
April, 2018

Some Essential Aspects of Utility Model Patent in China

China has three types of patents, i.e., invention, utility model, and design. The utility model patent does not have the counterpart in some other jurisdictions such as the USA, so some essential aspects of the utility model patent will be introduced below for better understanding of it.

1. Definition of Utility Model Patent

The China Patent Law defines the utility model as any new technical solution relating to the shape, the structure, or their combination, of a product, which is fit for practical use.

The shape of a product refers to certain space-shape possessed by the product, which can be observed from the outside. The improvement relating to the shape of a product may be the improvement relating to either the three-dimensional shape of the product, or the two-dimensional shape of the product.

The structure of a product refers to the arrangement, organization and correlation of each part of a product. The structure of a product may be either the mechanical structure or the circuit structure. The mechanical structure refers to the relative position relationship, coupling relation, and necessary mechanical matching relationship and so on of the components or parts of which the product consists. The circuit structure refers to the fixed connection relationship amongst the components or elements devices of which the product consists.

2. Eligible Subject Matters for a Utility Model Patent

According to the definition of utility model, the eligible subject matter for a utility model patent should be a product that at least features the improvement relating to its shape or structure. The product here shall be an object manufactured by industrial methods, having definite shape and structure, and occupying a certain space. Any process is not eligible for a utility model patent.

As for a product having a non-fixed-shape, such as the substance or material in gaseous state, liquid state, powder or particle state, its shape cannot be regarded as the shape feature of a utility model product. However, products having a non-fixed-shape are not categorically excluded from the patent protection for utility model. As expressly indicated in the Guidelines for Patent Examination of SIPO (“Guidelines”), a product may have a certain technical feature of non-fixed-shape substance, such as the substance in gaseous state, liquid state, powder or particle state, provided that it is defined by the structure feature of the product. This indicates a feasible way to claim a product having a non-fixed-shape for a utility model patent. For example, a product comprising a disinfectant in liquid state may be patentable for utility model, provided that the product also comprises the shape feature, for example, a container having a volume of some specific shape, to define the disinfectant, or the disinfectant has been transformed into a solid form of some specific

shape which constitutes the improvement relating to the shape of a product over the prior art.

Also as expressly indicated in the Guidelines, a composite layer such as a coating may be regarded as the structural feature of a product.

Therefore, a utility model patent can be granted for a product if its improvement over the prior art relates to the following feature(s):

- (1) The product comprises a composite layer on at least a part of it, while the prior art product did not on the same part; or
- (2) The product comprises a composite layer on a certain part of it, which composite layer has the different structure, e.g., the thickness of layer, the number of sub-layers, and the like, than that of the prior art composite layer.

For the eligibility of a composite layer for a utility model patent, there is one rather confusing issue that needs clarification. That is, the chemical composition of a composite layer cannot constitute the structural feature required for a utility model claim. As a result, a product is not an eligible subject matter for a utility model patent if its improvement over the prior art is actually the chemical composition of the composite layer.

3. Preparation and Examination of an Application for Utility Model Patent

The application documents for a utility model patent shall include a description and its abstract and appending drawings, and claims. Thus there is no substantive difference in the preparation of the application documents between a utility model and an invention patent.

Unlike the application for an invention patent, only the formal examination, but no substantive examination, is required for the grant of patent right. With no substantive examination required, a utility model patent can be granted quickly, generally in 6 to 8 months after the application is filed. The term of the patent right for utility model, however, is 10 years.

4. Enforcement of a Utility Model Patent

To assert a utility model patent, the patentee must request the SIPO to make an evaluation report of the patent first. The SIPO will conduct search, analysis and evaluation of the utility model to make the report, which lists the relevant prior art references and sets forth the SIPO's opinions on the patentability i.e., novelty and inventiveness of the utility model over the prior art. And the threshold of inventiveness for a utility model is a bit lower than an invention. The report is the necessary evidentiary document for the patentee to file an infringement case asserting a utility model patent — Courts will dismiss the case if the plaintiff fails to file the evaluation report with the bill of complaint.

Except for the evaluation report, the enforcement of a utility model patent is substantially the same as an invention patent. In particular, the liabilities and remedies for infringement are substantially the same for a utility model patent and an invention patent, including pretrial and permanent injunctions, preservation measures, and compensation standard for damages.

It is notable that up to now, the highest damages for patent infringement is 330 million RMB awarded in *CHNT vs. Schneider Electric SA*. In this case, CHNT, a domestic manufacturer for

electrical switches and sockets, sued Schneider Electric SA for infringing its utility model patent, claiming 330 million patent infringement damages, which was supported by the district court.

5. Unique “Double Filing” Strategy in China

The China Patent Law provides that an applicant may file on the same day applications for both utility model patent and invention patent on the identical subject matter, and the applicant may declare later to abandon the utility model patent just before the invention patent is granted to avoid double patenting. The provisions allows for the unique strategy often referred to as “double filing of applications for both utility model patent and invention patent”.

The advantages of the “double filing” strategy are quite evident. Imagine an applicant files on the same day two applications for both utility model patent and invention patent on an electrical device. Then the utility model patent will be granted in about 6 months after the filing date. The patentee can enforce the utility model patent immediately even though the application for invention patent is still pending. By enforcing the utility model patent, the patentee may exclude its competitors from making and using the patented electrical device. The quickly granted patent right thus shall be the most desirable since the patented electrical device is such a kind of products that have a short product life cycle. The patentee can maintain and enforce the patent right for utility model until he or she declares to abandon the utility model patent for the grant of the invention patent. It is clear that the “double filing” strategy can advantageously enable the quickly granted utility model patent to fill the gap of protection before the grant of the invention patent, which generally spans more than 2 years. Because of these advantages, the “double filing” strategy has been extensively used to patent those products that have a relatively short life cycle or may be easily copied and marketed.

Last but not least, the “double filing” strategy can apply for patent applications under the Paris Convention, but not patent applications under the PCT.

6. Advantages of Utility Model Patent

All in all, the utility model patent has at least the following advantages:

- (1) It gets granted quickly.
- (2) It encounters a lower threshold of inventiveness.
- (3) It has substantially the same strength of patent right as the invention patent.
- (4) It enables the “double filing” strategy to fill the gap of protection before the grant of an invention patent.

These are the reasons why one should consider procuring utility model patents in China.

Author



Dr. Jian LI

Vice President, Managing Partner
China Supreme Court Appointed Attorney for Patent Litigation
Patent Attorney

Contact: jian.li@beijingeastip.com

Dr. Li is Vice President of the firm responsible for patent administration and docketing. Dr. Li is a senior patent attorney and litigator focuses on chemical field related matters including prosecution, invalidation, reexamination, appeal, and litigation before the State Intellectual Property Office (SIPO), Patent Re-Examination Board (PRB), and the People's Courts. Dr. Li also advises on corporate IP portfolio management.