中国贸促会专利商标事务所
CCPIT PATENT & TRADEMARK LAW OFFICE

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Newsletter

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News

Articles

Honored as the outstanding IP law firm 2023 by Asialaw Profiles

According to the Guide to the Asia-Pacific' s Leading Regional and Domestic Law Firms revealed by Asialaw Profiles, our firm is recognized as the Outstanding IP law firm 2023 in China in the area of intellectual property. Asialaw Profiles provides law firm recommendations and editorial analysis of key practice areas and industry sectors across 23 jurisdictions. The rankings are based on three key criteria, namely, work evidence, client feedback and peer feedback and are divided into 4 categories: Outstanding, Highly recommended, Recommended and Notable. Being ranked as the Outstanding IP Law Firm showcases our firm' s competence and professionalism in the area of intellectual property. Here are the cited feedbacks from our clients.

"They did a very good job of defending the invalidation in China and won the majority of the invalidation trials, allowing our patents to remain valid."

"Very professional in giving his legal opinion and answering our questions in a timely manner. Very effective in managing invalidation and administrative litigation cases."

Webinar held on trademark registration and enforcement in Southeast Asian countries: Indonesia and Vietnam

Jointly organized by CCPIT Patent and Trademark Law Office, ICC China Intellectual Property Commission, ACEMARK Intellectual Property and Banca IP Law Firm, and supported by Pudong Intellectual Property Office, National Guidance Center for Overseas Intellectual Property Dispute Pudong Branch and CCPIT Inner Mongolia Autonomous Region Committee, a webinar on trademark registration and enforcement in Indonesia and Vietnam was held on June 24th, 2022, brought together more than two hundred participants from industries, law firms and IP agencies at home and abroad. As the second webinar in our Southeast Asia series, we focused on Indonesia and Vietnam this time.

Mr. Bo Li, director of domestic trademark department of CCPIT Patent and Trademark Law Office, presided over the webinar.

Mr. Zhongqi Zhou, vice president of CCPIT Patent and Trademark Law Office attended the webinar and addressed opening remarks. Mr. Zhou highlighted the important position of Southeast Asia in the Silk Road Economic Belt. As the largest trade partner of the other, China and ASEAN have established a high-level economic and trade partnership with steady growth of two-way

investment since 2020. According to the statistics of China Customs, in 2021, the trade between Indonesia and China jumped 58.43% year on year to US$124.34B, and the trade between Vietnam and China exceeded the $200B mark for the first time, reaching $230.2B, up 19.7% from 2020. The Regional Comprehensive Economic Partnership Agreement (RCEP) has officially entered into force in January 2022, its implementation will further provide a strong boost to regional economic development and world economic recovery. With the fully opening of the China-Laos Railway, a more convenient channel has been established between China and ASEAN. There will be unlimited space for the future cooperation in trade and investment.

Ms. Yenny Halim, co-manager of ACEMARK Intellectual Property, Ms. Pham Hong Nhung, director of Banca IP Law Firm presented to the webinar explaining in detail the legal system and practice of intellectual property, trademark registration procedures, examination rules, application strategies and enforcement measures in Indonesia and Vietnam through a large number of real cases, giving clear guidance for Chinese business to fulfill trademark acquisition and protection in two countries. They also provided professional suggestions during the Q&A session, discussing the cases of bad-faith trademark registration, the appeal process and other issues. Ms. Yuxiao Ren, trademark attorney of CCPIT Patent and Trademark Law Office, introduced successful cases of trademark disputes in Indonesia and Vietnam handled by the firm, analyzed the focus and difficulties, and provided practical tips on trademark registration in the area.

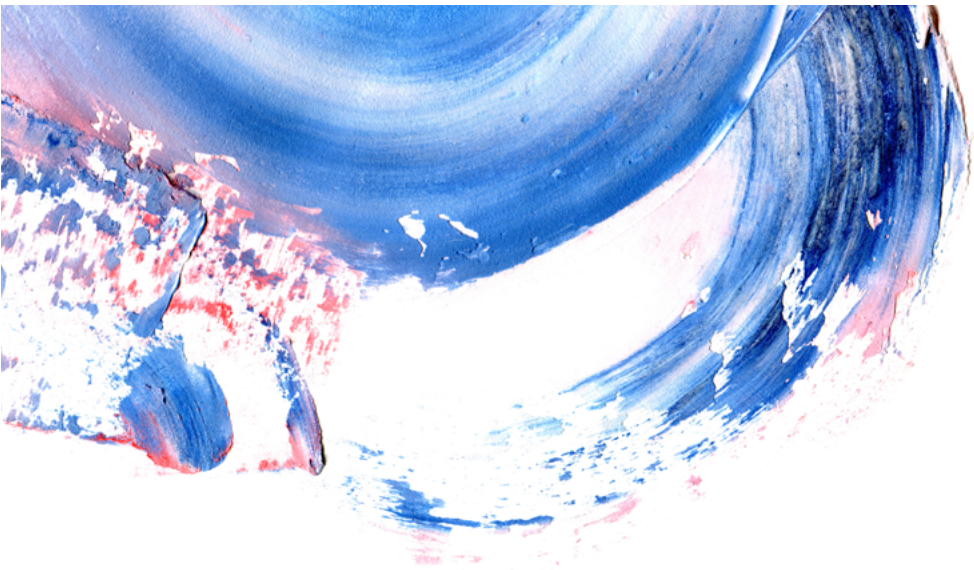
Introduction to China's patent Prioritized Examination program

By Xin Chen

The patent Prioritized Examination (PE) program in China is a main way to accelerate the patent prosecution, besides the well-known Patent Prosecution Highway (PPH) pilot program. The PE program is also a choice to expedite the invalidation proceedings for a patent involved in an infringement dispute. Similar to the PPH pilot program in China, the PE program has no official fees, and is even quicker than the PPH. For example, an invention patent application can get a final decision within 12 months from the approval of the PE petition. Therefore, the PE program is becoming an attractive option for the applicants who desire quick patent protection.

However, the PE program is only applicable to cases that meet certain requirements. The China National Intellectual Property Administration (CNIPA) issued the Administrative Measures for Patent Prioritized Examination ("Measures") on June 28, 2017, which came into effect on August 1, 2017. Below we will introduce the PE program in China based on the Measures and our up-to-date experiences.

1.Which types of application or patent are eligible for the PE program?



All the three application/patent types, invention, utility model and design, are eligible for the PE program, if certain requirements are satisfied (see Items 2-3 for the specific requirements). In particular, the PE program is applicable to:

- invention, utility model and design applications during prosecution (hereinafter referred to as "prosecution cases");
- invention, utility model and design applications during re-examination (hereinafter referred to as "re-examination cases"); and
- invention, utility model and design patents during invalidation proceedings (hereinafter referred to as "invalidation cases").

Note that the PE program is applicable to both non-divisional applications and divisional applications. Also note that, the applicant cannot request both PE and PPH for the same application, i.e., only one of PE and PPH can be used to accelerate the prosecution of an application. Moreover, for a pair of invention and utility model applications filed on the same day with a dual-filing statement, the invention application in the pair is not eligible for the PE program.

