

# W&B IP Newsletter



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## Watson & Band Update

### Watson & Band Again Tops the 2024 LEGALBAND's Client's Guide to Top Ranked Law Firms and Lawyers in China

On April 16, 2024, the prestigious legal rating agency LEGALBAND released its annual list of the top law firms and lawyers in China for 2024.

Watson & Band, with its long-standing excellence in business capabilities, impressive performance records, and strong industry reputation, received high recommendations in several practice areas, including **IP litigation, non-contentious intellectual property, bankruptcy reorganization and liquidation, as well as cybersecurity and data compliance**. While Watson & Band has consistently led in intellectual property litigation and bankruptcy reorganization for many years, this year also marked notable achievements in non-contentious intellectual property and cybersecurity and data compliance.

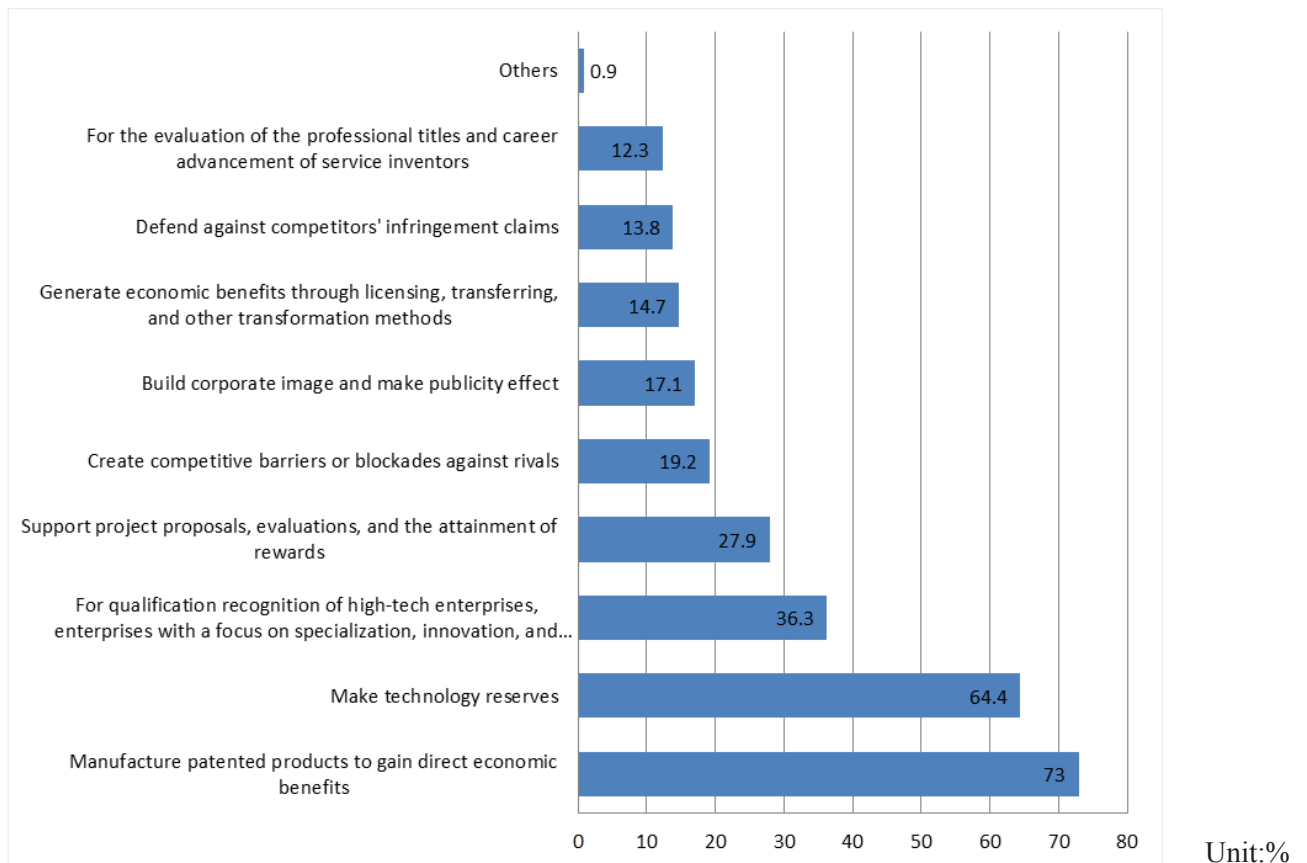


## Patent

### CNIPA Releases the 2023 China Patent Survey Report

On April 15, 2023, the China National Intellectual Property Administration (“CNIPA”) released the "2023 China Patent Survey Report". This report includes a section dedicated to the primary purposes for which enterprises apply for patents. According to the survey, more than half of the enterprises use invention patents primarily for "manufacturing patented products to gain economic benefits" and for "making technology reserves," with these categories including 73.0% and 64.4% of enterprises respectively. Additional purposes cited include "acquiring qualifications such as high-tech enterprise status or recognition as a specialized and innovative enterprise" and "supporting applications for future projects," with 36.3% and 27.9% of enterprises stating these reasons, respectively. Fewer enterprises, 13.8% and 12.3% respectively, apply for patents to "defend against infringement claims from competitors" or "evaluate and promote service inventors."

## Patent



**Table 105: Main Purposes for Enterprises Applying for Invention Patents**

Note: The total count of valid patents involved in this question is 22,166. This is a multiple-choice question; thus, the total of all percentages can exceed 100%.

