

CHINA'S PATENT PROSECUTION HIGHWAY

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China update

Freeing up China's Patent Prosecution Highway with delay and divisionals

When prosecuting patents in China, it is not unusual for foreign applicants to see their attempts stall. For example, when the corresponding patents have been granted in the US and Japan, and at the EPO, foreign applicants may find their corresponding Chinese applications were rejected, or granted with a narrower scope in China than those granted elsewhere. Toby Mak explains why this can happen, and hopefully provide a solution through a combination of (1) the Patent Prosecution Highway ('PPH'), (2) delaying examination, and (3) filing divisional applications.



BY TOBY MAK

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Before discussing a strategy based on the Patent Prosecution Highway ('PPH'), I will first explain why foreign applicants frequently experience unexpected patent prosecution difficulties in China.

Numbers drive Chinese examiners' behaviour

When it started in the late 1980s, the Chinese patent system was largely based on the Germany's. In the last 30 years, the Chinese patent prosecution framework has developed in its own way. This is due to several factors including:

- The number of applications prosecuted by the China National Intellectual Property Administration ('CNIPA') for invention patent applications alone (equivalent to US utility patent/EP patent applications). CNIPA has received over one million a year since 2015, peaking at 1.54 million in 2018.
- An increase in the capabilities of Chinese companies to obtain their own patents, and the desire of the Chinese government to encourage Chinese companies to obtain patents. This is reflected by a rapid rise in invention patent filing numbers by Chinese companies, which was close to one million (0.97 million) in 2015, and exceeded one million (1.2 million) in 2016, and was over 1.2 million per year between 2017 and 2020. These patents are often only filed in China, and therefore are available only in Chinese as prior art documents.
- An increase in the use of intellectual property, in particular patents (although mainly utility models) by local Chinese companies to defend their own commercial interests. In the last four years, over 95% of the decisions published by the Chinese courts that I have reviewed are Chinese companies suing Chinese companies.

The numbers above are for invention patent applications only, and do not include utility model and design patent applications filed at the CNIPA. (NB: Each year since 2015 there have been over one million utility model applications and over one million design patent applications.)

With the number of patent applications received by the CNIPA each year, it could be imagined that each Chinese examiner is working under unbelievable pressure. According to a recent announcement from the CNIPA, there are around 16,000 Chinese patent examiners. Work performance is often measured by looking at 'issuing the first office action within X months', 'each year has to issue Y office actions', 'each year has to issue/reject Z patents/applications' could be expected. In fact, the CNIPA has recently pledged to maintain the patent examination cycle to be within 18.5 months (see https://www.cnipa.gov.cn/art/2021/5/11/art_75_159302.html).

It is understandable that some, if not most, Chinese examiners perform patent examination merely as a job with targets to hit. As such, it is not unusual to see Chinese examiners work appearing to not be based on any sound reasoning other than to fulfill their performance review at CNIPA. In such a situation, the only rationale seems to be 'as long as an objection could be raised, anything goes'. This is reflected in the following:

- Anything not disclosed in a reference could be asserted to be common general knowledge without providing any substantive evidence (which luckily now could be rebutted by asking the examiner to provide substantive publication evidence, which the examiner is required to do by the Chinese Patent Examination Guidelines).
- Interpretation of any word/expression could be expanded/twisted arbitrarily to justify an objection. For example, any word/expression in a claim could be simply put in a reference (I call this 'twisting') - i.e. a word/expression that does not appear in the reference but only in the claim could be asserted to be disclosed by the reference.

- A person skilled in the art is a genius in an obviousness objection, while the same skilled person is an idiot in support/sufficiency/clarity objections.

I have kept many examples of office actions I have been involved similar to those illustrated above.

Chinese examiners, on the other hand, are very good at spotting inconsistencies in the wordings or drawings in a patent specification (including design patent applications). With that in mind, you may have a light bulb moment next time your Chinese application seems to hit a brick wall when the examiner appears unconvinced by any amendments and/or arguments. They may be lagging behind on their rejection numbers. This is where PPH can become a useful tool to prosecute your patents in China more easily, with reduced costs (and the added bonus of avoiding handling multiple office actions).

A PPH strategy for China

China introduced PPH in the 2010s. Although PPH is not that useful in fast-tracking patent prosecution before the USPTO and the EPO, my experience of PPH in China is much more positive. Over 60% of my cases with a PPH request accepted by the CNIPA were granted without novelty and obviousness objections. There could still be objections on formalities (sometimes support and added matter), but these objections are a lot easier to deal with than novelty and obviousness objections, which can take about 70% of a patent attorney's time. Therefore, if things go smoothly with PPH, 60% of your Chinese patent applications could save 70% of your time (and therefore costs).

