

## Part 2 - Foreign Filing Restrictions and Licenses in China



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This is part 2 in our series examining foreign filing restrictions and licenses in the U.S. and in a number of countries throughout the world. To view part 1, foreign filing restrictions and licenses in the U.S., click [here](#).

### ***Foreign filing restrictions in China***

A foreign filing license is always required in China. It is necessary as long as an invention or utility model is developed in China (inventions developed in Hong Kong, Macao and Taiwan are excluded), even if a domestic filing has been made first.

What constitutes “developed in China?” Rule 8 of the Implementing Regulations of the Patent Law (Implementing Regulations) provides some guidance. Specifically, according to this rule, an invention or utility model is considered to be “developed in China” if the “substantive contents” of the technical solution of the invention or utility model have been made or created by an inventor within China. The “substantive contents” of the technical solution can be determined based on the contents of the claims and identification of the inventors. According to Rule 13 of the Implementing Regulations, an “inventor” or “creator” is any person who makes “creative contributions” to the “substantive features” of the invention or creation. Inventors do not include those who solely provide organizational or auxiliary services or support.

According to Article 20.1 of Chinese Patent Law, the **Chinese Patent Office** (CPO, also known as State Intellectual Property Office of the People's Republic of China, SIPO) must conduct a "Confidentiality Examination" of any invention or utility model developed in China in advance before an entity or individual files an application for a patent in a foreign country for the invention or utility model.

*How is Confidentiality Examination requested?*

There are three ways to request a Confidentiality Examination, depending on the type of patent application to be filed.

### **Method 1: Patent application intended to be filed abroad directly with no corresponding patent application to be filed at the CPO**

An Applicant (such as an entity or individual filing a patent application) can file a request with the CPO, called a "Request for Confidentiality Examination of a Patent Application to be Filed Abroad," and a description of the technical solution of the invention before filing a patent application with World Intellectual Property Office (WIPO) or in a foreign country. Both the request and the description of the technical solution must be in the Chinese language. Any corresponding documents, such as any patent applications to be filed abroad (which can be in their requisite foreign language), may also be submitted for the Examiner's reference. The description of the technical solution must be identical with the contents of the documents (one or more patent applications) to be filed abroad.

If the technical solution does not need to be kept secret, then the Examiner is required to "promptly" notify the Applicant that the application can be filed abroad. If the technical solution needs to be kept secret, then the Examiner must inform the Applicant that the action of filing abroad will have to be suspended. If this is the result, the Examiner is required to conduct a further Confidentiality Examination.

The timeframe for the Confidentiality Examination is divided into two main parts. The first stage is a four month period, in which the Examiner conducts a preliminary review to determine if the invention is to remain confidential. The Examiner is required to issue a "Notification of Confidentiality Examination of Patent Application to be Filed Abroad" to the Applicant providing notification that further confidentiality review is needed. If such notification is not received within four months from the date of submitting the request, the Applicant can file a patent application for the technical solution in a foreign country. During the second stage of further confidentiality review, the review period will extend to six months from the date of submitting the original request. The Examiner is required to issue a "Decision on Confidentiality Examination of Patent Application to be Filed Abroad" based on the results of the further examination. If the Applicant does not receive this decision by the end of this six month review period, then the Applicant can file a patent application in a foreign country.

Practically speaking, it generally takes about two to four weeks from the date of request to receive a "Notification of Confidentiality Examination of Patent Application to be Filed Abroad." Once this notification is received, the patent

application can be filed in a foreign country. Additionally, under this method, no corresponding application is required to be filed in China.

## **Method 2: Patent application intended to be filed abroad at or after the corresponding Chinese patent application filed to the CPO**

An Applicant can file a patent application in the CPO and request a Confidentiality Examination, at or after filing, prior to filing the application with WIPO or in a foreign country. As with the first case, the contents of the patent applications filed with the CPO and abroad must be identical and filed in the Chinese language. The four and six month periods for notification/decision apply under this procedure as well. Practically speaking, it generally takes about two to four weeks from the date of request to receive a “Notification of Confidentiality Examination of Patent Application to be Filed Abroad”. However, if a request for Confidentiality Examination is filed along with a patent application filing on the same day, the examination period may be shortened to two to five working days

## **Method 3: International application intended to be filed in the CPO through the Patent Cooperation Treaty (PCT)**

An Applicant can file a Patent Cooperation Treaty (PCT) application in the CPO, with the CPO assuming the role as the Receiving Office. Such a request is considered to be a simultaneous request for Confidentiality Examination (a separate request for Confidentiality Examiner does not need to be filed). Under this procedure, at least one Applicant of the international application must have Chinese nationality or a residence in China. If the Applicant is not qualified to file the international application in the CPO, the CPO will forward the application documents directly to the International Bureau (IB), which is the Receiving Office for WIPO. Additionally, this procedure allows for the patent application to be submitted in either Chinese or English.

