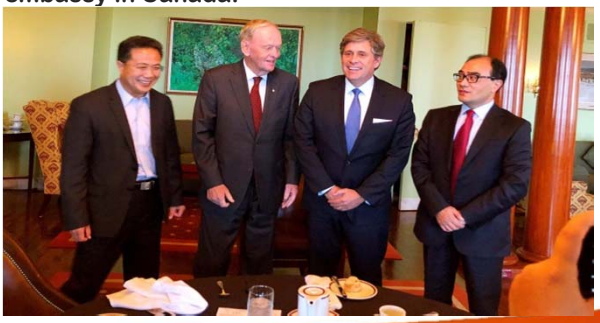
Upon adequate search, we submitted the evidence of video showing the basic features of "Ronin hand-held cradle head or spherical stand" and the product manual, which were almost exactly identical with the patent and which DJI had disclosed prior to the patent filing date, and the evidence had sufficiently proven that the patent in suit was contrary to Article 23, paragraph two, of the Patent Law. During the oral hearing, both parties heatedly debated on the focal issues of whether the invalidation evidence had been disclosed before the date of filing and whether the patent in suit was evidently different from the prior design shown in the evidence. In the end, the PRB accepted our evidence, and found the design patent in suit wholly invalid.

Before this case of invalidation, DJI sued Zhishen Tech in the Court of Shenzhen for patent infringement. The Panawell Law Firm raised its opposition on account of jurisdiction, and the Guangdong Provincial Higher Court had, in the second instance, rejected DJI's lawsuit.

Panawell Attended Canadian PCT Roundtable

Upon invitation of ChoiTechAndLaw Professional Corporation, Panawell's Partner Mr. William Wenquan YANG and Senior Patent Administrator Ms. Jane Zhenzhen WANG attended the Canadian PCT Roundtable hold by Canadian Intellectual Property Office in Ottawa from November 23 to 24, 2017, introduced the Chinese national phase under PCT, and discussed with the other representatives from CIPO, USPTO, EPO and WIPO about issues concerning Canadian, US and European national phases under PCT, PPH program and examination collaboration.

After the conference, we visited the clients in Ottawa, and accidentally met with the former Canadian prime minister Jean CHRÉTIEN during a business lunch with Borden Ladner Gervais LLP and Counselor Junming WANG from the Chinese embassy in Canada.



Back Cover: Exterior of office block where Panawell locates

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