So Many References, So Little Time – Freedom-to-Operate Opinions and China’s Avalanche of Patents

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**Purpose**

*To determine if an entity can create a product or undertake an activity without infringe another’s patent*

**Steps**

- Identify the jurisdiction(s) in which the product will be sold or the process will be undertaken
- Understand the product to be sold or the process to be undertaken in the identified jurisdiction(s)
- Conduct the patent search – most critical part
- Analyze the identified patent(s)
- If needed, determine the validity of the relevant patent(s)
- Prepare a suitable report
So You Need to Search in China
Part I – Types of Patents

Invention Patent
- 20 year life
- Substantive examination – interviewing helps

Utility Model Patent
- 10 year life
- No substantive examination – interview unlikely

Design Patent
- 10-year life (but will change when China joins the Hague Agreement)
- No substantive examination – interviewing again helps
So You Need to Search in China
Part II – The Numbers Game

By the numbers:
In 2007, SIPO received 694,153 patent applications
- Invention patent applications: 245,161
- Utility model patent applications: 181,324
- Design patent applications: 267,668

Source: State Intellectual Property Office
So You Need to Search in China
Part II – The Numbers Game

By the numbers:
In **2016**, SIPO received **3,465,000** patent applications (up 24% over 2015)

- Invention patent applications: **1,339,000** (up 21%)
- Utility model patent applications: **1,476,000** (up 31%)
- Design patent applications: **650,000** (up 14.2%)

Source: *State Intellectual Property Office*
So You Need to Search in China
Part II – The Numbers Game
Trajectory? China’s National IP Strategy sets a goal of doubling the number of patent filings between 2015 and 2020.

Result: By 2020, **7 million patent applications** – that is 10 times the number filed with the USPTO.

Variable: Pending Fourth Amendment to the Patent Law would, if made law in its current form, expand coverage for design patents from the current (and limiting) “whole design” view; likely result will be a dramatic increase in the number of design patent applications.
So You Need to Search in China
Part III – The Challenges

- **INVENTION PATENTS**
  - Searching issued patents
    - Confirm that all necessary maintenance fees are paid
    - Search scope - SIPO Examiners
  - Searching pending applications to determine likelihood that claims will be a problem
    - Not easy to find Office Actions or to determine status of pending application
  - Translation issues
  - Technology being searched
    - Chemical/biological standard language
    - Mechanical – inventors are truly their own lexicographer
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Part III – The Challenges

- **UTILITY MODEL PATENTS**
  - Most common type of patent application today
    - Chinese approach: UMP first, invention second, design third
  - Never intended to be used in this way, but:
    - Relatively easy to get
    - Relatively inexpensive
    - Relatively prompt issuance
  - No substantive examination, so claim scope is often very broad
  - No publication prior to grant, so can’t be reviewed while pending
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Part III – The Challenges

- **UTILITY MODEL PATENTS** (cont’d)
  - To determine if claims are valid, must subject UMP to validity stress – could add significantly to cost
  - Difficult to invalidate because of limited number of prior art references that can be applied to each claim
  - Sometimes simply impossible to search because Abstract is intentionally modified not to relate to disclosed and claimed invention
China is aware that many of the UMPs granted are “junk” patents
- Examination procedures changed in early 2013
  – Looking for something “abnormal”
  – If examiner has independent knowledge or has results (e.g. from a PCT search) can undertake substantive examination based on rule changes
  – As to novelty, every incoming UMP application is subjected to “Intelligent Patent Search System”
    • Claims only
    • Database comprises Chinese patents only
    • No plans to add examiners or to expand the data base as of now
So You Need to Search in China
Part III – The Challenges

- DESIGN PATENTS
  - How to search
  - Worth searching – broad scope of coverage includes “functional” features
  - Hague Agreement accession – maybe next year? (then a 15-year life, so more shelf life)
China Patent Searching: Suggested Strategies

1. **General:** Obtain assistance from experienced and reliable local searcher

2. **Invention Patent:** Monitor pending patent applications; grant with no notice

3. **Design Patent:** Recall that China permits functional inventions, thus you are likely to find a wide variety of inventions that might otherwise be covered by invention patents or UMPs

4. **Utility Model Patent:** Given the need to presume that issued UMPs are invalid, plan on two-tier approach: identify patent, then determine validity

5. The climb is steep and getting steeper – plan accordingly
Thank you.

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