Hatch calls for patent reform

Senator Orrin Hatch told AIPLA Annual meeting attendees during yesterday’s Luncheon that patent law requires reform in a number of areas to which “Congress should be paying attention – and believe me some of us are.” Hatch was accepting the 2017 AIPLA Excellence Award, which was also presented to Senator Patrick Leahy during Thursday’s Opening Plenary Session. In a video tribute to Hatch, former colleagues recounted the Senator’s role in crafting some of the most fundamental IP legislation of the past several decades, including the Hatch-Waxman Act, the Digital Millennium Copyright Act, the America Invents Act and the Defend Trade Secrets Act.

In his acceptance speech, Hatch outlined some of his concerns with respect to the present state of patent law and said reform might be necessary to remedy some of the problems. “There are some issues that haven’t been spoken about as much as they should,” said Hatch.

First, Hatch said that subject matter eligibility law has become muddied to the point of “considerable uncertainty.” Cases like Myriad and Mayo have had a significant impact on life sciences inventions, which almost always rely to some extent on natural processes. Hatch said that Congress should intervene to create reforms that won’t impede innovation in areas such as diagnostics.

Next, Hatch said that – while the inter partes review (IPR) process created by the America Invents Act has been working well in many ways – reform is needed. “I support the creation of IPR because I was concerned about the way litigation was being used to extort settlements,” said Hatch. However, he has become concerned about the effects of IPR proceedings on Hatch-Waxman cases. “As you can imagine, I’m a strong supporter of Hatch-Waxman,” joked the Senator. “It revolutionized the way Americans can gain access to life saving drugs at much lower cost.” As part of the Hatch-Waxman Act, a process known as a “Paragraph IV” challenge was created, which allows generic manufacturers to submit an Abbreviated New Drug Application, allows the patent owner to sue for infringement, and allows the generic to test the validity of the patent. “IPR has the potential to upset that process by creating parallel validity proceedings, which could lead to conflicting decisions,” explained Hatch.

“Parallel proceedings can frustrate the intent of the provision by drawing out processes by creating parallel validity proceedings, which could lead to conflicting decisions,” explained Hatch. “Parallel proceedings can frustrate the intent of the provision by drawing out processes that are needed to preserve balance, we should think about how to make those,” he said. Reverse patent trolling – in which a party threatens to invalidate a patent they don’t own using the IPR process – and a clearer standard for enhanced damages were other areas in which Hatch mentioned he would like Congress to consider reforms.

“I think Congress needs to look at setting some clear standards here and I hope you’ll reach out to me about potential solutions,” said Hatch. “I want us to have the best patent system possible. I want to protect innovators. With your help we can fix the current system to operate as smoothly and effectively as possible.”

Hatch ended with a plea to the audience to consider working with the current presidential administration, which he dubbed “one of the most interesting in history.” “There are good people in the Congress on both sides of the aisle. I believe we can do some really great things if you work with us.”

Earlier in the Luncheon, AIPLA Outgoing President Mark Whitaker presented a number of awards. The Maurice Kltzman Award went to Matthew Prater of Sabic; Immediate Past President Denise DeFranco presented Jason Heidemann of George Washington, DC with the AIPLA Past President’s Award; and Nora Xu received the Robert C Watson Award.

The long road to modernizing copyright

Karyn Temple Claggett, Acting Register of Copyrights for the US Copyright Office, told AIPLA members yesterday that the Office is on a “rulemaking roll.” The Office has issued more rulemakings over the course of the last year than in the past 10 years combined, said Claggett, who updated AIPLA members on her plans to carry out Congress’s policy proposal to modernize the US copyright system for the 21st Century.

Claggett stressed that this modernization project is about more than improving IT processes. “We want to think about ‘big M’ modernization, which means modernizing the Office as a whole,” she said yesterday. This includes updating internal systems and processes as well as passing regulations and legislation.

One legislative proposal that has been widely hailed as a step forward is the Register of Copyrights Selection and Accountability Act (HR 1695), introduced by Chairman Bob Goodlatte this year. The bill calls for the Register of Copyrights to be appointed by the US President, rather than being selected by the Librarian of Congress, as is the current practice.

Claggett also mentioned upcoming legislation in the areas of music licensing and the creation of a small claims system to handle low value infringement cases – which the Judiciary Committee flagged as one of the four areas in need of reform in its policy proposal.

Claggett, who has been serving as Acting Register since former Register of Copyrights Maria Pallante departed in October 2016, also outlined the Office’s more immediate goals, which include the Modified Provisional IT Modernization Plan; the creation of the Copyright Modernization Office within the Copyright Office; and moving to a digital registration and recordation system over the next three to five years.