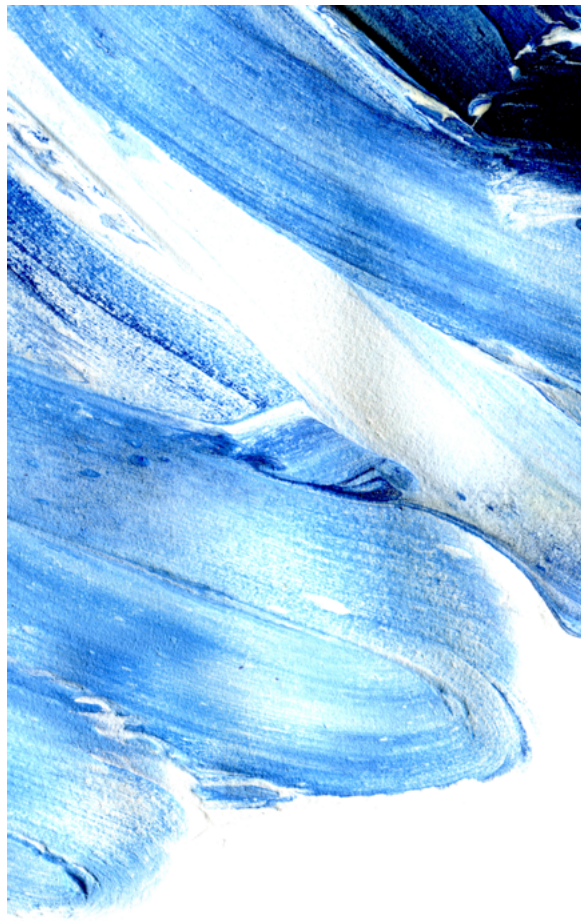
2.What are the requirements for a prosecution or re-examination case to request PE?

A prosecution or re-examination case can request PE if one of the following requirements is met:

i) the application involves national key industries including energy conservation, environmental protection, new generation information technology, biotechnology, high-end equipment manufacturing, new energy sources, new materials, new energy vehicles, intelligent manufacturing, etc.;

ii) the application involves industries that are specially encouraged by the people's governments at provincial or municipal levels;

iii) the application involves



internet, big data, cloud computing or the like, and the technology or product updates fast;

iv) the applicant has prepared for or has started implementation, or there is evidence to prove that someone is implementing the invention;

v) the application is firstly filed in China and then a counterpart with the same subject matter is filed in another country or region; or

vi) other situations that need prioritized examination due to the great significance to the national interests or public interests.

3.What are the requirements for an invalidation case to request PE?

An invalidation case can request PE if one of the following requirements is met:

i) there is a dispute of infringement of the patent involved in the invalidation case, and the party concerned has filed a lawsuit with the court, requested the local IP office to handle it, or requested an arbitration or mediation organization for arbitration or mediation; or

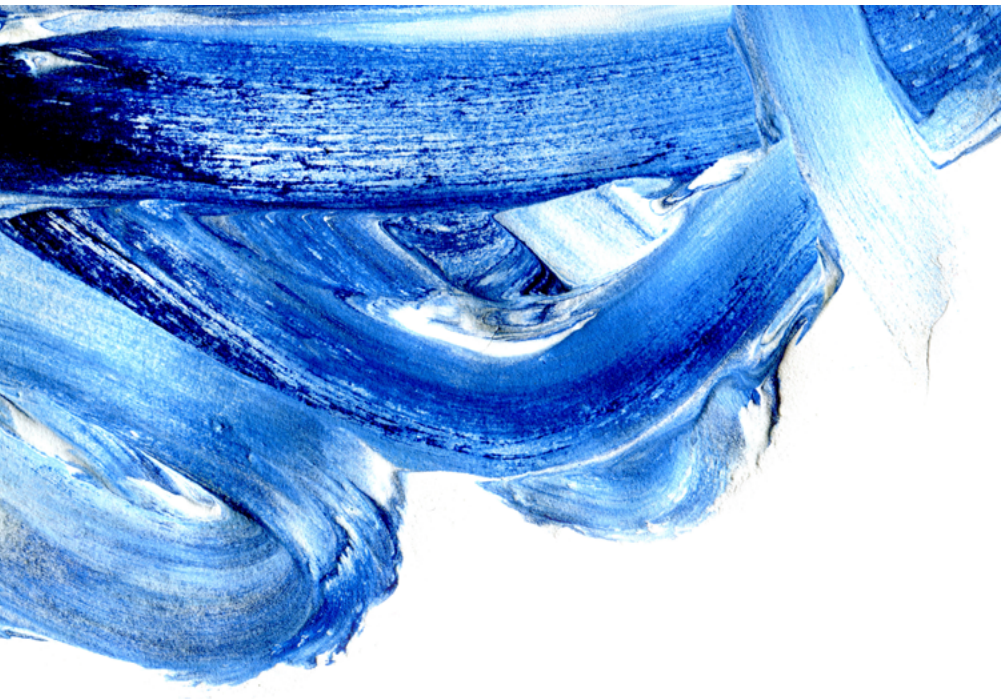
ii) the patent involved in the invalidation case is of great significance to the national interests or public interests.

4.How much can the examination be expedited under the PE program?

For an invention application on the PE track, the CNIPA will issue the first office action within 45 days and issue the patentability decision (Notice of Allowance or Rejection Decision) within 1 year from the approval of the PE petition. For a utility model or design application on the PE track, the CNIPA will issue the patentability decision within 2 months from the approval of the PE petition.

For a re-examination case, whether the application is an invention, utility model or design, the CNIPA will issue the Re-examination Decision within 7 months from the approval of the PE petition.

For an invalidation case of



invention or utility model patent, the CNIPA will issue the Invalidation Decision within 5 months from the approval of the PE petition. For an invalidation case of design patent, the CNIPA will issue the Invalidation Decision within 4 months from the approval of the PE petition.

5.Is there any quota for the PE cases each year?

There is no explicit quota for the PE cases handled by the CNIPA each year. The CNIPA promises that, on the premise that the examination quality and overall pendency are not affected, it will provide as many resources for PE as possible. The quota for the PE cases each year will be determined by the CNIPA according to the statistics such as the examination capabilities in each technical field, the number of patents granted in the previous year and the number of pending cases in the current year. The quota may vary each year and is not disclosed to the public.

According to the 2021 annual report of the CNIPA, 77,000 PE cases were handled by the CNIPA in 2021, which increased by 31.5% as compared to 2020.

6.Are the examination standards for PE cases different from normal cases?

The examination standards for PE cases are the same as normal cases. Unlike the Accelerated Examination (AE) program in the USPTO, there is no limitation on the number of claims or independent claims for the PE cases. Also, it is not required that the claims be directed to a single invention. If the claims of an application on the PE track are directed to more than one invention, the applicant may receive a lack-of-unity rejection and pursue divisional

applications later.

7.Is the period for replying to office actions for PE cases the same as normal cases?

For a prosecution case, the office actions for PE cases will have a shorter period for reply than normal cases. Specifically, the period for reply is 2 months for invention applications and 15 days for utility model or design applications, regardless of whether the office action is the first one or a subsequent one.

For a re-examination or invalidation case, the period for replying to office actions for PE cases is the same as normal cases.

Failure to timely file a reply will result in the PE case back to the normal track.

8.What is the timing for filing the petition for PE?

For an invention application, the petition for PE can be filed after the CNIPA issues a notification informing that the application has entered substantive examination. For a utility model or design application, the petition for PE can be filed after the applicant has paid the filing fee. For a re-examination case,

the petition for PE can be filed after the re-examination fee has been paid. For an invalidation case, the petition for PE can be filed after the fee for requesting invalidation has been paid.

After receiving the petition for PE, the CNIPA will issue a notification to inform whether the petition is approved or not, which typically takes 2 weeks. If the petition for PE is rejected by the CNIPA, the petition cannot be filed again.

9.Who is eligible to request PE?

