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**AFD China's Trademark and Legal Services Incorporated into BHTD Law**

We are pleased to announce that the trademark, copyright, domain name and legal consultation services of AFD China Intellectual Property Law Office have been gradually incorporated into BHTD Law Firm.

From now on, BHTD will represent you in some matters which you entrust to AFD China. The same terms and conditions would apply as if AFD China were to represent you. The fees and prices remain the same as those adopted by AFD China. The same people who are handling your current matters as you were represented by AFD China will continue looking after these matters as employees of BHTD.

<http://afdip.com/index.php?ac=article&at=read&did=3241>

**SIPO to Terminate and Adjust Certain Patent Fees**

The State Intellectual Property Office of China (SIPO) issued its No. 272 Announcement to announce that certain patent fees are to be terminated and adjusted as of August 1, 2018.

1. Fees to be terminated:

For domestic filings:

- patent registration fee
- patent publication and printing fee
- fee for recording the change of patent agency and the change of a patent agency

For PCT International filings:

- the transmission fee for a PCT patent application

Note: any fees mentioned above that will be due before or on July 31, 2018 shall be paid according to the current rules.

2. Fees can be refunded

For invention patent application enters into the substantive examination procedure, the applicant could request SIPO to refund 50% of the substantive examination fee where the applicant apply to withdraw the patent application before the deadline for responding to the First Office Action and have not yet filed a response.

3. Annuity reduction extends to 10 years

For patentees who are qualified according to the Measures for the Reduction of Patent Fees, the period for annuity reduction extends from 6 years to 10 years, from granting.

For those have been or are to be approved before or on July 31, 2018:

- if the patent is in the 1st-6th year since being granted, the period of annuity reduction will be automatically extended to the 10th year reckoned from the year of being granted;
- if the patent is in the 7th to 9th year since being granted, the reduction will start to apply from the next annuity until the 10th year reckoned from the year of being granted; and
- if the patent has been granted for 10 or more years, no reduction is to be offered to the following annuities.

<http://afdip.com/index.php?ac=article&at=read&did=3240>

### **Whitepaper Released about China and WTO**

The State Council Information Office recently published a whitepaper titled "China and the World Trade Organization".

The paper reveals that since acceding to the WTO, China has formulated and improved its laws and regulations on IPR protection, set up IPR working mechanisms with many countries, drawn up on advanced international legislative practices, and built an IPR legal system that conforms to WTO rules and suits national conditions of China.

China encourages technological exchanges and cooperation between Chinese and foreign enterprises, and protects the lawful IPRs owned by foreign enterprises in China. At the same time, China hopes foreign governments will also improve protection of IPRs of Chinese interests.

China strengthened administrative law enforcement on intellectual property protection and launched special campaigns targeting outstanding problems such as "Convoy Campaign" for protecting patent rights, which effectively protected IPRs.

As shown by the white paper, since 2001, intellectual property royalties paid by China to foreign right holders has registered an annual growth of 17 percent, reaching USD28.6 billion in 2017.

In 2017, China received 1.382 million invention patent applications, ranking the first in the world for the seventh consecutive year. Nearly 10 percent of the applicants were foreign entities and individuals. Invention patent applications filed by foreign entities and individuals in China reached 136,000, growing by threefold compared with 33,000 in 2001.

The Chinese government is publishing this white paper to give a full account of China's fulfillment of its WTO commitments, to explain China's principles, stances, policies, and

propositions regarding the multilateral trading system, and to describe China's vision and actions in advancing higher-level reform and opening-up.

<http://english.sipo.gov.cn/docs/2018-07/20180711082359939132.pdf>

### **Trade Secrets Committee Set Up**

The China International Association for Promotion of Science and Technology founded a trade secret protection committee in to promote the research, legislation and practices concerning the sector.

The committee will leverage management, legal and technological resources to help companies create a full-range protection mechanism, its executive director said.

At the inaugural meeting, the committee announced a charity initiative, which will offer 100 companies in 10 sectors free protection services worth 10 million yuan (\$1.5 million) in total. The sectors include artificial intelligence, biopharmaceuticals, e-commerce and internet technologies.

<http://english.ipraction.gov.cn/article/News/201807/20180700191462.shtml>

### **IP Judicial System to Establish by 2020**

An intellectual property judicial system covering the whole country will be established by the end of 2020, according to the recent national judicial conference. Chinese courts nationwide have reformed and improved the IP judiciary protection system over the past five years. Beijing, Shanghai and Guangzhou set up specialized IP courts in late 2014 while another 16 cities, including Nanjing and Wuhan, have set up IP divisions in their courts that had cross-regional jurisdiction over technical cases since the beginning of 2017.

