



WANHUIDA PEKSUNG  
万 慧 达 北 翔

# Wanhuida Peksung IP Express

No. 56 – April 2019 Issue

Yiyuan Office Building, Friendship Hotel,  
Haidian District, Beijing, P.R. China 100873  
T +86 10 6892 1000 F +86 10 6894 8030  
[www.wanhuida.com](http://www.wanhuida.com) [www.peksung.com](http://www.peksung.com)

## Wanhuida Peksung Focus

### Darlie toothpaste vs. Darlie Insect repellent

The association of toothpaste with insect repellent is most likely not so pleasant.

Darlie is a toothpaste brand, famous in China for its iconic image of a man wearing a top hat and a bow tie. The owner of the Darlie trademark registered in class 3, is HAWLEY & HAZEL (BVI) COMPANY LIMITED (“H&H”).



Guangzhou Heiren Commodity Co. Ltd (“Guangzhou Heiren”) filed the same iconic image and “DARLIE in Latin and Chinese Character” in several classes: 5 (pesticide), 9 (electric device used for trapping and exterminating insects), 11 (refrigerator deodorant) and 16 (toilet paper).



H&H tried to oppose these applications, but failed: the designated goods were too different, and the status of well-known trademark was, at the time of filing of the opposed trademarks

(2002), too difficult to prove. The CTMO, the TRAB, and the Beijing No. 1 Intermediate Court and the Beijing High Court rejected the claims of H&H.

In 2016, H&H and its Taiwan affiliate “Haolai Chemical LLC” (“Haolai”) collectively initiated a new round of invalidation actions, using different grounds. Haolai acted as the copyright owner of the logo representing the man with the top hat and the bow tie (trademark application shall not harm other’s prior rights, Article 31 of 2001 Trademark Law), while H&H claimed that Guangzhou Heirin’s filing of a large number of trademarks without any intention to use them constituted an act of “massive trademark squatting out of bad faith”, which should be categorized as “trademark registration acquired by any other unfair means” under article 41.1 of the 2001 Trademark Law (absolute grounds).

The copyright claim was relatively easy, provided that evidence of ownership was produced.

The “massive trademark squatting out of bad faith”, taken as an absolute ground, was more complex. It had to be shown that Guangzhou Heiren had pre-emptively filed trademarks of others in multiple classes including SK-II, CleanClear, 拉芳 (Lovefun), and 采乐 (Caile). Obviously, Guangzhou Heiren, being a consumer goods producer, was fully aware of those third parties’ famous brands in the same industry. Some of Guangzhou Heiren’s marks were offered for sale in online trademark markets, which proved its intention of making profits from the trademark filings.

This time, the TRAB supported H&H and Haolai and the invalidation decision was confirmed in

the first and second instance of the judicial proceedings.

**Comment:**

Using the “massive filing” of trademarks to support a bad faith claim is not always easy. One way to increase the chances of success is to file non-use cancellation actions against some of the vulnerable trademarks owned by the squatter. In most cases the bad-faith trademark owners do not use their trademarks or only use them symbolically. Anybody can file such a claim and, the obligation of submitting use evidence to maintain the registration lies entirely on the shoulders of the registrant. Although cancellations for non-use do not have a direct impact on the trademark in dispute, they can serve as circumstantial evidence to show the squatter’s overall malice.

Wan Hui Da represented H&H and Haolai in the subject litigation.

**Contributor: Mr. Yongjian LEI**



## Wanhuida Peksung Focus

### Exception in determination of Functional Features in Patent Infringement Disputes

The “*Interpretation of the Supreme People's Court on Several Issues Concerning the Application of Law in the Trial of Cases Involving Patent Infringement Disputes*”, which was promulgated in 2009, defines in Article 4 the functional technical features of the claims and interpretation rules thereof. In accordance with the above stipulation, it is possible to narrowly construe a feature to the specific embodiment and its equivalent embodiment by arguing that a claimed feature is a functional one. In judicial practice, the accused infringer usually adopts this strategy in its non-infringement defense to narrowly construe the scope of patent protection, so as to obtain a favorable position in the infringement comparison.

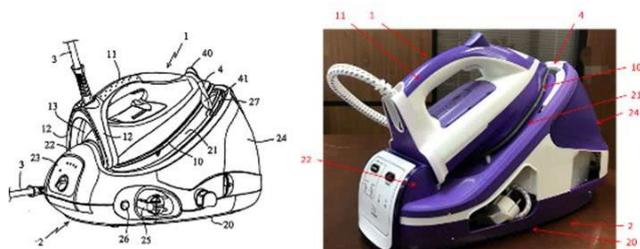
The *Interpretation of the Supreme People's Court on Several Issues Concerning the Application of Law in the Trial of Cases Involving Patent Infringement Disputes (II)*, which was promulgated in 2016, elaborates on the parameters where a technical feature may be ascertained as functional, but also makes an exception where a technical feature being defined by functional expression shall not be found functional, provided that “*a specific embodiment for achieving the above functions or effects can be directly and specifically determined by those ordinary in the art only by reading the claims*”. But it remains controversial in the patent community as to whether there are other circumstances of exception in this regard.