For a prosecution or re-examination case, it is the applicant who can file a petition for PE with the CNIPA. For an invalidation case, both the invalidation petitioner and the patentee can file the petition for PE. If there are multiple applicants or patentees, the consent of all the applicants or patentees is required.

In addition, the court, the local IP office or the arbitration/mediation organization that is handling the relevant patent infringement dispute can request PE for the invalidation case.

10.What are the documents required for filing the petition for PE?

For a prosecution case, the applicant needs to file a PE petition form, prior art references and supporting materials. In the case of above Item 2(v) (i.e., outbound application), these documents shall be directly filed with the CNIPA. In the other cases, these documents shall be first submitted to the provincial IP office in the province where the applicant or its agency is located to have the PE petition form signed by the provincial IP office, and then filed with the CNIPA. The provincial IP office usually signs the form quickly (e.g., in several days) if the requirements are satisfied.

For an re-examination case, the applicant needs to file a PE petition form and supporting materials. Except for the case where the application was already on the PE track during the prosecution, the sign by the provincial IP office on the PE petition form is also required before filing the documents with the CNIPA.

For an invalidation case, the party requesting PE needs to file a PE petition form and supporting materials. Similarly, the sign by the provincial IP office on the PE petition form is required before filing the documents with the CNIPA.

For all the cases, if an agency is entrusted to handle the PE matters, a power of attorney is also required.

The supporting materials include

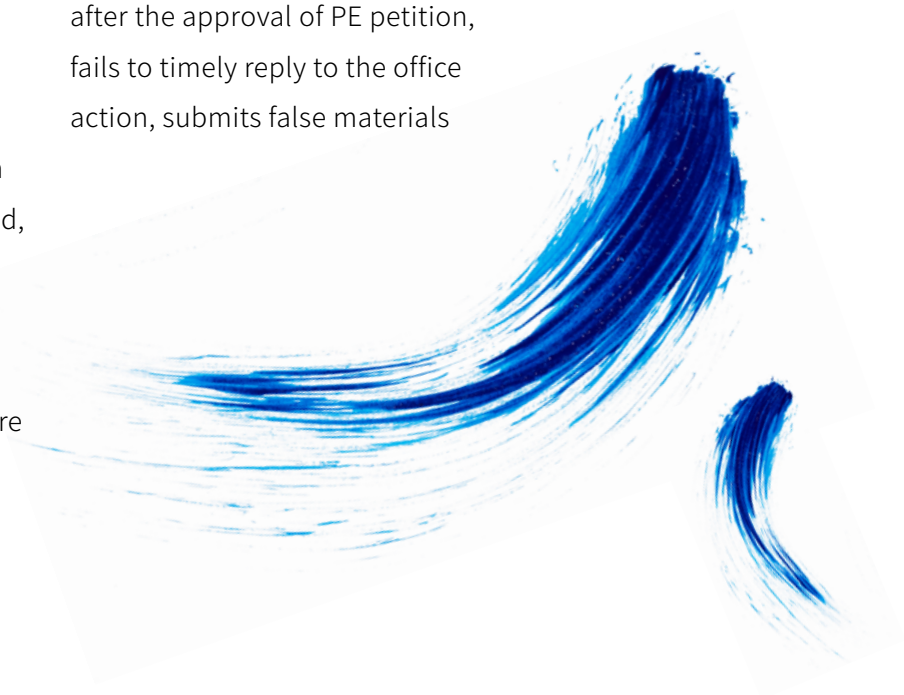
the necessary documentation to prove that the case complies with the requirements listed in above Items 2-3. Usually, a brief introduction of the invention and the identification of all applicants (e.g., a copy of ID card for an individual, or a copy of business registration for a company) are required for all the cases.

The other documents included in the supporting materials may vary depending on the cases. For an application meeting Item 2(i)-(iii), a statement explaining why the application involves a specified industry is required. For an application meeting Item 2(iv), proofs showing the implementation or preparation for implementation are required, such as a claim chart between a product and the claims, an invoice or agreement showing the sale of the product, a picture or manual of the product, etc. For an application meeting Item 2(v), the filing receipt by the patent office in the other country or region is required. For an invalidation case meeting Item 3(i), documents such as the notifications issued by the court or the compliant as filed are required.

11.Under what circumstances will the PE case be moved back to normal track?

For a prosecution or re-examination case, the case may be moved from the PE track to the normal track if the applicant makes voluntary amendments after the approval of PE petition, fails to timely reply to the office action, submits false materials or is found to be an abnormal application.

For an invalidation case, after the approval of PE petition, if the invalidation petitioner supplements causes and evidence for invalidation or the patentee amends the claims in a way other than deletion, the case will be moved back to the normal track. In addition, if the invalidation case is suspended for some legitimate reasons, the case may also be moved back to the normal track.



How to determine similarity of goods in trademark disputes

By Ling Zhao

Recently, the Supreme People's Court supported HÄSTENS' claim in a retrial judgment of trademark invalidation against the disputed trademark "海丝腾HÄSTENS" No. 9758664 (hereinafter referred to as the "disputed trademark") and decided that the disputed trademark used on the goods "clothing, etc." in Class 25 and the cited trademarks "海丝腾" (hai si teng) & "HÄSTENS" registered on "fabrics, etc." in Class 24, constitute similar trademarks used on similar goods, and that the registration of the disputed trademark violates Article 30 of China Trademark Law. The trademarks in dispute are shown as below:

(disputed trademark) (cited trademarks)

In its judgment, the Supreme People's Court held that to determine if there is the likelihood of confusion, factors such as the similarity of trademark signs, the similarity of goods, the distinctiveness and reputation of the cited trademark, the attention of the relevant public, the subjective intention of the trademark applicant and the evidence of actual confusion should be considered.

The cited trademarks "海丝腾" (hai si teng) and "HÄSTENS" are composed of coined words or unique letter combinations without fixed meaning, and have strong distinctive characteristics. Although there are differences in functions and uses between the goods "clothing, hats" and the goods "fabrics, textile fabrics", the raw materials of "clothing" are generally textile fabrics. Considering the similarity between the disputed mark and the cited ones, the relevance of the goods and the high distinctiveness of the cited marks, the coexistence of the marks involved is easy to make the relevant public mistakenly believe that there is certain connection between the sources of the goods.

- General rule to determine similarity of goods

In accordance with Article 30 of China Trademark Law, where a trademark applied for registration is identical with or similar to a trademark already

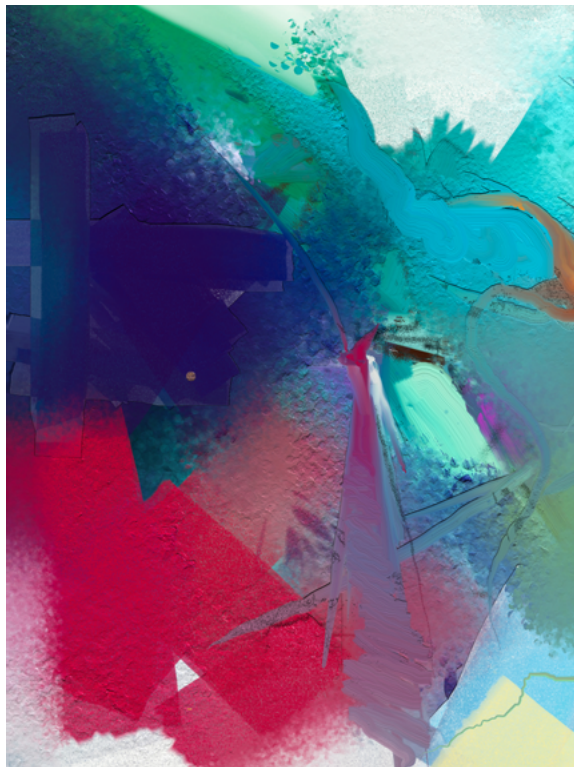
registered or preliminarily approved by others for the same or similar goods, it shall be rejected. To apply this article, it is essential to determine if the goods or services of a later trademark are identical with or similar to the goods or services of the prior identical or similar trademark. The Official Classification of Similar Goods and Services adopted by the China Trademark Office is the basic criteria for the examiners to apply in their routine work of trademark examination.