**Table 76: Main Purposes for Invention Patent Applications by Enterprises with Different Registration Types (Unit: %)**

	Domestic Enterprises	Hong Kong, Macao, and Taiwan Investment Enterprises	Foreign Investment Enterprises	Overall
Manufacture patented products to gain direct economic benefits	72.3	78.2	77.8	73
Generate economic benefits through licensing, transferring, and other transformation methods	15.0	13.1	12.6	14.7
Defend against competitors' infringement claims	12.8	21.7	20.1	13.8
Create competitive barriers or blockades against rivals	18	26.2	30.1	19.2
Make technology reserves	63.9	64.1	72.1	64.4
Build corporate image and make publicity effect	17.7	15.1	11.5	17.1
For qualification recognition of high-tech enterprises, enterprises with a focus on specialization, innovation, and new technologies	37.2	31	28.5	36.3
Support project proposals, evaluations, and the attainment of rewards	28.8	21.4	21.6	27.9
For the evaluation of the professional titles and career advancement of service inventors	13.0	8.1	6.1	12.3
Others	0.8	0.5	3.4	0.9

Note: The total count of valid patents involved in this question is 22,166. This is a multiple-choice question; thus, the total of all percentages can exceed 100%.

## Patent

**Table 77: Main Purposes for Invention Patent Applications by Enterprises of Different Durations (Unit: %)**

	0-5 years	6-10 years	11-15 years	16-20 years	over 21 years	Overall
Manufacture patented products to gain direct economic benefits	61.2	73.4	75.5	76.6	73.4	73.0
Generate economic benefits through licensing, transferring, and other transformation methods	23.9	18.7	16.4	11.9	9.9	14.7
Defend against competitors' infringement claims	13.7	14.0	13.9	15.2	12.8	13.8
Create competitive barriers or blockades against rivals	15.0	16.8	19.2	20.4	21.6	19.2
Make technology reserves	62.1	63.5	65.9	63.4	65.6	64.4
Build corporate image and make publicity effect	19.7	18.4	16.3	17.4	15.8	17.1
For qualification recognition of high-tech enterprises, enterprises with a focus on specialization, innovation, and new technologies	31.8	37.5	37.4	39.5	34.5	36.3
Support project proposals, evaluations, and the attainment of rewards	21.0	25.8	26.9	30.6	30.5	27.9
For the evaluation of the professional titles and career advancement of service inventors	6.0	8.3	10.0	14.6	16.7	12.3
Others	0.6	1.0	1.5	0.6	0.9	0.9

Note: The total count of valid patents involved in this question is 22,166. This is a multiple-choice question; thus, the total of all percentages can exceed 100%.

**Table 78: Main Purposes for Invention Patent Applications by Enterprises of Different Scales (Unit: %)**

	Large Enterprises	Medium Enterprises	Small Enterprises	Micro Enterprises	Overall
Manufacture patented products to gain direct economic benefits	71.9	78.3	73.4	65.4	73.0
Generate economic benefits through licensing, transferring, and other transformation methods	13.4	10.4	14.9	25.8	14.7
Defend against competitors' infringement claims	19.9	11.4	11.1	8.0	13.8
Create competitive barriers or blockades against rivals	27.8	18.6	13.7	10.4	19.2
Make technology reserves	71.6	62.3	61.0	57.1	64.4
Build corporate image and make publicity effect	13.4	17.5	20.5	18.9	17.1
For qualification recognition of high-tech enterprises, enterprises with a focus on specialization, innovation, and new technologies	25.0	42.9	46.2	31.0	36.3
Support project proposals, evaluations, and the attainment of rewards	28.5	32.7	27.6	18.2	27.9
For the evaluation of the professional titles and career advancement of service inventors	15.1	15.4	9.9	4.2	12.3
Others	1.5	0.7	0.5	0.7	0.9

Note: The total count of valid patents involved in this question is 22,166. This is a multiple-choice question; thus, the total of all percentages can exceed 100%.

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### Main Purposes for Invention Patent Applications by National High-Tech Enterprises

**Table 79: Main Purposes for Invention Patent Applications by National High-Tech Enterprises**  
(Unit: %)

	National High-Tech Enterprises	Enterprises not certified as National High-Tech	Overall
Manufacture patented products to gain direct economic benefits	78.3	62.2	73.0
Generate economic benefits through licensing, transferring, and other transformation methods	12.7	18.9	14.7
Defend against competitors' infringement claims	15.3	10.6	13.8
Create competitive barriers or blockades against rivals	21.6	14.5	19.2
Make technology reserves	64.5	64.3	64.4
Build corporate image and make publicity effect	16.6	18.3	17.1
For qualification recognition of high-tech enterprises, enterprises with a focus on specialization, innovation, and new technologies	39.9	28.7	36.3
Support project proposals, evaluations, and the attainment of rewards	29.7	24.3	27.9
For the evaluation of the professional titles and career advancement of service inventors	13.3	10.0	12.3
Others	0.9	1.0	0.9

Note: The total count of valid patents involved in this question is 22,166. This is a multiple-choice question; thus, the total of all percentages can exceed 100%.