In some cases, even though a PPH request was rejected, as the claims had been amended in line with a corresponding patent elsewhere, the Chinese patent was also granted with ease. In other cases when the parent application was rejected, the divisional application filed with the PPH request went through.

One recent case I handled went straight through to grant, which I have not experienced before. Therefore, it is advisable to use PPH in China whenever possible.

Most of the patents granted elsewhere could be used, including the US, EPO, the UK, Japan, and South Korea. The only major exception is Australia, which still does not have a PPH arrangement with China.

A PPH request could be filed in China for any invention patent application, including a divisional application as mentioned above, by meeting the following requirements:

1. The application must be filed electronically (which should not be a problem, as over 99.5% applications are now filed electronically in China).
2. The application must have entered the substantive examination stage, i.e. a Notice of Entrance into Substantive Examination Stage has been issued (see further details below).
3. No office action has been issued.
4. The claims in the Chinese application substantively correspond to those granted in the foreign patent. Although the CN PPH guidelines do not require exact correspondence, in practice PPH examiners are ruthless in pursuing a perfect match.

Of course, acceptance of a PPH request does not guarantee automatic grant in China. After all, the Chinese examiner is required to do additional searches, and if in such searches new prior art documents are found (particularly those only available in Chinese), then sorry, bad luck. Another issue is added matter, particularly if the PPH request is based on a US patent (I am sure European colleagues have more than sufficient experiences of these).

In light of (4) above, in order to make the best use of PPH in China, it is best to use it alongside a delay for examination and filing divisional applications.

Webinar

UPDATES ON CHINA AND HONG KONG IP PRACTICES

Tuesday 14 February 2023 • 12:30-13:30
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Another year has passed, and there has been many changes in the China and Hong Kong patent practices, including:

- China's crack down on abnormal patent filings.
- China's first drug patent linkage decision.
- Changes to China's patent practice to bring it more in line with the rest of the world, including:
 - restoration of priority;
 - correction of application filed based on incorporation by reference of the priority document;
 - finalising partial design practice; and
 - abolish 15-days mail period.
- Hong Kong's purge of unqualified 'agent on records'.

Speaker: Toby Mak (Tee & Howe)

These are set out below. Starting with explaining why amending claims in line with a granted patent ('pseudo-PPH') when responding to an office action does not work as well as PPH, and then looking at restrictions on filing divisional applications in China.

Why 'pseudo-PPH' does not work

A busy Chinese examiner may not listen to your request even if they are told in a response to an office action that the claims have been amended to be in line with a corresponding foreign patent (even if a copy of the foreign patent is submitted with the response). Firstly, the examiner does not have to take your word that the claims have been amended in line with a foreign patent. Secondly, the examiner is not obliged to check the correspondence. Therefore, the typical reaction to such submission is 'so what?', particularly when the examiner is looking for cases to reject to fulfill any quota.

By contrast, when a PPH request is filed and accepted, a PPH examiner (who will be a different examiner from the substantive examiner) will check the following:

- a. That a corresponding foreign patent has been granted.
- b. That the corresponding foreign patent has the same priority or shares priority with the Chinese application.
- c. The claims pending in the Chinese application are exactly the same as those granted in the corresponding foreign patent.

After a PPH request is accepted and when the application is then passed to a substantive examiner, there is a check list with (a) to (c) above all checked by another examiner before the substantive examiner even looks at the application. Although acceptance of a PPH request does not guarantee the Chinese application would then be granted, it could be imagined what is in the examiner's mind if they are looking for a case to be granted easily to fulfill the granting number. If the additional searches come back with nothing more relevant than the references cited in the corresponding patent, there is no point in raising novelty and obviousness objections. Job done, desk cleared, go home early, with peace of mind that someone else (the PPH examiner) has already checked things for me.

Specifically, a PPH request provides the examiner with an official excuse to let the application through more easily.

Restrictive divisional practice in China

Unlike the rest of the world, China allows voluntary filing of unlimited divisional applications when the parent is still pending. However, China does *not* allow voluntary filing of divisional applications after the parent has lapsed or after it has been granted. The CNIPA will reject the filing of a further divisional application if the following conditions are met:

- The basis application is a divisional application from the parent.
- The parent has been lapsed or granted.
- No unity objection has been raised in the basis divisional application.

The definition of 'granted' is the deadline of paying grant fees, which is set by the decision to grant issued by the CNIPA on the parent.