In trademark administrative and civil litigation trials, the court pay more attention to the reality of the market, focusing on the analysis and comparison of the physical and social attributes of the goods or services themselves, that is, functions, uses, production departments, sales channels, consumers, etc., to determine whether they constitute similar. But generally speaking, the Official Classification of Similar Goods and Services is the basic standard to apply.

- Breakthrough of the general rule

The determination of similar goods or services is essentially a legal issue to define the scope of protection of trademark right. In practice, to determine the similarity of goods and services, we also need to consider the distinctiveness of the trademark claimed to be protected, whether it has been used and has a certain market popularity, and whether the applicant of disputed trademark has the intention of unfair competition, rather than just the judgment of the physical characteristics of the goods themselves.

However, the breakthrough of general rule needs to base upon certain conditions. Generally speaking, a registered well-known trademark can obtain cross-class protection on non-identical and dissimilar goods, while a registered regular trademark can only obtain protection on its registered goods/services and those similar thereto. In many cases wherein



the goods are considered similar, though they belong to different classes or subclasses, and are not considered similar goods per the general rule, the trademarks involved are usually highly similar, and the disputed trademark are usually a close imitation or even a copy of the cited trademark, and the goods themselves are also closely relevant. The relevance of goods is usually defined in each particular case under special scenario, viewing the relevance or overlapping in terms of uses, functions, sales channels, etc.

In the present case, the designated goods of the disputed trademark, i.e. goods such as "clothing; hats" in Class 25 and the goods of the cited mark, i.e. "fabrics; textile fabrics" in Class 24 are actually processed end products and raw materials. The Court also consider the strong distinctiveness of the cited trademark and the high degree of similarity between the disputed trademark and the cited one and come to the conclusion that the coexistence of the marks is likely to cause confusion.

In the administrative dispute retrial of review of opposition against the trademark "Santoprene" No. 3130886, the Supreme People's Court held that the goods "unprocessed plastic" in Class 1 designated by the disputed trademark and the goods "thermoplastic elastomer" in Class 17 of the cited trademark "Santoprene" constituted similar goods. The Supreme People's Court emphasized that whether the goods are similar or not is not a pure fact finding, nor is it a scientific material classification, but a legal judgment. The judgment of goods similarity is not only based on the physical and chemical characteristics of the goods, but also on the relevance of the social features thereof, that is, whether the goods are the same or related in function, purpose, production department, sales channel, consumer group, etc.

We can also see that there are the following issues in common in both cases:

1) The trademark requested for protection itself is a highly distinctive mark composed of coined words or combination of characters without fixed meaning;
2) The disputed trademark is

identical or highly similar to the cited trademark;

3) The cited trademark has certain fame among the relevant public through use;
4) The applicant of the disputed trademark applies for the registration of identical or highly similar marks on closely related goods or services, in order to take a free ride of the reputation of the cited trademark, showing its intention of imitation and plagiarism.

In the present case, it is determined that the goods textile fabric in class 24 are similar to the goods clothing in Class 25. But this does not mean that the Official Classification of Similar Goods and Services should be modified, or the same determination should be made in all cases. After all, the identification of similarity goods is not a pure factual issue, but a legal issue to define the scope of protection of trademark right, and other factors including the distinctiveness and reputation of the cited trademark, the similarity of marks, and the subjective intention of the disputed trademark applicant should also be taken into consideration.

Trademark protection of imported drug in Hainan Boao Lecheng international medical tourism pilot zone

by Hui Gao

Hainan Boao Lecheng International Medical Tourism Pilot Zone (the "Pilot Zone") was established with the approval of the State Council in 2013 and granted many preferential policies including special approval for drug import. At present, the Pilot Zone has established cooperation relationship with more than 80 multi-national enterprises including Pfizer, Novartis, Roche etc. and has imported more than 200 kinds of drugs and medical devices for urgent clinical needs.

I. Difference of trademark protection for drug names

between "imported drugs marketed within China" and "imported drugs for urgent clinical needs in the Pilot Zone"

In this article, "imported drugs marketed within China" refer to drugs produced abroad that have obtained Imported Drug Registration Certificate in accordance with the provisions of the drug regulatory department of the State Council.

"Imported drugs for urgent clinical needs in the Pilot Zone" (hereinafter "drugs in the Pilot Zone") refer to drugs imported into the Pilot Zone, which have been approved for marketing in the US, the EU and other countries or regions, but not in China. They cannot be replaced by domestic registered drugs, and do not include vaccines and other drugs under special administration.

As "imported drugs marketed within China", their names must be registered trademarks in China. But as "drugs in the Pilot Zone", their names are not necessarily registered trademarks in China.

A. Imported drug names marketed within China must be registered trademarks.

To satisfy examination requirement for imported drug registration, certificate proving registration of the drug name as a trademark needs to be submitted. Therefore, imported drug names marketed within China must be registered trademarks covering "medicine for human use and etc." in Class 5 in China.

a) Imported drugs marketed within China must obtain Imported Drug Registration Certificate.

Article 24 of Drug Administration Law reads "Drugs to be marketed in the territory of the People's Republic of China shall be subject to approval by the drug regulatory department under the State Council to obtain Drug Registration

Certificate, except for Chinese medicinal materials and prepared slices of Chinese crude drugs which are not subject to review and approval administration." Therefore, drugs marketed within China needs to pass the examination proceeding of drug registration.

b) Under the requirement of drug registration examination, trademark certificate of the drug name is necessary.

Application for drug registration needs to be filed according to the category of the drug. Article 4 of Measures for Administration of Drug Registration effective from July 1, 2020 requires that the registration application of drugs produced abroad should be filed in accordance with the detailed classification of drugs. On July 2, 2020, Center for Drug Evaluation, National Medical Products Administration (NMPA) issued Guidelines for Acceptance and Examination of Chemical Drug Registration (Trial), which stipulates that "For application for use of drug name, certificate proving registration of the drug name as a trademark should be filed". Accordingly, drug name either in foreign language or in Chinese for imported drug marketed within China should be a registered trademark in China.

B. Drug names in Pilot Zone are not necessarily registered trademarks in China.

Drugs in the Pilot Zone belong to "imported drugs for urgent clinical needs". According to relevant regulations, such drugs do not need to be registered, and no authority will examine whether their names are registered as trademarks. Therefore, drug names in the Pilot Zone are not necessarily registered trademarks.

a) Imported drugs for urgent clinical needs do not need to obtain Imported Drug Registration Certificate.

Under Article 65 of Drug Administration Law, where a medical institution has urgent clinical needs for a small quantity of imported drugs, such drugs may be imported upon approval by the drug regulatory department under the State Council or by local government authorized by the State Council. This means imported drug for urgent clinical use do not need to obtain Imported Drug Registration Certificate.

Moreover, Article 36 of Implementation Regulation of Drug Administration Law also states that to import drugs

for urgent clinical needs, medical institutions only need to have Medical Institution Practice License, but do not need to own Imported Drug Registration Certificate.