The Copyright Office’s recordation system is still largely paper-based; Claggett said a beta version of a digital recordation system should be released for testing by 2020-2021. The Office will also launch a “proof of concept” Virtual Card Catalog of records between 1951 and 1977 by FY 2018, which they will use to gather input from the public on how the electronic search system should work.

With respect to rulemakings, “the mother of all rulemakings” – the seventh triennial rulemaking proceeding under the Digital Millennium Copyright Act (DMCA) – has begun, said Claggett. The rulemaking deals with exemptions to the DMCA’s prohibition on circumvention of technological protection measures to protect copyrighted works and is currently open for comment. Claggett explained that the modernization process would take place in three phases: 1) the planning phase, which has been ongoing over the past several years; 2) transitioning from legacy systems to new systems by FY 2019 or 2020; and 3) the gradual decommissioning of legacy systems.

“We see our role as promoting creativity and innovation for the American public, and that role is expanding,” she said. “We’re hopeful we’ll be able to help the system as a whole work more efficiently.”

Congress should be paying attention – and believe me some of us are.”

The long road to modernizing copyright

Karyn Temple Claggett, Acting Register of Copyrights for the US Copyright Office, told AIPLA members yesterday that the Office is on a “rulemaking roll.” The Office has issued more rulemakings over the course of the last year than in the past 10 years combined, said Claggett, who updated AIPLA members on her plans to carry out Congress’s policy proposal to modernize the US copyright system for the 21st Century.

Claggett stressed that this modernization project is about more than improving IT processes. “We want to think about ‘big M’ modernization, which means modernizing the Office as a whole,” she said yesterday. This includes updating internal systems and processes as well as passing regulations and legislation.

One legislative proposal that has been widely hailed as a step forward is the Register of Copyrights Selection and Accountability Act (HR 1695), introduced by Chairman Bob Goodlatte this year. The bill calls for the Register of Copyrights to be appointed by the US President, rather than...
DTSA cases: be prepared and scared

Panelsists in yesterday’s session, “Perspectives From the Bench on Trade Secrets Disputes and the DTSA,” stressed the need to be prepared and move fast in trade secrets cases filed under the new Defend Trade Secrets Act, which was enacted in May last year.

Since then, many DTSA cases have been filed in federal courts, but no ex parte seizure orders have been granted yet, said panelist Timothy Lau of the Federal Judicial Center. The ex parte provision of the law was one of the most controversial, and allows a plaintiff to petition the court to seize potentially harmful information without the consent or involvement of the defendant.

Because of the broad power afforded by the law, these cases can only be requested under “extraordinary circumstances.” But that standard can be difficult to prove in trade secrets cases, where often, “plaintiffs know where the smoke is but not the fire,” said moderator Victoria Cundiff of Paul Hastings. “Courts and others in the limited number of DTSA cases brought so far.

Lau’s key piece of advice was to prepare for all scenarios, ensuring that the marshals have enough space to store the equipment being seized to brushing up on the Fourth Amendment, which protects US citizens against search and seizure without probable cause. “The plaintiff must provide the intel and do all the research,” said Lau. “You have to petition the court to seize potentially harmful information without the consent or involvement of the defendant.”

How much weight should be placed on Cray?

“The original title for this presentation was going to be ‘Shot To the Heart and Who’s to Blame? It Gives Venue a Bad Name,’ began Norton Rose Fulbright’s Jeffery Lewis, during yesterday’s session on recent Supreme Court cases. “I thought that Ben Jovi fans would either get joy out of it or anger, but I was told it wouldn’t fit on the app.”

He was talking about the Supreme Court’s TC Heartland v Kraft ruling. “This is a very fast moving area of law – there have been many changes,” he said.

The Supreme Court made clear in TC Heartland that a domestic corporation only “resides” in its state of incorporation. This shifted the analysis to the second prong of the patent venue statute – that of “the place of the defendant.”

Chief Judge John Gilstrap took the opportunity to lay out a four factor test for determining patent venue: physical presence; defendant’s involvement of the defendant.

The Federal Circuit said that the second prong requires that “must be a physical place in the district,” the place “must be a regular and established place of business” must be “the place of the defendant.”

Lewis said that it is not clear how much weight should be placed on Cray. “The Federal Circuit granted in September. “The Federal Circuit said the fourth factor test is ‘not sufficiently tethered’ to the statutory language,” explained Lewis. “Each case depends on its own facts and, you, Eastern District of Texas, are not going to abide by your Cray factors decision.”

The Federal Circuit said that the second prong requires that “must be a physical place in the district,” the place “must be a regular and established place of business,” and “the regular and established place of business” must be “the place of the defendant.”

Lau warned attendees that “there are very few judges that will have any clue about the DTSA; people just aren’t aware of it or trained on it.” For that reason, she said she could “not recommend to you [Lau’s] work highly enough. He’s given you very, very good advice and if you follow it, it will help the judge understand what to do.”