### Case Brief

In a patent civil litigation concerning an ironing appliance of SEB, the main issue of the dispute is whether the securing means feature of SEB's patent ZL200580005815.8 is functional.

Claim 1 of Subject Patent reads: “an ironing appliance comprising an iron (1) and a portable base (2) incorporating a receptacle for producing pressurized steam, the portable base having a rest surface (21) for receiving the iron (1), the iron having a soleplate (10) surmounted by a body incorporating a handle (11), characterized in that, the portable base (2) is provided with securing means for holding the iron (1) stationary on said rest surface (21), **said means for holding the iron (1) stationary bearing against the body of the iron (1) upstream and downstream from the handle (11) so that the entire ironing appliance can be carried by the handle (11) of the iron**, said securing means include at least one movable securing element (4) that can take up a folded down position in which the iron (1) can be extracted from its base (2) and a position for holding the iron (1) stationary in which the securing element (4) comes into the vicinity of the body of the iron (1), and the securing element (4) is an arcuate element movable in rotation, said arcuate element (4) is movable between an unlocked position in which the arcuate element (4) is disposed substantially in the same plane as the rest surface (21) of the iron (1) and a locked position in which said arcuate (4) is disposed on the top front portion of the iron (1).”





On May 24, 2017, SEB instituted, before the Ningbo Intermediate Court, a patent infringement suit against Ningbo Changli, for manufacturing and offering to sell infringing irons. In the court hearing, Changli made a non-infringement defense by arguing that the securing means feature of Claim 1 is recited by the effect of such means, the feature of which is a functional technical feature in accordance with Article 8 of *Interpretations of the Supreme People's Court on Several Issues Concerning the Application of Law in the Trial of Cases Involving Patent Infringement Cases (II)*, thus the functional feature should be narrowly construed with reference to the specific embodiment or its equivalent technical solutions.

SEB argued that: Claim 1 does limit the securing means with its effect of enabling “the entire ironing appliance to be carried by the handle (11) of the iron”, and does not fall within the only exception circumstance as prescribed by *Interpretations of the Supreme People's Court on Several Issues Concerning the Application of Law in the Trial of Cases Involving Patent Infringement Cases (II)*. However, the feature of the securing means of claim 1 should not be considered as functional technical feature based on the following reasons:

1. The provision “expressed by functional expression” of the judicial interpretation should be interpreted as “expressed **only** by

functional expression”. In addition to limiting securing means by functional expression, Claim 1 also structurally limits the securing means by inclusion relations, specific shape and position relations.

2. The patent regime is based on the mechanism of “giving a granted legal monopoly in exchange for public disclosure”. The patent description of this case discloses various embodiments, and the structural limitation of securing means of Claim 1 is a reasonable generalization of the multiple embodiments disclosed in the patent description, so the scope of protection thereof is corresponding to the disclosure in this patent. Therefore, the reasonably generalized scope should not be narrowly construed due to the existence of functional expression.

The Court of Appeal, Zhejiang High Court found SEB’s arguments tenable based on the reasoning that although the securing means of Claim 1 is recited by functional expression, it also clearly defines the structures, so the securing means of Claim 1 is not a functional feature. Based on this finding, the final decision ascertained literal patent infringement, without narrowly construing the securing means to the specific embodiment or equivalent solution.

#### Comments:

This case could serve as a point of reference as to how to determine the functional features. For a technical feature in a claim that is not only defined by functional expression, but also defined by the structures, components, steps, conditions or the relations therebetween, if the

latter definition is a reasonable generalization of the disclosure of the patent description, such technical feature should not be deemed as a functional feature based on the functional expression, and not to be construed in an unreasonably narrow manner.

**Contributor: Mr. Zhao Hewen**





## Wanhuida Peksung View

### The Draft Amendment to Patent Examination Guidelines

On April 4, 2019, China National Intellectual Property Administration (CNIPA) released on its official website the “Draft Amendment to the Patent Examination Guidelines” (hereinafter referred to as the Draft), soliciting before May 5, 2019, public opinions as to how the Draft could be improved.

The Draft proposes revisions to both substantive and procedural aspects in preliminary examination, substantive examination and invalidation proceedings, with major changes summarized and analysed as below.