<http://english.ipraction.gov.cn/article/News/201807/20180700193051.shtml>

## SUPPLEMENT ISSUE

### **On Differences between the Patent Law in Mainland China and Taiwan**

Taiwan and Mainland China have always been closely connected with each other. And along with the increasingly close communication in terms of economy and culture, more and more enterprises pay their attention to the Taiwan market. And as a result, the number of patent applications filed by citizens of mainland China is increased day by day.

The Patent Law in Taiwan has been amended for thirteen times, and the newly amended version has been taken effect as of May 1, 2017. Here we would like to share several obvious differences between the latest Patent Law in Taiwan and Mainland China with you.

#### **I. Correction to patent documents**

Articles 67, 120, and 139 of the Taiwan Patent Law stipulate respectively the right of patentees to correct the patent documents of an invention, utility model or industrial design patent. In other words, after the patent certificate is obtained, patentees still have the opportunity to make necessary adjustment to their patent documents which issued officially. Of course, there are restrictions on such post-grant amendments so as to avoid the patentee to widen the protection scope or seek protection for what are not disclosed in the initial application documents. The post-grant amendments would only be allowed if it were to: deleting claims, narrowing down the protection scope, correcting errors or mistranslations, and explaining unclear contents recorded thereof. Once the correction is approved, the updated patent documents will be announced again to the public, and the patent term is still reckoned from the filing date.

According to the relevant provisions of the Chinese Patent Law in the Mainland, once a patent is granted, the applicant will not be allowed to make modification to their patent documents which means the requirements for the applicants to review the application documents are stricter in mainland of China during the examination process. In practice, generally no modification would be allowed after the grant announcement made to the public. If there are indeed problems and/or errors in the patent documents, patentees may only be able to try to modify them by activate the invalidation procedures.

Compared with the Chinese Patent Law, the Taiwan Patent Law is more considerate. It gives opportunities to the patentees to allow them to solve the problems which they identified after the patent issued. It not only makes the authorized version of the patent documents become more completed and accurate, but also reduces the level of the risk on subsequent infringement and invalid legal issues. At the same time, from the jurisprudence perspective, patent rights are a part of the civil rights and therefore the right holders have the right to possess, use, profit and dispose his rights. Such a disposal of rights should include not only assigning, gifting, abandoning but also modifying, adjusting, deleting of the “possession” i.e. the patent(s). Considering the social justice, the law restricts the exercise of this right and imposes necessary restrictions to maintain the fairness of patent prosecution and the credibility of patent announcements.

In order to better protect the rights and interests, same time to avoid possible legal dispute within Taiwan, those who obtained a patent in Taiwan and have the demands of modifying the patent documents may consider making the amendment within the allowable scope of the Taiwan Patent

Law. Especially when encountering invalidation procedures initiated by others, the patentees can make a request to make further amendments. The amendment request will be examined together with the invalidation request and might bring a more desired result.

## **II. Conversion of patent type**

According to the Chinese patent law, applicants are required to select the type for his/her patent application at the beginning as when filing the application. They need to ensure in which type he/she would like to seek protection for his/her invention-creations – invention, utility model or design. Once it is selected, it cannot be changed. Such requirements are aimed to improve the working efficiency of the examination since the examination will be assigned to the suitable department according to the type of the patent at the very beginning.

In parallel, according to Article 108, 131 and 132 of the Taiwan Patent Law -, applicants are allowed to change the type of a patent application during the prosecution. To be specific, the applicants are allowed to: 1) convert an invention patent application to be either a utility model or a design patent application; 2) convert a utility model patent application to be either an invention or a design patent application; convert a design patent application to be either a utility model or a derivative design patent application (the latter one is a special patent type in Taiwan);

Regarding the timing of the conversion, the applicants shall ensure that the request is submitted before the notification of granting a patent is delivered. In other words, if patent right is already obtained, no conversion will be allowed. Where the decision of the patent office is to reject the application, the request of conversion shall be made within 2 months from the date on which the decision of rejection is delivered for invention and design applications; or 30 days for utility model applications.

Regarding the protection scope, the applications after conversion shall not go beyond the scope disclosed in the initial description, claims or figures, i.e. it is not allowed to enlarge the scope of a patent application by changing the type of the patent application. In the meantime, the subject matter of the claims shall be in conformity with the specific requirement of the patent type after the conversion. For example, it is not allowed to protect method in a utility model patent application.