Being specific about what and how many devices or products should be seized in an ex parte seizure action is doubly important because, by their nature, ex parte orders require that the plaintiff be removed from the process. Counsel and their clients are therefore relying on independent experts and marshals to seize the trade secrets. “We’ve spoken with the marshals and their position is ‘we don’t touch anything unless the expert directs us to,’” said Preska. “You have to provide the information. All of it has to be written down so that the independent expert can guide the marshals.”

Plaintiff should also be very specific in their complaint about what the trade secret is, why it isn’t available publicly, and why it is of value to the plaintiff, said Preska. “When you come in at one minute to five on a Friday afternoon, counsel should be ready to answer the question, ‘why does this have to be ex parte?’ Judges are reluctant to move in an ex parte manner unless truly necessary.”

In a separate presentation, Jennifer Kennedy of Lock Lorde discussed some of the ethical issues surrounding trade secrets protection and enforcement for companies, and urged counsel to make sure their clients are prepared internally. “These cases are very fast moving and involve lots of evidence on both sides,” said Kennedy. Because trade secrets cases involve disclosing the very information the company is trying to protect, it’s important to have a detailed joint representation letter setting out terms and to make sure litigation holds are in place, she added. “You really have to dig. Don’t just rely on your clients.”
Judge Newman’s Oil States solution
Federal Circuit judges discussed how they handle appeals from the Patent Trial and Appeal Board yesterday

During the session, Judge Pauline Newman was asked for her thoughts on the pending Oil States v Greene’s Energy case at the Supreme Court, which will assess the constitutionality of inter partes review (IPR). “I’ve learned not to predict what the Supreme Court is going to do,” said Newman to laughter.

“But I do have an idea that, even if it turns out that they feel there needs to be more of a distinction between the agency and the judicial review, it would seem to me that a very easy answer would be to reconstitute the PTAB under Article III. That would solve whatever concerns the Supreme Court might have raised.” The petitioner argues that IPRs violate the Constitution by extinguishing private property rights.

The best #aiplaAAM17 tweets

**Alexander Esslinger**
Day 2 #aiplaAAM17 morning track much nicer to #USPTO with most panelists having some form of experience with PTO (ps How is Judge Newman 90!)

**Bea Swedlow**
@WomeninIP committee breakfast on board service & diversity "Don’t be sloppy or sleazy.” #aiplaAAM17 #aipla

**jpatrickd**
Sen. Leahy talked on incentivizing discoveries for global humanitarian needs like #Patents4Humanity at #aiplaAAM17

**Naomi Jane Gray**
Temple-Claggett: working on study to address Sec 512. Very divergent opinions submitted by public during comment period #aiplaAAM17

**PPLaw**
"Copyright law protects foxes better than hedgehogs.” James Seadoon on fashion design protection around the world. @Fieldfisher #aiplaAAM17

**Erin R. Ogden**
The Defend Trade Secrets Act allows seizures, so brush up on the 4th Amendment #aiplaAAM17

**AIPLA**
Kicking off #aiplaAAM17 right! AIPLA leadership meets with the new JPO Commissioner Naoko Munakata

**USPTO**
Sen. Leahy talked on incentivizing discoveries for global humanitarian needs like #Patents4Humanity at #aiplaAAM17

**Gilmar**
Don’t be sloppy or sleazy.” @WomeninIP committee breakfast on board service & diversity

**#aiplaAAM17**
#aiplaAAM17 #aipla

**Asian IP Academy**
"Copyright law protects foxes better than hedgehogs.”

**#aiplaAAM17**
"Don’t be sloppy or sleazy.”

Stoll did raise a pet peeve with the USPTO, however: “One thing I have been surprised about is sometimes, in cases where the PTO is an intervener, they will file a brief on a procedural issue and then proceed to talk about substantive issues. That I don’t understand, because I think that whatever the PTO is going to talk about in its brief, is what it should talk about at oral argument. Likewise, I think if they are going to intervene then we should always have briefs that explain the position.”

The USPTO’s Kelley responded: “That’s actually helpful for me.” He added that when the USPTO intervenes it does try to keep its arguments to the issue it is intervening on. “There have also been cases where, after we brief, the party drops out, so we have had to decide what we want to do about that,” he said.

The panel discussed the merits of briefs. Stoll said that “how you write the briefs can be very, very important, especially in those close cases.” She added that some briefs raise too many issues: “It happens more often than you would think. If you raise five or six issues I think it is difficult then in those circumstances to truly show us how the PTAB erred below.”