#### 1. Time limit for filing further divisional applications

The Draft clarifies the time limit for filing further divisional application(s) on the basis of the existing divisional application due to unity objections raised by the examiner. In that case, a further divisional application should be filed before the prosecution of the existing divisional application completes. More specifically, the deadline should be the expiration date of the two months period starting from receipt of allowance notice of the existing divisional application.

Under current practice, as the deadline for filing a further divisional application based on the existing divisional application is not explicitly specified in the Examination Guidelines, the applicant may file further

divisional applications just by submitting the examiner’s unity objection notice, without being bound by any specific time limit. This has given rise to a widely criticized practice: the extremely late filing of a further divisional application.

To avoid confusion, it would be more advisable to reiterate that the time limit for filing divisional applications on the applicant’s own accord (voluntary filing) remains unchanged, i.e. depending on the status of the earliest parent application.

The Draft also requires that the applicant(s) of a divisional application should be identical with the applicant(s) of the parent application as recorded at the time of filing the divisional application. In the case of a further divisional application, its applicant(s) should be identical with that/those of the existing divisional application on which it bases.

#### 2. Eligibility of stem cells from human embryo

The Draft confirms the patentability of the stem cells isolated or obtained from human embryo within 14 days after fertilization (not developed *in vivo*) and the preparation method thereof. It clarifies that such inventions should not be rejected as being contrary to social morality. Meanwhile, human embryonic stem cell shall not be deemed as human body at various stages of its formation and development.

Considering the active researches and rapid developments in the above technical field of stem cell, eligibility of the stem cells will encourage more innovators to patent their

inventions.

### 3. Deferred examination on patent applications

The Draft introduces a new rule about deferred examination. The applicant may request the deferring for the examination of its/his patent application. The applicant may opt to a delay of 1, 2 or 3 years. This rule is applicable to any type of patent applications, including invention, utility model and design. Any application for deferred examination should be submitted at the time of requesting substantive examination for an invention, or at the time of filing a utility model or a design.

Against the current backdrop of the CNIPA's pushing for expedition of patent examination, the deferred examination provides a supplementary route for the applicants with diversified needs and adds flexibility to the patent prosecution regime.

### 4. Examiner's reference to "common knowledge in the art"

If the applicant raises objections to the common knowledge ground in the Office Action, the Draft requires the examiner provide corresponding evidence or convincing reasons in this regard. If the examiner deems that the technical feature contributing to solving the technical problem falls under common knowledge, he/she should provide relevant evidence.

Under the current practice, the "common knowledge in the art" seems to have become a too convenient ground that examiners often

cite against inventiveness of the claimed invention without giving any supporting evidence. This has raised lots of concerns. The new requirement will put the applicant or patentee in a better position in defending inventiveness of its/his innovations.

### 5. Meeting and discussion with Examiner

The Draft encourages meeting with the examiner for the purpose of clarifying issues, eliminating divergence and promoting understanding. Such a meeting may be set up, upon the request of either the examiner or the applicant, at any time during the substantive examination proceeding. It is very welcome that the Draft relaxes the restraints on the timing of meetings and alleviates the clerical burden of the examiners engaging telephone discussion with the applicants, which is expected to greatly facilitate communication.

The Draft also encourages communication with the examiner during substantive examination procedure, not only via telephone, but also via email or video conference. The contents for discussion with the examiner may cover substantive matters, compared to strict limitation to minor or formality issues under the current practice.

The above approach opens door to efficient communication with the examiners and allows the applicant to readily present its/his opinions, which will help accelerating the granting procedure.

### 6. Invalidation procedure

The Draft, which intends to reduce the burden

of the petitioner who initiates the invalidation proceeding, reads: if the references submitted by the petitioner are used in two or more groups of combinations to challenge the patent at issue, it/he shall indicate the most primary way of combination in this regard. If the petitioner is silent in indicating such a combination, the first group of combination of the references as listed will be deemed as the most primary combination.

However, this proposed way of examination during invalidation proceeding could act as a double-edged sword. The petitioner is therefore highly recommended to indicate clearly the primary way for combining the references or prior arts as submitted before the Patent Reexamination Board, when filing the request of invalidation.

## 7. Graphical User Interface (GUI)

In the Draft, the requirements regarding the designs about GUI are summarized in a new section of the Examination Guidelines (Section 4.4 in Chapter 3 of Part I). Meanwhile, the amendments specify that the name of the design about GUI should show the main usage and the product used thereof, and the brief explanation should also recite the corresponding usage. The amendments also include some specifics about the picture or the photograph in order to further simplify the requirements of the drawings.

In addition to the above, the Draft includes some other amendments focusing on improving efficiency and quality of examination, e.g., by specifying requirements about prior art searches by the examiner, the

ways as to how to assess inventiveness, among others.

**Contributors: Mr. Zhanhua SUN and Ms. Xiaoling DUAN**