When applying for Taiwan patents, the applicant shall take in account of his/her business strategy, the overall arrangement of patent protection, and the prosecution process and may use patent conversion to obtain the desirable result.

## **III. Conflicting application and novelty determination**

Conflicting patent applications refer to patent applications that conflict with earlier-filed but not yet published patent applications by the same or a different applicant.

According to relevant provisions of the Chinese Patent Law, conflicting application destroys novelty, regardless of who is the applicant of the conflicting application. Therefore, if an applicant wants to file patent applications in the Mainland, he/she should try to use priority claiming to impair or avoid the risk where his/her latter application would lose novelty due to his/her early conflict application(s).

The Taiwan Patent Law explicitly indicates different opinions on conflicting applications. To be specific, it is stipulated that an early patent application will not destroy or undermine the novelty of a latter patent application if these two patent applications are owned by the same applicant. In other words, if a patent application is filed to seek protection for further development on the basis of an early innovation for which a patent application has been filed previously, even if the latter patent application does not claim priority to the previously filed patent application, such an early patent application will not destroy the novelty of the latter patent application.

#### **IV. Time limitations**

There are many differences in terms of time limitations during patent prosecution process between the Patent Law in Mainland China and the Patent Law in Taiwan. For instance, in mainland China, the certified copy of the priority is required to be filed within three months from the date on which the application is filed; while in Taiwan, it shall be filed within 16 months from the earliest priority date. Regarding the request for substantive examination, the applicant is the only person allowed to submit the request in the Mainland; while in Taiwan, anyone can submit the request, the patent examination authority will inform the applicant if the request is not filed by him/her.

<http://english.sipo.gov.cn/docs/2018-05/20180509082257491285.pdf>

#### **Levi's Unable to Establish Similarity between Its "Double Arc" and Local TM**

Guangdong High People's Court made a second- instance judgment on the trademark infringement appeal case filed by Levi's Company against Guangdong Wenshite Garment Industry Co., Ltd., holding that a series of trademarks such as WENSHITE owned by Wenshite did not infringe the exclusive right of Levi's "double arc" registered trademark. Guangdong High rejected the appeal from Levi's and upheld the first- instance decision by Shanwei Intermediate People's Court of Guangdong Province.

According to the complaint, Levi's company owned Levi's trademark, double horses trademark and double arc trademark, and applied for the double arc trademark in China, which was certified to be used on goods including clothing, jeans, shirts, jackets, children's wear, etc. Wenshite Company launched a series of products, and the arc design and logo used on the trouser pocket of Wenshite's jeans were very similar to the "double arc" trademark of Levi's company. In the meantime, Wenshite also used the label design on the right side of the trouser pocket which was similar to the trademark registered by Levi's. The act could be deemed as malicious free- riding on Levi's reputation and was suspected of infringing Levi's exclusive rights of the trademark in question. Accordingly, Levi's sued Wenshite at Shanwei Intermediate Court and requested the court to order Wenshite to cease the infringement and indemnify 500,000 yuan in damages. Wenshite argued that each jeans product sold by it had its own registered trademark, which was WENSHITE in words and figure. Double arc was a universal design expression. The double curved surface of Wenshite's jeans pocket was just a pocket decoration and had no obvious features that would enable consumers to mistakenly believe the products were from Levi's. Therefore, no infringement was constituted.

After hearing, Shanwei Intermediate Court held that there were differences in the combination elements, composition, and overall structure of the trademark logos of the two parties. Therefore, the two marks did not constitute similar ones. Although the Levi's trademark and double horses trademark of Levi's were better known than Wenshite's, the evidence furnished by Levi's was not sufficient to prove that the double arc trademark had a very high reputation. The logo W on the jeans pockets of Wenshite Company was the use and deductive use of the pattern W in its registered trademark WENSHITE. The self-owned trademark WENSHITE were also prominently used on the jeans, fairly different from the trademark logo of Levi's. The trademark logos on Wenshite's products and the registered trademark of Levi's would not cause confusion among the relevant public and would not infringe the exclusive right of registered trademark of Levi's.

Accordingly, the court rejected Levi's claim. Disgruntled with the first-instance judgment, Levi's then went on appeal to Guangdong High. The superior court upheld the first-instance decision of the trial court and revoked the appeal from Levi's on the ground that the alleged infringed trademark logo was not similar to the trademark in question and would not likely cause confusion among the relevant public.