Stoll added that briefs need to make sure they address the weaknesses in their case as well. “Sometimes you see some fact omitted from a brief that really changes everything,” she said. Stoll advised parties to address those weaknesses in order to avoid having them exposed by the opposing side. “When you spend a lot of time on those [weaknesses], they can turn out to be positive for you.”

Kelley said a problem with the way some briefs is written is that “it is hard to be dispassionate and engaging at the same time.” He said he stops reading briefs if they include words like “doomed” or “flagrantly.” Stoll added that petitioners need to “show, don’t tell.”

The discussion then turned to oral arguments. Stoll said it is a lot easier to lose a case at argument than win it.
McCormack’s plans as President

Myra McCormack is taking over from Mark L. Whitaker as AIPLA President for the next year. She will be the seventh woman to serve as AIPLA President, and the third woman president from a corporate practice.

McCormack is associate patent counsel at Johnson & Johnson, where she has worked since 2000. She joined AIPLA in 1995 and has done stints on the Professional Programs Committee, Board of Directors (from 2004 to 2007) and the AIPLA Fellows.

“I just love AIPLA,” McCormack says, as she explains why she is proud to be taking over as President. “It is a great organization. I think AIPLA is unique among IP associations because of its independence and focus on the voice of individual members. While this means there are lots of opinions coming together that are often disparate, AIPLA has a great way of condensing those disparate views into positions of advocacy that everyone can get behind and the intellectual property system. The strength of AIPLA is that it brings the best minds to the table to create reasoned solutions. We have always said we have credibility on policy matters in part because we have this diverse membership.”

One example of AIPLA reconciling disparate views has been its work on patent eligibility under Section 101 of the Patent Act. As Lisa Jorgenson outlined in yesterday’s issue of the AIPLA Daily Report, Section 101 problems remain the number one issue on members’ minds. McCormack agrees completely.

“I have a background in biologics, and Section 101 has been a challenge for those of us in the pharmaceutical world, particularly when we are talking about diagnostics or methods of treatment,” she says. Her term as President comes at a time when AIPLA and other US IP trade groups are calling for a legislative fix to the problems of patent eligibility.

But it is a long process – it took years to get to this point, according to McCormack. “We coalesced ideas, and presented it to the Board, and created an initial Board position,” she says. “In my year as President we will have a smaller functioning group relating to statutory changes to patentable subject matter. Hopefully, we can find a position that has support across the major IP organizations as a way to persuade Congress of the need for a change. That is a long process. I think we did a good job as an organization coming to that consensus.”

AIPLA has also provided guidance to the Supreme Court with its amicus brief in the Oil States v Greene’s Energy case, where the issue is whether the inter partes review (IPR) procedure under the AIA is constitutional. McCormack says that AIPLA submitted a well-reasoned brief that the IPR procedure “is not unconstitutional on its face.”

She notes that many want changes to the IPR system because their patents can face multiple challenges under the current scheme.

“But AIPLA has to take disparate voices into account,” she says. “So under that paradigm, AIPLA becomes a great advocate for finding the right balance between ensuring that an issued patent is valid and well examined, and ensuring that you are not just setting up a big fish in a small pond so that so many shots into the barrel are ultimately going to kill it.”

McCormack has a few ideas already for goals to achieve during her term. She is thinking of a local level. “I have a big interest in making sure that I am doing my part to see that AIPLA is a healthy organization that can go forward robustly into the future,” she says.

“Membership is critical and we need to find ways to advocate for all of the good things that AIPLA can provide to the IP practice. It is really important to make sure that we are doing a great job of getting those messages out.”

She says AIPLA is going to launch a geographic-focused initiative. This may involve on-the-ground work with local IP associations. “Or it may require thinking of new ways to cross pollinate efforts at the local level and hopefully raise awareness of what AIPLA is doing at the national level,” she says.

McCormack is thinking about ways AIPLA can create a local presence in some specific geographic regions. “My next step is really to think about how we can be more active in a particular location where there is a healthy population of IP attorneys. That may involve a brown bag lunch sitting around a table or informal cocktail hours, bringing the benefits of an AIPLA meeting to the local level with networking.”

McCormack is also looking forward to the travel in her term as President: “Hopefully, in the Spring I will be going on at least a few of those trips, which I haven’t done that before because I travel a lot for my work. So I am looking forward to being an advocate for AIPLA outside the United States. I think that is a great honor.”

New rules affect TTAB cases

Attendees will be treated to Year In Review round-ups in this morning’s final sessions, covering patent, trademark and copyright.

Wolf Greenfield’s John Welch will be giving the trademark presentation. He says one of the biggest news stories this year are the rule changes issued by the Trademark Trial and Appeal Board (TTAB) in January. “They are now percolating through the cases,” he says.

Welch says there have been a few examples of the other side missing that date. “It puts you at a real disadvantage when the other side is hammering you for discovery and you miss the deadline,” he says.