Given the above, there is no registration examination proceeding for imported drugs for urgent clinical needs and accordingly their names are not required to be registered trademarks.

b) Drugs in the Pilot Zone belong to "imported drugs for urgent clinical use" and their drug names do not need to be registered trademarks in China.

In a circular released in 2018 by State Council, a change to drug import administration in the Pilot Zone was announced. According to the circular, the State Council made temporary adjustment of appliance of Article 36 of Implementation Regulation of Drug Administration Law, allowing Hainan provincial government to approve import of drugs for urgent clinical needs in the Pilot Zone. This means drugs in the Pilot Zone belong to imported drugs for urgent clinical needs and thus do not need to obtain drug registration. As a result, drug names in the Pilot Zone are not necessarily registered trademarks in China.

II. Potential risk under the frame of Trademark Law of using unregistered drug names in the Pilot Zone.

A. Examples.

a) Trademark applications for drug names in the Pilot Zone

have been refused by the CNIPA.

Drug Name in Pilot Zone	Trademark	Filing Number	Goods in Class 5	Status
COSELA	COSELA	57558642	pharmaceutical preparations; pharmaceutical preparations for oncology to improve chemotherapy results and cancer treatment, etc.	Refused in Oct. 2021

On June 2, 2021, COSELA drug was imported into the Pilot Zone bringing international advanced treatment to patients with small cell lung cancer. On July 8, 2021, its holder filed trademark application for COSELA covering "pharmaceutical preparations" in Class 5. However, this trademark application was refused by the CNIPA in October 2021, probably because of citation of prior similar mark on same or similar goods.

b) Drug names in the Pilot Zone have been registered as trademarks by others.

Drug Name in Pilot Zone	Indication of Drug	Drug name filed as a Trademark?
LEUKINE	Immune stimulant used to treat acute radiation syndrome.	No

In June 2018, LEUKINE was approved in the United States for treatment of acute radiation syndrome. Then LEUKINE was imported into the Pilot Zone. But so far, its holder has not filed trademark application for LEUKINE. Instead, a Chinese company' s trademark No. 31116762 has been registered in February 2019 in Class 5 in China.

B. Under the framework of Trademark Law, potential risk of using drug names that are not registered as trademarks.

a) Possible delay of process for marketing within China

For a trademark, the average period from filing date to registration date is 7 months under general conditions, namely without meeting any office action. To complete registration of import drug, trademark registration certificate of the drug name is required. Therefore, if the drug name has not been registered as a trademark, the drug registration process will be delayed at least for 7 months.

For holder of the above-mentioned COSELA drug, to obtain trademark registration for COSELA, it is necessary to remove the obstacle caused by prior cited mark by means of opposition, invalidation or assignment. It is also necessary to file review on the refusal to maintain the trademark application alive. These measures interact with each other and will extend the time required for obtaining trademark registration for the drug name.

b) Risk of loss of prior rights

First-to-file principle is applied in China. Under Article 30 of Trademark Law, if a trademark application is identical with or similar to a registered trademark covering same or similar goods, its registration shall be refused.

If drug names in the Pilot Zone are registered as trademarks in China, they will block others' same or similar trademark application filed on same or similar goods. In this way, any possible confusion caused by co-existence of others' same or similar trademarks with drug names in the Pilot Zone will be effectively avoided.

If drug names in the Pilot Zone are not registered as trademarks, in opposition or invalidation against others' same or similar mark on drugs, the holder of the drug name needs to submit a lot of evidence proving the drug name had been used as a trademark and had obtained certain influence before filing date of the opposed/disputed mark. This is not cost-effective. In contrast, registering drug names as a trademark will provide more efficient protection for the drug name under the framework of Trademark Law.

c) Risk of dilution of drug name into generic name

Article 9 of the Trademark Law stipulates that " A trademark registrant shall have the right to display the wording

'Registered Trademark' or a sign indicating that it is registered". If not registered as a trademark, drug names in the Pilot Zone cannot be used together with these signs. This will be disadvantages in educating the publics to realize that the drug name is also a trademark exclusively owned by the pharmaceutical company, but not any generic name. Having the drug name registered as a trademark will contribute to maintaining the distinctiveness of the drug name.

d) Risk of being sued for trademark infringement

As for the above-mentioned drug name LEUKINE, because others have previously registered the same trademark LEUKINE covering goods in Class 5, the use of LEUKINE on imported drugs in the Pilot Zone will face the risk of being sued for infringement by the owner of the prior registered trademark LEUKINE. Of course, the claims that LEUKINE is used as a drug name, and such use is allowed under the special provisions for imported drugs for urgent clinical needs in the Pilot Zone will be strong defenses. But such potential risks will undoubtedly cause unnecessary trouble to pharmaceutical enterprises.

To sum up, under the frame of drug administration, drug names in the Pilot Zone are not necessarily registered marks. However, in the long run, protecting the drug names in the Pilot Zone as registered trademarks will not only bring commercial benefits to pharmaceutical enterprises, but will also be advantage for safeguarding publics' health interests.

III. Advice for trademark protection of drug names for drugs in the Pilot Zone

A. Make early plan for overall arrangement of trademark registrations for drug names in the Pilot Zone.

a) Early registration for drug names in the Pilot Zone as a trademark helps to acquire Imported Drug Registration Certificate and successful entrance into China' s market.

Under general circumstance, it will take 7 months for a trademark application to mature into registration without meeting any office action. Therefore, with trademark registration certificate in the hands, for drug registration proceeding, the pharmaceutical enterprises will avoid waiting for 7 months at least.

b) Early registration of drug names in the Pilot Zone as trademark will realize the advantages of real-world data in the Pilot Zone in accelerating the process of drug registration.

In April 2021, the State Food

and Drug Administration (SFDA) accepted the application of new drug for treatment of chronic non-infectious uveitis, which is developed by OcuMension. The real-world data of 28 subjects for the drug collected during its use in the Pilot Zone are submitted to the SFDA. With this data, the commercialization process of this drug is accelerated for about one and a half years. For drugs in the Pilot Zone, the combination of real-world data herewith and trademark registration of drug name will be substantially helpful in accelerating the drug' s entrance into China' s broad market.

B. Make comprehensive strategy for trademark registration of Chinese drug names in the Pilot Zone

The drugs in the Pilot Zone are using packaging of foreign markets and there is only drug name in foreign language on the packaging. It is likely that its Chinese drug name has not been decided.

To obtain Chinese drug name, trademark registration certificate of the Chinese drug name is required. Therefore, pharmaceutical enterprises are advised to prepare three to five candidates of Chinese drug names and conduct trademark searches for them. Based on the results, trademark applications for two or three of them, which have higher chance of being registered, should be filed. In this way, the drugs can have their own "Chinese names" to be registered as both drug name and trademark as soon as possible.

C. Make in-depth trademark search and investigation to clear up potential obstacle for trademark registration of drug names in the Pilot Zone.

Pharmaceutical companies are advised to conduct trademark search for drug names of their drugs in the Pilot Zone. This is to find out if there is any prior trademark covering "medicine for human use, etc." in Class 5 same with or similar to their drug names. If yes, actions under the frame of Trademark Law should be taken to clear the possible citation, such as opposition, invalidation, non-use cancellation, assignment negotiation, etc. Such preemptive action will also decrease the risks of being sued for trademark infringement.

The aim of some imported drugs in the Pilot Zone is to start commercialization process and to enter China' s broad market. Trademark registrations of their drug names are necessary guarantee to achieve this goal. Providing multi-dimensional trademark protection strategies will help the imported drugs in the Pilot Zone to be marketed in China at an early date and will bring benefit to domestic publics' health.