### Main Purposes for Invention Patent Applications by Enterprises of Different Regions

**Table 80: Main Purposes for Invention Patent Applications by Enterprises of Different Regions (Unit: %)**

	Eastern Region	Central Region	Western Region	Northeast Region	Overall
Manufacture patented products to gain direct economic benefits	72.9	73.5	71.3	80.4	73.0
Generate economic benefits through licensing, transferring, and other transformation methods	15.0	15.7	11.1	11.1	14.7
Defend against competitors' infringement claims	14.6	11.9	9.6	10.6	13.8
Create competitive barriers or blockades against rivals	20.1	17.3	15.5	14.9	19.2
Make technology reserves	64.8	63.4	65.7	55.2	64.4
Build corporate image and make publicity effect	16.7	17.9	21.3	12.5	17.1
For qualification recognition of high-tech enterprises, enterprises with a focus on specialization, innovation, and new technologies	35.6	38.8	37.1	39.3	36.3
Support project proposals, evaluations, and the attainment of rewards	26.8	32.0	30.5	31.1	27.9
For the evaluation of the professional titles and career advancement of service inventors	11.0	15.7	16.6	17.7	12.3
Others	1.0	0.5	1.6	0.6	0.9

## Patent

**Table 24: Technology Life Cycles of Invention Patents of National High-Tech Enterprises (Unit: %)**

	National High-Tech Enterprises	Enterprises not certified as National High-Tech	Overall
Technology Emerging Stage	7	14.6	9.4
Technology Development Stage	46.0	48.4	46.8
Technology Mainstream Stage	44.1	34.4	41.1
Technology Obsolescence Stage	2.9	2.5	2.8
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Note: The total count of valid patents involved in this question is 19578.

**Table 33: R&D Life Cycles of Invention Patents of National High-Tech Enterprises (Unit: %)**

	National High-Tech Enterprises	Enterprises not certified as National High-Tech	Overall
Less Than Half Year	8.5	10.3	9
0.5-1 Year	35.4	33.6	34.9
1-2 Years	38.5	36.7	37.9
2-3 Years	12.6	13	12.7
Over 3 years	5	6.4	5.4
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>

Note: The total count of valid patents involved in this question is 19001.

(Source: The 2023 China Patent Survey Report released by CNIPA)

### CNIPA Announces Joining Patent Prosecution Highway (PPH) Improvement Initiative

To further enhance the user experience of the Patent Prosecution Highway (PPH), the China National Intellectual Property Administration (“CNIPA”) has announced joining the "PPH Improvement Initiative", which involves collaboration of the IP5 — a group that includes the intellectual property offices of China, the United States, Europe, Japan, and Korea. This initiative aims to reduce the average time for the first office action under PPH and for examiner’s response to application under PPH to three months in 2024, thereby ensuring a more predictable examination timeline for PPH users.

The PPH is an expedited patent examination pathway among participating countries and regions, enhancing efficiency through shared work between patent examination authorities. Since the initiation of the its first PPH pilot program in November 2011, the CNIPA has established PPH ties with patent examination authorities across 32 countries and regions.

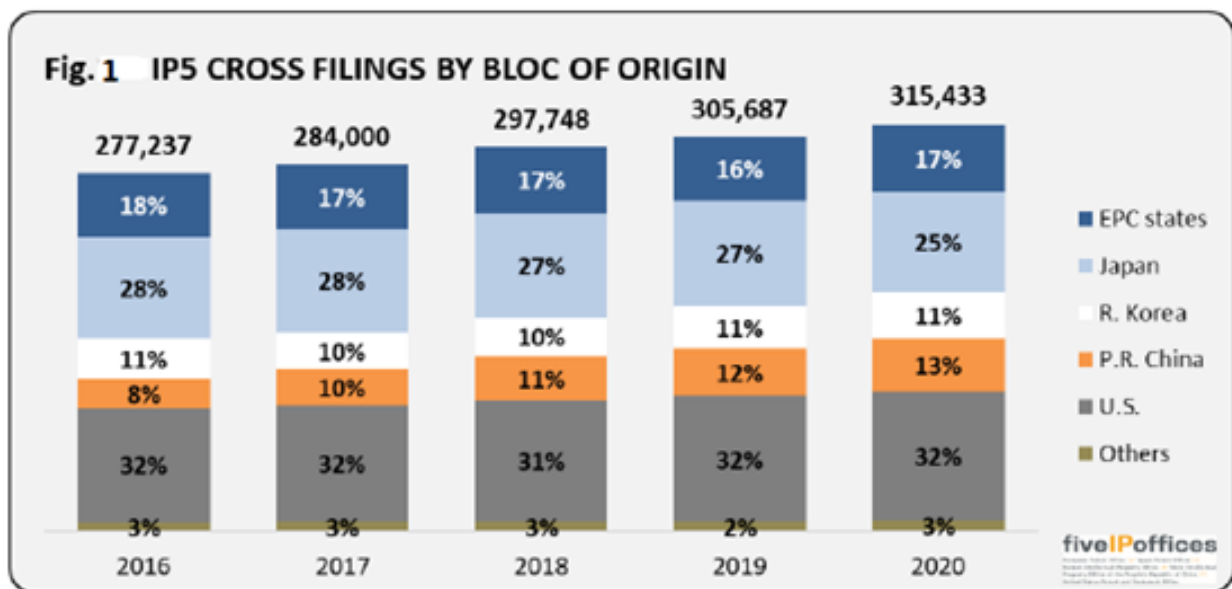
(Source: CNIPA)

## IP5 Releases Joint Statistical Report Highlighting Advances in Chinese Invention Patents and Digital Technology Applications

The latest issue of the "Intellectual Property Statistics Brief" from the CNIPA's official website, published in April 2024, referenced the "IP5 Statistic Report-2022 Edition" (the "Report") released globally on December 21, 2023. This report is produced by the statistic work group of "IP5 Offices", which consist of the European Patent Office (EPO), the Japan Patent Office (JPO), the Korean Intellectual Property Office (KIPO), the China National Intellectual Property Administration (CNIPA), and the United States Patent and Trademark Office (USPTO). The USPTO led the compilation work in 2023 with the support of other offices. The CNIPA translated the Report into Chinese and made it public on its official website. After analysis, the main features are as follows:

### 1. Rapid Growth in Cross Filings from China

IP5 Cross Filings means invention patent applications filed with at least two of the IP5 offices based on the same priority. The data indicates that from 2016 to the present, cross filings originating from China have increased by 5%, marking the largest growth among the IP5 nations.