The definition of 'lapsed' is when the application becomes irrecoverably lapsed according to CNIPA's records. For example, if no response has been filed to an office action/re-examination notice, or if no request for a re-examination has been filed following a rejection decision, and/or if there is no appeal filed to a re-examination decision. CNIPA records will only be updated after the lapsed status of an application becomes final. Therefore, it should not be assumed in China that once the parent is granted, it is still possible to file a divisional application as desired.

In addition to capturing claims aimed at the commercial scope that are potentially useful to the patentee, for example targeting an infringer's future actions that are still not clear or known to the patentee at the time of grant, a PPH request can also be filed for a divisional application. For example, if the parent is rejected, one alternative is to file a divisional with a PPH request, which I have managed successfully a number of times.

Another point to note is the divisional examiner in China is usually *not* the same examiner as for the parent application. The new examiner could be facing different grant/rejection numbers when picking up the case. Therefore, filing a divisional is like hitting a reset button.

Why combine PPH with a delay examination request and a divisional application?

As claims in China must be the same as those in the foreign granted patent (outlined in (4) above), to use PPH in China, the Chinese claims must be revised to be in line with those granted elsewhere. In China, voluntary amendments are accepted only in the following instances, listed in chronological order:

- a. for a PCT national phase entry into China, within one month from the CN national phase entry;
- b. at the filing of the request for examination, which is due three years (36 months) from the earliest priority date; and
- c. during a three-month period after the issuance of a Notice of Entrance into Substantive Examination Stage, which will *only* be issued after the filing of the request for examination and the publication of this application in China and, therefore, will be later than the deadline of filing the request for examination in (b) above.

Assuming that the request for examination is filed closer to the 36-month deadline, the last opportunity to file voluntary amendments would be somewhere around 40-42 months from the earliest priority date. Ask yourself: When was the last time you had a patent granted within a family in 40-42 months from the earliest priority date? (This could happen relatively easily if you follow the strategy I have outlined below.)

Therefore, there is a good chance that a foreign patent may not have been granted by the last amendment opportunity, i.e. (c) above. Furthermore, filing a PPH for the parent would result in its prosecution being accelerated, which would reduce the time for filing a voluntary divisional application. To mitigate these, the following options are available:

- (1) Filing a delay examination request for three years in the parent application. Notwithstanding that this delay exam request *must* be filed with the request for examination (which is due three years from the earliest priority date). This type of delay examination request has the following advantages:
 - delays the costs for handling an office action;
 - places your competitor/investor in limbo as they can not ascertain the scope of the patent claims to be granted; and
 - maintains the option to file a divisional application for a longer period (at least three years from the date of filing the request).
- (2) During the pendency of the parent, which is delayed for at least three years due to (1) above, if a foreign patent is granted, file a divisional with a PPH request such that the divisional could be granted earlier and relatively easier.

Using the strategy above, the time to consider filing a voluntary divisional application could be maximised, while maintaining the chance of a relatively quick-and-easy grant using PPH by filing a divisional application. The divisional application would of course be filed with claims granted in the foreign patent, and therefore further amendments are not necessary.

As long as the parent is pending, there is no restriction on the number of divisional applications that could be filed. For example, five could be filed:

- Divisional 1 with PPH request based on US patent A;
- Divisional 2 with PPH request based on EP patent;
- Divisional 3 with PPH request based on US patent B;
- Divisional 4 with PPH request based on JP patent; and
- Divisional 5 with delay examination as a placeholder.

Even for existing parent applications experiencing difficulties during prosecution, receiving a negative re-examination decision, the above 'divisional with PPH' strategy could be considered. While the divisional could appear before the same examiner of the parent, who may still insist on their objection opinions as in

the parent, the PPH request could give the examiner an excuse to persuade their supervisor to grant.

Where the delayed examination request was not filed, I have seen the prosecution of applications filed since 2021 accelerate significantly, presumably due to CNIPA's pledge to keep the examination cycle to 18.5 months. In my experience, many applications like these are either granted or rejected at this stage. As such, without filing the delay request, the time to consider filing divisional applications with PPH would be reduced significantly.

Having said that, it is disappointing that a PPH request may be refused arbitrarily in China, as reported in my article published in the CIPA Journal in May 2014. This is particularly so for a divisional PPH. As I have stressed before, my view is that PPH examiners in China are subject to meeting a rejection quota imposed by CNIPA (they will never acknowledge this, of course). As the examination would be accelerated anyway, this may be the reason why PPH examiners are likely to pick on a PPH request for a divisional application. Therefore, it is advisable to proceed use the PPH route cautiously with the help of a trusted agent.