Law relief measures for intellectual property infringement in China

By Bin Zhang, Yifan Yang

In China, diversified IPR infringement settlement mechanisms generally include C&D letter, administrative means, civil litigation, arbitration settlement, and criminal charges, etc.. The right holder can choose the best way according to his/her own needs and the characteristics of various reliefs. This paper will comprehensively discuss the measures often used in practice to deal with intellectual property infringement.

1. C&D letter

Approaching the infringers directly, usually with a C&D letter, is the least time-consuming and most economical way of IPR enforcement. However, the results of this approach often depend on the attitude of the infringer.

If the infringer is bona fide and trustworthy, sending C&D letters could, to a certain extent, achieve the results of stopping the infringement, or at least establish a channel for further communication and final dispute resolution.

If the infringer is, on the other hand, of malicious intent, any letter or warning from the IPR owner is likely going to be ignored and the infringement continued as the way it was. However, the IPR owner can use this ignorance and continuation as a factual basis to prove the bad faith of the infringer part and claim punitive damages in subsequent civil litigations.

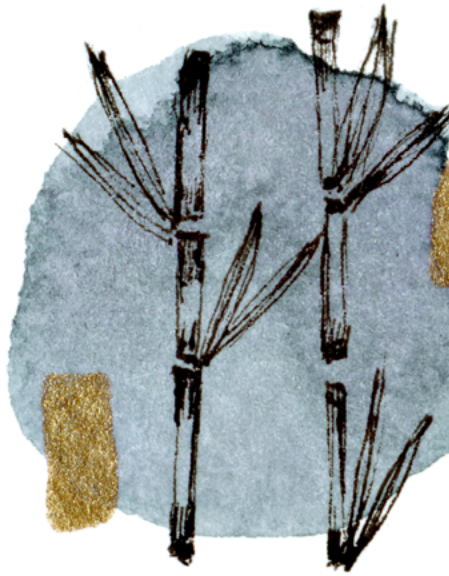
2. Administrative protection

Administrative protection has been proved particularly useful and effective in China in light of China' s national conditions, i.e., having a strong, effective, and encompassing-all-aspects-of-life government. However, the obvious downside of this approach is that it does not address the issue of compensation. IPR owners must negotiate with the infringer separately or file a lawsuit if he/she wishes to recover losses resulting from the infringement.

Specific proceedings vary depending on the IP rights sought for protection, with the patent-related infringement cases singled out due to its complexity and involvement of technical expertise.

2.1 Patent: administrative adjudication

Article 65 of the Patent Law of China provides that, patent owners or relevant parties (such as licensees) could request the local patent law enforcement authorities (i.e., Administration for Market Regulation or AMRs) to handle patent infringement, as an alternative to filing a court action. And according to the regulation and guidelines promulgated by China National Intellectual Property Administration (CNIPA) in 2019, a semi-judicial proceeding called administrative adjudication would be entered over the



complained case.

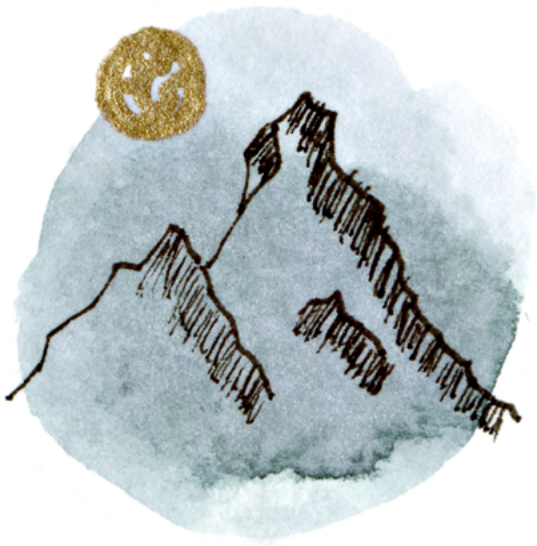
An administrative adjudication proceeding has a lot in common with civil litigations. The parties in both proceedings get to examine and question each other' s evidence, advocate for themselves in oral or written form, and ask experts to testify for them. On request, the handling authorities in both proceedings could take their own investigation and preserve evidence. And both authorities must decide on whether patent infringement is established and issue prohibition orders once it is.

It should be noted though, AMR investigation measures include only questioning relevant individuals, inspecting the premises of allegedly infringing acts, and inspecting the allegedly infringing products. Reproducing relevant documents of the infringer and sealing up/ seizing the allegedly infringing products, measures regarded as the most compulsory and effective, are not available in administrative adjudications.

2.2 Non-technical IP rights

For other IP rights that do not relate to complex technological issues, infringement determination is comparatively simple and straightforward. Law enforcement authorities usually could come up with their conclusion without hearing arguments from both sides. So, the Chinese laws and regulations does not provide for semi-judicial proceedings when the IP owners ask for administration protection.

For example, when a trademark or copyright owner (or a relevant party) suspects his/her IP rights are infringed upon, he/she can draw the matter and preliminary evidence to local law enforcement authorities (AMRs for trademarks, Bureau of Culture and Tourism for



copyright) by filing a complaint and ask the authorities to investigate and punish the infringer once IPR infringement is established.

For the authorities' part, they would review the complainant's documents and refuse taking those apparently non-infringing cases. If they decide to take the case, they can take all necessary measures prescribed by the laws in order to investigate, including inspecting and/or reproducing the relevant documents, and sealing up and/or seizing the allegedly infringing products. Once infringement is established, the authorities would impose on the infringer permanent injunction and economic punishment.

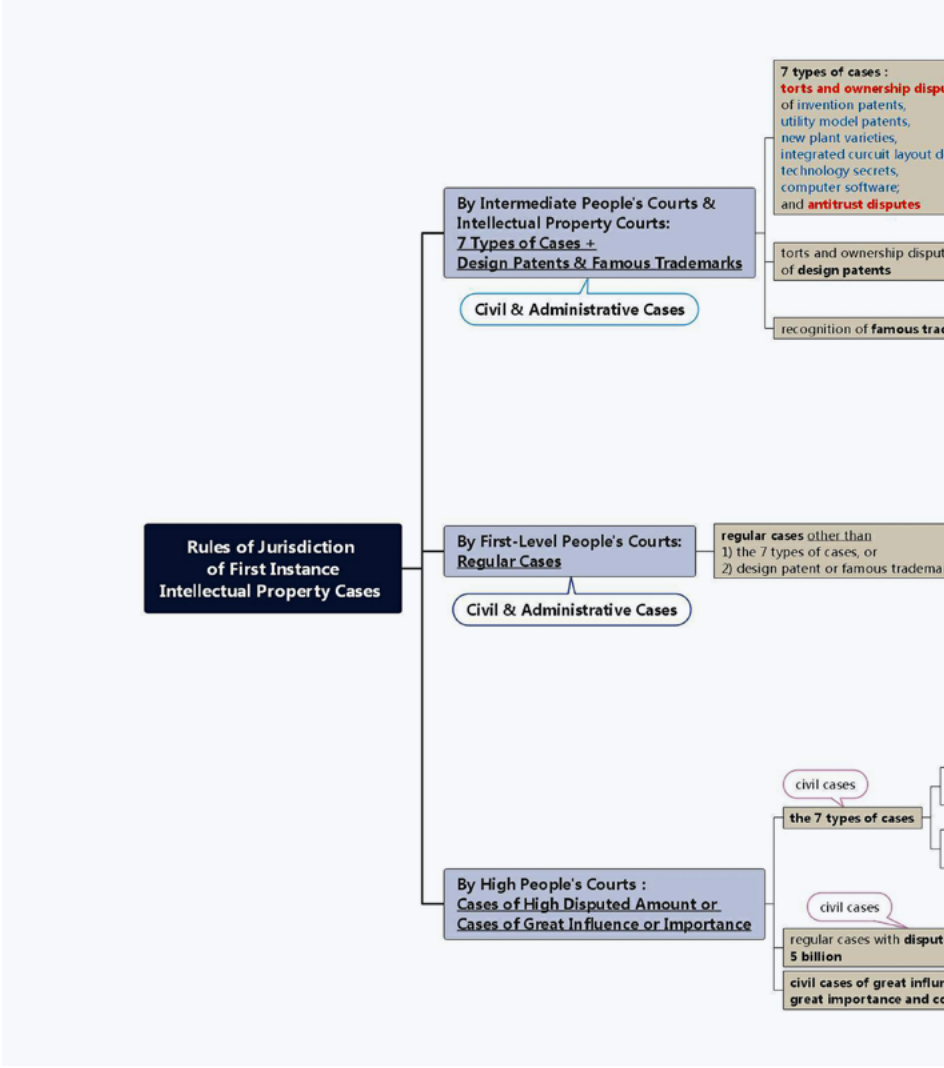
In addition, the authorities could also launch ex-officio actions against IP infringements. In such cases, the authorities would often contact the IP owner for verification and authentication, and the IP owners could then step in for following up.

