



IP Guide



Failure to Pay in Full the Annual Fee of the Patent and the Surcharge Results in the Termination of the Patent Right

In early November, the Intellectual Property Court of the Supreme People Court released a case of administrative dispute involving in failure to pay in full the annual fee of the patent and the surcharge results in the termination of the patent right. Moreover, the appellant of the subject case (hereinafter referred to as “the Company A”) did not go through formalities of registration of a change in bibliographic data for agency, which was also one of the factors leading to the termination of the subject patent right.

The enlightenment of this case to applicants is that even if patent applications have been granted, the management of the annual fees and the possible formalities of registration of a change in bibliographic data, a transfer and a license shall not be ignored.

【Case Number】

The First Instance: (2020)京73行初5575号

The Second Instance: (2021)最高法知行终322号

【Key Words】

Failure to pay or pay in full the annual fee, the surcharge, formalities of registration of a change in bibliographic data

【Facts】

The Company A lodged a lawsuit with the Beijing Intellectual Property Court, due to opposition to the *Notification of Termination of Patent Right* for a patent named Formaldehyde-free tissue specimen solid liquid (hereinafter referred to as “the patent concerned”) issued by the China National Intellectual Property Administration (hereinafter referred to as “the CNIPA”).

The plaintiff, the Company A, claimed that it had already paid the annual fee of RMB 600¹, thus it was illegal for the defendant CNIPA to terminate the concerned patent right, due to the failure to pay in full the annual fee by the deadline. Moreover, the plaintiff claimed that the notifications and subsequent delivery issued by the CNIPA were invalid, as it did not receive any *Notification to Pay the Fees* and *Notification of Termination of patent right* issued by the CNIPA.

After a trial, the court of the First Instance held that the annual fee for the first eight years of the patent concerned had been paid in full properly by the Company A, however the Company A failed to pay **the surcharge of the 9th annual fee, since the Company A paid the 9th annual fee of RMB 600 late.** Therefore, in accordance with Subparagraph (1), Paragraph 1, Article 44 of the *Patent Law*, “Where an annual fee is not paid as prescribed, the patent right shall cease before the expiration of its duration”; Article 98 of the *Implementing Regulations of the Patent Law of the People’s Republic of China*, “**The annual fee of the patent right after the year in which the patent is granted shall be paid before the expiration of the preceding year. If the patentee fails to pay or pay in full the fee, the patent administration department under the State Council shall notify the patentee to pay the fee or to make up the insufficiency within six months from the expiration of the time limit within which the annual fee is due to be paid, and at the same time pay a surcharge. The amount of the surcharge shall be, for each month of late payment, 5% of the whole amount of the annual fee of the year within which the annual fee is due to be paid. Where the fee and the surcharge are not paid within the time limit, the patent right shall lapse from the expiration of the time limit within which the annual fee should be paid**”, the amount paid by the Company A was not enough to cover in full the annual fee of the current year plus the surcharge caused by exceeding the time limit. Accordingly, the decision made by the CNIPA that the patent right of the patent concerned shall be terminated, complies with the relevant laws. Regarding to the plaintiff’s claim that it did not receive any *Notification to Pay the Fees* and *Notification of Termination of patent right* issued by the defendant, it was found that the plaintiff appointed an agency to handle all matters within the duration of the patent right. In accordance with the Paragraph 2, Article 4 of the *Implementing Regulations of the Patent Law of the People’s Republic of China*, “Where any party concerned appoints a patent agency, the document shall be sent to the patent agency”; the Paragraph 2, Article 119 of the *Implementing Regulations of the Patent Law of the People’s Republic of China*, “Where a change in the name of the inventor, or in the title or name, nationality and address of the applicant or the patentee, or in the title and address of the patent agency and the name of patent agent is requested, a request for a change in the bibliographic data shall be made to the patent administration department under the State Council, together with the relevant certifying documents”, although the plaintiff claimed that it had terminated the agency relationship since 2015, the plaintiff **failed to go through formalities of registration of a change in bibliographic data**, and the defendant who delivered *Notification to Pay the Fees*, complies with the provisions of the law. The plaintiff’s failure to receive *Notification to Pay the Fees* was its own fault, which did not affect the effectiveness of the defendant’s delivery. Combining the above factors, the court of the First Instance rejected the plaintiff’s claims.

The plaintiff of the First Instance opposed the judgment of the First Instance and lodged a lawsuit with the Supreme People’s Court. After a trial, the Supreme People’s Court held that the judgment of the First Instance is supported by clear facts and correct application of law, shall uphold the original judgment. Accordingly, the Supreme People’s Court rejected the lawsuit and upheld the judgment of First Instance.

¹ The Company A met the standards of reducing official fees for the annual fee by 70% at that time.

We herewith would like to list the annual fees and surcharges, and the fees for registration of a change in bibliographic data.

- The Annual Fees and Surcharges
- Invention

Currency: RMB

The Corresponding Years	1 st -3 rd year/ annum	4 th -6 th year/ annum	7 th -9 th year/ annum	10 th -12 th year/ annum	13 th -15 th year/ annum	16 th -20 th year/ annum
Official Fee for Annuities	900	1200	2000	4000	6000	8000
A Surcharge of 5% (exceeding 1-2months)	45	60	100	200	300	400
A Surcharge of 10% (exceeding 2-3months)	90	120	200	400	600	800
A Surcharge of 15% (exceeding 3-4months)	135	180	300	600	900	1200
A Surcharge of 20% (exceeding 4-5months)	180	240	400	800	1200	1600
A Surcharge of 25% (exceeding 5-6months)	225	300	500	1000	1500	2000

- Utility Model and Design²

Currency: RMB

The Corresponding Years	1 st -3 rd year/ annum	4 th -5 th year/ annum	6 th -8 th year/ annum	9 th -10 th year/ annum
Official Fee for Annuities	600	900	1200	2000
A Surcharge of 5% (exceeding 1-2months)	30	45	60	100
A Surcharge of 10% (exceeding 2-3months)	60	90	120	200
A Surcharge of 15% (exceeding 3-4months)	90	135	180	300
A Surcharge of 20% (exceeding 4-5months)	120	180	240	400
A Surcharge of 25% (exceeding 5-6months)	150	225	300	500

² The duration of patent right for design shall be fifteen years, counted from the date of filing of 1st, June, 2021. Currently, the annual fee of the 11th-15th years has not been announced yet by the CNIPA.

➤ Official Fees for Registration of a Change in Bibliographic Data

Currency: RMB

	Invention	Utility Mode	Design
Registration of a Change in Bibliographic Data for Agency	/	/	/
Registration of a Change in Bibliographic Data for Inventor, Applicant, and Patentee	200	200	200

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