One important TTAB rule change Welch will discuss is the new discovery cut-off rules that require written discovery to be served in time for the response due by the end of the discovery.

“You used to be able to serve discovery requests on the other side up to the last day of the discovery period, so from a tactical point of view you could wait until the last minute and drop the bomb on the other side,” Welch explains. “Now you have to do it at least 31 days before the end, so that is another date to get on your calendar among the two dozen or so other dates. Secondly, you lose that tactical advantage you had before because now you also have to serve them by email. Maybe that’s a good thing, but in the old days you could serve it on the last day and serve it by mail so the other side never knew they were coming until the deadline had passed and they couldn’t retaliate.”

This makes it an important change both tactically and procedurally to be aware of. Welch says there have been a few examples of the other side missing that date. “It puts you at a real disadvantage when the other side is hammering you for discovery and you miss the deadline,” he says.

The other important TTAB change Welch will discuss is the new ability to have testimony by way of declaration without taking an oral deposition. “It certainly streamlines things, and it is going to make the cases less expensive,” says Welch. “It is particularly good for small clients and for foreign clients because now you don’t have to arrange for some kind of written deposition abroad.”

He gives an example of one case he had featuring two foreign companies where it took eight months to get the first deposition done. “In Australia, I didn’t realize there is basically no court reporter there! It took months to find a notary who could take down the questions. Now you can avoid all that – just put your testimony in by declaration. That’s a major change.”

As well as making things cheaper, it also changes the tactics involved. Welch says way of written declaration and the other side who wants to cross examine them has to arrange for it by written questions in a foreign country. So it shifts the burden to the defendant. That is not so bad in the US. But it completely shifts the costs in the foreign cases because now the defendant has to set up the deposition which is not easy to do in a foreign country! I don’t think the Board has really given a lot of thought to how it is going to affect cases involving foreign entities. On the other hand, there are not that many so it’s not going to hurt that many people.”

On the trademark district court litigation side, Welch will of course touch on the Supreme Court’s Matal v Tam decision.

“We are waiting for the decision on scandalous marks in the Brunetti case. It is going to be decided soon by the CAFC so that’s one interesting issue. I think that is going to fall right in line with Tam. It is a First Amendment issue,” he says.

Welch will also discuss other cases such as the USPTO getting attorney’s fees whether it wins or loses TTAB appeals. That is if there is time in the 23 minutes allotted. ‘I’ve had to take out a few jokes already,” he says.

John Welch

Foreign companies now have an even bigger advantage. “Now they can put in their testimony by
Your reliable partners for intellectual property matters in Pakistan, South East Asia, Arabian Gulf, Middle East & Africa

SINCE 1949

UNITED TRADEMARK & PATENT SERVICES
International Intellectual Property Attorneys
Trademark, Patent, Design, Copyright, Domain name registration, litigation & enforcement services

Pakistan Office
85 - The Mall Road, Lahore 54000 Pakistan (Opposite Ferozesons books store / adjacent radio time center)
Email: UnitedTrademark@UnitedTm.com  Websites: www.utmps.com and www.unitedip.com

Gulf, Middle East, South & East Asia and African Offices

DUBAI (UAE)
Suites 401-402, Al-Hawai Tower
Sheikh Zayed Road, Dubai
Tel : +971-4-3437 544
Fax: +971-4-3437 546
Email: Dubai@UnitedTm.com

OMAN
Suite No. 702, 7th Floor
Oman Commercial Centre, Ruwi
Tel : +968-24-787555, 704788
Fax: +968-24-794447
Email: Oman@UnitedTm.com

JORDAN (Amman)
Suite 7, 2nd Floor
Chicago Building, Al Abdali
Tel : +962-6-5683088
Fax: +962-6-5683089
Email: Jordan@UnitedTm.com

QATAR
Villa # 40, Al Amir Street
Al Mirgaa Area, Doha, Qatar
Tel : +974-444 3083, 444 3093
Fax: +974-444 7311
Email: Qatar@UnitedTm.com

SUDAN (Khartoum)
Flat No.1, 3rd Floor, Al Hurriya St.
Shah Al Deen Brothers Bldg.
Tel : +249-183-740634
Fax: +249-183-796031
Email: sudan@UnitedTm.com

LEBANON
6th Floor, Burj Al-Ghazai Bldg.,
Tabaris, Beirut, Lebanon
Tel : +961-1-21 5373
Fax: +961-1-21 5374
Email: Lebanon@UnitedTm.com

SAUDI ARABIA
Behind Maktaba Al Shawwaf
30th Street-Olaya, Riyadh 11444
Tel: +966 -11- 4616157, 4655477
Fax: +966 -11- 4616156, 4622134
Email: Saudiarabia@UnitedTm.com