### 2. Low Proportion (2.5%) of Patent Families Formed by China's First Filings of Invention Patent

Patent families are a group of patent applications filed in different countries or regions based on the same priority, counted by the time of the priority patent application. The Report, based on the EPO's global patent publication database (DOCDB), provides statistics on the latest available patent family applications from the IP5 for the year 2018. Out of 2.165 million first filings with the IP5 in 2018, 279,000 formed patent families, accounting for 12.9% of the total. Specifically 32,000 applications were filed with all IP5, accounting for 1.5%. In terms of country of origin, out of the 1.393 million first filings of invention patent by Chinese applicants in 2018, 35,000 formed patent families, accounting for 2.5%.

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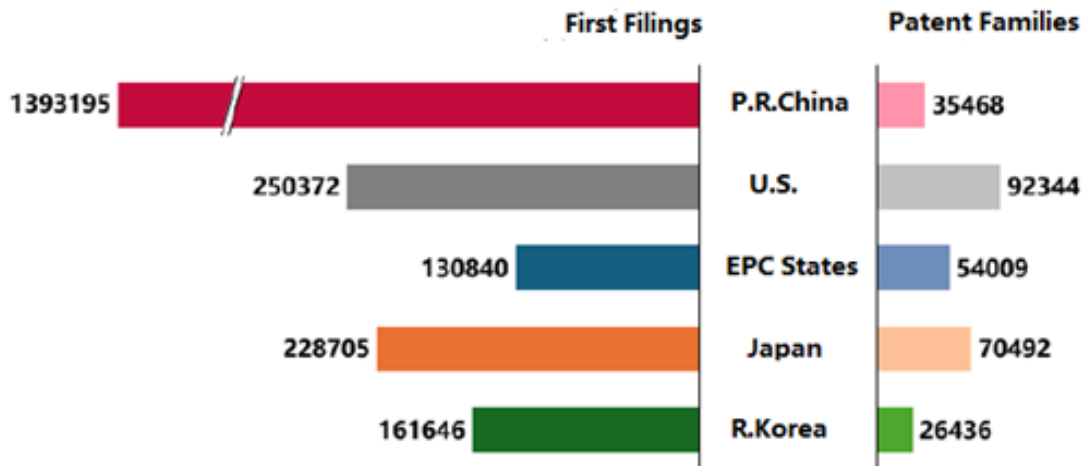


Fig3. First Filings and Patent Families in Blocs (Unit: Piece)

### 3.Computer Technology Leads in Chinese Invention Patent Applications

According to the 35 technical fields classified by the World Intellectual Property Organization, computer technology dominated the field of invention patent applications in 2022, making up 15% of submissions to both the CNIPA and the USPTO.

Field of technology	EPO		JPO		KIPO		CNIPA		USPTO	
	Share	Change	Share	Change	Share	Change	Share	Change	Share	Change
1. Electrical machinery, apparatus, energy	7%	+18%	8%	0%	8%	+8%	7%	+11%	6%	+7%
2. Audio-visual technology			4%	7%	4%	+4%			4%	-3%
3. Telecommunications										
4. Digital communication	9%	+11%			5%	+10%	5%	+10%	10%	-3%
5. Basic communication processes										
6. Computer technology	8%	+2%	8%	3%	7%	+5%	15%	+17%	15%	+2%
7. IT methods for management			3%	+14%	7%	+5%	3%	+20%	4%	-2%
8. Semiconductors			4%	7%	6%	+8%			5%	0%
9. Optics			4%	-9%						
10. Measurement	5%	+1%	5%	1%	4%	0%	8%	+7%	4%	+3%
11. Analysis of biological materials										
12. Control										
13. Medical technology	8%	+1%	6%	0%	5%	+1%	4%	-8%	8%	-5%
14. Organic fine chemistry	3%	0%								
15. Biotechnology	4%	+11%								
16. Pharmaceuticals	8%	+1%							3%	-9%
17. Macromolecular chemistry, polymers										
18. Food chemistry										
19. Basic materials chemistry										
20. Materials, metallurgy										
21. Surface technology, coating										
22. Micro-structural and nano-technology										
23. Chemical engineering							4%	-12%		
24. Environmental technology										
25. Handling										
26. Machine tools							4%	-13%		
27. Engines, pumps, turbines										
28. Textile and paper machines										
29. Other special machines	3%	-2%								
30. Thermal processes and apparatus										
31. Mechanical elements										
32. Transport	5%	-3%	4%	1%	5%	-1%	3%	-3%	4%	+4%
33. Furniture, games			6%	-10%						
34. Other consumer goods										
35. Civil engineering					3%	-14%	4%	-11%		