3. Civil litigation

Compared with the first two approaches, civil litigation is the most expensive and time-consuming. But the preliminary reliefs provided by the Chinese courts make that up to some extent. On

the other hand, compared with the administrative law enforcement authorities, the courts are more flexible and tend to be more lenient in practice when determining the establishment of IPR infringement, which could result in better chances of success for IPR owners to obtain protection.

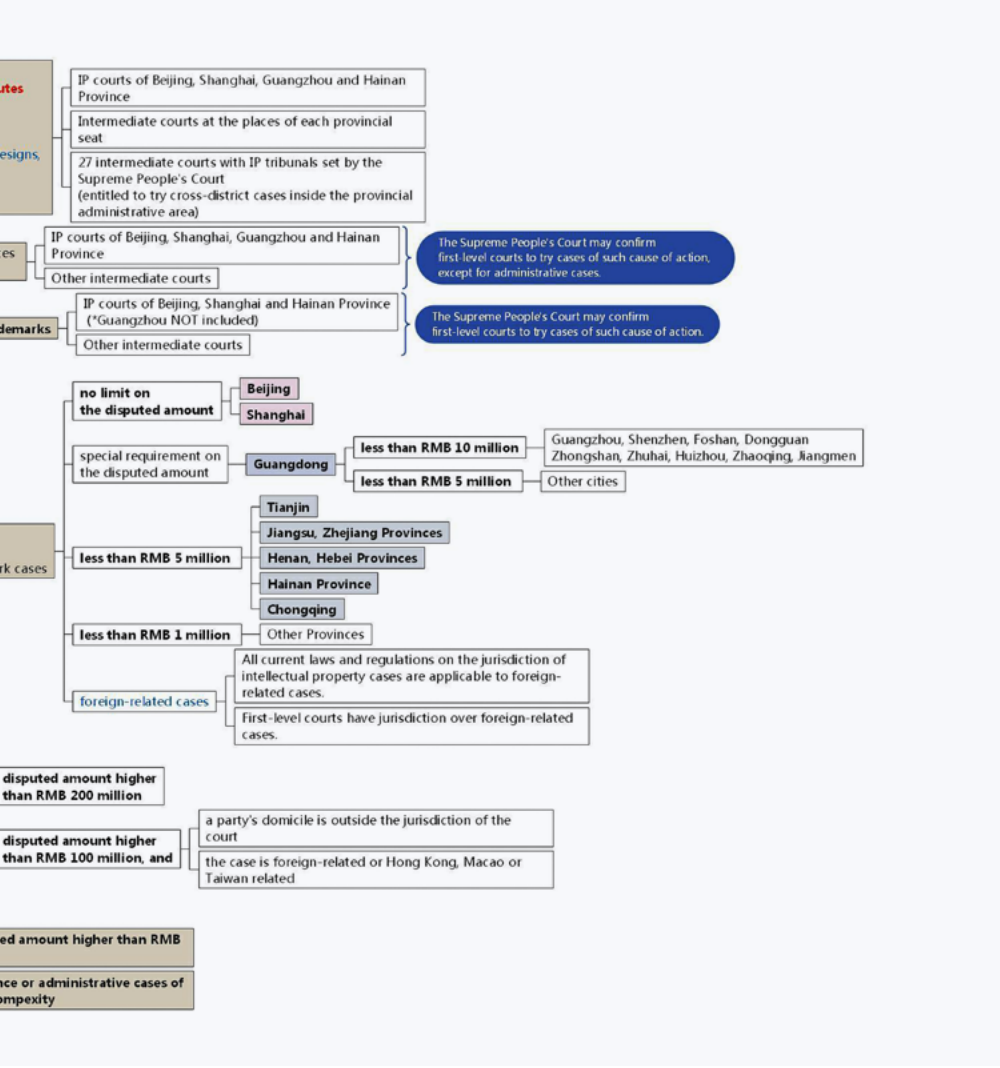
IPR owners can obtain damages and have the infringers bear the reasonable expense in enforcing the IPR, which is not available or very difficult to get under the first two approaches.



3.1 Venues & Jurisdiction

Like the administrative IP enforcement actions, there have also put into place the differences as to which level of courts could hear what type of cases depending on the IP right sought for protection.

Depending on the real-time local circumstances, the Supreme People' s Court of China (SPC) has, over the years, adjusted the Chinese courts' jurisdiction over IP-related cases from time to time. Though accommodated the need of the regional reality, it had caused some confusion among IPR owners as to venue choosing and further strategy formulating. In this May, SPC redrew the jurisdiction map once



again and published the standards on a national basis, allowing the IPR owners to easily figure out possible venues.

See the chart below for the up-to-date jurisdiction demarcation of the Chinese courts on IP-related cases.

3.2 Preliminary reliefs

Much like the administrative protection actions, the courts, on motion, could preserve the allegedly infringing products or the relevant documents of the infringer for case investigation. Further than that, the courts could also provide preliminary reliefs to IPR owners before trial/ judgement.

Depending on in rem or in persona, the preliminary orders can be classified as acts preservation order (行为保全), where the court would order temporary performance or prohibition of certain acts on a party' s part; or property preservation order (财产保全) where a party' s assets would be temporarily frozen by the court. Depending on whether the preservation orders are applied for before or during the course of litigation, they could also be classified as pre-suit and in-suit

preservation.

