

China Law Update

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China's State Council Publishes New Implementing Rules For The New Patent Law

The third amendment of Chinese Patent Law went into effect on October 1, 2009, and since then there has been a need for new rules detailing its implementation. On January 18, 2010, the Chinese State Council published the third revision of the Implementing Rules For Patent Law (the "Rules"). The Rules are set to take effect on February 1, 2010.

Main Points

Security Check

The new Patent Law allows Chinese individuals and entities to file patents in foreign countries before obtaining Chinese patents. The new Patent Law follows the U.S. foreign filing system and requires applicants whose invention or utility model is made in China to submit the invention or utility model for a security check before filing outside of China.

The Rules define "inventions or utility models made in China" as "inventions or utility models in which the substance of the technical plan is completed in China." Therefore, where an applicant's invention or utility model fits the definition, the applicant, Chinese or Foreign, has to go through the security check before applying for patents outside of China. The Rules provide details regarding procedures for the security check. If the patent administration authority does not provide the Security Check Notification within the prescribed period, the applicants can file their patents in a foreign country directly.

Generic Resources

According to Article 5 of the new Patent Law, no patent will be granted for an invention based on genetic resources if the access or utilization of the said genetic resources is in violation of any law or administrative regulation.

The Rules define "genetic resources" as "any material that is obtained from the human body, animals, plants or micro-organisms, contains a genetic function unit, and is of actual or potential value." In addition, the Rules clarify that "an invention based on genetic resources" refers to "an invention based on the genetic function of genetic resources." The Rules also give guidance on how to disclose information regarding genetic resources. When filing patent for an invention

based on genetic resources, an applicant must provide an explanation in the application and file an authority form.

Compulsory Licensing

According to the new Patent Law, a compulsory license may be granted if the patentee, after a certain period, fails to sufficiently exploit its patent without any justifiable reason, or the patentee is found to be monopolizing the patent and the compulsory licensing is for the purpose of eliminating or reducing its adverse effect on competition.

According to the Rules, a patentee "fails to sufficiently exploit" its patent where the patentee (or licensee) does not satisfy domestic needs for the patented product or method in either method or scope of exploitation.

Since the new Patent Law extends the availability of compulsory licensing to patented medicines for the benefit of public health, the Rules define the scope of "patented medicines". "Patented medicine" refers to any patented product, or any product directly based on patented methods, in the pharmaceutical industry that is necessary for resolving public health issues, including active ingredients necessary for the manufacture of such products and diagnostic devices necessary for the use of such products." In order to ensure compliance with TRIPS and relevant international treaties, the Rules require the patent administration authority to make sure their decisions in compulsory licensing conform to the provisions of the relevant international treaty to which the People's Republic of China has acceded.

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