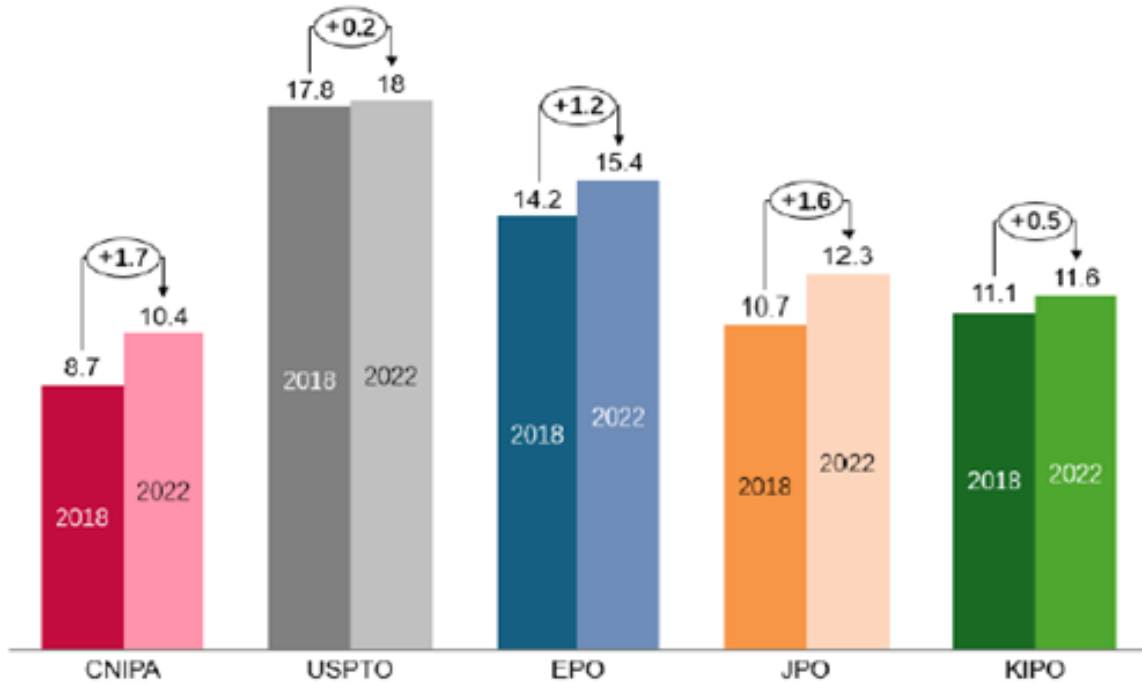
Fig 4: Distribution of Applications Filed by Field of Technology



# Patent

## 4. Significant Growth in the Average Number of Claims in Chinese Patent Applications

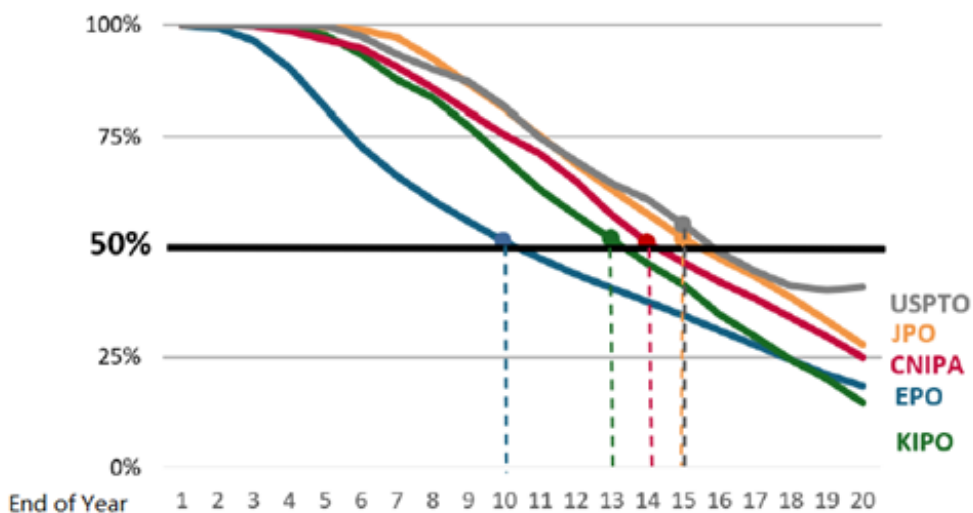
In 2022, the average number of claims per invention patent application to the USPTO was 18.0, the highest among the IP5. Notably, the CNIPA witnessed the most substantial growth in this metric since 2018, with an increase of 1.7 claims per application.



**Fig 5 Average Number of Claims Contained in One Invention Patent Application by Office**

## 5. Over Half of China’s Granted Invention Patents Maintained for At Least 14 Years

The Report detailed the maintenance durations for granted invention patents, starting from the filing date. The data reveals that over half of the patents granted by the USPTO and JPO are maintained for at least 15 years, while those granted by the CNIPA last for at least 14 years.



**Fig 6: Granted Patents-Maintenance From Filing Date (Unit: Year)**

## Patent

### 6. Significant Reduction in the Examination Period for Chinese Invention Patent

By 2022, the average period of complete invention patent examinations by the CINPA was reduced to 16.5 months, down by 6 months from 2018.