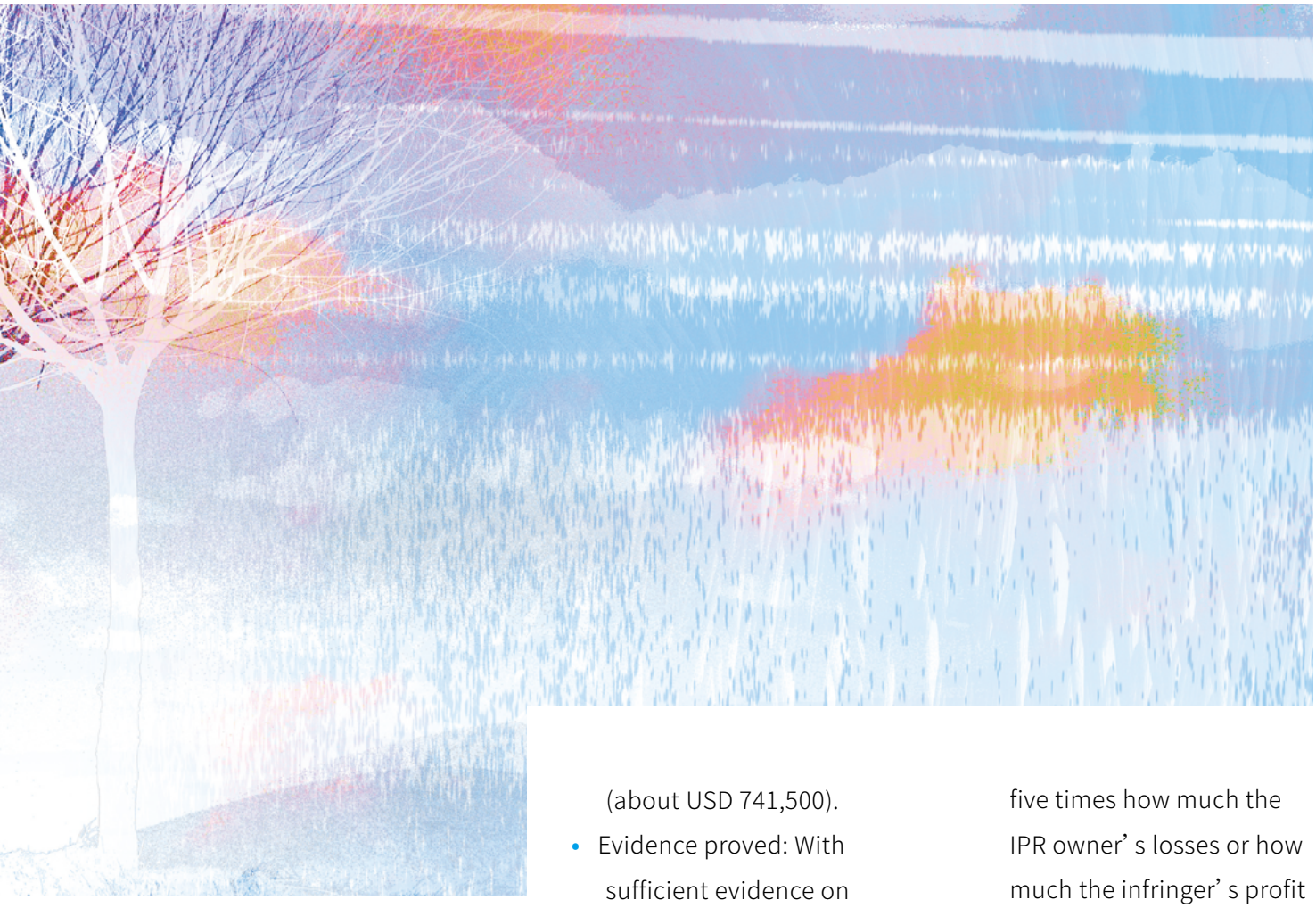
Though it has become gradually prevalent for the last decade that the Chinese courts grant in-suit property preservation orders to the IPR owner so as to freeze the infringer' s assets and guarantee the successful compensation, the Chinese courts are still cautious about pre-suit preservation or acts preservation. For pre-suit property preservation, IPR owners are legally required to provide the courts a bond equivalent to the amount they requested for preservation. For acts preservation on the other hand, in addition to requiring a bond whose amount would be set by the court' s discretion, the court would also hold a hearing to hear arguments from both sides before issuing its decision on the acts preservation.

According to the judicial interpretations of SPC, the following factors must be taken into consideration when reviewing acts preservation applications:

- The stability of the applicant' s rights;
- Whether the absence of an injunction will cause irreparable damages to the applicant or cause difficulties in the enforcement of the judgment, or cause other damage;
- The balance of interests, i.e, whether the damage caused to the applicant without the injunction exceeds the damages to the respondent with the injunction.
- Whether the injunction would harm public interests; and
- Other factors that shall be considered.

3.3 Damages

In a civil litigation, the courts apply one of the following three methods when determining the amount of damages:



- Statutory: In practice, when the IPR owners were unable to submit evidence on either their own losses or the infringer' s profits, they would apply for the statutory damages and leave the determination of the damages completely under the court' s discretion, which is no more than five million RMB (about USD 741,500).
- Evidence proved: With sufficient evidence on their own losses or the infringer' s profit, the IPR owners could apply for higher damages on the basis of evidence proof.
- Punitive: Punitive damages can be applied when there is sufficient evidence proving the infringer' s bad faith and the serious circumstances of the infringement. The punitive damages could be one to five times how much the IPR owner' s losses or how much the infringer' s profit is, provided that the IPR owners can prove the same by evidence.

4. Other options

Apart from the three most taken approaches, IPR owners can enforce their rights through other means:

4.1 Customs protection

IPR owners could record their IPRs with the General Administration of Customs of China. Local customs would then stop goods from importing or exporting over suspicion of IP infringement and contact the IPR owner for confirmation of whether they could detain the goods or let them through. Once they detained the goods and established infringement, they would confiscate the infringing goods and, in some cases, impose fines on the infringer.

In some cases where the IP owner is aware of an imminent import/export of infringing goods, a detailed request for detention can be filed to the local customs beforehand.

4.2 Criminal action

Articles 213 to 220 of the Criminal Law of China list over a dozen types of IP infringement acts as constituting criminal offenses when the volume involved in each case reached certain levels, or the circumstances were considered serious. The list includes primarily acts infringing on trademarks, copyright, and trade secrets. Patents counterfeiting, rather than patent infringement, is included in the list. Such criminal offenders would face punishments of fines and imprisonment of up to ten years.

4.3 Arbitration & Mediation

Under the Chinese legal system, disputes relating

to IP infringements could be referred to either arbitration commissions or mediation organizations, upon the consent of the IPR owner and the infringer. Decisions of both proceedings are enforceable.

Arbitration proceedings, as an alternative to court actions, are incompatible with civil litigations. Once the parties entered into the arbitration agreements, the parties were locked in from seeking court actions. And the mediation proceedings, on the other hand, are only supplementary to civil litigation. It does not stop the parties from terminating the mediation and resorting to litigation before the courts.

Accordingly, an arbitration award issued by a competent arbitration commission inside China would suffice for the court' s compulsory enforcement of the award, while the agreements brokered by the mediation organizations need to be confirmed first by the courts before applying for the courts' compulsory enforcement. After all, the courts have the final say, and the power, to enforce the arbitration/mediation decisions.

5.Conclusion

Combined, the above actions form a comprehensive toolbox for IPR owners battling infringement. During the courses, the Chinese courts/ law enforcement authorities themselves are also developing and innovating new ways and normal in IPR protection. For instance, the application of in-suit property preservation order has become popular since only the last decade. The COVID-19 pandemic has made the Chinese court proceedings to largely go online, providing the IPR owners with more convenience. And the nationwide jump of the courts' workload has made possible the judicial recognition of non-governmental mediation in protecting IPRs.

It is obviously clear the willingness and determination of the Chinese government to improve IPR protection and create an innovation-friendly environment. With the continuing modernization, professionalization, standardization, and sophistication of the Chinese IP protection system, IPR owners around the world could be confident that, with sufficient evidence and proper counsel with local attorneys, their rights and interests will be protected under the Chinese law.

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