TANZANIA
Shauri Moyo Area,
Pugu Road
Dar-Es-Salaam
Tel : +255-222862900
Email: Tanzania@UnitedTm.com

SHARJAH (UAE)
Suit 203, Al Buhairah Building
Buhairah Corniche, Sharjah
Tel : +971-6-5722742
Fax: +971-6-5722741
Email: UAE@UnitedTm.com

YEMEN
6th Floor
Ideal Clinic Building
Hadda Street, San’a, Yemen.
Tel: +967 181 9642
Email: yemen@UnitedTm.com

MOROCCO
58, Rue Ibn Batouta,
PPT. No. 4, 1 er Estage,
Casablanca, Morocco
Tel : +212-52206096
Email: Morocco@UnitedTm.com
What are the main laws regulating IP in China?
In China, there is no single unified IP law, whereas different types of IP are regulated by different laws. The IP protected in China mainly includes Patents, Copyrights, Trademarks, Business Secrets, Layout-Designs of Integrated Circuits, New Varieties of Plant, and Geographical Indications. Patents are mainly regulated by the Patent Law and the Implementing Regulations of the Patent Law. Copyrights are mainly regulated by the Copyright Law and the Regulations for the Implementation of the Copyright Law. Moreover, Regulation for Computer Software Protection and Regulation on the Protection of the Right to Network Dissemination of Information regulate two special issues related to copyrights. Trademarks are mainly regulated by the Trademark Law and the Implementing Rules of the Trademark Law. Business Secrets are mainly regulated by the Law for Countering Unfair Competition. Layout-Designs of Integrated Circuits are mainly regulated by Regulations for the Protection of Layout-Design of Integrated Circuits. New Varieties of Plant are mainly regulated by the Regulation on Protection of New Varieties of Plants. Geographical Indications are regulated in three separate ways. Firstly, the Ministry of Agriculture can approve agricultural products with geographical indications according to the Agriculture Law and the Law on Quality and Safety of Agricultural Products. Secondly, the General Administration of Quality Supervision, Inspection and Quarantine can approve products with geographical indications according to the Product Quality Law, the Standardization Law, and the Law on Import and Export Commerce Inspection. Thirdly, Geographical Indications can also be protected as trademarks and regulated by the laws related to trademarks. In addition, the Supreme Court of China can issue judicial interpretations to regulate IP litigation together with related laws, such as Provisions of the Supreme People’s Court on the application of legal issues in the trial of patent disputes. Which international IP agreements is China a party to? Are there any notable omissions?
Since several important IP laws are still in the process of amendment, there have been no significant changes to the laws themselves recently. However, the Supreme Court of China issued an important judicial interpretation on March 21, 2016, which is Interpretation of the Supreme People’s Court on Several Issues concerning the application of law in the trial of cases involving infringement of patent rights (II). This judicial interpretation clarifies some important issues related to patent infringement litigation, such as the injunction issue related to standard essential patents (SEPs), the contributory and induced infringements, the infringement determination of claims involving functional features, the defendant’s burden of proof for damages in the case that the plaintiff has provided preliminary evidence for the damages, etc.
In addition, the State Intellectual Property Office of China amended the Guidelines for Patent Examination this year. According to the new Guidelines, solutions concerning business methods may be protected, and the solutions containing computer programs can be protected by method claims, storage medium claims, system claims containing software modules, and system claims containing a processor instructed by software programs.
What is the body responsible for granting IP rights and how is it structured?
In China, different types of IP rights are granted by different government bodies. The SIPO, which is directly under the State Council, grants patents including invention patents, utility models and designs. The SIPO comprises the Patent Office, which examines patent applications, and the Patent Reexamination Board, which takes charge of reexamination of patent applications and invalidation of patents. Besides this, the SIPO also takes charge of registration of layout-designs of integrated circuits. The Trademark Office under the State Administration for Industry and Commerce takes charge of trademark registration and invalidation of registered trademarks. Copyright is generated naturally without need of application or registration according to the Copyright Law of China. However, the copyright owners can take voluntary registration as preliminary evidence of their copyrights. The State Copyright Office and the Copyright Office of each province have the authority to register copyrights. New Varieties of Plant are granted by the Ministry of Agriculture or the State Forestry Administration depending on the types of plant.
What is the procedure for obtaining a patent in China? Are there any notable differences from other jurisdictions?
Patents in China include invention patents, utility models and designs. Invention patents are subject to substantial examination with prior art search, whereas utility models and designs are only subject to preliminary examination without prior art search.
Specifically, for an invention patent application, after being filed to the SIPO, the SIPO performs preliminary examination, publication, and then, if requested, substantial examination. If the substantial examination is passed, a notice of allowance will be issued. A patent will then be granted if the applicant make a registration. On the other hand, for utility models and designs, if the SIPO approves products with geographical indications according to the Geographical Indications Law, the SIPO performs preliminary examination before granting. For a utility model or a design, the procedure is similar except that there is no publication and no substantial examination before granting.
There are notable differences from other main jurisdictions in terms of basic procedures. However, it should be noted that utility models and designs are regulated as patents, whereas New Varieties of Plant cannot be protected by patents according to the Patent Law of China. Are there inter partes or ex parte proceedings either pre or post grant for patents? If so, how do these work?
There is a post-grant invalidation procedure for patents in China, which is similar to the inter partes proceeding. For a granted patent, any entity or individual can file a request to the PRB to start the procedure for invalidating the patent based on substantial drawbacks of the patent. Then, the PRB will transfer the request to the patentee for their response, in which the patentee can make observation and/or amend claims. After that, oral hearing involving both parties will usually be held before the PRB makes decision on the validity. After receiving the decision, either party that is not satisfied with the decision can file an administrative complaint to Beijing IP court. Which courts have jurisdiction in IP cases in China, at first instance and appeal? How are they structured?
There are four levels of courts in China, including grass-roots courts, intermediate courts, high courts, and the Supreme Court. In principle, all the courts can have jurisdiction in IP cases at first instance based on the type, target amount, influence and location of the dispute. The appeal court is the superior court to the court at first instance. Usually, the patent cases are tried by intermediate courts at first instance, and the trademark and copyright cases are tried by grass-roots courts at first instance. In addition, in recent years, China established three IP specialist courts in Beijing, Shanghai and Guangzhou and several IP specialist court chambers within some intermediate courts in Nanjing, Suzhou, Wuhan, Chengdu, etc to hear IP cases within specified regions. They are levelled as intermediate courts with local high courts as the appeal courts. In those specified regions, other intermediate courts may not have jurisdiction in IP cases anymore. The number of judges in those courts varies. For example, there are around 31 judges in Beijing IP Court, around 20 judges in Shanghai IP Court, and around 24 judges in Guangzhou IP Court. The trial rules for IP cases, such as forum shopping, evidence rules, and witnesses, are basically the same as other civil or administrative cases except that some IP cases may need to be tried in the above specialist courts. How common is IP litigation? How many patent cases in a typical year?
In recent years, IP litigation is very common in China, and the number of IP litigation cases is increasing year by year. In 2016, the Courts received 177,705 IP litigation cases at first instance, second instance and retrial, an increase of...
impact on whether and how to send a warning letter. After Honda’s inappropriate warning letter. This case had huge action of sending a warning letter to potential infringers to this case, patentees should be very careful about their million to Shuanghuan Auto for its damage caused by applications involving functional features.