If the application does not need to be kept secret, then the Examiner handles the international application in accordance with typical PCT procedures. In other words, the CPO will issue a PCT/IB/304 form (“Notification Concerning Submission or Transmittal of Priority Document”) which indicates, among other things, that Confidentiality Examination has been completed. Once the Applicant receives the PCT/IB/304 form, it can file the patent application in a foreign patent office. Practically speaking it takes about four to six weeks to receive the PCT/IB/304 form (depending on how long it takes for the CPO to transmit the priority document to the International Bureau).

However, if the application needs to remain confidential, then the Examiner will issue a “Notification of Not Forwarding Record Copy and Search Copy for National Security Reasons” (Notification) within three months of the filing date. This Notification notifies the Applicant and the IB that the application will not be handled as an international application. The Notification also terminates the international phase and applicants are thereafter not permitted to file the patent application abroad.

## ***Additional information regarding Confidentiality Examination***

For each of the three methods of requesting Confidentiality Examination described above, if a patent application relates to the interests concerning national defense and is required to be kept secret, the application is sent to the National Defense Patent Office, which carries out the examination.

If it is believed that a patent application relates to security and other vital interests of China and should be kept secret, an Applicant should indicate such at the time of the filing of the application. In this instance, the patent application should be submitted in paper form (not via the electronic filing system). Additionally, an Applicant can also request that a patent application be kept secret before it is publically disclosed by the CPO.

If a patent application is filed electronically and the CPO determines that it must be kept secret (because the invention relates to the security or other vital interests of the country), examination will be conducted on paper and not using the electronic filing system.

There is no official fee for solely requesting a Confidentiality Examination. Approximately 99.9% of the cases received by the CPO have passed the Confidentiality Examination process and have been permitted to be filed in foreign countries.

The CPO conducts a review on the patent applications/patents to be kept secret every two years and is required to notify an Applicant of declassification of any applications/patents that are no longer required to be kept secret.

## ***Processing after Declassification***

When and if a patent application becomes declassified, it is examined and administered as a regular patent application for invention. When and if a granted patent becomes declassified, the decision on its declassification is announced and it is published and administered as a regular patent.

## ***Penalty***

If a foreign filing license is not requested and the patent application is filed abroad, then a patent for the invention will not be granted in China. If the patent application is related to security or other vital state interests, then criminal penalties will result for the Applicant.

## ***Strategic Considerations***

Multinational corporations employing global research teams as a part of their research and development must carefully consider their patent application filing strategy for any inventions created and/or developed in China. Some items that should be considered include:

1. Allow yourself as much time as possible to draft your application (especially if you

are aware of any impending statutory deadlines). Carefully consider all elements and features of the invention, any potential commercial products and your claiming strategy. For example, if only chemical intermediates were synthesized in China, consider whether or not your claims encompass such intermediates. If you are not claiming intermediates (and your claims do not broadly encompass any such intermediates), the invention may not be considered to have been developed in China and no request for Confidentiality Examination is required. Also allow yourself as much time as possible if, within a year after filing your patent application in China, you intend to add additional information and/or subject matter to your originally filed application.

2. Do a complete and thorough inventorship analysis.

3. Consider whether or not one or more foreign filing licenses will be required from another jurisdiction prior to filing in China. If your application also contains inventors from the U.S., India, Russia, etc., a request for a foreign filing license will be required prior to filing in China.

4. Consider filing a Chinese patent application along with a request for Confidentiality Examination, without paying the official fees for the Chinese patent application. Using this strategy, the period for Confidentiality Examination will be shortened to two to five working days. Because the official fees have not been paid, the Chinese patent application will be deemed as withdrawn and will not be published.

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