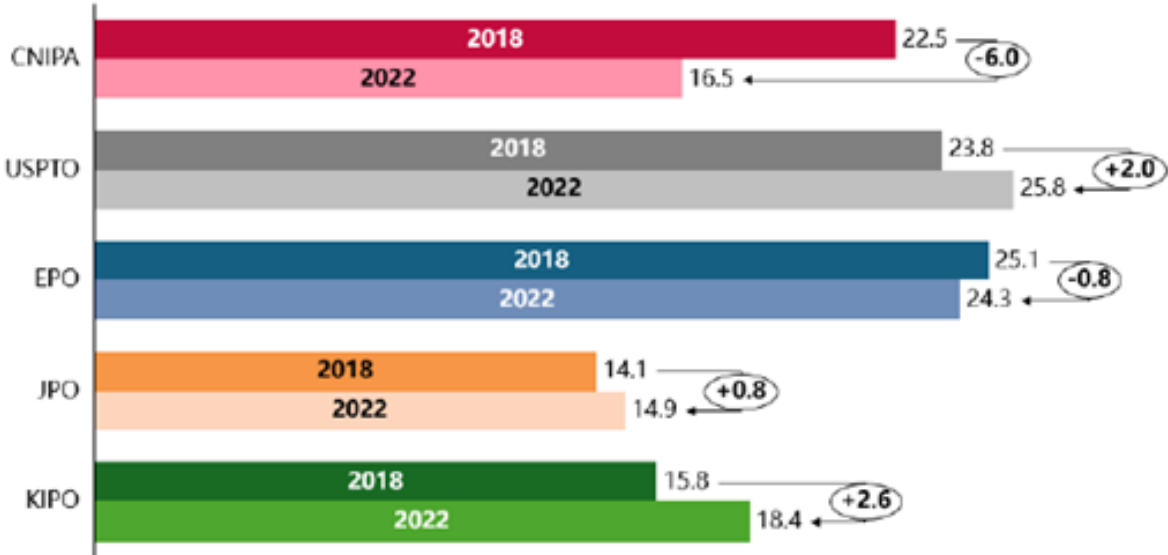


Fig 7: Invention Patent Application Examination Periods of IP5 Offices

### 7. Major Statistics of Applications and Grants of IP5 in 2022

Schedule: 2022 Global and IP5 Invention Patent Applications and Grants								
		Unit: Ten Thousands						
Type		Global	IP5	CNIPA	USPTO	EPO	JPO	KIPO
Applications	Number	345.7	293.4	161.9	59.4	19.3	29	23.8
	Growth	1.7%	1.4%	2.1%	0.5%	2.5%	0.1%	-0.2%
Grants	Number	182.3	154	79.8	32.3	8.2	20.1	13.5
	Growth	3.9%	5.3%	14.7%	-1.3%	-24.9%	9.2%	-7.3%

(Source: CNIPA)

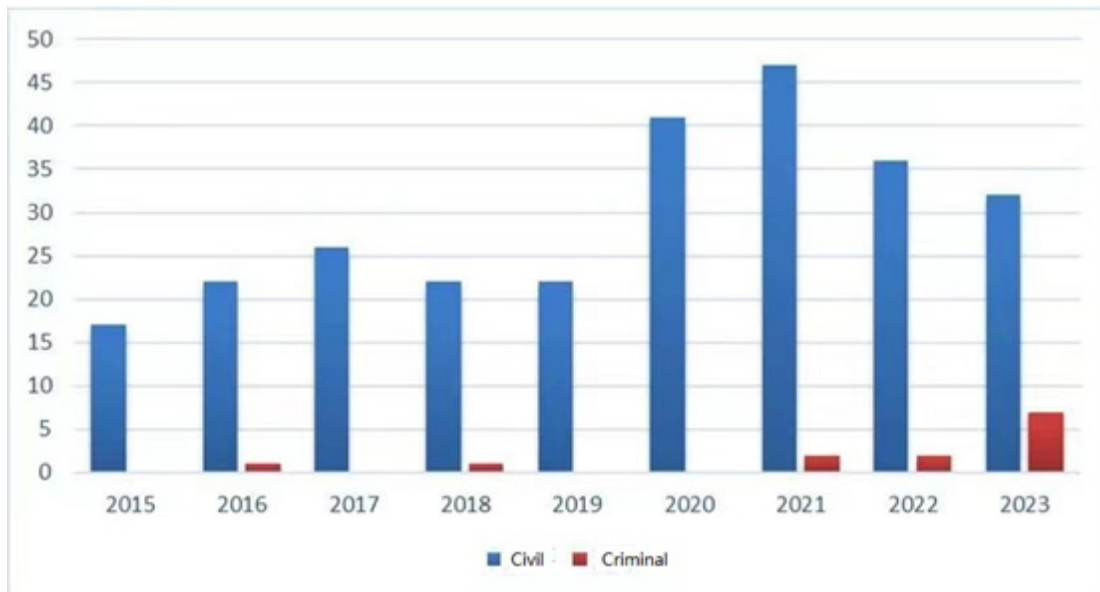
## Trade Secrets

### Shanghai Courts Review Trade Secrets Cases from 2015-2023

As the 24<sup>th</sup> World Intellectual Property Day approaches, the Shanghai Third Intermediate People's Court and the Shanghai Intellectual Property Court have released a comprehensive analysis of trade secrets cases adjudicated from 2015 to 2023, with typical cases. According to the Shanghai High Court, during this period, the Shanghai Third Intermediate People's Court handled 13 criminal cases involving trade secrets, including 9 first-instance and 4 second-instance cases. The Shanghai Intellectual Property Court handled 265 civil cases related to trade secrets (including 7 contract disputes), featuring 179 first-instance cases, 57 second-instance cases, 29 other cases, and 1 administrative

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case involving trade secrets. From the perspective of the number of cases filed each year, although trade secret cases account for a relatively small proportion of intellectual property cases, the overall trend shows a steady growth:

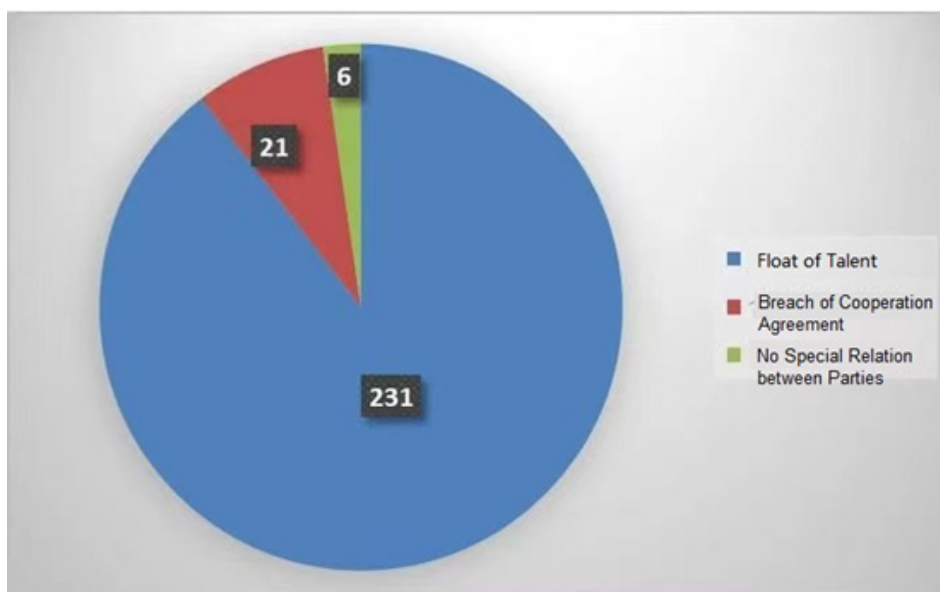


Number of Civil and Criminal Cases Accepted by Year

### Key Features of Trade Secrets Cases:

**Parties Involved:** Most of the disputes involve businesses and professionals in high-tech sectors such as semiconductor, biopharmaceuticals, new materials, and electronics. The enterprises involved are key players in these fields, and the individuals involved typically hold critical technology or senior management positions and are highly educated.

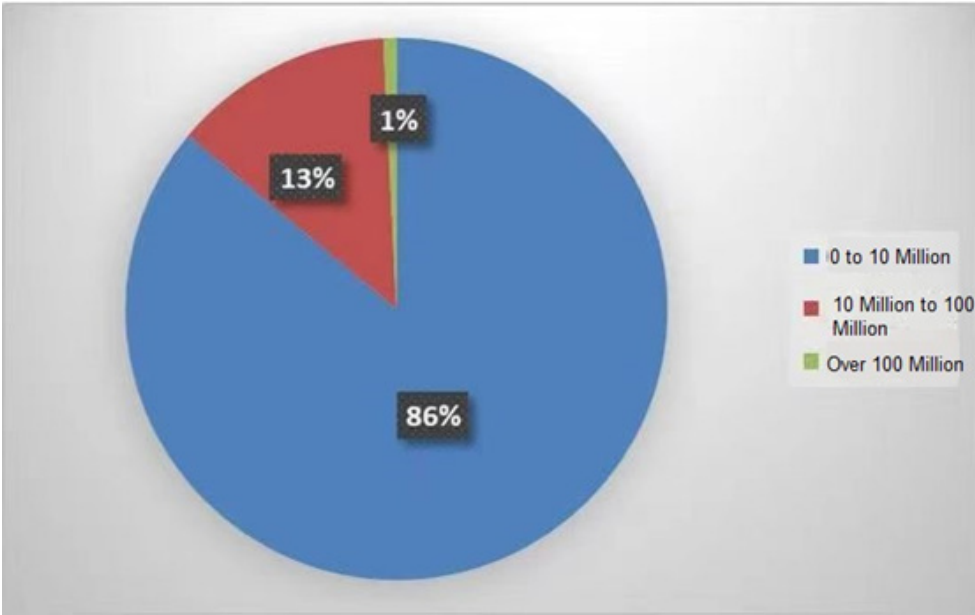
**Cause of Action:** Most of disputes are attributed to the flow of talent. In civil trade secrets cases, 231 instances (89.53%) originated from employees who obtained or had access to trade secrets during their employment. These individuals often illegally disclose, use or permit others to use the trade secrets after their departure, either in new employment or when starting their businesses in the same sector. All criminal trade secrets cases were linked to similar issues of talent flow.