Supreme Court decided that and the Supreme Court from 2013 to 2015. In this case, the courts received 12,357 patent cases at first instance. What have been the most significant patent cases in recent years, and why?

We believe that the following several cases might be the most significant patent cases in recent years.

1) Nokia v Huqain before Shanghai First Intermediate Court and Shanghai High Court from 2011 to 2014. In this case, the courts constructed a feature with the wording “configured to” as a functional feature and held that no infringement could be established when there is no particular implementation for the functional feature disclosed in the specification. This case caused heated discussions on claim construction and infringement determination of claims with functional features and also on drafting of applications involving functional features.

2) Shuanghuan Auto v Honda before Hebei High Court and the Supreme Court from 2013 to 2015. In this case, the Supreme Court decided that Honda should pay RMB160 million to Shuanghuan Auto for its damage caused by Honda’s inappropriate warning letter. This case had huge impact on whether and how to send a warning letter. After this case, patentees should be very careful about their action of sending a warning letter to potential infringers to avoid the action being determined as patent misuse.

3) Anti-monopoly against Qualcomm before the National Development and Reform Commission (NDRC) in 2015. The NDRC fined Qualcomm $975 million for its monopoly behavior in the markets of wireless communication SEP licensing and baseband chips. This is the record fine for anti-monopoly in China and provides important reference for wireless communication SEP licensing.

4) Xidian Jietong v Sony before Beijing IP court from 2015 to 2017. In this case, the court issued an injunction to Sony and also ordered Sony to pay damages of RMB9.1 million due to its infringement of Xidian Jietong’s patent essential to a national compulsory standard. This case caused heated discussion in the industry because it involves the injunction of a SEP and the determination of indirect infringement. The court holds that the indirect infringement determination does not need to prove existence of actual direct infringement, but to prove the action of the user of the accused product based on the preset manner of the product will cover all the features of the patent. It is noted that the decision of the court has not come into force since the case is still pending at the second instance now.