TRADE MARK REGISTRATION IN CHINA

Webinar

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Trade mark registration strategy for China – Practical tips to navigate the complexities in the trade mark system.

It is no secret that China is the most difficult jurisdiction in the world to secure a trade mark registration. Whilst China continues to top global trade mark application numbers in recent years, will your applications be one of the successful ones amongst almost 8 million marks on the register? In this talk, we will discuss the practical tips to maximise the chances of successfully registering your trade marks; ways to broaden your trade mark protection in China as bad faith filings continue to be a serious problem to foreign entities trying to secure trade mark protection in China. We will also talk about China's efforts in cracking down on bad faith filings.

CITMA members can also book on this webinar, email cpd@cipa.org.uk.

Speakers: Hank Leung and
Stephanie Ning (Bird & Bird)

What to do if I change my mind after filing the delay examination request?

Although at present the Chinese Patent Examination Guidelines do not stipulate that the delay examination request could be lifted after filing, this will be allowed in the very near future. Specifically, both drafts of the revision of the Chinese Patent Examination Guidelines from CNIPA (August 2021 and October 2022) allow this cancellation of the delay examination request.

However, my question is: Would this cancellation be necessary? There is usually a reason for the sudden need to expedite prosecution, such as, an upcoming infringement, a new investor, or the grant of a foreign patent. In most cases voluntary amendments to the claims are required. Furthermore, even if prosecution is desired to be expedited (you want the application to be granted, not rejected, right?), there should be means to accomplish this, which goes back to the use of PPH being the more, if not the most, effective means.

Having said that, during the three-year delay, the deadline to file voluntary amendments has already passed. Therefore, if the applicant wants to prosecute a particular set of claims (either due to infringement, or due to PPH) during this time, it is still necessary to file a divisional application. Furthermore, cancelling the deferral would effectively reduce the pendency of the parent, which reduces the chance of filing further divisional applications.

Finally, if there is an urgent need to expedite prosecution, there should be a good commercial reason behind this, which would make the extra costs of filing divisional applications seem negligible.

Based on the above, I would not suggest cancelling the request to delay examination, but instead recommend filing a divisional application to expedite prosecution, notwithstanding that prosecution of all divisional applications is expedited even if a PPH request is not filed.

UK patents best for PPH

Which foreign patents would I choose for PPH in China? UK patents of course! Most would assume that US, EP, and JP patents would be better. However, a US patent is not the preferred choice, as the allowed scope of amendments in the US is different from the rest of the world, which could attract added matter objections in China. Usually in China EP and JP patents are preferred, as Chinese practice is closer to those at the EPO and JPO, and particularly the EP practice. However, EP and JP patents with a relatively broad scope are not usually granted very quickly.

Therefore, I recommend using a UK patent as a basis for PPH in China. The reasons are set out below (it is nothing to do this article being published in the CIPA Journal!):

- a. With request to accelerate search and examination, a UK patent could be granted (or put in the order of allowance) between six

and nine months from the UK filing date.

- b. UK examiners tend to be more easy-going than examiners in other patent offices. Typically, UK examiners allow an application to proceed to grant once a doubt is raised in their objection. By contrast, a CNIPA examiner usually requires the applicant to show beyond any doubt that the application should be granted. (I often say to clients if you cannot get through a UK examiner, then good luck trying in other places.)
- c. If the search report of a UK application is carried out by the EPO (which happens from time to time), when the corresponding EP application is filed, you could get a refund of the EPO search fees.

Therefore, it is possible to have the UK patent granted within the 12-month priority period (see (a) above) if the UK application is the first filing, or the UK application is filed shortly after the first priority application is filed. The result of the UK application could be used to decide whether further filings of corresponding applications should be funded.

Although a 'clean' PCT search report and the corresponding Written Opinion of the International Search Authority could also be used as the basis of a PPH request in China, unfortunately, I find such PCT search results are not persuasive to Chinese examiners, as such do not directly result in the grant of a patent after all.

Conclusion

While PPH is not particularly attractive in the US and at the EPO, it is useful in China. With China's restrictions on filing voluntary amendments and divisional applications, to use PPH effectively it is advisable (or even necessary) to combine the strategy of delaying examination in the parent with PPH in the divisional to retain the option of voluntary filing of a divisional application, and achieve a fast and relatively trouble-free route to grant.

Combined with the relatively swift grant of UK patents, sensible commercial decisions can be reached inside the 12-month priority period, with the bonus of a reduction in the work (and costs) normally needed for prosecution in China. The key is to file the request to delay examination. This decision must be made when filing the request for examination, which is due three years from the earliest priority date.