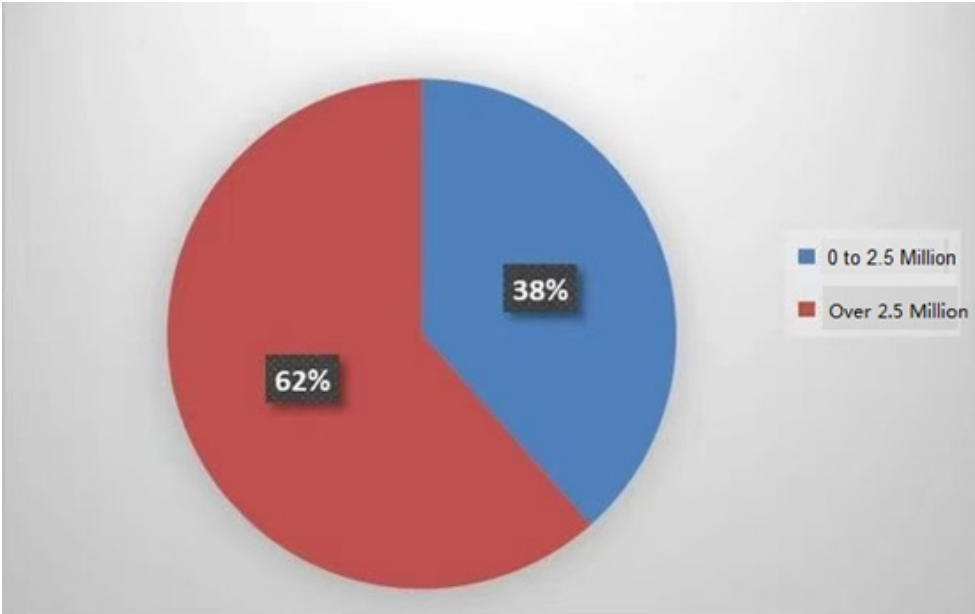
Distribution of Cause of Actions

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Significant Claim Value of Civil Case or Amount of Crime of Criminal Case: In civil cases involving the infringement of trade secrets handled by the Shanghai Intellectual Property Court, 34 cases had a claim value exceeding RMB 10 million, accounting for approximately 13%; two cases had a claim value exceeding RMB 100 million, with the highest reaching RMB 190 million. During the same period, the Shanghai Third Intermediate People's Court handled criminal cases involving the infringement of commercial secrets, with 8 cases involving a crime amount exceeding RMB 2.5 million, and the highest reaching over RMB 40 million.



Claim Value of Civil Case

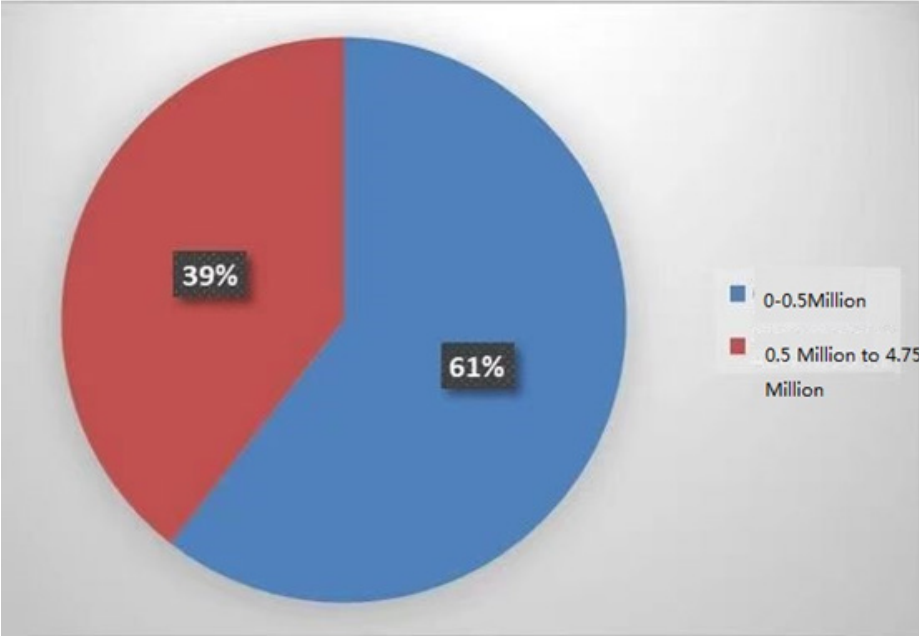


Crime Amount of Criminal Case

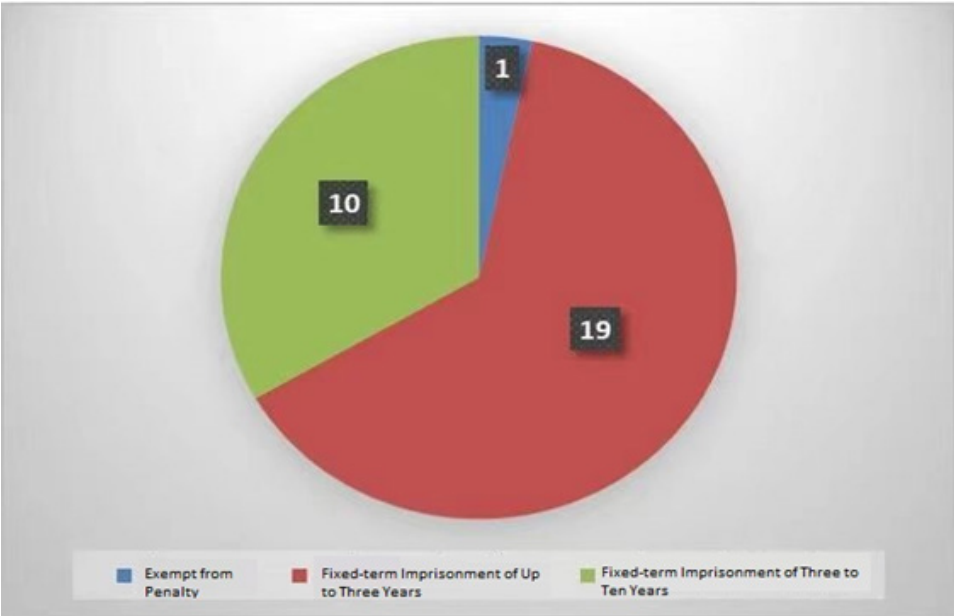
Internet technology becomes a prevalent method of infringement: With the advancement of information network technology, many companies choose to store their trade secrets on local area networks or even the internet. Due to inadequate protection systems, trade secrets are increasingly being stolen through methods such as illegal downloading of electronic data and the transmission of information via information networks.

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The adjudication results highlight the judicial system's commitment to protection and enforcement. In 38 cases where the rights holders' claims were fully or partially upheld, 15 involved compensation amounts over 500,000 yuan, with the highest reaching 4.75 million yuan. In criminal cases involving trade secrets, all suspects were found guilty, with 10 defendants receiving sentences ranging from three to ten years of imprisonment, and 19 sentenced to fixed-term imprisonment of less than three years.



Compensation Amount in Civil Case



Sentencing of Defendants in Criminal Cases

(Source: WeChat Official Account of Shanghai Municipal Government)