Are there any financial/accounting measures in China that are aimed at or relevant to IP owners/licensees (for example, patent box-style tax rules or other IP-related incentives)?

There are financial measures to encourage IP related innovation at both the state and the local levels in terms of tax reduction and financial assistance. For example, the enterprises with IP rights may be identified as high-tech enterprises to enjoy preferential tax policies such as reduction of the enterprise income tax. As another example, enterprises may enjoy income tax exemption or reduction for the income of transferring IP rights.

“The Supreme Court of China can issue judicial interpretations to regulate IP litigation together with related laws, such as Provisions of the Supreme People’s Court on the application of legal issues in the trial of patent disputes.”

Jinlin Chen

Jinlin Chen joined Liu Shen & Associates in 2010, qualified as an attorney at law in 2009 and as a patent attorney in 2011. His practice includes patent prosecution, patent re-examination, patent invalidation, patent infringement and administrative litigation, and client counseling in optics and electronics. Mr. Chen also provides lectures on Chinese Patent Law to clients and new associates.

Jing Zhang

Jing Zhang joined Liu Shen in 2010. She got her qualification as a patent attorney in 2009 and an attorney at law in 2015. She specializes in patent protection, and has extensive experience in a variety of areas, including computer science, digital image processing, digital video processing and telecommunication.

Ms Zhang provides legal services in patent application/inquiry, patent re-examination and invalidation, patent administrative and legal proceedings, and other matters related to intellectual property rights. Ms Zhang obtained her PhD degree from Shanghai Jiao Tong University on 2007.
Advice women can get on board with

Earlies were treated to some sage advice about getting onto boards of directors at the Women in IP Law Committee Breakfast Meeting yesterday morning.

AIPLA President-Elect Myra McCormack moderated the discussion titled “Get on Board: The Virtues and Value of Board Service.”

Jill Klein, professor at American University, noted that the Securities and Exchange Commission (SEC) does not require boards to show the gender of their members. But she said women board members bring great benefits. “Things like profit and earnings per share all go up when you have women on the board,” she said. “Think about it: even for things like buying a car, who makes that decision? It’s the wives, the moms. Having the voice of the woman is valuable.”

Malli Gero, co-founder and President of 2020 Women on Boards, noted improvements in representation of women on boards. 2020 Women on Boards is a national campaign to increase the percentage of women on US company boards in the Fortune 1000 to 20% or greater by the year 2020. “We set a target of 10 years to get to 20%,” she said “That may sound low, but it was about 14%.”

She added that progress at the biggest companies is not necessarily being reflected in smaller companies, however. “The smaller companies are lagging behind,” she said. “FORTUNE 1000 companies are really not the best indicator of this.”

It seems likely the advocacy group will hit its goal. The figure was 19.7% last year. “I’m really happy about those numbers because I’ve seen progress,” said Gero. “For 2017, we have really good news – but I can’t tell you what it is yet!” Gero said that companies are adding seats to their boards so they can have women on them.

Erin Essenmacher, chief programming officer for the National Association of Corporate Directors, had some tips for women looking to get onto boards. One was they should be careful about which boards they join. “Folks who are really excited about getting a first board seat sometimes can have blinders on,” Essenmacher said. “Ask yourself: is this a company I want to be associated with?”

She also advised the audience to look beyond their immediate network. “It’s great to network with your cohort, but it’s good also to get out of your cohort. Try writing articles, putting yourself out there and sharing your expertise,” said Essenmacher. “There is a wealth of expertise in this room that boards want. It’s really about how are you positioning your expertise.”

Gero added that the audience should ask if they really want to get on a board. “The first thing you have to do is be a bit of soul searching – ‘Do I really want to do this?’” It is a lot of work. “The other thing is working out where your passion is. Being a board member and getting to the next place will only happen if you are passionate.”

Klein added it is never too early to start getting experience for being a board member. “I look out and I guess some of you are saying, ‘I’m not experienced enough. Maybe I will be in 10 or 15 years.’ Start thinking about it now!” she urged.

Essenmacher said change was coming slowly but noted that “companies are freaking out about digital disruption,” and this may help women get on boards as companies change their practices.

Wayne Sobon of Juul Labs noted this trend may help all lawyers get on boards. “Lawyers look to reduce risk to zero, whereas boards are trying to work out what the acceptable risk is,” he said. “The reason boards are flipping out is they may have dialed that risk up way too high. That’s where a lawyer can actually play a role.”

Also during the breakfast meeting, Honigman’s Bea Swedlow took over as chair of the Women in IP Law Committee from Motorola Solutions’ Randi Karpinia for a two-year term. 3M’s Melissa Buss took over as vice-chair. Swedlow quipped: “Randi keeps me in check and I keep her out of check!” She added: “I want this Committee to have fun with what we are doing – this isn’t a chore.”